

## INFO PACKAGE

*2nd roundtable: NGOs and Companies  
„Strengthening human rights due diligence  
in electric vehicle production  
Exploring new avenues for cooperation  
between business & civil society“*



**3 April 2019 · Hotel Eurostars, Berlin**

Workshop organised by the  
German Helpdesk Business & Human Rights  
and the Business & Human Rights Resource Centre

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## AGENDA

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9:30 am *Registration*

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**10:00 am Welcome & round of introductions**

- Katharina Hermann & Jenny Ohme, German Helpdesk Business & Human Rights
  - Johannes Blankenbach, Business & Human Rights Resource Centre
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**10:15 am 'Setting the scene'**

- Jonas De Schaepmeester, Umicore
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**10:30 am Collaborating on human rights due diligence in the electric vehicle sector**

*Introduction and moderation: Marti Flacks, Business & Human Rights Resource Centre*

- Hannah Clayton, International Council for Mining and Metals (ICMM)
  - Alejandro Gonzalez, The Centre for Research on Multinational Corporations (SOMO)
  - Ferdinand Maubrey, RCS Global
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**11:30 am Discussion in small groups**

Guiding questions:

- How can companies and civil society work together to improve human rights due diligence in the electric vehicle sector?
- What are challenges and benefits of cooperation, including in difficult environments?

Presentation of results

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12:00 pm *Lunch break*

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**1:00 pm Snapshots from company practice in electric vehicle supply chains**

*Moderation: Prof. Dr. Julia Schwarzkopf, HTW Berlin Business School*

- Leonie Vierck and Philipp Bleckmann, Volkswagen
- Claudia Becker, BMW Group
- Dr. Katja Gehne, BASF
- Stefan Kosel, ACI Systems
- Swantje Pabst, Daimler

followed by Q&A

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**2:00 pm Responsible supply chain management in the electric vehicle sector**

*Moderation: Katharina Hermann, German Helpdesk on Business & Human Rights  
& Mauricio Lazala, Business & Human Rights Resource Centre*

- Jonas De Schaepmeester, Umicore
- Janosch Jerman, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
- Dr. Claas Oehlmann, Federation of German Industries (BDI)
- Sophia Pickles, Global Witness

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**2:45 pm** *Coffee break*

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**3:00 pm World Café: Exploring new avenues for cooperation in electric vehicle supply chains**

*Moderation: Johannes Blankenbach, Business & Human Rights Resource Centre*

**Table topics and hosts:**

- 1) Risks:** What specific human rights risks are still ‘under the radar’ in electric vehicle supply chain management?  
(Maren Leifker, Brot für die Welt/Bread for the World & Johanna Sydow, Germanwatch)
- 2) Challenges:** What are the challenges in ensuring respect for human rights and the environment throughout electric vehicle supply chains and production?  
(Alejandro Gonzalez, SOMO)
- 3) Opportunities:** At what stage in electric vehicle supply chains is cooperation between civil society and business particularly useful and needed?  
What are examples of good practice?  
(Lilian Meyer, Drive Sustainability)
- 4) Support:** What supporting mechanisms are needed and available to strengthen human rights due diligence and multi-stakeholder cooperation in the electric vehicle sector?  
(Augusto Acosta, Agency for Business & Economic Development)

*Presentation of discussion results by table hosts*

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**3:45 pm Wrap-up, key take-aways & next steps**

- Marti Flacks, Business & Human Rights Resource Centre
- Katharina Hermann, German Helpdesk Business & Human Rights

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**4:00 pm** *Networking*

This workshop was made possible thanks to funding/support from Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and the German Federal Ministry for Economic Cooperation and Development (BMZ).

## SUMMARY OF THE DISCUSSION

On 3 April approximately 50 representatives from non-governmental organizations (NGOs), companies, business associations, service providers as well as industry and multi-stakeholder initiatives met in Berlin to exchange views on challenges to and solutions for improved human rights due diligence in electric vehicle supply chains and production. The workshop was co-organised by the German Helpdesk Business & Human Rights and the Business & Human Rights Resource Centre.

The aim of the workshop was to provide a space for a fair and objective multi-stakeholder dialogue on effective, comprehensive and collaborative human rights due diligence in this field. Companies (including car manufacturers as well as battery component and raw material producers) shared their experiences regarding new challenges arising with the growth of electric vehicle production and the ensuing demand for minerals needed for batteries. The diverse group of participants also engaged in a discussion on ideas for collaboration between the private sector and civil society to improve due diligence on human rights in electric vehicle supply chains.

### Electric Vehicles: Sustainability & Respect for Human Rights in Future Mobility

**Electric vehicles are key to a green future.** Along with renewable energy they are essential to the global transition to a low carbon economy. The sourcing of minerals (including cobalt, lithium, copper and nickel) needed for the production of batteries and other electric vehicle-specific components, however, is also linked to human rights, environmental, health and safety concerns, especially during (although not limited to) the extraction process at mine sites. In order to align all three aspects of sustainability – the environmental, the economic and the social – advancements in green technologies must go hand in hand with advancements in human rights due diligence in the production of these technologies.



**Human rights issues related to electric vehicles are not fundamentally different than those historically facing the automotive sector.** The participating representatives from automotive manufacturers outlined their companies' human rights due diligence systems, which are increasingly based on the UN Guiding Principles on Business and Human Rights (UNGPs) as well as corresponding National Action Plans (NAPs). According to participants, the main difference with regards to electric vehicles when compared to other automotive supply chains lies in the types and quantity of minerals needed for battery production. As one car manufacturing company put it, "the system does not change, but the content does".

**Automotive companies have tremendous influence, which is currently under-leveraged.** In order to fully exercise it they would need to push beyond the chokepoints in the supply chain (such as smelters and refiners) and consider how to have impact further down their supply chains. Purchasing practices of end-users matter tremendously to upstream companies. Participants made a strong argument that there is also a business case for good human rights policy and performance.

**There is a need to act proactively and systemically to get ahead of the curve.** Due to the rapidly growing demand for minerals required for electric vehicle production, quick but lasting measures to address human rights risks in battery supply chains must be developed. As one of the main components of batteries, cobalt will most likely remain an important commodity in the coming decades that cannot be easily replaced. Although the amount of cobalt needed per battery is decreasing, the overall demand for batteries needed both for electric vehicles and mobile phones – and therefore the demand for cobalt - keeps rising. The same applies to other battery components such as lithium, for which a particularly sharp increase in demand is projected, as well as nickel, manganese, copper and potentially zinc. It was noted that by 2022 electric vehicles are expected to cost the same as their internal combustion counterparts.

**Human rights risks in electric vehicle supply chains are not limited to one mineral or region.** While there is currently a lot of attention on cobalt sourcing in the Democratic Republic of Congo (DRC), it was emphasised that there are many other materials and regions with human rights risks to consider when it comes to electric vehicle production. It is therefore necessary to broaden the focus to other countries, commodities and primary resources. Several participants noted that current attention to human



rights risks in cobalt extraction in the DRC should be leveraged for systemic change in the electric vehicle sector. For human rights due diligence to be effective, holistic strategies that go beyond mineral-by-mineral approaches would be needed to tackle challenges common to all mineral supply chains.

**To promote a fast and fair transition towards electric vehicle technology, it is vital to ensure local communities benefit from mineral extraction.** Another important consideration is how to go beyond risk management and mitigation approaches to also look at the positive impact and local value addition that can be created along supply chains. Several companies referred to social cooperation projects as complementing their supply chain efforts.

**Environmental harm and corruption cannot be separated from human rights issues and should be part of the conversation.** It was emphasised that aside from companies' own supply chains and activities, the broader business context and progress towards lifecycle/circular economic approaches to reduce the demand for primary raw materials are important factors for the future sustainability of the sector. Corruption risks, the use of toxic chemicals in the manufacturing process of electronic products and e-waste problems should therefore be higher up on the ladder of attention.

**Full supply chain transparency and traceability remains a difficult endeavour.** Since the supply chains of automotive manufacturers include hundreds of raw materials and often more than ten thousand 1st tier suppliers alone, several companies noted that tracing the entire supply chain remains one of the key challenges. Even if full traceability is not realistic, however, other approaches to due diligence and tackling risks could be developed. A representative of a car manufacturing company spoke about their efforts to procure minerals such as cobalt directly from mines to avoid intermediaries. It was also emphasised that more engagement with local governments is needed to increase the transparency of mineral markets.

**Audits continue to provide the basis for companies' knowledge and management of social and environmental risks but standards need to be raised.** A significant part of the discussion revolved around what could be expected from auditing and how to distinguish between 'good' and 'bad' audits. While it was noted that auditing based on insights from the ground can provide a deep dive or snapshot into the supply chain



and raise important questions, many standard audits may lack depth and sufficient information on human rights issues. Consequently, it was emphasised that in addition to external auditing, companies' own on-site assessments, regular examinations of conditions on the ground, ongoing community and worker engagement processes and the development of accessible grievance mechanisms are important to create checks and balances.

**There is no globally accepted human rights standard for large-scale mining.** While many participants agreed that the emergence of mining certification schemes in recent years has been a positive development in general, some nevertheless questioned whether certifications provide sufficient information and incentives to change business practices. Rather than creating new standards, it would especially be important to ensure strong assurance and follow-up mechanisms to existing ones.

**Companies are developing mitigation strategies for artisanal mining (ASM) in high-risk areas.** It was noted that more than half of the world's cobalt reserves originate in the DRC and approximately 20% of DRC's cobalt output stem from ASM, where child labour and significant occupational health and safety issues persist. Faced with a lack of traceability in mineral markets, company representatives emphasised that a main question is whether to 'opt in' or 'opt out' of cobalt sourcing from the DRC. However, participants noted that human rights risks also persist in industrialised large-scale mining and that ASM remains an important source of income for many people. One proposed approach for dealing with existing risks is addressing the challenges by initiating professionalization and improving artisanal mining working conditions as well as living conditions for surrounding communities.



## Companies, Communities and NGOs: Collaboration on Human Rights Due Diligence

**Car manufacturers, as well as companies in the supply chain, need to engage with communities if they want to effectively address human rights challenges locally.** Both the UN Guiding Principles on Business and Human Rights (UNGPs) and the corresponding German National Action Plan (NAP) describe multi-stakeholder approaches and dialogues with local communities as an important part of and means to responsible business conduct. Participants highlighted that more engagement is needed with communities impacted by mining activities, in order to address existing power and information asymmetries. As one company representative noted: “If we want to develop a sustainable business case for e-mobility, we need to address challenges that are extremely sensitive and difficult. Therefore, there is a strong need for collaboration between relevant stakeholders “.

**Community engagement is central to a site-level understanding of human rights risks.** Since it is not possible for every automotive manufacturer to audit and control every mine there is a need for collaboration between different actors. In this context, it was noted that collaboration and regular interaction is useful at all stages of the supply chain and economic activity, including after a project has received initial approval. A continuous and direct dialogue between the private sector and local communities and civil society organizations is vital for the development of grievance mechanisms, for instance. Local organizations and companies could also collaborate to raise human rights issues with governments.

**Fact-based discussions, trust and mutual understanding between private sector and civil society are prerequisites for successful collaboration.** It was noted that in order to increase constructive dialogue between civil society and companies, it would be helpful to start with an exchange of information after which mechanisms can be developed to address human rights challenges in the supply chain in collaboration with local actors. Furthermore, participants raised that church-based organizations, political foundations, NGOs in companies’ home countries and local authorities often have wide networks and can support companies as “match-makers” in their search for the right local civil society partners.



**Human rights defenders are vital local actors that need to be engaged and protected.** Participants emphasised that civil society and human rights defenders have an important role in assisting companies to identify salient human rights risks related to electric vehicle production and in raising concerns early on before they escalate into serious grievances. Human rights defenders can furthermore signal broader threats to civic freedoms and the companies' own ability to operate. Over the past years, however, they have been the subject of increasing attacks and require companies' support and protection to be able to continue their important work.

**All actors need to get on board.** Participants emphasised that in order to advance human rights due diligence in the electric vehicles sector one needs to both raise the bar and widen the scope of action. An important question would therefore be how to get all stakeholders in the sector on board and bring about concerted action. There was a consensus amongst participants that Chinese companies and business associations need to be involved in collaborative efforts. Yet the role of China – home to many mining companies, smelters and refiners – was also considered “tricky” and participants suggested there should be intensified dialogue with China in this regard at the political level. It would furthermore be beneficial to expand the conversation to other parts of the sector, including commodity traders and investors, whose significance often gets overlooked.

**Expectations between upstream (mining companies) and downstream (end-users, including car manufacturers) need to be aligned.** Identifying and addressing human rights risks related to all minerals, commodities and parts of electric vehicles requires constant exchange between – as well as within – different segments of the supply chain. In the past few years, downstream companies have started to engage with upstream companies through industry initiatives to maximize leverage, increase efficiency and minimize the burden. However, the lack of knowledge and capacity around human rights due diligence in supply chains remains a significant challenge, as some participants highlighted. Auto manufacturers therefore provide trainings for suppliers.



**Cross-sectoral dialogue is an important means to create synergies between different initiatives.** Due to the shift towards electric vehicles, car manufacturers increasingly face competition over resources not just from within the industry but also from “tech giants” in the ICT sector. Yet, cooperation across these sectors on human rights issues on the ground was emphasised as key to improving conditions along battery supply chains. While cross-industry initiatives to enhance sustainable mineral mining are advancing, there would still be room for improvement. Since supply chains are usually not linear but interconnected networks, they are highly complex to deal with. It was noted that local multi-stakeholder discussion forums could help foster regular dialogue and synergies between projects.

## FURTHER INFORMATION AND LINKS

### Key Guidance

- German National Action Plan Business & Human Rights (German Federal Government)
- UN Guiding Principles on Business & Human Rights (United Nations High Commissioner for Human Rights)

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

- Organisation for Economic Co-operation and Development
  - Alignment Assessment
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### Business & Human Rights Resource Centre

- Business & human rights snapshot: Automotive sector

### **Beyond Social Auditing**

- Shared Space under Pressure: Business Support for Civic Freedoms and Human Rights Defenders – Guidance for Companies (Business & Human Rights Resource Centre & International Service for Human Rights)
  - Indigenous people risk losing water in lithium extraction for essential transition to low-carbon economy (Eniko Horvath, Senior Researcher & Amanda Romero, South America Senior Researcher & Representative, BHRRC)
  - Natural Resources “Big Issue” area
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**Analysis & Other  
Publications**

**Public Sector**

- Cobalt from the DRC – Potential, Risks and Significance for the Global Cobalt Market (Bundesanstalt für Geowissenschaften und Rohstoffe, BGR)
- Human Rights Risks in Mining – A Baseline Study (BGR & Max Planck Foundation)
- Global Trends in Artisanal and Small-Scale Mining (ASM): A Review of Key Numbers and Issues (Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development)

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**Sector Initiatives**

- IRMA Standard for Responsible Mining (Initiative for Responsible Mining Assurance)
  - Demonstrating value – A guide to responsible sourcing (International Council on Mining & Metals)
  - Material Change: A study of risks and opportunities for collective action in the material supply chains of the automotive and electronics industries (DRIVE Sustainability, IRM, Dragonfly Initiative)
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### Civil Society

- “Time to recharge”: Corporate action and inaction to tackle abuses in the cobalt supply chain (Amnesty International)
- Responsible minerals sourcing for renewable energy (Earthworks)
- Weniger Autos, mehr globale Gerechtigkeit (PowerShift, Misereor, Brot für die Welt)
- Das weiße Gold: Umwelt und Sozialkonflikte um den Zukunftsrrohstoff Lithium (Brot für die Welt)
- We need a global standard on corporate abuse in supply chains – this week’s OECD forum in Paris could be the start (Sophia Pickles, Global Witness)
- Powering Down Corruption: Tackling Transparency and Human Rights Risks from Congo’s Cobalt Mines to Global Supply Chains (Annie Callaway, Enough Project)
- Without responsibility and transparency - Human rights risks along the nickel supply chain (Melanie Müller & Michael Reckordt, PowerShift & philippenbüro im Asienhaus)

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### Other

- Driving Sustainability, Can the Auto Sector deliver sustainable mobility? (SustainAbility, UNEP & Gordian Knots)
  - Metal mining constraints on the electric mobility horizon (McKinsey & Company):
  - The Battery Revolution: Balancing Progress with Supply Chain Risks (RCS Global)
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