FAIRPHONE

FAIRPHONE'S IMPACT 2023

Change is in your hands

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Introduction

Monique Lempers
Chief Impact Officer

"Is this actually an office?" Ten years ago, I walked into a job interview at a young startup called Fairphone. I wasn't sure I was in the right place. It was chaotic. The elevator was an ancient, creaking relic. There weren't enough desks. Nothing about the place was business-like. Ten years later, our office breathes space and has a friendly, efficient open-plan feel. Of course, with our climbing wall, vegetarian kitchen, and wall sculptures made out of e-waste, it still doesn't fully conform to 'business as usual' rules of what an office should look like—after all, for the past decade, we've made it our business to rewrite the rules.

"Ten years ago, they said fairer phones were impossible. And look where we are today.

To introduce this year's impact report, we're going to step away from the doom-scroll and the bad news. We're going to take a moment to stand still and celebrate who we are, the lives we've changed, the people who help drive our mission, and the promise of our next decade.

Ten years ago, they said fairer phones were impossible. And look where we are today. Our community has grown from 25,000 brave souls who bought a phone that didn't yet exist, to more than 400,000 people who believe that change is in their hands. We envisioned a new way for the industry to think about repairability, sustainability, and fair labor. And more importantly, we pioneered ways to make that vision a reality in your pocket.

Our mission has been our North Star, and we've never given up on the goals and values we were founded on. When Fairphone was getting started, the electronics industry was puzzled about what to do with the artisanal cobalt flowing into their supply chains, mined in hazardous conditions in the Democratic Republic of Congo. Today, the Fair Cobalt Alliance is driving improvements at one of Congo's biggest artisanal mines and benefitting the lives of over 5,000 people, targeting half a dozen of the United Nations Sustainable Development Goals. After Fairphone's first step, a long list of companies, including heavy hitters like Tesla and Google, have joined the Alliance.

When Bas van Abel famously became frustrated at his inability to fix his son's Nintendo, he founded Fairphone to champion the cause of repairability. Few people were talking about that in 2014. Today, it's part of the global conversation. France has repairability laws now, the EU is making strides, and industry giants like Apple have begun to shift both their communications and their product lines to embrace the concept.

When it comes to fair labor, we're enormously proud of the programs we've put in place to incentivize fair labor practices at our suppliers, and to supplement worker income. Knowing that your Fairphone has made someone's life a little richer, and made it easier for them to afford food, education and housing, is one of the greatest gifts that we can give to our customers.

We can rewrite the rules of 'business as usual'. We can make a fairer world.

In these pages, you'll find snippets of our story reflected by the people we've inspired and the people who work with us. But some of my favorite stories can't always be told in full, or with proper credit. We work with an amazing network of people who care deeply about the things we stand for. During the pandemic, for example, we faced a serious business risk if we didn't receive a particular component that most competitors were after as well. Someone very high up at that supplier knew that Fairphone's flame might be snuffed out if his company didn't deliver. So he jumped the delivery queue, set a palette aside, and arranged to helicopter it out. This amazing act of professional courage still gives me goosebumps.

Or the story of the sustainability officer at a good-sized electronics company who asked if we could advance the publication of our Impact Report by two weeks, so she could use it as a proof point to advocate for change at their annual meeting.

Then, there's the story from the general manager of the firm that makes our vibration motor, who said it wasn't just our supply chain work that had moved him, but our entire philosophy. He's reimagining his company and business in a way that looks after people, thinks about consequences, and constantly seeks to improve, thanks to this spark of inspiration.

These are the stories that remind us that Fairphone is more than a company: it's a movement, a cause, a new way of doing business humanely on an increasingly threatened planet Earth.

If the temptation of a ten year anniversary is to look backwards, our Net-Zero commitment is one of our forward-looking ambitions that I'm particularly proud to see in these pages. Last year, we made the decision to exceed—rather than simply comply with—the carbon emission reduction targets set out by the United Nations in the 2014 Paris Agreement.

The rest of the world agreed to hit net zero carbon emissions globally by 2050; we're setting targets—approved by the independent Science Based Targets initiative—to get there by 2045.

That's net zero, not 'carbon neutral' — a claim that can simply be bought with carbon credits even if your actual emissions increase. We're talking about an actual 90% reduction compared to 2022 for Scope 1, 2 and 3 emissions. That's not just our emissions, that's the emissions of our entire supply chain. We'll be working with everyone who provides us with materials or components to help reduce their carbon footprint, switch to renewable energy, and contribute to projects that will accelerate the world toward a fairer future.

If you're reading this report because you're one of our partners, customers, former or current staff, community members, Fairphone Angels, investors, promoters, or champions—thank you for being a part of our amazing ten-year journey. If you're reading this report as someone who's professionally or personally curious about our mission, we're thrilled you're here and invite you to join us on this journey. Because every phone or headset we sell, every person we inspire, every manufacturer we convert, every life we benefit proves a truth that we've been telling for ten years: we can rewrite the rules of "business as usual". We can make a fairer world.

Thoughts on the future

Reinier Hendriks
Chief Executive Officer

Fairphone has spent ten years proving the impossible is possible. The challenge of the next ten years is making the possible normal. That means Fairphone needs to grow even more and become the best argument for the electronics industry to embrace fairness and sustainability. Our success will make the case to future customers that you shouldn't have to compromise to contribute. It will prove that longer-lasting design can help our industry tackle real-world problems like evergrowing mountains of e-waste.

I've worked for a long time in the telecommunications world and I've been watching Fairphone from afar with deep interest. I don't know any other company that's so respected and whose mission so many want to see succeed. That's why I feel extraordinarily lucky to be taking the helm as CEO this year.

I'll leave the reporting on Fairphone's impact in 2023 to those who were driving it. I want to say how proud I am to now be working alongside such amazing people. The team's energy, passion and commitment to our mission is obvious. I see my task now as channeling all of that energy towards impactful growth: growing awareness of Fairphone's brand and mission, growing our presence in the market, and growing the sales of the world's most sustainable phone.

When I look around at our staff, I see so much resilience. Nobody pioneers entirely new ways of producing a phone without being stretched and tested over and over. Fairphone's ten year journey is a testament to that truth. Failed supply chains. Financial setbacks. A global pandemic. A chipset crisis. Suppliers, partners, and even colleagues who've failed to live up to their values. Nobody pushes through that and thrives unless they're 100% committed and, let's face it, a little crazy. The world however doesn't change without crazy.

To make this change, and to shift from crazy to normal, we need to tell an extremely powerful story. A story in which our phone is the vehicle of our mission. A story which redefines what makes great tech. A story that can challenges the idea that buying a phone is about buying the latest innovation, while ignoring the enormous environmental and human cost behind it. A story that challenges the idea that the latest model can somehow make you a happier, better person,

The more powerful story is this: we buy a phone to connect. To our loved ones, to our friends, to our colleagues, to our community, to the world around us. That's what a phone is for. Fairphone promises to make that connection, sustainably, fairly, at a competitive price, with no compromise in performance. It will be built to last longer.

CHAPTER 2

A decade of change

A decade is a long time—depending on how you look at it. At Fairphone, it sped past, often feeling like there were never enough hours in the day. But when reflecting on what we achieved over the last 10 years, we're immensely proud at just how much progress we made. From awareness campaign to high-quality smartphone company; technological curio to industry challenger; innovative disruptor to circularity champion: always with peoples' wellbeing at the core, Fairphone has evolved to be a market leader in fairer electronics. Let's go back in time together and see that evolution for ourselves.

JANUARY 2013

We become a social enterprise and dive head first into the phone industry with the crowdfunding of Fairphone 1.

FEBRUARY 2013

Fairphone 1 sells out with demand growing for a second batch.

NOVEMBER 2013

We partner with Closing the Loop to tackle the e-waste problem in Ghana and recycle 75,000 phones.

MAY 2014

Together with our production partner in China, we establish a worker welfare fund.

MAY 2015

Fairphone becomes a certified B-Corp and raises the bar for ethical business.

Certified B Corporation

JULY 2015

We launch the Fairphone 2, the world's first ethical, modular smartphone.

JANUARY 2016

We're the first and only smartphone company to integrate Fairtrade gold into our supply chain.

FAIRTRADE GOLD

MARCH 2016

Fairphone spreads its wings across Europe, partnering with businesses to expand distribution and impact.

APRIL 2016

We publish an open version of Android, empowering users with transparency, longevity, and ownership.

The phone that cares for people and planet.

JUNE 2016

We level up on transparency with traceable supply chains on all four conflict minerals: tungsten, tin, tantalum and gold.

SEPTEMBER 2017

The Fairphone 2 gets two new camera modules, making it the first smartphone with upgradeable hardware.

OCTOBER 2018

We rally support, raising €2.5 million with the help of OnePlanetCrowd.

NOVEMBER 2018

We celebrate five years of impact with the launch of our very first Impact Report

AUGUST 2019

We launch the Fairphone 3, and become the first to pay a living wage bonus to the makers

NOVEMBER 2019

We expand our horizons, partnering with industry frontrunners to spread the Fairphone 3 revolution to more than 800 shops in Europe.

APRIL 2020

Fairphone teams up with /e/OS, offering de-Googled software with a focus on privacy.

AUGUST 2020

We make a stand for fairer cobalt mining and initiate the Fair Cobalt Alliance.

AUGUST 2020

The Fairphone 3+ launches with improved impact and camera modules—also available as modular upgrades for Fairphone 3 owners.

MAY 2021

Our commitment to sustainability shines bright, earning the Platinum Ecovadis label.

SEPTEMBER 2021

We unveil the next level of Fair

with the launch of the Fairphone 4 and our first True Wireless Earbuds.

JANUARY 2023

Fairphone attracts €49 million from impact investors to accelerate growth, product development and impact.

MARCH 2023

7 years of software support for Fairphone 2

APRIL 2023

Premium sound. Sustainably designed.

We take on the audio market with the Fairbuds XL—our premium, wireless and repairable headphones.

MAY 2023

We're the first company to pilot Fairmined gold credits, directly supporting miners and their communities and helping to improve the professionalization of artisanal and small-scale mining.

JUNE 2023

Our 10 year anniversary.

A decade later, the journey continues. We've got ambitious plans for a future where caring for people and planet is a natural part of doing business.

Designed for you. Made fair.

We launch the Fairphone 5, our most advanced, consumer-friendly and sustainable phone yet.

AUGUST 2023

FEBRUARY 2024

We relaunch Fairphone 4 with a fully reimagined camera experience, demonstrating our commitment to longevity.

GLOMO Global Mobile Awards

MARCH 2024

Best Mobile Innovation for Climate Action

Fairphone wins a GLOMO at Mobile World Congress.

APRIL 2024

Premium sound. Designed to last.

Meet the Fairbuds, the world's most repairable earbuds.

CHAPTER 2

Strategy and measurement

2.1 Fairphone's Theory of Change

In 2013, Fairphone was founded with a clear mission: to establish a viable market for ethical electronics, thereby motivating the entire industry to act more responsibly. Over the years, we have grown and evolved, while always remaining true to our goal of proving that fairness is good for business, people and planet.

We take a holistic approach to addressing the problems of the electronics industry, driving positive change in three key ways:

We research and raise awareness

By uncovering and transparently communicating about the complex supply chains of electronic products, we are able to inform a wide audience about issues facing the industry.

We innovate scalable solutions

We prove that it's possible to make more ethical business choices while still being commercially viable, through both incremental and dramatic changes in the way we make—and encourage people to use—our products, compared to a more traditional smartphone company.

We motivate the industry

Fairphone practices a fairer business model that we demonstrate and spread throughout our sector by creating strategic partnerships with key industry actors. This helps to motivate the electronics industry to challenge the "business as usual" approach, and make caring for people and planet an expectation rather than an exception.

2.2 Key Performance Indicators

In Fairphone's first ever Impact Report, published in 2018, we set out our key performance indicators (KPIs) to guide us towards proof points of our fairer business model. We transparently shared our methodology, our successes *and* failures, and emphasized lessons learned. That was an important moment for us; a necessary and useful milestone as we professionalized from outsider activists to industry innovators. Since then, we have revisited and reassessed those KPIs on a three-year basis. While we celebrated our 10th birthday in 2023, we also look back on two full KPI cycles, and share what we would want our next (measurable) steps to be.

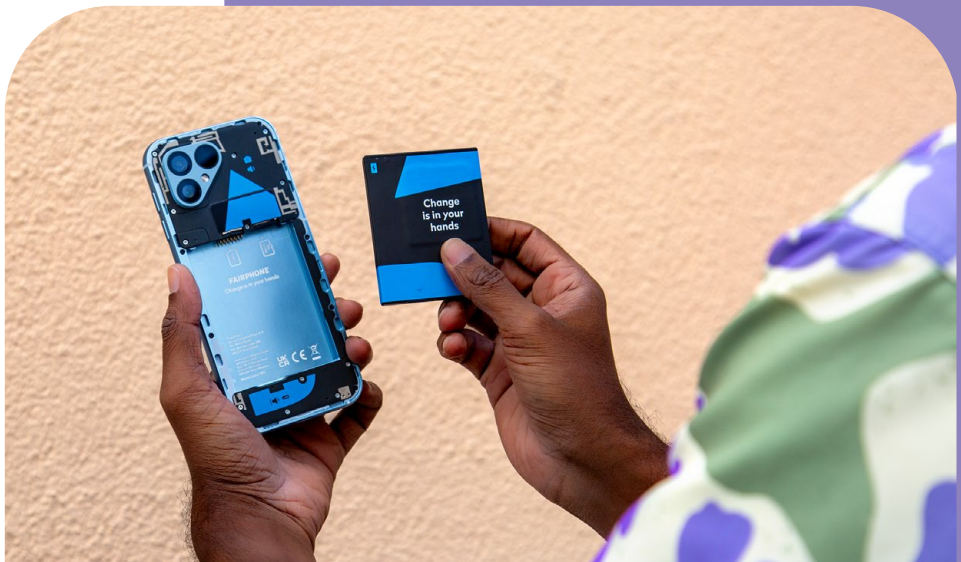
We're happy to share our updated KPIs for 2024-2026 in this year's Impact Report. A decade into the game, we want to keep pushing ourselves, increase our ambitions, and build more partnerships. We want to continue the good work we have started, take on more challenges and trigger new solutions, inspiring others throughout our industry.

As you peruse the following pages, we invite you to consider how you might be able to join our mission to build a fairer future. The demand for more sustainable and ethical products is growing, and our industry has the opportunity to embrace that—and all the positive outcomes that come along with it.

We measure Fairphone's overall impact based on six outcome KPIs and three impact KPIs. To verify the credibility of our KPI results, they have been independently assured by ERM CVS. A copy of the assurance report can be found in Appendix 7. You can refer to the Basis of Reporting in Appendix 5 for further details of how we have prepared our KPI data.

Now, let's turn the page and get into the details!

> We measure Fairphone's overall impact based on six outcome KPIs and three impact KPIs.



2.3 2023 KPI Overview

OUR MISSION

By establishing a viable market... ...for ethical electronics... ...we motivate the industry to act more responsibly.

OUTCOME KPIS

- KPI 1 **Fairphones sold**
- KPI 7 **Net financial results**
- KPI 2 **Longevity score**
- KPI 3 **E-waste neutrality**
- KPI 4 **Fair materials**
- KPI 5 **Fair factories**
- KPI 6 **Industry influence score**

IMPACT KPIS

- Impact driver in all areas
- Planet
- People
- E-waste avoided
- CO_2e avoided
- People benefitting
- Impact multiplier in all areas

SDGS

1 NO POVERTY
2 ZERO HUNGER
3 GOOD HEALTH AND WELL-BEING
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
15 LIFE ON LAND
17 PARTNERSHIPS FOR THE GOALS

CHAPTER 3 - OUTCOME KPIS

Progress

We often say that we view the United Nations' Sustainable Development Goals (SDGs) as a blueprint for a fairer future.

From the beginning, we have held the UN SDGs in mind and worked to contribute to these goals, and our KPIs directly — and indirectly — align with them. We have worked hard to prove to the electronics industry that building a fairer future is possible and worthwhile. We have acted as an industry catalyst, doing our best to minimize the negative impact of our products, maximize their positive contributions, and motivate our peers to act in more socially and environmentally responsible ways.

We're so proud of what we've achieved during that time, and we're excited to share the details of our 2023 results here. We hope that the following pages inspire you, remind you that change is possible, and that you could be our mission's next valuable ally.

3.1 2023 KPI overview

	KPI Name	Unit of measure	Result 2021	Result 2022	Result 2023	Target 2023
OUTCOME KPIS	**KPI 1 Fairphones sold**	Number of Fairphone 3, 3+, 4, and 5 sold via direct and indirect sales	87,936	116,281	100,107	170,000
	KPI 2 Longevity score	Expected lifetime in years of activated Fairphone 3/+ and Fairphone 4	5.5	5.5	4.7*	4.5
	KPI 3 E-waste neutrality	% of electronic end-of-use products taken back VS.. new Fairphone 4, Fairphone 5 and their electronic modules sold	100%	100%	100%*	100%
	KPI 4 Fair materials	Average % of 14 focus materials sustainably sourced	31% (FP4)	40% (FP4)	54% (FP4)* 76% (FP5)*	70% (FP4) 70% (FP5)
	KPI 5 Fair factories	% of strategic Fairphone 4 suppliers who demonstrate improvement or high maturity	38%	63%	63%*	50%
	KPI 6 Industry influence score	Number of points scored on industry players that adopt/apply one of Fairphone's Thought Leadership solutions (cumulative score 2017-2023)	19 (41)	19 (60)	4* (64)	5 (50)
	KPI 7 Net financial results	Financials (€ '000)	3,876	44	-20,572	N/A
IMPACT KPIS	**E-waste avoided**	Tons of e-waste avoided	8	15	29*	N/A
	CO_2e avoided	Tons of CO_2e avoided	668	996**	944*	N/A
	People benefiting	Additional number of people benefiting from Fairphone interventions and programs (cumulative number 2017-2023)	18,847 (54,877)	28,926 (83,803)	22,074* (105,877)	N/A
CLIMATE CONSCIOUS METRICS	**Supplier use of 100% renewable electricity (final assembly of Fairphone 5 sold only)**	Amount of RECs retired against electricity use in the final assembly of Fairphone 5 sold in the year (in %)	N/A	N/A	100%*	100%
	Certified Emission Reduction (CERs) retired (for Fairphone 5 and Fairbuds XL only)	Quantity of Certified Emission Reduction (CERs) that got retired from climate projects	N/A	N/A	2,018*	2,018

Notes

- *Our KPIs have three year cycles and the current one is from 2021 - 2023.*
- *For more detailed KPI description, see the appendix 5: Basis of Reporting*
- *KPI 1 and KPI 7 are part of the yearly financial audit.*

* *Like for the past 2 years, these KPIs for 2023 have been subject to external independent limited assurance by ERM Certification and Verification Services Limited ('ERM CVS'). For results of the assurance, see ERM CVS's assurance report & our Basis of Reporting criteria.*

** *Corrected from 999.*

3.2 Establishing a market for ethical phones

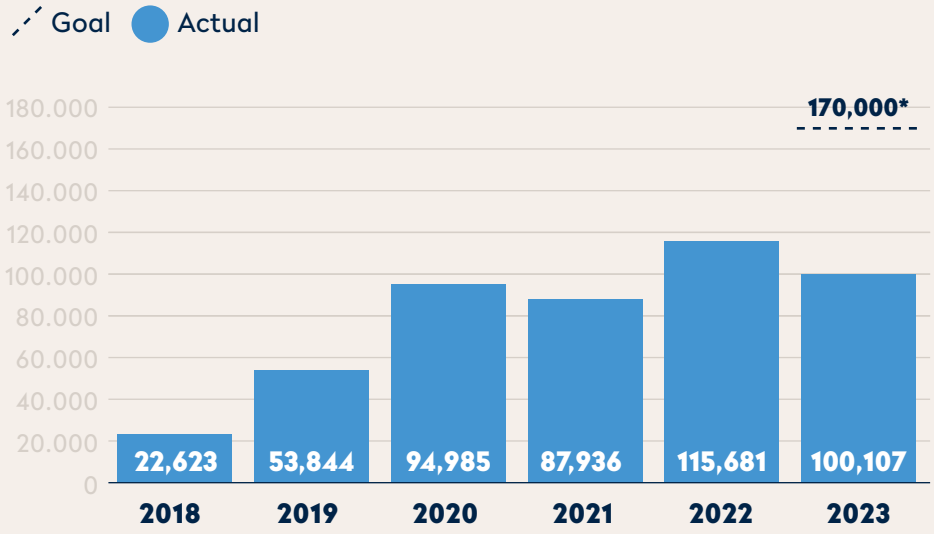
KPI 1 **Fairphones sold**

The challenge

Every time someone chooses a Fairphone, they're sending two key messages to the electronics industry. First, that a fairer phone is possible, and second, that people will choose to buy the more ethical option. The number of phones we sell is our primary measurement to see how effectively we're sending those messages.

In the first half of the year, smartphone sales were relatively low, not benefiting yet from increased marketing investments, and the Fairphone 4 being in its third year of sales. In the second half of the year, we successfully launched our new Fairphone 5, and sold double the volume of smartphones compared to the first half of the year.

Fairphone 3, 3+, 4 and 5 sold



**Adjusted target per April 2023*

Results

We sold 100,107 Fairphones in 2023. While sales were overall stable, we did not reach our sales target for 2023 due to the cost-of-living crisis and shrinkage of the smartphone market.

Our biggest market, Germany, accounted for 36% of our sales, followed by France and the Netherlands with 19% and 18% respectively. 62% of sales came via sales partners, increasing from 59% in 2022.

Our investments in marketing **successfully increased Fairphone brand awareness and traffic to fairphone.com**, but we are yet to see a significant impact on sales. **Fairphone 5 launched** at the end of August 2023 and was well received in the media, by sales channels and by reviewers. We sold around 46,000 in the first four months of its life cycle.

To help the **Fairphone 4** contend in a highly competitive market, we offered customers more options, like the refurbished edition, and the choice to purchase their Fairphone 4 either with standard Android software or with /e/OS (an open-source software) pre-installed. We also **launched the Fairphone 4 in the US** with our partner Murena—we'll have more to share with you in next year's Impact Report about that particular initiative.

Our efforts in the realm of B2B were fruitful, with **B2B sales increasing by over 50%** for the second year in a row and accounting for almost 10% of our 2023 sales. Many large companies across Europe chose Fairphone as their company device, including Deutsche Bahn, Renewi, DelftCare, Ecorus, and PicNic. Fairphone was chosen by the public sector in a number of locations - for example, by the province of South Holland. We also broadened our collaboration with the largest operator in Europe, Deutsche Telekom, to launch more green propositions for both B2C and B2B customers.

We also welcome a new product to the Fairphone family. Our mission to make fairer electronics has broadened beyond phones to include audio products: in 2023, we launched the repairable headphones, the **Fairbuds XL**. Designed by Fairphone to be the most repairable, sustainable headphones on the market, customers, journalists and independent reviewers confirmed that our efforts paid off. In fact, the Fairbuds XL won an iF Design Award *and* we overshot our sales targets for 2023. We've also been working on a new version of the True Wireless Stereo Earbuds—launched in April 2024 as our new Fairbuds with premium sound and built to last.

> **Fairphone has solidified its position as the market's top sustainable alternative. Their influence extends beyond their innovative products to actively supporting our efforts in expanding our ethical customers.**
>
> *— YourCoop*

3.3 Creating products that last

KPI 2 **Longevity score**

Fairphone's Longevity Score calculates **the average expected lifespan of the Fairphone 3, Fairphone 3+, Fairphone 4 and Fairphone 5* by combining their measured actual lifetime with their additional expected lifetime**.

We gather the information on "additional expected" lifetimes from Fairphone users via a survey; every six months of use, we ask them to estimate how long they plan to keep using their phone, based on their experience of its performance and Fairphone's support system.

**Please note that the Fairphone 5's additional expected lifetime is not yet included in this measurement, since its users had yet to receive their first six-month survey at time of reporting.*

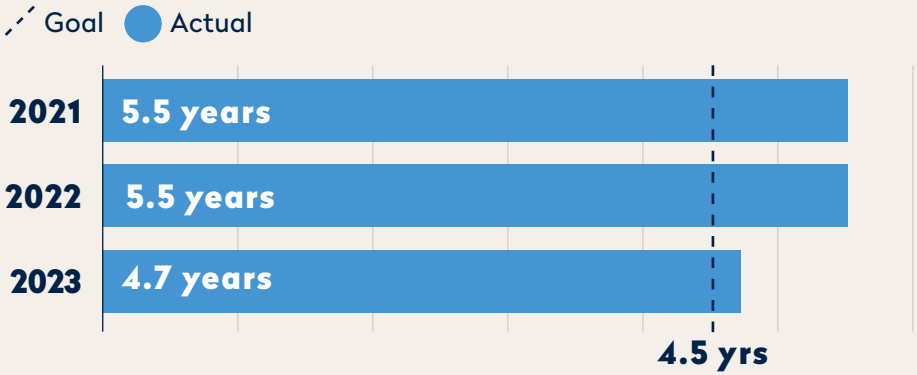
The challenge

The primary environmental impact of a small electronics device is caused during the production phase. This is proven every time our products undergo a Life Cycle Assessment, examining the environmental impact of the product's manufacturing, transport, use, and disposal. The production phase of Fairphone 5, for example, accounts for 78% of its total carbon footprint.

The implication is clear: to reduce negative impact, reduce the number of phones produced. The current average lifespan of smartphones is around three years, but keeping a phone for five years reduces its yearly CO_2e impact by around 28%.

Unfortunately, traditional business models promote fast replacements; the shorter the life cycle, the higher the sales. Company profits are valued more than the negative impact on people and the planet.

Longevity score in years of activated Fairphone 3 (+), 4 & 5



Our approach

We challenge the traditional model with longer-lasting design, long-term software (8 to 10 years for the Fairphone 5) and repair support. Our unique modular design allows for easier and cheaper repairs, upgrades and reuse of modules as spare parts. Repairing a device and using it for longer is far better for the environment than replacing it completely. For example, replacing a cracked screen on a Fairphone 5 versus buying a new phone saves 24kg of CO_2e. That's equal to driving 122 km in a petrol car.

Fairphone encourages and enables Do It Yourself (DIY) repair, which makes it faster and cheaper for the user. We offer reasonably-priced spare parts, free repair information, an extended warranty (five years for the Fairphone 4 and 5), and assistance through Fairphone's website and community pages. Our dedicated Customer Support, our Fairphone Angels and our community members support other Fairphone users with tips and advice to further our mission. If DIY repair is a step too far for our users, it can also be taken to any repair shop; we do not put any restrictions on who repairs or how it is repaired. We even freely share schematics of the printed circuit boards of our products.

We continued our 'product-as-a-service' pilot project, Fairphone Easy, in the Netherlands. Instead of selling the phone to the user, Fairphone remains the owner of the device. We take care of repair, maintenance, reuse and recycling. Although we managed to more than double our subscriptions in 2023, the total number is still low, with roughly 250 customers. We were, however, pleasantly surprised by the amount of customers believing in long-term commitments: 70% of subscribers commit to 36-month subscriptions or more. Unfortunately we also notice that, in general, there remains a psychological barrier towards renting a phone, and the persistent pull of owning the newest, shiniest phone.

Once again, in 2023, the enthusiasm and technical prowess of our user community supported us in continuing to develop, debug, and release new operating system versions to keep Fairphones going longer. We also nurture open-source communities and have launched a partnership with Murena, which enables Fairphone users to buy a phone preloaded with /e/OS, instead of Google's Android operating system.

> **We challenge the traditional model with longer-lasting design, long-term software and repair support.**

We incentivize users to keep their Fairphone longer by offering:

- 5-year manufacturer warranty
- 8 years of software support for the Fairphone 5 (until at least 2031)
- Affordable spare parts for user repair sold in our web shop
- Long-lasting design: a long-life chipset, durability (Fairphone 5 endures rigorous drop testing and is resistant to soft water jets and dust), and easy repair through modular design
- Free and public repair information, including printed circuit board schematics for board-level repairs

Fairphone 5 life-cycle carbon footprint

42
kg CO_2e

Based on 3 years of use - the industry average

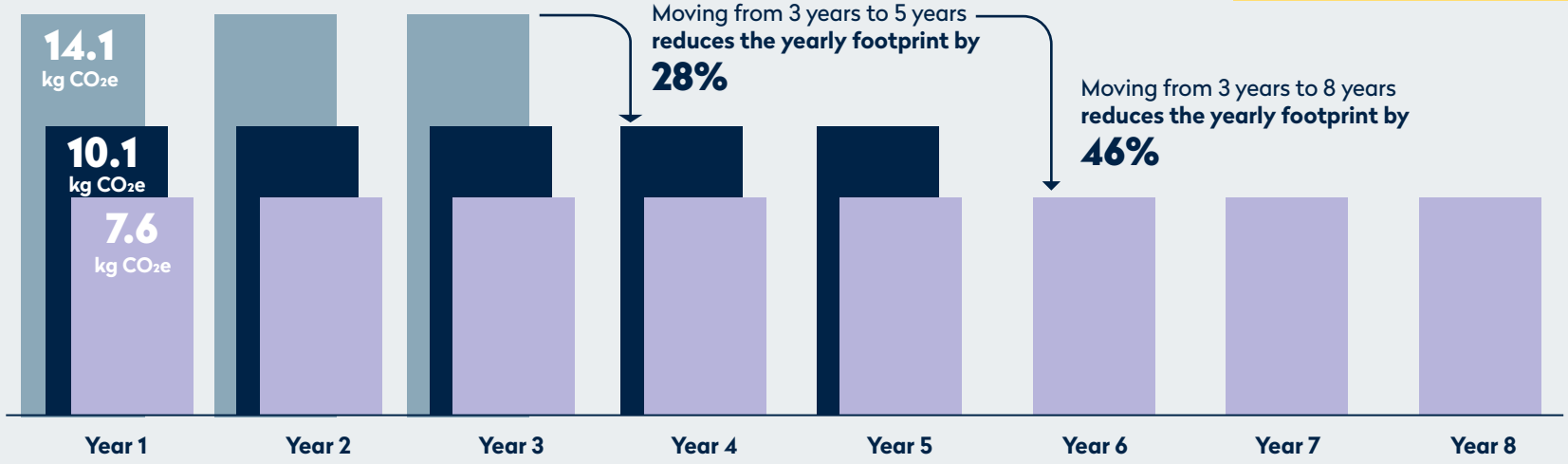
Footprint per life cycle phase in kg CO_2e

Production	Transport	Use phase	End of Life
32.7 kg CO_2e (one time)	**2.8** kg CO_2e (one time)	**6.6** kg CO_2e for 3 years use	**0.04** kg CO_2e (one time)

Emissions associated with collecting and sorting of the device at the end of its useful life.

Yearly carbon footprint

3 years in use | 5 years in use | 8 years in use



Your yearly footprint is decreasing rapidly when you use your phone for longer, as most CO_2e is generated during the production phase.

When calculating the total footprint for 5 years and 8 years usage, we also include the impact of battery replacements.

Impact in kg CO_2e

1x within 5 years 3.7
2x within 8 years 7.5

The results

For the third year in a row, we **achieved our Longevity Score target in 2023**. We aimed for 4.5 years and can proudly report a result of 4.7 years for Fairphone 3, Fairphone 3+, Fairphone 4 and Fairphone 5.

A score of 4.7 years is a strong indicator of customer trust in our phones when it comes to quality, repairability, software updates and overall support. The surveyed Fairphone users who are actively using their Fairphones (61% of all activated phones since the Fairphone 3 launched in 2019 are still in use) expect to use their Fairphones for an average of 6.8 years in total, including use time thus far. The customers not using their device anymore lower the score by halting their use of their Fairphone device after 1.4 years on average and not having any additional lifetime expectations.

The Longevity Score accounts for all devices with Fairphone OS (demo phones at sales partners' shops and phones with alternative OS are excluded), which are 92% of all Fairphone 3, Fairphone 3+, Fairphone 4 and Fairphone 5 devices that have been activated.

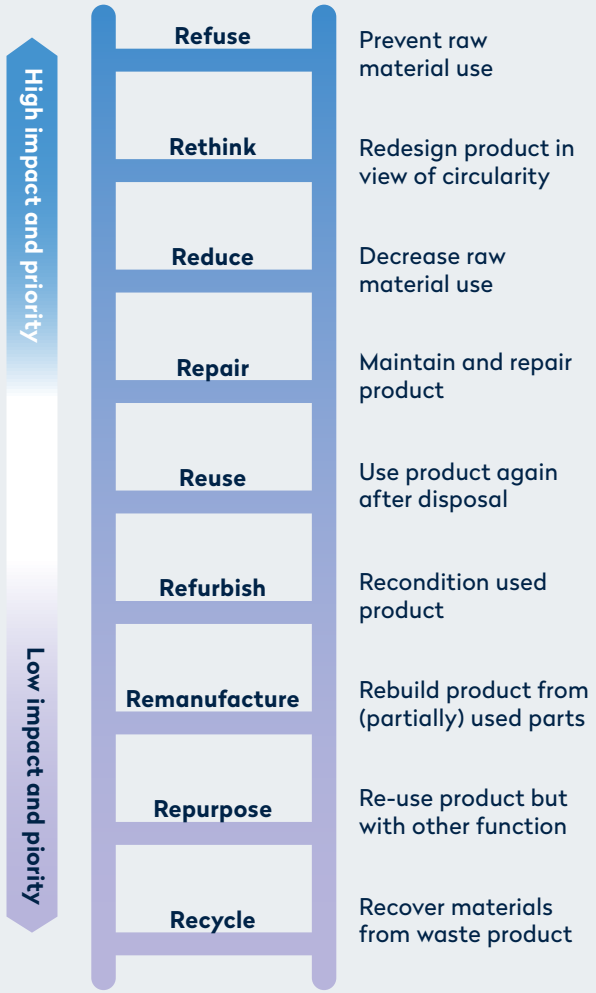
On Black Friday, we didn't want to promote buying new products. Instead, we offered refurbished Fairphone 4s in our New Life Edition product category as a cheaper and more environmentally friendly alternative. 1,091 Fairphone 4s got a new life, increasing their overall lifespan.

For more on how our longevity goals play into quantifiable impacts, see chapter 4 on e-waste and CO_2e avoided.

The longevity score over time

Many users initially respond optimistically when asked how long they expect to use their Fairphone. However, this optimism is not always reflected in practice. When we introduced the longevity score in 2021, it was set at 5.5 years. At that time, all the phones we reported on had been in use for only a short period, contributing to a high expected additional lifetime. By 2023, the score had decreased to 4.7 years—a drop we anticipated. As the proportion of active phones diminishes over time, the influence of the expected lifetime on the overall score decreases. Consequently, the longer the phones are in use and the fewer active phones there are, the closer the longevity score approaches the actual average lifetime of the phone model. This is typically lower than the initial score. We took this into account when setting our target at 4.5 years.

Levels of circularity: 9 R's



At Fairphone, our focus on longevity prioritizes the highest level of circularity, beginning with our 'Refuse and Rethink' strategy. This approach not only extends the lifespan of our products but also significantly reduces the consumption of raw materials.

2020-2023 KPI cycle

When looking back over the last three years of this KPI cycle, the biggest advancements on longevity we've made are:

- Increasing the overall performance of our products, especially of the phone cameras
- Increasing our durability specifications, with tougher drop tests and an IP55 rating for a modular phone
- Increasing our warranty period from two to five years
- Increasing our software support commitment to at least 8 years for Fairphone 5

2024-2026 KPI cycle

In our new KPI cycle from 2024 to 2026, we will continue with stretching the lifetime of our products and aim for a five year average of use of our devices. We will split the Longevity Score between phone models, explicitly stating the differences and score development between our various phones.

Product sustainability and durability must become the norm and the key to transforming our production and consumption models.

Fairphone's commitment to longevity, and their willingness to share their experience, have been essential in the work led in France to achieve such transformation.

— Flavien Barraud, *Commissariat Général au Développement Durable (CGDD) for the French government's working group, Indice de durabilité.*

3.4 Reusing and recycling

KPI 3 E-waste neutrality

Fairphone takes responsibility for the electronic waste created by our products. We measure the amount of electronic end-of-use products we collect for reuse and recycling, compared to the amount of electronic products (and therefore, future e-waste) we put on the market by selling the Fairphone 4 and the Fairphone 5, and their respective spare parts.

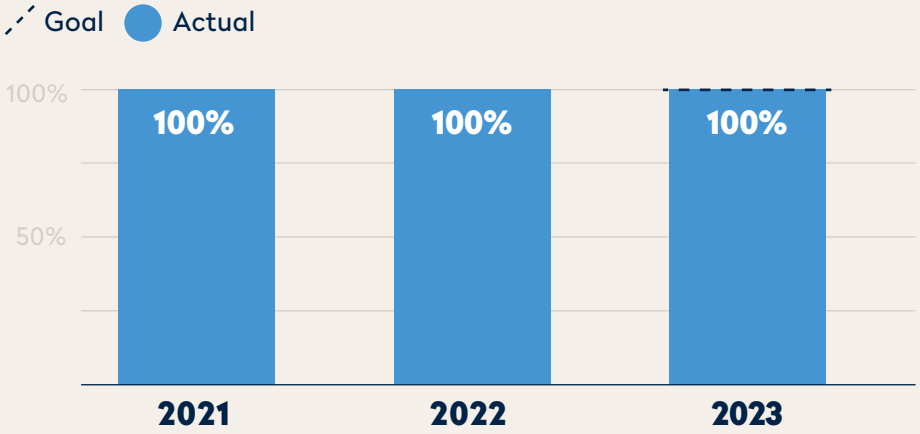
The challenge

The world is producing electronic waste faster than we can currently deal with it: annual e-waste generation is expected to double from 53.6 megatons (Mt) in 2019 to 110 Mt by 2050. Only 20% of e-waste is properly recycled, while the remainder is discarded in the wrong way or dumped—or we simply don't know its whereabouts.[1] In 2019 alone, around 3.3 million tons of electronic waste was illegally exported to countries with insufficient formal recycling systems, resulting in health and environmental hazards.[2] And these numbers don't even include all the e-waste still sitting in our homes!

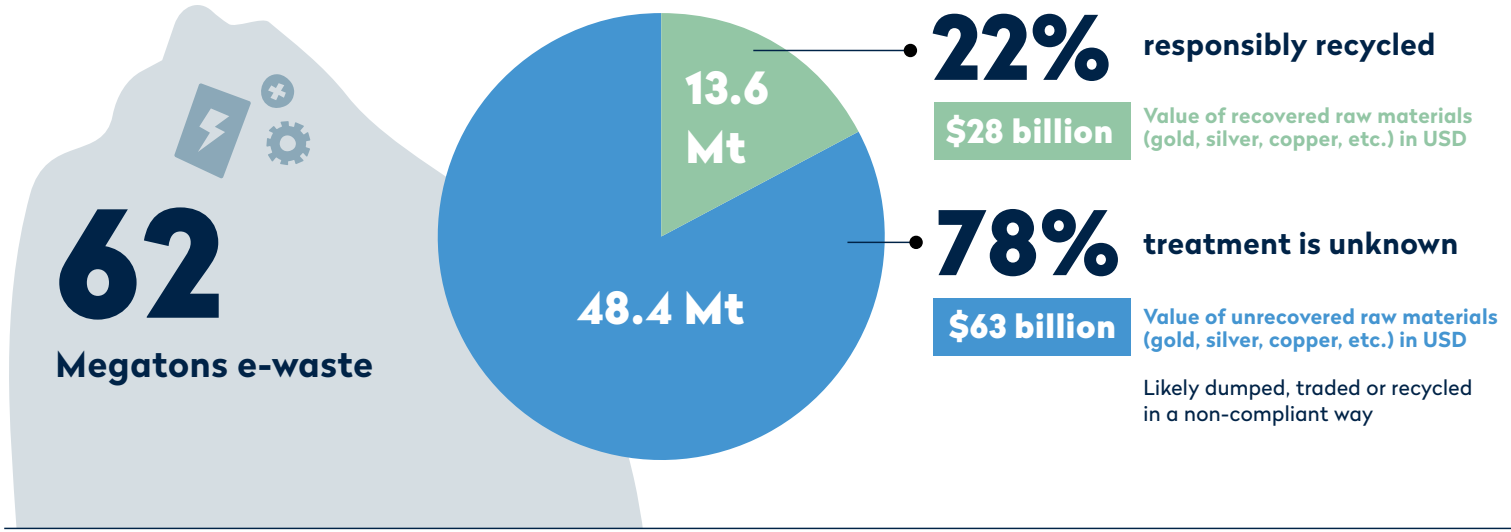
The smartphone-specific numbers are just as shocking: more than 5 billion mobile phones are currently sitting unused in homes and offices globally.[3] This is close to four years of global smartphone sales - and many of these unused phones are still functioning.[4]

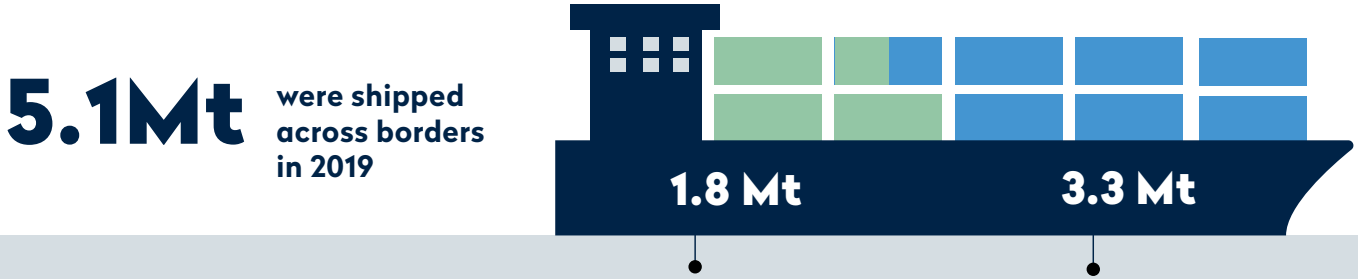
We should be collecting these hibernating resources to reuse and recycle them, rather than mining fresh materials from the Earth. We must urgently change how we purchase, use and dispose of our electronic products.

E-waste recovered vs. Fairphones (4 & 5) sold



Global electronic waste flows in 2022





** International Telecommunication Union (ITU) and United Nations Institute for Training and Research (UNITAR). 2024. Global E-waste Monitor 2024. Geneva/Bonn.*

Our approach

We're working to build a world where **electronic products and the materials inside them are used at maximum value for as long as possible**. Fairphone models this approach through device longevity (see KPI 2), reuse and responsible recycling.

Fairphone's newer products are all labeled as **"electronic waste neutral"**, meaning that for every one of these products (and their spare parts) that we sell, we reuse or recycle another product of the same type, or its weight in e-waste. Taking *full* responsibility for the electronics we bring to market is a selling point!

We incentivize the return of not only Fairphones and their modules, but almost any other brand of phone, through our own Reuse and Recycling program and our **Fairphone Easy** subscription model. We also started a partnership in 2023 with Race Against Waste to actively collect e-waste from homes.

We **collect and recycle electronic waste from Ghana**, a country where informally processed e-waste causes serious health and environmental hazards. Meanwhile, hundreds of thousands of livelihoods depend on processing electronic waste; we therefore work towards creating safe jobs in Ghana in environmentally sound electronics collection and disassembly points for recycling.

GreenAd e-waste management pilot at Agbogbloshie, Accra, Ghana

The results

For the third year in a row, we lived up to our goal to make **all Fairphone 4 and Fairphone 5 devices and electronic spare parts e-waste neutral** by collecting electronic end-of-use products that equal 100% of units sold in 2023.

Our **True Wireless earbuds and the Fairbuds XL** (from International E-waste Day on 14 November 2023) **are also fully electronic waste neutral.** They are, however, not part of this KPI, which is calculated in "phone equivalents" to maintain comparability with previous years before these products were released.

In total, we collected 24.7 tons of electronic waste in 2023: 25% resulted from Fairphone owned take-back programs on the EU market (EU-FP), 12% by contributing to European schemes under the Waste Electrical and Electronic Equipment Directive (WEEE), while 63% was collected in Ghana.

As part of our collection from our own take-back programs, in 2023 we harvested 785 bottom modules and 282 Fairphone 3 displays among other components, which are used for refurbishment and repair.

Out of the total 24.7 tons collected in 2023, 5.26 tons of e-waste was collected through the successful pilot project with Race Against Waste: an E-Waste Race in which 10 schools of one municipality in the Netherlands collect (or repair) as much e-waste as possible to win a school trip. In addition to waste collection, this competition educated more than 300 children, their families and neighborhoods about the world's e-waste problem - and what can be done about it.

We raised awareness on the topic in professional circles too, by hosting two team-building Urban Mining Workshops: one with the participants of the Circular and Fair ICT Pact, and another with our reseller partner, Belsimpel. In these workshops, we learned more about e-waste and went digging for gold in smartphone components.

The Fairphone Easy subscription service is another way we're meeting the challenge of collecting phones after use, as Fairphone remains the owner of the device.

To increase our positive impact on people and planet in Ghana and to broaden the e-waste collection to other electronics devices beyond phones (in line with our growing product portfolio), we entered into an e-waste compensation partnership with ARGO360. Besides collecting and responsibly recycling e-waste, this partnership also aims to build local recycling capacity and create safe and formal job opportunities dealing with electronic waste locally.

> **Fairphone stands out as a pioneer in promoting awareness about e-waste and empowers us to further amplify efforts in campaigning, education and reclaiming electronic devices.**
>
> — Race Against Waste

2020-2023 cycle

In the past three years of this KPI cycle, we collected a total of 51.7 tons of e-waste. During that time, our most significant achievements in this impact area include:

- Collecting Fairphone modules and reusing them for repairs
- Increasing our e-waste take-back from the EU market through a school collection campaign
- Kicking off a shift from shipping Ghanaian e-waste to Europe for recycling, to supporting livelihoods within Ghana by boosting local recycling through our e-waste compensation partnership.

2024-2026 Cycle

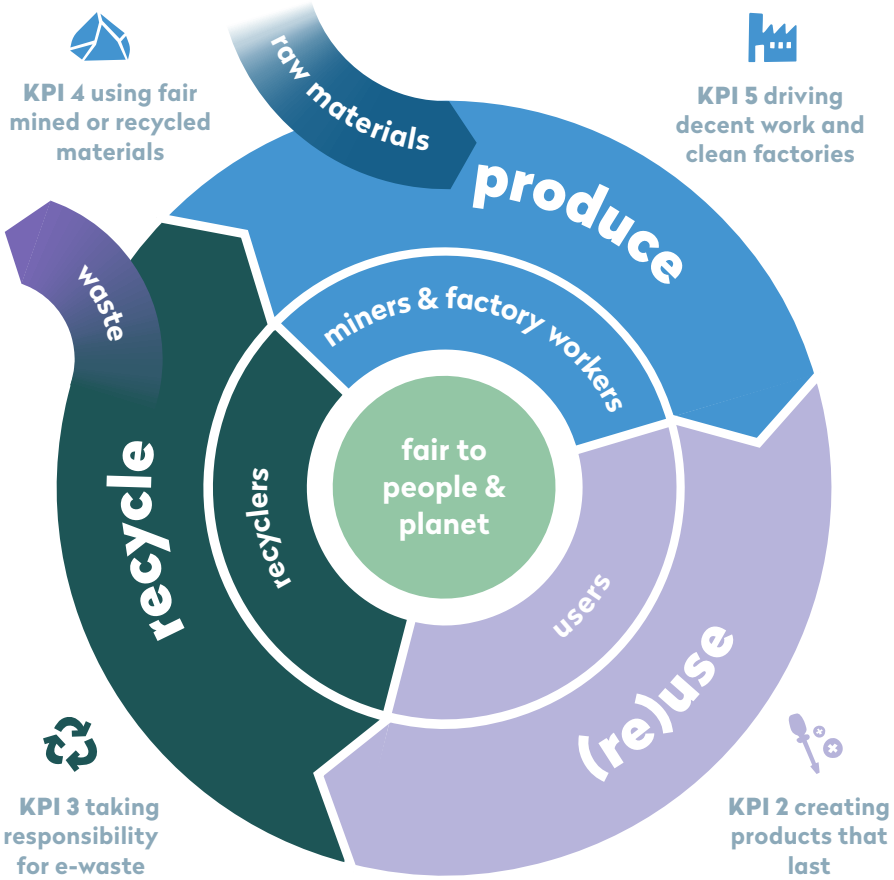
From 2024 on, we aim to make *all* Fairphone smartphones and audio products e-waste neutral. We will start compensating for all of these products in weight, which will lead to more e-waste collection and higher impact.

We will build more partnerships in Europe to drive e-waste collection and consumer education about reuse and recycling of electronics where we sell our products. In next year's Impact Report, we'll have a new sub-KPI to track our e-waste collection specifically from our European market.

We know that countries like Ghana carry an unfair burden of electronic waste—partially illegally exported from Europe. Fairphone will therefore continue to support responsible recycling in countries without socially and environmentally sound recycling systems, and increase the focus on creating safe, local recycling capacity.

To further increase the circularity of Fairphone products, we'll establish a KPI for the collection of reusable modules through our own take-back programs. We also want to increase the take-back of inactive Fairphones without incentivising replacements of Fairphones which are still in use, and will continue to offer our Reuse and Recycling program, so customers can hand in (almost any) phone with us for reuse and recycling.

Fair circularity



3.5 Choosing fairer materials

KPI 4 **Fair materials**

This KPI reflects the percentage of our 14 focus materials (in weight, measured separately) which are considered "fair" in the Fairphone 4 and Fairphone 5*. This means they are sourced from, or support, fairer mines, or are (pre- and post-consumer) recycled.

We prioritize these 14 materials because of the environmental and social impacts in their value chains and the opportunity to increase positive impact.

Direct

Indirect

Our True Wireless Stereo earbuds and Fairbuds XL are not part of this KPI measurement, but we work on sourcing and integrating fair materials for them just as we do for our phones, and transparently report on our efforts.

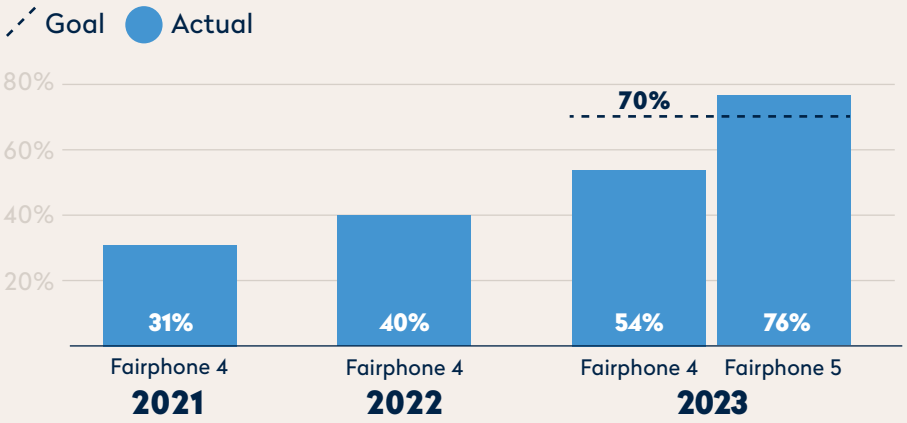
The challenge

Smartphones have become so commonplace in our lives that we can sometimes forget what a feat of engineering and logistics they are.

Over 50 materials are used in a smartphone. Each one has been on a global journey. Every step—extraction, processing, transport, refining, component manufacturing and final assembly—supports the livelihoods of local workers and economies. But each step can also come with unsafe working conditions, health risks to local and indigenous communities, and environmental pollution. Demand for these materials will only increase: the electronics sector is one of the world's largest and fastest growing industries and circularity is still far from reach.

That's why Fairphone focuses on both recycled materials and fair-mined materials: we want to achieve a just transition to a greener, circular economy, where the sourcing and use of materials benefit people and communities while respecting and protecting our planet.

Average % of 14 focus materials sustainably sourced



Our approach

Fairphone prioritizes 14 focus materials based on our Fair Materials Roadmap 2023. These are the materials in our products which have the largest social and environmental impacts in their supply chains.

We work toward ensuring our focus materials come from fair(er) mines, or from recycled sources and create positive impact. This means tracking our supply chain, finding fairer sources and suppliers, developing ways of integrating these fairer materials and—where integration isn't possible—match our consumption with credits from fairer material production.

Our approach is rooted in engagement, collaboration and partnership, the surest route to systemic change. We proactively provide support and investment in creating fairer sources ourselves and in enabling our partners to act responsibly. Ultimately, we want to ensure that miners and workers have safe and fair working conditions, that local communities benefit from mining or recycling activities and don't bear the brunt of the negative impacts, and that the environment is protected. Fairphone is guided in these efforts by our Fair Sourcing Principles, and our Fair Materials Roadmap 2023.

Our 14 focus materials

To build our products, we use over 50 different materials. We selected 14 focus materials based on where we can make the biggest positive impact on planet & people. For the total material consumption, please see appendix 4.

- Aluminium
- Cobalt
- Copper
- Gold
- Indium
- Lithium
- Magnesium
- Nickel
- Plastics
- Rare Earth Elements*
- Silver
- Tin
- Tungsten
- Zinc

*Including Neodymium, Praesodymium, Dysprosium

Overall results

We're proud to say that in 2023, we met the goal we set ourselves three years ago: we drove improvements in all 14 focus materials and achieved more than 70% fair focus materials on average in the Fairphone 5. During that time, we also expanded our focus materials from 8 to 14.

In 2023, we managed to increase the percentage of fair materials in the Fairphone 4 but fell short of the 70% goal. This is due to the complexities of changing the material composition of mass-produced components, such as batteries. Before production, components undergo rigorous testing and certification, and material changes would necessitate additional testing and recertification, incurring significant time and costs.

Over the past three years, our biggest leaps forward include:

- Increasing our use of recycled materials from two to nine (aluminum, copper, indium, magnesium, nickel, plastics, REE, tin, and zinc). An industry-leading 36% of the Fairphone 5's total weight is currently from recycled materials.
- Increasing the use of and contribution to fair mined cobalt and gold through credits, and integrating lithium from an IRMA-assessed mine in our battery supply chain

Results by product

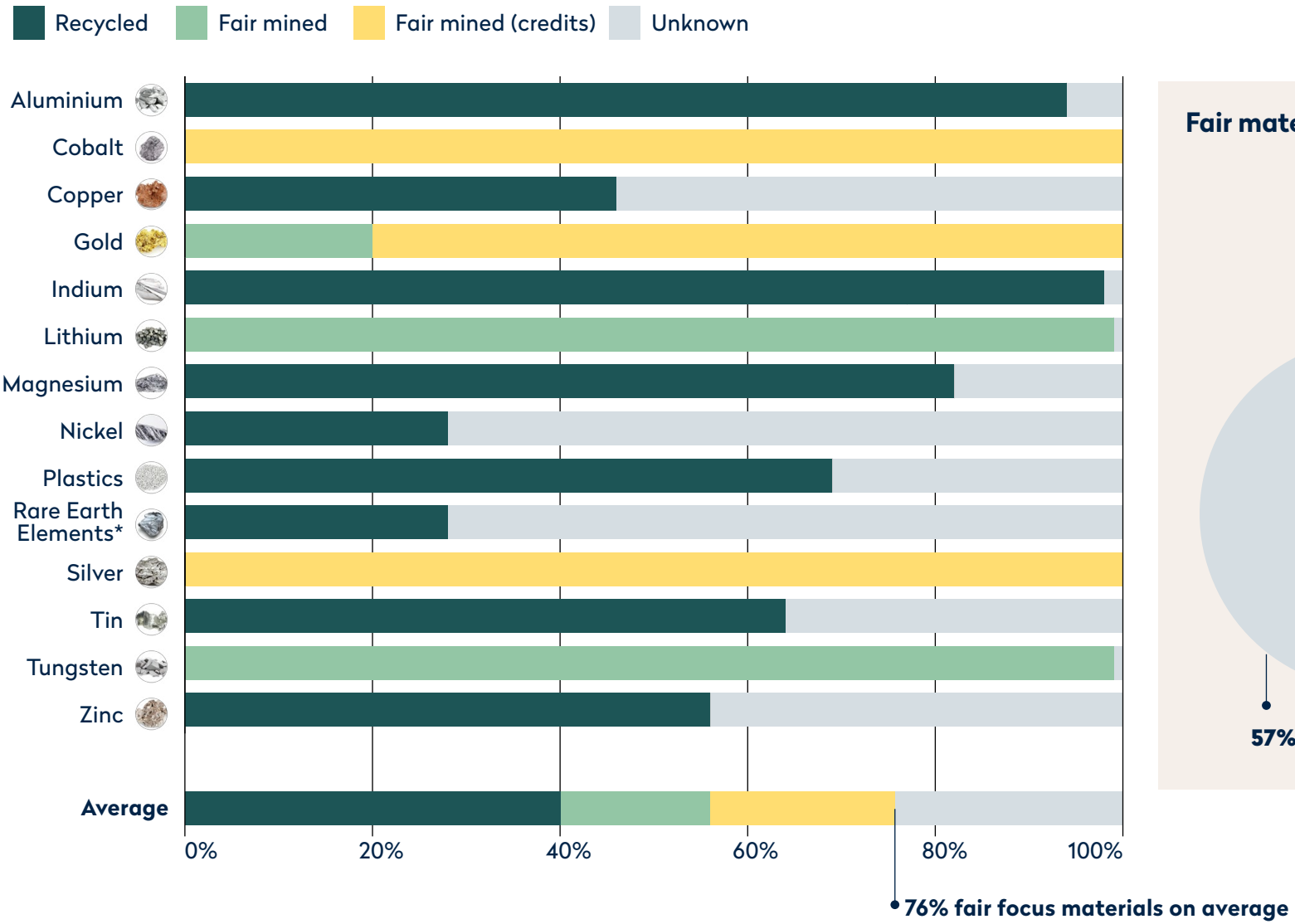
We make our work on fair materials fully transparent and report on each individual product. On the following pages, we show how much of each focus material is considered fair per product, by showing what percentage of the total product weight is recycled, fair mined, or matched with credits, and how much fair materials are contained in strategic sub-components.

Each of these numbers represents a concrete improvement for people and the planet; even if we only use a tiny amount of that material, we still create a positive impact in that supply chain.

Fair materials: Continuous Improvement steps

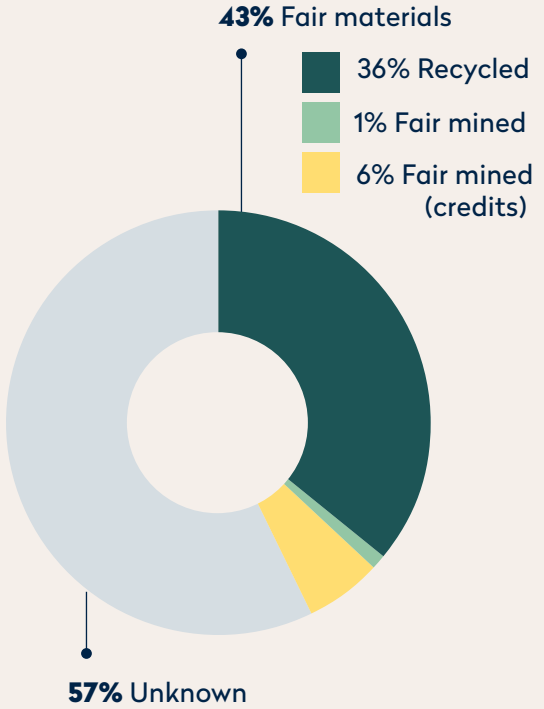
	Material source assessments	Material chain of custody	Nature	Health & safety	Worker & community voice	Living wage & community value creation
Leader	✔ 3rd party assessment against standard with equal stakeholder governance, involvement of affected people and transparent reporting	✔ Chain of custody information audited	✔ Meets best practice standards, including: • Enhanced nature protection • Reduced GHG emissions	✔ Meets best practice standards	✔ Meets best practice standards, including: • worker and community engagement and involvement in impact identification, improvement, and monitoring	✔ Meets best practice standards, including: • Living wages paid (industrial sources) • Living income mechanism (artisanal sources)
Advancing	✔ 3rd party assessment against industry standard	✔ Chain of custody information shared	✔ Meets industry standards (industrial sources) ✔ Assessed and improvement plan established (artisanal sources)	✔ Meets industry standards (industrial sources) ✔ Assessed and improvement plan established (artisanal sources)	✔ Meets industry standards, including: • Worker and community surveys • Grievance channels • Free, prior and informed consent	✔ Meets industry standards, including: • Gap assessment and improvement plan • Local content and economic diversification
Basic	✔ Self-assessment or second-party assessment	✔ Chain of custody self-declaration	✔ Information shared	✔ Information shared	✔ Information shared	✔ Information shared

Fairphone 5: status of 14 focus materials



*Including Neodymium, Praesodymium, Dysprosium

Fair materials in Fairphone 5



Fairphone 5: fair materials in key components

Vibration mechanism
100% fair mined
tungsten

Speaker
100% recycled
- rare earth elements
- plastics (speaker cover)

100% Fairtrade Gold
integrated in supply chain*

Camera
100% recycled
plastics (camera island)

100% Fairtrade Gold
integrated in supply chain*

Battery
100% fair mined
Lithium (IRMA audited)

100% recycled
tin (battery solder)

100% credits
- cobalt credits
- fair mined silver credits

100% Fairtrade Gold
integrated in supply chain*

75% recycled
plastics

80% recycled
steel

SIM Slot
100% recycled
plastics (connector cover)

100% Fairtrade Gold
integrated in supply chain*

Antenna
100% recycled
plastics (antenna cover)

Main PCB
100% recycled
copper

100% Fairtrade Gold
integrated in supply chain*

BtB connectors
100% Fairtrade Gold
integrated in supply chain*

Solder paste
100% recycled
tin

Mid frame
100% recycled
aluminium

100% Fairtrade Gold
integrated in supply chain*

USB-C Port
100% Fairtrade Gold
integrated in supply chain*

OLED Display
100% recycled
indium

90% recycled
magnesium

41% recycled
plastics (display frame)

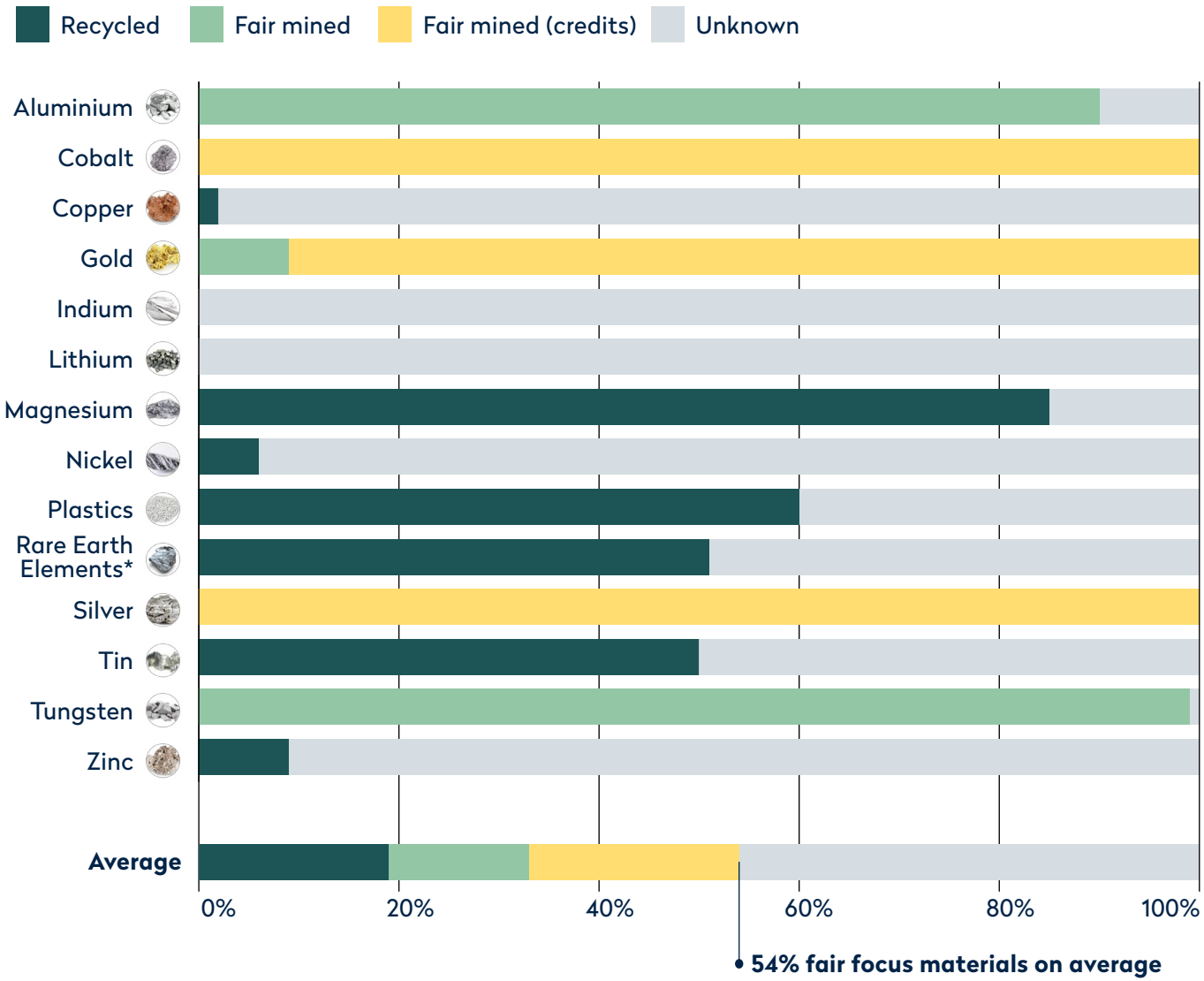
Shielding
67.5% recycled
alloy of copper, nickel, zinc

Back cover
100% recycled
plastics

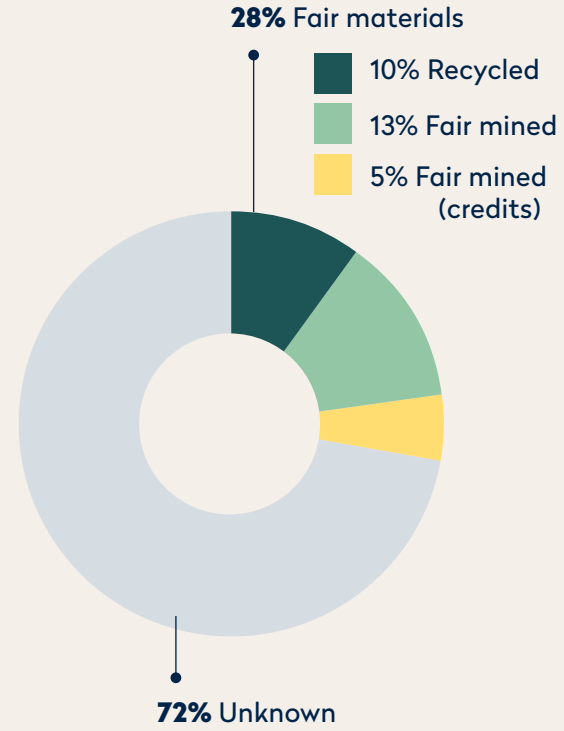
***Fairtrade Gold**
Fairtrade Gold is integrated into the supply chain and is not necessarily used within the specific component.
Read more on our blog

FAIRPHONE

Fairphone 4: status of 14 focus materials



Fair materials in Fairphone 4

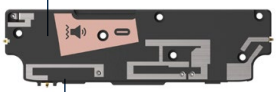


*Including Neodymium, Praesodymium, Dysprosium

Fairphone 4: Fair materials in key components

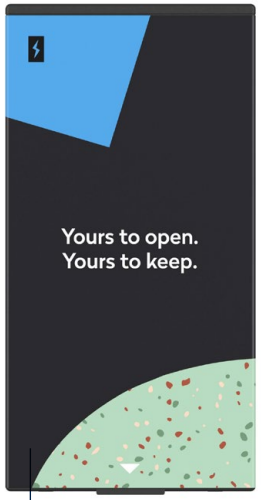
Vibration motor
100% fair mined
tungsten

90% recycled
recycled rare earth elements



Speaker
100% recycled
rare earth elements

100% Fairtrade Gold
integrated in supply chain*



Battery
100% Fairtrade Gold
integrated in supply chain*

Mid frame
100% ASI certified
aluminium (from an ASI certified vendor)

Back cover
100% recycled
plastics

Solder paste
100% recycled
tin

PCB
100% Fairtrade Gold
integrated in supply chain*

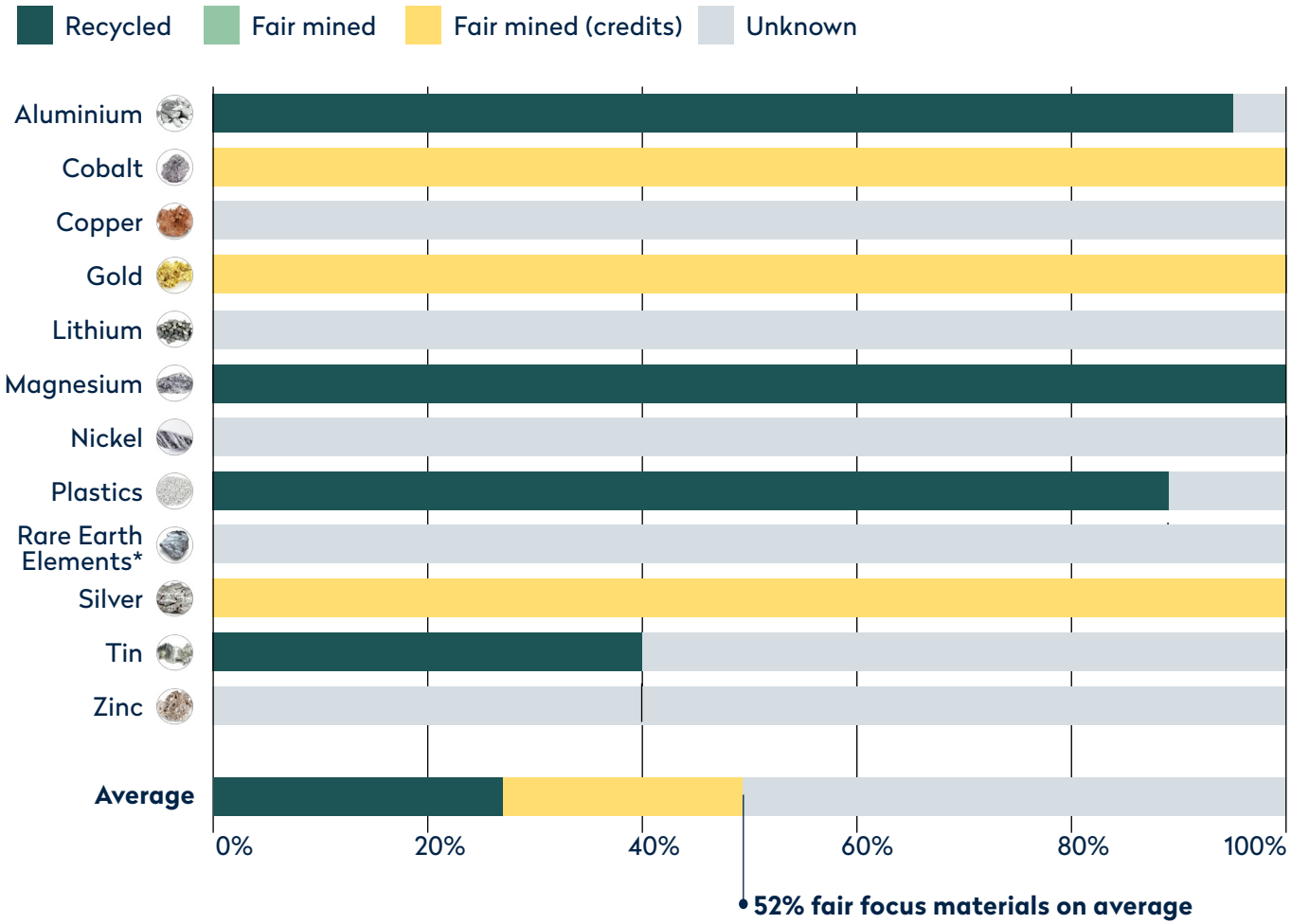
Shielding
10-15% recycled
recycled alloy of copper, nickel, zinc

LCD display frame
90% recycled
magnesium

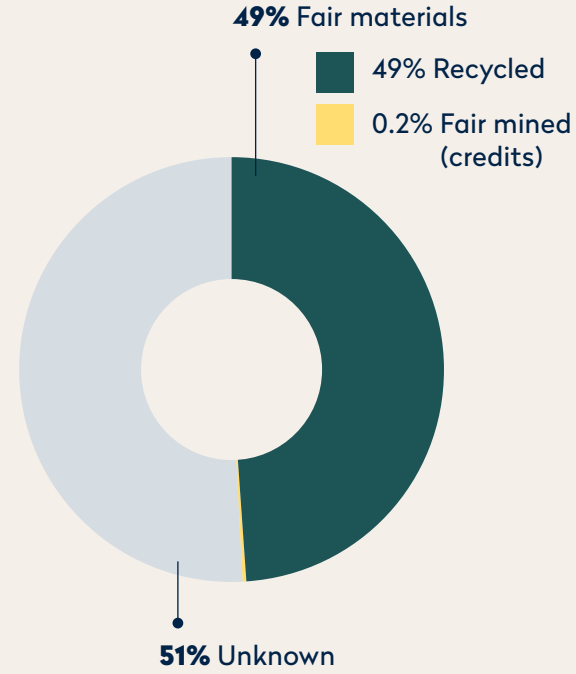
30% recycled
plastics

***Fairtrade Gold**
Fairtrade Gold is integrated into the supply chain and is not necessarily used within the specific component.
Read more on our blog

Fairbuds XL: status of 12 focus materials



Fair materials in Fairbuds XL



*Including Neodymium, Praesodymium, Dysprosium

2023 Fair material highlights Mined Materials

Cobalt

The cobalt in our battery comes from the Democratic Republic of Congo (DRC), likely also from artisanal and small-scale mining (ASM). We have a responsibility to help improve conditions in these mines, so we work with the Fair Cobalt Alliance (FCA). We also supported a public financing institution in assessing the potential for further investments into the improvement of conditions at the mines.

For the first time, in 2023, we accounted for 100% of our cobalt use by investing in Cobalt Credits. We developed this system in partnership with The Impact Facility (TIF) and with support from the FCA. This means that we buy cobalt credits at the FCA's partner mine and cooperative, CMDS, to match the amount of cobalt we use in the Fairphone 4, the Fairphone 5, True Wireless Stereo Earbuds and Fairbuds XL. With a credit price of US$5,000 per ton of cobalt, this results in over US$12,000 directly supporting the health and safety of miners, the women washing the cobalt, child labor remediation and professionalization of the miners' cooperative.

> **Fairphone's commitment to fair ASM cobalt is underscored by their pioneering role in co-developing and piloting Cobalt Credits as the first downstream company showcasing that responsible sourcing starts with taking responsibility. The cobalt credit system holds the potential to serve as a scalable and replicable mechanism to secure much needed financing for mine improvements at our partner ASM sites, in line with international ASM ESG production standards.**
>
> *— David Sturmes, Co-Founder and Director for Business Innovation & Fundraising, The Impact Facility*

2023 Fair material highlights Mined Materials

Silver

Building on our partnership with the Fairmined Initiative, we piloted Fairmined silver credits for all the silver in our Fairphone 4, Fairphone 5 and Fairbuds XL. Silver is used in very tiny amounts over many different components in our products, which is why a credits-based supply chain model can deliver the most impact.

Gold

This past year, we completed our research for the Fairtrade Foundation **on what a scalable model for Fairtrade Gold** in the electronics sector would look like. As a result, a new supply chain model was proposed and is currently under review by Fairtrade International. We also passed our **Fairtrade Certification renewal** audit, receiving certification until 2027. Additionally, we built on the success of our 2022 pilot and continued to purchase **Fairmined gold credits.**

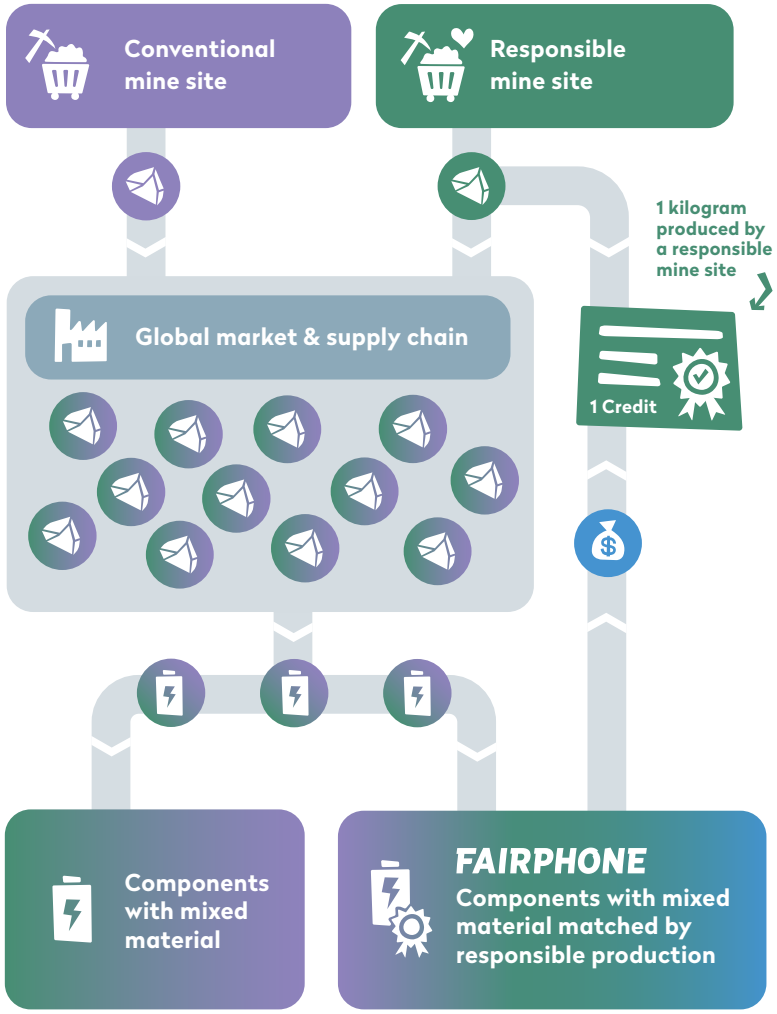
How does a credit system work?

Mineral credits (or book and claim models) allow an end-user business to match its consumption of a specific material with the same amount of responsible, or improved, production of that material.

This has the benefit of providing a market signal and brings more responsible materials onto the market. Instead of tracking the physical material, the credit model tracks the sustainability features associated with that material, and connects that to the end user's product.

This model is most helpful for highly complex electronics supply chains, where a material is spread across many product sub-components, or where a formalized, reliable chain of custody into a product is not yet possible (such as ASM cobalt from DRC).

For more information, please see our Fair Materials Roadmap 2030.



2023 Fair material highlights Mined Materials

Tin

In 2023, Fairphone continued to participate in a project implemented by our partners Eight and IPIS, on **unconditional cash transfers** to miners' families in villages near iTSCi-participating mine sites in the Democratic Republic of Congo. The project is already showing promising results: the midline analysis showed a reduction in child labor, and positive effects on health, safety, nutrition, and living conditions for miners and other communities. This will steer our efforts on living incomes and wages at the mine level in the future.

Tungsten

Our **long-term partner tungsten mine in Rwanda shared its first ever corporate social responsibility (CSR) report** with Fairphone in 2023. The CSR report from New Bugarama Mining and its shareholder Specialty Metals Resources is a direct result of recommendations in Fairphone's 2021 report and case study, and we are happy to contribute to the mine's journey of continuous improvement.

> **In pioneering ethical Tungsten practices, Fairphone challenges NBM to exceed the norm of conflict-free, urging a commitment to higher national and international ethical standards.**
>
> *— Janvier Ndabananiye, Director of New Bugarama Mining Company*

2023 Fair material highlights Mined Materials

Our fairest battery yet

Working closely with our battery suppliers, we have created our fairest battery yet for the Fairphone 5.

In the battery pack, we achieved:

- 75% post-consumer recycled plastics in the battery frame
- 100% recycled tin solder paste
- 80% recycled steel
- 100% Fairmined silver credits
- Fairtrade Gold integrated in the supply chain

In the battery cell, we place emphasis on the focus materials used in the cathode—lithium and cobalt. **The cobalt** in our batteries is matched 100% by cobalt credits (see above). For the first time, we integrated fairer lithium by switching our sourcing to SQM's Salar de Atacama, a mine that voluntarily agreed to an independent third party audit against the IRMA Standard for Responsible Mining.[5] This is the strongest, most encompassing and transparent global standard for industrial mining, which was developed and governed equally by civil society, communities, labor unions, and the private sector.

The mine site was independently assessed to determine how well it performs with respect to fair labor and terms of work, health and safety of workers and communities, prevent pollution of air, water and soil, protect biodiversity and obtain free, prior and informed consent from indigenous peoples, amongst many other requirements.

Fairphone continues to support the Responsible Lithium Initiative in Chile's Salar de Atacama, which steers a multi-stakeholder platform driving action on water management and ecosystem care in the Salar de Atacama basin.

> **By demonstrating a company can make the connection from a mine to product, Fairphone is also demonstrating a consumer-facing brand can play an important role in bringing greater transparency to the mining industry and associated supply chains, as we all work together toward the more responsible production of mined materials.**
>
> *— Rebecca Burton, Deputy Director, IRMA*

2023 Fair material highlights Mined Materials

Our fairest battery yet

What materials are we covering?

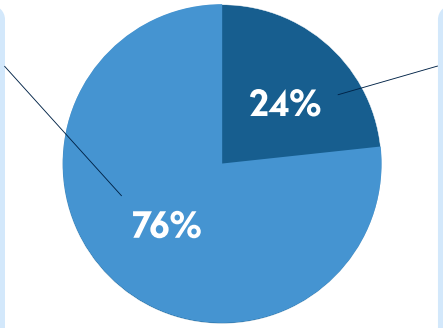
Battery cell 76%

CATHODE MATERIAL

- **Lithium**
- **Cobalt**

ANODE AND OTHER MATERIAL

Nickel in tabs/poles
Copper in foils
Graphite in anode material



Battery pack 24%

POLYMER

Polyamide hot melt adhesive

CAPSULE SHELL

- PC/ABS plastics

PCBA

Copper foils in substrate
Copper deposits in substrate

- **Tin** in solder paste
- **Gold** in connector
- **Silver** in ICs, passive

STEEL PLATE

- **Steel** alloy

Partnering with Fairphone in developing the first fair battery has been a transformative experience. Their forward-thinking approach has inspired us to incorporate fair materials, such as recycled plastics, steel, and tin. Moreover, this collaboration has ignited our dedication to increasing transparency in the battery material supply chain, adopting renewable energy in production, and advancing the wages of workers in our production line.

— Andrew Hou, General Manager, Kayo (Fairphone's battery supplier)

2023 Fair material highlights Mined Materials

Our lithium supply chain

Setting up this fair lithium supply chain required us to map and engage directly with each (sub-)supplier, from our final assembly manufacturer to the battery packaging manufacturer, the cell manufacturer, the cathode material provider, the refiner, and ultimately, the mine site. Except for the mine (which has a processing factory onsite), we personally visited all these sub-suppliers' factories.

Mine site

IRMA 75 achieved, vision on responsible mining, proactive engagement and support

Refiner

Openness and transparency for on-site visit, supply chain tracking, support with collecting documentary evidence

Cathode

Alignment with ESG topics, support in supply chain mapping, advancement on renewable energy use

Battery cell

Alignment with vision and mission, transparency and openness to discussing fairer lithium sources

Battery pack

Proactive collaboration, advancement and vision on sustainability

Design, manufacturing, assembly

Actively support the fair battery program and supplier visit. Keep growing capability on making more sustainable products

FAIRPHONE

2023 Fair material highlights Recycled materials

Copper-Nickel-Zinc alloy

The shieldings of our phones are made of an alloy composed of some of our key focus materials; around 83% of zinc, 42% of nickel, and 26% of copper in the Fairphone 5 is contained in the shieldings. In 2023, **we increased the recycled content in this alloy from 40% to over 67%** (mix of post-consumer and post-industrial recycled sources) for the Fairphone 5.

We achieved this in a quintessentially "Fairphone" way: sharing our story and inspiring change. We visited our sub-supplier's factory and explained our mission, showing that increased use of both post-industrial and post-consumer recycled materials is financially beneficial, reduces their greenhouse gas emissions, and increases motivation for end-of-life recycling in our industry overall. The sub-supplier mentioned that this was the first time they had been asked in such detail about their recycled content.

Rare earth elements

Rare earth elements (REE) are mainly used in the Fairphone 4 and Fairphone 5's speakers and vibration motors. This year, our long-term vibration motor supplier transparently shared information on how they deal with their by-product for post-industrial recycled content. It became clear that they misunderstood the definition of recycled content, as in the industry, "recyclable" and "recycled" are still confused by some suppliers. This means that we now only have 51% recycled REE in the Fairphone 4 compared to the 86% we reported for 2022.

To ensure integration of recycled sources, we went to the Baotou region of China, where around 60% of REE globally are produced. We visited magnet producers and found **a reliable, third-party-certified, recycled rare earth source**, now integrating recycled REE into our phones' vibration motors.

Aluminum

For the Fairphone 5, we changed our material source to ensure **the aluminum we use is 100% post-industrial recycled**. Working with our mid-frame supplier, we convinced their aluminum supplier to also get certified by the ASI performance standard.

All the aluminum in our Fairbuds XL—except the foil in the battery cells—is 100% recycled casting-grade aluminum, with at least 55% post-consumer and 45% post-industrial content.

Plastics

For both of our products launched in 2023—the Fairphone 5 and Fairbuds XL—we are proud to have achieved a high percentage of post-consumer recycled plastics when compared with the rest of our industry. Our approach to recycled plastics in smartphones does not stop at 100% recycled plastics in the back cover; it also aims at using recycled plastics in every structural part.

The Fairphone 5 uses 100% post-consumer recycled plastics in our back cover (as with the Fairphone 4), 100% post-consumer recycled plastics for the antenna cover, the speaker cover, and other sub-components, and even 75% post-consumer recycled plastics for the battery capsule shell.

For our Fairbuds XL, we worked with our plastics supplier to create unique recycled plastic sources from industrial waste. Over 80% of structural plastic parts in Fairbuds XL contain 100% post-consumer recycled plastics, including from used wafer boxes from Taiwan's semiconductor industry.

Copper

With Fairphone 5 in 2023, it's the first time we integrated 100% post-industrial recycled copper in the printed circuit board (PCB), including copper foil and the deposited copper of copper oxide powder. To make this possible, we visited the PCB factory to understand how copper is used, and to build the knowledge of the supplier on the definition and value of recycled content. They now provide this recycled copper solution to their other customers too—we're so excited to see this positive impact spreading in the industry!

2024-2026 KPI

For our upcoming 2024-2026 KPI cycle, we're changing this Fair Materials KPI to reflect the full ambition of our new Fair Materials Roadmap 2030: **extending our focus materials to 23 materials**. Our updated KPI will measure the materials considered fair as a percentage of all materials in our products, rather than the average percentage across focus materials only.

We are also adding a sub-KPI measuring our efforts to create new fair material sources and improve existing fair material sources, in line with our continuous improvement ambition.

3.6 Decent work in manufacturing

KPI 5 Fair factories

Improvements in decent work by strategic Fairphone suppliers

This KPI measures the percentage of our direct and indirect strategic Fairphone 4 suppliers that already have a high maturity in decent work, or that have realized improvements since collaborating with us.* In total, we define eight of our direct (tier one) suppliers and indirect (tier two) suppliers as strategic suppliers within our Fairphone 4 supply chain.

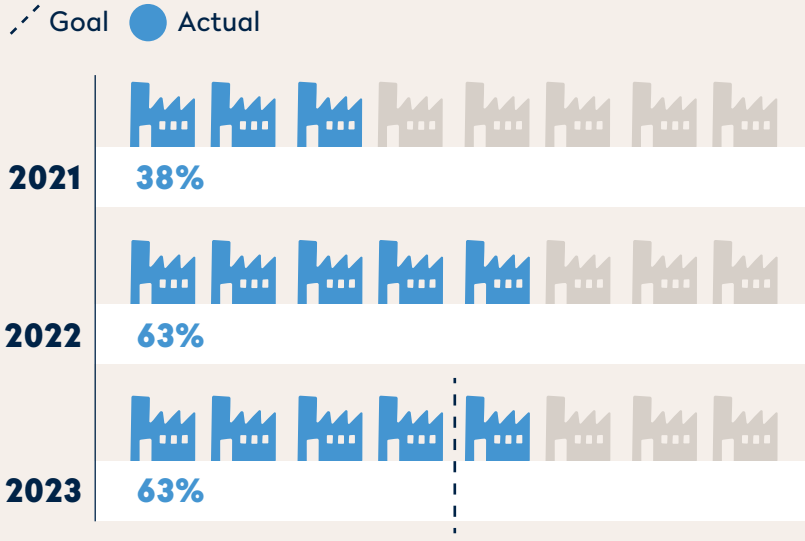
Suppliers of products other than Fairphone 4 or its components are not measured in this KPI, even if we work with them to advance decent work and reduce environmental impact.

The challenge

By the time, a phone reaches your hands, thousands of other hands have influenced its journey. Unfortunately, those hands could belong to people working long hours for low wages. They may be children, or victims of violence. They might not have a say in their working conditions. Traditional auditing against an ethical Code of Conduct has created positive impacts on health and safety over the years, but this simply isn't enough to address the systemic issues of low wages, excessive overtime, and lack of worker representation.

Enough is enough: we need to prioritize our fellow humans and the planet and transform these systemic malpractices for the benefit of all.

Strategic Fairphone 4 suppliers who demonstrate improvement or high maturity



Our approach

A fairer way of working

We go beyond traditional auditing and partner with our suppliers on critical topics, including living wages, worker voice and representation, health and safety, and nature. We agree on improvement plans based on thorough assessment and workers' surveys.

Living wage

Since 2019, Fairphone has supported factory workers of our suppliers with a living wage bonus - the first electronics company to do so. We're also the first to pay living wage bonuses for headphone manufacturing and to the workers of sub-suppliers of components.

Worker voice

Uniquely within our industry, we guide our suppliers and sub-suppliers in setting up worker representation systems with democratic elections, and sponsor expert capacity building training. We invest alongside our suppliers in improvements identified by workers—such as offering training courses or renovating dormitories - to increase worker satisfaction.

Health and safety

We set a high requirement for social compliance for the final assembly of our smartphones (SA8000 or RBA Silver Recognition), and implement Clean Electronics Production Network's PCDC tool for safe chemical use at final assembly and strategic component suppliers.

Nature

We pay close attention to the environmental performance of our suppliers—including waste, water, energy and chemicals—encourage them to set ambitious energy and carbon reduction targets and to source renewable energy.

Our Ways of Working Together and impact requirements are included in all contracts with direct suppliers. We incentivize suppliers by offering a higher product price if they improve their social and environmental impact, and we have set up a co-investment fund to improve conditions in the supply chain. Crucially, we pay product prices that enable living wages at our supplier, effectively ring-fencing labor costs.

Fairphone's Fair Factories Standard

	Living wage	Worker voice	Health & safety	Nature
Leader	✓ Full living wages paid	✓ Democratically elected worker representation system	✓ Worker-Management Safety Committee meets CEPN guidelines	✓ SBTi approved GHG target ✓ Renewable energy ✓ Zero waste to landfill
Advancing	✓ Living wage in product prices	✓ Worker-management committees ✓ Regular worker surveys and dialogue	✓ CEPN's PCDC tool	✓ Targets and reporting on GHG, waste and water ✓ Safe chemical management
Basic	✓ Living wage gap calculated ✓ Wage and benefits meet local laws	✓ Anonymous grievance channels available	✓ 3rd party audited ✓ ISO45001	✓ 3rd party audited ✓ ISO50001 ✓ ISO14001

The results

In 2023, five of our eight strategic Fairphone 4 suppliers made improvements: the final assembly factory and the suppliers of the camera, battery, speaker and vibration motor. With each of those suppliers, Fairphone invested in improvements ranging from sponsoring training for management, worker representatives and workers, purchasing protective equipment, and offering guidelines, examples of best practices and independent research to strengthen supplier policies.

From 2021 to 2023, we also worked with the final assembly factory of Fairphone 3+, the True Wireless Stereo Earbuds, the Fairbuds XL, as well as with Fairphone 5 component suppliers, improving their social and environmental impact (but as these were not directly related to Fairphone 4 production, those efforts are not counted in the KPI result). In total, we engaged with four Fairphone 4 suppliers and sub-suppliers in 2023 to improve their social and environmental performance. For the total period of 2021-2023, we engaged with eight (sub-)suppliers.

Improvements made per supplier

From 2021 - 2023, Fairphone worked together with 8 direct and indirect suppliers on improvements on the following themes.

Improved in before 2021 · 2021 · 2022 · 2023

	Supplier	Living wage	Worker voice	Health & safety	Nature
Included in KPI	**Final Assembly** Fairphone 4 & 5	2021, 2022, 2023		High maturity	2023
	Battery Supplier Fairphone 4 & 5	2023	2022, 2023	2023	2023
	Speaker Supplier Fairphone 4 & 5		2021, 2022		
	Vibration Motor Supplier Fairphone 4 & 5	2022, 2023	before 2021, 2023, 2021, 2022	before 2021	
	Camera Supplier Fairphone 4		2022	2022	
Not included in KPI	**Final Assembly** Fairbuds & Fairbuds XL	2023	2023		2023
	Final Assembly TWS 1.0 earbuds		2022	2022	2022
	Final Assembly Fairphone 3+	2021, 2022	2021	before 2021	

Highlights from our efforts include:

Worker voice

Since we first set up a worker welfare fund with the Fairphone 1 supplier ten years ago, strengthening worker representation has always been one of Fairphone's key priorities. In the 2021 - 2023 KPI cycle, we helped to establish worker representation committees at two suppliers and organize democratic elections of worker representatives.

We support our suppliers in opening new communication and grievance channels to amplify workers voices, and facilitated communication training for line leaders and worker representatives. Two suppliers have introduced and modeled their regular worker satisfaction surveys on Fairphone's survey format.

Increasing worker satisfaction is also important to us: three suppliers offered better wages to their employees (apart from the Fairphone living wage bonus), more varied and better food at canteens, dormitories have been renovated, and workers have gained access to personal development training courses.

Improvements made in factories

72 total improvements

Worker Voice: 49

- **2 After Work Activities**
- **10 Canteen**
  Better and more varied food in the canteens
- **5 Dormitories**
- **5 Grievance Channels**
  Worker can voice concerns via dedicated chat channels, suggestion boxes & feedback sessions
- **4 Personal Development**
  Training For 105 Workers & 34 Management Staff
- **1 Restrooms**
- **4 Wages**
  Increased wages and bonuses (aside of the living wage bonus)
- **5 Worker Representation**
  Training for 30 Worker Representatives, 8 Management Staff & 33 Workers
  Two suppliers introduced democratic elections
- **6 Worker Voice**
  Training For 100 Management Staff & 30 Workers
- **7 Working Hours**
  Training For 39 Management Staff & 11 Workers

Living Wage: 9

- **9 Living Wage**
  Living wage bonus now also for workers of component suppliers

Health & Safety: 8

- **1 Chemical Management**
- **3 Fire Safety**
  Fire drills (also for dormitories) and better accesible emergency exits
- **1 Health & Safety Policies**
- **1 Protective Equipment**
  Keeping ears and hands safe
- **2 Responsible Supply Chain**

Nature: 6

- **2 Circular Packaging**
  Cardboard packaging reduces nearly 2000kg of virgin plastic packaging
- **2 Environmental Management**
- **1 Renewable Energy**
  Battery supplier now sources 100% renewable energy
- **1 Waste Reduction**
  Water purification systems avoids 1500 KG of virgin plastic water bottles waste

improvements in 8 factories

2021	2022	2023
16	30	26

Living wage

We set up living wage bonuses with three direct (assembly) and three indirect (component) suppliers, the first in the industry to do so. These include the final assembly of the Fairphone 3+, the final assembly of the Fairphone 4 and Fairphone 5, the final assembly of the Fairbuds and Fairbuds XL, and the battery, vibration motor and PCB suppliers. **A total of $204.000 USD was paid to 1700 factory workers at four supplier factories to increase their wages in 2023.**

Following our engagement on living wages, our smartphone battery supplier was inspired to take some impressive action, reducing the work week from 60 to 48 hours, while increasing overall wages, so all their staff gets the same wage!

At the end of 2023, we recalculated the living wage premiums for the final assembly of our smartphones using the latest living wage estimates and production line data.

The new premiums are only $1,20 USD, demonstrating once more how little is needed to bridge the gap to living wages.

But our support doesn't mean all workers of our suppliers earn a full living wage yet; this bonus is linked to Fairphone production, which is just a fraction of the factories' full production capacity. It currently **closes up to 15% of the wage gap**. To fully bridge this gap, **we need more of our industry peers to meet this challenge** and pay similar bonuses within *their* supply chain.

Access to credible living wage data is critical to realizing living wages around the world. Fairphone is one of the proud funders helping WageIndicator publish living wage estimates in 165 countries, freely accessible to all. We have also initiated a strong lobby to include the right to a living wage or income in key EU legislation and published guides for our industry peers on how to pay living wages in the supply chain.

Living wage bonus

Fairphone recognizes that workers in our supplier factories deserve fair pay for their labor, and we have taken steps to address this issue. By offering a living wage bonus, Fairphone helps ensure that workers can provide for themselves and their families.

$ 204,000

paid as a bonus in 2023 to 1700 workers in 4 factories

How does it work?

For **every hour** spend at the Fairphone production line, Fairphone fills the gap to a 100% living wage: **the living wage bonus**.

The bonus is **equally divided over all low paid workers** that work at the factory, also if they are not working on Fairphone products.

Fairphone is not the only customer of the factory. We can only enable living wages for the time spent on our own products.

Bonus paid directly to workers

Per product or per component

$ 1.20
Fairphone 4

$ 1.20
Fairphone 5

$ 0.06
Fairphone 4/5 Vibration motor

$ 0.23
Fairbuds XL

$ 0.55
Fairbuds

$ 0.09
Fairphone 5 Battery

$ 0.49
Fairphone 5 Printed Circuit Board

Health and safety

Fairphone supports creating healthy and safe workplaces: better protective equipment has been purchased, workers have received training on chemical safety, and access to emergency exits has improved at one of our suppliers.

Our suppliers also get audited against international standards. The final assembly manufacturer of the Fairphone 4 and Fairphone 5 has SA8000 certification and ISO45001 certification for health and safety. The Fairbuds manufacturer has been audited against the BSCI standard (Rated: C - Acceptable).

Nature

Combating climate change concerns every link in the supply chain; our (sub-) suppliers have started setting GHG targets in line with the Paris Agreement (which will be SBTi approved), reducing their energy consumption, have obtained ISO14001 and ISO50001 certification at Fairphone's request, and commited to sourcing only renewable energy.

The final assembly manufacturer of the smartphones and audio products both have ISO14001 certification for environmental management. The smartphone manufacturer also obtained ISO50001 for energy and GHG savings.

Workforce composition

of engaged Fairphone Suppliers

45% Female Workers

54% Migrant workers from another country or province in China

Worker Satisfaction Surveys

9 Satisfaction surveys conducted

7 factories of (sub-)suppliers

6,500 people included

3.8 Average satisfaction score

100% tier 1 suppliers audited

Fairphone 4 & 5

- SA8000 Certified
- ISO45001 Certified
- ISO14001 Certified
- ISO50001 Certified

Fairbuds & Fairbuds XL

- BSCI audited Rated: C - acceptable
- ISO14001 Certified

Hazardous chemicals

To protect workers and the environment, Fairphone continues to maintain and share our Restricted Substances List (RSL) with all our suppliers.

Fairphone is a founding signatory of the Toward Zero Exposure (TZE) Commitment Program, which aims to protect workers from chemical hazards in the electronics supply chain. We're making good progress on our commitments:

- Eliminate exposure to priority chemicals: None of the priority chemicals are used at the final assembly factories of the Fairphone 4, Fairphone 5, Fairbuds and Fairbuds XL.
- Data collection: The data collected on priority chemicals using the Process Chemicals Data Collection (PCDC) -tool represents over 80% of our supply chain spend and involves two suppliers. Going beyond the TZE requirement, we have also requested strategic component suppliers to complete the PCDC-tool.
- Verification & reporting: The process chemical data and documents of our suppliers were reviewed by Fairphone.

Banned process chemicals

To protect the health of workers and the environment, Fairphone does not allow the following chemicals to be used in the production process at suppliers, such as solvents and cleaners.

- Arsenic and its compounds
- Benzene
- 1-Bromopropane
- Dichloromethane (Methylene Chloride)
- Formaldehyde
- Methanol
- n-Hexane
- N-Methylpyrrolidone (NMP)
- Ozone layer depleting substances
- Tetrachloroethylene
- Toluene
- Trichloroethylene (TCE) and other chlorinated organic solvents and compounds
- Xylene

2024-2026 KPI cycle

Our 2026 goal is to engage 70% fair(er) strategic suppliers for all Fairphone smartphones and headphones.

This updated KPI reflects our expanding product portfolio, will be more ambitious (aiming to involve 70% of strategic suppliers, up from 50%) and displays a stronger focus on impact on nature. To count towards this KPI, we need suppliers to demonstrate improvements on one or more of the following themes: reducing the impact on nature, with a key focus on greenhouse gasses (GHGs), enabling living wages, strengthening worker voice and representation, and increasing the health and safety of the workplace. Strategic suppliers include the final assembly and key component suppliers of our smartphones and audio products.

> **During our collaboration [with Fairphone], we could feel the respect and attention given to your suppliers. You are an enterprise that focuses deeply on social responsibilities and prioritizes sustainable development. Under your influence, we have not only made great improvements in our technical and management aspects, we have also deepened our knowledge and actions towards corporate social responsibilities.**
>
> *— Fangkui Lin, General Manager, Zhejiang Baolong M&E Co., Ltd (Fairphone's vibration motor supplier)*

3.7 Driving wider industry impact

KPI 6 Industry influence score

Measuring Fairphone's industry influence

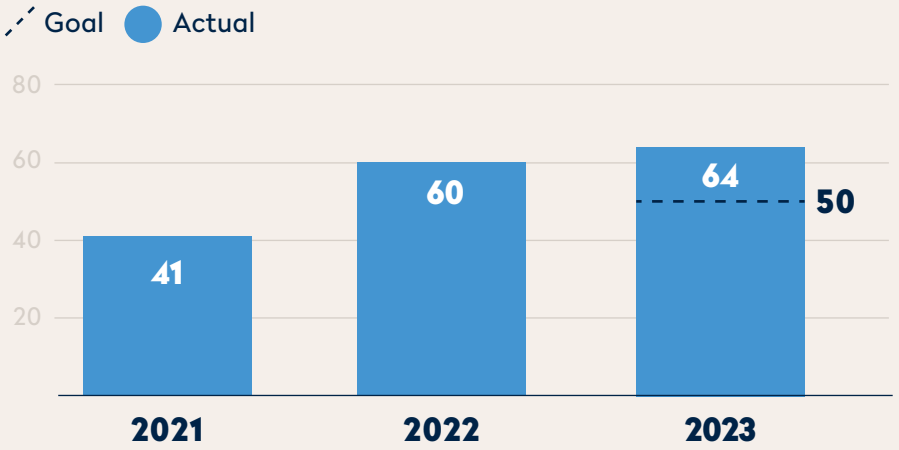
This KPI attempts to reflect the influence of Fairphone on other industry players—beyond our own supply chain—who join, adopt or apply our solutions. We do this via a points system which reflects the market value of the company or association in question; below US$2 billion equals 1 point, above US$2 billion equals 2 points, and above US$10 billion equals 3 points.

17 PARTNERSHIPS FOR THE GOALS

The challenge

Fairphone's mission is to inspire the industry to act more responsibly. We do this by coming up with solutions in our product and value chain to address some of the most critical environmental and social challenges we're facing today. From the very start, however, we've been clear: we can't do this alone. Fairphone is still only one cog in a large machine; we can be the catalyzer, but creating systemic change requires collaboration. We need allies alongside us, willing to take risks and challenge the status quo. Each new ally inspires another to join us too, choosing a fairer path and creating a snowball effect of unstoppable change.

Numbers of points scored on industry players that adopt/ apply one of Fairphone's Thought Leadership solutions (cumulative score)



Our approach

We have established ourselves as a catalyst in the industry, influencing change both directly—by challenging our supply chain partners to raise their standards or through collaborating with industry peers in impact coalitions—and indirectly—through our marketing, campaigning, and knowledge-sharing. Fairphone has given press interviews and keynote speeches, spoken at conferences and with regulatory bodies, or simply had one-on-one meetings with others inspired by our mission.

This plethora of activities makes it impossible to pinpoint what exactly led to which actions, how we inspired others or vice versa. Nevertheless, we make an attempt, capturing tangible examples through our Industry Influence Score, while sharing industry voices that reflect on how Fairphone has planted seeds that are now growing into trees.

But this is no time to rest on our laurels: we continue to call on our industry peers to join us in building a fairer future and take the Fairphone Industry Challenge. Introduced in 2021, this checklist acts as a guide for other manufacturers to ramp up their efforts to improve lives and reduce harm.

The results

Since we began measuring this KPI in 2017, we have earned a total of 64 Industry Influence points, with 24 industry actors joining or replicating Fairphone's solutions. We over-achieved our target of 50 points by 2023 by 14 points, scoring a total of 64.

Many of these points were accrued through our gold and cobalt initiatives in collaboration with The Impact Facility, which seeks to bring economic and environmental empowerment to ASM communities:

- **The Fair Cobalt Alliance** (FCA), founded in 2020 to improve ASM cobalt mining and the DRC mining sector. Since then, a total of 20 companies and NGOs have joined—two of which joined in 2023, each representing part of the cobalt mineral value chain. More about the FCA can be found here.
- **Project Access**, a Fairphone initiative with The Impact Facility and Solidaridad, and financed by the Dutch European Partnership for Responsible Minerals. It builds on years of ESG (environmental, social and governance) and formalization support to artisanal gold miners in Kenya and Uganda. From 2021 to 2023, Fairphone convened gold buyers to commit to investing in this fairer gold, resulting in seven companies signing a letter of intent and committing to off-take the responsible gold once available.

> **Responsible supply chains need strong partnerships, leadership and innovative thinking. Fairphone has championed this approach through the co-founding of the Fair Cobalt Alliance, a collaborative effort aimed at catalyzing positive change in the artisanal and small-scale cobalt sector and fostering better working conditions and community development.**
>
> *— Anne-Marie Fleury, Cobalt Responsible Sourcing Director, Glencore*

Beyond the scaling of our work through mineral projects we supported on the ground, we also see our scalable solutions being picked up by industry actors and platforms, including:

- Clean Electronics Production Network (CEPN), where elements of our worker voice approach were integrated into their standard and implemented by its members (Apple, HP, Dell).
- Syllucid integrated Fairtrade Gold in their cable supply chain.

Not counting towards this KPI measurement, but certainly showing that we are part of the zeitgeist, are examples of our vision spreading through the electronics industry in regards to circularity, longevity, e-waste and fair factories:

Circularity

After winning funding from the European Commission in 2022, Fairphone joined a consortium of 15 partners in 2023 under the project name DaCapo to explore digital tools that support circular value chains. Our role is to create a digital product passport for our phone's battery, and implement "digital twins" for our batteries to implement predictive maintenance features.

Funded by the European Union

Longevity and the right to repair

The European Parliament and Council reached a provisional deal for the new Right to Repair Directive, which includes rules on reasonable spare part pricing, and against anti-repair practices (e.g. part pairing), which is key to overcoming the current barriers to repair. We, as Fairphone, have lobbied to include these rules, by providing interviews and supporting the Right to Repair campaign with social media posts. We will continue our efforts to ensure a strong right to repair until the final version of the law is adopted in summer 2024.

E-waste neutrality

When we launched the Fairphone 4 in 2021, we became the first company to launch an electronic waste neutral phone model. Today, all our smartphones and audio products are e-waste neutral. This means that for every e-waste neutral product we sell, we take one—or the same weight in e-waste—back. We've watched with excitement as others in the industry have been inspired to make similar promises.

We are also members of the following platforms, and actively share our best practices with them:

- Aluminum Stewardship Initiative (ASI)
- B Corporation
- Circular Design Forum (CDF)
- Clean Electronics Production Network (CEPN)
- European Partnership for Responsible Minerals (EPRM)
- European Raw Materials Alliance (ERMA)
- Fair Cobalt Alliance (FCA)
- IDH's Roadmap on Living Wages
- Initiative for Responsible Mining Assurance (IRMA)
- Living Wage and Income Lab
- MVO Nederland
- Responsible Business Alliance (RBA)
- Responsible Labor Initiative (RLI)
- Responsible Lithium Partnership (RLP)
- Responsible Minerals Initiative (RMI)
- Right to Repair Campaign
- Social Enterprise NL
- Toward Zero Exposure program
- UN Global Compact

2024-2026 KPI

As we contemplate our next three-year planning cycle, we are still considering if—and how—we'll measure and set targets for our industry influence. Measurable proof points are tricky in the realm of "inspiration"; it might be time for us to retire this as a specific KPI and find another way to reflect on our industry influence. Watch this space!

3.8 Financial results, company growth and development

KPI 7 Net financial results

Financial results

In 2023, Fairphone generated €54,724k revenue (compared to €58,998k in 2022). In addition, we raised €16 million of growth capital in 2023.

After being profitable for three consecutive years from 2020-2022, in 2023, we made the choice to invest in the next phase of Fairphone's growth, resulting in a loss of €20,572k.

Significant strategic investments were made in product development (Fairphone 4 and 5), marketing, and raising brand awareness, as well as the build up of inventory. We also experienced higher costs due to inflation and semiconductor offtake commitments, driven by the global chip shortage.

While sales were overall stable, we did not reach our sales target for 2023, due to the cost-of-living crisis and shrinkage of the smartphone market.

Looking ahead, we are confident that 2024 will be a year of harvesting the benefits of our investments in 2023 with our newly launched and well-received Fairphone 5 and Fairbuds. We expect to see positive working capital flow from selling and reducing our stock (predominantly Fairphone 4).

Fairphone financials			
Financials (€)	**2021**	**2022**	**2023**
Revenue	36,962	58,998	54,724
EBITDA	5,687	4,484	-14,272
Net Results (€ '000)	3,876	44	-20,572

Team Fairphone

In 2023, Team Fairphone grew by 16 people in our Amsterdam headquarters, and by three outside the Netherlands, so that our total full-time staff increased by 19 to 150. "Staff" seems like such a ho-hum word, though: we call ourselves "Fairphoners."

In June, our CEO Eva Gouwens announced she was stepping down after six years of visionary leadership that brought us to profitability, with many impactful achievements.

Our CFO and Managing Director, Noud Tillemans, stepped up as Interim CEO on 1 September. Together with the Supervisory Board and new shareholders, Noud took part in the recruitment and selection of our new Chief Executive Officer, Reinier Hendriks, who started his Fairphone journey in January 2024.

Our diverse team consists of more than 25 different nationalities, and has an average age of 35 years. Our team members range from 22-63 years of age. Our gender mix is 48% female and 52% male. The percentage of women in top executive positions (excluding boards of directors) was 50% before Eva stepped down as CEO. The percentage of women within our supervisory board was 33%.

Unfortunately, our sickness absence slightly increased by 1% to 5.9% in 2023, and we saw an increase of team members on long-term sick leave. Nine Fairphoners follow reintegration plans. The yearly turnover rate was 19%.

We're proud to report that all Fairphoners across the globe earned (at minimum) a living wage, and we were able to reduce our unadjusted gender pay gap from 9% to 5.7% in 2023. We formally incorporated a Diversity, Equity, and Inclusion (DEI) Committee to support, and further strengthen, our inclusive work culture. The committee has members from different teams, seniority levels, ages, and nationalities, and launched our first inclusion survey at the end of the year. We'll be sharing the results in next year's Impact Report.

As part of our annual performance cycle, Fairphoners across all teams and hierarchy levels were rewarded for exceptional performances and performances that exceeded expectations with grants from our Employee Stock Ownership Plan. With a growing team, and more and more members coming to our lovely office space in Amsterdam, we opened up a second, smaller space in our Van Diemenstraat 200 headquarters that has more desks, meeting rooms, and phone booths. In-person interaction is an important part of our culture. Our benefits make it easy for team members to travel to the office, and our daily free lunch is a big hit!

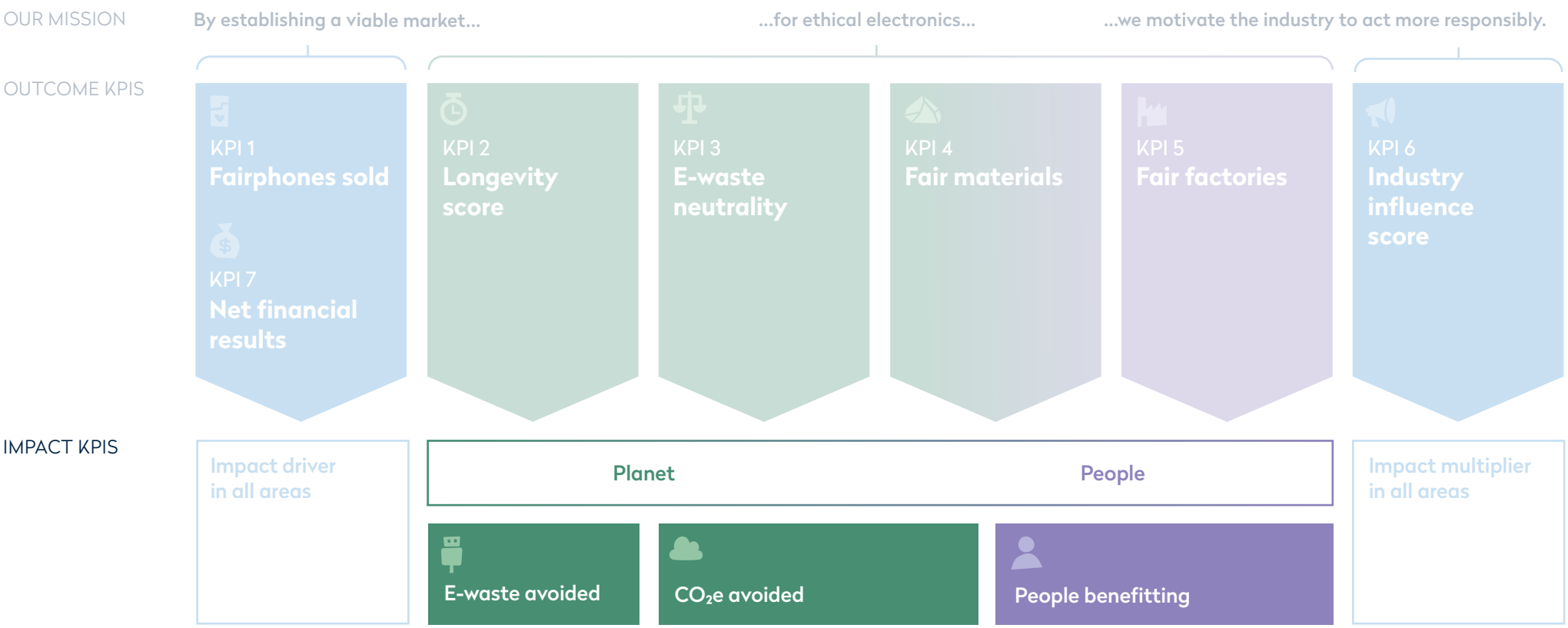
We also invested in learning and development for existing Faiphoners. In 2023, we rolled out a Belbin training across the entire company, which enabled new insights into our individual and collective strengths and contributions, and the things we need to work on.

Another highlight in 2023 was our ten-year anniversary celebration, where 300 of our closest friends, partners, alumni, founders, and community members gathered together to toast a decade of proving there's a better way to make electronics—and it's a lot more fun! A Fairphone 1 even made an appearance, still going strong.

How our team rates us

We check in regularly with our team members and have quarterly "pulse surveys" to gauge the employee experience. In 2023, these surveys showed overall positive results across our main People KPIs: the average employee engagement rate reached 82%, and 78% of team members would recommend Fairphone as a great place to work. 87% are proud to work for Fairphone. Satisfaction with Leadership remained strong at 71%, while employee satisfaction reached 72%. We hired more project managers to facilitate big cross-functional projects, such as our Fairphone 5 launch, and developed and started implementing an internal training program for project management, along with the Belbin training mentioned above.

Impact on people and planet



We measure how much our innovations are easing the burden we put on our planet, and how much we're improving the lives of human beings. We ensure our impact is consistent with UN SDGs and the principles of Doughnut Economics: maximizing social benefit at minimum environmental cost.

We measure our impact in three categories: how much e-waste and carbon we've avoided, and how many people have enjoyed tangible benefits as a result of our work.

4.1 E-waste avoided

E-waste avoided

This KPI measures the total tons of electronic waste we avoid through the longer lifespans of our phones, and how much waste we remove through our e-waste take-back programs and other projects contributing to the collection of e-waste.

13 CLIMATE ACTION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

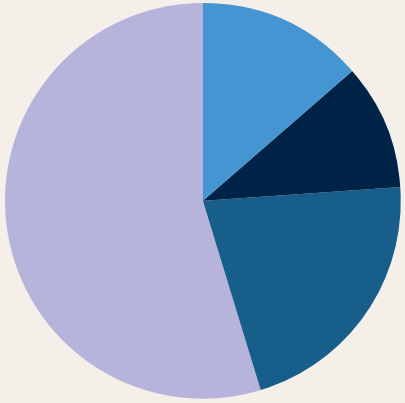
17 PARTNERSHIPS FOR THE GOALS

The challenge

The triple planetary crisis of climate change, loss of nature, and pollution[6], is driven by a unifying force: unsustainable production and consumption. Resource extraction has more than tripled since 1970. And it is projected that by 2060, global material use could double to 190 billion tonnes (from 92 billion).[7] In 2023, more than 1.2 billion smartphones were sold. For every one of them, 75 kg of resources were used in their production.[8] After a short average lifetime of three years, most of these phones[9]—although often still functioning[10]—are left hibernating in drawers, or discarded such that most materials they contain are lost. Many end up in landfills and some are illegally exported to countries with underdeveloped recycling infrastructure and therefore processe—partially informally—in small-scale recycling.

We also need to recover and reuse resources from products which are no longer functional. Generally speaking, recycled materials have a lower impact than the virgin materials they replace, though it's important to note this isn't always the case. See KPI 3, e-waste neutrality, to learn about the ways Fairphone collects electronic waste.

How we avoided e-waste in 2023



A total of **28,7 tons** e-waste avoided

13.6%	Production emissions due to prolonged lifespans of Fairphones
10.4%	EU - Take-back financed by WEEE fee
21.3%	EU-FP - Take-back programs combined
54.7%	Take-back from countries w/o sufficient formal recycling

Our approach

We need to slow down the electronic industry's resource consumption by using less materials, producing fewer products, buying fewer products, and keeping and (re)using the ones we already have. For all the ways we enable and incentivize our customers to make use of their Fairphones for at least five years, see KPI 2, Longevity.

The results

We avoided 28.7 tons of e-waste in 2023 through two different strategies: reducing resource use (and future e-waste) through the longevity of our phones (3.9 tons), and by removing 24.7 tons of e-waste through responsible recycling and through various take-back and collection programs.

E-waste prevented in 2023: Materials saved through Fairphone longevity

Every electronic product becomes e-waste at the end of its life. We estimate how many tons of e-waste are avoided when our Fairphones are used longer than the market average—thereby avoiding the purchase (and production) of another phone. We base our calculations on:

- the life cycle assessment of our Fairphones
- the market average percentage of phones active in a certain phone age group, based on an average of 2.7 years
- the number of Fairphones (from Fairphone 2 and up) active per phone age group at the end of 2023.

E-waste removed: Electronic products supplied for reuse or recycling

As discussed in KPI 3, in Europe, we account for e-waste and used products taken back through our Reuse and Recycle Program, our Module Take-back Program, our E-waste Race, and products collected by Fairphone paying fees under Europe's Waste Electrical and Electronic Equipment Directive (WEEE). Additionally, we support e-waste collection and responsible recycling from countries without sufficient formal recycling systems.

This year, the electronic waste stems from two sources: Weight-based compensations from our new partner ARGO360, and remaining phone compensations purchased in 2022.

Next year, we're retiring the "E-waste avoided" category as a separate KPI. Instead, we're introducing an overarching set of indicators on biodiversity impacts, to which our electronic waste collection and longevity work contributes.

> **We are united by our commitment to minimising e-waste, maximising smartphone repairability, and driving innovation for sustainability. Together, we are demonstrating that an ethical and environmentally responsible approach can co-exist with technological progress, creating a future where smartphones are both efficient and responsible.**
>
> *— Serge Cordon CEO, Cordon Group*

4.2 CO_2e avoided

CO_2e avoided

This KPI measures the avoidance of carbon dioxide and other greenhouse gas emissions by calculating the difference between Fairphone's efforts and standard market practice, expressed in carbon dioxide equivalent, or "CO_2e" for short.

13 CLIMATE ACTION

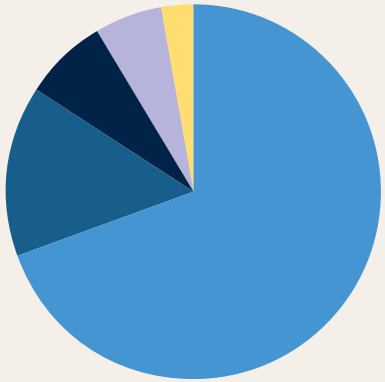
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

17 PARTNERSHIPS FOR THE GOALS

The challenge

All smartphones contribute to climate change. In the last 10 years, their contribution to the global emissions of the ICT sector has increased 7%, while the ICT sector itself is predicted to contribute 14% of global emissions by 2040. The largest share of the emissions from smartphones is from the production phase, due to energy consumption from the material mining activities and manufacturing processes.[11] In 2022, it is estimated that 4.5 billion smartphones were used, generating approximately 146 million tons of CO_2e.[12]

How we avoided CO_2e in 2023



A total of **944 tons CO_2e** avoided

- **69.5%** Production emissions due to longevity of FPs (KP2)
- **14.6%** Take-back from countries w/o sufficient formal recycling
- **7.4%** Recycled material integration
- **5.6%** EU-FP - Take-back programs combined
- **2.8%** EU - Take-back financed by WEEE fee

Our approach

Fairphone takes a multifaceted approach to CO_2e avoidance, focusing on longevity, e-waste reduction, and integrating recycled materials.

Longevity is assessed through a rigorous Life Cycle Assessment, comparing Fairphone lifespans to market averages and estimating avoided emissions by extending product use.

E-waste reduction is achieved through our European Reuse and Recycle program, take-back through WEEE, and our e-waste collection partnerships in countries with insufficient recycling infrastructure. To conservatively estimate CO_2e gains, we assume all devices are recycled (rather than reused).

Our integration of recycled materials is informed by research from the Fraunhofer Institute, quantifying emission reductions associated with using secondary materials.

Together, these strategic pillars underscore Fairphone's commitment to a more sustainable and environmentally responsible product lifecycle.

The results

In 2023, we avoided 944 tons of CO_2e. Most of the CO_2e avoidance comes from longevity, accounting for 69.5% of total CO_2e avoidance. Since 78% of the emissions is generated from the production phase of a smartphone,[13] longevity plays an important role in avoiding emissions by reducing the number of smartphones being produced. Keeping a phone for at least five years, instead of three, could avoid emissions of up to 31% per year.[14]

Reducing e-waste is also a key factor in avoiding CO_2e, as it accounts for 23.1% of the total. Having less e-waste means more opportunities to reuse and recycle, avoiding the extraction and refinement of primary raw materials which cost energy and emissions. Check our E-waste neutrality chapter to see detailed information on all the ways we reduce e-waste.

The use of recycled materials also contributes to our emission avoidance by 7.4%. By demonstrating that recycled materials can be used in high-quality applications, we are creating a market for recycled materials which are typically not (yet) used in electronics.

> **We are pleased to work with Fairphone on the launch of their fifth flagship device, built with sustainability in mind. By utilizing our Internet of Things (IoT) chipset, with long term support for Android OS and security upgrades, the Qualcomm QCM6490 provides users with long-lasting performance (...).**
>
> *— Qualcomm*

4.3 Positive impacts on people

People benefiting

This KPI measures the total number of people who have directly or indirectly benefited from interventions and/or programs in which Fairphone was involved, either in the fair materials, fair factories, or take-back impact areas.

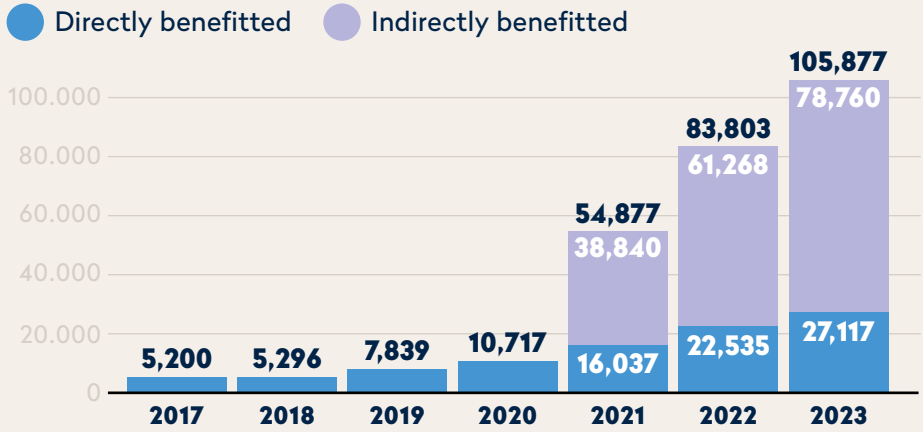
The challenge

Smartphones are more than technology. Our phones pass through many hands; those of miners, refiners, factory workers. We aim to ensure that all these people are made visible and that they benefit fairly from their work.

An estimated 18 million people work in the electronics manufacturing industry[15], and up to 49 million people directly work in the mining of the materials used in electronics (among others),[16] [17] with another 135 to 270 million depending on artisanal mining indirectly as a form of livelihood.[18] None of these livelihoods are easy.

Upstream, in the artisanal mining sector, there are concerns around violence, health and safety, child labor, and fair wages. Further downstream, in the manufacturing sector, systemic issues include excessive overtime, a high percentage of workers employed via labor agencies, little representation of employees, health and safety issues, and unfair pay and compensation.

Number of people benefitted from Fairphone's interventions and programs (accumulated from 2017 on)



Our approach

Fairphone puts people first. We look deep into our supply chain and do not shy away from facing problems that affect people.

In our key impact areas (namely Fair Materials, Fair Factories and Take-back of e-waste), we do in-depth research with local partners to understand the workplace context and find specific ways of improving people's work conditions. Sometimes, that's a higher wage. Sometimes, it's an improved cafeteria. Sometimes, it's finding ways to ensure worker's voices are heard by management, or ensuring children are in schools rather than mines. We then use our buying power to change suppliers' behavior and trigger investments for improving those conditions.

In the case of artisanal miners, we work to find, build and source fairer materials that improve their working conditions and livelihoods. This is in contrast to most other companies that rather actively distance themselves from artisanal mining sources. Fairphone does the opposite and—where there is an impact opportunity—sources from, and engages directly with, artisanal mines. This can be seen in our work with Fairtrade and Fairmined certified gold mines, as well as our engagement in artisanal mining improvement programs in Rwanda for tungsten, Kenya, Uganda and Tanzania for gold, and in the Democratic Republic of the Congo for cobalt.

At the manufacturing level, we work closely with strategic suppliers pushing for living wages, worker voice and working/living condition improvement programs. Fairphone has also started to work on fair recycling in Ghana, where we expect to develop an improvement program in 2024.

All of our programs are designed to be scalable solutions where others can join and collaborate—and we are sure to offer proof points through this KPI, to attract and inspire more allies.

105,877

people benefitted

52,583

from fair materials

53,294

from fair factories

The results

In the past 10 years, Fairphone's work has benefited a total of 105.877 people. Of these total, 27.117 people benefited directly and 78.760 indirectly. In 2023 alone, Fairphone benefited 72.028 people through our improvement programs and interventions in the supply chain. Of these 72K, 22.074 benefited from our activities for the first time.

From a Fair Materials perspective, people benefited through:

Our fair material sourcing, especially:
- Our support of the Fair Cobalt Alliance and our use of cobalt credits
- Our use of Fairtrade Gold
- Our use of Fairmined Gold Credits and Silver Credits
- Our sourcing of tungsten from our partner mine NBM in Rwanda
- Our sourcing of lithium from an IRMA-assessed mine in Chile and our support to the Responsible Lithium Partnership project in Chile

Our support to additional projects not yet linked with our supply chain, such as
- Our support of projects to improve artisanal gold mining in Kenya and Tanzania
- Our support to the Unconditional Cash Transfer project near artisanal tin mines in DRC

At the Fair Factory level:
- Enabling a living wage for the factory workers who make our smartphones and headphones is something we are very proud of, and it's something we're also pioneering with indirect component suppliers. Since 2019, 6.200 people at five (sub-)suppliers have received living wage bonuses, worth a total of $950.000 USD.
- In addition, in 2023, 3.993 people have benefited directly from our efforts to improve worker voice and representation, worker satisfaction and health and safety in the supply chain.

Fairphone's KPI, People Benefiting, will continue being an important metric for the company in the period 2024-2026. We will also seek to improve the granularity of this metric. For example, we'd like to be reporting the specific numbers of people that are healthier and safer, the number of people that have a stronger voice at work, and those that have a higher income, as a result of our interventions throughout the whole supply chain.

	Total people benefited in 2023	Total additional people benefited in 2023
Fair factories		
Fairphone 4 suppliers	21,651	255
Fairbuds XL	337	337
Sum fair factories	**21,988**	**592**
Fair materials		
Fair Gold	16,813	11,210
Fair Cobalt Alliance	28,513	10,273
Fair tungsten	4,257	0
Tin cash transfer	277	0
Lithium	180	0
Sum fair materials	**50,040**	**21,482**
Total	**72,028**	**22,074**

CHAPTER 5

Climate action

Climate change, driven by human activities like burning fossil fuels, is already causing catastrophic global impacts and urgent action is needed. The United Nations warns of a 'code red for humanity' with increasing extreme weather events, loss of agricultural productivity, and population displacement, as the consequence. To mitigate this, a goal to reach net-zero emissions by 2050 was set in the Paris Agreement of 2015.[19]

At Fairphone, we've been doing our part for ten years, and escalating our efforts at reducing our emissions. Our modular designs enhance repairability and upgradability, increase longevity, and, thereby, spread the huge environmental impact of producing a phone over a longer usage time. Less phones produced means less environmental impact.[20]

We're also committed to reducing e-waste and increasing the amount of recycled materials we use. Beyond our product-focused efforts, we're taking responsibility for our overall emissions, both at the company, and in our value chain. We've set an ambitious net-zero target, approved by the Science-Based Targets initiative (SBTi)[21], and are actively working towards reducing emissions and tracking our progress.

5.1 Understanding our greenhouse gas (GHG) emissions

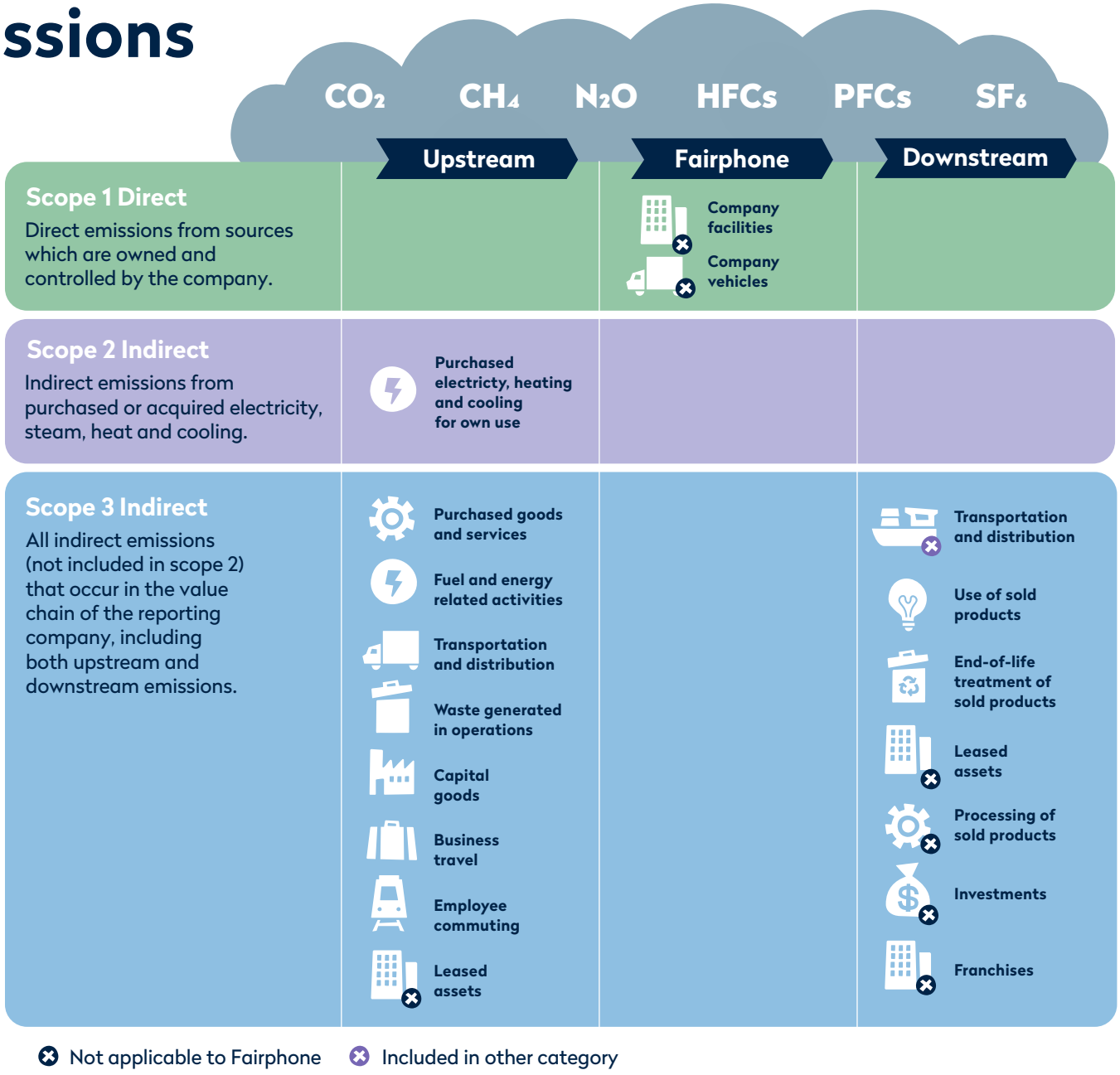
Our GHG Emissions per scope

While 82% of GHG emissions happen from purchased goods and services, another 12% is generated from the transportation of our products, its use, our employees' travel, heating our office, and all the things that keep our business running. To reduce our emissions, we need to have a clear understanding of their sources.

Scope 1
Fairphone doesn't own or control an office, production facility, or any vehicles, so we do not emit what are called "Scope 1" emissions.

Scope 2
Our indirect emissions are from the purchased electricity and heating system installed in the office building we lease, which, unfortunately, runs on natural gas. These indirect emissions are less than 1% of our total GHG emissions.

Scope 3
Our Scope 3 emissions account for more than 99% of our total emissions. The majority of our Scope 3 emissions are from purchased goods and services, and the use of the products we sell.



Measuring the carbon footprint of our products

We measure the carbon footprint of our products through a product life cycle assessment. The GHG emissions measured in the life cycle of a product include raw material acquisition, component manufacturing, final assembly, transportation, consumer use, and the carbon cost of disposal or recycling at the end of life. The table in the right shows the carbon footprint of our smartphones and audio products.

Carbon Footprint per product	
Fairphone 2	43.9 kg CO_2e
Fairphone 3	39.5 kg CO_2e
Fairphone 4	43.0 kg CO_2e
Fairphone 5	42 kg CO_2e
True Wireless Earbuds	3.49 kg CO_2e
Fairbuds XL	6.8 kg CO_2e

The majority of GHG emissions in a product life cycle is from manufacturing. That also includes the GHG emissions required to make each component, and the carbon costs of mining and manufacturing by each supplier. In some cases, we have to use representative industry data to estimate values whenever primary data is not available from a supplier. We are working with suppliers to improve their reporting, and thus, our ability to identify, measure, and monitor the GHG emissions across our entire supply chain.

5.2 Our Net Zero Commitment and Roadmap

Recognizing the urgency of the climate crisis and the global imperative to achieve the United Nations' net-zero goal by 2050, we have set a pioneering target to reach net zero by 2045, surpassing the Paris Agreement's timeframe by five years. Our progress on net zero shall be measured against our 2022 GHG emissions.

In November 2023, the Science-Based Target initiative (SBTi) approved our ambitious goals through a streamlined route for SMEs (small and medium sized enterprises)[22]. By committing to a net-zero target well ahead of industry standards, we affirm our leadership in advancing sustainability practices and actively contributing to a low-carbon future.

Science Based Targets

- **Near-term target**
  42% absolute reduction in Scope 1 and Scope 2 by 2030 from base year 2022.
- **Long-term target**
  90% absolute reduction in Scope 1, 2, 3 by 2045 from base year 2022.

In order to achieve our long term target, we have set internal Scope 3 GHG reduction targets (base year 2022):

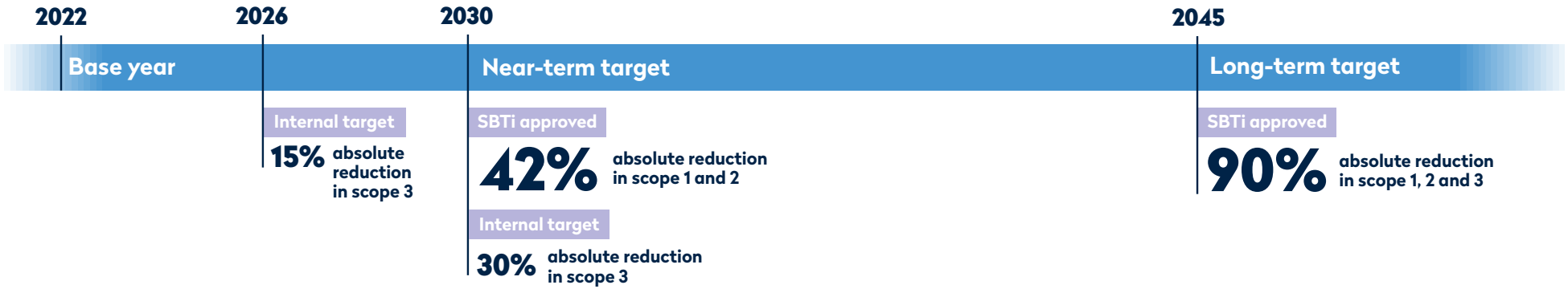
- 15% absolute reduction in Scope 3 by 2026
- 30% absolute reduction in Scope 3 by 2030

Our 2022 baseline

To follow the Science-Based Target initiative criteria, our near term target should cover two-thirds of Scope 3 emissions while our long-term target should aim for reductions of 90% over our 2022 baseline. We aim to do better than that. As Scope 3 makes up 99.8% of our total emissions, we are ambitiously addressing more than 80% of our total emissions in the near-term, aiming for 93% total emissions in the long-term.

Achieving our net zero ambition will not be an easy task. It requires complex collaboration with our suppliers, customers, and other industry stakeholders, to align with best practices and reduce emissions from both our direct suppliers—who do the final assembly of our products—as well as our indirect suppliers, such as our component manufacturers and raw material suppliers.

Our Climate Targets



Baseline 2022 93% of total Scope 3 Emissions covered in Net Zero		
	In tCO2e	**In %**
Scope 2 Emissions (Location-based)	**22.15**	**0.2**
Scope 3 Emissions	**8931**	**99.8**
1. Purchased Goods & Services	7261.8	81.3
1.1 Production Related	5254.1	58.8
1.2 Non Production Related	1421.8	15.9
2. Upstream Transportation and Distribution	469.7	5.3
3. Business Travel	47.7	0.5
4. Employee Commuting	38.5	0.4
5. Use of sold products	1462.3	16.4
6. EoL of Sold Products	243.1	2.7
Total Net Zero Target (Scope 2,3)	**8959.15**	
What is not included: Non-production related activities (6.1%); capital goods (0.4%), fuel & energy related activities (0.05%); waste generated in operations (0.02%)		

Carbon Neutral Vs. Net Zero Commitment

We often see companies using these terms interchangeably, but they're very different.

Carbon neutral is about counter-balancing the amount of GHG emissions happening within a business, by offsetting them with the purchase of carbon credits. A product, organization, or service can be called "carbon neutral" just through buying carbon credits, even if their emissions go up every year. Carbon credits represent carbon-negative projects like reforestation and efficiency measures, and a company that's increasing its emissions simply increases its investments in those projects.

On the other hand, Net Zero means a company needs to achieve 90 to 95% actual GHG reduction in its business operations, with no more than 5-10% being neutralized through offsetting. A net zero commitment is therefore much more ambitious and challenging, as it requires an actual reduction in the use of fossil fuels or other sources of emissions. When applied to Scope 1, 2 and 3, this needs to happen for all of the GHGs the company and its suppliers emits across all three scopes.

A "Carbon Neutral" claim can create a false consumer perception that their purchased products have zero emissions or no impact on the climate. On top of that, there are ample low-quality carbon credits available for purchase, which can reduce the value of the "Carbon Neutral" label to little more than greenwashing.

At Fairphone, we don't believe that claiming carbon neutrality is the solution. We are committed to a Net-Zero goal of decarbonising our own business operations and supply chain by the end of 2045.

5.3 Our progress

We started measuring and reporting our GHG emissions in 2021 with Scope 1 and 2 based on the GHG Protocol Corporate Standard[23]. In 2022, we developed our first GHG inventory report across all scopes and set GHG reduction targets from our base year of 2022.

Reducing our Scope 2 Emissions

Since 2021, we have gradually been reducing our Scope 2 emissions. Our office is powered by renewable electricity sourced from solar panels on our building, and from Dutch wind energy, making our emissions from purchased electricity zero.

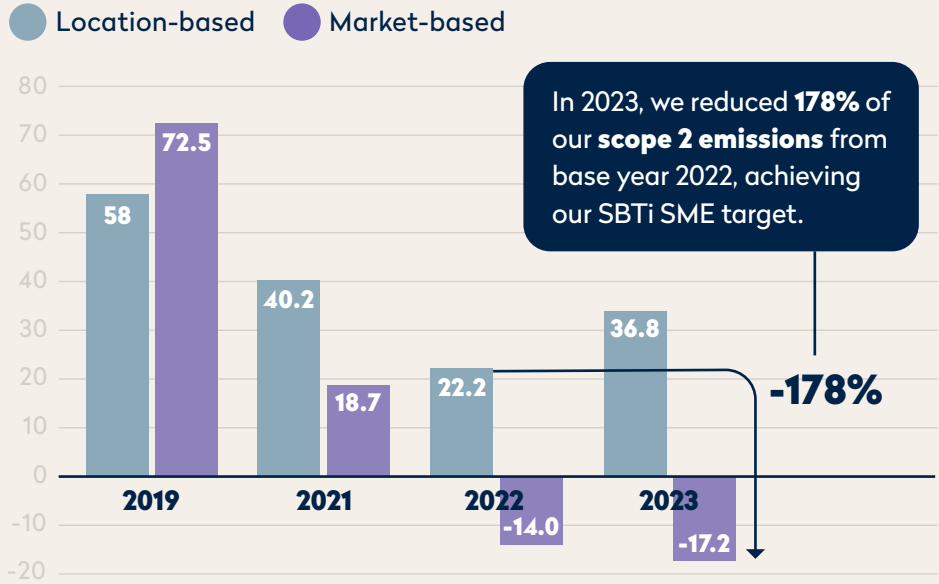
Our office is heated by natural gas, so we purchased Biomethane Guarantees of Origin (BGOs) to claim our green gas consumption. By purchasing BGOs, we reduced our Scope 2 emissions to 0% through the addition of green gas to the grid.

Our office sits in Amsterdam, which aims to be free of natural gas by 2040.[24] The city adopted a "heat transition vision," under which the heating solution for our neighborhood will be a sustainable gas network. That means the municipality will leave the existing gas network in place, but will use green gas instead of natural gas. The municipality aims to use 60% to 70% less gas in these neighborhoods during the transition period.

We also plan to continue reducing our Scope 2 emissions until our office area gets green gas from the national grid. A heat pump was installed in our office building in 2021, which became fully operational in 2022. This will help to further reduce our gas consumption per square foot.

Scope 2 emissions in ton CO_2e

Our scope 2 emission has gradually declined over the years through market-based approach.



Biomethane Guarantees of Origin (BGOs)

BGOs are certificates that represent one megawatt-hour (MWh) of biomethane injected into the gas grid and can be used to claim the use of green gas. We purchased BGOs from BioGem Express, a registered vendor from a certification authority of green gas in the Netherlands, called VertiCer.

The biomethane gas is produced in a biogas plant in the Netherlands from waste-based feedstock — namely manure, agricultural waste and other residues.

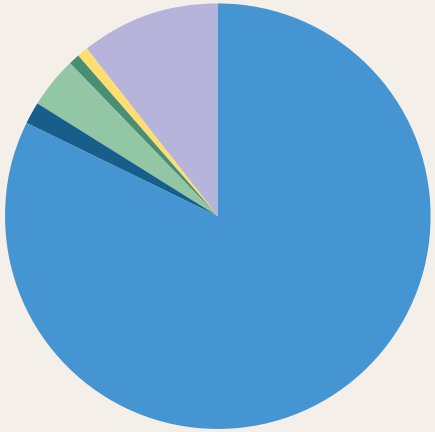
Our Scope 3 Emissions in 2023

Fairphone's Scope 3 emissions in 2023 accounted for 11135.4 tons of carbon dioxide equivalent (CO_2e). It increased by 19% from the 2022 base year. Emissions from Purchased Goods and Services generate 82% of our Scope 3 emissions.

In 2023, our non-production-related GHG emissions doubled as a result of our operational activities, which encompassed office area expansion, marketing efforts, research and development, and software services.

In Appendix 3, there is more detailed information on our Scope 3 emissions.

Scope 3 Emissions 2023 per category



Total scope 3 GHG emissions in 2023:
11,135 tCO2e

82.3%	Purchased goods & services
1.8%	Capital goods
0.1%	Fuel- & energy-related activities
3.8%	Upstream transportation & distribution
0.0%	Waste generated in operations
0.9%	Business travel
0.6%	Employee commuting
10.6%	Use of sold products
0.1%	End of life of sold products

Decarbonizing our value chain

In 2023, we have taken the following initiatives to reduce the GHG emissions in our supply chain:

Use of renewable energy

Our supplier used 100% renewable electricity (market-based approach) in the final assembly of the Fairphone 5 sold in 2023. This is just the beginning of bringing down the phones' carbon footprint, and we aim towards transitioning our tier 1 (final assembly) and tier 2 (component manufacturers) suppliers towards the use of clean energy in manufacturing our products.

Integrating recycled materials:

In May 2023, we launched our new headphones, Fairbud XL, which contains 95% recycled aluminum, 40% recycled tin, a travel pouch made of 100% recycled polyester, and 89% recycled plastics. **Our Fairbud XLs have less than half the carbon footprint of other headphones on the market**[25].

In Fairphone 5, recycled materials make up 36% of all materials (by weight). One example of this is aluminum, which accounts for the highest GHG footprint amongst our focus materials. Of all the aluminum used in Fairphone 5, 94% is from recycled sources - and the carbon intensity of recycled aluminum is 96% less than that of virgin material. We intend to increase the use of recycled material with low carbon intensities in our products.

5.4 Climate conscious products

In 2022, we developed our 'climate conscious' product proposition to signal our efforts at reducing the climate impact of our products, without implying that the product has no impact at all. In detail, these are the three areas that comprise our climate-conscious approach:

a. Avoiding emissions

We build our products to last well beyond the market average to reduce the number of new phones that have to be produced at significant carbon costs.

b. Reducing emissions

We reduce emissions in our own business operations and value chain, mainly by adopting renewable energy in manufacturing, sourcing low-carbon materials in our products, and the use of cleaner logistics.

c. Contributing to climate projects

We invest in two Gold Standard certified projects that are reducing GHG emissions while contributing to their local communities. The projects are the EcoMakala-Virunga Green Energy project in the Democratic Republic of the Congo (DRC) and the Improved Cookstove for Social and Environmental Impact in Uganda. We provide finance for these projects proportionate to the amount of carbon emissions emitted throughout the lifecycle of our products.

We chose these projects as they align beautifully with our core values of caring for people and the planet. They benefit the climate through reduced emissions, benefit their communities through job creation, and prevent deforestation of a vulnerable natural area which is home to the last mountain gorillas. The projects are also located in African countries where we promote fair mining. Gold Standard sets the highest certification requirements for emission reduction projects, ensuring that we are meaningfully contributing to the United Nations' Sustainable Development Goals.

In 2023, we retired 2,018 carbon credits from these projects, equivalent to the carbon footprint from the Fairphone 5s and Fairbuds XLs sold in 2023.

By contributing to climate projects, we are helping accelerate the global effort to mitigate climate change beyond our value chain.

CHAPTER 6

Product passports

We design with fairness in mind, driving change in our industry and making a real difference in the lives of the people who make our products. We use fair and recycled materials, with initiatives and partnerships all around the world that motivate the electronics industry to do better.

Fairphone's products prove there doesn't need to be a trade-off between quality and fairness. These product passports for the Fairphone 4, Fairphone 5, Fairbuds XL and Fairbuds showcase each of their social and environmental innovations, and provide an overview of their impact specifications.

6.1 Fairphone 4

5 year warranty

5 years software support

and hardware support including spare parts availability

10/10 iFixit score

World-leading repairability

8 replaceable modules

Available in our webshop for a fair price

IP54

Weatherproofed: resistant to soft water jets and dust

Drop tested 1.2 m (4 ft)

Durability certified (MIL810G)

43 kg CO_2e footprint

Based on 3 year industry average usage time

54% fair materials

Average across 14 focus materials

$1.26 living wage bonus

To factory workers, also of components

Supports workers and the planet

Strengthening worker voice, health & safety and reducing GHG emissions at our suppliers

100% e-waste neutral

The first e-waste neutral device on the market: we commit to reuse or recycle either one phone for every phone we sell or the same weight of electronic waste

Climate conscious

We avoid and reduce emissions, and for the remainder of our footprint, we invest in Gold Standard-certified climate projects

6.2 Fairphone 5

5 year warranty

8 years software support

And hardware support including spare parts availability (until at least 2031)

10/10 iFixit

World-leading repairability

10 replaceable modules

Available in our webshop for a fair price

IP55

Weatherproofed: resistant to soft water jets and dust

Drop tested 1.8 m (6 ft)

Durability certified (MIL-STD-810H & ICE 60058-2-31)

42.1 kg CO_2e footprint

Based on 3 year industry average usage time

76% fair materials

Average across 14 focus materials

$1.90 living wage bonus

To factory workers, also of components

Supports workers and the planet

Strenghtening worker voice, health & safety and reducing GHG emissions at our suppliers

100% e-waste neutral

We commit to reusing or recycling the same weight of e-waste for all phones we sell

Climate conscious

We avoid and reduce emissions, and for the remainder of our footprint we invest in Gold Standard-certified climate projects

6.3 Fairbuds XL

9 replaceable parts

User-replacable, available in our webshop for a fair price

IP54

Weatherproofed: resistant to water spray and dust

6.8 kg CO_2e footprint

Based on 3 year industry average usage time

52% fair materials

Average across 12 focus materials

$0.23 living wage bonus

To factory workers

Supports workers and the planet

Strenghtening worker voice, health & safety and reducing GHG emissions at our suppliers

100% e-waste neutral

We commit to reusing or recycling the same weight of e-waste for all Fairbuds XL we sell.

Climate conscious

We avoid and reduce emissions, and for the remainder of our footprint we invest in Gold Standard-certified climate projects

6.4 Fairbuds

8 replaceable parts

User-replacable, available in our webshop for a fair price

IP54

Weatherproofed: resistant to water spray and dust

3.26 kg CO_2e footprint

Based on 3 year usage time

70% fair materials

in total weight

$0.55 Living wage bonus

To factory workers

Supports workers and the planet

Strenghtening worker voice, health & safety and reducing GHG emissions at our suppliers

100% e-waste neutral

We commit to reusing or recycling the same weight of e-waste for all Fairbuds we sell

Climate conscious

We avoid and reduce emissions, and for the remainder of our footprint we invest in Gold Standard-certified climate projects

To the other players in the electronics industry. Are you ready to level up?

A whole new game, with completely different rules.

Because the massive multiplayer quest for maximum profits at any cost is out of date, out of touch, and approaching an endgame where nobody wins. Over our ten year history, we've chosen to do our best to send massive carbon footprints, unfair labor practices, disposability, planned obsolescence, and child labor to the discard pile. Along the way, we changed the rules we play by, to prove that everyone can. Ready player two?

Welcome to the Fairphone Industry Challenge, where the goal isn't just to compete, but to revolutionize the entire playing field. Here's our manual for how you can join us in unlocking cheat codes for a fairer future:

E-Waste and CO_2e Avoidance

- **Grab the "Life Cycle Assessment" badge:** Publish the life cycle assessment of your (flagship) products.
- **Accept the "CO_2e Avoidance" quest:** Report on the carbon footprint of your products compared to market standards and strive for surplus CO_2e avoidance.
- **K-O your E-Waste footprint:** Compensate for 100% of the e-waste generated by your flagship products.

Longevity

- **Give your customers wizarding powers to repair their own devices:** Ensure easy replacement of key components like battery, screen, camera, and speaker.
- **Share those wizarding powers:** Enable repair services beyond self-controlled infrastructure.
- **Ensure your user journey has plenty of power-ups:** Commit to providing software updates for a minimum of five years and let users choose their operating systems.
- **Level up on transparency:** Publish the source code of all drivers, tools, and interfaces under a free license.
- **Display your stamina meters:** Measure and report a longevity score for your flagship products.

Fair Factories:

- **Share the gold coins equally:** Ensure workers in the supply chain earn a living wage.
- **Supercharge Workers**: Boost worker voice and invest in their representation and ability to influence decision-making.
- **Smash attack your Scope 3:** Reduce Scope 3 GHGs and impact on nature.

Fair Materials

- **Counter invisibility spells:** Take full ownership of your products and establish fair sourcing practices.
- It's dangerous - or at least more difficult - to go alone. Take this: **Use our Fair Materials Roadmap** to assess sourcing of high-impact materials fairly.
- **Risk a little more light:** Report the percentage of high-impact materials sourced fairly in your flagship products.

So, industry, you game to play?

Imagine a future where pride in a game well-played isn't just about profits, but about positive impact and meaningful change. Are you the hero this quest needs, or just another banana peel on the road to a better future? Because behind that "save" button isn't just a game: it's lives, and a planet.

Appendixes

APPENDIX 1

The scope of this report

This report shares our achievements in 2023, but also looks back at the 10 years of Fairphone's existence and the progress made against our 3-year cycle of Key Performance Indicators (2021–2023). It shows that Fairphone is recognized for its impact by industry peers, customers and civil society partners alike.

What didn't we address in this document, and why?

Suppliers' due diligence: Our suppliers' due diligence approach follows industry standards and is described in our Fair Sourcing policy, Fairphone's Way of Working Together and the Supply Chain Engagement Report. Our due diligence findings are reported in our Supply Chain Engagement Report. As these three documents can be easily accessed online, we don't report on them here.

Our supplier list: The list of suppliers is not included in this report as it is available in our Supply Chain Engagement report.

Sourcing policy: Our Fair Sourcing policy explains how, next to standard due diligence, we select our focus materials and work with our strategic suppliers to create impact. As it is quite a long and detailed document, we decided to leave it out of this particular report.

Governance set-up: As a company claiming to have a noble mission to change our industry, it is important to be transparent about how decisions are made and who "pulls the strings". In our audited annual accounts, to which we apply the Dutch GAAP reporting standard, we report this set up. We publish these accounts via the Chamber of Commerce, open for everyone who is interested.

What did we include and why?

Our outcome and impact KPIs: Results and progress, as the backbone of our business and the main focus of this document.

Our greenhouse gas reporting: Inventory and targets, in our eyes a necessity for future-proofing our industry.

Financial results: As they are both crucial to Fairphone's health as a business, and as a proof-point of our business model.

Our team's composition and general well-being: Fairphone's achievements are only possible thanks to our team, especially during this phase of our scale up, and we are careful to take the team's makeup and wellness into account.

For the first time, we will include data on an extended list of metrics on the areas of: employees health and safety, working conditions, social dialogue, carrier management & training, diversity equity & inclusion, GHGs energy water & waste, material use, product use, product end-of-life, ethics, sustainable procurement, R&D.

APPENDIX 2

Calculations and explanations

Calculation example 1
E-waste prevented due to longevity

E-waste avoided (Longevity) [kg] = E-waste avoided (0.5 year old Fairphone 4&5) [kg] + E-waste avoided (1 year old Fairphones 3&4) [kg] + … + E-waste avoided (Fairphone 2) [kg]

where:

a) E-waste avoided (2 years old Fairphones 3&4) [kg] = Phone purchases avoided * weight of phone [225g, like Fairphone 4]

In 2023: E-waste avoided (2 years old Fairphones 3&4) [kg]
= 2630 phone purchases avoided * 0.225 kg
= 591.7 kg e-waste avoided

b) Phone purchases avoided [#] = Phone years saved / Avg. phone market lifespan

In 2023: Phone purchases avoided [#]
= 7100 phone years saved / 2.7 years per phone
= 2630 phones

c) Phone years saved [yrs] = (% active '2 yrs old' Fairphones – % active '2 yrs old' phones market) * # of activated Fairphones in age group * age gain in reporting year [1 year]

In 2023: Phone years saved [yrs]
= (55% (Fairphones) – 44% (market)) * 64,365 Fairphones * 1 year
= 7100 yrs

Calculation example 2
CO_2e avoided due to longevity

CO_2e avoided [kg CO_2e] = Phone purchases avoided * CO_2e emissions of production and transport per device, newest LCA [kg CO_2e]

In 2023: CO2e avoided [kg CO2e]
= 17486 * 8.8 kg CO_2e
= 656440 kg CO_2e

Please see calculation example on the left for the calculation of 'phone purchases avoided'.

Calculation example 3
CO_2e avoided due to e-waste reduction

CO_2e avoided due to EU e-waste take-back [kg CO_2e] = E-waste avoided (EU) [kg] * 8.8 [kg CO_2e/kg recycled][26]

CO_2e avoided through WEEE fee payment [kg CO2e] = E-waste avoided (WEEE) [kg] * 8.8 [kg CO_2e/kg recycled]

CO_2e avoided due to e-waste take-back from informal sources [kg CO_2e]= E-waste avoided (informal sources) [kg] * 8.8 kg [kg CO_2e/kg recycled]

Calculation example 4
CO_2e avoided through integrating recycled materials in our products

CO_2e avoided (recycled materials) [kg CO_2e] = CO_2e avoided (recycled materials) Fairphone 4 [kg CO_2e] + CO_2e avoided (recycled materials) Fairphone 5 [kg CO_2e] + […]

CO_2e avoided (recycled materials) Fairphone X [kg CO_2e] = Σ (weight of recycling focus material (*) contained in Fairphone model X [kg] * (% recycled of material (*) in Fairphone model X – % recycled of material (*) in Fairphone LCA) * CO_2e avoided from LCA [kg CO_2e/kg] * # of Fairphone model X sold)

APPENDIX 3

Annual GHG emissions report

GHG emissions by scope (tCO_2e)1,2,3,4

Scope/ category	2022 (base year)		2023 (reporting year)		GHG Emissions 2023 vs 2022	Key notes
	In tCO_2e	% of total	In tCO_2e	% of total		
Scope 1						
Total scope 1	0	0	0	0	0%	Not applicable
Scope 2						
Location-based	22.2	0.24%	36.81	0.33%	66%	We achieved our SBTi target for SMEs of reducing scope 1 and 2 emissions by 100% in 2023 through market-based approach
Market-based	-14.3	-0.15%	-17.23	-0.15%	-20%	

Scope/ category		2022 (base year)		2023 (reporting year)		GHG Emissions 2023 vs 2022	Key notes
		In tCO_2e	% of total	In tCO_2e	% of total		
Scope 3							
1	Purchased Goods & Services	7261.83	77.72%	9147.11	82.27%	26%	In 2023, our Scope 3 emissions increased by 19% compared to the base year of 2022. This rise can be primarily attributed to our operational activities, including the expansion of office space, an increase in FTEs, and investments in equipment and furniture. Additionally, the introduction of Fairphone 5 and Fairbud XL led to heightened efforts in research and development and marketing, while overall device production and sales decreased. Conversely, downstream emissions experienced a 19% reduction from the base year of 2022, largely due to the low carbon footprint of the Fairphone 5 user phase. While progress has been made in reducing product-related emissions, there is now a need to shift our focus towards addressing emissions generated by our operational activities. It is imperative that we decouple these activities from greenhouse gas emissions to continue moving in the right direction towards low carbon business.
1a	Production related	5254.06	56.23%	4913.17	44.19%	-6%	
1b	Non-production related	2007.77	21.49%	4233.93	38.08%	111%	
2	Capital Goods	34.97	0.37%	197.62	1.78%	465%	
3	Fuel- & Energy-Related Activities	4.31	0.05%	6.56	0.06%	52%	
4	Upstream Transportation & Distribution	469.65	5.03%	422.37	3.80%	-10%	
5	Waste Generated in Operations	2.32	0.025%	2.32	0.021%	0.1%	
6	Business Travel	47.7	0.51%	100.50	0.90%	111%	
7	Employee Commuting	61.92	0.66%	70.27	0.63%	13%	
11	Use of Sold Products	1462.25	15.65%	1180.25	10.62%	-19%	
12	EoL of Sold Products	12.89	0.14%	8.43	0.08%	-35%	
Total scope 3		**9357.84**	**100%**	**11135.43**	**100%**	**19.0%**	
TOTAL (1+2+3) location based		**9380.04**		**11172.24**		**19.1%**	
TOTAL (1+2+3) market based		**9343.54**		**11118.20**		**19.0%**	

APPENDIX 3

Notes GHG emissions by scope

1. GHG emissions were calculated according to Greenhouse Gas Protocol standards and guidance, including GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition), Scope 2 Guidance, the Corporate Value Chain (Scope 3) Accounting and Reporting Standard, and the Technical Guidance for Calculating Scope 3 Emissions.
2. GHG emissions were calculated based on an operational control consolidation approach in line with GHG Protocol Corporate Accounting and Reporting Standard.
3. We chose 2022 as the base year for our scope 3 accounting due to the most complete and recent data being available.
4. We calculated and reported emissions data in CO2 equivalents (CO2e). Moreover we used IPCC 4th Assessment Report (AR4) GWP100 values.
5. We reported on our emissions in 2021 for the first time and chose 2019 as a base year since the year before the Covid-19 pandemic was deemed more representative for our emissions than 2020.
6. In 2023, we updated our base year to 2022, as it's the representative of GHG profile of the company, having reliable and verifiable data for all three scopes 1,2,3, validated by SBTi for Net Zero target.
7. Scope 1 emissions are not applicable to Fairphone as we do not own an office, production facilities, or vehicles.
8. Emission factors provided by suppliers were used for the market-based calculation.
9. Since 2021, we have used renewable electricity (solar and wind) in our office.
10. In 2023, our heating's natural gas consumption was offset using Biomethane Guarantees of Origin. The value is negative due to using manure as feedstock for the production of the biomethane. When left untreated, manure emits significant amounts of GHGs. Thus, treating manure for biomethane production avoids emissions that would otherwise occur, leading to negative emissions.
11. Scope 3 categories 'Upstream leased assets' (category 8), 'Processing of sold products' (category 10), 'Downstream leased assets' (category 13), 'Franchises' (category 14) and 'Investments' (category 15) are not applicable to Fairphone. Meanwhile, emissions for 'Downstream transportation and distribution' (category 9) are included in 'Upstream transportation and distribution' (category 4) since we purchase outbound transportation services.
12. Several methodologies were used to calculate scope 3 emissions based on the Greenhouse Gas Protocol standards and guidance, including supplier-specific method (category 4 and 6), hybrid-method (category 1,11 and 12), average-data method (category 3 and 5), distance-based method (category 4 and 7), and spend-based method (category 1, 2, and 6). Category 7 also includes emissions from homeworking which were calculated using EcoAct Homeworking Emissions methodology.
13. In order to calculate scope 3 emissions, we mainly used data from our own internal activities such as purchasing data (category 1,2, and 6), energy consumption data (category 3), mass of product and distance traveled per transportation mode (category 4), waste generation data (category 5), internal commuting and home working survey (category 7), and sales data (category 11 and 12) as well as from our value chain partners (category 1 (13%), category 4 (70%), category 6 (50%)). The quality data for all scope 3 categories are good based on the criteria according to GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.
14. We used emissions factors from our products' Life Cycle Assessment (category 1, 11 and 12), national emission factor (category 3,5, and 7), supplier data (category 4 and 6), Global Logistic Emissions Council (GLEC) Framework (category 4), and Environmentally-Extended Input-Output (EEIO) databases from Exiobase and US Environmentally Extended Input-Output (USEEIO) (category 1,2,and 6).
15. Emission from category 5 was estimated based on waste bin capacity and frequency of emptying.

APPENDIX 4

Material use 2023

Focus materials contained in products			
Focus Material	**Fairphone 5 (grams)**	**Fairphone 4 (grams)**	**Fairbuds XL (grams)**
Aluminium	38.6890762	32.470	19.710
Cobalt	12.3191	12.66	0.697
Copper	16.851607	24.1	5.890
Gold	0.0227697	0.031	0.00055
Indium	0.0005173642	0.0000071	0
Lithium	1.465986523	1.50	0.411
Magnesium	4.9554830706	4.78	0.037
Nickel	3.048709	2.436	1.100
Plastics	32.250	31.560	157.250
Rare Earth Elements*	0.15017897	0.163	2.700
Silver	0.0833276	0.056	0.049
Tin	0.86695971	0.780	1.210
Tungsten	0.7451726	0.750	0
Zinc	1.0330573	1.68	0.350

Total focus material consumption in 2023	
Focus Material	**Fairphone consumption in 2023 (kg, rounded)**
Aluminium	4882
Cobalt	2100
Copper	2668
Gold	3.1
Indium	0.05
Lithium	214
Magnesium	607
Nickel	381
Plastics	6083
Rare Earth Elements*	56
Silver	10
Tin	124
Tungsten	92
Zinc	154

DISCLAIMER: This sums up the 2023 consumption of 14 focus material for Fairphone 5, 4, 3, and 3+ and Fairbuds XL based on Full Material Declarations. This includes battery spare parts for Fairphone 3, 4, and 5 and Fairbuds XL, but no other spare parts. Data inaccuracies in the Full Material Declarations for Fairphone 5, 4, 3, and 3+ and Fairbuds XL are still possible. We are continuously working with our suppliers to obtain more, and more accurate data on our material use and aim at improving our reporting on (focus) material consumption over time.

** Neodymium, Praesodymium, Dysprosium*

APPENDIX 5

Basis of Reporting

Fairphone 2021-2023 Company Impact KPIs

Objectives: These indicators are based on Fairphone's theory of change (raise awareness, provide proof, and create followers) to measure Fairphone's impact created to mobilize the industry towards fairer electronics.

Impact KPI **E-waste avoided**

KPI unit of measure

Tons of e-waste avoided; related to KPI 2: Longevity score and KPI 3: E-waste neutrality as well as other measures (i.e. e-waste neutral products which are not part of KPI 3)

Key objective

To demonstrate the avoidance of environmental impact in terms of e-waste, by facilitating and encouraging (Fair)phone users to extend the usage time of products, to bring them back at their end-of-use, and by collecting e-waste in countries with insufficient formal recycling systems.

Key definitions

E-waste avoided: The electronic waste which is removed from the global economic system (i.e. taken back at its end-of-use) or prevented from entering the global economic system (i.e. through longer lifetimes of electronic devices which slows down the need for purchasing and producing new ones) due to the efforts undertaken by Fairphone.

Standard practices on the market: Practices by parties participating in the markets (e.g. consumer, manufacturer etc.) in which Fairphone is active; described by 3rd parties as standard, common, average, or with similar words indicating applicability of the results to the majority of the described group.

Boundaries of data

- Phone purchases avoided due to longevity—Fairphone 3 and 4 (related to KPI 2) as well as Fairphone 2
- EU e-waste take-back (related to KPI 3)
- E-waste take-back through WEEE fee payments (related to KPI 3)
- E-waste take back from countries with insufficient formal recycling infrastructure (related to KPI 3)

Key data sources

- Activation date and (in)active status of Fairphones collected in Fairphone's backend
- Impact audit reports of earlier years
- Jaeger-Erben, Melanie and Hipp, Tamina (2018). All the rage or take it easy – Expectations and experiences in the context of longevity in electronic devices. Descriptive analysis of a representative online survey in Germany. Obsolescence Research Group (Ed.), OHA texts 1/2018.
- Life Cycle Assessment: Fairphone 3 and Fairphone 4
- Data on Fairphone's take-back (see KPI 3)

APPENDIX 5

Impact KPI **CO_2e avoided**

KPI unit of measure
Tons of CO_2e avoided; related to KPI 2: Longevity score, KPI 3: E-waste neutrality and KPI 4: Fair materials as well as other measures

Key objective
To demonstrate the avoidance of environmental impact in terms of CO_2e, by facilitating and encouraging (fair) phone users to extend the usage time of products, to bring them back at their end-of-use, by integrating recycled materials in the produced devices as well as other measures to reduce or avoid CO_2e emissions.

Key definitions
CO_2e avoided: CO_2 emissions or GHG equivalents reduced or avoided due to Fairphone efforts versus standard market practice.

Standard practices on the market: Practices by parties participating in the markets (e.g. consumer, manufacturer etc.) in which Fairphone is active; described by 3rd parties as standard, common, average, or with similar words indicating applicability of the results to the majority of the described group.

Boundaries of data
- Phone purchases avoided due to longevity – Fairphone 3 and 4 (related to KPI 2) as well as Fairphone 2
- CO_2e reduction through EU e-waste take back (related to KPI 3)
- CO_2e reduction through e-waste take-back through WEEE fee payments
- Related to KPI 3: CO_2e reduction through e-waste take back from countries with insufficient formal recycling infrastructure (related to KPI 3)
- CO_2e reduction through recycled materials integrated in Fairphones produced as compared to using virgin materials (related to KPI 4)

Key data sources
- Impact audit reports of earlier years
- Jaeger-Erben, Melanie and Hipp, Tamina (2018). All the rage or take it easy – Expectations and experiences in the context of longevity in electronic devices. Descriptive analysis of a representative online survey in Germany. Obsolescence Research Group (Ed.), OHA texts 1/2018.
- Life Cycle Assessment: Fairphone 3 and Fairphone 4
- Data on Fairphone's take-back (see KPI 3)
- Data on fair materials (see KPI 4)

APPENDIX 5

Impact KPI **People benefitting**

KPI unit of measure
The accumulated number of people directly or indirectly benefited by interventions and/or programs in which Fairphone was involved either in the fair materials, fair factories, or take-back impact areas.

Key objective
To get a clear measure of the extent of the people that benefit directly and indirectly with the work Fairphone does across its supply chain in three mentioned impact areas. Ultimately, what we are aiming to achieve is a sustainable impact for the people in our supply chain.

Key definitions
Directly benefiting: All the people that are direct beneficiaries of an intervention and/or program where Fairphone is or was involved.

Indirectly benefiting: All the people that are indirectly beneficiaries of an intervention and/or program where Fairphone is or was involved. Examples of these could be the immediate family members of factory workers that have received a living-wage bonus

Interventions and/or programs where Fairphone is/was involved: All programs and/or interventions set up under the fair materials, fair factories and take-back impact areas where Fairphone is a leader or a partner of. These might include financial and/or in-kind contributions by Fairphone (including time spent). These include interventions where Fairphone actively sources fair materials, projects, and programs where Fairphone has a degree of involvement.

Boundaries of data
Data for this KPI only originates from interventions and/or programs in which Fairphone was involved either in the fair materials, fair factories or take-back impact areas.

Key data sources
Data for this KPI only originates from interventions and/or programs in which Fairphone was involved either in the fair materials, fair factories or take-back impact areas.

APPENDIX 5

Fair Outcome KPIs

Objectives: These indicators are to measure the effectiveness Fairphone put in key impact pillars at the outcome level.

KPI 2 **Longevity score**

KPI unit of measure

Avg. lifetime of active Fairphones and avg. age when the user stopped using their Fairphones, according to the share of overall Fairphones activated since January 2020, plus users' expected additional lifespan of their Fairphone (average over all users participating per survey). The survey responses are assumed to be representative for all at that moment in time still active phones sold since January 2020.

Key objective

To predict the average useful lifetime of Fairphones before the end of their lifetime by combining measuring the current actual lifetime (active phones), the average lifetime reached (inactive phones) ,and the by users additionally expected lifetime of their phone.

Key definitions

Active phone: A Fairphone which has responded to the activity check from Fairphone's back-end within the last 29 days.

Activity check: A signal which is sent from Fairphone's back-end once a week to the Activator App when Fairphone OS (Android) is used. The signal triggers a response signal from the phone if the phone can be reached. The phone can be reached when it is switched on, and it is connected to the internet at the moment when the Fairphone back-end sends the signal to the Activator App. The Activator App is preinstalled on all Fairphones since 01-01-2020, thus starting from Fairphone 3.

Additionally expected lifetime: The average value customers respond to the Longevity Question which is asked to Fairphone users using a Fairphone 3(+) or higher in a survey which they are forwarded to via a notification through the MyFairphone app.

Actual lifetime: The time between a Fairphone's activation date and:

a) If the phone is active: The last day of the quarter which is reported on
b) If the phone is inactive: Its deactivation date.

Deactivation date: The date on which a Fairphone responds to the activity check from Fairphone's back-end for the last time. Since the data collected in the weekly activation check is stored as active in 'Week 1', 'Week 2', etc., of a specific year, the last day of the week in which the phone responded is used as the deactivation date.

Activation date: The date on which a Fairphone 3(+) or any following Fairphone model connects for the first time to the internet and sends an activation signal to Fairphone's back-end.

Boundaries of data

The Longevity Score represents all Fairphones starting from Fairphone 3 (released September 2019) on which we know that Fairphone OS (Android) is used. We want to gain insights into the Fairphones' lifetime when being used by consumers, therefore the score does not include phones on which potentially another OS has been installed, since this prevents us from knowing if they are still active. Neither included are Fairphone 4 and Fairphone 5 devices that are used as demonstration phones at our indirect sales partners' shops. The only group of phones which are not used by consumers, but are included in the scope, are Fairphone 3(+) demonstration phones, since we are not able to identify these among the activated phones.

Key data sources

- Survey to Fairphone users via MyFairphone App (hosted on Hello Customer platform)
- Activation date and (in)active status of Fairphones collected in Fairphone's backend

APPENDIX 5

KPI 3 **E-waste neutrality**

KPI unit of measure
% of electronic end-of-use products taken back vs. new Fairphone 4, Fairphone 5 and their electronic modules sold

Key objective
To measure the outcome of our efforts to direct e-waste into responsible recovering processes compared to the e-waste we create by adding new devices to the market.

Key definitions
End-of-use product: A product, which is not used, regardless of the reason. Therefore, the end- of-use product, or parts thereof, can potentially be suitable for direct reuse, repair/refurbishment, and remarketing, or it serves as input for recycling.

E-waste: An electronic device becomes e-waste once it has been discarded by its owner as waste without the intent of reuse.

1:1 compensation: One phone, regardless of its type, age or weight, is taken back to compensate for one Fairphone.

Responsible recycling: Companies processing the products fulfill environmental, safety, efficiency, and ethical standards at least comparable to the currently enforced legal requirements in the EU.

Take-back: Activities which serve to physically absorb electronic end-of-use products in our logistics supply chain, in that of one of our contracted partners for repair, refurbishment, remarketing or recycling. A product is taken back as soon as the owner hands it over to Fairphone or a partner of Fairphone in a manner which cannot be reversed. Alternatively, a phone can be accounted for as 'taken back' when credibly declared by a customer to Fairphone as handed in at a third party which responsibly treats WEEE, motivated by Fairphone.

Weight-based compensation: The same weight of e-waste is taken back as the weight of a Fairphone to compensate for it.

Boundaries of data
The take-back activities accepted to count into the indicator score differ per region.

Take-back in Europe:
Electronic end-of-use products which are:
- returned through Fairphone's Reuse and Recycle Program
- returned through take-back projects owned or under contract by Fairphone
- reported to Fairphone as handed in for reuse/recycling at a responsible collection point as a result of our efforts to motivate reuse and recycling. Responsible collection points include public recycling centers, shops of telecom operators, e-waste collection points in shops which are part of extended producer responsibility schemes
- returned through recycling programs of partners motivated by Fairphone's efforts (clear guidelines to avoid double counting of returned devices to be agreed on per partner and program)
- returned through Extended Producer Responsibility (EPR) Schemes to which Fairphone is obliged to pay fees in line with Directive 2012/19/EU on waste electrical and electronic equipment (WEEE Directive) for collection and recycling of the products sold in the European Market

Take-back through as-a-service contracts:
- Phones which are serviced through Fairphone or a partner of Fairphone. Since for these electronic products the ownership stays with Fairphone, customers are obliged to return their phone.

Take-back in countries with insufficient formal recycling infrastructure:
- E-waste which is diverted from informal recycling or landfilling in countries with insufficient formal recycling infrastructure and supplied to responsible recycling facilities.

Phones and modules sold
- The total amount of Fairphone 4, Fairphone 5 and their electronic modules sold in the respective year, regardless of its application (e.g., module upgrade, spare part). This does not include spare parts which are used to repair a phone at our repair center, since the faulty part is swapped, and no additional part is put on the market. Other models or products can be added to the scope, which will be made explicit in the target.

Key data sources
- Sales actuals of phones and modules
- Collected device and module processing reports from take-back partners
- Invoices for e-waste compensation purchases
- Documentation of other e-waste collection projects

APPENDIX 5

KPI 4 **Fair materials**

KPI unit of measure
Average % of # focus materials [in weight & separately measured] sustainably sourced by Fairphone [frontrunner or thought leader solutions] of device X.

Key objective
To provide the example of sourcing fair materials to trigger industry recognition and demand as a catalyst for investments needed to develop fair mined and post-consumer recycled materials.

Key definitions
Sustainably sourced: is defined as (the amount of the) specified material that is used in the supply chain of the defined component and/or that supports a source or origin that has a specific social and/or environmental benefit, and/or the supply chain is transparent and traceable to a certain extent (incl. book & claim, mass balance, physical integration).

Boundaries of data
Focus materials selected are based upon the results of a detailed Material Assessment.

This resulted in the following list of focus materials (14) for our smartphone device.

1. Cobalt
2. Lithium
3. Copper
4. Gold
5. Tin
6. Tungsten
7. Rare Earth (incl. Neodymium, Dysprosium & Praseodymium)
8. Plastics
9. Silver
10. Indium
11. Zinc
12. Nickel
13. Aluminum
14. Magnesium

Key data sources
The material percentage is calculated based on the full material declarations (FMDs) collected from component suppliers. All collected FMDs are gathered and extracted as a Product Report, allowing for the filtering and aggregation of different material volumes and percentages. The FMDs are closely examined and verified by external sources.

Furthermore, proof of focus materials being sourced from sustainable sources is collected. As different materials have different sustainable sources, the type of proof/data source differs and be in the form of third-party verification, self-declarations, partner reports.

APPENDIX 5

KPI 5 **Fair factories**

KPI unit of measure

% of strategic [Device X] suppliers that demonstrate X maturity level improvements, or a high level of maturity, on decent work.

Key objective

To set the example of advancing decent work and implementing social and environmental best practices at Fairphone's suppliers, both directly and indirectly contracted, with focus on strengthening worker-voice and representation, and driving wages towards living wages.

Key definitions

Device X: The most recent device that accounts for the majority of Fairphone's supply chain spend. Currently: Fairphone 4

Strategic suppliers:

- The supplier performs the final assembly of the relevant device OR
- The supplier supplies a key component of devices modules or its core. This includes the following components: speaker, camera, battery, display, vibration motor, Printed Circuit Board (PCB) and case (battery cover).

Decent work levels:

We divided the work we do with suppliers into three themes:

- Level 1: Environment, Health & Safety (EHS)
- Level 2: Worker satisfaction
- Level 3: Worker representation and living wages

Here, level 3 is the highest level of "fairness" and most challenging to achieve.

Improvement on maturity level

An improvement is demonstrated when:

- The supplier is considered engaged with Fairphone
- The supplier can provide evidence that actions have been performed aimed to advance on at least one level of decent work, in line with the plan agreed with Fairphone OR
- The supplier can provide evidence of improved results versus the baseline situation on at least one indicator for at least one level of decent work, through audits, assessments, or surveys.

A point means the supplier has improved its maturity on a decent work level, by demonstrating at least one improvement.

High Maturity: We count suppliers towards the KPI if they demonstrate a high maturity on two or more decent work levels, of which one must be a high maturity on Environment, Health & Safety.

Boundaries of data

The KPI focuses on suppliers of "Device X" (Fairphone 4 currently). Our programs with suppliers of other products or accessories are not counted towards the KPI Fair Factories.

Suppliers may score a maximum of one point for demonstrating improvements per decent work level per year, regardless of how many improvements were demonstrated on that specific decent work level in that year. A supplier may thus score a maximum of 3 points per year.

The time period will be based on the anticipated production cycle of the relevant device, which is normally 3 years, starting in the year in which mass-production starts.

All strategic suppliers who achieve maturity level improvements, or demonstrate high maturity, in the defined time period will be counted towards the KPI, regardless if the start of the improvement program was in the defined time period or before. The points will be accumulated for reporting during the defined time period for the device.

Key data sources

Evidence may include action plans or roadmaps, in combination with one or more of the following:

- Reports on capacity building or coaching by 3rd parties
- Audits, assessments, worker surveys or self-assessments that have been verified by 2nd or 3rd parties
- Invoices
- Photographs
- Reporting by the supplier

APPENDIX 5

KPI 6 **Industry influence score**

KPI unit of measure

of points scored on industry players that adopt/apply one of Fairphone's Thought Leadership solutions beyond our supply chain – [accumulated, by points, counted only once per follower]

Key objective

To drive Fairphone to develop scalable impact solutions that go beyond Fairphone's own supply chain, and that create followers to trigger higher transparency, social and environmental performance in the industry.

Key definitions

Industry players: Companies operating in the electronics industry, or other sectors relevant for the thought leadership solution, or associations, institutions or organizations that relate to the extraction of raw materials, processing, manufacturing, retailing, repairing, recycling or certification of electronic devices and components.

Thought leadership solutions: Programs, coalitions, methodologies, sourcing models or any other type of interventions developed, initiated or founded by Fairphone with the purpose to drive impact/increase fairness in its four impact areas: fair materials, fair factories, longevity and circularity. It is these interventions required to achieve our targets on KPI 2-5.

# of points scored: The larger the size of the company, the bigger we expect the influence and impact to be. Therefore, points are allocated per size (market capitalization) of the company:

Market capitalization of industry player	Points
$10b+ (Large Cap)	3
$2b - $10b (Mid Cap)	2
Below $2b (Small Cap), or companies not listed on any stock exchange	1
Associations and other non-company actors/ Institutions that become member of a FP founded program/ Consortium or update a standard/Policy with proof of company members that apply the solution	3, 2, or 1 ; depending on accumulated market size members

Note that the score of a follower is measured by its ultimate ownership. Therefore, if a company is fully owned by a publicly traded company, we look at the market cap of its parent company.

Boundaries of data

The scope of this indicator is not limited to the electronics industry, but can include any industry sector as long as the actor can have significant influence on the impact areas and related ambitions Fairphone focuses on. Whereas electronics will be the key sector to influence, this could not only include other industries,such as automotive and mining companies, but also, for example, the consultancy industry, if the actor becomes a member of a consortium and/or contribute (through their own means) with their core services to the goal.

To accurately count the impact of followers, Fairphone counts at the level of individual follower, i.e., company. If multiple companies join the (membership-based) initiative/ platform co-founded/established by Fairphone, this KPI calculates on the basis of each industry follower. If member companies of an initiative/platform/association non-founded by Fairphone adopt and apply a Fairphone solution, the accumulated market share of all members counts.

Note, if a company is part of Fairphone's supply chain, it can be counted only if evidence indicates that the company expands the solution beyond Fairphone's supply chain.

Key data sources

Proof of companies/associations adopting and applying Fairphone's thought leadership solution, such as becoming part of a Fairphone co-founded consortium (membership agreement), signing a contract/agreement, or letter of commitment to a program Fairphone started.

Proof of an association/platform/initiative/ standard updating its policy or standard, following Fairphone's campaign or lobby and (part of) its company members applying the solution in their businesses.

Proof that companies are following Fairphone's solutions, and are adopting/ applying a solution or changing their behavior/ discourse/business practices following FPs example.

Per industry player, the capital is determined based on financial data derived from the respective annual reports

APPENDIX 5

Metric: Supplier use of 100% renewable electricity (final assembly of Fairphone 5 only) (%)

Unit of measure

Amount of RECs retired against electricity use in the final assembly of Fairphone 5 sold in the year.

Key objective

To demonstrate that we have accounted for the entire product's life cycle in minimizing the climate impact through incorporating measures for CO_2e avoidance, implementing strategies for CO2e reduction, and pursuing climate contribution for unavoidable emissions.

Key definitions

CO_2e Avoided: CO_2 emissions of GHG equivalents reduced or avoided due to Fairphone efforts versus standard market practice.

Reducing Emissions: Measurable amount of greenhouse gases reduced from the entire life cycle of the product—raw material acquisition, component manufacturing, transportation, user phase and end of life.

Contributing to Climate Projects:
We match the total amount of greenhouse gases occurring from our smartphone and audio products sold in 2023 (Fairphone 5 and Fairbuds XL), with proportionate investments in Gold Standard-certified climate projects.

Boundaries of data

The product boundary includes the data related to the total amount of energy used in the final assembly of the product. This includes total annual energy use at supplier location and energy use in final assembly per device.

Key data sources

- Product sales data from the finance team
- Data provided by the supplier on the energy use per unit in the final assembly of Fairphone 5
- Total RECs purchased and retired in 2023
- Information from the industry on current price of Renewable Energy Certificates (RECs) and carbon markets in China

APPENDIX 5

Metric: Certified Emission Reduction (CERs) retired (for Fairphone 5 and Fairbuds XL only)

Unit of measure

Quantity of Certified Emission Reduction (CERs) got retired from climate projects.

Key objective

To demonstrate that we have accounted for the entire product's life cycle in minimizing the climate impact by incorporating measures for CO2e avoidance, implementing strategies for CO2e reduction, and pursuing climate contribution for unavoidable emissions.

Key definitions

CO_2e Avoided: CO_2 emissions of GHG equivalents reduced or avoided due to Fairphone efforts versus standard market practice.

Reducing Emissions: Measurable amount of greenhouse gases reduced from the entire life cycle of the product—raw material acquisition, component manufacturing, transportation, user phase and end of life.

Contributing to Climate Projects: We match the total amount of greenhouse gases occurring from our smartphone and audio products sold in 2023 (Fairphone 5 and Fairbuds XL), with proportionate investments in Gold Standard-certified climate projects.

Boundaries of data

The product boundary includes the data related to the entire product life cycle stages—raw material acquisition, production, transportation, use phase and end of life. The data included both primary and secondary sources of information..

Key data sources

- Product carbon footprint results from third party LCA expert
- Product sales data from the finance team
- Data from Gold standard on credits issued to various climate projects and their contribution to sustainable development goals (SDGs)

APPENDIX 6

CSR Data Management System

Reporting period: 1st of January 2023 to 31st of December 2023
Cut-off period: All data is as per 31st of December 2023

General								
Theme	**Indicator to report on**	**Unit**	**Scope**	**Target**	**Target year**	**2021**	**2022**	**2023**
Number of employees	Report the total number of employees, and a breakdown of this total by gender;	Number	All of Fairphone employees; For all locations where Fairphone operates;	N/A	N/A	Total: 111 Female: 58 Male: 53 Other: 0 Not disclosed: 0	Total: 135 Female: 71 Male: 64 Other: 0 Not disclosed: 0	Total: 154 Female: 75 Male: 79 Other: 0 Not disclosed: 0
	Report the total number of employees, and a breakdown of this total by region;	Number	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	Total: 111 Natherlands: 99 Taiwan: 7 China: 3 Others Europe: 2"	Total: 135 Natherlands: 119 Taiwan: 11 China: 3 Others Europe: 2	Total: 154 Netherlands: 135 Taiwan: 11 China: 4 Others Europe: 4
	Describe the methodologies and assumptions used to compile the data, including whether the numbers are reported: i. in head count, full-time equivalent (FTE), or using another methodology; ii. at the end of the reporting period, as an average across the reporting period, or using another methodology;	Text (for each option)	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	i. headcount ii. end of reporting period	i. headcount ii. end of reporting period	i. headcount ii. end of reporting period
	Report contextual information necessary to understand the data reported under 2-7-a and 2-7-b;	Text (if relevant)	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	Employees by Region are all countries where we have staff. In some countries, we only have 1 staff member (see Germany & France).	Employees by Region are all countries where we have staff. In some countries, we only have 1 staff member (see Germany & France).	Employees by Region are all countries where we have staff. In some countries, we only have 1 staff member (see Germany & France).
	Describe significant fluctuations in the number of employees during the reporting period and between reporting periods.	Text (if applicable)	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	No significant fluctuations have taken place	No significant fluctuations have taken place	No significant fluctuations have taken place
	Number of employees at the end of year	FTE	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	98	131	150

Labor & human rights								
Theme	**Indicator to report on**	**Unit**	**Scope**	**Target**	**Target year**	**2021**	**2022**	**2023**
Employee Health & Safety	Number of hours worked	Number	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	187,689	219,336	264,474
	Number of days lost to work-related injuries, fatalities and ill health	Number	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	0	0	0
	Number of work-related accidents	Number	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	0	0	0

APPENDIX 6

Labor & human rights								
Theme	**Indicator to report on**	**Unit**	**Scope**	**Target**	**Target year**	**2021**	**2022**	**2023**
Employee Health & Safety	Number of employees trained on health and safety issues as emergency response officers (BHV'ers)	Number	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	7	6	7
	Percentage of operation locations where H&S standards are at par with our HQ standards	Percentage	All of Fairphone operation locations	100%	2030	0	0	0
Working Conditions	Percentage of all Fairphone employees covered by a pension and insurance plan fitting their local standards	Percentage	All of Fairphone employees; For all locations where Fairphone operates.	100%	2030	93%	91%	94%
	Percentage of all Fairphone employees that are paid a living wage	Percentage	All of Fairphone employees; For all locations where Fairphone operates.	100%	2030	100%	100%	100%
	Please specify the methodology(ies) used to measure current wages and what living wage estimates you have used to compare them to.	Text	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	Methodology: Fairphone pays its employees at least the minimum wage. Wageindicator (and its Dutch version Loonwijzer), indicate that the Dutch minimum wage is higher than the benchmark of a living wage for where Fairphone is based. Living wage estimate used: Dutch government living wage estimate for the Netherlands in 2022 is gross €79.62 a day. Our lowest paid employee earns more than this on a full-time basis.	Methodology: Fairphone pays its employees at least the minimum wage. Wageindicator (and its Dutch version Loonwijzer), indicate that the Dutch minimum wage is higher than the benchmark of a living wage for where Fairphone is based. Living wage estimate used: Dutch government living wage estimate for the Netherlands in 2022 is gross €79.62 a day. Our lowest paid employee earns more than this on a full-time basis.	Methodology: Fairphone pays its employees at least the minimum wage. Wageindicator (and its Dutch version Loonwijzer), indicate that the Dutch minimum wage is higher than the benchmark of a living wage for where Fairphone is based. Living wage estimate used: Dutch government living wage estimate for the Netherlands in 2023 is gross €79.62 a day. Our lowest paid employee earns more than this on a full-time basis.
	Have your living wage estimates been validated by official sources and/or been developed in the framework of social dialogue?	Text	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	Yes, data is published by the Dutch Netherlands Enterprise Agency (RVO)	Yes, data is published by the Dutch Netherlands Enterprise Agency (RVO)	Yes, data is published by the Dutch Netherlands Enterprise Agency (RVO)
	Please describe the progress you have made in the last 12 months on this target	Text	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	N/A	N/A	N/A
	Ratio of the annual total compensation for the highest paid individual, to the median annual total compensation for all employees	Number	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	2.65:1	2.8:1	2.6:1
	Yearly average percentage of employees that agree or strongly agree to: "I am able to maintain a healthy balance between my work and personal life"		All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	52%	65%	64%
	Yearly average percentage of employees that agree or strongly agree to questions related to worker's satisfaction in internal Pulse Survey		All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	70%	77%	72%

APPENDIX 6

Labor & human rights								
Theme	**Indicator to report on**	**Unit**	**Scope**	**Target**	**Target year**	**2021**	**2022**	**2023**
Social Dialogue	Number of elegible employees for the Works Council elections	Number	All Fairphone employees and locations to whom and where the Worker Council charter applies	N/A	N/A	N/A	N/A	131
	Percentage of voter turnout for the latest Works Council elections	Percentage	All Fairphone employees elegible to cast a vote for Works Council; Latest Works Council elections before reporting period	85%	2030	N/A	N/A	75.4%
	Percentage of all Fairphone employees that agree to the statement "I feel well-represented by the current Works Council"	Percentage	All of Fairphone employees; For all locations where Fairphone operates; Response to latest yearly Works Council survey for the reporting period	75%	2030	N/A	68%	No Works Council survey was performed in 2023. No results are available.
	Number of Fairphone employees represented by the Works Council	Number	All of Fairphone employees; For all locations where Fairphone operates	N/A	N/A	111	135	154
Career Management & Training	Average hours of training per employee	Number of hours	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	6.47	10.8	11.3
	Percentage of all Fairphone employees that make use of their Learning and Development budget or engage in a Learning and Development experience	Percentage	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	58%	87%	60%
	Average hours of training that the organization's employees have undertaken during the reporting period, by: i. gender	Number of hours	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	N/A	N/A	Female: 12.36 Male: 10.5
	Average hours of training that the organization's employees have undertaken during the reporting period, by: ii. employee category	Number of hours	All of Fairphone employees; For all locations where Fairphone operates; Employee categories: full time and part time.	N/A	N/A	N/A	N/A	Part-time employees: 12.4 Full-time employees: 11.2
	Type and scope of programs implemented and assistance provided to upgrade employee skills	Text (list)	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	- Emerging Leaders Program - Management Team Coaching - Feedback training - Language learning	- Emerging Leaders Program - Management Team Coaching - Feedback training - Language learning	- Emerging Leaders Program - Management Team Coaching - Feedback training - Language learning
	Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment	Text (list)	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	- Employability Budget	- Employability Budget and Career Coaching	- Employability Budget and Career Coaching
	Percentage of total employees by gender who received a regular performance and career development review during the reporting period	Percentage	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	Female: 100% Male: 100% Other: N/A Not disclosed: N/A	Female: 100% Male: 100% Other: N/A Not disclosed: N/A	Female: 100% Male: 100% Other: N/A Not disclosed: N/A
	Percentage of total employees by employee category who received a regular performance and career development review during the reporting period	Percentage	All of Fairphone employees; For all locations where Fairphone operates; Employee categories: full time and part time.	N/A	N/A	Part-time employees: 100% Full-time employees: 100%	Part-time employees: 100% Full-time employees: 100%	Part-time employees: 100% Full-time employees: 100%

APPENDIX 6

Labor & human rights								
Theme	**Indicator to report on**	**Unit**	**Scope**	**Target**	**Target year**	**2021**	**2022**	**2023**
Diversity, Equity & Inclusion	Percentage of all Fairphone employees to have undergone an anti-harassment training		All of Fairphone employees; For all locations where Fairphone operates.	90%	2025	0	0	0
	Percentage of women employed in the whole organization	Percentage	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	53% - Only staff in the Netherlands	55% - Only staff in the Netherlands 53% - All staff including China and Taiwan	48%
	Percentage of women in top executive positions (excluding boards of directors)	Percentage	All of Fairphone employees; For all locations where Fairphone operates; Fairphone's Managment Board members	N/A	N/A	50%	50%	0%
	Percentage of women within the organization's board	Percentage	All of Fairphone employees; For all locations where Fairphone operates; Fairphone's Supervisory Board.	N/A	N/A	14%	17%	33%
	Percentage of women within the organization's Management Team	Percentage	All of Fairphone employees; For all locations where Fairphone operates; Fairphone's Management team	N/A	N/A			25%
	Percentage of women within the organization's leadership team (Management Team and Heads)	Percentage	All of Fairphone employees; For all locations where Fairphone operates; Fairphone's Management Team and Heads.	N/A	N/A			40%
	Average unadjusted gender pay gap	Percentage	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	14.8%	9.0%	5.7%
	Percentage of individuals within the organization's governance bodies in each of the following diversity categories: i. Gender;	Percentage	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	Female: 14% Male: 86% Other: 0% Not disclosed: 0%	Female: 17% Male: 83% Other: 0% Not disclosed: 0%	Female: 33% Male: 66% Other: 0% Not diclosed: 0%
	Percentage of individuals within the organization's governance bodies in each of the following diversity categories: ii. Age group: under 30 years old, 30-50 years old, over 50 years old;	Percentage	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	- under 30 years old: 0% - 30-50 years old: 33% - over 50 years old: 67%	- under 30 years old: 0% - 30-50 years old: 33% - over 50 years old: 67%	- under 30 years old: 0% - 30-50 years old: 60% - over 50 years old: 40%
	Total number of incidents of discrimination during the reporting period.	Number	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	0	0	0
	Status of the incidents and actions taken with reference to the following: i. Incident reviewed by the organization; ii. Remediation plans being implemented; iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes; iv. Incident no longer subject to action.	Number (distribution of a. between options)	All of Fairphone employees; For all locations where Fairphone operates.	N/A	N/A	No incidents reported in this period	No incidents reported in this period	No incidents reported in this period

APPENDIX 6

Environment								
Theme	**Indicator to report on**	**Unit**	**Scope**	**Target**	**Target year**	**2021**	**2022**	**2023**
GHGs, energy, water, waste	Total gross Scope 1 GHG emissions	metric tons CO2e	Direct emissions from the sources owned or controlled by Fairphone	Near Term - 42% reduction from base year 2022 Long Term - 90% reduction from base year 202	- Near Term by 2030 - Long Term by 2045	0	0	0
	Total gross Scope 2 GHG emissions (market or location based)	metric tons CO2e	In direct emissions from purchased eletricity and heating	Near Term - 42% reduction from base year 2022 Long Term - 90% reduction from base year 202	- Near Term by 2030 - Long Term by 2045	Location based: 40.2 Market based: 18.7	Location based: 22.2 Market based: -14.3	Location based: 36.8 Market based: -17.23
	Total gross Scope 3 GHG emissions	metric tons CO2e	**Scope 3 Category Included** Category 1: Purchased goods & services Category 2: Capital goods Category 3: Fuel- and energy-related activities Category 4: Upstream transportation and distribution Category 5: Waste generated in operations Category 6: Business travel Category 7: Employee commuting Category 11: Use of sold products	Long Term - 90% absolute reduction from base year 2022	2045	N/A	9,358 (corrected from 9,565)	11,135
	Total gross Scope 3 Downstream GHG emissions	metric tons CO2e	**Downstream activities** Category 11: Use of sold products Category 12: End-of-life treatment of sold products			N/A	1,475 (corrected from 1,705)	1,189
	Total gross Scope 3 Upstream GHG emissions	metric tons CO2e	**Upstream activities**: Category 1: Purchased goods & services Category 2: Capital goods Category 3: Fuel- and energy-related activities Category 4: Upstream transportation and distribution Category 5: Waste generated in operations Category 6: Business travel Category 7: Employee commuting			N/A	7,883 (corrected from 7,859)	9,947
	CO2 avoided	metric tons CO2e	CO2 emissions or GHG equivalents reduced or avoided due to Fairphone efforts versus standard market practice.	N/A	N/A	668	996 (corrected from 999)	994
	Total energy consumption	MWh	At Fairphone Headquarter office. Includes fuels before combustion and the amount of purchased energy inputs which include electricity, heat, steam and cooling for use by operations.	N/A	N/A	145	77	112
	Total renewable energy consumption	MWh	At Fairphone Headquarter office. Includes energy consumed that comes from renewable sources such as wind turbine, solar energy, biomas, methanization, geothermal energy, hydraulics, etc.	N/A	N/A	50	77	112
	Total water consumption	Cubic meters (m3)	Water consumed at Fairphone's Headquarter office	N/A	N/A	129	218	218
	Total weight of hazardous waste	Metric tones	Material considered as hazardous waste that was generated at Fairphone Headquarter office	N/A	N/A	0.0004	0.0005	0.0008
	Total weight of non-hazardous waste	Metric tones	Material considered as non-hazardous waste that was generated at Fairphone Headquarter office	N/A	N/A	3.7	4.5	5.2
	Total weight of waste recovered	Metric tones	Hazardous and non-hazardous waste generated by Fairphones headquarter office that has been separated for recycling	N/A	N/A	2.4	2.9	3.4

APPENDIX 6

Environment								
Theme	**Indicator to report on**	**Unit**	**Scope**	**Target**	**Target year**	**2021**	**2022**	**2023**
Materials, Chemicals & Waste	Weight of Aluminium consumption	Kg	Total consumption of 1 of the 14 focus materials for: - Fairphone 3 - Fairphone3+ - Fairphone 4 - Fairphone 5 (from 2023) - Fairbuds XL (from 2023) - TWS (from 2023) - Fairphone 4 & Fairphone 5 batteries (from 2023) Based on Full Material Declarations, per focus material. This does not include spare parts. In 2022, gold used in our TWS earbuds also included. Data inaccuracies in the Full Material Declarations are possible. For Fairphone 3 and 3+, cobalt lithium dioxide weight considered; for all other products, only cobalt weight considered. For Fairphone 3 and 3+, cobalt lithium dioxide weight considered; for all other products, only lithium element weight considered.	N/A	N/A	1,264	3,204	4,882
	Weight of Cobalt consumption	Kg		N/A	N/A	1,287	1,480	2,100
	Weight of Copper consumption	Kg		N/A	N/A	1,906	2,633	2,668
	Weight of Gold consumption	Kg		N/A	N/A	7	6	3.10
	Weight of Indium consumption	Kg		N/A	N/A	0	0.0008	0.05
	Weight of Lithium consumption	Kg		N/A	N/A	737	336	214
	Weight of Magnesium consumption	Kg		N/A	N/A	313	823	607
	Weight of Nickel consumption	Kg		N/A	N/A	202	281	381
	Weight of Plastics consumption	Kg		N/A	N/A	3,033	3,758	6,083
	Weight of Rare earth elements (Neodymium, Praesodymium, Dysprosium) consumption	Kg		N/A	N/A	25	21	56
	Weight of Silver consumption	Kg		N/A	N/A	918	250	10
	Weight of Tin consumption	Kg		N/A	N/A	153	119	124
	Weight of Tungsten consumption	Kg		N/A	N/A	37	80	92
	Weight of Zinc consumption	Kg		N/A	N/A	160	199	154
Product use	Weight of new smartphones not produced due to the extended lifespan of Fairphones	Metric tons	All Fairphone 4, Fairphone 3, Fairphone 3+ that have been activated	N/A	N/A	3.4	5.4	3.9
	KPI 2: Longevity score	Years	The Longevity Score represents all Fairphones starting from Fairphone 3 (released September 2019) on which we know that Fairphone OS (Android) is used. Fairphone 4s that are used as demonstration phones at our indirect sales partners' shops are not included. The only group of phones which are not used by consumers, but are included in the scope, are Fairphone 3(+) demonstration phones.	4.5	2023	5.5	5.5	4.7

APPENDIX 6

Environment								
Theme	**Indicator to report on**	**Unit**	**Scope**	**Target**	**Target year**	**2021**	**2022**	**2023**
Product end-of-life	Weight of WEEE collected through EU take-back programs	Metric tons	Stems from different Fairphone take-back programs on the EU market (EU-FP) and payment of WEEE fees	N/A	N/A	2.7	3.6	9.1
	Weight of WEEE collected	Metric tons	Stems from different Fairphone-owned take-back programs on the EU market (EU-FP), payment of WEEE fees, as well as WEEE collected in African countries by partners such as Closing the Loop or ReCell.	N/A	N/A	4.7	9.6	24.7
	Weight of EEE placed on the market	Metric tons	The EEE placed in the all markets where Fairphone sells, either directly or by IDS partners. Products included are: - Fairphone 3+ - Fairphone 4 - TWS earbuds (from 2022) - Fairphone 5 (from 2023) - Fairbuds XL (from 2023)	N/A	N/A	17.9	26.5	29.3
	KPI 3: E-waste neutrality	Percentage	Electronic end-of-use products we collect for reuse and recycling, compared to the amount: - For 2021 and 2022: New Fairphone 4 and its spare parts - For 2023: Fairphone 4, Fairphone 5 and their spare parts	100%	2023	100%	100%	100%
	E-waste avoided	Metric tones	The electronic waste which is removed (i.e. taken back at its end-of-use) or prevented from entering the market (i.e. through longer lifetimes of electronic devices which slows down the need for producing and purchasing new ones) due to the efforts undertaken by Fairphone	N/A	N/A	8	15	28.7

APPENDIX 6

Ethics								
Theme	**Indicator to report on**	**Unit**	**Scope**	**Target**	**Target year**	**2021**	**2022**	**2023**
Employees trained on ethics	Number of employees trained on privacy and data protection	Number	All of Fairphone employees; For all locations where Fairphone operates. Counted in head count.	N/A	N/A	0	86	0
	Percentage of employees trained on privacy and data protection	Percentage	All of Fairphone employees; For all locations where Fairphone operates. Counted in head count.	90%	Reporting year	0%	64%	0%
	Number of employees that completed an IT security awareness training	Number	All of Fairphone employees; For all locations where Fairphone operates. Counted in head count.	N/A	N/A	0	0	158
	Percentage of employees that completed an IT security awareness training	Percentage	All of Fairphone employees; For all locations where Fairphone operates. Counted in head count.	80%	Reporting year	0%	0%	98%
	Number of employees trained on anti-corruption policies	Number	All of Fairphone employees; For all locations where Fairphone operates. Counted in head count.	N/A	N/A	0	0	122
	Percentage of employees trained on anti-corruption policies	Percentage	All of Fairphone employees; For all locations where Fairphone operates. Counted in head count.	90%	Reporting year	0%	0%	79%
KPIs related to whistel blowing procedure	Number of reports related to whistleblower procedure	Number	For all locations where Fairphone operates.	N/A	N/A	0	1	0
Confirmed corruption incidents	Number of confirmed corruption incidents	Number	For all locations where Fairphone operates.	N/A	N/A	0	1	0
	Total number and nature of confirmed incidents of corruption	Number, text	For all locations where Fairphone operates.	N/A	N/A	0	1, kickback	0
	Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	Number	For all locations where Fairphone operates.	N/A	N/A	0	1	0
	Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	Number	For all locations where Fairphone operates.	N/A	N/A	0	1	0
	Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases	Number, text	For all locations where Fairphone operates.	N/A	N/A	0	0	0
Confirmed information security incidents	Number of confirmed information security incidents	Number	For all locations where Fairphone operates.	N/A	N/A	1	0	0

APPENDIX 6

Sustainable Procurement								
Theme	**Indicator to report on**	**Unit**	**Scope**	**Target**	**Target year**	**2021**	**2022**	**2023**
Targeted suppliers and CSR issues	Number of Tier 1 suppliers	Number	Fairphone's Tier 1 suppliers for star products	N/A	N/A	2	1	2
	Number of strategic suppliers	Number	Fairphone's suppliers that either: 1. performs the final assembly of the relevant device, or 2. supplies a key component of devices modules or its core. This includes the following components: speaker, camera, battery, display, vibration motor, Printed Circuit Board (PCB) and case (battery cover).	N/A	N/A	8	8	8
	Number and name of "star products"	Number, text	Fairphone's product range	N/A	N/A	Fairphone 3(+) Fairphone 4	Fairphone 4	Fairphone 4 Fairphone 5 Fairbuds XL
	Percentage of tier 1 suppliers of star products that have signed our Ways of Working Together document (our Code of Conduct)	Percentage	Fairphone's tier 1 suppliers of star products	100%	Reporting year	100%	100%	100%
	Percentage of tier 1 suppliers of star products that have environmental, labour and human rights requirements included in their contracts.	Percentage	Fairphone's tier 1 suppliers of star products	100%	Reporting year	100%	100%	100%
	Percentage of tier 1 suppliers of star products that have undergone a CSR assessment	Percentage	Fairphone's tier 1 suppliers of star products	100%	Reporting year	100%	100%	100%
	Percentage of tier 1 suppliers of star products that have undergone an independent, 3rd party CSR assessment onsite	Percentage	Fairphone's tier 1 suppliers of star products	100%	Reporting year	100%	100%	100%
	Number of strategic suppliers that are engaged in capacity building on environmental or social issues	Number	Fairphone's strategic suppliers	N/A	N/A	3	5	5
Targeted suppliers and CSR issues	Percentage of tier 1 suppliers of star products that have priovided the list of their suppliers for the Fairphone products, plus the requested due diligence information for these sub-suppliers, relevant materials and product information.	Percentage	Fairphone's tier 1 suppliers of star products	100%	Reporting year	100%	100%	100%
	KPI 4: Fair materials - Average percentage of our focus materials sustainably sourced	Percentage	Our 14 focus materials (Aluminium, Cobalt, Copper, Gold, Indium, Lithium, Magnesium, Nickel, Plastics, Rare earth elements (Neodymium, Praesodymium, Dysprosium), Silver, Tin, Tungsten, Zinc); the materials are contained in our smartphone devices.	70%	2023	31%	40%	74%
	KPI 5: Fair factories - Percentage of our strategic suppliers that show improvements on decent work	Percentage	Fairphone's suppliers that either: 1. performs the final assembly of the relevant device, or 2. supplies a key component of devices modules or its core. This includes the following components: speaker, camera, battery, display, vibration motor, Printed Circuit Board (PCB) and case (battery cover).	50%	2023	38%	63%	63%
	People benefiting	Number	Additional number of people benefitting from Fairphone interventions and programs (cumulative number 2017-2022)	N/A	N/A	18,847 (54,877)	28,926 (83,803)	22,074 (105,877)

Other								
	Indicator to report on	**Unit**	**Scope**	**Target**	**Target year**	**2021**	**2022**	**2023**
	Expenditure on Research & Development	Euro	Total amount of money spend on R&D activities by the end of reporting year, as reported in FP's annual report; in Euros.	N/A	N/A	5,496,841	1,915,787	5,628,102

APPENDIX 7

Assurance statement

Independent Limited Assurance Report to Fairphone B.V

ERM Certification and Verification Services Limited ("ERM CVS") was engaged by Fairphone B.V ("Fairphone") to provide limited assurance in relation to the Selected Information set out below and presented in Fairphone's Impact Report 2023 (the "Report").

Engagement summary	
Scope of our assurance engagement	Whether the 2023 selected KPIs below are fairly presented in the Report, in all material respects, in accordance with the reporting criteria. **Outcome KPIs** • KPI 2: Longevity score [number] • KPI 3: E-waste neutrality [%] • KPI 4: Fair materials [%] • KPI 5: Fair factories [%] • KPI 6: Industry influence score [number] **Impact KPIs** • E-waste avoided [metric tons] • CO_2e avoided [metric tons of CO_2e] • People benefitting [number] **Climate Metrics** • Supplier use of 100% renewable electricity (final assembly of Fairphone 5 only) [%] • Certified Emission Reductions (CERs) retired (for Fairphone 5 and Fairbuds XL only) [metric tons of CO_2e) Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the Report.
Reporting period	1 January 2023 – 31 December 2023
Reporting criteria	Fairphone's Basis of Reporting
Assurance standard and level of assurance	We performed a limited assurance engagement, in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial' issued by the International Auditing and Assurance Standards Board. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
Respective responsibilities	Fairphone is responsible for preparing the Report and for the collection and presentation of the information within it, and for the designing, implementing and maintaining of internal controls relevant to the preparation and presentation of the Selected Information. ERM CVS' responsibility is to provide a conclusion to Fairphone on the agreed scope based on our engagement terms with Fairphone, the assurance activities performed and exercising our professional judgement.

Our conclusion

Based on our activities, as described below, nothing has come to our attention to indicate that the 2023 data and information for the disclosures listed under 'Scope' above are not fairly presented in the Report, in all material respects, in accordance with the reporting criteria.

Our assurance activities

Considering the level of assurance and our assessment of the risk of material misstatement of the Selected Information a multi-disciplinary team of sustainability and assurance specialists performed a range of procedures that included, but was not restricted to, the following:

- Evaluating the appropriateness of the reporting criteria for the Selected Information;
- Performing an analysis of the external environment, including a media search, to identify sustainability risks and issues in the reporting period that may be relevant to the assurance scope;
- Interviews with management representatives responsible for managing the selected issues;
- Interviews with relevant staff to understand and evaluate the management systems and processes (including internal review and control processes) used for collecting and reporting the selected disclosures;
- A review at corporate level of a sample of qualitative and quantitative evidence supporting the reported information;
- Virtual visits to Fairphone's offices to review source data and local reporting systems and controls;
- Evaluating the assumptions used; and
- Reviewing the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

The limitations of our engagement

The reliability of the assured information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context. We did not undertake source data verification at any operated facilities.

Our independence, integrity and quality control

ERM CVS is an independent certification and verification body accredited by UKAS to ISO 17021:2015. Accordingly we maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our quality management system is at least as demanding as the relevant sections of ISQM-1 and ISQM-2 (2022).

ERM CVS applies a Code of Conduct and related policies to ensure that its employees maintain integrity, objectivity, professional competence and high ethical standards in their work. Our processes are designed and implemented to ensure that the work we undertake is objective, impartial and free from bias and conflict of interest. Our certified management system covers independence and ethical requirements that are at least as demanding as the relevant sections of the IESBA Code relating to assurance engagements.

ERM CVS has extensive experience in conducting assurance on environmental, social, ethical and health and safety information, systems and processes, and provides no consultancy related services to Fairphone in any respect.

Gareth Manning
Partner, Corporate Assurance
London, United Kingdom

30 May 2024

On behalf of:

ERM Certification and Verification Services Limited
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ERMCVS

APPENDIX 8

Endnotes

Endnotes

1. C.P. Baldé, E. D'Angelo, V. Luda O. Deubzer, and R. Kuehr (2022), Global Transboundary E-waste Flows Monitor – 2022, United Nations Institute for Training and Research
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3. https://www.gsma.com/betterfuture/reuse-refurbish-recycle
4. European Economic and Social Committee, Rizos, V., Bryhn, J., Alessi, M., et al., Identifying the impact of the circular economy on the fast-moving consumer goods industry: opportunities and challenges for business, workers and consumers : mobile phones as an example, Publications Office, 2019, https://data.europa.eu/doi/10.2864/775626
5. This is the strongest, most encompassing and transparent global standard for industrial mining, which was developed and governed equally by civil society, communities, labor unions, and the private sector. IRMA assessments are not pass-fail: independent auditors assign an achievement level of IRMA Transparency, IRMA 50, IRMA 75, or IRMA 100.
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21. https://sciencebasedtargets.org/about-us
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23. The standard includes: The GHG Protocol Corporate Accounting and Reporting Standard, The Scope 2 Guidance, The Corporate Value Chain (Scope 3) Accounting and Reporting Standard and The Technical Guidance for Calculating Scope 3 Emissions.
24. Amsterdam aim to phase out natural gas by 2040
25. Compared to Skullcandy headphones
26. Emission reduction through recycling of one kilogram of Fairphones = 1.67 kg CO_2e [positive CO_2e impact per recycled FP3] * (1 kg of phones / 0.190 kg [weight of FP3]) = 8.8 kg CO_2e/kg

Colophon

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Change is in your hands

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