

Hitachi ABB Power Grids Policy on Cobalt

Effective as of July 01, 2020

Background

According to [USGS' 2017 Cobalt Commodity Summary](#), the DRC is the largest producer of Cobalt and holds close to 50 percent of the world's reserves of the mineral. In addition, an estimated 20 percent of Cobalt is mined by ASM in the DRC. Cobalt is used in lithium-ion batteries that form an integral part of mobile phones, laptop computers and electric vehicles. Cobalt demand is expected to rise significantly in the coming years.

In the DRC, Cobalt is extracted from industrial and artisanal mines. A number of civil society and media reports, including the [2016 Amnesty International report, "This is what we die for: Human rights abuses in the Democratic Republic of the Congo power the global trade in Cobalt,"](#) detailed instances of child labor and egregious health and safety conditions, particularly in artisanal Cobalt mining. These reports, combined with additional factors, made it clear that due diligence on these risks, consistent with international standards, is a priority.

Hitachi ABB Power Grids commitments

We are working towards ensuring that our products do not contain Cobalt that have been sourced from mines that support or fund child labor and egregious health and safety conditions within the Democratic Republic of Congo or adjoining countries. Therefore, we are committed to:

- Identifying which Hitachi ABB Power Grids products are impacted and targeting our efforts accordingly
- Not buying products and materials containing Cobalt directly from non-compliant mines
- Asking our suppliers to work towards ensuring that any Cobalt contained in the products and materials supplied to Hitachi ABB Power Grids originate from compliant sources
- Contributing to conflict-free and compliant trade by encouraging our suppliers not to discriminate against legitimate sources of Cobalt mineral.

In addition, we are committed to engaging with our customers regarding their disclosure obligations.

Hitachi ABB Power Grids measures

In working towards these commitments, we have taken a number of steps that include:

- Establishing a "Cobalt Compliance Program" supported and sponsored by Hitachi ABB Power Grids Executive Committee to review the use of Cobalt in our products and respond to customer inquiries. This program was developed based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict affected and High-Risk Areas and other appropriate international standards.
- Requiring our suppliers to implement a policy regarding Cobalt and exercise due diligence to investigate the source of this mineral
- Engaging with our suppliers so that they respond in a timely manner to our requests for evidence of compliance.

The ultimate goal of Hitachi ABB Power Grids is to ensure we have no Cobalt sourced from non-compliant mines in our products. Accordingly, we expect our suppliers to actively work towards identifying sources of Cobalt in the products supplied to Hitachi ABB Power Grids; to eliminate any that are not conflict-free; **and not to discriminate against legitimate sources of Cobalt mineral in the covered countries.**