

# FAIRPHONE

## Press Release

### FOR IMMEDIATE RELEASE

## Fairphone increases living wage bonus for Chinese factory workers during global pandemic

**Amsterdam, 17.12.2020** – Fairphone, the Dutch social enterprise building a market for ethical smartphones, announces that in just over a year since it started the living wage bonus program with its production supplier Arima, 485 factory workers, have received a bonus of up to 1050 EUROS. This equals more than 4 months of extra salary, or in other words, a salary increase of 30% if you earn the legal minimum wage. Fairphone pays factory workers a bonus of \$1.85 USD per Fairphone 3 and 3+ produced.

The unique system is part of Fairphone's ongoing work to improve worker welfare in its supply chain and is paid on top of the regular salary to fill the gap between the Chinese minimum wage and living wage. An industry first, the system is an example of Fairphone creating a scalable model that can be easily replicated by the rest of the industry. The living wage bonus was increased at a time when many companies struggled to cut costs due to the global pandemic and is an ongoing project. It also addresses one of the root causes of excessive overtime, a systemic problem the industry faces. The living wage bonus, next to closely monitoring working hours, gives an actionable approach to the issue.

In May 2020, nine months after the start of the program, Fairphone evaluated the approach. Using surveys and discussion groups, workers were asked for their opinion on how it could be improved. As a result, Fairphone made the following changes:

- Bonuses are paid out on a monthly basis instead of per quarter
- The lowest earning workers get a higher bonus
- The contribution was increased from 1.68 USD to 1.85 USD per Fairphone 3 and Fairphone 3+ produced, since there are now more workers on Fairphone's production line than at the start of mass production in August 2019 to strengthen the production output

A living wage is the payment received for a standard work week by a worker, enough to afford the worker and their family a decent living standard. Elements of a decent living standard include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events. With the ongoing Covid-19 pandemic, research done in collaboration with Facilitator, a Chinese NGO, found that a living wage is more important than ever, as most workers experience a loss of income, mainly due to less overtime work and lower employer revenue. In fact, Fairphone has also paid the living wage bonus to some factory workers in February and March 2020 who were unable to go to the factory due to government travel restrictions - helping to support them during a challenging time.

**Remco Kouwenhoven, Fairphone's Social Innovation Lead comments:** *"Wage is such a crucial issue for workers in the electronics sector. Low incomes could mean that workers and their families lack or have limited access to essential needs such as food, education, health care or housing. A living wage for factory workers costs less than 2 euro per smartphone. It's time for electronics companies to start paying living wages in their own supply chain too."*

The 'Facilitator' research further found that the living wages in China are 2.5 to 3 times the legal minimum wage. The survey found that most workers first cut food expenses, followed by housing, medical and education expenses if their income is too low for a decent living standard. In a recent trend, Chinese migrant workers move to cities along with their children and grandparents - who take care of the children while the parents are working. This means that workers need an even higher income to afford the cost of living in a city with their family.

The living wage program is part of Fairphone's ongoing plan to improve working conditions, including things such as worker representation, health & safety and improvements in food-related expenses. To find out how we calculated and initially set up the living wage bonus, read our whitepaper [here](#).

### **About Fairphone**

Fairphone is building a market for ethical phones and motivating the industry to act more responsibly. We design, produce and sell smartphones to uncover the supply chain behind our products, raise awareness for the most urgent issues, and prove that it's possible to do things differently. Together with our partners and collaborators, we're working to make caring for people and the planet a natural part of doing business.

Photos, videos, fact sheets and other materials are available at the Fairphone press page: <https://fairphone.com/en/about/press/>  
[www.fairphone.com](http://www.fairphone.com)

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