

Latest update of company responses to the makeITfair List of Principles on mining of metals



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In the Democratic Republic of the Congo (DRC) children are risking their lives mining cobalt for rechargeable batteries. In South Africa thousands of people are being forced off their lands to make way for the mining of platinum and palladium, used for hard drives and LCD screens. These facts were presented by makeITfair in 2007. Since then an increasing number of electronics companies have started to acknowledge that they have a shared responsibility for the conditions under which the metals they use have been extracted.

In 2007, makeITfair reported that the electronics industry utilises a significant proportion of the global supply of metals, part of which is mined under harsh conditions in developing countries. The majority of electronics companies were unaware of their importance as metal consumers. makeITfair asked the companies to take responsibility for their supply chain, including the extraction of the metals. makeITfair published the first overview in July 2008 (<http://makeitfair.org/companies>) and will continue to provide regular updates on the initiatives and actions taken by the electronics companies. In February 2009 makeITfair sent a questionnaire to the companies to get an update on the state of affairs.

Some big developments have emerged since the last overview. Several companies sent extensive answers to makeITfair this February, with reports of taking responsibility for the extractive phase of the supply chain and detailing implementation efforts for (some) of the metals. Some companies have started inquiries along their own supply chain to trace the metals being used. A lot of attention was given to the Democratic Republic of the Congo (DRC) where the income generated by the mining of tin, tantalum and other metals is contributing to the armed conflict. Quite a number of companies refer to banning any tantalum/coltan that originates from the conflict area, but the majority do not consider any comprehensive policies for dealing with conflict areas in general or including other metals originating from the same area in the DRC, like tin.

makeITfair encourages the electronics companies to work together towards creating a policy and implementing and verifying this policy. But companies will have to take their own individual responsibility in this matter. Too many companies are making references to sector initiatives without detailing how they will actually implement responsibility for the social and environmental conditions in their own supply chain.

Three out of the five mobile phone companies that were approached are forerunners in developing corporate responsibility for metals, which is a good result for the mobile phone sector. Companies producing computers, game consoles, mp3 players, webcams and other electronic products are clearly lagging behind and will be encouraged to take further steps. Even the forerunners have just started dealing with this issue and much more can be done and will have to be done in the coming years, so that changes will be noticeable in those areas where it counts: in the labour conditions of the miners, in the environment near the mines, for the communities that live close to mining areas and for populations in conflict areas.

Context

In January 2008, makeITfair held an international round table on the basis of three research reports (<http://makeitfair.org/the-facts/reports>) dealing with environmental and social issues that occur in mining areas extracting minerals that end up in consumer electronics. At this round table the research results were presented to seven of the electronics companies as well as representatives of the electronics industry associations, the EICC and GeSI. After this round table, makeITfair developed its (<http://makeitfair.org/companies/list-of-principles>), in coordination with a number of NGOs and initiatives that deal specifically with mining issues. The List of Principles was sent to all major electronic brand companies, along with the request to issue a public response on how they would incorporate these recommendations in their CSR and business approach. In July 2008 makeITfair posted the responses of companies to the List of Principles, which can be found at (<http://makeitfair.org/companies>). On 23 June 2008 the industry released a study that further examined the connection between the industry and mining of minerals and the conditions under which the metals are mined. The EICC and GeSI thereafter concluded that the electronics industry has a shared responsibility for problems at the mine level of their supply chains: The report stated that ‘based on this study’s findings, there are opportunities for the EICC and GeSI members to influence social and environmental performance in mining and metals production. However, this will depend on a clearer understanding of the specific metals used in components and electronic products.’

In November 2008 makeITfair, together with civil society participants from South Africa, the DRC and the US, joined a round table in Washington DC which was organised by the EICC and GeSI. The meeting, and the internal discussions that followed within the industry, led to EICC and GeSI publishing a joint statement and goals for 2009 regarding the mining of metals that they use.

(full documents: http://www.gesi.org/files/20090204_gesi-eicc_metals_statement.pdf and http://www.gesi.org/files/20090204_gesi_eicc_2009_extractives_goals.pdf)

The industry states its concern for the poor social and environmental practices in some mine sites and asserts that mining activities that fuel conflict are unacceptable. They recognise that they have to work collaboratively with other stakeholders, which includes mining companies, local non-governmental organisations, trade unions and workers involved in mining, other industrial sectors, governments and multi-governmental organisations. The goals that have been set up focus on: a) publishing statements of concern, b) commissioning a supply chain transparency model for tin, tantalum and cobalt, c) evolving the extractives workgroup stakeholder engagement process, and d) exploring key metals recycling and product stewardship opportunities.

makeITfair welcomes the work of the EICC/GeSI, but stresses the need for setting up a concrete plan of action with timeframes included. We have therefore approached the industry initiatives with a request for further information on how the goals mentioned above will be implemented.

At the beginning of February 2009, makeITfair sent a short questionnaire to consumer electronics companies about recent initiatives they have taken that would address social and environmental issues within the mining phase of their production chain. 18 out of the 24 companies responded to makeITfair’s questionnaire.

Forerunners

HP was the only company that responded comprehensively to makeITfair's principles in 2008, detailing tracing efforts and other activities, it was the only forerunner at that time. In 2009 makeITfair received more detailed answers and information from several companies.

Although there are differences in the initiatives taken by these companies, makeITfair is glad to be able to label two companies as forerunners in this update, namely HP and Sony Ericsson, and three as runners up, namely Samsung, Motorola and Philips.

HP: In 2007, HP started a study surveying notebook suppliers to identify which country and mine the metals were coming from. In 2009 the company states that it continues to work with its first tier notebook computer suppliers to map the supply chain down to the extractives level 'to ensure they have robust social and environmental management practices in place with their suppliers'. The company got signed declarations from the metal suppliers of one of their suppliers stating they were following the EICC code, as well as information on the mines and countries. Another supplier gave information on the mines but this included incomplete information on code implementation. HP mentions that the process is complicated because of the structure of the metals market and that it is complicated to find out whether metals are coming from new mining activities or from recycled materials. An overview presented by HP indicates that the majority of the metals that end up in HP's products originates from Asia, South America and Africa.

The policy of HP is that all suppliers must follow the Electronics Industry's Code of Conduct. The company supports actions to address illegal and harmful activities and states that it would stop using metals from a particular country in extreme situations. HP has confirmation from their suppliers that coltan from the DRC is not used in HP products, but writes nothing about the origin of the tin they used even though tin may originate from the same problematic mining area. HP takes the position that a responsible company should try to help raise standards in a country instead of just pulling out, since such a strategy may risk further damaging livelihoods and social conditions for miners and communities.

Sony Ericsson states that everybody in the whole supply chain has rights and responsibilities and that the company therefore has a responsibility to improve the conditions also at the mine level. The company has been in contact with suppliers that deliver components with metals such as tantalum and cobalt and has stressed the fact that Sony Ericsson does not 'accept illegally mined minerals and minerals from mines with inferior working conditions'. The suppliers responded that this is not the case. 'There is, however, no guarantee since metals are basic elements and cannot be traced back to origin and the metals industry is difficult to control', writes the company in its response to the questionnaire.

In the case of cobalt, Sony Ericsson's suppliers of Li-ion batteries have contracted metals suppliers on long term agreements and they are now following up on origins. With respect to tantalum the capacitor suppliers have answered that they do not use tantalum that originates in the DRC or surrounding area and the suppliers state that they generally do not buy from the spot market where Sony Ericsson expects most of the illegally mined tantalum to be sold. Sony Ericsson is not in favour of banning minerals originating from problematic mining regions such as eastern DRC though:

'After the coltan [the ore from which tantalum is extracted] story we were told that the serious and well run mine almost went bankrupt because many companies avoided tantalum from the

region. We do not intend to ban the metal from this region but to strengthen our message that our suppliers must follow up on conditions', writes Sony Ericsson in its response.

The company writes nothing about where the tin used in Sony Ericsson products originates. makeITfair has stressed previously that tin used by the industry may originate from the same problematic mining area in the DRC as tantalum does. Mining of tin and tantalum currently helps fund the fighting and violence that is taking place in the DRC's eastern provinces.

Moreover, the company asserts that it is more or less the sole company in its industry with full control over what metals and other materials go into its products. According to Sony Ericsson, they collect complete material declarations from all suppliers, while other companies mostly focus on materials that are related to legal requirements. Sony Ericsson therefore feels it has more control than others.

Given the complexity of the issues, Sony Ericsson believes in a collaborative approach; joining forces with other electronics companies as well as NGOs and the mining industry. Sony Ericsson has recommended that the industry initiative GeSI build activities centring on this issue.

Motorola has put a statement on its website in which the company communicates its concern about 'poor social and environmental practices at some mine operations around the world' as well as their requirements to their suppliers. Moreover, the company states that mining activities that fuel conflict are unacceptable and is requiring its supply base to fully disclose material, substances of concern and recycled material content of each part of their products.

The company is committed to more responsible metal sourcing and will work in collaborative efforts with other stakeholders in the years to come. In 2001 Motorola took steps to cease the use of materials containing tantalum derived from illegally mined Congolese coltan and requests its suppliers of tantalum-containing capacitors to verify the same in writing.

Apart from coltan Motorola has not tried to map where the metals used in the company's products originate from, but the company informs makeITfair that it will be working on traceability with the GeSI / EICC Extractives Work Group in 2009:

Motorola has recently upgraded its code of conduct and explicitly states that they have recently revised their position on mining accordingly, and the revised code now refers to Freedom of Association and wages and benefits that meet basic needs. Motorola explicitly refers to supporting the recommendations of the 2008 study commissioned by EICC and GeSI: a) engage with appropriate existing initiatives and stakeholders, b) emphasise activities in management of end of life electronic products, c) further characterise specific metal content and use in electronic products to facilitate tracking of metals and tracing of sources of materials.

Samsung writes that corporate responsibility should be implemented along the whole chain of production. The company has investigated the origin of a range of metals used in the mobile phones via supplier questionnaires. The results were mixed due to the fact that several first tier suppliers cited confidentiality reasons for not disclosing information. Samsung writes that it will continue with its efforts to improve the transparency of the metal supply chain and will ask those that will not disclose information for written commitments to ensure that the suppliers comply with Samsung's ethical standards.

During the investigation Samsung found that most of the metals that are used in the company's products are mined in Asia, America and Australia or bought on metals markets. The company has adopted a policy to avoid illegally mined coltan/tantalum sourced from the DRC in which they request their suppliers to take appropriate measures to avoid using coltan sourced in the DRC.

Samsung thinks that joint effort by the industry will be the most effective way forward in order to influence suppliers further down the supply chain.

Philips requires its suppliers to fulfil the EICC code (plus the annex on Right of free bargaining and Freedom of Association) and will push suppliers to cascade this down the supply chain. They feel that the responsibility for implementation lies with suppliers. Philips states that the part of the supply chain that deals with metal mining is beyond its direct influence but should be taken on by suppliers towards their suppliers. As a sustainability leader, actions will be taken by Philips on the extractives phase of their production chain. They will work with the EICC to build up influence and common demands for the mining of metals. Philips mentions that the List of Principles should be incorporated by the EICC.

Philips has traced the use of tantalum and tin in their supply chain. They have reduced the use of tantalum since 1998 and have reviewed the sourcing practices of their capacitor suppliers. They have extended this to tin about which they mention; 'Declarations of "non DRC sourced"' are forthcoming and the next step is to review the sourcing process of the major suppliers'.

Philips thinks that up until now there have not been suitable and financially viable possibilities to track or trace metals in the supply chain back to the mining. They would welcome improved methods to trace and track metals.

The middle of the road approach

A further eight companies have responded to makeITfair's list of principles by referring to the efforts taken by the EICC and GeSI. These were Logitech, IBM, Lenovo, Fujitsu (who has taken over from Fujitsu-Siemens), Sony, Acer, Philips and Dell. Of these, IBM and Fujitsu did not give details on activities within their own supply chain. HP, IBM, Lenovo, Nokia, Samsung, Motorola, Philips, Apple and Dell described themselves as active members of EICC/GeSI's working group on extractives.

makeITfair encourages joint actions taken by the industry associations, but stresses that companies also have individual responsibility for their own supply chains. Initiatives taken by the industry should strengthen the activities taken by the different companies, not replace own initiatives.

Varying quality of individual response

Nine companies have provided makeITfair with an individual company response; Logitech, Lenovo, Toshiba, Nintendo, Nokia, Acer, Dell, Apple and LG. The responses varied significantly in detail, ambition and overall approach to supply chain issues. Only some of the companies have taken action so far or are communicating their intention to take action in the

near future. Still, the responses show that quite some of the companies now accept the notion of some kind of responsibility in relation to the mine level of their supply chain.

- Logitech did not reply to makeITfair's questions in 2008. In 2009 the company writes that it takes responsibility for the extractives area which they think should be managed with the same standards and principles that apply to the suppliers that are closest to Logitech in the supply chain (so called first tier suppliers).
- Lenovo attempts to minimise the need for newly mined metals 'by encouraging the recovery and recycling of end of life products' by, for example, offering free take back and recycling in countries where it is not mandatory.
- Toshiba did not respond to makeITfair's questions regarding metals in 2008. In 2009 the company responds that it has tried to trace some of the metals but felt traceability to be extremely difficult due to the complex supply chain. Toshiba will promote its supply chain policy and expects its suppliers to communicate these values and requirements down the chain, which would include the mine level.
- In 2008 Nintendo stated that 'extraction is not directly within our sphere of influence'. In 2009 the company writes that Nintendo now asks the company's primary production partners for assistance to promote compliance with its CSR procurement guidelines down the chain.
- In 2008 Nokia emphasised the difficulties in tracing back their metals. In 2009 the company says that it has been successful in tracing some metals but that there is a need to work jointly with the electronics industry because of the long and complicated supply chains. In 2001 Nokia adopted a policy to not use tantalum that derived from the DRC. Since then the company says that it has been active in improving transparency and driving environmental and social responsibility down in our supply chain.'
- Acer did not respond in 2008. In 2009 the company wrote that it believes that actions to address the mining issue will be more effective when taken collaboratively, but Acer also sees an opportunity to have impact as an individual company. In the second quarter of 2009 the company will conduct an inventory with its first tier suppliers and will come up with action plans at the end of 2009.
- Dell expects its suppliers to be operating responsibly and to follow the company's code of conduct regardless of location or place in the supply chain. Dell included mining and extractives as a subject in their CSR report in 2008. The company writes that it reviews reports from organisations that highlight issues on metals and minerals and stresses that Dell is committed to 'continued investigation of these issues, stakeholder engagement and industry collaboration'.
- LG did not respond to makeITfair's questions in 2008. Since then the company has published a statement on suppliers ethics in which they have asserted that suppliers should make sure that the materials they are using are not derived from illegal mining. LG is also planning to reinforce its management system to trace the metals used in their products down to the country and mine level via suppliers questionnaires.

- Apple asks its suppliers to declare that the metals are not sourced from illegal mining in the DRC.

makeITfair welcomes the steps taken and the changes in position by these companies. At the same time we stress the urgent need for concrete actions from those companies that so far only refer to policies. Policies are important first steps but need to be implemented so that changes are felt on the ground in the mining areas in developing countries. Moreover, verification systems must be set up to make sure that policies regarding metals are followed and have the intended effects.

Those lagging behind

Rim, Sandisk, Creative, TomTom, ST and Microsoft have not provided makeITfair with information regarding the metals issue. Palm has for the first time answered by stating that the company 'does not have a comment regarding this issue at this time'. makeITfair sees the lack of transparency and lack of visible actions to address the grave injustices and environmental damage on the mine level of the companies' supply chains as worrying and will therefore continue to make these companies accountable.

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makeITfair is a european project that aims to raise awareness about labour and human rights issues and environmental problems in the production chain of consumer electronic goods, including mobile phones, MP3 players, game consoles and laptops. It is co-funded by the EU and led by eight organizations from across Europe: SOMO, Germanwatch, Verbraucher Initiative, FinnWatch/Finnish Association for Nature Conservation, Karat, SwedWatch, Church of Sweden and Fair Trade Center.

More information on social and environmental issues can be found at: www.makeitfair.org