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Purchaser Guidance to Address Social Impacts in ICT Supply Chains

The Green Electronics Council (GEC) is the organization known for our management of EPEAT, the leading global ecolabel for the Information and Communication Technology (ICT) sector used by institutional purchasers globally to identify and procure sustainable IT products. 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. To address this need, GEC has an initiative to provide institutional purchasers with guidance on how to procure products produced by companies using “socially responsible” supply chain best practices.

Project Overview

As with all goods manufactured in a global supply chain, ICT products are often made under conditions where there are human and labor rights risks. Social risks such as child and forced labor associated with the trade of conflict minerals are largely unique to the ICT sector and have increasingly become the focus of recent regulations. Institutional purchasers want visibility into how suppliers are managing social impacts in their supply chains, particularly labor issues, to feel confident that they are buying socially responsible ICT products. GEC’s “Purchaser Guidance to Address Social Impacts in ICT Supply Chains” initiative is helping meet this need through two project activities. First, GEC is working with purchasers to understand the various social issues they want to address, develop procurement questions that address these issues and identify credible verification evidence that manufacturers can provide. Ultimately, GEC seeks to develop a harmonized list of social impact related questions that purchasers can use with their suppliers. Additionally, GEC is working with manufacturers to ensure that these social impact questions are reflective of industry best practices, leverage the insights manufacturers have about addressing social impacts within their supply chains and confirm which credible verification methods are currently available. In working with both purchasers and manufacturers, GEC aims to create consistency in how institutional purchasers are seeking to address social impacts and allow manufactures to more easily demonstrate how their supply chain practices meet a credible definition of socially responsible.

This project has several key components:

- Completion of a landscape analysis of existing voluntary standards, regulatory requirements and best practices that address social impacts in the ICT supply chain

- Based on the landscape analysis, define the practices that constitutes “baseline” industry wide practices for socially responsible ICT supply chains (based on existing “social” regulatory requirements from countries with ICT assembly/manufacturing suppliers), and those practices which are “above and beyond” this baseline (voluntary activities taken by manufacturers to address supply chain social impacts). The aggregation of “baseline” and “above and beyond” practices constitute the definition of a socially responsible supply chain.
- Confirm the social impacts of greatest concern to institutional purchasers and formulate procurement questions that best address these concerns
- Work with manufacturers and purchasers to determine what types of verification evidence can be used to demonstrate suppliers’ appropriate due diligence in response to specific social impacts
- Integrate the landscape analysis, procurement questions and verification evidence into a single institutional purchaser guidance document

Through participation in industry initiatives (e.g. EICC), voluntary reporting and mandatory disclosures, most ICT manufactures are already producing materials that can be used to verify claims of socially responsible practices. GEC’s project will focus on helping purchasers understand these materials so they can easily specify the types of verification evidence required from their ICT suppliers.

Process and Timeline

For this project, GEC is holding individual interviews with institutional purchasers, manufacturers and technical experts, as well as hosting two hour public consultations at relevant conferences throughout the year.

Interviews with institutional purchasers will identify the social impacts that they want to see addressed and the questions/requirements they are currently using in their procurement process. IF purchasers identify any social impacts not currently being addressed by industry, this information will be integrated into manufacturer and technical expert interviews to understand why this is the case.

Interviews with manufacturers will seek to identify industry baseline and above and beyond practices for addressing social impacts in ICT supply chains, as well as existing methods and verification evidence used by manufacturers to demonstrate that social impacts are being addressed (e.g. audit reports; standard disclosure methods).

Interviews with experts on human and labor rights will serve to assure that the purchaser questions and verification evidence included in the purchaser guidance reflect the current state of ICT supply chain social impacts, the challenges associated in addressing these social impacts and which methods/documents are credible forms of verification evidence. These human rights technical experts are representatives from human rights organizations, social auditing sector and supply chain practitioners.

GEC has completed the landscape analysis of existing voluntary standards, regulatory requirements and best practices that address social impacts in the supply chain. We are now seeking to engage purchasers and manufacturers in individual interviews. These interviews will be an hour in length and project

participants will be asked to agree to participate in a total of three interviews over the span of four months. GEC is releasing the final purchaser guidance document at the UN Forum on Business and Human Rights in Geneva in late November.

Project Goals

The driving principle behind this project is transparency. This project will allow manufacturers to highlight their existing supply chain best practices in a consistent way to purchasers. Purchasers will be able to use this information to harmonize information requests and gain greater insight into the social impact issues they care about most. The goal of harmonizing the types of information requested by purchasers is to focus purchasing power on the actions that lead to more socially responsible supply chains and reward manufacturers who are performing appropriate due diligence and increasing the social capacity of their supply chains. This project reflects GEC's belief that the right kind of transparency can be transformational and that focused purchaser power can "move the needle" and result in measurable and positive sustainability impacts.

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Nancy Gillis became GEC's CEO in March, 2016 and is responsible for setting the strategic direction of the organization. Prior to joining GEC, she launched EY's Resilient and Responsible Supply Chains suite of services and served as the Global Lead. Prior to that she was appointed the Director of the Federal Supply Chain office at the US Federal Government's General Services Administration.

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Melanie Bower leads the EPEAT program, including strategic planning, operations management, and stakeholder engagement. Prior to joining GEC, Melanie served as Sr. Program Manager at Social Accountability Accreditation Services (SAAS), an international accreditation body that oversees several widely used social auditing systems.

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Nandini Hampole advises companies on managing social, human rights, governance risks and opportunities. Most recently, she was EY's social and human rights lead for the Americas and prior to that, managed South Asia activities for BSR's HER project, a program to advance female worker health needs in apparel and electronics factories.