

Cost breakdown of the Fairphone 2

Extending fairness throughout our business

Fairphone is making its business model transparent to show every aspect of running our social enterprise. All our work contributes to a fairer electronics supply chain, from manufacturing and marketing our product to investing in social innovation programs.



€525

Average consumer price

(Incl. average 20% VAT)

- €118



Taxes & Reseller Margin

A considerable portion of the phone's total price goes to taxes and reseller margins, resulting in an average net sales price of **€407**. This is the amount we actually receive and can use to make the Fairphone 2.

- €340



Product

Well over half of the phone's price goes to making the product itself. After materials and manufacturing are covered, we use the remaining **€67** gross profit to invest in social and environmental programs in the value chain and run our operations.

- €33



Investments

Fairphone invests in developing high-performance phones and projects that stimulate social innovation. For the Fairphone 2, we've created an original design that embodies our values of openness, longevity and repairability.

- €25



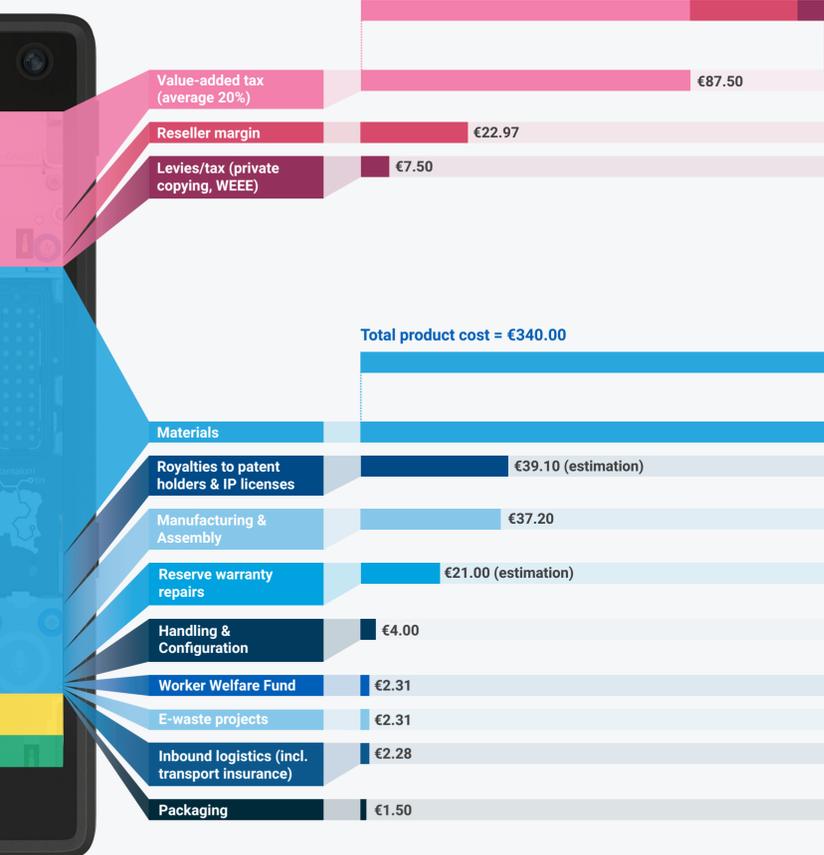
Operations

Your purchase helps keep Fairphone independent by covering basic operating costs like sales, IT and administration.

€9

After accounting for investments and operational costs, we have a result of approximately **€9** before corporate tax. We reserve the remaining profit from each phone for unexpected costs or additional investments in our social impact programs.

The numbers in this cost breakdown are an estimate. The projected costs are based on our business plan of producing and selling **140,000** phones per year and an average exchange rate of 1.08 dollars to the euro.



Taxes & Reseller Margin

A considerable portion of the phone's total price goes to taxes. This includes value-added tax (VAT, which averages 20% across the EU) as well as WEEE, a European Community Directive which sets targets for the collection, recycling and recovery of consumer electronics.



Product

As a small manufacturer with relatively low production volumes, materials represent an especially significant cost. Combined with manufacturing, royalties and logistics, more than 60% of the phone's price is used to make the product itself. By producing the Fairphone 2, we're also working to improve working conditions throughout the supply chain, like integrating conflict-free tin and tantalum from the Democratic Republic of the Congo. In addition, we contribute to a Worker Welfare Fund at our production partner in China and an e-waste collection program in Ghana.

Total product cost = €340.00

Manufacturing & Assembly at Hi-P

Line & Equipment	€15.60
Labor	€9.80
General, Administrative & Handling	€9.50
Scrap, Yield losses & Attrition	€2.30
Total	= €37.20

This is an indication



Investments

Fairphone invests in product development as well as projects that stimulate social and environmental improvements. For the Fairphone 2, we've created an original design that embodies our values of openness, longevity and repairability. Besides supporting the creation of our phones, our value chain, creative, product and legal teams research and manage projects that influence a more ethical and transparent supply chain.



Operations

Sales of the Fairphone 2 help us maintain our financial independence by covering operating costs like marketing, IT and administration. To keep our spending in check, we handle customer service in-house and rely on word of mouth instead of advertising. Our recent B-Corp certification recognizes our dedication to addressing social and environmental issues with our daily business practices.

