

FAIRPHONE

Press Release

FOR IMMEDIATE RELEASE

Fairphone publishes 2021 impact report and raises the bar by expanding its living wage bonus to Fairphone 4 factory

Amsterdam, the Netherlands, 28 June 2022 – Fairphone, the Dutch social enterprise building a market for ethical smartphones, announces the publication of the 2021 impact report. In the report, Fairphone calls on the electronics industry to ensure workers at their direct suppliers are paid a living wage by paying a product price that's inclusive of the true labor costs. The report also reveals Fairphone's expansion of its living wage bonus program to a second factory. The program is now available in two factories, the factory that assembles Fairphone 3+ and the factory that assembles Fairphone 4, showing that the approach is scalable for other companies. The 2021 impact report is also the first to be externally assured by the independent third party ERM CVS.

Living wage program expanded to include Fairphone 4 factory

Low wages are a key concern for workers in the electronics industry, who often need to earn two to three times the legal minimum wage to afford a basic, but decent living for themselves and their family, a so-called living income or wage. Fairphone's living wage bonus aims to directly improve the lives of factory workers and their families. \$1.99 USD per Fairphone 4 goes to workers at the direct suppliers in the form of a bonus, which was paid out starting in the fourth quarter of 2021. Fairphone was the first electronics company to support assembly factory workers with a living wage bonus in 2019. Since then, over 2,500 factory workers have received over \$550,000 USD to increase their income. This means that, on average, assembly workers receive one month of salary extra per year, closing the gap towards the living wage by 8%. The percentage of factory workers who feel their wages seem fair has increased from 27% to 49% during that time at the Fairphone 3 factory. Fairphone now calls on all other electronics companies to also start paying product prices inclusive of the true cost of labor, so all factory workers at the direct suppliers earn a full living wage and can afford a decent standard of living.

Other highlights from the 2021 impact report

- **Smartphone use beyond 5 years:** 75% of a phone's emissions are caused by its production, which means that using a phone for longer lowers its CO2 emissions the most. Fairphone does everything in its power to ensure its users keep their phones in use longer. In order to measure progress, Fairphone's Longevity score predicts the average lifespan of Fairphone 3/3+ and 4 by combining their measured actual lifetime with their expected lifetime. Fairphone's goal was 4.5 years which was exceeded with a result of 5.5 years in 2021.
- **100% e-waste neutrality:** With only 20% of smartphones sold entering proper recycling, e-waste has become one of the fastest growing waste streams worldwide. This is why Fairphone launched its new phone with the proud statement that it is e-waste neutral, meaning that for every Fairphone 4 phone and module it sells.

- **From 8 to 14 fairer materials:** Fairphone increased its fair sourcing ambition from 8 materials in the Fairphone 3 to 14 materials in the Fairphone 4. It aims to have 70% sourced fairly of these 14 by 2023. In 2021, it kicked off with 31% in its Fairphone 4 (new) supply chain, including 100% recycled plastics in its back cover, 98% aluminum from Aluminum Stewardship Initiative (ASI) Performance Standard certified vendors in its midframe, 86% recycled rare earth in its speaker and vibration motor and an increase of Fair trade gold integration into its board-to-board connectors supply chain, next to the PCB, battery PCB, battery connectors and speaker.
- **Increased revenue:** In order to be an inspiring example to the industry and also financially sustainable, revenue and profit are some of the key drivers for Fairphone's business. Although seriously challenged by global supply limitations, Fairphone's revenue increased by a further €1 million, mainly driven by the higher sales price of the Fairphone 4 and expanding its accessory portfolio. Fairphone saw €36,961,604 of revenue in 2021, compared with €35,930,371 in 2020, proving that it has a scalable and profitable business model.

As a result, in 2021 Fairphone avoided 668 tons of CO2 and another 8 tons of E-waste, and improved the lives of 7,475 people (and 18,224 indirectly).

Eva Gouwens, CEO at Fairphone, comments: "Fairphone started as an awareness campaign and became an innovative social enterprise. Our way of working is rooted in positive disruption. We challenge the status quo and show that it's possible to make a phone that's fairer and kinder to the environment. Every time we open up a responsible source of raw materials, or innovate a way to treat factory workers better, or demonstrate how modularity prolongs a phone's life and reduces its carbon footprint, we're sharing those results with the world and encouraging our peers in the smartphone industry to join us. And we're seeing things progress in our industry. We see evidence every day of progress towards a tipping point where fair and sustainable materials and production become an expectation rather than an exception. But I've also noticed that, while there is new momentum recognizing the need to change our relationship with nature, we're not seeing the same urgency in the need to treat workers fairly.

This year, we want to challenge my fellow CEOs to make more sustainable and ethical smartphones. I can't think of an excuse for not paying a living wage to the workers who assemble our phones. When you know your customers would be willing to pay less than the price of a cup of coffee to ensure the people who made your phone are treated fairly, why wouldn't you?"

Click [here](#) to view the full 2021 impact report.

About Fairphone

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

Photos, videos, fact sheets and other materials are available at the Fairphone press page:

<https://fairphone.com/en/about/press/>

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