

Case study Fairphone

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This case study shows you how [Fairphone](#) promotes progressive performance improvement of supply chains in conflict-affected and high-risk areas. This relates to the [OECD Due Diligence Guidance](#) step 3: manage risks. In brief Fairphone shows how a downstream manufacturer can have a greater impact in promoting progressive improvement throughout the value chain when it collaborates with other actors and prioritises materials where it has the most leverage.

Company profile of Fairphone

Fairphone, a downstream mobile phone manufacturer, began as a campaign to raise awareness of the use of conflict minerals in consumer electronics. From its beginnings, Fairphone has been leading the way in finding responsible sources of tin, tantalum, tungsten, and gold (3TG). The company has been working with mines, smelters, suppliers and a wide range of other parties to integrate responsibly sourced materials into its supply chain.

Challenge to manage risks while also promoting progressive improvement

Since its early days, Fairphone has been engaged with initiatives that support local communities and artisanal and small-scale mining (ASM) in conflict affected and high-risk areas (CAHRAs), encouraging economic development and responsible mining practices.

Although working with ASM is challenging and risky given its often-informal nature, the sector plays an important role in global production and as an employment opportunity for many people living in poverty. Instead of disengaging, as many consumers electronics did after the Dodd-Frank Act, Fairphone elected to work with ASM to promote progressive improvement.



RVO visit. Credit: Solidaridad East Africa

Solution for risk management

Promoting progressive improvement is not an easy task, as in many cases it means implementing structural changes and collaborating with other organisations to identify and invest in long term solutions.

Fairphone's approach to risk management goes beyond what is required by risk mitigation, as it looks for solutions to structural problems, which are more difficult to manage and require more time, energy, engagement, incentives, market access and resources.

Phase 1: carry out a scoping study

To tackle these issues and make a lasting impact, Fairphone conducted a scoping study to identify the supply chains where the electronics industry could have the greatest impact. It assessed 38 different minerals used in the production of smartphones against a set of indicators including smartphone composition, end of life recycling rates, association with conflict, criticality for phone functionality, association with water or soil pollution, association with significant biodiversity threats and more.

Phase 2: create a list of priority minerals

Fairphone's scoping study not only helped the manufacturer identify the most persistent and significant issues in each mineral's supply chain, but it also helped examine intervention opportunities. The outcome of the scoping study was a shortlist of 10 priority minerals, which includes 3TG and also cobalt, copper, gallium, indium, nickel and rare earth metals.

Phase 3: work with partners

Fairphone was aware it couldn't improve all its priority supply chains overnight, but it got to work setting up supply chain coalitions and drafting a road-map to promote and support the progressive improvement of each one. Fairphone takes a bottom-up approach to actively connect responsible mining initiatives to its supply chain, first identifying the best practices and initiatives in mining and then supporting specific suppliers to use these to help develop a fully transparent supply chain.

When there is no responsible source available, Fairphone works closely with selected suppliers of the identified mineral to assess the situation, uncover underlying issues on the ground and take a collaborative approach to progressive improvement. For instance, Fairphone supports a Uganda-based project that assists the ASM sector with access to investment, equipment and training to gradually increase productivity and meet high social and environmental performance standards. For this project, Fairphone has partnered with Philips, Solidaridad, Fairtrade, UNICEF and Hivos/Stop Child Labour since 2017 to support a more responsible approach to gold sourcing.



RVO visit. Credit: Solidaridad East Africa

FAIRPHONE

Case study Fair Congo Initiatives

140

[EPRM Secretariat](#) 31 Jan 2020

This case study shows you how [Fair Congo](#) established strong company management systems. This relates to the [OECD Due Diligence Guidance](#) step 1. In brief, the Fair Congo Initiatives marketed under the trademark ‘I Am Origins’, demonstrates how midstream supply chain actors can play a critical role in ensuring positive impact on the ground, beyond responsible sourcing.

Company profile of The Fair Congo Initiatives

The Fair Congo Initiatives exports gold and creates value addition from artisanal and small-scale mining (ASM) in the Democratic Republic of Congo (DRC).

Challenge to establish strong company management systems when working in a conflict-affected and high-risk area

Fair Congo was launched in 2017 by the Chambers Federation, an award-winning US-based impact investment firm. The Fair Congo Initiatives has completed its ‘proof of concept’ phase for responsible sourcing of gold from the DRC and is now focusing on creating local value addition and commercial viability.

Doing business with ASM in the DRC is challenging given its often-informal nature, limited regional infrastructure and surrounding conflict. However, the ASM sector plays an important role, both in terms of local production and as an employment opportunity for 40 million people globally, including many living in abject poverty.

Solution to establish a strong company management system in a conflict-affected and high-risk area

The company has identified 3 important phases to implement step 1 of the OECD Due Diligence Guidance: strong company management systems.

Phase 1: ensure responsible sourcing and local value addition by establishing a strong company management system

The Fair Congo Initiatives is the first American-owned company to be granted a licence as a buyer of artisanal gold in the DRC and the only company allowed to import DRC-sourced ASM gold into the United States at this time. The company is strongly engaged with the Ministry of Mines and pays taxes to the 11 different government agencies that are involved in the export. Each tax is individually verified as legal through a lengthy vetting process.

Phase 2: establish a code of conduct

The company established a policy and procedure manual in line with the OECD Due Diligence Guidance, the UN Global Compact, Global Mercury Partnership, and the

Science Based Targets initiative. This manual also details the company’s living income and Fairtrade policy. Gold suppliers to the company are contractually committed to adhere to the company’s ‘Code of Conduct for Fair Congo Suppliers’, which is independently verified, and are supported by Fair Congo to promote these standards to their members.

Phase 3: set up a traceability process

Moreover, the company has rolled out an adaptable due diligence and traceability system to determine the origin of gold in the Fair Congo supply chain, based on the CRAFT code. It supports suppliers in carrying out their own supply chain reporting, and where necessary, helps them perform additional due diligence and mitigate risks.



Logo Chambers Federation

Back to the [company case study overview](#)

Search

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Case study Apple

696

[EPRM Secretariat](#) 31 Jan 2020

This case study shows how [Apple](#) reports annually on its supply chain due diligence. It highlights the elements to include in a good public report on due diligence practices and tips to gather relevant information. This relates to the [OECD Due Diligence Guidance Step 5: Report Annually on Supply Chain Due Diligence](#). In brief, you can learn how a leading global technology company conducts robust due diligence reporting.

Company profile of Apple

Apple revolutionized personal technology with the introduction of the Macintosh in 1984. Today, Apple leads the world in innovation with iPhone, iPad, Mac, Apple Watch, and Apple TV. Apple’s five software platforms — iOS, iPadOS, macOS, watchOS, and tvOS — provide seamless experiences across all Apple devices and

empower people with breakthrough services including the App Store, Apple Music, Apple Pay, and iCloud.

Apple is deeply committed to respecting human rights and working to safeguard the well-being of people touched by its supply chain, from the places where raw materials are sourced to the facilities where products are assembled. Conducting human rights due diligence is the foundation of Apple's responsible sourcing of minerals program.

Apple's efforts to responsibly source 3TG and cobalt were recognized as #1 in the industry by the Responsible Sourcing Network, a project of the non-profit organization As You Sow in their 2019 publication "Mining the Disclosures 2019: An Investor Guide to Conflict Minerals and Cobalt Reporting in Year Six." In 2017, Apple's efforts related to 3TG were ranked #1 by the Enough Project, and in that same year, Amnesty International commended Apple for its engagement and approach to responsibly sourcing cobalt.

In 2017, Apple announced its goal to one day use only recycled and renewable minerals and materials in its products. As the company makes progress toward this goal, it continues to work to source minerals responsibly, and seek innovative ways to reduce the need to mine raw materials.

Challenge to comprehensively report due diligence practices on a yearly basis

Conducting detailed due diligence of its supply chain allows Apple to learn the origins of materials in its products so that the company can seek to apply its Responsible Sourcing Standards deep in its supply chain, including the primary material processors, recyclers, and even to the mine level, even though Apple does not directly purchase or procure raw minerals. Apple's program aligns with leading international standards, including the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the Organisation for Economic Co-operation and Development's (OECD) due diligence guidance. Every year, Apple describes its due diligence efforts in a progress report. This public reporting fulfills Step 5 of the OECD framework.

The Three-Phase Solution

Phase 1: Understand and establish a clear risk identification and the mitigation process for the company

The first four steps of the OECD framework include establishing strong company management systems, identifying and assessing risks, mitigating those risks, and carrying out independent third-party audits on the supply chain due diligence conducted. To implement these steps, Apple follows its established best practice framework – the Responsible Sourcing Toolbox – that is applied to 3TG and beyond.

Responsible Sourcing Toolbox steps



Innovate sourcing of primary materials



Map the supply chain and establish strict requirements



Understand risks by using supply chain tools like the Risk Readiness Assessment



Conduct third-party audits



Address risks that are found



Publish smelter and refiner list annually



Increase recycled content



Support local communities



Engage with civil society and support local human rights defenders



Strengthen industry traceability systems to increase transparency



Develop and drive common industry standards



Provide training to supply chain actors to strengthen due diligence

The Responsible Toolbox Steps. Credit: Apple

Apple's human rights and responsible sourcing program includes conducting due diligence on the source and chain of custody of 3TG in its global supply chain. Apple's Code of Conduct and Responsible Sourcing Standard outlines its extensive supplier requirements on the responsible sourcing of minerals.

In addition to its own programs and standards, Apple believes that continuous improvement and refinement of industry standards are critical to driving progress on the responsible sourcing of minerals.

Apple is committed to systemic engagement and working in collaboration with stakeholders beyond its own supply chain. While not a substitute for individual companies conducting due diligence on their own supply chains, multi-stakeholder initiatives and public-private partnerships play an important role in strengthening global due diligence efforts through collective efforts. Apple's annual due diligence reporting includes information and updates on its collaborations and partnerships.

Phase 2: Report on all 5 steps of the OECD Due Diligence Guidance

The fifth and final step for conducting due diligence under the OECD framework is completing public reporting on the company's due diligence activities. While due diligence is a continual and ongoing effort that does not conclude with the publication of a report, Step 5 reporting is performed on an annual basis and describes all due diligence activities conducted in the previous year, including risk assessment and mitigation.

Apple reports on its due diligence in two core annual publications: its Conflict Minerals Report (CMR) filed with the United States Securities and Exchange Commission and its annual Supplier Responsibility Progress Report. Apple's reporting also includes a list of all identified 3TG and cobalt smelters and refiners and the results of Apple's Reasonable Country of Origin Inquiries (RCOI), which lists the source countries likely to be a part of Apple's 3TG supply chain. The annual Supplier Responsibility Progress Report details Apple's work and progress in protecting people and the environment, which includes its minerals supply chain. Finally, Apple publishes its Supplier List which represents over 98 percent of direct spend for materials, manufacturing, and assembly of products worldwide.

In addition to these core due diligence reporting publications, Apple also reports on specific environmental and labor risk mitigation efforts through its Environmental Progress Report, Product Environmental Reports, and its annual Statement on Efforts to Combat Human Slavery and Trafficking in Its Supply Chain.

Phase 3: User-friendliness and accessibility of the report

Transparent and accessible reporting is a foundational element of due diligence. To this end, Apple makes its reports publicly available on its website and creates them to be user-friendly and easy-to-access for its suppliers, customers, and other stakeholders. The reports contain communication from Apple's executive team and receive global press coverage.

These reports, along with all other public reporting related to Supplier Responsibility can be found on Apple's website at apple.com/supplier-responsibility.

Read the 2019 [Apple Conflict Minerals Report](#) from the website above to see first hand how Apple reports on their 3TG sourcing annually.

Back to the [company case study overview](#)