

Human Rights Disclosure Tesla, Inc. – 2020

Whereas: Tesla manufactures and sells electric vehicles (EVs) and energy generation and storage systems. Tesla faces human rights and labor rights risks in its operations and value chain. Investors are unable to determine how Tesla is meeting its responsibility to respect human rights.

Tesla's products use thousands of purchased parts sourced from hundreds of global suppliers through complex extended supply chains. The company states that "reliably determining the origin [of raw materials] is a difficult task."¹ The use of cobalt in lithium-ion batteries poses human rights risks for Tesla. 60% of cobalt globally is produced in the Democratic Republic of Congo (DRC) where child labor is pervasive.² Cobalt mining is one of the worst forms of child labor. Children work in mines at risk of collapse, use sharp tools, and lack safety equipment. 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."³ While Tesla reports on cobalt sourcing procedures and indicates it is looking for ways to reduce the cobalt in its batteries, the company does not provide sufficient evidence to demonstrate its cobalt supply chain is free of child labor. Conflict minerals, steel, lithium, rubber, mica, and electronics may also present human rights risks for Tesla.⁴

In Tesla's operations, a federal judge ruled in 2019 that Tesla violated labor laws on 12 different occasions for preventing employees from exercising their right to unionize, including disciplining and firing employees for union activity.⁵

Working conditions and high injury rates in Tesla's factories may violate the human right to safe and healthy working conditions. From 2014 to 2018, Tesla's Fremont, CA plant had three times as many Occupational Safety and Health Administration (OSHA) violations as 10 major U.S. auto plants combined, resulting in fines.⁶ Insufficient safety trainings, noncompliant safety markings, exposure to toxins, and undercounting or mislabeling of injuries, which may falsely signal an improvement in conditions, have been documented at Tesla's plants.⁷

¹ <https://www.tesla.com/sites/default/files/about/legal/2018-conflict-minerals-report.pdf>

² <https://www.theguardian.com/news/2019/jan/14/on-the-charge-why-batteries-are-the-future-of-clean-energy>

³ <http://iradvocates.org/sites/iradvocates.org/files/stamped%20-Complaint.pdf>;
<https://www.theguardian.com/global-development/2019/dec/16/apple-and-google-named-in-us-lawsuit-over-congolese-child-cobalt-mining-deaths>

⁴ <https://www.thedragonflyinitiative.com/material-change-report/>;
https://www.washingtonpost.com/graphics/business/batteries/tossed-aside-in-the-lithium-rush/?hpid=hp_alert-COMBO-economy%252Bnation

⁵ <https://www.pv-tech.org/news/Tesla-found-in-violation-of-federal-labour-laws-as-Walmart-solar-panel>

⁶ <https://www.forbes.com/sites/alanohnsman/2019/03/01/tesla-safety-violations-dwarf-big-us-auto-plants-in-aftermath-of-musks-model-3-push/#5731d0e454ce>

⁷ <https://www.usatoday.com/in-depth/news/investigations/2019/11/12/tesla-gigafactory-brings-nevada-jobs-and-housing-woes-worker-injuries-strained-ems/2452396001/>; <https://www.revealnews.org/article/tesla-says-its-factory-is-safer-but-it-left-injuries-off-the-books/>;
https://worksafe.typepad.com/files/worksafe_tesla5_24.pdf

While Tesla has a Supplier Code of Conduct, a “Human Rights and Conflict Minerals Policy,” and says it commits to “only sourcing responsibly produced materials,” these guidelines only apply to suppliers. Tesla lacks a baseline commitment to respect human rights throughout its operations and its disclosure do not demonstrate that its due diligence effectively prevents, mitigates, or remediates adverse human rights impacts.

Resolved: Shareholders request that the Board of Directors prepare a report, at reasonable cost and omitting proprietary information, on Tesla’s processes for embedding respect for human rights within operations and through business relationships.

Supporting Statement: This report might address:

- Board oversight of human rights; and
- Human rights due diligence processes, including systems for providing meaningful remedy when adverse human rights impacts occur.