


## Powering Down Corruption: Tackling Transparency and Human Rights Risks from Congo's Cobalt Mines to Global Supply Chains

October 30, 2018

Cobalt has rapidly emerged as one of the world's most in-demand minerals, given it is an essential component in the lithium-ion batteries that power booming industries with products such as electric vehicles, cell phones, and laptops. While Congo is home to a wealth of natural resource reserves, its command over the global supply of cobalt is unparalleled: an estimated 58 percent of global cobalt production originated in Congo in 2017. But a wide spectrum of corruption in the cobalt trade combined with abuses at and around cobalt mine sites and links to state-sanctioned violence and grand corruption forms a crucial pillar in Congo's violent kleptocratic system.



“[THE COPPER AND COBALT INDUSTRY] HAS BECOME A CASH COW FOR THOSE IN POWER IN KINSHASA AND THEIR ACOLYTES HERE IN THE [LUALABA] PROVINCE. IT'S MILLIONS AND MILLIONS OF DOLLARS THAT THEY HAVE BEEN REAPING TO FILL THEIR POCKETS FOR YEARS.”

Enough Project interview with a miner at a cooperative in Kolwezi, Congo  
February 2018

Companies should actively incorporate transparency initiatives into their sourcing protocols in order to address the corruption and human rights abuses linked to cobalt production. In particular, companies in the automotive and consumer electronics industries, should:

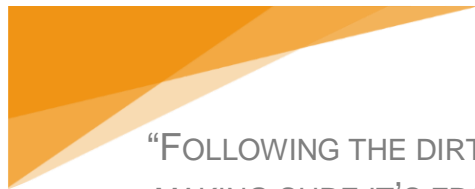
- 1. Conduct thorough and consistent due diligence and public reporting, with attention to corruption-related risks.**
- 2. Collectively, through relevant industry associations, visit cobalt mine sites to ensure compliance and reinforce their prioritization of transparency and anticorruption initiatives.**
- 3. Use supply chain leverage to increase contract and subcontract transparency.**
- 4. Contribute to benefits-sharing and livelihoods programs and comply with internationally recognized frameworks for obtaining and maintaining consent to operate from host communities.**
- 5. Require producers and suppliers to fully report on which minerals are artisanally mined on their concession or in their possession, as the case may be.**

Consumers and activists also have a role to play. Consumers should contact companies that use cobalt and request information about their supply chain due diligence. Activists and organizations that focus on the environment and renewable energy should work together with those focused on corruption and human rights in Congo to build partnerships to ensure that Congolese cobalt can continue to power green electronics and vehicles without contributing to corruption, violence or human rights abuses.

Read the report and learn more about the campaign: [www.enoughproject.org/cobalt](http://www.enoughproject.org/cobalt)

*Background – “Powering Down Corruption: Tackling Transparency and Human Rights Risks from Congo's Cobalt Mines to Global Supply Chains”*

Congo produced approximately 60 percent of the world’s cobalt in 2017, and with electric vehicle manufacturers and consumer electronics companies scrambling to secure their access to this critical material as demand increases, there is a nearly unprecedented opportunity for companies to engage proactively and continuously in dedicated supply chain due diligence—or for corrupt networks to make millions in a climate of scarce regulation and oversight.



“FOLLOWING THE DIRTY MONEY AND MAKING SURE IT’S FROZEN MUST BE PART OF THE STRATEGY TO HELP CLEAN UP THE SECTOR.”

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Cobalt is mined on both large-scale and artisanal concessions in Congo, each presenting its own set of challenges. Industrial or large-scale mining (LSM) lacks transparency in several key areas of contracting, subcontracting, and joint venture disclosure practices. Artisanal and small-scale mining (ASM) in some cobalt mining areas has links to illegal and corrupt involvement of armed military actors, nontransparent

documentation of production and export data, and human rights abuses such as child labor and hazardous working conditions. Connections back to President Joseph Kabila and his regime emerge in both artisanal and industrial mining.

Hundreds of millions of dollars went missing from Congo’s state-owned mining company, Gécamines, between 2011 and 2014, with direct ties from this missing money to deals with international copper and cobalt mining companies. The networks of corruption extend beyond Congo’s borders to foreign commercial facilitators such as key Kabila financier Dan Gertler, whom the U.S. government sanctioned in 2017 for generating illicit wealth, mainly from corrupt and opaque mining deals in Congo. And several industrial cobalt and copper mining companies operating in Congo are currently under investigation in the United States, the United Kingdom, and Canada for their potential role in corrupt activities.

If managed transparently and responsibly, cobalt revenues could help alleviate poverty in Congo and be a backbone for development. Especially as Congo implements a new mining code that considerably raises royalties on cobalt, a responsible and transparent trade could, in theory, have nearly unprecedented social and development benefits. To complement these, companies using cobalt to propel forward renewable energy technologies such as electric vehicles and rechargeable batteries could also share the benefits of these technologies with Congo’s mining communities.

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