Mining the Disclosures 2019

An Investor Guide to Conflict Minerals and Cobalt Reporting in Year Six

RESPONSIBLE sourcing network

Authors

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Responsible Sourcing Network (RSN) (www.sourcingnetwork.org), a project of the non-profit organization *As You Sow* (www.asyousow.org), is dedicated to ending human rights abuses and forced labor associated with the raw materials found in products we use every day. RSN builds responsible supply chain coalitions of diverse stakeholders including investors, companies, and human rights advocates. Currently, RSN works with network participants to leverage their influence in the areas of conflict minerals from the DRC and forced labor in the cotton fields of Uzbekistan and Turkmenistan to create positive change for brands, consumers, and the impacted communities. For more information, contact: info@sourcingnetwork.org.

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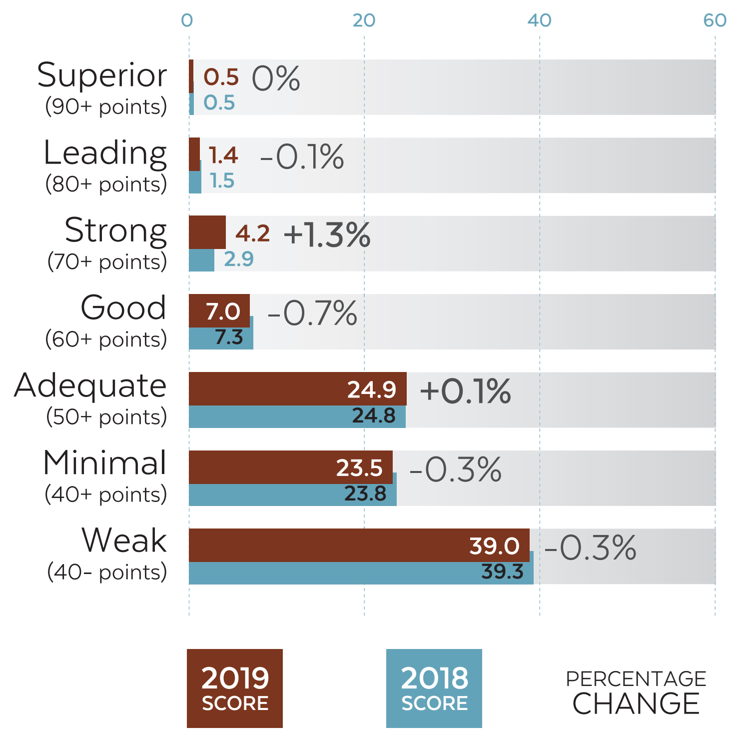
Executive Summary

For the sixth consecutive year, Responsible Sourcing Network (RSN) is analyzing corporate compliance under Special Disclosure Section 1502 of the Dodd-Frank Act (otherwise known as Section 1502 or the Conflict Minerals Rule), and companies' efforts to take action and report their practices publicly. Due diligence by companies with respect to tin, tantalum, tungsten, and gold (3TG) again falls short from the intent of the law and the expectations of stakeholders. With a 2019 average score of 40.1, down from 40.3 in 2018, the scores of the sample group of companies analyzed by RSN keep decreasing. The comparison between 2018 and 2019 regrettably shows the lack of efforts of a large number of companies, highlighted by the decline or stagnation of 59.8% of the sample, and, even more regrettably, 63% of the sample scores at mediocre levels (categories of minimal and weak). After six years of implementation of the law, these results continue to weaken efforts to tackle the financing of armed groups in the Democratic Republic of Congo (DRC). In April 2017, the Securities and Exchange Commission's (SEC) former Acting Chairman, Michael Piwowar, concluded that the decision of the U.S. District Court for the District of Columbia was irreconcilable with the law makers' intent. Following Piwowar's conclusion, the SEC's Division of Corporation Finance issued a statement saying it will not recommend enforcement action of Section 1502, which has eliminated the incentive for companies to implement the law. However, this uncertainty—brought by the Trump administration—should not hide the clear concerns about conflict minerals raised by consumers and investors.

Figure 1: Percentage of Sample Companies by Performance Category between 2018 and 2019 for 3TG Due Diligence

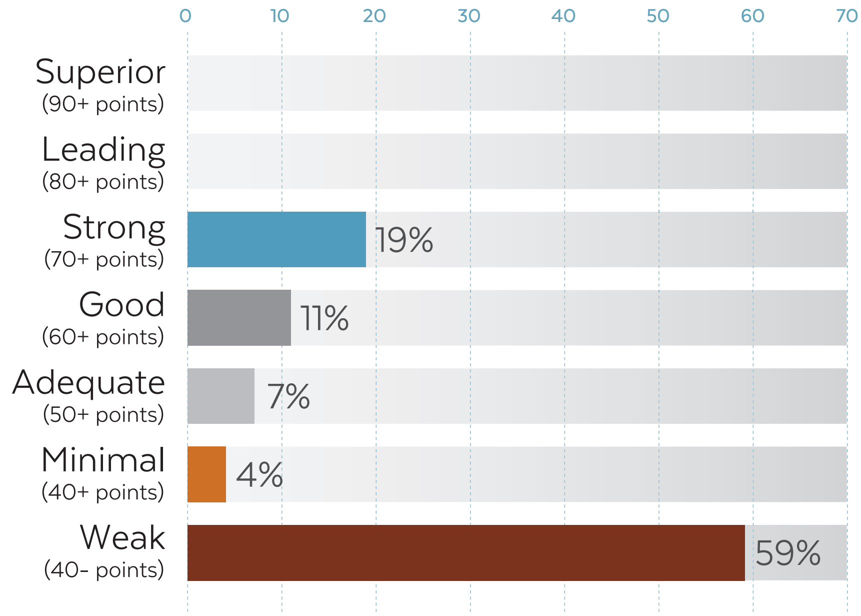


Leading companies, especially in the Technology sector, again remain at the top of the ranking this year. Companies achieving a score of 70 or higher have shown their ability to innovate beyond simple compliance to achieve an integrated and robust response to conflict minerals risks. The seven leading companies, Intel, Microsoft, Apple, Alphabet, Ford, HP, and Dell Technologies, have adopted proactive, due diligence-based strategies. Furthermore, Apple's integration of broad-based impact investments in research, on-the-ground projects, and multi-stakeholder groups should be applauded. Encouragingly, Alphabet reached the leading category and, three companies, Dell Technologies, Acer, and Hewlett Packard Enterprise (HPE), all joined the strong category for the first time, but only HPE was rated in previous years. In the meantime, laggards in 2019 remain the same as 2018 with companies in the Oil & Gas - Integrated, Steel, and Business Services at the bottom of *Mining the Disclosures 2019* ranking. While continuous improvement has been lacking for the past three years, a new and concerning trend was noticed: the provision of the exact same disclosures to the SEC from the year before by many companies in the report's sample. This trend is disconcerting and demonstrates the relegation of 3TG due diligence to a lesser corporate concern and a blatant disregard to implement U.S. federal legislation.

Comparing the same 199 companies from the 2018 sample, 74 scores increased, 13 companies saw no change, 87 lost fewer than five points, and 25 dropped by more than five points. This analysis highlights that 63 percent of companies in the sample remained stagnant or lost points, reiterating a worsening trend of companies' lack of actions to address and report on conflict minerals. This drop is particularly worrying since it reflects a common trend of decline from year-on-year reporting and contradicts the continuous improvement approach enshrined in the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance. In 2019, companies performing under 60 out of 100 points—meaning in the three lowest categories (weak, minimal, and adequate)—represented 87% of the sample, which compares to 88% in 2018, and 85% in 2017. Although the sample size is roughly 20% of the total number of companies that filed disclosures with the SEC, the companies in this study's sample are the largest market cap companies in their sectors. There is a general perception that larger companies are going to have more resources to address human rights abuses buried in their supply chains, which means small and medium-sized companies are likely doing even less on this issue. The statistic of relative inaction in this report should raise red flags for investors and consumers, encouraging them to demand more efforts by companies to address the harm of violence and rape linked to the conflict minerals embedded in their products.

The report indicators reveal this trend of stagnation and decline, which is specifically emphasized by the continuous improvement indicator dropping by an additional six points in 2019 after suffering an 11-point decrease in 2018. This means from 2017 to 2019 the continuous improvement indicator dropped from an average of 66 points to 49 out of 100. While this year's *Mining the Disclosures* didn't unveil indicators dropping by more than six points, as they did in 2018, some critical aspects of the due diligence process appear to be at the bottom of corporate priorities. Surprisingly, the backbone of any due diligence program, the development of a publicly available policy, lost five points. In the meantime, progress was achieved in a few areas, mostly due to the efforts by several companies to describe their due diligence program in more detail (description of facilities where the minerals are processed: + 4 points; description of conflict-free sourcing: + 9 points).

Figure 2: Percentage of Sample Companies by Performance Category for Cobalt Due Diligence in 2019



In this 2019 report, RSN introduces for the first time a scored analysis of non-mandatory cobalt due diligence disclosures by a group of 27 companies in the industry sectors of technology, automotive, and jet engines, selected for the large prevalence of their cobalt consumption. Building upon an Amnesty International report on child labor in the cobalt industry, and the subsequent pressure on companies' responsible sourcing practices, RSN now includes cobalt as a mineral of focus. While efforts have been taken to increase transparency in the cobalt industry—the Democratic Republic of Congo (DRC) produces about 72% of the world's supply—much more remains to be done. As no surprise, the leading companies in 3TG due diligence score also score the highest—all over 70 points—in having a transparent and clean cobalt supply chain. Apple, Microsoft, Dell Technologies, and HP dominate the technology sector, joined by BMW, the only automotive company above this threshold. However, no companies scored in the superior (above 90 points) and leading (above 80 points) categories, and 70% of the sample group (19 companies) scored under 60 points (minimal, weak, and adequate categories).

With the aim to provide a better understanding of how legislation affects corporate behavior regarding conflict minerals, this year's report includes companies not governed by Section 1502, and therefore never rated previously. The scores of these eight international technology companies highlight the commitment of some leading actors outside the scope of Section 1502 to adopt and promote responsible sourcing of minerals, while others lag with low scores. As conflict minerals compliance becomes a global concern for customers and investors, the inclusion of these new companies demonstrates that they can get ahead of upcoming regulations and adopt proactive strategies to trace their supply chains and address risks. While Hitachi, Huawei, Samsung Electronics, Toshiba, and Fujitsu are categorized as weak, Panasonic is categorized in the minimal category, outperforming 50% of the SEC filing companies; LG Electronics qualifies for the good category; and Acer grabs the sixth place of the ranking and lands in the strong category. In 2019, Dell Technologies was also added to the sample as the company became public again in 2018. Although a privately held company since 2013, Dell had been very active in conflict minerals due diligence, which explains its leading score today (78.1, strong category). Dell Technologies was formed following the acquisition by Dell of EMC, a company previously rated in *Mining the Disclosures 2014, 2015,* and *2016.*

The lack of improvement and the mediocre state of SEC disclosures and publicly available information profoundly limits the ability of the industry as a whole to drive significant change in the DRC mining industry. While companies with the highest *Mining the Disclosures* scores have shown that investing in on-the-ground projects, research, and strong due diligence systems can positively impact the region, the burden of cleaning up global 3TG supply chains cannot reside with only a handful of leading corporate actors. Lasting advances in Central Africa will depend on the lowest scoring companies stepping up and adopting proactive due diligence systems and innovative strategies to address the grave and damaging material risks in their conflict minerals sourcing.

Introduction

Background Information and In-Region Impact

In the past two decades, the DRC has suffered continuous violence resulting in the deadliest conflict since World War II. The concept of 'resource curse', often used in the case of African states with large mineral deposits, has been used to justify the development of legal frameworks requiring brand companies to better assess and mitigate the risks in their 3TG supply chains. Since the UN Group of Experts on the DRC published its 2010 due diligence guidelines for the responsible supply chain of minerals from red flag locations to mitigate the risk of providing direct or indirect support for conflict in the eastern part of the Democratic Republic of Congo, minerals trade has been at the center of conflict mitigation strategies in the country. While Section 1502 of the Dodd-Frank Act provides a response to this issue by breaking the link between mining and violence, the conflict in the DRC is complex and will not be solved by a one-sided approach. The constant criticisms that Section 1502 has been subjected to, often based on outdated data,[1] have focused on the unintended consequences of the law on local communities. Drawing direct links between the existence of Section 1502 and the increase in violence[2] translates only a single view of the issue that will not provide any solution to the conflict, neither in the short or the long term. Similarly, the outdated analysis of the Conflict Minerals Rule negatively impacting local economies and limiting the ability of miners to generate income[3] might have been appropriate at the beginning of its implementation, but is no longer accurate.

Mining the Disclosures 2019 aims to provide investors and other stakeholders with a year-on-year analysis of the largest companies' efforts to identify, address, and disclose their use of conflict minerals in the DRC region and their associated risks. It encourages improved corporate practices in the areas of Risk Management, Human Rights Impact, and Effective Reporting.

On December 30th, 2018, for the first time since 2001, the Congolese population elected a new president, Felix Tshisekedi, to succeed Joseph Kabila. Despite many criticisms on the handling of the election by the Commission Electorale Nationale Independante (CENI, Independent National Electoral Commission)[4] and the challenge of the results by Martin Fayulu in the country's constitutional court,[5] this election put an end to two years of unconstitutional ruling, during which Kabila remained in power for 18 years. While the political situation at the national level appears relatively stable, pockets of violence, especially in mineral rich provinces, are still threatening the progress achieved by certification and traceability schemes. The potential recognition of the Allied Democratic Forces (ADF) by the Islamic State (IS),[6] and the increased violence of the originally Ugandan rebel group,[7] is limiting the ability to effectively trace minerals in a very volatile environment. Additionally, the Ebola outbreak, previously limited to remote areas, has now reached the North Kivu Province capital, Goma,[8] leading neighboring countries to temporarily close their borders[9] and threatening the stability of the recently formalized artisanal mining industry.

Fortunately, a wide variety of programs now exist to address the issue of 3TG traceability and responsible mining, and should be supported by corporate actors. The RCS Global Group's Better Mining program (Better Sourcing Program and Better Cobalt) recently partnered with the Congo's largest tantalum producer, Société Minière de Bisunzu (SMB), to monitor incidents at the site level and support mitigation actions to address material risks for customers.[10] Unfortunately, the dominant traceability scheme in the region, the International Tin Association (ITA)'s International Tin Supply Chain Initiative (ITSCI), is facing criticism due to uncompetitive practices and the cost of its implementation. The recurrent use of ITCSI tags for smuggling purposes is also threatening the integrity of the system. The issues with ITCSI has led to the departure of the Société Minière de Bisunzu (SMB) from the ITSCI scheme in the DRC and to legal actions in Uganda by a tantalum producer, Kerilee Investments.

In parallel, the United States Agency for International Development (USAID) announced a $3.7 million Sustainable Mine Site Validation (SMSV) project with the Washington-based non-governmental organization (NGO) Pact. Going further, multi-stakeholder initiatives have adopted broader scopes aimed at promoting not only the responsible production of minerals but also enhancing the lives of artisanal miners. The European Partnership for Responsible Minerals (EPRM) has awarded a grant to a Ugandan engineering company, Optima Mines and Minerals, to create traceability systems from extraction to export to avoid the contamination of Uganda 3TG supply chains with Congolese minerals. In the meantime, the Public Private Alliance for Responsible Minerals Trade (PPA) commissioned research on the accessibility of financing tools for Artisanal and Small-scale Miners (ASM) in eastern Congo and published a tender for on-the-ground projects applying the recommendations of this study.

Outside of multi-stakeholder initiatives, individual companies are also taking critical steps to support knowledge and promote best practices in the industry. Apple is at the forefront of this strategy and funded the Harvard Humanitarian Initiative (HHI)'s research on economic outcomes and gender issues and the University of California, Los Angeles (UCLA)'s work on statistical analysis in communities living in and around mine sites. Brand companies are also taking part in the development of standards to ensure responsible artisanal and industrial extraction of minerals. Microsoft's involvement as a steering committee member of the Initiative for Responsible Mining Assurance, (IRMA) and as a funder for the Alliance for Responsible Mining (ARM)'s Fairmined program,[11] speaks to addressing concerns of responsible production in other mining regions besides Central Africa.

Broadly, progress remains limited to compliance aspects of the due diligence requirements of Section 1502 and doesn't address the critical engagement necessary to create the conditions to force the industry to positively impact on-the-ground communities in the DRC. Corporate due diligence in raw commodity sourcing has not only become a legal requirement but is an opportunity for companies to highlight their prudent and good practices to investors and customers. At a time of increased materials risk in upstream and downstream supply chains, companies face a myriad of sourcing issues that can profoundly affect sectors of the global economy and their ability to remain competitive. More than a compliance issue, companies should embed responsible sourcing practices as part of their procurement strategies since they need to secure a supply of raw materials and have a license to operate in the communities where the ore is mined. A good example of this is the increasing integration of the cobalt supply chain, with companies now involved in the mining and refining of ore as well as battery production. This vertical integration approach will cause companies to support more proactive risk identification and mitigation at the mine level. Based on the internationally recognized five-step framework of the OECD Due Diligence Guidance, *Mining the Disclosures 2019* highlights leading companies' practices, which should be followed to achieve responsible sourcing of 3TG, cobalt, and other minerals while pointing out areas for improvement.

While 3TG efforts remain critical, the growing interest in cobalt due diligence has led to the development of many on-the-ground projects to develop guidelines. Cobalt, currently not included in Section 1502, has been the focus of voluntary efforts by brand companies to map their supply chain, assess the risks, and mitigate them. This mineral does not face the same risks as 3TG, primarily due to its concentration in the Southeast part of the country, in the Haut Katanga, Lualaba, and Tanganyika provinces that are not subjected to conflict. Usually extracted along with copper, cobalt has seen critical price fluctuation in 2019 with a drop early 2019 only stalled by Glencore's announcement that its Mutanda site, a fifth of the global production, would be closed by year end.[12]

In 2018, the DRC extracted 72% of the world's production of cobalt,[13] making the Congolese Copper-belt one of the most important regions supplying the electrification revolution. Amnesty International's 2016 report on child labor used for cobalt extraction highlighted why responsible sourcing guidelines are important for mining this mineral and has spurred interest from car manufacturing and technology companies. Since then, a myriad of programs aimed at ensuring a clean supply of cobalt have targeted the industrial operations as well as the artisanal miners, representing around 20% of Congolese production.[14] From the RCS Global Group-implemented Better Mining, the Responsible Sourcing Blockchain Network (RSBN), the Cobalt Institute (CI)'s Cobalt Industry Responsible Assessment Framework (CIRAF) and Mutoshi cobalt-copper project by Chemaf, Trafigura, and Pact, on-the-ground projects have aimed at integrating every tier of the supply chain to achieve responsible production of raw cobalt.

Through the addition of cobalt, *Mining the Disclosures 2019* intends to maintain pressure on 3TG while increasing expectations for cobalt due diligence. The report also seeks to provide investors and customers with an accessible tool to assess which companies perform to the standards needed to ensure stability and wealth creation in impoverished Congolese mining communities. In this light, 2019 is a critical year for cobalt sustainability. Following years of price increases, the drop of cobalt prices on international markets is profoundly impacting the industry and, in particular, having a negative effect on the ASM miners. The actions of the Congolese government, brand companies, and industrial miners will affect the livelihoods of millions of people in the region.

Adding cobalt to the report this year underscores the value of placing sustainable mineral supply chains at the center of responsible corporate practices. Industrial and artisanal mining of mica, lithium, nickel, or copper have severe consequences and bear inherent sourcing risks. From environmental destruction to occupational health and safety (OHS) issues, to indigenous rights and other human rights abuses, mining companies and the end users of these minerals face one of the greatest global challenges to ensure sustainable and ethical production of goods. While the number of initiatives is still growing, now is the time for all downstream companies to fully support them and apply best practices at all levels of their supply chains. It will be easier and more cost-efficient for companies to coordinate their efforts to address the numerous issues in the extraction of minerals, as well as integrate due diligence systems within their own procurement strategies, and encourage their peers to do the same.

Increased scrutiny of mineral supply chains

Mineral supply chains due diligence has benefited from the development by the Organisation for Economic Co-operation and Development (OECD) of the *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, 3rd Edition*. The document was created by member governments and companies, with the support of civil society organizations, to identify, respond to, and mitigate risks. The framework comprises five steps:

- Establish strong company management systems.
- Identify and assess risk in the supply chain.
- Design and implement a strategy to respond to identified risks.
- Carry out independent third-party audits of supply chain due diligence at identified points in the supply chain.
- Report on supply chain due diligence.

A growing trend in the last few years is the increase in the scope of mineral due diligence, which led to the inclusion of cobalt in *Mining the Disclosures 2019*. While publicly traded companies in the U.S. are not legally mandated to perform due diligence on minerals other than 3TG in their supply chains, pressure from investors, customers, and more broadly civil society, has prompted companies to address the human rights abuses linked to other minerals. While cobalt appears as the obvious choice, mostly due to its concentration in a conflict prone country already targeted by due diligence on 3TG and the shocking images of small children working in the mine, the battery revolution has opened new fronts for corporate responsible sourcing. From the highlands of South America, to the Siberian city of Norilsk, and the forest of Papua New Guinea, mineral extraction has profoundly impacted the lives of local communities and will come under increasing scrutiny.

Efforts to responsibly source cobalt have been at the center of NGOs and companies' actions in the past few years. From upstream to downstream, every actor in the supply chain has been subjected to new standards and tools aimed at promoting sustainable production. The CIRAF, a framework based on existing standards, is addressing nine risk areas following a three-step approach that rates a company's due diligence systems as "entry, meets, or exceeds" the requirements of the tool. With its main focus the raw material transformation part of the supply chain, CIRAF is intended to be used by miners, traders, smelters, and refiners and constitutes the first globally applicable framework exclusively for cobalt production.

From a downstream perspective, the RMI's work to develop the Cobalt Reporting Template (CRT) highlights the materiality of cobalt due diligence for brand companies. The multi-stakeholder organization is also increasing the reach of its audit program to include cobalt refiners and in-country treatment units. In July 2019, the Belgian-based refiner, Umicore, announced that its Olen refinery was the first to receive full certification against RMI's Responsible Minerals Assessment Protocols (RMAP) and its specific cobalt requirements. The midstream part of the cobalt supply chain suffers from a lack of systems in place to appropriately respond to risks in the upstream sector. Development International reviewed a sample of 42 refiners and found only two mentioned child labor risks on their websites, and six had a responsible sourcing policy with a child labor component. As such, downstream interest in cobalt due diligence is also reflected in on-the-ground projects funded by brand companies as well as piloting the use of blockchain technology to improve the secure transfer of data. Powered by IBM Hyperledger Fabric, and partnering with Congo DongFang International Mining (CDM), its parent company, Chinese refiner Huayou Cobalt; Korean battery manufacturer, LG Chem; and car manufacturers Ford, Volkswagen Group, and Volvo Cars, the RSBN is assured by RCS Global Group. Creating an end-to-end secured high-quality data stream, the project allows for a responsible extraction of Large-Scale Mining (LSM) cobalt. In parallel, RCS Global Group also implemented Better Cobalt, part of Better Mining, to ensure responsible sourcing from ASM miners. Other projects of interest in the Lualaba Province are the Mutoshi project and the Metalkol RTR Clean Cobalt by Eurasian Resources Group (ERG). Congo-based miner, Chemaf S.A.R.L (subsidiary of Shalina Resources Ltd.) partnered with commodity trader Trafigura Group to implement a monitoring and assurance process at the ASM Mutoshi site. Assured by Kumi Consulting, the project is monitored by the NGO Pact and provides brand companies with cobalt extracted by the cooperative COMIKOL and its thousands of artisanal miners. In the case of the Metalkol project, the Kazakh Company, ERG, is implementing a strict no ASM policy and ensures full traceability of its cobalt production, supported by a Chain of Custody (CoC), system developed by Levin Sources. The project is also centered on environmental restoration, including the decontamination of nearby rivers and tailing dams. In its first assessment, the project was recognized as aligned with the OECD Due Diligence Guidance and internationally accepted practices against child labor. Finally, the African Development Bank (AfDB) announced a $80 million support project for alternative welfare of children and young people involved in the cobalt supply chain (PABEA-Cobalt).

These are only a few examples of due diligence systems to ensure access of responsibly sourced Congolese cobalt to the global market, and numerous other projects are in the works. From BMW's partnership with BASF, Samsung SDI and Samsung Electronics to contract the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ, the German Cooperation Agency) to improve artisanal mining conditions, to the midstream Responsible Cobalt Initiative (RCI) that aims to create an audit framework for mostly Chinese-based refiners, many initiatives have been launched. This multitude of initiatives is not automatically translating to high scores for companies in RSN's research and review.

Companies must step up to increase direct engagement with their suppliers to train and cascade down sustainability requirements. The example of LG Chem, one of the leading battery manufacturers, is interesting as the company is taking this step and will now add sustainability to its supplier evaluation process.[15] Pressure from downstream customers on mining companies is needed to increase transparency and create the conditions for a formalization of the ASM sector in parallel with the LSM industry. The accident at Glencore's subsidiary, Kamoto Copper Company's KOV mine site close to Kolwezi, in which 43 illegal artisanal miners died, illustrates the need for more technical capacity building and official registration.[16] The inadequate response from companies and the Congolese government to militarize the industrial mines has been criticized by non-profits and should come to an end to avoid more violence. However, cobalt is only one of the minerals of interest and the industry is in critical need of more due diligence processes tailored to lithium, nickel, or other battery materials. The impacts of lithium extraction on environmental resources, particularly water, and the consequences on livelihoods for indigenous populations should be at the forefront of corporate concerns as should the air and water pollution that nickel mining and transformation generates.

RSN's efforts to bring attention to sourcing issues with other minerals are in line with publications and calls for action by other non-profit groups, highlighting deep concerns in raw materials supply chains beyond human rights issues. Corruption and environmental and community impacts of ASM and LSM should be at the core of companies' CSR activities. Going beyond the current reach of the Conflict Minerals Rule will likely mandate the exploration of new conflict-affected and high-risk areas (CAHRAs), as the upcoming EU Regulation 2017/821 requires starting in 2021.

Findings in 2019

Industry Group and Company Performance Trends

Reporting on their 2018 efforts to comply with the conflict minerals legislation, 1,078 companies filed a Form Special Disclosure (Form SD) with the SEC, and 864 of them included a Conflict Minerals Report (CMR). Spread across 26 industry groups, RSN analyzed 207 SEC disclosures (Form SDs and CMRs), along with reviewing companies' public reports and websites. RSN also explored eight additional non-SEC registrants' public information through sustainability reports and websites for a total of 215 companies in the 2019 sample.

Table 1: Overview of 2016 – 2019 Mining the Disclosures (MtD) Sample Groups

	MtD 2016	MtD 2017	MtD 2018	MtD 2019
Total number of companies filling	1,230	1,153	1,098	1,078
Number of companies in MtD's sample	202	206	206	215
Number of MtD SD and CMR filers	178 (88%)	177 (86%)	178 (86%)	183 (85%)
Number of MtD SD-only filers	24 (12%)	29 (14%)	28 (14%)	32 (15%)
Number of MtD IPSA filers	6 (3%)	8 (4%)	4 (2%)	4 (2%)

While laggards' stagnation impacts all improvement in line with internationally accepted standards, leading companies are adopting proactive and integrated due diligence solutions. Consistent with the previous *Mining the Disclosures* rankings, the industries in the Technology sector outperformed other industry groups by almost 10 points while laggard industries included Oil & Gas - Integrated, Steel, Business Services, and Drug Manufacturers.

Four main topics were apparent in reviewing companies' 2018 - 2019 conflict minerals activities and disclosures:

1 – Stagnation Negatively Impacting Continuous Improvement

The overall quality of disclosures is well below expectations with a global average score of 39.8, down from 40.3 in 2018. After six years of corporate reporting under Section 1502, the lack of implementation of an internationally recognized framework is striking and should be addressed immediately by companies. While 17 industry groups declined, including chemicals (- 6.9 points) and drug manufacturers (- 5.3 points), these changes are primarily due to the poor performance of a handful of companies. Only three of the 26 industry groups received a score of 50 or higher out of 100.

On an encouraging note, eight industry groups improved compared to last year. For example, the building materials group significantly progressed (+ 8 points). Giving it a closer look, this increase can be attributed to the introduction of a new company, Universal Forest Products, reaching second place in this group, improving the score for the entire industry. In terms of individual companies, and despite their industry groups' average performances, Cisco (+ 28.8 points), Avery Dennison (+ 17.7 points), and AcelorMittal (+ 16.3 points) demonstrate that companies can improve their performances regardless of the SEC's lack of enforcement.

Similar to prior years, some companies failed to file any disclosure under the Conflict Minerals rule and did not provide any statement justifying this decision. In previous years Walmart, Autodesk, Adobe, Magna International, and SS&C Technologies failed to provide Form SDs and CMRs. Canadian Solar filed its disclosure five months late, rectifying its status as failing to file in *Mining the Disclosures 2018*. In 2019, two additional companies did not file any disclosures: Pfizer and Icahn Enterprises. Of the 30 companies that only filed a Form SD in *Mining the Disclosures 2019*, one previously rated company, ASML, had provided a CMR in 2018 and failed to provide a satisfactory explanation for the absence of a CMR in 2019. The trend of not filing a Form SD or CMR may be attributed to an improvement in the determination of products in scope of the law, but the absence of justification is concerning.

There was continued poor implementation of the OECD five-step due diligence framework. While the establishment of management systems is satisfactory in theory, the practice suffers from a decrease in the ability of outside stakeholders to access a publicly available policy (- 5 points). More concerning is the implementation of step two (risk identification) and step three (risk mitigation) that remain below expectations. The slight improvement in risk identification (+ 2 points) is primarily due to a more descriptive reasonable country of origin inquiry (RCOI) and an increased characterization on smelters or refiners (SORs) based on RMI's information. However, these steps do not, by themselves, constitute a clear improvement of the whole due diligence systems in place. By comparison, the drop observed in risk mitigation measures (which lost five points and reaches a low of 32 points) is a clear illustration of the absence of in-depth due diligence processes at a large majority of companies. As a certain number of filers are also suppliers to other companies subjected to Section 1502, these weaknesses are unsettling considering the risk of a snowball effect throughout the supply chain.

2 – Leading Companies: Adopting Proactive and Integrated Solutions

The quality of conflict minerals supply chain investigations by leading companies continues to be commendable when compared to the limited performance of the majority of SEC filers. Recognizing the moving perimeter of responsible sourcing, which will likely integrate additional raw commodities in the coming years, the higher-scoring companies have adopted innovative and proactive due diligence programs to identify potential risks and anticipate future ethical requirements. Participants in, and sometimes founding members of, multi-stakeholder initiatives such as the RMI, the PPA or the EPRM, companies such as Intel, Microsoft, Apple, Ford, HP, Dell Technologies and Royal Philips, are adopting integrated responses to conflict minerals risks. As described above, these companies not only perform high-level due diligence following strict rules and expectations for their suppliers, they also embrace the complexity of ensuring positive long-term impact in conflict minerals supply chains. By funding academic research and its on-the-ground application, Apple ensures that knowledge on conditions of extraction and community needs are taken into account, while lessons learned are implemented through multi stakeholder funding like the PPA and the EPRM. Leading companies also go beyond RMI-provided information and perform additional due diligence by reviewing publicly available information, such as ITSCI incidents, newspaper reports or NGO publications.

Complementing their disclosures, companies like HP and Intel developed their own websites with extensive conflict minerals information valuable to the public and investors. However, only 6% of the companies analyzed for this study publish their risk assessments on dedicated conflict minerals websites outside the required disclosures. This limited number weakens the reporting process by making disclosures and their results difficult for the general public to access and review. Going beyond influencing and positively impacting the industry, several leaders adopted strategies to increase visibility of conflict minerals issues for the public and the investors. Alphabet's funding of the Journey of Gold movie, focusing on the experience of the USAID-funded Capacity Building for a Responsible Minerals Trade (CBMRT), is inscribed in this strategy.

3 – Non-SEC Registrants: A Diverse Group

For the first time, a select group of non-SEC filers have been included in the *Mining the Disclosures* analysis to assess the effect of voluntary reporting on conflict minerals. These companies will potentially be impacted by the upcoming EU Regulation 2017/821. Keeping in mind the dominant position of the Technology sector in SEC-mandated conflict minerals reporting, RSN included the eight largest technology companies not traded on a U.S. Stock Exchange. As expected, the lack of a legal disclosure requirement is a critical issue influencing corporate public reporting behavior. Companies like Hitachi, Huawei, Samsung Electronics, Toshiba, and Fujitsu performed respectively 42.4, 39.1, 36.2, 35.0, and 31.5 points, below the average of the communication equipment industry group (50.6 points) and its companies filing SDs and CMRs. While Panasonic reached a modest score of 44.8, LG Electronics (61.1 points) performed positively, with due diligence systems in place and the provision of adequate information to the public. Acer, in the meantime, reached the top of the ranking with a score of 76.6 and shows that CSR practices are not only a legal issue but a moral concern and material risk for companies. Taking part in multi stakeholders' initiatives like the PPA and the RMI Tin Working Group Pilot project, Acer has invested heavily in 3TG and other minerals due diligence.

4 – Cobalt: Adequate Provisions, but a Long Way To Go

For the first time in a *Mining the Disclosures* report, RSN introduces a cobalt rating by analyzing the quality of public disclosures provided by 27 companies in three industry sectors that consume large quantities of cobalt: technology, automotive, and jet engines. While the results are diverse and illustrate profound differences between sectors in terms of CSR strategies focusing on cobalt supply chains, a few leading companies show that engagement is possible. Scoring above 70 points each, Apple, Microsoft, HP, and BMW demonstrate their efforts to act on material risk identification and mitigation and their willingness to be transparent to outside stakeholders. Leading companies in cobalt due diligence have adopted an approach slightly different to their counterparts in 3TG sustainability. As no mandatory framework exists requiring due diligence on cobalt, and as a result of the concentration of this mineral in the DRC, corporate action has adopted a more integrated approach covering the whole supply chain from product assembly all the way to the mine sites. After much pressure from stakeholders, the automotive industry, the main consumer of cobalt for batteries needed for the electric vehicle (EV) revolution, has finally started to adopt due diligence systems and engagement with on-the-ground actors in the ASM and LSM sectors. However, only six of the 14 auto companies analyzed have directly or indirectly engaged with miners, refiners, or smelters, highlighting the need to increase their presence in the midstream and upstream parts of their supply chains. Similarly, only five car manufacturers described mapping their supply chains, underscoring the limited knowledge the other nine auto companies likely have of their suppliers.

More telling is the complete absence of cobalt due diligence in the jet engine production sector. As a critical user of cobalt for the production of superalloys, which account for about half of the global demand,[17] Pratt & Whitney, Rolls Royce Holdings, and GE Aviation have a responsibility to develop their due diligence systems to tackle cobalt material risks, from child labor to corruption and environmental concerns. Similarly, automotive laggards, including Hyundai and Suzuki, which did not receive any cobalt points in *Mining the Disclosures 2019*, must step up and increase their efforts. A similar conclusion can be drawn for Fiat Chrysler Automobiles, Toyota, and Honda which all perform below 10 points, meaning that virtually no due diligence has been implemented thus far. While Toyota does not yet produce full EVs, only hybrids, Honda[18] and Fiat Chrysler Automobiles[19] have announced plans to release EVs in 2019 and early 2020. The lack of responsible cobalt sourcing systems for EVs and hybrid producers alike is worrying and illustrates the absence of a proactive approach in identifying and addressing supply chain risks.

Figure 3: Theme 1 - Risk Management Score Changes between 2018 and 2019

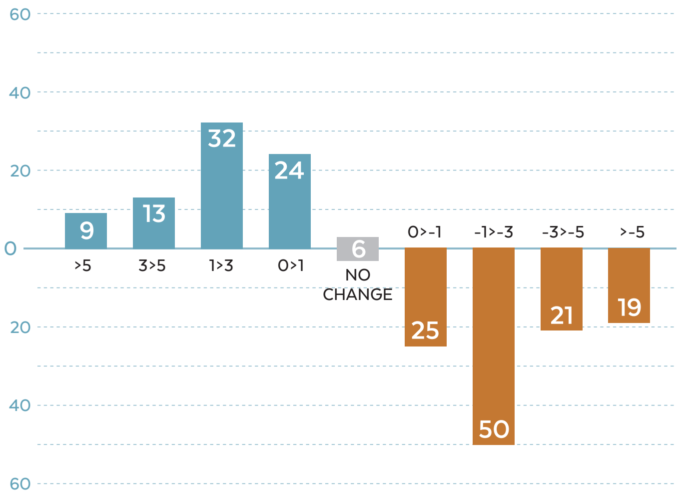


Figure 4: Theme 2 – Human Rights Impact Score Changes between 2018 and 2019

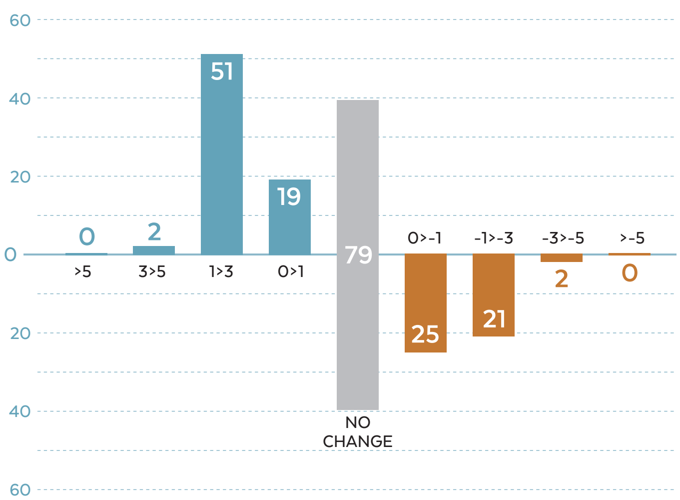
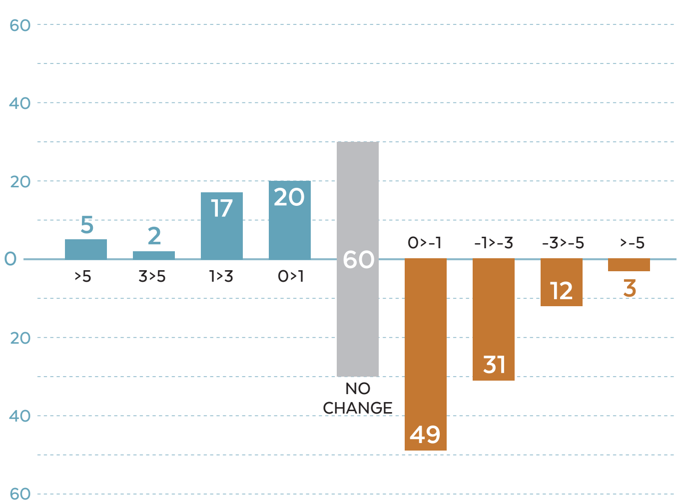


Figure 5: Theme 3 – Effective Reporting Score Changes between 2018 and 2019



3TG Indicator Theme Trends

Similar to past years, *Mining the Disclosures 2019* assesses the performance of the sample companies within three over-arching themes: Risk Management, Human Rights Impact, and Effective Reporting. For each theme, the following charts reflect the change in companies' scores in 2019 compared to 2018 (the sample size for these charts is 199 companies since that is the number included in the 2018 report). For Risk Management, the majority of companies' scores decrease (58%, or 115/199). For Human Rights Impact, less than one-fourth of the companies' scores decrease (24%, or 48/199), but only 36% of them actually increase, illustrating a general lack of continuous improvement. A similar conclusion is drawn for Effective Reporting in which 78% (155/199) remain stable or decrease, while 22% improve.

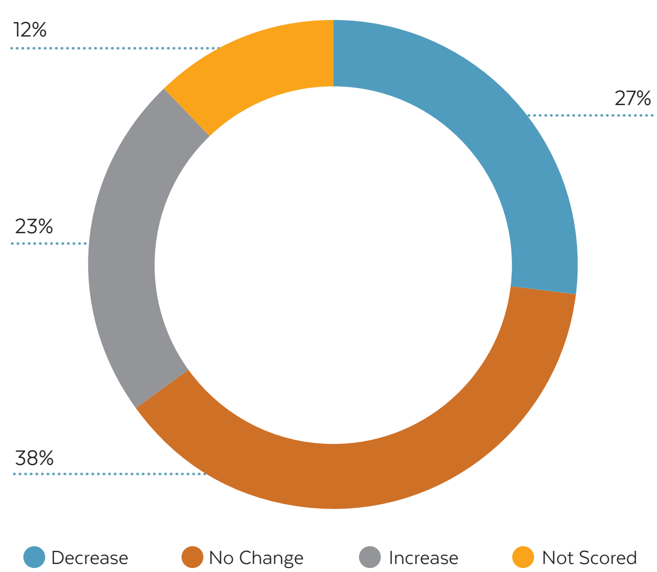
3TG KPI Performance Trends

Overall, the Key Performance Indicators (KPIs) for the sample group remain quite stagnant. In Theme 1: Risk Management, sampled companies perform adequately with having a Conflict Minerals Policy (67%) and Internal Management Systems (62%), but Policy Accessibility drops (-5%), reaching a score lower than 50%. This trend denotes an effort at the CSR level to implement strong company management systems but a limited enthusiasm at the corporate level for the provision of such information publicly.

However, the establishment of a conflict minerals policy is not synonymous with strong implementation of the policy. With no indicators above 50% in the Risk Assessment and Risk Mitigation categories, except for the Verification of Responses (of Conflict Minerals Reporting Templates, or CMRTs) (57%), the sample companies perform poorly.

In Theme 2: Human Rights Impact, the limited performance in long-term vision indicators signals companies' minimal interest in supporting local communities. Participation in a Multi-Stakeholder Initiative (12%), description of specific Support of an In-Region Project (5%), and efforts to Prevent an Embargo (4%) remain at abysmal levels.

Figure 6: 3TG KPI Performance Trend for Changes between 2018 and 2019



These indicators are linked to the minimal understanding of on-the-ground issues and reflect that the large majority of sample companies do not implement a social license to operate approach in their supply chains.

In Theme 3: Effective Reporting, while most of the companies claim Implementation of OECD Steps (72%), their understanding of the steps remains very limited. As a result, only Step One (establishment of strong management systems) appears to be properly implemented.

Alignment of Expectations with International Responsible Business Norms

The OECD guidance is the backbone of most of the existing and in-development initiatives in the field of responsible mineral supply chains. Since 2012, the SEC and the U.S. State Department have recognized the OECD framework as the leading guidance for the implementation of Section 1502 of the Dodd-Frank Act. The European Union's Regulation 2017/821 also adopted the OECD Guidance as its global framework, while the United Nations Security Council (resolution 1952),[20] The International Conference on the Great Lakes Region (ICGLR),[21] and the G8[22] recognized its value. Today, while new tools are being developed, aligning to the OECD Guidance provides structure and consistency.

Risk Management

In *Mining the Disclosures*, the Risk Management indicators are divided into three sub-categories: Strategy (20 points), Assessment (20 points), and Mitigation (20 points).

To ensure consistency, the OECD released a comprehensive study in 2018 assessing industry programs' alignment with its guidance. Following a 2016 assessment, which found that three of the five programs were not aligned with the Due Diligence Guidance, the 2018 re-assessment found all programs fully or partially aligned with a low score of 74% of alignment. This study included the Dubai Multi-Commodities Center (DMCC), the International Tin Supply Chain Initiative (ITSCI), the London Bullion Market Association (LBMA), the Responsible Jewellery Council (RJC), and the Responsible Minerals Initiative (RMI). As the OECD embraced a broader focus than 3TG, future studies should assess other industry schemes, including Better Mining and non-3TG standards such as CIRAF and the Copper Mark by the International Copper Association (ICA).

The efforts by the RMI, LBMA, and RJC to fully or partially cross-recognize their Gold Standard, Gold Guidance, Code of Practice (CoP) Standard, and Chain-of-Custody (CoC) Standard is an excellent example of industry collaboration to simplify the assurance process and avoid audit fatigue. The importance of cross-recognition, alignment and simultaneous and/or joint audits is critical to ensure long-term sustainability of responsible sourcing auditing requirements. The signature of a Memorandum of Understanding (MoU) between the RMI and the ITA is a step in the right direction to increase tin smelters' compliance under the RMAP and the ITA's Code of Conduct. At the same time, the current framework for 3TG responsible sourcing, based on defined chokepoints (smelters or refiners, SORs), represents a risk of transfer of due diligence responsibility from brand companies to SORs. While supporting this approach, RSN urges downstream companies to go beyond midstream and invest in processes to address risks all the way to the mine sites in the upstream part of their supply chain. It is also widely understood that the aim of Section 1502 is to provide on-the-ground change in Congolese communities and not only explore the first half of companies supply chains.

The increased scope of supply chain due diligence—in particular regarding additional minerals—spurred the creation of new risk assessment tools. In addition to CIRAF, the London Metal Exchange (LME), after consultation with external stakeholders, unveiled new responsible sourcing rules. The new rules require all brands at the LME to undertake a red flag assessment in line with the OECD Due Diligence Guidance by the end of 2020. If red flags are raised, the company will be considered high-focus and will have to perform audits aligned with the OECD Guidance by the end of 2022. To ensure transparency, the red flag assessment will be published publicly by 2024. More broadly, the proliferation of mineral-specific standards and/or frameworks is of particular interest but should also be treated carefully. The London Platinum and Palladium Market (LPPM) Responsible Sourcing Guidance, the ICA Copper Mark, the Cobalt Institute CIRAF, the Diamond Development Initiative (DDI) Maendeleo Diamond Standards, Responsible Steel Standard, and the Aluminum Stewardship Initiative (ASI) Performance Standard are some of the newly released mineral-specific standards and/or frameworks creating strong incentives for producers. However, the increasing number of responsible sourcing tools should not minimize each company's responsibility for performing their own due diligence as well as engaging to continuously improve the standard or multi-stakeholder initiative.

Focus on the ASM sector should not hide other issues specific to industrial mining. A number of initiatives exist for companies to assess their LSM suppliers' human rights practices. The Responsible Mining Foundation (RMF)'s Responsible Mining Index (RMI) is a critical tool. The index evaluates 30 companies, operating 850 sites throughout the globe. The index focuses on company-wide behavior and provides a deep dive in 123 site-level assessments of economic, environmental, social, and governance issues (EESG). This resource can be completed by other publications, including the Fraser Institute's Annual Survey of Mining Companies, which provides internal insights from LSM executives. In the Mine 2019 assessment, PricewaterhouseCoopers (PwC) highlighted the importance of CSR issues in the LSM sector stating that "mining requires far more than good financial performance to continue to create and realise value in a sustainable manner." Mining rankings and assessments can be completed by certifications, such as the Mining Association of Canada (MAC) Toward Sustainability in Mining (TSM) Assessment Protocols (which includes the Preventing Child and Forced Labor Protocol and Aboriginal and

Community Outreach Protocol), IRMA's Chapter 1.3 on human rights and due diligence, the Risk Readiness Assessment of the RMI, and the International Council on Mining and Metals (ICMM)'s 10 Principles.

Going further than Section 1502 risk identification and mitigation, companies should proactively adopt the EU Handbook on CAHRAs determination, which provides them with the necessary tools to assess the risk status of a region. Similarly, to address child labor and Worst Forms of Child Labor (WFCL) risks in their supply chains, companies should integrate the OECD Guidance for *Practical actions for companies to identify and address the worst forms of child labour in mineral supply chains* and familiarize themselves with the U.S. Department of Labor *2018 List of Goods Produced By Child Labor or Forced Labor*.

Human Rights Impact

In *Mining the Disclosures,* Human Rights Impact is divided into two categories, Outcomes (10 points) and Engagement (10 points).

The OECD framework is aligned with the 2011 United Nations Guiding Principles on Business and Human Rights (UNGP), which asserts the corporate responsibility to respect human rights. Principle 18 of this document refers to the responsibility to "identify and assess any actual or potential adverse human rights impacts with which they [business enterprises] may be involved either through their own activities or as a result of their business relationships."[23] Every company assessed in *Mining the Disclosures* is far removed from the production of 3TG or cobalt, and, as such, it has a responsibility to join initiatives to tackle the human rights risks it is exposed to. However, as described above, very few companies are actually involved in multi-stakeholder initiatives or on-the-ground sourcing projects.

Understanding the risks in the 3TG and cobalt sectors requires an understanding of artisanal mining risks. The vast majority of Congolese 3TG, and around 20% of the country's cobalt output, is extracted by artisanal miners. Consequently, brand companies' CSR personnel should be aware of the challenges linked to unformalized mining. The World Bank and Washington-based non-profit, Pact, released a comprehensive report based on the Delve database that assesses the gaps and needs of the sector. Similarly, IPIS studies in Tanzania, DRC, and Zimbabwe provide companies with interesting case studies that can help frame corporate policies to mitigate human rights risks in ASM mining. Initiatives in this sphere are also building on corporate involvement and public-private partnerships.

More broadly, the Voluntary Principles on Security and Human Rights allows companies to align their efforts with internationally recognized frameworks, including the United Nations Global Compact. Similarly, the Corporate Human Rights Benchmark uses 100 indicators, distributed in six categories, to analyze 100 of the largest publicly traded companies' efforts to prevent adverse impacts on communities. Companies can use these indicators to improve their own internal procedures developed to address any human rights abuses they may have a connection to, including conflict minerals. Resources are also available at the management level, like the B Team Eradicating Modern Slavery's guide for CEOs, which offers broad guidance to ensure slavery-related risks are considered in companies' decision structures. Acknowledging the malleable nature of supply chains, due diligence should also push companies to adopt broader CSR standards, including labor, environmental, and social risks. The International Finance Corporation (IFC) Performance Standards provide a comprehensive eight pillar approach to address corporate risks and ensure companies' sustainability in their supply chains.

Effective Reporting

In *Mining the Disclosures,* Effective Reporting is divided into two categories: Alignment with Frameworks (10 points) and Transparency (10 points).

Effective Reporting, the fifth step in the OECD framework, is the final aspect of a strong due diligence program regarding conflict minerals. It allows investors, analysts, and the public to evaluate a company's efforts to identify and mitigate the risks in its supply chain. Aligning the reporting process with existing frameworks ensures consistency and readability of a disclosure. The OECD Due Diligence framework for public reporting is supported by complementary guidelines and standards, specific to human rights and CSR reporting.

The most widely adopted CSR reporting system, the Global Reporting Initiative (GRI) provides a three-step approach divided into two categories: universal standards and topic-specific standards, including economic, environmental and social. Of particular interest for companies reporting on 3TG and cobalt due diligence are standards GRI 408 to GRI 413 that cover human rights and community impacts. However, as we strive to enhance the reporting process, universal standards should be carefully used to describe corporate approaches to disclosures (GRI 102) and management (GRI 103). GRI is also partnering with RMI to improve the quality and comparability of conflict minerals disclosures through a Corporate Leadership Group.

In a broader sense, the Universal Declaration of Human Rights (UDHR) is referenced by a few companies in the sample group. The International Labor Organization (ILO) conventions, particularly the Abolition of Forced Labour Convention of 1957 (C105), the Forced Labour Convention of 1932 (C29), and the Worst Forms of Child Labour Convention of 1999 (C182), should be integrated by companies into their purchasing and corporate responsibility charters, policies and contracts. Finally, the OECD Guidelines for Multinational Enterprises provide the basis for all the OECD industry-specific guidance and is linked to the UNGPs. The Integrated Reporting (IR) framework provides a strong communication tool for corporate compliance under Section 1502.

The Case of Gold

Covered by Section 1502, gold extracted in the DRC and its neighboring countries is subject to corporate due diligence. With an estimated $600 million worth of gold still smuggled out of the country every year,[24] it is clear that current traceability efforts show the limitations of the systems that have been implemented by brands focusing on the midstream. While global frameworks, including the newly released Responsible Gold Mining Principles by the World Gold Council (WGC), aim at aligning the industry with the UN Sustainable Development Goals (SDGs), a more case-specific approach is needed to really tackle sourcing concerns.

The 1502 disclosures illustrate the difficulties for companies working to control their gold supply chains and to require suppliers to only source from RMI, RJC, or LBMA-accredited SORs. For example, despite extensive reporting on the illegal behavior of the African Gold Refinery (AGR)—smuggling Congolese gold[25] and buying Venezuelan gold reserves[26]—the Uganda-based company is still included in a large majority of companies' smelter lists.

Through AGR's partners Goetz Gold in Dubai, and the Belgian-based Tony Goetz NV, the smuggled gold enters global markets and can be found in leading companies such as Ford, Royal Philips, Nokia, and Hewlett Packard Enterprise.

Miners in the galleries at the Nyamurhale mine site, South Kivu. Credit: USAID Land, Flickr.

Earlier this year, a story by *The Guardian* and *Le Monde* highlighted an even more troubling trend involving LSM miner, Acacia Mining, a subsidiary of Barrick Gold Corporation and Tanzania's largest gold miner. Despite extensive reports of human rights abuses since 2005 at the North Mara mine—owned by Acacia Mining—including killings and sexual violence in and around the site, the company adopted and implemented the WGC's Conflict Free Gold Standard. In the meantime, the Swiss-Indian refiner importing gold from Acacia Mining, MMTC-PAMP India Pvt., is listed as accredited (i.e. conflict-free) under the LBMA Responsible Gold Guidance and cross-recognized as conformant by RMI.[27] The concerns around Acacia Mining's gold flowing into MMTC-PAMP—which is understood by the public to be conflict-free—raise critical issues regarding standard setting organization's responsibilities for accountability throughout supply chains and how to ensure the raw materials being processed by conformant SORs are not causing harm.

These two issues highlight the complexity in properly assessing gold supply chains. The high value for relatively small quantities facilitates cross border smuggling and the absence of export recording processes in many African states allows exporters to bypass any tax systems.[28] In the case of industrial extraction, the limitations of the current auditing framework, focusing on SORs, are clear and should spur discussions by standard-setting organizations to assess the upstream in a more comprehensive fashion, including impacts on communities. Understanding there are risks in supply chains that are difficult to uncover through the current SOR-focused systems, RMI, RJC, and LBMA have joined together to create a new Minerals Grievance Platform. This platform allows anyone to log a complaint or concern associated with specified minerals. As part of their responsibility to identify and mitigate risks in their supply chains, brand companies should provide financial and technical support to address concerns raised in this platform, as well as to increase the scope of RMAP and the assurance processes of its cross-recognized standards. To ensure the robustness of its RMAP system, RMI should be clear with its process to address grievances, and remove the conformant label of SORs for which new evidence demonstrates non-compliant practices.

The issue of smuggling in the ASM sector is closely linked to the inability of miners to enter the market, due to the qualification of their production as conflict minerals and the low-price point of buyers. Embracing these issues can help companies frame strategies to support on-the-ground initiatives. From IMPACT's Just Gold project, to the Capacity Building for Responsible Minerals Trade (CBRMT) pilot, and the Responsible Artisanal Gold Solutions (RAGS) Forum, initiatives exist but have limited scope. The development of long-term projects, including stable funding, should be the priority for brand companies to create direct supply chains from ASM sites in eastern DRC to finished products. Promoting capacity-building, access to financing tools, and support for fair prices to protect individual miners from global price fluctuations, are critical to ensure sustainable and responsible mining in the country. As explored below, many resources are available to companies and should be consulted to provide adequate support and avoid potential unintended consequences. PPA's commissioned study on the financial barriers to the development of responsible minerals trade in the Congo is one example and will lead future PPA grant projects, especially in the gold sector.

Critical to the success of any long-term project on responsible gold supply chains is to acquire strong expertise in issues specific to gold mining communities—not only from a human rights and social perspective, but also from a technical and scientific approach. As such, companies should support transdisciplinary programs with strong local ownership content. The Colorado School of Mines' Humanitarian Engineering Program $4 million grant by the National Science Foundation (NSF) to study the health and environmental challenges of ASM gold mining in South America should provide invaluable lessons to be applied in other contexts.

The South American initiatives on gold mining and ASM formalization through cooperation certification are a good start to potentially expand to Central Africa. Solidaridad's Gold Programme has supported 7,500 ASM miners in gaining legal status and facilitated land rights, environmental risk assessment, wage laws, and labor rights in their communities. The Fairmined Standard for Gold V2.0 provides a guaranteed minimum price for miners and a $4,000/Kg premium to ensure the Artisanal and Small-scale Miners' Organization (ASMO)'s ability to invest. While requiring responsible use of toxic chemicals, the standard doesn't ban mercury and cyanide. Going further, the ecological supplement to the standard bans the use of toxic chemicals and requires rehabilitation of biological areas. A premium price of $6,000/Kg reflects these additional requirements. The Better Without Mercury project, sponsored by Ethical Metalsmith, is a mercury cleaning project based on a Fairmined certification of La Fortaleza mine in Columbia. After successfully transitioning to a non-mercury processing plant, the cleaning of the original site will complete the project. This is in line with RESOLVE's Salmon Gold, which, in partnership with Apple and Tiffany, supports restoration of fish habitats and re-mining of historical placer gold areas in Alaska, British Columbia, and Yukon. Projects by the Artisanal Gold Council (AGC) in Indonesia and Peru also provide interesting perspectives on improvement of the technical side of gold mining, including reduction in toxic chemicals. Finally, the public-private partnership between the Swiss Better Gold Association (SBGA) and the Swiss government resulted in the creation of the Better Gold Initiative (BGI) to ensure access to the global market for responsibly-produced ASM gold.

Gold traceability is at the core of combatting human rights abuses in the DRC. Without an integrated and long-term approach associating companies, governments, and ASM communities, very little progress will be made. The involvement and management of such programs by Congolese people is a prerequisite to a successful implementation. The development of the first Congolese initiative, the Initiative pour la *Traçabilité de l'Or Artisanale* (ITOA),[29] is encouraging and should be supported by upstream, midstream, and downstream consumers of gold.

A gold miner at the Bwenga Buchiza pilot project in South Kivu. The pilot is part of the CBMRT USAID-funded project.
Credit: USAID Land, Flickr.

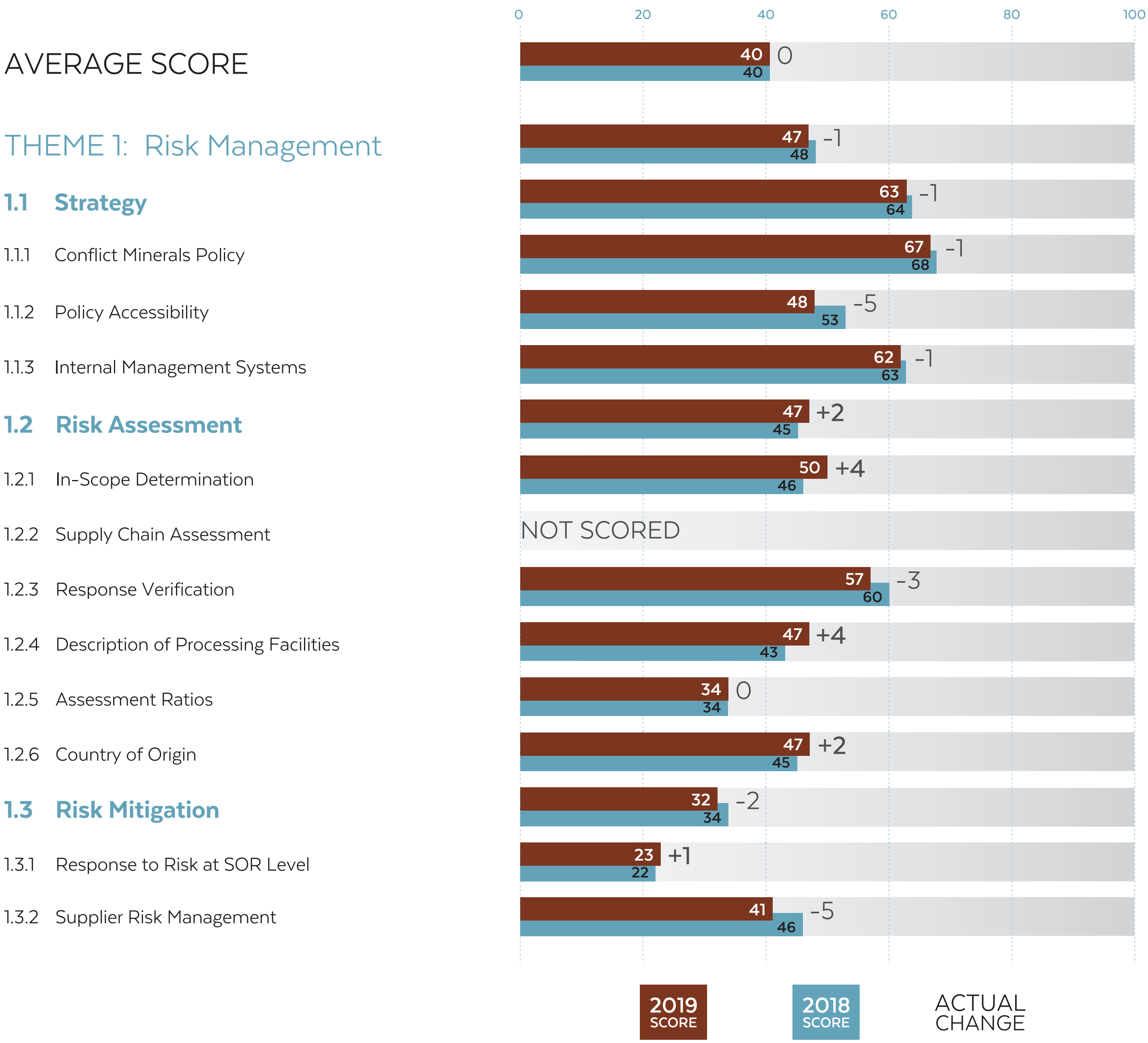
Evaluation Results: Performance Trends

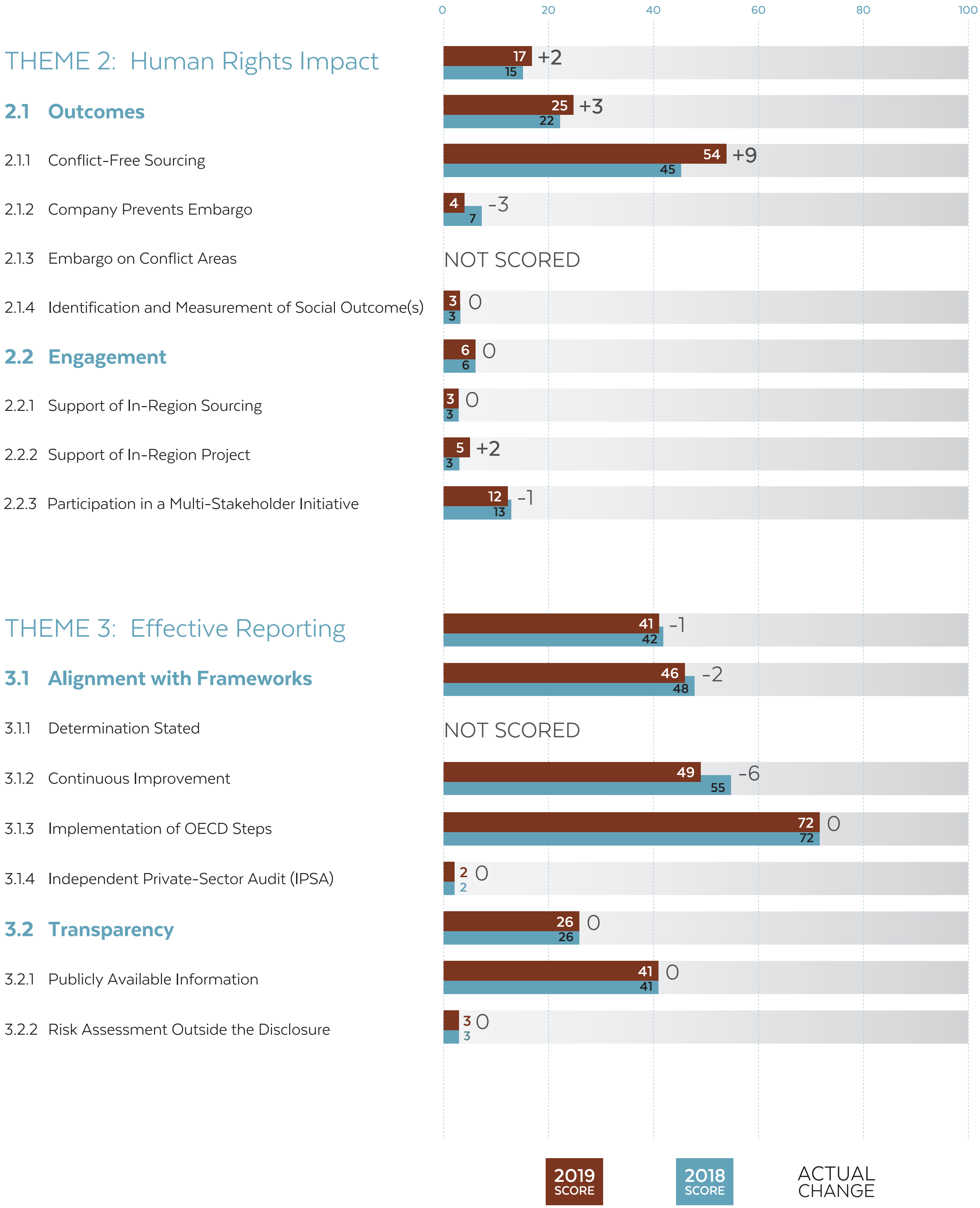
Mining the Disclosures 2019 uses the same key performance indicators (KPIs) as the prior three years. This stability in the scoring system allows for a comparative year-on-year analysis following the three report themes: Risk Management, Human Rights Impact, and Effective Reporting.

In calculating the companies' final scores, each KPI was weighted according to its significance and its relation to the number of sub-indicators for each KPI. The scores below reflect the average scores per KPI determined by the 215 companies in the 2019 sample group.

The only minor evolution to this year's report is updating the on-the-ground sourcing initiatives and multi-stakeholder organizations, which led to a 5%-point change for some companies. To maintain the ability to compare companies' 3TG scores in 2019 to 2018, the cobalt scores and rating grid were calculated separately.

Figure 7: 3TG KPI Average Results for the Sample Group




0 20 40 60 80 100
THEME 2: Human Rights Impact 17 15 +2
2.1 Outcomes 25 22 +3
2.1.1 Conflict-Free Sourcing 54 45 +9
2.1.2 Company Prevents Embargo 4 7 -3
2.1.3 Embargo on Conflict Areas NOT SCORED
2.1.4 Identification and Measurement of Social Outcome(s) 3 3 0
2.2 Engagement 6 6 0
2.2.1 Support of In-Region Sourcing 3 3 0
2.2.2 Support of In-Region Project 5 3 +2
2.2.3 Participation in a Multi-Stakeholder Initiative 12 13 -1
THEME 3: Effective Reporting 41 42 -1
3.1 Alignment with Frameworks 46 48 -2
3.1.1 Determination Stated NOT SCORED
3.1.2 Continuous Improvement 49 55 -6
3.1.3 Implementation of OECD Steps 72 72 0
3.1.4 Independent Private-Sector Audit (IPSA) 2 2 0
3.2 Transparency 26 26 0
3.2.1 Publicly Available Information 41 41 0
3.2.2 Risk Assessment Outside the Disclosure 3 3 0
2019 SCORE
2018 SCORE
ACTUAL CHANGE

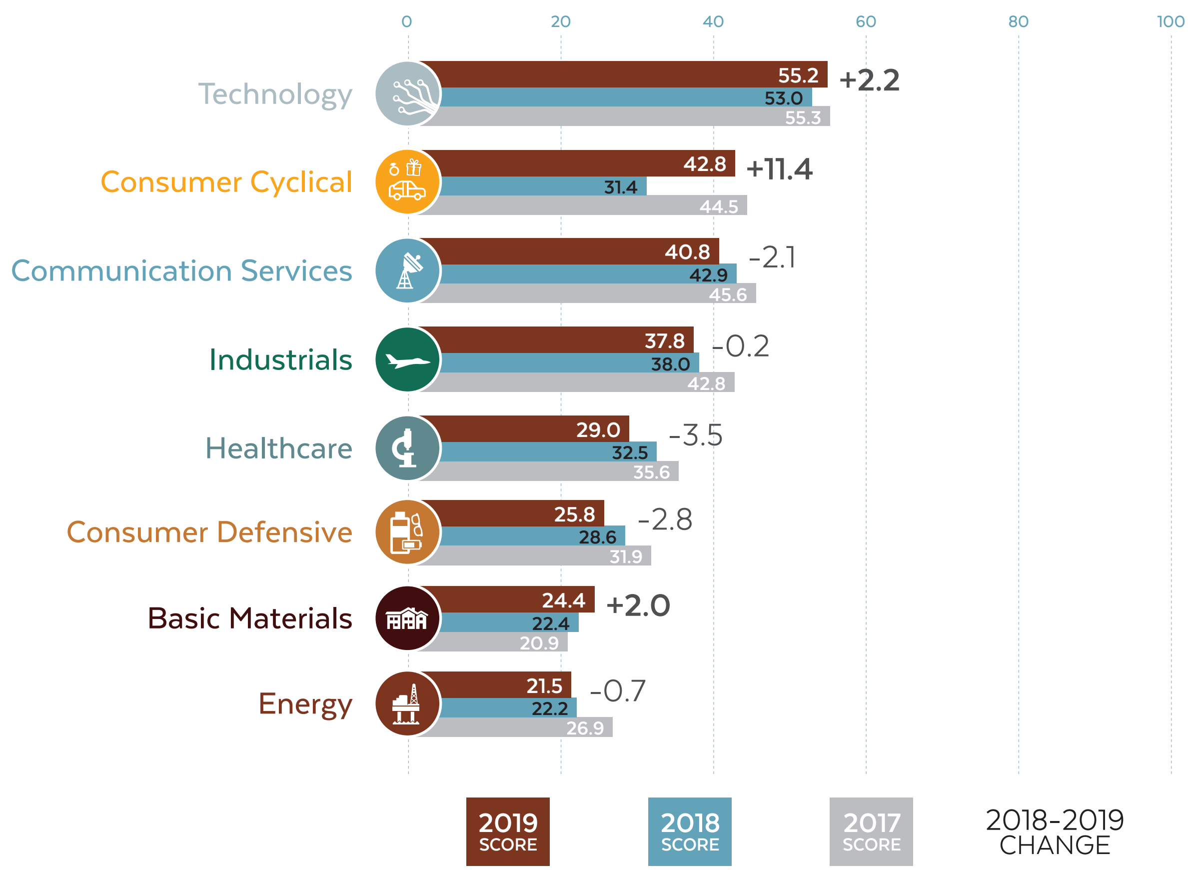
Conflict-Free Ranking

Conflict-Free is not a status or a vanity label. The OECD states that risk management is an ongoing, proactive, and continuously improving process. Following the letter but not the spirit of risk guidance indicates a company's reporting is simply checking a box and not engaging in genuine risk reduction, which may indicate weakness in other core business areas.

Sector | Industry Group | Company

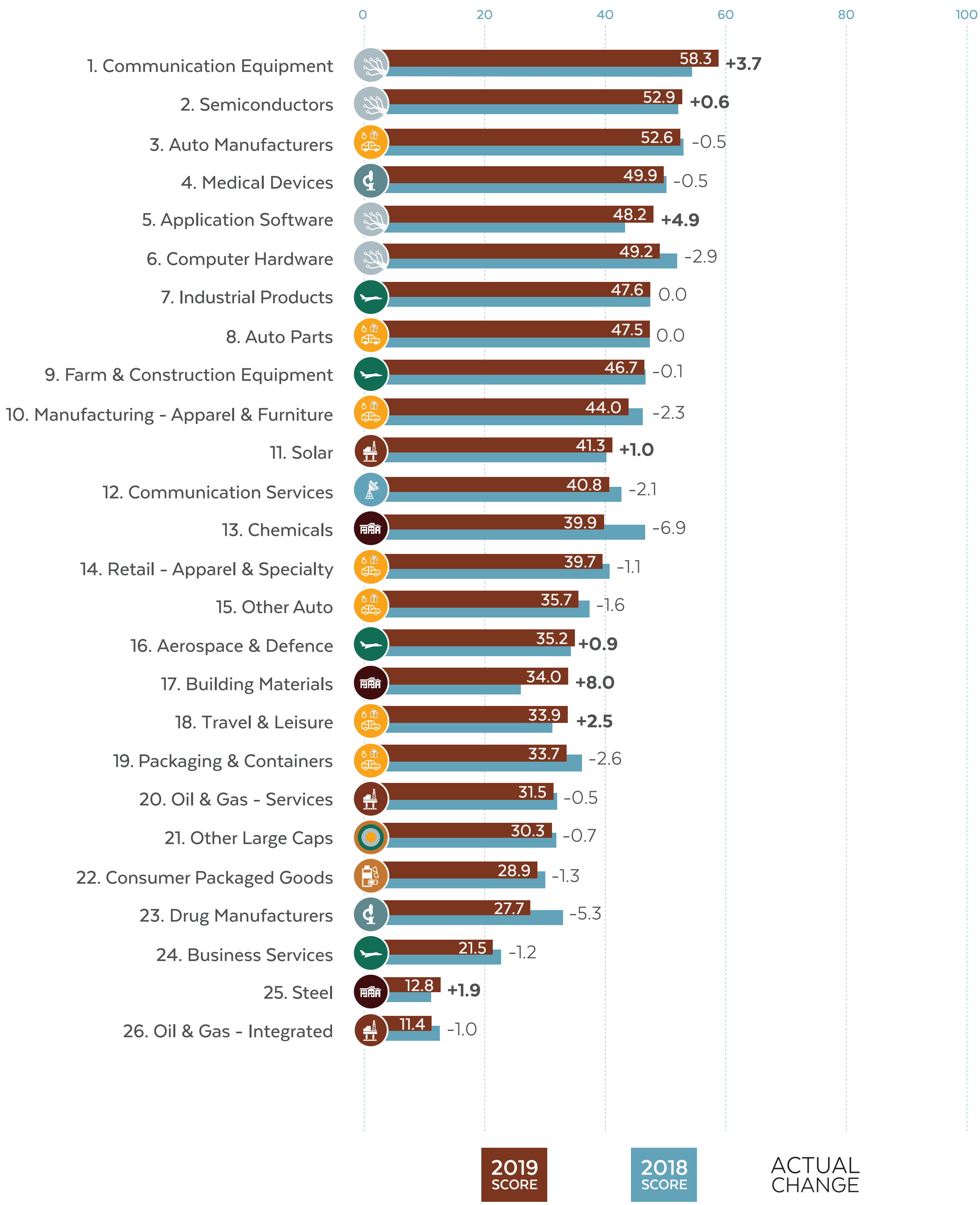
Sectors' Comparative Rankings on 3TG Due Diligence

Figure 8: 3TG Comparative Ranking per Sector between 2017, 2018, and 2019



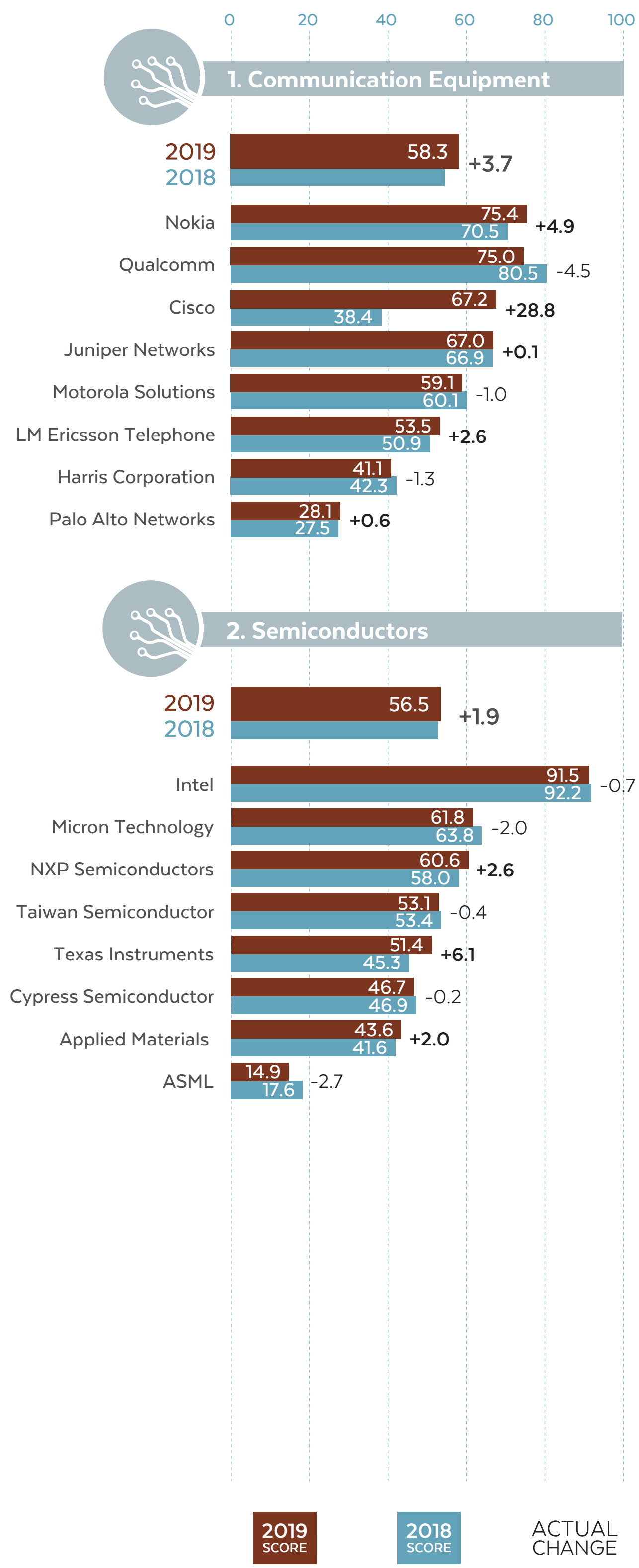
Industry Groups' Comparative Rankings on 3TG Due Diligence

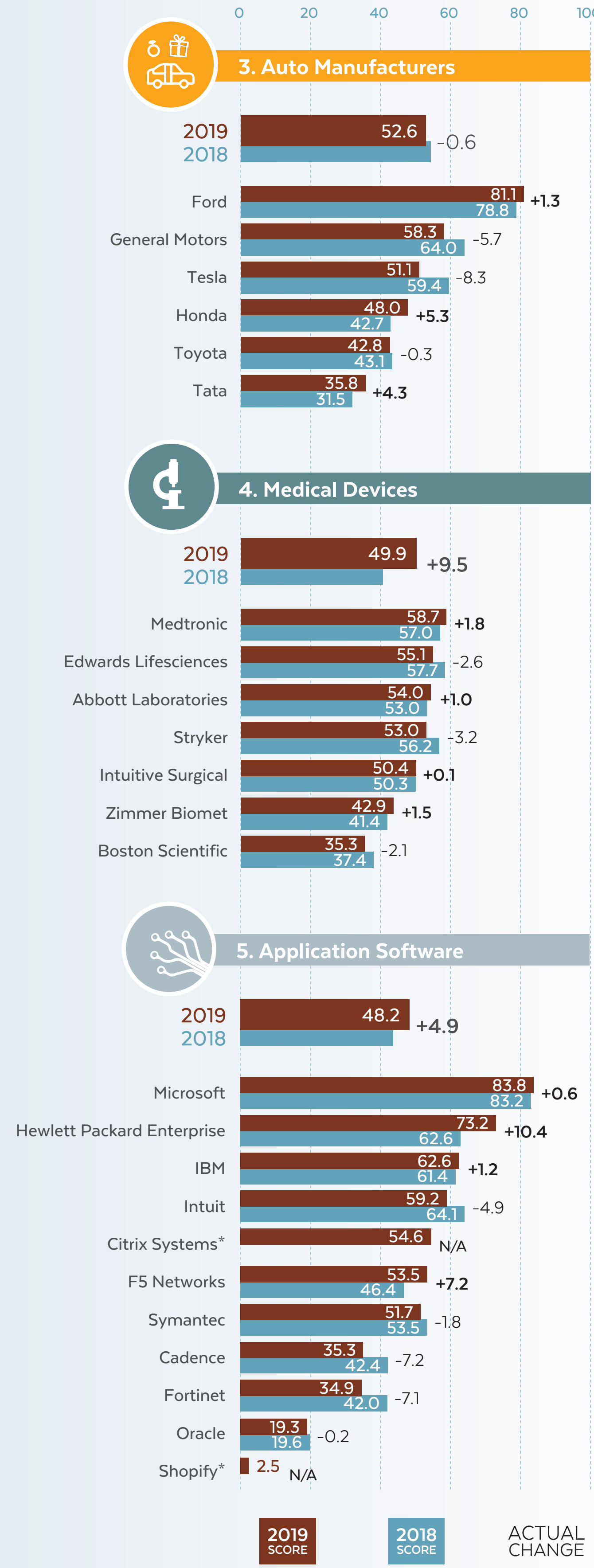
Figure 9: 3TG Comparative Ranking per Industry Group between 2018 and 2019



Companies' Comparative Rankings on 3TG Due Diligence

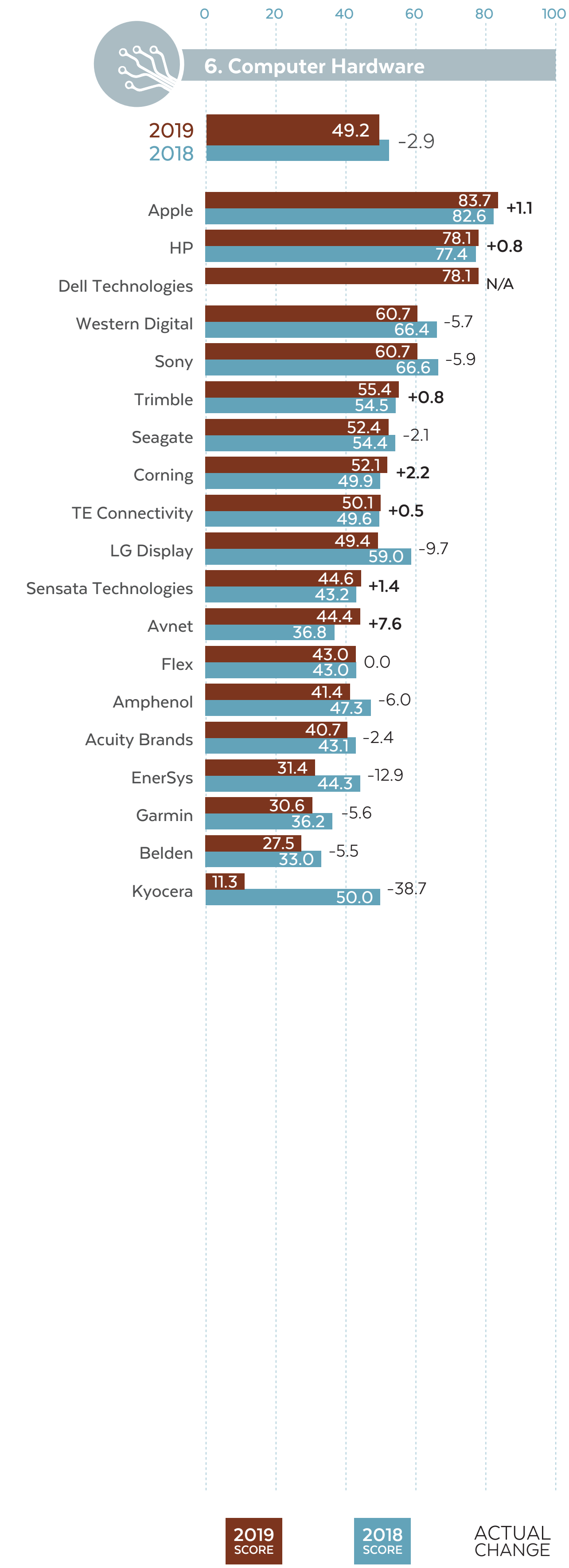
Figure 10: 3TG Comparative Ranking per Company by Industry Group between 2018 and 2019

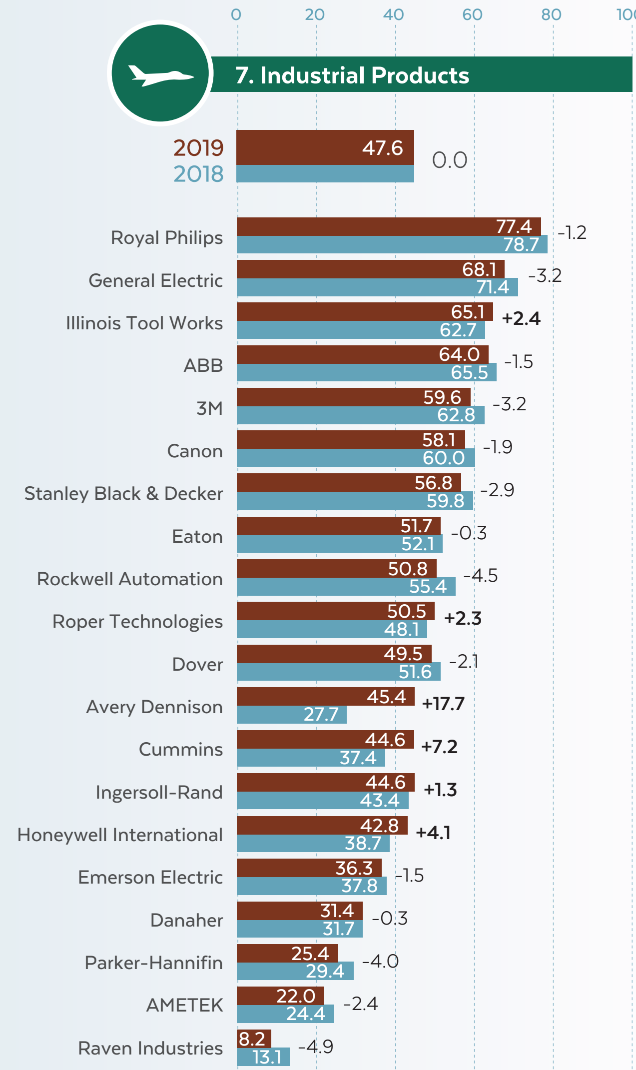


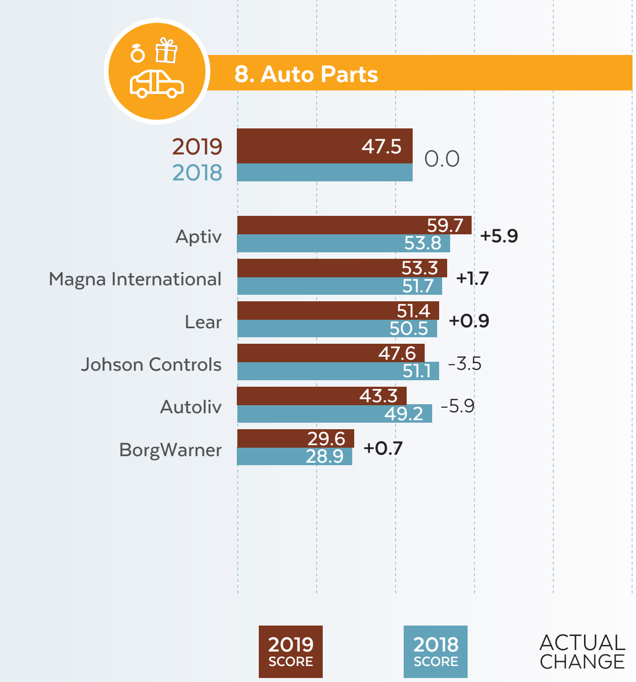


*New company to *Mining the Disclosures 2019*

Sector | Industry Group | **Company**







Sector | Industry Group | **Company**

9. Farm & Construction Equipment

Company	2019 Score	2018 Score	Actual Change
Industry group	46.7		-0.1
Caterpillar	57.1	50.2	+6.9
CNH Industrial	53.8	46.2	+7.6
AGCO	44.4	45.0	-0.7
Astec	43.7	53.5	-9.8
Deere	41.0	42.3	-1.3
Terex	40.9	43.5	-2.6

10. Mfg. - Apparel & Furniture

Company	2019 Score	2018 Score	Actual Change
Industry group	44.0		-2.3
VF	63.1	61.6	+1.6
Capri Holdings	56.3	58.2	-2.0
Leggett & Platt	56.2	57.4	-1.1
Nike	46.4	49.7	-3.3
Whirlpool	43.3	46.9	-3.7
Ralph Lauren	43.1	44.6	-1.4
Under Armour	42.7	50.1	-7.4
Hanesbrands	41.0	41.9	-0.9
Mohawk Industries	3.9	6.4	-2.5

11. Solar

Company	2019 Score	2018 Score	Actual Change
Industry group	41.3		+1.0
SunPower	56.3	53.7	+2.6
First Solar	52.8	56.5	-3.6
SolarEdge Technologies	52.8	51.0	+1.9
Canadian Solar	3.3	0.0	+3.3

12. Communication Services

Company	2019 Score	2018 Score	Actual Change
Industry group	40.8		-2.1
Verizon Communications	58.5	57.3	+1.2
Vodafone	52.4	55.6	-3.2
Windstream	45.2	44.9	+0.3
Ribbon Communications	45.2	46.1	-0.9
China Mobile	41.7	46.2	-4.5
BT Group	28.8	32.0	-3.3
Gogo	14.0	18.6	-4.6

13. Chemicals

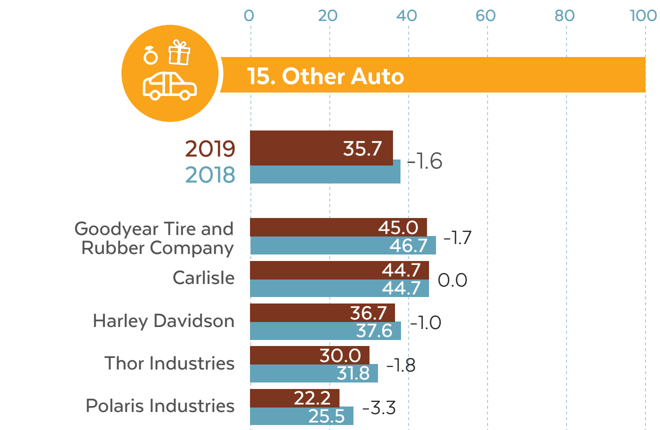
Company	2019 Score	2018 Score	Actual Change
Industry group	39.9		-6.9
Ecolab	60.9	59.5	+1.4
PPG	52.7	52.7	0.0
Sherwin Williams	51.1	55.1	-4.0
LyondellBasell	34.9	36.1	-1.2
Dow*	32.1		N/A
Albemarle	7.7	5.7	+2.0

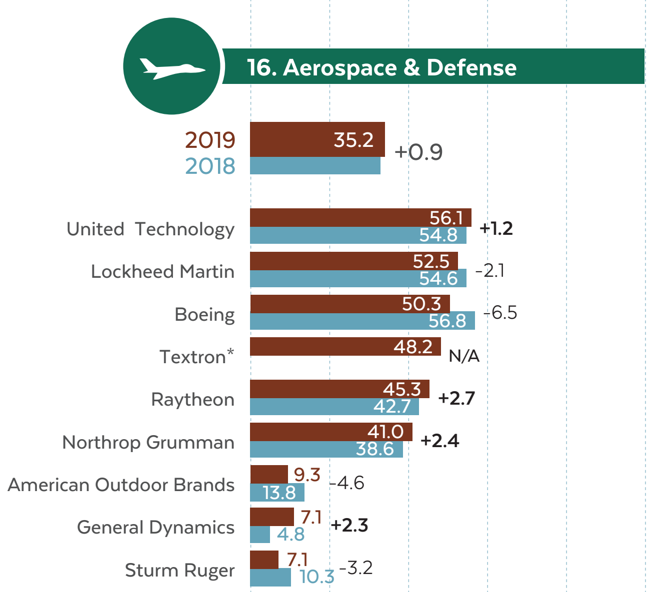
14. Retail - Apparel & Specialty

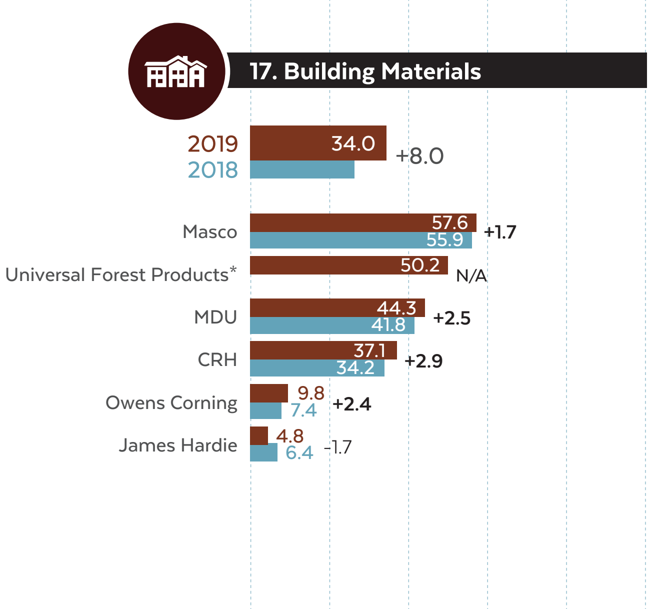
Company	2019 Score	2018 Score	Actual Change
Industry group	39.7		-1.1
TJX	55.3	55.4	-0.1
Lowe's Companies	52.8	50.0	+2.8
Tiffany	52.7	53.6	-0.8
Tapestry	50.9	51.3	-0.4
L Brands	46.6	45.5	+1.1
Home Depot	46.4	44.0	+2.4
Bed Bath & Beyond	41.2	44.0	-2.8
Gap	35.4	41.2	-5.8
Amazon	29.7	32.8	-3.1
Williams-Sonoma	23.7	28.7	-5.0
Ross Stores	2.3	2.3	-0.0

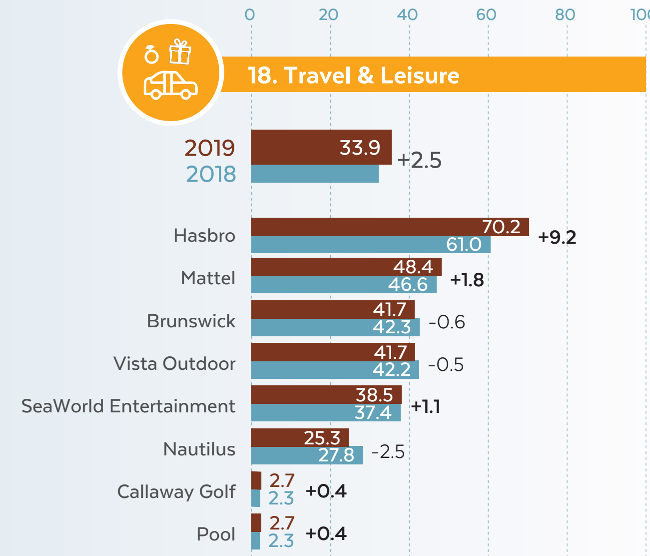
2019 SCORE | 2018 SCORE | ACTUAL CHANGE

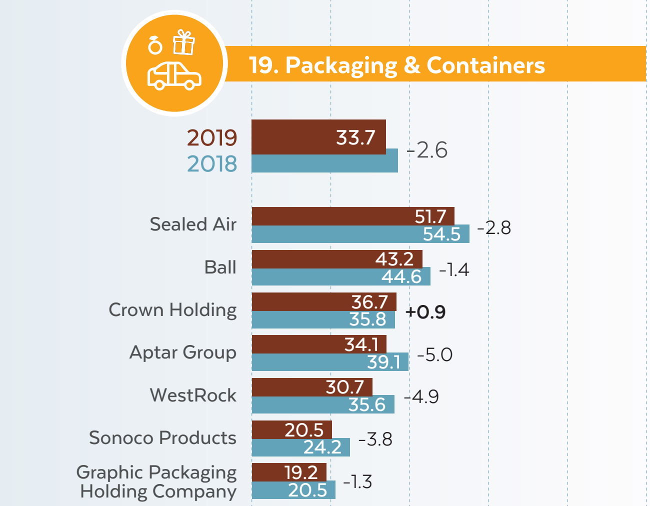
*New company to *Mining the Disclosures 2019*

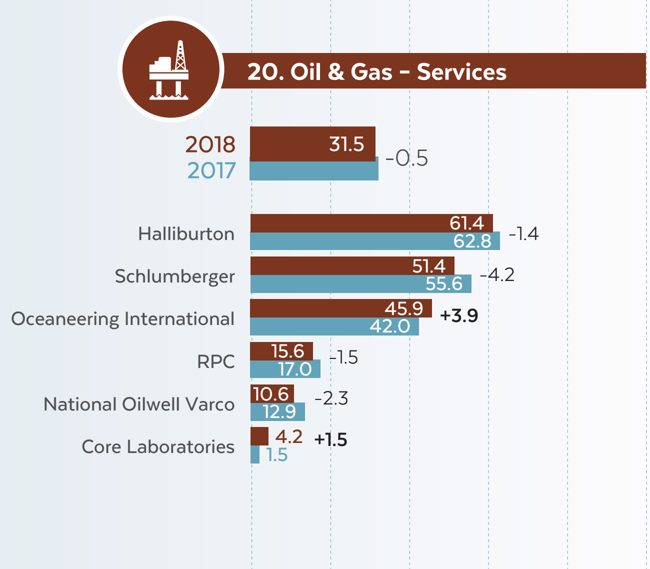












2019 SCORE | 2018 SCORE | ACTUAL CHANGE

2019 SCORE | 2018 SCORE | ACTUAL CHANGE

*New company to *Mining the Disclosures 2019*

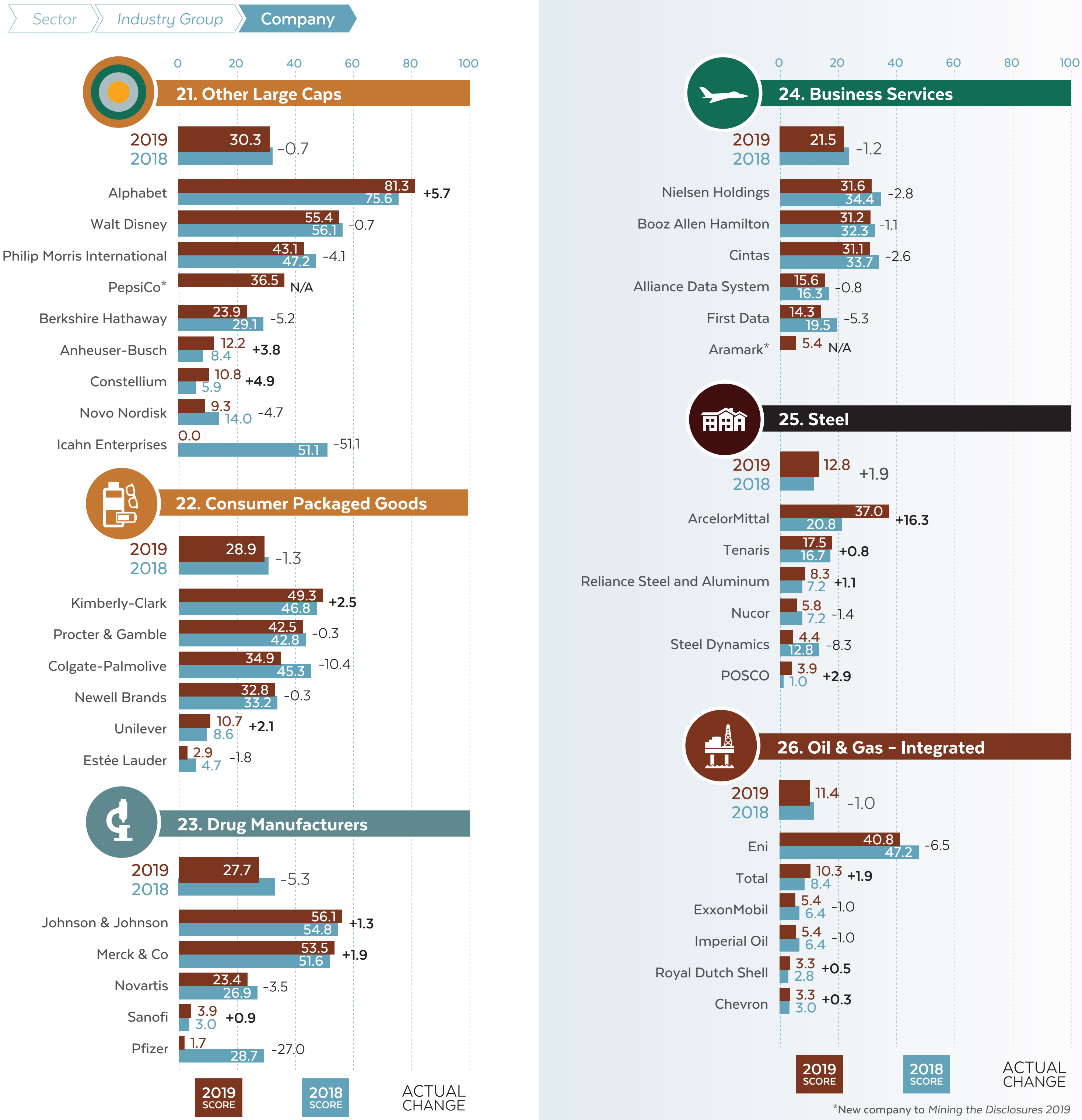
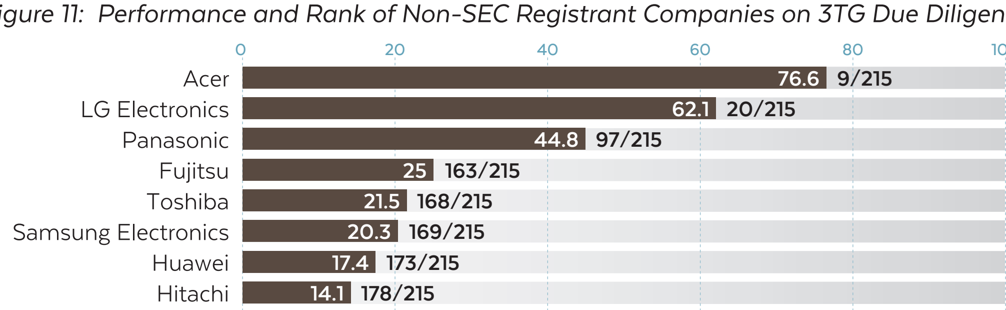


Figure 11: Performance and Rank of Non-SEC Registrant Companies on 3TG Due Diligence



Performance Ratings on 3TG Due Diligence

Table 2: 3TG Performance Ratings by Category and by Score of the Sample Group Companies
Note: Within each category, companies are ranked by high to low score across the top row first, then left to right.

Superior (90-100)
Intel

Leading (80-89)			
Microsoft	Apple	Alphabet	Ford

Strong (70-79)			
HP	Dell Technologies	Royal Philips	Acer
Nokia	Qualcomm	Hewlett Packard Enterprise	Hasbro

Good (60-69)			
General Electric	Cisco	Juniper Networks	Illinois Tool Works
ABB	VF	IBM	LG Electronics
Micron Technology	Halliburton	Ecolab	Sony
Western Digital	NXP Semiconductors		

Adequate (50-59)				
Aptiv	3M	Intuit	Motorola Solutions	Medtronic
Verizon Communications	General Motors	Canon	Masco	Caterpillar
Stanley Black & Decker	SunPower	Capri Holdings	Leggett & Platt	United Technology
Johnson & Johnson	Walt Disney	Trimble	TJX	Edward Lifesciences
Citrix Systems	Abbott Laboratories	F5 Networks	Merck & Co	LM Ericsson Telephone
Magna International	Taiwan Semiconductor	Stryker	CNH Industrial	First Solar
SolarEdge Technologies	Lowe's	PPG Industries	Tiffany	Lockheed Martin
Vodafone	Seagate	Corning	Symantec	Eaton
Sealed Air	Schlumberger	Lear	Texas Instruments	Tesla
Sherwin Williams	Tapestry	Rockwell Automation	Roper Technologies	Intuitive Surgical
Boeing	Universal Forest Products	TE Connectivity		

Minimal (40-49)				
Dover	LG Display	Kimberley-Clark	Mattel	Textron
Honda	Johnson Controls	Cypress Semiconductor	L Brands	Nike
Home Depot	Oceaneering International	Avery Dennison	Raytheon	Windstream
Ribbon Communications	Goodyear Tire and Rubber	Panasonic	Carlisle	Cummins
Ingersoll-Rand	Sensata Technologies	Avnet	AGCO	MDU
Astec	Applied Materials	Autoliv	Whirlpool	Ball
Ralph Lauren	Philip Morris International	Flex	Zimmer Biomet	Toyota
Honeywell International	Under Armour	Procter & Gamble	China Mobile	Brunswick
Vista Outdoor	Amphenol	Bed Bath & Beyond	Harris	Northrop Grumman
Hanesbrands	Deere	Terex	Eni	Acuity Brands

Weak (<40)				
SeaWorld Entertainment	CRH	ArcelorMittal	Harley Davidson	Crown Holdings
PepsiCo	Emerson Electric	Tata	Gap	Boston Scientific
Cadence	Colgate-Palmolive	Fortinet	LyondellBasell	Aptar Group
Newell Brands	Dow	Nielsen Holdings	EnerSys	Danaher
Booz Allen Hamilton	Cintas	WestRock	Garmin	Thor Industries
Amazon	BorgWarner	BT Group	Palo Alto Networks	Belden
Parker-Hannifin	Nautilus	Fujitsu	Berkshire-Hathaway	Williams-Sonoma
Novartis	Polaris Industries	AMETEK	Toshiba	Sonoco Products
Samsung Electronics	Oracle	Graphic Packaging	Tenaris	Huawei
Alliance Data System	RPC	ASML	First Data	Hitachi
Gogo	Anheuser-Busch	Kyocera	Constellium	Unilever
National Oilwell Varco	Total	Owens Corning	Novo Nordisk	American Outdoor Brands
Reliance Steel and Aluminum	Raven Industries	Albemarle	General Dynamics	Sturm Ruger
Nucor	Aramark	ExxonMobile	Imperial Oil	James Hardie
Steel Dynamics	Core Laboratories	Sanofi	Mohawk Industries	POSCO
Royal Dutch Shell	Chevron	Canadian Solar	Estée Lauder	Callaway Golf
Pool	Shopify	Ross Stores	Pfizer	Icahn Enterprises

Cobalt Due Diligence Ranking

Mining the Disclosures 2019 cobalt due diligence ranking provides insights on companies' activities to identify, address, and report on human rights risks in their cobalt supply chains. Tracking and comparing companies' publicly available qualitative and quantitative information provides investors, and other stakeholders, with insights to corporate actions. In addition, it allows companies to see how their activities compare to their peers and notifies them of opportunities to improve their practices.

Sectors' and Companies' Rankings on Cobalt Due Diligence

Figure 12: Cobalt Ranking per Sector

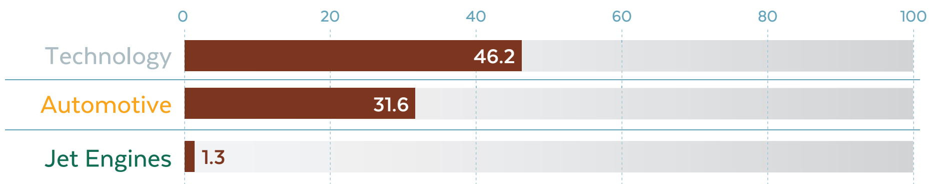
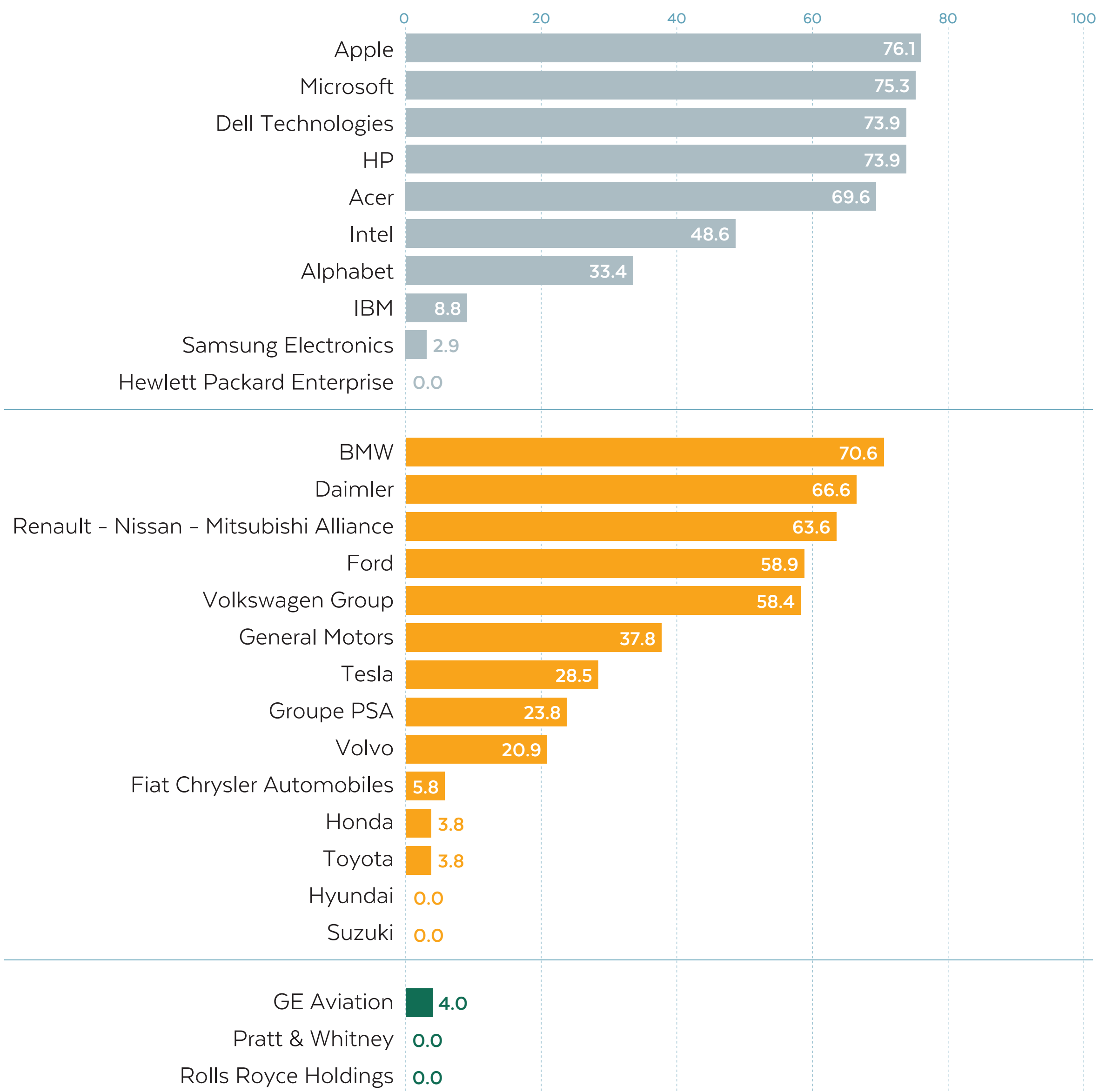


Figure 13: Cobalt Ranking per Company Divided by Sector



Glencore's Mutanda cobalt and copper mine, east of Kolwezi, produced a fifth of the global cobalt supply. Credit: Google Maps

Action Steps for Stakeholders

As a proactive, collaborative, and multi-sector effort, conflict minerals due diligence is influenced by different stakeholders. Investors, business managers, policymakers, and NGOs are at the forefront of the efforts to respond to conflict minerals risks. While investors have a prominent role in advocating for risk management, all stakeholders can exert their influence over certain aspects of the supply chain. As stated in the introduction, policymakers have a responsibility to provide legal tools to ensure that products consumed by the public are not contributing to human rights abuses.

Action Steps for Investors

Investors can request quality due diligence for responsible minerals supply chains.

- Ask the SEC and the State Department to reverse the April 2017 decision by the Division of Corporate Finance with the goal to effectively implement the conflict minerals rule for more transparency in company supply chains.
- Assess a company's understanding of the "conflict-free" requirement by promoting long-term supply chain engagement and continuous improvement, rather than a compliance-only approach. This effort will lead to better identification of and addressing of supply chain risks.
- Ensure that "conflict-free" is understood as a global and inclusive process in which the supply chains, from downstream companies to the mine, are involved. It is much more than a label, and it requires a holistic strategy.
- Invest in companies that have strong and transparent 3TG programs, and engage with companies claiming "conflict-free" status without providing adequate disclosures.
- Reach out to companies failing to file, or that have ceased filing Section 1502 disclosures, and companies providing minimal and weak disclosures, to insist on the importance of risk identification and mitigation.
- Ask companies to join OECD-based frameworks, such as the RJC, LBMA, or the RMI, and multi-stakeholder initiatives to promote cooperation and learning from leaders. Investors should invest in companies that financially support, via membership in relevant organizations, the development of downstream, midstream, and upstream initiatives.
- Adopt strong "conflict-free" and human rights-oriented requirements in company policies and link their investments to the inclusion of similar provisions in company compliance systems.
- Reach out to companies not providing adequate information (below 50 points) on their cobalt due diligence and insist on the importance of this information to tackle risks in the cobalt supply chain. The conclusions of the Principles for Responsible Investment (PRI)'s report on the investors' role to promote cobalt due diligence should be carefully applied. The expectations of investors for companies involved in the cobalt supply chain center around three areas: human rights risk assessments and comprehensive due diligence efforts; provision of remedy and; participation in collective initiatives.

- Identify good practices within an industry, and encourage its leaders to engage with their peers who lag behind in adoption of these practices.
- Encourage companies not currently required to file disclosures under Section 1502 to publicly report on conflict minerals due diligence. The example of Acer should be followed, as it takes action and provides extensive conflict minerals reports despite not being required to do so.

Investors can support increased human rights reporting.

- Ask companies to increase the scope of their due diligence practices to other raw commodities (lithium, copper, rubber, etc.) as well as including an array of environmental, social, and governance (ESG) issues in their Investor Relations webpages and sustainability/citizenship reports.
- Adopt and comply with the UNGP Reporting Framework and the GRI Framework to help identify and respond to salient and material risks appropriately.
- Stress to companies the need to mitigate reputational risks spurred by increased consumer awareness and focus of human rights violations embedded in their supply chains.

Action Steps for Business Managers

Business managers should improve risk-based due diligence.

- Follow the first step of the OECD Guidance by establishing company management systems and a strong conflict minerals policy, and make them publicly available. These organizational tools are crucial to effectively identify risks in the supply chain. If the appropriate competencies cannot be found in the company, compliance departments should consult with service providers to develop responsible sourcing policies and procedures and carry out personnel training.
- Implement an incremental, improvement-based policy and operational procedures with the flexibility to introduce innovations or new multi-stakeholder initiatives as they develop.
- Consider the Reasonable Country of Origin Inquiry (RCOI) as part of the second step of the OECD Guidance. While most companies consider the RCOI as the beginning point of the reporting process, this step cannot be fully achieved without first establishing a strong policy and company management systems.
- Adopt the RMI Conflict Minerals Reporting Template (CMRT) as the RCOI primary tool to bring standardization to the responsible sourcing efforts. Carefully follow the work of the RMI and GRI Corporate Leadership Group and apply its guidance.
- Train staff focused on conflict minerals to adequately differentiate between Step Two and Step Three of the OECD Guidance. Many conflict minerals reports suffer from the similarity between these two steps and an apparent misunderstanding of their distinct goals.
- Help suppliers develop and improve their own supply chain policies and implementation steps to ensure the quality of their due diligence, and therefore, the reliability of the company's own conflict minerals efforts.
- Support and collaborate with multi-stakeholder initiatives, such as RMI, to engage with SORs and traders—the crucial links between downstream companies and upstream sourcing.
- Perform due diligence throughout the supply chain and not only to the level of SORs.
- Participate in multi-stakeholder initiatives and on-the-ground efforts, and financially support projects to create capacity building and cooperation between the ASM and LSM sectors.

Business managers should increase the scope of due diligence reporting to include cobalt and other battery metals.

- Include additional high-risk minerals and commodities in the company's efforts to identify and trace raw materials. Follow the lead of companies, such as Dell Technologies and Microsoft, and adopt a policy covering cobalt sourcing. Business managers should explore their exposure to risks of other raw commodities and use existing resources such as the Material Change report of Drive Sustainability and Levin Sources' White Paper on Lithium.
- Join multi-stakeholder initiatives focusing on these other commodities. Potential organizations or initiatives to join are RMI cobalt working group, the Cobalt Institute (CI), and the Aluminum Stewardship Initiative (ASI).
- Support the expansion to, or creation of, multi-stakeholder initiatives linking brand companies to upstream producers of lithium, nickel, manganese, and graphite. No responsible sourcing initiatives are currently tackling risks in these minerals supply chains despite the materiality of environmental and social risks.
- Promote an increased scope of minerals for public-private partnerships organizations like the Public Private Alliance for Responsible Minerals Trade (PPA) and the European Partnership for Responsible Minerals (EPRM), and provide support funding to ensure the continuity of their projects.

- Map company supply chains from downstream to upstream suppliers through audit programs. Perform OECD-based due diligence audits on supply chains focusing on traceability and due diligence, except at the mine site level where audits should focus on CSR (such as IRMA for LSM and Fairmined for ASM). Ensure that Correction Action Plans (CAPs) are implemented, particularly at the extractive level where the risk of harm is the most prevalent.
- Increase capacity-building investments with suppliers in the cobalt supply chain lacking due diligence systems, and define mitigation actions should the suppliers not be in conformance.

Action Steps for Policymakers

Policymakers should improve Section 1502 and procurement regulations.

- The SEC should reverse the statement of the Division of Corporate Finance that rejects the implementation of RCOI and due diligence, which would strengthen the law.
- The SEC should work with stakeholders, including RMI and GRI, to improve reporting standardization and readability, and ensure reports are searchable and data is comparable.
- The U.S. Department of Commerce should provide an assessment of the best practices in terms of due diligence audits and implementation. This document should be in addition to the list of approved smelting and refining facilities already published by the department.
- Reform the Reasonable Country of Origin Inquiry (RCOI) exception from full due diligence. The SEC should consider restricting the use of the determination that a company has "no reason to believe" it sources from the DRC region based on an RCOI.
- At a minimum, the SEC should not allow companies to create their own "reasonable" RCOI methodologies, which are typically only briefly described. This approach violates the spirit of OECD risk-based due diligence and the RCOI process and may contribute to companies prohibiting suppliers from sourcing from the DRC region.
- The SEC should provide specific robust guidance on expectations of the Form SD and the RCOI process.
- Assess 3TG use based on purchase not final product content. The SEC should mandate companies that purchase high-risk minerals conduct OECD due diligence rather than only companies with manufactured products containing such minerals.
- Most of the companies in the Aerospace and Defense, Business Services, and Consulting industry groups sell products to the U.S. federal government, but have weak due diligence practices. All federal contractors should be required to follow the spirit and the letter of Section 1502. Similar provisions should be included in state legislation like the procurement bills of Maryland, California, and Oregon. The cities of Pittsburg, PA and Saint Petersburg, FL passed resolutions calling for conflict minerals certification systems for future purchasing decisions.

Policymakers should follow the global momentum that Section 1502 spurred.

- Policymakers should support the development of the new European Union Regulation 2017/821, which will be implemented starting in 2021. They should continue to oversee and evaluate implementation of the Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains, developed by the CCCMC in cooperation with the OECD.
- Policymakers should provide stabilization measures to the DRC to ensure the full implementation of due diligence regulations on minerals from the Congo or high-risk and conflict-affected areas. European, American, Chinese, and other policymakers should pressure the current Congolese regime to adopt comprehensive policies to tackle human rights abuses in the mining industry.
- Policymakers should explore the inclusion of other minerals in corporate due diligence regulations. Such additions should be based on the learning from Section 1502's implementation to avoid unintended consequences. Actions should be taken in collaboration with the local and national governments in the Congo, its neighboring countries, and in all conflict-affected and high-risk areas.
- Policymakers should increase funding for on-the-ground projects and ensure long-term financial support through public-private partnerships, bilateral cooperation, and/or multilateral cooperation.

Action Steps for Standard-Setting Organizations

- Standard-setting bodies should go beyond the choke points and require upstream assurance mechanisms for mine sites and in-country treatment units. These mechanisms could be based on existing standards, such as IRMA, MAC TSM, or other.
- Standard-setting bodies should reassess certification/accreditation of a smelter or refiner after public information raises red flags and questions of its compliance (or conformance) with the standard. The case of Acacia Mining and MMTC-PAMP highlights the need to integrate news reports and public information into assurance systems.
- Standard-setting bodies should update stakeholders on grievance/complaint outcomes. The third-party complaint tracking chart by the Fair Labor Association (FLA) provides an industry best practice example for RMI and other mineral standard setting bodies to replicate. The Minerals Grievance Platform should provide publicly-available periodic updates on how grievances are handled and resolved.

- Standard-setting bodies should require all smelters and refiners to publicly list the country of origin of their materials, as was initially done with RMAP.
- Standard-setting bodies should continue to develop cross-recognition policies while maintaining quality of the assurance systems to limit audit fatigue.
- Standard-setting bodies should encourage companies to join their Smelter Engagement Teams (SET) to provide guidance to new smelters and improve certification.

Conclusion

The stagnation or decline in the 3TG scores earned by the majority of the companies in *Mining the Disclosures 2019* is extremely disappointing. The continuous improvement of due diligence systems and processes, at the core of the OECD Due Diligence Guidance, has been ignored by the majority of companies and is reflected by their low scores. Six years after the beginning of reporting for Section 1502, little progress can be seen on the understanding of the five-step due diligence framework, and the burden to improve conditions in the Congo falls on a few leading companies.

The highest-scoring companies should be applauded for their integrated approach to addressing risk in their supply chains: intertwining downstream pressure on suppliers, supporting upstream on-the-ground work in communities, and developing a deep understanding of conflict minerals and cobalt-related issues in the Congo and globally. The increased focus on cobalt and new battery minerals, including lithium and nickel, is expected to drive innovation in supply chain sustainability and responsible sourcing—not only from a human rights perspective but with environmental and community impact concerns in mind.

The coming year will be crucial for investors to require their portfolio companies to adapt a more proactive due diligence approach to supply chain management. Targeting gold as a priority, stakeholders all along the supply chain should develop long-term programs to support formalization of ASM mining, sustainable access to global markets, and curtail the smuggling trend of gold that deprives communities of much needed cash they receive when gold is sold through legal channels. These efforts should be supported and complemented by policy makers and standard-setting organizations that look beyond choke points and address the on-the-ground consequences of artisanal and industrial mining alike.

Finally, efforts in the cobalt sector will likely be impacted by the current fluctuations in global cobalt prices as companies may be less inclined to invest in clean cobalt frameworks. If this trend continues, it would be catastrophic for the industry as current responsible sourcing initiatives are still new and would be negatively impacted by a decrease in investment. Pressure from investors and customers will define the future of cobalt due diligence, but companies should also proactively recognize the material risks at stake and their self-interests to secure a cobalt supply from stable and sustainable sources.

Aerial view of the Nyamurhale mine site, South Kivu. Credit: USAID Land, Flickr

Appendix A: Glossary

1502; Section 1502	Specialized Disclosure Section of the Dodd-Frank Act that requires companies publicly traded in the U.S. to report on the use and origin of conflict minerals.
3TG (or 3 T plus G)	Conflict minerals as described by the 1502 Rule. Tin (Cassiterite), Tantalum (Colombite-Tantalite), Tungsten (Wolframite), and Gold.
CCCMC	China Chamber of Commerce of Metals Minerals & Chemicals Importers & Exporters.
CMR	Conflict Minerals Report.
Conformant (or non-conformant) SOR	Smelter or refiner that has (or has not) been verified by a third-party audit to be conformant with a conflict minerals due diligence process. The most widely used SOR audit program is RMI's Responsible Minerals Assurance Process (RMAP), but other schemes such as the RJC (Responsible Jewellery Council) and LBMA (London Bullion Market Association Responsible Gold Guidance) are mutually recognized.
Conflict Minerals	The four minerals currently defined in Section 1502 as contributing to conflict in the DRC region. Currently tin, tantalum, tungsten, or gold (3TG). Note that not all 3TG from the DRC region is contributing to conflict. Cobalt is not considered a "conflict mineral", but there is evidence that the mining of cobalt is contributing to harm.
Conflict-Free	Not having contributed revenue to armed groups.
Conflict-Free from the DRC Region	Sourced from the covered countries but certified as conflict-free under one of the certification schemes.
Covered Countries	As defined by the rule, Democratic Republic of the Congo (DRC) and all adjoining countries: Angola, Burundi, Central African Republic, Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia.
CSR	Corporate Social Responsibility. Also applies to audits focused on social and environmental performances of companies.
DRC Conflict-Free	Official Section 1502 term for 3TG minerals that are conflict-free from the covered countries, are not sourced from the covered countries, or are sourced from scrap or recycled sources.
DRC Region	The Democratic Republic of the Congo and its nine neighboring countries.
ESG	Environmental, Social, and Governance. A categorization for non-financial performance indicators used by investors to evaluate corporate behavior.
Form SD	Form Special Disclosure, as part of Section 1502 requirements, companies must include their Reasonable Country of Origin Inquiry (RCOI) in this form and may attach their Conflict Minerals Report (CMR) as an exhibit.
GRI	Global Reporting Initiative, a non-profit organization developing standards for sustainable development reporting.
ICGLR	International Conference on the Great Lakes Region is an inter-governmental organization of the countries in the African Great Lakes Region established to address region political instability and conflicts, which includes: Angola, Burundi, Central African Republic, Republic of the Congo, Democratic Republic of the Congo, Kenya, Uganda, Rwanda, Republic of South Sudan, Sudan, Tanzania, and Zambia.
In-Region Sourcing or Development Initiatives	Better Mining (Better Sourcing Program and Better Cobalt) CFTI (Conflict-Free Tin Initiative) Cobalt Industry Responsible Assessment Framework (CIRAF) European Partnership for Responsible Minerals (EPRM) ITA (International Tin Association) ITSCI (International Tin Supply Chain Initiative) IMPACT Just Gold KEMET Conflict-Free Tantalum Sourcing Initiative Public-Private Alliance for Responsible Minerals Trade (PPA) Responsible Sourcing Blockchain Network (RSBN) Solutions for Hope (SfH)
OECD	Organisation for Economic Co-operation and Development is a forum for member governments with input from stakeholders to promote policies that will improve the economic and social well-being of people around the world.
OECD Due Diligence Guidance	OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, (2016).
RCI	Responsible Cobalt Initiative, an initiative of the CCCMC.
RMI; RMAP	The Responsible Minerals Initiative (RMI, formerly known as the Conflict-Free Sourcing Initiative (CFSI)) is an initiative of the Responsible Business Alliance (RBA, formerly known as the Electronic Industry Citizenship Coalition (EICC)) and was founded by major electronics manufacturers. The organization manages the Responsible Minerals Assurance Process (RMAP, formerly known as the Conflict-Free Smelter Initiative (CFSP)), a conflict-free 3TG and cobalt auditing scheme for smelters and refiners. The original iteration of RMI was the EICC and GeSI (Global e-Sustainability Initiative) Extractives Working Group.
RCOI	Reasonable Country of Origin Inquiry.
SEC	United States Securities and Exchange Commission.
SET	Smelter Engagement Team.
SOR	Smelter or Refiner, where raw minerals are processed. A Smelter processes Tin, Tantalum, and Tungsten, and a Refiner processes Gold.
SRI	Sustainable, Responsible, and Impact Investor.

Appendix B: 3TG Sample Group (Alpha Order) with Scores

Company Name	2019 Score	2018 Score
3M	59.6	62.8
ABB	64.0	65.5
Abbott Laboratories	54.0	53.0
Acer	76.6	N/A
Acuity Brands	40.7	43.1
AGCO	44.4	45.0
Albemarle	7.7	5.7
Alliance Data System	15.6	16.3
Alphabet	81.3	75.6
Amazon	29.7	32.8
American Outdoor Brands	9.3	13.8
AMETEK	22.0	24.4
Amphenol	41.4	47.3
Anheuser-Busch	12.2	8.4
Apple	83.7	82.6
Applied Materials	43.6	41.6
Aptar Group	34.1	39.1
Aptiv	59.7	53.8
Aramark	5.4	N/A
ArcelorMittal	37.0	20.8
ASML	14.9	17.6
Astec	43.7	53.5
Autoliv	43.3	49.2
Avery Dennison	45.4	27.7
Avnet	44.4	36.8
Ball	43.2	44.6
Bed Bath & Beyond	41.2	44.0
Belden	27.5	33.0
Berkshire-Hathaway	23.9	29.1
Boeing	50.3	56.8
Booz Allen Hamilton	31.2	32.3
BorgWarner	29.6	28.9
Boston Scientific	35.3	37.4
Brunswick	41.7	42.3
BT Group	28.8	32.0
Cadence	35.3	42.4
Callaway Golf	2.7	2.3
Canadian Solar	3.3	0.0
Canon	58.1	60.0
Capri Holdings	56.3	58.2
Carlisle	44.7	44.7
Caterpillar	57.1	50.2
Chevron	3.3	3.0
China Mobile	41.7	46.2
Cintas	31.1	33.7
Cisco	67.2	38.4
Citrix Systems	54.6	N/A
CNH Industrial	53.0	46.2
Colgate-Palmolive	34.9	45.3
Constellium	10.8	5.9
Core Laboratories	4.2	1.5
Corning	52.1	49.9
CRH	37.1	34.2
Crown Holdings	36.7	35.8

Company Name	2019 Score	2018 Score
Cummins	44.6	37.5
Cypress Semiconductor	46.7	46.9
Danaher	31.4	31.7
Deere	41.0	42.3
Dell Technologies	78.1	N/A
Dover	49.5	51.6
Dow	32.1	N/A
Eaton	51.7	52.1
Ecolab	60.9	59.5
Edward Lifesciences	55.1	57.7
Emerson Electric	36.3	37.8
EnerSys	31.4	44.3
Eni	40.8	47.2
Estée Lauder	2.9	4.7
ExxonMobil	5.4	6.4
F5 Networks	53.5	46.4
First Data	14.3	19.5
First Solar	52.8	56.5
Flex	43.0	43.0
Ford	81.1	78.8
Fortinet	34.9	42.0
Fujitsu	21.5	N/A
Gap	35.4	41.2
Garmin	30.6	36.2
General Dynamics	7.1	4.8
General Electric	68.1	71.4
General Motors	58.3	64.0
Gogo	14.0	18.6
Goodyear Tire and Rubber	45.0	46.7
Graphic Packaging	19.2	20.5
Halliburton	61.4	62.8
Hanesbrands	41.0	41.9
Harley Davidson	36.7	37.6
Harris	41.1	42.3
Hasbro	70.2	61.0
Hewlett Packard Enterprise	73.2	62.9
Hitachi	14.1	N/A
Home Depot	46.4	44.0
Honda	48.0	42.7
Honeywell International	42.8	38.7
HP	78.1	77.4
Huawei	17.4	N/A
IBM	62.6	61.4
Icahn Enterprises	0.0	51.1
Illinois Tool Works	65.1	62.7
Imperial Oil	54.	6.4
Ingersoll-Rand	44.6	43.4
Intel	91.5	92.2
Intuit	59.2	64.1
Intuitive Surgical	50.4	50.3
James Hardie	4.8	6.4
Johnson & Johnson	56.1	54.8
Johnson Controls	47.6	51.1
Juniper Networks	67.0	66.9

Appendix B: 3TG Sample Group (Alpha Order) with Scores *(continued)*

Company Name	2019 Score	2018 Score
Kimberly-Clark	49.3	46.8
Kyocera	11.3	50.0
L Brands	46.6	45.5
Lear	51.4	50.5
Leggett & Platt	56.2	57.4
LG Display	49.4	59.0
LG Electronics	62.1	N/A
LM Ericsson Telephone	53.5	50.9
Lockheed Martin	52.5	54.6
Lowe's	52.8	50.0
LyondellBasell	34.9	36.1
Magna International	53.3	51.7
Masco	57.6	55.9
Mattel	48.4	46.6
MDU	44.3	41.8
Medtronic	58.7	57.0
Merck & Co	53.5	51.6
Micron Technology	61.8	63.8
Microsoft	83.8	83.2
Mohawk Industries	3.9	6.4
Motorola Solutions	59.1	60.1
National Oilwell Varco	10.6	12.9
Nautilus	25.3	27.8
Newell Brands	32.8	33.2
Nielsen Holdings	31.6	34.4
Nike	46.4	49.7
Nokia	75.4	70.5
Northrop Grumman	41.0	38.6
Novartis	23.4	26.9
Novo Nordisk	9.3	14.0
Nucor	5.8	7.2
NXP Semiconductors	60.6	58.0
Oceaneering International	45.9	42.0
Oracle	193	19.6
Owens Corning	9.8	7.4
Palo Alto Networks	28.1	27.5
Panasonic	44.8	N/A
Parker-Hannifin	25.4	29.4
PepsiCo	36.5	N/A
Pfizer	1.7	28.7
Philip Morris International	43.1	47.2
Polaris Industries	22.2	25.5
Pool	2.7	2.3
POSCO	3.9	1.0
PPG Industries	52.7	52.7
Procter & Gamble	42.5	42.8
Qualcomm	75.0	80.5
Ralph Lauren	43.1	44.6
Raven Industries	8.2	13.1
Raytheon	45.3	42.7
Reliance Steel and Aluminum	8.3	7.2
Ribbon Communications	45.2	46.1
Rockwell Automation	50.8	55.4
Roper Technologies	50.5	48.1

Company Name	2019 Score	2018 Score
Ross Stores	2.3	2.3
Royal Dutch Shell	3.3	2.8
Royal Philips	77.4	78.7
RPC	15.6	17.0
Samsung Electronics	20.3	N/A
Sanofi	3.9	3.0
Schlumberger	51.4	55.6
Seagate	52.4	54.4
Sealed Air	51.7	54.5
SeaWorld Entertainment	38.5	37.4
Sensata Technologies	44.6	43.2
Sherwin Williams	51.1	55.1
Shopify	2.5	N/A
SolarEdge Technologies	52.8	51.0
Sonoco Products	20.5	24.2
Sony	60.7	66.6
Stanley Black & Decker	56.8	59.8
Steel Dynamics	4.4	12.8
Stryker	53.0	56.2
Sturm Ruger	7.1	10.3
SunPower	56.3	53.7
Symantec	51.7	53.5
Taiwan Semiconductor	53.1	53.4
Tapestry	50.9	51.3
Tata	35.8	31.5
TE Connectivity	50.1	49.6
Tenaris	17.5	16.7
Terex	40.9	43.5
Tesla	51.1	59.4
Texas Instruments	51.4	45.3
Textron	48.2	N/A
Thor Industries	30.0	31.8
Tiffany	52.7	53.6
TJX	55.3	55.4
Toshiba	21.5	N/A
Total	10.3	8.4
Toyota	42.8	43.1
Trimble	55.4	54.5
Under Armour	42.7	50.1
Unilever	10.7	8.6
United Technology	56.1	54.8
Universal Forest Products	50.2	N/A
VF	63.1	61.6
Verizon Communications	58.5	57.3
Vista Outdoor	41.7	42.2
Vodafone	52.4	55.6
Walt Disney	55.4	56.1
Western Digital	60.7	66.4
WestRock	30.7	35.6
Whirlpool	43.3	46.9
Williams-Sonoma	23.7	28.7
Windstream	45.2	44.9
Zimmer Biomet	42.9	41.4

Appendix C: Cobalt Sample Group (Alpha Order) with Scores

Acer	69.6
Alphabet	33.4
Apple	76.1
BMW	70.6
Daimler	66.6
Dell Technologies	73.9
Fiat Chrysler Automobiles	5.8
Ford	58.9
GE Aviation	4.0
General Motors	37.8
Groupe PSA	23.8
Hewlett Packard Enterprise	0.0
Honda	3.8
HP	73.9
Hyundai	0.0
IBM	8.8
Intel	48.6
Microsoft	75.3
Pratt & Whitney	0.0
Renault - Nissan - Mitsubishi Alliance	63.6
Rolls Royce Holdings	0.0
Samsung Electronics	2.9
Suzuki	0.0
Tesla	28.5
Toyota	3.8
Volkswagen Group	58.4
Volvo	20.9

Appendix D: Cobalt Sample Group by Scores

Apple	76.1
Microsoft	75.3
Dell Technologies	73.9
HP	73.9
BMW	70.6
Acer	69.6
Daimler	66.6
Renault - Nissan - Mitsubishi Alliance	63.6
Ford	58.9
Volkswagen Group	58.4
Intel	48.6
General Motors	37.8
Alphabet	33.4
Tesla	28.5
Groupe PSA	23.8
Volvo	20.9
IBM	8.8
Fiat Chrysler Automobiles	5.8
GE Aviation	4.0
Honda	3.8
Toyota	3.8
Samsung Electronics	2.9
Hewlett Packard Enterprise	0.0
Rolls Royce Holdings	0.0
Pratt & Whitney	0.0
Hyundai	0.0
Suzuki	0.0

Appendix E: Methodology

3TG Sample Group

Mining the Disclosures 2019 analyzes a sample group of 207 companies out of the 1,078 total companies that filed Section 1502 Special Disclosures with the SEC. For 2019, RSN adds eight non-SEC registrant companies (Acer, Hitachi, Huawei, Fujitsu, Toshiba, LG Electronics, Panasonic, and Samsung Electronics). These companies were chosen in the Technology sector as the largest companies selling branded products, following the Fortune Global 500 ranking, and not subjected to Section 1502. The total sample size is 215 companies. To ensure comparability and continuity in 2019, RSN chose to replicate the 2018 sample group as much as possible. The industry group classification is based on the Morningstar Global Equity Class Structure and companies' June 30, 2019 market capitalization was informed by Yahoo! Finance. The industries in the sample group—which following previous years' reports—are selected based on the absolute number of filers per industry, ratio of filers in an industry to total companies per industry in the Morningstar database, and significance to investors and the general public. Companies within each industry group are selected by largest market cap of the filers in each industry.

Additional company

RSN added Dell Technologies to the 2019 analysis as the company is a critical actor in the technology industry and is particularly active in conflict minerals due diligence. This is the first year that the company, formed by the acquisition by Dell of EMC, filed a Form SD and CMR under Section 1502 of the Dodd-Frank Act due to the initial public offering (IPO) of December 28, 2018, making the company public.

Merged and bankrupted companies

Some differences appear with the sample group in the 2019 report compared to the 2018 report, such as the absence of companies that underwent mergers or declared bankruptcy. To replace these companies, RSN selected the next-highest market cap company in the same industry group to analyze. Three companies were added to replace merged companies: Textron (replaces Rockwell Collins, now part of United Technologies), Universal Forest Products (replaces USG, bought by Knauf), and Dow (replaces Praxair, which merged with Linde AG to form Linde PLC). One company changed its business name: Capri Holdings (formerly Michael Kors Holdings).

Non-filing companies

In addition, RSN kept Kyocera Corporation in the Mining the Disclosures 2019 ranking even though the company was delisted from a US-based stock exchanges, as the company continues to provide publicly available conflict minerals information. Companies who filed disclosures in 2017 but didn't in 2018 have been replaced in the 2019 ranking but are mentioned in the report as not filing in 2018. These companies are the following: Autodesk (replaced by Shopify), Adobe Systems (replaced by Citrix System), SS&C Technologies (replaced by Aramark), and Walmart (replaced by PepsiCo). RSN considers the lack of explanation for not filing under Section 1502 and potential exposure to risk of conflict minerals justification to include them in the 2019 report, so their investors are aware of the companies' inaction on this issue. Despite filing since 2014, Icahn Enterprises did not provide disclosures under Section 1502 in 2019 and failed to provide a justification for the absence of Form SD and CMR.

Scoring of 3TG Due Diligence

Mining the Disclosures 2019 remains in alignment with the 2017 and 2018 approach to scoring, and was scored by the same researcher. As a result, the 2019 report has a strong comparative analysis of the quality of companies' due diligence activities and disclosures regarding conflict minerals activities over time.

The rating system is based on 24 KPIs divided across three themes, which analyze SEC disclosures, conflict minerals policies, and any other conflict-minerals-related documents or descriptions of activities on company websites. Three of these indicators are not weighted and therefore are not included in the overall scores. Each KPI is weighted according to its significance and in relation to the number of sub-indicators for each theme. For companies to earn points for a KPI score, the corresponding information must be publicly available and found in a specific document/location (disclosure only, website only, disclosure and/or website; disclosure first and website if linked from the disclosure). Below are the KPIs by themes and sub-categories:

- **Risk Management (60 points)**
  - ✓ Strategy (20 points)
  - ✓ Assessment (20 points)
  - ✓ Mitigation (20 points)
- **Human Rights Impact (20 points)**
  - ✓ Outcomes (10 points)
  - ✓ Engagement (10 points)
- **Effective Reporting (20 points)**
  - ✓ Alignment with Frameworks (10 points)
  - ✓ Transparency (10 points)

Figure 14: 3TG Due Diligence KPI Scoring Structure

Cobalt Sample Group

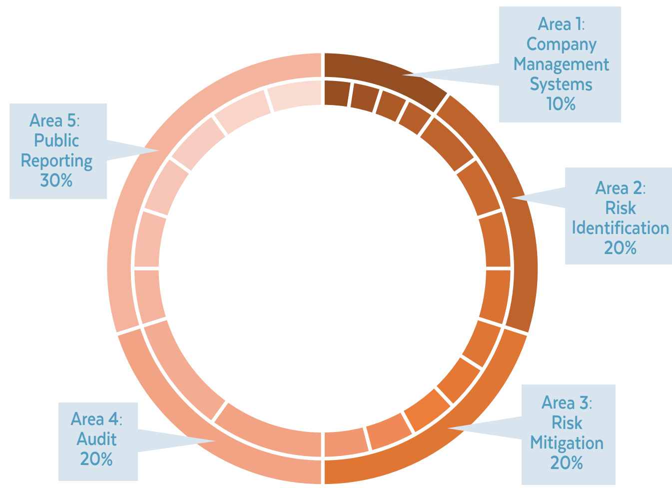
Mining the Disclosures 2019 analyzes a sample group of 27 companies chosen from the three largest industries consuming cobalt. These industries: technology, automotive, and jet engine manufacturing represent the vast majority of cobalt uses for batteries and metal alloys. For the technology sector, due to the broad spectrum of companies using cobalt, a sample of 10 companies was selected based on market cap and recognition by investors and consumers throughout the world. For jet engine manufacturers, the sample includes the three companies that are the only engine suppliers to the two dominant aircraft manufacturers in the world: Boeing and Airbus. For the automotive sector, the sample represents the world's 14 largest producers outside of China. The decision to select non-Chinese companies is informed by the availability of information in English.

Scoring of Cobalt Due Diligence

Mining the Disclosures 2019 introduced for the first time an analysis of publicly available information on cobalt due diligence. This information is included in corporate reports, companies' communications, and third-party reporting. The KPIs defined by RSN's research team are aimed at encouraging companies to take action and disclose additional information. While exploring the quality of the due diligence systems in place, the cobalt rating assesses the availability of information and actions taken by companies. The 21 indicators reflect the OECD 5-Step framework and are weighted to highlight the focus on information disclosure, since there is no legislation requiring reporting for cobalt mining. The KPIs are divided as follows:

- **Area 1 – Company Management Systems** (10 points) – 4 KPIs
- **Area 2 – Risk Identification** (20 points) – 4 KPIs
- **Area 3 – Risk Mitigation** (20 points) – 5 KPIs
- **Area 4 – Audit** (20 points) – 2 KPIs
- **Area 5 – Public Reporting** (30 points) – 6 KPIs

Figure 15: Cobalt Due Diligence KPI Scoring Structure



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