Fairphone: an ethical revolution in the electronics industry

WINNER OF INTERNATIONAL BUSINESS COOPERATION AWARD

Fairphone, an Amsterdam-based social enterprise, is working to create a fairer consumer electronics market from within by making phones from materials that support local economies. As well as ethical sourcing of raw materials, the company looks to make a positive impact across the value chain as regards design, manufacturing, reparability and recycling of products. Making their own phone made it possible for Fairphone to tell consumers the full story about the phones they buy, particularly as regards sourcing of materials.

Head of Public Relations, Daria Koreniushkina takes up the story. ‘Fairphone started as a campaign to raise awareness about conflict minerals in electronics. The campaign and research on the topic went on for three years. During this time we learnt a lot about the complexity of electronics supply chains and related issues. In 2013 we started a social enterprise and decided to make our own smartphone with the goal of inspiring the industry to tackle social and environmental issues across the value chain,’ she says.

A total of 60,000 first edition Fairphones have been produced and sold, and Fairphone 2 came out in December 2015. Fairphone is aiming for sales of 150,000 phones a year. Annual turnover stands at over EUR 16 million, with profits reinvested in socially responsible innovation.

Fairphone 1 was produced using a licensed model, which enabled Fairphone to remain financially independent but limited oversight of the supply chain. Fairphone 2 uses an original design to give the enterprise more influence over where materials come from and the conditions under which they are produced. This increases the positive social and environmental impact and strengthens relationships with suppliers.

Following production of Fairphone 1, the company identified the components that were most susceptible to damage and for Fairphone 2, introduced modules that are easy to replace and repair, thus extending the phone’s lifespan. Durability and reparability are crucial factors in Fairphone’s contribution to the circular economy, in which the company is a pioneer for the phone industry.

The next step is to enable modules to be upgraded so as to allow devices to stay up-to-date and encourage users to keep their phones for even longer. Fairphone has already begun looking into ways of updating the camera module and back covers.

Along with phone development, Fairphone has built an active community working for fairer electronics. Engineering, design, software and production partners are chosen based on their skills and their alignment with Fairphone’s values.

Working with the Conflict-Free Tin Initiative and Solutions for Hope, Fairphone buys tin and tantalum from the Democratic Republic of Congo, where it aims to demonstrate alternative mining practices and empower workers. Links with AT&S and Fairtrade have allowed it to source gold from Peru and integrate it into the electronics supply chain.
The 2016-17 shortlisted companies for the International Business Cooperation Award are:

- Fairphone BV (Netherlands) for Fairphone;
- Industrial Solar GmbH (Germany) for Solar process heating in developing and emerging economies;
- Madinter Trade, S.L. (Spain) for Crelicam: transforming Cameroonian ebony.

The International Business Cooperation Award

This Award is for business cooperation involving at least one private entity from the European Union and another from the private, public, non-governmental or academic sector in a developing country.

As part of a commercially viable business operation, the relationship must make a significant contribution to one or more of the environmental, economic or social elements of sustainable development. This could be by sharing knowledge, technology or management systems, environmental protection, improving a product or improving working conditions.

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chain. Thanks to a partnership with the New Bugarama Mining Company, Fairphone is also set to add responsibly sourced tungsten from Rwanda to the supply chain.

In developing Fairphone 1, a worker welfare fund was set up with Guohong, Fairphone’s manufacturing partner. For Fairphone 2, Fairphone, Hi-P and Taos, assessment and production partners, assessed the factory where Fairphones are made with a view to improving working conditions.

Fairphone works with Closing the Loop on safe electronic-waste recycling in Africa and with Teqcycle on phone recycling in Europe. Fairphone 1 provided funds to collect 75 000 phones in Ghana for recycling.

As Daria Koreniushkina explains, ‘By making a smartphone we work to step-by-step create positive impact across the entire electronics value chain: from long-lasting design and sourcing fairer materials to improving working conditions and stimulating reuse and recycling. Together with our community, we show that there is a demand for ethical, long-lasting products and motivate the industry to act more responsibly. We demonstrate how business can be done differently and how diverse issues can be tackled, for example how modular design can be used to extend the product lifecycle or how to source more responsibly mined materials such as Fairtrade gold.’

In awarding the Fairphone the International Business Cooperation Award at the 2016-17 European Business Awards for the Environment, the jury recognised the example it sets to the electronics industry to act more responsibly. Its placing of social and environmental values at the core of its business, particularly as regards the manufacture of durable products and its recycling initiatives, was viewed as a vital contribution to the circular economy. Its work to create competition based on fairness rather than technology and its sourcing of materials that support local economies also contributed to the jury’s decision.