

Time to start caring about cobalt

Evaluating the due diligence conducted by nine insurers active in the Dutch insurance market to address human rights abuses in the cobalt supply chain



Fair Insurance Guide

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The Fair Insurance Guide (Eerlijke Verzekeringswijzer) is a coalition of Amnesty International, Milieudefensie, Oxfam Novib, PAX and World Animal Protection.¹

Research and text by the Centre for Research on Multinational Corporations (SOMO)



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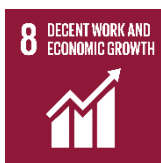


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Summary

Cobalt mining is frequently associated with widespread and systematic human rights abuse and environmental impacts in both industrial and artisanal mines, particularly in the Democratic Republic of the Congo. Among these issues are child labour, exposure of miners and communities to toxic metals and forced evictions around mines. Cobalt is an important mineral for many of the products that are produced by large consumer-facing manufacturers of cars, batteries and electronics. Insurance companies, including the nine largest insurance groups that operate in the Netherlands and are examined by the Fair Insurance Guide, invest in these manufacturing companies. In total, these nine insurers have invested 14.7 billion USD in 20 of the world’s most important companies manufacturing products containing cobalt (see Table 1). Allianz is by far the largest investor, accounting for 10.7 billion USD worth of investments, followed by NN Group (1.5 billion USD) and Aegon (1.0 billion USD). The insurers combined have invested the largest amounts in Microsoft (4.1 billion USD), Volkswagen (3.5 billion USD), Apple (2.7 billion USD) and Daimler (2.0 billion USD).

Table 1. Total value of investments of the nine insurers in the selected manufacturing companies.²

x 1 million USD	Achmea	Aegon	Allianz	ASR	CZ	NN Group	Menzis	VIVAT	VGZ	Total
Total	635.8	1,010.3	10,733.1	175.4	26.8	1,541.4	50.6	478.9	Unknown	14,676.0

Selected manufacturing companies: Apple, BMW, BYD, CATL, Daimler, Dell, Fiat Chrysler, General Motors, HP, Lenovo, LG Chem, Microsoft, Renault, Samsung Electronics, Samsung SDI, Sony, Tesla, Vodafone, Volkswagen, ZTE. These companies were selected for examination in the present study because they are among the world’s leading manufacturers of products containing cobalt and because they were identified in previous studies by Amnesty International.³ Four other companies – CBAK Energy, Coslight, Huawei and Tianjin Lishen – were also included in these studies, but the insurers do not invest in them.

According to the OECD Guidelines for Multinational Enterprises, companies, including insurance companies, have the responsibility to cease, prevent and mitigate human rights abuse by conducting due diligence.⁴ In the context of insurance companies investing in manufacturing companies in the cobalt supply chain, this means that the insurers should identify the risks posed by cobalt mining, engage the manufacturing companies in which they invest and insist that those manufacturers use their leverage to prevent their suppliers (mining companies) from committing human rights abuses, track the results of these engagements, communicate about the engagements and the results, and use their leverage to ensure that any impacts on the ground are remediated.

This report analyses to what extent the nine largest insurance groups that operate in the Netherlands conduct such due diligence regarding salient issues in the cobalt supply chains of 23 main consumer-facing battery, electronics and automobile manufacturing companies. Following up on earlier research by the Fair Insurance Guide on the insurers’ policies (step 1 of due diligence)⁵, this report shows how the insurers have implemented the following five steps of due diligence with regard to salient issues in the cobalt sector: risk identification (step 2), addressing risks through engagement (step 3), tracking actions and results (step 4), communicating about engagements (step 5) and enabling remediation (step 6).

Results

Although seven of the nine insurers are able to show that they have identified the salient risks in the cobalt sector, such as child labour, unsafe working conditions and poor community relations, insurers have taken very limited or no action to engage major electronics, battery and automotive manufacturing companies in which they invest on addressing issues related to cobalt (Table 2). Of the nine insurers examined in this study, CZ engages with the most companies on cobalt, engaging eight of the 19 cobalt-utilizing manufacturers in which the insurer invests. Menzis, Achmea and VIVAT, and to a lesser extent NN Group and ASR, have taken some initial steps to address the risks by engaging a small number of companies on this issue. Menzis has conducted cobalt-specific engagement with three out of the ten manufacturers in which it invests. Achmea and VIVAT both engage four of the 18 companies in which they invest, NN Group with two of 17, and ASR with one of 12.

There is no evidence that the other three insurers (Aegon, Allianz, VGZ) have taken more than very limited action to engage investee companies on this matter. The reason for this could be that these insurers either fail to be transparent about their actions, choose not to prioritise addressing these risks in their due diligence process, do not see the connection between engaging manufacturing companies that are main users of cobalt and addressing salient risks in the cobalt sector, or fail to take sufficient action to address human rights risks related to their investments, in line with OECD Guidelines.

Overall, six of the nine insurers engage companies on salient issues in the cobalt sector (Achmea, ASR, CZ, Menzis, NN Group, VIVAT). These insurers together engage eleven of the 20 manufacturers in which they invest. Except CZ, these insurers engage only between 1-4 companies, despite the fact that they often have engagement processes with many more of these manufacturers on other topics. Public communication about these engagements is almost completely absent, although several insurers (CZ, Achmea, Menzis, VIVAT, NN Group and ASR) did provide additional information to the researchers during the report process. This is concerning given that public communication about concrete and specific steps taken to address risks is a core element of due diligence. None of the insurers have taken action to improve access to remedy at investee companies or to provide access to remedy itself, for example by implementing a grievance mechanism.

Three insurers (Achmea, ASR and NN Group), as well as the engagement manager of two health insurers (CZ and Menzis), have signed the United Nations Principles for Responsible Investment (UNPRI) Investor Expectations on the Responsible Sourcing of Cobalt, which calls upon companies to address salient risks in the cobalt sector in line with the OECD Guidelines for Multinational Enterprises. One insurer’s asset management subsidiary (VIVAT/ACTIAM) committed to signing the PRI investor statement in the next 12 months in response to this study, while the other three insurers (Aegon, Allianz and VGZ) have not endorsed it.

Four insurers (ASR, CZ, Menzis and VIVAT) submitted statements in response to the researchers’ request to provide a commitment to take additional action to address issues in the cobalt sector in the next 12 months. VIVAT (ACTIAM) was the only insurer to provide a concrete commitment to take additional action, by expressing the intention to sign the PRI Investor Expectations on Responsible Sourcing of Cobalt in the short term. The five other insurers (Achmea, Aegon, Allianz, NN Group and VGZ) did not make any statement or commitment.

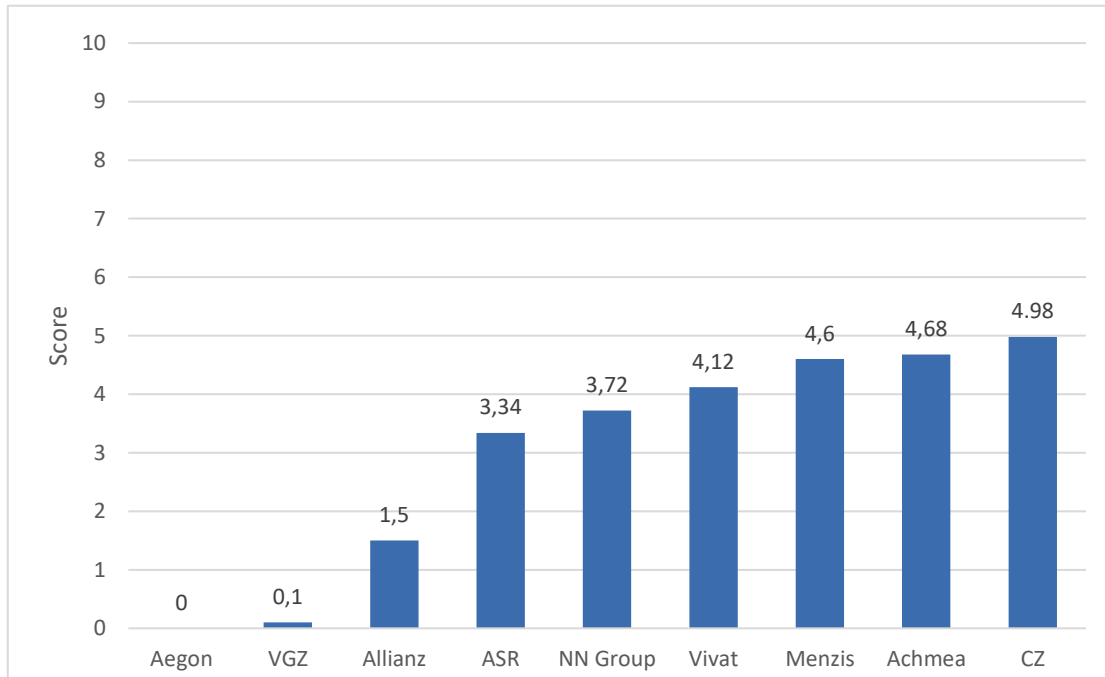
Scores

None of the insurers obtained a satisfactory score (6 or above). Only one of the insurers (CZ) obtained just under half of the total number of 10 points, with a score of 4.98 (Table 2). This makes CZ the best performing insurer in this study, followed by Achmea (4.68 points) and Menzis (4.60 points) (Figure 1). VIVAT (4.12 points), NN Group (3.72 points) and ASR (3.34 points) obtained lower scores. Allianz (1.50 points) and VGZ (0.1 points) scored hardly any points and Aegon even failed to obtain any points at all (0.0 points).

Table 2. Overview of insurers’ score per evaluation criteria (and step of due diligence)

	Achmea	Aegon	Allianz	ASR	CZ	Menzis	NN Group	VIVAT	VGZ
A – Identify (step 2)	2	0	1.50	2	2	2	2	2	0
B – Engage (step 3)	0.56	0	0	0.34	0.94	0.80	0.36	0.56	0.10
C – Track (step 4)	0.56	0	0	0	0.94	0.80	0.36	0.56	0
D – Communicate (step 5)	0.56	0	0	0	0.10	0	0	0	0
E – Remedy (step 6)	0	0	0	0	0	0	0	0	0
F – Investor statement	1	0	0	1	1	1	1	0	0
G – Commitment	0	0	0	0	0	0	0	1	0
Total (out of 10)	4.68	0	1.50	3.34	4.98	4.60	3.72	4.12	0.10

Figure 1. Ranking of insurers based on total score on all evaluation criteria



Recommendations by the Fair Insurance Guide

The Fair Insurance Guide provides eight specific recommendations to insurers to improve their actions to address salient issues in the cobalt sector:

1. All insurance companies should commit to implementing the OECD Guidelines and the UNGPs throughout their entire investment portfolio, as well as with regard to their own operations.
2. The insurance groups that have so far taken little to no action on engaging manufacturing companies on salient issues in the cobalt sector should immediately start doing so – start caring about cobalt – especially given the severity of the risks in this sector, such as child labour, exposure to toxic metals and other hazardous working conditions.
3. The insurance companies that do conduct engagements with manufacturing companies on salient risks in the cobalt sector should continue to do so and expand the number of companies targeted by these engagements. These engagements should be specific, goal-oriented, time-bound, and evidence-based.
4. When conducting engagements with companies on other issues, insurers should include the salient issues in the cobalt sector in these engagements.
5. The three insurers (Allianz, Aegon and VGZ) who have not yet done so should commit to the PRI Investor Expectations on Responsible Sourcing of Cobalt.
6. In line with step 5 of due diligence (communicating), all insurers should improve their public communication about which companies they engage on which issues. This public communication should provide detail about the specific objectives of these engagements and the progress made so far. This communication should provide enough information to convince any interested stakeholder that the insurer has undertaken due (i.e. sufficient and commiserate with the risk) action to avoid potential adverse impacts.
7. The insurers should start using their leverage to improve access to remedy for victims of human rights abuses in the cobalt sector by, for example, urging their business partners to have an adequately functioning operational-level grievance mechanism that is transparent about the number of complaints received and how they are addressed.

8. If the insurers' investees cannot themselves demonstrate to the insurers that they have done their own due diligence and used their own leverage to prevent and remediate adverse impacts associated with cobalt mining, then the insurers should be transparent about this lack of transparency and progress in engagement and consider responsibly divesting from those companies taking into account credible assessments of potential adverse human rights impacts of doing so.

Samenvatting

De winning van kobalt in zowel industriële als kleinschalige mijnen gaat vaak gepaard met grootschalige en systematische mensenrechtenschendingen en milieuschade, in het bijzonder in de Democratische Republiek Congo (DRC). Het gaat daarbij onder meer om kinderarbeid, de blootstelling van mijnwerkers en gemeenschappen aan giftige metalen en gedwongen huisuitzettingen in de buurt van mijnen. Kobalt is een belangrijke grondstof voor de productie van lithium-ion batterijen die op hun beurt in steeds grotere aantallen gebruikt worden in consumentenproducten zoals smartphones, computers, en elektrisch aangedreven auto's. De Wereldbank verwacht dat de vraag naar kobalt in 2050 met 460% gaat toenemen vergeleken met 2018.

Verzekeringsbedrijven, waaronder de negen grootste verzekeringsgroepen die in Nederland actief zijn en worden onderzocht door de Eerlijke Verzekeringswijzer, investeren in fabrikanten van producten die kobalt bevatten. In totaal hebben deze negen verzekeraars ten minste 14,7 miljard USD belegd in twintig van de grootste fabrikanten ter wereld (**Fout! Verwijzingsbron niet gevonden.**). Allianz is met 10,7 miljard USD aan beleggingen veruit de grootste investeerder, gevolgd door NN Group (1,5 miljard USD) en Aegon (1,0 miljard USD). Gezamenlijk hebben de verzekeraars het meest belegd in Microsoft (4,1 miljard USD), Volkswagen (3,5 miljard USD), Apple (2,7 miljard USD) en Daimler (2,0 miljard USD).

Table 3. Waarde van de beleggingen van de verzekeraars in de geselecteerde fabrikanten⁶

<i>x 1 miljoen USD</i>	Achmea	Aegon	Allianz	ASR	CZ	NN Group	Menzis	VIVAT	VGZ	Totaal
Totaal	635,8	1.010,3	10.733,1	175,4	26,8	1.541,4	50,6	478,9	<i>Onbekend</i>	14.676,0

Geselecteerde fabrikanten: Apple, BMW, BYD, CATL, Daimler, Dell, Fiat Chrysler, General Motors, HP, Lenovo, LG Chem, Microsoft, Renault, Samsung Electronics, Samsung SDI, Sony, Tesla, Vodafone, Volkswagen, ZTE. Deze bedrijven zijn geselecteerd voor dit rapport omdat ze deel uitmaken van de grootste fabrikanten van producten die kobalt bevatten ter wereld. Deze fabrikanten zijn ook geselecteerd in eerdere studies van Amnesty International.⁷ Vier andere bedrijven (CBAK Energy, Coslight, Huawei en Tianjin Lishen) zijn ook in die studies opgenomen, maar de verzekeraars beleggen niet in deze bedrijven.

Volgens de OESO-richtlijnen voor multinationale ondernemingen hebben bedrijven, waaronder ook verzekeraars, de verantwoordelijkheid om mensenrechtenschendingen te stoppen, te voorkomen en te beperken door middel van het uitvoeren van 'due diligence' (gepaste zorgvuldigheid).⁸ In de specifieke context van verzekeringsmaatschappijen die beleggen in productiebedrijven die gebruik maken van kobalt betekent dit dat de verzekeraars de risico's gerelateerd aan kobaltwinning in kaart brengen, 'engagement' uitvoeren (het voeren van kritische dialoog) bij deze productiebedrijven en er bij hen op aandringen dat deze producenten hun invloed gebruiken om te voorkomen dat hun leveranciers (mijnbouwbedrijven) mensenrechten schenden, de resultaten van deze engagements monitoren, communiceren over de engagements en de resultaten daarvan en hun invloed gebruiken om ervoor te zorgen dat daadwerkelijke negatieve gevolgen worden hersteld.

Dit onderzoeksrapport laat zien in hoeverre de negen grootste verzekeraars die in Nederland actief zijn due diligence uitvoeren met betrekking tot de belangrijkste risico's op mensenrechtenschendingen in de kobaltketens van 23 grote batterij-, elektronica- en autofabrikanten. In aanvulling op eerder onderzoek van de Eerlijke Verzekeringswijzer naar het beleid van de verzekeraars (stap 1 van due diligence)⁹, gaat dit rapport in op de mate waarin de verzekeraars de resterende vijf stappen van due diligence hebben uitgevoerd: identificatie van risico's (stap 2), het aanpakken van risico's door middel van engagement (stap 3), het monitoren van acties en resultaten (stap 4), het communiceren over engagement (stap 5) en het mogelijk maken van toegang tot genoegdoening (stap 6).

Resultaten

Hoewel zeven van de negen verzekeringsgroepen kunnen laten zien dat zij de belangrijkste risico's in de kobaltsector hebben geïdentificeerd, waaronder kinderarbeid, onveilige werkomstandigheden en slechte relaties met gemeenschappen, ondernemen ze slechts beperkt of zeer beperkt actie door middel van het voeren van engagement met de grote elektronica-, batterij- en autofabrikanten waarin ze beleggen (**Fout! Verwijzingsbron niet gevonden.**). CZ doet dit met relatief de meeste van de bedrijven, nl. acht van de 19 fabrikanten waarin de verzekeraar belegt (van de 23 voor dit onderzoek geselecteerde productiebedrijven), bij Menzis ligt dit aantal op drie van de tien. Achmea en VIVAT engagen allebei met vier van de 18 bedrijven waarin zij beleggen op dit thema, NN Group met twee van de 17 en ASR met één van de twaalf. Er zijn geen aanwijzingen dat de andere drie verzekeraars (Aegon, Allianz en VGZ) meer dan zeer beperkte actie hebben ondernomen om een kritische dialoog aan te gaan met bedrijven over de risico's in de kobaltsector. Redenen hiervoor zouden kunnen zijn dat deze verzekeraars niet transparant zijn over hun activiteiten, er in hun due diligence-proces voor kiezen geen prioriteit te geven aan het aanpakken van deze risico's, geen verband zien tussen het voeren van engagement met productiebedrijven die de belangrijkste gebruikers van kobalt zijn en het aanpakken van opvallende risico's en problemen in de kobaltsector, of onvoldoende actie ondernemen om de mensenrechtenrisico's die zijn gerelateerd aan hun beleggingen aan te pakken, in overeenstemming met de OESO-richtlijnen.

In totaal hebben de zes verzekeraars die engagement voeren op mensenrechtenschendingen (Achmea, ASR, CZ, Menzis, NN Group, VIVAT) in de kobaltsector, dat bij elf van de twintig productiebedrijven waarin ze beleggen gedaan. Met uitzondering van CZ doen deze verzekeraars dit ieder met slechts één à vier bedrijven, ondanks het feit dat zij vaak met veel meer van deze fabrikanten engagement voeren, op andere thema's. In het openbaar communiceren de verzekeraars zeer beperkt over deze engagement-processen, maar meerdere verzekeraars (CZ, Achmea, Menzis, VIVAT, NN Group, ASR) hebben tijdens het onderzoeksproces op dit punt wel aanvullende informatie verstrekt aan de onderzoekers. Het ontbreken van publieke informatie is zorgelijk, omdat transparante rapportage over concrete en specifieke stappen om risico's aan te pakken een kernelement van due diligence is. Geen van de verzekeraars heeft actie ondernomen om bij de bedrijven waarin zij beleggen de toegang tot genoegdoening voor benadeelden te verbeteren of om zelf toegang tot herstel te bieden, bijvoorbeeld door het ontwikkelen van een klachtenmechanisme.

Drie verzekeraars (Achmea, ASR en NN Group) en de engagement-manager van twee zorgverzekeraars (CZ en Menzis) hebben de 'Investor Expectations on the Responsible Sourcing of Cobalt' van de United Nations Principles for Responsible Investment (UNPRI) ondertekend, een oproep aan bedrijven om de belangrijkste risico's in de kobaltsector aan te pakken in overeenstemming met de OESO-richtlijnen voor multinationale ondernemingen. De vermogensbeheerdochter van één verzekeraar (VIVAT/ACTIAM) heeft zich in reactie op dit onderzoek gecommitteerd aan het ondertekenen van de oproep binnen een jaar. De resterende drie verzekeraars (Aegon, Allianz en VGZ) hebben de oproep van de PRI niet onderschreven.

Vier verzekeraars (ASR, CZ, Menzis en VIVAT) hebben een statement afgegeven in reactie op het verzoek van de onderzoekers om een toezegging te doen dat zij binnen de komende twaalf maanden aanvullende meetbare maatregelen zullen nemen om de problemen in de kobaltsector aan te pakken. VIVAT (ACTIAM) is de enige verzekeraar die een concrete toezegging heeft gedaan om aanvullende actie te ondernemen, door de intentie uit te spreken om de UNPRI Investor Expectations on Responsible Sourcing of Cobalt op korte termijn te ondertekenen. De vijf andere verzekeraars (Achmea, Aegon, Allianz, NN Group en VGZ) hebben geen statements afgegeven of toezeggingen gedaan.

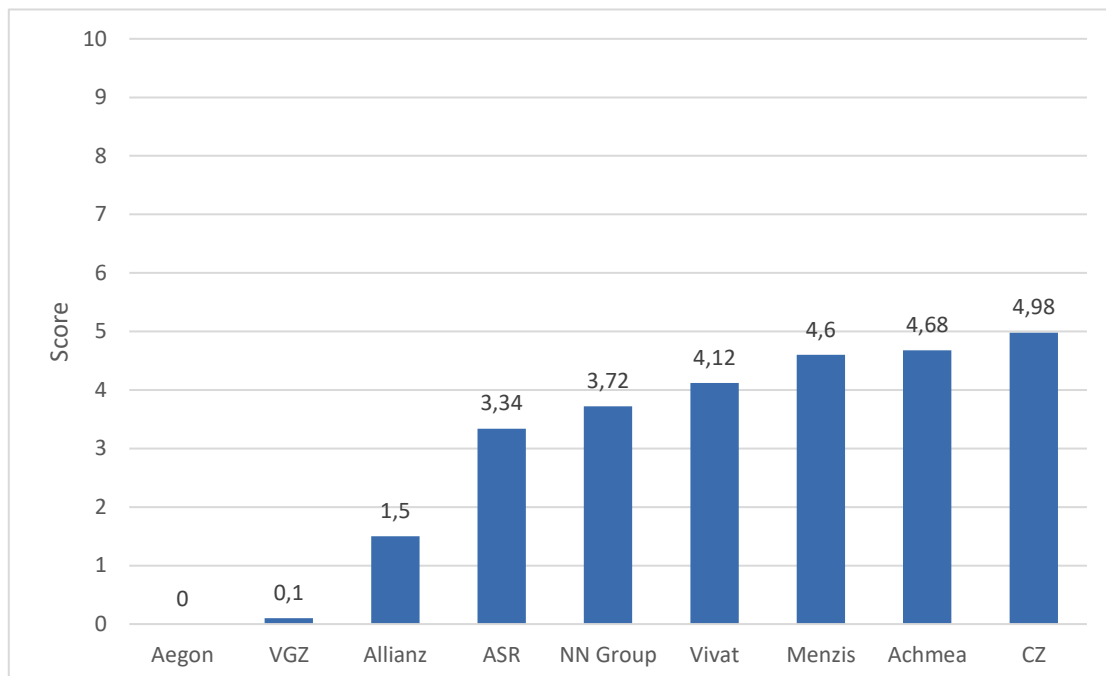
Scores

Geen enkele verzekeraar heeft in dit onderzoek een voldoende (6 of meer van het totaal aantal van 10 punten) gescoord (Table 4). Slechts één van de verzekeraars (CZ) heeft net iets meer dan de helft van de punten weten te scoren, namelijk 4,98 punten. CZ is daarmee in dit onderzoek de best presterende verzekeraar, gevolgd door Achmea (4,68 punten) en Menzis (4,60 punten) (Figure 2). VIVAT (4,12 punten), NN Group (3,72 punten) en ASR (3,34 punten) behaalden lagere rapportcijfers. Allianz (1,50 punten) en VGZ (0,1 punten) scoorden nauwelijks punten en Aegon behaalde zelfs helemaal geen punten (0,0 punten).

Table 4. Overzicht van de scores per evaluatiecriterium (en stap van due diligence)

	Achmea	Aegon	Allianz	ASR	CZ	Menzis	NN Group	VIVAT	VGZ
A – Identificeer (stap 2)	2	0	1,50	2	2	2	2	2	0
B – Engagement (stap 3)	0,56	0	0	0,34	0,94	0,80	0,36	0,56	0,10
C – Monitor (stap 4)	0,56	0	0	0	0,94	0,80	0,36	0,56	0
D – Communiceer (stap 5)	0,56	0	0	0	0,10	0	0	0	0
E – Herstel (stap 6)	0	0	0	0	0	0	0	0	0
F – Oproep beleggers	1	0	0	1	1	1	1	0	0
G – Statement	0	0	0	0	0	0	0	1	0
Totaal (uit 10)	4,68	0	1,50	3,34	4,98	4,60	3,72	4,12	0,10

Figure 2. Rangschikking van de verzekeraars overeenkomstig OESO-richtlijnen en UNGP's



Aanbevelingen van de Eerlijke Verzekeringswijzer

De Eerlijke Verzekeringswijzer doet acht concrete aanbevelingen aan verzekeraars om hun aanpak van problemen in de kobaltsector te verbeteren:

1. Alle verzekeringsmaatschappijen moeten zich committeren om de OESO-richtlijnen en de UNGP's toe te passen op hun gehele beleggingsportefeuille en in de eigen bedrijfsvoering.

2. De verzekeraars die tot nu toe zeer weinig tot geen actie hebben ondernomen om de meest nijpende problemen in de kobaltsector aan te pakken, moeten dit onmiddellijk gaan doen, vooral gezien de ernst van de risico's in deze sector, zoals kinderarbeid, blootstelling aan giftige metalen en andere zeer onveilige werkomstandigheden.
3. De verzekeringsmaatschappijen die wel al bezig zijn met het aanpakken van risico's gerelateerd aan de winning van kobalt dienen hiermee door te gaan en het aantal bedrijven waarmee engagement wordt gevoerd op dit thema te vergroten. Deze engagements moeten specifiek, doelgericht en tijdgebonden zijn, en gestelde verbeteringen dienen steun te vinden in bewijs.
4. Als verzekeraars al engagement-processen met productiebedrijven hebben op andere thema's, dan zouden ze ook de misstanden in de kobaltsector hierin moeten opnemen.
5. De drie verzekeraars (Allianz, Aegon en VGZ) die dat nog niet hebben gedaan dienen de PRI Investor Expectations on Responsible Sourcing of Cobalt te onderschrijven.
6. In overeenstemming met stap 5 van het due diligence-onderzoek (communiceren) moeten alle verzekeraars hun publieke communicatie verbeteren over de bedrijven waarmee zij spreken en welke thema's daarbij aan de orde komen. Deze publieke communicatie moet details geven over de specifieke doelstellingen van deze gesprekken en de tot dusver geboekte vooruitgang. Deze communicatie dient voldoende informatie te bevatten om alle geïnteresseerde belanghebbenden ervan te overtuigen dat de verzekeraar de nodige maatregelen heeft genomen (d.w.z. voldoende en in overeenstemming met het risico) om mogelijke negatieve gevolgen te voorkomen.
7. De verzekeraars moeten hun invloed aanwenden om de toegang tot rechtsmiddelen voor slachtoffers van mensenrechtenschendingen in de kobaltsector te verbeteren, bijvoorbeeld door er bij de productiebedrijven op aan te dringen dat ze een goed functionerend klachtenmechanisme ontwikkelen, dat transparant is over het aantal klachten dat zij ontvangen en hoe deze worden aangepakt.
8. Als bedrijven waarin verzekeraars beleggen zelf niet kunnen aantonen dat zij hun due diligence hebben uitgevoerd en hun invloed hebben aangewend om nadelige gevolgen van kobaltwinning te voorkomen en te verhelpen, dan moeten de verzekeraars open zijn over dit gebrek aan transparantie of vooruitgang en overwegen om op verantwoorde wijze een einde te maken aan hun investeringen in deze ondernemingen, rekening houdend met de mogelijke negatieve gevolgen voor de mensenrechten die daaruit voortvloeien.

1. Introduction

Cobalt is a metal that is an essential component in a wide range of manufactured goods, such as superalloys, special steel, airbags and catalysts; however, the main end-use products in which cobalt is used are the rechargeable batteries in everyday products such as mobile phones, laptop computers and electric vehicles. This also makes cobalt a key mineral for low carbon technologies, such as electric cars and energy storage. Although some technology companies are exploring future battery compositions without cobalt, predictions are that the demand for cobalt will continue to rise sharply in the foreseeable future, mainly driven by the increasing demand for electric cars. According to a 2020 report by the World Bank, cobalt demand is expected to rise by 460% by 2050, compared to 2018 production levels.¹⁰



Photo: Children sorting and crushing cobalt ore near Kasulo, Kolwezi, DRC. © Amnesty International

Between 60-70% of the world's cobalt is mined in the Democratic Republic Congo (DRC), which holds about half of the world's cobalt reserves, and which has tragically also seen widespread and severe human rights abuses associated with the mining sector, including cobalt mining.¹¹ Human rights abuses associated with cobalt mining include the exposure of miners and local communities to toxic metals, forced eviction of communities near mines and illegal mining. In addition, miners are unfairly compensated, child labour is frequent and health and occupational safety conditions in mines are very poor. Private and public security staff working at the mines have been linked to human rights abuses and corruption.

In 2016, research by Amnesty International and AFREWATCH exposed children as young as seven-years-old working under extremely precarious conditions and exploitation in artisanal cobalt mines¹², and research by SOMO revealed other human rights abuses at large industrial mines.¹³ The DRC is one of the poorest countries in the world, in which more than 70% of the population lives on less than 1.90 dollar a day.¹⁴ In stark contrast stand the

multinational mining, manufacturing and technology companies that are among the world's richest enterprises and that have built their fortunes on the backs of cobalt miners and cobalt mining communities.

The main purchasers of cobalt from the DRC are multinational manufacturing companies producing electric batteries to be sold to generally even larger consumer technology producers such as Apple, Tesla, Google, Microsoft and Dell. These companies are responsible for such a large share of the world's cobalt production and the expected increase in demand for cobalt that they have an enormous amount of leverage – and responsibility – to ensure respect for human rights and environment in the supply chain. The responsibility and even liability of large, consumer-facing manufacturers using cobalt in their supply chains is under growing scrutiny, following years of research and campaigns around cobalt related human rights abuse. Research by Amnesty International in 2017 concluded that major electronics and automotive companies were failing to take adequate actions to address child labour and improve cobalt sourcing practices.¹⁵

In December 2019, a landmark class action lawsuit was filed against Apple, Google, Dell, Microsoft and Tesla on behalf of families whose children were allegedly killed or maimed or had suffered from other serious forms of abuse, including forced labour, while mining for cobalt used in these companies' supply chains.¹⁶ According to the lawsuit, these companies aided, abetted and benefitted from the situation:

“It is well-documented that the young children mining Defendants’ cobalt are not merely being forced to work full-time, extremely dangerous mining jobs at the expense their educations and futures; they are being regularly maimed and killed. Rather than step up to help these children with a negligible portion of their vast wealth and power, these companies do nothing but continue to benefit from cheap cobalt mined by kids robbed of their childhoods, their health, and for far too many, their lives.”¹⁷



Photo: Women and children washing mineral, March 2017. © Amnesty International/AFREWATCH

Institutional investors that invest in these large, influential manufacturing companies have their own responsibility to use their leverage with the manufacturers to push them to use their considerable influence to ensure respect for human rights in the supply chain. Indeed, the United Nations Principles for Responsible Investment (UNPRI) project has urged investors to address issues in the cobalt sector, due to the severity of the human rights risks associated with cobalt mining.¹⁸ This report assesses the role of nine insurance companies active in the Netherlands – Achmea, Aegon, Allianz, ASR, CZ, Menzis, NN Group, VIVAT and VGZ – as institutional investors and how they address – through due diligence – the risk of adverse human rights impacts associated with cobalt mining. In total, these nine insurers have invested over 14 billion USD in 23 of the largest manufacturing companies in the world in the automotive, electronics and battery sectors that use cobalt in the products they manufacture. These 23 companies were selected for examination in the present study because they were identified in previous research on cobalt

by Amnesty International as particularly important companies in the cobalt supply chain.¹⁹ Their investments in these manufacturers give the insurers both a responsibility and leverage to address the risks of adverse human rights impacts from cobalt mining in the supply chains of these manufacturing companies.

The report first presents the main issues in the cobalt sector and a description of the normative framework to which investors should adhere in chapter 2. Chapter 3 then discusses the methods that were used for this study. Chapter 4 assesses each of the nine insurers' due diligence processes and provides a detailed scoring table per insurer. Chapter 5 presents the main conclusions and recommendations.

1.1. Seven severe human rights risks and impacts in the cobalt sector

Cobalt mining has been associated with widespread and systematic human rights abuse and environmental impacts in both industrial and artisanal mines. Large-scale mining of cobalt is often associated with heavy pollution, exposure of miners and communities to toxic chemicals, poor occupational health and safety conditions, poor community relations and potential risk of violations by security personnel.²⁰ Around 20 - 30% of cobalt in DRC comes from artisanal or small-scale mining. Artisanal mining is frequently done under dangerous conditions, involving hand-digging, unfair compensation and child labour. Artisanal miners are often compelled to work on unregulated areas or to trespass on industrial mine sites due to a lack of safe and viable Artisanal Mining Zones by the government.²¹

In its 2018 report "Drilling Down into the Cobalt Supply Chain", the UNPRI identified and informed investors about seven particularly salient risks of serious, systemic human rights abuses associated with cobalt mining and encourages investors take action to address these adverse impacts.²² The following is a brief overview of the seven salient issues identified by the UNPRI, supported by a number of examples documented from recent research reports.



Photo: Miners use a rope attached to a beam to enter a pit. © Amnesty International and AFREWATCH

- 1. The exposure to toxic metals by miners and local communities near mines:** Medical studies, including a recent one published in the *Lancet*, have linked birth defects to toxic pollution caused by the mining of cobalt in the area of Southern Katanga, DRC.²³ In reaction to the study, Amnesty International stressed that pollution from cobalt mining will likely cause long lasting harm, which "shows why the multinationals who profit from these mines need to fulfil their responsibility to respect human rights, ensuring they prevent pollution that damages people and the planet."²⁴ In earlier research, SOMO found that discharge of mines polluted rivers and that nearby communities were exposed to air, noise and water pollution.²⁵
- 2. Poor occupational health and safety conditions at mines;** which includes absent or inadequate protective equipment leading to lung disease, and dangerous, poorly ventilated deep tunnels without support structures, leading to serious and fatal accidents.²⁶ In June 2019, at least 47 artisanal miners died after the collapse of a tunnel in Kolwezi at a mine owned by Glencore.²⁷

3. **Poor community relations, including forced evictions around mines;** for instance, SOMO has documented that communities have been evicted and lost their livelihood as mining requires vast areas of land and water.²⁸ Such communities were relocated without adequate compensation and without access to water and fertile soil. One example showed a mine which blocked the road for an entire community to have access to their primary water source.²⁹ Furthermore, the DRC army has an extensive track record of using excessive force.³⁰
4. **Human rights abuses by private/public security personnel at mines;** Amnesty International has documented multiple incidents of children being beaten by security guards that were employed by the mining companies.³¹ In June 2019, the government ordered armed forces to evict artisanal miners at the Tenke Fungurume Mine, owned by China Molybdenum Company Limited (CMOC). According to testimonies collected by AFREWATCH and other local reports, the army destroyed “housing and shelters in two villages, which could amount to forced evictions contrary to international law.”³² AFREWATCH also reported that soldiers had fired shots to disperse artisanal miners, and said it had received reports of casualties.³³
5. **Child labour in mines;** Amnesty also found evidence of worst forms of child labour in the mines, including children carrying extremely heavy loads, working in underground in tunnels and up to 12 hours a day. The class action lawsuit filed by International Rights Advocates in 2019 claims that children working in cobalt mines have died and were maimed.³⁴
6. **Unfair compensation of miners at mines;** miners often have no real bargaining power and no access to necessary information to negotiate with traders.
7. **The legality of mines;** there are currently only few legal Artisanal Mining Zones in DRC. Large-scale operators and the local authorities have failed to “create regulated, authorized, safe and viable artisanal mining zones”.³⁵ Therefore, authorities have no oversight and do not regulate labour conditions or verify safety measures.

These seven issues identified by the UNPRI as being salient and relevant for investors that invest in the cobalt supply chain are used as the basis for operationalising and assessing the quality and extensiveness conducted by the insurers in the Dutch Fair Insurance Guide. Section 1.3.2 below elaborates on the normative framework and method used in this process.

Children in the cobalt mines³⁶



Children sort rocks containing cobalt ore by hand in DRC, March 2017. © Amnesty International/AFREWATCH

Children that work in the cobalt mines do so in extremely precarious conditions and either do not attend school or work before and after school. Poverty is the main reason that children work in the mines, leaving them with no other alternative than to engage in dangerous and harmful mining activities.

Paul started mining when he was 12 years old and told AFREWATCH and Amnesty International that he would often spend 24 hours in the tunnels.³⁷ An adult worker in Kasulo, Kolwezi said: “parents send their children there, because they don’t have the means to live and because they don’t have jobs. If the children have nothing to eat, they go to work in the mines or they sell snacks/drinks.” A 15-year old worker said that “all the money I earn in the mines I spend on food, because at home we don’t eat.”³⁸

1.2. Aim and research questions

This report aims to determine the extent to which the nine insurers in the Dutch Fair Insurance Guide have conducted due diligence to identify and address risks of adverse impacts in the cobalt supply chain. It maps the investments of the insurers in the 23 manufacturing companies and assesses the extent of the risk identification and engagement processes these insurers have undertaken towards these 23 companies. It specifically aims to answer the following research questions:

1. To what extent do the nine largest insurance groups active in the Netherlands conduct due diligence in line with the OECD Guidelines and UNGPs to identify and address potential and actual adverse impacts in the cobalt value chain to which they are linked through their investments?
2. As part of this due diligence, to what extent do the insurers engage with the main consumer-facing battery, electronics, and automobile manufacturers in which they invest to address potential and actual adverse impacts in the cobalt supply chain?
3. To what extent do the insurance groups monitor whether their engagement with investee companies actually leads to improvements on the ground, including remediation of impacts on the ground experienced by victims?

1.3. Methods

1.3.1. Research methods

This report investigates if and how nine insurance companies on the Dutch market address salient human rights and environmental issues in the cobalt sector through their engagement processes with 23 electronics, car and battery manufacturers. This report provides an overview of the investments of the insurers in these 23 companies and a qualitative assessment of the implementation of their due diligence processes with regard to salient issues in the cobalt sector.

The selected manufacturing companies are Apple, BMW, BYD, CATL, Daimler, Dell, Fiat Chrysler, General Motors, HP, Lenovo, LG Chem, Microsoft, Renault, Samsung Electronics, Samsung SDI, Sony, Tesla, Vodafone, Volkswagen and ZTE. These companies were selected for examination in the present study because they are among the world's leading manufacturers of products containing cobalt and because they were identified in previous studies by Amnesty International.³⁹ Four other companies – CBAK Energy, Coslight, Huawei and Tianjin Lishen – were also included in these studies, but the insurers do not invest in them.

The data on the investments of the insurers in the 23 manufacturing companies are either based on figures that were provided by the insurers themselves (Menzis, VIVAT (ACTIAM), Achmea and CZ) or on data from the Thomson Reuters Eikon database (Aegon, Allianz, ASR and NN Group). The total value of the investments represents the sum of the total value of the insurers' shareholdings and bond holdings in the 23 manufacturing companies. Thomson Reuters Eikon is an investment database that is widely used by financial analysts and investors worldwide. The data on shareholdings and bond holdings in Reuters Eikon is based on official filings by companies, stock exchanges, business analysts and other companies. All insurers were asked to review this data, to which Menzis, VIVAT (ACTIAM), Achmea and CZ responded.⁴⁰ Aegon, Allianz, ASR, NN Group and VGZ were unwilling to review or share data on their investment portfolios,⁴¹ while Menzis publishes all data on its investment portfolio on its website.⁴² No investment data was available in Reuters Eikon for VGZ, because VGZ invests via an asset management company that also invests on behalf of other investors, which makes it impossible to specifically trace VGZ's investments. While the other health insurers Menzis and CZ respectively published investment data on its website or provided this information to the researchers, VGZ chose not to do so.

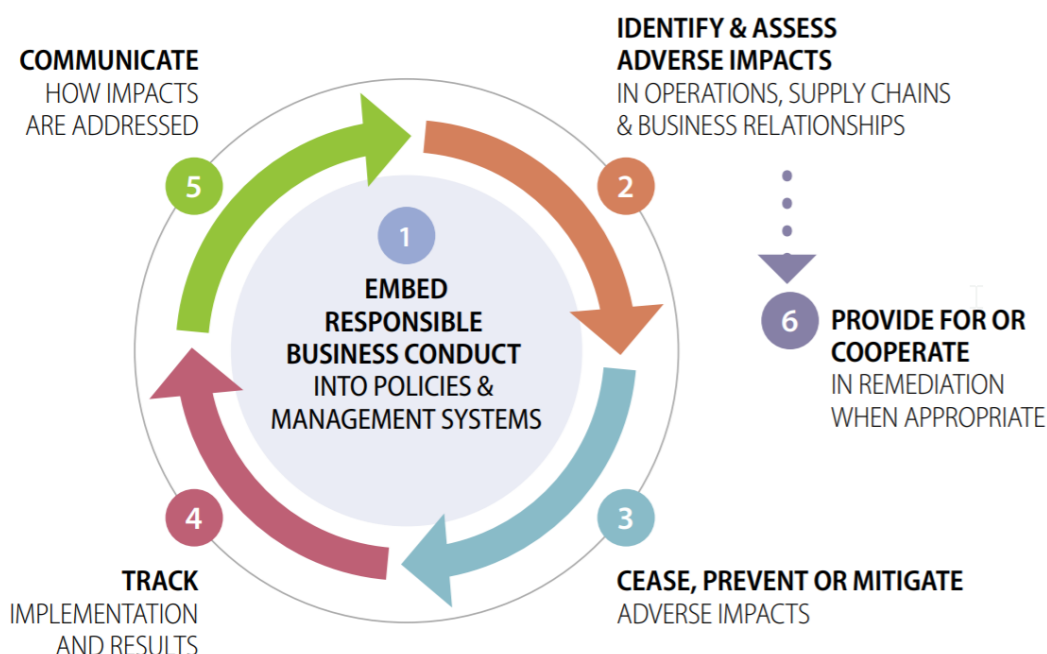
The qualitative assessment of the insurers' engagement on issues in the cobalt sector follows from the normative framework for insurers' due diligence processes (see Section 1.3.3). The findings on the insurers' engagement processes are based on their public reporting (e.g. in engagement or responsible investment reports) and their answers to a questionnaire that was sent to the insurers in March 2020. The evaluation of the insurers' engagement with the 23 manufacturing companies focussed on engagement related to cobalt specifically, as well as on any of the salient issues relevant for cobalt, even if this engagement was related to the mining of other metals and minerals and did not mention cobalt specifically. This was based on the assumption that these engagements provide a solid foundation for further engagement on cobalt sourcing specifically. The insurers were also asked to provide a short statement (100 words) in which they commit to taking concrete action on addressing salient issues in the cobalt sector in the next 12 months, in addition to what they were doing already.

The Fair Insurance Guide invited the insurance companies to participate in this study by reviewing the data and providing additional information through the questionnaire. The insurers were asked to review the financial data in February 2020 and to review the qualitative findings and fill out the questionnaire in March 2020. In addition, a second review opportunity was provided in June 2020. Due to the outbreak of the Covid-19 pandemic, the timeline of the study was extended in order to give insurers more time to respond to the questionnaire and review requests. All insurers responded to at least one of the review requests. Achmea, ASR, CZ, Menzis, NN Group and VIVAT (ACTIAM) constructively cooperated in this study by providing detailed information and answers to the questionnaire. VGZ indicated that it would not participate in this study.⁴³ Allianz and Aegon did not provide additional information and did not fill out the questionnaire.

1.3.2. Normative framework for assessing the insurers' due diligence to address issues in the cobalt supply chain

Under the government-backed UNGPs and the OECD Guidelines, institutional investors, including insurance companies, have a responsibility to conduct due diligence to prevent, mitigate and remedy human rights abuses. These responsibilities have been further elaborated in the OECD Due Diligence Guidance for Responsible Business Conduct⁴⁴ and the OECD Due Diligence Guidance for Institutional Investors.⁴⁵ The latter explains how, by holding shares and bonds in other companies, insurers are *directly linked* to their investees' negative impacts on human rights, and in some cases can be considered to be *contributing to* such these negative impacts. Investors are expected to "seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts."⁴⁶ In order to do so, investors should conduct a six-step due diligence process, which includes embedding responsible conduct into corporate policies (step 1), identifying risks (step 2), taking action to prevent and mitigate adverse impacts (step 3), monitoring the implementation of these actions (step 4) and communicating about the results of these actions (step 5). Investors are also expected to play a role in supporting the remediation of these negative impacts (step 6). The OECD Due Diligence guidance contains a number of concrete steps and specific practical actions for companies to take to meet the expectations under each step of due diligence. This study draws upon these practical actions to inform the operationalisation of the evaluation criteria and enable a more general assessment whether insurers have undertaken each due diligence step. Indeed, the practical actions required by the OECD are more specific and demanding for investors. Future research could determine to what extent the insurers comply with these specific requirements of the OECD Guidelines for each due diligence step. Figure 3 depicts these steps as conceptualised by the OECD, and Table 5 below provides the specific operationalisation of each step.

Figure 3. Due diligence process and supporting measures as conceptualised by the OECD



Source: OECD⁴⁷

The OECD due diligence framework is thus the basis for assessing the insurers' due diligence. The present study focuses on steps 2-6 (identify, address, track, communicate, remediate). Step 1 of due diligence related to policies and processes for due diligence is not included as an area of evaluation or scoring in the present study because this step of due diligence was examined in detail in the 2018 Fair Insurance Guide communicate publicly about whether the insurers had policies in place to address severe human rights issues the mining sector.⁴⁸

In the specific case of cobalt, the UNPRI has already done part of the work to orient insurers in the process of identification.⁴⁹ Investors that invest in manufacturers that use cobalt in their supply chain should be aware of the seven salient risks identified by the UNPRI and have included them in their risk identification process. These seven issues identified by the UNPRI as being salient and relevant for investors that invest in the cobalt supply chain are used as the basis for operationalising and assessing the quality and extensiveness conducted by the insurers in the Dutch Fair Insurance Guide.

1.3.3. Evaluation and scoring methods

The scoring method is based on seven evaluation criteria (A-G). The first five core evaluation criteria (A-E) are based on steps 2-6 of due diligence as contemplated by the OECD due diligence guidance for institutional investors (identify, address, track, communicate, remediate). Each of the due diligence steps is operationalized in specific indicators that are elaborated in Table 5 below. Each of the five content criteria (A-E) carries an equal weight (20%) in the final 10-point score.

Within each criterion, there are indicators on which insurers can score points. The total number of points an insurer receives on the indicators within that criterion is divided by the total number of points available for that criterion to get the criterion score. The criterion score is then multiplied by the weight (e.g. by 2 for a 20% weight) for inclusion in the insurer's total score on a 10-point scale.

- Example: In section A, insurers can receive a maximum of 8 points for the section. If an insurer scores 4 points, 4 is divided by 8 for a criterion score of 0.5. Then, 0.5 is multiplied by the criterion weight of 2 (for a 20% weight), to arrive at the score of 1 to be included in the insurer's total score on a 10-point scale.

Criterion A is the only core criterion that has the same maximum number of criterion points for all insurers (8 points max in criterion A). The maximum number of points available to each insurer in criteria B-E depends on the number of targeted manufacturing companies in which that particular insurer invests because the evaluation indicators in those criteria are related to the insurer’s engagement with each relevant investee company. This is done so that insurers are not “penalized” for not, for example, engaging with a company in which it does not invest. Insurers could score points based on their engagement with the 23 manufacturing companies on the identified salient issues in the cobalt sector specifically and in the mining sector in general. While the insurers’ engagement processes on salient issues in the mining sector with the 23 manufacturing companies may not necessarily have contained a specific link to the cobalt sector (e.g. engagement on conflict minerals such as gold, tin, tantalum and tungsten, but not cobalt), they were still awarded points for these processes. This was based on the assumption that these engagements provide a solid foundation for further engagement on specific issues related to cobalt sourcing. The scoring in criteria B-E is thus as follows. The total number of points an insurer receives on the indicators within that criterion is divided by the total number of companies in which that insurer invests to get the criterion score. The criterion score is then multiplied by the weight (e.g. by 2 for a 20% weight) for inclusion in the insurer’s total score on a 10-point scale.

- Example: In criterion B, assume that Insurer X invests in 18 of the 23 target companies. Insurer X can receive a maximum of 18 points for criterion B. If Insurer X scores 4 points in criterion B, 4 is divided by 18 for a criterion score of 0.22. Then, 0.22 is multiplied by the criterion weight of 2 (for a 20% weight), to arrive at the score of 0.44 to be included in the insurer’s total score on a 10-point scale.

In addition to the five core criteria (A-E), there are also two “bonus” criteria (F and G) on which the insurers can score an additional point to add to their score. For criterion F, a bonus point is awarded if the insurer has signed on to the UNPRI statement on “Investor Expectations on the Responsible Sourcing of Cobalt” as this is considered to be a strong signal of investors’ commitment to tackling the salient risks associated with cobalt mining. For criterion G, the insurers were also asked to provide a short statement (100 words) in which they commit to taking concrete and significant action on addressing salient issues in the cobalt sector in the next 12 months that is additional to current policies and actions. The insurers are awarded with a bonus point if they do so, with the emphasis that the commitment must contain concrete and time-bound action.

The final score is the sum of all the core criteria scores (A-E) to arrive at a score on a 10-point scale. Then, any additional points from the bonus criteria (F and G) are added to arrive at the final score. Table 5 summarizes the evaluation criteria, the indicators that operationalise the criteria and the scoring method.

Table 5. Evaluation criteria, operational indicators and scoring method

Evaluation criteria, indicators and operationalisation	Scoring method
<p>A – Identification of salient risks relevant to cobalt (due diligence step 2)</p> <p><u>Indicator:</u> The insurance company has identified cobalt mining explicitly as an activity involving salient risks that is linked to its investments and/or the seven PRI salient risks for cobalt (even if “cobalt” is not explicitly mentioned by the insurance company)</p>	<p>Weight: 2 of 10</p>

<p>Operationalisation: Given the insurance company’s investments in companies in the cobalt supply chain and the salient risks associated with cobalt mining identified by the PRI, the insurance company should have:</p> <ul style="list-style-type: none"> • Explicitly identified cobalt mining as an activity with a number of salient risks, including by establishing engagement guidelines related to cobalt mining (1 point); • Identified the seven salient risks for cobalt mining identified by the PRI (1 point per risk identified) <p>The seven salient risks identified by the PRI are:</p> <ol style="list-style-type: none"> 1. exposure to toxic metals by miners and local communities near mines; 2. poor occupational health and safety conditions at mines; 3. poor community relations, including forced evictions around mines; 4. human rights abuses by private/public security personnel at mines; 5. child labour in mines; 6. unfair compensation of miners at mines; 7. the legality of mines. 	<p>Insurers can receive a max of 8 points for the section. The total number of points an insurer receives will be divided by 8 for the section score. The section score is multiplied by the weight (2) for inclusion in the 10-point score.</p>
<p>B – Addressing salient risks relevant to cobalt through engagement (due diligence step 3)</p> <p>Indicator: The insurance company has engaged investee companies on salient risks relevant to cobalt as part of their responsibility to seek to encourage business partners to prevent potential adverse impacts</p> <p>Operationalisation: Given the insurance company’s investments in companies in the cobalt supply chain, the insurance company is expected to seek to prevent potential adverse impacts it has identified by using its leverage and engaging relevant investee companies on salient risks associated with cobalt. This implies that insurance companies should have engaged relevant investee companies on:</p> <ul style="list-style-type: none"> • the specific salient risks identified by the PRI (1 point per target company engaged on risks) • cobalt mining explicitly mentioned (1 bonus point); 	<p>Weight: 2 of 10</p> <p>Max score depends on number of companies in which insurer invests.</p>
<p>C – Tracking actions to address salient risks relevant to cobalt (due diligence step 4)</p> <p>Indicator: The insurance company (alone or in co-operation with others) actively tracks and measures the results of its engagement with investee companies on salient risks relevant to cobalt.</p> <p>Operationalisation: The insurer has tracked and can provide evidence of the results of its engagement with relevant investee companies, both in terms of results in the policies or behaviour of investee companies, as well as results on the ground, with regard to:</p> <ul style="list-style-type: none"> • The specific salient risks identified by the PRI (1 point per company engagement tracked on any of the risks) • cobalt mining explicitly mentioned (1 bonus point); 	<p>Weight: 2 of 10</p> <p>Max score depends on number of companies in which insurer invests.</p>
<p>D – Communicating about actions to address salient risks relevant to cobalt (due diligence step 5)</p> <p>Indicator: The insurance company publicly communicates about how impacts are addressed and the results of its engagement with investee companies on salient risks relevant to cobalt.</p> <p>Operationalisation: The insurer publicly communicates about how impacts are addressed and the results of its engagement with relevant investee companies, both in terms of results in the policies or behaviour of investee companies, as well as results on the ground, with regard to:</p> <ul style="list-style-type: none"> • The specific salient risks identified by the PRI (1 point per company about which the insurer communicates on any of the issues) • cobalt mining explicitly mentioned (1 bonus point); 	<p>Weight: 2 of 10</p> <p>Max score depends on number of companies in which insurer invests.</p>
<p>E – Enabling remediation of adverse impacts related to cobalt (due diligence step 6)</p> <p>Indicator: The insurance company uses its leverage to encourage relevant investee companies enable remediation of adverse impacts in the cobalt supply chain</p> <p>Operationalisation: The insurer can provide evidence that, in its engagement with relevant investee companies, the insurer has sought to use its leverage to encourage companies to enable remediation for adverse impacts in the cobalt supply chain. This can relate to enabling remediation with relation to:</p> <ul style="list-style-type: none"> • One or more of the specific salient risks identified by the PRI (1 point per company engaged on remedy for any of the salient issues) • cobalt mining explicitly mentioned (1 bonus point); • tracking remedy outcomes on the ground (1 bonus point); • having a grievance mechanism (1 bonus point); 	<p>Weight: 2 of 10</p> <p>Max score depends on number of companies in which insurer invests</p>
<p>F – Bonus criterion: PRI statement on “Investor Expectations on the Responsible Sourcing of Cobalt”</p>	<p>1 bonus point</p>

The insurance company has formally endorsed the PRI statement on “Investor Expectations on the Responsible Sourcing of Cobalt” (1 point)

G – Bonus criterion: Investor commitment

The insurance company investor makes a written commitment to undertake action to address salient risks associated with cobalt mining within one year (1 point)

1 bonus point

2. Assessment of insurers

2.1 Achmea

2.1.1 Investment in selected manufacturing companies

The data Achmea provided for this report shows that the insurer has invested 635 million USD in the selected manufacturing companies (Table 6). The majority of these investments (480 million USD) is done through shareholdings, with approximately 155 million invested in bonds.

Table 6. Investments of Achmea in the selected manufacturing companies (in USD)⁵⁰

	Shareholdings	Bond holdings	Total
Apple	13,099,617	26,152,770	39,252,387
BMW	135,976,699	-	135,976,699
BYD	-	19,949,334	19,949,334
CATL	-	-	-
Daimler	141,959,894	-	141,959,894
Dell	-	307,836	307,836
Fiat Chrysler	-	717,252	717,252
General Motors	-	685,309	685,309
HP	-	4,182,563	4,182,563
Lenovo	907,861	-	907,861
LG Chem	5,195,085	-	5,195,085
Microsoft	16,736,904	25,022,389	41,759,293
Renault	94,130,863	118,357	94,249,220
Samsung Electronics	-	-	-
Samsung SDI	-	55,163,068	55,163,068
Sony	3,255,143	1,710,895	4,966,039
Tesla	4,215,751	-	4,215,751
Vodafone	66,964,864	406,877	67,371,741
Volkswagen	-	907,337	907,337
ZTE	-	18,064,050	18,064,050
Total	482,442,682	153,388,038	635,830,720

2.1.2 Due diligence step 2 - Identification of salient risks relevant to cobalt

Achmea is one of only two insurers (CZ being the other one) that reports publicly on its identification of risks in the cobalt sector and on action it is taking to address the risks.⁵¹ In its 2019 (H1) Responsible Investment Report, Achmea identifies the following salient issues in the mining sector as risks it addresses: forced labour, labour rights violations and human rights abuses.⁵² Achmea has included specific risks in the extractives sector in its Engagement Guidelines, such as environmental damage, deforestation, disposal of tailings in surface water, the destruction of peatland and involvement in conflict minerals.⁵³ The Guidelines also require extractive companies to conduct due diligence and to demand traceability from suppliers. The risks identified in Achmea's Engagement Guidelines and Responsible Investment Report overlap with several of the salient risks identified by PRI, such as exposure to toxic minerals (1), poor occupational health and safety conditions (2), human rights abuses by security personnel (4), child labour (5), unfair compensation of miners (6) and the legality of mines (7). In addition, it is assumed that Achmea has identified all seven salient issues in the cobalt sector by signing the PRI Investor Expectations on the Responsible Sourcing of Cobalt.

Achmea refers to labour rights and human rights abuses in the cobalt sector in its 2019 Responsible Investment Reports (H1).⁵⁴ In response to the questionnaire for this report, Achmea stated that risks related to cobalt have been identified as part of its ESG risk assessments (e.g. of Apple and Glencore⁵⁵) and that it has assessed whether these risks 'are present' in its investment portfolio.⁵⁶ Achmea does not further specify which risks related to cobalt and its investment portfolio it has identified.

2.1.3 Due diligence step 3 - Addressing salient risks relevant to cobalt through engagement

Achmea's Active Ownership reports (2017-2019)⁵⁷ show that Achmea addressed salient risks in the cobalt sector in its engagement project on sustainable electronics supply chains between 2014 and 2016, which included three of the 23 companies covered by this report (Apple, HP and Sony).⁵⁸ The engagement project also targeted Blackberry, Panasonic, Philips, SHARP Corp. and Toshiba Corp. One of the focus topics of the project was the responsible sourcing of minerals from conflict areas. As part of this focus area, Achmea specifically focused on salient risks related to cobalt during the last year of the engagement project, such as child labour and unsafe working conditions. Achmea reports it addressed this issue with companies in the engagement project's target group by discussing the issue at conferences and bringing it up with business associations in co-operation with other investors.⁵⁹ Achmea states that it decided to include the issue of cobalt in its engagement project following the publication of a report by Amnesty International.⁶⁰ In response to a question from the researchers, Achmea provided internal engagement reports that proved its engagement with Apple, HP and Sony.⁶¹

In response to a draft version of this report, Achmea stated that it has been addressing the responsible sourcing of minerals in its engagement with Tesla since 2016.⁶² Achmea provided the researchers with minutes of a meeting that was held with Tesla to support this claim.⁶³ Thus, including Tesla, Achmea engages four companies on issues related to cobalt.

Although Achmea engaged nine other companies covered by this report in its engagement projects in 2018, none of these engagements covered issues in the cobalt sector (the engagements covered 'quality and product management in the automotive industry' (BMW, Daimler, Fiat Chrysler, Renault, Tesla)⁶⁴; 'data privacy' (Apple, Vodafone); and 'violations of the Global Compact' (Fiat Chrysler, General Motors and Volkswagen)).^{65 66}

Achmea ran an engagement project on corporate risk oversight in the mining sector between 2013 and 2016, in order to encourage mining companies to improve their risk management, including on human rights and environmental issues.⁶⁷ This engagement focused on Anglo American, Glencore, Goldcorp, Newcrest Mining, Rio Tinto and Yamana Gold.⁶⁸ Achmea reports that the engagement was closed successfully with a majority of the target companies. In response to the questionnaire, Achmea stated that issues in the cobalt sector were not addressed specifically in this engagement project.⁶⁹

2.1.4 Due diligence steps 4 & 5 - Tracking and communicating about actions and results to address salient risks

Example documents that Achmea provided to the researchers show that the insurer tracks the engagements on cobalt-related issues with the four companies with engagement reports, engagement targets and milestones.⁷⁰ Achmea publicly communicated about the results of its engagement project on sustainable supply chain management in the electronics sector in its Active Ownership Report 2017-Q1.⁷¹ The insurer stated that the engagement was completed successfully because it had observed increased awareness among the target companies and improvements in their supply chain management policies and systems. With regard to conflict minerals, Achmea reports that it has observed improvements and completed successful engagements, but the company does not communicate publicly about specific improvements or results.

2.1.5 Due diligence step 6 - Enabling remediation of adverse impacts related to cobalt

In response to a draft version of this report, Achmea stated that it includes remediation in all its company screenings and engagements.⁷² However, no specific evidence could be found of Achmea using its leverage to encourage any of the 23 target companies or any of its other investee companies to enable remediation of adverse impacts explicitly related to cobalt or with regard to any of the seven salient issues. The insurer also does not communicate publicly about tracking whether remedy has been provided in cases of adverse impacts related to cobalt and its investee companies. Achmea does not have a grievance mechanism.⁷³

2.1.6 PRI Investor Expectations on Responsible Sourcing of Cobalt

Achmea has signed the PRI Investor Expectations on the Responsible Sourcing of Cobalt.⁷⁴ Achmea states it did so as part of its work on labour rights.⁷⁵

2.1.7 Commitment by insurer

Achmea elected not to provide a commitment on this issue.⁷⁶

2.1.8 Score

Achmea scored 4.68 points out of 10 (Table 7).

Table 7. Evaluation and scoring for Achmea.

Section	Section score
Section A – Identification of salient risks relevant to cobalt (due diligence step 2)	
The insurance company is expected to have:	
<ul style="list-style-type: none">• Explicitly identified cobalt mining as an activity with a number of salient risks, including by establishing engagement guidelines related to cobalt mining	1 point
<ul style="list-style-type: none">• Identified the seven salient risks for cobalt mining identified by the UNPRI<ul style="list-style-type: none">✓ exposure to toxic metals by miners and local communities near mines;✓ poor occupational health and safety conditions at mines;✓ poor community relations, including forced evictions around mines;✓ human rights abuses by private/public security personnel at mines;✓ child labour in mines;✓ unfair compensation of miners at mines;✓ the legality of mines.	7 points <i>(it is assumed that Achmea has identified all of the salient issues by signing the PRI statement on cobalt)</i>
Section score	8 points / 8 points = 100%
Weighted score (max. 2 points)	100% of 2 points = 2 points
Section B – Addressing salient risks relevant to cobalt through engagement (due diligence step 3)	
Achmea invests in 18 of the target companies and receives the following points:	

<ul style="list-style-type: none"> the specific salient risks identified by the UNPRI cobalt mining explicitly mentioned 	<p>4 points for 4 companies engaged</p> <p>1 bonus point</p> <p>4 + 1 = 5 points 5 points / 18 points = 28%</p>
Section score	
Weighted score (max. 2 points)	28% of 2 points = 0.56 points
<p>Section C – Tracking actions to address salient risks relevant to cobalt and the results thereof (due diligence step 4)</p> <p>Achmea invests in 18 of the target companies and receives the following points:</p> <ul style="list-style-type: none"> the specific salient risks identified by the UNPRI cobalt mining explicitly mentioned 	<p>4 points for 4 engagements tracked</p> <p>1 bonus point</p> <p>4 + 1 = 5 points 5 points / 18 points = 28%</p>
Section score	
Weighted score (max. 2 points)	28% of 2 points = 0.56 points
<p>Section D – Communicating about actions to address salient risks relevant to cobalt and the results thereof (due diligence step 5)</p> <p>Achmea invests in 18 of the target companies and receives the following points:</p> <ul style="list-style-type: none"> the specific salient risks identified by the UNPRI cobalt mining explicitly mentioned 	<p>4 points for communicating on 4 companies</p> <p>1 bonus point</p> <p>4 + 1 = 5 points 5 points / 18 points = 28%</p>
Section score	
Weighted score (max. 2 points)	28% of 2 points = 0.56 points
<p>Section E – Enabling remediation of adverse impacts related to cobalt (due diligence step 6)</p> <p>Achmea invests in 18 of the target companies and receives the following points:</p> <ul style="list-style-type: none"> Engagement on remediation related to one or more of the specific salient risks identified by the UNPRI Bonus point: cobalt mining explicitly mentioned Bonus point: tracking remedy outcomes on the ground Bonus point: having a grievance mechanism 	<p>0 points for 0 companies engaged on remediation</p> <p>0 points</p> <p>0 points</p> <p>0 points</p>
Section score	0 points
<p>Section F – UNPRI statement on “Investor Expectations on the Responsible Sourcing of Cobalt”</p> <p>The insurance company has formally endorsed the PRI statement on “Investor Expectations on the Responsible Sourcing of Cobalt” (max. 1 bonus point)</p>	1 point
<p>Section G – Investor commitment</p> <p>The insurance company investor makes a written commitment to undertake action to address salient risks associated with cobalt mining within one year (max. 1 bonus point)</p>	0 points
TOTAL SCORE	4.68 points

2.2 Aegon

2.2.1 Investment in selected manufacturing companies

Aegon has invested approximately 1 billion USD in almost all of the listed manufacturing companies (Table 8). Almost 80 percent of these investments are held through shares, with the remaining amount being bond holdings.

Table 8. Investments of Aegon in the selected manufacturing companies (in USD)⁷⁷

	Shareholdings	Bond holdings	Total
Apple	242,768,369	928,315	243,696,684
BMW	19,273,335	149,660	19,422,995
BYD	339,473	-	339,473
CATL	-	-	-
Daimler	43,524,195	30,243,000	73,767,195
Dell	606,969	624,345	1,231,314
Fiat Chrysler	12,748,530	17,386,000	30,134,530
General Motors	5,300,459	1,253,017	6,553,476
HP	8,414,627	51,363	8,465,990
Lenovo	427,065	-	427,065
LG Chem	926,680	-	926,680
Microsoft	306,392,501	1,726,443	308,118,944
Renault	19,992,060	2,156,838	22,148,898
Samsung Electronics	25,631,531	27,310	25,658,841
Samsung SDI	701,895	-	701,895
Sony	19,291,861	-	19,291,861
Tesla	39,658,764	580,000	40,238,764
Vodafone	23,255,527	1,778,557	25,034,084
Volkswagen	22,709,825	155,883,000	178,592,825
ZTE	5,558,962	-	5,558,962
Total	797,522,629	212,787,848	1,010,310,477

2.2.2 Due diligence step 2 - Identification of salient risks relevant to cobalt

Aegon mentions in its Sustainability Reports 2018 and 2019 that it integrates ESG factors into its investment decisions.⁷⁸ However, Aegon does not specifically refer to cobalt mining in its responsible investment reports (2016-2019) or any of the salient issues covered by this study.⁷⁹

2.2.3 Due diligence step 3 - Addressing salient risks relevant to cobalt through engagement

Based on Aegon’s responsible investment reports from 2016-2019⁸⁰, there is no evidence of any engagement between Aegon and the target companies on cobalt. There is also no public evidence of engagement with any other company on cobalt or any of the salient issues. Finally, there is also no public evidence of engagement of Aegon on any of the cobalt related salient issues with any specific company.

2.2.4 Due diligence steps 4 & 5 - Tracking and communicating about actions and results to address salient risks

No evidence could be found of Aegon tracking the results of engagements on cobalt or on any of the salient risks related to mining.

2.2.5 Due diligence step 6 - Enabling remediation of adverse impacts related to cobalt

No evidence could be found of Aegon using its leverage to encourage any of the 23 target companies or any of its other investee companies to enable remediation of adverse impacts explicitly related to cobalt or with regard to any of the seven salient issues. The insurer also does not communicate publicly about tracking whether remedy has been provided in cases of adverse impacts related to cobalt and its investee companies. Aegon does not have a grievance mechanism.

2.2.6 PRI Investor Expectations on Responsible Sourcing of Cobalt

Aegon has not endorsed the PRI Investor Expectations on the Responsible Sourcing of Cobalt.⁸¹

2.2.7 Commitment by insurer

Aegon did not provide a statement or commitment to take action on issues in the cobalt sector in the next 12 months.

2.2.8 Score

Aegon scored 0 points out of 10 (Table 9).

Table 9. Evaluation and scoring for Aegon

Section	Section score
Section A – Identification of salient risks relevant to cobalt (due diligence step 2)	
The insurance company is expected to have:	
<ul style="list-style-type: none"> • Explicitly identified cobalt mining as an activity with a number of salient risks, including by establishing engagement guidelines related to cobalt mining 	0 points
<ul style="list-style-type: none"> • Identified the seven salient risks for cobalt mining identified by the UNPRI <ul style="list-style-type: none"> x exposure to toxic metals by miners and local communities near mines; x poor occupational health and safety conditions at mines; x poor community relations, including forced evictions around mines; x human rights abuses by private/public security personnel at mines; x child labour in mines; x unfair compensation of miners at mines; x the legality of mines. 	0 points
Section score	0 points / 8 points = 0%
Weighted score (max. 2 points)	0% of 2 points = 0 points
Section B – Addressing salient risks relevant to cobalt through engagement (due diligence step 3)	
Aegon invests in 19 of the target companies and receives the following points:	
<ul style="list-style-type: none"> • the specific salient risks identified by the UNPRI 	0 points for 0 companies engaged

<ul style="list-style-type: none"> cobalt mining explicitly mentioned 	0 points
Section score	0 + 0 = 0 points 0 points / 19 points = 0%
Weighted score (max. 2 points)	0% of 2 points = 0 points
<p>Section C – Tracking actions to address salient risks relevant to cobalt and the results thereof (due diligence step 4)</p> <p>Aegon invests in 19 of the target companies and receives the following points:</p> <ul style="list-style-type: none"> the specific salient risks identified by the UNPRI cobalt mining explicitly mentioned 	0 points for 0 engagements tracked
Section score	0 points 0 + 0 = 0 points 0 points / 19 points = 0%
Weighted score (max. 2 points)	0% of 2 points = 0 points
<p>Section D – Communicating about actions to address salient risks relevant to cobalt and the results thereof (due diligence step 5)</p> <p>Aegon invests in 19 of the target companies and receives the following points:</p> <ul style="list-style-type: none"> the specific salient risks identified by the UNPRI cobalt mining explicitly mentioned 	0 points for communicating on 0 companies
Section score	0 points 0 + 0 = 0 points 0 points / 19 points = 0%
Weighted score (max. 2 points)	0% of 2 points = 0 points
<p>Section E – Enabling remediation of adverse impacts related to cobalt (due diligence step 6)</p> <p>Aegon invests in 19 of the target companies and receives the following points:</p> <ul style="list-style-type: none"> Engagement on remediation related to one or more of the specific salient risks identified by the UNPRI Bonus point: cobalt mining explicitly mentioned Bonus point: tracking remedy outcomes on the ground Bonus point: having a grievance mechanism 	0 points for 0 companies engaged on remediation
Section score	0 points 0 points 0 points 0 points
Section F – UNPRI statement on “Investor Expectations on the Responsible Sourcing of Cobalt”	
The insurance company has formally endorsed the PRI statement on “Investor Expectations on the Responsible Sourcing of Cobalt” (max. 1 bonus point)	0 points
Section G – Investor commitment	
The insurance company investor makes a written commitment to undertake action to address salient risks associated with cobalt mining within one year (max. 1 bonus point)	0 points
TOTAL SCORE	0 points

2.3 Allianz

2.3.1 Investment in selected manufacturing companies

Allianz has invested 10.7 billion USD in the selected manufacturing companies (Table 10), through shareholdings (5.4 billion USD) and bond holdings (5.3 billion USD).

Table 10. Investments of Allianz in the selected manufacturing companies (in USD)⁸²

	Shareholdings	Bond holdings	Total
Apple	1,781,771,750	5,196,597	1,786,968,347
BMW	56,272,918	8,643,966	64,916,884
BYD	-	-	-
CATL	27,234,081	-	27,234,081
Daimler	64,594,021	1,644,939,000	1,709,533,021
Dell	7,712,152	4,472,852	12,185,004
Fiat Chrysler	60,485,988	33,980,000	94,465,988
General Motors	123,464,292	11,680,025	135,144,317
HP	61,240,498	90,786	61,331,284
Lenovo	24,022,486	1,001	24,023,487
LG Chem	6,166,751	800,000	6,966,751
Microsoft	2,600,027,491	7,876,853	2,607,904,344
Renault	16,965,532	6,403,809	23,369,341
Samsung Electronics	187,385,360	64,110	187,449,470
Samsung SDI	5,010,237	-	5,010,237
Sony	69,208,171	-	69,208,171
Tesla	267,573,374	373,024,000	640,597,374
Vodafone	36,141,128	5,104,438	41,245,566
Volkswagen	30,044,602	3,205,537,000	3,235,581,602
ZTE	-	-	-
Total	5,425,320,833	5,307,814,437	10,733,135,270

2.3.2 Due diligence step 2 - Identification of salient risks relevant to cobalt

The Allianz ESG Integration Framework describes how the insurer integrates ESG issues into its investment decisions. The framework includes specific guidelines on mining. Allianz includes the following salient issues as part of its ESG guideline on Mining: risks to local communities; resettlement risks; workplace risks (which include child labour, risks related to security personnel, health and safety and wages).⁸³

2.3.3 Due diligence step 3 - Addressing salient risks relevant to cobalt through engagement

Allianz has a “non-disclosure policy for most engagements and a non-disclosure policy on the topics of all engagements”.⁸⁴ Therefore it is not possible to determine from public information if the insurer assessed or engaged with any of the target companies on cobalt or on any of these salient issues.

Based on Allianz’s sustainability reports of 2018 and 2019 there is no evidence of any engagement with any company on cobalt or on any of the salient issues.⁸⁵

In 2018, Allianz GI reported 343 engagements at 247 companies.⁸⁶ Of the 23 companies covered by this study, Allianz reports having engaged with Hewlett Packard Enterprise Co, Glencore, Tesla, BMW, Volkswagen, Renault, Samsung Electronics Co Ltd.⁸⁷ However, Allianz does not disclose the topics of the engagements nor the results of its engagements with these companies.

In 2018, Allianz SE reported 12 active engagements, three of which in the metals and mining sector.⁸⁸ The names of the companies with whom they engaged are not disclosed nor the results of such engagements. PIMCO engaged with 147 issuers in 2018 and with 120 issuers in 2017.⁸⁹ The names of the companies with whom they engaged, and the results of their engagements are also not disclosed.

2.3.4 Due diligence steps 4 & 5 - Tracking and communicating about actions and results to address salient risks

Allianz GI states that they prefer to engage with companies confidentially, but are prepared to engage in ‘a more public way’ if the company fails to respond ‘constructively’ to Allianz’ engagement.⁹⁰

2.3.5 Due diligence step 6 - Enabling remediation of adverse impacts related to cobalt

No evidence could be found of Allianz using its leverage to encourage any of the 23 target companies or any of its other investee companies to enable remediation of adverse impacts explicitly related to cobalt or with regard to any of the seven salient issues. Allianz also does not communicate publicly about tracking whether remedy has been provided in cases of adverse impacts related to cobalt and its investee companies. Allianz does not have a grievance mechanism.

2.3.6 PRI Investor Expectations on Responsible Sourcing of Cobalt

Allianz has not endorsed the PRI Investor Expectations on the Responsible Sourcing of Cobalt.⁹¹

2.3.7 Commitment by insurer

Allianz did not provide a statement or commitment to take action on issues in the cobalt sector in the next 12 months.

2.3.8 Score

Allianz scored 1.5 points out of 10 (Table 11).

Table 11. Evaluation and scoring for Allianz

Section	Section score
Section A – Identification of salient risks relevant to cobalt (due diligence step 2)	
The insurance company is expected to have:	
<ul style="list-style-type: none"> • Explicitly identified cobalt mining as an activity with a number of salient risks, including by establishing engagement guidelines related to cobalt mining 	0 points
<ul style="list-style-type: none"> • Identified the seven salient risks for cobalt mining identified by the UNPRI <ul style="list-style-type: none"> ✓ exposure to toxic metals by miners and local communities near mines; ✓ poor occupational health and safety conditions at mines; ✓ poor community relations, including forced evictions around mines; ✓ human rights abuses by private/public security personnel at mines; 	6 points

<ul style="list-style-type: none"> ✓ child labour in mines; ✓ unfair compensation of miners at mines; x the legality of mines. 	
Section score	6 points / 8 points = 75%
Weighted score (max. 2 points)	75% of 2 points = 1.50 points
<p>Section B – Addressing salient risks relevant to cobalt through engagement (due diligence step 3)</p> <p>Allianz invests in 18 of the target companies and receives the following points:</p> <ul style="list-style-type: none"> • the specific salient risks identified by the UNPRI • cobalt mining explicitly mentioned 	<p>0 points for 0 companies engaged</p> <p>0 points</p> <p>0 + 0 = 0 points 0 points / 18 points = 0%</p>
Section score	
Weighted score (max. 2 points)	0% of 2 points = 0 points
<p>Section C – Tracking actions to address salient risks relevant to cobalt and the results thereof (due diligence step 4)</p> <p>Allianz invests in 18 of the target companies and receives the following points:</p> <ul style="list-style-type: none"> • the specific salient risks identified by the UNPRI • cobalt mining explicitly mentioned 	<p>0 points for 0 engagements tracked</p> <p>0 points</p> <p>0 + 0 = 0 points 0 points / 18 points = 0%</p>
Section score	
Weighted score (max. 2 points)	0% of 2 points = 0 points
<p>Section D – Communicating about actions to address salient risks relevant to cobalt and the results thereof (due diligence step 5)</p> <p>Allianz invests in 18 of the target companies and receives the following points:</p> <ul style="list-style-type: none"> • the specific salient risks identified by the UNPRI • cobalt mining explicitly mentioned 	<p>0 points for communicating on 0 companies</p> <p>0 points</p> <p>0 + 0 = 0 points 0 points / 18 points = 0%</p>
Section score	
Weighted score (max. 2 points)	0% of 2 points = 0 points
<p>Section E – Enabling remediation of adverse impacts related to cobalt (due diligence step 6)</p> <p>Allianz invests in 18 of the target companies and receives the following points:</p> <ul style="list-style-type: none"> • Engagement on remediation related to one or more of the specific salient risks identified by the UNPRI • Bonus point: cobalt mining explicitly mentioned • Bonus point: tracking remedy outcomes on the ground • Bonus point: having a grievance mechanism 	<p>0 points for 0 companies engaged on remediation</p> <p>0 points</p> <p>0 points</p> <p>0 points</p>
Section score	0 points
<p>Section F – UNPRI statement on “Investor Expectations on the Responsible Sourcing of Cobalt”</p> <p>The insurance company has formally endorsed the PRI statement on “Investor Expectations on the Responsible Sourcing of Cobalt” (max. 1 bonus point)</p>	0 point
Section G – Investor commitment	

The insurance company investor makes a written commitment to undertake action to address salient risks associated with cobalt mining within one year (max. 1 bonus point)

0 points

TOTAL SCORE

1.50 points

2.4 ASR

2.4.1 Investment in selected manufacturing companies

ASR has invested at least 175 million USD in the selected manufacturing companies (Table 12). Data about ASR's bond holdings is not publicly available and ASR declined to share this information with the researchers.⁹²

Table 12. Investments of ASR in the selected manufacturing companies (in USD)⁹³

	Shareholdings	Bond holdings	Total
Apple	71,975,970	<i>Unknown</i>	71,975,970
BMW	3,588,983	<i>Unknown</i>	3,588,983
BYD	-	<i>Unknown</i>	-
CATL	-	<i>Unknown</i>	-
Daimler	7,029,376	<i>Unknown</i>	7,029,376
Dell	592,738	<i>Unknown</i>	592,738
Fiat Chrysler	2,063,157	<i>Unknown</i>	2,063,157
General Motors	1,831,988	<i>Unknown</i>	1,831,988
HP	1,743,896	<i>Unknown</i>	1,743,896
Lenovo	-	<i>Unknown</i>	-
LG Chem	-	<i>Unknown</i>	-
Microsoft	70,997,254	<i>Unknown</i>	70,997,254
Renault	1,379,239	<i>Unknown</i>	1,379,239
Samsung Electronics	-	<i>Unknown</i>	-
Samsung SDI	-	<i>Unknown</i>	-
Sony	-	<i>Unknown</i>	-
Tesla	1,037,346	<i>Unknown</i>	1,037,346
Vodafone	7,979,003	<i>Unknown</i>	7,979,003
Volkswagen	5,155,867	<i>Unknown</i>	5,155,867
ZTE	-	<i>Unknown</i>	-
Total	175,374,817		175,374,817

2.4.2 Due diligence step 2 - Identification of salient risks relevant to cobalt

ASR does not report publicly on whether it has identified salient issues in the cobalt sector. ASR also does not specifically address cobalt in its five most recent quarterly ESG Updates (2018-Q3 to 2019-Q3).⁹⁴

ASR screens its investments on ESG factors as part of its Socially Responsible Investment policy.⁹⁵ The insurer has specifically identified the mining sector and the issue of conflict minerals as important issues in its screening processes.⁹⁶ In response to a draft version of this report, ASR stated that the presence of conflict mineral due diligence, including cobalt when sourced from conflict-affected countries, is part of the ESG screenings of investee companies.⁹⁷ The insurer also stated that, with regard to cobalt, its ESG research provider specifically looks at health and safety, child labour and labour rights-related risks, in particular in relation to artisanal small-scale mining in DR Congo.⁹⁸ According to the response from ASR, its ESG screening identified over 25 controversies directly linked to cobalt in various sectors, including 'technology-hardware', 'mining and metals' and chemicals. In addition, it is assumed that ASR has identified all seven salient issues in the cobalt sector by signing the PRI Investor Expectations on the Responsible Sourcing of Cobalt.

ASR does not further specify to which companies in its investment portfolio these risks have been linked.

2.4.3 Due diligence step 3 - Addressing salient risks relevant to cobalt through engagement

ASR does not communicate publicly about any public engagements on cobalt or the salient issues with the 23 target companies in its 2019-H1 engagement report (older reports were not available).⁹⁹ As part of the review process for this study, ASR did inform the researchers that in early 2020 it took the lead on the PRI's engagement with Tesla on the seven salient issues related to cobalt.¹⁰⁰ Beyond Tesla, ASR engaged four companies in the automotive industry (BMW, Daimler, Ford, General Motors and Volkswagen) and Apple on a range of issues (e.g. product quality, innovation, responsible lobbying, general labour issues), but these do not appear to relate to cobalt or the salient issues.^{101,102}

In response to a draft version of this report, ASR stated that addressing salient issues regarding conflict minerals, including cobalt, was one of the reasons for its impact investment in Fairphone.¹⁰³ This was not included in the evaluation and scoring below, but it was considered important enough to mention here.

2.4.4 Due diligence steps 4 & 5 - Tracking and communicating about actions and results to address salient risks

ASR does not communicate publicly about tracking the results of engagements on salient risks in the mining sector or the cobalt sector specifically.

2.4.5 Due diligence step 6 - Enabling remediation of adverse impacts related to cobalt

No evidence could be found of ASR using its leverage to encourage any of the 23 target companies or any of its other investee companies to enable remediation of adverse impacts explicitly related to cobalt or with regard to any of the seven salient issues. The insurer also does not communicate publicly about tracking whether remedy has been provided in cases of adverse impacts related to cobalt and its investee companies. ASR does not have a grievance mechanism that is available to stakeholders impacted by cobalt mining.

2.4.6 PRI Investor Expectations on Responsible Sourcing of Cobalt

ASR has signed the Investor Expectations on the Responsible Sourcing of Cobalt.¹⁰⁴

2.4.7 Commitment by insurer

ASR provided the following statement in response to the researchers' request to provide a commitment to address issues in the cobalt sector in the next 12 months¹⁰⁵:

"ASR commits to (keep) take action to address salient risks associated with cobalt mining in the upcoming year."

2.4.8 Score

ASR scored 3.34 points out of 10 (Table 13).

Table 13. Evaluation and scoring for ASR

Section	Section score
<p>Section A – Identification of salient risks relevant to cobalt (due diligence step 2)</p> <p>The insurance company is expected to have:</p> <ul style="list-style-type: none"> • Explicitly identified cobalt mining as an activity with a number of salient risks, including by establishing engagement guidelines related to cobalt mining • Identified the seven salient risks for cobalt mining identified by the UNPRI <ul style="list-style-type: none"> ✓ exposure to toxic metals by miners and local communities near mines; ✓ poor occupational health and safety conditions at mines; ✓ poor community relations, including forced evictions around mines; ✓ human rights abuses by private/public security personnel at mines; ✓ child labour in mines; ✓ unfair compensation of miners at mines; ✓ the legality of mines. 	<p>1 point</p> <p>7 points</p> <p>8 points / 8 points = 100%</p>
<p>Section score</p>	<p>8 points / 8 points = 100%</p>
<p>Weighted score (max. 2 points)</p>	<p>100% of 2 points = 2 points</p>
<p>Section B – Addressing salient risks relevant to cobalt through engagement (due diligence step 3)</p> <p>ASR invests in 12 of the target companies and receives the following points:</p> <ul style="list-style-type: none"> • the specific salient risks identified by the UNPRI • cobalt mining explicitly mentioned 	<p>1 point for 1 company engaged</p> <p>1 bonus point</p> <p>1 + 1 = 2 points</p> <p>2 points / 12 points = 17%</p>
<p>Section score</p>	<p>1 + 1 = 2 points</p> <p>2 points / 12 points = 17%</p>
<p>Weighted score (max. 2 points)</p>	<p>17% of 2 points = 0.34 points</p>
<p>Section C – Tracking actions to address salient risks relevant to cobalt and the results thereof (due diligence step 4)</p> <p>ASR invests in 12 of the target companies and receives the following points:</p> <ul style="list-style-type: none"> • the specific salient risks identified by the UNPRI • cobalt mining explicitly mentioned 	<p>0 points for 0 engagements tracked</p> <p>0 points</p> <p>0 + 0 = 0 points</p> <p>0 points / 12 points = 0%</p>
<p>Section score</p>	<p>0 + 0 = 0 points</p> <p>0 points / 12 points = 0%</p>
<p>Weighted score (max. 2 points)</p>	<p>0% of 2 points = 0 points</p>
<p>Section D – Communicating about actions to address salient risks relevant to cobalt and the results thereof (due diligence step 5)</p> <p>ASR invests in 12 of the target companies and receives the following points:</p> <ul style="list-style-type: none"> • the specific salient risks identified by the UNPRI • cobalt mining explicitly mentioned 	<p>0 points for communicating on 0 companies</p> <p>0 points</p> <p>0 + 0 = 0 points</p> <p>0 points / 12 points = 0%</p>
<p>Section score</p>	<p>0 + 0 = 0 points</p> <p>0 points / 12 points = 0%</p>
<p>Weighted score (max. 2 points)</p>	<p>0% of 2 points = 0 points</p>
<p>Section E – Enabling remediation of adverse impacts related to cobalt (due diligence step 6)</p>	

ASR invests in 12 of the target companies and receives the following points:

- Engagement on remediation related to one or more of the specific salient risks identified by the UNPRI
- Bonus point: cobalt mining explicitly mentioned
- Bonus point: tracking remedy outcomes on the ground
- Bonus point: having a grievance mechanism

0 points for 0 companies engaged on remediation

0 points

0 points

0 points

Section score

0 points

Section F – UNPRI statement on “Investor Expectations on the Responsible Sourcing of Cobalt”

The insurance company has formally endorsed the PRI statement on “Investor Expectations on the Responsible Sourcing of Cobalt” (max. 1 bonus point)

1 point

Section G – Investor commitment

The insurance company investor makes a written commitment to undertake action to address salient risks associated with cobalt mining within one year (max. 1 bonus point)

0 points

TOTAL SCORE

3.34 points

2.5 CZ

2.5.1 Investment in selected manufacturing companies

CZ has invested 27 million USD in the selected manufacturing companies through shareholdings (Table 14).¹⁰⁶ CZ did not divide specify how these investments were split over shareholdings and bond holdings.

Table 14. Investments of CZ in the selected manufacturing companies (in USD)¹⁰⁷

	Total
Apple	10,683,772
BMW	169,568
BYD	23,810
CATL	-
Daimler	244,515
Dell	39,613
Fiat Chrysler	69,111
General Motors	242,410
HP	145,546
Lenovo	38,153
LG Chem	110,059
Microsoft	10,887,703
Renault	28,581
Samsung Electronics	2,072,553
Samsung SDI	112,351
Sony	666,744
Tesla	620,825
Vodafone	353,232
Volkswagen	256,489
ZTE	38,685
Total	26,803,722

2.5.2 Due diligence step 2 - Identification of salient risks relevant to cobalt

CZ is one of only two insurers (Achmea being the other one) that reports publicly on its identification of risks in the cobalt sector and on action it is taking to address the risks. CZ reports that with regard to cobalt mining in the DR Congo, it is concerned about corruption, pollution, child labour, forced labour, unsafe working conditions and financial links to local militias.¹⁰⁸ In response to a draft version of this report, CZ responded that its biggest focus is on the salient risks regarding poor occupational health and safety, human rights abuses by security staff, and child labour in mines.¹⁰⁹ CZ also reports it closely follows companies in the mining sector in general.¹¹⁰ CZ's engagement manager, BMO Asset Management, has signed the PRI Investor Expectations on the Responsible Sourcing of Cobalt¹¹¹, indicating it has identified the seven salient risks in the cobalt sector.

2.5.3 Due diligence step 3 - Addressing salient risks relevant to cobalt through engagement

CZ's 2019 Engagement Report shows that the insurer engaged companies on 'the societal costs of cobalt mining' by participating in a roundtable of the PRI about responsible cobalt sourcing, in particular with regard to cobalt mining in DR Congo.¹¹² CZ also refers to blockchain technology as a way to address certain issues, although the insurer doubts whether blockchain works sufficiently in practice, especially with regard to artisanal and small-scale mining (ASM). CZ states that it expects it will need to continue to address the issue in co-operation with the other investors in the PRI project,¹¹³ specifically in the automotive and technology industries.¹¹⁴

CZ does not report which companies were engaged as part of the cobalt project by its engagement manager, BMO Asset Management, and does not publish a general list of the companies it engaged. In response to a draft version of this report, CZ responded that BMO engaged Apple, Microsoft, BMW, Volkswagen, Tesla, Renault, Samsung Electronics and Sony as part of this project.¹¹⁵ These companies represent 95 percent of CZ's total investments in the selected manufacturing companies (Table 14). CZ provided the researchers with reports of the engagements with Tesla and Apple as an illustration.¹¹⁶ In addition to the cobalt project, CZ stated that through BMO it has been engaging Apple on conflict minerals in DR Congo for several years.¹¹⁷ The insurer stated it engages other companies on issues in the cobalt sector that are not among the 23 companies covered by this report too, such as Umicore.¹¹⁸

2.5.4 Due diligence steps 4 & 5 - Tracking and communicating about actions and results to address salient risks

CZ has not yet communicated on the results of its participation in the engagement project on cobalt. The company does track the results of its engagements with the eight target companies engaged by BMO, as reflected by the excerpts of the engagement reports on Tesla and Apple from its engagement manager BMO Global Asset Management, which CZ shared with SOMO.¹¹⁹ These internal engagement reports reflect on the companies' progress and whether engagement milestones are reached. For example, the reports state that a milestone was reached in the engagement with Apple in 2016, when it announced that 100 percent of its suppliers of tin, tantalum, tungsten and gold in DR Congo had become subject to third-party audits.¹²⁰ Another example is the engagement outcome that increased transparency about supply chain strategies for risk resources, such as cobalt, was discussed with Tesla.¹²¹ CZ does not provide such information in its public engagement reports, but does communicate publicly about its participation in the PRI project on the responsible sourcing of cobalt in general.¹²²

2.5.5 Due diligence step 6 - Enabling remediation of adverse impacts related to cobalt

No evidence could be found of CZ using its leverage to encourage any of the 23 target companies or any of its other investee companies to enable remediation of adverse impacts explicitly related to cobalt or with regard to any of the seven salient issues. The insurer also does not communicate publicly about tracking whether remedy has been provided in cases of adverse impacts related to cobalt and its investee companies. CZ does not have a grievance mechanism.

2.5.6 PRI Investor Expectations on Responsible Sourcing of Cobalt

CZ has not signed the Investor Expectations on the Responsible Sourcing of Cobalt.¹²³ However, CZ’s engagement manager, BMO Global Asset Management, did sign the statement, and CZ does participate in the PRI project on responsible sourcing of cobalt.

2.5.7 Commitment by insurer

CZ provided the following statement in response to the researchers’ request to provide a commitment to address issues in the cobalt sector in the next 12 months:¹²⁴

“CZ invests in a number of the companies referred to in this report. CZ is of the opinion that it can currently achieve most by influencing company policies through our voting and engagement programmes, in co-operation with other investors. In this way, we try to explicitly draw attention to the entire supply chain, including the fair and sustainable mining of cobalt.

Our biggest focus areas are poor occupational health and safety conditions at mines, human rights abuses by private/public security personnel at mines and child labour in mines. We think it is important and explicitly exclude companies (the so-called UN Global Compact norm violators) and have engagement processes with companies to draw attention to this kind of topics and to improve issues.

We work closely with BMO, our voting and engagement manager, on this topic. Going forward we will continue doing that.”

2.5.8 Score

CZ scored 5.10 points out of 10 (Table 15).

Table 15. Evaluation and scoring for CZ

Section	Section score
Section A – Identification of salient risks relevant to cobalt (due diligence step 2) The insurance company is expected to have: <ul style="list-style-type: none"> • Explicitly identified cobalt mining as an activity with a number of salient risks, including by establishing engagement guidelines related to cobalt mining • Identified the seven salient risks for cobalt mining identified by the UNPRI <ul style="list-style-type: none"> ✓ exposure to toxic metals by miners and local communities near mines; ✓ poor occupational health and safety conditions at mines; ✓ poor community relations, including forced evictions around mines; ✓ human rights abuses by private/public security personnel at mines; ✓ child labour in mines; ✓ unfair compensation of miners at mines; ✓ the legality of mines. 	1 point 7 points <i>(it is assumed that CZ has identified all of the salient issues by participating in the PRI project on cobalt)</i>
Section score	8 points / 8 points = 100%
Weighted score (max. 2 points)	100% of 2 points = 2 points
Section B – Addressing salient risks relevant to cobalt through engagement (due diligence step 3) CZ invests in 19 of the target companies and receives the following points:	

<ul style="list-style-type: none"> the specific salient risks identified by the UNPRI cobalt mining explicitly mentioned <p>Section score</p>	<p>8 points for 8 companies engaged</p> <p>1 bonus point</p> <p>8 + 1 = 9 points 9 points / 19 points = 47%</p>
Weighted score (max. 2 points)	47% of 2 points = 0.94 point
<p>Section C – Tracking actions to address salient risks relevant to cobalt and the results thereof (due diligence step 4)</p> <p>CZ invests in 19 of the target companies and receives the following points:</p> <ul style="list-style-type: none"> the specific salient risks identified by the UNPRI cobalt mining explicitly mentioned <p>Section score</p>	<p>8 points for 8 engagements tracked</p> <p>1 bonus point</p> <p>8 + 1 = 9 points 9 points / 19 points = 47%</p>
Weighted score (max. 2 points)	47% of 2 points = 0.94 point
<p>Section D – Communicating about actions to address salient risks relevant to cobalt and the results thereof (due diligence step 5)</p> <p>CZ invests in 19 of the target companies and receives the following points:</p> <ul style="list-style-type: none"> the specific salient risks identified by the UNPRI cobalt mining explicitly mentioned <p>Section score</p>	<p>0 points for communicating on 0 companies</p> <p>1 point</p> <p>0 + 1 = 1 points 1 point / 19 points = 5%</p>
Weighted score (max. 2 points)	5% of 2 points = 0.10 points
<p>Section E – Enabling remediation of adverse impacts related to cobalt (due diligence step 6)</p> <p>CZ invests in 19 of the target companies and receives the following points:</p> <ul style="list-style-type: none"> Engagement on remediation related to one or more of the specific salient risks identified by the UNPRI Bonus point: cobalt mining explicitly mentioned Bonus point: tracking remedy outcomes on the ground Bonus point: having a grievance mechanism <p>Section score</p>	<p>0 points for 0 companies engaged on remediation</p> <p>0 points</p> <p>0 points</p> <p>0 points</p> <p>0 points</p>
<p>Section F – UNPRI statement on “Investor Expectations on the Responsible Sourcing of Cobalt”</p> <p>The insurance company has formally endorsed the PRI statement on “Investor Expectations on the Responsible Sourcing of Cobalt” (max. 1 bonus point)</p>	<p>1 point (CZ’s engagement provider BMO has signed the statement and CZ is part of the PRI cobalt project)</p>
<p>Section G – Investor commitment</p> <p>The insurance company investor makes a written commitment to undertake action to address salient risks associated with cobalt mining within one year (max. 1 bonus point)</p>	<p>0 points</p>
TOTAL SCORE	4.98 points

2.6 Menzis

2.6.1 Investment in selected manufacturing companies

Menzis is the only insurer in the Fair Insurance Guide that transparently publishes the companies in which it invests, including the value of these investments. Menzis has invested 50 million USD in the selected manufacturing companies, through shares (26.3 million USD) and bonds (24.3 million USD) (Table 16).

Table 16. Investments of Menzis in the selected manufacturing companies (in USD)¹²⁵

	Shareholdings	Bond holdings	Total
Apple	-	3,001,292	3,001,292
BMW	-	-	-
BYD	-	-	-
CATL	-	-	-
Daimler	-	3,040,171	3,040,171
Dell	-	3,401,375	3,401,375
Fiat Chrysler	-	-	-
General Motors	980,804	-	980,804
HP	436,437	-	436,437
Lenovo	298,513	-	298,513
LG Chem	-	-	-
Microsoft	21,956,110	5,258,359	27,214,469
Renault	-	2,273,050	2,273,050
Samsung Electronics	2,609,483	-	2,609,483
Samsung SDI	-	-	-
Sony	-	-	-
Tesla	-	-	-
Vodafone	-	7,305,281	7,305,281
Volkswagen	-	-	-
ZTE	-	-	-
Total	26,281,347	24,279,528	50,560,875

2.6.2 Due diligence step 2 - Identification of salient risks relevant to cobalt

Menzis does not communicate publicly about which risks it has identified as most salient. Menzis does not specifically identify cobalt or any of the salient issues relevant for cobalt in its most recent engagement report (2019-Q3)¹²⁶ (older reports were not publicly available). In response to a draft version of this report, Menzis stated that it treats cobalt mining as a ‘high risk’ for its investments.¹²⁷ According to Menzis, companies that are involved in sourcing cobalt in their supply chains are assessed as part of its ESG screenings, which includes an overview of how these companies are exposed to cobalt related risks and how well these risks are managed.¹²⁸ Menzis’ screening and engagement manager, BMO Asset Management, has signed the PRI Investor Expectations on the Responsible Sourcing of Cobalt¹²⁹, indicating it has identified the seven salient risks in the cobalt sector.

2.6.3 Due diligence step 3 - Addressing salient risks relevant to cobalt through engagement

Based on its most recent engagement overview¹³⁰ and annual reports (2017 and 2018)¹³¹, Menzis does not communicate publicly about engaging the 23 target companies on cobalt issues. There is also no public evidence of engagement with any other company on cobalt or on any of the salient issues in the mining sector, as Menzis does not publish a list of the companies or subjects of its engagement.

In response to a draft version of this report, however, Menzis stated that it had engaged three of the 23 target companies on salient issues in the cobalt sector through its engagement manager, BMO Global Asset Management (Apple, BMW and Renault).¹³² Menzis also stated that through BMO it is part of the PRI working group on responsible cobalt sourcing practices.¹³³ Beyond the 23 target companies in this report, Menzis states that BMO also engaged Umicore on salient issues in the cobalt sector.¹³⁴

2.6.4 Due diligence steps 4 & 5 - Tracking and communicating about actions and results to address salient risks

Menzis does not publicly communicate publicly about tracking the results of engagements on salient risks in the mining sector or the cobalt sector specifically. In response to a draft version of this report, Menzis stated that BMO tracks the progress and results of all of its engagement activities for Menzis, but the insurer did not provide specific information on the progress of the engagements BMO has conducted.¹³⁵

2.6.5 Due diligence step 6 - Enabling remediation of adverse impacts related to cobalt

No evidence could be found of Menzis using its leverage to encourage any of the 23 target companies or any of its other investee companies to enable remediation of adverse impacts explicitly related to cobalt or with regard to any of the seven salient issues. The insurer also does not communicate publicly about tracking whether remedy has been provided in cases of adverse impacts related to cobalt and its investee companies. Menzis does not have a grievance mechanism.

In response to a draft version of this report, Menzis stated that BMO had addressed the issue of remediation with companies in the group of 23 companies in this study as part of supply chain management issues.¹³⁶ BMO also addressed the issue of 'remediation mechanisms' directly with a number of mining companies, according to Menzis.¹³⁷ However, no evidence could be provided, and it was unclear if the engagement was related to cobalt.

2.6.6 PRI Investor Expectations on Responsible Sourcing of Cobalt

Menzis has not signed the Investor Expectations on the Responsible Sourcing of Cobalt.¹³⁸ However, Menzis' engagement manager, BMO Global Asset Management, did sign the statement.

2.6.7 Commitment by insurer

Menzis provided the following statement in response to the researchers' request to provide a commitment to address issues in the cobalt sector in the next 12 months:¹³⁹

"In addition to limiting societal risks, good supply chain management in cobalt supply chains can contribute to the financial stability of companies in the long term. We are therefore of the opinion that companies must manage human rights risks in cobalt supply chains in line with relevant international norms. With a view on the protection of long term value and limiting risks, we will, as signatory of the PRI Investor Expectations on the Responsible Sourcing of Cobalt via our engagement manager, engage relevant companies in which we invest on the responsible sourcing of cobalt."

2.6.8 Score

Menzis scored 4.60 points out of 10 (Table 17).

Table 17. Evaluation and scoring for Menzis

Section	Section score
<p>Section A – Identification of salient risks relevant to cobalt (due diligence step 2)</p> <p>The insurance company is expected to have:</p> <ul style="list-style-type: none"> • Explicitly identified cobalt mining as an activity with a number of salient risks, including by establishing engagement guidelines related to cobalt mining • Identified the seven salient risks for cobalt mining identified by the UNPRI <ul style="list-style-type: none"> ✓ exposure to toxic metals by miners and local communities near mines; ✓ poor occupational health and safety conditions at mines; ✓ poor community relations, including forced evictions around mines; ✓ human rights abuses by private/public security personnel at mines; ✓ child labour in mines; ✓ unfair compensation of miners at mines; ✓ the legality of mines. 	<p>1 point</p> <p>7 points <i>(it is assumed that Menzis' engagement provider, BMO, has identified all of the salient issues by signing the PRI investor statement on cobalt)</i></p> <p>8 points / 8 points = 100%</p>
<p>Section score</p>	<p>8 points / 8 points = 100%</p>
<p>Weighted score (max. 2 points)</p>	<p>100% of 2 points = 2 points</p>
<p>Section B – Addressing salient risks relevant to cobalt through engagement (due diligence step 3)</p> <p>Menzis invests in 10 of the target companies and receives the following points:</p> <ul style="list-style-type: none"> • the specific salient risks identified by the UNPRI • cobalt mining explicitly mentioned 	<p>3 points for 3 companies engaged</p> <p>1 bonus point</p> <p>3 + 1 = 4 points 4 points / 10 points = 40%</p>
<p>Section score</p>	<p>3 + 1 = 4 points 4 points / 10 points = 40%</p>
<p>Weighted score (max. 2 points)</p>	<p>40% of 2 points = 0.80 points</p>
<p>Section C – Tracking actions to address salient risks relevant to cobalt and the results thereof (due diligence step 4)</p> <p>Menzis invests in 10 of the target companies and receives the following points:</p> <ul style="list-style-type: none"> • the specific salient risks identified by the UNPRI • cobalt mining explicitly mentioned 	<p>3 points for 3 engagements tracked</p> <p>1 bonus point</p> <p>3 + 1 = 4 points 4 points / 10 points = 40%</p>
<p>Section score</p>	<p>3 + 1 = 4 points 4 points / 10 points = 40%</p>
<p>Weighted score (max. 2 points)</p>	<p>40% of 2 points = 0.80 points</p>
<p>Section D – Communicating about actions to address salient risks relevant to cobalt and the results thereof (due diligence step 5)</p> <p>Menzis invests in 10 of the target companies and receives the following points:</p> <ul style="list-style-type: none"> • the specific salient risks identified by the UNPRI • cobalt mining explicitly mentioned 	<p>0 points for communicating on 0 companies</p> <p>0 bonus point</p> <p>0 + 0 = 0 points 0 point / 10 points = 0%</p>
<p>Section score</p>	<p>0 + 0 = 0 points 0 point / 10 points = 0%</p>
<p>Weighted score (max. 2 points)</p>	<p>0% of 2 points = 0 points</p>
<p>Section E – Enabling remediation of adverse impacts related to cobalt (due diligence step 6)</p> <p>Menzis invests in 10 of the target companies and receives the following points:</p> <ul style="list-style-type: none"> • Engagement on remediation related to one or more of the specific salient risks identified by the UNPRI • Bonus point: cobalt mining explicitly mentioned 	<p>0 points for 0 companies engaged on remediation</p> <p>0 points</p>

<ul style="list-style-type: none"> • Bonus point: tracking remedy outcomes on the ground • Bonus point: having a grievance mechanism 	<p>0 points</p> <p>0 points</p>
Section score	0 points
Section F – UNPRI statement on “Investor Expectations on the Responsible Sourcing of Cobalt”	
The insurance company has formally endorsed the PRI statement on “Investor Expectations on the Responsible Sourcing of Cobalt” (max. 1 bonus point)	1 point <i>(Menzis’ engagement provider, BMO, has signed the statement)</i>
Section G – Investor commitment	
The insurance company investor makes a written commitment to undertake action to address salient risks associated with cobalt mining within one year (max. 1 bonus point)	0 points
TOTAL SCORE	4.60 points

2.7 NN Group

2.7.1 Investment in selected manufacturing companies

Based on publicly available data, NN Group has invested 1.5 billion USD in the selected manufacturing companies (Table 18). NN Group owns most of these investments through shareholdings (1.5 billion USD), while the total value of the bond holdings that were found is relatively small (50 million USD).

Table 18. Investments of NN Group in the selected manufacturing companies (in USD)¹⁴⁰

	Shareholdings	Bond holdings	Total
Apple	425,839,088	80,000	425,919,088
BMW	8,769,084	1,984,609	10,753,693
BYD	-	-	-
CATL	-	-	-
Daimler	9,735,572	694,000	10,429,572
Dell	3,899,976	570,886	4,470,862
Fiat Chrysler	527,784	2,270,000	2,797,784
General Motors	9,582,701	112,000	9,694,701
HP	31,547,227	-	31,547,227
Lenovo	17,150,855	-	17,150,855
LG Chem	628,483	-	628,483
Microsoft	858,436,268	-	858,436,268
Renault	-	713,000	713,000
Samsung Electronics	39,029,946	3,089	39,033,035
Samsung SDI	599,873	-	599,873
Sony	9,957,033	-	9,957,033
Tesla	2,153,860	-	2,153,860
Vodafone	48,357,721	497,739	48,855,460
Volkswagen	25,407,627	42,809,000	68,216,627
ZTE	-	-	-
Total	1,491,623,097	49,734,323	1,541,357,420

2.7.2 Due diligence step 2 - Identification of salient risks relevant to cobalt

NN Group uses research by an ESG research provider, Sustainalytics, to assess material ESG issues for each sector. NN Group does not publicly communicate publicly about having identified salient risks related to cobalt as in issue. However, in response to a draft version of this report, NN Group stated that it has identified the sourcing of materials (including cobalt) as an ESG issue in the automobile and electronics sectors.¹⁴¹ NN Group provided the researchers with its Consolidated Human Rights Matrix¹⁴², which showed that for the mining sector NN Group has identified the following risks: health and safety working conditions, child labour, conflicts with local communities, complicity with security forces that may violate human rights.¹⁴³ NN Group has also identified the issues of conflict minerals and involvement with entities that violate human rights as risks in the supply chains of companies in telecommunication sector.¹⁴⁴ In addition, it is assumed that NN Group has identified all seven salient issues in the cobalt sector by signing the PRI Investor Expectations on the Responsible Sourcing of Cobalt.

NN Group stated that its ESG research provider, Sustainalytics, has identified salient risks in the cobalt sector for several of the 23 companies covered by this report, but was unable to provide a full overview.¹⁴⁵ NN Group did mention that Apple and BMW are among these companies.¹⁴⁶

2.7.3 Due diligence step 3 - Addressing salient risks relevant to cobalt through engagement

Based on NN Group's Sustainability Reports for 2018 and 2019 (earlier reports were not publicly available), there is public no evidence of engagement with any company on cobalt or on any of the salient risks associated with cobalt.¹⁴⁷

However, in response to a draft version of this report, NN Group stated that it had specifically addressed the responsible sourcing of cobalt with two of the 23 companies covered by this report (LG Chem and Samsung Electronics).¹⁴⁸ NN Group provided the researchers with more detail on these engagements, but was unable to share this information for public use.¹⁴⁹ NN Investment Partners is also part of the UNPRI investor group engaging 13 electronics and automotive manufacturers on responsible sourcing of cobalt, but did not disclose which companies these are.¹⁵⁰ In response to a draft version of this report, NN Group stated that it engages with several of the companies covered by this report, but that these engagements did not cover salient risks in the cobalt sector.¹⁵¹

NN Group also provided evidence of engagements with mining companies on issues related to community relations, human rights due diligence, responsible sourcing and waste and water management.¹⁵² NN Group is also part of a PRI working group on human rights in the extractive sectors (mining and oil and gas).¹⁵³ The working group identified around 20 companies to engage with on human rights and transparency issues and better implementation of the UN Guiding Principles on Business and Human Rights.¹⁵⁴ In response to a draft version of this report, NN Group provided evidence of engaging 15 companies in the mining sector on human rights and environmental issues.¹⁵⁵ It is unclear whether cobalt was specifically addressed in these engagements.

2.7.4 Due diligence steps 4 & 5 - Tracking and communicating about actions and results to address salient risks

NN Group does not publicly communicate publicly about the progress and results of its engagements on salient risks in the cobalt sector. In response to a draft version of this report, NN Group was able to show the researchers that it tracks the results of its engagements with companies on issues related to the cobalt supply chain and the progress these companies have made.¹⁵⁶ NN states that 'good progress' was made and that as a result the investee company conducted a full mapping of its cobalt supply chain and conducted third party site audits.¹⁵⁷

2.7.5 Due diligence step 6 - Enabling remediation of adverse impacts related to cobalt

No evidence could be found of NN Group using its leverage to encourage any of the 23 target companies or any of its other investee companies to enable remediation of adverse impacts explicitly related to cobalt or with regard to any of the seven salient issues. The insurer also does not communicate publicly about tracking whether remedy has been provided in cases of adverse impacts related to cobalt and its investee companies. NN does not have a grievance mechanism.

2.7.6 PRI Investor Expectations on Responsible Sourcing of Cobalt

NN Group has signed the PRI Investor Expectations on Responsible Sourcing of Cobalt.¹⁵⁸

2.7.7 Commitment by insurer

NN Group did not provide a statement or commitment to take action on issues in the cobalt sector in the next 12 months.

2.7.8 Score

NN Group scored 3.72 points out of 10 (Table 19).

Table 19. Evaluation and scoring for NN Group

Section	Section score
<p>Section A – Identification of salient risks relevant to cobalt (due diligence step 2)</p> <p>The insurance company is expected to have:</p> <ul style="list-style-type: none"> • Explicitly identified cobalt mining as an activity with a number of salient risks, including by establishing engagement guidelines related to cobalt mining • Identified the seven salient risks for cobalt mining identified by the UNPRI <ul style="list-style-type: none"> ✓ exposure to toxic metals by miners and local communities near mines; ✓ poor occupational health and safety conditions at mines; ✓ poor community relations, including forced evictions around mines; ✓ human rights abuses by private/public security personnel at mines; ✓ child labour in mines; ✓ unfair compensation of miners at mines; ✓ the legality of mines. 	<p>1 point</p> <p>7 points <i>(it is assumed that NN Group has identified all of the salient issues by signing the PRI investor statement on cobalt)</i></p> <p>8 points / 8 points = 100%</p>
Section score	8 points / 8 points = 100%
Weighted score (max. 2 points)	100% of 2 points = 2 points
<p>Section B – Addressing salient risks relevant to cobalt through engagement (due diligence step 3)</p> <p>NN Group invests in 17 of the target companies and receives the following points:</p> <ul style="list-style-type: none"> • the specific salient risks identified by the UNPRI • cobalt mining explicitly mentioned 	<p>2 points for 2 companies engaged</p> <p>1 point</p> <p>2 + 1 = 3 points 3 points / 17 points = 18%</p>
Section score	3 points / 17 points = 18%
Weighted score (max. 2 points)	18% of 2 points = 0.36 points
<p>Section C – Tracking actions to address salient risks relevant to cobalt and the results thereof (due diligence step 4)</p> <p>NN Group invests in 17 of the target companies and receives the following points:</p> <ul style="list-style-type: none"> • the specific salient risks identified by the UNPRI • cobalt mining explicitly mentioned 	<p>2 points for 2 engagements tracked</p> <p>1 point</p>

Section score	2 + 1 = 3 points 3 points / 17 points = 18%
Weighted score (max. 2 points)	18% of 2 points = 0.36 points
Section D – Communicating about actions to address salient risks relevant to cobalt and the results thereof (due diligence step 5)	
<p>NN Group invests in 17 of the target companies and receives the following points:</p> <ul style="list-style-type: none"> the specific salient risks identified by the UNPRI cobalt mining explicitly mentioned 	<p>0 points for communicating on 0 companies 0 points 0 + 0 = 0 points 0 point / 10 points = 0%</p>
Section score	
Weighted score (max. 2 points)	0% of 2 points = 0 points
Section E – Enabling remediation of adverse impacts related to cobalt (due diligence step 6)	
<p>NN Group invests in 17 of the target companies and receives the following points:</p> <ul style="list-style-type: none"> Engagement on remediation related to one or more of the specific salient risks identified by the UNPRI Bonus point: cobalt mining explicitly mentioned Bonus point: tracking remedy outcomes on the ground Bonus point: having a grievance mechanism 	<p>0 points for 0 companies engaged on remediation 0 points 0 points 0 points</p>
Section score	0 points
Section F – UNPRI statement on “Investor Expectations on the Responsible Sourcing of Cobalt”	
The insurance company has formally endorsed the PRI statement on “Investor Expectations on the Responsible Sourcing of Cobalt” (max. 1 bonus point)	1 point
Section G – Investor commitment	
The insurance company investor makes a written commitment to undertake action to address salient risks associated with cobalt mining within one year (max. 1 bonus point)	0 points
TOTAL SCORE	3.72 points

2.8 VGZ

2.8.1 Investment in selected manufacturing companies

Data on VGZ's investments in individual companies is not publicly available in Thomson Reuters Eikon, because these investments are made through an asset management company that invests on behalf of both VGZ and other clients. This makes it impossible to specifically trace VGZ's investments. VGZ declined to participate in this study and did not provide any data on its investments in the selected manufacturing companies.

2.8.2 Due diligence step 2 - Identification of salient risks relevant to cobalt

VGZ does not communicate publicly about which risks it has identified as most salient. VGZ does state that it invests in mining companies and screens the ESG scores of these companies, in particular in relation to corruption.¹⁵⁹ The insurer does not specifically address cobalt in its most recent engagement report (2019)¹⁶⁰ (older reports were not publicly available).

2.8.3 Due diligence step 3 - Addressing salient risks relevant to cobalt through engagement

Based on its most recent engagement overview¹⁶¹ and annual report (2018)¹⁶², VGZ does not publicly communicate publicly about engaging the 23 target companies on cobalt issues. There is also no public evidence of engagement with any other company on cobalt or any of the any of the salient issues relevant for cobalt. VGZ does state it will 'speak to' mining companies that pollute the environment and/or violate labour rights.¹⁶³

VGZ reports on engagement processes with some of the target companies covered by this study. For example, VGZ reports having engaged Volkswagen on the emissions scandal and General Motors regarding product safety. However, these engagements do not appear to have included issues in the cobalt sector.¹⁶⁴ VGZ also reports on an engagement process with Glencore that was finalized in the third quarter of 2018 regarding governance issues and the living conditions around Glencore mines in Africa. It is unclear whether this engagement also related to cobalt sector, but it does appear to have addressed the cobalt-relevant salient issue of poor community relations around mines.¹⁶⁵

2.8.4 Due diligence steps 4 & 5 - Tracking and communicating about actions and results to address salient risks

VGZ does not communicate publicly about tracking the results of engagements on salient risks in the mining sector or the cobalt sector specifically, with the exception of the aforementioned engagement with Glencore.

2.8.5 Due diligence step 6 - Enabling remediation of adverse impacts related to cobalt

No evidence could be found of VGZ using its leverage to encourage any of the 23 target companies or any of its other investee companies to enable remediation of adverse impacts explicitly related to cobalt or with regard to any of the seven salient issues. The insurer also does not communicate publicly about tracking whether remedy has been provided in cases of adverse impacts related to cobalt and its investee companies. VGZ does not have a grievance mechanism.

2.8.6 PRI Investor Expectations on Responsible Sourcing of Cobalt

VGZ has not signed the Investor Expectations on the Responsible Sourcing of Cobalt.¹⁶⁶

2.8.7 Commitment by insurer

VGZ did not provide a statement or commitment to take action on issues in the cobalt sector in the next 12 months.

2.8.8 Score

VGZ scored 0.1 points out of 10 (Table 20).

Table 20. Evaluation and scoring for VGZ

Section	Section score
<p>Section A – Identification of salient risks relevant to cobalt (due diligence step 2)</p> <p>The insurance company is expected to have:</p> <ul style="list-style-type: none"> • Explicitly identified cobalt mining as an activity with a number of salient risks, including by establishing engagement guidelines related to cobalt mining • Identified the seven salient risks for cobalt mining identified by the UNPRI <ul style="list-style-type: none"> x exposure to toxic metals by miners and local communities near mines; x poor occupational health and safety conditions at mines; x poor community relations, including forced evictions around mines; x human rights abuses by private/public security personnel at mines; x child labour in mines; x unfair compensation of miners at mines; x the legality of mines. 	<p>0 points</p> <p>0 points</p> <p>0 points / 8 points = 0%</p>
Section score	0 points / 8 points = 0%
Weighted score (max. 2 points)	0% of 2 points = 0 points
<p>Section B – Addressing salient risks relevant to cobalt through engagement (due diligence step 3)</p> <p>It is unclear in how many companies VGZ invests. VGZ receives the following points:</p> <ul style="list-style-type: none"> • the specific salient risks identified by the UNPRI • cobalt mining explicitly mentioned 	<p>1 point for 1 company engaged</p> <p>0 points</p> <p>1 + 0 = 1 point</p> <p>1 point / 20 points = 5%</p>
Section score	1 point / 20 points = 5%
Weighted score (max. 2 points)	5% of 2 points = 0.1 points
<p>Section C – Tracking actions to address salient risks relevant to cobalt and the results thereof (due diligence step 4)</p> <p>It is unclear in how many companies VGZ invests. VGZ receives the following points:</p> <ul style="list-style-type: none"> • the specific salient risks identified by the UNPRI • cobalt mining explicitly mentioned 	<p>0 points for 0 engagements tracked</p> <p>0 points</p> <p>0 + 0 = 0 points</p> <p>0 points / 19 points = 0%</p>
Section score	0 points / 19 points = 0%
Weighted score (max. 2 points)	0% of 2 points = 0 points
<p>Section D – Communicating about actions to address salient risks relevant to cobalt and the results thereof (due diligence step 5)</p> <p>It is unclear in how many companies VGZ invests. VGZ receives the following points:</p> <ul style="list-style-type: none"> • the specific salient risks identified by the UNPRI • cobalt mining explicitly mentioned 	<p>0 points for communicating on 0 companies</p> <p>0 points</p> <p>0 + 0 = 0 points</p> <p>0 points / 19 points = 0%</p>
Section score	0 points / 19 points = 0%
Weighted score (max. 2 points)	0% of 2 points = 0 points
<p>Section E – Enabling remediation of adverse impacts related to cobalt (due diligence step 6)</p>	

It is unclear in how many companies VGZ invests. VGZ receives the following points:

- Engagement on remediation related to one or more of the specific salient risks identified by the UNPRI
- Bonus point: cobalt mining explicitly mentioned
- Bonus point: tracking remedy outcomes on the ground
- Bonus point: having a grievance mechanism

0 points for 0 companies engaged on remediation

0 points

0 points

0 points

Section score

0 points

Section F – UNPRI statement on “Investor Expectations on the Responsible Sourcing of Cobalt”

The insurance company has formally endorsed the PRI statement on “Investor Expectations on the Responsible Sourcing of Cobalt” (max. 1 bonus point)

0 points

Section G – Investor commitment

The insurance company investor makes a written commitment to undertake action to address salient risks associated with cobalt mining within one year (max. 1 bonus point)

0 points

TOTAL SCORE

0.1 points

2.9 VIVAT (ACTIAM)

2.9.1 Investment in selected manufacturing companies

Data provided by ACTIAM, VIVAT's asset management subsidiary, show that VIVAT has invested approximately 480 million USD in the selected manufacturing companies (Table 21). Most of these investments were done through shareholdings (410 million USD), with the total value of the bond holdings amounting to 67 million USD.

Table 21. Investments of VIVAT in the selected manufacturing companies (in USD)¹⁶⁷

	Shareholdings	Bond holdings	Total
Apple	140,563,794	15,364,087	155,927,881
BMW	-	15,325,363	15,325,363
BYD	8,864	-	8,864
CATL	112,260	-	112,260
Daimler	7,689,389	13,763,450	21,452,839
Dell	721,483	-	721,483
Fiat Chrysler	2,627,777	-	2,627,777
General Motors	3,924,402	-	3,924,402
HP	486,482	1,266,307	1,752,790
Lenovo	772,963	-	772,963
LG Chem	1,828,212	-	1,828,212
Microsoft	164,393,549	9,048,939	173,442,488
Renault	1,564,080	-	1,564,080
Samsung Electronics	22,153,878	-	22,153,878
Samsung SDI	-	-	-
Sony	10,501,404	-	10,501,404
Tesla	20,396,517	-	20,396,517
Vodafone	34,381,718	11,796,353	46,178,071
Volkswagen	-	-	-
ZTE	214,678	-	214,678
Total	412,341,450	66,564,499	478,905,949

2.9.2 Due diligence step 2 - Identification of salient risks relevant to cobalt

ACTIAM does not specifically identify risks related to cobalt in its 2019 engagement report¹⁶⁸ (older overviews are not publicly available).

In response to a draft version of this report, ACTIAM provided evidence to the researchers that showed that cobalt is among the minerals that receive specific attention in its due diligence process.¹⁶⁹ ACTIAM also stated that its ESG screenings also include an assessment of an investee company's sourcing policies, engagement with suppliers, audit programmes and whether these policies are in accordance with the OECD Due Diligence Guidance on Responsible Supply Chains of Minerals, which specifically identifies all seven of the PRI risks as salient.¹⁷⁰ ACTIAM states that it is currently in a process of expanding the data sources used to assess companies and the scope of companies that are specifically assessed on mineral-related risks.¹⁷¹

ACTIAM does not report which risks it has identified as most salient in the cobalt sector. In response to a draft version of this report, ACTIAM referred to the risks it identifies in its Principles for Screening and Categorising Companies ('Fundamental Material Drivers') as sourcing and procurement issues¹⁷², such as human rights abuses, land rights issues with communities in which companies operate and child labour.¹⁷³ However, it is unclear to what extent ACTIAM has identified these risks specifically in relation to the cobalt sector and manufacturing companies in the electronics, automotive and battery sectors.

2.9.3 Due diligence step 3 - Addressing salient risks relevant to cobalt through engagement

ACTIAM does not publicly communicate publicly about engaging the 23 target companies on cobalt issues in either its responsive or proactive engagements, according to its 2019 engagement overview¹⁷⁴, annual reports¹⁷⁵ and half-year reports¹⁷⁶ (2017-2019).

However, in response to a draft version of this report, ACTIAM provided evidence that showed it has engaged LG Chem, Samsung Electronics, Samsung SDI and Volkswagen on cobalt-related issues.¹⁷⁷ ACTIAM's engagement with LG Chem focuses on improved supply chain management and sustainable material sourcing, including by conducting a risk analysis for cobalt, developing a supplier list and mapping the entire supply chain. The engagement with Samsung Electronics and Samsung SDI took place between 2015 and 2017, included discussion on mapping its cobalt supply chain in line with the OECD Guidelines. It also covered grievances Samsung SDI had received related to negative impacts of other mining operations. ACTIAM excluded Volkswagen from investments due to the emissions scandal, but has also discussed responsible sourcing of battery materials, including cobalt, with the company.

In addition, ACTIAM reports it conducts 'responsive engagements' with two mining companies Glencore (labour rights, environmental issues and integrity) and BHP Billiton (labour rights and environmental issues).¹⁷⁸ In response to a draft version of this report, ACTIAM stated its engagement with Glencore includes discussions on the company's artisanal mining policy.¹⁷⁹ ACTIAM also provided examples of two other mining companies it excluded from investment due to their poor handling of several salient risks in the mining sector (Zijin Mining Corporation - poor health and safety conditions, human rights abuses by security personnel, living conditions of workers near the mines and exposure to toxic wastewater; Vedanta Limited – poor management of community relations and exposure of communities to toxic metals).¹⁸⁰

2.9.4 Due diligence steps 4 & 5 - Tracking and communicating about actions and results to address salient risks

ACTIAM does not publicly communicate publicly about the specific results of the aforementioned engagements. In response to a draft version of this report, ACTIAM stated that it tracks its engagements through its engagement manager Sustainalytics, and uses engagement objectives.¹⁸¹ With regard to the ongoing engagement with LG Chem, ACTIAM states that the company had responded to the concerns and that it is improving its supply chain management and making efforts to map and mitigate risks related to cobalt.¹⁸² In response to a draft version of this report, ACTIAM provided evidence to the researchers of its engagement with LG Chem, Samsung Electronics, Samsung SDI and Volkswagen.¹⁸³

2.9.5 Due diligence step 6 - Enabling remediation of adverse impacts related to cobalt

No evidence could be found of ACTIAM using its leverage to encourage any of the 23 target companies or any of its other investee companies to enable remediation of adverse impacts explicitly related to cobalt or with regard to any of the seven salient issues. ACTIAM also does not communicate publicly about tracking whether remedy has been provided in cases of adverse impacts related to cobalt and its investee companies. VIVAT nor ACTIAM have a grievance mechanism.¹⁸⁴

2.9.6 PRI Investor Expectations on Responsible Sourcing of Cobalt

Neither VIVAT nor ACTIAM has signed the Investor Expectations on the Responsible Sourcing of Cobalt.¹⁸⁵ However, during the review period for this report, ACTIAM indicated that it intends to commit to the Investor Expectations on the Responsible Sourcing of Cobalt on short notice.¹⁸⁶

2.9.7 Commitment by insurer

ACTIAM provided the following statement in response to the researchers' request to provide a commitment to address issues in the cobalt sector in the next 12 months¹⁸⁷:

"We acknowledge the seven salient risks associated with the mining of cobalt and that we have a responsibility to manage and mitigate these risks within our investments. We commit to taking action and will ensure that we incorporate criteria that assess these salient risks into our view on companies. We will continue to engage with companies on these topics, encourage more transparency and ask them to take further steps in the responsible sourcing of cobalt. In case of non-successful engagements, we will consider exclusion."

In addition, ACTIAM stated that it intends to commit to the PRI Investor Expectations on the Responsible Sourcing of Cobalt on short notice.

2.9.8 Score

VIVAT (ACTIAM) scored 4.12 points out of 10 (Table 22).

Table 22. Evaluation and scoring for VIVAT (ACTIAM)

Section	Section score
Section A – Identification of salient risks relevant to cobalt (due diligence step 2) The insurance company is expected to have: <ul style="list-style-type: none"> • Explicitly identified cobalt mining as an activity with a number of salient risks, including by establishing engagement guidelines related to cobalt mining • Identified the seven salient risks for cobalt mining identified by the UNPRI <ul style="list-style-type: none"> ✓ exposure to toxic metals by miners and local communities near mines; ✓ poor occupational health and safety conditions at mines; ✓ poor community relations, including forced evictions around mines; ✓ human rights abuses by private/public security personnel at mines; ✓ child labour in mines; ✓ unfair compensation of miners at mines; ✓ the legality of mines. 	<p>1 point</p> <p>7 points</p>
Section score	8 points / 8 points = 100%
Weighted score (max. 2 points)	100% of 2 points = 2 points
Section B – Addressing salient risks relevant to cobalt through engagement (due diligence step 3) VIVAT (ACTIAM) invests in 18 of the target companies and receives the following points: <ul style="list-style-type: none"> • the specific salient risks identified by the UNPRI • cobalt mining explicitly mentioned 	<p>4 points for 4 companies engaged</p> <p>1 point</p>

Section score	4 + 1 = 5 points 5 points / 18 points = 28%
Weighted score (max. 2 points)	28% of 2 points = 0.56 points
Section C – Tracking actions to address salient risks relevant to cobalt and the results thereof (due diligence step 4)	
VIVAT (ACTIAM) invests in 18 of the target companies and receives the following points:	
<ul style="list-style-type: none"> the specific salient risks identified by the UNPRI cobalt mining explicitly mentioned 	4 points for 4 engagements tracked 1 point
Section score	4 + 1 = 5 points 5 points / 18 points = 28%
Weighted score (max. 2 points)	28% of 2 points = 0.56 points
Section D – Communicating about actions to address salient risks relevant to cobalt and the results thereof (due diligence step 5)	
VIVAT (ACTIAM) invests in 18 of the target companies and receives the following points:	
<ul style="list-style-type: none"> the specific salient risks identified by the UNPRI cobalt mining explicitly mentioned 	0 points for communicating on 0 companies 0 points
Section score	0 + 0 = 0 points 0 points / 18 points = 0%
Weighted score (max. 2 points)	0% of 2 points = 0 points
Section E – Enabling remediation of adverse impacts related to cobalt (due diligence step 6)	
VIVAT (ACTIAM) invests in 18 of the target companies and receives the following points:	
<ul style="list-style-type: none"> Engagement on remediation related to one or more of the specific salient risks identified by the UNPRI Bonus point: cobalt mining explicitly mentioned Bonus point: tracking remedy outcomes on the ground Bonus point: having a grievance mechanism 	0 points for 0 companies engaged on remediation 0 points 0 points 0 points
Section score	0 points
Section F – UNPRI statement on “Investor Expectations on the Responsible Sourcing of Cobalt”	
The insurance company has formally endorsed the PRI statement on “Investor Expectations on the Responsible Sourcing of Cobalt” (max. 1 bonus point)	0 points
Section G – Investor commitment	
The insurance company investor makes a written commitment to undertake action to address salient risks associated with cobalt mining within one year (max. 1 bonus point)	1 point
TOTAL SCORE	4.12 points

3 Conclusions and recommendations

3.1 Conclusions

This report has analysed to what extent the nine largest insurance groups that operate in the Netherlands conduct due diligence regarding salient issues in the cobalt supply chains of 23 of the largest consumer-facing battery, electronics and automobile manufacturing companies that use cobalt in their products. Following up on earlier research about insurers' policies (step 1 of due diligence)¹⁸⁸, this report has analysed how the insurers have implemented the following five steps of due diligence with regard to salient issues in the cobalt sector: risk identification (step 2), addressing risks through engagement (step 3), tracking actions and results (step 4), communicating about engagements (step 5) and enabling remediation (step 6).

The insurers have together invested almost 15 billion USD in 20 large manufacturing companies that use cobalt in their products. Although seven of the nine insurers are able to show that they have identified the salient risks in the cobalt sector, such as child labour, unsafe working conditions and poor community relations, insurers have taken very limited or no action to engage major electronics, battery and automotive manufacturing companies in which they invest on addressing issues related to cobalt (Table 2). Of the nine insurers examined in this study, CZ engages with the most companies on cobalt, engaging eight of the 19 cobalt-utilizing manufacturers in which the insurer invests. Menzis, Achmea and VIVAT, and to a lesser extent NN Group and ASR, have taken some initial steps to address the risks by engaging a small number of companies on this issue. Menzis has conducted cobalt-specific engagement with three out of the ten manufacturers in which it invests. Achmea and VIVAT both engage four of the 18 companies in which they invest, NN Group with two of 17, and ASR with one of 12.

There is no evidence that the other three insurers (Aegon, Allianz and VGZ) have taken more than very limited action to engage investee companies on this matter. The reason for this could be that these insurers either fail to be transparent about their actions, choose not to prioritise addressing these risks in their due diligence process, do not see the connection between engaging manufacturing companies that are main users of cobalt and addressing salient risks in the cobalt sector, or fail to take sufficient action to address human rights risks related to their investments, as is required by the OECD Guidelines.

Overall, six of the nine insurers engage companies on salient issues in the cobalt sector (Achmea, ASR, CZ, Menzis, NN Group, VIVAT). These insurers together engage eleven of the 20 manufacturers in which they invest. Except CZ, these insurers engage only between one and four companies, despite the fact that they often have engagement processes with many more of these manufacturers on other topics. Public communication about these engagements is almost completely absent, although several insurers (CZ, Achmea, Menzis, VIVAT, NN Group and ASR) did provide additional information to the researchers during the report process. This is concerning given that public communication about concrete and specific steps taken to address risks is a core element of due diligence. None of the insurers have taken action to improve access to remedy at investee companies or to provide access to remedy itself, for example by implementing a grievance mechanism. This is in stark contrast to what the insurers should be doing according to the OECD Guidelines, which is: identifying the risks posed by cobalt mining, engaging the manufacturing companies in which they invest and insisting that those manufacturers use their leverage to prevent their suppliers (mining companies) from committing human rights abuses, tracking the results of these engagements, communicating about the engagements and the results, and using their leverage to ensure that any impacts on the ground are remediated.

3.1.1 Investment in selected manufacturing companies

In total, the nine insurers have invested at least 14.7 billion USD in 20 of the 23 consumer-facing manufacturing companies, which are among the world's largest manufacturers that use cobalt for their products (Table 23). Allianz is by far the largest investor, accounting for 10.7 billion USD of investments. NN Group (1.5 billion USD) and Aegon (1.0 billion USD) are also large investors, while health insurers Menzis (51 million USD) and CZ (27 million USD) are the smallest. Most insurers invest in almost all of the 20 manufacturing companies. The insurers combined have invested the largest amounts in Apple (2.7 billion USD), Daimler (2.0 billion USD), Microsoft (4.1 billion USD) and Volkswagen (3.5 billion USD). No investments from the insurers were found for CBAK Energy and Coslight. Huawei and Tianjin Lishen are privately-owned companies that are not listed on a stock exchange, so it is not possible for the insurers to invest in these companies.

Table 23. Total value of insurers' investments in the selected manufacturing companies¹⁸⁹

<i>x 1 million USD</i>	Achmea	Aegon	Allianz	ASR	CZ	NN Group	Menzis	VIVAT	VGZ	Total
Apple	39.3	243.7	1,787.0	72.0	10.7	425.9	3.0	155.9	<i>Unknown</i>	2,729.7
BMW	136.0	19.4	64.9	3.6	0.2	10.8	-	15.3	<i>Unknown</i>	250.0
BYD	19.9	0.3	-	-	0.0	-	-	0.0	<i>Unknown</i>	20.3
CATL	-	-	27.2	-	-	-	-	0.1	<i>Unknown</i>	27.3
Daimler	142.0	73.8	1,709.5	7.0	0.2	10.4	3.4	21.5	<i>Unknown</i>	1,970.3
Dell	0.3	1.2	12.2	0.6	0.0	4.5	5.8	0.7	<i>Unknown</i>	26.3
Fiat Chrysler	0.7	30.1	94.5	2.1	0.1	2.8	-	2.6	<i>Unknown</i>	132.8
General Motors	0.7	6.6	135.1	1.8	0.2	9.7	1.0	3.9	<i>Unknown</i>	159.8
HP	4.2	8.5	61.3	1.7	0.1	31.5	0.4	1.8	<i>Unknown</i>	109.9
Lenovo	0.9	0.4	24.0	-	0.0	17.2	0.3	0.8	<i>Unknown</i>	43.9
LG Chem	5.2	0.9	7.0	-	0.1	0.6	-	1.8	<i>Unknown</i>	15.5
Microsoft	41.8	308.1	2,607.9	71.0	10.9	858.4	27.2	173.4	<i>Unknown</i>	4,115.1
Renault	94.2	22.1	23.4	1.4	0.0	0.7	2.3	1.6	<i>Unknown</i>	148.0
Samsung Electronics	-	25.7	187.4	-	2.1	39.0	2.6	22.2	<i>Unknown</i>	279.5
Samsung SDI	55.2	0.7	5.0	-	0.1	0.6	-	-	<i>Unknown</i>	61.5
Sony	5.0	19.3	69.2	-	0.7	10.0	-	10.5	<i>Unknown</i>	113.9
Tesla	4.2	40.2	640.6	1.0	0.6	2.2	-	20.4	<i>Unknown</i>	708.6
Vodafone	67.4	25.0	41.2	8.0	0.4	48.9	7.3	46.2	<i>Unknown</i>	251.3
Volkswagen	0.9	178.6	3,235.6	5.2	0.3	68.2	-	-	<i>Unknown</i>	3,488.5
ZTE	18.1	5.6	-	-	0.0	-	-	0.2	<i>Unknown</i>	23.8
Total	635.8	1,010.3	10,733.1	175.4	26.8	1,541.4	50.6	478.9	-	14,676.0

3.1.2 Scores

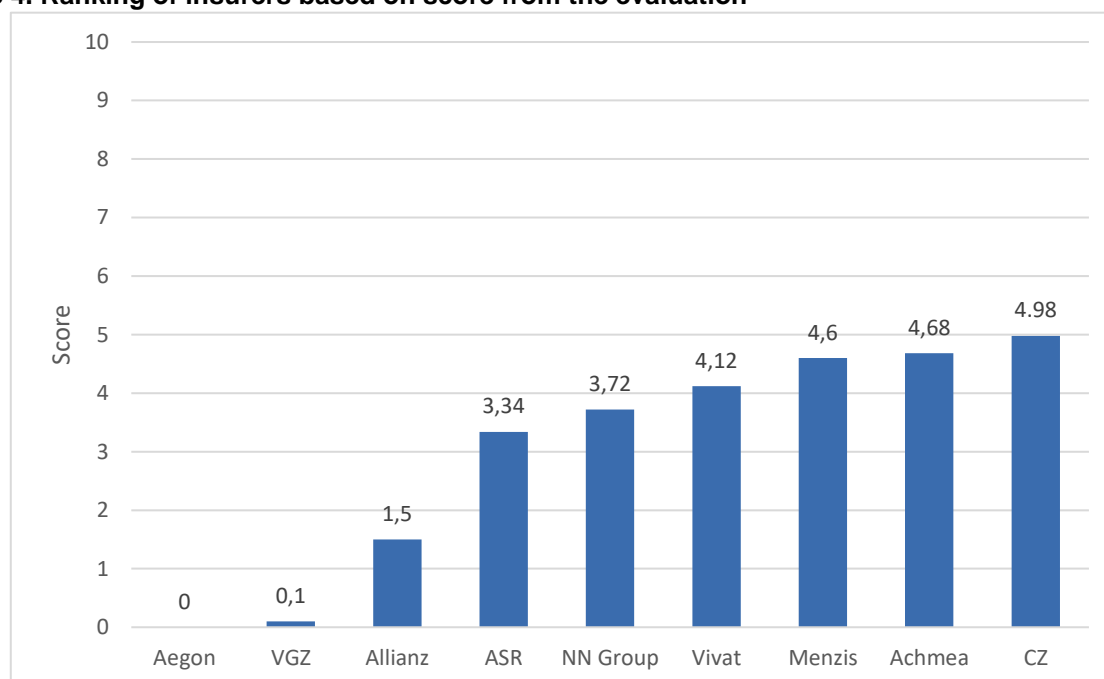
None of the insurers obtained a satisfactory score (6 or above). Only one of the insurers (CZ) obtained just under half of the total number of 10 points, with a score of 4.98 (Table 24). This makes CZ the best performing insurer in this study, followed by Achmea (4.68 points) and Menzis (4.60 points) (

Figure 4). VIVAT (4.12 points), NN Group (3.72 points) and ASR (3.34 points) obtained lower scores. Allianz (1.50 points) and VGZ (0.1 points) scored hardly any points and Aegon even failed to obtain any points at all (0.0 points). The following sections elaborate on the results per scoring element.

Table 24. Overview of scores based on evaluation

	Achmea	Aegon	Allianz	ASR	CZ	Menzis	NN Group	VIVAT	VGZ
A – Identify (step 2)	2	0	1.50	2	2	2	2	2	0
B – Engage (step 3)	0.56	0	0	0.34	0.94	0.80	0.36	0.56	0.10
C – Track (step 4)	0.56	0	0	0	0.94	0.80	0.36	0.56	0
D – Communicate (step 5)	0.56	0	0	0	0.10	0	0	0	0
E – Remedy (step 6)	0	0	0	0	0	0	0	0	0
F – Investor statement	1	0	0	1	1	1	1	0	0
G – Commitment	0	0	0	0	0	0	0	1	0
Total (out of 10)	4.68	0	1.50	3.34	4.98	4.60	3.72	4.12	0.10

Figure 4. Ranking of insurers based on score from the evaluation



3.1.3 Due diligence step 2 - Identification of salient risks relevant to cobalt

- Six insurers scored the full number of points for risk identification, because they either signed the PRI Investor Expectations on Responsible Sourcing of Cobalt (Achmea, ASR and NN Group), participate in the PRI engagement project on the responsible sourcing of cobalt via their engagement manager (CZ and Menzis) or use the OECD Due Diligence Guidance for the Minerals Sector in their risk assessment process (VIVAT).
- One insurer (Allianz) has integrated several of the seven salient risks for the mining sector in general in its investee ESG screening process.
- Aegon and VGZ do not communicate publicly about integrating the salient risks into their risk identification processes at all.

3.1.4 Due diligence step 3 - Addressing salient risks relevant to cobalt through engagement

- Six insurers (Achmea, ASR, CZ, Menzis, NN Group and VIVAT) could provide evidence of engaging companies specifically on salient issues in the cobalt sector. These engagements focused on, among other issues, child labour, the relation of mining to conflict and unsafe working conditions.

- The engagements on cobalt and salient issues relevant to cobalt targeted eleven of the manufacturing companies examined in this study (Apple, BMW, HP, LG Chem, Microsoft, Samsung Electronics, Samsung SDI, Sony, Tesla, Renault, Volkswagen). CZ engaged most companies (8 of 19 in which the insurer invests), by participating in the PRI project on the responsible sourcing of cobalt. Achmea and VIVAT both engaged four companies (out of 18 in which they invest), followed by Menzis (3 out of 10), NN Group (2 of 17), and ASR (1 of 12).
- Three insurers (Allianz, Aegon and VGZ) have not published any information about specific engagements on issues in the cobalt sector and did not provide more information to the researchers during this study.
- Several insurers have engaged several of the manufacturers on other issues (e.g. corporate governance or product safety), but these engagements did not cover salient risks in the cobalt sector.
- No shareholder resolutions that directly relate to issues in the cobalt sector appear to have been tabled at the shareholder meetings of the manufacturing companies in 2018 and 2019, which is why none of the insurers used their voting rights to address issues in the cobalt sector.

3.1.5 Due diligence steps 4 & 5 - Tracking and communicating about actions and results to address salient risks

- The six insurers that could provide evidence of engagements on salient issues in the cobalt sector (Achmea, ASR, CZ, Menzis, NN Group and VIVAT) work with engagement objectives and track progress on their engagements by means of engagement reports, which are provided to them by their external engagement managers. While the insurers did share information on these engagements with the researchers during this study, they published only limited information or none at all in their public engagement reports.
- The insurers report that at least some of their investee companies make progress, for example by improving supply chain audits (Apple) or taking action to map and mitigate supply chain risks related to cobalt (LG Chem).
- Five insurers provided substantial transparency regarding their engagements and implementation of due diligence in response to questions from the researchers (Achmea, CZ, Menzis, NN Group and VIVAT). Menzis is the only insurer that publicly reports on the companies in which it invests and the value of these investments.
- The other four insurers (Aegon, Allianz, ASR and VGZ) do not publicly communicate about tracking the results of their actions on addressing salient risks in the cobalt sector and did not provide evidence on this in response to questions from the researchers.

3.1.6 Due diligence step 6 - Enabling remediation of adverse impacts related to cobalt

- No evidence was found of the insurers using their leverage to encourage companies to enable remediation of adverse impacts related to cobalt or with regard to any of the seven salient issues. None of the insurers reported on tracking whether remedy has been provided in cases of adverse impacts related to cobalt and investee companies.
- None of the insurers has a grievance mechanism that can be accessed by rights-holders whose human rights have been violated as a result of the salient issues in the cobalt sector.

3.1.7 PRI Investor Expectations on Responsible Sourcing of Cobalt

- Achmea, ASR and NN Group signed the PRI statement regarding Investor Expectations on the Responsible Sourcing of Cobalt. The engagement manager of CZ and Menzis, BMO Global Asset Management, has also signed the statement.
- VIVAT's asset management subsidiary, ACTIAM, has committed to signing the PRI Investor Expectations on Responsible Sourcing of Cobalt in response to this study.
- The other three insurers (Aegon, Allianz and VGZ) have not committed to the PRI Investor Expectations on Responsible Sourcing of Cobalt.

3.1.8 Commitments by insurers

- Four insurers (ASR, CZ, Menzis and VIVAT (ACTIAM)) submitted statements in response to the researchers' request to provide a commitment to take additional action to address issues in the cobalt sector in the next 12 months. The statements by ASR, CZ and Menzis were short and general, stating that they intend to continue their current efforts on addressing issues in the cobalt sector. VIVAT's asset management subsidiary, ACTIAM, was the only insurer to provide a concrete, substantial commitment to take additional action, by expressing the intention to sign the PRI Investor Expectations on Responsible Sourcing of Cobalt in the short term.
- The five other insurers (Achmea, Aegon, Allianz, NN Group and VGZ) did not provide a commitment.

3.2 Recommendations by the Fair Insurance Guide

The Fair Insurance Guide provides eight specific recommendations to insurers to improve their actions to address salient issues in the cobalt sector:

1. All insurance companies should commit to implementing the OECD Guidelines and the UNGPs throughout their entire investment portfolio, as well as with regard to their own operations.
2. The insurance groups that have so far taken little to no action on engaging manufacturing companies on salient issues in the cobalt sector should immediately start doing so – start caring about cobalt – especially given the severity of the risks in this sector, such as child labour, exposure to toxic metals and other hazardous working conditions.
3. The insurance companies that do conduct engagements with manufacturing companies on salient risks in the cobalt sector should continue to do so and expand the number of companies targeted by these engagements. These engagements should be specific, goal-oriented, time-bound, and evidence-based.
4. When conducting engagements with companies on other issues, insurers should include the salient issues in the cobalt sector in these engagements.
5. The three insurers (Allianz, Aegon and VGZ) who have not yet done so should commit to the PRI Investor Expectations on Responsible Sourcing of Cobalt.
6. In line with step 5 of due diligence (communicating), all insurers should improve their public communication about which companies they engage on which issues. This public communication should provide detail about the specific objectives of these engagements and the progress made so far. This communication should provide enough information to convince any interested stakeholder that the insurer has undertaken due (i.e. sufficient and commiserate with the risk) action to avoid potential adverse impacts.
7. The insurers should start using their leverage to improve access to remedy for victims of human rights abuses in the cobalt sector by, for example, urging their business partners to have an adequately functioning operational-level grievance mechanism that is transparent about the number of complaints received and how they are addressed.
8. If the insurers' investees cannot themselves demonstrate to the insurers that they have done their own due diligence and used their own leverage to prevent and remediate adverse impacts associated with cobalt mining, then the insurers should be transparent about this lack of transparency and progress in engagement and consider responsibly divesting from those companies taking into account credible assessments of potential adverse human rights impacts of doing so.

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About this report

This research report was commissioned by the Dutch Fair Insurance Guide, a coalition of Amnesty International, Milieudefensie, Oxfam Novib, PAX and World Animal Protection. It examines the role and responsibility of insurance companies in encouraging companies to address salient issues in the cobalt sector. The aim of the Fair Insurance Guide is to encourage responsible business conduct by insurance groups. Amnesty International led the Fair Insurance Guide's work in the present study. SOMO and Amnesty International jointly developed the evaluation and scoring methodology, based on the OECD Guidelines and due diligence guidance. This research was written, edited and reviewed by SOMO.

About SOMO

The Centre for Research on Multinational Corporations (SOMO) is a critical, independent, not-for-profit knowledge centre on multinationals. Since 1973 we have investigated multinational corporations and the impact of their activities on people and the environment. We provide custom-made services (research, consulting and training) to non-profit organisations and the public sector. We strengthen collaboration between civil society organisations through our worldwide network. In these three ways, we contribute to social, environmental and economic sustainability.

Research by

The methodology was jointly developed by Joseph Wilde-Ramsing (SOMO) and Titus Bolten (Amnesty International Netherlands). The report was researched and written by Joseph Wilde-Ramsing, David Ollivier de Leth, Alejandro Gonzalez and Esther de Haan (all SOMO).



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Fair Insurance Guide

The Fair Insurance Guide is a coalition of Amnesty International, Milieudefensie, Oxfam Novib, PAX and World Animal Protection.



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