

## Volvo Cars Joins Responsible Sourcing Blockchain Network, Launched by IBM, Ford, and Volkswagen Group; Advancing Ethical Sourcing of Minerals Continues to Scale With This Network

Responsible Sourcing Blockchain Network moves towards operationalization, with pilot succeeded in linking each phase of the supply chain from mine to OEM

RCS Global Group completes responsible sourcing assessments of each participating company

Volvo Cars to apply RSBN in LG Chem supply chain starting in spring 2020

Plans underway to expand from tracing cobalt into other key battery metals, tungsten, tantalum, tin and gold

BERLIN, Nov. 6, 2019 /PRNewswire/ -- The Responsible Sourcing Blockchain Network (RSBN), a blockchain network committed to strengthening human rights and environmental protection in mineral supply chains, today announced that its digital supply chain for cobalt has moved beyond pilot phase and is progressing toward use in live production computing environments starting in spring 2020.

Built on the IBM Blockchain Platform and assured by RCS Global Group, RSBN will have continued participation from founding members including Ford Motor Company, Volkswagen Group, LG Chem and Huayou Cobalt.

### **Volvo Cars joins responsible sourcing leaders in the RSBN**

Starting today, Volvo Cars will join the network as its newest member with further partners from the auto, tech and mining sectors expected to join this year.

RSBN and its pioneering participants are building an open, industrywide blockchain platform to trace responsibly produced minerals from source through to end product, with RCS Global assessing each participating entity against responsible sourcing requirements set by the Organization for Economic Cooperation and Development (OECD) and industry bodies.

"We are setting in motion a process of mainstreaming responsible sourcing practices across major industries," said Dr. Nicholas Garrett, CEO of RCS Global Group. "We've reached significant new milestones as we've moved beyond testing, proving the merits of this coupled technology and assurance model can extend to a wide range of participants across every tier of the supply chain and to other minerals. The early addition of Volkswagen Group and now Volvo Cars to this collaboration confirms that blockchain technology together with responsible sourcing assurance can help address critical sustainability issues impacting the entire industry," he adds.

### **Volvo Cars eyes practical implementation starting in spring 2020**

Volvo Cars will be the first company in the consortium to fully apply the RSBN solution in its LG Chem supply chain beginning in spring 2020. The automaker also plans to apply RSBN to other key minerals found in its batteries, including nickel and lithium in the future.

Volkswagen AG has been working with relevant battery suppliers to address the need for supply chain due diligence and is now aiming to significantly increase its supply chain mapping and auditing activities for key battery mineral supply chains.

Through the RSBN, and other initiatives, Volkswagen AG is utilizing technology toward securing better supply chain traceability and transparency and to connect this information with the sustainability performance of supply chain partners.

Ford states that as they are preparing to launch their global all-electric Mustang-inspired SUV next year, the RSBN becomes an important tool to strengthen transparency and visibility into its global mineral supply chain. Expanding this network beyond cobalt to other battery minerals will compound the RSBN's positive impact on human rights protection and labor practices.

### **Achievements of pilot test phase**

In initial testing, the RSBN blockchain demonstrated how cobalt produced at Huayou's industrial mine site in the Democratic Republic of Congo (DRC) could be traced through the supply chain to LG Chem's cathode and battery plant in South Korea, and then to its final destination, a Ford plant in the United States.

An immutable audit trail captured on the platform delivered corresponding data providing documentation for the initial ethical cobalt production, its maintenance and its ethical provenance from mine to end manufacturer.

RCS Global Group builds on its supply chain mapping and auditing activities for global OEMs and key battery mineral supply chains and has successfully assessed and validated each supply chain participant against responsible sourcing standards developed by the OECD, as well as the good practice requirements of relevant industry organizations like the Responsible Minerals Initiative (RMI) Blockchain Guidelines.

### **Expansion to other minerals**

Next to expansion into other battery metals, including lithium and nickel, the platform is also actively working to progress the solution to support tracing other common metals including tin, tantalum, tungsten and gold, also known as 3TG. Further announcements will be made over the initial pilot consortiums in the additional raw materials.

Statements regarding future direction and intent are subject to change or withdrawal without notice and represent goals and objectives only.

### **About the RSBN blockchain**

Built on the IBM Blockchain Platform, assured by RCS Global Group and powered by the Linux Foundation's Hyperledger Fabric, the RSBN blockchain platform is designed for cross-industry adoption. Members include Ford, Volkswagen Group, Volvo Cars, LG Chem, Huayou Cobalt and others. Providing traceability and verification of responsible sourcing practices from mine to market, including the end-to-end supply chains, the solution is a network accessible to companies at every tier of the supply chain, which complete an onboarding assessment verifying the members responsible sourcing practices. Focus industries include, but are not limited to automotive and consumer electronics, including their supply chains and the mining sector. A governance board representing members across these industries is being formed to help further ensure the platform's growth, functionality and adherence to good practice principles.

Quote Sheet

### **Ford Motor Co.**

*"As a founding member of the network, we are pleased that the project is moving to an operational phase. This will further strengthen the human rights protection and responsible sourcing efforts in mineral supply chains. This becomes even more important as we start to launch our next generation of all-electric vehicles starting next year."*

*Lisa Drake, VP Global Purchasing and Powertrain Operations, Ford Motor Company*

### **IBM**

*"Battery minerals like cobalt are foundational to a number of industries, from automakers to consumer*

*electronics and smartphone manufacturers. The Responsible Sourcing Blockchain Network uses IBM Blockchain to help make sourcing the minerals for these crucial components more sustainable and traceable by establishing supply chain transparency in an area that is of significant concern to consumers, and consequently to brands."*

*Manish Chawla, Global Managing Director, Chemicals & Petroleum / Industrial Products Industries*

### **Volkswagen Group**

*"The Volkswagen Group has set itself a goal of full transparency in the critical supply chains of our parts and products, which includes cobalt. Due to the particular complexity of many critical supply chains, such transparency goals represent a difficult challenge. Thus, with the help of new technologies and digital solutions, the Volkswagen Group is continually working toward securing better supply chain traceability and transparency and to connect this information with the sustainability performance of supply chain partners. In this manner we will be able to identify sustainability risks at an early stage and improve our ability to react to them in a timely manner. The Volkswagen Group encourages other business partners to join the network"*

*Ulrich Gereke, Head of Strategy for Volkswagen Group Procurement*

### **Volvo Cars**

*"We have always been committed to an ethical supply chain for our raw materials," said Martina Buchhauser, head of procurement at Volvo Cars. "With blockchain technology we can take the next step in ensuring full traceability of our supply chain and minimising any related risks, in close collaboration with our suppliers."*

*Martina Buchhauser, Head of Procurement, Volvo Cars*

### **RCS Global Group**

*"Applying our global responsible sourcing assurance leadership to blockchain, RCS Global enables significant accountability and supplier management efficiencies. As the central assurance provider, we facilitate a trusted network of companies that are assessed consistently against responsible sourcing best practice, as stipulated by the OECD and RMI. We are excited to advance from pilot to commercial operationalization, setting in motion a process of mainstreaming responsible sourcing across major industries. We expect significant positive social impact from our work."*

*Dr. Nicholas Garrett, CEO of RCS Global Group.*

### **IBM**

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