

Investor Advocates  
for **Social Justice** 

THE SHIFTING GEARS REPORT:  
**An Assessment of  
Human Rights Risks &  
Due Diligence in the  
Automotive Industry**

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Mary Beth Gallagher  
& Gina Falada

*Research &  
Company Profiles*

*Written by:*  
Sara E. Murphy

*Edited by:*  
Heidi Welsh



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The automotive industry has a history of innovation, revolutionizing transportation, and securing its role in daily lives. The complex logistics, supplier relationships, safety checks, and manufacturing operations that come together to bring consumers a shiny new vehicle significantly impact the dignity and rights of employees, stakeholders, and communities. As the industry stands at the brink of disruption – adaptation for climate change and electrification, the future of mobility, and dawn of autonomous vehicles – it is also contributing to exploitation of human rights. Extensive research documents human rights risks in the supply chains for commodities that go into a car, from leather to mica to rubber. Many workers, including children, are vulnerable in the extensive global supply chain, in which automotive brands and their “Tier 1” suppliers hold significant buying power. This system contributes to downward pressure throughout the supply chain to cut prices, often at the expense of wages and protections for workers.

The shareholder advocacy initiative, *Shifting Gears*, led by Investor Advocates for Social Justice (IASJ), started with one simple question to companies: *How do you know your business is not contributing to forced labor or child labor?* The companies IASJ engages have been unable to answer this question in dialogue or their disclosures with certainty. This is a problem.

The automotive industry has adapted its disclosures to respond to the emergence of corporate social responsibility and increasing expectations from investors, customers, and regulators. However, the core business model, supplier relationships, and the way things are done systemically have not shifted. As this report shows, evidence is absent across the automotive industry that corporations are effectively embedding commitments to ensure respect for human rights. This is reinforced by the prevalence of vague language

## Key Findings of Research

1. **Governance and management systems** for human rights is the weakest area for all companies. Only 3 companies (BMW, Ford, VW) have at least limited disclosure of their human rights governance and management systems.
2. The second-weakest scores overall occur in the area of **embedding respect for human rights across the business**.
3. **Traceability and supply chain transparency** is the third weakest area assessed and is lacking across all companies surveyed, with limited exceptions for conflict minerals.
4. Even the stronger performing companies have only limited **monitoring** of human rights commitments among suppliers.
5. Access to **grievance** mechanisms is weak, constituting only hotlines, and disclosure on **remedy** is absent.

in company policies that fails to bind a company and its suppliers to any specific actions or requirements. Therefore, investors and stakeholders have legitimate uncertainty about the level of rigor and authenticity of companies’ efforts to address human rights risks. More importantly, it is unclear whether any company in the sector has effective systems in place to meet their human rights responsibilities.

After extensive sector analysis, investor engagement, and the independent research commis-

sioned for this report, IASJ concludes that the automotive industry is failing to demonstrate respect for human rights. Stronger governance from companies' board and senior leadership is needed to set the tone at the top and embed it through the lowest tier of the supply chain. Companies do not generally allocate sufficient resources, staff time, or incentives towards improving human rights due diligence, the systems outlined by the UN Guiding Principles on Business and Human Rights. Cost pressures, coupled with the absence of strong regulatory and legal frameworks for holding corporations accountable, contribute to lack of prioritization of human rights within the business.

The most severe human rights risks are in the supply chain. Yet there is inadequate supply chain transparency or oversight to monitor even direct suppliers. Enforceable commitments that are cascaded from one supplier to the next through the supply chain either do not exist or are not monitored. Most companies do not conduct human rights risk assessments that would enable them to identify salient risks and prioritize efforts. They lack plans to develop mitigation strategies and evaluate the efficacy of their systems. Few companies have robust management systems that enable them to embed human rights criteria into business functions like assessing suppliers before entering contracts, incorporating human rights into purchasing decisions, and monitoring compliance with human rights criteria in contracts.

Still, certain areas of hope emerge - European companies in the sector generally have stronger commitments, more resources allocated to human rights due diligence, and stronger performance compared to American and Japanese companies. While this is likely due to more robust European regulatory requirements and investor expectations, these companies demonstrate what is possible.

As society faces uncertainty from the coronavirus pandemic and the climate crisis, the automotive industry must center human rights in its response

to crises and standard business activities. Many individuals impacted throughout the supply chain face vulnerabilities - both to their health and economic resilience. It is important that companies identify and address these vulnerabilities.

Effective governance, oversight, strategic planning, and implementation of human rights responsibilities is essential to prevent harm and protect the companies from risks. There are many human rights, legal, financial, business continuity, consumer trust, and reputational risks that will persist in the face of weak human rights due diligence. Investors should engage companies, encouraging them to strengthen governance and oversight of human rights, publish disclosure that will enable investors to more rigorously assess corporate practices, and evaluate the effectiveness of their corporate human rights due diligence. Investors should encourage regulators and policymakers to establish stronger legal requirements, including mandatory human rights due diligence. Efforts to strengthen company policies and practices can drive systemic change.

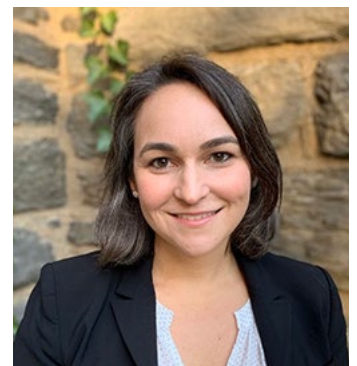
Taking on these daunting issues will require informed and committed leadership, and more sustainable and just business models. Investors, companies, and governments must address the root causes that contribute to poverty, forced labor, and poor working conditions in the supply chain. To achieve these outcomes, investors must increase pressure on the industry as a whole and encourage individual companies to meet higher expectations for human rights outcomes.

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Mary Beth Gallagher

*Executive Director,  
Investor Advocates  
for Social Justice*

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## About Investor Advocates for Social Justice (IASJ)

Investor Advocates  
for **Social Justice**

Investor Advocates for Social Justice (IASJ), a successor to the Tri-State Coalition for Responsible Investment, is a 501(c)(3) non-profit organization representing investors with faith-based values who seek to leverage their investments to advance human rights, climate justice, racial equity, and the common good. On behalf of its investor Affiliates, IASJ engages companies to address strategic environmental, social, and governance issues and advocate for change. IASJ uses a variety of shareholder advocacy strategies, including dialogue with corporate investors, investor letters, filing of shareholder proposals, and proxy voting, to encourage corporations to adopt more ethical and sustainable business practices. IASJ believes in seeking out and building collaborative partnerships with those who share similar goals, in an effort to increase the effectiveness and impact of this work. Founded in 1975 as the Tri-State Coalition for Responsible Investment, the organization formally transitioned to IASJ in October 2019.

## About Sustainable Investments Institute (Si2)



The Sustainable Investments Institute (Si2) is a non-profit organization based in Washington, D.C. that conducts impartial research and publishes reports on organized efforts to influence corporate behavior on social and environmental issues. Si2 closely follows shareholder resolutions proposed by investor activists, analyzing changing reform campaigns and identifying key points of contention in reports that help investors to make informed, independent decisions about their votes and views on these proposals. Si2 also publishes related reports for the public on select-ed topics.



## The Shifting Gears Initiative

*Shifting Gears* is a collective shareholder advocacy initiative led by Investor Advocates for Social Justice (IASJ) focused on engaging companies in the automotive industry. It was launched in January 2018 by sending investor letters to 23 companies in the automotive industry, including original equipment manufacturers (OEMs), Tier 1 suppliers, and an automotive parts retailer. It aims to:

- 1 Encourage companies to act to meet their responsibility to respect human rights, including throughout their operations and global supply chains.
- 2 Encourage increased disclosure from these companies on human rights due diligence to help investors make more informed decisions.
- 3 Increase investor awareness of human rights risks in the automotive sector and encourage investors to use their leverage to support more robust human rights due diligence in the automotive sector.

There was a 91% response rate to the 2018 investor letter, and investors have had a total of 40 dialogues with 15 of the 23 focus companies since the initiative was launched.

The *Shifting Gears* initiative is grounded in the investor responsibility to respect human rights, based in the expectations of the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises. This approach involves identifying, assessing, and taking action to address human rights risks throughout investment portfolios. On behalf of its investor Affiliates, IASJ initiated dialogues with company management on the quality and effectiveness of each company's human rights governance, policies, and due diligence processes. Consistent with UNGP 15, which details the

practical steps companies can take to meet the corporate responsibility to respect human rights, these engagements include discussions on:

- Human rights policy commitments at the highest levels of the company;
- Efforts to embed this commitment throughout the business and communicate the company's human rights expectations throughout its business relationships;
- Governance systems and oversight mechanisms for the company's human rights risk management;
- Assessments to identify real and potential adverse human rights impacts in the company's own operations and throughout its business relationships, including in its value chains;
- Prioritization of the company's salient human rights issues, which are defined by the severity of adverse impacts to stakeholders and likelihood of future occurrence;
- Taking action based on the company's assessment and prioritization processes;
- Tracking outcomes of the company's actions on human rights; and
- Grievance mechanisms to enable access to remedy for victims of adverse impacts.

IASJ conducts in-depth research and analysis on each focus company, its human rights risks, and its approach to respecting human rights to foster in-depth and constructive engagements with companies. By engaging with a wide range of automakers and suppliers based in different regions, investors are able to make peer comparisons, better understand the business model and OEM-supplier relationships, and observe sector-wide trends. There is a recognition that the capacity and resources for companies of different size and location in the supply chain may vary, and this may influence the level of sophistication of their human rights due diligence. Yet, regard-

less of size or budget, every company should respect human rights. Through dialogue, investors gain a better understanding of each company's risks and their due diligence systems as well as raise potential areas for improvement. Through the course of engagement with companies in the automotive industry, it became evident that there is a wide range of policies in place, governance and oversight of human rights risks, rigor in implementation and assessment, and outcomes for rights-holders.

For the 2020 proxy season, IASJ Affiliates filed shareholder proposals with 5 companies to request increased disclosure on issues or areas of concern where each company was not sufficiently addressing its human rights responsibilities and the issue was not being adequately covered in dialogue.

Three of these resolutions have shareholder votes in Spring 2020, including resolutions on Human Rights Policy Implementation at General Motors and Human Rights Disclosure at Tesla, Inc. A Human Rights Impact Assessment at Lear Corporation received support from 44.76% of shareholders.

Throughout the initiative, IASJ consults with non-governmental organizations, relevant industry groups, business and human rights experts, labor unions, worker organizations, multi-stakeholder initiatives, and others to seek to align investors' engagements with the needs and priorities of impacted stakeholders and international human rights standards for responsible business conduct. Stakeholder engagement is central to IASJ's approach to shareholder advocacy.

## About this Report by Si2

To better assess company performance and deepen the investor engagement, IASJ commissioned the Sustainable Investments Institute (Si2) to further develop an assessment model on human rights due diligence in the automotive sector. This methodology is explicated at the end of this report on page 108. Si2 conducted in-depth research on 21 companies identified in the Shifting Gears initiative using publicly available information, as of March 2020, and translated the assessment into a numerical rating presented below in the "Company Assessment Results" section on page 12. Si2 sent all companies their profiles for verification and comment. Only one company replied. The results of Si2's research, the bulk of this report, appear in the "Company Profiles" section, beginning on page 42. Si2 also compiled an overview of violations linked to the focus companies. The violations are considered as separate from the company profile and did not factor into the score. The research approach used in this report to catalog and assess where companies stand provides one path to identifying the extent to which company policies are sufficient. It addresses corporate governance structures, suppliers and transparency, how human rights may be embedded in company operations and the ways in which problems may be rectified. The company profiles also identify participation by companies in multi-stakeholder initiatives, a mechanism for developing best practices going forward.

This report includes key trends across company assessments, highlights on each company, a scorecard that assesses each company across indicators, overview of the sector and salient human rights risks, the investor case for engagement with the automotive industry, recommendations for companies. A glossary of terms and a list of resources for further exploration appears after the company profiles on page 111. An index of relevant multi-stakeholder initiatives referenced in the report is provided on page 116.

## Key Trends Across Company Assessments

While many automotive companies have established human rights policies with varying degrees of rigor, the sector in general provides almost no evidence these policies are being implemented. Considering the various scandals that have undermined automotive companies' reliability in recent years, investors may be less inclined to trust that policy implementation is as rigorous as companies' aspirational disclosures suggest.

### Board level oversight of human rights is generally lacking, with no evidence.

While a few companies in the research universe indicate they have a board member with human rights qualifications, they failed to substantiate this. The sustainability committees referenced did not describe how they address human rights. Companies generally pointed to enterprise risk management without any specific mention of human rights.

Governance and management systems for human rights is the weakest area for all companies. Only **3** companies (**BMW**, **Ford**, and **VW**) have at least limited disclosure of their human rights governance and management systems.

There is a lack of board oversight of human rights. Only **2** companies have a board member with human rights expertise (**VW**, **Continental**), while only **Ford** references human rights in a board committee charter (Sustainability and Innovation Committee).

- IASJ

### Companies provide almost no evidence of implementation.

While some companies have robust human rights policies in place, there is little evidence these are being implemented across the research universe. For instance, few provide detailed disclosure on supplier audits and their results. Still fewer disclose clear, specific details of remedial action they have taken to remedy human rights problems uncovered in their supply chains. This report illustrates that automotive sector companies are highly likely to be exposed to such problems, and yet a detailed and meaningful accounting of remedial action is hard to find among them. To demonstrate genuine results, reporting will have to become more explicit and specific.

The second-weakest scores overall occur in the area of **embedding respect for human rights across the business**.

**10** companies conduct some auditing with human rights criteria, the strongest being **BMW**, **Ford**, **Groupe PSA**, and **VW**. Only **Groupe PSA** discloses the percentage of supplier base that is audited, albeit a small percentage. Only **3** companies provide partial disclosure about percentage audited. **BMW**, **Ford**, and **Groupe PSA** provide information about remedial action to address issues identified in the audit. All companies conduct announced audits, rather than unannounced.

- IASJ

## Companies continue to largely avoid binding or clear commitments about human rights in their value chains.

As a general rule, the companies in the research universe engage in verbal gymnastics when it comes to their human rights commitments, particularly when referencing international frameworks or conventions. The Corporate Human Rights Benchmark addresses this problem in its discussion on the wording of policy commitments, aptly noting that researchers should look for an explicit commitment instead of vague or weak wording. Companies in this research universe tended toward the latter, and often used language that was internally inconsistent from one public disclosure to the next. In many cases, sifting through scores and even hundreds of pages of corporate jargon showed that a company's approach boiled down to achieving the bare minimum of legal compliance.

The highest-scoring human rights policies belong to European companies: **BASF**, **BMW**, **Volkswagen**, and **Groupe PSA**. As of the time of the writing, **4** companies had no comprehensive human rights policy, (**PPG**, **Genuine Parts**, **Honda**, and **Tesla**) while **1** company had a very weak "policy" (**Goodyear**). **2** companies had statements, that do not amount to a full policy and do not meet all the criteria assessed (**Lear** and **Denso**).

**5** companies commit to respect international human rights standards (**BASF**, **BMW**, **Groupe PSA**, **VW**, and **Renault**), while **5** do not reference international standards at all (**Goodyear**, **Tesla**, **PPG**, **Genuine Parts**, **Honda**), and the remainder have a reference to international standards, but it appears non-binding (i.e. the companies will consider, are informed by, or strive to).

- IASJ

## Company policies are almost entirely reactionary.

There is very little evidence in the research universe of strategy development that begins with a risk assessment and analysis of salient and material human rights issues. Across the board, the companies evaluated in this report appear to have developed what policies they have in place in response to negative media reports that posed reputational risks. This raises the possibility that human rights problems that have not yet attracted media attention may be going unaddressed.

In identifying human rights risks, **Ford** stands out as the only automotive company that has conducted a human rights saliency assessment to identify its human rights priorities. **14** of the companies include no information on their processes to identify human rights risks; while assessment and prioritization of human rights is even weaker, with **17** companies providing no information.

- IASJ

## Legal requirements provide a glimpse of the possible.

Required reporting by companies operating in the United States about conflict minerals exposure<sup>1</sup>, put in place by the Dodd-Frank Act, demonstrates what companies can do when pressed. Further examples appear in reporting requirements under the UK Modern Slavery Act and the California Transparency in Supply Chains Act. Furthermore, the European Union is slated to enact a conflict minerals rule in 2020. (The Glossary of Terms and Resource List, p. 111, provides details about these regulations.)

Existing reporting under these legal frameworks provides a preliminary model for broader reporting. Some companies in the research universe have acknowledged this, and are beginning to apply their conflict minerals framework to other parts of their supply chains, particularly cobalt. Specifically, some companies are conducting detailed mapping of their cobalt supply chains, and some are disclosing their cobalt smelters. While every supply chain is different and presents unique challenges, this still provides a proof of concept. It is possible to pursue greater supply chain visibility and to report publicly on it.

## Supplier monitoring has missing teeth.

Few companies appear to have a robust mechanism for dealing with human rights violations in their supply chain. Most “reserve the right” to terminate a supplier relationship, but no company in the research universe indicates that it has actually ended supplier relationships over human rights violations; none report any significant penalties or strong remedial requirements. Thus, while there is ample evidence that the sector at large is exposed to significant human rights violations, not a single company provides clear acknowledgment that it has found and rooted out such problems within its own supply chain.

Noting the many tiers in the supply chain, cascading expectations is especially important to ensure implementation to the areas of greatest risk. However, only **VW** requires it, while **6** companies encourage it and **14** companies have no requirement for cascading to sub-tier suppliers.

- IASJ

<sup>1</sup> Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act requires publicly traded companies to report annually on the presence of conflict minerals (such as tin, tungsten, tantalum and gold) originating in the Democratic Republic of the Congo or adjoining countries in the products the companies manufacture or contract to manufacture if the conflict minerals are necessary to the functionality or production of a product.

## Grievance mechanisms are limited.






















Most companies in the research universe have limited grievance mechanisms for human rights violations. While many appear to have no mechanism at all, Tesla highlights the deficits even more than those companies that disclose nothing. By instructing a nebulous “you” to write a letter to its corporate secretary in the case of human rights concerns, the company lays bare the inadequacy of the broader sector’s reporting. Available evidence shows most firms have hotlines but not how grievances are addressed after calls come in. Notable exceptions are VW’s ombudspersons and Continental’s reporting of actual problems uncovered and subsequent remediation efforts.

9 companies have a grievance hotline available, but there is only limited information about access to remedy at any of the companies. 6 companies (**Tesla, PPG, Genuine Parts, Nissan, Honda, Denso**) have no information about grievance mechanisms or remedy.

- IASJ

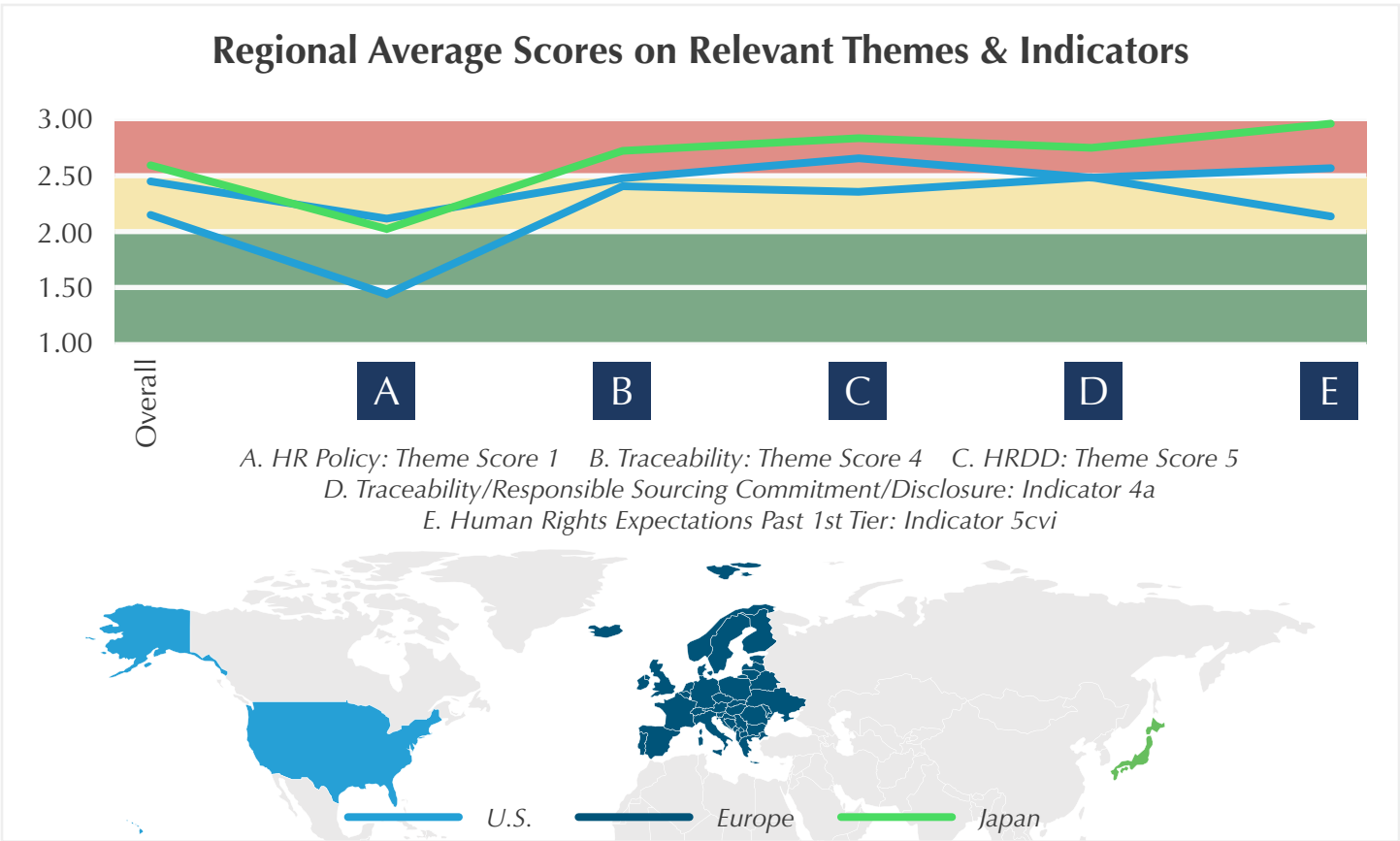


Si2 compiled available evidence for each of the indicators set forth in the assessment methodology at the end of this report, then translated the qualitative findings into a numerical assessment that ranged from 1 (strongest) to 3 (weakest) for each point. The results are summarized below, showing that three companies—**BMW, Ford Motor and VW**—stand out in their overall performance, with two companies—**Denso and Honda**—having the weakest showing.

1.8		1.9		1.9	
2.2		2.2		2.2	
2.2		2.3		2.3	
2.3		2.4		2.5	
2.5		2.6		2.6	
2.6		2.6		2.7	
2.7		2.8		2.9	

		1	2	3	
		Overall	Policy	Governance	Supplier Code
	BMW	1.848	1.17	2.43	2.50
	Ford	1.945	1.79	2.29	3.00
	Volkswagen Group	1.999	1.36	2.43	1.00
	BASF	2.205	1.33	3.00	2.50
	Bridgestone	2.251	1.64	2.57	2.00
	Groupe PSA	2.269	1.36	2.86	1.50
	Continental	2.293	1.88	2.57	2.00
	General Motors	2.309	1.83	2.71	2.00
	Goodyear	2.382	2.40	3.00	2.00
	Renault	2.390	1.52	2.86	2.50
	Fiat Chrysler Automobile	2.430	1.86	3.00	3.00
	Axalta Coating Systems	2.579	1.79	3.00	2.50
	Toyota	2.579	1.93	2.86	2.50
	Nucor	2.600	1.64	2.86	2.50
	Tesla	2.603	2.57	3.00	2.50
	PPG	2.627	2.79	3.00	2.50
	Lear Corporation	2.649	2.13	2.86	2.50
	Genuine Parts Company	2.747	2.57	3.00	2.00
	Nissan	2.748	1.98	3.00	2.50
	Honda	2.783	2.51	3.00	3.00
	Denso Corporation	2.906	2.12	3.00	3.00

		4	5	6	7
		Traceability/ Supply chain	Due Diligence	Remedies & Grievances	Multi- stakeholder Initiatives
	BMW	2.00	1.96	2	1
	Ford	1.75	1.96	2	1
	Volkswagen Group	2.00	2.40	2	2
	BASF	2.50	2.24	2	2
	Bridgestone	2.25	2.60	2	2
	Groupe PSA	3.00	2.16	2	3
	Continental	2.75	2.66	1	2
	General Motors	2.25	2.68	2	2
	Goodyear	2.25	2.64	2	2
	Renault	2.50	2.84	2	2
	Fiat Chrysler Automobile	2.50	2.48	2	2
	Axalta Coating Systems	3.00	3.00	2	2
	Toyota	3.00	3.00	2	2
	Nucor	2.75	3.00	2	3
	Tesla	2.50	2.82	3	2
	PPG	2.75	2.66	3	2
	Lear Corporation	2.75	3.00	2	3
	Genuine Parts Company	2.75	2.80	3	3
	Nissan	2.75	3.00	3	3
	Honda	2.75	2.94	3	2
	Denso Corporation	3.00	2.98	3	3



OEMS vs. Suppliers

OEMS  
AVERAGE  
OVERALL  
SCORE  
**2.35**

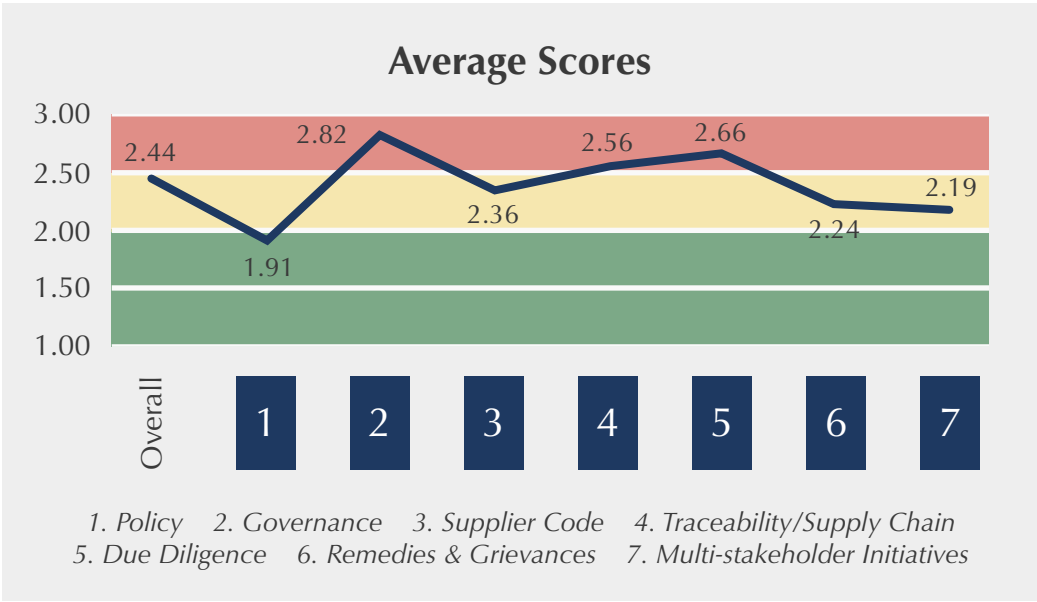
SUPPLIERS  
AVERAGE  
OVERALL  
SCORE  
**2.50**

Areas of Greatest Weakness

All companies assessed scored a 3 (lowest possible score) on the following elements:

REPORTING  
(indicator 5e)

HUMAN RIGHTS  
COMPETENCY  
(indicator 2f)





## KEY POINTS FROM COMPANY PROFILES

Detailed company profiles are below on page 42. Some highlights for each company in the research universe are provided below.



**Axalta** provides limited human rights disclosures and does not appear to have robust procedures in place to address human rights risks. The company does not have mandatory processes in place for suppliers and lacks significant monitoring and enforcement mechanisms for its suppliers. Its approach to human rights issues is generally tepid and indistinct.



**BASF** has a relatively robust human rights policy with strong alignment with international standards, although its provisions for cascading are weak and ill-defined. The company does not require suppliers to respond to questionnaire “requests,” and lacks teeth in its auditing language. BASF’s human rights requirements are generally vague and unenforceable. The company lacks any clear efforts at the deep supply chain level.



Human rights is embedded in **BMW’s** company-wide compliance system and, to some extent, governance structures. The company conducted a detailed human rights risk assessment across its operations in 2017 and leads its peers in this regard. BMW provides broader disclosure than most of specific raw material risks, and it publishes its cobalt smelters and countries of origin. It also has relatively strong requirements for cascading human rights down the value chain and is the only company in the research universe actively seeking to shorten one of its supply chains for the purposes of human rights compliance. Nevertheless, BMW still lacks detailed, systematic disclosure around human rights policy implementation.



**Bridgestone** is taking important initial steps toward more thorough management of human rights issues in its supply chain, but the company still has a long way to go. Bridgestone has recently promulgated a sustainable procurement policy and is starting to deal with human rights challenges in its natural rubber supply chain. The company has established some specific functions within its corporate structure that have explicit human rights responsibilities, which is a measure of governance embedding that many of its peers have yet to undertake. Nevertheless, its communication is murky and internally inconsistent, and like so many of its peers, Bridgestone furnishes no evidence of implementation of any of its human rights policies.



**Continental** has a stronger approach than many of its peers to its natural rubber supply chain, but it does not translate this approach to other parts of its business. The company seems to have no audit structure in place, relying almost entirely on supplier self-assessments. There is no evidence of high-level human rights risk assessment, mitigation and implementation. However, Continental provides more disclosure than most of its peers on the remedial action it has taken in response to grievances it receives through its established channels.



**Denso** provides some of the most limited human rights disclosure in this research universe. Its so-called human rights policy is not actually about human rights. In general, the company offers only a series of statements of principle, with nothing substantive.



**FCA's** policies that deal with human rights topics are weakly defined, and its expectations of suppliers are unclear. The company offers no explicit evidence of the implementation of its human rights policies.



**Ford** provides strong disclosure of supplier audit findings and remedial action compared to others in the research universe, though the company still is not as detailed in its reporting as would be ideal. Noting that companies demonstrate through legal compliance mechanisms (Dodd-Frank, MSA, etc.) that they are capable of more robust disclosure and practices around human rights, Ford's initial foray into including cobalt within its conflict minerals framework appears significant. Ford is unique in having a board committee specifically charged with managing human rights. The company also has stronger policies than most on ethical recruitment, although it lacks evidence of deep implementation. Ford also discloses more thorough policies and practices on high-risk inputs than most of the research universe, although evidence of implementation remains lacking.



While the companies in this research universe generally tend toward unclear wording and semantic gymnastics, **GM** stands apart for its unnecessarily vague human rights policy. It appears almost intentionally constructed to avoid anything that might be construed as a commitment. The company's child labor policy is also notably weak. Despite being exposed to a mica supply chain that uses child labor, the company does not directly address that supply chain in its public disclosures. Indeed, its reporting on child labor in general is thin. Like Ford, GM is expanding its conflict minerals prac-

tices to cobalt. This appears to be a step in the right direction, although evidence of implementation will be required to evaluate the efficacy of such efforts. GM has also taken fewer steps than other companies in this research universe that were similarly implicated in human rights violations in the cobalt supply chain.



**GPC** reports almost nothing pertaining to human rights issues. Its sole relevant public disclosure is that it uses SA8000 audits, but the details are scant. GPC has a supplier code of conduct that prohibits child and forced labor and includes several additional provisions related to human rights, but the company does not publish this document. It is ostensibly available to anyone who completes a web form requesting it, but the process did not work when Si2 used it.



**Goodyear** makes a strong and specific traceability commitment, but the commitment is incomplete, omitting half of its raw material inputs. The company's recently introduced natural rubber sourcing policy is a significant step, but it lacks provisions for monitoring implementation, supplier transparency, penalties for non-compliance and details on labor rights protections.



**Groupe PSA's** policies are more robust than most of the companies in this research universe, with in-line references to relevant International Labour Organization (ILO) conventions. PSA outperforms most of its peers on labor rights, having developed its human rights policy in partnership with international trade unions. The company provides comparatively strong disclosure related to supplier audits and remedial action, though its reporting still lacks detail on specific issues. PSA is further along in engaging the full value chain than most of its peers, though not yet at an optimum. The company is weak on traceability, requiring suppliers to "be transparent" without going further in its public disclosures. Furthermore, like the entire sector, PSA provides limited evidence of the

implementation of its human rights policies and procedures.



**Honda's** human rights approach lags significantly behind its peers. The company discloses almost no policies or practices to address human rights issues, and what disclosure it does offer is presented only in the most general terms. Its entire human rights approach is aspirational, lacking any substance. Importantly, Honda does not actually prohibit its suppliers from using child labor, requiring only that they comply with applicable laws.



**Lear** discloses very little activity around human rights issues and makes vague statements that are almost entirely aspirational. The company has no child labor prohibition beyond legal compliance. It offers a more detailed smelter disclosure in its conflict minerals reporting than most, although that disclosure only covers data, not remedies. Lear publishes its purchase order terms and conditions, where many of its peers do not. The company claims supply chain management among its core strengths in its business proposition, yet it highlights supply chain complexity in its non-committal language around conflict minerals.



**Nissan's** human rights disclosure is sparse and entirely aspirational. The company provides no evidence whatsoever of implementation. Further, it requires suppliers to self-report human rights violations, with no apparent penalty for failure to do so. Nissan collaborates with Renault on sustainable purchasing but provides no evidence of implementation.



**Nucor** has a useful, targeted policy and disclosure around Brazilian pig iron. The company recently published a human rights policy that covers a number of key issues. Evidence of implementation remains non-existent.



**PPG** has no human rights policy. Its Supplier Code of Conduct covers most top-line issues, but the company provides no evidence of implementation. Apart from a few "assessments" and "evaluations" of key suppliers, PPG requires suppliers to self-report violations. PPG discloses some efforts to deal with human rights challenges in its mica supply chain, although the company is behind on its own commitments. While there are indications of some movement to improve policies and practices around forced labor, disclosures are largely aspirational.



**Renault** conducted a full cobalt supply chain mapping and published EV battery suppliers and cobalt countries of origin, which is more than many of its peers have done. This indicates a strengthening approach to cobalt and 3TGs, although the company still provides limited evidence of implementation. Renault discloses very little in the way of broader human rights due diligence.



**Tesla** discloses little information related to human rights. The company makes no baseline human rights commitment, its policies are largely focused on compliance and thinly articulated, and it provides almost no evidence of implementation. Tesla has some notable initiatives around cobalt, both in reducing its dependence thereon and in auditing well down the supply chain, though details remain in short supply. The company's "grievance mechanism" for human rights concerns is especially anemic.



**Toyota** provides rather perfunctory reporting on conflict minerals, especially given its size. Its overall human rights reporting appears entirely geared toward Dodd-Frank compliance and is presented in vague and general terms with zero evidence of implementation. The company fails to report at all on other areas of risk, such as lithium and graphite, even though it has recently been publicly implicated in human rights violations in those supply chains.



**VW** has one of the most robust supplier codes of conduct in this research universe. It goes into significant detail and includes relatively strong cascading requirements. The company discloses relatively solid overall due diligence and risk management systems for sustainability issues, although it still offers limited detail as to how those play out specifically in the realm of human rights. Importantly, it offers limited evidence of implementation. For a company that recently weathered a major scandal over widespread false reporting of vehicle emissions, a higher evidentiary standard attaches.



## The Automotive Industry Business Model Exacerbates to Human Rights Risks

There are significant human rights risks in the automotive industry throughout its operations and value chain. Workers in manufacturing facilities may experience threats to their rights to a healthy and safe working environment, freedom of association and collective bargaining, freedom from harassment, discrimination, and retaliation. Workers in the supply chain who extract, harvest, and process the commodities used to manufacture vehicles are at risk of being subjected to forced labor, child labor, and hazardous working conditions, while also experiencing many of the same labor rights abuses that occur in manufacturing.

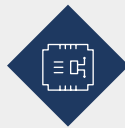
Human rights standards include the International Bill of Human Rights (Universal Declaration of Human Rights, International Covenant on Economic, Social and Cultural Rights, and International Covenant on Civil and Political Rights) the ILO's Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights. Human rights encompass universal and inalienable rights which are inherent to all people, without discrimination.

### Auto Industry Has High Impact & Leverage on Human Rights

**Cobalt**, used in lithium-ion batteries, may be sourced from mines in the DRC where child labor is prevalent.



**Electronics** manufacturing is linked to forced labor in China and Malaysia and child labor in China.



**Charcoal** and **iron ore**, components of pig iron used to make steel, are associated with risks of forced and child labor.



**Rubber**, which may be produced with forced and child labor in Southeast Asia and Liberia, is used to produce tires.



Cattle raising is associated with risks of forced and child labor, and **leather** tanning also relies on child labor.



From metallic paints to brakes, car parts may contain **mica** mined by children in India and Madagascar.

**Conflict Minerals:** Up to 50% of car parts contain tin, tantalum, tungsten, and/or gold (3TG), which may finance and fuel conflict if sourced from certain regions of the DRC.

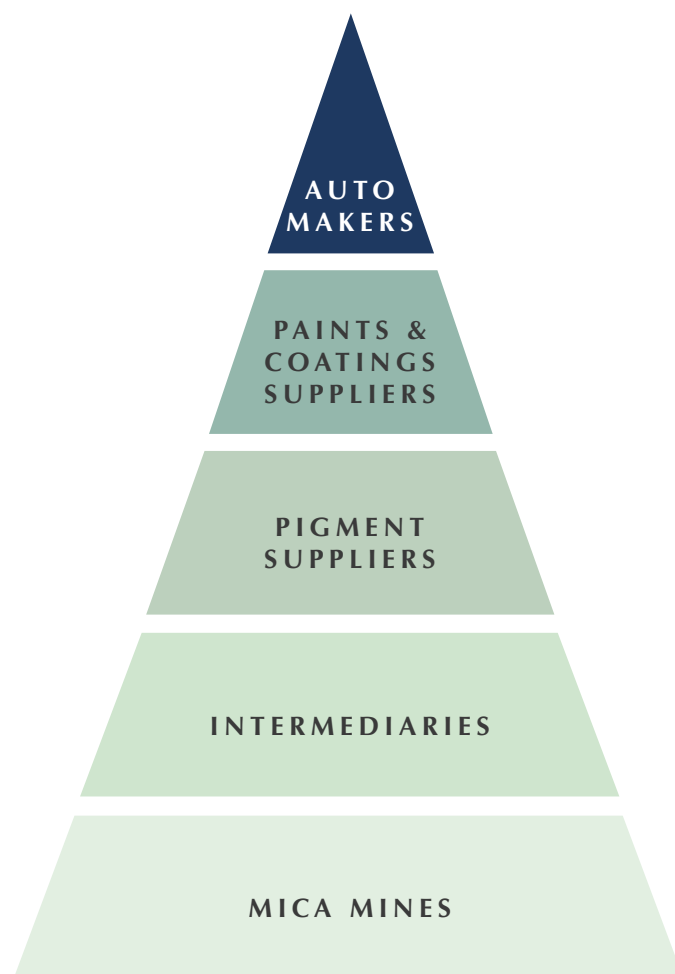
Sources: <https://iasj.org/shifting-gears-infographic-sources>

The business model of the industry includes expansive, global supply chains, which make it more challenging to effectively identify and address these risks. Automotive companies source metals, minerals, and other inputs from suppliers from all over the world in order to produce the estimated 30,000 parts that make up an average vehicle. These supply chains are very extensive, with some companies indicating they have 12,000 – 18,000 global suppliers, while others disclose 1,200 Tier 1 suppliers alone. This makes close oversight of the supply chain burdensome, or for some, nearly impossible. Each commodity has a distinct supply chain with different numbers of steps from raw material through refining and production, different purchasing structures or choke points, and varied on the ground contexts. This makes a one-size-fits all approach impossible. Several high-value and critical raw materials can be sourced only from very limited geographical regions. These may include resource-rich countries that face corruption, conflict, and weak rule of law, including inadequate enforcement of labor laws.

Many of the automotive industry's most salient risks, defined by severity, likelihood of future occurrence, and negative impacts to people, arise at the raw material and commodity level. When a company is determining its prioritization of risks, even if the human rights impact is linked to only a small portion of the company's business or procurement spend, the severity of the harm should determine the company's approach to mitigating the potential impact rather than the relevance to the business.

Through purchasing agreements and contractual relationships, Original Equipment Manufacturers (OEMs), which are at the top of the supply chain, may limit their liability or create intermediaries. All of these business practices compromise the ability to achieve transparency, traceability, and accountability. Oftentimes, automakers have direct contractual relationships with Tier 1 suppliers that supply automobile parts such as steel or tires. Tier 1 suppliers have contracts with Tier 2 suppli-

## Mica Supply Chain



ers supply components of those parts to the Tier 1s. There are not direct purchasing relationships between OEMs and deeper tiers of the automotive supply chain, and automakers have limited operational control of suppliers beyond Tier 1 and Tier 2. Moving down the supply chain, Tier 3 to Tier “n” suppliers, which may go any number of further layers, source, refine, process, and sell raw materials. At each stage, ideally, a supplier would convey their expectations (e.g. on quality, price, and human rights) through their contract, to their sub-supplier, and establish a mechanism to oversee these expectations. In practice, it is not clear how this is carried out or whether it is done consistently and effectively. This makes it difficult to effectively influence or monitor suppliers’ compliance with international human rights standards, local labor laws, disclosure requirements

under Section 1502 of the U.S. Dodd-Frank Act, and companies' own human rights policies and supplier codes of conduct. Meanwhile, an OEM is linked to each of these entities through the business relationship, and therefore has a responsibility to conduct appropriate human rights due diligence at different tiers based on whether the company directly caused, contributed to, or is otherwise linked to an adverse human rights im-

"Automotive supply chains are highly complex and reliant on a range of materials that may be produced with forced labor. Workers in lower tiers of automotive supply chains are particularly at risk. The COVID-19 crisis magnifies these risks: It has significant negative impact for workers in global supply chains, such as lack of sick leave, reduced hours and wages, or job loss, thus exacerbating vulnerability to exploitation."

*Felicita Weber, KnowTheChain Project Lead,  
Business & Human Rights Resource Centre,  
2020*

pact in the supply chain. Due to the difference in size suppliers may have less capacity and more informal processes, but the responsibility to respect human rights applies to OEMs and suppliers, regardless of size, sector, or structure.

An OEM and its suppliers should prevent causing or contributing to adverse human rights impacts and contribute to mitigation when adverse impacts occur. When human rights harms occur deeper in the supply chain and multiple companies may be contributing to or directly linked through sourcing relationships, according to the UNGPs, companies are still considered to be directly linked to these impacts. In such cases, the level of a company's contribution or linkage to the harm may depend on several factors: (1) the ex-

tent to which the company enabled, encouraged or motivated the harm; (2) the extent to which it could or should have known about the harm and (3) the quality of its steps to mitigate the harm. Companies should seek to prevent or mitigate the harm, and are expected to use leverage, whether alone or with others, to mitigate the harm, and in some cases, provide remedy.

The structure of the value chain in the automotive industry business model exacerbates these risks. Supply chain and sourcing relationships are not transparent, in part due to intense competition for suppliers and business relationships, and some companies indicate they do not know their full supply chain. This is a significant risk not only related to human rights impacts, but also for maintaining business continuity and quality control. The value chain relies on complex global sourcing networks to procure the wide range of materials required for automobile production, and the scale and scope of the supply chain makes comprehensive supplier monitoring nearly impossible, and serious violations may fall under the radar and continue to occur. Automakers take quality and consumer safety seriously and are required to have systems to ensure vehicle safety compliance. Yet these same assurance practices are not deployed to assess and address human rights and labor practices.

In the absence of meaningful financial incentives to reward companies for responsible business practices, the majority of companies in the automotive sector have deprioritized efforts to create the necessary business environment to identify, monitor, and address human rights risks in their raw materials supply chains. Coupled with the regulatory and legal challenges to holding companies accountable for human rights violations, there appears to be a lack of control and effective mitigation for human rights impacts associated with business activities in the sector.

No companies disclosed linkage between incentives or compensation to human rights performance. BMW links incentives to sustainability, but it lacks specificity on the proportion of this that is related to human rights.

## Materiality of Human-Rights Related Risks in the Automotive Sector

While saliency looks at the most severe impacts to rightsholders, investors must also analyze those risks that pose the greatest financial risks to companies. There is often convergence between the human rights risks in the sector and the risks to the business.

The Sustainability Accounting Standards Board (SASB) is a nonprofit organization that sets financial reporting standards to help companies “identify, manage and communicate financially-material sustainability information to their investors.” In November 2018 SASB published 77 industry-specific standards which provide a “minimum set of industry-specific disclosure topics reasonably likely to constitute material information”, including “how management or mismanagement of each topic may affect value creation.” To measure a company’s performance for each topic, SASB provides a “set of quantitative and/or qualitative accounting metrics.” SASB is supported by an Investor Advisory Group with membership from global asset owners and asset managers.

SASB identifies “labor practices” and “materials sourcing”, among other factors including “product quality and safety” as financially material for automotive OEMs and “materials sourcing” as a financially material for auto parts manufacturers. Labor practices encompasses a company’s ability to uphold fundamental labor rights by complying with labor laws and international standards, including the prohibition of child labor and forced labor, compliance with wage and hour laws, and the company’s relationship with organized labor, among other issues. SASB points out that due to the global nature of the automotive supply chain, companies may operate in countries with weak labor protections, and that if companies fail to effectively manage labor rights risks, including issues related to worker pay and health and safety, labor strikes may result, which can disrupt operations and have negative financial impacts. Adopting measures to strengthen protections for workers is an investment in a company’s long-term financial sustainability by enhancing worker productivity. Materials sourcing poses financially material risks for automakers as rare earth metals and minerals are required for automobile production, and these materials are often sourced from limited geographies, often from countries “subject to geopolitical uncertainty.” Companies can reduce their exposure to materials sourcing-related risks by innovating ways to limit the use of these materials or use alternatives and developing more direct sourcing relationships.



Each company should be able to identify where it is sourcing its raw materials and whether they are sourced, produced, or manufactured under conditions that violate human rights. There are several salient human rights impacts in the sector, which occur in both the supply chain and in operations.

## Child Labor

Several commodities used in the production of automotive parts have well-documented cases of being mined, harvested, extracted, or processed

by children. In many instances, children are carrying out hazardous work that puts their health and safety at risk, amounting to the worst forms of child labor as defined by the ILO. According to the ILO, 152 million children worldwide are victims of child labor, 73 million of these children work in hazardous conditions, and 19 million of the children working in hazardous conditions are under age 12. Hazardous work carried out by children in the raw material supply chains for the automotive industry includes work underground or in confined spaces, work with dangerous equipment and tools, handling of heavy loads,

## Mapping Child Labor Risks in the Global Automotive Industry



Sources: <https://iasj.org/shifting-gears-infographic-sources>

exposure to hazardous substances, and work for long hours. Child labor often occurs when adult workers are unable to meet their quotas or earn enough income to cover the household's basic needs. While minimum working age varies across countries, child labor is recognized as an illegal practice under international human rights law. However, in countries with weak rule of law, corruption, or other factors preventing the enforcement of labor laws, child labor persists. Until adult workers are paid a living wage to address the root cause of child labor, systemic poverty, children will continue to be denied an education and a healthy and safe childhood.

“The relationship between development, environmental, and social justice can only be as integrally defined as much as it is naturally predetermined. Any kind of development that seeks to thrive disregarding such a basic natural order can never be described as sustainable, and only stands the test of time”.

*Sister Catherine Mutindi, RGS Founder, Bon Pasteur Kolwezi (DRC), April 2020*

Roughly 60% of cobalt, a mineral used in electric vehicle batteries, is sourced from the Democratic Republic of Congo (DRC), where child labor is widespread in the mines. UNICEF estimates that there are 40,000 children working in the DRC's cobalt mines. Children work in hand-dug tunnels at risk of collapse without any safety equipment to extract the cobalt, leading to life altering injuries and even death. The projected growth of electric vehicle adoption is a source for disruption in the automotive industry. Environmental benefits of electrification are clear. However, in addition to concerns about adequate supply, there are serious negative social impacts linked to the inputs for EV battery materials, such as child labor in cobalt mining in the DRC. Tesla is among five

companies facing a class action lawsuit filed on behalf of 14 children and parents from the DRC, which includes allegations of “aiding and abetting in the death and serious injury of children who claim they were working in cobalt mines in their supply chain.”

“A million children are exploited in small-scale mining, with tens of thousands in the mica supply chain. Mica is in the products we use every day: in paints, in cosmetics, phones, laptops, household appliances and cars. It is the responsibility of companies and investors to do everything possible to ensure value chains are free of child labour and other forms of child exploitation. Companies can improve children's lives by 1) doing their due diligence as outlined in the UN Guiding Principles on Business and Human Rights, meaning that companies make an effort to screen their whole supply, upstream and downstream, 2) committing to social investment and getting to know the reality on the ground, 3) actively participating in multi-stakeholder coalitions for action such as the Responsible Mica Initiative, not only financially but especially in content.”

*Terre des Hommes Netherlands, 2020*

Mica used in up to 15,000 different automotive parts, including paints and coatings, brakes, and other components, may be produced under conditions of child labor if sourced from India or Madagascar. Children as young as five begin working in the mines sorting sharp mica chips outside the mines and move onto more dangerous work to extract mica chips as they get older. In India, where an estimated 22,000 children

work in mica mines in Jharkhand and Bihar, much of the mining occurs at illegal artisanal mines where labor laws are not enforced. The Indian government is moving to legalize the mines to curb child labor, however the practice is still widespread. In Madagascar, an estimated 11,000 children are working in mica mines, and at least 50% of the country's mica is mined by minors.

Child labor is prevalent in many other commodities used in the sector. Tin, tantalum, tungsten, and gold (3TG) mined in the DRC may be mined by children, in addition to fueling violence and conflict. In Bolivia, an estimated 3,000 children as young as six work in tin mines. Natural rubber used in car tires may be produced with child labor in Burma, Cambodia, Indonesia, Liberia, the Philippines, and Vietnam. Rubber tapping is very labor intensive and requires the use of sharp tools and exposure to pesticides, which poses serious health risks to children. Exploitation of student workers has been reported in electronics factories in China, often linked to abuses in vocational school programs that require working excessive hours in factories. Children herding cattle in Brazil, Chad, Costa Rica, Ethiopia, Lesotho, Mauritania, Namibia, South Sudan, Uganda, and Zambia, and tanning leather in Bangladesh, Pakistan and Vietnam, are often subject to hazardous working conditions as well.

## Forced Labor

As with child labor, forced labor risks are present in the automotive supply chain because many critical raw materials are sourced from geographies where underlying political factors, systemic poverty, and other forces contribute to the persistence of this illegal practice. Forced labor, also known as modern slavery, can take many forms. Employers often use coercive practices, such as threats of violence or withholding of wages, to prevent workers from escaping from conditions of forced labor. Debt bondage occurs when an individual is forced to work to pay back a personal debt. Workers may also be physically iso-

lated in a rural area and rely on their employer to provide housing and other basic needs, leaving workers completely dependent on the employer. Forced labor impacts men and women, adults and children.

“The automotive sector is one of the most significant segments of the economy, in addition to being one of the most profitable. Raw material inputs used by this sector, such as charcoal (pig iron), cattle (leather), and carnauba (car wax), are drivers of slave labor exploitation in Brazil. The automotive sector has significant leverage to influence supplier practices and impact social and cultural behavior throughout the supply chain. Automotive companies should be transparent, make public commitments in defense of human rights and human dignity, and lead suppliers in the search for collective solutions which promote industry collaboration and the propagation of responsible practices. Only then we will be able to combat labor exploitation in the supply chain.”

*Mércia Silva, Executive Director, InPACTO, 2020*

An investigation by the Australian Strategic Policy Institute found that major automakers are among the companies sourcing from factories in the Xinjiang Uighur Autonomous Region (XUAR), where Uyghurs and other Muslim minorities are being subjected to forced labor by the Chinese government. Uyghurs are trapped in government-sponsored work assignments that are difficult to escape due to surveillance and fear of further detention, as these work placements are part of a larger government-sanctioned “re-education” scheme. In reality, this is a system of detention camps and

political indoctrination. It is very difficult, if not impossible, for companies to carry out human rights due diligence in this area since the Chinese government is responsible for creating this system of detention and forced labor, and is actively denying that they are violating Uyghurs' rights.

Charcoal, which is processed into steel for use in automotive parts, is smelted with iron ore to produce pig iron. Pig iron sourced from Brazil may contain charcoal produced under conditions of forced labor and child labor. Brazil maintains a "dirty list" of companies with known forced labor risks. Natural rubber used in car tires may be produced with forced labor in Burma, Cote d'Ivoire, and Liberia. Electronics manufacturing in China and Malaysia has been associated with forced labor risks.

US Custom and Border Protection recently issued a number of Withhold Release Orders (WRO) detaining imports of products into the U.S due to forced labor and child labor concerns. If a WRO were issued for an automotive commodity due to evidence of production using forced labor, this would present business continuity risks.

## Workplace Health & Safety

From raw material extraction to auto parts manufacturing and vehicle assembly, automobile production requires workers to carry out labor-intensive work, often in hazardous environments, across the value chain. At the commodity level, children and adults working in mines, particularly hand-dug artisanal mines, are at increased risk of injury and other poor health outcomes due to the hazardous working environment and lack of protections. The harvesting of commodities like natural rubber requires the use of sharp tools, carrying heavy loads, and exposure to pesticides. Steps along the leather supply chain, from cattle ranching, trimming and tanning of hides, require dangerous work. In parts manufacturing and assembly, workers are often working with heavy machinery, hot materials, chemicals, among other hazards. In the supply chain and

in manufacturing operations, these jobs require the enforcement of strict safety protocols and the provision of personal protective equipment (PPE), and when workers do not have these protections, risks of injury and other poor health outcomes increase.

## Working Hours and Wages

Workers extracting and harvesting materials used in the automotive supply chain are often compensated very little, equivalent to a few US dollars per day, for dangerous and labor-intensive work. When employers require workers to meet quotas that are incredibly difficult to reach, workers are forced to work excessive hours, which can have negative impacts on health and wellbeing. Adult workers may also bring their children to work in order to meet the quotas or to earn the income necessary to meet the household's basic needs. There is currently no standard calculation for determining a "living wage" for different jobs in different countries, however it is clear that workers living in extreme poverty and unable to cover basic needs without bringing their children to work are not receiving a living wage. Factory workers producing electronics and other components for the automotive industry often face the same pressures of working excessive hours to meet demanding quotas. In U.S. auto plants, union workers have gone on strike to demand higher wages and improved benefits.

## Freedom of Association and Collective Bargaining

Although the rights to freedom of association and collective bargaining are recognized as universal labor rights, not all workers in the automotive industry have the ability to freely exercise these rights, as automakers and suppliers do not always explicitly protect them within company codes of conduct or other internal policies. Auto manufacturing workers employed by major U.S. OEMs have fairly strong representation through the United Auto Workers (UAW), however many

foreign automakers have non-union plants. Companies with anti-union cultures may retaliate against employees who attempt to organize. In the supply chain, low-wage workers in geographies with weak enforcement of labor laws have virtually no ability to organize to demand better wages or improved working conditions from their employers.

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## Discrimination and Harassment

Freedom from discrimination is a basic human right, and workers should be protected from discrimination based on one's race, ethnicity, nationality, sex, gender, age, disability, religion, political affiliation, union affiliation, or other status. In practice, workers in the automotive industry still face discrimination in the workplace. Discrimination may play out in the form of being passed up for job opportunities and promotions or other forms of unequal treatment in the workplace. Harassment may include the use of racist language, hate speech, threats, and intimidation, among other tactics. Racist incidents have been reported in domestic auto plants, including at OEM and supplier facilities.

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## Conflict-Affected Areas

In addition to the risk of contributing to human rights abuses and conflicts, companies sourcing from conflict-affected and high-risk areas should take additional measures to address risks to workers. These risks may be heightened by state and non-state actors who are often involved in human rights violations, particularly where there is absence of the rule of law and economic vulnerability. Sourcing from such regions has the potential to contribute to sustainable development, but the use of conflict minerals, including tin, tantalum, tungsten, and gold (3TG), by the automotive industry exposes automakers and suppliers to risks of being linked to human rights violations in con-

flict-affected areas in the DRC or one of its nine neighboring countries. When 3TG minerals are purchased from conflict-affected areas, this provides an income stream to armed groups, which can perpetuate violent conflict in the region. While companies are legally required to report on conflict minerals due diligence under Section 1502 of the Dodd Frank Act, this reporting requirement does not guarantee that companies are following responsible sourcing practices for 3TG minerals.

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## Climate Change

Transportation is one of the leading sources of greenhouse gas emissions contributing to climate change. Those most vulnerable to climate impacts as a result of factors like discrimination, age, income, and geography are among the first to face direct consequences, though they often have contributed the least to rising emissions. Not only this, but transport-related emissions in the form of air pollution are distributed inequitably across the world and pose serious risks to human health. Needed solutions include increasing the use of electric cars, public transportation infrastructure, more fuel efficient vehicles, and other sustainable innovations to address rising risks associated with transportation and climate change.

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## Environmental Health & Degradation

Many commodities are resource intensive, contributing to greenhouse gas emissions in the harvesting, production, or processing of materials. Others present risks to environmental health through the leaching of heavy metals or pollutants. Some are exploited from resource-rich natural habitats. Leather is a major driver of deforestation, which may result in displacement of indigenous communities, threats to human rights defenders who take actions to oppose deforestation, and contributes to climate change.

## Unique Risks Linked to the Coronavirus Pandemic

As the world faces a global health pandemic of enormous magnitude, the nature of the business model of the automotive industry may replicate inequities. While many American OEMs rightfully acted swiftly in March 2020 to suspend non-essential production to protect the health of their workforce and communities, this step caused ripple effects throughout global operations and supply chains. Questions remain around access to paid leave, long-term job security, and safe working conditions such as adequate personal protective equipment and social distancing accommodations. As companies resume operations, there may be risks for workers of being exposed to COVID-19, which makes it more important for companies to take adequate precautions and closely follow public health guidance and provide avenues for employees to raise concerns without fear of retaliation. In the midst of business disruption, the challenges will be more acute for workers in the supply chain who often have less job security or formal working relationships, and do not have benefits like paid time off

and health insurance. Increased economic insecurity and vulnerability is likely as is a risk as brands may suspend payments of contracts due to disruptions in manufacturing activities. Suppliers that already have precarious working conditions that do not adequately protect workers are also less likely to follow guidelines for social distancing or provide adequate personal protective equipment. They may resort to forced labor or child labor to maintain workforce. This context may also result in violations of working hours restrictions once business activities resume to make up for lost time. In this context, normal protections for workers, such as labor law enforcement, may also be disrupted. As the industry responds and recalibrates to the impact of COVID-19 and its aftermath, it must focus on resilience, sustainability, equity, and protecting workers. This may require systemic changes and new business models.



Under the UNGPs and the OECD Guidelines for Multinational Enterprises, all business actors, including institutional investors, have a responsibility to respect human rights. Investors may be exposed to a wide range of human rights risks by being widely invested across a large number of companies and sectors. As such, they are expected to undertake efforts to prevent, mitigate, and where appropriate address real and potential adverse human rights impacts involved with their investment portfolios. These efforts should take place throughout the investment life-cycle and across asset classes.

In most cases, minority shareholders in public companies will be directly linked to adverse human rights impacts that are caused or contributed to by portfolio companies. In these cases, investors are expected to use their leverage with portfolio companies to enable the prevention, mitigation, and remediation of adverse risks and impacts. Investor leverage may be exercised in diverse ways, including by publicly committing to respect human rights throughout an investor's investment activities and communicating an expectation that all businesses respect human rights to its financial advisors, portfolio companies, and other business relationships. Investors are also expected to consider human rights standards at the point of investment decision-making (including when deciding on broader business relationships), when assessing risks in investment portfolios, and when prioritizing engagements with companies, either alone or in coordination with groups such as IASJ.

When a company fails to disclose its human rights performance in line with the UNGPs or is unresponsive to engagement around human rights, investor efforts to conduct their own human rights due diligence are undermined. Information on whether a company is effectively managing its salient human rights risks and impacts is critical

for responsible investors, and, in cases where a company is consistently and continuously unresponsive, institutions may determine that divestment is appropriate.

"Wherever Maryknoll Sisters are missioned, they promote human rights and the dignity of work. As share owners, they use their investor voice to hold companies accountable for human rights practices. The Shifting Gears initiative has focused attention on the human rights risks in a vast, global and complex sector - the automobile supply chain - and enabled the Sisters to be part of a shareholder effort to end child and forced labor and hazardous working conditions in car manufacturing."

*Cathy Rowan, Maryknoll Sisters, April 2020*

Regulatory expectations are also emerging for responsible investment, especially in Europe. For example, in December 2019, a new set of rules requiring European investors to disclose the steps they have taken to identify and address the impacts of their investment decisions on people and the planet came into force. European investors will be required to start reporting in line with these new rules in March 2021. This has significant implications for companies, as investor human rights due diligence efforts will increase the need for companies to meaningfully disclose how they manage risks to people. On April 29, 2020, the European Commissioner for Justice announced a commitment to introduce rules for mandatory corporate environmental and human rights due diligence within the next year. This

comes weeks after investors with \$5 trillion in assets under management released a statement in support of this growing momentum, calling on governments to put in place regulatory measures to require mandatory human rights due diligence. Companies should seek to align their public policy and lobbying activities to support these regulatory efforts to create an enabling environment for meeting human rights commitments.

In addition to regulatory requirements, human rights (including human capital) risks are material for the automotive sector. They present legal, financial, reputational, and business continuity risks, as discussed above. For example, failure to respect workers' rights around health and safety or non-discrimination may result in lawsuits, labor disputes, supply chain disruption, negative financial impacts, reputational harm, an inability to attract and retain top talent poised to lead business innovation, and other material impacts.

IASJ recognizes this context and has mobilized its investor Affiliates to join the Shifting Gears initiative to advocate for industry-wide adoption of human rights due diligence practices. While there have been discrete engagement initiatives, such as the Principles for Responsible Investment co-balt engagement, it is time for more investors to join this call. The industry will be influenced by a clear and consistent voice from a broad range of investors about the expectations for human rights practices and disclosure. To that end, investors are encouraged to support engagements and shareholder proposals in the sector. At the 2020 annual shareholder meetings at Lear, General Motors, and Tesla, shareholder proposals will be considered on human rights impact assessment and disclosure on the effectiveness of policy implementation. A strong vote on these advisory proposals would reinforce this signal.



Given the number of various commodities and intricacies of each supply chain, severity of the human rights risks, and sector-wide nature of its challenges, there are specific strategies and tools that are important for effectively addressing human rights risks in the automotive industry.

## Monitoring Effectively & At Scale

While supplier audits are useful and all companies should conduct them, they have limitations and do not offer a complete solution for identifying human rights risks in the supply chain. Many supplier audits do not include human rights criteria. Auditors may lack training and expertise on human rights. Announced audits allow suppliers to take actions to avert scrutiny. Workers may not be interviewed or do not feel comfortable speaking freely with the auditor. Audits may not be conducted by an independent third party. Given the number of suppliers, audits may not be conducted frequently enough to effectively monitor compliance with law and expectations, and some suppliers may never be audited. Some companies identify suppliers to audit based on the spend (materiality) rather than the human rights risks (saliency), which may not direct the oversight to the most important areas of risk.

Automotive industry companies that do monitoring primarily rely on supplier self-assessment questionnaires. Templates have been developed by various multi-stakeholder initiatives, such as the Automotive Industry Action Group (AIAG). This is useful for lowering the burden on suppliers and creating consistent, industry-wide expectations. However, if the information is not verified, a self-assessment provides little value and cannot be relied upon for business decisions. This can undermine the utility of the self-assessment questionnaire, contributing to a “buyer don’t care, supplier don’t care” mentality.

“The Worker-driven Social Responsibility (WSR) model eliminates and prevents forced labor in complex supply chains by making workers in the supply chain the frontline monitors of their own rights, providing them an independent, accessible grievance mechanism that is backed up by binding and enforceable legal commitments by the major corporations at the end of the supply chain, who agree to cut off purchases from suppliers who don’t comply or who retaliate against complaining workers. Those two essential ingredients--the worker’s right and ability to file a complaint without fear of retaliation, and the corporate buyer’s legally-enforceable promise to apply market consequences to offending suppliers--are the only recipe proven to end forced labor, as demonstrated in the Florida tomato industry by the Coalition of Immokalee Workers’ Fair Food Program as well as other industries where WSR has been implemented.”

*Gerardo Reyes, Coalition of Immokalee Workers, 2020*

An effective alternative is to adopt the worker-driven social responsibility ( ) model, which is created, monitored, and enforced by workers themselves and includes legally binding commitments. It has led to transformative change in global supply chains, pioneered by the Coalition of Immokalee Workers (CIW). There, it has helped end forced labor, sexual harassment,

and wage theft among other abuses and provides an effective enforcement mechanism. Recently, workers in Lesotho signed a binding WSR agreement to address gender-based violence and sexual harassment in the apparel supply chain. Automotive companies can create avenues to hear worker voices and foster an enabling environment for workers in their supply chains to organize, and when presented with an opportunity, sign agreements with workers to create effective WSR agreements to ensure that workplace improvements are implemented and maintained.

## Responsibility to Address Root Causes

Many of the human rights impacts in the automotive supply chain are linked to underlying, systemic factors in sourcing regions. Such root causes include conflict, poverty, inequality, corruption, and inadequate access to education and housing. Companies must invest in solutions to address the enabling environment for systemic and entrenched human rights abuses in the supply chain in order to effectively contribute to transformative change. This must be done in partnership and consultation with impacted stakeholders. Some strategies companies may pursue include:

1. Commit to pay a living wage throughout business relationships. This would reduce poverty and drivers of forced labor and child labor in some instances and further the capacity of workers to provide access to education for their children.
2. Support initiatives to uphold the rule of law and combat conflict and corruption in sourcing countries. This might include efforts to promote legal mining activities in geographies with weak enforcement of labor standards.
3. Address the structure of relationships in the value chain that enable or encourage negative human rights outcomes. Explore more direct sourcing relationships between

OEMs and raw material suppliers to create greater transparency and accountability in the sourcing relationship. Direct sourcing also cuts costs lost to intermediaries and increases profits for the raw material suppliers, which can be cascaded to increased wages for workers.

4. Commit to provide price premiums and other business incentives such as long-term contracts for guaranteed responsible sourcing.
5. Invest in and participate in pilot projects to test alternative sourcing models and innovation to mitigate supply chain risks. Pilots should be designed to include meaningful participation, oversight, and input from impacted workers and communities, civil society groups, governments, and other stakeholders. Place-based projects that seek to address root cause issues, such as those that enable access to schooling, increase worker pay, and provide alternative income-generating activities, have the potential to create real change in communities. Learnings from pilots should be captured and applied across salient risks to address larger business model issues to realize the full benefits.

Stakeholder engagement: Only 3 companies have an explicit commitment to stakeholder engagement (**BASF, GM, and Nucor**)

## Effective Participation in Multi-stakeholder Initiatives

The systemic nature of the human rights impacts of the automotive industry in the supply chain requires sector or multi-sector wide action. Commitment and collaboration between OEMs and suppliers is essential to ensure expectations are realized throughout the supply chain. Compa-

ny participation in multi-stakeholder initiatives (MSIs) can provide a forum for companies to work together at the pre-competitive phase to address shared obligations for respecting human rights, access educational resources, develop tools that can be shared across suppliers to ease the burden of compliance, and share best practices. A comprehensive list of the relevant MSIs for the sector is available in page 116.

“Respect for the human rights, the environment and the communities in which we operate have been core principles of the international automotive industry for many years. Our automakers and suppliers demonstrate their commitment to these values through corporate policies and collaborative initiatives aligned with consistent industry expectations, focused on delivering improvement throughout our complex global supply chain. Engaging suppliers, business and NGOs to address sustainability will continue to be paramount as the industry evolves.”

*Tanya H. Bolden - AIAG Director, Supply Chain Products & Services, April 2020*

The effectiveness of MSIs depends on the resources that they provide to companies and the extent to which those resources are deployed. These initiatives are most effective at driving human rights outcomes when they have criteria required of participants and have the following characteristics: governance by a range of stakeholders including experts, community members, and workers; standards for membership that align with international legal standards and a requirement to use the tools to improve practices within corporate business activities; support risk assessment and prioritization of action; a mandate to address the root causes that contribute to human

rights impacts; and commitments to robust transparency and supply chain disclosure. MSIs do not serve as a certification body, and membership in an MSI alone does not equate to human rights due diligence.

Many companies disclose the MSIs in which they are members, but generally do not disclose how they apply the available tools and shared learnings from MSIs to influence their own actions. This makes it difficult for investors and stakeholders to evaluate the value, impact and relevance of their participation in addressing human rights risks.

#### **In the assessment of company participation in MSIs, key findings include:**

- **BMW** and **Ford** are most active in multi-stakeholder initiatives.
- 13 companies provide some information about participation in at least one MSI, but most lack information about how that participation contributes to improved performance or practices.
- **Groupe PSA, Nucor, Lear, Genuine Parts, Nissan, Denso** participate in no multi-stakeholder initiatives.

### **Increased Transparency of Automotive Supply Chains is Needed**

Traceability – or knowing the suppliers and locations of each input a company is sourcing– is important to establish, monitor, enforce, and incentivize expectations around respecting human rights. Yet, this is publicly disclosed by only a few companies in only the highest-profile commodities. It is possible for automotive OEMs and suppliers to improve supply chain transparency to the raw material level, and companies likely maintain some of this information internally. However, due to considerations about proprietary supplier

relationships and the costs of chain of custody efforts, among other factors, initiatives to increase visibility and traceability have not been widely prioritized. While there is emerging legislation in the UK, France, and Australia aimed at improving transparency in the supply chain to address risks of modern slavery, in the absence of extensive regulatory requirements or consumer demand, there is no incentive for companies to do this.

“Global supply chains are more complex, and now, more than ever, we need robust processes and strong management practice. Shifting Gears puts intense focus on sub-tiers of the manufacturing supply chain—including the extraction of natural resources—where information and enforcement is the most challenging. This report makes the case for the industry to commit to greater action.”

*David Berdish, Executive-in-Residence, Supply Chain Management and Analytics, Virginia Commonwealth University School of Business and former Social Sustainability Manager at Ford Motor Company, 2020*

Responsible, proactive companies that have visibility in their supply chains, manage human rights risks, and maintain ongoing due diligence will see the long-term benefits of supply chain resilience and business continuity. Blockchain initiatives have been piloted by some automotive companies to keep a digital ledger to increase transparency and chain of custody from the mine to the finished product. This can have a positive impact on increasing supply chain traceability and transparency. However, blockchain technology in isolation does not address the human rights impacts in the supply chain. Companies must couple traceability initiatives with on-the-ground projects to establish expectations for responsible sourcing, provide the tools to meet those expectations, and prevent future human rights impacts in communities in which they operate.

Traceability appears to be lacking across the companies surveyed, with limited exceptions for conflict minerals and a few high-risk commodities that have been the subject of significant media attention, such as mica and cobalt. Twelve companies, including OEMs and Tier 1 suppliers, have zero information about transparency and traceability. Eight companies have partial commitments or information on one supply chain.

Of the focus companies, 6 have supply chain pilot projects, such as blockchain partnerships. For example, **Ford** has a strong program in the Democratic Republic of Congo with the goal to increase transparency in the cobalt supply chain.



1

**Strengthen human rights commitments** to better align with the International Bill of Human Rights, the ILO's Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights. Adopt a Supplier Code of Conduct that requires suppliers to respect human rights by conducting human rights due diligence in their own operations and communicating expectations to their business relationships.

2

**Create accountable frameworks for governance of human rights.** Ensure board-level oversight of the implementation of human rights commitments, including by having at least one board member with human rights expertise and addressing human rights impacts of company's activities at board meetings. Commit to increase the level of human rights expertise among those in leadership positions. Foster a corporate culture of respect for human rights.

3

**Identify and assess salient human rights impacts** in operations and the supply chain. Undertake human rights impact assessments and analyze findings of the risk assessment to inform human rights risk management strategies. Increase supply chain mapping, visibility, and traceability to facilitate the identification and assessment of human rights risks in the supply chain.

4

**Establish effective systems to integrate human rights due diligence.** Adopt and implement systems to assess and monitor business partners on human rights. Integrate findings from this human rights assessment into procurement and other business decisions, providing favorable terms or incentives for strong human rights due diligence. Leverage company's participation in multi-stakeholder initiatives to transform company practices to further respect for human rights, as well as to contribute to industry-wide solutions. Follow the OECD Due Diligence Guidance for Responsible Business Conduct.

5

**Monitor and Track.** Measure progress and track the effectiveness of actions and due diligence systems. Assess supplier compliance with human rights expectations using qualitative and quantitative data, including data on grievances reported, to reduce negative human rights impacts of business and improve outcomes for rights-holders.

*Investors have a responsibility to establish expectations for portfolio companies on Human Rights Due Diligence and assess company systems to identify, assess, mitigate, manage, and report on human rights risks. In this assessment, they should encourage companies to follow these recommendations.*

6

**Provide access to Grievance Mechanism and Remedy.** Ensure access to effective remedy for workers in operations and the supply chain and other rights-holders adversely impacted by business activities. Provide access to a grievance mechanism that is legitimate, accessible, predictable, equitable, transparent, rights-compatible, and a source of continuous learning, in line with UNGP 31. Operational grievance mechanisms should extend beyond a corporate-level hotline.

7

**Improve Disclosure on Human Rights.** Disclose evidence of implementation of human rights due diligence to demonstrate effective implementation of the human rights policy and supplier code of conduct, with indicators used to measure progress and assess effectiveness. Align with expectations of the UN Guiding Principles Reporting Framework, the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). Disclose findings of human rights impact assessments and relevant supply chain information, such as supplier lists and countries of origin for high risk raw materials.



## A HISTORY OF HUMAN RIGHTS VIOLATIONS

A number of high-profile examples illustrate that the automotive sector continues to see significant human rights challenges in its long global supply chain. Some of the most prominent problems that have come to light recently are highlighted below. The entire sector clearly holds risks for human rights violations, particularly down the value chain, but the anecdotes below are not a comprehensive accounting of human rights violations within the research universe.

### Child Labor at Indian Mica Mines

A July 2016 investigation by *The Guardian* traced mica from three mines in India's Tisri subdistrict—where it had documented widespread child labor under hazardous conditions—to three Indian exporters: Mohan Mica, Pravin and Mount Hill. **Axalta**, **BMW**, **General Motors (GM)** and **Volkswagen (VW)** were all exposed. **Axalta** and **BMW** went on to join the Responsible Mica Initiative (RMI), which *The Guardian* described as “the first comprehensive approach to tackling endemic child labour in mica mining since the industry was alerted to its existence more than a decade ago.” Nevertheless, companies’ disclosures on their mica supply chains remain thin, and none has publicly disclosed its mica suppliers. **Axalta** has since terminated its membership in the RMI.

### Child and Forced Labor in DRC Cobalt Mines

In 2016, Amnesty International completed a traceability study that found automakers at risk of sourcing cobalt mined by children in the Democratic Republic of Congo for electric vehicle battery production. **GM** and **FCA** were exposed. More recently, an April 2019 report from Resource Matters demonstrated that **BMW**, **Renault**

and **VW**, among others, are involved in a cobalt supply chain that engages child labor in the DRC.

**BMW**, **Renault** and **VW** indicate that they align their approach to managing human rights risks in the cobalt supply chain with the Organization for Economic Cooperation and Development (OECD) Guidelines, are members of the Responsible Minerals Initiative (RMI) and are using its Pilot Cobalt Refiner Supply Chain Due Diligence Standard. **BMW** and **Renault** indicate that they are members of the Responsible Cobalt Initiative, but **VW** is not. **BMW** and **Renault** have subsequently disclosed their cobalt smelters, but **VW**, **FCA** and **GM** have not. Disclosure of smelters is a step in the process of identifying forced and child labor in the supply chain, but does not cover tiers that are further upstream.

**Tesla** was one of the technology companies named in a December 2019 lawsuit filed by human rights firm International Rights Advocates, accusing the companies of aiding and abetting in the death and serious injury of children who say they were working in cobalt mines that supply the defendants. Tesla discloses more about its cobalt supply chain than many of its peers, and reports that it has a supplier audit program in place. This lawsuit may call into question the efficacy of the company’s approach.

### Graphite Pollution & Suppression of Stakeholder Complaints in China

Reports in 2016 implicated **Toyota**, **GM** and other automotive companies along the graphite supply chain in severe environmental pollution in China and the suppression of villagers’ complaints. None of the companies in this research universe report on their graphite supply chains.

## Lithium and Indigenous Rights Violations in South America

An April 2019 report from *Deutschlandfunk* implicated **BMW**, **Toyota** and **VW**, among other automotive companies, in destroying the livelihoods of indigenous people in the tri-border region of Bolivia, Chile and Argentina by way of the lithium supply chain. None of the companies in this research universe report on their lithium supply chains.

## Forced Labor in Liberian Rubber Production

**Bridgestone's** Firestone subsidiary has a history of significant human rights abuses in Liberia, according to a PBS *Frontline* report, including forced recruitment and relocation of workers, dangerous working conditions and devastating punishments for workers who failed to meet quotas and more, with some lawsuits alleging conditions of modern slavery. Firestone has made strides in cleaning up its labor practices in Liberia in the last decade, but still made headlines in 2016 when it laid off 7 percent of its Liberian workforce, reportedly in violation of a collective bargaining agreement. In May 2019, Firestone again announced layoffs, this time representing 13 percent of its Liberian workforce, saying it would conduct the layoffs in accordance with the collective bargaining agreements it has in place. There are additional reports from an African business journal that Firestone is ending the provision of rice at a reduced price to its workers in Liberia, a concession it allegedly made to supplement low wages.

**Bridgestone** is far from the only company in the research universe with human rights challenges in its natural rubber supply chain. **Continental** provides the strongest approach to dealing with those challenges from among the companies evaluated here, but nevertheless provides little evidence of implementation.

## Forced Labor in the Brazilian Pig Iron Supply Chain

**Nucor's** forced labor policy and initiatives are the result of three years of intensive engagement from shareholder advocates at Domini Investments. This followed 2006 reports tracing the broader automotive supply chain to a work camp in northern Brazil, where enslaved workers produced charcoal for pig iron processing under extremely dangerous conditions. **Ford** and **GM** were among the companies whose products reportedly contained pig iron from that work camp. Pig iron from Brazil sourced by **Ford**, **GM**, **BMW** and **Nissan** has also been linked to illegal logging, contributing to deforestation.

## Violence by Security Forces at South African Platinum Mines

In 2012, an extended strike at a mine operated by **BASF** platinum-group metal (PGM) supplier Lonmin in Marikana, South Africa, culminated in a violent confrontation between mine workers and armed South African police. The 34 fatalities were mostly among Lonmin employees. The workers' grievances included abysmal living conditions lacking electricity and clean water, inadequate wages and dangerous working conditions. Following the event, BASF launched an extensive evaluation and audit process with Lonmin to improve working conditions, and has demonstrated significant progress in the intervening years, including by establishing a grievance mechanism. While BASF provides fairly robust disclosure on the steps it has taken with Lonmin following the Marikana event, BASF has not extended a similar level of disclosure to the rest of its operations.

## Activities in Occupied Territories

**Continental's** ContiTech subsidiary has attracted some controversy for its activities in support of phosphate mining in the disputed territory of Western Sahara. The mining is carried out by a Moroccan state-owned company. Morocco

claims Western Sahara as part of its own country, while the local Sahrawi people of Western Sahara say they are under Moroccan occupation. The United Nations says the Sahrawi people have the human right of self-determination, a point on which Continental does not comment. Continental previously recognized Western Sahara as part of Morocco, an error for which it has since expressed “regret.” Continental confirmed in March 2019 that its contract in Western Sahara is scheduled to expire in June 2020.

**Honda’s** official distributor in Israel operates a garage in an Israeli settlement, and manufactures armored buses that transport settlers. The Israeli military reportedly uses Ford vehicles to patrol

and surveil Israeli settlements and **GM** vehicles at checkpoints. GM’s official distributor is also located in an Israeli settlement. Israeli settlement activity in occupied Palestinian territory violates international law.

## Involuntary Resettlement in China

The 2011 construction of a **BASF** polyurethane plant in China involved the involuntary resettlement of farmers, some of whom reportedly did not feel they were adequately compensated for their land. Some of those who objected reported police intimidation and harassment, with some activists saying they were arrested on trumped-up charges to discourage dissent.

## Numerous Labor Rights Violations in Operations and Supply Chains

Most companies in the research universe have been implicated in labor rights violations, whether at their own facilities or in their supply chains.

- According to a March 2020 report from the Australian Strategic Policy Institute (ASPI), an Australian government-funded think tank, 83 automotive, technology and apparel firms—including **BMW**, **GM** and **VW**—employ factories that use Uighur and other ethnic minority labor in China. Uighurs are the targets of interrogation, surveillance, internment, forced labor and violence by the Chinese government. According to German media reports, **BASF** may also be exposed.
- In 2019, a judge ruled that **Tesla** had violated U.S. labor laws on multiple occasions when it interfered with its employees’ efforts to unionize.
- In August 2019, **Goodyear** sustained criticism from four members of the U.S. House of Representatives for its refusal to allow them to tour its Mexican tire plant during a recent fact-finding trip on labor conditions in Mexico. The lawmakers’ interest stemmed in part from former employees’ allegations of poor working conditions and discrimination.
- In 2018, a judge approved a \$22.5 million settlement for workers at U.S. **Nucor** steel mills who said they had been subjected to racial discrimination and intimidation.
- **GM’s** Thai subsidiary has been in conflict with labor activists over the last six years. Activists allege the company has pressured workers to resign, and seek an overall improvement to workers’ welfare. GM has not commented publicly.
- Labor organizers have accused **Nissan** of anti-union activities in recent year, including in Mississippi and Tennessee. Allegations include intimidation and harassment, threats of plant closure and summary firing

of employees. At one plant where 80 percent of the workers are black, organizers have accused Nissan of civil rights violations. In 2017, the National Labor Relations Board charged the company with violating its workers' rights.

- After racist graffiti and nooses were found at a **GM** factory in Ohio in 2017, GM is being sued by former employees who say the company did little to combat racism in the workplace. GM is offering a \$25,000 reward for information about a string of such racist threats at the plant.
- In 2015, the U.S. Department of Labor charged **Lear** over allegations that it had threatened and harassed workers who reported health and safety violations at one of its Alabama plants, and fired a whistleblower.
- In 2013, workers at the Honduras location of **Lear** affiliate-supplier Lear Kyungshin reported being denied bathroom breaks and thus forced to wear diapers.
- In 2010, labor activism primarily by migrant workers in some of **Denso's** Chinese production facilities led to improved pay and benefits.
- **Toyota** has a history of serious labor rights violations at its own facilities, including passport confiscation, excessive work hours and pay at less than half the minimum wage.
- **VW** has been accused of labor rights violations in China, and failing to adhere to its own policies.



## COMPANY PROFILES

Highlights of each company profile are included on page 16 above. Controversies or human rights violations linked to the companies are not included in the profile, rather are compiled in the Section “A History of Human Rights Violations” on page 38 above.



**BRIDGESTONE**



**DENSO**  
Crafting the Core

**FCA**  
FIAT CHRYSLER AUTOMOBILES



**GOODYEAR**

**PSA**  
GROUPE

**HONDA**  
The Power of Dreams



**NUCOR**



**GROUPE RENAULT**



## AXALTA COATING SYSTEMS



### About Axalta Coating Systems

Axalta Coating Systems is one of the world's largest car paint suppliers. It has 14,000 employees. Axalta uses thousands of different raw materials that fall into seven broad categories: liquid res-ins, powder resins, pigments, solvents, monomers, isocyanates and additives. The company purchases raw materials from a diverse group of suppliers, with its top ten suppliers representing approximately 30 percent of its 2018 spending on raw materials.

OVERALL  
ASSESSMENT  
SCORE

2.5

### 1 Human Rights Policy

Axalta has a standalone human rights statement on its website, but it does not amount to a full policy. It includes a baseline commitment not to “engage in, or do business with, any third party that engages in, the use of forced or involuntary labor, human trafficking, or child labor.” Without offering details, Axalta says its human rights principles are aligned with the following international protocols:

- The UN Global Compact
- The UN Universal Declaration of Human Rights
- The Global Sullivan Principles
- The ILO Declaration on Fundamental Principles and Rights at Work

Axalta says it extends its human rights principles to its supply chain, without expounding on how it ensures compliance at every tier. The statement includes an expectation that its suppliers certify that their products were “developed through practices that respect human rights.”

Axalta's standard supplier contract requires suppliers to warrant that they meet or exceed ILO Minimum Age Convention standards or applicable national law, whichever is higher. The company makes a general commitment not to use forced or involuntary labor, or to do business with any third party who does. Axalta does not elaborate, and does not appear to meet the standards set forth in the ILO's Forced Labour Convention.

Axalta's human rights statement does not include any reference to worker health and safety. The company's Code of Business Conduct & Ethics includes a statement entitling employees to a “safe, clean and healthy work environment,” and its Supplier Code of Conduct includes a similar expectation.

Axalta's human rights statement does not include any reference to harassment and discrimination. The company's Code of Business Conduct & Ethics includes a statement prohibiting both, as does its Supplier Code of Conduct.



## AXALTA COATING SYSTEMS



### 2 Human Rights Governance Embedding

Axalta has not embedded human rights in its governance structure, especially where it concerns the deep supply chain. The company's board of directors is generally responsible for risk over-sight and assuring adherence to company policies, including the code of conduct with its human rights element, but there are no specifically articulated responsibilities for human rights in Axalta's governance disclosures.

### 3 Supplier Code of Conduct

Axalta has a Supplier Code of Conduct that came into effect in June 2016. It includes the following expectations that are pertinent to this report, which Axalta says it "may" seek to verify:

- Suppliers shall seek to employ a diverse workforce, provide a work place free of discrimination and harassment, and treat employees fairly, including with respect to wages, working hours, benefits and working conditions.
- Suppliers shall ensure that the products and materials they sell to Axalta are not created with child labor, forced labor or through the victims of human trafficking and shall take reasonable steps to eliminate such practices in their supply chains.

The code says suppliers "shall take reasonable steps" to eliminate child labor, forced labor and human trafficking from their own supply chains; it does not otherwise require that human rights commitments cascade beyond first-tier suppliers.

### 4 Traceability and Supply Chain Transparency

Axalta does not make a company-wide commitment to disclose and trace its raw material inputs, nor does it articulate the importance of tracing. Indeed, its limited communications on the subject are geared more toward emphasizing the difficulty of tracing. The company does not report on company-wide traceability choke points, and does not disclose its 3TG smelters/refiners or 3TG countries of origin. Axalta does not disclose any responsible sourcing pilot projects in the works.

Axalta directly addresses a single high-risk input: mica. Acknowledging that mica "has been associated with the use of child labor in select jurisdictions in India," Axalta reiterates its requirement that suppliers only supply the company with products that have not been produced using child labor. The company notes it was a founding member of the Responsible Mica Initiative.

## AXALTA COATING SYSTEMS



### 5 Human Rights Due Diligence / Embedding

Axalta says it has a Supplier Sustainability Risk Management program, which it says it uses “to regularly evaluate our supply chain to ensure human rights issues are identified and addressed.” The company does not publish details about this program. Axalta does not disclose any human rights risk assessment process at the company-wide level. Its Supplier Sustainability Risk Management program “requests” that key suppliers complete a questionnaire related to the company’s code of conduct. Axalta says nothing further on the subject.

Axalta does not disclose how it might integrate or otherwise act on any human rights risk assessment findings at a company-wide level. The company says it provides training to its global procurement staff who work directly with its supply chain partners, but does not elaborate on the nature of that training. Axalta says that in 2018, training focused on supply chain risk identification and the methodology of the company’s Supplier Sustainability Risk Management Program.

Axalta has a Supplier Sustainability Risk Management Program in place that “screens suppliers on the expectations outlined in the Supplier Code of Conduct.” It offers no further details.

Axalta says it “may” seek to verify its suppliers’ compliance with the company’s supplier code of conduct, including through audits. The company acknowledges in its most recent Conflict Minerals Report to the SEC that it does not perform or direct audits of smelters, given its lack of a “direct relationship” with them. Axalta instead relies on “publicly available third-party assurances and certifications.”

Axalta says its standard supplier contract expressly reserves the right to conduct onsite audits of its suppliers to evaluate compliance with the expectations in the Supplier Code of Conduct, which includes a human rights component. The company says it has conducted independent third-party audits of “several” supplier facilities.

### 6 Remedies and Grievance Mechanisms

Axalta maintains an ethics hotline that its employees, suppliers and customers can use to report violations of applicable law or the company’s code of conduct. The hotline has toll-free numbers for employees around the world, and supplies interpreters as necessary. Except where prohibited by law, these reports may be made anonymously, and the company has a Whistleblower and Non-Retaliation Policy.

### 7 Participation or Leadership in Multi-Stakeholder Initiatives

Axalta is a member of the RMI. The company follows OECD Due Diligence Guidance for Dodd-Frank compliance.

Axalta is no longer a member of the Responsible Mica Initiative.

## BASF



## About BASF

BASF is a global chemical company that operates through six segments: Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care and Agricultural Solutions. It has 118,705 employees. In 2018, BASF purchased approximately 30,000 different raw materials from more than 6,000 suppliers. Key raw materials include naphtha, natural gas, methanol, ammonia and benzene. The company also procures a number of mineral raw materials that it uses to produce mobile and process emissions catalysts and battery materials. BASF says it has more than 70,000 Tier 1 suppliers.

OVERALL  
ASSESSMENT  
SCORE

2.2

## 1 Human Rights Policy

BASF publishes its standalone [Position on Human Rights](#), last revised in 2011. It makes a baseline commitment to respect human rights across its activities. BASF says it is “committed to complying” with the principles of the following international laws and standards:

- The UN Global Compact (BASF is a founding member)
- The UN Universal Declaration of Human Rights
- The International Covenant on Civil and Political Rights
- The International Covenant on Economic, Social and Cultural Rights
- The ILO’s eight core labor standards (BASF says compliance is mandatory across its worldwide operations)
- The Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration)
- The OECD Guidelines for Multinational Enterprises
- The Responsible Care Global Charter

BASF is vague in its human rights policy about how/if it extends that policy to suppliers. The company merely says it evaluates suppliers on the basis of “social standards,” among other things, and that those standards are incorporated into its procurement conditions. In the 2018 BASF Report, the company says: “As a participant in numerous global value chains, we are dependent on partners and demand that they likewise respect human rights and the associated standards. We offer to help our partners in their efforts to meet their human rights responsibilities.”

BASF says in its human rights policy that it maintains an “intensive dialog” with relevant stakeholders, noting the company reports on this process in its annual BASF Report. The company has Community Advisory Panels (CAPs), primarily at its larger production sites, that meet regularly to discuss the needs of the neighboring communities. Complaints can be raised directly or anonymously.



## BASF



## 2 Human Rights Governance Embedding

BASF does not appear to have embedded human rights in its governance structure, especially where it concerns the deep supply chain. In general terms, BASF says its Corporate Sustainability Board is its central steering committee for sustainable development, comprising the heads of its business, corporate and functional units, and regions. A member of the Board of Executive Directors serves as chair. The company also says it has established an external, independent Stakeholder Advisory Council, comprising international experts from academia and society who engage with BASF's Board of Executive Directors.

## 3 Supplier Code of Conduct

BASF's Supplier Code of Conduct includes human and labor rights standards. The company strengthened the code in 2018 in response to stricter requirements from the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the ILO. BASF added issues such as modern slavery and human trafficking, along with a requirement that suppliers implement grievance mechanisms for their employees and stakeholders. The company also added a reference to its own compliance hotline, which suppliers and their employees can contact. Only those companies that have committed to BASF's Code of Conduct actually become new suppliers. BASF's Supplier Code of Conduct does not explicitly require that human rights commitments cascade beyond first-tier suppliers.

reference the company makes to traceability relates to its palm oil supply chain.

BASF is one of the partners in the GIZ pilot project. While the company says neither it nor its suppliers procure cobalt from DRC artisanal mines, it supports the project as part of its involvement in the Global Battery Alliance.

BASF says that in addition to the conflict minerals covered by U.S. and E.U. regulations, the company also "is committed to a responsible and sustainable global supply chain for cobalt and mica." BASF says it mainly sources mica from its own mine in Hartwell, Georgia. The company says it requires its mica suppliers "to comply with internationally recognized standards, including the prohibition of child labor," noting its participation in the Responsible Mica Initiative.

## 4 Traceability and Supply Chain Transparency

According to BASF's 2018 Report, the company tracks Dodd-Frank-defined conflict minerals to their origins to determine if they came from conflict regions. The company also says it will comply with the new E.U. Conflict Minerals Regulation coming into effect in 2021. The only other

One of BASF's platinum suppliers in South Africa was the subject of an extended strike by mine workers in 2012 that culminated in a deadly confrontation with local police. BASF has taken remedial action geared toward the supplier, rather than the commodity itself. Details are covered in the following sections.

## BASF



## 5 Human Rights Due Diligence / Embedding

BASF says it established a guideline on compliance with international labor norms in 2015, and that it applies “group-wide.” It does not specify that the guideline cascades down the supply chain. BASF has not made it publicly available. The company says the guideline forms the basis for its global management process, through which it monitors and evaluates whether the national law of all the countries in which BASF operates complies with international labor and social standards. If the national law contains no or lower requirements, BASF draws up actions plans “to successively close these gaps in a reasonable time frame.” If conflicts with national law or practices arise, the company says it strives to act in accordance with its values and internationally recognized principles without violating the law of the country concerned. As part of its management process, BASF says it regularly follows up on and documents the results of its comparison between national law and the company’s guideline, as well as measures to implement that guideline. The company reports that it improved maternity leave at BASF companies with no statutory requirements or lower requirements than in the BASF guideline, for example.

BASF says a country-based risk analysis forms the basis of its selection process for new suppliers. Based on the country-related risks identified, BASF says it asked suppliers in South America and Asia in particular to commit to its Supplier Code of Conduct in 2018.

BASF says the following in its human rights policy about assessing human rights risks among potential suppliers:

*“We inform our suppliers in writing about the standards we expect and raise their awareness of*

*sustainability issues. Risk matrices help us to identify potential high-risk suppliers. Suppliers fill out a self-assessment questionnaire according to their risk potential. If we establish that suppliers do not meet our standards or only meet them partially, we visit them on site, agree on corrective measures and provide help in implementing these. Furthermore, BASF conducts training sessions on sustainability issues for suppliers in selected countries.”*

BASF has some measures in place to integrate and act on assessment findings, although the extent to which this cascades down the value chain is only vaguely articulated. BASF says in its human rights policy that it provides compliance training for all its employees worldwide, which covers country-level codes of conduct that embed “group-wide basic values and principles.” The company says it also conducts supplier training on sustainability standards in “relevant procurement markets” such as China. The company does not disclose human rights-specific information on training.

BASF is also a founding member of the German Business Initiative for Sustainable Value Chains, under which the first supplier training events took place in 2018 in China and Mexico. BASF also says it works in Brazil with Integrare, a non-governmental organization (NGO) that promotes diversity in supply chains. Integrare supports small and medium-sized businesses run by people with disabilities or socially disadvantaged minorities by offering specialized training and encouraging partnerships with larger companies.

BASF says it integrates human rights due diligence into purchasing decisions, but furnishes no evidence of implementation. The company says it integrates criteria for monitoring and complying with human rights standards into its supplier evaluation processes. The company is a founding

## BASF



member of TfS, which conducted 3,767 sustainability assessments—including both initial and follow-up assessments—in 2018.

BASF says it demands its suppliers “fully comply with applicable laws and adhere to internationally recognized environmental, social and corporate governance standards,” and that they ensure the same and replicate this with their subcontractors and suppliers along the whole value chain. Given the vague wording of this statement, BASF does not demonstrate that it cascades human rights expectations down the value chain.

Following fatal clashes between striking mine workers and local police at one of BASF’s South African platinum suppliers in 2012, BASF was instrumental in establishing the International Platinum Group Metals Association (IPA), which includes among its objectives the improvement of structural challenges in South Africa’s platinum mining belt. BASF does not disclose similar efforts at other points in its value chain.

BASF has some tracking mechanisms for monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts, although its public disclosures are limited. The company says it has a goal to evaluate the “sustainability performance” of 70 percent of its “relevant suppliers”—which it defines as Tier 1 suppliers that its risk matrices and purchasers’ assessments have determined present elevated sustainability risk potential—by 2020. The company does not provide details specifically related to human rights.

BASF says it conducts supplier audits, both on its own behalf and through third parties. It is a founding member of TfS, which conducted 358 supplier audits in 2018. Using TfS evaluations, BASF says it pursues a risk-oriented approach with clearly defined, BASF-specific follow-up process-

es. The company says it audited 100 raw material supplier sites on sustainability standards in 2018, and received sustainability assessments for 546 suppliers from an external service provider.

BASF says if it identifies “potential for improvement” in its suppliers’ performance, the company supports suppliers in “developing measures to fulfill our standards.” BASF conducts follow-up reviews. If the weak points discovered were particularly severe and the company is unable to confirm any improvement, it “reserve[s] the right to terminate the business relationship.” This did not occur in 2018. BASF says it uses this approach to evaluate suppliers with an elevated sustainability risk at least every five years.

BASF says that among the audits it conducted in “the past few years,” it “identified some deviations,” including some relating to occupational safety, working hours and minimum wage. The company conducted follow-up audits in 2018, and says it “found improvements in all areas,” finding no incidents of child or forced labor, and confirming that workers under 18 were excluded from overtime and dangerous work in keeping with ILO standards.

Following fatal clashes between striking mine workers and local police at one of BASF’s South African platinum suppliers, Lonmin, in 2012, BASF said it had “conducted periodic site visits” over the course of its 30-year relationship with Lonmin. This indicates that BASF’s site visits had not adequately detected risks. After the incident, BASF undertook a number of steps to ensure Lonmin was in line with BASF’s Supplier Code of Conduct, including an intensive third-party audit of Lonmin’s operations. BASF says it went on to support Lonmin in addressing weaknesses identified through the audit, including Lonmin’s firefighting capabilities, stakeholder engagement approach and grievance mechanisms. BASF has

## BASF



conducted several follow-up audits to ensure compliance. Importantly, these remedial actions did not stem from a functioning risk assessment process at BASF. They were the product of an international incident, the risk of which BASF's previous audits had failed to uncover.

BASF does not address in its most current reporting whether its audits are announced or not. In some of its reporting from prior years, the company said it conducted unannounced audits at higher-risk production plants, though this appeared to apply only to its own facilities, not those of suppliers. BASF uses third-party providers to conduct some portion of its supplier audits and assessments, although it is not clear to what extent it relies on third parties for this purpose.

BASF does not systematically communicate externally on how it addresses its human rights impacts. The company provides a more detailed description of its efforts to improve working conditions at its Lonmin supplier (described earlier in this report), but this broader discussion followed a public outcry. The company has not offered a

similar level of detail regarding other areas of its value chain.

## 6 Remedies and Grievance Mechanisms

BASF provides limited disclosure on its human rights remedies and grievance mechanisms. The company says employees and third parties can report potential violations of laws or company guidelines to its complaint hotlines. It provides domestic, toll-free phone numbers for all of its areas of operation. BASF says its globally binding requirements for community advisory panels at its sites are based on the grievance mechanism standards in the UNGPs. The company has also worked with its Lonmin supplier to ensure that Lonmin has its own grievance mechanisms in place. However, BASF does not report exerting similar efforts at other suppliers that have not been in the media spotlight. BASF says it reviews and investigates all complaints, without elaborating.

## 7 Participation or Leadership in Multi-Stakeholder Initiatives

BASF is a founding member of the RCI, the Responsible Mica Initiative and the World Economic Forum's Global Battery Alliance. It is a member of the Global Business Initiative on Human Rights, through which it consults with civil society representatives on an ongoing basis. BASF says it has been "actively involved" in the UN Global Compact's Action Platform on Decent Work in Global Supply Chains since 2018. The company is a founding member of the Global Battery Alliance, established in 2020.

## BMW



## About BMW

Bayerische Motoren Werke (BMW) develops, manufactures and sells automobiles, motorcycles, and spare parts and accessories worldwide. It has 134,682 employees. BMW's primary raw materials are steel, palladium, platinum, lithium, cobalt, aluminum, lead and copper. The company works with approximately 12,000 Tier 1 suppliers in more than 70 countries.

OVERALL  
ASSESSMENT  
SCORE

1.8

### 1 Human Rights Policy

BMW issued its Joint Declaration on Human Rights and Working Conditions in 2005, and its supplementary Code on Human Rights and Working Conditions in 2018. The company signed the UNGC in 2001, and commits to abide by the ILO's core standards. BMW says it is systematically implementing the UNGPs, and that it "considers" the OECD Guidelines. BMW says its human rights policy applies to employees, suppliers and authorized sales organizations. The company's human rights policy does not include an explicit commitment to stakeholder engagement, although there are several references in the policy to processes that include external consultation.

### 2 Human Rights Governance Embedding

BMW's governance structure includes mechanisms for sustainability management and compliance, of which the company has made human rights a component. The company has a Sustainability Board that comprises its full Board of Management and the heads of BMW's Sustainability and Environmental Protection and Corporate Communications departments. The company does not report on the specifics of how human rights matters are managed within these structures. BMW says its managers are responsible for implementing its human rights policy, and that managers have a duty to support their employees in its implementation in day-to-day business.

None of BMW's board members appears to have specialized human rights expertise. Supervisory board member Verena Zu Dohna-Jaeger has been a member of the UNGC board since 2012.

BMW includes sustainability factors in its board compensation parameters, but it only references this in general terms. Board members' performance-related bonus is determined in part by "promotion of compliance and integrity, contribution to the Group's attractiveness as an employer, progress in implementing the diversity concept, and activities that foster corporate social responsibility." It is not possible to gauge what proportion of this, if any, relates directly to human and labor rights.



## BMW



BMW has Human Rights and Supply Chain Response Teams that are charged with managing issues that arise in the course of business and taking corrective action where necessary. The company's Strategic Purchasing employees are responsible for sustainability topics in the supply chain.

In its Sustainable Value report, BMW provides a mission statement: "The BMW Group is the world's most successful and sustainable premium provider of individual mobility." This mission statement does not appear on the company's website or in its annual report. In its regular corporate communications, the company does consistently mention sustainability as a guiding principle. It is not clear that it considers human rights a fundamental business model issue, but it has embedded human rights into its governance structures more thoroughly than many of the other companies in this report.

### 3 Supplier Code of Conduct

BMW's Code on Human Rights and Working Conditions also applies to its suppliers. Additionally, BMW has a Supplier Sustainability Policy that includes human rights provisions. In it, the company "calls upon" all of its suppliers to observe the UNGC and the ILO standards, and to align their due diligence process with the UNGPs. BMW also spells out its sustainability requirements for suppliers, including human and labor rights provisions, with graduated levels of stringency depending on the size of the supplier. For instance, companies with more than 50 employees must have policies on child and forced

labor, freedom of association, health and safety and more. Companies with more than 100 employees also must extend those requirements to their own suppliers, and have a review process in place for implementation. Companies with more than 500 employees must also have senior management responsibility for social sustainability, publish sustainability reports and codes of conduct and provide training on sustainability issues. BMW "calls upon" its first-tier suppliers to "make contractual arrangements" to ensure that their subcontractors comply with BMW's Supplier Sustainability Policy.

### 4 Traceability and Supply Chain Transparency

BMW makes general commitments in its sustainability reporting to supply chain transparency, and discusses the topic in more detail at the commodity level.

BMW is working with one of its suppliers on a pilot project to make its copper supply chain more transparent, using supply chain mapping to

analyze risks.

Its collaboration with German development agency GIZ focuses on a pilot artisanal cobalt mine in the DRC to test approaches for improving working and living conditions there.

BMW says it worked on the pilot for a joint auditing program that aims to share audit results among the members of a German automotive industry group. The company does not elaborate as

## BMW



to the pilot's current status, and it is not clear if it remains involved.

BMW says in its annual report that it is "involved in initiatives aimed at standardizing sustainability requirements and establishing verification mechanisms for critical raw materials." The company identifies sustainable raw material procurement as a matter of "great importance," and says it met with stakeholders in May 2018 to hold "joint discussions regarding critical raw material supply chains." BMW mentions cobalt and the human rights risks associated with its mining in its Sustainable Value Report.

BMW provides additional information in its sustainability report and supplemental materials, directly addressing its initiatives around steel and aluminum, cobalt, copper, natural rubber and conflict minerals. Its efforts to address human rights issues in each value chain generally involve participation in various industry initiatives, as described in subsequent sections of this report. BMW provides the following additional details:

- Steel and aluminum make up the largest share by weight of the materials used in BMW vehicles. The company is working toward obtaining certification under the Aluminium Stewardship Initiative—of which it is a founding member—for its own manufacturing processes and those of its suppliers.
- BMW says its cobalt due diligence standards are "based on" the OECD Due Diligence Guidance. The company says it is in

"constant contact" with its battery cell suppliers, and has asked them to disclose the origin of all cobalt they source for "some years now," with the explicit aim of achieving "complete supply chain transparency for cobalt." BMW began publicly disclosing the names and locations of its cobalt smelters and refineries and the cobalt's countries of origin in 2017. The company also discloses measures it takes to address risks in its cobalt supply chain, as detailed in the following sections of this report.

- BMW's conflict minerals approach is also "based on" the OECD Guidance. The company says it has a goal to achieve full transparency in its conflict minerals supply chains by 2022.
- BMW requires increasing amounts of copper as it electrifies its fleet. It says it is "committed to increasing transparency in the copper supply chain and ensuring sustainability from mine to production line," and is collaborating with industry, civil society and consumers to establish a cross-industry initiative that will develop a sustainability standard for copper.
- BMW says it is "seeking opportunities for dialogue and collaboration with the relevant stakeholders" in order to establish a multi-stakeholder initiative on fostering sustainability in natural rubber supply chains.

## BMW



## 5 Human Rights Due Diligence / Embedding

BMW says its human rights due diligence process is “geared towards” the UNGPs. The company says it conducted a group-wide human rights compliance assessment in 2017. It details its processes for integrating assessment findings internally and taking appropriate action.

BMW says it uses “regular internal communications and training on recent developments” to ensure compliance with its human rights commitments, and offers a wide range of targeted training courses for purchasers and suppliers to raise awareness of human rights and labor standards and communicate its expectations. In doing so, it also helps suppliers to comply with relevant standards.

BMW says criteria associated with its Sustainability Standard are embedded throughout its purchasing system, including in inquiries to suppliers, its sector-wide OEM Sustainability Questionnaire, purchasing terms and supplier evaluations. BMW publishes a redacted version of its supplier “request for quotation” form—an application document for new suppliers—showing the sections that include human rights provisions and protections. The English-language version is poorly and confusingly worded, but nevertheless includes a requirement that suppliers comply with BMW’s Supplier Sustainability Standards, along with a requirement that they “form binding requirements for integrating sustainability within the entire supply chain.”

BMW says human rights is an evaluation criterion in its supplier selection process and a component of its three-stage risk management process. This includes a risk filter, a media screening, a sustainability self-assessment questionnaire for the automotive industry, a company-specific modular

questionnaire, internal on-site assessments and external audits. Where BMW identifies potential shortcomings, it establishes a Supply Chain Response Team to follow up. Where necessary, the company implements an escalation process and develops corrective action plans with the supplier. Where a supplier fails to take effective action, BMW “may potentially terminate the supply contract.”

BMW says all supplier contracts for both direct and indirect materials contain clauses regarding the company’s sustainability requirements. It does not publish its standard supplier contract. BMW also says it includes a requirement to comply with the company’s “social standards” in its contracts with dealers and importers, and will include a clause on human rights in all dealer contracts worldwide by 2020. The company does publish its International Terms and Conditions for the Purchase of Production Materials and Automotive Components, which include human rights protections. The document includes a requirement that both BMW and the supplier “acknowledge their compliance” with the ILO’s Declaration on Fundamental Principles and Rights at Work, the UNGC and the UNGPs.

In its annual report, BMW says, “Sustainable business management can only be effective, however, if it covers the entire value-added chain.” BMW says it expects its suppliers and partners to meet the company’s social standards and to require the same of their sub-suppliers. BMW’s General Terms and Conditions of Business and its International Purchasing Conditions stipulate that suppliers must commit to respecting human rights, and that they must abide by the ILO Declaration on Fundamental Principles and Rights at Work. Suppliers are required to take similar measures with their sub-contractors by undertaking reasonable and meaningful steps to ensure that these responsibilities are realized, such as by commu-

## BMW



nicating a supplier sustainability policy for their own suppliers.

BMW says it will procure cobalt for its next generation of battery cells directly from mines in Australia and Morocco starting in 2020, partly so that it can “put contracts in place to ensure compliance with our sustainability standards.” The company’s participation in GIZ aims to improve working and living conditions of artisanal miners in the DRC. If successful, BMW may qualify those mines as direct cobalt suppliers.

BMW says it monitors for compliance with sustainability standards in its supplier network by way of a three-stage risk management system, although it does not offer specifics on human rights. The company says it conducts spot-checks of supplier facilities as part of its sustainability audits and assessments, and that it collaborated with the Chinese Chamber of Commerce to develop an auditing standard and process for its cobalt supply chain.

BMW reports that it audits its suppliers on sustainability criteria, but presents the information in a confusing manner that does not reveal what proportion of its audits deal with human rights issues. In 2018, BMW says it identified “sustainability deficits” at 2,320 potential and existing supplier locations, including the absence of a human rights policy at the evaluated location. The company says it defined corrective measures at 1,123 of those locations, without explaining why it did not take similar action at the other locations. Among the potential suppliers, BMW did not commission 193 of them in 2018 because they failed to meet the company’s sustainability requirements. It did not terminate any existing contracts, which it attributes to “the success of our approach of addressing and demanding sustainability requirements early on in the procurement process.”

BMW reports that it received nine reports through its grievance channels of potential supply chain breaches of its sustainability standards in 2018, concerning human rights in mining, working conditions and child labor, among other issues. The company says only that it was “able to investigate and close all inquiries in 2018 before the end of the year,” without elaborating. Regarding its cobalt supply chain, BMW is vague in its reporting on remedial action, saying only that “measures were imposed” at one smelter “based on the findings” of an audit.

BMW reports that its supply chain due diligence process uncovered 541 suppliers in 2015 that did not fulfill the company’s sustainability requirements. The company spent the following three years working with those suppliers to improve their practices and performance, and reports on the subject in its [Communication on Progress](#) published in May 2019. It details the suppliers’ progress toward fulfilling BMW’s requirements to have a manager responsible for social sustainability and business ethics, a health and safety policy, internal training sessions on sustainability topics, a sustainability report, a supplier sustainability policy and communication of that policy. Reported progress toward the company’s 100 percent compliance goal was generally positive, with nearly all indicators surpassing 95 percent in 2018.

BMW provides [mandatory reporting](#) in keeping with the U.K. Modern Slavery Act, in which it identifies four key countries—China, Hungary, South Africa and Mexico—that are important sourcing markets for the company but also pose increased human rights risk. BMW notes its policy to take corrective measures in cases of non-compliance, and reports on the progress of the 642 suppliers it identified for added scrutiny. (The company does not explain how it selected this group.) It shows significant progress from

## BMW



2017 to 2018 toward achieving full compliance with MSA sustainability requirements in Hungary and China, but nearly stagnant performance in Mexico and South Africa over the same period. BMW does not offer analysis or discuss specific remedial actions in this report.

BMW says it verifies that any remedial measures have been carried out at new suppliers by way of both internal and third-party assessments, and notes that DNV GL and PwC conduct some of the audits in its cobalt supply chain. It does not offer any further breakdown of the share of audits that are conducted by third parties.

## 6 Remedies and Grievance Mechanisms

BMW has remedies and grievance mechanisms in place to address human rights issues, both in its own operations and its supply chains. BMW's Compliance Contact helpline (available in English and German during defined weekday hours) and SpeakUP Line (available around the clock in 34 languages) provide employees a way to raise queries or complaints relating to human rights issues. The company treats such communications confidentially. As of 2016, BMW incorporates human rights as an integral component of its worldwide Compliance Management System. In 2018, BMW launched a pilot version of a smartphone app that enables employees such as quality assurance engineers or purchasers to record suspicious sustainability-related matters when visiting suppliers. In 2017, BMW established its Human Rights Contact Supply Chain, reachable at a German phone number or by email, to enable reporting of human rights infringements in its supply chain. BMW's Human Rights Response Team follows up on complaints and takes any necessary corrective action "to help resolve problems early on and prevent the individuals concerned from suffering more severe consequences." Representatives from specialist departments or external stakeholders may also be involved, depending on the nature of the case.

## 7 Participation or Leadership in Multi-Stakeholder Initiatives

BMW is a founding member of Drive Sustainability, the Aluminium Stewardship Initiative and the GIZ joint pilot project. It is a member of the RMI, and the company's head of sustainability in the supply chain sits on the RMI steering committee. BMW follows the RMI's Responsible Minerals Assurance Process. BMW is a member of the Responsible Cobalt Initiative and is represented on the RCI board. The company is a founding member of the Global Battery Alliance, established in 2020. BMW also became the first automotive company to join the Initiative for Responsible Mining Assurance.

## BRIDGESTONE



## About Bridgestone

Bridgestone is the world's largest tire and rubber manufacturers. It has 143,509 full-time employees. Bridgestone uses large amounts of natural rubber in tires and other products, most of which are supplied from Southeast Asia. Bridgestone notes that the natural rubber supply chain is massive and fragmented, and made up of many layers of small holders and farmers, medium to large estates, raw material dealers, processing plants and rubber product manufactures. The company has approximately 2,450 Tier 1 suppliers.

OVERALL  
ASSESSMENT  
SCORE

2.2

### 1 Human Rights Policy

Bridgestone implemented its [Global Human Rights Policy](#) and its [Global Sustainable Procurement Policy](#), in 2018. The company makes a baseline commitment to respect fundamental human rights and responsible labor practices throughout its worldwide operations. Bridgestone's human rights policy "respects" the UDHR, the UNGPs and "various" ILO conventions. In its sustainable procurement policy, the company offers a caveat: "Implementing these norms is not as straightforward as writing them down in a policy or guidance document. Bridgestone must consider the unique characteristics and circumstances of each region from which it sources products and services, to identify ways to continually improve sustainability."

Bridgestone's human rights policy says it applies to its own employees and companies, but that it "expects" its vendors and suppliers to "uphold" the policy as well. Bridgestone released its procurement policy to all Tier 1 and 2 suppliers in 2018 and is rolling it out to Tier 3 suppliers in 2019. The company says at the beginning of the policy that it applies to "all points" of its "various supply chains." At another point in the policy, however, Bridgestone says, "Direct Suppliers are **required** to comply with the Policy and **encouraged** to extend/share it with their own suppliers, with the aim of reaching into the supply chain, back to the Point of Origin, if possible." Ultimately, after 38 pages of internal inconsistencies, repetitive language and wordy generalities, the policy's human rights requirements of suppliers largely boil down to legal and regulatory compliance. The company does reiterate its prohibition on forced labor and the worst forms of child labor in its sustainable procurement policy.

Bridgestone's human rights policy does not include a commitment to stakeholder engagement. Its sustainable procurement policy says it "embraces" stakeholder engagement and the principles of free, prior and informed consent (FPIC), and "encourages" its suppliers to do the same.



## BRIDGESTONE



Bridgestone's policy includes a commitment to workplace health and safety. It also requires suppliers "to make potable water, sanitation, rest areas, emergency exits, and emergency aid available and visible to all employees, **as appropriate**." Bridgestone's policy does not carve out protections for indigenous rights. Its sustainable procurement policy includes indigenous peoples among the stakeholders with whom it "embraces" engagement.

Bridgestone's policy does not directly prohibit involuntary resettlement. The company's sustainable procurement policy says Bridgestone "believes that people should receive fair compensation and resettlement for land use activities that infringe on their rights and/or livelihoods," and includes a general prohibition on land grabbing. The company's policy prohibits harassment and discrimination and commits "to protecting the rights of individuals in traditionally under-privileged groups and expanding their employment opportunities."

## 2 Human Rights Governance Embedding

Under Bridgestone's Global CSR management system, the company says its Human Rights, Labor Practices working group verifies the progress of its global efforts and reports to its Global CSR Enhancement Committee (GCEC) and top management in each strategic business unit and regional office. Bridgestone says it has appointed a Chief Human Rights Officer. It is unclear how senior this position is and what its reporting lines are. Bridgestone has incorporated human rights more thoroughly into its topline business model in the last two years, and has named human rights as one of its six management fundamentals.

## 3 Supplier Code of Conduct

While Bridgestone does not have a supplier code of conduct, its sustainable procurement policy fills a similar purpose, though it appears to be less binding. As noted in previous sections, Bridgestone says its supplier requirements are meant to cascade down the value chain, but its actual requirements—as opposed to suggestions—are currently limited in scope.

## BRIDGESTONE



#### 4 Traceability and Supply Chain Transparency

Bridgestone's sustainable procurement policy includes a general commitment to traceability but lacks specifics. The company says it will share more information publicly as it makes progress. The company says its suppliers are required "to make best efforts" to have full knowledge of the products and services they supply to Bridgestone, and to furnish that information upon request.

Bridgestone says it is evaluating traceability pilots based on its sustainable procurement policy cri-

teria, and is "promoting" full standardization of natural rubber industry practices and sustainable policies according to best practices to be established by the new Global Platform for Sustainable Natural Rubber.

Bridgestone discusses its natural rubber supply chain, which is primarily located in Southeast Asia. The company says that when it conducts due diligence in its natural rubber supply chain, it "will refer" to the OECD Due Diligence Guidelines. Bridgestone is involved in industry initiatives to promote full traceability in its natural rubber supply chain.

#### 5 Human Rights Due Diligence / Embedding

In formulating its new sustainable procurement policy, Bridgestone says it conducted a "far-reaching" survey on the issues and needs associated with its procurement activities, including human rights. The company says it consulted with external stakeholders, including international consultants, NGOs, materials suppliers, natural rubber farmers and key customers. It has not yet publicly identified its salient human rights risks and impacts on an ongoing basis.

Bridgestone says all of its employees "have been introduced" to its new human rights policy, and managers are receiving in-depth training in 2019. The company says it hosts conferences and provides training for suppliers on its sustainable procurement policy and human rights, but does not

provide details specific to human rights. Bridgestone says it assesses the human rights and labor practices of potential new operations and projects, as well as new and existing suppliers. It provides no further details.

Bridgestone does not disclose how it monitors and evaluates the effectiveness of actions to respond to human rights risks and impacts. It does not appear that Bridgestone conducts supplier audits. The company refers only to "assessments," which appear to be remote. Bridgestone says that if a supplier fails to meet the minimum requirements delineated in its sustainable procurement policy, it "may" support the supplier to bring it into compliance. Should that fail, Bridgestone says it "will reconsider its relationship with that Supplier, up to and including termination of that relationship." The company does not provide specific examples of remedial action.

## BRIDGESTONE

**6 Remedies and Grievance Mechanisms**

Bridgestone says it will increase its efforts to address various human rights grievances, such as discrimination or harassment, in the next three years. The company does not elaborate. The company says it has a global, 24-hour hotline available to all employees who have questions about its human rights policies or want to report concerns. Bridgestone also says it operates a Supplier's Whistleblowing Channel, without offering details. It is not clear by what means communications are possible, if they are available free of charge in every country in Bridgestone's value chain, etc.

**7 Participation or Leadership in Multi-Stakeholder Initiatives**

Bridgestone says it has "contributed to past work" with the Sustainable Natural Rubber Initiative (SNR-i). It is not clear if the SNR-i remains active. Bridgestone is a member of the GPSNR, and briefly describes its efforts with that group to improve traceability in its natural rubber supply chain.

# CONTINENTAL



## About Continental

Continental develops products, systems and services for customers in various industries worldwide, including the automotive, railway engineering, machine and plant construction, and mining industries, as well as the replacement sector. Continental counts steel, aluminum, precious metals, copper and natural rubber among its key raw materials, and includes electronics among its key production materials.

OVERALL  
ASSESSMENT  
SCORE

**2.2**

### 1 Human Rights Policy

Continental has a human rights policy, includes a commitment to human rights and fair working conditions in its annual report, and expanded its Code of Conduct in 2019 to include a section on human rights and fair working conditions. Continental says in its annual and sustainability reports that it “bears a responsibility to respect human rights” in accordance with the UNGPs. The company uses similarly non-committal language in its human rights policy, saying, “we at Continental feel duty bound to actively promote the observation of human rights where we can.” Continental says it is committed to the UNGC. Somewhat nebulously, the company says in its UK Modern Slavery Act disclosure that “the work on putting these principles to practice is led by” the UNGPs and ILO core labor standards. Its Code of Conduct says the ILO standards “guide our work,” and its Business Partner Code of Conduct says Continental “follows” the UN UDHR.

Continental says its Code of Conduct applies to its own operations, all of its subsidiaries and minority holdings in which it exercises management control. The company says it commits its suppliers to its human rights and fair working conditions principles by way of its Business Partner Code of Conduct and Natural Rubber Sourcing Policy. The former only requires that its business partners use their “best efforts” to require n-tier suppliers and subcontractors to comply with the code, while the latter explicitly requires cascading down the entire natural rubber value chain.

Continental’s Code of Conduct says it “firmly rejects” any form of child labor, but stops short of specifically committing to the relevant ILO conventions or the provisions therein. However, its Natural Rubber Sourcing Policy specifies that participants in its upstream natural rubber supply chain must comply with the relevant ILO conventions on child labor.

Continental’s Code of Conduct says it “firmly rejects” any form of forced labor, but stops short of specifically committing to the relevant ILO conventions or the provisions therein. However, its Natural Rubber Sourcing Policy specifies that participants in its upstream natural rubber supply chain must comply with the



## CONTINENTAL



relevant ILO conventions on forced labor. Further muddying the waters, in its California Transparency in Supply Chains Act disclosure, Continental says, “We do not currently require that all suppliers certify in any written form that they comply with anti-slavery and human trafficking laws specifically.”

Continental has a general, company-wide commitment to stakeholder engagement, but this does not appear specifically in its overall human rights policies. However, its Natural Rubber Sourcing Policy specifies that participants in its natural rubber supply chain must comply with FPIC principles.

Continental’s company-wide human rights policies do not address ethical recruitment. However, its Natural Rubber Sourcing Policy specifies that participants in its upstream natural rubber supply chain must comply with the relevant ILO conventions on minimum salaries, and requires the existence of written employment contracts. The policy specifically requires suppliers to respect the rights of migrant workers and exercise ethical recruitment practices, including no direct or indirect recruitment fees for workers.

Continental’s Code of Conduct includes protection for its employees’ freedom of association and third-party representation, without referencing the relevant ILO conventions. However, its Natural Rubber Sourcing Policy specifies that participants in its upstream natural rubber supply chain must comply with the relevant ILO conventions on freedom of association and collective bargaining.

Continental’s Code of Conduct says any form of harassment or abuse “will not be tolerated,” and includes a commitment to discrimination-free working environments. Its Natural Rubber Sourcing Policy specifies that participants in its upstream natural rubber supply chain must comply with the relevant ILO conventions on discrimination.

## 2 Human Rights Governance Embedding

Continental outlines senior level responsibility for human rights and the organization of day-to-day responsibility for human rights across relevant internal functions only in general terms. It discusses lines of responsibility for its sustainability approach, of which human and labor rights are factors, but does not get into specifics.

Continental formed its new Sustainability department in 2018, with a position dedicated specifically to coordinating human rights-related measures. The department coordinates and develops the company’s sustainability strategy, and coordinates Continental’s interdepartmental Sus-

tainability Committee. Additionally, Continental says, “sustainability experts have been deployed in the relevant purchasing departments.”

Dr. Ariane Reinhart is a member of Continental’s executive board, and is responsible for human relations and sustainability.

Continental has an internal network of experts on labor relations and working conditions, which it expanded in 2018 to provide fixed contact people in 11 countries, coordinating the work of more than 70 percent of the company’s employees. This network’s responsibilities cover Continental’s own operations, and do not appear to extend to broader human rights issues or to its supplier network.

## CONTINENTAL



### 3 Supplier Code of Conduct

Continental has a Business Partner Code of Conduct that describes human rights as “an essential principle” of the company’s business activities, and requires that its business partners—including suppliers—observe basic human rights set forth in the UDHR and the ILO’s Tripartite Declaration. The Business Partner Code of Conduct is relatively toothless, requiring only that its business partners use their “best efforts” to require n-tier suppliers and subcontractors to comply with the code, and is generally more limited than the company’s own Code of Conduct.

### 4 Traceability and Supply Chain Transparency

Continental has a Natural Rubber Sourcing Policy that is largely aspirational. The company notes that the policy “marks a starting point for a joint journey [with its business partners] towards a more sustainable value chain for natural rubber.” Continental describes a fragmented supply chain in which 85 percent of rubber tree areas worldwide are owned by small farmers. As a midstream operator, Continental does not interact directly with farmers—dealers, processors and traders occupy the intermediary segments of the chain. The policy identifies the following human rights-related “areas for development”:

- *Engaging with suppliers and farmers:* Continental describes in general terms its aim to collaborate with relevant partners in engaging with and training farmers, and says it has a pilot project in Indonesia to “improve the sustainability of the natural rubber supply chain.” It aims to develop a set of criteria on which it trains farmers and tracks rubber from farms to its production facilities.
- *Stakeholder engagement:* Continental makes a general commitment to engage

stakeholders in the natural rubber value chain, referencing its participation in the GPSNR.

- *Traceability:* Continental says it has a target of achieving full traceability of its natural rubber supply chain, but does not offer a target date. The company aims to establish audit and verification processes as part of this effort.
- *Identifying alternative supply sources:* Continental is researching the possible use of rubber derived from Russian dandelion plants, which can be grown in temperate regions.<sup>1</sup>

Continental reiterates its commitment to FPIC and its opposition to land grabbing in its natural rubber sourcing policy. It also requires its business partners to “respect people’s land tenure rights,” grant “access to land and produce” and “grant fair compensation to local communities to allow for conservation measures and/or commercial land use.” The company does not define these terms more specifically. The policy goes further than Continental’s company-wide policies when it comes to ethical recruitment and specific commitments to ILO conventions. The company also explicitly says it expects suppliers “to cascade this policy down their respective supply chains.”

<sup>1</sup> If such projects are successful, and rubber supply shifts away from traditional sourcing regions, farmers and communities are likely to suffer additional hardships as their revenue streams dry up.

## CONTINENTAL



## 5 Human Rights Due Diligence / Embedding

Continental does not proactively identify its human rights risks and impacts on an ongoing basis. The company has identified its natural rubber supply chain as a risk area, and briefly mentions conflict minerals, but it does not indicate the presence of a clear global system. Continental provides limited disclosure on its general new supplier assessment procedures, which include a human rights component.

Continental provides online training on its Code of Conduct (which includes a human rights commitment) to all new employees, and performs “regular” classroom compliance training sessions at “various locations worldwide.” These are mandatory, particularly for employees who work in purchasing or who hold executive positions. Continental conducted a global workshop on sustainability and human rights in 2018 for the members of its internal labor relations network. However, in its California Transparency in Supply Chains Act disclosure, Continental says it “does not provide employees or contractors with training on human trafficking and slavery.”

Continental says it assesses human rights risks at potential suppliers prior to entering into any contracts with them, primarily by means of a self-assessment questionnaire. It does not disclose its response rate, the quality of the information it receives or what it does with that information. The company says its supplier contracts “include” its current Business Partner Code of Conduct “or its prior version.”

Continental’s Business Partner Code of Conduct only requires that its business partners use their “best efforts” to require n-tier suppliers and sub-contractors to comply with the code, while its Natural Rubber Sourcing Policy explicitly requires cascading down the entire natural rubber value chain.

Continental says it monitors compliance with its Business Partner Code of Conduct primarily through self-assessments. The company appears to conduct plant audits at some of its production materials suppliers on a limited basis. The company says it conducts plant visits as part of its review of potential new suppliers “to obtain an impression of the prevailing working conditions.” However, the company then says, “This is integrated into the review if apparent deficits are ascertained.” This language seems to suggest that it only conducts plant visits if its review—the nature of which it does not explain—finds problems—the nature of which it also does not explain. In its California Transparency in Supply Chains Act disclosure, Continental is somewhat more specific, saying it requires all new production material suppliers to submit to a site audit. Continental says it “can” suspend the supply relationship in “extreme cases if agreed countermeasures do not yield the desired results.” The company does not elaborate.

Continental says in its Business Partner Code of Conduct that it “reserves the right to audit” its partners’ compliance with the code “in an appropriate manner.” It is not clear whether this involves a physical audit or just a review of documentation. There is little evidence that Continental conducts unannounced audits. To the extent that it mentions the topic at all in its sustainability reporting, the company says audits will be scheduled at “mutually agreed” times. Only in its California Transparency in Supply Chains Act disclosure does Continental say, “Announced and unannounced audits at existing supplier locations may be scheduled based upon unsatisfactory self-assessment results.” That disclosure is the company’s only element of public reporting that addresses the topic of third-party audits: Continental says that its own employees carry out site audits at potential new production materials suppliers.

## CONTINENTAL



## 6 Remedies and Grievance Mechanisms

Continental has limited grievance mechanisms and remedies in place. The company says its Compliance and Anti-Corruption Hotline and website are available to both employees and external stakeholders to report code of conduct violations. Human rights are included in the code of conduct, although human rights violations are not listed among the issues the company says should be reported on its website. Reports can be made anonymously. The web reporting tool is available in multiple languages, and phone numbers are provided for multiple countries around the world.

Continental says it has a defined process to follow up on complaints. By way of example, the company says it received a “large number” of reports regarding its locations in Mexico in 2017 and 2018, which it takes as an indication that the hotline is working as a reliable complaint mechanism and of a greater awareness of compliance issues. Continental says it conducted a system-

atic review of the cases, and found that the vast majority related to discrimination, unequal treatment and mobbing. The company devised an action plan to address the situation, which included the following steps:

- Sending letters to employees and business partners reminding them of fair working standards;
- Training local HR departments on case management and mediation; and
- Adding a new curriculum covering discrimination, unequal treatment and mobbing to its existing Code of Conduct training, which 99 percent of the “relevant employees with leadership and management responsibility” had completed by the end of May 2019.

Continental says it will continue monitoring these measures and their success in 2019. The company does not provide a full global accounting of its remediation efforts.

## 7 Participation or Leadership in Multi-Stakeholder Initiatives

Continental is a member of the Global Platform for Sustainable Natural Rubber, a new initiative that has yet to finalize its operational strategy and build a track record.

## DENSO



## About Denso

Denso manufactures and sells automotive components and systems, industrial products and home appliances. It has 171,992 employees worldwide. The company does not disclose details on its raw materials or supply chain.

OVERALL  
ASSESSMENT  
SCORE

2.9

### 1 Human Rights Policy

Denso has a statement on its website called “Respect for Human Rights,” but its language is limited to matters of discrimination and harassment in its own operations. The page is nested under the “responsibility to employees” section of its website. The company’s Declaration of Corporate Behavior contains a single statement under its “responsibility to employees” section saying it will “honor human rights” and “not tolerate any form of child or forced labor.” The company’s Code of Conduct contains both of these two elements, without adding anything additional.

Denso says it “consulted” the UDHR and “other international standards” in developing its human rights policy, but the policy itself bears little evidence of that fact. The company says it “has been requesting” that its partners abide by its “human rights” policy and Declaration of Corporate Behavior. It also says it requires that suppliers “conclude a basic transaction contract that addresses issues such as... protection of human rights.” The company’s Supplier CSR Guidelines reiterate the above statements without elaboration, adding only a brief recommendation that suppliers consider “human rights” in their own procurement and “take appropriate steps to avoid procurement of materials that can cause social problems (such as conflict minerals), or other human rights injustices.”

Denso’s statement on “Respect for Human Rights” makes no reference to child or forced labor. Its Declaration of Corporate Behavior simply says it “will not tolerate any form” of child or forced labor. This statement appears under a section entitled “responsibility to employees.” There is no reference to ILO conventions or their provisions.

Denso says it is “working toward a management team that values dialogue with all stakeholders.” The company makes this statement generally, not with specific reference to human rights. The company includes a recommendation in its supplier guidelines that the “highest priority” be placed on health and safety programs, and says in its code of conduct that its own employees must comply with its Safety Standard. These topics are not framed within any human rights discussion.



## DENSO



## 2 Human Rights Governance Embedding

Denso provides no evidence of human rights governance embedding..

## 3 Supplier Code of Conduct

Denso does not have a supplier code of conduct. The company's Supplier CSR Guidelines reiterate the above human rights statements without elaboration, adding only a brief recommendation that suppliers consider "human rights" in their own procurement and "take appropriate steps to avoid procurement of materials that can cause social problems (such as conflicts minerals), or other human rights injustices."

## 4 Traceability and Supply Chain Transparency

Denso briefly raises the issue of conflict minerals, acknowledging that it is "one of the most significant social issues within the supply chain." Denso says it has been involved in industry working groups that have been "retrospectively reviewing our supply chains step by step," without elaborating. The company also says it "worked to establish efficient investigation methods that give consideration to the burden on suppliers." It is not clear what this means, and Denso explains no further.

## 5 Human Rights Due Diligence / Embedding

Denso says it trains all employees on its Code of Conduct, including the CSR elements, but does not provide any indication that it offers explicit human rights training. Its human rights policy says that it provides training on the topic, but the policy itself only addresses harassment and discrimination. Denso asks potential suppliers to complete self-assessment questionnaires on CSR topics. In some cases, the company says, it follows up with on-site visits conducted by its own personnel. Denso does not elaborate, and the company provides no indication that human rights issues have ever affected a supplier relationship. Denso says it includes its Supplier CSR Guidelines in its supplier contracts, but offers no indication of any sort of enforcement.

## 6 Remedies and Grievance Mechanisms

Denso says it has a Business Ethics Hotline that covers practices governed by the Code of Conduct. It offers no further details.

## 7 Participation or Leadership in Multi-Stakeholder Initiatives

Continental is a member of the Global Platform for Sustainable Natural Rubber, a new initiative that has yet to finalize its operational strategy and build a track record.

## FIAT CHRYSLER AUTOMOBILES



## About Fiat Chrysler Automobiles

Fiat Chrysler Automobiles (FCA) designs, engineers, manufactures, distributes and sells vehicles, components and production systems. The company has 198,545 full-time employees. FCA's primary raw materials are steel, rubber, aluminum, resin, copper, lead and precious metals (including platinum, palladium and rhodium). As the company implements various electrified powertrain applications, it says it will also depend on a significant supply of lithium, nickel and cobalt.

OVERALL  
ASSESSMENT  
SCORE

**2.4**

### 1 Human Rights Policy

FCA publishes its [Human Rights Guidelines](#) in which it makes a baseline commitment to internationally recognized human rights, although the language it uses is somewhat weak:

*FCA is committed to the creation of long-term sustainable value for its stakeholders, and is firmly convinced that the respect and support of fundamental human rights is essential for building a better future for our Company and the communities in which we do business. The global presence of the Group requires the adoption of generally accepted principles in every geographic area where FCA companies operate.*

FCA says its Human Rights Guidelines are “consistent with the spirit and intent” of the UDHR, the SDGs, the OECD Guidelines, the ILO Declaration and the UNGPs. The company uses stronger language in its [Code of Conduct](#), saying it “endorses” the UN Declaration on Human Rights, the ILO conventions and the OECD Guidelines.

FCA says it “promotes” its human rights principles “within its sphere of influence, expecting its suppliers, contractors and other business partners” to adhere to the standards set forth therein. The company’s code of conduct applies to its global workforce and subsidiaries, as well as “all temporary, contract and all other individuals and companies that act on behalf of” FCA. The code does not apply to companies in which FCA holds a minority interest, nor to its suppliers and dealers.

FCA’s Human Rights Guidelines say the company “does not use or condone” child labor. The company does not explicitly reference the relevant ILO convention, but sets the minimum working age at 15 “unless an exception is expressly supported by international conventions.” FCA does not say anything about limiting hazardous work to those 18 or older—an additional element of the ILO convention. FCA’s Human Rights Guidelines say the company “does not use or condone” forced labor, without referencing the relevant ILO convention.



## FIAT CHRYSLER AUTOMOBILES



While FCA's Human Rights Guidelines include an acknowledgment that it "promotes an open dialogue to ensure" that the "legitimate expectations" of the communities in its areas of operation "are taken into consideration," the company stops short of a commitment to stakeholder engagement. FCA's human rights guidelines say the company "respects" its workers' freedom of association and collective bargaining agreements.

## 2 Human Rights Governance Embedding

FCA has various board- and executive level functions that are charged with implementing its sustainability policies, but the company does not disclose any specifics as to how these bodies might address human rights matters.

## 3 Supplier Code of Conduct

FCA does not have a separate supplier code of conduct. The company uses vague language to indicate that it promotes and endorses its own Code of Conduct to suppliers, but they do not appear to be bound by it. FCA publishes its Sustainability Guidelines for Suppliers that set out "expectations."

## 4 Traceability and Supply Chain Transparency

FCA has a target to increase traceability along its supply chain for "minerals that may be linked to human rights abuses" by 2020.

FCA briefly addresses cobalt and mica, saying it uses and teaches its suppliers the OECD 5-Step Framework for Upstream and Downstream Supply Chains. The company does not elaborate on that process, offering no details as to whether that training is mandatory, how many suppliers participate, how frequently it is administered, how efficacy may be monitored, etc. FCA also notes its participation in industry initiatives that deal with cobalt and mica. The company points to its use of the Cobalt Reporting Template based on the Conflict Minerals Reporting Template, without offering any details as to how many suppliers have completed the template, what the results were, etc.

## 5 Human Rights Due Diligence / Embedding

FCA's human rights guidelines says the company conducts an annual human rights survey as part of its standard audit process, "in order to cover" due diligence requirements in the UNGPs. FCA also relies on its Supplier Sustainability Self-Assessment (SSSA) to monitor human rights risks. The company requested SSSAs of 2,032 suppliers in 2018, of which only 38 percent responded. It is not clear if FCA imposes any penalty for non-response.

FCA says in its Modern Slavery Act disclosure that it trains its employees on its Code of Conduct, including human rights topics. The company says it "offers" training to its suppliers that it developed in collaboration

## FIAT CHRYSLER AUTOMOBILES



with AIAG “to help protect the rights and dignity of workers.” FCA also says it uses the training “to engage” its Purchasing and Supplier Quality departments. The company does not provide further clarity or detail in its MSA disclosure. FCA also reports that it delivered Conflict Minerals and ethical sourcing training to 78 of its suppliers in 2018. The company does not elaborate.

FCA says that for potential suppliers to meet its requirements, they “must demonstrate that they have adopted a code of conduct, a certified system for managing employee health and safety, and a program that promotes sustainability, both internally and along the supply chain.” The company says it creates a risk map in its supplier assessment that emphasizes countries with a poor human rights record. The supplier’s self-assessment score and exposure to commodity risk is also included in the risk map, which helps FCA to prioritize supplier audits.

FCA says it requires any new supplier purchase order “to align with” its Code of Conduct and its Sustainability Guidelines for Suppliers, without elaborating. The company also says it monitors suppliers’ adherence to its Sustainability Guidelines for Suppliers, without elaborating.

FCA says it conducts audits at high-risk supplier plants, but does not indicate specifically how human rights issues factor into that process. FCA says it plans to audit “all Tier 1 suppliers with potential exposure to significant environmental or social risks” by 2020. The company says it conducts its own audits and relies on third parties, but does not provide a breakdown of the two.

## 6 Remedies and Grievance Mechanisms

FCA has basic grievance mechanisms in place, but provides no detail on remedies. Its human rights guidelines point to the company’s [Ethics Helpline website](#) for country-specific instructions on how to report potential misconduct. FCA includes a non-retaliation statement. While FCA says the helpline is available to its global workforce, there appear to be some limitations on that. For instance, when navigating the website to find the country-specific guidance for Hungary, that guidance appears only in English, and refers to hotline prompts that are also in English. For Morocco, the website says FCA is “unable” to receive reports from that country, and encourages users in English to contact their supervisor.

FCA says its Ethics Helpline is also available to suppliers and other stakeholders “to request advice about the application of the Code of Conduct.” The company’s language is vague, and it is unclear if the wording is intended to imply that suppliers are restricted to using the helpline for inquiries, rather than reporting.

## 7 Participation or Leadership in Multi-Stakeholder Initiatives

FCA is a member of the RMI. The company notes that the RMI is collaborating with the Responsible Cobalt Initiative on a joint cobalt refiner pilot audit program, but does not offer details as to its own role in that endeavor. FCA also serves as the co-lead of the AIAG Conflict Minerals Work Group and Conflict Minerals Smelter Engagement Program.

## FORD MOTOR



### About Ford Motor

Ford Motor (Ford) designs, manufactures, markets and services a range of Ford cars, trucks, sport utility vehicles and electrified vehicles worldwide. It has 199,000 full-time employees. Ford's primary raw materials include base metals (steel, iron castings and aluminum), precious metals (palladium), energy (natural gas) and plastics/resins (polypropylene). The company has a complex supply chain with 1,200 Tier 1 suppliers and 10,000 indirect suppliers providing vehicle parts made of 1,000 different materials.

OVERALL  
ASSESSMENT  
SCORE

1.9

### 1 Human Rights Policy

Ford has a policy letter on its Code of Human Rights, Basic Working Conditions, and Corporate Responsibility, last updated in 2012. The policy letter articulates the company's "guiding principles" for human rights, labor and environmental standards throughout its operations worldwide. The company's code of conduct does not specifically mention human rights; it points to and summarizes the policy letter, and provides expanded anti-harassment and health and safety sections. In its policy letter, Ford says its human rights principles are "consistent with, and in many instances derived from," the following international human rights conventions, among others.

- UN Universal Declaration of Human Rights
- UN Guiding Principles
- UN Global Compact
- OECD Guidelines
- ILO Declaration on Fundamental Principles and Rights at Work
- ILO Tripartite Declaration

Ford's human rights policy letter is not binding on suppliers, though the company says it "encourages" its suppliers to align their practices with the provisions therein and seeks to identify and do business with companies that do so. It also appears not to be binding on subsidiaries and affiliates, as the company says those entities "should adopt a similar directive."

Ford's prohibition on child labor is consistent with the relevant ILO convention without explicitly mentioning it, although it does not address hazardous work. Ford prohibits forced labor, without referencing the relevant ILO convention. Ford's policy letter does not include a commitment to stakeholder engagement. Its sustainability report includes a statement that says it collaborates with all of its stakeholders to combat human rights violations.



## FORD MOTOR



While Ford's policy letter does not address ethical recruitment, the company is one of the few in the research universe with specific ethical recruitment provisions in its Supplier Social Responsibility and Anti-Corruption Requirements. It requires suppliers not to confiscate employees' identity or immigration documents, use misleading or fraudulent recruitment tactics or charge recruitment fees.

Ford's policy letter includes a recognition of indigenous people's "interests," along with a commitment to "work constructively" with those communities where relevant.

### 2 Human Rights Governance Embedding

Ford's Sustainability and Innovation Committee is charged with improving the company's social sustainability, among other things, and its charter specifically includes human rights. Ford says its vice president of sustainability, environment and safety engineering is responsible for "interpreting" its policy letter that deals with human rights, with the "concurrence, as appropriate," of the company's executive vice president of global manufacturing and labor affairs, its group vice president of global purchasing and its group vice president and general counsel. The letter also names the company's managers of social sustainability and supply chain sustainability. Ford further says that it has human rights managers in "many parts" of its organization, including human resources, personnel relations, purchasing, sales, safety, global labor strategy, sustainability, office of the general counsel and within its global business units.

### 3 Supplier Code of Conduct

Ford's own Code of Conduct makes no mention of human rights, although it does include anti-harassment and health and safety provisions. It does not have a separate code of conduct for suppliers.

### 4 Traceability and Supply Chain Transparency

Ford says it "aspires" to source all of its raw materials responsibly. The company is a member of the Public Private Alliance for Responsible Minerals Trade, through which it says it works to develop traceability solutions.

Ford discloses some details about its 3TG smelters, including their names and countries, saying it expects its suppliers to source those minerals from smelters that conform to third-party sourcing validation programs such as the London Bullion Market Association (LBMA), Responsible Jewelry Council (RJC) and RMI's Responsible Minerals Assurance Process (RMAP). While Ford recognizes LBMA and RJC audit status, in contacts smelters and refiners directly to ask them to participate in RMI RMAP. According to its 2018 smelter assessment, 100 percent of the tantalum in its supply chain comes from RMI-conformant smelters. However, 29 percent of the gold smelters in its supply chain are not RMI-conformant, along with eight percent of its tin smelters and seven percent of its tungsten smelters. Ford has been working with its suppliers to improve in this area, and has seen an increase in the number of its suppliers that use only RMI-conformant smelters or refiners. It is also an active member of the RMI Smelter Disposition team and the AIAG Smelter Engagement Team.

## FORD MOTOR



Ford says it has joined an IBM-led project, along with LG Chem and Huayou Cobalt, to use a blockchain platform to digitally map cobalt throughout its value chain. One of the company's goals for 2019 is to develop the Responsible Sourcing Blockchain Network (RSBN) Minimal Viable Product with cross-industry partners and other supply chain partners to improve cobalt traceability. Ford expects to extend the project to 3TG and other materials, but does not offer a time frame for this.

Ford says it has processes in place to identify and responsibly source "materials of concern," which it currently lists as tin, tantalum, tungsten, gold, cobalt, mica and rubber. Ford discloses the suspected countries of origin of its 3TG inputs, which currently include covered countries: DRC, Zambia, Uganda, Rwanda, Burundi and Tanzania.

While cobalt is not included in the Dodd-Frank definition of conflict minerals, Ford expanded its conflict minerals risk assessment to include initial due diligence on cobalt in 2018. It asked cobalt refiners to complete a smelter identification questionnaire and encouraged cobalt refiners to participate in RMAP. Ford also participated in RMI's cobalt pilot, surveying its strategic cobalt suppliers using RMI's Cobalt Reporting Template and providing feedback on the process. Ford provided this disclosure in its conflict minerals report to the SEC, even though it is not legally bound to do so.

Ford briefly addresses mica, saying it monitors responsible sourcing through "regular dialogue with key coating suppliers." The company says it maps its Tier 1 mica suppliers, reviews third-party mica mine audits and participates in cross-industry investigations. Ford does not elaborate.

Ford briefly addresses rubber, saying it works with OEMs, tire manufacturers, civil society and consultants to promote sustainable natural rubber

sourcing, and contributes to several multi-stakeholder initiatives and third-party research.

## 5 Human Rights Due Diligence / Embedding

Ford says it conducted a human rights saliency assessment in 2018 that was the first of its kind in the automotive industry. The assessment, which Ford "conducted in line with" the UN Guiding Principles Reporting Framework, identified the human rights issues "most at risk of having a severe negative impact." Ford says the assessment included a review of internal documents and media reports, interviews with stakeholders (including employees, suppliers and investors) and industry experts and a workshop to validate findings with internal and external stakeholders.

Ford says it has conducted more than 40 human rights assessments since 2004, evaluating how its facilities around the world align with its policy letter that deals with human rights. It has made the more recent ones available to the public. The company says it conducts an annual analysis of the human rights risks associated with its supply chain, incorporating input from external stakeholders. The analysis considers commodity- and country-specific risk. As of 2019, Ford says it has a list of 22 high-priority countries. Ford says it has put together action plans to "address and remediate" the issues it identified in its human rights saliency assessment. These include mechanisms to track the effectiveness of its efforts, and will inform a review and update of its human rights policy. The company says it will review its salient human rights issues annually and communicate its progress externally.

Ford says it trained 773 of its purchasing employees on its policy letter that addresses human rights and its supply chain sustainability program, "focusing on identifying and reporting warning

## FORD MOTOR



indicators for potential human rights violations.” The company says it has trained 4,741 of its supplier technical assistance personnel to date. Ford also reports that more than 1,000 of its purchasing staff participated in learning sessions in 2018 that focused on “the role that purchasing can play in responsible sourcing, business ethics and preventing human trafficking.”

Ford provides training to suppliers it prioritizes on the basis of its annual human rights risk assessment, via both e-learning and in-person workshops delivered through the AIAG or Drive Sustainability, and says participants “must verify” that they have shared the information with their employees and direct suppliers. Ford gives no indication that such supplier training is mandatory. The company reports on the total number of sessions conducted and sites trained/retrained, but does not offer context. While Ford has a section entitled “training results” in its Sustainability Report, it only reports on the number of suppliers and countries that received training, rather than any mechanism to assess impact.

Ford says it includes cobalt due diligence questions into its Request for Quotation for batteries. Apart from that, it is not clear to what extent Ford integrates human rights due diligence into purchasing decisions. The company “invites” its suppliers to complete Drive Sustainability’s Self-Assessment Questionnaire. Ford says more than 1,000 suppliers have done so, representing a substantial majority of its supplier base. Ford’s Global Terms and Conditions for suppliers are not available to the public, but the company says they forbid the use of forced labor, child labor and physically abusive disciplinary practices.

Ford’s Aligned Business Framework (ABF) works with select suppliers “to strengthen collaboration and develop a sustainable business model to drive mutual profitability and technology devel-

opment.” Ford requires ABF suppliers to have a code of conduct that aligns with its own policy letter that deals with human rights, to provide internal training on that code and to verify that their own suppliers “are compliant with our shared standards and expectations.” As a priority status for key suppliers, ABF can be considered an incentive for good practices. Ford currently has 84 production and 30 indirect ABF suppliers.

Ford says it conducts social responsibility audits and follow-up assessments at some supplier locations to evaluate how well those suppliers are meeting Ford’s expectations and “identify areas for improvement.” The company says in its sustainability report that it has adopted the RBA’s Validated Audit Protocol (the name of which has since changed to Validated Assessment Program), which includes human rights factors.

Ford says it conducts social responsibility audits of its suppliers, though it does not disclose how human rights factors specifically play out in this process. The company says it requires suppliers to develop action plans to address “non-conformances” uncovered by its audits. For more serious “non-conformances,” the company requires immediate containment plans and longer-term corrective plans that it reviews and monitors. Ford says it “reserves the right” to terminate a supplier relationship if that supplier fails to comply with the company’s requirements. Ford did not terminate any supplier relationships over human rights violations in 2018. Ford ended its relationship more than a dozen years ago with National Mineral Trading after it emerged that the supplier had sourced charcoal made with forced labor. Ford does not disclose if it has had occasion to terminate any other supplier relationships.

Ford reports that the “non-conformances” its 2018 audit process uncovered involved working hours and consecutive days of work, fees charged

## FORD MOTOR



to employees, insufficient policies and procedures to ensure compliance with forced and child labor strictures, discriminatory practices (including pregnancy testing, requiring military status disclosure in the hiring process and insufficient religious accommodation) and health and safety issues (particularly ineffective emergency exit plans, insufficient fire extinguishers and missing personal protective equipment). While audits did not uncover any instances of child or forced labor, they did find several instances of workers aged 15 to 18 performing night work. Corrective actions included the installation of electronic timekeeping equipment, training, facility improvements and technical support.

All of Ford's audits are announced and conducted by independent third parties.

## 6 Remedies and Grievance Mechanisms

Ford's "The Right Way" mobile app is a publicly available mechanism by which employees, suppliers and other stakeholders can report human rights concerns from anywhere in the world. It is available at all hours in seven languages. The company references "telephone hotlines, websites or email" that are available to its employees for reporting policy violations, saying that some of them allow for anonymous reporting. It does not elaborate, and does not appear to have a non-retaliation policy.

## 7 Participation or Leadership in Multi-Stakeholder Initiatives

Ford says it participated in a cross-industry, multi-stakeholder task force led by GRI in 2018 to develop a toolkit to assist businesses in their modern slavery reporting efforts. Ford is a UNGC signatory, and participates in the UNGC Supply Chain Sustainability Advisory Committee.

Ford is a member of the AIAG and its Corporate Responsibility Steering Committee and Board of Directors. The company also co-chairs the AIAG's Supply Chain Sustainability Committee, and chairs the AIAG Smelter Engagement Team that coordinates outreach directly to smelters and refiners.

Ford is a member of Drive Sustainability. It was the first automotive manufacturer to join the Responsible Business Alliance, and currently serves on the organization's board of directors. The company says it also participates in the RBA's Responsible Labor Initiative, Validated Audit Process workgroup and Tools workgroup.

Ford is a member of the Responsible Minerals Initiative, and an active member of RMI's Smelter Disposition team. The company says it is an active member of various RMI workgroups—including Cobalt, Gold, Blockchain, Smelter Engagement Team, CMRT, Multi-stakeholder, Plenary and Due Diligence Practices—through which it contributes to the development of RMI tools and processes used to support the company's own programs.

Ford is a member of the PPA. It says its active participation and leadership with PPA (Ford served on its governance committee from 2013 to 2017) have contributed to a series of PPA grants aimed at improving conditions for miners and building conflict-free minerals capacity supply in the Dodd-Frank-defined covered countries. Ford is also a founding member of the Global Platform for Sustainable Natural Rubber.

## GENERAL MOTORS



### About General Motors

General Motors (GM) designs, builds and sells cars, trucks, crossovers and automobile parts worldwide. It has 173,000 full-time employees. GM's primary raw materials are steel, aluminum, resins, copper, lead and platinum group metals.

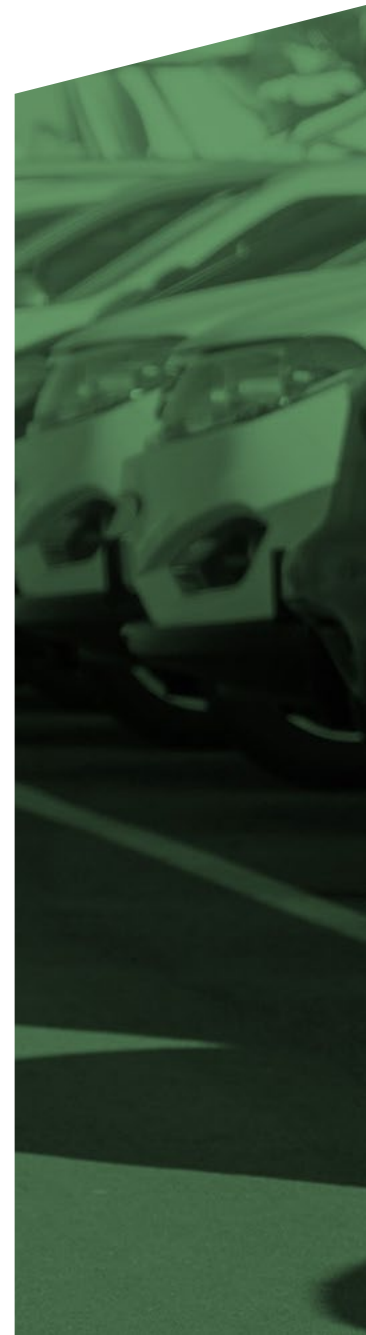
**Labor relations:** In late 2019, GM was embroiled in a labor dispute with the United Auto Workers (UAW) union, which had launched a strike that lasted almost six weeks. Sticking points centered around wages, health care and the especially thorny subject of temporary workers. Temps, many of whom are union members, often work side by side with permanent employees, doing the same work for half the pay and far fewer benefits. Agreeing to let automakers increase use of temps was a concession as automakers floundered heading into the Great Recession a decade ago. Some temps work years and lack a clear path to being hired permanently. The UAW wanted a process in place to help those workers become permanent and, while under temporary status, to get pay and benefits that more closely matched that of their permanent counterparts. Temps make up 7 percent to 10 percent of GM's workforce over the course of a year, accounting for about 4,100 workers at the end of 2018. The strike was the longest GM had sustained since the 1970s. The strike had knock-on effects on other GM employees not represented by the UAW, with GM laying off more than 1,200 workers. The strike ended in October 2019 when the UAW and GM reached a contract agreement.

OVERALL  
ASSESSMENT  
SCORE

**2.3**

### 1 Human Rights Policy

GM has a Human Rights Policy, and articulates additional human rights policies and practices in various other documents. GM appears at first glance to make a baseline commitment to human rights in its Human Rights Policy, although vague wording calls that commitment into question. For instance, it says the policy "strives to make clear and transparent how we define, approach, govern and support universal human rights and dignity of people throughout our operations, our communities in which we operate, and our global supply chain." [emphasis added] That statement does not actually assert support for universal human rights, but rather promises to explain the company's position thereon. Subsequently, it says the policy "acknowledges internationally recognized human rights principles," again not committing to the same. GM goes on to address specific aspects of human rights, as detailed below, but when it comes to certain core human rights issues—particularly child and forced labor—GM's Human Rights Policy only asserts compliance with applicable laws and undefined "prohibitions."



## GENERAL MOTORS



GM says its Human Rights Policy is “guided by” the UN Global Compact, and is “informed by” the UN Guiding Principles, International Bill of Human Rights and ILO Declaration on Fundamental Principles and Rights at Work. The company’s Human Rights Policy is vague as to its applicability. As noted above, the policy says it “strives to make clear and transparent” how it approaches matters of human rights, including in its supply chain, and says the company “looks to partner” with businesses that share its “values and position on human rights.” However, the only actual expectation of suppliers GM articulates is that they comply with the laws and undefined “prohibitions” highlighted below.

Regarding child labor, GM’s Human Rights Policy asserts its compliance with “prohibitions on the employment of underage children,” without identifying those prohibitions. The phrase appears in a paragraph that otherwise asserts only legal compliance. The company’s Supplier Code of Conduct and Conflict Minerals Policy say it has a zero-tolerance policy against the use of child labor, without defining child labor or referring to external definitions. Regarding forced labor, GM’s Human Rights Policy includes only an assertion of legal compliance. The policy further asserts the company’s compliance with “prohibitions on human trafficking,” without identifying those prohibitions. The company’s Supplier Code of Conduct is slightly stronger, saying suppliers “will not use slave, prisoner or any other form of forced or involuntary labor.”

GM’s Human Rights Policy includes an affirmation that the company employs ethical recruitment practices and prohibits recruiters from charging recruitment fees and withholding identity documents. The company also commits to providing employees access to their employment contracts, where such exist, and to paying “fair wages.” GM’s Supplier Code of Conduct is slightly weaker on this point, saying, “If necessary for a supplier to use a labor broker, the supplier will ensure the broker employs ethical recruitment practices, complies with applicable laws, and does not withhold identity documents.”

Regarding worker health and safety, GM’s Human Rights Policy includes only an assertion of legal compliance. Its Supplier Code of Conduct is stronger on this point, with expectations that suppliers provide safety procedures and tracking tools with a goal of zero workplace safety incidents and asserting the right of suppliers’ employees to refuse unsafe work and report unsafe conditions.

## 2 Human Rights Governance Embedding

GM says its board member, Theodore M. Solso, has specialized human rights knowledge, but its basis for that assertion is solely that Solso has served as CEO of Cummins and Chairman of GM’s board, and occupied senior positions at other global public companies. This does not amount to specific human rights expertise.

GM says it has created a compliance group within its Global Purchasing and Supply Chain function that is responsible for overseeing and enhancing its sustainability efforts, among other things, including its conflict minerals and supplier awareness programs.

## GENERAL MOTORS



### 3 Supplier Code of Conduct

GM has a Supplier Code of Conduct that articulates its “expectations” of its suppliers and business partners. Much like its Human Rights Policy, the expectations in GM’s Supplier Code of Conduct are vaguely defined, and largely focus on legal compliance. GM says it “expects that its suppliers will cascade similar expectations through their own supply chains.”

### 4 Traceability and Supply Chain Transparency

GM makes commodity-specific commitments to improved transparency and traceability. The company provides a list of its identified conflict minerals smelters and refiners. It does not disclose their locations. GM is working with the AIAG to define “cobalt refiner,” in order to help identify choke points in the cobalt supply chain. The company explains this is necessary because of “the limited number of known cobalt refiners.”

GM says it is working “directly and actively” on a cobalt subteam of the RMI to develop a Cobalt Reporting Template based on the CMRT. In addition to its cobalt refiner identification work, GM is also working to coordinate with other cobalt associations to establish a common assessment standard for cobalt refiners.

### 5 Human Rights Due Diligence / Embedding

GM says it requires all of its supplier quality employees who visit supplier facilities to take AIAG training on responsible working conditions, including child/slave labor. The company also says it holds webinars and provides external training to improve supplier operations, including on human rights matters. The company does not elaborate.

GM says it has a supply chain visibility tool that helps it generate risk scores for its Purchasing team to factor into the sourcing process. The company says the tool contemplates catastrophic events, such as natural disasters, and isolated disruptions, such as factory fires and labor strikes, but does not disclose to what extent it factors in broader human rights criteria.

GM assesses human rights risks at potential suppliers prior to entering into any contracts with them to see if they might run afoul of Dodd-Frank. There is no evidence that it does so for broader human rights risks. In order to comply with its obligations under Dodd-Frank, GM’s standard terms and conditions for purchase contracts include a requirement that its direct suppliers report their use of 3TGs. More generally, the company says it outlines its “expectations for supplier conduct” in its purchase contract terms and conditions, in which it says it “clearly states” its prohibition against child and forced labor. It is unclear if this is simply a reference to its Supplier Code of Conduct, or something additional.

GM says that when its suppliers “act responsibly,” it “rewards them with greater business opportunities.” The company does not disclose to what extent human rights performance is a specific factor in that. GM extends some human rights expectations beyond first-tier suppliers, but does not do so in a systematic, comprehensive manner.

While GM mentions supplier audits, these appear to focus on environmental matters. There is no specific mention of human rights considerations.

## GENERAL MOTORS

**6 Remedies and Grievance Mechanisms**

GM says its employees, suppliers, contractors and others can report any incidents or concerns related to human rights using the company's Aware-line around the clock by telephone, Web, email, postal service or fax. GM also has a non-retaliation policy in place, and allows for anonymous reporting where not prohibited by law. GM does not disclose anything related to remedial action.

**7 Participation or Leadership in Multi-Stakeholder Initiatives**

GM is a signatory to the UN Global Compact. The company is a founding member of the GPSNR. GM said it worked closely with relevant stakeholders to ensure the GPSNR incorporated all elements of the supply chain.

GM is a member of the RMI, as well as its Smelter Engagement Team. The company is working with RMI to identify choke points in the cobalt supply chain and promote better practices among cobalt refiners. GM is also a member of the AIAG, along with its Smelter Engagement Team.

## GENUINE PARTS



### About Genuine Parts

Genuine Parts Company (GPC) distributes automotive replacement, industrial parts and materials, and business products in North America, Australia, New Zealand, the United Kingdom, France, Germany, Poland and Puerto Rico. It has 50,000 full-time employees. GPC publishes no details on its raw materials or supply chain.

OVERALL  
ASSESSMENT  
SCORE

2.7

### 1 Human Rights Policy

GPC does not have a human rights policy. The company makes only a brief mention of several human rights issues in its sustainability reporting. GPC does not make a baseline commitment to human rights. GPC requires its vendors to comply with company policies on child and forced labor, health and safety, discrimination, disciplinary practice, working hours/wages and compensation, as described below.

### 2 Human Rights Governance Embedding

GPC does not disclose any mechanisms that embed human rights into its governance structures.

### 3 Supplier Code of Conduct

GPC does not post a supplier code of conduct on its main website. Its GPC Global Sourcing subsidiary, which is the worldwide sourcing office for all divisions within GPC, lists a Vendor Code of Conduct and Social Responsibility Standards and Policy applicable to suppliers on its [supplier on-boarding website](#). However, it requires that users fill out a form to request the documents. Si2 did so, and received nothing through the standard procedure. Eventually, our inquiries through the corporate secretary yielded the documents. In them, GPC prohibits forced and child labor, harassment and discrimination, and delineates baseline health and safety requirements. It also requires that suppliers in turn require their own suppliers to comply with GPC's policy by written agreement.



## GENUINE PARTS



#### 4 Traceability and Supply Chain Transparency

GPC says it is committed to responsible and sustainable sourcing, but offers no details.

#### 5 Human Rights Due Diligence / Embedding

GPC does not disclose any comprehensive process for identifying, assessing and prioritizing human rights risks and impacts. The company says in its sustainability reporting that it “takes steps to measure and enforce vendor compliance” with its Social Responsibility Standards and Policy. GPC says it uses the [SA8000](#) social auditing standard—which includes human rights provisions—to that end. It says it has performed “hundreds” of supplier audits, without providing a time frame, and does not disclose its total number of suppliers. GPC says, “Vendors that do not meet GPC’s social compliance standards must take corrective action in a timely fashion or risk termination of the business relationship with GPC.” The company offers no further details. GPC says its audits are both announced and unannounced, but does not provide a breakdown. It relies on SGS, a third-party supply chain audit services provider, to conduct its audits.

#### 6 Remedies and Grievance Mechanisms

GPC has a global reporting hotline listed in its Code of Conduct. However, given that human rights are not covered in that code of conduct, it cannot be assumed that the hotline serves as a reporting mechanism for human rights violations.

#### 7 Participation or Leadership in Multi-Stakeholder Initiatives

GPC does not report involvement in any multi-stakeholder initiatives aimed at addressing human rights risks in the automotive supply chain.

# GOODYEAR



## About Goodyear

Goodyear Tire & Rubber (Goodyear) develops, manufactures, distributes and sells tires and related products and services worldwide. It has 64,000 full-time and temporary employees. Goodyear's principal raw materials are synthetic and natural rubber. Carbon black, steel cord, fabrics and petrochemical-based commodities are also important raw materials for Goodyear.

OVERALL  
ASSESSMENT  
SCORE

**2.3**

### 1 Human Rights Policy

Goodyear has a Policy on Global Human, although the term "human rights" appears only in the name of the policy itself. It does not make a baseline commitment to human rights. It is not applicable to suppliers. The policy says Goodyear "does not engage in or condone the unlawful employment or exploitation of children in the workplace..." This is not an actual prohibition. The company's Supplier Code of Conduct is stronger, requiring conformance with the relevant ILO convention. Goodyear makes no further references to international standards or conventions.

### 2 Human Rights Governance Embedding

Apart from a cross-functional team for Dodd-Frank compliance, Goodyear does not report any governance structures specifically focused on human rights.

### 3 Supplier Code of Conduct

Goodyear says it requires compliance with its Supplier Code of Conduct, or the presence of an "equally substantial code of conduct." Some of Goodyear's language in its Transparency in Supply Chains Act reporting suggests that not all of the company's suppliers have signed on to the Supplier Code of Conduct. The company offers no information as to what proportion of its suppliers have signed, whether it has a target date for full compliance, etc. The code says, "Supplier shall cause its subcontractors to comply with the provisions of this Code as if it were Supplier itself."



## GOODYEAR



#### 4 Traceability and Supply Chain Transparency

“Sustainable Sourcing” is one of the four pillars of Goodyear’s corporate responsibility strategy. Within that pillar, the company includes raw material traceability as a focus area. Goodyear makes a specific commitment to achieve 50 percent raw material spend traceability by 2025, but does not say anything about the remaining 50 percent. The company says it is “looking to new technologies” to improve traceability, without elaborating.

Goodyear launched its Natural Rubber Procurement Policy in 2018. A key element of the policy is a goal (without a target date) of 100 percent natural rubber traceability to the processor level.

#### 5 Human Rights Due Diligence / Embedding

Goodyear says it references the dated 2010 U.S. Department of Labor’s (DoL) List of Goods Produced by Child or Forced Labor that categorizes goods by country. Goodyear says that within its value chain, natural rubber out of Southeast Asia presents the highest risk of child and forced labor. The company makes a general assertion that it is selecting suppliers “who uphold fair working conditions,” but offers no details or evidence. Goodyear also makes a general commitment to work with violating suppliers and possibly terminating relationships, but again offers no details or evidence.

Goodyear says all of its procurement associates take an annual online training course on human rights issues. The company says it “may decline to

make future purchases from a supplier that does not certify to the Goodyear Supplier Code of Conduct, or does not provide an acceptable version of their own code,” offering no details. The company says it conducts an ESG survey that includes human rights elements at its raw materials suppliers, without elaborating. It says it is aiming for a 100 percent response rate by July 2019. As of October 2019, there was no indication yet as to whether or not this was achieved. Goodyear says it also has a goal to complete ESG assessments for new raw material suppliers prior to onboarding by the end of 2019.

Human rights provisions are included in the company’s Supplier Code of Conduct, but some of Goodyear’s reporting indicates that not all suppliers have signed on. In its 2018 Conflict Minerals Report, Goodyear says its Supplier Code of Conduct is incorporated into the terms and conditions of its purchase orders in the Americas and Asia Pacific, and that it is “in the process” of global incorporation.

Goodyear makes a general commitment to “support the livelihoods of smallholders to address... human rights issues,” offering no further details or evidence.

Goodyear says it “reserves the right to request... access to the suppliers’ facilities at any time to confirm compliance, including and especially as it relates to human trafficking and modern slavery.” The company makes a commitment to regularly audit all active natural rubber suppliers, and to “work with them” to comply with its policies. Goodyear says it audited 79 percent of its natural rubber suppliers in 2018.

## GOODYEAR



## 6 Remedies and Grievance Mechanisms

Goodyear operates an Integrity Hotline for both associates and suppliers. It is available 24/7 and toll free from anywhere. The company offers no further details.

## 7 Participation or Leadership in Multi-Stakeholder Initiatives

Goodyear is involved in the Tire Industry Project, including its Global Platform for Sustainable Natural Rubber. The company also participates in RMI's Conflict-Free Smelter Program.

## GROUPE PSA



### About Groupe PSA

Groupe PSA (PSA) is a global automotive and mobility solutions group with a presence in some 100 countries. The company has 211,000 employees worldwide and more than 8,000 Tier 1 suppliers.

OVERALL  
ASSESSMENT  
SCORE

**2.2**

### 1 Human Rights Policy

PSA's Global Framework Agreement includes a standalone human rights policy that makes an explicit commitment to exceed legal compliance. PSA says it adheres to the UDHR and ILO Conventions via its commitment to the UNGC, and that it is "committed to" the OECD Guidelines and UNGPs. The company says only "certain provisions" of its policy apply to suppliers, and that it "requests" that its suppliers apply the principles to their own operations. PSA's Responsible Purchasing Policy includes many similar provisions. The company's child labor, forced labor, freedom of association and collective bargaining, worker health and safety, and harassment and discrimination provisions all include direct references to the relevant ILO conventions. It drafted and promulgated its policy in partnership with two international trade union federations and involved 90 unions active in PSA's operations. PSA makes a commitment to give preference to local hires in its global operations.

### 2 Human Rights Governance Embedding

PSA provides abundant disclosure on its general CSR governance practices, but very little as specifically relates to human rights. The company says its procurement and human resources teams have responsibility for enforcing its prohibitions on forced labor, but provides no further evidence that it has embedded human rights into its governance structures.

### 3 Supplier Code of Conduct

PSA's Responsible Purchasing Policy appears to function similarly to a supplier code of conduct, in that suppliers are required to sign it as part of the contracting process. It includes many of the provisions from its broader human rights policy, including references to relevant ILO conventions. The policy says the supplier "pledges its commitment to fulfill its responsibility toward respecting human rights and promotes their respect throughout its entire supply chain."



## GROUPE PSA



#### 4 Traceability and Supply Chain Transparency

PSA says it identifies “any supplier extracting raw materials such as mica and cobalt, and ensures that these materials are responsibly supplied.” Regarding conflict minerals, PSA says it requires “transparency from its suppliers about the origin of the minerals they use.” The company discloses nothing more.

#### 5 Human Rights Due Diligence / Embedding

PSA says it conducted a materiality analysis to identify CSR topics that are relevant to the company, among which human rights issues emerged. PSA’s disclosure on the process itself is opaque as to the specifics of human rights risk and impact analysis. The company says it conducts a global human rights risk mapping that enables procurement teams to focus on parts, groups of goods or locations that the company has identified as being at risk. PSA identifies and monitors raw materials in its supply chain that it considers “strategic”: CSR considerations, including human rights, are one of the three evaluation criteria. In 2019, PSA has a target to determine its 30 most critical raw materials and develop a “cartography” for them that specifically considers human rights.

The company reports that in 2018, it required all of its human resources managers throughout its global operations to check practices within their areas of control related to ethical recruitment and temporary workers, including fees and other abusive practices. The company does not disclose how those managers carried out this assessment

or what they found. It also does not indicate that this assessment extended to its suppliers.

PSA reports that it trains a subset of its employees on human rights policies and procedures. Its reporting on this point is vague and internally inconsistent, and appears to lump together training programs on peripheral issues—such as IT policy and conflicts of interest—with somewhat more human rights-oriented issues, such as anti-discrimination. There is little indication in PSA’s reporting that it provides specific training on core human rights issues to front-line staff. The company says simply that its operational buyers receive “ongoing training” on responsible procurement, including human rights.

PSA says human rights due diligence is a factor in its purchasing decisions, though it furnishes little evidence to that effect. The company says in its guidance to suppliers that any potential supplier that declines to participate in its EcoVadis evaluation process will be excluded from consideration. PSA does not explain how that squares with its disclosure that it has an EcoVadis assessment in place for 93 percent of its direct material suppliers. The company has a target to have an assessment in place for 60 percent of its indirect suppliers in 2019.

PSA says it conducts third-party evaluations of its suppliers on an ongoing basis, including during initial bidding. The company says it requires all suppliers to sign its Responsible Purchasing Policy, which includes human rights commitments that are mapped to international standards. PSA reports that in 2018, 94 percent of its suppliers had signed the policy, without explaining why it

## GROUPE PSA



retained the non-compliant suppliers in its pool.

By 2035, PSA aims to select suppliers based on their compliance with its human rights requirements such that they achieve 50/100 on the EcoVadis assessment, and to eliminate a supplier from its pool immediately upon identification of “breach of fundamental human rights.”

PSA says it has a human rights monitoring process in place “in line with” OECD recommendations. The company reports that in 2018, 62 percent of its suppliers “had actions in place to fight against forced and child labour.” PSA says it conducts “targeted” audits, and also commissions third-party audits to ensure corrective measures implementation following a breach. PSA says it conducts “random,” third-party, on-site audits of suppliers it has deemed to be at risk on the basis of country of operation, product or process. Audits cover a variety of CSR issues, including human rights. Company procedures require the use of local auditors who speak the language of the audited site and “have a thorough knowledge of the applicable local laws, regulations and practices applicable to the site must carry out the audit.”

PSA reports auditing four suppliers for human rights in 2018, which constitutes 0.05 percent of its supplier base. It found no human rights violations. PSA also audited 13 suppliers for working conditions, including remuneration and working hours, and found 5 instances of critical non-compliance. The company reports auditing 92 critical Tier 1-3 suppliers since 2008.

Auditors draw up an audit report describing any non-compliance and grade the deficits according to four classifications (critical, core, minor and observations only), each requiring corrective action plans. In the case of ongoing non-compliance, sanctions may be applied, and PSA re-

serves the right to terminate the relationship. PSA discloses more than most of its peers about the results of its corrective action plans. The company reports on the number of assessed suppliers that are compliant, have room for improvement, non-compliant, critically non-compliant and removed from its supplier base, providing these figures upon initial audit and again after action plans have been formulated. Between 2008 and 2018, PSA has removed 10 percent of audited suppliers from its supplier base, and shows progress on the other categories.

## 6 Remedies and Grievance Mechanisms

PSA’s Global Works Council is part of the company’s grievance framework. The company spells out a specific process in its human rights policy for reporting infractions through union representatives, including escalation procedures, and makes a non-retaliation commitment. PSA’s Speak4Compliance whistleblowing system encompasses human rights violations, and is confidential. PSA does not indicate that its grievance mechanisms are accessible to suppliers.

The company reports that its grievance mechanisms in 2018 “led to local discussions in three countries” regarding female representation among production staff and non-discrimination in recruitment. PSA also says that its unions brought forward concerns about suppliers: one 2nd Tier and one subsidiary of a 1st Tier. The company does not offer details, but says it received no reports in 2018 of violations of fundamental human rights.

## 7 Participation or Leadership in Multi-Stakeholder Initiatives

PSA is a UNGC signatory, and participates in the RMI.

# HONDA MOTOR



## About Honda Motor

Honda Motor (Honda) develops, manufactures and distributes motorcycles, automobiles, power products and other products worldwide. The company has 219,722 employees. Its primary raw materials are steel, aluminum, paints, plastics and zinc.

OVERALL  
ASSESSMENT  
SCORE

**2.8**

### 1 Human Rights Policy

Honda has a weak, integrated human rights policy that makes a baseline commitment to “basic human rights.” It says it “will not allow” child or forced labor, and makes general statements in support of freedom of association, worker health and safety and non-discrimination.

### 2 Human Rights Governance Embedding

Honda says it has an internal committee for conflict minerals oversight and due diligence. Apart from that, the company provides no evidence of embedding human rights issues in its governance systems.

### 3 Supplier Code of Conduct

None. Honda’s Supplier Sustainability Guidelines include general statements on non-discrimination and anti-harassment. The guidelines say Honda will “not tolerate” any form of forced labor. Its statement on child labor is strictly compliance-based.

### 4 Traceability and Supply Chain Transparency

Honda says it uses the RMI’s RMAP to identify compliant smelters, and it discloses those smelters. However, the company says nothing about whether there are non-compliant smelters in its supply chain. It says it has collected information on “some, but not all” of the smelters and refiners in its supply chains.

Regarding conflict minerals, Honda says it communicates to its suppliers “what is expected of them,” without elaborating, and says it “encourages procurement in



## HONDA MOTOR



line with” its Supplier Sustainability Guidelines, which it does not make publicly available. In its conflict minerals disclosure, it acknowledges it cannot rule out the presence of conflict minerals in its supply chain. The company says its conflict minerals due diligence measures “have been designed to conform, in all material respects,” with the OECD Due Diligence Guidelines. It was unable to determine the countries of origin of all 3TG minerals in its supply chain.

## 5 Human Rights Due Diligence / Embedding

Honda says it assesses its own operations for compliance with its Associate Relations Policies—which include a brief commitment to basic human rights—annually, offering no further details. The company says it “implements initiatives with consideration for” human rights with its global suppliers, without elaborating. It says it has added human rights “initiatives” to some of its multi-region purchasing meetings, and that it “confirms” its suppliers’ “initiatives” related to human rights.

Honda says it audits its key suppliers through third parties, and that the audit evaluates human rights and labor matters. The company says it intends to expand its audit program to high-risk suppliers, without offering a target date. Honda provides no further information on the subject that is specific to human rights.

## 6 Remedies and Grievance Mechanisms

Honda does not disclose any remedies or grievance mechanisms.

## 7 Participation or Leadership in Multi-Stakeholder Initiatives

Honda’s U.S. subsidiary participates in AIAG work groups, including Responsible Sourcing and Sustainability. It co-chairs the Working Conditions Work Group, which Honda says has been providing human rights training to Tier 1 and sub-tier suppliers in Mexico.

Honda participates in the RMI, although this appears to be strictly for compliance purposes. Honda North American participates in the RMI’s Smelter Engagement Team. The company is a founding member of the Global Battery Alliance, established in 2020.

## LEAR



## About Lear

Lear designs, develops, engineers, manufactures, assembles and supplies automotive seating and electrical distribution systems and related components for automotive OEMs worldwide. It has 161,000 employees. Lear's primary raw materials are leather, steel, electronics and copper. The company includes complex supply chain management among its core capabilities in its business proposition.

OVERALL  
ASSESSMENT  
SCORE

2.6

### 1 Human Rights Policy

Lear says in its Sustainability Report that it is committed to protecting human rights in its local communities and within its global supply chain. This is less a policy than a statement of aspirations. Lear says it "respects and supports" the UDHR. In a Global Labor Standards statement, Lear says it will not use forced or involuntary labor or "tolerate physically abusive disciplinary practices." The Global Labor Standards statement applies to Lear's own operations, and does not appear to extend to its supply chain. Its statements on child labor, discrimination and harassment only require legal compliance. Lear says it is "committed" to providing its employees with a safe and healthy working environment that "meets or exceeds applicable local standards."

### 2 Human Rights Governance Embedding

Lear says it monitors and enforces policies "affecting workplace human rights" through a compliance program that includes oversight by a Compliance Committee, which reports to the board's Audit Committee. The company offers no details.



## LEAR



### 3 Supplier Code of Conduct

Lear has a Supplier Sustainability Policy, but it does not have the strength of a code of conduct. It includes a commitment to human rights, a requirement to comply with local child labor laws, and a prohibition of the use of forced labor and physically abusive disciplinary practices. It also states an “expectation” that suppliers prevent harassment, and statements against discrimination and in favor of freedom of association and collective bargaining. The policy says Lear “strives” to keep conflict minerals out of its supply chain “wherever practicable,” and “asks” its suppliers to “source responsibly.” Lear says it expects its suppliers and subcontractors to identify risks in their own supply chains and address them, but this does not amount to a requirement that the policy cascade to lower tiers.

### 4 Traceability and Supply Chain Transparency

Among the 427 smelters Lear’s suppliers identified in their 2018 conflict minerals reporting, 259 were RMAP-conformant, while 6 were confirmed not to be. The remainder were under investigation. This particular disclosure is more detailed than that of most of its peers. Lear highlights supply chain complexity in its non-committal language around conflict minerals.

### 5 Human Rights Due Diligence / Embedding

Lear’s supplier terms and conditions include a prohibition on the use of forced and child labor and abusive employment, without defining these. The company provides no further disclosure on human rights due diligence and embedding.

### 6 Remedies and Grievance Mechanisms

Lear says it has established a process for reporting concerns about any potential human rights risks. Employees and suppliers can make anonymous reports in their language via a toll-free phone call, email, online website or regular mail. The company provides no further disclosure.

### 7 Participation or Leadership in Multi-Stakeholder Initiatives

“Lear is considering taking steps to align with and become a signatory to the” UNGC. The company also participates in the AIAG and RMI. It provides no further details.

# NISSAN



## About Nissan

Nissan Motor (Nissan) manufactures and sells vehicles and automotive parts worldwide. The company has 138,893 employees. It does not disclose its primary raw materials. Nissan and Renault's purchasing departments were consolidated under a single entity in 2014.

OVERALL  
ASSESSMENT  
SCORE

2.7

### 1 Human Rights Policy

Nissan has a human rights policy "informed by" the UDHR and the ILO Declaration. It also "strives to implement" the UNGPs and is a UNGC signatory. The policy is not applicable to suppliers. It prohibits child and forced labor without defining these.

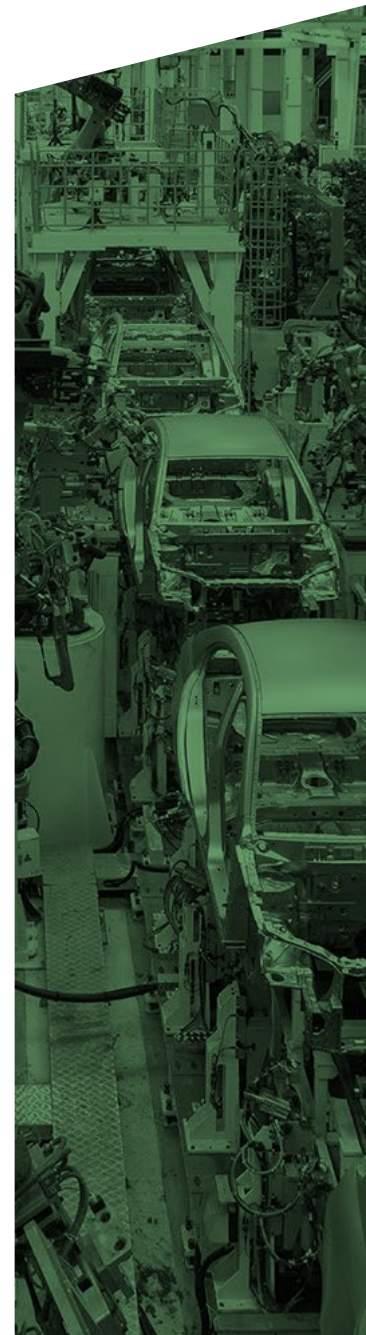
### 2 Human Rights Governance Embedding

Nissan provides no indication that it embeds human rights issues into its governance structures.

### 3 Supplier Code of Conduct

Nissan and Renault's purchasing departments have been "sharing common values and processes with a worldwide network of suppliers" since 2006. The companies publish their joint Corporate Social Responsibility Guidelines for Suppliers, last updated in 2015. This does not carry the strength of a code of conduct. In the document itself, Nissan says it "requests the written commitment of suppliers" to the guidelines.

The guidelines require, among other things, that suppliers indicate whether the minerals they source "have social contagion pertaining to human rights," and to deploy alternative sourcing in that case. They also prohibit discrimination and harassment, employment of minors younger than 15 and forced labor, and include vague statements of support for freedom of association and worker health and safety. The guidelines "request" that suppliers "promote CSR" within their own supply chains.



## NISSAN



#### 4 Traceability and Supply Chain Transparency

Nissan says it is working to eliminate conflict minerals from its supply chain, noting that it “agrees with the spirit” of the relevant Dodd-Frank provisions. The company says it conducts annual supply chain surveys using the RMI’s CMRT, both independently and in collaboration with Japanese automotive industry groups, and makes a single, oblique reference to suppliers that do not reply. Nissan asserts that it found no smelters or refiners “assumed to be connected to armed groups” in its supply chain in 2018, without elaborating. Considering peer companies’ reported struggles on this front, Nissan’s assertion strains credulity, despite the semantic sleight of hand.

#### 5 Human Rights Due Diligence / Embedding

Nissan does not report any mechanisms for human rights due diligence or embedding. The company requires suppliers to report any instances of non-compliance with its CSR guidelines, in which case it expects suppliers to undertake undefined “corrective countermeasures.” Failure to do so “may” result in a suspension of new business or “other action, as appropriate.”

#### 6 Remedies and Grievance Mechanisms

Nissan does not report any remedies and grievance mechanisms.

#### 7 Participation or Leadership in Multi-Stakeholder Initiatives

Nissan is a UNGC signatory and uses RMI for conflict minerals surveys. It discloses nothing further.

## NUCOR

**NUCOR®**

### About Nucor

Nucor manufactures and sells steel and steel products in the United States and internationally. It has 26,300 employees. Nucor's primary raw materials are scrap steel, iron ore, ferrous scrap and scrap substitutes, such as pig iron, direct reduced iron (DRI) and hot briquetted iron (HBI). The company says it has "focused on securing access to low-cost raw material inputs" for the past decade.

 OVERALL  
ASSESSMENT  
SCORE

**2.6**

### 1 Human Rights Policy

Nucor has a new, standalone human rights policy "consistent with" the UDHR and UNGPs. The company's contractors, subcontractors, suppliers and business partners are "expected" to comply with the policy. The policy includes general commitments to health and safety and community engagement, and to eliminating forced and child labor, human trafficking, discrimination and harassment. Nucor has standalone policies on Combating Trafficking in Persons and Eliminating Forced Labor that more clearly define the issues and include specific requirements around responsible recruiting.

### 2 Human Rights Governance Embedding

Nucor's board of directors annually reviews company efforts to eliminate forced labor in its Northern Brazilian pig iron supply chain, as described below.

### 3 Supplier Code of Conduct

Nucor has a Supplier Code of Conduct that does not include the term "human rights," although it makes a general commitment to "human dignity." The code prohibits the use of forced labor. It also prohibits child labor, yet sets the bar low by defining a child as a person younger than a) 14, b) the minimum age for completing compulsory education in the country of manufacture or c) the minimum age for employment in that country, whichever is oldest. In effect, this means legal compliance unless the child is 13 or younger. The code includes a general prohibition on harassment and discrimination and requirement of a "safe working place for employees." The remaining provisions related to human rights only require legal compliance.



## NUCOR



#### 4 Traceability and Supply Chain Transparency

Nucor has a policy on eliminating forced labor from its supply chain, with a focus on pig iron from northern Brazil:

*Pig iron is an intermediate iron product created by smelting raw iron ore at high temperatures with a reducing agent. For pig iron produced in Northern Brazil, this agent is often charcoal. The charcoal production process in Northern Brazil is labor-intensive and traditionally had taken place in relatively remote and inaccessible areas. In the past some producers of charcoal created difficult working conditions, which included the use of forced labor and armed surveillance.*

The company says it is working to ensure that the Northern Brazilian pig iron in its supply chain is not reduced with charcoal that has been produced using forced labor. It requires that pig iron come only from manufacturers licensed by the Brazilian government, and that manufacturers certify annually and with every shipment that no involuntary labor was used. Nucor retains a Brazilian law firm that monitors a government black list of employers who use slave labor. The company also details its requirements that charcoal-based pig iron manufacturers participate in local initiatives to eliminate slave labor, and provides meaningful details regarding the challenges associated with the local operational context.

#### 5 Human Rights Due Diligence / Embedding

Nucor says, “In any areas of heightened risk, Nucor engages with its contractors, subcontractors and suppliers to perform diligence, and to certify and audit supply chains to avoid directly or indirectly benefiting from or promoting any such forced labor, child labor, human trafficking, or other related activities.” The company offers no further detail. Nucor says its procurement documentation requires suppliers to comply with its Supplier Code of Conduct. It says failure to comply with its supplier standards, particularly around forced labor, “subjects” a supplier to removal from the company’s supply chain. Nucor offers no further details.

#### 6 Remedies and Grievance Mechanisms

Nucor says it has a hotline through which its employees are required to report human rights abuses in the company’s own operations or its supply chain. Its policy includes a statement of non-retaliation.

#### 7 Participation or Leadership in Multi-Stakeholder Initiatives

None.

## PPG INDUSTRIES



### About PPG Industries

PPG Industries (PPG) manufactures and distributes paints, coatings and specialty materials worldwide. It has 47,300 employees. PPG's primary raw materials are epoxy and other resins, titanium dioxide and other pigments, solvents, sand and soda ash. PPG says it has aggressive sourcing initiatives to broaden its raw materials supply, including qualifying suppliers from Asia and other lower cost regions of the world.

OVERALL  
ASSESSMENT  
SCORE

2.6

### 1 Human Rights Policy

PPG does not have a human rights policy. Its Global Code of Ethics includes a brief statement of "respect" for human rights.

### 2 Human Rights Governance Embedding

Apart from basic functions to meet its obligations under Dodd-Frank, PPG discloses no human rights embedding in its governance structures.

### 3 Supplier Code of Conduct

PPG's Supplier Code of Conduct says its suppliers "shall maintain and promote fundamental human rights." That is the sole instance in the code of the term "human rights." The code prohibits all forms of forced labor, and prohibits child labor in compliance with "relevant ILO standards." The code includes an expectation that suppliers prevent discrimination and harassment and implement health and safety management systems and controls. The remaining statements on human rights topics simply require legal compliance.

### 4 Traceability and Supply Chain Transparency

PPG says its pigments contain mica mined in India. The company notes child labor risks in Indian mica mines, and says it joined the Responsible Mica Initiative as part of its response. It says Initiative members are working with the Indian mica mines from which they source to improve standards and performance. PPG laid out an audit plan in its first MSA disclosure, which it has since postponed. It is awaiting completion of the RMI's efforts, and says that it will have finalized



## PPG INDUSTRIES



audits for low supply chain visibility by the end of Q2 2019. The company specifies that this will apply to suppliers that “either manufacture or process raw materials in the UK,” suggesting that it will not do so for suppliers to other markets.

## 5 Human Rights Due Diligence / Embedding

PPG said in its 2017 MSA disclosure (the most recent available) that it aimed “to roll out modern slavery focused e-learning to their [employees] ranked from the most senior management to middle management/ mid-grade specialists with assigned email addresses” in 2018/2019.

PPG says its New Supplier Qualification Form was updated in 2017 to include questions on child and forced labor, human rights violations, workplace safety violations, conflict mineral violations and supplier diversity. PPG offers no detail as to how it uses the information it receives.

PPG says new suppliers must sign its Supplier Code of Conduct. In its 2017 MSA disclosure, PPG says it enlisted the help of “specialist legal advisers” to review its “standard terms and conditions to assess the extent to which they mitigate the risks of modern slavery occurring in [its] supply chains. A conclusion of that review was that there was scope for improvement and it is now proposed that this will be addressed as part of a broader overhaul [of] contractual terms.” The company discloses nothing further on this point. PPG says it “intends to incorporate” its Conflict Minerals Policy into new and renewed supplier contracts, without offering a target date.

PPG says it “periodically assesses” its top 100 suppliers (approximately 25 percent of its annual procurement spend) for human rights policies, among other factors. It also says its EMEA region evaluates approximately 85 percent of its suppli-

ers annually, including on human rights topics. PPG says these assessments help it to identify which suppliers and areas of its supply chain should be audited. The company offers no further detail.

In its Supplier Code of Conduct, PPG says it “assumes that all of our global suppliers will adhere to” the code, and says suppliers must provide corrective action plans if they identify violations. This is essentially a requirement to self-report.

PPG says in its Supplier Code of Conduct that its suppliers must cooperate with “reasonable audit processes” the company requests, without elaborating. It says it audited 87 suppliers globally in 2016 (the most recent year in its reporting), including on human rights topics, and put action plans into place. The company offers no further details.

## 6 Remedies and Grievance Mechanisms

PPG does not disclose remedies and grievance mechanisms for human rights issues.

## 7 Participation or Leadership in Multi-Stakeholder Initiatives

PPG is involved in the RMI and the National Association of Manufacturers Conflict Minerals Task Force.

## RENAULT

GROUPE RENAULT

**About Renault**

Renault designs, manufactures, sells and distributes vehicles. It has 180,000 employees. The company's raw material inputs in its value chain include aluminum, copper, platinum, palladium, rhodium and cobalt. Renault and Nissan's purchasing departments were consolidated under a single entity in 2014.

OVERALL  
ASSESSMENT  
SCORE**2.3****1 Human Rights Policy**

Renault's Global Framework Agreement on Social, Societal and Environmental Responsibility covers human rights topics. It developed its framework in concert with two international trade union federations. The company commits to respect "fundamental social rights," a term it appears to use to refer to human rights issues. It uses the same term in French ("droits sociaux fondamentaux" as opposed to "droits de l'homme" or "droits humains"), indicating that this is intentional rather than a translation error. In other public disclosures, the company refers to "human rights." The framework "commits to respect the principles" of the ILO Declaration and "adheres to" the UNGC and OECD Guidelines. Renault "asks" suppliers to commit to the human rights-related provisions of its framework, being careful to note that such a commitment on its suppliers' part imposes no legal responsibility on Renault's part. Its prohibitions on child and forced labor, freedom of association and collective bargaining, and harassment and discrimination reference the relevant ILO conventions.

**2 Human Rights Governance Embedding**

Renault says it has a department charged with ensuring that suppliers meet certain standards, including those related to traceability of conflict minerals and cobalt. It discloses nothing further with specific regard to human rights.

Renault had a board member with human rights expertise. Cherie Blair, a human rights and international law barrister, was a long-standing independent director on Renault's board until she stepped down in 2019. Her departure left the company with no board members with human rights expertise.



## RENAULT

## GROUPE RENAULT

**3 Supplier Code of Conduct**

Renault and Nissan's purchasing departments have been "sharing common values and processes with a worldwide network of suppliers" since 2006. The companies publish their joint Corporate Social Responsibility Guidelines for Suppliers, last updated in 2015. This does not carry the strength of a code of conduct. In the document itself, Renault says it "requests the written commitment of suppliers" to the guidelines.

The guidelines require, among other things, that suppliers indicate whether the minerals they source "have social contagion pertaining to human rights," and to deploy alternative sourcing in that case. They also prohibit discrimination and harassment, employment of minors younger than 15 and forced labor, and include vague statements of support for freedom of association and worker health and safety. The guidelines "request" that suppliers "promote CSR" within their own supply chains.

**4 Traceability and Supply Chain Transparency**

Renault has a basic policy on procurement of cobalt and minerals from conflict-affected and high-risk areas. It essentially requires suppliers of components containing 3TGs and cobalt to conduct due diligence around those materials and develop risk mitigation strategies, and to communicate all relevant details to Renault. In the case of 3TGs, the policy requires suppliers not to source from "illegal channels" and to "commit to promoting a responsible supply process." The cobalt requirements are "based on" the OECD Guidelines, and include a requirement that suppliers map the full supply chain and submit to third-party verifications and audits at the company's request. For the first time in 2018, Renault published the [full list](#) of its electric vehicle battery

suppliers, along with the countries of origin of the cobalt they source: the DRC, Papua New Guinea and Russia. This was the result of a full supply chain mapping for which Renault hired a specialist auditing firm. Renault also reports a joint investment with Nissan and Mitsubishi in a venture capital fund investing in, among other things, a company that develops cobalt-free batteries.

**5 Human Rights Due Diligence / Embedding**

Renault says it is "studying" human rights training for its local ethics committees, without offering further information.

Renault says it "may ask" suppliers to submit to a third-party CSR assessment. The company says it requires all new suppliers to endorse its Global Framework Agreement, which only "asks" that suppliers comply with its human rights-related provisions.

Renault says it enlists "external organizations" to carry out "regular evaluations" of its suppliers, including on human rights topics, and that it "asks" for action plans from suppliers that do not comply with the company's "guiding principles." The supplier relationship "may" be suspended. If that action results in economic harm to Renault, the supplier "may be requested to pay reparations." Renault says it sometimes performs follow-up audits.

In 2018, Renault audited 43 suppliers in Algeria, China, India, Romania, Russia and Turkey. The company also reports that as part of its cobalt supply chain mapping, the specialized auditing firm it hired conducted on-site audits, though it provides no further details.

## RENAULT

## GROUPE RENAULT

## 6 Remedies and Grievance Mechanisms

Renault has a whistleblowing mechanism available to its employees and suppliers that is meant to address human rights concerns, among other matters. A third party manages the system, which is accessible via internet or a multilingual phone line. The mechanism guarantees confidentiality where not precluded by law. Renault does not report further on the subject.

## 7 Participation or Leadership in Multi-Stakeholder Initiatives

Renault is a signatory to the UNGC and aligns its human rights policy with the same. The company is also a member of the RMI and RCI, and its activities with both support its efforts to manage human rights risks in its conflict minerals and cobalt supply chains. The company is a founding member of the Global Battery Alliance, established in 2020.

## TESLA



## About Tesla

Tesla designs, develops, manufactures and sells electric vehicles and energy generation and storage systems in the United States, China, the Netherlands, Norway and internationally. The company has 48,817 employees. The company's raw materials include aluminum, steel, cobalt, lithium, nickel and copper.

OVERALL  
ASSESSMENT  
SCORE

2.6

### 1 Human Rights Policy

Tesla's Human Rights and Conflict Minerals Policy focuses exclusively on its suppliers. It does not make a baseline commitment to fundamental human rights. Tesla prohibits child labor without defining it: "Human trafficking, child labor and slavery are crimes under state, federal and international law. These crimes exist in countries throughout the world." This seems to indicate that its requirement is strictly compliance-based. In its MSA disclosure, which is legally binding, Tesla only forbids illegal child labor. In its Supplier Code of Conduct, Tesla references the ILO in its child labor prohibition, and says suppliers may only employ people who are at least 15, have reached the completion age of compulsory education or meet the legal minimum age for employment, whichever is highest.

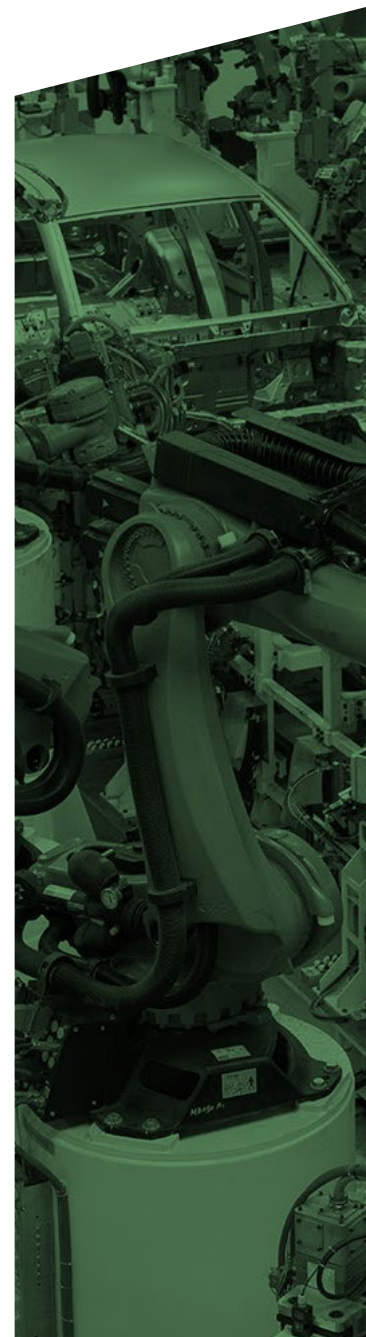
Tesla's policy does not address ethical recruitment, but its Supplier Code of Conduct prohibits withholding or destroying employee identity or immigration documents, passports or work permits.

### 2 Human Rights Governance Embedding

Tesla discloses no evidence of human rights embedding in its governance structures.

### 3 Supplier Code of Conduct

Tesla's Supplier Code of Conduct does not include a baseline commitment to fundamental human rights. It does prohibit discrimination and harassment, forced labor and child labor, and requires suppliers to respect freedom of association and to adopt health and safety management systems.





## TESLA

### 4 Traceability and Supply Chain Transparency

Tesla reports on its cobalt supply chain initiatives in its Dodd-Frank conflict minerals disclosure, though it is not required to do so. The company visits/audits cobalt mines and processing plants around the world, and works with these suppliers to address various human rights concerns. Since 2013, Tesla has reduced the amount of cobalt used in its nickel-cobalt-aluminum battery formulation by approximately 60 percent. Panasonic, Tesla's battery supplier, announced in 2018 that it was developing batteries that do not need cobalt at all, although industry observers remain skeptical that this is possible. Tesla's CEO has similarly said its next-generation batteries will use no cobalt, although he provides no firm timeline for such a development.

### 5 Human Rights Due Diligence / Embedding

Tesla says it evaluates its supply chain for human rights issues, but provides no evidence to that effect. In its Human Rights and Conflict Minerals Policy, Tesla has a section on how it ensures supplier compliance. In that section, the company says it trains "certain employees" on human trafficking, child labor and slavery. The same section appears in Tesla's MSA disclosure, which is legally binding, but the part on training is different: It simply says that "it is important" to Tesla to train employees on human rights issues. Nowhere in that disclosure does the company say it actually does so.

Tesla says it visits its 3TG suppliers and—notably—sub-suppliers to evaluate human rights practices, among other things. The company does not disclose the number of suppliers audited, frequency, etc.

The company says it "disciplines" contractors that violate its human rights policies, which can include contract termination. The company does not elaborate.

### 6 Remedies and Grievance Mechanisms

In its human rights policy statement, Tesla provides a rather absurd explanation of its "grievance mechanism": "you" send a letter to Tesla's corporate secretary by postal mail—which the company notes can be done confidentially—or email its legal team.

### 7 Participation or Leadership in Multi-Stakeholder Initiatives

Tesla is a member of the Silicon Valley Conflict Minerals Forum and the RMI.

# TOYOTA



## About Toyota

Toyota Motor (Toyota) designs, manufactures, assembles and sells passenger vehicles, minivans and commercial vehicles, and related parts and accessories. It has 376,445 employees. The company's raw material inputs include steel, precious metals and non-ferrous alloys including aluminum.

OVERALL  
ASSESSMENT  
SCORE

**2.5**

### 1 Human Rights Policy

Toyota's human rights policy includes a basic statement of respect for human rights, but does not address any specific human rights topics. It includes a statement on conflict minerals that is essentially compliance-based. Toyota's human rights policy says it "respects" the UDHR and UNGPs. The policy does not include a prohibition on child labor, but the company's Sustainability Data Book does. Its Supplier CSR Guidelines go further, specifying that the minimum age for employment is 15, the local legal minimum or the age for completing compulsory education, whichever is oldest, and prohibits hazardous work for those younger than 18. Similarly, its human rights policy does not prohibit forced labor, but its Sustainability Data Book and Supplier CSR Guidelines do.

### 2 Human Rights Governance Embedding

Toyota formed its Human Rights Working Group in 2011 that incorporates various functions within the company. The group holds "Sustainability Meetings" to discuss human rights issues. Toyota does not indicate how frequently these meetings are held.

### 3 Supplier Code of Conduct

Toyota publishes Supplier CSR Guidelines that address human rights issues, but do not carry the same weight as a code of conduct. The guidelines "respectfully ask" for suppliers' compliance. They include a prohibition on child labor that comports with the relevant ILO convention without referencing it, as well as a prohibition on forced labor that includes elements related to ethical recruiting. The guidelines also include general provisions on harassment and discrimination, worker health and safety and freedom of association.



## TOYOTA



#### 4 Traceability and Supply Chain Transparency

Toyota publishes some information in its Sustainability Report about its Dodd-Frank compliance efforts, which largely involve collaborating with various industry groups, in some cases on smelter engagement. Toyota's approach to conflict minerals is still in its fledgling stages.

#### 5 Human Rights Due Diligence / Embedding

Toyota asks suppliers to complete a self-assessment questionnaire that includes human rights topics. The company does not publish the questionnaire, nor does it say how many suppliers have responded, the quality of those responses, etc. Toyota indicates that it has requested corrective action in some cases, without elaborating.

#### 6 Remedies and Grievance Mechanisms

Toyota has a compliance hotline operated by a third party. It appears to be only for employees, and the company does not indicate that it can be used to report human rights concerns.

#### 7 Participation or Leadership in Multi-Stakeholder Initiatives

Toyota participates in the Japan Conflict-free Sourcing Working Group, under the umbrella of the Japanese automotive industry's Responsible Minerals Trade Working Group. The former currently appears to identify smelters in the 3TG supply chain and "makes visits to organizations representing smelters." It also presses for conflict-free certification, without explaining what that means. The Responsible Minerals Trade Working Group seems to exist in some tension with RMI, on the one hand collaborating but on the other hand pushing back on RMI policies and procedures. It was explicitly formed to deal with the impact of Dodd-Frank on Japanese companies.

Toyota has participated in AIAG working groups on conflict minerals. The company's North American subsidiary has chaired the AIAG's Smelter Engagement Team, and joined the European Smelter Engagement Team.

Toyota participated in the first phase of the PPA, but gives no indication that it remains involved.

Drive Sustainability and its Raw Materials Observatory list Toyota's European subsidiary as a member, although the company does not include that information in its own reporting. The Observatory is a process for assessing the sustainability risks associated with the automotive sector's top raw materials and identify ways to address that risk.

# VOLKSWAGEN



## About Volkswagen

Volkswagen (VW) manufactures and sells automobiles primarily in Europe, North America, South America and Asia-Pacific. The company has 636,988 employees. Its primary raw materials are natural rubber, iron ore, rare earths, lead, aluminum, copper, lithium and cobalt. VW has more than 40,000 Tier 1 suppliers around the world who employ more than five million people.

OVERALL  
ASSESSMENT  
SCORE

1.9

### 1 Human Rights Policy

VW makes a commitment to fundamental human rights in its Sustainability Report. The company says it “rejects all forms of child, forced or compulsory labor, modern slavery and human trafficking,” and that this applies to its entire value chain. The company also commits to freedom of association, collective bargaining and health and safety, and prohibits discrimination and harassment, and requires its suppliers to do the same. VW’s Code of Conduct also includes a commitment to fundamental human rights.

VW says it “follows” the UDHR, UNGPs, ILO Core Labor Standards, Convention for the Protection of Human Rights and Fundamental Freedoms, OECD Guidelines and the German government’s National Action Plan for Business and Human Rights.

### 2 Human Rights Governance Embedding

VW has a sustainability council of international advisors, including trade union representatives and a founding director of the UNGC. The company has three board members who are trade union professionals. VW also has a Sustainability Procurement Network in place that is charged with implementing the company’s human rights requirements, among other things.

### 3 Supplier Code of Conduct

VW’s Code of Conduct for Business Partners includes extensive human rights provisions and is among the most robust in this research universe.



## VOLKSWAGEN



#### 4 Traceability and Supply Chain Transparency

VW says its suppliers must disclose their 3TG smelters and refiners “upon request.” The company does not report how many suppliers comply with reporting requirements, nor how fully it has been able to identify all the smelters and refiners in its supply chain. The company says non-compliant smelters “must be replaced by compliant smelters,” without explaining the process for this.

[Responsible sourcing pilot projects—block-chain or other] VW says it is testing “innovative, interdisciplinary approaches to supplier management,” and organized a pilot project in 2018 on the use of blockchain to track raw materials throughout the supply chain. The company does not elaborate.

VW says it has systems in place to address points in its supply chain at particularly high risk of human rights abuses. It requires suppliers to disclose the sources of 3TGs, cobalt, mica and any other materials that “may have some connection with human rights violations.” It uses RMI risk assessment protocols. In its cobalt supply chain, VW says it is “in close contact with companies from the mine to our tier 1 suppliers.” It says it is participating in a certification scheme for cobalt smelters.

VW says it held workshops in 2018 with mining companies from the copper and platinum industry to “come up with joint plans and approaches for making improvements.” The company says it will “take further steps to better map out” its supply chain in 2019, and to focus on more raw materials.

#### 5 Human Rights Due Diligence / Embedding

VW says it has a risk management system in place that takes account of human rights issues, but does not report specifically on how human rights topics play out within that system. The company says it has a due diligence system in place for suppliers that requires they establish a management system to deal with risks that include human rights, assess their own supply chains, implement a strategy, submit to third-party audits and report on their efforts.

VW says it trains suppliers on its sustainability requirements, without elaborating. The company says it trains target groups of employees—including procurement staff—on human rights issues, but says data on the number of training hours are “non-collectable.” It provides general reporting on “sustainability” training, but does not provide specifics related to human rights.

VW says 28,000 supplier sites submitted self-assessment questionnaires—which include human rights questions—in 2018, and that it works with suppliers to improve their “sustainability performance.”

VW says suppliers cannot submit a bid without first “acknowledging” its Code of Conduct for Business Partners. The company includes human rights factors in its supplier sustainability rating, which will be integrated into its contract award process starting in 2019. VW says it integrates its Code of Conduct for Business Partners at the contractual level. The company says it has additional contractual requirements in place for suppliers of “minerals from conflict-affected and high-risk areas,” without elaborating.

VW says it uses targeted monitoring instruments to ensure compliance with its Code of Conduct

## VOLKSWAGEN



for Business Partners. It requires action plans of suppliers that violate its standards, and monitors their implementation. VW says a third-party provider audited 947 suppliers in 2018 for “sustainability,” without providing specifics on human rights. In 551 cases, VW says an action plan was needed and that it monitors implementation. VW says it conducts “on-site visits” of DRC smelters and mines, without offering further detail.

## 6 Remedies and Grievance Mechanisms

VW has a whistleblower system in place for employees, business partners and third parties that is intended to field human rights concerns, among other issues. Mechanisms include an online channel, telephone hotline, email inbox, personal contact with the company’s Investigation Office and external ombudspersons. Most of those assure anonymity. Information can be submitted in multiple languages, and VW says retaliation is not tolerated.

## 7 Participation or Leadership in Multi-Stakeholder Initiatives

VW is seeking to restore its membership in the UNGC, which was suspended over its diesel scandal.

VW is a member of RMI and Drive Sustainability, which it leverages in support of its raw materials initiatives. The company is a founding member of the Global Battery Alliance, established in 2020.



Si2 evaluated each company on a series of factors, with a particular eye toward how value and risk cascade through the supply chain. The research looked for any evidence of specific human rights policy implementation and disclosure. The assessment gives companies credit for disclosures that deal explicitly with human rights factors. A general risk assessment strategy around “sustainability” did not satisfy the criterion for human rights risk assessment, for instance.

The assessment seeks to align with established frameworks wherever possible and practicable, though the assessed criteria are broader in some instances, and more focused on the specific human rights risks in the automotive industry. These referenced frameworks include the United Nations’ Guiding Principles (UNGP) Reporting Framework, the Corporate Human Rights Benchmark (CHRB) Core UNGP Indicator Assessment, Know the Chain Benchmark and OECD Due Diligence Guidance, among others. (The Glossary of Terms and Resource List, p. 111, provides a listing of current initiatives.)

Si2 compiled available evidence for each of the indicators set below, then translated the qualitative findings into a numerical assessment that ranged from 1 (strongest) to 3 (weakest) for each point. For each of the top-level indicators, the fractions in parentheses represent the indicator’s weight in the calculation of a company’s overall score.

## 1. Human Rights Policy (1/10)

Does the company have a human rights policy? How strong is it? This indicator is intended to align with the CHRB’s Theme A: Governance & Policy Commitments. For each of the following factors, where relevant, we also considered whether the policy references and/or aligns with applicable ILO conventions.

For each of the following factors, the fractions in parentheses represent the factor’s weight in the calculation of the overall Human Rights Policy Score.

- a) Is the policy standalone or integrated within other commitments? (1/6)
- b) Does it make a baseline commitment to respect fundamental human rights? (1/6)
- c) Does it reference international laws and standards? If so, which ones? (1/6)
- d) What is its scope? Is it applicable to suppliers? (1/6)
- e) Does it prohibit child labor? (1/12)
- f) Does it prohibit forced labor? (1/12)
- g) Does it make a commitment to stakeholder engagement? (1/42)
- h) Does it address ethical recruitment? (1/42)
- i) Does it protect freedom of association and collective bargaining agreements? (1/42)
- j) Does it include a commitment to worker health and safety? (1/42)
- k) Does it address indigenous rights? (1/42)
- l) Does it address resettlement? (1/42)
- m) Does it prohibit harassment and discrimination? (1/42)

## 2. Human Rights Governance and Embedding (1/10)

How have human rights policies and expectations been embedded into the company's governance and management systems? Does it delineate responsibility and resources for day-to-day human rights functions? This indicator is intended to encompass the CHRB's indicator B.1.1, along with additional factors.

Each of the following factors are equally weighted in the calculation of the overall Human Rights Governance and Embedding score.

- a) Is there a board member with specific human rights experience/expertise (i.e. relevant education, background, work experience)?
- b) Are human rights factors included in the company's compensation strategy?
- c) Do any board committee charters include specific mention of human rights?
- d) Does the company define roles with human rights responsibilities?
- e) Does the company report human rights competence or qualifications among key staff?
- f) Is there evidence that human rights is a fundamental business model issue?

## 3. Supplier Code of Conduct (1/10)

Does the company have a supplier code of conduct or its equivalent?

The following factors were equally weighted in the calculation of the overall Supplier Code of Conduct score.

- a) How strong is it?
- b) Does it include a requirement that human rights commitments cascade beyond first-tier suppliers?

## 4. Traceability and Supply Chain Transparency (2/10)

The following factors were equally weighted in the calculation of the overall Traceability and Supply Chain Transparency score.

- a) Does the company make a commitment to disclose/trace materials with human rights risks, or articulate the importance of traceability or a goal around responsible sourcing? (1/5)
- b) Does the company disclose its traceability choke points (i.e. smelters)?
- c) Does the company have responsible sourcing pilot projects (i.e. blockchain)?
- d) How does the company address high-risk inputs and sourcing countries?

## 5. Human Rights Due Diligence / Embedding (3/10)

Each of the following first-level factors was equally weighted in the calculation of the overall Human Rights Due Diligence / Embedding score.

- a) Does the company identify its processes and triggers for identifying human rights risks and impacts? This indicator is intended to align with the CHRB's indicator B.2.1.
- b) Having identified its human rights risks and impacts, does the company assess them and then prioritize its salient human rights risks and impacts? This indicator is intended to align with the CHRB's indicator B.2.2.

- c) Does the company integrate its assessment findings internally and take appropriate action? This indicator emphasizes purchasing practices and cascading, and is intended to align with the CHRB's indicator B.2.3.
  - i. Does the company have training programs to ensure relevant decision makers understand human rights risks and effectively implement company policies? How does the company assess training impact?
  - ii. Is human rights due diligence integrated into purchasing decisions?
  - iii. Does the company assess human rights risks at potential suppliers prior to entering into any contracts with them?
  - iv. Does the company integrate human rights commitments into supplier contracts?
  - v. Does the company provide procurement incentives to first-tier suppliers to encourage/reward good standards?
  - vi. Does the company extend human rights expectations beyond its first tier of suppliers?
  - vii. Are there efforts to remove tiers in the supply chain or move toward direct purchasing?
  - viii. Does the company make a commitment to address root cause issues?
- d) Does the company monitor and evaluate the effectiveness of actions to respond to human rights risks and impacts? This indicator is intended to align with the CHRB's indicator B.2.4.
  - i. Does the company monitor the human rights commitments of supplier contracts?
  - ii. Does the company conduct supplier audits?
  - iii. What percent of its supplier base does it audit?
  - iv. Does it disclose remedial action?
  - v. Are audits announced or unannounced?
  - vi. Does it conduct its own audits or use third parties?
- e) Does the company communicate externally how it addresses its human rights impacts in a manner that is accessible to its intended audiences, especially affected stakeholders who have raised concerns, providing enough information to evaluate the adequacy of the response? This indicator is intended to align with the CHRB's indicator B.2.5.

## 6. Remedies and Grievance Mechanisms (1/10)

Does the company have appropriate and effective remedies and grievance mechanisms in place for human rights issues? This indicator is intended to align with the CHRB's Theme C: Remedies and Grievance Mechanisms, and the criteria of UNGP 31.

Given that there was little granularity among companies in the research universe on this indicator, a score was assigned based on the following factors without using them in a calculation.

- a) Does the company have appropriate and effective grievance channels/mechanisms for workers?
- b) Does the company have appropriate and effective grievance channels/mechanisms for external parties?
- c) Does the company remedy adverse impacts and incorporate lessons learned?

## 7. Participation or Leadership in Multi-Stakeholder Initiatives (1/10)

Does the company participate in or lead multi-stakeholder initiatives related to human rights in the automotive supply chain? If so, how robust are its activities?



## **3TG Minerals**

Tin, tungsten, tantalum and gold, the minerals Dodd-Frank specifies in the Conflict Minerals Rule.

## **California Transparency in Supply Chains Act**

Requires large retailers and manufacturers to provide California consumers with information regarding their efforts to eradicate slavery and human trafficking from their supply chains.

## **California Transparency in Supply Chains Act (CTSCA)**

A California law passed in 2010 aimed at curtailing human trafficking and slavery by requiring all manufacturers and retailers doing business in California with more than \$100 million in annual revenue to disclose publicly the extent of their efforts to prevent such abuses in their supply chains. Disclosures must cover verification, audits, certification, internal accountability and training.

## **Conflict Minerals Rule**

Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act requiring publicly traded companies to report annually on the presence of conflict minerals (such as tin, tungsten, tantalum and gold) originating in the Democratic Republic of the Congo or adjoining countries in the products the companies manufacture or contract to manufacture if the conflict minerals are necessary to the functionality or production of a product. Recent court challenges to the rule have prompted the Securities and Exchange Commission (SEC) to stop enforcing the requirement that companies conduct a due diligence review or sourcing audit.

## **E.U. Conflict Minerals Regulation**

A new law aiming to help stem the trade in four minerals—tin, tantalum, tungsten and gold—that sometimes finance armed conflict or are mined using forced labor. It will come into full force on January 1, 2021 across the European Union. It reaches further than the U.S.' Conflict Minerals Rule, defining conflict regions more broadly, requiring that companies meet the OECD Guidance defined above. As currently written, the regulation appears fairly toothless, lacking any punitive measures for non-compliance.

## **German Business Initiative for Sustainable Value Chains**

Founded by **BASF**, **BMW Group** and other German industrial giants, the initiative seeks to reduce negative environmental impact and to promote safer and fairer workplaces in companies' value chains. Companies commit to creating global value-added networks for their suppliers.

**Global Reporting Initiative (GRI)**

The most widely used international standard for sustainability reports, endorsed by the UN Global Compact. The latest iteration of the group's reporting guidelines is the GRI Standards, which were released in October 2016. They include two reporting options: Core and Comprehensive. Core provides the minimum level of information necessary to understand the nature of an organization. Comprehensive builds on the Core option by requiring additional disclosures on the organization's strategy, ethics and integrity, and governance; it also requires reporting more extensively on the organization's impacts by enumerating all the topic-specific disclosures for each material topic covered by the GRI Standards.

**International Bill of Human Rights**

Encompasses the UDHR, ICCPR and ICESCR.

**International Covenant on Civil and Political Rights (ICCPR)**

A key international human rights treaty, providing a range of protections for civil and political rights. The ICCPR obligates countries that have ratified the treaty to protect and preserve basic human rights, such as: the right to life and human dignity; equality before the law; freedom of speech, assembly, and association; religious freedom and privacy; freedom from torture, ill-treatment, and arbitrary detention; gender equality; the right to a fair trial; right family life and family unity; and minority rights.

**International Covenant on Economic, Social and Cultural Rights (ICESCR)**

An international human rights treaty that creates an obligation to respect, protect and fulfill economic, social and cultural rights, including labor rights and the rights to health, education and an adequate standard of living.

**International Labour Organization (ILO) Abolition of Forced Labour Convention**

Abolishes forced or compulsory labor a) as a means of political coercion or education or as a punishment for holding or expressing political views or views ideologically opposed to the established political, social or economic system; b) as a method of mobilizing and using labor for purposes of economic development; c) as a means of labor discipline; d) as a punishment for having participated in strikes; and e) as a means of racial, social, national or religious discrimination.

**ILO Core Labor Standards**

Encompass the eight conventions listed above.

**ILO Declaration on Fundamental Principles and Rights at Work**

A 1998 declaration committing to respect and promote principles and rights in four categories: freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labor, the abolition of child labor and the elimination of discrimination in respect of employment and occupation.

**ILO Discrimination (Employment and Occupation) Convention**

Requires states to enable legislation prohibiting all discrimination and exclusion in employment on any basis, including race or color, sex, religion, political opinion and national or social origin, and to repeal legislation that is not based on equal opportunities.

**ILO Equal Remuneration Convention**

Enjoins members to take appropriate steps to ensure that rates of remuneration are equal for men and women workers for work of equal value.

**ILO Forced Labour Convention**

Prohibits all forms of forced or compulsory labor, which is defined as “all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.” Exceptions are provided for work required by compulsory military service, normal civic obligations, as a consequence of a conviction in a court of law (provided that the work or service in question is carried out under the supervision and control of a public authority and that the person carrying it out is not hired to or placed at the disposal of private individuals, companies or associations), in cases of emergency, and for minor communal services performed by the members of a community in the direct interest of the community. The convention also requires that the illegal extraction of forced or compulsory labor be punishable as a penal offence, and that ratifying states ensure that the relevant penalties imposed by law are adequate and strictly enforced.

**ILO Freedom of Association and Protection of the Right to Organise Convention**

Sets out workers’ and employers’ right to draw up their constitutions and rules, to elect their representatives in full freedom, to organize their administration and activities and to formulate their programs, and prohibits any interference that would restrict or impede the lawful exercise of this right.

**ILO Minimum Age Convention**

Sets the general minimum age for admission to employment or work at 15 years (13 for light work) and the minimum age for hazardous work at 18 (16 under certain strict conditions). It provides for the possibility of initially setting the general minimum age at 14 (12 for light work) where the economy and educational facilities are insufficiently developed.

**ILO Right to Organise and Collective Bargaining Convention**

Protects workers from acts of anti-union discrimination in hiring and employment.

**ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (MNE Declaration)**

The only ILO instrument that provides direct guidance to enterprises (multinational and national) on social policy and inclusive, responsible and sustainable workplace practices, founded substantially on principles contained in the ILO core labor standards above.

**ILO Worst Forms of Child Labour Convention**

Seeks immediately to eliminate the worst forms of child labor, defined as all forms of slavery or practices similar to slavery, such as sale of a child; trafficking of children, debt bondage or any other form of bonded labor or serfdom; compulsory labor, including forced or compulsory recruitment of children for use in armed conflict; commercial sexual exploitation of children (CSEC), including the use, procurement or offering of a child for: prostitution, or the production of pornography or for pornographic performances; and use, procurement or offering of a child by others for illegal activities, also known as children used by adults in the commission of crime (CUBAC), including the trafficking or production of drugs.

**International Platinum Group Metals Association (IPA)**

A non-profit association that represents the worldwide leading mining, production and fabrication companies in the global platinum group metals (PGMs) industry, comprising platinum, palladium, iridium, rhodium, osmium and ruthenium. Its major aim is to act as a platform for discussion and information exchange between its members and with the outside world, and to serve as an early warning system for the PGM industry by monitoring legislation and industry related topics such as trade, health and safety and sustainable development.

**OECD Guidelines for Multinational Enterprises (OECD Guidelines)**

Issued by the Organization for Economic Cooperation and Development, these guidelines set standards for responsible business conduct across a range of issues, including human and labor rights. They also establish a unique, government-backed, international grievance mechanism to address complaints between covered companies, and individuals who feel negatively affected by irresponsible business conduct.

**OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Due Diligence Guidance)**

Provides detailed recommendations to help companies around the world respect human rights and avoid contributing to conflict through their mineral purchasing decisions and practices.

**Original Equipment Manufacturer (OEM)**

A company whose goods are used as components in the products of another company, which then sells the finished item to users.

**Responsible Minerals Assurance Process (RMAP)**

Flagship program of the Responsible Minerals Initiative that uses an independent, third-party assessment of smelter/refinery management systems and sourcing practices. Employs a risk-based approach to validate smelters' company-level management processes for responsible mineral procurement.

**Shareholder Proposal**

Matters that shareholders in a company vote on at an annual shareholder meeting included in the proxy statement. The shareholder proposal process is regulated by the U.S. Securities and Exchange Commission (SEC). The process is outlined in SEC § 240 14a-8. A proposal can be submitted by a shareholder holding at least \$2,000 of shares for a period of one year, must be 500 words and comply with other criteria. Shareholder proposals are precatory.

**The Modern Slavery Act of 2015 (MSA)**

A law passed in 2015 in the United Kingdom to combat modern slavery. While not all sections apply to business, provision 54 on “transparency in supply chains” affects companies. It requires commercial organizations with a global annual turnover of 36 million GBP or more who do business in the United Kingdom to disclose annually the steps they are taking to address modern slavery in their business and supply chain. The annual disclosure must be approved by the company’s board of directors and signed by a director or equivalent.

**Together for Sustainability (TfS)**

A joint initiative of chemical companies founded in 2011, TfS promotes sustainable practices in the chemical industry’s supply chain, and aims for global standardization of supplier evaluations and auditing. TfS has a global supplier engagement program, a risk analysis and evaluation process, a supplier auditing program and more.

**UN Global Compact’s Action Platform on Decent Work in Global Supply Chains**

A cross-industry working group aiming to improve working conditions in global supply chains as these relate to labor and human rights. Member companies have developed a voluntary commitment to more effectively implement the main international standards—the ILO core labor standards, the 10 principles of the UN Global Compact and the UNGPs—in their respective supply chains through specific measures such as supplier training, collaboration with partners or greater transparency.

**UN Guiding Principles on Business and Human Rights (“UNGPs”)**

A set of guidelines for States and companies to prevent, address and remedy human rights abuses committed in business operations

**UN Universal Declaration of Human Rights (UDHR)**

A 1948 declaration by the UN General Assembly setting out fundamental human rights “to be universally protected.”

**UN Women’s Empowerment Principles (WEPs)**

A joint initiative of the UNGC and UN Women developed in 2010 to provide a holistic framework to empower girls and women in the workplace, marketplace and community. The seven principles seek to elaborate the gender dimension of corporate sustainability. The formal mechanism for company engagement is through the CEO statements of support.



## **Aluminium Stewardship Initiative (ASI)**

The ASI, a global, multi-stakeholder, non-profit standards setting and certification organization that has developed a third-party certification program for sustainability and human rights principles in aluminum production, use and recycling.

## **Automotive Industry Action Group (AIAG)**

A not-for-profit organization where OEMs, suppliers, service providers, government entities and academics collaborate to drive down costs and complexity in the automotive supply chain. The AIAG provides minimum human rights expectations for suppliers across the value chain.

## **Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)**

The German governmental agency for international cooperation is a joint pilot project launched in 2018 with BASF, BMW, Samsung SDI, Samsung Electronics and the Germany government that establishes a three-year pilot mining project to identify how to improve working conditions in artisanal mines, as well as living conditions in the surrounding communities in the DRC.

## **Drive Sustainability (DS)**

Originally called the European Automotive Working Group on Supply Chain Sustainability, DS is a partnership of major automotive brands—BMW, Daimler, Ford, Honda, Jaguar Land Rover, Scania CV AB, Toyota Motor Europe, Volkswagen Group and Volvo—convened to act for greater sustainability throughout the automotive supply chain. Facilitated by CSR Europe, DS aims to promote a common approach to the automotive supply chain within the industry and to support the integration of sustainability into procurement processes. DS has a set of common guidelines—the Guiding Principles—that outline expectations for suppliers on key responsibility issues including, but not limited to, business ethics, working conditions, human rights and environmental matters. Based on these guidelines, DS has developed a number of tools and resources, including a self-assessment questionnaire, training services, and local networks.

## **Global Battery Alliance (GBA)**

An umbrella partnership of more than 70 members across the battery value chain, the public sector, civil society and relevant initiatives.

**Global Platform for Sustainable Natural Rubber (GPSNR)**

An independent, Singapore-based platform launched in 2017 that aims to develop a fair, equitable and environmentally sound natural rubber value chain. Members include tire manufacturers, rubber suppliers and processors, vehicle makers and NGOs. The platform held its first general assembly in March 2019, and thus has yet to finalize its operations strategy and build a track record.

**Initiative for Responsible Mining Assurance (IRMA)**

A global certification program for industrial-scale mine sites offering independent, third-party verification and certification against a comprehensive standard for all mined minerals. Regarded as one of the most robust initiatives, given its requirements of companies. Created with extensive stakeholder input.

**Public Private Alliance for Responsible Minerals Trade (PPA)**

A multi-sector initiative between leaders in civil society, industry and the U.S. government that supports projects to improve the due diligence and governance systems needed for ethical supply chains from the Dodd-Frank-defined Covered Countries. Works to develop traceability solutions and build civil society capacity to participate in a regional traceability and certification mechanism to support responsible sourced mineral sourcing and trade from the Covered Countries.

**Responsible Business Alliance (RBA)**

Formerly known as the Electronic Industry Citizenship Coalition, the RBA is a non-profit coalition of electronics, retail, automotive and toy companies committed to supporting the rights and wellbeing of workers and communities worldwide affected by the global supply chain. It sets and holds members accountable to core standards and has launched several initiatives that are pertinent to this report: the Responsible Minerals Initiative, Responsible Labor Initiative and Responsible Factory Initiative.

**Responsible Cobalt Initiative (RCI)**

Founded in 2017 by the China Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters (CCCME) and corporate partners, the RCI aims to promote corporate due diligence and increase transparency in the cobalt supply chain. The RCI is in the process of validating and refining an auditing standard and process for refineries and smelters through pilot audits in 2018 and 2019. The RCI did not have a dedicated website in September 2019.

**Responsible Factory Initiative (RFI)**

An initiative of the RBA, the provides a unifying architecture for RBA factory-level tools and programs for companies looking to assess and develop their supply chain partners and factories at all levels of maturity.

### Responsible Labor Initiative (RLI)

An initiative of the RBA, the RLI is a multi-industry, multi-stakeholder initiative focused on ensuring that the rights of workers vulnerable to forced labor in global supply chains are consistently respected and promoted.

### Responsible Mica Initiative

An NGO created to build a sustainable mica supply chain in India by promoting responsible sourcing practices and eradicating child labor and unacceptable working condition. Members are drawn from industries associated with the mica supply chain in partnership with civil society organizations and local stakeholders. *The Guardian* described the Initiative as “the first comprehensive approach to tackling endemic child labour in mica mining since the industry was alerted to its existence more than a decade ago.”

### Responsible Minerals Initiative (RMI)

An initiative of the RBA, the RMI (formerly known as the Conflict-Free Sourcing Initiative) helps companies to address responsible mineral sourcing issues in their supply chains. Its Responsible Minerals Assurance Process (RMAP) offers companies and their suppliers an independent, third-party audit that determines which smelters and refiners can be verified as having systems in place to responsibly source minerals in line with current global standards. The RMI also provides a Conflict Minerals Reporting Template (CMRT), which helps companies disclose and communicate about smelters in their supply chains, and provides due diligence guidance and stakeholder engagement activities. Fee-based membership provides companies access to Reasonable Country of Origin (RCOI) data and related information associated with smelters and refiners.

### Sustainable Natural Rubber Initiative (SNR-i)

A voluntary collaboration between the governments of Cameroon, Côte d'Ivoire, India and Sri Lanka, various rubber industry associations, intergovernmental organizations and natural rubber producers and purchasers that defines a set of sustainability standards for self-certification. One of the five criteria is respect for human and labor rights, with performance indicators around child labor and minimum age for workers, forced labor and freedom of association and collective bargaining, each reportedly aligned with the relevant ILO conventions. **It is not clear if the SNR-i remains active.**

### United Nations (UN) Global Compact (UNGC)

A non-binding, voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals.



Carmelite Friars	Sisters of Charity of Leavenworth
Congregation of Holy Cross, Moreau Province*	Sisters of Charity, New York
Congregation of Notre Dame	Sisters of St. Dominic, Amityville
Congregation of the Passion	Sisters of St. Dominic, Blauvelt
Daughters of Wisdom	Sisters of St. Dominic of Caldwell*
Dominican Friars	Sisters of St. Dominic, Sparkill
Dominican Sisters of Hope	Sisters of St. Joseph of Carondelet
Franciscan Missionaries of Mary	Sisters of St. Joseph of Peace
Franciscan Sisters of Allegany, NY*	Sisters of St. Joseph, Brentwood
Maryknoll Fathers & Brothers	Sisters of the Good Shepherd, NY Province*
Maryknoll Sisters*	Sisters of the Presentation of the Blessed Virgin Mary
Mercy Investment Services	Society of Jesus, USA Northeast Province
Province of St. Mary of the Capuchin Order	Society of St. Ursula
Religious of the Sacred Heart of Mary	Society of the Holy Child Jesus
RENEW INTERNATIONAL	St. Philip the Apostle Foundation
Roman Catholic Diocese of Albany	Ursuline Sisters of Tildonk
School Sisters of Notre Dame, Atlantic-Midwest Province*	Ursuline Sisters of the Roman Union, Eastern Province
SCL Health	
Sisters of Charity of Halifax	

*\*Filers or co-filers of shareholder proposal for 2020 AGMs*

# Investor Advocates for **Social Justice**



📍 40 S. Fullerton Ave.  
Montclair, NJ 07042

☎ (973) 509-8800

✉ info@iasj.org

🌐 www.iasj.org

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