

Ms. Seema Joshi  
Amnesty International  
1 Easton Street  
London, WC1X ODW  
United Kingdom

April 28, 2017

Dear Ms. Joshi:

Thank you for the letter following up on your 2016 research report concerning human rights challenges in artisanal cobalt mining in the Democratic Republic of the Congo (the “DRC”).

Apple is deeply committed to the responsible sourcing of materials for our products and we've led the industry in establishing the strictest standards for our suppliers. We employ a team that is fully dedicated to Supplier Responsibility, working across the globe wherever our products are made on behalf of people and the planet. As we have publicly stated, we know there are real challenges with artisanal mining generally and such mining in the DRC in particular, but walking away would be harmful to communities who rely on this mining for their income. Apple continues to lead efforts on bringing about responsible cobalt sourcing, and our answers to your inquiries are set forth below.

Please note that in the preface to your request for information, you state: “To enable us to verify whether Samsung SDI has conducted adequate due diligence in order to identify, prevent and address and account for human rights abuses in its cobalt supply chain, we would appreciate your responses to the following questions.” We assume this was sent in error, and our answers below reflect those of Apple, and not those of Samsung SDI for whom we do not speak.

## **I. TRADING RELATIONSHIP WITH DRC AND HUAYOU COBALT**

### **1. *Within the past five years, from which area(s) and through which smelter(s) or large scale mining operations has Apple sourced cobalt from the DRC?***

We began investigating cobalt in 2014 and mapping the cobalt supply chain in 2015. Earlier this year we published a list of cobalt smelters/refiners known to be in Apple's supply chain, the first company to ever do so. Please see: <https://images.apple.com/supplier-responsibility/pdf/Apple-Smelter-and-Refiner-List.pdf> This list shows which smelters/refiners from the DRC have provided cobalt to Apple's supply chain.

**2. What is the present status of Apple's supplier relationship with Huayou Cobalt? If the relationship is currently suspended, how is the suspension being monitored and enforced and what benchmarks have been set as conditions for resumption of any trading relationship?**

As indicated in our publicly available list, Huayou Cobalt has been found to be a smelter/refiner in Apple's supply chain. Earlier this year we directed that Huayou Cobalt temporarily suspend providing artisanal mined cobalt to the Apple supply chain due to concerns surrounding its ability to ensure responsible sourcing practices. If Huayou Cobalt can establish that its artisanal cobalt is sourced responsibly in accordance with Apple's rigorous standards and verified by an independent third party audit, we anticipate being able to accept the resumption of its artisanal mined cobalt in our supply chain.

**3. What is your assessment of whether or not the due diligence practices undertaken by Huayou Cobalt or its subsidiaries are adequate?**

Apple believes it has the industry's most rigorous Supplier Code of Conduct, requiring our suppliers to adhere to the highest standards for labor, human rights, and environmental protection. Every year we strengthen these standards in a continuing effort to raise the bar for ourselves and the industry. This year, we released a major update of our standards specific to the responsible sourcing of materials. These standards are publicly available here: <https://images.apple.com/supplier-responsibility/pdf/Apple-Supplier-Responsible-Standards.pdf>.

We work at all levels of our supply chain by directly working with smelters/refiners and utilizing independent third party audits to verify the responsible business practices of our smelters/refiners. As stated above, earlier this year we directed that Huayou Cobalt temporarily suspend providing artisanal mined cobalt to the Apple supply chain due to concerns surrounding its ability to ensure responsible sourcing practices. Our standards make clear, if smelters/refiners are ultimately unwilling or unable to change and improve, we will seek to remove them from our supply chain. In 2016, we removed 22 smelters/refiners from our supply chain for failure to uphold our requirements. If Huayou Cobalt can establish that its artisanal cobalt is sourced responsibly in accordance with Apple's rigorous standards and verified by an independent third party audit, we anticipate being able to accept the resumption of its artisanal mined cobalt in our supply chain.

## **II. SUPPLY CHAIN DUE DILIGENCE POLICY**

**1. Has the policy been communicated to suppliers and integrated into supplier contracts? If so, how is the policy communicated, monitored and enforced?**

Compliance with the Supplier Code of Conduct is required to do business with Apple, and annual updates to the Code are communicated to all direct suppliers. Moreover, in 2016, we conducted 705 comprehensive on-site assessments of supplier partners. Our responsible sourcing team visited 100% of our battery suppliers to train them on our updated Responsible Sourcing requirements. We also spent more than 1500 hours with upstream suppliers in 2016, providing due diligence training and advising on proper sourcing practices.

We utilize independent third party audits to ensure smelters/refiners in our supply chain adhere to our standards. In the case of cobalt, 100% of the identified smelters/refiners in Apple's supply chain are now undergoing independent third party audits. To the extent that any findings or corrective actions from these audits arise, we intend to take action to have them addressed.

We also elevate standards across our industry and in other sectors by driving collective action. In 2016, we spearheaded the formation of the Responsible Cobalt Initiative ("RCI") in conjunction with the China Chamber of Commerce of Metals Minerals & Chemicals Importers & Exporters. The RCI encourages more companies to become active in driving responsible sourcing practices and transparency. We also support the Responsible Raw Materials Initiative ("RRMI") through our industry association, the Electronics Industry Citizenship Coalition ("EICC"). These actions are part of the collective effort that is required to overcome the systemic and complex challenges in the DRC and achieve lasting resolution.

***2. Who at the management level is responsible for the monitoring of risks and overall implementation of this policy at Apple?***

Apple's commitment to responsible business practices and the Supplier Code of Conduct is overseen by the highest levels of our company. Our Supplier Social Responsibility organization is an integrated part of our Worldwide Operations division, and reports into our Chief Operating Officer.

***3. In light of the current evolution of auditing standards with respect to the cobalt supply chain, how long do you anticipate it will take to ensure that suppliers are compliant with your standards?***

Apple constantly raises the bar and works to drive improvement directly with our suppliers and through multi-stakeholder efforts. While we know there is always more work to be done, we will continue to aggressively work with our suppliers to ensure respect for human rights and environmental protection.

**4. In light of Apple’s temporary suspension of purchases of cobalt from artisanal sources, how do you ensure that no mixing of cobalt occurs in the upstream?**

In connection with the temporary suspension of procuring artisanal mined cobalt from Huayou Cobalt, we requested that such artisanal mined material be appropriately segregated from the rest of the cobalt being supplied to Apple’s supply chain. If Huayou Cobalt can establish that its artisanal cobalt is sourced responsibly in accordance with Apple’s rigorous standards and verified by an independent third party audit, we anticipate being able to accept the resumption of its artisanal mined cobalt in our supply chain.

**III. ACTIONS TAKEN TO IDENTIFY & ADDRESS RISK**

**1. Considering that your company has publicly stated that it began mapping its cobalt supply chain in 2014 “to determine the flow of cobalt from the extractive level to [its] finished product”, when did Apple first become aware of the risk of (a) child labour and (b) hazardous working conditions at artisanal mine sites in its supply chain? What steps has Apple taken to mitigate these risks?**

Apple continues to lead the way on developing responsible sourcing of cobalt by applying much of what we learned in the Conflict Minerals context. We mapped our cobalt supply chain and we now engage at every level of the supply chain to ensure that our standards are well understood. We have trained and taught suppliers how to conduct proper due diligence. We, together with CCCMC and RCS Global, have created standardized cobalt audit protocols that can be used by cobalt smelters/refiners and adopted by peer companies and industry associations. In 2016 we developed and open sourced a comprehensive risk assessment tool for use across any sector. We have driven the push for independent third party audit compliance for 100% of the identified cobalt smelters/refiners in Apple’s supply chain. We have transparently published our list of cobalt smelters/refiners. And we have led collective action across industries to bring more companies to the effort.

Additionally, we have funded programs with international NGOs, local stakeholders, and industry partners to develop programs. We have also provided a grant to the Fund for Global Human Rights, an international organization that provides financial and other support to grassroots human rights activists in the DRC to work to end child labor and stem human rights abuses in mining communities. We are also partnering with PACT on a child labor prevention program in the DRC’s copper-cobalt region. We are proud to support the work of those tackling human rights challenges directly on the ground in the DRC.

We know there is always more work to be done, but by strengthening due diligence at every level of our supply chain, and partnering with like-minded companies and organizations, we are aggressively pursuing the protection of

human rights and the environment along our supply chain.

**2. Can you provide specific evidence or information of instances where Apple has taken action to identify, prevent and mitigate human rights risks and abuses in its cobalt supply chain?**

Every year we strengthen our industry leading standards for labor, human rights, and environment. This year, we released a major update of our standards specific to the responsible sourcing of materials. These standards are publicly available here: <https://images.apple.com/supplier-responsibility/pdf/Apple-Supplier-Responsible-Standards.pdf>.

We consciously choose to stay engaged with suppliers, smelters/refiners and mines that are not yet meeting our standards and work with them to develop responsible practices. We also utilize independent third party audits to verify the practices of smelters/refiners in our supply chain. However, if smelters/refiners are ultimately unwilling or unable to change and improve, we will seek to remove them from our supply chain. In 2016, we removed 22 smelters/refiners from our supply chain for failure to uphold our requirements.

As noted above, earlier this year we directed that Huayou Cobalt temporarily suspend providing artisanal mined cobalt to the Apple supply chain due to concerns surrounding its ability to ensure responsible sourcing practices. If Huayou Cobalt can establish that its artisanal cobalt is sourced responsibly in accordance with Apple's rigorous standards and verified by an independent third party audit, we anticipate being able to accept the resumption of its artisanal mined cobalt in our supply chain.

**3. Please provide details of how you assess the measures undertaken by smelters or refiners in your cobalt supply chain (for example, third-party audits, phone calls, site checks, consultants, etc.)**

As noted earlier, we consciously choose to stay engaged with suppliers, smelters/refiners and mines in order to work with them to develop responsible practices. In many cases we travel to supplier or smelter/refiner sites to train them on conducting proper due diligence. In 2016, we created a holistic risk assessment tool ("Risk Readiness Assessment" or "RRA") to support our suppliers' efforts to assess risk in their own operations related to environmental, social and governance. We donated the RRA toolkit to the EICC so more companies can leverage it to drive better sourcing practices in their respective supply chains. You can find the details here: <http://www.eiccoalition.org/standards/rra/>

We also utilize independent third party audits to verify business practices of suppliers and smelters/refiners in our supply chain. We separately conduct surprise audits to assess supplier operations. If suppliers or smelters/refiners are ultimately unwilling or unable to meet our standards, we will seek to remove them from our supply chain. For example, in 2016, we removed 22 smelters/refiners from our supply chain for failure to uphold our requirements.

#### **IV. TRANSPARENCY OF SUPPLY CHAIN DUE DILIGENCE PROCESS & RESULTS**

***1. Does your company publicly identify all smelters or refiners in its cobalt supply chain? If so, where?***

We recently published a list on our website of all cobalt smelters/refiners known to be in our supply chain. Please see: <https://images.apple.com/supplier-responsibility/pdf/Apple-Smelter-and-Refiner-List.pdf>.

***2. Has your company made public the details of its own assessment of the due diligence practices of its cobalt smelters or refiners? If so, where?***

While we are not in a position to make public the details other companies' information, we have publicly disclosed all cobalt smelters/refiners known to be in our supply chain as of December 2016. Moreover, as detailed in our annual supplier responsibility progress report, we determined in 2016 that 22 smelters/refiners failed to meet or make progress toward meeting our standards so we directed the removal of these companies from our supply chain. We actively review progress of all smelters in our supply chain, including our cobalt smelters, and will take similar action should any smelter fail to progress toward meeting our standards.

We drove creation of an independent third party audit program for cobalt now used across the industry, and 100% of the identified cobalt smelters/refiners in our supply chain are undergoing a third party audit. We intend to follow up aggressively on any findings and corrective actions arising from these audits, and we are encouraging our suppliers to transparently communicate their own information as appropriate.

***3. Does your company regularly publish details of independent audits or other checks taken to verify the origins or source of cobalt in its supply chain and nature of the human rights risks or abuses associated with specific companies or locations of extraction or trading? If so, how?***

See our response to question 2 above.

- 4. If the above information is publicly disclosed elsewhere, please advise of when and how regularly information is updated (for example, is it updated annually, bi-yearly, when there is new information about risks or a change in trading relationships etc.)**

Our supplier list and smelter/refiner list is published annually.

## **V. REMEDIATION OF HUMAN RIGHTS RISKS AND ABUSES**

- 1. Will Apple disclose summary reports or other details of measures it has taken to address risks in its supply chain, including the programmes it has funded in the DRC to address child labour and other problems associated with the artisanal mining of cobalt?**

Apple is deeply committed to the responsible sourcing of materials for our products and we've led the industry in establishing the strictest standards for our suppliers. We were the first company to map our cobalt supply chain down to the mine and 100% of our smelters are participating in independent third party audits. We were the first company to publish a list of all of our Tin, Tantalum, Golden and Tungsten smelters. Earlier this year we were the first company to publish a list of cobalt smelters/refiners. Each year we raise the bar on transparent reporting in our Annual Progress report detailing our work to uphold protections for the planet and people in our supply chain. Please see: <https://images.apple.com/supplier-responsibility/pdf/Apple-Progress-Report-2017.pdf>. We also annually file with the U.S. Securities and Exchange Commission a Conflict Minerals disclosure, as required by Dodd-Frank Section 1502 and rules and staff interpretations promulgated thereunder. Apple anticipates filings its 2016 Conflict Minerals Report on or before the May 31, 2017 deadline.

Moreover we have supported academic research including an upcoming report on artisanal cobalt mining undertaken by a team from the University of California, Berkeley. Apple contributed funding to enable this comprehensive study because we believe that independent, rigorous research into root causes of issues in the DRC affecting cobalt mining practices is an essential component to building effective prevention or remediation programs.

We have also publicly advised that we work with numerous NGOs to drive improvements and changes on the ground in the DRC. For example, we are partnering with Pact on child labor prevention activities in the DRC and will publicly report on results as they become available.

We know our work is never done, and we will continue to drive our standards deep in our supply chain and push ourselves and the industry to greater transparency.



Ms. Seema Joshi  
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November 2, 2017

Dear Ms. Joshi:

Thank you for the opportunity to review the findings from your latest research into human rights due diligence practices in the cobalt supply chain.

Apple is deeply committed to the responsible sourcing of materials for our products and we are proud to lead our industry - and others - in establishing the strictest standards for smelters and refiners. We work globally to protect the rights of all people in our supply chain and to preserve our planet's fragile environment.

In 2010, we were one of the first companies to map our supply chain from manufacturing to the smelter level for tin, tantalum, tungsten, and gold ("3TG"). In 2016, we completed mapping our supply chain for cobalt. We continue to transparently publish a list of our 3TG and cobalt smelters and refiners. And as of December 31, 2016—for the second year in a row—100 percent of our identified 3TG smelters and refiners are participating in independent third-party audits. And 100 percent of our identified cobalt refiners are also participating in third-party audits. In 2016, we removed 22 new smelters/refiners from our supply chain. We will continue to remove those suppliers who are unwilling or ultimately unable to comply with our high standards.

In addition to our rigorous due diligence efforts, we partner with international and local actors in the DRC, such as Pact and the Global Fund for Human Rights, to address challenges on the ground and support independent civil society voices. We also work closely with standards setting bodies, like the Alliance for Responsible Mining and the International Organization for Migration, to advance human rights worldwide.

We know there are real challenges with artisanal mining, particularly in the DRC, but we strongly believe walking away would be harmful to the communities who rely on this mining for their income. Apple continues to lead efforts to encourage responsible cobalt sourcing, and we thank you for recognizing Apple's leadership and commitment to transparency.

We have reviewed your findings and would like to offer some additional context:

1. Our primary goal is to help address the many challenges surrounding artisanal mining in the DRC, and we have seen demonstrated progress from Huayou Cobalt and others in this endeavor. For example, Huayou Cobalt has conducted due diligence and mapped its own supply chain; engaged both directly with Apple and with other industry groups (such as the Responsible Cobalt Initiative); participated and presented at international meetings where government, industry, and NGO stakeholders are present (such as the OECD Forum); undergone third party audits at the refiner level; and partnered with international and local actors in the DRC to establish responsible ASM sourcing practices.

As a leader in responsible sourcing, we continually push ourselves and others to do better — to our knowledge, Apple was the first company to have mapped and publicly disclosed its identified cobalt smelters; we believe our 3TG due diligence program is the most forward leaning across multiple industries; we have funded whistle-blowing programs and other on-the-ground efforts to support independent, local activists in the DRC; we conduct due diligence on certification bodies, in addition to our own supply chain; and, finally, for years we have published our top 200 suppliers (representing 97% of Apple's total spend) as well as our 3TG and cobalt smelters and refiners.

We openly and publicly disclose our own due diligence policies and programs. To the extent we are not contractually restricted from doing so, we may disclose pertinent information with respect to other companies. We consistently go above and beyond what is required by international standards, including the OECD due diligence guidance because we believe that transparency is key to understanding and solving supply chain challenges.<sup>1</sup>

2. The suspension of ASM cobalt from Huayou Cobalt remains in effect. However, we have been actively working with Huayou Cobalt and several key stakeholders to raise ASM standards and due diligence efforts. In addition to helping establish the Responsible Cobalt Initiative (“RCI”), actively supporting the Responsible Raw Materials Initiative, and deploying our Risk Readiness Assessment tool, in the last year, Apple has funded the development of a material-agnostic ASM Due Diligence Checklist through the Responsible Artisanal Gold Solutions Forum. Apple is the only downstream company who is part of the Standards Committee for the Market-Entry Standard for ASM material convened by the Alliance for Responsible Mining. By contributing to efforts to bring about responsible ASM cobalt, we anticipate being able to one day again accept Huayou Cobalt’s ASM cobalt into our supply chain.

3. Our Supplier Code of Conduct is overseen by the highest levels of our company— supplier responsibility is a priority for our CEO and overseen by our COO.

4. We appreciate Amnesty International’s recognition of our commitment and that we have the most detailed policy and procedures in place of all companies you surveyed.

Earlier this year we directed Huayou Cobalt to temporarily suspend providing ASM cobalt to the Apple supply chain due to concerns surrounding its ability to adhere to our responsible sourcing standards. Our policies make clear that if suppliers are unwilling or ultimately unable to meet our high standards, we will remove them from our supply chain. In 2016, we removed 22 new smelters/refiners from our supply chain for failure to uphold our requirements. We believe in transparency and in holding suppliers to account, and we currently know of no other company doing more to raise responsible sourcing standards and drive due diligence improvements across multiple industries.

5. Our Supplier Code of Conduct and corresponding Standards are publicly available and we share information on our program regularly in an annual Supplier Responsibility Progress Report.

6. Collective effort is required to overcome the systemic and complex challenges in the DRC and achieve lasting resolution. Through RCI for instance, a standardized cobalt audit protocol was created that can be used by cobalt refiners and adopted by peer companies and industry associations.

And in order to enable more companies to engage in effective mitigations on the ground in the DRC, we co-funded an independent data collection study by the University of California, Berkeley, Center for Effective Global Action (“CEGA”), which assessed the root causes of child labor in cobalt mining along the entire copper cobalt belt. This report is publicly available, and clearly outlines risks associated with the cobalt supply chain in the DRC. The DRC government is aware of the study.

Based on the CEGA study, we partnered with Pact to address one of the leading causes of child labor—a “lack of other options.” Although the Apple-Pact partnership is presently less than a year old, we have achieved some important early results such as completing an in depth market study for occupations other than mining for young people. Based on information learned in this market study, Pact is placing individuals in apprenticeship programs for practical skills and job training. Pact has also conducted direct outreach to communities and awareness raising programs on children’s rights. We look forward to sharing further results as this program matures. Finally, the Global Fund for Human Rights has provided

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<sup>1</sup> We apply the OECD Due Diligence Guidance to our cobalt supply chain. Steps 2 and 5 instruct companies to publish risk assessments with “due regard taken of business confidentiality and other competitive concerns” and that “all information will be disclosed to any institutionalised mechanism, regional or global, once in place with the mandate to collect and process information on minerals from conflict-affected and high-risk areas.”

grants to independent civil society and grassroots human rights groups in the DRC through the partnership with Apple. These organizations work to advance the rights of women and children, provide legal aid, and advocate for land rights and the health and safety of both ASM and large scale mining communities.

7. We believe there is always more work to be done, and that by strengthening due diligence at every level of our supply chain we are aggressively pursuing the protection of human rights and the environment with our suppliers.

Finally, thank you for providing Amnesty International's proposed 5-point assessment of our company.

Regarding point 4.0 with respect to "company discloses assessments of the due diligence practices of its smelters/refiners", Apple's audit program and standards are well documented and widely communicated publicly. While we are not in a position to make public the details of other companies' information, we have disclosed all cobalt refiners known to be in our supply chain as of December 2016, and removed smelters/refiners unwilling or ultimately unable to meet our standards.

Regarding point 5.0 with respect to "company has taken direct mitigation/remediation action to address risks/harms identified within its own supply chain", Apple has taken direct mitigation/remediation action to address risks/harms identified within our own supply chain, including by suspending or terminating relationships with smelters and refiners.

In 2016, we removed 22 new smelters/refiners from our supply chain for failure to uphold our requirements. Earlier this year we directed Huayou Cobalt to temporarily suspend providing ASM cobalt to the Apple supply chain due to concerns surrounding its ability to ensure responsible sourcing practices. Moreover, as noted above, to support our supply chain mitigation efforts, Apple has funded the development of a material-agnostic ASM Due Diligence Checklist through the Responsible Artisanal Gold Solutions Forum. And Apple is the only downstream company that is part of the Standards Committee for the Market-Entry Standard for ASM material convened by the Alliance for Responsible Mining, as well as other cobalt-specific industry efforts.

Lastly, with respect to your final question, all of the cobalt refiners that we have publicly identified, based on our due diligence, source cobalt from the DRC.

Our work is never done, and we will continue endeavoring to uphold the rights of all people in our supply chain, and to do preserve our planet's fragile environment.

Thank you again for your commitment to these important efforts.

Dear Joshua,

Please find enclosed our answers regarding your mail from 17 March 2017.

**Regarding Corporate Governance and BMW Group Commitments:**

The BMW Group signed the United Nations Global Compact and published accordingly a “Joint Declaration on Human rights and Working Conditions in the BMW Group”. The BMW Group is also committed to the Guidelines for multinational companies (OECD) and also to the Environment Programme Cleaner Production (UNEP). For more details please see our Annual Report 2016, page 206 in the chapter “Statement on Corporate Governance”: <https://www.bmwgroup.com/en/investor-relations/financial-reports.html>

**Regarding Supplier Policy/ Requirements for suppliers:**

In accordance with the conventions and principles acknowledged by the BMW Group, all suppliers are called upon to observe the principles and rights set forth in the guidelines of the UN Initiative Global Compact (Davos, 01/99) and the “Declaration on Fundamental Principles and Rights at Work” (Geneva, 06/98) adopted by the International Labour Organisation (ILO) and to align their due diligence process with the requirements of the “UN Guiding Principles on Business and Human Rights. This includes also topics related to corruption:

<http://www.globalcompact.de/en/umsetzen/uebersicht/?navid=654320654320>

The BMW expects all suppliers to implement a consistent environmental protection management programme, comply with environmental standards and continuously minimise their resource consumption and environmental impact. The BMW Group aims to use only raw materials whose extraction, transport, trade, processing and export neither directly nor indirectly provide funding to conflicts and human rights abuses in its components.

Compliance with these and other principles is set forth in the “BMW Group International Terms and Conditions for the Purchase of Production Materials and Automotive Components” and the “BMW Group Terms and Conditions for Non-Production Related Supplies”.

With regard to the conflict minerals tin, tungsten, tantalum and gold, as well as other raw materials, such as cobalt, the BMW Group establishes processes in accordance with the “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas” and expects its suppliers to do the same.

The BMW Group reserves the right to take appropriate measures against suppliers that do not fulfil these requirements, up to and including suspension or termination of a supply relationship.

The policy can be found on our portal for suppliers as well as also publicly on our homepage: <https://www.bmwgroup.com/en/responsibility/supply-chain-management.html>

Further to make sure that suppliers take notice of our expectations we included those already in our request for proposal documents to ensure that suppliers know our expectations before they get awarded. Here we also included last year new requirements

regarding the transparency of supply chains for materials related to high sustainability risks. The implementation of these requirements at the supplier is double-checked within our sustainable risk management process described briefly above or more in depth publically available in our Sustainable Value Report 2016, pages 71–76:

<https://www.bmwgroup.com/en/responsibility/sustainable-value-report.html>

#### **Regarding Risk and Opportunities:**

Detailed information on risk and opportunity management can be found in our Annual Report 2016, pages 88–102: <https://www.bmwgroup.com/en/investor-relations/financial-reports.html>

We considered BMW Groups worldwide operations within the identification process of all kind of risks/opportunities, also those driven by sustainability parameters. The results of the risk management process are part of the regular reporting line to the board of management / supervisory board, performed at least twice a year as well as regularly for risks with significant impact.

In addition to comprehensive risk management, managing the business on a sustainable basis also constitutes one of the Group's core corporate principles. Any risks or opportunities relating to sustainability issues are examined and discussed by the Sustainability Committee. Resulting strategic options and measures for the BMW Group are put forward to the Sustainability Board, which includes the entire Board of Management. Risk aspects discussed are integrated within the Group-wide risk network. The overall composition of the Risk Management Steering Committee and the Sustainability Committee ensures that risk and sustainability management are closely coordinated. Please see also Annual Report 2016, page 89:

<https://www.bmwgroup.com/en/investor-relations/financial-reports.html>

As part of the supplier pre-selection process, the BMW Group is careful to ensure compliance with the sustainability standards stipulated for the supplier network, including the requirement to comply with internationally recognised human rights and applicable labour and social standards. The principal tool for ensuring compliance with the BMW Group Sustainability Standard is a three-stage risk management system for sustainability. Please see also Annual Report 2016, page 95: <https://www.bmwgroup.com/en/investor-relations/financial-reports.html>

Regarding our supply chain risk management system for sustainability please see also our Sustainable Value Report 2016, pages 73-76:

<https://www.bmwgroup.com/en/responsibility/sustainable-value-report.html>

The main instrument we use to ensure the implementation of our sustainability standards is our sustainability risk management process.

For the identification of special risks we have implemented a risk filter. This filter takes account of both regional and product-specific risks. This includes, for instance, an assessment of social risks in certain countries, such as child labour or forced labour.

In addition, we also have a media-monitoring tool. This tool helps us to identify high-risk supply chains and be able to analyze industries based on publicly available data on ground incidents. This helps us to know which areas are high-risk in terms of human

rights abuses and in turn to monitor and analyze our supply chains targeted by these issues.

Since autumn 2014 we use an OEM-wide sustainability questionnaire as a third tool, which is enrolled as a standard within the automotive industry and replaced the BMW Group self-assessment questionnaire. Prior to nominations each supplier must provide detailed information about their implementation of environmental, social and governance standards. This includes compliance with human rights and bans on forced labour at their production locations. We require policies on human rights from our direct suppliers and that they enforce the policies on their own suppliers.

Furthermore, we also ask how these policies are communicated to their suppliers and by which procedures they are implemented. Bigger suppliers are required to publish a sustainability report based on GRI standard in addition.

After the proposal has been submitted, the results of the self-assessment, which are validated by a third party, are included as mandatory indicators in our procurement process. A more detailed description of the process can be found in our Sustainable Value Report 2016, pages 73-76:

<https://www.bmwgroup.com/en/responsibility/sustainable-value-report.html>

By establishing sustainability requirements in the tendering process, we not only increase transparency along the supply chain but also raise the awareness of this topic on the part of our suppliers' top managers. As a result, a number of our direct suppliers have taken decisive measures to better establish sustainability within their companies.

In order to ensure that such a supplier qualifies for nomination in the tendering process, the BMW AG purchaser requires that improvement measures be implemented by start of production at the latest. During the reporting period 2016, our employees from procurement introduced the process for identifying and evaluating sustainability risks at 5,616 potential and existing supplier locations related to production and relevant sub-supplier locations (2015: 1,900). Sustainability deficits were identified at 3,368 potential and existing supplier locations and corrective measures to remedy the sustainability deficits were defined for 2,353 (2015: around 400). See also our Sustainable Value Report 2016, page 75: <https://www.bmwgroup.com/en/responsibility/sustainable-value-report.html>

#### **Regarding Sustainable extraction and procurement of materials – Cobalt:**

Given the intermediate trade and processing stages and commodities trading on the stock exchange, implementing sustainability standards as early as the raw materials extraction stage is quite a challenge for both us and our suppliers. See also our Sustainable Value Report 2016, page 77:

<https://www.bmwgroup.com/en/responsibility/sustainable-value-report.html>

The BMW Group Supplier Sustainability Standards oblige our suppliers to ensure that their own suppliers also comply with our sustainability requirements. Furthermore, our potential influence on sub-suppliers is restricted given the number of global suppliers.

We have identified particularly critical raw materials in our material strategy. For these, we analyse the relevant need for action and derive the procedure as well as specific measures for joint implementation with our supplier network.”

One critical raw material identified is cobalt. We are aware of the risks involved in extracting cobalt and receive many requests from interested parties regarding this. In order to ensure respect of human rights and due diligence, we are in constant contact with our suppliers. For some years now, we have asked our suppliers to disclose the origin of this raw material. As cobalt is a raw material involving high risks in terms of human rights, we also work on establishing a transparent supply chain. Individual companies alone cannot reduce the human rights risks of cobalt extraction. For this reason, we initiated an exchange with suppliers, other companies and representatives of civil society and organised a round table on the topic of cobalt in cooperation with CSR Europe in November 2016. We invited key players to discuss potential further steps with us and find practical approaches. We also have an active role in the Responsible Cobalt Initiative (RCI).

The Responsible Cobalt Initiative aims to:

- Have downstream and upstream companies recognise and align their supply chain policies with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and the Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains in order to increase transparency in the cobalt supply chain and improve supply chain governance.
- Promote cooperation with the Government of the Democratic Republic of the Congo, civil society and affected local communities to take and/or support actions that address the risks and challenges in the cobalt supply chain.
- Develop a common communication strategy to communicate progress and results effectively to impacted communities, miners and the public; to harmonise working objectives and plans with other stakeholders.

At the same time, we have commissioned a scientific study together with other companies, in which households, miners as well as other figures involved in the Democratic Republic of Congo were surveyed.

**Statement on Scope and status of the scientific study:**

BMW Group supported an independent academic research project conducted by the Center for Effective Global Action (CEGA) at the University of Berkeley together with several other companies. The research of the UC Berkeley aims to provide rigorous empirical data on households engaged in artisanal mining, and it involves collecting survey data from households, children, village leaders, and local mineral traders in 150 communities that are representative and cover the full geographical extent of the DRC Copper Belt. The study is currently ongoing (to be released in summer 2017) and will provide evidence on the prevalence, the forms, and on the root cause of child labor in artisanal mining in the region.

The goal is to better understand the lead-ups to the current situation in order to derive appropriate measures.

**Regarding transparency in the cobalt supply chain:**

As a part of our material strategy, we identified high voltage batteries as key component to focus on and to deal with highest attention with regards to sustainability. To understand more in depth the risks from battery raw materials the BMW Group participated as one of seven companies under the umbrella of the German Global Compact Network (DGCN) and with the support of the consultancy twentyfifty ltd. in a human rights group risk assessment for supply chains in the area of electro mobility.

[http://www.globalcompact.de/wAssets/docs/Menschenrechte/DGCN\\_HRRA\\_Abschlussbericht-Maerz-017.pdf](http://www.globalcompact.de/wAssets/docs/Menschenrechte/DGCN_HRRA_Abschlussbericht-Maerz-017.pdf)

To better understand the risks and also possible actions the BMW Group took the chance to get directly in contact with individual stakeholders. For this reason the BMW Group held two dialogue events in Berlin (in July and December 2016) at which we presented the general sustainability standards in the BMW Group supply chain and discussed in greater depth projects and measures being undertaken with regard to cobalt. See our Sustainable Value Report 2016, page 121:

<https://www.bmwgroup.com/en/responsibility/sustainable-value-report.html>

To address the risks within our cobalt supply chain we did and still do sustainability workshops on a regular basis with our 1<sup>st</sup> tier suppliers to track progress towards our sustainability targets. We discuss all relevant issues on human rights / social standards and risk management within the supply chain.

Within the last five years we continuously tracked our cobalt supply chains. In 2013 we determined four countries / regions, that the cobalt is sourced from within our supply chain. The result of our analysis in 2013 showed we have only one n-tier supplier, which is not Huayou, sourcing from DRC. With this supplier we have been engaged to generate a process ensuring that all cobalt supplied by him is free from human rights abuses. This process has been double-checked by an independent third party.

With technical improvements, in particular for energy content, High voltage systems have been updated and new cell types are introduced. Therefore today we identified five sources of cobalt within our supply chain. One additional source is a new company providing recycled material. Currently have two sources through which material from DRC is sourced. One of those is the above mentioned supplier which is already 3<sup>rd</sup> party audited. The method of this audit was discussed and double checked by BMW. For the second source the smelter and also the mine was provided to us by our suppliers. The smelter and the large scale mine is evaluated and continuously monitored by our media monitoring system.

Beyond the identification of smelters through continuous working with our suppliers, we do a technical validation for parts of the supply chain to understand the flows of the material.

For example in preparation of the release of our newest 94Ah cell battery, the cell supplier, the cathode supplier and the precursor material supplier which is sometimes already the smelter/refiner have been visited by BMW staff to ensure that to ensure that



our standards are kept. Further a couple of cells from each production charge is technically checked to ensure that the materials used are still the same.

Based on the information received from our supplier and our discussions as well as visits within parts of the supply chain, BMW Group assumes that the cathode material comes only from large scale mining. We do not have any indication, nor from our 1<sup>st</sup> tier supplier, neither from our own assessments of n-tier suppliers and neither from all collected information, that uncontrolled high risk artisanal mining material and specifically material from Huayou and its subsidiaries or its supply chain is part or was part of the BMW Group supply chain.

We are so far not able to publish more specific information of the supply chains of our sub-suppliers or names of specific suppliers due to confidentiality as already stated in our last response to Amnesty International.

However, the BMW Group asked his 1<sup>st</sup> tier supplier to make information public and furthermore works towards its n-tier suppliers to do the same and make their policies, systems, processes and achievements publically available. Our target is to avoid smelters and refiners without adequate, audited due diligence processes in place. This is anchored in our supply chain policy and our supplier requirements as explained above.

Please do not hesitate do contact us again if further information is needed.

Mit freundlichen Grüßen / Kind regards / 此致敬礼

Kai Zöbelein

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**Kai Zöbelein**

Steuerung Politik und Außenbeziehungen, Kommunikation Nachhaltigkeit  
Steering Governmental and External Affairs, Sustainability Communications

Pressesprecher Nachhaltigkeit, Pressesprecher Urbane Mobilität  
Spokesperson Sustainability, Spokesperson Urban Mobility

**BMW Group**

Konzernkommunikation und Politik  
Petuelring 130  
D-80788 München  
<http://www.bmwgroup.com>

Dear Joshua, dear Sabrina, dear Seema,

Please find our answers to your questions below. We structured our reply according to your rating:

In addition we have attached our latest press release regarding cobalt. Please let us know if you need any more input. Just for your information: Due to public holidays our offices will be closed until Thursday.

In urgent cases please give me a call: +49-176-██████████

Best,

Kai

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**2.0 Does the company have relevant policies in place for its cobalt supply chain?**

2.3 Company indicates how the effectiveness of its policy is measured, who is responsible for implementation and who in the company's management is ultimately responsible for oversight and accountability.

**Ultimate responsibility:**

As stated in the BMW Group Sustainability Report 2016, p. 116: "By signing the United Nations Global Compact in 2001 and, together with employee representatives, issuing a Joint Declaration on Human Rights and Working Conditions in the BMW Group, **the Board of Management** gave its commitment to abide worldwide by internationally recognized human rights and with the fundamental working standards of the International Labor Organization (ILO). (GRI G4-15, GRI G4-56)."

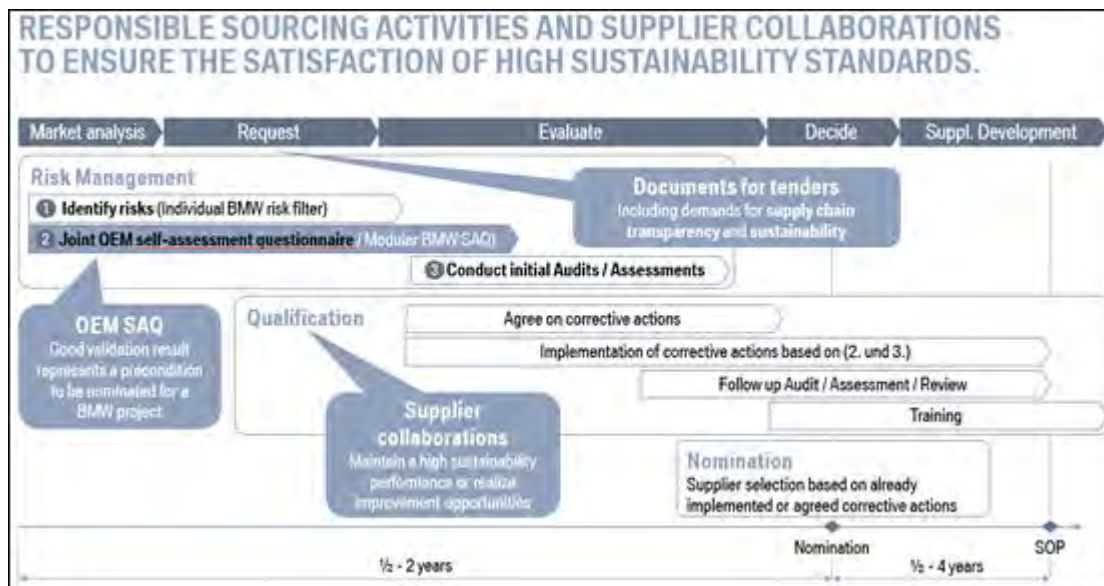
Thus, Markus Duesmann, **Member of the Board of Management for Purchasing and Supplier Network** oversees and is responsible for delivering on sustainability in the supplier network.

**Measurement of effectiveness:**

We measure effectiveness within the cobalt supply chain as already explained in previous answers **by our standard risk management process and corresponding KPIs**. For details please see e.g. our Sustainability Report and Annual Report 2016:

The BMW Group conducts ongoing assessments of the risks of all suppliers and identification of high risk materials and supply chains, such as the cobalt supply chain (recently performed assessments include the CEGA study, a global compact assessment of high voltage supply chains or discussions with stakeholders). The application of our standard risk management / procedures for all suppliers and in addition the application of specific measures for high risk supply chains could be specific depending on the corresponding supply chain.

Main example for standard procedure: **No supplier nomination without positive validation results** with respect to the BMW Group sustainability requirements as outlined in the BMW Group Supplier Sustainability Policy:



By achievement of specific measures for the high risk cobalt supply chain:

1. **Achievement of reasonable evidence about the supply chain, implemented measures within the supply chain and efficiency of them** for mitigation of potentials risks by analyzing the supply chain through various sources:

Tier 1 supplier reviews / workshops / audits; quality management within the supply chains including supply chain site visits; EHS audits; tier n supplier reviews and exchanges / workshops including cross checks of statements about our supply chains; information from mandatory externally verified annual reporting and sustainability reporting of the supply chain companies (implemented and audited ISO standards / management systems, CSR initiatives, risk mitigation programs etc.); externally verified progress report of due diligence in cobalt supply chain of Samsung SDI; externally verified due diligence processes and efficiencies of some smelters / refineries; media monitoring system searching for issues for the specific supply chain companies / issues around cobalt; radar within stakeholder- / NGO- / Expert- exchanges globally.

2. **Development / Implementation of an accepted audit standard**, systems and processes respectively IT systems along the supply chain **in accordance with the OECD guidelines** and **Audit of smelters / refineries**:

So far there is no accepted audit standard for cobalt, similar to conflict minerals as Amnesty International (AI) knows, but specific audit protocols of similar organizations and some companies reflecting the OECD guidelines respectively company specific policies. Some smelters in our supply chain have undergone these kind of external verifications and even published in one case the audit report.

Standard development is cross industrial work which is under way, driven by the Responsible Cobalt Initiative (RCI), respectively by a few companies which run the RCI as well as CCCMC, within a cooperative approach including other organizations and the OECD.

BMW Group is one of the driving forces in the RCI and e.g. part of the working group to set up the standard and to get RCI legally registered to enable companies to be member / pay membership fees.

Concerning this point there is work to be done until the standard is implemented and audits according to this standard are performed by accredited companies.

**3. Development / implementation of impactful, scalable light house projects on the ground** with the potential to transform risks into chances and thus contribute to mitigate the currently existing risks of having material in the supply chain, gained with violations of minimum standards.

As published in a recent press release

(“<https://www.press.bmwgroup.com/global/article/detail/T0275583EN/bmw-group-adopts-new-approaches-for-a-more-sustainable-battery-cell-supply-chain-plans-call-for-greater-transparency-and-concrete-measures-for-cobalt-mining>”) the BMW Group started a scoping phase together with a respected implementation partner.

**3.0 Has the company taken action to map its supply chain and identify associated risks?**

3.3 Company has carried out reviews of the due diligence policies and practices of its smelters/refiners with regard to international standards

As stated in our last response to Amnesty as well as described above, some smelters / refiners have been audited by an external audit company.

**4.0 Has the company disclosed the steps it has taken to identify and address risks?**

4.2 Company discloses information about its smelters/refiners.

The BMW Group identified the cobalt supply chain as high risk supply chain. We are continuously targeting on full transparency of our supply chains. Identified material risks were uncontrolled mines as in other mineral supply chains. Our measure was and is exclusion of uncontrolled, small mine sites / ASM sites. Risk mitigation means for the BMW Group to allow only large scale mines / LSM or cobalt from recycling in our cobalt supply chains, as explained in our responses and our face to face meeting.

In addition to this we analyze as risk mitigation measure a scalable project to improve livelihoods of ASM miners on the ground. Please see our recent press release “<https://www.press.bmwgroup.com/global/article/detail/T0275583EN/bmw-group-adopts-new-approaches-for-a-more-sustainable-battery-cell-supply-chain-plans-call-for-greater-transparency-and-concrete-measures-for-cobalt-mining>” as well as the explanations above (2.3).

Please compare also our comments above on our general risk management approach and cobalt (2.3).

**For the disclosure of our smelters / refineries and countries of origin for cobalt please see our recent press release**

“<https://www.press.bmwgroup.com/global/article/detail/T0275583EN/bmw-group-adopts-new-approaches-for-a-more-sustainable-battery-cell-supply-chain-plans-call-for-greater-transparency-and-concrete-measures-for-cobalt-mining>”.

4.3 Company discloses assessments of the due diligence practices of its smelters/refiners.

The disclosure of refiner / smelter assessments, if available, is currently not planned by the BMW Group. We give our suppliers and supply chain the opportunity to improve their due diligence practices, if necessary proven by audit, in an adequate and timely manner. In case the BMW Group does not see appropriate improvements we consider our options to end the cooperation.

Mit freundlichen Grüßen / Kind regards / 此致敬礼

Kai Zöbelein

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**Kai Zöbelein**

Steuerung Politik und Außenbeziehungen, Kommunikation Nachhaltigkeit  
Steering Governmental and External Affairs, Sustainability Communications  
Pressesprecher Nachhaltigkeit, Pressesprecher Urbane Mobilität  
Spokesperson Sustainability, Spokesperson Urban Mobility

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Bayerische Motoren Werke Aktiengesellschaft  
Vorstand: Harald Krüger, Vorsitzender,  
Milagros Caiña Carneiro-Andree, Klaus Fröhlich,  
Klaus Draeger, Friedrich Eichner, Ian Robertson,  
Peter Schwarzenbauer, Oliver Zipse.  
Vorsitzender des Aufsichtsrats: Norbert Reithofer  
Sitz und Registergericht: München HRB 42243

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Ms. Seema Joshi  
Head of Business and Human Rights  
AMNESTY INTERNATIONAL  
INTERNATIONAL SECRETARIAT  
Peter Benenson House, 1 Easton Street  
London WC1X 0DW  
United Kingdom

Dear Seema,

In response to your renewed request for information on the issue, we want to state the following:

Daimler has once again reviewed the names mentioned by you and can confirm that Zhejiang Huayou Cobalt Co., Ltd with the subsidiaries Zhejiang Like Cobalt-Nickel Co., Ltd, and Quzhou Huayou Cobalt New Materials Co., Ltd are not our direct suppliers. Furthermore, we can state that Daimler does not engage in direct purchasing of Cobalt of any kind. Neither do we in fact purchase any products directly from the DRC or from companies situated there, at all.

As we nevertheless take the issues raised by the Amnesty International report very seriously, Daimler has, since publication of your report, taken a variety of steps to further engage the issues at hand:

As mentioned to you in our previous exchanges, we first of all initialized a follow up process with our direct suppliers in order to further inquire the issues raised by Amnesty International and to check the processes and measures taken by our suppliers to prevent such alleged practices in their upstream supply chains. Daimler requires all of its suppliers to comply with the relevant regulations and laws. Our "Supplier Sustainability Standards" impose strict obligations with respect to working conditions, social standards, environmental standards and business ethics that go beyond the requirements of the law. These standards are an integral part of the contracts that Daimler concludes with its suppliers. Our suppliers undertake to comply with these standards, communicate them to their employees, and apply them to their upstream value chains. To ensure that our direct suppliers maintain compliance with the sustainability standards, we audit them with a risk-based approach. As a matter of principle, we do not publicly disclose details of supplier contracts and supplier relationships, but once again invite you to discuss our learnings jointly, such as in the dialogue we opened last year.

Additionally, Daimler, together with other companies, has taken additional and further action and initiated a pilot project under the auspices of the German Global Compact Network, to conduct a joint human rights risk assessment. At Daimler's and other participants' own

suggestion, this project focused on high-voltage batteries and electro mobility and aimed to assess potential risks associated with these products. This process specifically included, but was not limited to, Cobalt, and, at the request of the participants also assessed other materials connected with electro mobility.

The report on the project (in German) can be found at:

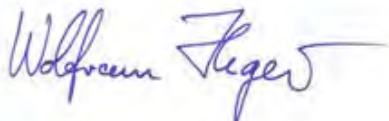
[http://www.globalcompact.de/wAssets/docs/Menschenrechte/DGCN\\_HRRA\\_Abschlussbericht-Maerz-017.pdf](http://www.globalcompact.de/wAssets/docs/Menschenrechte/DGCN_HRRA_Abschlussbericht-Maerz-017.pdf)

Daimler has already committed itself to a continuation of the project. The next proposed step is a workshop with experts on responsible sourcing, with an explicit focus on finding ways to operationalize and implement measures in response to the findings of the pilot project. The workshop is so far planned for mid-2017.

Beyond this, we are also currently in talks with various initiatives set-up to tackle human rights issues in supply chains, amongst others, the EICC/Responsible Raw Materials Initiative, the responsible materials initiative of the World Economic Forum as well as the GIZ (German Development Organization) concerning potential Public Private Partnership initiatives. We are looking forward to receive further suggestions and contacts from your side and to engage in discussions with other initiatives.

Finally, and as you are aware, Daimler decided to devote an explicit Working Group at its annual Stakeholder Dialogue to the topic raised by your report and invited Amnesty International to be the Key Impulse Giver as well as participate in the discussions. We underline, as we did at the time, that the specific aim of these dialogues is to discuss current processes and further steps towards improving human rights due diligence within the supply-chain together with critical stakeholders such as yourself. We appreciated the attendance and contribution of Amnesty International Germany in the Working Group and want to reiterate last year's invitation to you and Amnesty's Business and Human Rights Section at the International Secretariat again for this year's Stakeholder Dialogue in addition to the representatives of the national chapter.

Kind regards,



Dr. Wolfram Heger

Ms. Seema Joshi  
Head of Business and Human Rights  
AMNESTY INTERNATIONAL  
INTERNATIONAL SECRETARIAT  
Peter Benenson House, 1 Easton Street  
London WC1X 0DW  
United Kingdom

Dear Seema,

In response to your further request for information here a few clarifications from our side on the measures Daimler has taken to further engage the issues at hand.

As mentioned to you in our previous exchanges, we initialized a follow up process with our direct suppliers in order to further inquire the issues raised by Amnesty International and to check the processes and measures taken by our suppliers upstream supply chains. We have since also engaged with suppliers further down the supply chain and are currently working on identifying the smelters and mines from which the cobalt included in our parts is sourced.

Daimler is by no means ignoring its responsibility in terms of human rights due diligence, as your current statement seems to suggest. On the contrary, we are in the process of building a dedicated human rights due diligence system for our entire supply chains, not only cobalt, on the basis of the UN Guiding Principles for Business and Human Rights and with reference to the OECD Guidance. This system is being set up to add human rights dedicated and additional measures to the general sustainability efforts we are already undertaking in the supply chain, as detailed to you in previous letters, such as our “Supplier Sustainability Standards” and follow-up process.

Within this systematic process we have identified cobalt as one of the materials which has a higher human rights risk exposure and merits further due diligence measures. These are being developed alongside other initiatives and general due diligence measures for all materials with a human rights risk exposure. In the specific case of Cobalt, this also includes joint initiatives we are currently exploring, such as the Responsible Battery Alliance.

In the process of developing this system, we work, as prescribed by the UNGPs, in consultation with various human rights experts, NGOs and stakeholders, to verify the efforts and methods we develop and gain concrete input to incorporate directly into the process. So far we’ve received good feedback and valuable further recommendations on our approach and have recently also involved other important players in the cobalt supply chain. As you know, we have also invited



you to participate in some of these events in the past and would like to reiterate our invitation to you, to do so. Your input remains valuable to us.

As mentioned previously, Daimler, together with other companies already initiated a pilot project under the auspices of the German Global Compact Network, to conduct a joint human rights risk assessment focused on high-voltage batteries and electro mobility. Daimler is continuing its efforts in this respect and on the basis of the findings of the pilot project.

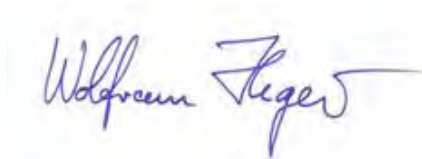
Although you note in your statement, that we do not provide any further information on the project, we previously provided you and would like to do so here again, with the report on the project, published by the Global Compact:

[http://www.globalcompact.de/wAssets/docs/Menschenrechte/DGCN\\_HRRA\\_Abschlussbericht-Maerz-017.pdf](http://www.globalcompact.de/wAssets/docs/Menschenrechte/DGCN_HRRA_Abschlussbericht-Maerz-017.pdf)

Also, because mentioned by yourselves, a few words also on DRIVE Sustainability, which was formed by us at the beginning of 2017 together with 9 other OEMs. One of the targets is to advance clear and common expectations to suppliers and exploring common ground to tackle issues in certain supply chains jointly. Hence this will also be a forum for us to jointly approach the issue at hand and stress its importance.

Finally, Daimler would like to reiterate its invitation to you and Amnesty International to take part in stakeholder consultations and workshops on our human rights due diligence system generally, as well as Cobalt specifically. The specific aim of these dialogues is to discuss current processes transparently and agree further steps towards improving human rights due diligence within the supply-chain together with critical stakeholders such as yourself.

Kind regards,

A handwritten signature in blue ink, reading "Wolfram Heger". The signature is written in a cursive style with a long horizontal stroke at the end.

Dr. Wolfram Heger



Trisa Thompson  
Senior Vice President &  
Chief Responsibility Officer

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April 3<sup>rd</sup>, 2017

Seema Joshi  
Head of Business and Human Rights  
Amnesty International

Dear Ms. Joshi,

Thank you for reaching out to Dell regarding the responsible sourcing of cobalt for use in electronic products. Dell supports and respects the protection of internationally proclaimed human rights for all, and is committed to upholding the human rights of employees and workers in our supply chain. As part of our global approach to respecting human rights, we are committed to the responsible sourcing of materials used in our products.

Since 2009, Dell has been actively working to promote responsible raw minerals sourcing and to address the risks associated with mining operations in conflict-affected and high-risk areas. We were a leading voice in the industry wide collaborations that led to the formation of the Conflict Free Smelter Initiative (CFSI) in 2011, which established a global framework for sourcing tin, tungsten, tantalum, and gold (often referred to as 3TG or "conflict minerals").

Aligned with CFSI, we implemented a management system for conflict minerals based on the OECD's five-step framework for due diligence in the mineral supply chain. We mapped our supply chain for 3TG and published our conflict minerals policy and smelter list on our website. We also incorporated conflict minerals reporting into our contracts with suppliers, setting up a robust process to identify risks and to remove smelters from our supply chain. This year, we have surveyed 329 suppliers and are on track to mapping 100% of our 3TG supply chain by April.

Dell is committed to continuing to develop our due diligence systems to apply to the sourcing of raw materials beyond those defined as Conflict Minerals. As a first step, we have broadened our responsible raw material management system to include cobalt, which is used in the production of lithium-ion batteries. We are implementing the OECD Due Diligence Guidelines for the sourcing of this mineral and are currently in the risk identification phase with our suppliers. We expect suppliers to follow this same framework and to participate in our cobalt due diligence processes and capability building efforts around responsible minerals sourcing.

In January 2016, we surveyed our battery suppliers and other key suppliers to understand their cobalt supply chain, current traceability, and sourcing policies. This year, we expanded the survey to get better visibility into our suppliers' policies on cobalt management, their due diligence procedures, and the potential cobalt supply chain of non-battery suppliers. We surveyed 28 suppliers and 17 have confirmed selling Lithium battery parts to Dell. We are working with suppliers to collect their cobalt supply chain information, and have obtained 30 names and locations of smelters and/or mines through this initial assessment. We will continue collecting this information and assessing potential risks as our next step in our due diligence implementation process. In a parallel effort, we provided a capability building training to battery suppliers, which included the [OECD's responsible sourcing due diligence](#) process to create awareness on cobalt sourcing in their supply chains.


We recognize this is a complex issue that requires industry-wide collaboration. Dell is an active member of the Responsible Raw Materials Initiative (RRMI) and the [Responsible Cobalt Initiative \(RCI\)](#) and is working with the RRMI's Cobalt working group to develop the tools to assist in the exercise of due diligence over cobalt supply chains. Dell is actively participating in the development of a standardized reporting template to

map the downstream cobalt supply chain to the point of the smelter based on the CMRT template of the CFSI. RRMI's next steps will include activities and tools for the risk assessment, mitigation, and audit/assurance phases to independently validate the sourcing practices in the cobalt upstream.

Through these industry-coordinated approaches, we are building the infrastructure necessary to map the cobalt supply chain and to certify smelters and mining companies with the right due diligence practices to safeguard against child labor and other human rights violations. Participating in these multi-stakeholder initiatives also enables us to contribute to efforts to address risks and challenges on the ground, through partnerships with local government and NGOs.

Aligned with our commitment to transparency, attached you will find detailed responses on our progress developing the due diligence system for cobalt. Implementing the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals is an iterative process that will continue to be challenging in the near future, and we are fully committed to taking all actions that we can to ensure that human rights are respected at all levels of our supply chain.

Sincerely,



Trisa Thompson

## Responses to Amnesty International on Cobalt Due Diligence

| #    | Section   | Amnesty Question  | Dell Response  | Link                 |
|------|---|---|--|----------------------|
| I.1  | Trading relationship with DRC and Huayou Cobalt | Within the last five years, has your company sourced cobalt from the DRC? If so, from which area(s) and through which smelter(s) or refiner(s)?   | Dell does not use cobalt in its raw form or purchase it directly from mining companies or smelters.  |                      |
| I.2  | Trading relationship with DRC and Huayou Cobalt | Are Huayou Cobalt or any Huayou subsidiaries (including CDM) part of your company's cobalt supply chain? If so, for how long? If not, please provide detailed evidence of how your company has arrived at this conclusion, including details of steps you have taken to verify information provided by third parties. | <p>We are continuing to investigate whether Huayou Cobalt, CDM, or any high-risk smelters are used in the lower levels of our supply chain. In most cases, the cobalt mine is at least 5 levels from the direct Dell trading relationship, and Dell purchases hundreds of different kinds of batteries each year. Our mapping initiative is a work in progress, and we believe that there is a strong possibility that Huayou Cobalt or CDM is in our supply chain. To date, some of our suppliers have given us complete information tracing the source of their cobalt back to the mines of origin, but not all suppliers have provided the level of disclosure that we require. The suppliers that have disclosed the highest level of transparency have not reported a trading relationship with Huayou Cobalt or CDM.</p> <p>We recently conducted an in-person training on OECD due diligence with our battery suppliers. We understand that it is incumbent on Dell to set the expectation that suppliers disclose the cobalt supply chains supporting each part that we purchase from them, and we are not yet satisfied with the results that we have received.</p> |                      |
| I.3  | Trading relationship with DRC and Huayou Cobalt | If Huayou Cobalt or any of its subsidiaries are part of your company's supply chain, please provide your assessment of whether or not the due diligence practices undertaken by Huayou Cobalt or its subsidiaries are adequate.   | Through our work with RCI, we have been in contact with Huayou Cobalt about the work they are doing in the DRC to improve worker conditions and support the community. As we are still in the phase of exploring the risks in our supply chain, we are not yet ready to declare that due diligence efforts are adequate. We expect that our active participation in the RRMI in this coming year will help build the infrastructure to enable data validation of the information we receive from suppliers and smelters  |                      |
| II.1 | Supply chain due diligence policy               | Does your company have a supply chain due diligence policy in place that covers cobalt? If so, please provide a copy in full.   | Yes.   | <a href="#">Link</a> |
| II.2 | Supply chain due diligence policy               | Does the policy explicitly refer to, consider or incorporate the five step due diligence framework set out in the OECD Guidance and provide for disclosure of substantive risks and impacts (for example, child labour)?  | Yes.   |                      |
| II.3 | Supply chain due diligence policy               | Has the policy been communicated to suppliers and integrated into supplier contracts? If so, how is the policy communicated, monitored and enforced?  | <p>Our supplier contracts require compliance with our supplier principles.</p> <p>In 2015 we obtained supplier signatures acknowledging our SER Policies and Practices, which states on page 7:</p> <p>"The Democratic Republic of Congo has been a global mineral provider for years, but human rights violations have been reported in its mining industry. It is Dell policy to refrain from purchasing minerals from suppliers that support these violations and we advocate that our suppliers adhere to the same standards. We also require our suppliers to provide information about social and environmental responsibility, including compliance with our policies around purchasing minerals, and to make that information available by supplier."</p> <p>We regularly correspond with suppliers to make sure they have the most recent versions of our policies, and ask them to re-acknowledge these policies as part of this process.</p>  | <a href="#">Link</a> |
| II.4 | Supply chain due diligence policy               | Is it clearly stated who, at the management level, is responsible for the monitoring of risks and overall implementation of this policy?  | Specific Dell executives are not mentioned in our responsible sourcing policy. As referenced in our Supply Chain Social and Environment (SER) progress report we do have a governance committee chaired by several operations executives including our Chief Supply Chain Officer that regularly reviews the activities and progress of our responsible mineral sourcing team.   | <a href="#">Link</a> |

|       |  |  |   |
|-------|--|--|---|
| II.5  | Supply chain due diligence policy            | When risks are identified, does the policy prioritise supplier attempts to perform measurable risk mitigation and pursue disengagement with a supplier only after failed attempts at mitigation or when it is reasonably deemed that risk mitigation is either not feasible or unacceptable?   | Our full due diligence operational procedures are not detailed in our responsible sourcing policy. However, our risk mitigation process does include asking suppliers to remove unapproved smelters. In some cases suppliers are unable to remove smelters in the short-term, but provide us with a risk mitigation plan including a timeline to remove the smelter. In the case of conflict minerals, other risk mitigation activities include engaging smelters in the CFSI audit process.  |
| II.6  | Supply chain due diligence policy            | Does your company have a policy about sourcing from artisanal or large scale mines exclusively? If so, how does it ensure that no mixing of cobalt occurs in the upstream?   | Not currently, but we are doing a broader strategic review of our policies and practices and will be evaluating the feasibility of such a policy as part of that investigation.   |
| II.7  | Supply chain due diligence policy            | Does your company's policy make explicit reference to avoiding: serious human rights abuses (including torture, forced or compulsory labour, the worst forms of child labour and widespread sexual violence); direct or indirect support to non-state armed groups or public or private security that engage in illegal activity; and participation in corruption, money-laundering or illegal payments to government authorities?         | Yes. The following policies address these topics, and a copy of each can be found at the link provided <a href="#">Link</a><br>Electronic Industry Code of Conduct (EICC)<br>Dell Code of Conduct<br>Dell Human Rights and Labor Policy<br>Dell Vulnerable Worker Policy<br>Responsible Sourcing Policy<br>Supply Chain SER Policies and Practices  |
| III.1 | Actions take to identify and understand risk | Can you provide specific evidence or information of instances where Dell has taken action to identify, prevent and mitigate human rights risks and abuses in its cobalt supply chain? (For example, when was the action taken, what was the country of mineral origin, what risk-factors or warnings were present, what was the nature of human rights risk or abuse identified, what type of mitigation measures were put in place etc.?) | To increase cobalt supply chain traceability we have surveyed our battery suppliers on the sources of their cobalt since 2016. We are also leading an industry-wide effort, with peers in the RRMI, to draft a standardized survey (similar to CMRT) for cobalt supply chain mapping. We are still developing our risk mitigation procedures for cobalt. As a first step we held an in-person training for our battery suppliers on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The training focused specifically on cobalt and emphasized the importance of increasing transparency and collaborating across the industry as we build up the systems needed to conduct audits and reporting.<br><br>As an active member of the RRMI and the RCI, Dell is involved in the process to build a standardized system for cobalt smelter audits, as well as a platform to share desk audits and validate supply chain reporting. |

|       |  |   |  |
|-------|--|---|--|
| III.2 | Actions take to identify and understand risk                   | Accepting representations by direct suppliers about origins of the mineral is by itself insufficient. What steps, if any, have you taken to verify this information? Have you asked key questions and engage with upstream suppliers in order to determine the origin of cobalt in its supply chain? Has this upstream engagement gone beyond direct suppliers to include N-tier suppliers? | <p>We have sent two annual surveys to our suppliers identified as producing products that contain cobalt, and conducted follow-up questions for clarification on answers. We asked companies whether their responsible sourcing refers to both 3TG and cobalt, and then we reviewed the content of the policies. We also asked suppliers to provide details and supporting documentation on the due diligence procedures they employ to conduct responsible mineral sourcing. We have also asked all battery suppliers to provide details on their cobalt supply chain, and we are still working through the process of mapping and verifying the full supply chain.</p> <p>Some suppliers have provided details on the following:</p> <ol style="list-style-type: none"> <li>1. The full list of their cobalt suppliers and the mines and countries of origin from which cobalt is sourced.</li> <li>2. The degree to which work is automated in the mines in their supply chain.</li> <li>3. The due diligence procedures they have conducted to evaluate whether or not child labor could be used in the procurement of cobalt.</li> <li>4. Their progress in implementing OECD due diligence guidelines, including partner certification procedures, risk assessments, and other relevant activities.</li> </ol> <p>We have also conducted phone calls and online meetings with some of our suppliers to review their progress in verifying the origin of their cobalt, examining their risks of contributing to human rights abuses, and understanding the full cobalt supply chain.</p> <p>Not all suppliers have provided us with the level of detail described above, but we are continually working with them to set higher expectations. The full-day, in-person supplier training that we recently conducted with our battery suppliers is an important step in our efforts to raise the bar.</p> |
| III.3 | Actions take to identify and understand risk                   | Accepting representations by direct suppliers about human rights risks and abuses is by itself insufficient. What steps, if any, have you taken to obtain information from your smelters on chain of custody (e.g. mining areas and trade routes) and any human rights risks and abuses associated with its extraction or trading?  | Please see answer to question III.2.   |
| III.4 | Actions take to identify and understand risk                   | Please provide detail of how you assess the measures undertaken by smelters or refiners in your cobalt supply chain (for example, third-party audits, phone calls, site checks, consultants, etc.)  | Please see answer to question III.2.   |
| IV.1  | Transparency of supply chain due diligence process and results | Does your company publicly disclose its due diligence policies and practices? If so, where?   | Please see "How Dell's Addressing Responsible Mineral Sourcing." <a href="#">Link</a>  |
| IV.2  | Transparency of supply chain due diligence process and results | Does your company publicly identify all smelters or refiners in its cobalt supply chain? If so, where?  | Not at this time.  |
| IV.3  | Transparency of supply chain due diligence process and results | Has your company made public the details of its own assessment of the due diligence practices of its cobalt smelters or refiners? If so, where?   | No. We will increase transparency on our responsible minerals program in our second biannual Social and Environmental Responsibility Progress Report, which will be published in June 2017.  |
| IV.4  | Transparency of supply chain due diligence process and results | Does your company regularly publicly report details of independent audits or other checks taken to verify the origins or source of cobalt in its supply chain and nature of the human rights risks or abuses associated with specific companies or locations of extraction or trading? If so, how?  | Not at this time.  |
| IV.5  | Transparency of supply chain due diligence process and results | If the above information is publicly disclosed, please advise of when and how regularly information is updated (for example, is it updated annually, bi-yearly, when there is new information about risks or a change in trading relationships etc.)  | NA   |

|     |  |  |  |
|-----|--|--|--|
| V.1 | Remediation of human rights risks and abuses | What steps, if any, has your company taken, either on its own or in collaboration with relevant governments, companies or other stakeholders, to address human rights risks and abuses such as the worst forms of child labor associated with artisanal cobalt mining? | <p>In 2016 Dell joined the Responsible Raw Materials Initiative (RRMI), which seeks to build the infrastructure necessary to accurately identify smelters and mining companies that do not conduct proper due diligence to safeguard human rights where they operate.</p> <p>Dell joined the Responsible Cobalt Initiative (RCI) in 2017. Through RCI, we aim to improve visibility into the cobalt supply chain and monitor where cobalt is coming from, the conditions under which it's being mined, and engage with the DRC government and local NGOs to address risks and challenges on the ground. We are actively engaged across industries and sectors to protect human rights and address behaviors at all levels of the cobalt supply chain</p> |
|-----|--|--|--|



Ms. Seema Joshi  
Head of Business and Human Rights  
Amnesty International  
1 Easton Street,  
London, WC1X 0DW,  
United Kingdom

October 29, 2017

Dear Ms. Joshi,

Dell appreciates Amnesty International's continued efforts in investigating human rights issues in the cobalt supply chain. Dell remains committed to further increasing cobalt supply chain transparency and our own due diligence in order to increase visibility and create positive impacts on the ground.

We found Amnesty's assessment of our current performance reasonable on the whole. We do believe that for indicator 2.0, our maturity exceeds the rating we've been given. Dell voluntarily published our [2017 Responsible Raw Material Sourcing Report](#) in June 2017, though we were not subject to Dodd-Frank Section 1502, because we believe transparency enables positive change. In the report we described our progress on implementing the OECD Due Diligence Framework for our cobalt supply chain, in addition to reporting on conflict minerals. We have implemented OECD Due Diligence step 1 for cobalt with the establishment of our policy and governance structure and are in the process of implementing steps 2 and 3. Therefore, while we are still developing measures of effectiveness, the responsibility for implementation, oversight, and accountability have been established.

We also appreciate the invitation to share updates on our progress since our last formal response to Amnesty in April 2017 and the publication of our report in June. Dell believes collaboration is essential to create a responsible supply chain, and is actively engaged in industry-wide forums to that end. Among these, the Responsible Minerals Initiative (formerly known as CFSI), released an [August 2017 Progress Report](#), and plans to issue another update late this year. Dell's other on-going work includes:

1. Active participation in the Responsible Cobalt Initiative (RCI): Dell participated in the in-person meeting between RCI and Amnesty during the OECD conference in May, 2017, and remains part of the RCI core work group. We support creating RCI as a legal entity and have actively engaged in planning and development discussions. We hope that with continued support and involvement from Dell and our peers, RCI can be fully established and positioned to drive change in the cobalt supply chain.
2. Creating a standardized survey template and advancing the Responsible Materials Initiative (RMI), formerly CFSI: We shared Dell's cobalt supplier survey template with RMI as a reference to create an industry-wide survey template (temporarily named as RMRT-Responsible Material Reporting Template) and provided our feedback on template revisions.





To help build its cobalt up-stream database, Dell also disclosed to RMI all the entities that we identified through our mapping practice in our cobalt supply chain.

3. Developing a smelter audit protocol: Smelter audits are a critical part of the due diligence practice, and it is also where collaboration and standards are needed. Dell, along with Apple and other member companies, drove RCI and RMI to collaborate on establishing an audit protocol for cobalt smelters. RCI and RMI have agreed to move forward in co-establishing the audit protocol. We currently expect to review the draft when it is released to RCI members for comment.

Thank you for continuing to advocate for responsibility and clarity in the cobalt supply chain and for your continued interest in Dell's commitment. In keeping with our Legacy of Good goals, we will continue to strive for greater transparency and collaborate across our industry to make a meaningful, lasting difference.

Sincerely,

A handwritten signature in cursive script that reads "Trisa Thompson".

Trisa Thompson  
Senior Vice President and Chief Responsibility Officer  
Corporate Social Responsibility  
Dell Technologies

Referenced reports:

RMA (formerly EICC) August 2017 Progress Report  
<http://www.responsiblebusiness.org/media/docs/RRMI-Progress2.pdf>

Dell 2017 Responsible Raw Material Sourcing Report  
<http://i.dell.com/sites/doccontent/corporate/corp-comm/en/Documents/sourcing-report.pdf?newtab=true>

Dell 2020 Legacy of Good:  
[www.dell.com/2020](http://www.dell.com/2020)



Alessandro Baldi  
*Chief Audit Officer and Sustainability*

*April 13, 2017*

**Amnesty International**

International Secretariat  
Peter Benenson House, 1 Easton Street  
London WC1X 0DW, United Kingdom

To: **Ms. Seema Joshi**

**Re: Your letter of 17 March 2017 concerning the cobalt supply chain**

Dear Ms. Joshi,

Reference is made to your letter dated March 17, 2017 and FCA's previous letter of reply dated September 12, 2016 (the "**FCA Letter**").

FCA is conscious of and continues to be committed to the safety and integrity of its global manufacturing supply chain, with special focus on countries exposed to human rights abuses or armed conflict.

In addressing this challenge responsibly, FCA believes that effective, long-lasting results can only be achieved through an integrated approach involving, in particular, local government, international and local traders, industries and non-governmental organizations.

Because of its desire to contribute to an integrated approach to this issue, FCA would welcome being advised by your organization of any cross-industry project, under development or already developed, aimed at improving the cobalt sourcing chain by eliminating child labour from mining and protecting human rights. FCA believes your advocacy in this field might be beneficial to additional concrete results in favor of a responsible cobalt supply chain.

In this respect, recent projects carried out by non-governmental organizations (e.g. “iTSCi Joint Industry Traceability and Due Diligence Programme” and “Just Gold project”) demonstrate that the safe and responsible operation of both large and small-scale mines is possible and can contribute to the long-term economic health of the individuals and regions, when conducted in a legal and respectful manner.

### **Replies to your requests for further information**

Please find below in italics the transcription of your questions followed by the corresponding FCA reply.

#### **I. Trading relationship with DRC and Huayou Cobalt**

*“1. Within the last five years, has your company sourced cobalt from the DRC? If so, from which area(s) and through which smelter(s) or refiner(s)?”*

FCA has no contact with cobalt smelter or refiners. Please refer also to answer n. 1 below in section II.

*“2. Are Huayou Cobalt or any Huayou subsidiaries (including CDM) part of your company's cobalt supply chain? If so, for how long? If not, please provide detailed evidence of how your company has arrived at this conclusion, including details of steps you have taken to verify information provided by third parties.”*

As indicated in answer n. 3 in the FCA Letter, these companies have not been identified as part of FCA's supply chain.

The automotive supply chain is so complex that sources of any raw material might be several tiers from FCA in the supply chain.

FCA has a contractual relationship with its tier 1 suppliers and directly verifies their compliance to international standards. FCA also requires these suppliers to ensure, on a cascade basis, the same compliance from their own suppliers. However, FCA must also rely on the integrity and assurances of its tier 1 suppliers, as validated by the relevant documentation.

In addition, although Samsung SDI was not (and is not) an FCA tier 1 battery supplier, after your first letter, FCA carried out certain inquiries of Samsung SDI (see also answer n. 5 of the FCA Letter). Following that, Samsung SDI has informed FCA about the results of “*Samsung's risk*

*assessment for Responsible Cobalt Supply that has been based on the OECD 5 step due diligence". This due diligence was audited and certified in March 2017 by the British Standards Institute, an independent 3<sup>rd</sup> party.*

*"3. If Huayou Cobalt or any of its subsidiaries are part of your company's supply chain, please provide your assessment of whether or not the due diligence practices undertaken by Huayou Cobalt or its subsidiaries are adequate."*

Please refer to answer n. 2 above in this section I.

## **II. Supply chain due diligence policy**

*"1. Does your company have a supply chain due diligence policy in place that covers cobalt? If so, please provide a copy in full."*

FCA has guidelines in place that address human rights and working conditions, including child and forced labour and fair working conditions. These guidelines do not contain specific references to the sourcing of cobalt, but also cover human rights and fair working conditions in connection with the sourcing of any raw material (see also answer n. 2 of FCA Letter).

*"2. Does the policy explicitly refer to, consider or incorporate the five step due diligence framework set out in the OECD Guidance and provide for disclosure of substantive risks and impacts (for example, child labour)?"*

FCA in its Code and Guidelines endorses, inter alia, the OECD Guidance for Multinational Companies and FCA's tier 1 suppliers' due diligence process is consistent with the five steps of the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" as follows:

*i) Step 1 - Establish strong company management systems*

FCA holds itself accountable to the highest level of ethics and integrity and has developed its own Code and Guidelines (please refer to the introduction of the FCA Letter).

*ii) Step 2 - Identify and assess risks in the supply chain*

FCA actively monitors its tier 1 supply base regarding their governance structure and level of ethics and integrity (please refer to answer n. 1 in the FCA Letter where it describes the “First phase” of the assessment process carried out by FCA).

*iii) Step 3 - Design and implement a strategy to respond to identified risks*

FCA creates a risk map based on the results of the Supplier Sustainability Self-Assessment (please refer to answer n. 1 in the FCA Letter where it describes the “Second phase” of the assessment process carried out by FCA).

*iv) Step 4 - Carry out independent third-party audit of smelter/refiner’s due diligence practices*

Suppliers qualified as at risk may receive an independent third-party audit (please refer to answer n. 1 in the FCA Letter where it describes the “Third phase” of the assessment process carried out by FCA).

*v) Step 5 - Report annually on supply chain due diligence*

FCA publicly reports on supply chain monitoring practices in its Sustainability Report.

Such Report is submitted to assurance by an external independent audit firm in accordance with the criteria established in the “International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information” (ISAE 3000 revised), and is issued by the International Auditing and Assurance Standards Board for limited assurance engagements. The audit firm in charge of the assurance is officially authorized to conduct ISAE 3000 revised assurance audits. The statement of assurance describing the activities carried out and the expression of opinion is publicly provided within the FCA Sustainability Report.

*“3. Has the policy been communicated to suppliers and integrated into supplier contracts? If so, how is the policy communicated, monitored and enforced?”*

FCA regularly communicates the guidelines referred to in answer 1 above to its suppliers. FCA reserves the right to termination of business relationships in case of material breach. In the event of non-conformity FCA requests suppliers to implement an action plan to bring their performance into line and provides suppliers with technical support to determine remedial actions.



FCA also reserves to conduct follow-up audits to verify implementation of the remedial actions. Please refer also to answers n. 1 and 7 of FCA Letter.

*“4. Is it clearly stated who, at the management level, is responsible for the monitoring of risks and overall implementation of this policy?”*

Please refer to answers n. 1 and 7 of FCA Letter.

*“5. When risks are identified, does the policy prioritize supplier attempts to perform measurable risk mitigation and pursue disengagement with a supplier only after failed attempts at mitigation or when it is reasonably deemed that risk mitigation is either not feasible or unacceptable ?”*

Please refer to answers n. 1 and 7 of FCA Letter.

*“6. Does your company have a policy about sourcing from artisanal or large scale mines exclusively? If so, how does it ensure that no mixing of cobalt occurs in the upstream?”*

Currently FCA does not have a policy about sourcing from artisanal or large scale mines exclusively.

*“7. Does your company's policy make explicit reference to avoiding: serious human rights abuses (including torture, forced or compulsory labour, the worst forms of child labour and widespread sexual violence); direct or indirect support to non-state armed groups or public or private security that engage in illegal activity; and participation in corruption, money-laundering or illegal payments to government authorities ?”*

The Code and the Guidelines make explicit reference to:

- i) human rights and working conditions, including child and forced labour and fair working conditions;
- ii) business ethics and corruption, including bribery, corruption, money-laundering.

Moreover, FCA participated with other automakers in preparing and defining the AIAG (Automotive Industry Action Group) “Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain” (<http://www.aiag.org/corporate-responsibility/supply-chain-sustainability> ). This document was written and agreed upon by the eight major automakers operating in North America. Additionally, AIAG, including FCA, is creating

a global set of guiding principles, in partnership with the CSR Europe OEM Working Group. This new and more detailed document, currently in draft form, is structured around several global standards, in particular, the OECD Guidelines for Multinational Enterprises. It includes specific language regarding child and forced labor in any region – not just the DRC.

### **III. Actions taken to identify & address risk**

*“1. Can you provide specific evidence or information of instances where Fiat Chrysler Automobiles has taken action to identify, prevent and mitigate human rights risks and abuses in its cobalt supply chain? (For example, when was the action taken, what was the country of mineral origin, what risk-factors or warnings were present, what was the nature of human rights risk or abuse identified, what type of mitigation measures were put in place etc.?)”*

As a general rule, in addition to communicating and implementing its guidelines for suppliers as mentioned in answer 3. of the above Section II, FCA meets regularly with key suppliers on a variety of risk topics, including risks relating to the cobalt supply chain, as a matter of routine diligence.

Moreover, with specific regard to the cobalt supply chain, FCA asked Samsung SDI and LG Chem (the supplier of batteries for the Chrysler Pacifica Hybrid model, currently in the launch phase) to report on progress made in monitoring their supply chain with focus on cobalt sourcing. Both companies have provided significant reports on their engagements with various organizations such as OECD and EICC.

*“2. Accepting representations by direct suppliers about origins of the mineral is by itself insufficient. What steps, if any, have you taken to verify this information? Have you asked key questions and engage with upstream suppliers to determine the origin of cobalt in its supply chain? Has this upstream engagement gone beyond direct suppliers to include N-tier suppliers?”*

Please refer to answer 1 above in this section III.

*“3. Accepting representations by direct suppliers about human rights risks and abuses is by itself insufficient. What steps, if any, have you taken to obtain information from your smelters on chain of custody (e.g. mining areas and trade routes) and any human rights risks and abuses associated with its extraction or trading?”*

FCA does not have cobalt smelters in its direct supply chain. As mentioned in the answer n. 2 above in section I, FCA directly verifies the compliance to international standards for its tier 1 suppliers and they are required, on a cascade basis, to ensure the same compliance from their suppliers.

*“4. Please provide detail of how you assess the measures undertaken by smelters or refiners in your cobalt supply chain (for example, third-party audits, phone calls, site checks, consultants, etc.)”*

Please refer to answer n. 3 above in this section III.

#### **IV. Transparency of supply chain due diligence process & results**

*“1. Does your company publicly disclose its due diligence policies and practices? If so, where?”*

Please refer to the following link, already mentioned in the introduction of the FCA Letter:

[https://www.fcagroup.com/en-US/sustainability/FiatDocuments/FCA\\_Guidelines\\_for\\_Suppliers.pdf](https://www.fcagroup.com/en-US/sustainability/FiatDocuments/FCA_Guidelines_for_Suppliers.pdf)

*“2. Does your company publicly identify all smelters or refiners in its cobalt supply chain? If so, where?”*

Please refer to answer n. 3 above in section III.

*“3. Has your company made public the details of its own assessment of the due diligence practices of its cobalt smelters or refiners? If so, where?”*

Please refer to answer n. 3 above in section III.

*“4. Does your company regularly publicly report details of independent audits or other checks taken to verify the origins or source of cobalt in its supply chain and nature of the human rights risks or abuses associated with specific companies or locations of extraction or trading? If so, how?”*

FCA discloses to U.S. Security Exchange Commission the results of investigations carried out in its supply chain to report whether tin, tantalum, tungsten or gold originated from DRC or surrounding countries according to the applicable Dodd-Frank Act.



*“5. If the above information is publicly disclosed, please advise of when and how regularly information is updated (for example, is it updated annually, bi-yearly, when there is new information about risks or a change in trading relationships etc.)”*

Please refer to answer n. 4 in this section IV.

## **V. Remediation of human rights risks and abuses**

*“1. What steps, if any, has your company taken, either on its own or in collaboration with relevant governments, companies or other stakeholders, to address human rights risks and abuses such as the worst forms of child labour associated with artisanal cobalt mining?”*

As a member of the AIAG Corporate Responsibility Steering Committee (CRSC), FCA has led the formation of a Cobalt/Mica Working Group made up of North American OEMs and several key suppliers. The structure and focus will utilize the applicable aspects of OECD’s Due Diligence Guidelines and EICC’s Responsible Raw Materials Initiative. This group will be entrusted to perform short- and long-term concrete engagements, both within the automotive industry and in cooperation with other sectors, based on those initiatives and other best practices. The group’s first meeting took place on March 30, 2017.

FCA has joined other automakers and leaders from other industries in becoming a signatory on the EICC Responsible Raw Materials Initiative Declaration of Support. This cross-sector engagement brings together experts from numerous industries to use their global presence and leverage to drive ground-level improvements in the mining of metals and minerals beyond just the 3TG through process, tools and infrastructure improvements.

FCA has joined several initiatives around responsible sourcing in North America, which have been prioritized since it is currently involved with electrical vehicles that might contain cobalt such as Fiat 500e and Chrysler Pacifica Hybrid. In particular:

i) in October 2016, FCA conducted a full-day workshop in the U.S. built around responsible sourcing, with a focus on such difficult issues as cobalt and mica sourcing. It involved buyers from FCA, buyers from tier 1 suppliers and finally each of them brought a buyer from one of their supplier companies. Based on the success of this pilot session, the event will be replicated with additional suppliers and in different regions where FCA operates;



ii) FCA is engaged in responsible sourcing events with purchasing professionals such as the OESA (Original Equipment Suppliers Association) Chief Purchasing Officers Meeting aimed at determining how to avoid negative impacts of their sourcing decisions;

iii) FCA provides dedicated training on supply chain sustainability principles several times each year during supplier training events, which bring several hundred suppliers into FCA for classes. The October 2016 session in North America added a section of cobalt and mica sourcing. The May 2017 North America class will contain an even more specific section on human rights abuses;

iv) FCA is a member in the Responsible Mica Initiative, a recently launched cross-sector effort to eradicate the child labor being used in the mining and extraction of mica in India. This organization, formed by the Natural Resources Stewardship Circle, a trade association of the cosmetics industry, is focused on both upstream and downstream actions by working with the traceability aspect as well as engaging regional and village-level governments and agencies to instill the benefits of children being in schools rather than mining operations. FCA is the sole automotive manufacturer that has joined the initiative as of today (<http://www.responsible-mica-initiative.com/members-and-governance.html>) bringing its expertise from the Conflict Minerals involvement.

FCA believes that continuous efforts in cross-industry projects may generate tangible improvements in eradicating child labour from mining and protecting human rights. In the event you elect to request also the participation of FCA to any cross-industry projects, FCA will be open to supporting and cooperating in pursuing this important goal.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Scott', is written over a horizontal line.



FIAT CHRYSLER AUTOMOBILES

Alessandro Baldi  
Chief Audit Executive and Sustainability Coordinator

October 31, 2017

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**Amnesty International**  
International Secretariat  
Peter Benenson House, 1 Easton Street  
London WC1X 0DW, United Kingdom

**To: Mr. Joshua Rosenzweig**

**Re: Amnesty International Letter - please respond by 30 October**

Dear Mr. Rosenzweig,

We thank you for your letter of October 23, 2017 providing notice of your assessment of company combat human rights due diligence regarding FCA and requesting comments to your evaluation.

As the context of use and the target of your analysis is not completely clear to us and absent details on the qualitative and quantitative criteria or specific metrics used in your assessment, it is difficult for us to express a detailed opinion on your findings, as these cannot be either questioned or confirmed by FCA.

We wish however to reiterate once again that FCA is conscious of and continues to be committed to the safety and integrity of its global manufacturing supply chain, with special focus on countries exposed to human rights abuses or armed conflict.

As well known, the automotive supply chain is so complex that sources of any raw material might be several tiers from FCA in the supply chain. FCA has no contact with combat smelters or refiners in its direct supply chain. FCA has a contractual relationship only with its Tier 1 suppliers and the Company directly verifies and monitors their compliance to international standards, their governance structure and level of ethics and integrity. FCA also requires these suppliers to ensure, on a cascade basis, the same compliance from their own suppliers and must rely on the integrity and assurances of its Tier 1 suppliers, as supported by the relevant documentation.

Fiat Chrysler Automobiles N.V.  
Registered Office: Amsterdam, The Netherlands  
Amsterdam Chamber of Commerce: 60372958

Corporate Office:  
25 St James's Street, London SW1A  
1HA, U.K.



FIAT CHRYSLER AUTOMOBILES

Although the source of any raw material may be several tiers removed in the supply chain, we recognize its place in our sourcing process. This is why we are actively engaged in a number of initiatives aimed at increasing our understanding of the issue and finding possible collaborative solutions.

FCA has joined other automakers and leaders from other industries in becoming a signatory on the Responsible Business Alliance (formerly EICC) Responsible Raw Materials Initiative (RRMI) Declaration of Support. This cross-sector engagement brings together experts from numerous industries to use their global presence and leverage to drive ground-level improvements in the mining of metals and minerals through process, tools and infrastructure improvements. The workgroup focusing on cobalt is currently finalizing a supply chain mapping tool in the form of a standardized Raw Materials Reporting Template based on the Conflict Minerals Reporting Template. The workgroup is also working on an industry definition of "cobalt refiner" to help companies identify choke points in the cobalt supply chain. Further, RRMI is collaborating with the Responsible Cobalt Initiative for a joint cobalt refiner audit program, aligned with the OECD Due Diligence Guideline. The first pilot audits are expected by the end of 2017. Finally, cobalt refiners will be asked to complete RRMI's new Risk Readiness Assessment tool, which is designed for mineral and metal producers to assess and communicate their risk management practices and performance to downstream companies.

In addition, as a member of the AIAG Corporate Responsibility Steering Committee (CRSC), FCA has led the formation of a Cobalt/Mica Working Group made up of North American OEMs and several key suppliers. In order to maximize efforts and leverage this industry collaboration, the CRSC is working very closely with RRMI on each of its workgroups. The structure and focus utilizes the applicable aspects of OECD's Due Diligence Guidelines and EICC's Responsible Raw Materials Initiative. This group is entrusted to perform short- and long-term concrete engagements, both within the automotive industry and in cooperation with other sectors, based on those initiatives and other best practices.

As another example of FCA's engagement, FCA is also participating in responsible sourcing events with purchasing professionals such as the OESA (Original Equipment Suppliers Association) Chief Purchasing Officers Meeting aimed at determining how to avoid negative impacts of their sourcing decisions.

FCA has joined several initiatives around responsible sourcing in North America, which have been prioritized since it is currently involved with electrical vehicles that contain cobalt such as Fiat 500e and Chrysler Pacifica Hybrid.

FCA remains deeply committed to providing continuous effort in cross-industry projects which may generate tangible improvements in eradicating child labour from mining and protecting human rights.



FIAT CHRYSLER AUTOMOBILES

We also continue to believe that any tangible result in this respect will be best achieved through an integrated approach involving different players. In trying to move forward and go beyond enquiries aimed at merely assessing the status of this matter, we would welcome and praise concrete action and advocacy from your organization in leading businesses which might be exposed to human rights-related risks along their cobalt supply chain. This is a recommendation we made in previous communications and that we submit again. We reiterate our openness to supporting and cooperating with any such effort in pursuing this important goal.

We recognize that this is an ongoing endeavor and appreciate Amnesty International's continuing work in bringing it to the global community's attention.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "D. ...", is written below the text "Yours faithfully,".



April 5, 2017

Ms. Seema Joshi  
Head of Business and Human Rights  
Amnesty International

**Subject: Response to Request for Information dated March 17, 2017**

Ms. Joshi,

I write in response to your March 17, 2017, letter regarding Amnesty International's report on artisanal cobalt mining in Democratic Republic of Congo ("DRC") and the global supply chain. The letter admirably evidences Amnesty International's commitment to human rights and opposition to child labor.

As a global automotive manufacturer, GM is committed to manufacturing its electric vehicles, and all of its other vehicles, with socially and environmentally sustainable practices and has been recognized by third parties such as CDP and in the Dow Jones Sustainability Indices for leading performance in these areas.

Additionally, GM's policies and practices reflect GM's support for human rights within its supply chain. Recently, GM became a signatory to the UN Global Compact and a member of the Responsible Raw Materials Initiative ("RRMI"), co-founded by the Electronics Industry Citizenship Coalition and the Conflict-Free Sourcing Initiative. Through these memberships, GM is directly involved in the Cobalt Subcommittee. The primary mission of the RRMI Cobalt Subcommittee is to promote responsible sourcing strategies and advance responsible sourcing of raw materials in supply chains to mitigate negative social and environmental impacts.

GM requires its suppliers to be fair, humane and lawful employers, and to enforce these requirements with their sub tier suppliers. GM has a zero-tolerance policy against the use of child labor in the supply of goods and services to GM and its subsidiaries. GM includes these expectations in GM's standard purchase contract terms and conditions, and requires its Tier 1 suppliers to provide written certification of their compliance with GM's contractual requirements regarding the prohibition of child, forced or involuntary labor.

GM does not directly purchase cobalt, nor does GM do business directly with Huayou Cobalt, the mining company referenced in the letter. However, we appreciate the seriousness of the allegations regarding Cobalt mining and have undertaken reasonable diligence to evaluate LG Chem's compliance with GM's policies and expectations. GM has received assurances from LG Chem that LG Chem does not source cobalt or cathode material with cobalt from the DRC. LG Chem has informed us that it requires its suppliers to provide certificates of origin relating to cobalt included in batteries purchased by GM. LG Chem has certified its compliance with GM's contractual requirements and has assured GM that responsible cobalt sourcing is one of LG Chem's top priorities.

Moreover, LG Chem has confirmed to GM that it has deployed additional safeguards relating to the use of cobalt, such as supplier certification to LG Chem's code of conduct and upcoming due diligence review of Huayou in at-risk regions. GM expects that LG Chem will continue to monitor its suppliers in order to comply with GM's zero-tolerance policy against the use of child labor.

## **SUPPLY CHAIN DUE DILIGENCE POLICY**

GM's supply chain is a complex global network of tiered suppliers that directly or indirectly supply raw materials, components and services to GM's global facilities. GM engages its direct suppliers (Tier 1 suppliers), employees and contractors, and is deeply involved in industry-wide activities through organizations such as Automotive Industry Action Group (AIAG). These activities include training development, funding, and identification of high-risk areas, in addition to other activities, to raise awareness and mitigate the risk of human rights abuses in GM's supply chain.

## **ACTIONS TAKEN TO IDENTIFY AND ADDRESS RISK**

GM's supply chain is among the most complex supply chains in the world. To identify and address risks in the supply chain, GM, together with other major original equipment manufacturers, collaborate through AIAG to address supply chain sustainability and related issues that impact the entire industry. GM employees maintain leadership positions in AIAG, and GM provides direct financial support to AIAG. Further, GM endorses AIAG's Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain, which provide guidance on business ethics, global working conditions, human rights, and environmental responsibility.

Direct supply chain training is also an integral component to GM's efforts to eradicate human rights abuses in the supply chain. GM, through AIAG, provides training to its suppliers and employees regarding human trafficking and slavery, including fundamental principles of responsible working conditions. The training reinforces the shared expectations of GM and other participating AIAG auto company members. Training participants focus on the areas of child labor, forced labor, freedom of association, harassment and discrimination, health and safety, wages and benefits, and working hours. Training is provided to suppliers in high-risk areas at no cost to the supplier. In addition, GM provides many of its own employees that visit supplier facilities, training aimed to identify supply chain sustainability issues, including child labor.

We have developed a comprehensive risk management framework to support GM's supply chain sustainability focus. This framework focuses on achieving supply chain sustainability through risk assessment, consistent communication to suppliers and investigation of supply chain concerns.

## TRANSPARENCY OF SUPPLY CHAIN DUE DILIGENCE PROCESS & RESULTS

GM's Code of Conduct articulates GM's values and principles that GM expects suppliers doing business with GM to uphold. Among those values is an unwavering commitment to respect the human rights and dignity of people throughout GM's global supply chain.

GM's Code of Conduct encourages GM employees to monitor suppliers' activities and to hold suppliers accountable for activities and behaviors that violate GM's Code of Conduct. GM's employees are also encouraged to report any supplier behavior that is inconsistent with the values of GM's Code of Conduct.

GM's Awareline allows employees, supplier employees and contractors to report any concerns of misconduct, including violations of human rights. Reports can be made 24 hours per day, 7 days per week by phone, Web, email, postal service or fax. Individuals filing reports can remain anonymous if they choose. The Awareline is also supported by well-established non-retaliation policies.

GM's Code of Conduct is a public statement of GM's values and is available to GM's suppliers. GM's Code of Conduct may be accessed through the following:  
[https://www.gm.com/content/dam/gm/en\\_us/english/Group4/InvestorsPDFDocuments/WWI.pdf](https://www.gm.com/content/dam/gm/en_us/english/Group4/InvestorsPDFDocuments/WWI.pdf)

Thank you for your research regarding cobalt mined in the DRC and for the opportunity for GM to provide an overview of its related policies, practices, and its engagement with LG Chem. Should you have any questions or require any additional information, please feel free to contact me at (313) 300-5238.

Respectfully Submitted,



Thomas M. Ramos  
Director, Oversight, Risk and Compliance  
Global Purchasing and Supply Chain - Logistics  
General Motors Company



November 1, 2017

Ms. Seema Joshi  
Head of Business and Human Rights  
Amnesty International

**Subject: Response to Amnesty International Assessment of GM's Human Rights Due Diligence Practices with Respect to Cobalt**

Ms. Joshi,

I am writing in response to your letter dated October 23, 2017. As communicated to you earlier this year, GM is committed to manufacturing its vehicles with socially and environmentally sustainable practices and has been recognized most recently by RobecoSAM and included in the Dow Jones Sustainability World Index.

With respect to cobalt, GM continues as an active member of the Responsible Raw Materials Initiative ("RRMI"), co-founded by the Electronics Industry Citizenship Coalition and the Conflict-Free Sourcing Initiative. Through this membership, GM is directly and actively involved in the Cobalt Sub-Team. This team is working across industries to:

Sub-Team Actions:

- Finalize a cobalt supply chain-mapping tool in the form of a standardized Raw Materials Reporting Template (RMRT) based on the Conflict Minerals Reporting Template (CMRT).
- Define "cobalt refiner" to help identify the "choke points" in the cobalt supply chain. This is driven by the limited number of known cobalt refiners.
- Collaborate with the Responsible Cobalt Initiative (RCI) to develop a joint audit program for cobalt refiners.
- Request cobalt refiners (as they are identified) to complete the Risk Readiness Assessment (RRA) tool. This readiness tool is for assessing social and environmental risk in raw material extraction.

GM Specific Actions:

- GM is contributing resources that are providing technical input into the development of this tool and we plan to utilize it when available.
- GM has conducted research on potential cobalt refiners and has provided this list to the internal team within the RRMI for further disposition.
- GM plans to reach out to cobalt refiners, as we already have for smelters and refiners of Conflict Minerals, to encourage participation in this audit when it is finalized.
- GM plans to encourage cobalt refiners to use the tool and will use the information to assess their risk management practices and performance.

For our direct suppliers, GM requires through contract terms and conditions that they be fair, humane and lawful employers, and has a zero-tolerance policy against the use of child labor in the supply of goods and services to GM and its subsidiaries. GM requires its Tier 1 suppliers to provide written certification of their compliance with GM's contractual requirements regarding the prohibition of child, forced or involuntary labor. The certification process currently underway, has been expanded to include compliance with our Supplier Code of Conduct.

With respect to "cobalt human rights due diligence practices against the five criteria", we offer the following:

- **Item 1.0** – We have confirmed that LG Chem requires its suppliers to provide certificates of origin relating to cobalt included in batteries purchased by GM.



- **Item 2.0** – GM has developed and communicated relevant policies around Environmental, Social and Governance (ESG) issues to our employees and suppliers. Our policies encompass the key concerns you have expressed regarding mining in the Democratic Republic of Congo (DRC). Furthermore, GM's Human Rights Policy acknowledges internationally recognized human rights principles; and is informed by the United Nations Guiding Principles on Business and Human Rights and its foundational principles for business enterprises, including those expressed in the International Bill of Human Rights.
- **Item 3.0** – GM is mapping our tiered supply base. This is a long-term project to identify supplier locations tier by tier, and then to understand the impact of risks on the supply base. Additionally, we have conducted research on potential cobalt smelters and refiners and have provided this information to the Subject Matter Experts within the Responsible Raw Materials Initiative team (RRMI). They are using this information to disposition companies, to understand how cobalt is being processed. With our list and information provided by other companies, the RRMI will then develop a list of alleged cobalt entities to add to the RRMI Smelter Database. Consequently, we believe this item should be rated as "Moderate".
- **Item 4.0** – GM has a robust program to follow the OECD Due Diligence Framework for Conflict Minerals and has identified publicly the smelters and refiners. We feel this item should be rated "Moderate" as the framework encompasses more than just Conflict Minerals.
- **Item 5.0** – GM has been a longstanding member of the Automotive Industry Action Group (AIAG). Through AIAG, we have partnered with CSR Europe, Drive Sustainability and automotive Original Equipment Manufacturers (OEM) to fund in region training for our suppliers located in high risk areas. Training includes the following key areas: Business Ethics, Environment, and Human Rights. This training is conducted in the local language and includes local laws and regulations. Most recently there were 4 training sessions conducted in India with over 100 automotive suppliers in attendance, including 50 Tier 1 suppliers and 25 Tier 2 suppliers specific to GM's supply base. These training courses are co-funded by GM and other OEMs. Providing supply chain sustainability training for our supply base is a continuous effort. Consequently, we believe this item should be rated as "Moderate".

Note: RRMI and CFSI organizations have recently combined and the new entity is called the Responsible Minerals Initiative (RMI).

Thank you for your research regarding cobalt mined in the DRC and for the opportunity for GM to provide additional information. We appreciate the seriousness of the allegations regarding cobalt mining in the DRC region.

Should you have any questions or require any additional information, please feel free to contact me at (313) 300-5238.

Respectfully Submitted,



Thomas M. Ramos  
Director, Oversight, Risk and Compliance  
Global Purchasing and Supply Chain - Logistics  
General Motors Company

HP Inc. statement relating to Amnesty International Report on Cobalt. April 7, 2017

HP is committed to doing our part to address concerns about the sourcing of cobalt from the Democratic Republic of Congo. We take allegations of potential human rights impacts associated with our supply chain seriously. In response to Amnesty International's report indicating that cobalt processed by Huayou Cobalt for use in lithium-ion batteries in electronics and automotive components may have been mined using child labor in the Democratic Republic of Congo, we took swift action to investigate the allegations and to agree on a course of action with our suppliers.

Consistent with the recommendations for downstream actors like HP set forth in the OECD Due Diligence Guidance for Responsible Supply Chains (OECD DDG), our inquiry and investigation with respect to cobalt included the following actions:

- We informed our Chief Supply Chain Officer of this allegation and agreed on a course of action with our suppliers.
- We engaged our relevant battery suppliers on the requirements and prohibitions in the [HP Supplier Code of Conduct](#), which includes a prohibition on the use of child labor.
- We initiated onsite procurement audits with relevant battery suppliers to identify the cobalt smelters that may be in our supply chain. These procurement audits included inspections of the labeling of cobalt-containing materials within the manufacturing operations as well as reviewing purchase orders by the manufacturing operations. All but one cobalt-related supplier has been audited and this remaining site is scheduled to be audited in May 2017.
- Because the supply of cobalt to our suppliers occurs through a web of supply chain actors, and because neither HP nor our suppliers have a direct business relationship with Huayou Cobalt or their mining subsidiary, our suppliers relied on declarations made with respect to the sourcing of their suppliers. To the extent cobalt processed by Huayou was potentially present in the 2016 cobalt supply chain, we believe it represented less than 5% of our total cobalt usage.

HP is in the process of adjusting our policies and procedures to further clarify our expectations for suppliers and reflect our commitment to the responsible sourcing of cobalt. HP plans to report on our activities and progress with respect to cobalt as a part of our Sustainability Report.

HP does not buy cobalt from smelters or mines. HP has business relationships with battery cell manufacturers and battery pack manufacturers which are three to four supply chain actors removed from cobalt smelters and refiners. In this situation, as a downstream company with no direct business leverage over Huayou or other cobalt smelters or mines, HP is focused on building leverage over the cobalt supply chain through collaboration with others to create demand for smelters and miners to conduct due diligence and prevent and mitigate human rights impacts associated with their mineral supply chain. This type of action by downstream companies is similar to what was accomplished through the Conflict Free Sourcing Initiative for conflict minerals.

Beginning in mid-2016, HP was one of a handful of companies that championed the development of the Responsible Raw Materials Initiative (RRMI) with the intent of working together to tackle issues such as responsible cobalt. The RRMI was successfully launched in November 2016 and now has more than 20 members. The RRMI aims to work with mid and

upstream actor efforts, facilitate dialogue with external actors, and coordinate downstream actors to develop standards, tools, and programs that advance responsible sourcing. HP is a member of the cobalt work group. This work group is engaged in developing several tools to advance the responsible sourcing of cobalt including:

- The development of a standardized reporting template for Member companies to engage with their suppliers to map the downstream cobalt supply chain to the point of the smelter. The tool is based on the Conflict Minerals Reporting Template (CMRT) of the CFSI.
- A Risk Readiness Assessment (RRA) tool for minerals and metals producers and processors to assess and communicate their practices against a performance benchmark “norm” across these issue areas.
- The development of an audit/assurance system to independently validate that cobalt upstream actors’ sourcing practices are aligned with the OECD DDG.

HP was also part of the official launch of the Responsible Cobalt Initiative in November 2016. This particular initiative involves upstream, mid-stream, and downstream actors involved with cobalt. The aims of this initiative are three-fold:

- Have companies conduct due diligence consistent with the OECD DDG to increase transparency and accountability in the cobalt supply chain.
- Promote cooperation with the Government of the Democratic Republic of the Congo, civil society, and affected local communities to take and/or support actions that address the risks and challenges in the cobalt supply chain.
- Develop a common communication strategy to communicate progress and results effectively to impacted communities, miners, and the public; to harmonize working objectives and plans with other stakeholders.

In conclusion, HP is doing its part to create demand for responsible cobalt through expectations of our suppliers, to conduct due diligence with our suppliers and understand cobalt sources, to evaluate those sources and respond to risks. Further, we are acting as a catalyst to bring others in the industry to develop programs and systems that will enable responsible sourcing and to build up leverage over upstream actors.

HP Inc. statement relating to Amnesty International Report on Cobalt. May 19, 2017

HP is committed to doing our part to address concerns about the sourcing of cobalt from the Democratic Republic of Congo. We take allegations of potential human rights impacts associated with our supply chain seriously. In response to Amnesty International's report indicating that cobalt processed by Huayou Cobalt for use in lithium-ion batteries in electronics and automotive components may have been mined using child labor in the Democratic Republic of Congo, we took swift action to investigate the allegations and to agree on a course of action with our suppliers.

Consistent with the recommendations for downstream actors like HP set forth in the OECD Due Diligence Guidance for Responsible Supply Chains (OECD DDG), our inquiry and investigation with respect to cobalt included the following actions:

- We informed our Chief Supply Chain Officer of this allegation and agreed on a course of action with our suppliers.
- We engaged our relevant direct battery suppliers on the requirements and prohibitions in the [HP Supplier Code of Conduct](#), which includes a prohibition on the use of child labor. We added cobalt due diligence expectations to our [HP's Supply Chain Social and Environmental Responsibility Policy](#).
- We initiated onsite procurement audits with relevant direct battery suppliers to identify the cobalt smelters that may be in our supply chain. These procurement audits included inspections of the labeling of cobalt-containing materials within the manufacturing operations as well as reviewing purchase orders by the manufacturing operations. HP's battery-related suppliers representing 99% of spend have been audited.
- The supply of cobalt to our suppliers occurs through a web of supply chain actors, including smelters of ore, refiners, chemical manufacturers, and cathode manufacturers. Because neither HP nor our direct suppliers have a direct business relationship with smelters or their mining partners, our suppliers relied on declarations made with respect to the smelters and refiners of cobalt of their sub-suppliers.
- Based on the information we obtained from our suppliers, we believe cobalt processed by Huayou was likely less than 5% of our total cobalt usage in 2016.

HP plans to report on our activities and progress with respect to cobalt as a part of our annual Sustainability Report.

HP does not buy cobalt from smelters or mines. HP has business relationships with battery cell manufacturers and battery pack manufacturers which are three to four supply chain actors removed from cobalt smelters and refiners. In this situation, as a downstream company with no direct business leverage over Huayou or other cobalt smelters or mines, HP is focused on building leverage over the cobalt supply chain through collaboration with others to create demand for smelters and miners to conduct due diligence and prevent and mitigate human rights impacts associated with their mineral supply chain. This type of action by downstream companies is similar to what was accomplished through the Conflict Free Sourcing Initiative for conflict minerals.

Beginning in mid-2016, HP was one of a handful of companies that championed the development of the Responsible Raw Materials Initiative (RRMI) with the intent of working together to tackle issues such as responsible cobalt. The RRMI was successfully launched in

November 2016 and now has more than 20 members. The RRMI aims to work with mid and upstream actor efforts, facilitate dialogue with external actors, and coordinate downstream actors to develop standards, tools, and programs that advance responsible sourcing. HP is a member of the cobalt work group. This work group is engaged in developing several tools to advance the responsible sourcing of cobalt including:

- The development of a standardized reporting template for Member companies to engage with their suppliers to map the downstream cobalt supply chain to the point of the smelter. The tool is based on the Conflict Minerals Reporting Template (CMRT) of the CFSI.
- A Risk Readiness Assessment (RRA) tool for minerals and metals producers and processors to assess and communicate their practices against a performance benchmark “norm” across these issue areas.
- The development of an audit/assurance system to independently validate that cobalt upstream actors’ due diligence practices are aligned with the OECD DDG.

HP was also part of the official launch of the Responsible Cobalt Initiative in November 2016. This particular initiative involves upstream, mid-stream, and downstream actors involved with cobalt. The aims of this initiative are three-fold:

- Have companies conduct due diligence consistent with the OECD DDG to increase transparency and accountability in the cobalt supply chain.
- Promote cooperation with the Government of the Democratic Republic of the Congo, civil society, and affected local communities to take and/or support actions that address the risks and challenges in the cobalt supply chain.
- Develop a common communication strategy to communicate progress and results effectively to impacted communities, miners, and the public; to harmonize working objectives and plans with other stakeholders.

In conclusion, HP is doing its part to create demand for responsible cobalt through expectations of our suppliers, to conduct due diligence with our suppliers and understand cobalt sources, to evaluate those sources and respond to risks. Further, we are acting as a catalyst to bring others in the industry to develop programs and systems that will enable responsible sourcing and to build up leverage over upstream actors.

Excerpt from HP Inc. response to Amnesty International, 30 October 2017

HP Inc. “initiated on-site procurement audits with relevant battery suppliers to identify the cobalt smelters that may be in [its] supply chain”. These audits “included inspections of the labelling of cobalt-containing materials within the manufacturing operations as well as reviewing purchase orders by the manufacturing operations”. HP reported that “battery-related suppliers representing 99% of spend have been audited”. [HP educated its direct suppliers on the risks associated with cobalt and HP’s expectations for responsible sourcing.](#)

HP also said: “Because the supply of cobalt to our suppliers occurs through a web of supply chain actors, and because neither HP nor our [direct](#) suppliers have a direct business relationship with Huayou Cobalt or their mining subsidiary, our suppliers relied on declarations made with respect to the sourcing of their suppliers. Based on the information we obtained from our suppliers, we believe cobalt processed by Huayou was likely less than 5% of our total cobalt usage in 2016.” Amnesty International takes the position that HP’s responsibilities to conduct mitigation and remediation [\(even though this is beyond international norms\)](#) should be based on the nature of the risks and abuses that have been identified as part of its due diligence assessment of Huayou Cobalt, not on the size of Huayou Cobalt’s share of its total cobalt usage. HP did not comment on the percentage of its cobalt supply that is sourced from the DRC more generally, which could be much higher and would also warrant careful consideration. In May 2017, HP added cobalt due diligence expectations to its Supply Chain Social and Environmental Responsibility Policy. The company has [continued to work within the RRMI to advance due diligence and harmonize definitions, standards and expectations. Specifically, work has been done to define what is a cobalt refiner, efforts to identify and confirm cobalt refiners, engaging cobalt refiners with a risk readiness assessment, providing clear communications on responsible sourcing expectations, development of an audit standard consistent with Chinese Due Diligence Guidelines, and development of a materials reporting template to support downstream supply chain due diligence. demonstrated its efforts to monitor and manage human rights risks in its supply chains for “conflict minerals \(tin, tantalum, tungsten and gold\) but has not yet shown evidence of how its policies will be implemented for cobalt. The extent of its supply chain risk assessment actions remains unclear.](#)

HP publishes information about its supply chain due diligence policies and practices in its annual sustainability report and on its website, but it has not publicly identified its smelters/refiners or specific information about human rights risks or abuses it has identified in its supply chain. HP is a member of both the Responsible Cobalt Initiative (RCI) and Responsible Raw Minerals Initiative (RRMI), but it has not disclosed details of any mitigation or remediation efforts directed at risks or abuses identified in its own cobalt supply chain. [HP has told Amnesty International that it has identified a list of cobalt smelters and refiners from its supply chain due diligence described above, but is waiting on publishing that list until it has confirmed the operations of these facilities are consistent with the cobalt refiner definition established by RRMI. Further, HP will be assessing the due diligence of these facilities by using the risk readiness assessment and requesting all smelters participate in third party audit using the RRMI audit protocol.](#)

Amnesty International found that HP has made some improvements to its supply chain policies and practices with respect to cobalt, but that these [do not yet conform to international standards, fall short of Amnesty International expectations.](#) It still has room for additional improvement, particularly in terms of disclosure of its cobalt smelters and refiners and information about identified risks and mitigation or remediation efforts.

**Commented [CJA1]:** Implying the obligation of mitigation and remedy is inconsistent with the UNGPs on Business and Human Rights because HP has not caused or contributed to the adverse impact: #22 Where business enterprises identify that they have caused or contributed to adverse impacts, they should provide for or cooperate in their remediation.

**Commented [CJA2]:** Amnesty International requested HP to report on its Trading relationship and this why we shared our explanation of place in the supply chain, the process we used and what we can conclude. Huayou has taken steps to audit their facilities and pilot model artisanal mines to mitigate risks.

**Commented [CJA3]:** Similar to 3TG, this sourcing information only becomes available when an industry collaboration and audit mechanism can be implemented to obtain this information in a consistent validated nature. This work is underway, but is not complete at this time.

**Commented [CJA4]:** The RRMI and RCI are working towards this objective, but this takes time to develop robust, consistent, and credible systems and programs. Influencing actors that we do not have a business relationship with requires the collaboration of others in the industry to build up the influence. HP has been a leader in establishing those organizations to achieve this objectives.

**Commented [CJA5]:** A close and truthful reading of UNGPs, OECD Guidelines for Multi-national Enterprises, and the OECD Due Diligence Guidance for Minerals all recognize the position in the supply chain (via a business relationship) when conducting due diligence. HP’s actions align with international standards based on being an actor at least four entities removed from smelting and mining.

| 1.0 | Has the company investigated its supply links to the DRC and Huayou Cobalt?   | Adequate |
|-----|---|----------|
|     | Company has taken no action   |          |
|     | Company has sought affirmations about cobalt sourcing from its suppliers  | ✓        |
|     | Company has sought relevant documentation (e.g. certificates of origin or other trade documents) from suppliers   | ✓        |
|     | Company has carried out additional checks (e.g. on-site inspections, audits) to verify documentation provided by suppliers regarding sourcing relationships | ✓        |

| 2.0 | Does the company have relevant policies in place for its cobalt supply chain?   | Moderate |
|-----|---|----------|
|     | Company has taken no action   |          |
|     | Company has a general conflict minerals, supply chain or human rights policies with minimal reference to international standards but unclear application for cobalt                                     | ✓        |
|     | Company has policies with explicit reference to cobalt and compatibility with the OECD Guidance model supply chain policy   | ✓        |
|     | Company indicates how the effectiveness of its policy is measured, who is responsible for implementation and who in the company's management is ultimately responsible for oversight and accountability |          |

| 3.0 | Has the company taken action to map its supply chain and identify associated risks?   | Poor |
|-----|---|------|
|     | Company has taken no action   |      |
|     | Company has made inquiries to direct suppliers about their sourcing relationships   | ✓    |
|     | Company has identified its smelters/refiners and begun to review initial factual information needed to identify risks                       | ✓    |
|     | Company has carried out reviews of the due diligence policies and practices of its smelters/refiners with regard to international standards |      |

| 4.0 | Has the company disclosed the steps it has taken to identify and address risks?       | Poor |
|-----|---|------|
|     | Company has taken no action   |      |
|     | Company publishes general information about its due diligence policies and practices  | ✓    |
|     | Company discloses information about its smelters/refiners                             |      |
|     | Company discloses assessments of the due diligence practices of its smelters/refiners | ✓    |



| 5.0 | Has the company taken steps to mitigate risks or remediate harms related to its cobalt supply chain?  | Poor |
|-----|---|------|
|     | Company has taken no action   |      |
|     | Company has given support to general mitigation/remediation actions through joint actions not tied to risk/harm specifically tied to its own supply chain | ✓    |
|     | Company has conducted cooperative efforts with its own suppliers, such as training or other capacity-building   | ✓    |
|     | Company has taken direct mitigation/remediation action to address risks/harms identified within its own supply chain                                      |      |

致：国际特赦组织



感谢国际特赦组织（以下简称“贵组织”）对华为公司供应链尽责状况的关注与关心。

2016年，华为就冲突矿物的管理议题对 977 家供应商进行了专门评估，以检验其是否采取了被行业标准所认可的负责任的采购实践。

特别地，就钴供应链的尽责议题，华为于 2016 年 4 月加入了由中国五矿化工进出口商会（“五矿商会”）和经济合作与发展组织（“经合组织”）发起建立的“负责任钴业倡议”，连同行业组织，与行业上下游企业形成合力，一起寻求给供应链人权和劳工问题的可持续的解决方案。

同时，基于“负责任钴业倡议”的三大目标：提高供应链透明度、在刚果金采取行动解决童工等问题、建立有效的沟通机制，华为已参与至具体的行动计划当中，并将参照“负责任钴业倡议”正在开发中的钴供应链尽责管理体系，建立和完善华为的钴供应链尽责管理，相关工作进展将由“负责任钴业倡议”统一对外发布。

我们相信，通过与行业企业的有效沟通、制定并实施为业界所认可的解决方案，将有助于华为履行全球社会责任，进一步优化供应链治理能力。

再次向贵组织对华为技术有限公司的关注和关心感谢。

特此函告。



Dear Joshua,

来信已收悉，感谢国际特赦组织（以下简称“贵组织”）对华为公司供应链尽责状况的关注与关心。华为公司高度重视全球供应链的社会责任，关于钴尽责管理的信息有如下更新：

华为将按计划于2017年12月31日之前发布钴供应链政策，届时将在华为官网查询到该政策。华为公司参照国际公认的标准，制定了《华为供应商企业社会责任行为准则》（预计2017年12月31日前发布）。该准则明确对供应商提出了对钴尽责管理的要求。

华为作为RCI“责任钴业倡议”的核心成员，一直积极参与该组织的活动。我们相信，通过与行业企业的有效沟通、制定并实施为业界所认可的解决方案，将有助于华为履行全球社会责任，进一步优化供应链治理能力，共同推进钴供应链问题的可持续的解决方案。

如有任何疑问，欢迎及时沟通。再次感谢贵组织对华为的关注和关心！

孙璟Selina Sun

Supplier CSR

华为终端有限公司 Huawei Device Co., Ltd.



Tel: +86-755 36376225

Mobile: +86-13923889655

<http://www.huawei.com>

Dear Joshua

We updated the reply in yellow

来信已收悉，感谢国际特赦组织（以下简称“贵组织”）对华为公司供应链尽责状况的关注与关心。华为公司高度重视全球供应链的社会责任，关于钴尽责管理的信息有如下更新：

华为将按计划于2017年12月31日之前发布钴供应链政策，届时将在华为官网查询到该政策。华为公司参照国际公认的标准，制定了《华为供应商企业社会责任行为准则》（预计2017年12月31日前发布）。该准则明确对供应商提出了对钴尽责管理的要求。

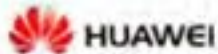
华为已在2017年4月启动钴供应链透明度调查，截止到目前，我们大部分电芯供应商反馈了调查信息，包括正极材料、前驱体、冶炼厂等信息，我们将继续推动其他供应商完成调查。

华为作为RCI“责任钴业倡议”的核心成员，一直积极参与该组织的活动。我们相信，通过与行业企业的有效沟通、制定并实施为业界所认可的解决方案，将有助于华为履行全球社会责任，进一步优化供应链治理能力，共同推进钴供应链问题的可持续的解决方案。

如有任何疑问，欢迎及时沟通。再次感谢贵组织对华为的关注和关心！

孙璟Selina Sun

Supplier CSR 华为终端有限公司 Huawei Device Co., Ltd.



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尊敬的西玛·乔希：

非常感谢您的来信。请允许我司用我们的母语（中文）给您回信，以避免中英文的翻译问题给沟通带来不便。

在 2016 年 1 月大赦国际发布《不惜卖命的真相》的调查报告之后，华友高度重视并认真学习了报告中提及的刚果（金）钴手采矿中存在的童工和人权风险问题。

以此为契机，公司下决心应对钴供应链上的相关问题，专门设立了社会责任部门，并在接下来一年多的时间里，投入了大量的人力和物力，通过一系列的调研、学习、咨询、规划和行动来建立钴供应链尽责管理体系，以减缓和消除华友钴供应链上存在的上述风险。

在过去的这一年多时间里，华友与大赦国际通过邮件、电话、会面等方式保持了积极和顺畅的沟通。就像您来信中提到的，2017 年 2 月，我和您的同事 Joshua 在上海进行了一次面谈，华友对钴供应链尽责管理工作做了阶段性的总结，Joshua 充分肯定了华友在建设负责任钴供应链方面所做的工作，认为华友目前在钴行业的企业中处于领导者的地位。同时，他指出目前刚果（金）上游手采矿供应链中缺乏一个有效的监管体系，这也是华友未来工作的一个重点。Joshua 先生也指出负责任钴供应链的建设不能一蹴而就，而是需要一个过程的，需要政府、钴供应链上的企业、非政府组织和其他利益相关方共同参与和努力。

对于您来信中提到的问题，我们回复如下：

## I 供应链尽责管理政策

**问题 1：** 这些政策是否已经向供应商进行了传达，并且纳入到所有有效的供应商合同？如果是这样，这些政策是如何被传达、监督和执行的？

华友钴业在 2016 年 3 月发布了公司第一份钴供应链尽责管理政策，同时制定了与之相对应的供应商社会责任承诺书，将其加入与当地贸易商的贸易合作协议中，并要求供应商签署。

华友还在 2017 年 1 月份修订发布了《负责任全球钴供应链尽责管理政策》、《供应商行为准则》和《负责任钴采购供应商标准》，作为供应商筛选要求的一部分来推动供应商的合规性。根据尽责管理体系要求，华友将这三个文件发送给了我们所有的钴供应商，目前正在收集供应商的回执，其中手采矿的供应商已全部签署。供应商对于尽责管理的意识参差不齐，在开展此项工作时，并非都积极配合，特别是大型国际矿山公司。我们将根据公司尽责管理程序的相关要求，持续推进供应商的尽责管理。

**问题 2：** 贵司关于维护自己供应链尽责管理工作记录和在整个供应链中进行相关信息共享的政策是什么？

华友钴业在开展尽责管理的过程中，一直与 CCCMC、RCI、公司上下游利益相关方保持紧密沟通，及时更新华友钴供应链尽责管理工作的进展。并且，我们也正在积极地与下游客户沟通对钴供应链进行第二方或第三方审计的事宜。经过一年多的努力，华

友钴业的尽责管理体系已基本建立并进入试运行阶段。公司计划定期通过公司的官网等媒介来公布尽责管理的进度。

**问题 3:** 当风险被识别时，贵司是否将会优先让供应商尝试可衡量的风险减缓措施，并在供应商不能进行风险减缓，或者有合理的理由认为风险减缓不可行或者不可接受时，对与供应商的业务关系进行解除？

华友的钴供应链尽责管理体系明确规定了对识别出的不同风险的处理方法，包括在识别到最恶劣形式的童工时，我们将立即中断与相关供应商合作，要求供应商即刻采取合理措施消除影响。2016 年 8 月份，公司在聘请第三方机构绘制我们的供应链地图并识别供应链风险的时候，识别到在两家直接供应商的业务链中存在最恶劣形势的童工，根据尽责管理要求，华友认为与该两家供应商合作存在较高风险，立即暂停了与这两家直接供应商的业务关系，并要求其尽快进行整改。

目前华友的尽责管理体系尚处于试运行阶段，我们会不定期对供应商进行第二方或者第三方的检查，也会根据尽责管理程序的要求，对发现的不同风险采取相应的处理措施。

## **II 和 III 华友钴业的上游钴供应和为识别、处理和补救人权风险和侵犯所采取的措施**

关于您来信中提到的问题 II 和 III，我们整体做以下的回复。

### **(1) 华友继续留在手采矿 (ASM)**

为了避免公司钴供应链上存在童工风险，最简单、直接的方法是全面禁止手采矿，但是我们很快了解到一些重要的现实情况：

- a. 手采矿雇佣了刚果（金）非常大份额的劳动力，并且手采矿工极其贫穷，这使他们无法面对收入中断的冲击而加剧贫困。
- b. 因此，如果我们简单停止收购手采矿，即使是暂时的，也将直接影响到数以万计依靠手采矿的工人及其家庭的生计。
- c. 许多非政府组织、民间团体以及国际发展专家都反对简单禁止手采矿的措施来消除供应链风险，请参阅：

<https://ethuin.files.wordpress.com/2014/09/09092014-open-letter-final-and-list.pdf>

在 2016 年 4 月份由中国五矿化工进出口商会（CCCMC）和经合组织（OECD）举办的第一次钴供应链尽责管理研讨会上（大赦国际也受邀参加），华友表示将继续留用手采矿，但是华友也不会容忍童工出现在我们的供应链中，并会致力于通过建立钴供应链尽责管理体系来减缓和消除钴供应链上的童工和人权风险。这一立场也得到了刚果（金）政府、钴供应链其他企业和很多 NGO 的支持与肯定。

### **(2) 供应链地图的绘制**

2016年4月，华友聘请RCS作为咨询机构，根据CCCMC《中国负责任矿产供应链尽责管理指南》和OECD《受冲突影响和高风险区域矿石责任的供应链尽职调查指南》的要求，开发钴供应链尽责管理体系。2016年第三季度，我们委托RCS为华友绘制了第一版的钴供应链地图，9月底RCS完成了华友《供应链调查报告》和《风险报告》。

整个过程中，RCS从供应链中的不同利益相关者（矿工、现场操作人员、合作社代表、仓库管理者、当地贸易商、地方当局、CDM和MIKAS的职员以及民间社会代表）处收集信息，通过开放式采访辅以目测和调查可用文件的方式进行调研。调研以法语和斯瓦西里语进行，在可能的情况下，通过拍照记录所观察到的事项。

由于具体的供应商和矿山的的信息涉及商业秘密，且需要征得合作方的同意才能公布，而且我们也希望能够有一定的时间和空间使得这些供应商做出切实改进，目前我们不便提供他们的具体信息，请予理解。

### **（3）负责任供应链尽责管理程序以及相关的工具**

针对《供应链调查报告》和《风险报告》，RCS在2016年第四季度制定了《华友钴业负责任钴供应链尽责管理程序》及程序相关工具（共计23个），并从2017年1月陆续交付给华友。

在2017年2月17-18日RCI上海会议之后，RCS对华友钴业进行了《负责任钴供应链尽责管理程序》以及相关工具的培训。华友钴业高层、社会责任办公室、原料采购部门以及相关职能部门共计（65）人参加培训。随后，华友钴业对CDM的相关人员特别是采购部门的全体人员进行了尽责管理的在线培训，进一步面对面的培训将在2017年4月初完成。

培训之后，华友钴业以及子公司CDM在3月份建立专门团队，负责钴供应链尽责管理程序的运行。公司总裁作为执行发起人负责审查、监督和批准尽责管理的所有工作，公司销售负责人、财务负责人、采购负责人、生产负责人、社会责任负责人组成指导小组，负责确定尽责管理程序的战略方向，并就该程序的实施向工作小组提供指导。最后，由社会责任管理部门牵头组成工作小组，负责尽责管理程序的日常实施。

### **（4）华友钴业的上游钴手采矿供应商**

2017年2月，我们要求CDM所有的手采矿供应商签订《承诺函》，暂停不签订的供应商。承诺函中要求供应商做到：

- a、积极与客户或者他们的合作伙伴合作实现负责任的采购；
- b、积极参与并与供应链中的社区合作，以支持负责任采购政策和风险减缓工作；
- c、寻求有效缓解供应链中已识别风险的途径，通过与利益相关方合作来处理风险和发现的事故；

d、获取并报告在矿区走访期间识别的和/或由利益相关方发现的风险和事故的完整信息。

根据尽责管理的要求，CDM 公司将对供应链的运行情况进行定期和不定期检查。出现问题会要求其限期整改。我们也建立企业层面的申诉机制，接受供应商以及其他利益相关方的意见和诉求，确保供应商的正当权益。

### （5）上游钴手采矿供应链尽责管理的困难和挑战

华友的钴供应链尽责管理体系的运行过程，实际上就是在华友的钴供应链中推行五步法的过程。到目前为止，尽管体系运行时间不长，我们发现有以下几点困难和挑战。

- a. 钴手采矿供应链错综复杂，越到上游很多都是个人，参与者流动性大、不确定性高。
- b. 不同层级的供应商能力很不相同，有很多供应商缺乏必要的能力去做尽责管理。
- c. 体系的运行缺乏刚果（金）政府的支持，也将很难推进。
- d. 有些矿区不允许非当地人进入，造成核查困难。
- e. 只有华友一家公司在刚果（金）推动钴供应链尽责管理，缺乏同行业的支持和配合，没法形成合力。

由于以上的几个原因，我们认为华友对整个钴供应链尽责管理要达到对风险有较强的控制，需要时间去逐步推进，不能一蹴而就。

### （6）对供应链尽责管理挑战和困难的解决思路和工作计划

从 2016 年 10 月开始，我们与苹果公司，非政府组织 PACT，咨询公司 RCS 一起开展了一项钴手采矿供应商的能力建设项目。由 PACT 对 CDM 的第二级以上的钴供应商进行尽责管理培训（Due Diligence Training），再由 RCS 进行评估（Assessment），并提出纠正计划（Corrective Action Plan），最后由 PACT 实施辅导（Mentorship）。

2017 年 2 月下旬，就钴供应链尽责管理中碰到的问题和挑战，华友分别与刚果（金）Lualaba 省省长，省内政部部长，省青年妇女儿童部部长，省环境和可持续发展部部长进行了面谈；我们也与手采矿协会进行会议，讨论解决思路。作为合作行动的初步成果，近日，刚果（金）政府制定了《清除 Lualaba 省手采矿领域供应链上的童工现象》计划（见附件），这是向前迈进了一大步。华友将积极与政府进行合作，共同推动计划的落实。

在 2 月我与 Joshua 先生的面谈中，Joshua 先生对尽责管理体系也提出了一个重要的问题：即缺乏一个较强的监管体系，确保对手采矿供应链中存在的童工以及人权侵犯等风险进行严格的监管。会后，我们积极努力的在全球范围内进行了咨询，寻求答案。



**关于追溯：如何确保 CDM 公司采购的钴手采矿是从规范好的手采矿山/矿区采购的呢？**

为了强化上述合作努力的效果，2 月底华友/CDM 公司开创了《负责任手采矿山/矿区计划》，我们认为这个计划能消除供应链上的童工风险。这个计划的内容是：

- a. 要求供应商提供其供应链情况（直到矿源），不提供的供应商暂停业务关系。
- b. 通过深入而全面的供应链地图绘制，确定 CDM 公司手采矿源头的所有手采矿山/矿区。
- c. CDM 与政府，NGO 成立联合督察组，通过登记制度、反童工宣传、巡回检查等措施禁止童工进入手采矿山/矿区，有效的防止含有童工风险的钴手采矿进入 CDM 公司。
- d. CDM 和政府一起开展教育基础设施建设，安置从矿山撤离的儿童。

2017 年 3 月初，我们已经完成了第二次的钴手采矿供应链地图，计划在 2017 年 4 月对供应链地图中的手采矿矿山/矿区按照以上计划进行整顿。

华友钴业是钴行业内率先建立起负责任供应链尽责管理体系的企业，我们没有太多可以借鉴的经验，所以面临的难度也很大。目前我们的体系仍有不完善的地方，我们也希望大赦国际能多提一些建设性意见。

#### **IV 供应链尽责管理过程和结果的透明**

华友钴业计划在 2017 年第二季度对钴供应链尽责管理体系开展独立第三方的审核工作，根据五步法的要求，华友也会对审核报告在 2017 年第三季度进行披露。

#### **V 天空新闻报道**

关于您来信中提到的天空新闻的报道，我想做以下的说明：

在天空电视台报道之前，天空电视台的记者联系了华友，询问华友/CDM 就预防和消除刚果（金）钴手采矿中存在的童工以及人权风险方面采取的行动和计划，他们表示天空电视台已经取得了足够的证据表明含有童工的钴矿仍然进入了华友/CDM 的供应链。

华友高度重视这个事件，针对天空电视台的信函，华友立即进行了回应：

（1）鉴于问题的严重性，华友书面联络天空电视台，要求天空电视台将该具体事件的详情分享给华友，以便我们通过内部申诉机制和钴供应链尽责管理程序对该事件进行及时恰当地调查和处理。

（2）就预防和消除刚果（金）钴供应链手采矿中存在的童工及人权风险，华友所采取的行动和计划书面发文给了天空电视台。

2017年2月28日和3月1日，天空电视台分别发表了两篇报道，但此前并未将该具体事件的详情分享给华友，以便我们及时调查和处理。令人遗憾的是天空电视台的报道中没有提到华友提供的关于公司已经开展的尽责管理工作。

对于华友提出上述第（1）点的要求，尽管多次书面提出要求，天空电视台至今也没有任何的反馈。尽管如此，华友在其报道之后立即安排了公司人员对天空电视台报导中提到的情况进行调查，目前调查还在进行中。调查完成后，我们会采取针对性的处理措施，也会给大赦国际以及其它利益相关方反馈更多信息。如果贵机构就相关报道中的情况有更加完整、准确的信息，也请不吝提供给我们。

最后，我感谢大赦国际对于建设负责任钴供应链的关注，也希望就此得到贵机构更多具有建设性的意见和支持！

尊敬的西玛·乔希女士，

收到您 10 月 23 日发来的题为“国际特赦组织就贵公司钴供应链情况的信”，也非常感谢贵组织对全球钴供应链以及我司的关注和支持。

自从大赦国际 2016 年 1 月发表报道以来，华友一直积极提升负责任供应链意识，并坚定信心要积极开展供应链的尽责管理。在这期间，公司委托第三方专业公司绘制了公司的完整的供应链地图并进行了供应链的风险分析，对供应链中的供应商进行了尽责管理培训以及审计等，这些工作提供了关于供应链的重要信息。华友也专门成立负责任供应链管理委员会，并创建了公司的供应链内部管理制度，并加以不断完善，用来从钴原料的源头管控公司钴供应商，在刚果（金）的手采矿供应链地图绘制之后，在识别风险后通过从根本上改变采购方式（业务模式）来减缓风险。

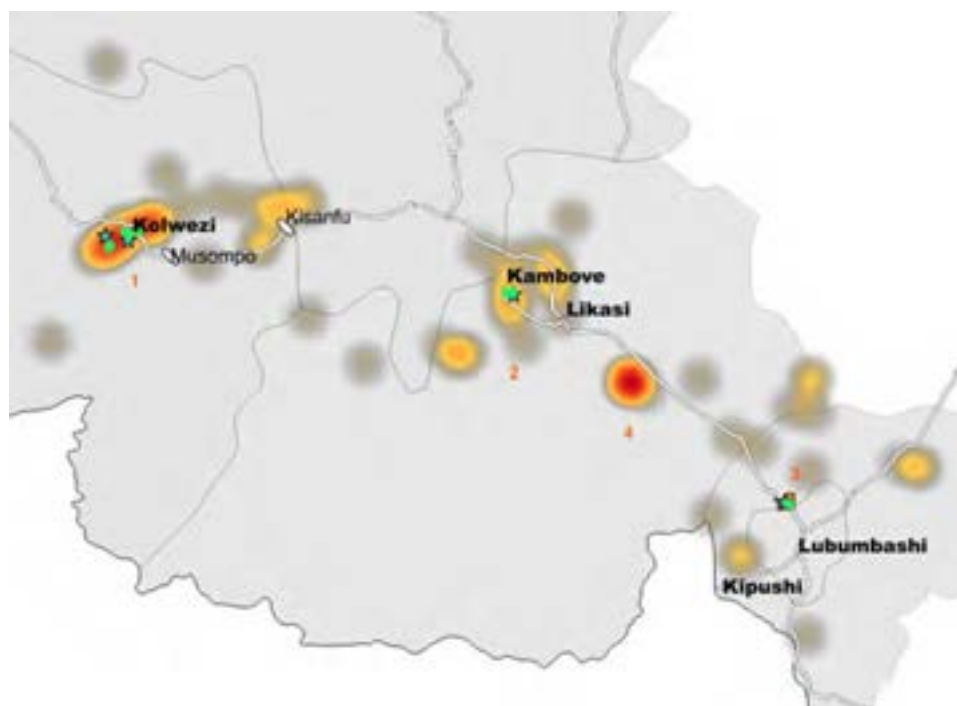
经合组织的指南描述尽责管理是“企业为了确保他们尊重人权和不造成冲突的持续进行、积极主动的过程”。在过去的 18 个月里，华友开创了与经合组织和中国指南一致的钴供应链尽责管理体系，通过这个管理体系华友手机的供应链的信息显著增加，这使得我们能够通过改变采购政策和制定相应的战略来降低供应链风险。我们的尽责管理工作主要有如下面的工作程序：

- 一、理解和绘制供应链地图
- 二、供应链风险评估
- 三、开发和完善内部管理制度
- 四、风险减缓和适应（持续进行）
- 五、报告

#### 一、理解和绘制供应链地图

2016 年年中，华友委托第三方专业机构，就华友刚果金钴供应链开展了一个综合的评估，包括对供应商、矿山以及华友自己的矿山项目。这次供应链地图绘制以及评估的主要目的是对供应商以及存在风险的识别。整个工作经历整整三个月的时间，第三方专业机构通过现场考察，以及与包括 CDM 员工、当地的

NGO、矿工、政府官员以及其他的相关专家进行访谈。绘制的供应链信息也为后来伯克利大学 CEGA 对钴供应链的童工基线调查研究提供了信息。



绘制华友供应链地图活动的主要调查地点。

## 二、供应链风险分析

供应链的绘制过程同时也进行了风险评估，风险类别是基于中国五矿化工进出口商会制定的中国指南中设定的标准，同时按照其严重性以及影响对风险进行优先排序。风险评估之后，我们也按照风险出现供应链位置，如是在 CDM 自有投资的工厂，或从直接供应商，或从间接的供应链，我们分别制定了不同的风险减缓方案。

2016 年年底，在行业中有过类似的一轮的对供应商的第二方评估，评估也是基于符合中国五矿化工进出口商会的中国指南的审计协议进行的。

## 三、风险减缓和适用方法

在风险评估中，有两家供应商被暂停业务，并且告知他们如果他们后续能够按照 CCCMC 的中国指南的要求进行了尽责管理并持续改进供应链风险控制，经过我们重新评估时候则有可能重新进入我们的供应链。

其它所有华友的供应商则被要求必须经过华友，由第三方专业机构开展的尽责管理政策的培训，这样的培训是持续进行的。

通过综合评估和考察，我们发现，供应商采用符合华友政策要求的采购实践活动做到负责任钴的采购是一个需要时间才能完成的，这不能符合华友、国际社会以及下游品牌等相关方对童工的零容忍要求。因此，华友也花费巨大的人力物力，和国际知名并在非洲特别是在刚果（金）有丰富经验的 NGO 一起开发了**负责任钴手采矿尽责管理体系**，体系中包含了完整的包括明确规范源头（我们称其为负责任手采矿矿山，也叫样板矿山，英文 Model mines）、手采矿开发过程的风险可控并且有一个完整的追踪体系涵盖从样板矿山到华友的冶炼厂的全程。

**这里要说明的是**在负责任钴手采矿尽责管理体系中设定要评估的风险不仅仅的童工风险而是涵盖了华友尽责管理政策中设定的所有风险内容，包括手采矿工的安全和职业健康等。

基于负责任钴手采矿尽责管理体系，华友与某供应商一起建立两个样板矿山，用于示范给华友的所有供应商学习和借鉴，当然我们也对非华友供应商也是公开的，此负责任钴手采矿尽责管理体系受到了刚果（金）政府、行业协会、OECD/CCMC、下游品牌公司、国际或者当地 NGO 的高度认可。

在此之后，华友辗转世界各地，借助一些机会来宣传负责任钴供应链，号召供应商的更多企业以及更多的利益相关方来关注和重视钴供应链，加入了负责任钴供应链的建设中来，以下是华友在过去 18 个月中参与的国际性会议，还不包括与行业相关客户召开了单独会议。

| No. | Time     | Content   | Huayou      | Location  |
|-----|----------|---|-------------|-----------|
| 1   | Apr 2016 | RCI First Meeting (Beijing)                     | Presenting  | Beijing   |
| 2   | May      | OECD Responsible Mineral Conference             | Presenting  | Paris     |
| 3   | May      | CDI Annual Conference 2016                      | Attending   | Seoul     |
| 4   | July     | WEF - Responsible Sourcing Revolution (Cobalt)  | Attending   |           |
| 5   | Sept.    | RCI Meeting (Shanghai)                          | Presenting  | Shanghai  |
| 6   | Nov.     | Sustainable Mining Action Plan launching (SMAT) | Presenting  | Beijing   |
| 7   | Nov.     | First Huayou International Annual Conference    | CSR Session | Tongxiang |

|    |           |   |            |             |
|----|-----------|---|------------|-------------|
| 8  | Nov.      | CSR Europe - Business Roundtable "Tackling the cobalt issue with impact"  | Attending  | Belgium     |
| 9  | Feb. 2017 | RCI Meeting (Shanghai)  | Presenting | Shanghai    |
| 10 | March     | Argus Metals Week 2017  | Presenting | London      |
| 11 | April     | Cobalt Workshop in Lubumbashi, DRC  | Presenting | Lubumbashi  |
| 12 | May       | OECD Responsible Mineral Conference   | Attending  | Paris       |
| 13 | May       | RCI Meeting (Paris)   | Presenting | Paris       |
| 14 | May       | CDI Annual Conference 2017  | Attending  | Marrakesh   |
| 15 | June      | GoldenBee the 12th International CSR Forum  | Presenting | Beijing     |
| 16 | August    | RCI - Workshop on Cobalt Supply Chain Due Diligence and Achievement Report Meeting of Responsible Cobalt Initiative's Pilot Program | Presenting | Changsha    |
| 17 | August    | Workshop of National Strategy against WFCL in mining in DRC   | Presenting | Kinshasa    |
| 18 | Sept.     | Argus Metals Ni-Li-Co Conference  | Presenting | Singapore   |
| 19 | Sept.     | Strade-Strategic Dialogue on Sustainable Raw Materials for Europe   | Presenting | Beijing     |
| 20 | Oct.      | EICC&CFSI Annual Conference 2017  | Presenting | Santo Clara |

#### 四、持续进行的尽责管理

华友持续的对其供应链进行尽责管理，包括从大规模工业级的矿山（LSM）和手工和小规模化开采（ASM）。由第三方专业机构设计和协助，华友已经建立了一个基于五矿化工进出口商会中国指南的尽职管理体系，包含一系列调查问卷和相关评估和管理工具，公司也已经将这套管理体系包括工具提供给负责钴业倡议（RCI）。在尽责管理体系运行中，调查问卷被发送到所有的钴供应商用来帮助我们评估供应链中可能存在的风险。

华友目前已经建立一个良好的尽责管理团队，包括公司的由最高长官负责的尽责管理委员会以及有六个专职人员的社会责任办公室。尽责管理团队不断在审核通过尽责管理程序给我们提供的供应商信息。

作为创始成员之一，我们也将继续参与和支持全行业的举措，如责任钴业倡议（RCI）。

## 五、公布报告

在缺乏法律或普遍建立的全行业尽责管理指南，明确对尽责管理信息公布报告具体要求的情况下，我们认为，在其他公司没有像华友这样受到同样的审视，华友单方面公布详细的尽职调查会造成一个不公平的商业环境。即使如此，华友也是目前行业里面最透明化的企业。然而，华友也有计划将尽责管理内容（2017年1月到12月）包含在华友的2018年度可持续性发展报告中对外进行公布。

## 六、更多的现场改进

在您的来信中，您提到华友没有公布对供应链中发现的童工所进行的后续补救工作，这里我们想做个说明。

通过华友以及第三方专业机构的对刚果（金）供应链现场的调查和研究，我们认为刚果（金）传统的手采矿供应链完全没有可追溯性，如下图。



因此我们很难找到供应链中风险评估与供应链相关方的一一对应关系。为此，如之前内容所述，华友改变了刚果（金）手采矿的业务模式，如下图。



在这种模式下，我们的尽责管理体系中有明确的风险减缓计划，如对于任何发现的在矿山无论以什么方式出现的儿童，我们都有与第三方机构合作一起的调查和改善计划来有效的减缓风险。

在此之前，我们在风险情况比较严重（红色）的地区之一卡苏鲁地区（Kaslo）考察之后，第一时间与当地政府协商，在科罗维兹的卡苏鲁地区新建了校舍，就是公司采取的立即落地行程，能够为当地增加 300 个左右的就学机会，虽然没有与矿山的童工建立一一对应关系。这也是我们为改变供应链状况，改进社区生计的立即行动。

另外，为了对矿区儿童提供补救，华友与好牧师基金开展合作，为卢阿拉巴省当地的 BP 项目实施提供资助，同时华友子公司 CDM 每月为 BP 所设立的项目提供基本的生活用品。目前项目合作已经完成一年计划，正在讨论下一步合作计划，CDM 公司已经连续 18 个月为学校提供基本生活物资。

我们也正在与好牧师基金开展合作讨论，华友希望能够加入到好牧师基金在刚果（金）未来的目前计划之中去。

## 七、关于卡苏鲁区域

您来信中提到的卡苏鲁区域的情况，我们做一个说明。

卡苏鲁（Kauslo）是一个社区的名称，位于刚果金 Lualaba 省（现）科洛威



齐市。2014 年下班年，社区住户在基建时发现钴矿，并经过一年多的发展达到了一定规模。在 2015 年大赦国际发布报告之后，华友钴业对各个供应商的所在的来源进行了风险评估。

如我们之前表述，传统的手采矿供应链因此经过了贸易市场因此毫无可追溯性可言，风险极难管控。2017 年四月开始，华友暂停来自贸易市场的采购，其中包括自于 mosonbo 市场（此市场的原料主要是产自卡苏鲁社区），并要求供应商按照相关的负责任的手采矿的标准去进行治理。

2017 年 4 月，在各方面的影响下，政府下令关闭两个红色区域，其中包括卡苏鲁社区。

但由于卡苏鲁产矿区位于社区内部，手采矿工人已经积聚到较大的数量，并且周边聚集了大量的商业日用品等的商贩，此令没有得到有效执行。卡苏鲁产矿区也没有得到有效治理，童工问题的风险没有得到有效控制，并对社区的安全及住户的安全造成了较大的风险，同时对周边的交通也产生了堵塞、事故等安全风险。

当地政府和贸易商缺乏这方面的资金及供应链管理的能力，出自尽责的态度，2017 年 4 月开始，华友与省政府洽谈关于如何能够改进及治理的想法，大的原则政府首先要将卡苏鲁区域进行合法化，之后对产矿区的住户进行拆迁，并对产矿区进行封闭管理，这样才对童工的风险才能管控，同时对矿区的某些安全隐患等级高的区域进行一定的剥离，才能降低相关的手采矿工的安全风险。华友的建议得到了省政府相关人员的一致认同，并由省政府汇报了国家矿业部，经矿业部派出专门代表团队卡苏鲁进行了风险评估，认为要解决此问题必须政府和企业一起合作，共同去推动。

华友也了解到搬迁居民并将地区变为采矿区域会有潜在风险，后续企业会密切关注和督促当地政府在改善过程中依据相关的国际法律法规进行负责、透明化的操作，华友也呼吁大赦国际以及其它利益相关方也加入了刚果（金）现场的改进中来，提供帮助和支持，提供建议和意见，进行监督来共同建设负责任采购的项目。贵机构的同事也在多次场合提到，企业除了要有负责任的态度，更要有相应的行动，如果我们不行动，任其卡苏鲁的发展，那么情况只会更糟。

## 八、结束语

我们的工作希望能够得到大赦国际的支持和榜之，对于您来信中提到的问题我们做以上的说明，并会在接下来的日子里与各相关方一起合作，持续的进行改善，谢谢您。

华友钴业

2017年10月30日

# 湖南杉杉能源科技股份有限公司

Hunan Shanshan Energy Technology Co., Ltd



尊敬的西玛.乔希

关于：国际特赦组织对公司有关钴方面在人权尽责管理做法上的评估报告回复

首先、我们非常惊讶国际特赦组织对湖南杉杉能源科技股份有限公司（简称：杉杉能源）在钴方面人权尽责管理做法上的评估，我们认为报告缺乏真实性，杉杉能源表示在此之前并未接收到贵组织的调查，因此我们对以上的评估报告存在异议。

其次、杉杉能源需要对国际特赦组织的评估报告做以下说明：

1、杉杉能源虽然是宁波杉杉股份有限公司的子公司，但是针对钴方面的采购事宜杉杉能源有相关部门可以直接处理，希望贵组织在做人权尽责调查管理的时候能够直接与杉杉能源联系。

联系人：杨林 [yang.lin@shanshanenergy.com](mailto:yang.lin@shanshanenergy.com)

地址：湖南省长沙高新区麓谷工业园麓天路 17-8 号

2、事实上在 2016 年看到国际特赦组织发表的《不惜卖命的真相》报告时候，杉杉能源就有着手做尽责管理相关工作。杉杉能源有尽责管理委员会，总经理为管理委员会主任，其中供应链总监、行政副总经理、工厂厂长、人力资源部部长、质量管理部部长任相关委员推动尽责管理相关事务落实。

3、近一两年来杉杉能源在钴供应链尽责管理上做了大量的工作，建立供应链尽责管理体系，同时发布供应链尽职管理政策与供应链风险管理办法。将钴供应链尽责管理相关要求传递给我们的供应商并同步要求我们的供应商将相关要求推动到其上游供应商，一直延续到钴矿。

4、近一两年来我们接受了不同客户对钴供应链的尽责管理的审核，如 SDI、LGC、Apple、SONY、博世等客户调查；我们接受第三方 RCS 的审核；我们的采购合同中要求我们的供应商在原料采购过程中必须承担社会责任；我们加入 RCI 会员希望通过杉杉能源在业界的影响力推动整个供应链的尽责

任管理的完善。虽然工作并不一定很完美，但我们一直走在行业的前端、把钴供应链的尽责任管理做为最重要的一项任务去完成，并在行动中不停的完善尽责任管理体系。

- 5、杉杉能源做为锂电池正极材料生产厂家，我们积极响应我们的客户要求；但是杉杉能源目前只采购前驱体、钴盐和氧化钴；我们没有精炼厂，选择哪里的矿不是杉杉能源能控制的，我们前期做了一系列的供应链调查，可以清楚到我们的二级、三级、四级、五级供应商，并保证我们的供应链尽量透明化，我们也在通过杉杉能源的影响力来推动供应商的尽责管理。
- 6、附带附件，杉杉能源在钴方面的尽责任工作推进事项，请了解。

最后、杉杉能源非常注重社会责任，如果贵组织能够更详细的了解会发现我们做的远远不止这一些，我们欢迎国际特赦组织对我们进相关调查，同时希望国际特赦组织能对之前的报告内容做澄清。

以上如有任何问题、请与我们联系。

此致

钟姝



湖南杉杉能源科技股份有限公司尽责任管理委员会委员

湖南杉杉能源科技股份有限公司供应链总监

2017年11月01日星期三

附件：

| 杉杉能源钴在方面负责任工作推进事项 |  |
|-------------------|--|
| 时间                | 主要工作事项   |
| 2015年12月份         | 与钴原料供应商接洽，传递供应商钴方面的人权要求  |
| 2016年2月份          | 修改采购协议，在采购协议中约束，协议要求卖方应合理确保其产品中的钴、钽、锡、钨、金等元素不会以直接或间接的方式为含刚果民主共和国或其他国家（地区）中严重侵犯人权的武装团体提供资金或利益；应保证其取得的原材料不存在侵犯人权、劳工权利和环境保护的问题，不使用来自含刚果民主共和国等冲突区域的矿产，并对此承担全部责任。 |
| 2017年1月份          | 建立钴供应链负责任管理体系，发布供应链尽责管理政策、供应商行为准则、供应链风险管理办法  |
| 2017年3月份          | 所有钴原料相关的供应商发布供应商行为准则，并要求供应商遵守  |
| 2017年3月份          | 2017年3月份接受第三方 RCS globa对杉杉能源的钴供应链尽责管理的审核   |
| 2017年3~5月份        | 在杉杉能源的推进下，杉杉能源的所有钴相关的供应商接收了第三方RCS globa的审核。  |
| 2017年5月份          | RCS globa 认可了杉杉能源在钴供应链负责任管理方面相关问题的改善措施   |
| 2017年8月份          | 杉杉能源进行下半年的钴供应链调查，建立了钴供应链风险评估清单   |
| 2017年8月份          | 杉杉能源加入RCI会员，与相关成员联合行动，为构建包容、清洁、可持续、负责任的钴供应链做努力   |
| 2017年8~10月份       | 我同步接受了终端客户的调查，如Apple/LGC/SDI/大众等，我们的行动得到了客户的认可；同时我们的供应商对钴供应链负责任管理意识得到了加强。  |



March 31, 2017

L&F Co., Ltd. of the Republic of Korea hereby acknowledges receipt of your letter expressing Amnesty International's concerns over the plight of the artisanal miners in the Democratic Republic of Congo (DRC).

Our Company fully appreciates your personal efforts in reaching out to us and ascertaining the abysmal working conditions of these artisanal miners, especially the exploitation of women and children, working in the Cobalt mines of the DRC, as conveyed in Amnesty International's recent report ("THIS IS WHAT WE DIE FOR" – Human rights abuses in the Democratic Republic of Congo power the global trade in Cobalt – January 19<sup>th</sup>, 2016).

We wish to take this opportunity to reassure you that our company's leadership team takes such human exploitations as a serious matter of concern. L&F Co. is fully subscribed to support the internationally recognized labor standards and norms that are designed to improve the working conditions of workers, especially in situations where we are able to directly influence an improved outcome. We are also fervently against any violations of these labor standards which have been designed to avoid harmful working conditions for women and children and especially to help eradicate the explicit or surreptitious use of child labor.

In the past, L&F Co., Ltd. has worked diligently to correct such issues that have come to our attention. Our intention, moving forward is to take additional measures necessary to prevent such abhorrent violations of internationally recognized labor standards as identified in your report.

As a starting point, L&F Co., Ltd has a written agreement in place with Huayou Cobalt, one of our suppliers of Cobalt compounds as identified in the Amnesty International report. Huayou Cobalt has given us a definitive affirmation that neither in the past nor will they do so moving forward, supply any Cobalt compounds to L&F Co., Ltd that have been extracted in the DRC mines, deploying artisanal miners that violate International labor standards and norms.



As an ongoing activity, L&F Co., Ltd. has initiated a joint action plan with Huayou Cobalt to conduct extensive due diligence to prevent any such future violations that could potentially occur in our supply chain.

Our company wants to reassure your organization that our leadership team is fully subscribed to the best management practices as our customary corporate policy. We remain proactive with our partners and we will take all necessary steps to prevent any identified violations in our supply chain. Use of child labor and the exposure to harmful working conditions for women and children are things taken very seriously by our management team. Working in concert with our partners in the supply chain, we intend to address such violations vigorously and to take the appropriate corrective steps where necessary.

We wish to thank Amnesty International for bringing this matter and your resulting concerns to our attention. We welcome your vigilance in monitoring this industry to proactively address the exploitation of the artisanal miners in the Cobalt mines of the DRC with the end goal of improving the overall working and living conditions in this conflicted region.

Please accept our sincere greetings,

SEONG YEOP JEONG - EPM

L&F Co., Ltd.  
120, Dalseo-daero-91-gil, DalSeo-gu,  
Daegu Korea 42712

March 23, 2017

Seema Joshi  
1 Easton Street  
London, WC1X 0DW  
United Kingdom

Dear Ms. Joshi,

This communication is in response to your March 15, 2017 letter regarding concerns about human rights violations in cobalt mines in the Democratic Republic of the Congo (DRC). Lenovo recognizes the importance of transparency around the issues of supply chain due diligence and want to share details on our progress to date since you initially contacted us in October 2015. Attached for your reference is our original response dated November 10, 2015 and Appendix A with details addressing the questions in your most recent letter.

When you originally contacted Lenovo, we identified that Tianjin Lishen Battery Joint-Stock Co., Ltd (Tianjin Lishen) was at that time a supplier for a trademark licensee of Motorola Mobility, a Lenovo wholly-owned subsidiary. We have since worked with Tianjin Lishen and our licensee to investigate and address concerns in your letter. Without confirmation of the allegations made in Amnesty International's January 2016 report, "This is What We Die For," Motorola Mobility's licensee proactively began transitioning from Tianjin Lishen as a supplier and completed this transition in June 2016.

To assist with additional due diligence measures in this area, Lenovo hired InSite Compliance LLC, consultants with expertise in supply chain transparency and social compliance, to assist with additional due diligence measures. Working with InSite, we launched an inquiry and investigation of Tianjin Lishen to determine whether inhumanely mined cobalt from the DRC ever existed in Tianjin Lishen's supply chain. This investigation included inquiry communications and an on-site visit conducted by InSite to investigate Tianjin Lishen's documentation and compliance with human rights, labor rights and environmental protection requirements in their factory and supply chain. The investigation concluded with a declaration from Tianjin Lishen that it has an existing agreement with its main suppliers that requires them to meet the human rights, labor rights and environmental protection compliance standards of its customers. Tianjin Lishen also facilitated compliance declarations that covered these topics from its major suppliers.

CDM and Huayou Cobalt have not been otherwise identified as cobalt processors in either Lenovo's or Motorola Mobility's supply chain, and we have not previously detected human rights abuses in



the cobalt supply chain. Our agreements with our trademark licensees require them to abide by the Lenovo Supplier Code of Conduct which prohibits them from using suppliers that utilize child labor.

Lenovo has long recognized that specific investigation and resolution are only the early steps in fully addressing this issue. We continue to work collaboratively with our industry to drive comprehensive programs that ensure the responsible sourcing of cobalt. Lenovo remains fully active in supporting industry-led efforts to address issues of potential human rights abuses in the electronics supply chain. Specific actions include:

- Expanding industry group efforts beyond their previous primary focus on tin, tantalum, tungsten, and gold (3TG) and driving cobalt initiatives through industry working groups such as the Electronics Industry Citizenship Coalition's (EICC) Responsible Raw Materials Initiative (RRMI).
- Joining the EICC's RRMI and actively participating in the RRMI Advocacy group.
- Enhancing Lenovo's responsible cobalt sourcing activities by making cobalt sourcing a planned initiative for Lenovo's Global Supply Chain sustainability team in Fiscal Year 2017/18. Planned actions supporting responsible cobalt sourcing include due diligence of our policies, implementation of actions to identify and mitigate risk, and providing full transparency in reporting our efforts.
- Drive efforts to identify further conflict-afflicted commodities beyond 3TG and cobalt.

As we mentioned previously in the attached letter from November 2015, Lenovo has policies, practices and measures in place to identify and prevent human rights violations in the supply chain for Lenovo and Motorola Mobility products. Additional improvements since that time include:

- In April 2016, Lenovo updated our Employee Code of Conduct and our Supplier Code of Conduct and added greater emphasis on preventing potential human rights abuses (see [http://www.lenovo.com/social\\_responsibility/us/en/Employee\\_Code\\_of\\_Conduct\\_Lenovo.pdf](http://www.lenovo.com/social_responsibility/us/en/Employee_Code_of_Conduct_Lenovo.pdf) and [http://www.lenovo.com/social\\_responsibility/us/en/Supplier\\_Code\\_of\\_Conduct.pdf](http://www.lenovo.com/social_responsibility/us/en/Supplier_Code_of_Conduct.pdf)).
- Lenovo published a Human Rights policy effective May 16, 2016 which applies to Lenovo operations and those of our supply chain (see [http://www.lenovo.com/social\\_responsibility/us/en/human\\_rights\\_policy/](http://www.lenovo.com/social_responsibility/us/en/human_rights_policy/)).
- In August 2016, Lenovo's Board of Directors approved Lenovo's Anti-Slavery and Human Trafficking statement (see [http://www.lenovo.com/social\\_responsibility/us/en/Anti-Slavery\\_and\\_Human\\_Trafficking\\_Statement.pdf](http://www.lenovo.com/social_responsibility/us/en/Anti-Slavery_and_Human_Trafficking_Statement.pdf)).

We appreciate the efforts of Amnesty International and other concerned parties that work to expose and correct human rights violations and abusive child labor practices. Lenovo is continually growing the breadth and depth of our programs to understand risk in our supply chain and take action to uphold our commitment to be a responsible corporate citizen. We are working with the RMMI to develop additional communications about the current status of this group's efforts to drive transparency in the cobalt supply chain and will share that information when available. Please see Attachment A for further details on your specific questions.

Sincerely,



Guan Wei  
VP Global Supply Chain and Chief Sustainability Executive  
Lenovo Group Ltd



## Appendix A: Response to Request for Further Information



### I. TRADING RELATIONSHIP WITH DRC AND HUAYOU COBALT

1. Within the last five years, has your company sourced cobalt from the DRC? If so, from which area(s) and through which smelter(s) or refiner(s)?

*Lenovo Response:*

- a. Lenovo's focus to date, consistent with our industry efforts, has been on 3TG minerals and at this time cobalt is not part of Lenovo's conflict minerals reporting program. To date, Lenovo has invested the bulk of our resources in this area in building the required due diligence programs to address the minerals defined in Dodd Frank act (3TG) and ensuring our compliance to these requirements while not losing sight of other potential risks in our supply chain. We are committed to further due diligence with plans to include cobalt sourcing in our responsible supply chain program initiatives for FY17/18.
  - b. Consistent with overall industry direction, Lenovo has been concentrating its efforts on 3TG before we expand our efforts to include additional conflict-afflicted commodities. We currently are 85% conflict-free in this space and are anticipating to be at or very close to 100% next year.
2. Are Huayou Cobalt or any Huayou subsidiaries (including CDM) part of your company's cobalt supply chain? If so, for how long? If not, please provide detailed evidence of how your company has arrived at this conclusion, including details of steps you have taken to verify information provided by third parties.

*Lenovo Response:*

- a. Based on reporting received to date, we have not identified these organizations as being part of Lenovo's supply chain.
3. If Huayou Cobalt or any of its subsidiaries are part of your company's supply chain, please provide your assessment of whether or not the due diligence practices undertaken by Huayou Cobalt or its subsidiaries are adequate.

*Lenovo Response:*

- a. We are not aware of Huayou Cobalt or its subsidiaries being a part of Lenovo's direct supply chain today.

### II. SUPPLY CHAIN DUE DILIGENCE POLICY

1. Does your company have a supply chain due diligence policy in place that covers cobalt? If so, please provide a copy in full.

## Appendix A: Response to Request for Further Information



### *Lenovo Response:*

- a. Many aspects of Lenovo's supply chain due diligence program cover all materials and operations of our suppliers and are not limited only to certain materials, including the Lenovo Supplier Code of Conduct and our terms and conditions requiring suppliers to ensure compliance to all applicable laws and regulations.
  - b. Lenovo Supplier Code of Conduct:  
[http://www.lenovo.com/social\\_responsibility/us/en/Supplier\\_Code\\_of\\_Conduct.pdf](http://www.lenovo.com/social_responsibility/us/en/Supplier_Code_of_Conduct.pdf)
  - c. In addition, the Lenovo Human Rights Policy covers Lenovo and our suppliers' operations.
  - d. Lenovo Human Rights Policy:  
[http://www.lenovo.com/social\\_responsibility/us/en/human\\_rights\\_policy/](http://www.lenovo.com/social_responsibility/us/en/human_rights_policy/).
2. Does the policy explicitly refer to, consider or incorporate the five step due diligence framework set out in the OECD Guidance and provide for disclosure of substantive risks and impacts (for example, child labour)?

### *Lenovo Response:*

- a. The Lenovo Supplier Code of Conduct requires suppliers to follow the Electronics Industry Citizenship Coalition (EICC) Code of Conduct, which references the OECD Due Diligence Guidance for Responsible Supply Chains from Conflict-Affected and High-Risk Areas (or other equivalent industry standard).
  - b. Lenovo Supplier Code of Conduct:  
[http://www.lenovo.com/social\\_responsibility/us/en/Supplier\\_Code\\_of\\_Conduct.pdf](http://www.lenovo.com/social_responsibility/us/en/Supplier_Code_of_Conduct.pdf)
  - c. Lenovo's Conflict Minerals Policy references the OECD Guidance:  
[http://www.lenovo.com/social\\_responsibility/us/en/Conflict\\_minerals\\_statement.pdf](http://www.lenovo.com/social_responsibility/us/en/Conflict_minerals_statement.pdf)
3. Has the policy been communicated to suppliers and integrated into supplier contracts? If so, how is the policy communicated, monitored and enforced?

### *Lenovo Response:*

- a. The Lenovo Supplier Code of Conduct is communicated to suppliers via specific executed contracts as well as by reference in standard agreement terms and conditions. Additionally we communicate our expectations semi-annually during environmental and conflict mineral campaigns.
- b. Compliance to the Code and other sustainability related requirements are evaluated as part of Lenovo's Supplier Scorecard program.
- c. Lenovo Supplier Code of Conduct:  
[http://www.lenovo.com/social\\_responsibility/us/en/Supplier\\_Code\\_of\\_Conduct.pdf](http://www.lenovo.com/social_responsibility/us/en/Supplier_Code_of_Conduct.pdf)

## Appendix A: Response to Request for Further Information



4. Is it clearly stated who, at the management level, is responsible for the monitoring of risks and overall implementation of this policy?

*Lenovo Response:*

- a. Lenovo's Chief Sustainability Officer and VP Global Supply Chain is responsible for Lenovo's supply chain sustainability initiatives with support of staff in the global compliance, supply chain, and other related functions.
  - b. Lenovo's Board of Directors has been briefed on the topics of human slavery and trafficking. The Board approved Lenovo's Anti-Slavery and Human Trafficking Statement in August 2016.
  - c. Lenovo's Anti-Slavery and Human Trafficking Statement:  
[http://www.lenovo.com/social\\_responsibility/us/en/Anti-Slavery\\_and\\_Human\\_Trafficking\\_Statement.pdf](http://www.lenovo.com/social_responsibility/us/en/Anti-Slavery_and_Human_Trafficking_Statement.pdf)
5. When risks are identified, does the policy prioritise supplier attempts to perform measurable risk mitigation and pursue disengagement with a supplier only after failed attempts at mitigation or when it is reasonably deemed that risk mitigation is either not feasible or unacceptable?

*Lenovo Response:*

- a. Lenovo requires suppliers to exceed the EICC Code of Conduct requirements and to comply with the Lenovo Supplier Code of Conduct. Suppliers are required to:
    - i. Self-assess their conformance to the code annually and report using formal EICC templates and tools
    - ii. Receive biennial independent third-party EICC audits with EICC approved auditors
    - iii. Provide audit reports and corrective action plans
    - iv. Require their suppliers to comply with the Code
  - b. Lenovo tracks action items to closure and reports program performance to senior procurement management monthly.
  - c. Supplier performance to these standards is a key driver in awarding future business volume.
6. Does your company have a policy about sourcing from artisanal or large scale mines exclusively? If so, how does it ensure that no mixing of cobalt occurs in the upstream?

*Lenovo Response:*

- a. We do not have a policy about sourcing from artisanal or large scale mines exclusively.

## Appendix A: Response to Request for Further Information

7. Does your company's policy make explicit reference to avoiding: serious human rights abuses (including torture, forced or compulsory labour, the worst forms of child labour and widespread sexual violence); direct or indirect support to non-state armed groups or public or private security that engage in illegal activity; and participation in corruption, money-laundering or illegal payments to government authorities?

*Lenovo Response:*

- a. Lenovo's Human Rights Policy addresses human rights generally and references the UN Declaration of Human Rights which includes specific prohibitions on human rights abuses.
- b. Lenovo Human Rights Policy:  
([http://www.lenovo.com/social\\_responsibility/us/en/human\\_rights\\_policy/](http://www.lenovo.com/social_responsibility/us/en/human_rights_policy/)) and
- c. Lenovo's Anti-Slavery and Human Trafficking Statement references the EICC Code of Conduct, which also includes specific prohibitions on human rights abuses.
- d. Lenovo's Anti-Slavery and Human Trafficking Statement:  
[http://www.lenovo.com/social\\_responsibility/us/en/Anti-Slavery\\_and\\_Human\\_Trafficking\\_Statement.pdf](http://www.lenovo.com/social_responsibility/us/en/Anti-Slavery_and_Human_Trafficking_Statement.pdf)
- e. Since 2009, Lenovo has been a member of the UN Global Compact and fully embraces its policies and principals.



### III. ACTIONS TAKEN TO IDENTIFY & ADDRESS RISK

1. Can you provide specific evidence or information of instances where Lenovo has taken action to identify, prevent and mitigate human rights risks and abuses in its cobalt supply chain? (For example, when was the action taken, what was the country of mineral origin, what risk-factors or warnings were present, what was the nature of human rights risk or abuse identified, what type of mitigation measures were put in place etc.?)

*Lenovo Response:*

- a. Please see description in attached letter of our work with third-party consultants to investigate allegations against Tianjin Lishen.
2. Accepting representations by direct suppliers about origins of the mineral is by itself insufficient. What steps, if any, have you taken to verify this information? Have you asked key questions and engage with upstream suppliers in order to determine the origin of cobalt in its supply chain? Has this upstream engagement gone beyond direct suppliers to include N-tier suppliers?

## Appendix A: Response to Request for Further Information

### *Lenovo Response:*

- a. Lenovo is participating in industry efforts such as the EICC's RRMI initiative to help advocate for and drive standardized approaches to investigating cobalt origins in the supply chain. These programs intend to require independent verifications.
  
3. Accepting representations by direct suppliers about human rights risks and abuses is by itself insufficient. What steps, if any, have you taken to obtain information from your smelters on chain of custody (e.g. mining areas and trade routes) and any human rights risks and abuses associated with its extraction or trading?

### *Lenovo Response:*

- a. In addition to the various policies and codes Lenovo has in place and imposes upon our suppliers, Lenovo is participating in industry efforts such as the EICC's RRMI initiative to help advocate for and drive standardized approaches to protecting against human rights abuses in the cobalt supply chain.
  
4. Please provide detail of how you assess the measures undertaken by smelters or refiners in your cobalt supply chain (for example, third-party audits, phone calls, site checks, consultants, etc.)

### *Lenovo Response:*

- a. Lenovo is participating in industry efforts such as the EICC's RRMI initiative to help advocate for and drive standardized approaches to assess smelter and refiner practices in the cobalt supply chain.

## IV. TRANSPARENCY OF SUPPLY CHAIN DUE DILIGENCE PROCESS & RESULTS

1. Does your company publicly disclose its due diligence policies and practices? If so, where?

### *Lenovo Response:*

- a. Lenovo publishes an annual Sustainability Report available here:
- b. ([http://www.lenovo.com/social\\_responsibility/us/en/sustainability\\_reports/](http://www.lenovo.com/social_responsibility/us/en/sustainability_reports/))
- c. We post our Human Rights Policy, Supplier Code of Conduct, and Anti-Slavery and Human Trafficking Statement available here:
- d. ([http://www.lenovo.com/social\\_responsibility/us/en/social\\_responsibility\\_resources/](http://www.lenovo.com/social_responsibility/us/en/social_responsibility_resources/))
  
2. Does your company publicly identify all smelters or refiners in its cobalt supply chain? If so, where?



## Appendix A: Response to Request for Further Information



### *Lenovo Response:*

- a. Consistent with industry efforts, Lenovo's focus today is on the 3TG minerals and we do not publicly identify all smelters or refiners in our cobalt supply chain at this time.
  - b. As part of our Supply Chain Sustainability FY17/18 initiatives, we have committed to driving more transparency in our cobalt supply chain. Our main focus will be through industry efforts like the RRMI.
3. Has your company made public the details of its own assessment of the due diligence practices of its cobalt smelters or refiners? If so, where?

### *Lenovo Response:*

- a. Consistent with overall industry efforts, our focus today is on 3TG minerals. As part of our Supply Chain Sustainability FY17/18 initiatives, we have committed to driving more transparency in our cobalt supply chain.
  - b. Our main focus will be through industry efforts like the RRMI.
4. Does your company regularly publicly report details of independent audits or other checks taken to verify the origins or source of cobalt in its supply chain and nature of the human rights risks or abuses associated with specific companies or locations of extraction or trading? If so, how?

### *Lenovo Response:*

- a. Our focus today is on 3TG minerals, which is consistent with industry efforts. As part of our Supply Chain Sustainability FY17/18 initiatives, we have committed to driving more transparency in our cobalt supply chain.
  - b. Our main focus will be through industry efforts like the RRMI.
5. If the above information is publicly disclosed, please advise of when and how regularly information is updated (for example, is it updated annually, bi-yearly, when there is new information about risks or a change in trading relationships etc.)

### *Lenovo Response:*

- a. N/A



## Appendix A: Response to Request for Further Information

### V. REMEDIATION OF HUMAN RIGHTS RISKS AND ABUSES

1. What steps, if any, has your company taken, either on its own or in collaboration with relevant governments, companies or other stakeholders, to address human rights risks and abuses such as the worst forms of child labour associated with artisanal cobalt mining?

*Lenovo Response:*

- a. In 2016, Lenovo published a Human Rights Policy and updated our Supplier Code of Conduct.
- b. We continue to work through industry groups like the EICC and the CFSI and RRFMI to try to drive improvements in the supply chain, including the cobalt supply chain.
- c. We're participants in the RRFMI Advocacy group and support industry led efforts to try to address potential issues in the cobalt supply chain.





October 30, 2017

Seema Joshi  
1 Easton Street  
London, WC1X ODW  
United Kingdom

Dear Ms. Joshi,

This communication is in response to your October 23, 2017 letter regarding the Amnesty International assessment of company cobalt human rights due diligence practices. We appreciate the opportunity to update you on our ongoing activity since our communication in March 2017. Lenovo is committed to meeting or exceeding international laws regarding human rights. In August 2017, Lenovo's Board of Directors reaffirmed this commitment with their review and approval of our [Anti-Slavery and Human Trafficking statement](#).

Lenovo recognizes that the risk of human rights abuses in the cobalt supply chain is significant in scope and impacts a multitude of industries and other stakeholders. We see broad stakeholder involvement as being the most efficient path forward to address risks in this area, including those identified by Amnesty International. As such, Lenovo continues to support the cross-industry efforts of the Responsible Materials Initiative (RMI). Approximately 60% of Lenovo's suppliers by procurement spend are part of the RMI focus on cobalt. We believe the tools, infrastructure, and partnerships throughout the cobalt supply chain that RMI is creating are essential to allowing individual companies to perform meaningful due diligence. Specifically, the standardization of the Raw Materials Reporting Template and the planned pilot audits of cobalt refiners in late 2017 will significantly move forward industry efforts to understand and address the issue. By identifying and auditing cobalt smelters using tools such as the Risk Readiness Assessment (a tool for mineral producers and processors to assess and communicate risks), the RMI is building up the capabilities of the supply chain while avoiding unnecessary boycotts of the area.

In summary, Lenovo is taking direct action as a participant in the Advocacy work group of the RMI which supports cobalt initiatives by promoting RMI standards and practices across industries. It is our belief that collective efforts such as these will have the most immediate and lasting impact to eliminate human rights abuses in the cobalt supply chain. The activities of the RMI and Cobalt work group, which provides supply chain mapping and risk management tools for cobalt, specifically support the five items identified in the Amnesty International assessment.

We appreciate the efforts of Amnesty International to drive transparency and solutions around this important issue. Lenovo is continuing to improve our programs in this area.

Sincerely,

A handwritten signature in blue ink that reads "John Cerretani".

John Cerretani  
Executive Director, Ethics and Corporate Compliance and Chief Sustainability Executive  
Lenovo Group Ltd

## RESPONSES TO AMNESTY INTERNATIONAL'S LETTER

*Seema Joshi  
Head of Business and Human Rights  
Amnesty International  
1 Easton St, London WC1X 0DW,  
United Kingdom*

April 7, 2017

LG Chem recognizes the child labor issue from Democratic Republic of Congo(DRC) as a severe human rights problem and takes responsibility and its role as a global citizen. We would like to reply regarding official documents received from Amnesty International regarding cobalt-related status and plans on March 15, 2017. However, since we have answered it based on our up-to-date situation, please note that there may be some changes made in the answers of all the questions and later, if we change the answers to your question we will make sure to share all the contents with you.

### I. TRADING RELATIONSHIP WITH DRC AND HUAYOU COBALT

- 1. Within the last five years, has your company sourced cobalt from the DRC? If so, from which area(s) and through which smelter(s) or refiner(s)?**

**Response :**

LG Chem has sourced cobalt from New Caledonia and other countries around the world through smelters(including Huayou) and cathode active material makers. The cobalt supplied from DRC has been confirmed by our suppliers to be an LSM product that has no child labor or human rights issues.

- 2. Are Huayou Cobalt or any Huayou subsidiaries (including CDM) part of your company's cobalt supply chain? If so, for how long? If not, please provide detailed evidence of how your company has arrived at this conclusion, including details of steps you have taken to verify information provided by third parties.**

**Response :**

Huayou cobalt is being used but it is sourced from New Caledonia, not from DRC.

[Appendix1. Certificate of Origin]

- 3. If Huayou Cobalt or any of its subsidiaries are part of your company's supply chain, please provide your assessment of whether or not the due diligence practices undertaken by Huayou Cobalt or its subsidiaries are adequate.**

**Response :**

Huayou have confirmed that in order to reduce child labor risks, they are currently undergoing a "Responsible Cobalt Supply Chain" analysis, establishing a due diligence management system, which follows the methodology of Five Step Framework structure in OECD guidelines, and undertaking numerous remediation activities with the NGOs and other organizations.

As Amnesty International positively mentioned Huayou's efforts to improve cobalt management system at the February 2017 RCI meeting, LG Chem believes that Huayou's effort will bring positive impact on the cobalt supply chain.

However we think that there must be a third-party audit and continuous system improvements are to be made. In that spirit LG Chem will conduct audit on Huayou in order to evaluate the suitability of Huayou's cobalt management plan and due diligence results(scheduled for July 2017)

[Appendix 2. Email documents regarding a 3<sup>rd</sup> party due diligence]

## **II. SUPPLY CHAIN DUE DILIGENCE POLICY**

- 1. Does your company have a supply chain due diligence policy in place that covers cobalt? If so, please provide a copy in full.**

**Response :**

'LG Chem eco-friendly SCM guidelines'(9pages) specified '3. Responsibilities of supplier. 3.5 Compliance of conflict mineral code of conduct and 'LG Chem Code of Conduct for Suppliers' specified our due diligence policy on minerals from conflict-affected and high risk areas including cobalt.

[Appendix 3. LG Chem eco-friendly SCM guideline]

[Appendix 4. LG Chem Code of Conduct for Suppliers]

- 2. Does the policy explicitly refer to, consider or incorporate the five step due diligence framework set out in the OECD Guidance and provide for disclosure of substantive risks and impacts (for example, child labour)?.**

**Response :**

LG Chem's due diligence policy includes a 5-step due diligence framework based on OECD guidelines. It also defines conflict-affected and high-risk areas and their minerals that have substantial risks and adverse effects, and prohibits child labor.

[Appendix 4. LG Chem Code of Conduct for Suppliers]

- 3. Has the policy been communicated to suppliers and integrated into supplier contracts? If so, how is the policy communicated, monitored and enforced?**

**Response :**

LG Chem's suppliers are obligated to comply with the 'LG Chem Code of Conduct for Suppliers' through contracts(Article 19). Our 'LG Chem eco-friendly SCM guidelines' and 'LG Chem Code of Conduct for Suppliers'(including due diligence policy) are shared with suppliers through the Procurement portal.

If the supplier does not agree to follow our compliance requirements on code of conduct, they cannot be able to further processing contract with LG Chem.

[Appendix 5. Purchase Agreement(Article 19)]

- 4. Is it clearly stated who, at the management level, is responsible for the monitoring of risks and overall implementation of this policy?**

**Response :**

The vice president of Corporate Affairs Department is responsible for LG Chem's due diligence policy, and the vice president of Energy Solution Procurement Department is responsible for monitoring and implementation.

- 5. When risks are identified, does the policy prioritise supplier attempts to perform measurable risk mitigation and pursue disengagement with a supplier only after failed attempts at mitigation or when it is reasonably deemed that risk mitigation is either not feasible or unacceptable?**

**Response :**

LG Chem strictly adheres to comply with the 'LG Chem Code of Conduct for Suppliers' by reflecting the social responsibility article in the contract. Based on the contract, we request for the improvement of CSR risk factor(due diligence, etc.) and we can terminate the contract if the supplier does not perform without justifiable reason.(Please refer to Purchase Agreement ARTICLE 19 SOCIAL RESPONSIBILITY)

[Appendix 5. Purchase Agreement(Article 19)]

- 6. Does your company have a policy about sourcing from artisanal or large scale mines exclusively? If so, how does it ensure that no mixing of cobalt occurs in the upstream?**

**Response :**

LG Chem requests our suppliers to use the cobalt from LSM and restrict the use of cobalt from the Artisanal and Small-scale Mining(ASM), where child labor exists. We also receive the official documentation to prove it.

When LG Chem performs audit on Huayou, we will check on their supplying status in near future.

[Appendix 6. Supplier's official documentation]

7. **Does your company’s policy make explicit reference to avoiding: serious human rights abuses (including torture, forced or compulsory labour, the worst forms of child labour and widespread sexual violence); direct or indirect support to non-state armed groups or public or private security that engage in illegal activity; and participation in corruption, money-laundering or illegal payments to government authorities?**

**Response :**

Based on the ‘LG Chem Code of Conduct for Suppliers’, our suppliers are required to comply with the following standards: prohibition of child labor, prohibition of discrimination, compliance with working hours and compensation standards, prohibition of corruption, environmental protection, prohibition of forced labor, personal treatment, freedom of association, prohibiting the use of conflict minerals, and to secure information on the origin of raw materials. It also specified the OECD Guidance Annex II standards in the due diligence policy.

[Appendix 4. LG Chem Code of Conduct for Suppliers]

### **III. ACTIONS TAKEN TO IDENTIFY & ADDRESS RISK**

1. **Can you provide specific evidence or information of instances where LG Chem has taken action to identify, prevent and mitigate human rights risks and abuses in its cobalt supply chain? (For example, when was the action taken, what was the country of mineral origin, what risk-factors or warnings were present, what was the nature of human rights risk or abuse identified, what type of mitigation measures were put in place etc.?)**

**Response :**

In June 2016, we conducted audits with our third-party organization (DNV GL) to evaluate whether our first-tier supplier ‘L & F’(cathode active material maker) were in compliance with ‘LG Chem Code of Conduct for Suppliers’ and we recommended some corrections toward inconsistent factors. LG Chem plan to continuously monitor the corrective recommendations.

The human rights risks at the upstream stage were confirmed through Huayou. LG Chem also have confirmed that Huayou have suspended traders, who does not cooperate, educated their suppliers to improve awareness, concluded a commitment letter with ASM suppliers, and performing remediation activities for DRC.

[Appendix 7. L&F Audit report]

2. **Accepting representations by direct suppliers about origins of the mineral is by itself insufficient. What steps, if any, have you taken to verify this information? Have you asked key questions and engage with upstream suppliers in order to determine the origin of cobalt in its supply chain? Has this upstream engagement gone beyond direct suppliers to include N-tier suppliers?**

**Response :**

LG Chem have confirmed the efforts to spread supplier management/adequacy of the certification process of origin during the L&F Audit and we have identified the origin information of smelters/supplier level such as Huayou, and etc.

LG Chem requires our first-tier suppliers to pass on the standards set out in the LG Chem Code of Conduct for Suppliers to the upstream supplier chain, which is stated in the 'Acknowledgement for LG Chem Code of Conduct for Suppliers'.

[Appendix 4. LG Chem Code of Conduct for Suppliers]

- 3. Accepting representations by direct suppliers about human rights risks and abuses is by itself insufficient. What steps, if any, have you taken to obtain information from your smelters on chain of custody (e.g. mining areas and trade routes) and any human rights risks and abuses associated with its extraction or trading?**

**Response :**

Huayou have been sharing the activities to improve human rights risk to LG Chem and we will judge the adequacy of the activities through supplier audit in near future.

- 4. Please provide detail of how you assess the measures undertaken by smelters or refiners in your cobalt supply chain (for example, third-party audits, phone calls, site checks, consultants, etc.)**

**Response :**

LG Chem constantly contacting Huayou through meetings and phone calls for information. We will conduct audits in cooperation with third-party institutions in the future, and if problems are found we will request corrective actions and constantly monitor it.

#### **IV. TRANSPARENCY OF SUPPLY CHAIN DUE DILIGENCE PROCESS & RESULTS**

- 1. Does your company publicly disclose its due diligence policies and practices? If so, where?**

**Response :**

LG Chem's Due diligence policy is reflected in the 'LG Chem Code of Conduct for Suppliers' and sharing with our suppliers through the Procurement portal. We plan to disclose cobalt related issues and our due diligence policy through the LG Chem Sustainability Report (June 2017).

[Appendix 8. Evidence of 'LG Chem Code of Conduct for Suppliers' reflected in Procurement portal]

- 2. Does your company publicly identify all smelters or refiners in its cobalt supply chain? If so, where?**

**Response :**

LG Chem has the information regarding smelters.

- 3. Has your company made public the details of its own assessment of the due diligence practices of its cobalt smelters or refiners? If so, where?**

**Response :**

The details of assessments are 'OECD Due Diligence Guidance for Minerals - 5 steps framework', which is reflected in 'LG Chem Code of Conduct for Suppliers' and is shared with suppliers through a procurement portal. We will disclose them to our stakeholders through the 'LG Chem Sustainability Report'.

[Appendix 4. LG Chem Code of Conduct for Suppliers]

- 4. Does your company regularly publicly report details of independent audits or other checks taken to verify the origins or source of cobalt in its supply chain and nature of the human rights risks or abuses associated with specific companies or locations of extraction or trading? If so, how?**

**Response :**

LG Chem plan to conduct audit to confirm the adequacy of Huayou's activities, plans, and due diligence procedures to resolve child labor issues regarding cobalt.

- 5. If the above information is publicly disclosed, please advise of when and how regularly information is updated (for example, is it updated annually, bi-yearly, when there is new information about risks or a change in trading relationships etc.)**

**Response :**

When new risks are identified, LG Chem immediately updates relevant regulations, such as 'LG Chem Code of Conduct for Suppliers' and 'LG Chem eco-friendly SCM guidelines'. The policies and progress will be disclosed through the 'LG Chem Sustainability Report' annually.

## **V. REMEDIATION OF HUMAN RIGHTS RISKS AND ABUSES**

- 1. What steps, if any, has your company taken, either on its own or in collaboration with relevant governments, companies or other stakeholders, to address human rights risks and abuses such as the worst forms of child labour associated with artisanal cobalt mining?**

**Response :**

LG Chem, based on management principle "People-oriented Management", strives to respect human dignity and rights of freedom and happiness as fundamental values. As a member of UN Global Compact we comply with principles of human rights and labor. We have established the 'LG Chem Code of Conduct for Suppliers' and 'Global Human Rights & Labor Policy' to communicate with suppliers and employees. In addition, as a member of Conflict Free Sourcing Initiative(CFSI), we operates a conflict minerals management system.



Also, LG Group have formed the Conflict Minerals Association in order to cooperate with conflict mineral issues. Furthermore, LG Chem recognizes the child labor issue from DRC is causing a severe global human rights problems that we participated in the RCI International Conference in February 2017 and was shared about our supplier's RCI activities. Also we are positively considering to join RCI. In addition, we have strengthened our management system by defining cobalt as controlled substance and establishing a due diligence policy. In near future, we will make every effort to strengthen on-site inspection of the supply chain and to improve the management systems of our suppliers. However, we believe that the collaboration between the international community, NGOs and the government of the Democratic Republic of Congo is considered to be the most important for child labor issues regarding cobalt, and LG Chem will make every effort possible in order to resolve it.

[Appendix 9. LG Chem Global Human Rights & Labor Policy]

*Yours sincerely,*  
*LG Chem, Ltd.*

[Appendices]

Appendix 1 : Certificate of origin

Appendix 2 : Email documents regarding a 3<sup>rd</sup> party due diligence

Appendix 3 : LG Chem eco-friendly SCM guideline

Appendix 4 : LG Chem Code of Conduct for Suppliers

Appendix 5 : Purchase Agreement(Article 19)

Appendix 6 : Supplier's official documentation

Appendix 7 : L&F Audit report

Appendix 8 : Evidence of 'LG Chem Code of Conduct for Suppliers' reflected in Procurement portal

Appendix 9 : LG Chem Global Human Rights & Labor Policy

Amnesty International  
1 Euston Street,  
London, WC1X 0DU,  
United Kingdom

October 30, 2017

Dear Seema Joshi,

First of all, we, on behalf of all of LG Chem employees, appreciate your unfailing efforts to improve human rights associated with cobalt supply chain around the world. In accordance with your hard works, we are determined to get involved and do what ever it takes to support and respect human rights in a manner consistent with the international standards.

Please, find below our updated feedback on your findings which are based on our first response to your inquiry back in March 2017. Since we have put in our endeavor to mitigate and remediate human rights at risk identified in the supply chain, we sincerely hope you take our following answers on board for the upcoming report you plan to publish.

***Efforts to expand Due Diligence in the supply chain***

LG Chem has carried out a third-party audit on its cobalt supply chain since last year. It is believed that LG Chem is so far the only company who is voluntarily determined to conduct due diligence on its suppliers to fulfill social responsibility for cobalt supply chain. The company will continue to expand Due Diligence efforts by making sure all the raw materials especially cobalt used in our products are sourced responsibly.

***More reliable measures to be taken to identify and prevent the risks***

LG Chem was not properly aware of the complexity in the cobalt supply chain, especially the mixing of raw materials that occurs in the refinery process until we conducted the audit on Huayou Cobalt last July. Furthermore, we have found that there are still more steps to be taken for instance, the chain of custody based on traceability of raw materials should be in place to identify and prevent human rights risks along the chain. Therefore, we will keep an eye on the supply chain of our suppliers including Huayou Cobalt and take responsive actions if necessary to support continuous improvement of their supply chains.

***Additional risk assessment on LSM required***

It is understandable that aside from the assurance letter from Glencore(LSM), more evidences of thorough risk assessment in LSM followed by further interrogation regarding its supply chain should be applied to verify there are no human rights risks identified in the chain. To this end, we have requested Glencore to share us with



more information. Any progress being made will be shared going forward. \*See *attached email as evidence.*

### ***Strengthening the transparency in cobalt supply chain***

As you mentioned, LG Chem has adopted a policy for responsible sourcing and put this in practice by incorporating it into the contract when signed by our suppliers who are also obligated to comply with requirements in line with international standards. \*See our *Code of Conduct for Suppliers in details*

[http://www.lgchem.com/upload/file/principle/LGChem\\_Code\\_of\\_Conduct\\_for\\_Suppliers\\_ENG.pdf](http://www.lgchem.com/upload/file/principle/LGChem_Code_of_Conduct_for_Suppliers_ENG.pdf)

In addition, we have mapped our supply chain to look further into any risks identified in the supply chain of our suppliers as well as to strengthen the transparency of the chain. The information is now open at our website \*See *below link for your information*

<http://www.lgchem.com/global/sustainability/sustainability-introduction/principle>

Based on our findings through mapping, we have decided to take further steps to investigate supply chain, in particular smelters and refiners although it is a time-consuming job to do. The additional information will be disclosed once fully updated according to OECD Due Diligence Guidance.

### ***Working closely with RCI for better solutions***

As mentioned above, due to the complexity in the supply chain and the resources required, having an impact as a company alone would be almost impossible. For this reason, we have decided to join the RCI (Responsible Cobalt Initiative) to act together with other participants for better solutions towards the ongoing issues.

### ***Travel ban on the DRC which hinders further investigation***

It is our commitment to follow up on what has been discovered and recommended through the audit on Huayou Cobalt. Moreover, we are in line with your recommendation that on-site investigation of the company's supply chain in the DRC should be included in the audit.

To be honest with you, visiting the DRC was part of our plan when conducting the audit in July but we were unable to do so because the country is designated as a 'Travel Restricted' by the Ministry of Foreign Affairs of the Republic of Korea. As far as we are concerned, therefore, it would be unrealistic if you insist we should go to the DRC for further investigation. \*See *below link for travel advisory by Korean government*

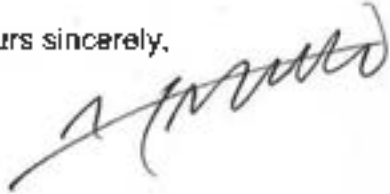
[http://www.mofa.go.kr/ENG/press/pressreleases/index.jsp?menu=m\\_10\\_20&sp=/webmodule/htsboard/template/read/engreadboard.jsp%3FtypeID=12%26boardid=302%26seqno=318988](http://www.mofa.go.kr/ENG/press/pressreleases/index.jsp?menu=m_10_20&sp=/webmodule/htsboard/template/read/engreadboard.jsp%3FtypeID=12%26boardid=302%26seqno=318988)



[Democratic Republic of the Congo]

- (Kasai, Lulua, Kasai-Oriental) Level 3/Red Alert (Travel Restricted) from the previous Level 2/Yellow Alert (Highly Cautious) due to Conflict exacerbating between government and anti-government forces

Yours sincerely,



LG Chem CSR Team Leader/Professional  
Mr. Jae-Chul Kang







**VIA E-MAIL**

Friday, March 31, 2017

Ms. Seema Joshi  
Head of Business and Human Rights  
Amnesty International  
Peter Benenson House, 1 Easton Street  
London, Wc1x ODW, United Kingdom

Reference: TC AFR 62/2017.018

Dear Ms. Joshi:

I am responding on behalf of Microsoft to your letter received on March 20. Thank you for contacting us regarding Amnesty International's research on human rights issues associated with the artisanal mining of cobalt laden ores.

Microsoft shares Amnesty's passion for protecting human rights in the Democratic Republic of Congo and around the world. We are committed to the responsible sourcing of raw materials used in our products and are working to help eradicate human rights issues in mining.

Given the complexities of the global mineral supply chain, Microsoft has developed a holistic and multifaceted approach to promote safe, ethical working conditions. We act with our own suppliers. Our Responsible Sourcing of Raw Materials policy extends the requirements in our Supplier Code of Conduct to the furthest reaches of our supply chain in support of human rights, health and safety, environmental protection and business ethics. And we work closely with these suppliers around the world to ensure they share our commitment and reflect this in their own programs.

We also partner closely with organizations, including [Pact](#), [Initiative for Responsible Mining Assurance](#) (IRMA) and [Alliance for Responsible Mining](#) (ARM), that address human rights concerns in artisanal mining and are leveraging data and technology to bring about even greater change. With the further enablement that digital technology can provide, Microsoft and our partners can drive transformations of increased scope and complexity. We believe this integrated approach is the most effective way to improve conditions for the people working in raw material supply chains.

This point of view is shared by other international development organizations, including Pact, which works to reduce child labor in the Democratic Republic of Congo. They note child labor is an issue that *“requires integrated approaches and systematic solutions.”* Pact also recognizes that solutions that focus on tracing regimes or a refusal to source from particular regions, have limitations. Specifically, they write in their *Watoto Inje ya Mungoti (Children Out of Mining) [Report](#)* that, *“if such attention [traceability] results a cosmetic or superficial removal of children from the mine just to hide them from the auditors, child labor practices are likely to prevail in a clandestine fashion, making it even harder to identify the vulnerable children and to respond to their needs. Similarly, imposing embargoes can be detrimental to local economies, exacerbating poverty and child vulnerability.”*

Since last year, we have seen encouraging results from our engagement with Pact on the Children Out of Mining project. In two years, the project has reached 1,881 children and contributed to a 97 percent decrease of children working at mine sites in the area. These results are outlined in the report linked above. Another new development is our donation of a technology platform to our partner, IRMA, to support their development of best practice standards and a global system to audit and verify implementation of these standards across multiple mining types and ores.

We are committed to being a positive force in support of responsible sourcing and the welfare of the people engaged in our supply chain. We believe important and meaningful progress has been made through our efforts with our suppliers and NGO partners. More work remains to be done, and Microsoft will continue our efforts to drive even greater progress in the future.

Again, thank you for the opportunity to respond to your further inquiry. Please see our responses below:

## 1. Trading Relationship with DRC and Huayou Cobalt

1. Within the last five years, has your company sourced cobalt from the DRC? If so, from which area(s) and through which smelter(s) or refiner(s)?
2. Are Huayou Cobalt or any Huayou subsidiaries (including CDM) part of your company's cobalt supply chain? If so, for how long? If not, please provide detailed evidence of how your company has arrived at this conclusion, including details of steps you have taken to verify information provided by third parties.
3. If Huayou Cobalt or any of its subsidiaries are part of your company's supply chain, please provide your assessment of whether or not the due diligence practices undertaken by Huayou Cobalt or its subsidiaries are adequate.

We improved the responsible sourcing of cobalt at its sources through our work with NGOs and our supply chain. However, Microsoft does not source raw materials, such as cobalt, directly. We do, however, work directly with our battery suppliers to best understand their sub-tier raw material sources. We are engaged with all Microsoft battery suppliers to assess their compliance with our Responsible Sourcing of Raw Materials policy and ensure they are also pushing compliance to their sub-tier suppliers. While we are actively involved in these efforts across our supply chain, because we are several layers removed from the original mine and the prevalence of in-region co-mingling of materials, we are unable to say with absolute assurance that any or none of our cobalt sources can be traced to Huayou Cobalt or any of its subsidiaries.

## 2. Supply Chain Due Diligence Policy

1. Does your company have a supply chain due diligence policy in place that covers cobalt? If so, please provide a copy in full.

Microsoft has an extensive supply chain due diligence policy in place that applies to the sourcing of all raw materials in our supply chain. This commitment is global in scope and applies to **all** substances used in our products, unbound by specific minerals, materials or locations. Our "[Responsible Sourcing of Raw Materials](#)" Policy extends our Supplier Code of Conduct to the furthest reaches of our global upstream supply chain in support of human rights, labor, health and safety, environmental protection, and business ethics for all minerals, including cobalt.

Our extended strategy for responsible sourcing of raw materials focuses on a combination of building cross-industry sector capability, supporting electronics industry efforts, and working with in-region expert NGOs. This policy and our [Supplier Code of Conduct](#) explicitly references requirements against child labor, forced labor, corruption, and/



indirect or direct support to non-state armed groups or public or private security that engages in illegal activity.

2. Does the policy explicitly refer to, consider or incorporate the five step due diligence framework set out in the OECD Guidance and provide for disclosure of substantive risks and impacts (for example, child labour)?

Our policy is aligned to the OECD five step due diligence framework. Regarding conflict minerals, our upstream tracing efforts follow the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas using the Conflict Minerals Reporting Template. These efforts include, among other elements, having a five-year retention period for related due diligence records consistent with the OECD Guidance, auditing the identification and certification of Conflict-Free smelters and refiners through direct support of and membership in the Conflict-Free Smelter Initiative, and supporting in-region efforts such as the Public-Private Alliance for Responsible Minerals Trade (PPA) and ITRI Tin Supply Chain Initiative (iTSCI).

We also review information from other sources, including industry, non-governmental organizations, the UN Security Council and the U.S. Department of Treasury to augment our OECD due diligence efforts. We respond to these reports by finding alternate sources where appropriate.

3. Has the policy been communicated to suppliers and integrated into supplier contracts? If so, how is the policy communicated, monitored and enforced?

Our requirements for Responsible Sourcing of Raw Materials are communicated to suppliers and integrated into contracts, via our Microsoft's Social and Environmental Accountability (SEA) requirements for all contracted suppliers. The SEA requirements are sent to suppliers biannually, and suppliers must acknowledge receipt. In addition, we've taken the extra step of having our suppliers, including our key battery suppliers, undergo training on our requirements including the Responsible Sourcing of Raw Materials policy. We expect our upstream suppliers to engage in similarly robust due diligence activities.

4. Is it clearly stated who, at the management level, is responsible for the monitoring of risks and overall implementation of this policy?

Yes, the General Manager of Safety, Compliance and Sustainability is responsible for the Responsible Sourcing of Raw Material Policy and its implementation. This is documented in our internal operating procedures.

5. When risks are identified, does the policy prioritise supplier attempts to perform measurable risk mitigation and pursue disengagement with a supplier only after failed attempts at mitigation or when it is reasonably deemed that risk mitigation is either not feasible or unacceptable?

We are engaged with all Microsoft battery suppliers to assess their compliance with our Responsible Sourcing of Raw Materials policy and ensure they are also pushing compliance to their sub-tier suppliers.

As part of our due diligence process, if we identify a potential risk associated with a supplier's upstream Smelter or Refiner, for example, where this Smelter or Refiner is processing raw materials that does not comply with Microsoft's Responsible Sourcing policy or supplier specifications, Microsoft will initiate immediate actions to address this risk. Actions may include one or more of the following: supplier engagement, training, or audits and, when warranted, the elimination of the supplier from Microsoft's supply chain. Before removing the non-compliant supplier, Microsoft will work with the suppliers to find alternate sources for compliant minerals, or, if the supplier cannot commit to an alternate source within a reasonable time, this supplier is placed on Microsoft's Restricted List. Once on the Restricted List the supplier is no longer eligible for new business and risks full termination of their business with Microsoft.

6. Does your company have a policy about sourcing from artisanal or large scale mines exclusively? If so, how does it ensure that no mixing of cobalt occurs in the upstream?

Microsoft does not have a policy to source exclusively from either large-scale or artisanal mines. To develop more responsible mining practices, we partner with organizations, such as the [IRMA](#) for large scale mines and [Alliance for Responsible Mining \(ARM\)](#) for small or medium-scale artisanal mines. These organizations are developing responsible mining assurance systems that improve social and environmental performance and create greater transparency on mining sites around the world.

7. Does your company's policy make explicit reference to avoiding: serious human rights abuses (including torture, forced or compulsory labour, the worst forms of child labour and widespread sexual violence); direct or indirect support to non-state armed groups or public or private security that engage in illegal activity; and participation in corruption, money-laundering or illegal payments to government authorities?

Our policy explicitly addresses human rights, labor, health and safety, environmental protection, and business ethics. And it explicitly prohibits the use of forced labor and child labor.

### 3. Actions taken to Identify and Address Risk

1. Can you provide specific evidence or information of instances where Microsoft has taken action to identify, prevent and mitigate human rights risks and abuses in its cobalt supply chain? (For example, when was the action taken, what was the country of mineral origin, what risk-factors or warnings were present, what was the nature of human rights risk or abuse identified, what type of mitigation measures were put in place etc.?)
2. Accepting representations by direct suppliers about origins of the mineral is by itself insufficient. What steps, if any, have you taken to verify this information? Have you asked key questions and engage with upstream suppliers in order to determine the origin of cobalt in its supply chain? Has this upstream engagement gone beyond direct suppliers to include N-tier suppliers?
3. Accepting representations by direct suppliers about human rights risks and abuses is by itself insufficient. What steps, if any, have you taken to obtain information from your smelters on chain of custody (e.g. mining areas and trade routes) and any human rights risks and abuses associated with its extraction or trading?
4. Please provide detail of how you assess the measures undertaken by smelters or refiners in your cobalt supply chain (for example, third-party audits, phone calls, site checks, consultants, etc.)

We are engaged with all Microsoft battery suppliers to assess their compliance with our Responsible Sourcing of Raw Materials policy and ensure they are also pushing compliance to their sub-tier suppliers. We engage with our suppliers to document the due diligence efforts they have taken to ensure Microsoft's Responsible Sourcing of Raw Material Policy is upheld. As a data-driven company, we believe in the power of technology and data to track, report and learn. We also leverage a third-party data service to develop a more robust risk analysis of all major commodities used in our supply chain, including cobalt. Using this data, we have developed a risk profile for each commodity. This combination of research, supplier information and risk data helps us identify and implement strategies that are matched to the right leverage points. This has helped inform our comprehensive approach to raw minerals, outlined previously.

In addition to these efforts with our direct suppliers, Microsoft partners with Pact, IRMA and ARM to further address and improve the working conditions of the people engaged in mining efforts. We're proud of the progress these partnerships have made in the lives of people engaged in mining, though we know there is more still to be done. Below, we outline some of our progress and plans for the future.

- **Pact:** Since 2014, Microsoft has partnered with Pact on the Watoto Inje ya Mungoti, or “Children out of Mining” program - a scalable, repeatable, and sustainable strategy to address child labor in Democratic Republic of the Congo mining. The program employs a two-pronged approach, focused on raising community awareness of issues and improving economic stability of caregivers. By October 2017, Pact reported a 97 percent reduction in children working in the mines. The Project and Microsoft’s leadership on the topic has been recognized by others, and was the only cited best practice by the OECD in their report, *Practical Actions for Companies to Identify and Address the Worst Forms of Child Labour in the Minerals Supply Chain*, presented at the OECD-ICGLR-UN Group of Expert Forum on Responsible Mineral Supply Chain in May 2016. As the project expands and develops, Microsoft will continue to partner with Pact with the goal of transforming this project into a best practice standard to address child labor in mining. Please find more about the project in Pact’s [Report](#).
- **IRMA and ARM:** Since 2014, Microsoft has partnered with both IRMA and ARM to create global mining standards for large-scale, small-scale and artisanal mines. We believe that these standards are key to better addressing labor, human rights, and environmental issues in a way that benefits mining communities and miners.

#### 4. Transparency of Supply Chain Due Diligence Process and Results

1. Does your company publicly disclose its due diligence policies and practices? If so, where?
2. Does your company publicly identify all smelters or refiners in its cobalt supply chain? If so, where?
3. Has your company made public the details of its own assessment of the due diligence practices of its cobalt smelters or refiners? If so, where?
4. Does your company regularly publicly report details of independent audits or other checks taken to verify the origins or source of cobalt in its supply chain and nature of the human rights risks or abuses associated with specific companies or locations of extraction or trading? If so, how?
5. If the above information is publicly disclosed, please advise of when and how regularly information is updated (for example, is it updated annually, bi-yearly, when there is new information about risks or a change in trading relationships etc.)

The Microsoft Responsible Sourcing of Raw Materials Policy is available on the Microsoft website and has been since its launch in 2014. Since 2015, we have provided a great deal of information related to our policies, programs, practices and our top 100 suppliers in our

annual Citizenship report (now located online at the Microsoft Corporate Social Responsibility [website](#).) In addition, we will share the results of our Responsible Sourcing of Raw Materials program in FY18.

## 5. Remediation of Human Rights Risks and Abuses

1. What steps, if any, has your company taken, either on its own or in collaboration with relevant governments, companies or other stakeholders, to address human rights risks and abuses such as the worst forms of child labour associated with artisanal cobalt mining?

At Microsoft, we endeavor to respect and champion human rights in the way we do business. And we work with some of the world's leading human rights organizations to apply the power of technology to advance human rights. Since 2006, Microsoft has had a formal commitment to respect human rights as a signatory of the [United Nations Global Compact](#).

The Global Compact is the most widely recognized corporate social responsibility (CSR) framework for businesses to respect human rights and labor rights, and to ensure environmental protection and combat corruption. Microsoft enhanced this commitment when we published our Global Human Rights Statement in 2012. Our [Global Human Rights Statement](#) is itself grounded in the [United Nations Guiding Principles on Business and Human Rights](#).

With specific attention to child labor in mining, we have built a comprehensive approach vis our own work and with partners.

- Microsoft assisted in the creation of the [Responsible Raw Material Initiative](#), a working group co-sponsored by the Electronic Industry Citizenship Coalition (EICC) and Conflict-Free Sourcing Initiative (CFSI), which identifies, prioritizes and advances select initiatives to drive meaningful improvement in the mining sector with cross-industry partners. RRFMI is actively engaged with its members and external stakeholders to drive positive outcomes. The cobalt sub-team is developing a standardized reporting template for Member companies to engage with their suppliers to map the downstream cobalt supply chain to the point of the smelter. The tool is based on the Conflict Minerals Reporting Template (CMRT) of the CFSI.
- Pact is an important partner of Microsoft to address child labor in mining operations. Microsoft partners with Pact's Watoto Inje ya Mungoti, or "Children out of Mining" program to develop a scalable, repeatable, and sustainable strategy to address child labor in Democratic Republic of the Congo mining.
- Microsoft also partners with IRMA to create global mining standards for large-scale mines. Our partnership is more than just participation – we are bringing

technology to help scope, scale and implement effective programs. Microsoft recently donated a technology platform to IRMA that will allow the organization better implement these assurance standards. By pairing the technology platform with Power BI, stakeholders will be able to track mining performance against the assurance standard. This real-time information, presented in an easy-to-see and use interface, should help mining companies and NGOs overcome the inherent difficulties of scope and complexity of these programs to create new insights and inspire additional progress. With learnings from this engagement, we hope to enable additional NGO partners to expand their work to create sustainable mining communities.

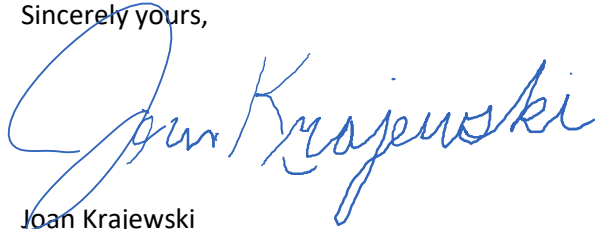
We understand the value Amnesty International places on the ability to verify information. To that end, we have shared quotes below from our NGO partners to provide validation of Microsoft's engagement on this important issue and our continued commitment.

- IRMA, [Aimee Boulanger](#)  
“The Initiative for Responsible Mining Assurance (IRMA) will launch in late 2017, offering certification and other benchmarking of responsible mining against the multi-stakeholder developed comprehensive Standard for Responsible Mining. IRMA's Steering Committee of ten leaders are key to bringing this Standard, and independent verification of its achievement, to fruition. In its role on the Steering Committee, Microsoft has provided two unique contributions to IRMA: 1) Insight, expertise and real tools for assuring that the independent auditing and verification of mines is measurable and meaningful for all stakeholders (based on Microsoft's own experience with auditing for sourcing), 2) An understanding of lower-value commodity types (like tin) and regions of the world in which they are mined. By balancing the jewelry sector's focus on high-value metals, Microsoft has helped IRMA to broaden its scope and service, better addressing how best practice standards can be used to “float all boats” — not just rewarding those already doing relatively well, but also creating incentive and leverage so that mines currently far from best practice feel market pressure — and value — to incrementally improve.”
- ARM, [Marcin Piersiak](#)  
“Microsoft has proven to be a constant ally, providing much-needed funds to invest in strengthening of the organization and in sparking the development of new strategic initiatives. For example, the seed funding from Microsoft helped ARM secure further resources to develop a Market Entry Standard for Artisanal and Small-scale Gold Miners. We look forward to a continuous collaboration in the future to upscale the impact of ARM's work on artisanal and small-scale miners globally.”

- Pact  
“In addition, by joining forces with other donors during the [Children out of mining] project, Microsoft enabled a rational project design and good value for money, something that can also contribute to the success of this next phase. By October 2017, there had been a 97% reduction in children working in the mines, with 36 children working compared to more than 1,000 in the baseline.”

Thank you once again for contacting Microsoft and providing us the opportunity to provide responses to your questions.

Sincerely yours,



Joan Krajewski  
General Manager  
Safety, Compliance & Sustainability  
Manufacturing & Supply Chain





**VIA E-MAIL**

Friday, October 27, 2017

Ms. Seema Joshi  
Head of Business and Human Rights  
Amnesty International  
1 Easton Street,  
London, WC1X ODW  
United Kingdom

**Reference: TC AFR 62/2017.048**

Dear Ms. Joshi:

I am responding on behalf of Microsoft to your letter received on October 23. Thank you for contacting us regarding Amnesty International's assessment of our company's cobalt human rights due diligence practices. We appreciate the passion and focus that Amnesty International brings to this important issue.

Microsoft strongly shares Amnesty International's commitment to protect human rights, and actively implements policies and programs to address the working conditions of mining workers in the Democratic Republic of Congo (DRC) and around the world, with a particular focus on child labor in artisanal mining. Our approach is holistic and includes work within our supply chain and on-the-ground to address the socioeconomic causes of child labor.

We believe, based on the early results and data from this work, that this holistic approach is effective toward achieving our shared goal of eliminating child labor in mining. This approach is favored by organizations like Pact, who are directly involved in artisanal mining interventions. Pact notes in its [Watoto Inje ya Mungoti](#) (Children Out of Mining) Report (p. 6):

*[I]f such attention [traceability] results [in] a cosmetic or superficial removal of children from the mine just to hide them from the auditors, child labor practices are likely to prevail in a clandestine fashion, making it even harder to identify the vulnerable children and to respond to their needs. Similarly, imposing embargoes can be detrimental to local economies, exacerbating poverty and child vulnerability.*

Microsoft is committed to continuing our due diligence and capability enhancing efforts in our supply chain. This work is critically important to driving change and accountability. But, this work alone is insufficient to address the issue of child labor in mining. By coupling this work with direct efforts to eradicate child labor in cobalt mining in the DRC through a constructive partnership with Pact, Microsoft can be more effective in removing children from working in mines – beyond the narrow purview of our own supply chain. Indeed, the work and results over the past year, detailed below, indicate that despite Amnesty International’s assertions, Microsoft has made significant progress on this important issue.

### **Our Strategy and Progress – Microsoft’s Due Diligence**

We respectfully disagree with Amnesty International’s claim regarding policies. We have clear policies and due diligence efforts in our own supply chain, which have been in place for years, where we:

- extend our [Supplier Code of Conduct](#) to our upstream supply chain;
- identify and assess our risk to prioritize our efforts;
- standardize our raw material requirements;
- build our suppliers capabilities to achieve these requirements; and
- apply due diligence to ensure that our suppliers and their upstream suppliers comply to human rights requirements.

These policies cover *all* minerals, unbounded by geography; by definition, it includes cobalt even if not explicitly mentioned. And we’ve taken significant actions since the last Amnesty International report on this issue, including:

- **Mapped and identified participants in our supply chain.** In the past year, we’ve expanded our work with suppliers on responsible sourcing requirements. We’ve worked with our directly contracted battery suppliers and surveyed their contracted sub-tier suppliers to identify participants such as Huayou Cobalt. Given the alleged concerns, we are validating this data and have already begun working with partners, like the Responsible Minerals Initiative (RMI) and Pact, to build upstream due diligence standards.
- **Increased transparency and reporting.** We increased the amount of external information provided on our raw material sourcing due diligence in our [FY17 Microsoft Devices: Social and Environmental Accountability Report \(page 23\)](#). The report notes Microsoft’s alignment to the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and our strategy to accomplish our overarching goals.

- **Strengthened requirements for our suppliers.** Heightened requirements were released in a revised version of our Social and Environmental Accountability (SEA) Supplier Manual. All direct suppliers agree to adhere to the SEA Supplier Manual as a contractual requirement and they also commit to passing its raw materials due diligence requirements to their sub-tier suppliers. Third party audits are conducted to determine supplier conformance to the requirements in the Manual.

### **Our Strategy and Progress – Direct Engagements on Cobalt**

Beyond our supply chain, we work through collaborative and constructive partnerships with NGOs and others to extend our efforts to the farther reaches of our supply chain. These include [Pact](#), [Initiative for Responsible Mining Assurance \(IRMA\)](#), [Alliance for Responsible Mining \(ARM\)](#), [Responsible Business Alliance](#) (formerly EICC), and [Responsible Minerals Initiative](#) (formerly CFSI and RRMI).

We have supported a project in the Democratic Republic of the Congo with Pact to further reduce child labor in mining. The results in Pact’s [Watoto Inje Ya Mungoti](#) (Children Out of Mining) project verify the effectiveness of Pact’s approach, data and experience. The report states:

*This project “reached 4,100 beneficiaries, of whom 1,881 were children. Bans on child labor were enforced at 23 mine sites in the target area by the end of the project. Reduction in child labor between 77 percent and 97 percent over the course of the project to date.”*

Yves Bawa, Pact country director for DRC, Rwanda and Burundi for Pact notes that, “Microsoft was one of our first partners on this important issue. Its seed funding helped us achieve groundbreaking progress in the first two years of work.”

We recently announced a [new, expanded commitment](#) directly focused on cobalt mining in the DRC to continue this work over the next three years, as it is evident that this proven strategy does not cause harm to the livelihood of already impoverished workers in artisanal cobalt mines. More information is found in our [blog](#).

In addition to this work with Pact, Microsoft has also supported other efforts with leading NGOs to drive change beyond our supply chain:

- **Supporting the Responsible Raw Material Initiative (now [RMI](#)) and its work on cobalt.** This work has expanded since our initial response in March. Since that time, the RMI cobalt sub-team continues to make progress on its responsible sourcing of cobalt efforts. This includes mapping of cobalt supply chain to identify key actors; define clear expectations for the responsible sourcing of cobalt; independent validation of due diligence; and joint pilot

audit program for cobalt refiners between the Responsible Cobalt Initiative (RCI) and the Responsible Mineral Initiative (RMI) where cobalt refiners are expected to conduct due diligence of their supply chain with a focus on risks related to child labor.

- **Donated technology to accelerate impact.** We've also donated technology to support the work of key NGO partners, such as [Pact and IRMA](#). Our donated technology supports IRMA's development of a mining industry assurance standard that will provide "one source of truth," establish efficient workflows, and enhance IRMA's capability to conduct these mining assessments to allow for better risk profiling, consistent corrective actions, and efficient supplier management. The technology will enable a deep analysis of individual and cumulative results and provide IRMA and member mining companies with transformative insights toward actualizing their sustainability purposes.

This global, broad-based and collaborative strategy ensures that Microsoft's work is improving conditions around the world for materials used in electronic devices, and not only in our own supply chain. We continue to learn from our efforts and partnerships and know that we have more work ahead of us. Microsoft is driving efforts to solve social and environmental equities associated with mining of raw materials in the DRC.

We respectfully request consideration to take the additional information below in your assessment of our program with regards to the following criteria:

***Amnesty International Criteria 1.0:*** *Has the company investigated its supply links to the DRC and Huayou Cobalt?*

**Microsoft Response:** As referenced above, yes, we have sought relevant documentation and proof of due diligence from our suppliers. This is documented in our external report [FY17 Microsoft Devices: Social and Environmental Accountability Report](#) and part of our due diligence program outlined in our Social and Environmental Accountability Supplier Manual.

***Amnesty International Criteria 3.0:*** *Has the company taken action to map its supply chain and identify associated risks?*

**Microsoft response:** Yes, we have identified smelters and refiners related to our cobalt supply chain. We are validating this data and have already begun working with partners, like the Responsible Minerals Initiative (RMI) and Pact, to build upstream due diligence standards and ability to address risk. More information is referenced above under RMI and Pact respectively.

Again, thank you for contacting Microsoft and providing us the opportunity to provide responses to your assessment results.

Sincerely yours,

A handwritten signature in blue ink that reads "Joan Krajewski". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

Joan Krajewski  
General Manager  
Devices Safety, Compliance & Sustainability



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Mrs Seema Joshi,  
Head of Business and Human Rights  
Amnesty International  
1 Easton Street,  
London WC1X 0DW, United Kingdom

Guyancourt, April 13<sup>th</sup>, 2017

Ref.: TC AFR62 / 2017.026

Dear Madam,

We acknowledge receipt of your letter of March 15<sup>th</sup>, 2017 on the alleged use of Cobalt from DRC (Congo) in Renault's supply chain. We understand that, in your opinion, our response on this topic dated December 2, 2016 has not been conclusive.

We are strongly attached to the respect of human rights and children protection reflected in our Corporate Social Responsibility guidelines.

We have been conducting due diligence to identify human right abuses in our cobalt supply chain. We continue to work with our teams on a number of initiatives in light of the French Corporate Duty of Vigilance law that imposes us to identify and prevent adverse human rights resulting from our activities and that of our subcontractors and suppliers.

We will revert to you on this topic within the next few weeks.  
In case you would have any question, please do not hesitate to contact us.

Yours Sincerely,

Bruno MOUSTACCHI  
Renault Purchasing - RNPO  
Purchasing Risk and CSR  
General Manager

Cc : Mrs Dardy - M. Faust



Mrs Seema Joshi,  
Head of Business and Human Rights  
Amnesty International  
1 Easton Street,  
London WC1X 0DW, United Kingdom

Guyancourt, October 27<sup>th</sup>, 2017

Ref.: TC AFR / 2017.101

Dear Madam,

Following our letter dated 13 April 2017, we revert to you with further responses regarding the cobalt used in electrical batteries.

Our group is committed to comply with applicable laws, to respect human rights and to prevent corruption. This is reflected in our Corporate Social Responsibility Guidelines for Suppliers ("CSR Guidelines"). We request our suppliers to conduct their operations along the lines of the CSR Guidelines and take corrective actions to further improve their CSR governance and performance where necessary. Additionally, our Global Framework Agreement on Social, Societal and Environmental Responsibility is committed to upholding the effective abolition of child labor and the elimination of all forms of forced or compulsory labor. We communicate these principles to our suppliers and subcontractors and request them to commit to upholding these principles.

With regard to conflict minerals, we require our suppliers to comply with laws related to responsible procurement of minerals and conduct due diligence to ensure that they source responsible minerals. If they suspect that the minerals included in parts or materials are not responsible, they should implement an action plan or find alternative sourcing solutions.

Moving beyond the answers provided by our suppliers on the absence of artisanal cobalt from the Democratic Republic of Congo (DRC) in electrical batteries, we pursue our diligence in cooperation with them based on the OECD Guidelines multinational enterprises (OECD Guidelines) to ensure that we source responsible cobalt. To this end, we have set-up a working group with our suppliers and have agreed on a work process including workshop & documents disclosure covered by confidentiality agreements. These workshops are aiming to evaluate our suppliers' compliance with the OECD Guidelines. Upon request, our suppliers have already shared with us their supply-chain policy, their system of controls and transparency, the list of their suppliers as well as the audits performed on their suppliers.

Furthermore, we have also joined the Responsible Raw Materials Initiative (RRMI new name RMI) co-sponsored by the Electronic Industry Citizenship Coalition (EICC new name RBA) and the Conflict-Free Sourcing Initiative (CFSI).

... / ...

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RRMI considers due diligence to be an ongoing, proactive and reactive process and works within the spirit of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Due Diligence Guidance) and the OECD Guidelines.

We actively participate in this initiative to reinforce our due diligence capacities with other final users of cobalt such as Apple, Google and other automotive manufacturers.

The RRMI is working on supply chain mapping, risk assessment and audit approaches for the cobalt risk context. It is currently finalizing a supply chain mapping tool in the form of a standardized Raw Materials Reporting Template (RMRT), based on the Conflict Minerals Reporting Template (CMRT). Within that context, RRMI is collaborating with the Responsible Cobalt Initiative for a joint cobalt refiner audit program, aligned with the OECD Due Diligence Guidance. RRMI envisions the first pilot audits for the program by the end of the year.

Lastly, the RRMI has developed a Risk Readiness Assessment tool (RRA) for minerals, metals producers and processors to assess and communicate their risk management practices and performance to downstream companies. The cobalt refiners identified by RRMI will be asked to complete the RRA.

In addition to our involvement in the RRMI, we have bilateral exchanges with other members of the RRMI to share best practices in relation to this matter.

In case you would have any question, please do not hesitate to contact us.

Yours Sincerely,

Bruno MOUSTACCHI  
Renault Purchasing - RNPO  
Purchasing Risk and CSR  
General Manager

Cc : Mrs Dardy - M. Faust – M. Suriano





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Amnesty International  
International Secretariat  
1 Easton Street  
London, WC1X ODW  
United Kingdom

Dear Seema Joshi :

I would like to thank you for your letter of March 16<sup>th</sup>. With the report, "This is What We Die For" of Amnesty International(the Report), SAMSUNG Electronics Co., Ltd(SAMSUNG) takes very seriously Amnesty International's concerns on the Cobalt issue, as this is closely related with human rights especially in DR Congo.

Since the release of the Report(Jan. 2016), SAMSUNG has started its initial and meaningful progress on the Cobalt issue and its management. In November 2016, SAMSUNG joined the RRMI(Responsible Raw Material Initiative), an initiative among companies that discuss, bring-up and try to find out the best possible way to resolve the issues originated from responsible raw material sourcing, including Cobalt. In RRMI, Cobalt issue has one of the highest priorities. SAMSUNG is confident that RRMI is a very useful platform to jointly solve the Cobalt issue among industry members.

On the other hand, SAMSUNG has been also cooperating more closely with its biggest 1st tier supplier of Cobalt-contained components, SAMSUNG SDI(SDI) that SAMSUNG has been discussing the Cobalt issue on regular and ad-hoc basis with. SDI is the biggest battery supplier to SAMSUNG and its importance to SAMSUNG products – smartphone, tablet PC etc.- will be bigger in the future. Aiming at healthy and responsible supply chain, SAMSUNG manages SDI through very strict 'Supplier Code of Conduct' (conform to EICC standards), which will be equally applied to SDI's supply chain with the same strictness.

SAMSUNG learned from the media that Huayou, a Chinese supplier has been linked to human right issue sourcing from its subsidiary in DR Congo. SAMSUNG checked with SDI and found that Huayou supplied a very small amount of material to a 2nd tier supplier of SDI. According to SDI, Huayou's material is from New Caledonia, not from DR Congo, and SAMSUNG asked SDI to request Huayou to undertake a third party audit which we believe will happen soon. Even though Cobalt is a relatively emerging issue compared to conflict minerals, SAMSUNG will handle the Cobalt issue with higher attention and more resources in the future.

I would like to thank you again for contacting us and for giving us an opportunity to share with you our views. Please do not hesitate to contact me via the following email address [csr.partner@samsung.com](mailto:csr.partner@samsung.com) if you have any question or concern.

Yours Sincerely,



Wonyong Choi  
Corporate Sustainability Management Office  
SAMSUNG Electronics Co.,Ltd

**I. TRADING RELATIONSHIP WITH DRC AND HUAYOU COBALT**

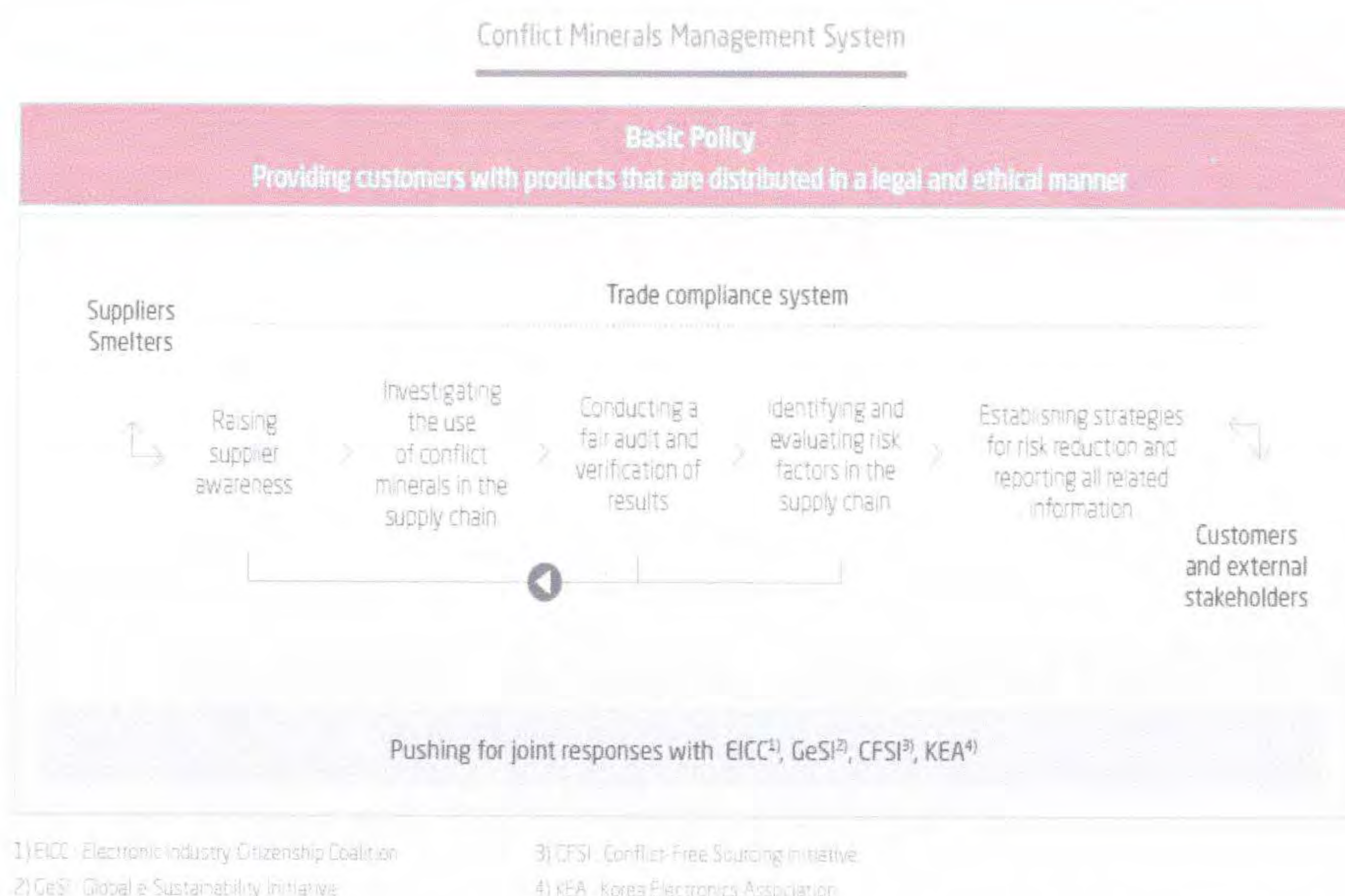
SAMSUNG learned from the media that Huayou, a Chinese supplier linked with the issue of sourcing from DR Congo. SAMSUNG checked with SDI and found that Huayou supplied a very small amount of material to 2nd tier supplier of SDI. According to SDI, Huayou's material is from New Caledonia, not from DR Congo, and SAMSUNG asked SDI to request Huayou to take 3rd party audit. Even though Cobalt is a relatively emerging issue compared to conflict mineral, SAMSUNG will handle the Cobalt issue with more concern and resource in the future.

**II. SUPPLY CHAIN DUE DILIGENCE POLICY**

Samsung verifies all of the information submitted to it by its suppliers in a fair and reasonable way. Following an internal review of the information, we carry out on-site inspections at 483 global suppliers whose systems require additional verification.

We also check the credibility of this information and the state of management with suppliers' conflict minerals policies. Based on the credibility of the gathered information and the state of suppliers' conflict minerals management, we classify our suppliers into four groups: A, B, C and D. After learning of best practices in Group A group, we shared them with other suppliers for benchmarking purposes.

For suppliers in Group B and Group C, they are required to submit additional evidence reports. We also require those in Group D to submit additional evidence reports and conduct more training. Through these activities, we help our suppliers to check on and improve their conflict minerals management policies and information management systems so that they can strengthen their ability to manage conflict minerals and heighten their due diligence system. (SAMSUNG Sustainability Report P.102 On-site Verification)



(SAMSUNG Sustainability Report P.101 Conflict Minerals Management System)

Supplier warrants that it is in compliance with all laws, rules, regulations, standards, ordinances of any and all jurisdictions in which Suppliers sells Product or has an office and/or does business, including, without limitation, all laws, rules, regulations, standards and ordinances relating to the environmental protection, worker health and workplace safety, fair labor and employment, child labor, human rights and race and gender discrimination, bribery and corruption prevention, “conflict minerals” from the conflict zones, such as the Democratic Republic of Congo and any international treaties or agreements relating to any of the foregoing (collectively, the “Applicable Standards”). Additionally, and to the extent not provided for under the Applicable Standards, Supplier certifies that in supplying goods or services under this Agreement, it shall not engage in labor practices that would be considered to be improper under international norms of human rights, including, without limitation, engaging in slave labor or labor involving the use of children under the age of sixteen (16). Supplier further warrants that Supplier will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age, or disability or any other status protected by the Applicable Standards. Upon Samsung’s request, Supplier shall promptly supply Samsung a written certification that it is in full compliance with the requirements in this Section 11.16. The reference in this section to Applicable Standards shall not be construed or interpreted as an agreement by the Parties to apply any law to the interpretation, enforcement or governance of this Agreement other than the applicable law chosen by the Parties as set forth in Section 11.1 above. In addition, as supplier to Samsung, Supplier shall adhere to the Samsung Supplier Code of Conduct. (Samsung Purchase and Sale Agreement, 11.16 Code of Conduct)

For the expansion of our Conflict-Free System throughout the supply chain, Samsung has requested all of its suppliers not to use conflict minerals, while also continuously urging them to work with CFSP-certified smelters.

In addition, we always verify the origin of minerals and the use of conflict minerals based on smelter information submitted by each supplier.

We then re-check whether smelters with uncertain origins or without CFSP certification used conflict minerals before instructing them to obtain this certification.

(SAMSUNG Sustainability Report P.103 Risk Assessment and Improvement Activities in the Supply Chain)

We operate an internal Trade Compliance System (TCS) under G-SRM for the effective use of conflict minerals information.

After systematizing the CMRT—the CFSI’s way of examining the use of conflict minerals—in the TCS, we have been able to help our suppliers enter information more conveniently.

Also, we provide information regarding CFSP-certified smelters through our system so that our suppliers can identify smelters that are not using conflict minerals.

Today, we operate a system designed to manage conflict minerals information by material unit in order to control the use of such materials at the earliest stages of product development.

To this end, we monitor the use of conflict minerals and their origins, and push for all suppliers to switch to a certified smelter.

We actually make it a rule not to sign contracts with suppliers that have failed to submit conflict minerals information or have used minerals purchased from uncertified smelters.

This process was systemized to reinforce our activities in conflict-free business initiatives.

(SAMSUNG Sustainability Report P.103 Computer Data System-based Management)

Supplier warrants that it is in compliance with all laws, rules, regulations, standards, ordinances of any and all jurisdictions in which Suppliers sells Product or has an office and/or does business, including, without limitation, all laws, rules, regulations, standards and ordinances relating to the environmental protection, worker health and workplace safety, fair labor and employment, child labor, human rights and race and gender discrimination, bribery and corruption prevention, “conflict minerals” from the conflict zones, such as the Democratic Republic of Congo and any international treaties or agreements relating to any of the foregoing (collectively, the “Applicable Standards”). Additionally, and to the extent not provided for under the Applicable Standards, Supplier certifies that in supplying goods or services under this Agreement, it shall not engage in labor practices that would be considered to be improper under international norms of human rights, including, without limitation, engaging in slave labor or labor involving the use of children under the age of sixteen (16). Supplier further warrants that Supplier will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age, or disability or any other status protected by the Applicable Standards. Upon Samsung’s request, Supplier shall promptly supply Samsung a written certification that it is in full compliance with the requirements in this Section 11.16. The reference in this section to Applicable Standards shall not be construed or interpreted as an agreement by the Parties to apply any law to the interpretation, enforcement or governance of this Agreement other than the applicable law chosen by the Parties as set forth in Section 11.1 above. In addition, as supplier to Samsung, Supplier shall adhere to the Samsung Supplier Code of Conduct. (Samsung Purchase and Sale Agreement, 11.16 Code of Conduct)

### **III. ACTIONS TAKEN TO IDENTIFY & ADDRESS RISK**

For the expansion of our Conflict-Free System throughout the supply chain, Samsung has requested all of its suppliers not to use conflict minerals, while also continuously urging them to work with CFSP-certified smelters.

In addition, we always verify the origin of minerals and the use of conflict minerals based on smelter information submitted by each supplier.

We then re-check whether smelters with uncertain origins or without CFSP certification used conflict minerals before instructing them to obtain this certification.

(SAMSUNG Sustainability Report P.103 Risk Assessment and Improvement Activities in the Supply Chain)

Samsung verifies all of the information submitted to it by its suppliers in a fair and reasonable way. Following an internal review of the information, we carry out on-site inspections at 483 global suppliers whose systems require additional verification. We also check the credibility of this information and the state of management with suppliers’ conflict minerals policies.

Based on the credibility of the gathered information and the state of suppliers’ conflict minerals management, we classify our suppliers into four groups: A, B, C and D.

After learning of best practices in Group A group, we shared them with other suppliers for benchmarking purposes. For suppliers in Group B and Group C, they are required to submit additional evidence reports. We also require those in Group D to submit additional evidence reports and conduct more training. Through these activities, we help our suppliers to check on and improve their conflict minerals management policies and information management systems so that they can strengthen their ability to manage conflict minerals and heighten their due diligence system.

(SAMSUNG Sustainability Report P.102 On-site Verification)

- Risk Assessment and Improvement Activities in the Supply Chain

For the expansion of our Conflict-Free System throughout the supply chain, Samsung has requested all of its suppliers not to use conflict minerals, while also continuously urging them to work with CFSP-certified smelters.

In addition, we always verify the origin of minerals and the use of conflict minerals based on smelter information submitted by each supplier.

We then re-check whether smelters with uncertain origins or without CFSP certification used conflict minerals before instructing them to obtain this certification.

- Switching to CFSP-certified Smelters with suppliers

Following surveys on the use of conflict minerals, we continually require suppliers doing business with smelters not certified by the CFSP to purchase materials from a smelter certified by a third party. As a result, all of our suppliers that deal in tantalum do business with CFSP-certified smelters as of April in 2016, and up from 99 percent in 2015. With tin, tungsten, and gold, we have continually urged our suppliers to follow our conflict-free policy.

- Recommending Smelters to Obtain CFSP Certification

Samsung has requested that all smelters handling conflict minerals (3TG: tantalum, tin, tungsten, gold) related to supply materials immediately obtain CFSP certification from a third party. What's more is that we have urged smelters not certified by a third party to join the CFSP based on our conflict-free policy. In fact, since visiting a number of domestic smelters to recommend their participation in CFSP, seven smelters have been listed on the CFSI. For overseas smelters, we have continually asked them to participate in the CFSP through local procurement units. Consequently, 45 tantalum-related smelters all obtained the CFSP by April 2016. We have also encouraged other minerals-related smelters in our supply chain to obtain CFSP certification.

(SAMSUNG Sustainability Report P.103 Risk Assessment and Improvement Activities in the Supply Chain)

We encourage suppliers to switch to smelters certified by the Conflict-Free Smelter Program (CFSP), and require uncertified smelters in our supply chain to become certified by the CFSP (SAMSUNG Sustainability Report P.101 Conflict Minerals Management Process)

#### **IV. TRANSPARENCY OF SUPPLY CHAIN DUE DILIGENCE PROCESS & RESULTS**

SAMSUNG updates due diligence process every year and opens at SAMSUNG Sustainability Report. Please refer to page 101 ~ 103 for recent policy and result.

#### **V. REMEDIATION OF HUMAN RIGHTS RISKS AND ABUSES**

In November 2016, SAMSUNG joined RRMI(Responsible Raw Material Initiative), an initiative among companies that discuss, bring-up and try to find out the best possible way to resolve the issues originated from responsible raw material including Cobalt. In RRMI, Cobalt issue is one of the biggest ones. SAMSUNG expects that joining RRMI will be very helpful platform to jointly solve the Cobalt issue among industry members.



*Brussels, 29<sup>th</sup> October 2017*

**Reference: AMNESTY INTERNATIONAL ASSESSMENT OF COMPANY COBALT HUMAN RIGHTS DUE DILIGENCE PRACTICES**

Dear Ms. Joshi,

We cordially thank you for your letter, and the opportunity you give us to provide additional information.

Since our correspondence earlier this year, almost half a year has gone by, and in that time we implemented several important steps that are undoubtedly of relevance to your report. In the following paragraphs, we would like to share with you some actions already implemented by our company, and planned changes in our policies and internal management.

Though there is not yet a common downstream industry approach to due diligence, as Samsung Electronics we identified and already implemented proactive steps to investigate our supply chain regarding cobalt. We understand your demand for transparency, therefore we are glad to share the following information regarding this investigation.

We surveyed the refiners using cobalt through our own supply chain. In total, we contacted almost 400 (1st tier) suppliers that have high probability of using cobalt based on the types of products they supply to Samsung Electronics. We asked them to identify the refiners that are providing cobalt and to specify for what components. As a common downstream industry approach for cobalt due diligence is not yet available, we have developed and used an internal questionnaire. Of the suppliers contacted, about 80% replied.

As stated before, the survey is based on an internal questionnaire and not a common downstream industry approach, therefore we consider this result as a first indication only. However, we now have a first preliminary map of cobalt refiners in our supply chain.

A number of suppliers replied that they could not provide the answers due to lack of capacity to identify the refiners, or due to confidentiality issues. This is a challenge that a common downstream industry approach to due diligence will help to address.

After careful analysis of the information we gathered, we see the following next steps ahead of us:

1. For the refiners identified so far, we will review what information is publicly available on their OECD-aligned due diligence work.
2. We will clearly communicate our expectation to suppliers – please see below on the review of our minerals policy.

3. As soon as a common industry reporting tool to collect information on refiners is available, we will use it. The RMI is expected to finalize its reporting tool at the end of 2017. This tool will be similar to the conflict minerals reporting template, but specific to cobalt. Samsung Electronics is planning to implement it in the first quarter of 2018, which means that we will promptly operationalize it once available.

Let me now come back to our internal policies and management. Following concerns raised by stakeholders like yourself, and aware of the need for internal policies to adequately tackle serious human rights risks related to cobalt, we are now in the process of updating our Guideline for Conflict Minerals so that it includes cobalt. As mentioned above, this ongoing effort includes clearly communicating our expectation to suppliers. We acknowledge that transparency regarding our policies is key, therefore we will share with all stakeholders and with the public more information regarding this in our 2018 Sustainability Report.

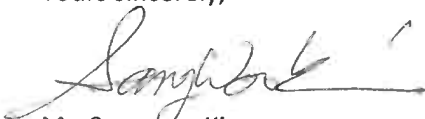
To ensure that our review policies are implemented effectively, we are aware that a solid and up-to-date internal management system is essential. Our internal deadline is that during the first half of 2018, our management system will include cobalt.

Lastly, let us come back on our membership of industry alliances. As a global leader, our company firmly believes that sector-wide challenges must also, in addition to efforts at the level of the individual company, be tackled by sector-wide collaboration. We are a participant in the RMMI, now re-branded as Responsible Minerals Initiative (RMI). Achievements of the RMI so far on cobalt are: identification of the cobalt refiners in the supply chain, definition of a cobalt refiner, and gathering collective action from downstream users. The next steps are to ensure refiners enroll in the assurance program that is currently under development. Early in 2018 RMI will pilot its first refiner audits. This emerging common industry approach to due diligence is truly key to increasing supplier and refiner participation.

We trust that our response demonstrates the serious consideration we give to this sector-wide challenge, as well as our determination to act. At the same time, we are also constantly seeking to learn how to improve ourselves. Therefore, we will gladly accept and study any further recommendations you may want to share with us.

We would very much appreciate the opportunity to have a meeting with you (including in the near future) so to further discuss the information contained in this letter. I thank you for your attention and remain at your availability for any further exchange.

Yours sincerely,



Mr. Sangwoo Kim  
President, Corporate Affairs Europe

Samsung Electronics



30 October 2017

Dear Joshua, dear Seema,

I would like first of all to thank you for your note and for giving our company the opportunity to review and respond to your findings. It is encouraging to hear that we are the best performer among the surveyed battery cell manufacturers.

We are not surprised yet to hear that no company –among the 29 surveyed– demonstrated adequate performance for all five of the indicators that Amnesty International has identified. We are of your same opinion that there is still a lot of work to do, and we are committed to continuously improve. I would like to express only two comments on our side:

1. Disclosing assessments of smelters' due diligence

- We are of the opinion that at this stage, disclosing assessments of the diligence practices of one downstream company's smelters/refiners could be counterproductive and may discourage smelters/refiners to get audited.

- Besides, we have encouraged Huayou to voluntarily publish their audit report and share their CAP, as they touched our supply chain last year (we could have never published their audit results on their behalf).

- Nevertheless, we would be happy to engage with Amnesty and the rest of the industry into an open discussion on this topic, to understand best practices and ways to proceed to encourage smelters to participate.

2. Risk mitigation

- Our company is relentlessly conducting cooperative efforts (including training) with its own suppliers and their sub-suppliers to increase awareness and enforce OECD/CCMC Guidance, and we think that the result of this cooperation is clearly the list of the smelters/refiners.

- We would have never been able to compile our smelters/refiners' list without the cooperation of our suppliers, their sub-suppliers and so forth.

- To this extent, if amenable, we would like to be recognized a "moderate" score on your point #5.

We look forward to seeing the report and to improving the dialogue across the industry, so that, altogether, we could have an impact on the ground.

Kindest regards,

Dino

디노 리치 Bernardino Ricci, PhD | Director, 삼성SDI Samsung SDI | 본사전략기획그룹 Corporate Planning Team – Strategy Planning Group

2nd floor, 150-20 Gongse-ro, Giheung-gu - Yongin-si, Gyeonggi-do 17084, South Korea

March 27, 2017

Dear Ms. Seema Joshi,

Thank you for your letter dated March 15<sup>th</sup>. Please refer to the following answers to your inquiry.

### **I . Trading relationship with DRC and Huayou Cobalt**

Cobalt is used in lithium-ion batteries for smart phones and other electronics products. We have conducted investigation across all our battery suppliers and battery parts suppliers again in March 2017 to confirm the latest situation of the chain of custody with respect to the cobalt supply chain. Total 14 suppliers, including seven lithium-ion battery suppliers and seven suppliers that deliver cobalt contained battery parts for our battery manufacturing business were assessed. As a result of that investigation, five suppliers have reported that the cobalt contained in the battery parts they delivered to us include the ones that are sourced from the Democratic Republic of Congo (DRC), and the two of such five suppliers have reported that there were cobalt sourced from Huayou Cobalt.

We understand that Huayou Cobalt has begun the due diligence process to identify human rights risks in its supply chain. We will closely follow its further progress through the activities in RCI (Responsible Cobalt Initiative).

### **II . Supply chain due diligence policy**

Sony has a strong commitment to ethical business conduct and respect for human rights. The Sony Group Code of Conduct sets forth such core values and establishes basic policies including the prohibition of using any form of forced labor, and specifically, child labor. We expect all of our suppliers to adhere to the same standards, and established the "Sony Supply Chain Code of Conduct". The "Sony Supply Chain Code of Conduct" has been enacted and enforced under the responsibilities of the Corporate Executive Officer in charge of CSR and the Corporate Executive Officer in charge of Production and Procurement, Sony Corporation. Sony has requested all of its suppliers to fully comprehend and comply with the Code, and has also integrated it into supplier contracts. Sony has established a management system to regularly assess and minimize the risk of violation throughout its supply chain. With regards to the responsible sourcing of materials, the Code refers to the OECD Due Diligence Guidance for

Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. In the event that any supplier is found to have violated the Sony Supply Chain Code or is not exhibiting an appropriate level of cooperation with the assessments or audits, Sony requests immediate remedy, and if the supplier still fails to rectify such breach or is confirmed to have committed a major violation of the Code, Sony shall take stringent actions, including termination of its business relationship

For more details of our approach to respect for human rights and supplier management, please refer to our website below, which outlines our policy and practices:

[https://www.sony.net/SonyInfo/csr\\_report/compliance/index9.html](https://www.sony.net/SonyInfo/csr_report/compliance/index9.html)

[http://www.sony.net/SonyInfo/csr\\_report/sourcing/supplychain/](http://www.sony.net/SonyInfo/csr_report/sourcing/supplychain/)

### **III. Actions taken to identify & address risk**

With respect to the cobalt supply chain and human rights issues, we have conducted due investigation. First of all, we have undertaken assessments for adherence to the Sony Supply Chain Code of Conduct across all our battery parts suppliers. In addition, we requested our first-tier suppliers to ensure the compliance with the Sony Supply Chain Code of its upstream suppliers. We have also conducted investigation on the chain of custody of the cobalt supply chain in February 2016 and March 2017 for 14 suppliers described above. Eleven suppliers provided us with written statements that they do not source from Huayou Cobalt. As for the supplier mentioned in the Amnesty International's report, we also conducted follow-up interviews and confirmed that the battery parts they delivered to Sony did not contain cobalt.

To further enhance transparency and identify as well as mitigate the adverse human rights impact associated with mineral extraction in high risk areas, we believe that multi-stakeholder collaboration is necessary. Sony is a longstanding and active member of the Electronics Industry Citizenship Coalition (EICC), and has also become a member of the Responsible Cobalt Initiative (RCI) and Responsible Raw Material Initiative (RRMI) to participate in the development of the due diligence process and mitigate human rights risks in the cobalt supply chain.

RCI (press release by CCCMC) <http://en.cccmc.org.cn/news/58372.htm>

RRMI website <http://www.eiccoalition.org/initiatives/rrmi/>

### **IV. Transparency of supply chain due diligence process& results**

We publish our due diligence policies and practices in our CSR Report which is updated

annually. Please refer to the following links for further information:

[https://www.sony.net/SonyInfo/csr\\_report/sourcing/supplychain/index4.html](https://www.sony.net/SonyInfo/csr_report/sourcing/supplychain/index4.html)

[https://www.sony.net/SonyInfo/csr\\_report/sourcing/materials/index2.html](https://www.sony.net/SonyInfo/csr_report/sourcing/materials/index2.html)

#### **V. Remediation of human rights risks and abuses**

To better understand the current situation of artisanal and small-scale mining in the DRC, Sony supported an independent academic research project conducted by the Center for Effective Global Action (CEGA) at the University of Berkeley together with several other companies. The research of the UC Berkeley aims to provide rigorous empirical data on households engaged in artisanal mining, and it involves collecting survey data from households, children, village leaders, and local mineral traders in 150 communities that are representative and cover the full geographical extent of the DRC Copper Belt. The study is currently ongoing and will provide evidence on the prevalence, the forms, and on the root cause of child labor in artisanal mining in the region. This will be a baseline for actions that RCI may support in collaboration with the DRC government, civil society, and affected local communities.

Yours sincerely,

Mitsu Shippee

Senior Manager, Head of CSR Section

Corporate Communications & CSR Department

Sony Corporation

30 October, 2017

Dear Ms. Seema Joshi,

Thank you for your letter and the opportunity to update our progress.

Please find below the latest updates which we would like to kindly ask you to consider in the upcoming report.

#### 1. Further progress of cobalt supply chain due diligence

Through the investigation conducted in 2016 and 2017, we have identified smelters in our supply chain based on documents from our direct suppliers. As we stated in the letter dated March 27<sup>th</sup>, five of our cobalt suppliers have reported that the cobalt contained in the battery parts they delivered to us include the ones that are sourced from the Democratic Republic of Congo (DRC) or Huayou cobalt. We decided to conduct further due diligence including on-site investigation on the four of the suppliers to verify the information as the next step. We confirmed that we no longer had business relationship with one of the suppliers. In cooperation with an external research agent, we will verify the smelters/refiners from which the four suppliers source cobalt.

Once we have completed the investigation, we plan to publicly report the progress that may include finding from this process.

Considering such situation, we believe your rating for Item 1.0 and 3.0 should be changed as follows.

Item 1.0: Rating should be improved from poor to moderate -"Company has sought relevant documentation."

Item 3.0: Rating should be improved from poor to moderate -"Company has identified its smelters/refiners and begun to review initial factual information needed to identify risks."

#### 2. Establishment of a new policy with explicit reference to cobalt

In October, Sony established "the Sony Group Policy for Responsible Supply Chain of Minerals". In the policy, Sony pledges to refrain from knowingly purchasing any products, components or materials that contain minerals sourced from regions where the suppliers of such minerals might be contributing to conflicts or serious human rights abuses, and requires our suppliers to source those high-risk minerals from smelters determined to be compliant with the Responsible Minerals Assurance Process

(the "RMAP") protocols established by the Responsible Minerals Initiative (the "RMI"), or other smelters that have been determined not to be contributing to conflicts or serious human rights abuses under other trusted traceability projects. The Policy also states how Sony exercises due diligence on the source and chain of custody of such high-risk minerals in our supply chain to determine supplier compliance with our policy. The policy follows the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. And, Sony has identified cobalt as one of the high-risk minerals requiring such control and due diligence work. Corporate Executive Officer in charge of CSR is responsible for the establishment of the policy and monitoring the implementation of the due diligence. The policy is available on our CSR web site below.

[https://www.sony.net/SonyInfo/csr\\_report/sourcing/materials/g729rs00000096gg-att/qsv1km0000003pkp.pdf](https://www.sony.net/SonyInfo/csr_report/sourcing/materials/g729rs00000096gg-att/qsv1km0000003pkp.pdf)

This policy will enable us to address the issues and conduct due diligence beyond compliance. As such, we believe your rating on our policy (Item 2.0) should be improved from poor to moderate/adequate.

One clarification with regard to the reference to Sony as the producer of battery cells in your letter, as we completed the transfer of the battery business to the Murata Manufacturing Co. Ltd. Group, we are no longer the producer of Lithium-ion battery cells.

(Press Release)<https://www.sony.net/SonyInfo/News/Press/201709/17-077E/index.html>

Please let us know if you have any inquiry regarding our response.

Yours Sincerely,

Mitsu Shippee  
General Manager, Head of CSR Section  
Corporate Communications & CSR Department  
Sony Corporation

## Responses to Amnesty International Questions on Cobalt Supply Chain

### **Background:**

Tesla is committed to only sourcing responsibly produced materials. Tesla has a Human Rights and Conflict Minerals policy that outlines our expectations to all suppliers and partners that work with us. We strictly follow all U.S. and foreign law, and require our supply chain to do the same. Tesla performs on-site audits to the best of our ability during the sourcing and vetting process for suppliers, to view operations and methods of risk management. All of our contracts require suppliers to adhere to our human rights policy and environmental and safety requirements. Tesla is committed to ensuring that working conditions in Tesla's supply chain are safe and humane, that workers are treated with respect and dignity, and that manufacturing processes are environmentally responsible.

Importantly, unlike other auto manufacturers, there is very little cobalt in Tesla's battery cells. On a relative basis, cobalt simply is not that significant to the composition of Tesla's cell, as we mainly use NCA batteries, which contain substantially less cobalt than our competitor's NMC batteries.

***We would also like to clarify that, contrary to Amnesty's assumption in the letter sent, Tesla does not use cathode materials produced by L&F in our Li-ion cells.***

### **Response to questions:**

#### **I. TRADING RELATIONSHIP WITH DRC AND HUAYOU COBALT**

***1. Within the last five years, has your company sourced cobalt from the DRC? If so, from which area(s) and through which smelter(s) or refiner(s)?***

Tesla does not purchase cobalt materials directly. The cobalt in our cells is mined by our supplier's supplier's supplier, meaning that it is four levels removed from Tesla. At Tesla it is very important to us to confirm the implementation of responsible sourcing and thus accelerate the transition to sustainable energy in a responsible manner.

The overwhelming majority of the cobalt contained in our cells comes from Southeast Asia and other non-DRC places. Within the past five years, a company within our supply chain has sourced a fraction of the cobalt used in Tesla Li-ion cells from a single large commercial mining company in the DRC. We do not disclose the names of our suppliers.

***2. Are Huayou Cobalt or any Huayou subsidiaries (including CDM) part of your company's cobalt supply chain? If so, for how long? If not, please provide detailed evidence of how your company has arrived at this conclusion, including details of steps you have taken to verify information provided by third parties.***

Tesla and our main cell supplier Panasonic have a strong partnership, and Tesla has a transparent understanding of the supply chain supporting Panasonic's Japanese production and cell production at the Gigafactory. Huayou Cobalt is not part of this supply chain, nor are any Huayou subsidiaries. Tesla

speaks with these suppliers regularly regarding ongoing planning and supply issues. We visit the production sites and have received confirmation that these suppliers' practices comply with Tesla's requirement to adhere to our human rights policy and environmental and safety requirements.

Tesla purchases a small number of Li-ion cells from other cell manufacturers than Panasonic. We have confirmed that one supplier, from whom we have purchased cells for approximately 2 years and who represents less than 0.3% of Tesla Li-ion cell purchases over this period, uses cobalt materials from Huayou. However, **none of this cobalt is from Congo Dongfang Mining (CDM) and none of this cobalt material originates in the DRC.** Tesla has worked with this cell supplier to identify the raw materials supply chain and receive certifications regarding the source of the cobalt materials. Furthermore, the cell producer in this case has a supplier code of conduct that all of their suppliers are required to sign, which includes specific clauses prohibiting child, involuntary, or forced labor, and prohibits the use of materials sourced through any illegal and unethical processes where human rights are infringed. Our cell supplier performs regular, in-person audits at their suppliers to ensure compliance.

***3. If Huayou Cobalt or any of its subsidiaries are part of your company's supply chain, please provide your assessment of whether or not the due diligence practices undertaken by Huayou Cobalt or its subsidiaries are adequate.***

We review the auditing practices of our direct suppliers and the requirements they have for their sub-suppliers, and also review the practices of companies in our supply chain with whom we directly engage.

## II. SUPPLY CHAIN DUE DILIGENCE POLICY

***1. Does your company have a supply chain due diligence policy in place that covers cobalt? If so, please provide a copy in full.***

Tesla has adopted a Human Rights and Conflict Minerals Policy. Our supplier manuals address conflict minerals and state our expectation that all Tesla suppliers are accountable for performing due diligence on their mineral supply chains as part of material regulatory compliance in accordance with the OECD Guidance. Our contractual terms with suppliers (i.e., General Terms and Conditions) include verbiage that provides the expectation that all Tesla suppliers are accountable for performing conflict minerals due diligence aligned with the OECD Guidance as required by Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

***2. Does the policy explicitly refer to, consider or incorporate the five step due diligence framework set out in the OECD Guidance and provide for disclosure of substantive risks and impacts (for example, child labour)?***

Yes, Tesla's Human Rights and Conflict Minerals Policy states "Tesla requires its suppliers to establish policies, due diligence frameworks, and management systems, consistent with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, that are designed to accomplish this goal."

***3. Has the policy been communicated to suppliers and integrated into supplier contracts? If so, how is the policy communicated, monitored and enforced?***



Yes. As stated in Tesla's supplier contracts, Tesla is committed to ensuring that working conditions in Tesla's supply chain are safe and humane, that workers are treated with respect and dignity, and that manufacturing processes are environmentally responsible.

Suppliers are required to adhere to our human rights policy and environmental and safety requirements. Tesla's Supplier Assessment requires all suppliers to provide evidence of the existence of policies that address sustainability which includes having a Conflict Minerals Policy. We have offered training and provided documentation to our suppliers, and have encouraged them to join productive industry organizations like the Conflict Free Sourcing Initiative (CFSI).

We perform risk-based assessments on all Tier 1 and potential Tier 1 suppliers as part of our sourcing process. For Conflict Minerals, we send out an annual letter to suppliers in scope to perform due diligence in accordance with our Policy. For other materials with identified risks, we send additional letters to our suppliers to address directly. We perform documentation review of our Tier 1 suppliers and make further inquiries if we need more clarification. Any concerns with supplier responses are brought to the attention of a member of, or the entire, Tesla Conflict Minerals Steering Committee for review and action.

***4. Is it clearly stated who, at the management level, is responsible for the monitoring of risks and overall implementation of this policy?***

Yes. We maintain a team within our supply chain personnel to lead the due diligence efforts.

***5. When risks are identified, does the policy prioritise supplier attempts to perform measurable risk mitigation and pursue disengagement with a supplier only after failed attempts at mitigation or when it is reasonably deemed that risk mitigation is either not feasible or unacceptable?***

Tesla performs risk assessments of all suppliers using our Supplier Assessment. In the event of nonconformance, Tesla requires risk mitigation and an improvement plan to be submitted to a Supply Chain representative as part of an approval process. Tesla evaluates these mitigation efforts and will transition away from any supplier that does not take corrective actions to meet Tesla's Policy.

***6. Does your company have a policy about sourcing from artisanal or large scale mines exclusively? If so, how does it ensure that no mixing of cobalt occurs in the upstream?***

Tesla will only work with suppliers that adhere to our human rights policy and environmental and safety requirements and does not specifically prohibit the use of artisanal or large scale mining in our supply chain. We visit current and potential suppliers, including suppliers going all the way back to the mining of the material from the ground, to ensure compliance with our requirements and expectations.

***7. Does your company's policy make explicit reference to avoiding: serious human rights abuses (including torture, forced or compulsory labour, the worst forms of child labour and widespread sexual violence); direct or indirect support to non-state armed groups or public or private security that engage in illegal activity; and participation in corruption, money-laundering or illegal payments to government authorities?***

Yes, Tesla's policy as noted above makes explicit references to avoiding slavery, human trafficking, and child labor. The policy expressly states Tesla's goal to ensure Tesla's products do not directly or indirectly finance or benefit armed groups. Tesla also has a worldwide policy with respect to bribery and anti-corruption that is simple and clear: (i) Tesla does not offer or accept bribes in any form; (ii) Tesla does not offer or accept kickbacks in any form; and (iii) Tesla does not tolerate corruption in connection with any of our business dealings.

### **III. ACTIONS TAKEN TO IDENTIFY & ADDRESS RISK**

***1. Can you provide specific evidence or information of instances where Tesla has taken action to identify, prevent and mitigate human rights risks and abuses in its cobalt supply chain? (For example, when was the action taken, what was the country of mineral origin, what risk-factors or warnings were present, what was the nature of human rights risk or abuse identified, what type of mitigation measures were put in place etc.?)***

Tesla does not and will not accept human rights abuses in our supply chain. We have not uncovered human rights abuses in our supply chains to date. Tesla works with our direct cell suppliers to identify and engage with the raw materials suppliers that support cell production. We request and receive documentation and descriptions of risk management and mitigation policies at these suppliers, and visit the production sites to observe, review, and discuss these risks and how they are addressed. We also check third party audits and evaluations to ensure they are complying with all laws and their own corporate policies against child labor or human rights abuses.

We have visited many cobalt mines and processing plants that support Tesla's main supply chain, as well as potential future suppliers. This includes mines in the DRC, other African nations, Australia and elsewhere. We discuss the major risks they face and the practices they have implemented to mitigate these risks, including: chain of custody controls and iterative checks performed from mining until customer delivery to combat illegal or artisanal ore use; on-site security and access control; hiring practices and management engagement to protect against child labor onsite; internal and third party audit practices; engagement with local communities to maintain a positive social license to operate.

We will continue to work collaboratively to ensure compliance by evaluating our supply chain to address risks, taking the following actions as necessary: audit suppliers based on risk and necessity; discipline employees or contractors who fail to meet Tesla standards; train employees with respect to mitigating risks within the supply chain; investigate when there is a reasonable basis to believe violation; and transition away from any supplier that does not take corrective actions within a reasonable period of time.

***2. Accepting representations by direct suppliers about origins of the mineral is by itself insufficient. What steps, if any, have you taken to verify this information? Have you asked key questions and engage with upstream suppliers in order to determine the origin of cobalt in its supply chain? Has this upstream engagement gone beyond direct suppliers to include N-tier suppliers?***

As stated above, Tesla identifies parties in our supply chain and engages directly with those producers insofar as possible. In addition to receiving Certificates of Origin for raw materials, we also request descriptions of the requirements our direct suppliers have with their sub-suppliers, and ask direct questions about sourcing terms (including commercial, social, human rights, and environmental issues).

Most importantly, Tesla visits these suppliers when possible to observe and review their processes and risk mitigation techniques. This engagement by Tesla extends back to the mining stages, where producers are typically a tier 4 supplier to Tesla.

**3. Accepting representations by direct suppliers about human rights risks and abuses is by itself insufficient. What steps, if any, have you taken to obtain information from your smelters on chain of custody (e.g. mining areas and trade routes) and any human rights risks and abuses associated with its extraction or trading?**

See above answers. We have visited most of our raw materials suppliers, and directly observed their production and logistics processes in person. This includes seeing: chain of custody controls from mining through processing, packaging, and shipment; descriptions of iterative material checks at supplier's warehouses and customer destinations; and area security and access controls. During these visits we look for potential human rights risks, as well as safety or environmental risks, and discuss mitigation efforts directly with the operators. Furthermore, we request descriptions of relevant third party evaluations or audits that the raw materials producers undergo. We request updates regularly from our suppliers, and hold conference calls or meetings during which these issues are able to be discussed in detail.

**4. Please provide detail of how you assess the measures undertaken by smelters or refiners in your cobalt supply chain (for example, third-party audits, phone calls, site checks, consultants, etc.)**

Tesla assesses measures undertaken throughout our supply chain to manage human rights and environmental risks through a number of methods, including conference calls, in-person meetings, documentation requests, and visits to the production sites to review supplier practices in person.

#### **IV. TRANSPARENCY OF SUPPLY CHAIN DUE DILIGENCE PROCESS & RESULTS**

**1. Does your company publicly disclose its due diligence policies and practices? If so, where?**

As required by law, Tesla publicly discloses its due diligence policies and practices for Conflict Minerals on an annual basis. Tesla's Human Rights and Conflict Minerals Policy can be found at <https://www.tesla.com/about/legal> along with Tesla's latest Conflict Minerals Report.

**2. Does your company publicly identify all smelters or refiners in its cobalt supply chain? If so, where?**

No.

**3. Has your company made public the details of its own assessment of the due diligence practices of its cobalt smelters or refiners? If so, where?**

No.

**4. Does your company regularly publicly report details of independent audits or other checks taken to verify the origins or source of cobalt in its supply chain and nature of the human rights risks or abuses associated with specific companies or locations of extraction or trading? If so, how?**

For Conflict Minerals, we rely on our membership in the Conflict-Free Sourcing Initiative (CFSI) and its resources and reports on independent audits. We do not publically disclose this information specific to cobalt.

***5. If the above information is publicly disclosed, please advise of when and how regularly information is updated (for example, is it updated annually, bi-yearly, when there is new information about risks or a change in trading relationships etc.)***

We do not publically disclose this information.

## **V. REMEDIATION OF HUMAN RIGHTS RISKS AND ABUSES**

***1. What steps, if any, has your company taken, either on its own or in collaboration with relevant governments, companies or other stakeholders, to address human rights risks and abuses such as the worst forms of child labour associated with artisanal cobalt mining?***

Tesla works directly with and engages Tier 1 suppliers in our supply chain. Our immediate focus has been to ensure sufficient policies and practices are in place at their operations to comply with Tesla's expectations. As we discuss above, Tesla's actions range from documentation and practice review to visiting operations in person. We have not identified any major risks such as child labor at our suppliers (all large commercial operations) to this point, and have directly confirmed that our suppliers prohibit these practices and actively address the associated risks.

Tesla is aware of and evaluating a number of new international collaborative initiatives that are working to develop plans and establish practices to address social and environmental risks in cobalt production and responsibility throughout the supply chains, including the Responsible Cobalt Initiative (RCI) mentioned in the letter, as well as additional efforts that can provide unique and needed solutions. Tesla is a Supporter Member of the Electronic Industry Citizenship Coalition (EICC), which runs the Conflict-Free Sourcing Initiative (CFSI) and is actively engaged in reviewing possibilities for downstream users to collectively address issues in the cobalt industry.

Dear Ms. Joshi –

Thank you for your letter. As you noted, Tesla is taking steps to prevent potential human rights abuses in our cobalt supply chain, and we are committed to only sourcing responsibly produced materials. It is important to remember that Tesla's mission is to accelerate the world's transition to sustainable energy. This is our reason for existing, and there is arguably no other company on earth that is doing more to protect the environment and create a better, safer, more sustainable planet for all of us.

This means we spend a lot of time trying to make our supply chain as environmentally sound as possible, and ensuring that working conditions in our supply chain are safe and humane. These are issues about which we care deeply and we are always striving to do our best. We have always been focused on continuously improving every aspect of our business. This approach is what allows Tesla to innovate and compete against much larger manufacturers, and it applies just as much to our manufacturing processes and the vehicles we produce as it does to our supply chains.

We would like to respectfully address the following specific points you raised in your letter:

- 1) You state that our disclosure and due diligence processes "do not conform to the OECD Standard." However, the [OECD Due Diligence Guidance for Responsible Supply Chains](#) states that companies should "establish a system of controls and transparency over the mineral supply chain. This includes a chain of custody or a traceability system or the identification of upstream actors in the supply chain. **This may be implemented through participation in industry-driven programs.**" OECD recognizes that industry-driven programs provide an acceptable system of controls and transparency over the mineral supply chain, and Tesla is a member of the Responsible Mineral Initiative (RMI), which is part of the overall supply chain responsibility organization Responsible Business Alliance (formerly EICC). RMI has expanded its scope beyond conflict minerals, and maintains a cobalt sub-team, of which Tesla is an active participant. This sub-team is actively working on the following initiatives:
  - Mapping of the global cobalt supply chain to identify key actors (Tesla has already done this for its own supply chain.)
  - Harmonize downstream due diligence efforts by providing an industry definition of "cobalt refiner" as well as a common Raw Materials Reporting Template (RMRT) based on the well-known Conflict Minerals Reporting Template (CMRT) including a list of cobalt refiners (publication forthcoming).
  - Building an audit program for cobalt refiners, with a particular focus on risks related to child labor
  
- 2) You note that Tesla "did not describe what steps, if any, it took to verify the origins of cobalt used by Huayou Cobalt." This is not accurate. As a reminder, our response stated the following:

*However, none of this cobalt is from Congo Dongfang Mining (DFM) and none of this cobalt material originates in the DRC. Tesla has worked with this cell supplier to identify the raw materials supply chain and receive certifications regarding the source of the cobalt materials. Furthermore, the cell producer in this case has a supplier code of conduct that all of their suppliers are required to sign, which includes specific clauses prohibiting child, involuntary, or forced labor, and prohibits the use of materials sourced through any illegal and unethical processes where human rights are infringed. Our cell supplier performs regular, in-person audits at their suppliers to ensure compliance.*

- 3) We did not state that our cobalt suppliers are “free of risk.” In response to a question about addressing human rights abuses, we said “we have not identified any major risks such as child labor at our suppliers (all large commercial operations) to this point, and have directly confirmed that our suppliers prohibit these practices and actively address the associated risks.” However, we also included detailed information throughout our response about how we assess and work to mitigate risks in our supply chain, including:

*“We request and receive documentation and descriptions of risk management and mitigation policies at these suppliers, and visit the production sites to observe, review, and discuss these risks and how they are addressed,” and;*

*“We discuss the major risks [suppliers] face and the practices they have implemented to mitigate these risks, including: chain of custody controls and iterative checks performed from mining until customer delivery to combat illegal or artisanal ore use; on-site security and access control; hiring practices and management engagement to protect against child labor onsite; internal and third party audit practices; engagement with local communities to maintain a positive social license to operate,” and;*

*“We will continue to work collaboratively to ensure compliance by evaluating our supply chain to address risks, taking the following actions as necessary: audit suppliers based on risk and necessity; discipline employees or contractors who fail to meet Tesla standards; train employees with respect to mitigating risks within the supply chain; investigate when there is a reasonable basis to believe violation; and transition away from any supplier that does not take corrective actions within a reasonable period of time,” and;*

*“We have visited most of our raw materials suppliers, and directly observed their production and logistics processes in person. This includes seeing: chain of custody controls from mining through processing, packaging, and shipment; descriptions of iterative material checks at supplier’s warehouses and customer destinations; and area security and access controls. During these visits we look for potential human rights risks, as well as safety or environmental risks, and discuss mitigation efforts directly with the operators.”*

- 4) It is not accurate that “Tesla has not said if it has taken steps to confirm whether L5M ever make use of ASM cobalt materials”. We said specifically that we will only work with suppliers that adhere to our human rights policy and environmental and safety requirements. We have specifically listed steps taken to verify our major supply partners are not using artisanal materials, including visiting production sites and reviewing material transfer from mining to processing to sales, shipping and logistics methods, as well as site, packaging, and transportation security practices in-person. These details from our previous response are copied above in [3].

- 5) It is not accurate to say that “Tesla has provided no detail of any mitigation or remediation action it has taken with respect to cobalt risks or abuses in its supply chain.” We outlined in detail the steps we have taken, including:

*“Tesla does not and will not accept human rights abuses in our supply chain. We have not uncovered human rights abuses in our supply chains to date. Tesla works with our direct cell suppliers to identify and engage with the raw materials suppliers that support cell production. We request and receive documentation and descriptions of risk management and mitigation policies at these suppliers, and visit the production sites to observe, review, and discuss these risks and how they are addressed. We*

*also check third party audits and evaluations to ensure they are complying with all laws and their own corporate policies against child labor or human rights abuses.*

*We have visited many cobalt mines and processing plants that support Tesla's main supply chain, as well as potential future suppliers. This includes mines in the DRC, other African nations, Australia and elsewhere. We discuss the major risks they face and the practices they have implemented to mitigate these risks, including: chain of custody controls and iterative checks performed from mining until customer delivery to combat illegal or artisanal ore use; on-site security and access control; hiring practices and management engagement to protect against child labor onsite; internal and third party audit practices; engagement with local communities to maintain a positive social license to operate."*

- 6) It is not accurate to say that although Tesla "appears to have investigated its supply chain for risks associated with Huayou Cobalt...it is unclear that its risk assessment practices are capturing risks connected to other suppliers." Please see the information above, which applies to all of our main suppliers.

Thank you again for your letter. We appreciate the opportunity to further clarify our commitment to maintaining a sustainable, safe and responsible supply chain. If you would like to discuss further, please contact me at: [lconnor@tesla.com](mailto:lconnor@tesla.com).

Sincerely,



Liam O'Connor





国际特赦组织商业和人权部负责人  
西玛 乔希

尊敬的西玛乔希 您好！

很高兴收到您的来信！

关于国际特赦组织对我公司有关钴方面在人权尽责管理做法上的评估，我公司认为是不准确的，希望进行调整。

针对信件中提到的5个问题：

**1.0**

我公司已经要求供应商提供钴原料来源文件，要求不允许使用手抓矿，保证力神的钴供应链没有手工矿源。（有邮件明确要求）

**2.0**

力神公司与供应商签署框架协议，协议明确要求在各个环节中不允许使用童工以及冲突矿产。如下图，14.4中 明确要求各个制造过程中不能使用童工（十六岁以下）

**3.0**



我公司已经就供应商的货源进行询问，并对供应商进行定期审核 其中对巴莫是2016年8月份进行的审核，（附件是一份空白的“供应商社会责任审核表”）

**4.0**

我公司对供应商明确要求的尽职管理。但对于其它的披露，我公司不是上市公司，没有很好的披露渠道。（有邮件要求供应商）

**5.0**

我公司已经与供应商进行合作努力（有邮件要求供应商，并积极关注华友的手抓矿解决进展）

我公司积极关注手抓矿的解决进展，要求供应商积极处理手抓矿问题，推动钴原料“清洁”，对于前期华友的手抓矿问题要求供应商督促华友抓紧改善。

1,2016年4月参与了负责任钴供应链会议，关注RCI（责任钴倡议）

2,关注2017年7月6日第三方对华友公司的审计结果 由“华友第三方美国 Liz Muller, LLC 审计报告”

3,关注华友 2017年8月9日在长沙华友钴业的钴供应链尽责管理与审计的报告

4, 公司要求与钴有关系的重要正极供应商提供不使用冲突矿产保证书

对于手抓矿问题请问现在还有哪个公司还有此类问题？ 我们将根据您的名单要求供应商杜绝使用，并督促改进直到没有问题再纳入供应量。

对于我公司现有处理方案您认为还有那些地方需要完善或者弥补？

谢谢！

李晓

战略采购经理

商务采办部

内线: 022-██████████

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27<sup>th</sup> March 2017

Ms Seema Joshi  
Head of Business and Human Rights  
Amnesty International

Dear Ms Joshi,

I am writing in response to your recent letter regarding cobalt mining in the Democratic Republic of Congo, which I received on 20<sup>th</sup> March. We share your concerns and believe that mining activities which violate human rights are unacceptable. Please find below more details of Vodafone's policy and approach with respect to our supply chain and human rights as well as our response to your request for information.

### **Context: Vodafone's Supply Chain**

Our businesses rely on international supply chains that span multiple tiers and are complex to manage. Our direct suppliers can have a very large number of their own suppliers who in turn rely on a large number of their own suppliers and so on down through several tiers in the supply chain.

The tens of thousands of companies involved are spread across dozens of countries and supplier relationships change constantly as companies win contracts and others exit. We recognise that conduct that is at odds with Vodafone's principles and beliefs can occur at any point in these long and complex supply chains and ensuring responsible and ethical behaviour across our supply chain is therefore important and highly challenging.

Vodafone is not a manufacturer and does not directly own or operate factories or other production plants with the exception of a technology operation that is part of our Vodafone Automotive 'Internet of Things' (IoT) business. We do not directly purchase raw minerals, ores or metals. The vast majority of the smartphones and tablets that we resell to customers are made by major companies with internationally recognised brands (and Amnesty International is already engaging directly with those companies). We also offer our customers a range of smartphones and tablets that carry the Vodafone logo. These devices are designed and manufactured on our behalf by suppliers – known as Original Design Manufacturers – but we have influence over the design and manufacture. We do not own, operate or control the manufacturing plants that make those Vodafone-branded devices.

### **Supply Chain Policy, Due Diligence and Transparency**

At Vodafone, we recognise our responsibility to respect human rights and wherever we operate, we work to ensure that we do not infringe on human rights through our operations or business relationships. This responsibility is embodied in our Business Principles and our Code of Conduct. We are committed to respecting the human rights of everyone working for Vodafone either directly as an employee, or indirectly as someone employed by one of our suppliers.

For our suppliers, we set out ethical, health and safety, social and environmental standards within our Code of Ethical Purchasing. This is publicly [available](#), strictly prohibits child and



forced labour and includes requirements on the responsible sourcing of minerals. These standards are integrated right from the start of our engagement with suppliers, in the initial qualification process. The Code is communicated to suppliers and integrated into supplier contacts. A new supplier must acknowledge its understanding and acceptance of our standards – as outlined in the Code of Ethical Purchasing – and confirm that it will comply with those requirements. That confirmation is part of the standard terms and conditions included in all of our contracts with every supplier, whatever its size.

We conduct due diligence on new suppliers to check that they meet our requirements and ongoing assessments, including site assessments, to ensure compliance. If suppliers consistently fail to meet our standards, we will not work with them. To target improvements further down the supply chain, we work with our suppliers to implement similar standards with their suppliers. You can find a detailed description of how we implement the policy and conduct due diligence in the supply chain [section](#) of our sustainable business reporting.

We also provided further details of our due diligence activities in relation to 4 metals – tin, tantalum, tungsten and gold - within our Conflict Minerals [report](#).

### **Due diligence activities and trading relationship with Huayou Cobalt**

Vodafone does not source raw materials and metals directly and therefore Huayou Cobalt (and the Huayou subsidiaries referred to in your letter) are not direct suppliers of Vodafone. We have checked our supplier systems and Huayou Cobalt and its subsidiaries are not listed and have not been used in the last 5 years.

In your original report, you also stated that Vodafone was listed as a customer of Tianjin Lishen Battery Joint-Stock Co., Ltd. As we said in 2015, Vodafone is not a customer of Tianjin Lishen and similar checks as described above have been made to confirm that Tianjin has not been a direct supplier over the last 5 years.

Following Amnesty's research and report in 2016, we have also begun investigations further down our supply chain. We have taken a similar approach to the one we take for 3TG metals (tin, tantalum, tungsten and gold) and are focusing due diligence efforts on (i) products likely to contain cobalt and (ii) where we manufacture or contract to manufacture those products. These products are Vodafone branded phones and tablets, power bank accessories and telematic control units for vehicles.

We have contacted the relevant suppliers and asked them to provide us with details of the cobalt smelters in the supply chain of the products or components they supply to Vodafone. Where this information was not known, we asked the supplier to contact their sub-suppliers to try and identify the source.

All of the suppliers that we approach responded to our request. Huayou Cobalt (and the Huayou subsidiaries referred to in your letter) were not identified as smelters supplying cobalt for those products or components. However, the information provided was not complete. Our experience from a number of years of undertaking this due diligence activity in relation to 3TG metals, is that it can be extremely challenging for our suppliers to trace down (what can be several further layers in the supply chain) to the smelter and that it can



take some time to provide robust and complete information. We will continue to work with our suppliers to improve the quality and completeness of the information.

### **Further information**

For ease of reference, please find direct links to the disclosures that Vodafone makes on these issues:

Code of Ethical Purchasing

[http://www.vodafone.com/content/dam/group/suppliers/downloads/VPC\\_Supplier%20Policy\\_A2\\_Code\\_of\\_%20Ethical\\_Purchasing\\_\(V3.0\).pdf](http://www.vodafone.com/content/dam/group/suppliers/downloads/VPC_Supplier%20Policy_A2_Code_of_%20Ethical_Purchasing_(V3.0).pdf)

Supply chain and integrity section of our sustainable business reporting

<http://www.vodafone.com/content/dam/vodafone-images/sustainability/downloads/suppliersandsafety2016.pdf>

Conflict Minerals report covering our due diligence activities in relation to 4 metals – tin, tantalum, tungsten and gold

<http://www.vodafone.com/content/dam/vodafone-images/sustainability/downloads/conflictminerals2015.pdf>

Modern Day Slavery statement

<http://www.vodafone.com/content/dam/vodafone-images/sustainability/downloads/slaverystatement2016.pdf>

Yours sincerely

Annette Fergusson  
Head of Sustainable Business  
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One Kingdom Street  
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London W2 6BY

[annette.fergusson@vodafone.com](mailto:annette.fergusson@vodafone.com)



01.11.2017

Seema Joshi  
Head of Business and Human Rights  
Amnesty International  
1 Easton Street  
London WC1X 0DW  
UK

**RE: Amnesty International Assessment of Company Cobalt Human Rights  
Due Diligence Practices**

Dear Ms Joshi,

Many thanks for your letter of 23rd October 2017 advising Vodafone of Amnesty International's upcoming report on cobalt human rights due diligence practices and sharing your assessment of Vodafone. We appreciate the opportunity to provide feedback.

Please find as an attachment to this letter Vodafone's Statement on Human Rights and Artisanal Cobalt Mining in Democratic Republic of Congo. We will also make this Statement available on our website shortly at:

<http://www.vodafone.com/content/index/about/sustainability/research-and-reports.html>.

As we have explained in our previous correspondence with you, as a result of Amnesty's research and report in 2016, we began investigating the extent of human rights risks relating to cobalt mining within our supply chain.

We would again emphasise that Vodafone does not source raw materials and metals directly. Huayou Cobalt (and the Huayou subsidiaries referred to in your research) are not direct suppliers of Vodafone. We have checked our supplier records carefully and can confirm that Huayou Cobalt and its subsidiaries do not appear in our current supplier lists and do not appear on any previous supplier list as far back as 2012. In your 2016 report, you also stated that Vodafone was listed as a customer of Tianjin Lishen Battery Joint-Stock Co., Ltd. As far as we are concerned, your assertion is incorrect. We established ahead of your report – and can reconfirm now – that Vodafone is **not** a customer of Tianjin Lishen and that company does not appear on any previous supplier lists as far back as 2012.

As we explain in our statement, our supply chain due diligence with regards to cobalt has focused on Vodafone's direct manufacturing of specific electronics products (specifically, 'Internet of Things' automotive telematics products manufactured by our Vodafone Automotive division at a facility in Italy) and our commissioning of electronic products (such



as mobile phones and tablets) that are sold with Vodafone branding but are manufactured by third-parties according to specifications determined by Vodafone.

We have engaged with the relevant suppliers to gather information with regards to the cobalt smelters used within the supply chain for the electronics components within these products. On the basis of the information received, we have no indication of irresponsible sourcing of cobalt on the part of our suppliers. However, we would caution that as a company that is neither a device manufacturer (the exception of our small, specialist telematics facility in Italy) nor a component manufacturer – and with more than 17,000 companies in our supply chain – it is extremely difficult to provide 100% reassurance in this regard.

We fully understand public concern regarding the human rights risks associated with cobalt mining and processing. Notwithstanding the fact that Vodafone is several steps removed from the mineral extraction and processing supplier tier at issue, we will continue to increase our scrutiny of cobalt sourcing (including through our membership of the Responsible Minerals Initiative), as we explain in our Statement.

Yours sincerely

Annette Fergusson  
Head of Sustainable Business  
[annette.fergusson@vodafone.com](mailto:annette.fergusson@vodafone.com)

# VOLKSWAGEN

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## Introduction

Thank you for your updated and very detailed inquiry regarding Cobalt in our Electric Vehicle Supply Chain.

In addition to the detailed information that we provide to you below, we would like to invite Amnesty International to discuss in further detail your expertise and knowledge on this issue and how we may best integrate your insights into our ongoing due diligence efforts.

We would like to underscore that although Huayou is not a part of our current supply chain we have been in direct contact with them, we acknowledge Huayou's efforts and the steps they have undertaken in the recent past, i.e. establishing the Responsible Cobalt Initiative (RCI). We are closely monitoring the activities of the Responsible Cobalt Initiative and value this initiative as a relevant player for improving the situation of the cobalt supply chain from the DRC.

Supply chains constantly change, depending on evolving business needs and availability. As you are aware, the DRC is a major origin for global cobalt supplies. We believe that only by working together with our suppliers, thorough due diligence processes can be established and upheld.

We would also like to point out, as you are well aware, that the issue of artisanal mining is highly complex and involves numerous stakeholders, including respective local and central governments.

We believe that despite the best efforts taken until now, it will take additional time to see more improvements and continuous efforts are needed in the future.

With our electrification strategy in mind, we understand the need to focus on and extend our due diligence in battery supply chains and thus we are in frequent discussions with our battery suppliers.

### ***1. TRADING RELATIONSHIP WITH DRC AND HUAYOU COBALT***

*1. Within the last five years, has your company sourced cobalt from the DRC? If so, from which area(s) and through which smelter(s) or refiner(s)?*

Please note that we have never purchased Cobalt ourselves directly from smelters or refiners. Neither from the DRC nor elsewhere.

*2. Are Huayou Cobalt or any Huayou subsidiaries (including CDM) part of your company's cobalt supply chain? If so, for how long? If not, please provide detailed evidence of how your company has arrived at this conclusion, including details of steps you have taken to verify information provided by third parties.*

Our current serial battery suppliers have confirmed in letters signed by their responsible VPs that neither Huayou Cobalt nor any Huayou subsidiaries (including CDM) are part of our supply chain.



*3. If Huayou Cobalt or any of its subsidiaries are part of your company's supply chain, please provide your assessment of whether or not the due diligence practices undertaken by Huayou Cobalt or its subsidiaries are adequate.*

Please note that Huayou is not part of our supply chain. However, throughout the past months we have been in direct contact with Huayou to better understand the due diligence activities Huayou is undertaking. We also participated in the last RCI meeting in China (16th February 2017 in Shanghai) to get an overview of their current and scheduled activities to address human rights abuse in the cobalt supply chain.

## **II. SUPPLY CHAIN DUE DILIGENCE POLICY**

*1. Does your company have a supply chain due diligence policy in place that covers cobalt? If so, please provide a copy in full.*

Yes, our company has included due diligence in the form of our Volkswagen Group requirements regarding sustainability in its relationships with business partners. Although it does not specifically mention Cobalt, these requirements cover all minerals and materials. Whilst we specifically mention tantalum, tin, tungsten and gold, our due diligence is certainly not limited to these minerals.

*2. Does the policy explicitly refer to, consider or incorporate the five step due diligence framework set out in the OECD Guidance and provide for disclosure of substantive risks and impacts (for example, child labour)?*

Yes.

Human rights issues were integrated into our "Volkswagen Group Requirements regarding sustainability in its relationships with business partners" in 2006 and we explicitly refer to the OECD Due diligence framework in our "Volkswagen Conflict Resources Policy" from 2016.

*3. Has the policy been communicated to suppliers and integrated into supplier contracts? If so, how is the policy communicated, monitored and enforced?*

The Volkswagen Group requirements regarding sustainability in its relationships with business partners are contractually binding for all suppliers and have to be acknowledged and accepted before the supplier can make an offer. Every year all active suppliers have to re-confirm their acceptance of our requirements.

These requirements are communicated via the following channels:

- a) Referenced in the contracts: supplier has to acknowledge that he has read and understood our requirements before he can make an offer
- b) Available on our B2B portal
- c) Updates, e.g. the addition of "due diligence for responsible supply chains of minerals from conflict-affected and high-risk areas", were communicated via an update message to all suppliers using the B2B portal (more than 55.000 active suppliers).

If we determine a violation of these requirements, we immediately instigate an ad-hoc process. This involves subject matter experts, analyzing the violation, working together with the supplier, formulating a corrective action plan and, in cases of serious violations, termination of the business relationship, as described in our Group Sustainability report.

*4. Is it clearly stated who, at the management level, is responsible for the monitoring of risks and overall implementation of this policy?*

By creating the Volkswagen Conflict Resources Policy, signed by the General Representative, head of Public Affairs and Sustainability, responsibilities, monitoring and implementation of this policy are shared amongst the relevant Group divisions. This policy was embedded in the Volkswagen Group requirements on sustainability in its relationships with business partners, signed by the responsible Volkswagen Group board members.

*5. When risks are identified, does the policy prioritize supplier attempts to perform measurable risk mitigation and pursue disengagement with a supplier only after failed attempts at mitigation or when it is reasonably deemed that risk mitigation is either not feasible or unacceptable?*

When risks have been identified we immediately begin the monitoring process (e.g. see answer to question 1, section III). This involves checking self-assessed sustainability report scores and the results of on-site sustainability audits. Beyond this, we regularly monitor global media for potential sustainability risks in our supply chain and identify and discuss sustainability risks facing the automotive industry in various committees / industry initiatives. i.e. DRIVE Sustainability, Econsense, VDA (German Automotive Association), Conflict Free Sourcing Initiative, etc.

As mentioned above (see question 3.), an ad-hoc process can be initiated at any time when supplier-specific risks are determined to be critical. This process involves subject matter experts, analyzing the risk, addressing the risk with the supplier, formulating measures to minimise the risk. The termination of a supplier relationship is the final option and only to be applied in cases of serious violations, as described in our Group Sustainability Report.

*6. Does your company have a policy about sourcing from artisanal or large scale mines exclusively? If so, how does it ensure that no mixing of cobalt occurs in the upstream?*

No

*7. Does your company's policy make explicit reference to avoiding: serious human rights abuses (including torture, forced or compulsory labour, the worst forms of child labour and widespread sexual violence); direct or indirect support to non-state armed groups or public or private security that engage in illegal activity; and participation in corruption, money-laundering or illegal payments to government authorities?*

Yes, our policy covers: serious human rights abuses (such as forced or compulsory labour and child labour) and any participation in corruption or money-laundering. Please note that we are currently working on broadening our sustainability requirements. Regarding the topics modern slavery and human trafficking we are currently updating our corporate requirements. Through our support for the Extractive Industry Transparency Initiative (EITI) we are promoting increased transparency among state actors and the mining industry in oil, gas and mineral value chains.

### **III. ACTIONS TAKEN TO IDENTIFY & ADDRESS RISK**

*1. Can you provide specific evidence or information of instances where VW has taken action to identify, prevent and mitigate human rights risks and abuses in its cobalt supply chain? (For example, when was the action taken, what was the country of mineral origin, what risk-factors or warnings were present, what was the nature of human rights risk or abuse identified, what type of mitigation measures were put in place etc.?)*

So far we have never detected human rights abuse in our cobalt supply chain.

In principle we are closely monitoring and adapting best-practices regarding supply chain due diligence, and are engaging in a number of best-practice exchanges with relevant stakeholders. This is a continuous and on-going process.

Volkswagen is in favor of improving transparency in the raw materials sector, which is also of great importance to the economic development of producing countries. Fair and non-discriminatory access to raw materials is also required for fair competition in today's global economy.

After your study was published, we participated in a sector-wide human rights risk assessment ran by the DGCN (German Global Compact Network) in the second half of 2016, which focused on raw materials for batteries. We have already begun to implement the learnings from this assessment and will continue to do this in the course of 2107, such as an optimized in-depth analysis of Cobalt supply chains.

Furthermore, resulting from this risk assessment we conducted interviews with the CSR-managers and officers of 5 battery-cell suppliers (1<sup>st</sup> tier) between October and December 2016, as part of our negotiation process for Li-Ion-Batteries. The overall goal was to understand the companies' CSR strategies and Due Diligence concepts with regard to their Cobalt, Lithium, Nickel and Graphite sourcing. The results were taken into account within the tender process. The interviews were conducted via phone and in face-to-face meetings in Wolfsburg.

Our relevant battery suppliers each undertook a thorough investigation of the allegations made and informed us about which steps were included in their investigation, which included independent 3rd party CSR Audits. This has led to the temporary suspension of purchases in some supply chains until further due diligence efforts have been put in place.

In addition, in February 2017, we started a complex cobalt-specific campaign in cooperation with the European Automotive Working Group on Supply Chain Sustainability, facilitated by CSR Europe in which we contacted our cobalt suppliers. In this campaign we require our suppliers to state whether they have identified their smelters and if their smelters have been audited environmentally/socially. Also part of the campaign entails the disclosure of the supply chain of our suppliers and sub-suppliers down to the source of raw materials and whether they have tools or processes to track this.

The questions are designed to be passed down the value chain and also include specific questions for smelters. Due to our confidentiality agreements we are not able to supply you with supplier specific information/documents. However, we would like to discuss the findings of our cobalt pilot in a bilateral meeting with you, as suggested above.

In addition, we included a conflict minerals specific question in our sustainability eLearning for suppliers in early 2017.

*2. Accepting representations by direct suppliers about origins of the mineral is by itself insufficient. What steps, if any, have you taken to verify this information? Have you asked key questions and engage with upstream suppliers in order to determine the origin of cobalt in its supply chain? Has this upstream engagement gone beyond direct suppliers to include N-tier suppliers?*

Please see the answer to Section III, Question 1

*3. Accepting representations by direct suppliers about human rights risks and abuses is by itself insufficient. What steps, if any, have you taken to obtain information from your smelters on chain of custody (e.g. mining areas and trade routes) and any human rights risks and abuses associated with its extraction or trading?*

We do not have any direct business relationship with any cobalt smelters. But as mentioned in our response to Section III, Question 1 we are in contact with our suppliers and require them to pass smelter specific questions down the value chain.

*4. Please provide detail of how you assess the measures undertaken by smelters or refiners in your cobalt supply chain (for example, third-party audits, phone calls, site checks, consultants, etc.)*

We must reiterate that we do not have direct business relations with smelters. Please note that the information about the value chain of our suppliers is sensitive, competitive information.

At present we have not performed such an audit below the first tier level due to open legal questions.

#### **IV. TRANSPARENCY OF SUPPLY CHAIN DUE DILIGENCE PROCESS & RESULTS**

*1. Does your company publicly disclose its due diligence policies and practices? If so, where?*

Yes, in Group Sustainability Report and on [volkswagenag.com](http://volkswagenag.com)

*2. Does your company publicly identify all smelters or refiners in its cobalt supply chain? If so, where?*

We are currently attempting to map our cobalt supply chain and identify the critical smelters and refiners.

*3. Has your company made public the details of its own assessment of the due diligence practices of its cobalt smelters or refiners? If so, where?*

As we are currently in the process of going beyond the first tier level: At this point in time, no.

*4. Does your company regularly publicly report details of independent audits or other checks taken to verify the origins or source of cobalt in its supply chain and nature of the human rights risks or abuses associated with specific companies or locations of extraction or trading? If so, how?*

In our Group Sustainability Report we publicly disclose the number of audits, the number of ad-hoc cases and the average audit score by region. Legally we can only carry out audits at the sites of our first tier suppliers.

However, we are pushing our first tier suppliers to proceed with further audits of their respective suppliers.

*5. If the above information is publicly disclosed, please advise of when and how regularly information is updated (for example, is it updated annually, bi-yearly, when there is new information about risks or a change in trading relationships etc.)*

All information which we provide regarding our efforts in supply chain sustainability are publicly disclosed in our annual Volkswagen Group Sustainability Report.

## **V. REMEDIATION OF HUMAN RIGHTS RISKS AND ABUSES**

*1. What steps, if any, has your company taken, either on its own or in collaboration with relevant governments, companies or other stakeholders, to address human rights risks and abuses such as the worst forms of child labour associated with artisanal cobalt mining?*

As Volkswagen has stated in its Code of Conduct, we respect internationally recognised human rights and support the observance of these rights. We act in accordance with the applicable requirements of the International Labor Organization. Therefore child labour is strictly prohibited in our supply chain and business relations. We heed the minimum age requirements for employment in accordance with governmental obligations. We take human rights abuses very seriously and are also looking for increased, constructive cooperation with civil society stakeholders (e.g. in Stakeholder Workshops). First strategic dialogues with Terre des Hommes regarding Mica in our supply chain took place in December, 2016 and February, 2017. We are very interested in their research and findings that could help us to become a clearer picture on the supply chain beyond the first tier level. We would like to reiterate that we are interested in pursuing a constructive dialogue with Amnesty International on this issue.

Volkswagen is also part of the Extractive Industries Transparency Initiative (EITI), as well as a member of the European Automotive Working Group on Supply Chain Sustainability, facilitated by CSR Europe and of the Forum for Sustainable Development of German Business (econsense). All these initiatives have a focus on management approaches for human rights. Additionally Volkswagen is member of CFSI, where the company participate on the due diligence system for conflict minerals.

Besides our memberships we take part in consultations, congresses and public meetings on public policy issues concerning human rights (e.g. National Action Plan on business and human rights of the German government).

## **Attached documents**

### ***The Volkswagen Group Code of Conduct***

[http://en.volkswagen.com/content/medialib/vwd4/de/Volkswagen/Nachhaltigkeit/service/download/corporate\\_governance/Code\\_of\\_Conduct/jcr\\_content/renditions/rendition.file/the-volkswagen-group-code-of-conduct.pdf](http://en.volkswagen.com/content/medialib/vwd4/de/Volkswagen/Nachhaltigkeit/service/download/corporate_governance/Code_of_Conduct/jcr_content/renditions/rendition.file/the-volkswagen-group-code-of-conduct.pdf)

### ***Volkswagen Group requirements regarding sustainability in its relationships with business partners***

<https://www.volkswagenag.com/presence/nachhaltigkeit/documents/policy-intern/2016%20Code%20of%20Conduct%20for%20Business%20Partners%20DE-EN.pdf>

### ***Volkswagen Conflict Resources Policy***

<https://www.volkswagenag.com/presence/nachhaltigkeit/documents/policy-intern/2016%20Conflict%20Resources%20Policy%20EN.pdf>

### ***Self-Assessment Questionnaire by the European Automotive Working Group on Supply Chain Sustainability***

[http://www.csreurope.org/sites/default/files/SAQ\\_August\\_2016.pdf](http://www.csreurope.org/sites/default/files/SAQ_August_2016.pdf)

### ***Volkswagen Group Sustainability Report***

<http://sustainabilityreport2015.volkswagenag.com/home.html>

# VOLKSWAGEN

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First of all we would like to thank you for giving us the opportunity to give you a feedback concerning your findings and Statements regarding Volkswagen in your updated report. Again we would like to invite Amnesty International and you in person to discuss in further detail your expertise and knowledge on this issue and how we may best integrate your insights into our ongoing due diligence efforts. We are continuously working on this topic and have made substantial progress in the last months. Therefore we appreciate your letter and will give you feedback to your assessment and the five criteria you described.

In our letter from 07th April 2017 we stated that: “Supply chains constantly change, depending on evolving business needs and availability. As you are aware, the DRC is a major origin for global Cobalt supplies. We believe that only by working together with our suppliers, can thorough due diligence processes be established and upheld.”

We would like to thank you for taking into consideration our activities in the Global Battery Alliance and also in the Automotive Working Group on Supply Chain Sustainability (DRIVE Sustainability). The Global Battery Alliance unites public and commercial partners like the UNICEF or OECD and strives for securing social and ecological sustainability of the value chain of raw materials for batteries. It does not focus solely on Cobalt, but also on other raw materials. We are also a member of the Responsible Minerals Initiative (RMI). Within the Cobalt sub-group of RMI the Raw Materials Reporting Template (RMRT) is being finalized. This template enables companies to determine the cobalt refiners present in their battery supply chains. In addition, the RMI has gathered an initial list of cobalt processing entities.

## **1. Has the company investigated its supply links to the DRC and Huayou Cobalt?**

Beside the confirmations from the Vice Presidents of our battery suppliers regarding a potential connection between them and Huayou Cobalt we asked for additional information like certificates of origin or audit reports. We would like to underline that due to our confidentiality agreements it is strictly forbidden to supply you with supplier specific documents.

## **2. Does the company have relevant policies in place for its cobalt supply chain?**

Thank you for your valuable feedback regarding our policies. To address specifically topics like human rights or any forms of forced or compulsory labor we are currently updating our policies (e.g. our sustainability requirements for business partners and also our Conflict Resources Policy). In the new version of our Conflict Resources Policy we are referring directly to Cobalt and that we do not accept any forms of human rights abuse in our supply chains.

## **3. Has the company taken action to map its supply chain and identify associated risks?**

In our answer to your previous questions we stated that: “[...] we started a complex cobalt-specific campaign in cooperation with the European Automotive Working Group on Supply Chain Sustainability, facilitated by CSR Europe in which we contacted our cobalt suppliers. In this campaign we require our suppliers to state whether they have identified their smelters and if their smelters have been audited environmentally/socially. Also part of the campaign entails the disclosure of the supply chain of our suppliers and sub-suppliers down to the source of raw materials and whether they have tools or processes to track this.”

With this specific project and with additional information from our battery suppliers we identified smelters/refiners in our supply chain (please see attached a screenshot of the mapping activities). In addition to the smelter/refiner specific information we received audit reports conducted by the suppliers and/or 3rd parties that help us to identify risks.

**4. Has the company disclosed the steps it has taken to identify and address risks?**

Please see answer to Question 2. Due to our confidentiality agreements it is currently strictly forbidden to disclose any supplier specific information like the names of smelters/refiners.

**5. Has the company taken steps to mitigate risks or remediate harms related to its cobalt supply chain?**

In addition to the intensive supplier dialogues we will start an internal capacity building program to address potential risk specifically for potential human rights abuses with all buyers for batteries in the Volkswagen group. Also please notice our additional activities in the Cobalt Working Group of the RMI.



尊敬的西玛·乔希阁下:

受中兴通讯股份有限公司(以下简称“中兴通讯”)赵先明总裁的委托,中兴通讯合规管理部与阁下沟通并澄清阁下于 2017 年 3 月 15 日致函中兴通讯所涉及到的有关问题。在您的信函中我们了解到国际特赦组织在 2016 年 1 月份公布的研究报告《不惜生命的真相》中记录了有关刚果民主共和国(以下简称“刚果(金)”)手工开采钴矿活动中发生侵犯人权情况,并追踪了在此类条件下开采的钴矿如何流入全球供应链中,其中要求提供证据证明没有直接或间接从浙江华友钴业股份有限公司(以下简称“华友钴业”)或其子公司采购任何和刚果(金)手工采矿有关的钴原料。此外,还提出一些问题要求中兴通讯予以答复。

在收到国际特赦组织的函件后,根据赵先明总裁的委托,中兴通讯合规管理部积极组织相关部门按照国际特赦组织信函中提到的问题进行自查并予以答复(详细信息,请参阅附件 1),同时也对上游供应商展开相关调查。经过调查显示,中兴通讯未从刚果(金)直接或间接采购钴,且华友钴业及其任何子公司非中兴通讯供应链的一部分。另外,中兴通讯的供应商也未与华友钴业及其任何子公司贸易关系。限于合同约定及供应商的要求,中兴通讯无法提供供应商的具体信息。

在供应链尽责政策方面,中兴通讯一直倡导道德经营、合法合规经营,与全球供应商紧密合作,共享采购信息和管理经验,帮助供应商提高供应链效率,管理供应链风险。通过各项供应链管控措施要求合作伙伴恪守商业道



德，遵守业务开展所在国的法律法规，共同打造负责任、透明、可持续的供应链。

中兴通讯承诺将采取任何可能的措施避免从任何来源直接或间接购买可能为刚果（金）或相邻国家武装团体提供资助或使其受益的冲突矿产，并反对一切形式的违反国际公认的各项不法行为。

中兴通讯了解上游供应商所提供的金属产品可能对社会、环境造成影响，为肩负起企业社会责任，不断投入资源致力于加强供应链管理，其中管理举措之一就是涉及到对冲突金属的供应链合规管理。基于包括但不限于美国“多德-弗兰克”法案第 1502 条款和国际组织 EICC 及 GeSI 标准，开展了冲突金属（金锡钨钽）的供应链合规管控。中兴通讯在对供应商进行认证时要求供应商签署《供货保证协议》（详细信息，请参阅附件 2），该协议第 4.1.3 条款“无冲突金属要求”规定供应商需致力于供应链尽职调查以确保冲突金属（金锡钨钽）并非通过无政府军队或非法集团获取，没有来自刚果民主共和国冲突区域的矿区开采或是循非法走私途径取得。同时中兴通讯要求供应商按照标准模板《EICCGeSIDDtemplate》（详细信息，请参阅附件 3）开展冲突金属（金锡钨钽）的调查反馈，保证出售给中兴通讯的产品所含金属皆符合《无冲突规范 (DRC Conflict-Free)》要求。中兴通讯还制定了相关领域的冲突矿物管理规范，对供应商进行冲突矿物尽职调查。按照对供应商的调查情况，将供应商按照制定标准分别列为黑旗/红旗/黄旗/绿旗四类，对不同类别的供应商采用不同的管理方式。

需要说明的是，根据美国“多德-弗兰克”法案第 1502 条款，冲突矿产定义范围并未包含国际特赦组织在信函中所提到的金属钴。中兴通讯相关部门

通过不同渠道了解有关冲突矿产方面的信息，其中获取到的资料之一即《钴不是冲突矿产的论证》（详细信息，请参阅附件 4）的论文，该论文从不同角度论证钴并非冲突矿产。从其他渠道获取的信息同样显示钴并未包含在冲突矿产的定义范围之内。鉴于此，将钴认定为冲突矿产是有争议的。

中兴通讯作为联合国全球契约组织成员，在避免侵犯人权方面，尊重和  
维护国际公认的各项人权，除自身按照全球契约组织在人权方面的原则执行  
外，还要求供应商必须签署《供应商 CSR 协议和行为准则》（详细信息，  
请参阅附件 5），并严格按照行为准则开展业务。中兴通讯坚持平等雇佣，  
严格遵循人权、劳工国际公约，遵守业务开展所在国家或地区相关劳动法律  
法规和政策；杜绝雇佣童工，不使用任何形式的强迫劳动，不采用任何形式的  
体罚、精神或身体压迫或口头辱骂；并对违反商业道德包括如腐败、贿赂、洗  
钱等行为持“零容忍”态度，积极、有效、科学地开展合规工作，塑造企业的  
合规文化，致力于树立行业领先的合规品牌，同全球供应商及其他业务合作  
伙伴一起实现可持续发展。

中兴通讯了解到当前业界范围内并没有有效手段识别追踪钴的来源和使用  
情况，同时也意识到这一问题极其复杂，需要企业、政府和非政府组织的  
承诺和通力合作才能解决。为了杜绝各行业企业使用冲突矿产，切实保障人  
权，中兴通讯倡议包括作为全球知名的非政府组织的国际特赦组织在内的国  
际组织能够提供强有力的支持，利用国际特赦组织在国际上的影响力，不断  
为各行业提供钴矿产方面的信息，建立钴源头追踪机制，以便使各行业企业  
及时获取有关冲突矿产方面的信息，采取有效应对措施，拒绝使用冲突矿产，  
履行其企业公民责任。

最后，中兴通讯十分愿意保持同政府、包括国际特赦组织在内的非政府组织以及行业合作，共同致力于解决供应链社会责任问题。

随函附上相关文件材料，以供阁下查阅。

此致

程钢



附件：

1. 国际特赦组织信函问题答复
2. 供货保证协议
3. EICC GoSI DD Template
4. 钴不是冲突矿产的论证
5. 供应商 CSR 协议和行为准则