

***FAIRPHONE***

Ways of Working  
Together

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# Supply Chain Ways of Working Together

Fairphone produces smartphones with the goal of uncovering industry-wide challenges and making social and environmental improvements throughout the consumer electronics value chain. Fairphone aims to work with partners who understand our ideals for creating a fairer economy. Our goal is to build lasting relationships based on transparency and trust.

The Fairphone 'Ways of Working Together' summarizes our expectations regarding the policies and operational practices of our various partners and is used as a framework to assess and increase responsible business practices. It includes baseline standards and procedures that serve as minimum requirements; however, it does not preclude alternatives that exceed these minimums. In instances where the conditions of this document are not met, we will work collaboratively with our partners to identify the root cause of the issues and develop a plan for sustainable improvement over the course of our relationship.

The Fairphone 'Ways of Working Together' is inspired by international standards such as the UN global compact, ETI Base Code and the ILO Declaration on Fundamental Principles and Rights at Work as well as by our own firsthand experience. Throughout the remainder of this document, we shall refer to ourselves as 'Fairphone' and to our manufacturers, suppliers, vendors, service providers, subcontractors or any relevant third party as 'the partner'.

# I. Procedures

## 1. Rule in Case of Conflicts

In case the provisions of this 'Ways of Working Together' conflict with applicable laws, democratic collective bargaining results and the partner's policies, the provision that affords the greatest protection for individuals and the environment shall apply, except when this triggers a violation of the law in an applicable country.

The partner shall exercise best efforts to go beyond the standards contained in this 'Ways of Working Together' and is expected to act in accordance with the UN Guiding Principles on Business and Human Rights.

The partner shall undertake to acquire all the necessary tools and/or methods to effectively implement the provisions provided herein, including but not limited to policies and procedures, and a monitoring framework.

## 2. Management Commitment

The partner's senior management shall adopt a written statement regarding their commitment to carry out its business operations with a high standard of protection for labor and human rights, health and safety, the environment, responsible sourcing and business ethics, as well as compliance with the law, similar to or exceeding the standards contained herein.

The partner shall assess its existing policies to make sure that they are aligned with the standards, where applicable.

## 3. Protection for All Types of Employees

Unless otherwise specifically excluded, the standards shall afford protection to all persons performing work for the partner, whether under a direct employment agreement or otherwise, including agency employees, interns and apprentices.

The partner shall ensure that such persons are aware of and can benefit from the rights that they have in relation to the standards.

## 4. External Communication

Fairphone shall be allowed to externally communicate the implementation of these standards, upon consultation with the partner in case of sensitive matters.

## 5. Compliance Documentation

The partner shall maintain documentation and records to prove compliance with the standards and applicable laws and shall make this documentation available to Fairphone upon request.

## 6. Amendments

Fairphone may propose amendments to these standards when required by a change in law or its internal policies. Whenever an amendment to the standards is due to its internal policies, the partner's written consent is required, and shall not be unreasonably withheld.

## 7. Evaluation of Compliance

The partner shall perform periodic evaluations in the form of audits and assessments of its facilities and operations, and the facilities and operations of new and existing sub-suppliers, to ensure legal compliance as well as compliance with these standards. Feedback regarding the enforceability, practicality and usefulness of these standards shall be collected from suppliers and employees, where applicable.

Non-compliance shall be addressed through the adoption of a remediation plan with clear follow-up actions and timelines.

## II. Standards

### Labor and Human Rights

#### 8. Forced Labor and Human Trafficking

All employment shall be voluntary; forced, compulsory, prison, slave, or debt bonded labor as well as any form of human trafficking is prohibited.

No deposit shall be withheld from or debt placed on the employee before or during the period of employment. The partner shall ensure that no employment fees or costs are directly or indirectly borne by employees upon commencing employment or throughout period of the employment. Employees' free movement will be guaranteed and employees' work permits, any form of identification or travel documents shall not be confiscated or retained, preventing their free movement.

#### 9. Non-Discrimination

The partner shall not engage in or support discrimination in hiring, remuneration, access to training, promotion, termination or retirement based on race, national or territorial or social origin, caste, medical conditions, religion, disability, gender, sexual orientation, family responsibilities, health status, marital status, union membership, political opinions, age or any other condition that could give rise to discrimination. Mechanisms to protect migrant, temporary, or seasonal employees against any form of discrimination shall be implemented.

#### 10. Inhumane Treatment

All employees shall be treated with dignity and respect; any form of harassment, abuse, threats, exploitation, sexually coercive behavior, or inhumane treatment are prohibited.

#### 11. Disciplinary Practices

No employee shall be subjected to physical, verbal, or other acts as a disciplinary measure (e.g. deduction from wages as disciplinary measure).

#### 12. Employment Contract

Employees shall be provided with a written employment contract immediately upon hiring, in a language that they understand. The partner shall exercise best efforts to employ its employees directly, thus minimising the use of third-party (e.g. labor agency) employment or temporary employment or other forms of engagement which may circumvent employment laws in an unethical manner.

The use of employment methods such as excessive use of fixed-term contracts, labor-only contracting, home working arrangements and apprenticeships are prohibited when there is no real intention to impart skills or provide regular employment or when such methods are used to avoid obligations under regular employee status, including the provision of social security and employee benefits.

Any employees who do not have a direct employment contract with the partner (e.g., agency employees) shall be granted suitable protection in accordance with their status. The same applies to interns and apprentices. The partner shall bear all applicable recruitment and/or employment fees and expenses.

#### 13. Child Labor

The partner shall not employ any person under the age of 15, under the age for completing compulsory education, or under the national minimum age for employment, whichever is highest.

Upon discovery of a breach of such obligation, the partner shall undertake all the required legal actions together with the relevant authorities and the child's legal representatives. It shall also provide the necessary support in the child's best interests, including enabling them to attend and remain in quality education until they are no longer a child as defined by this clause. The partner shall exercise best efforts to offer re-employment to them when the legal conditions are met.

## **Juvenile Employees**

Any employee above the minimum age for employment as defined in the "Child Labor" clause shall be treated as a juvenile employee until the age of 18 or the legal age for employment, whichever is higher.

Juvenile employees' employment shall not interfere with or hinder their education or physical and mental development, and they will be offered free annual health checks.

They shall not be exposed to hazardous environments or types of work, or work that may be qualified as more difficult than regular work (e.g. working at night).

Working hours for juvenile employees shall not be excessive and shall ensure that the requirements of this clause are met. However, they shall not be required to work more than eight (8) hours per day, and under no circumstances shall school, work and transportation time exceed a combined total of ten (10) hours per day.

### **14. Working Hours**

Working hours (meaning regular working hours and overtime) shall not be excessive.

Regular working hours (i.e., excluding overtime) and overtime requirements, as well as the compensation for both shall be included in the written employment contract.

When establishing working hours, the partner shall ensure that they are in compliance with the applicable laws, collective bargaining agreements and industry standards on working hours, including breaks and public holidays.

The regular working hours shall be defined by law, but shall not exceed 40 hours per week.

Overtime shall be voluntary, legally allowed and shall not be used as a consistent practice. Suitable actions must be taken to protect the employees' well-being, health and safety in the case of overtime work. The partner shall have a system in place to ensure that overtime is registered and documented.

Overtime shall be paid to the employee at a rate which is no less than 125% of employees' regular hourly rate or other applicable standards, including the standard defined by local law, whichever is higher.

The total hours worked in any consecutive seven-day period (regular working hours and overtime) shall not exceed 60 hours or other applicable thresholds, including the one defined by local law, whichever is lower. The employee shall be provided with at least one day off in every seven (7) day period or, where allowed by national law, two (2) days off in every fourteen (14) day period.

The above threshold may be exceeded only in demonstrated exceptional circumstances, such as (i) when it is allowed by law or a collective agreement freely negotiated with an employee organization representing a significant portion of the workforce or (ii) unexpected production peaks, accidents or emergencies.

### **15. Wage and Benefits**

For regular working hours, employees shall receive at least the wages and benefits (i) required by law or (ii) industry standards or (iii) negotiated by employees through collective/ individual bargaining, whichever is highest. Wages should be enough to cover basic needs and provide discretionary income.

Employees' wages and benefits shall be clearly communicated with employees. The wages and benefits composition shall be detailed in writing for each pay period. All wages and benefits shall be paid on time; vouchers, coupons or promissory notes cannot be used to replace wage payment.

The partner shall exercise best efforts to progressively raise employees' living standards through improved wage systems, benefits, welfare programs and other services, which exceed legal requirements and enhance quality of life. The partner should involve its employees in the review of wages and benefits through its representatives or other forms of employee/ management dialogue.

## **16. Freedom of Association and Collective Bargaining**

All employees have the right to associate, seek representation and form and join associative bodies that can negotiate and bargain collectively on their behalf. Where these rights are restricted under law, the partner shall facilitate the development of alternative means of independent, free association and bargaining, inter alia allowing employees to freely elect representatives.

The employees shall be actively informed of their freedom of association, without any form of retaliation or discrimination. The partner shall refrain from any discriminatory or abusive behavior (such as dismissal, or other forms of discrimination) on the grounds that the employee has (not) joined, or intended to join or establish a trade union or alternative means of association or bargaining, sought office or acted in the capacity of an employee representative, or has participated in trade union or bargaining activities.

## **17. Accommodating Special Needs**

The partner shall ensure that the various needs of different groups of employees are being adequately addressed, supported and fulfilled, when reasonably practicable.

For instance, facilities for religious practices should be provided and female employees should receive adequate treatment, including during pregnancy and nursing. Student employees shall receive adequate training and support.

Interns and apprentices, as well as any other person performing work for the partner under an employment contract or other type of agreement shall benefit from this clause.

## **18. Safeguarding Personal Data and Right to Privacy**

The partner shall ensure that any activities relating to personal data shall be conducted in accordance with European and applicable national data protection laws. Personal data shall only be used for the purposes of

management, performance tracking and monitoring of the employment contract.

The partner shall ensure that its employees have a reasonable expectation of privacy in the workplace. For instance, employees have the right to the privacy of their personal belongings as well as private correspondences through email, letters or phone calls addressed personally and directly to the employees.

## **19. Grievance Channels and Feedback**

For the benefit of the employees, the partner shall set up and maintain an anonymous, free, unrestricted, unbiased, non-retaliatory and safe channel to report complaints about the workplace and shall have procedures in place for investigating, following up and communicating the outcome such complaints.

In the same way, the partner shall actively seek feedback from its employees in respect to working conditions and follow-up on their suggestions for continuous improvement.

## **Health and Safety**

### **20. Working and Living Conditions**

A clean, safe and healthy work environment shall be provided to ensure the well-being of employees. Adequate working conditions as well as living conditions at the workplace and related spaces, including access to safe drinking water, clean and safe food-related practices, and where applicable, adequate dormitories with optimal heating, ventilation and personal space shall be guaranteed.

The partner shall adopt and apply adequate practices to integrate health and safety requirements into its business. Such practices may include the appointment of senior management representatives and/or a joint management/employee committee to deal with health and safety requirements.

Employees have a guaranteed right to refuse unsafe and unhealthy working conditions, to report them and receive remediation.

## **21. Physically Demanding Work**

The partner shall identify, evaluate, and control employees' exposure to tasks that pose an ergonomic risk such as excessive force, improper lifting positions, or repetitiveness and establish related protective measures, including for new or modified production lines, equipment, tools, and workstations.

## **22. Prevention and Management**

The partner shall implement adequate prevention, management, monitoring and response policies and systems to handle health and safety hazards.

It shall identify and assess any potential hazards in work and living spaces and the emergencies that could be caused by them, ranking and categorizing them by their seriousness, urgency and the handling requirements. Following such identification, it shall adopt adequate measures to minimize or eliminate, insofar as reasonably practicable, the identified causes of the hazards.

For hazards that cannot be eliminated, it shall develop and implement preventive action plans and response mechanisms to minimize any potential harm.

At all times, the partner shall provide and maintain adequate and safe equipment and tools, which includes providing appropriate personal protective equipment (PPE) free of charge to employees and free annual health checks for employees exposed to hazards or risks.

In areas with chemicals and hazards or risks, adequate information shall be made available including Material Safety Data Sheets and PPE wearing instructions. The partner shall maintain written records of all health and safety incidents that occur in the workplace and living environment, as well as the implemented follow-up measures.

## **23. Emergency Response**

The partner shall adopt and implement appropriate emergency response plans in case of hazards which include: emergency reporting management, employee notification and evacuation procedures, employee training and drills, adequate exit facilities, and appropriate fire detection and suppression equipment.

## **24. Adequate Training and Records**

The partner shall ensure that employees are adequately trained to carry out their responsibilities and duties, including through the provision of health and safety trainings on a regular basis, such as on-site and job-specific trainings.

The training shall be made available whenever needed, including for new and reassigned employees, as well as after the occurrence of an incident and changes in technology or equipment.

## **Environment**

### **25. Tracking, Measurement and Minimization of Environmental Impact**

The operations' adverse effects on the environment and natural resources will be tracked, measured and minimized as reasonably practicable and in accordance with local industry practices and best available techniques by e.g., modifying polluting practices, maintenance and facility processes, material choice, conservation, recycling and reusing, energy efficiency, site restoration and sourcing.

### **26. Environmental Permits and Reporting**

The partner shall obtain, keep up-to-date and comply with all necessary environmental permits and reporting requirements for its activities. Environmental impact assessments shall be performed to identify and address the impact of its business on the environment and local communities. The partner will take the necessary actions to ensure that timely and proper remedies are provided for any environmental breach.



## **27. Environmental Management System**

The partner shall establish and maintain an adequate system of environmental management, which may include: (i) collection and evaluation of adequate and timely information regarding the environmental, health, and safety impact of their activities; (ii) establishment of measurable objectives and, where appropriate, targets for improved environmental performance and resource utilization, including periodically reviewing the continued relevance of these objectives; where appropriate, targets should be consistent with relevant national policies and international environmental commitments; and (iii) regular monitoring and verification of progress toward environmental, health, and safety objectives or targets.

## **28. Hazardous Substances Management**

The partner shall take a life cycle approach towards hazardous substances used in end products as well as in production processes, and shall ensure a minimum use of such substances (i.e., in situations where they cannot be eliminated or replaced by less hazardous or non-hazardous ones).

The partner shall perform the necessary assessments regarding the use of hazardous substances in order to establish an adequate hierarchy of measures when dealing with them. This shall include identification, handling, monitoring, reducing, replacing or phasing out, as well as responsible end-of-life or end-of-use treatment of such substances.

Fairphone will make its policies available in respect to hazardous substance use and compliance and establish the required actions with the partner as applicable on a case by case basis.

## **29. Hazardous Waste Management**

The partner shall implement measures for minimizing the generation of hazardous waste at the source. The production, collection and transportation of hazardous waste, as well as its storage and treatment shall be carried out under conditions providing adequate protection for the environment and human health

and shall ensure traceability from production to final destination and control of such waste. Hazardous waste shall not be mixed with other waste and shall be adequately registered and labeled. The partner shall ensure that the treatment, transport and handling of hazardous waste is done only by professional entities with adequate permits, and in accordance with applicable local and international standards.

## **30. Non-Hazardous Waste Management**

The partner shall implement a systematic approach to identify, manage, reduce and responsibly dispose of or recycle non-hazardous waste.

## **31. Wastewater Management**

Wastewater generated from operations, industrial processes and sanitation facilities is to be characterized, monitored, controlled, reduced and treated as required prior to discharge or disposal.

The partner shall conduct routine monitoring of the performance of its wastewater treatment systems. Measures for the prevention of discharge and spills from storm drains shall be implemented.

## **32. Air Emissions**

The partner shall comply with the applicable standards for clean air, air emissions and air quality. It shall identify, track, manage, reduce, and control air emissions emanating from its operations that pose a hazard to the environment and adopt a prioritized process for reducing greenhouse gas emissions, ozone depleting substances or other types of emissions that are covered in national or international legislation.

The partner shall conduct routine monitoring of the performance of its air emissions control systems.

When applicable, the partner shall join emission trading schemes or other mechanisms whose aim is to reduce and control the impact of such emissions on the environment.

### 33. Energy Conservation

Energy consumption due to business operations shall be tracked, documented and optimized to ensure energy efficiency in line with applicable standards.

### 34. Boundary Noise

The partner shall identify, control, monitor, and reduce noise generated by its business operations. Adequate noise reduction methods shall be applied to minimize noise impact on nearby environments.

## Business Ethics

### 35. Business Integrity

The partner shall not enter into or support internally or externally any form of bribery, fraud, corruption, money laundering or similar practices.

### 36. Intellectual Property

Intellectual property rights shall be respected, transfer and sourcing of technology and expertise shall be done in a manner that protects intellectual property rights, and personal data of individuals shall be safeguarded.

### 37. Anti-competitive Behavior

The partner shall carry out their activities in a fair manner consistent with all applicable competition and tax regulations, taking into account the laws of all jurisdictions in which the activities may have anticompetitive effects.

### 38. Community Relationship

The partner shall exercise best efforts to support and foster the long-term sustainable development of local communities, e.g., by contributing resources and minimizing the negative impact of its business operations.

## Responsible Sourcing

### 39. Responsible Sourcing of Minerals

The partner shall exercise best efforts to ensure that the minerals used in the products do not contribute to conflict and/or human rights abuses, but instead support the economic growth and development in the areas where they are extracted. The application of this clause shall not lead to the cessation of the supply of minerals from conflict-affected areas that are proven to be conflict-free.

The partner shall exercise best efforts in ensuring that the sourcing of the defined conflict minerals do not contribute to conflict or human rights violations inter alia through (i) sourcing from conflict-free smelters and refiners that are audited by internationally recognized third parties, (ii) joining conflict-free sourcing initiatives or (iii) sourcing from suppliers that are part of such conflict-free sourcing initiatives or can otherwise prove an effective implementation of conflict-free sourcing practices. Fairphone encourages the partner to link its supply chain to initiatives that go beyond conflict-free and engage in addressing environmental, social and working condition issues in the mining sector.

The partner shall conduct due diligence on suppliers to determine the origin and chain of custody of conflict minerals, consistent with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and Fairphone requirements and collaborate with Fairphone to identify the refiners and smelters of such materials. If any serious human rights violations are detected, the partner will cooperate with Fairphone to the best of its ability to improve the behavior of the refiner. If joint efforts to remediate such violations fail, the partner will replace the refiners.

For the purpose of this clause, conflict minerals are tin, tantalum, tungsten, and gold, their ores, concentrates and derivatives, and metals containing or consisting of tin, tantalum, tungsten and gold originating from areas in a state of armed conflict, fragile post-conflict

as well as areas witnessing weak or non-existent governance and security and widespread and systematic violations of national and international law, including human rights abuses. Other minerals may be subjected to this clause upon Fairphone's request.

#### **40. Materials Traceability**

Insofar as reasonably practicable, the partner shall provide Fairphone with full disclosure of the materials and minerals used in the products and production of such products.

#### **41. Supplier Traceability**

The partner shall engage in a due diligence process for identifying insofar as reasonably practicable all the suppliers and locations that are relevant for the products.

#### **42. Responsible Purchasing and Production**

The partner shall ensure that its business operations planning and practices (e.g. sourcing demands) do not have an adverse effect on supplier's' own practices.

The partner shall inform Fairphone in case Fairphone's business operations planning and practices cause or may cause an adverse effect on their own business planning and practices or those of the suppliers.

#### **43. Quality Assurance**

The partner shall ensure that the products meet the highest industry quality standards and that they are subjected to an effective quality management system.