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Shifting Gears: Accelerating Human Rights in the Auto Sector

Fact Sheet on Investor Engagement

Shareholders Engage Their Investment Portfolios to Advance Human Rights

The Tri-State Coalition for Responsible Investment members are leveraging our collective voice as faith-based and responsible investors to engage with our portfolio companies in the automotive sector as part of a new initiative called Shifting Gears: Accelerating Human Rights in the Auto Sector. There are deep and complex global supply chains in the automotive industry – with up to 30,000 parts in a car – and human rights abuses including forced labor or child labor may be present in global corporate operations. Meanwhile, both manufacturing and sales of cars are growing in emerging markets, where labor protections may be weaker. Companies have a responsibility to respect human rights throughout their operations and with business partners, as outlined in the *UN Guiding Principles on Business and Human Rights*. If they fail to do so effectively, corporations may be exposed to legal, reputational, and financial risks. As shareholders, we are calling on companies to take action.

Overview of Human Rights Risks in the Automotive Supply Chain

Workers involved in mining, harvesting, and processing the different raw material inputs for cars are exposed to serious human rights and labor rights violations, and many of these risks disproportionately impact women and children.

- **Child labor** is known to be used to produce several commodities, such as mica mined in India that may end up in metallic car paints, or cobalt mined in the Democratic Republic of Congo used for lithium-ion electric vehicle batteries. The prevalence of child labor can be attributed to multiple factors, including low wages preventing workers from earning enough to provide for their families to weak regulatory frameworks.
- **Forced labor** is another risk for workers in the automotive supply chain. For example, the production of charcoal for pig iron and cattle used for leather are both linked to forced labor in Brazil. As with child labor, forced labor often occurs due to weak government oversight. Unethical recruitment practices also put workers at risk.
- **Dangerous Working Conditions.** Workers in production and manufacturing within the various tiers of the automotive supply chain are often engaged in hazardous, labor-intensive work for long hours, facing serious health and safety risks without adequate training or protective gear. Barriers to unionization and collective bargaining may also prevent workers from advocating for improved conditions and a living wage.

Urging Companies to Fulfill the Sustainable Development Goals

This investor engagement is calling on companies to take steps to further their commitment to advancing the UN Sustainable Development Goals, which define global sustainable development priorities and aspirations for 2030 to be addressed among governments, business and civil society. Proactive measures to address human rights abuses in corporate operations and supply chains will position corporations to not only create sustainable businesses, but support a sustainable world. The issues addressed in this engagement are complex and interconnected, touching on several of the SDGs:



SDG 4: Ensure inclusive and quality education for all and promote lifelong learning

SDG 5: Achieve gender equality and empower all women and girls

SDG 8: Promote inclusive and sustainable economic growth, employment and decent work for all

SDG 10: Reduce inequality within and among countries

SDG 16: Promote just, peaceful and inclusive societies

SDG 17: Revitalize the global partnership for sustainable development

Companies in the sector can make meaningful commitments to uphold human rights in their own operations and should also ensure that business partners and suppliers apply these same standards. Only with a commitment to address the root causes of inequality, poverty, and injustice, will companies be able to fully realize their responsibility to respect human rights.

Our Approach and Expectations of Companies

We are conducting research and speaking with various impacted stakeholders to better understand the risks and what worker-informed and community-driven solutions to these complex challenges entail. We welcome the opportunity to collaborate with faith-based organizations, advocacy groups, impacted stakeholders, workers, and other partners to inform and strengthen our shareholder engagement with corporations. Tri-State Coalition for Responsible Investment members will continue to engage with companies to urge them to reduce their risks and ensure they have strong policies, effective implementation systems to identify, prevent, and mitigate adverse human rights impacts, and embed respect for human rights into their operations, business decisions and governance mechanisms.

About the Tri-State Coalition for Responsible Investment

Founded in 1975, we are a membership organization composed of Roman Catholic religious orders, dioceses and institutions. Believing that investors' fiduciary duty goes beyond achieving financial results, our members strive to align the mission of their investments with Catholic Social Teaching to create a more just and sustainable world. Through collaboration with the Interfaith Center on Corporate Responsibility, our members are empowered to use their voice as shareholders to engage corporations on social, environmental and governance issues and promote corporate respect for human rights.

To learn more, contact:

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