Purchasers Guide for Addressing Labor and Human Rights Impacts in IT Procurements

GREEN
ELECTRONICS
COUNCIL

ABOUT GEC

The Green Electronics Council (GEC) is a mission driven non-profit known for our management of EPEAT, the leading global eco-label for the Information Technology (IT) sector that is used by institutional purchasers globally to identify and procure sustainable IT products. GEC advocates for a world of only sustainable IT. We meet our mission by supporting institutional purchasers in leveraging their purchasing power for sustainable products.

ABOUT THIS GUIDE

Institutional purchasers, both public and private sector, are increasingly interested in procuring products which are not only environmentally preferable but have also been produced in a socially responsible manner. Knowing what to ask suppliers regarding how they are addressing negative labor and human rights impacts and what constitutes credible supporting documentation from a supplier is a challenge for both public and private sector purchasers. To address this challenge, GEC has created this guide to provide institutional purchasers with guidance to assist them in procuring IT products from companies that are improving the social responsibility of their supply chains.

The labor and human rights impacts addressed by this guide are not unique to the IT sector and there are many labor and human rights related industry initiatives, standards and regulatory requirements. This guide does not seek to be an exhaustive source of these, nor does it claim to address all negative labor and human rights impacts found within the many tiers of a supply chain. Instead, this guide is focused on purchasers and providing them both procurement questions and examples of supplier supporting documentation so that they can leverage their purchasing power to address pressing labor and human rights impacts while also meeting their goal of a successful procurement. Procurement, especially public procurement, is a complex field comprised of specific rules and policies and any labor and human rights questions used as part of a procurement process must be clear and relevant.

The procurement questions, supporting documentation examples and other resources provided in this Guide can be used by purchasers throughout the procurement process to:

- Better understand the IT sector's capacity to address labor and human rights impacts.
- Introduce labor and human rights related performance criteria in technical specifications, supplier selection and procurement award criteria, as well as in contract performance clauses.
- When monitoring and evaluating the results of procurements, provide purchasers with supplier labor and human rights performance data to confirm that purchasers are meeting their internal responsible sourcing and sustainable procurement goals.
- Assist purchasers in assuring that labor and human rights regulatory requirements are met.

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HOW THIS GUIDE WAS DEVELOPED

This guide was developed over a period of a year, beginning in November 2016. It was prompted by institutional purchasers globally, who approached GEC and shared their challenges with assuring that the IT products they are procuring are made in a socially responsible manner, and by the IT companies who shared that they are having to respond to an increasing number of time consuming, confusing and unclear labor and human rights related procurement questions. GEC was asked to assist and saw the benefit in harmonizing the varied procurement questions into a concise set that would be clearly understood by IT companies, as well as identifying a concise list of credible supporting documentation that IT companies could provide purchasers. The goal was to reduce the confusion and frustration experienced by institutional purchasers and IT companies alike so that more time and resources could be expended on addressing negative labor and human rights impacts.

GEC's approach to developing this Guide was four-fold:

1. Complete a "current state" landscape analysis comprised of relevant regulatory requirements—such as the California Transparency in Supply Chains Act, the UK Modern Slavery Act, France's "Corporate Duty of Vigilance" law—to which companies are already responding, as well as voluntary standards and guidelines.

2. Engage in one-on-one interviews and consultations with institutional purchasers to understand what labor and human rights impacts they seek to address, review examples of questions they are asking their suppliers and understand the challenges associated with the types of supporting documentation they are receiving from IT companies.

3. Engage in one-on-one interviews and consultations with representatives from IT companies to understand activities they are undertaking to address labor and human rights impacts within their supply chains, the supporting documentation they are requiring from their suppliers and examples of procurement questions they are having to respond to that they find confusing, unclear and therefore are challenged to provide relevant supporting documentation.

4. Engage in one-on-one interviews and consultations with human rights and other technical subject matter experts in areas such as supply chain transparency and procurement process issues.

The Green Electronics Council is very grateful to all the representatives from business, government, civil society organizations, universities, NGOs and other institutions who are commitment to addressing labor and human rights impacts and assisted in the development of this Guide. GEC acknowledges the following organizations and individuals well as a number of organizations that chose to provide input anonymously: Cate Berard, U.S. Department of Energy; Kevin Funk, U.S. General Services Administration; HP Inc.; Steve Mogentale, Planar Systems; Xerox Global Procurement; Madalyn Cioci and Johanna Kertesz, State of Minnesota; Stephanie H. Leclerc, McGill University Procurement Services; Dr. Olga Martin-Ortega, Business, Human Rights and the Environment Research Group; Michael Rower, BSR; Responsible Business Alliance; and Scottish Procurement of the Government of Scotland. We are particularly grateful to Ms. Nandini Hampole, a consultant to GEC, who served as the Project Manager and one of the authors of this Guide. We also want to acknowledge the leadership of Ms. Melanie Bower who was the internal GEC manager for this project and the primary author of this report. Without the efforts of Ms. Bower, this Guide would not have been possible.

Labor and Human Rights Expectations of Institutional Purchasers

Over the past decade, companies in the IT sector have progressed in implementing social responsibility due diligence practices in their supply chains. Purchasers have incentivized some of these activities and have formed expectations of the labor and human rights impacts that companies and their suppliers can and should be addressing. The chart below is an overview of the "social responsibility due diligence" expectations identified by institutional purchasers during the development of this Guide. The order of the below expectations is not by purchasers' priority but instead reflect phases of a supplier due diligence and management process.

1 **Developing and communicating measurable labor and human rights expectations for suppliers**

Companies identify and communicate requirements their suppliers must meet to address negative labor and human rights impacts. These requirements are expressed in terms so that audits or other types of assessments can be conducted against them. The requirements are stated in a Supplier Code of Conduct, Supplier Policies or similar document(s). Companies expect their suppliers to adhere to this Code of Conduct or Supplier Policy.

2 **Supplier risk screening**

Companies have a process for screening their suppliers to determine which are more likely to have labor and human rights violations.

3 **Assessing suppliers to confirm implementation of Codes and Policies**

Companies have a process to assess how the requirements in their Codes of Conduct or Supplier Policies are being implemented by their suppliers.

4 **Responsible sourcing practices**

Companies incorporate data on supplier human rights and labor rights performance into their sourcing decisions.

5 **Corrective action**

Companies use the outcomes of the supplier assessment process to address any negative labor and human rights issues that are identified.

6 **Continuous improvement**

Companies engage with their suppliers, usually management representatives, to help them build the internal capacity needed to continually meet or exceed the expectations outlined in their Supplier Code of Conduct or Supplier Policies. This can include companies investing in technology improvements for their suppliers.

7 **Capacity building**

Companies support programs that empower the facility workers, their families and their direct communities.

8 **Reporting**

Companies report on their supplier management practices and on the labor and human rights performance of their suppliers to internal and external stakeholders.

9 **Impacts from raw material extraction**

Companies describe their efforts to address labor and human rights impacts at the extraction phase of production.

10 **External collaboration**

Companies support external organizations to address labor and human rights impacts at scale, i.e. work as part of an industry association, support NGOs or seek to influence the negative labor and human rights policies and practices of the governments where the company operates.

HOW TO USE THIS GUIDE

This guide provides examples of labor and human rights impacts related procurement questions and associated supporting documentation for use by purchasers within the procurement process. It is broken into four distinct sections:

PROCUREMENT PROCESS QUESTIONS

These questions are directly linked to the Socially Responsible Supply Chain Expectations section and translate those expectations into questions that purchasers can use throughout the different phases of the procurement process, as most relevant.

While the questions are not meant to illustrate a sequential process for addressing labor and human rights, questions 1 – 4 do reflect activities many companies have taken to identify and address negative labor and human rights impacts in their supply chain as part of an ongoing due diligence process, including a comprehensive supplier monitoring process and the use of supplier performance data as part of a responsible sourcing program. Questions 5 – 7 reflect the different types of supplier engagements many companies are using to address labor and human rights impacts in their supply chains. Questions 8 – 10 address companies transparently reporting the labor and human rights performance of their suppliers and acknowledge that these challenges are impossible to overcome without leveraging sector-wide and government actions.

We should note that in the IT sector, the brand companies not only directly contract with suppliers responsible for the final assembly of the product (sometimes referred to as "tier 1 suppliers") but also with suppliers of critical components, such as hard drives or processors. These component suppliers are considered to be in the "lower tier" of the supply chain. In other supply chains, brand companies are challenged in influencing "lower tier" suppliers due to the lack of a direct contracting relationship. This is not the case in the IT supply chain and the Procurement Process Questions reflect this. That being said, there are still many instances where brand companies are challenged to address negative labor and human rights impacts in the lower tiers of their supply chain. Leverage, which is discussed later, is one reason why.

SUPPLIER BASELINE PERFORMANCE EXPECTATIONS

These practices are examples of what companies are doing to address the specific question. They are considered "baseline" because they are activities that most IT companies are undertaking, in some fashion, to address labor and human rights impacts in their supply chain. These activities reflect:

- Companies awareness of and response to existing or anticipated human and labor rights regulatory requirements.
- Industry consensus on voluntary approaches to addressing labor and human rights impacts, undertaken and/or supported through an IT sector industry association.

The baseline practices identified in this Guide often include several activities. It is assumed that to be considered to have met "baseline", companies are undertaking all the activities identified as part of that baseline.

EXAMPLE OF SUPPLIER BEST PRACTICES

These practices are examples of activities being undertaken by companies that exceed the baseline practices. The best practices identified in this guide are examples and not an exhaustive list of best practices. Companies that meet any one of the best practices can be considered as exceeding industry norms. It should be noted that some best practices are considerably harder to achieve than others and that some companies may choose to focus their efforts on a single effort-intensive best practice.

SUPPORTING DOCUMENTATION

The supporting documentation examples try to provide specific examples of documents suppliers can provide in support of their claims. In some instances, the documentation includes a description of supplier activities without dictating what form that description should take. This Guide seeks to provide clarity but did not want to become overly prescriptive.

ADDITIONAL NOTES ON USING THIS GUIDE

Challenge of "leverage"

Purchasers shared their expectation that IT companies should use their leverage, especially with direct suppliers, to address negative labor and human rights impacts. Not all IT companies have similar leverage capabilities. Smaller companies are especially challenged to leverage their supplier relationships, but even larger companies sometimes lack leverage with a particular supplier due to small volume of business or other factors. In addition to lacking leverage, some smaller companies may not have the resources to enforce a supplier code of conduct throughout their supply chain. Purchasers are encouraged to consider the willingness of a company to engage on the questions in this Guide as evidence of good practice.

Supplier due diligence activities may vary within a company based on the specific product line

Purchasers should not assume that each IT company has only one set of responses to any of the questions in the Guide. IT companies can have different supply chains for different product lines and purchasers should not assume that activities outlined in supporting documentation for one product line will be similar to other product lines.

EXPECTATION 1

Communicating labor and human rights expectations throughout the supply chain

OBJECTIVE

The purpose of this question is to evaluate how a company expresses their commitment to addressing labor and human rights in their supply chain through a written Supplier Code of Conduct or Supplier Policies that addresses negative labor and human rights impacts.

PROCUREMENT PROCESS QUESTION

Does your company have a written Supplier Code of Conduct or Supplier policy in place that addresses, at a minimum these eight issues: child labor; forced labor; working hours; wages; discrimination; health and safety; freedom of association and collective bargaining and disciplinary practices/humane treatment of workers?

BASELINE PRACTICES

- Publicly available Supplier Code of Conduct or Supplier Policy that addresses these eight issues.
- The Supplier Code of Conduct or Supplier Policy requires compliance with local or national regulations (whichever is stricter to provide better protection for workers).
- Suppliers that the company has a direct contractual relationship with are required to adhere to the Supplier Code of Conduct or Supplier Policy.

BASELINE PRACTICE SUPPORTING DOCUMENTATION

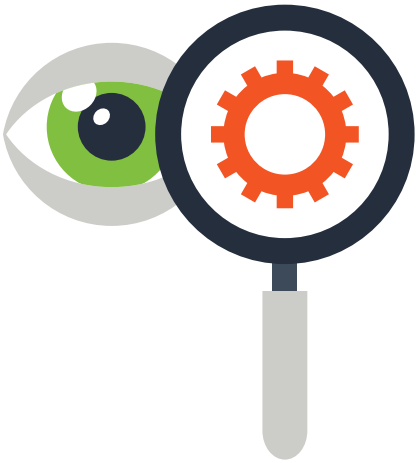
- Copy of the Supplier Code of Conduct or Supplier Policy or industry code of conduct. Companies that are Responsible Business Alliance (RBA, formerly EICC) members or Joint Audit Cooperation (JAC) members meet this baseline expectation. Companies that require their suppliers to have SA8000 certification meet this baseline expectation. Companies who reference the International Labor Organization (ILO) Core Conventions should also have additional policies addressing wages, working hours and health & safety since these issues are not covered in the ILO Core Conventions.
- Website address, URL or contact email to obtain this policy.
- Example of contract, supplier terms and conditions or other legally binding agreement showing excerpts of the relevant section(s) that requires suppliers to adhere to Supplier Code of Conduct or Supplier Policy.

BEST PRACTICES

- Supplier Code of Conduct or Supplier Policy that goes beyond compliance with local or national regulations and/or industry baseline practice on issues such as wages, health and safety, working hours and foreign migrant labor.
- The company has a mechanism to apply the Supplier Code of Conduct or Supplier Policy to sub-suppliers (suppliers they do not have a direct contractual relationship with). This could include contractual requirements that require sub-suppliers to also adhere to the Supplier Code of Conduct or Supplier Policy.
- The Code of Conduct or Supplier Policy is regularly updated.

BEST PRACTICE SUPPORTING DOCUMENTATION

- Example of contract, supplier terms and conditions or other legally binding agreement showing excerpts of the relevant section(s) that requires suppliers to adhere to Supplier Code of Conduct or Supplier Policy.
- Requirement that suppliers meet SA8000 or other requirement that suppliers pay wages above national minimum wages. *Applies to best practice "going beyond compliance with national laws" only*



EXPECTATION 2

Supplier risk screening

OBJECTIVE

The purpose of this question is to evaluate how companies identify human rights and labor rights risks in their supply chain. Companies use different tools and criteria to identify labor and human rights risks in their supply chains. This risk-based approach is the first step for many companies to decide which suppliers to engage with.

PROCUREMENT PROCESS QUESTION

Has your organization developed a process to identify labor and human rights risks in your supply chain?

BASELINE PRACTICES

- Periodic risk screening of suppliers based on generalized information about labor and human rights risks. Risk screening may be based on reports published by external parties on an annual or semi-annual basis. Screenings should take into account several of the following factors:
  - Geography. Weak governance structures in certain countries may correlate to higher incidences of human rights and labor rights violations.
  - Local and national labor laws. Certain countries may have more stringent regulatory requirements in place to protect workers.
  - Country specific labor inspection and enforcement capacity. Some countries lack the ability to monitor and enforce labor laws.
  - Type of manufacturing process. Certain parts of the manufacturing process may have higher risks to worker health and safety.
- Companies require suppliers complete a self-assessment questionnaire. The self-assessment questionnaire is used to evaluate the risk of individual suppliers.

BASELINE PRACTICE SUPPORTING DOCUMENTATION

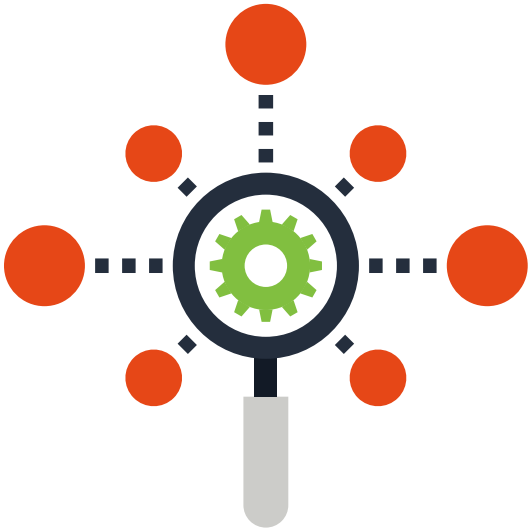
- Description of the screening process including: tiers of supply chain included in the scope of the risk screening , risk factors used in the screening and how the screening is used to categorize the level of risk associated with each supplier.
- Copy of supplier self-assessment questionnaire.
- Description of the sources of information on risks. The US State Department Country Reports on Human Rights Practices, Danish Human Rights Institute Human Rights and Business Country Guide and the World Bank Governance Indicators are examples of credible sources on information relates to labor rights and human rights risks. These resources are updated every 1-2 years.
- Mobile Phones that are EPEAT Registered and claim 15.1.1 meet the baseline expectation on performing a risk screening.

BEST PRACTICES

- Ongoing risk screenings that takes into account dynamic data such as: supplier audit findings; reports from credible NGOs that highlight labor and human rights impacts specific to the IT sector; and evolving trends in different geographies.
- Initial assessment of new suppliers prior to doing business with the supplier to gather information about labor and human rights risks.
- Risk screening goes beyond directly contracted suppliers.

BEST PRACTICE SUPPORTING DOCUMENTATION

- Description of the screening process including: tiers of supply chain included in the scope of the risk screening , risk factors used in the screening and how the screening is used to categorize the level of risk associated with each supplier.
- Description of the sources of information on risks.



EXPECTATION 3

Assessing suppliers to confirm implementation of Codes and Policies

OBJECTIVE

The purpose of this question is to evaluate how companies assess whether their suppliers are implementing the Code of Conduct or Supplier Policies to address negative labor and human rights impacts.

Supplier assessment is primarily carried out through audits, which are evaluations of supplier performance against a company's Code of Conduct or Supplier Policies. There are different types of audits (first, second and third party), they can be announced, semi-announced (within a window of time) or unannounced and can include initial audits (to assess whether to do business with a new supplier), periodic reviews of existing suppliers and closure/follow-up audits (to address issues raised at previous audits).

Note on supplier audits: While audits are an essential tool in monitoring supplier labor, human rights, environmental issues, they are only able to capture a snapshot in time. Audits are widely used to identify negative labor and human rights impacts within supply chains and are used alongside corrective actions, continuous improvement and capability building to avoid and address negative impacts. Purchasing decisions should not be based solely on audit results and purchasers should look holistically at an IT company's approach to addressing labor and human rights impacts.

PROCUREMENT PROCESS QUESTION

How is your company evaluating your suppliers' performance against your Supplier Code of Conduct or Supplier Policy on labor and human rights impacts?

BASELINE PRACTICES

- Defined program or schedule for auditing higher risk suppliers. Higher risk suppliers are assessed at least every two years.
- Suppliers who perform poorly on audits are assessed more frequently.

BASELINE PRACTICE SUPPORTING DOCUMENTATION

- Description of the company's audit program detailing: the topics covered by the audit, if different for high risk, medium and low risk suppliers; percentage of directly contracted suppliers audited; frequency of audits; audit notice (announced, semi-announced or unannounced); audit types (initial audit or follow-up/closure audit; 1st, 2nd or 3rd party audits); and protocols for interviewing workers.
- Mobile Phones that are EPEAT Registered and claim 15.1.1 meet the baseline expectations.

NOTE: Audit reports are considered confidential business information and not typically shared with purchasers.

BEST PRACTICES

- Suppliers representing over 95% of total spend are audited.
- Third party audits conducted by accredited certification bodies and independent verification of audit results.
- Companies share audit results with peers to reduce the "audit burden" on suppliers.
- Increasing the effectiveness of on-site audits with one or one or more of the following practices:
  - Including off-site worker interviews.
  - External consultation with local labor unions or civil society organizations and/or engaging labor unions or civil society organizations in conducting the audit. This allows for additional input on working conditions at suppliers.
  - Policy that prevents retaliation against workers who participate in interviews.
- Audits focus on areas where supplier has a higher risk for certain human and labor rights issues (e.g. foreign migrant workers or working hours).

BEST PRACTICE SUPPORTING DOCUMENTATION

- Description of the company's audit program detailing: the topics covered by the audit, if different for high risk, medium and low risk suppliers; percentage of directly contracted suppliers audited; frequency of audits; audit notice (announced, semi-announced or unannounced); audit types (initial audit or follow-up/closure audit; 1st, 2nd or 3rd party audits); and protocols for interviewing workers.
- Use of RBA Validated Audit Process (VAP). *Applies to best practices "use of third parties audits" "shared audit results with peers" and "independent verification of audit results"*
- Use of SA8000 certification. *Applies to best practice "use of third party audits" and "external consultation" only*
- Membership in the Joint Audit Cooperation (JAC). *Applies to best practice "shared audit results with peers" only*

NOTE: Audit reports are considered confidential business information and not typically shared with purchasers.

EXPECTATION 4

Responsible sourcing practices

OBJECTIVE

The purpose of this question is to understand the actions companies are taking to integrate their labor and human rights due diligence processes into their decisions to source from a particular supplier.

Direct spend sourcing decisions are based on a number of factors including cost, delivery time and quality. Labor and human rights performance should be a factor used in sourcing decisions. Before suspending and/or eventually terminating suppliers who perform poorly on labor and human rights, companies should first work with their suppliers to address the issues. See questions 5-7 on corrective action, continuous improvement and capability building to assess how companies are working with their suppliers to improve labor and human rights.

A company's purchasing practices may impact conditions at supplier facilities. The expectations a company sets on production timelines and pricing can impact working hours, wages and worker health and safety. This should be taken into consideration by IT companies when developing production plans and delivery schedules.

PROCUREMENT PROCESS QUESTION

How does labor and human rights performance of suppliers integrate into the direct spend sourcing decisions of your organization?

BASELINE PRACTICES

- Company has a sourcing policy that takes into account their suppliers' performance on labor and human rights impacts.

BASELINE PRACTICE SUPPORTING DOCUMENTATION

- Description of how suppliers' labor and human rights performance data is used in direct spend sourcing decisions.

BEST PRACTICES

- Training all sourcing staff on company expectations for responsible sourcing.
- Use of an "integrated scorecard" approach where supplier labor and human rights performance is considered along with cost, delivery time, quality and environmental metrics.
- Process for suspending and/or eventually terminating suppliers who perform poorly on labor and human rights.

BEST PRACTICE SUPPORTING DOCUMENTATION

- Description of the company's integrated scorecard criteria measuring suppliers' labor and human rights impacts.
- Description of policies on suspending and terminating suppliers for poor performance on labor and human rights issues.

EXPECTATION 5

Corrective action

OBJECTIVE

Corrective action refers to steps taken by suppliers to address identified human rights and labor rights impacts. The purpose of this question is to assess how companies use the outcomes of supplier risk screening and assessments to engage with their suppliers when corrective action is needed.

Corrective Action Plans describe how an identified negative human rights or labor rights impact will be addressed. Corrective Action Plans include target completion dates and define the parties responsible for implementing the corrective action. The identification of labor and human rights issues should not automatically lead to a company's suspension and/or termination of the supplier relationship. Many companies have begun to engage with their suppliers via continuous improvement and capability building (see questions 6 and 7) to help suppliers improve conformance with their Policies and/or Codes of Conduct.

PROCUREMENT PROCESS QUESTION

How is your company using the outcomes of the assessment process to ensure suppliers are implementing corrective actions in a timely manner?

BASELINE PRACTICES

- Company requires suppliers to submit Corrective Action Plans (CAPs) within 14 days for all non-conformances.
- Company requires closure of significant non-conformances within 6 months.

BASELINE PRACTICE SUPPORTING DOCUMENTATION

- Description of the company's corrective action system including:
  - Timeline for submission of corrective action plans and closure of all non-conformances.
  - Process for designating the most significant (major) non-conformances.
- Companies that use the RBA VAP meet the baseline expectations.

BEST PRACTICES

- On site closure audits for significant non-conformances.
- Company requires detailed CAPs to address persistent issues (e.g. excessive overtime hours and lack of freedom of association).
- Company allows their suppliers sufficient time to develop and implement meaningful corrective action plans for significant non-conformances.
- Company tracks supplier corrective action closure rates and expects to see improvement over time.

BEST PRACTICE SUPPORTING DOCUMENTATION

- Description of the company's corrective action system including:
  - Timeline for submission of corrective action plans and closure of all non-conformances.
  - Process for designating the most significant (major) non-conformances.
- Use of RBA VAP. *Applies to best practice "on-site closure audits"*

EXPECTATION 6

Continuous improvement

OBJECTIVE

The purpose of this question is to assess how companies engage with their suppliers to support continuous improvement in meeting the company's Code of Conduct or Supplier Policy. While audits asses a supplier's performance at a specific point in time, continuous improvement is an expectation that suppliers go beyond simply passing an audit. Companies typically engage with management at their suppliers to help build a supplier's internal capacity to meet or exceed the requirements in the company's Code of Conduct or Supplier Policy.

PROCUREMENT PROCESS QUESTION

How is your company engaging with suppliers to ensure continuous improvement in supplier performance against your Code of Conduct or Supplier Policy?

BASELINE PRACTICES

- Suppliers are required to have a management system that covers labor and human right

BASELINE PRACTICE SUPPORTING DOCUMENTATION

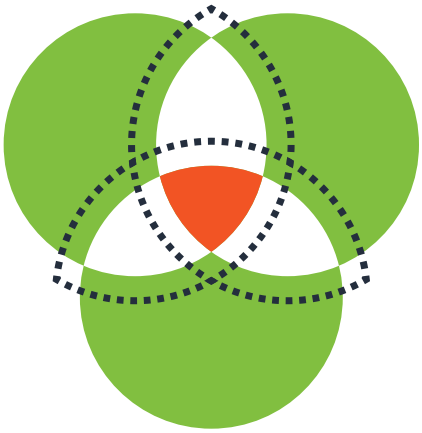
- Copy or excerpts of the relevant sections of contract, supplier terms and conditions or other agreement detailing the expectations for suppliers to have a management system that covers labor and human rights.

BEST PRACTICES

- Company-led supplier training or other programs to strengthen supplier's ability to meet code expectations. Examples include training for factory supervisors, or helping suppliers establish worker councils and grievance systems.
- Company has key performance indicators or other metrics to measure suppliers against human rights and labor rights performance indicators, and expects to see improvement over time.

BEST PRACTICE SUPPORTING DOCUMENTATION

- Description of the company's continuous improvements measures such as trainings and workshops.
- Description of the human right and labor rights benchmarks companies use to measure supplier's progress (e.g. working hours or wages).



EXPECTATION 7

Capability building

OBJECTIVE

While continuous improvement focuses on helping suppliers build internal capacity, Capability building is working with suppliers to create positive impacts for workers and the communities where suppliers are located. Companies may engage external stakeholders like civil society groups, NGO's or labor unions in capability building programs.

The purpose of this question is to evaluate how companies engage with their suppliers to building their capacity to continually comply with the company's Supplier Policies and/or Codes of Conduct.

PROCUREMENT PROCESS QUESTION

How is your company engaging with suppliers to build their capacity for addressing human and labor rights impacts?

BEST PRACTICES

- Company or industry led programs that extend beyond compliance to equip workers with new skills or; training workers on issues "outside the factory walls" such as financial and basic health needs. For examples of programs, see Appendix 4.

BEST PRACTICE SUPPORTING DOCUMENTATION

- Description of organization's capability building program with suppliers, including:
  - Description of the company's capability building measures such as trainings and workshops.
  - Information on the impact that capability programs are having such as following: number or programs, number of workers reached, related impacts/outcomes on worker well-being.

EXPECTATION 8

Reporting

OBJECTIVE

The purpose of this question is to evaluate how companies communicate and disclose their efforts to address labor and human rights impacts through the due diligence activities described in this Guide.

PROCUREMENT PROCESS QUESTION

What steps is your company taking to communicate and/or publicly report your progress on addressing labor and human rights within your supply chain?

BASELINE PRACTICES

- Company discloses information related to its supplier responsibility program to purchasers upon request. Examples of information to be included are:
  - Percentage of directly contracted suppliers that are audited
  - Aggregate number of suppliers identified as having non-conformances
  - Aggregate data on non-conformance issue areas and repeat non-conformances
  - Aggregate Data on non-conformance closure rates
- Company discloses information required by local/national legislations. See Appendix 2 for list of current and pending regulatory requirements on disclosure.

BASELINE PRACTICE SUPPORTING DOCUMENTATION

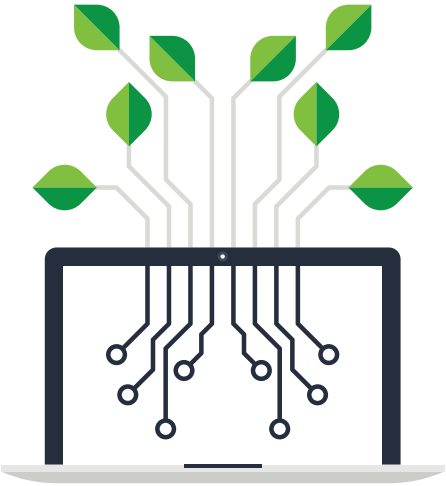
- Description of supplier responsibility program, including information on auditing and non-conformance rates.
- Copy of, or link to regulatory filing of a specific region/country, if applicable.

BEST PRACTICES

- Company publishes information (listed in baseline expectations) in an publicly available annual corporate social responsibility report.
- Public disclosures related to the following:
  - Information regarding the supplier risk screening, auditing, corrective action programs with suppliers.
  - List of final assembly supplier facilities and locations.

BEST PRACTICE SUPPORTING DOCUMENTATION

- Publicly available corporate social responsibility report, or other report including information auditing and non-conformance rates.
- List of directly contracted suppliers that are final assembly suppliers.



EXPECTATION 9

Impacts from raw material extraction

OBJECTIVE

The purpose of this question is to understand the actions taken by the company in addressing labor and human rights impacts during the extraction phase of production.

PROCUREMENT PROCESS QUESTION

What steps are you taking to address labor and human rights impacts during the extraction phase of production?

BASELINE PRACTICES

- Disclosures related to Section 1502 of the Dodd Frank Act on Conflict Minerals (Tin, Tantalum, Tungsten and Gold, also referred to as the 3TGs) (even if not public company).

BASELINE PRACTICE SUPPORTING DOCUMENTATION

- SEC Conflict Minerals filings.
- Mobile Phones that are EPEAT Registered meet the baseline expectation.

BEST PRACTICES

- Sourcing policies that include use of conflict free smelters.
- Identifying suppliers and smelters that are at greater risks for using or processing raw materials with human and labor rights risks.
- Sourcing policies that address raw materials beyond the 3TGs.

BEST PRACTICE SUPPORTING DOCUMENTATION

- Copy of, or link to the organization's Responsible Sourcing Policies. Companies that report using the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas meet this best practice.
- Description of activities to address raw materials at extraction phase. Companies that participate in initiatives such as the Responsible Cobalt Initiative, The Alliance for Responsible Mining (ARM); the Initiative for Responsible Mining Assurance (IRMA) and the Responsible Raw Materials Initiative meet this best practice.
- Mobile Phones that are EPEAT Registered and claim 15.3.3 meet the best practice on Identifying suppliers and smelters that are at greater risks for using or processing raw materials with greater human and labor rights risks.
- Conflict Free Smelter Initiative membership.

EXPECTATION 10

External collaboration

OBJECTIVE

The purpose of this question is to understand the extent and type of external collaboration with partners that companies are undertaking to advance responsible practices among suppliers.

PROCUREMENT PROCESS QUESTION

How are you collaborating with external organizations (such as NGOs, civil society organizations and governments) to address labor and human rights impacts in your supply chain or the IT sector supply chain?

BASELINE PRACTICES

- Collaboration through industry associations or member associations that engage with external stakeholders.

BASELINE PRACTICE SUPPORTING DOCUMENTATION

- Copy of, or link to the company's responsibility report or other public communication describing the industry and/or member associations that they engage with. RBA, BSR, Global E-Sustainability Initiative, Conflict-Free Smelter Program and the Semiconductor Industry Association are all examples of industry and member associations that engage with external stakeholders on capability building projects.

BEST PRACTICES

- Direct and ongoing collaboration with external organizations, such as NGOs, civil society organizations and labor unions to develop process improvements or address specific impacts. Refer to Appendix 4 for a list of example external organizations.
- Collaboration with key customers and peers on issues of shared concern (e.g. women's health, grievance mechanisms and advancing workers' leadership skills).

BEST PRACTICE SUPPORTING DOCUMENTATION

- Description of collaboration (peer or with external organizations) to address labor and human rights impacts.

APPENDIX 1

TERMINOLOGY USED IN THIS GUIDE

The terms used throughout this guide are aligned with relevant terms used by organizations whose work on labor and human rights impacts is widely recognized, including the ILO, EICC, the United Nations Global Compact.

TERM	DEFINITION
Audit	Evaluation of supplier compliance against a company's policies, industry code of conduct and/or other requirements. • First party is a self-audit (internal audit) of facilities/sites using own audit resource. • Second party is an audit or assessment undertaken by a body with a trading relationship with the site such as a retailer, trader, vendor or agent. • Third party is an audit or assessment by an independent third party such as an auditing services company or NGO.
Baseline practices	Existing industry approaches to addressing labor and human rights impacts in the IT supply chain. These approaches may be in response to current regulatory requirements, but can also include expectations arrived at through industry consensus and collaboration via voluntary organizations like the Electronic Industry Citizenship Coalition.
Best practices	Activities that are voluntarily undertaken by suppliers to address supply chain labor and human rights impacts that go above baseline practices.
Codes of Conduct	Written expectation of business conduct related to human rights, labor standards, working conditions, occupational health and safety, environmental management, business ethics and anti-corruption that suppliers are expected to uphold in their respective operations.
Company	The organizations who are the recognized "brand" and produce IT products using either their own facilities or contract manufacturing.
Labor and human rights impacts	Human rights are basic standards aimed at securing dignity and equality for all. Every human being is entitled to enjoy them without discrimination. They include the rights contained in the *International Bill of Human Rights*—meaning the *Universal Declaration of Human Rights*, the *International Covenant on Civil and Political Rights* and the *International Covenant on Economic, Social and Cultural Rights*. Human rights encompass labor rights such as freedom of expression, favorable conditions of work the fundamental rights set out in the *ILO Declaration on Fundamental Principles and Rights at Work*.
Management systems	A framework that supports a supplier's policies, processes and procedures to enable the supplier to demonstrate commitment to compliance with relevant laws, industry codes of conducts, as well as standards of good corporate governance, best practices, ethics and community expectations.
Non-conformance	Any instance where a supplier does not meet the company's Code of Conduct or Supplier Policy. Companies may have different methods of categorizing non-conformances to distinguish the most serious types of issues and the timelines for associated corrective action.
Purchaser(s)	Purchasers represent institutional buyers, including local, state and national governments, health care systems, research facilities, school districts, higher education institutions and private companies.
Risk screening	A process for assessing the likelihood of occurrence and impact of issues relating to suppliers' health, safety, labor and human rights conditions.

Standards Standards are environmental, social, ethical and other requirements that can be objectively assessed via an audit or other form of assurance.

Supplier Supplier is the term used in this Guide to describe external organizations that deliver services or goods to a Company. Other terms synonymous with the term "supplier" include vendor, service provider and contractor.

Suppliers fall into two categories:

1. Direct suppliers: these have a direct contractual relationship with the Company
2. Supplier: these organizations are within the supply chain of the Company but do not have a direct contractual relationship with the Company.

In the IT sector, Companies have direct contractual relationships with suppliers responsible for the end assembly of the product and often with suppliers of critical component such as processors, hard drives, mobile phone touch screen, etc.

APPENDIX 2

CURRENT AND ANTICIPATED LABOR AND HUMAN RIGHTS REGULATIONS AFFECTING COMPANIES ACROSS SECTORS

The chart below details the current labor and human rights regulations

RECENT REGULATORY INSTRUMENTS AND REGION	REGULATORY REQUIREMENT	SUMMARY OF ISSUES/CONCERNS
EU Directive 2014/95/EU	Companies with more than 500 employees must disclose due diligence efforts regarding environmental and social matters in their management reports.	Human rights, policies, risks and environmental and social impacts; anti-corruption and bribery and diversity in company's board of directors.
Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement	Contracting authorities can require certification/labels or other equivalent evidence of social and environmental characteristics.	Social, environmental and innovative criteria are now principles of procurement and on an equal footing with transparency, equal treatment and non -discrimination.
Duty of Vigilance law (France)	Requires companies to establish safeguards designed to ensure that labor rights and other human rights are respected in the production sites they source from.	Identification and mitigation of salient and adverse human rights impacts Also includes recourse for remedy for those affected by corporate activities.
UK Modern Slavery Act (2015)	Requires annual reporting on actions taken to prevent slavery and human trafficking by business with over $36 million turnover.	Prevention of slavery and human trafficking in global supply chains and reparation of victims.
Section 1502 of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (2012)	Disclosure of origin for all products containing tin, tungsten, tantalum and gold.	Prevention of human rights abuses in the sourcing of conflict minerals from the DRC and neighboring countries, associated with human rights.
California Transparency in Supply Chains Act (2012)/ SB 675	Requires due diligence reporting on any risk of slavery and human trafficking by companies with a turnover of $100 million or more.	Prevention of slavery and human trafficking in supply chains of companies.
U.S. Federal Acquisition Regulation Amendment (2015)	Contains a clause requiring federal contractors and subcontractors to implement a human trafficking compliance plan. The clause exempts companies producing commercially available off-the-shelf items (COTS items) from implementing a formal trafficking compliance plan which would exempt most electronics goods. Requires mandatory self-reporting if any information found.	Requires federal contractors to ensure that their entire supply chain is free from human trafficking and forced labor.

The chart below details the anticipated labor and human rights specific regulations

RECENT REGULATORY INSTRUMENTS	REGULATORY REQUIREMENT	SUMMARY OF ISSUES/CONCERNS
Child Labor Due Diligence Law (The Netherlands)	This new law would require companies doing business in the country to examine whether child labor occurs in their supply chains, and to develop a plan of action to address any child labor that is found. If passed, it would take effect in 2020.	Companies to perform due diligence to understand the existence of child labor in tier one suppliers and beyond.
The Modern Slavery Act (Australia)	Australia is currently inquiring into establishing a Modern Slavery Act modeled after the UK Modern Slavery Act.	Companies to perform due diligence to understand the existence of the extent of modern slavery (including slavery, forced labor and wage exploitation, involuntary servitude, debt bondage, human trafficking and other slavery-like exploitation) both in Australia and globally.

APPENDIX 3

USEFUL REFERENCES

The references listed below provide purchasers with useful background information, corresponding to the procurement questions in the Guide.

COMMUNICATING LABOR AND HUMAN RIGHTS EXPECTATIONS THROUGH THE SUPPLY CHAIN

Industry Codes of Conduct and labor and human rights standards	
RBA Code	Leading electronics industry association (formerly the EICC) establishing a single code of conduct and committing member companies to responsible business practices. Note that many RBA members expect compliance with their own supplier policies and the RBA's Code.
JAC Supply Chain Sustainability Guidelines	The JAC process (an association of telecom operators in Europe and the U.S.) is a coordinated on-site audit program in the area of Corporate Social Responsibility based on common verification, assessment and development methodology, including follow up of corrective action plans. For more information on the guidelines, refer to the link here.
SA8000	SA8000 is an accredited certification for human right and labor rights, used in workplaces across the globe.

International Labor and Human Rights frameworks	
ILO Core Conventions	The ILO sets comprehensive international labor standards through the adoption of conventions and recommendations covering a broad spectrum of subjects. The Core Conventions (expressed in eight conventions) cover the following issues: Freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, the effective abolition of child labor, and the elimination of discrimination in respect of employment and occupation.
United Nations Guiding Principles on Business and Human Rights	The Guiding Principles and were unanimously endorsed by the UN Human Rights Council in 2011 and are now the authoritative global reference point on business and human rights. They are based on three pillars of the UN "Protect, Respect and Remedy" Framework, which recognize the complementary but distinct roles of states and business in protecting and respecting human rights.
The OECD Guidelines for Multinational Enterprises	Voluntary principles and standards for responsible business conduct, in a variety of areas including employment and industrial relations, human rights, environment.

SUPPLIER RISK SCREENING

Risk Assessment Tools	
RBA and Verisk Maplecroft's Risk Assessment Tool	This tool allows RBA members to quickly and easily access a high-level risk assessment of the RBA-code related risks for their entire supply chain. This is intended as a first step in the RBA risk assessment process.
RBA Self-Assessment Questionnaire	The RBA Self-Assessment Questionnaire helps members identify their greatest social, environmental and ethical risks in their supply chains so they can take action to remedy existing Code of Conduct violations and put in place systems to prevent violations from occurring in the future.

Responsible Sourcing Tool	Launched in collaboration with the U.S. Department of State's Office to Monitor and Combat Trafficking in Persons, Verite, Made in a Free World and the Aspen Institute to identify risk from human trafficking to benefit companies, federal contractors, and others.

Sources of information on labor and human rights risks	
U.S. Department of State annual Country Reports	The annual Country Reports on Human Rights Practices – the Human Rights Reports – cover internationally recognized individual, civil, political and worker rights, as set forth in the Universal Declaration of Human Rights and other international agreement.
World Bank Governance Indicators	Aggregate and individual governance indicators for over 200 countries and territories over the period 1996-2015 for six dimensions of governance.
Human Rights and Business Country Guide (Danish Institute of Human Rights)	The guide provides country-specific guidance to help companies respect human rights and contribute to development.

ASSESSING SUPPLIERS

Procedures for conducting labor and human rights audits at supplier facilities	
Sedex Members Ethical Trade Audit (SMETA) Best Practice Guidance, Version 6.0, April 2017	Guidance on conducting ethical trade (labor and human rights) audits including risk assessment, conducting audits, types of audits, corrective action plan format, worker interviews and engagement etc.
RBA Validated Audit Process (VAP)	Collaborative approach to auditing to reduce the burden on supply chain companies based on the RBA Code of Conduct, laws and regulations.

CORRECTIVE ACTION

Example definitions of major and minor non-conformances and timelines for closing non-conformances	
SMETA's Corrective action plan format and guidance	Example format of a corrective action plan can be downloaded on the SEDEX website. This also includes guidance or suggested ways in which supplier sites may make improvements.
RBA Corrective Action Timeline	RBA members that use the Validated Audit Process follow certain timelines and requirements for addressing and closing non-conformances.

RAW MATERIALS EXTRACTION

Guidance on addressing raw materials extraction	
OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas	The Guidance provides detailed recommendations to help companies respect human rights and avoid contributing to conflict through their mineral purchasing decisions and practices. This Guidance is for use by any company potentially sourcing minerals or metals from conflict-affected and high-risk areas.

APPENDIX 4

EXAMPLES OF BASELINE AND BEST PRACTICES

The sources below are examples of different ways companies are implementing baseline and best practices. This is not an exhaustive list, but is intended to help purchasers understand the different formats for supporting documentation described in the Guide.

COMMUNICATING EXPECTATIONS

Example Supplier Purchase Order Terms and Conditions	IBM's standard purchase order terms and conditions place expectations on suppliers to comply with its social and environmental management systems.

RESPONSIBLE SOURCING PRACTICES

Examples of an integrated score card and criteria	HP's social and environmental responsibility (SER) scorecard integrates HP's expectations on a range of SER factors into the company's procurement team's supplier management process.
	Intel's integrated Environmental, Social and Governance criteria into its integrated supplier scorecard (pg 5).

CORRECTIVE ACTION

Example policy around policy of probation and termination of suppliers	Apple has described this policy in its Supplier Responsibility Report (page 7).

CONTINUOUS IMPROVEMENT AND CAPABILITY BUILDING

Examples of programs and projects aimed at improving supplier's ability to meet requirements in a Code of Conduct and programs and projects that improve the lives and welling of workers and surrounding communities	
HERproject	Collaborative initiative that strives to empower low-income women in global supply chains by providing workplace-based interventions in health, financial education and gender equality.
Good World Solutions and the LaborLink program	Cisco works with LaborLink (developed by Good World Solutions), a mobile-phone-enabled, cloud-backed tool that increases transparency in global supply chains and empowers factory workers. Workers can anonymously provide feedback on working conditions and receive important information on safety, labor rights, healthcare, financial services, and more.
RBA E-learning Academy for suppliers	Range of trainings available to suppliers on a number of sustainability topics. Examples include CSR program management, methods to combat trafficked and forced labor in the supply chain.

RAW MATERIALS EXTRACTION

Responsible Raw Materials Initiative (RRMI)	The RRMI is a working group, co-sponsored by the RBA and Conflict-Free Sourcing Initiative, to identify and prioritize the negative social and environmental impacts of extraction and processing pf raw material in international supply chains.
Conflict-Free Sourcing Initiative (CFSI)	Founded in 2008 by RBA and the Global e-Sustainability Initiative (GeSI), the CFSI has grown into the most widely used resource for companies addressing 3TG challenges in their supply chains.

EXTERNAL COLLABORATION

Examples of peer collaboration in the IT sector to address labor and human rights impacts	Dell and Intel organized a joint-supplier summit for suppliers to streamline collective demands (rather than reconcile various demands) so they can focus on improving performance in the areas of health & safety, environmental protection and fair working practices.

Examples of organizations that IT companies are collaborating with to address challenging issues.	
Electronics Watch	Electronics Watch is an independent monitoring organization that helps public sector organizations work together to ensure respect for labor rights and safety standards in factories that make the ICT hardware they buy. Affiliates to Electronics Watch require their IT Companies and IT resellers to comply with contract conditions on labor rights, monitoring and transparency.
Green America: Clean Electronics Production Network	A multi-stakeholder effort to address complex workplace health and safety challenges in the electronics supply chain.
Solutions for Hope	Solutions for Hope is a platform that supports companies, civil society organizations, and governments working together to responsibly source minerals from regions experiencing conflict where market access is limited by opaque supply chains.
BSR	BSR is a global nonprofit organization that works with its network of more than 250 member companies (many of which are IT companies) to advance sustainability practice and performance.

GREEN
ELECTRONICS
COUNCIL

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