

Business & human rights snapshot: Automotive sector

Business & Human Rights Resource Centre tracks the positive and negative impacts of over 8000 companies in 180 countries. Our global team updates our online library on a daily basis with human rights allegations, company initiatives, as well as news, trends and analysis on business impacts on human rights. When we receive human rights allegations about a company that it has not yet responded to, we reach out to its headquarters giving it an opportunity to respond publicly.

The automotive sector has received less scrutiny on human rights than other sectors such as textiles or extractives, for a variety of reasons. However, it has a vast global footprint through production facilities and supply chains with numerous areas of risk for human rights

harms, as illustrated by allegations covered by the Resource Centre. As the sector is stepping out of the diesel scandal and entering new areas of production including electric vehicles, this is a key moment for it to examine its human rights practices and adopt robust human rights due diligence.

This brief serves as a snapshot of human rights in the automotive sector based on company responses and other data collected by the Resource Centre. It provides an overview of company responses to human rights allegations, case studies of alleged abuses, positive company actions, and guidance materials to improve human rights due diligence in the automotive sector.



**Business & Human Rights
Resource Centre**

What abuses were alleged?

Between June 2011 and October 2018, the Resource Centre approached 26 automotive companies, including auto part suppliers and tire manufacturers, to ask for a response to allegations of human rights abuse. Some companies were approached more than once in relation to different cases resulting in 39 approaches to companies. The response rate was about 72% percent for all automotive companies, which is just slightly below the Resource Centre’s overall average response rate of 73%. Automotive companies based in Europe, which is where the majority of companies we sought responses from were headquartered, responded 80% of the time.

Overall, between June 2011 and October 2018, the Resource Centre recorded on its website more than 700 items on the human rights impacts (positive and negative) of [automotive companies](#), including of [auto parts suppliers](#) and [tire manufacturers](#). Company responses form just a small fraction of overall items. Among these items are accounts of allegations that already include company statements, reports on [lawsuits](#) (including [case profiles](#) on our Corporate Legal Accountability page), as well as other studies and news articles on the industry.

Most allegations¹ we sought company responses to concerned violence and oppression, mainly in the context of sponsorship activities (55.6% of these allegations) such as the 2012 Formula One Grand Prix in Bahrain. The denial of freedom of expression was a key concern in this case, in relation to which we approached nine automotive companies. Specific abuses included under ‘violence and oppression’ also involved beatings and sexual harassment (each raised in two approaches to companies), among other issues. Alleged labour rights abuses were mainly documented at the car and parts manufacturing level (91.7%). Specifically, these concerned freedom of association/union rights, living wage, and forced labour, among other allegations. Issues surrounding rights to land and natural resources, including displacement and lack of access to water, were raised 11 times, over a third of which were associated with raw material sourcing, and another third with large orders delivered to government clients or public-private consortia. Seven allegations referred to security issues, including in conflict zones. Raw material sourcing was the value chain stage most frequently associated with these issues, followed by large orders. Environmental damage and health, including workplace health and safety, were both a concern in six approaches to companies, again mostly in the context of raw material sourcing.

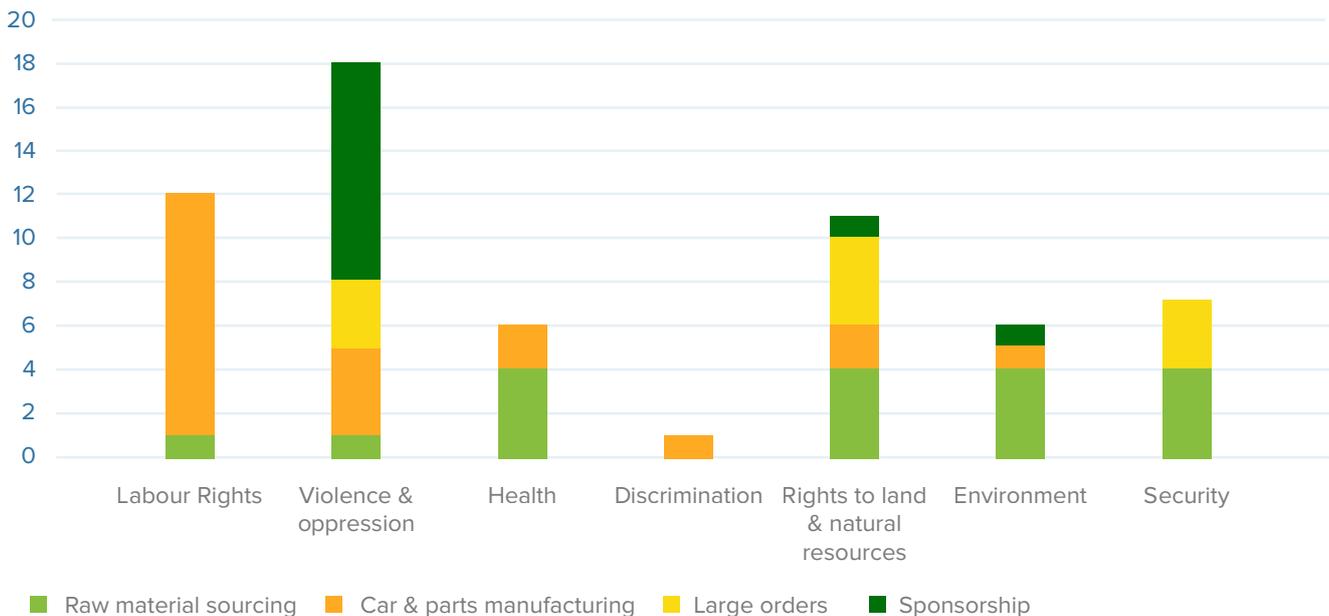


Figure 1: Types of human rights allegations among company responses sought by Business & Human Rights Resource Centre from automotive companies, by value chain stage

¹ Some cases concerned more than one type of human rights allegation.

Where did the alleged abuse take place?

Although 54% of companies we sought responses from are based in Europe, over 92% of the alleged abuses took place in countries outside the region. All allegations of abuse in raw material sourcing related to Africa, some of them indirectly as they concerned alleged industry lobbying against US legislation on (conflict) minerals sourced from the Democratic Republic of Congo (Dodd-Frank Act 1502). Most of the alleged abuses in plants for car or component manufacturing occurred in Asia

(35.7%), followed by Europe, Latin America and the USA (all at 21.4%). Large orders delivered to government clients or public-private consortia were associated with alleged human rights abuses especially in North Africa and the Middle East (71.4%). The same region also accounted for the large majority (81.8%) of alleged abuses linked to sponsorship or marketing activities, mostly in the context of the 2012 Formula One Grand Prix in Bahrain.

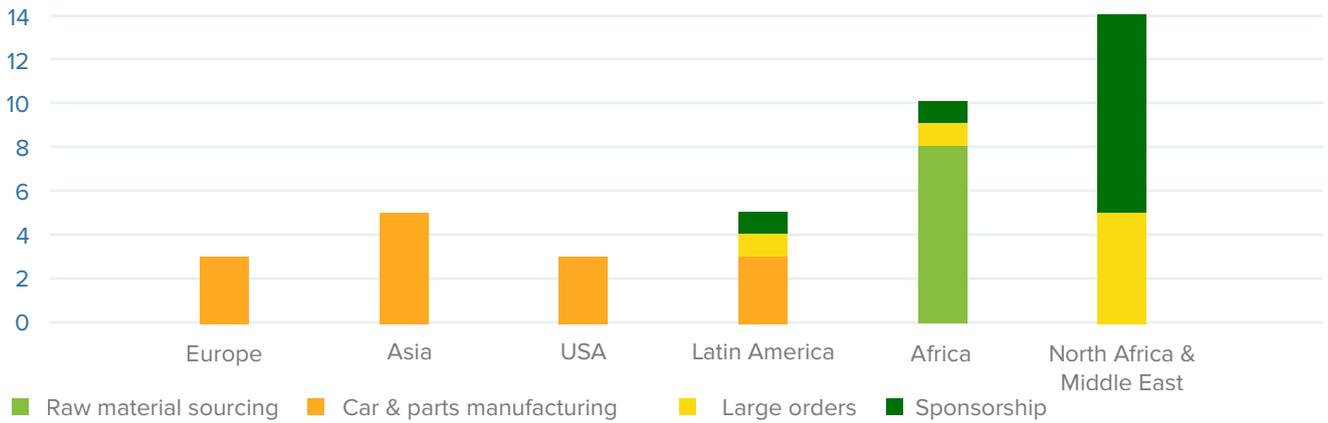
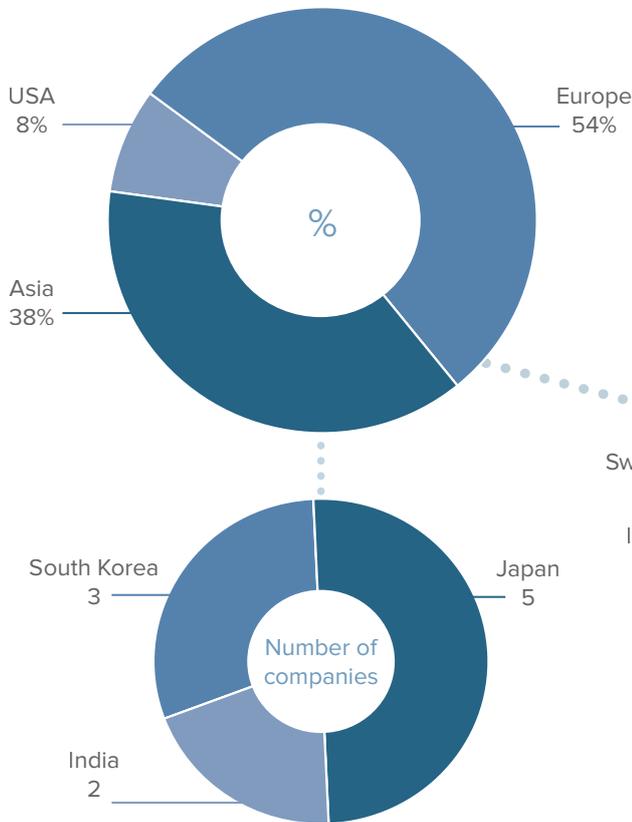


Figure 2: Geographic distribution of alleged human rights abuses Business & Human Rights Centre sought responses to in the automotive sector, by value chain stage²



Company headquarters

Fourteen of the 26 companies approached were headquartered in Europe, primarily in Germany and Italy. The second most represented region was Asia, with 10 companies approached – five of them based in Japan, three in South Korea and two in India.

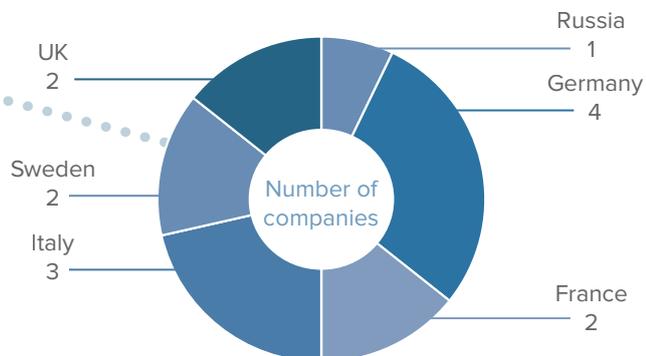


Figure 3: Headquarters of automotive companies invited to respond to human rights allegations by Business & Human Rights Resource Centre (2011-2018)

² One case concerned three value chain stages (manufacturing; large orders; sponsorship), and another case could not be allocated to any specific region.

Case studies of negative allegations

Raw material sourcing: Human rights responsibilities of German automotive companies in the platinum supply chain

In April 2018, German NGO Bread for the World published a [report](#) (in German) on the human rights and environmental issues in platinum mining in South Africa, pointing to hazardous working conditions, forced displacements and the pollution of drinking water. The study highlights the supply chain responsibilities of German companies such as **BASF**, **Daimler**, **BMW** and **Volkswagen**, which directly import the metal from South African mines and/or purchase platinum-coated catalytic converters. Bread for the World acknowledged that all four companies increasingly look at the entire supply chain and deal with problems in raw material sourcing. However, there has not been much improvement on the ground according to this study. The Resource Centre invited the companies to respond; responses available [here](#) (in German).

Excerpt of [Daimler's response](#) (non-official translation by the Resource Centre):

“Using our Human Rights Respect System, we have identified around 50 raw and other materials that pose a potential risk to human rights, based, among others, on the OECD due diligence guidelines and the US Department of Labor’s ‘Child and Forced Labor List’. We consider not only potential human rights risks at the stage of extraction, but explicitly also potential risks that can occur during further processing. Platinum is one of the substances we identified based on this approach. We are currently developing additional due diligence measures for the raw materials that were identified.”

Raw material sourcing: “This is what we die for”, Amnesty International & Afreewatch

This [report](#) from January 2016 traces how cobalt, used in lithium batteries, from artisanal mines in the DRC enters the supply chain of 26 multinational companies – including consumer electronics companies and (electric) vehicle manufacturers. It documents the dire conditions under which workers, including children, extract cobalt and assesses the extent to which these companies have human rights due diligence measures in place. At the time of the report’s publication, none of the companies identified as sourcing from DRC provided enough detail to independently verify where cobalt in their products came from. Amnesty published in full all responses they received from the named brands.

Against a backdrop of growing demand for rechargeable batteries, in 2017 Amnesty [followed up with the companies](#) to assess whether their cobalt sourcing practices had improved (“Time to recharge”). It found that few had made meaningful progress, and that, overall, companies in the automotive sector still lag behind their counterparts in the computer, communication and consumer electronics sector when it comes to due diligence in their cobalt supply chains.

Car & parts manufacturing: Worker representatives at Changchun FAW-Volkswagen arrested after organising campaign for equal pay for agency workers

In June 2017, several worker representatives at Changchun **FAW-Volkswagen** in Northeast China were arrested by police for organising a campaign for equal pay for the company's over 3,000 agency workers. The arrests followed six months of collective negotiations between worker representatives and company management to settle the dispute. After being released from police custody, worker representatives urged **Volkswagen** in a [public letter](#) to assume responsibility for the labour rights abuses. In a [response to the Resource Centre](#), Volkswagen expressed its willingness to make every effort to find a mutually acceptable solution for the subcontracted agency workers. The China Labour Bulletin commented on Volkswagen's response in a [rejoinder](#).

Large orders: Alleged human rights risks related to construction of power plant Hidroituango

In March 2018, Swedwatch criticised commercial vehicle manufacturer **Scania** for supplying material and services to the construction of Colombia's biggest hydroelectrical power plant, Hidroituango. Since the start of the project in 2010, local NGOs had reported on [severe human rights impacts linked to the construction of the plant](#), including forced eviction as well as threats and attacks by paramilitary groups. Scania, when invited for a [company response](#) by the Resource Centre, stated that it had taken several steps to collect information and assess whether additional measures should be considered.

Sponsorship: Concerns around Bahrain Grand Prix 2012 over government suppression of protests

In April 2012, human rights groups [raised concerns](#) about automotive companies' participation in the Formula One Grand Prix in Bahrain, given the dire human rights situation in the country and the continuing violent suppression of anti-government protests by police forces. Human Rights Watch claimed that by holding the Grand Prix in Bahrain, Formula One would endorse the kingdom's regime, and Amnesty International warned that the race could be interpreted as a symbol to return to business as usual by the Bahraini Government. The Resource Centre invited 58 companies, teams and organizations to respond to the concerns; only 29% responded. For the present analysis we focused on the eight car and one tire manufacturer(s) among them, four of which responded: [Caterham](#), [Ferrari](#), [Mercedes-Benz \(Daimler\)](#) and [Renault](#).

Examples of positive company actions on human rights due diligence

The following brand-specific examples serve to illustrate positive company actions on human rights due diligence. Similar activities may have been undertaken by other companies as well.

- **BMW** has been pioneering transparency in automotive supply chains by publicly disclosing [smelters/refineries and countries of origin of cobalt](#), which is contained in battery cells that BMW purchases. The company also undertakes multi-step human rights due diligence measures along its general procurement process, including media and risks screenings, questionnaire-based supplier self-assessments (5600 suppliers in 2016), on-site assessments by internal experts (28 suppliers in 2016), and third-party audits (15 in 2016). Assessments feed into a traffic light system to rate suppliers. Similar information can be found in sustainability reports of [Daimler](#), [Ford](#) and [Volkswagen](#), for instance.
- **Daimler** in 2018 introduced its [Human Rights Respect System](#) to identify and avoid human rights risks in company-owned entities and in supply chains, including raw material sourcing. Four steps – risk assessment, programme implementation, monitoring, reporting – reflect core elements of the German National Action Plan (NAP) and the UN Guiding Principles on Business and Human Rights. The second step includes “supply chain walks” along critical junctures in the supply chain down to the mine if necessary, conducted by interdisciplinary teams.
- **Renault** published a list of [cobalt suppliers and countries of origin](#) in 2018 and announced it will be conducting [five audits](#) on suppliers in the cobalt supply chain, focusing on refiners and mining companies.
- **Volkswagen** established a [Whistleblower System](#) for employees, business partners and other third parties to report regulatory violations. These include human rights violations, as the company’s [modern slavery statement](#) for the 2017 financial year specifies. The system provides for protected online reporting channels to an internal investigation office and to external ombudspersons. Information on other ways of contact is also publicly available, including an international toll-free phone number for the investigation office. How such complaints mechanisms can benefit victims of abuse at lower tiers of the supply chain, where links to major brands cannot easily be established, is a sector-wide challenge.
- Many automotive companies have adopted explicit human rights policy statements, such as [Nissan](#) and [Ford](#), referring, inter alia, to the Universal Declaration of Human Rights, the ILO’s Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights. Car manufacturers have also included human rights criteria in guidelines and codes of conduct for suppliers, which in turn may be required to introduce such guidelines for their own suppliers. According to [survey data](#) from **BMW**, for instance, 97% of its (direct) suppliers had sustainability guidelines in place for their own suppliers in 2017, compared to 76% in 2015.

Automotive industry initiatives related to human rights due diligence

The [Automotive Industry Action Group \(AIAG\)](#), founded in 1982 and comprising around 2500 member companies, as well as [DRIVE Sustainability](#), a more recent initiative by 10 global car manufacturers hosted by CSR Europe, have jointly developed principles and guidelines on supply chain sustainability, referring to international human rights standards. These documents have in turn been used by national industry associations as points of reference on sustainability and human rights. The German Automotive Industry Association (VDA – Verband

der Automobilindustrie), for instance, [refers its members to the same guidelines](#).

Both initiatives have offered additional guidelines, self-assessment and online learning tools, as well as face-to-face [AIAG](#) and [DRIVE Sustainability](#) workshops. The [Raw Materials Observatory](#), a standardised process initiated by DRIVE Sustainability to identify ecological and human rights risks and opportunities in raw material sourcing, released a first detailed assessment in 2018.

Membership of car manufacturers in selected cross-sectoral responsible mineral sourcing initiatives

Automotive companies also participate in voluntary industry or multi-stakeholder initiatives for responsible mineral sourcing across sectors, including the following initiatives (as of October 2018, non-exhaustive)³:

Initiative	Car manufacturers
<i>Industry initiatives</i>	
Responsible Cobalt Initiative (RCI)	BMW Group, Daimler, Volvo Cars
Responsible Minerals Initiative (RMI)	BMW Group, Daimler, Fiat Chrysler, Ford, General Motors, Honda North America, Renault, Tata Motors, Tesla, Toyota, Volkswagen Group, Volvo Cars
<i>Multi-stakeholder initiatives</i>	
Aluminium Stewardship Initiative (ASI)	Audi (part of Volkswagen Group), BMW Group, Daimler, Jaguar Land Rover
Global Battery Alliance	Audi (part of Volkswagen Group), Volkswagen Group
Responsible Copper Initiative	BMW Group
Responsible Steel Initiative	BMW Group, Daimler, Jaguar Land Rover

³ Own research; these initiatives could be associated with car manufacturers based on publicly available information from companies' and initiatives' websites, but the list does not claim to be comprehensive.

Car manufacturers with public statements for the 2017 financial year under the UK Modern Slavery Act

The UK Modern Slavery Act requires businesses that operate in the UK and have an annual turnover above £36m to produce a statement setting out the steps they are taking to address and prevent the risk of modern slavery in their operations and supply chain. For more information see the [Modern Slavery Registry](#). Companies that have published a statement for the 2017 financial year (as of October 2018, non-exhaustive):⁴

Bentley	Mitsubishi
BMW Group	PSA (Peugeot Citroën)
Bugatti	Tesla
Ford	Toyota
General Motors (Vauxhall)	Volkswagen Group
Honda Europe	Volvo Cars
Jaguar Land Rover	Volvo Group
Kia	

Guidance & resources

- [Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain](#)
Automotive Industry Action Group (AIAG) & DRIVE Sustainability, December 2017
- [Global Automotive Sustainability Practical Guidance](#)
Automotive Industry Action Group (AIAG) & DRIVE Sustainability, December 2017
- [Material Change. A study of risks and opportunities for collective action in the materials supply chains of the automotive and electronics industries](#)
DRIVE Sustainability, Responsible Minerals Initiative & Dragonfly Initiative, July 2018
- [Sustainability eTools](#)
(eLearning; Knowledge Assessment – Practitioner; Supplier Sustainability Self-Assessment – Enterprise) Automotive Industry Action Group (AIAG)
- [Sustainability Self-Assessment Questionnaire](#)
(stronger focus on how first-tier suppliers manage their own suppliers)
DRIVE Sustainability
- [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#), Second Edition, November 2012
- [UN Guiding Principles on Business and Human Rights](#), June 2011
- [National Action Plans \(NAPs\) on Business & Human Rights](#), including those of the [United Kingdom](#) (September 2013, updated May 2016), [Sweden](#) (August 2015), [Italy](#) (December 2016), [USA](#) (December 2016), [Germany](#) (December 2016), [France](#) (incl. [Action proposals](#), April 2017), all of them headquarter locations of automotive companies whose responses were analysed in this briefing

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⁴ Not all car manufacturers may fall under the UK Modern Slavery Act, and the annual recommended reporting deadline depends on the individual company's financial cycle.