

End Child Labor in Electric Vehicle Battery Production

2022 - Tesla, Inc.

Resolved: Shareholders request that the Board of Directors issue a public report, at reasonable cost and omitting proprietary information, describing if, and how, Tesla’s policies and practices governing the sourcing of battery minerals and progress towards cobalt-free battery goals will put the Company on course to eradicate child labor in all forms from its battery supply chain by 2025. Reporting is requested within one year from Tesla’s 2022 annual meeting.

Whereas: Sourcing cobalt for electric vehicle batteries from mining companies facing ongoing allegations of child labor and poor working conditions poses material risks to Tesla.¹ The Democratic Republic of Congo (DRC) supplies 70% of the world’s cobalt and child labor is well documented in artisanal mines.² The ILO recognizes cobalt mining as hazardous work and one of the worst forms of child labor, as children work with sharp tools in mines at risk of collapse.³ ILO Convention 182 calls for urgent action to eliminate these forms, and Sustainable Development Goal 8.7 calls to end all child labor by 2025; yet voluntary corporate actions have failed to eradicate hazardous child labor from cobalt mining.⁴

Child labor in the cobalt supply chain exposes Tesla and its investors to financial, legal, and reputational risks. In 2019, a class action lawsuit was filed against Tesla and four technology companies for allegedly “aiding and abetting in the death and serious injury of children who claim they were working in cobalt mines in their supply chain.”⁵ In the joint motion to dismiss, defendants did not challenge the fact that child labor is occurring in their cobalt supply chains, but argued that conduct by their suppliers is out of their control, which conflicts with Tesla’s policies that the company claims prohibit its suppliers from using child labor.⁶ This argument disregards and seeks to undermine corporate responsibilities for human rights impacts associated with business relationships and the power buyers have to require adherence to a zero-tolerance policy for child labor, or risk being dropped as a supplier.⁷ Plaintiffs filed an appeal following the 2021 court ruling.⁸

While Tesla reports on cobalt sourcing procedures, multistakeholder initiatives, and pilots, these disclosures fail to demonstrate that its cobalt supply chain is free of child labor. Investors will not

¹ <https://www.internationalrightsadvocates.org/s/11221-Judge-Nichols-TVPR-Opinion-in-Apple.pdf> ; <https://www.theverge.com/2022/2/15/22933022/cobalt-mining-ev-electric-vehicle-working-conditions-congo>

² <https://pubs.usgs.gov/periodicals/mcs2022/mcs2022-cobalt.pdf> ; <https://www.dol.gov/agencies/ilab/combating-child-labor-democratic-republic-congos-cobalt-industry-cotecco>

³ https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-manila/documents/publication/wcms_720743.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.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C182 ; <https://unstats.un.org/sdgs/metadata/?Text=&Goal=8&Target=8.7>

⁵ <https://www.internationalrightsadvocates.org/cases/cobalt>

⁶ <https://www.internationalrightsadvocates.org/s/Joint-Motion-to-Dismiss-by-Cobalt-Defendants.pdf>

⁷ https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf

⁸ <https://www.internationalrightsadvocates.org/cases/cobalt>

have this assurance unless Tesla implements supplier *requirements*, not expectations, that are binding, enforceable, and regularly monitored for compliance with national and international laws prohibiting child labor and the company's own policies.

As Tesla aims to phase out cobalt in its electric vehicle batteries and seeks to position itself as a socially responsible company, the company remains exposed to human rights risks in the supply chains for other critical transition minerals.⁹

⁹ <https://www.business-humanrights.org/en/from-us/briefings/transition-minerals-sector-case-studies/human-rights-in-the-mineral-supply-chains-of-electric-vehicles/>