

Veritas Consulting

<u>Team Member Name</u>	<u>Year</u>	<u>Major</u>
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Alejandro Álvarez Martínez	5 th year	Economics, Leadership & Governance
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Amaya Vizmanos Larrayoz	6 th year	Law and Economics
Elena Navarro Elorriaga	6 th year	Law and Business Administration

Advisor(s): Veritas Consulting

Topic Title: “The inhumane cost of clean energy: Tesla’s supply chain issues”

Audience: Tesla’s Board of directors

Sustainable Development Goal

SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

SDG 12: Ensure sustainable consumption and production patterns.

Executive Summary

Can a company truly call itself sustainable if the materials fueling its innovation are mined through child labor, forced labor, and environmental destruction?

As Tesla continues to position itself as a global leader in sustainability and clean energy, its dependence on DRC-sourced cobalt raises serious ethical, environmental, and legal concerns, including child labor, forced labor, corruption, and ecological destruction. Legal cases like *Doe v. Tesla Inc.* and the *Glencore Corruption Case* have heightened scrutiny, while regulations such as the EU Battery Regulation and the Foreign Corrupt Practices Act increase Tesla’s legal risks.

Our ethical audit reveals major flaws in Tesla’s supply chain oversight. Despite blockchain tracking and supplier audits, illegally mined cobalt continues to enter global markets due to weak direct oversight. This enables ongoing human rights abuses and environmental harm. To uphold its sustainability commitments, Tesla must adopt a fundamentally new approach to cobalt sourcing.

The Challenge

We propose an ethical sourcing model inspired by Rwanda’s mineral traceability systems, adapted to the DRC’s cobalt sector. This strategy includes geochemical fingerprinting to verify ethical cobalt sourcing, AI-powered compliance tracking, and SpaceX satellite surveillance for real-time monitoring of illegal mining, deforestation, and labor exploitation. Formalizing artisanal miners into Tesla-certified cooperatives will ensure fair wages, safer conditions, and sustainable community development.

Collaboration with ITSCI, the OECD, and independent auditors is essential to establishing enforceable ethical standards. Without action, Tesla faces legal, financial, and reputational risks. By pioneering a fully transparent cobalt supply chain, Tesla can set a new industry benchmark, proving that clean energy does not have to come at the cost of human rights or environmental sustainability. The time to act is now.