



GLOBAL  
ELECTRONICS  
COUNCIL

*Sustainability for a Connected Future*

# **PURCHASER GUIDE**

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For Addressing Labor and Human Rights  
Impacts in Technology Procurements

April 2021

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There is also an accompanying document to this Guide titled Supplemental Appendices, which provides additional information including: country-specific labor and human rights legal requirements; further references; and information on how international labor and human rights noted in the Guide align to the UN Sustainable Development Goals.

# About GEC

The Global Electronics Council (GEC) is a mission-driven non-profit launched in 2006 and dedicated to creating a more just and sustainable world. We value the tremendous societal good that technology provides, yet recognize that it is also the source of significant negative environmental and social impacts. GEC seeks to address these impacts by leveraging the power of public and private sector institutional purchasers. We provide numerous resources to purchasers to help them procure credible, sustainable, and circular technology products and services. One of our best-known resources is our ecolabel EPEAT, which covers more technology products than any other comparable ecolabel.

## About This Guide

Institutional purchasers, both public and private sector, are 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. To address this challenge, GEC released the first version of this Guide in 2017. This is the second version of the Guide.

The labor and human rights impacts addressed by this Guide are not unique to the technology sector and since this Guide was first released, there has been an increase in both industry initiatives and regulatory requirements to address these impacts. This Guide does not seek to be an exhaustive source of these initiatives and requirements, nor does it claim to address all negative labor and human rights impacts found within a supply chain. Instead, this Guide is focused on empowering purchasers to address pressing labor and human rights impacts while also meeting the goal of a successful procurement. It provides purchasers examples of procurement questions and associated supplier provided supporting documentation.

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 technology sector's capacity to address labor and human rights impacts within their operations and supply chains.
- 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.

GEC has also released a *Supplemental Appendices* document that accompanies this Guide.

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## Why is Addressing Labor and Human Rights in Procurements Important?

In 1948, the United Nations General Assembly adopted a Universal Declaration of Human Rights which set out basic individual rights and freedoms. Its foundational principles have led to the creation of international Conventions, laws on human, labor and employment rights, and guidelines to prevent, address and remedy human rights abuses in business operations. Yet, more than fifty years later, human and labor rights abuses still remain.

Institutional purchasers play an important role in addressing labor and human rights abuses within the technology sector. Of the approximate \$4 Trillion USD spent globally in 2020 on information and communications technology (ICT), more than half, \$2.7 Trillion, was from public and commercial institutional purchasers<sup>1</sup>. With such vast spending power, public and private sector institutional purchasers play an important role in influencing companies to make labor and human rights improvements within their operations and throughout their supply chains. Procurement can shape business sector behaviors and purchasers can encourage businesses to adopt practices that are more transparent, socially responsible and publicly accountable.

### There are many good reasons why purchasers should include labor and human rights specifications within their procurements:

- **Risk Management** – a purchaser’s organizational risk increases by procuring from companies who are not socially responsible because this can lead to potential contract disruptions due to legal challenges, victim claims and reparations, and a risk that the procuring organization’s reputation will suffer by association.
- **Fair Competition** – procuring from companies which fail to address labor and human rights abuses within their supply chain creates a disadvantage for companies who have taken the steps, and incurred associated costs, towards creating a more socially responsible supply chain. It is unfair to reward companies who offer products at a lower cost by using unacceptable worker practices such as forced or child labor.
- **Leadership** – by procuring products from companies that adhere to legislative and best practice on internationally recognized labor and human rights, purchasers incentivize the adoption of standards and policies which uphold these rights and influence companies to offer a safer and more socially responsible environment for workers, not only in the companies’ own facilities but throughout their global supply chains. Purchasers that implement purchasing policies that address labor and human rights not only help to enforce compliance with international Conventions and labor and human rights laws, they also help improve quality of life and social equity and justice for some of the most vulnerable members of society.

Purchasers are a powerful force in addressing labor and human rights abuses. Purchasers are recommended to consider a company’s operations, supply chain, and contactor services when leveraging their procurement power. When purchasing from intermediaries (resellers, distributors, retailers, etc.) purchasers should request information on the labor and human rights activities of the brands available through those intermediaries.

<sup>1</sup> <https://www.idc.com/promo/global-ict-spending/forecast> accessed on 3/20/2021

## Labor and Human Rights Expectations of Institutional Purchasers

Since the first version of this Guide was released in 2017, technology companies have progressed in implementing social responsibility due diligence practices in their operations and supply chains. Purchasers have incentivized some of these activities and have also increased their expectations of the labor and human rights impacts that technology companies and their suppliers can and should be addressing.

The following chart is an overview of the “social responsibility” expectations identified by institutional purchasers during the updating of this Guide. The order of the following expectations is not by purchasers’ priority.

<p><b>1. Communicate labor and human rights expectations</b></p>	<p>Companies identify and communicate internally and to their suppliers and contractors the requirements that must be met to address negative labor and human rights impacts. These requirements are stated in a Company Policy, Supplier Code of Conduct, Supplier/Contractor policies, or similar document(s). Companies expect employees and their suppliers and contractors to adhere to the labor and human rights requirements and be audited or subject to other types of assessments to ensure conformance.</p>
<p><b>2. Supplier Risk screening</b></p>	<p>Companies implement a process for screening their suppliers and contractors to determine which are more likely to have labor and human rights violations and/or adverse impacts.</p>
<p><b>3. Assess to confirm implementation of policies and codes</b></p>	<p>Companies have a process to assess how the requirements in their Company Policy and Supplier Code of Conduct or Supplier/Contractor Policies are being implemented.</p>
<p><b>4. Corrective action and Remedy</b></p>	<p>Companies use the outcomes of their assessment process to address and correct labor and human rights issues identified.</p>
<p><b>5. Continuous improvement and Capacity Building</b></p>	<p>Companies engage with their workers, suppliers, and contractors to help them build the capacity needed to continually meet or exceed the labor and human rights expectations outlined in the Company Policy, Supplier Code of Conduct, and/or Supplier/Contractors Policies.</p>
<p><b>6. Reporting and Public Transparency</b></p>	<p>Companies transparently report on their labor and human rights performance to internal and external stakeholders, including reporting on the management practices and labor and human rights performance of their suppliers and contractors. Efforts to address conflict minerals are also publicly disclosed.</p>
<p><b>7. Responsible Sourcing and Procurement Practices</b></p>	<p>Companies incorporate responsible sourcing practices into their contracting decisions by considering data on the labor and human rights performance of current and potential suppliers and contractors.</p>

## How To Use This Guide

This Guide provides examples of procurement questions and associated supporting documentation for use by purchasers within the procurement process. Purchasers can use the procurement questions to engage in dialogue with their suppliers, develop preferences or requirements, and evaluate their supplier base. The Guide is broken into two distinct sections:

**1. Procurement Questions:** the questions are directly linked to the Labor and Human Rights Expectations of Institutional Purchasers section above and translate those expectations into questions that purchasers can use throughout the different phases of the procurement process.

There are both “Baseline” and “Beyond Baseline” questions. Baseline Questions are those that a purchaser can reasonably expect a vendor to meet or be actively working towards meeting. Beyond Baseline questions are those that fewer companies can meet today and provide purchasers an opportunity to engage with their vendors to improve their performance over time.

The procurement questions are organized by the Labor and Human Rights Expectations of Institutional Purchasers section.

Questions 1-4	Align to the activities that many companies take to identify and address negative labor and human rights impacts in their own operations, supply chains, and contractors as part of an ongoing due diligence and monitoring process.
Question 5	Enquires about the different types of engagements that many companies use to build internal and external capacity to support continuous improvement in addressing labor and human rights impacts in the company’s operations, supply chain and contractors.
Question 6	Addresses how companies transparently report their labor and human rights performance, including that of their suppliers and contractors, and what actions companies take to leverage sector-wide and government actions.
Question 7	Considers how companies use ongoing performance data as part of implementing a Responsible Sourcing and Procurement Program to evaluate potential new suppliers and contractors or to review their existing ones.

**2. Examples of Supporting Documentation:** these sections give specific examples of documents that vendors can provide to purchasers in response to a Procurement Question. Sometimes the documentation examples may include asking the vendor for a description of their activities. The preference would be for the description of activity to be formal company statements and/or policies with detail relevant to the question asked.

Just as there are Baseline and Beyond Baseline Procurement Questions, there are also Baseline and Beyond Baseline Supporting Documentation examples. There are a handful of Baseline Questions that have both Baseline and Beyond Baseline Supporting Documentation examples listed for the specific question. In those instances, the purchaser is advised to first request the Baseline Supporting Documentation before requesting Beyond Baseline Documentation.

**Vendor Ability to Influence Members of their Supply Chain:** in the technology sector, 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. Direct contracting relationships allow companies to have greater influence over the suppliers within their supply chain. Yet, companies within the technology sector are still challenged in addressing negative labor and human rights impacts in the lower tiers of their supply chain. Not all technology companies have similar leverage capabilities. Small companies are especially challenged to leverage their suppliers relationships, but even larger companies sometimes lack leverage with a particular supplier due to having a small volume of business with that supplier. 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 should expect technology companies to hold accountable the suppliers within their supply chain, especially when they directly contract or provide a significant volume of business to those suppliers. In instances where a company has limited leverage, purchasers are encouraged to consider the willingness of that company to engage on the questions in this Guide, and their transparency about reporting and discussing the socially responsible aspects of their operations, as evidence of companies’ good faith and interest in pursuing labor and human rights improvements both internally and with their suppliers and contractors.

**Due Diligence Activities May Vary Within a Company Based on the Specific Product Line:**

purchasers should not assume that a company has only one set of responses to any of the Guide’s questions. Companies may have different supply chains and contractors for different product lines. Therefore, purchasers should anticipate that activities outlined in Supporting Documentation for one product line may differ when considering other product lines.

# Question 1

## Communicating Labor and Human Rights Expectations

The purpose of these questions is to evaluate how a company expresses their commitment to labor and human rights through a formal, publicly available written Company Policy, Supplier Code of Conduct or Supplier/Contractor Policies that address negative labor and human rights impacts.

### 1.1 Baseline Procurement Question

Does your Company have a formal, publicly available written Company Policy and a Supplier Code of Conduct or Supplier/Contractor 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<sup>2</sup>

### 1.1 Baseline Supporting Documentation

- ✓ Company Policy and Supplier Code of Conduct or Supplier/Contractor Policy, or other relevant policies or industry codes of conduct that:
  1. Covers company operations, supply chain, and contractor services.
  2. Addresses all eight minimum labor and human rights issues.
  3. Requires compliance with local, regional, or national regulations, and domestic employment contract requirements, whichever is stricter, to provide better protection for workers.
  4. Is signed by executive level management, dated, and reviewed at least annually.
  5. Is publicly and easily accessible on the company's website with link to obtain the policy (e.g., URL or contact email).
- Policies may be included in the Company's Corporate Social Responsibility (CSR) Report or environmental, social, and governance (ESG) reporting.
- Companies that are Responsible Business Alliance (RBA) members or Joint Audit Cooperation (JAC) codes members and comply with the organizational codes could meet this baseline expectation but should still provide a copy of relevant policy.
- Companies that require their suppliers and contractors to be SA8000 certified meet this baseline expectation.

<sup>2</sup> See, for example, ILO, Violence and Harassment Convention, 2019 (No. 190), available as of 02/08/2021 at: [Convention C190 - Violence and Harassment Convention, 2019 \(No. 190\) \(ilo.org\)](https://www.ilo.org/convention/C190-Violence-and-Harassment-Convention,2019-(No.190)-(ilo.org)).



## 1.2 Baseline Procurement Question

Are the suppliers, contractors, and intermediaries with which the Company has a direct contractual relationship required to adhere to the Company Policy, Supplier Code of Conduct and/or Supplier/Contractor Policy?

### 1.2 Baseline Supporting Documentation

- ✔ Example of contract, supplier/contractor terms and conditions, or other legally binding agreement, showing excerpts of the relevant section(s) that requires suppliers and contractors to adhere to the Company Policy, Supplier Code of Conduct, and/or Supplier/Contractor Policy.
- ✔ Proof that the Company has a mechanism for retailers, resellers, and other intermediaries that have direct contracts with the Company to obtain information on the Company's labor and human rights policies.

### 1.2 Beyond Baseline Supporting Documentation

- ✔ Evidence of supplier/contractor engagement regarding labor and human rights policies (e.g., meetings, forums).
- ✔ Evidence that intermediaries with which the Company has a direct contractual relationship are required to adhere to the Company Policy, Supplier Code of Conduct, Supplier/Contractor Policy, or other relevant policies that address labor and human rights.
- ✔ Evidence that Company Policy, Supplier Code of Conduct, Supplier/Contractor Policy, or other relevant policies are disseminated to suppliers, contractors, and intermediaries (e.g., as part of tender documents).
- ✔ Evidence that workers are provided information about their rights and their company's commitment to labor and human rights, and that this information is provided in a manner that workers can understand (e.g., verbally, pictorially, written).

## 1.3 Beyond Baseline Procurement Question

Does the Company show a commitment to go beyond the legal requirements in the country where they are operating?

### 1.3 Beyond Baseline Supporting Documentation

- ✔ Company Policy and Supplier Code of Conduct or Supplier/Contractor Policy shows provisions that exceed compliance with local/regional/national regulations and/or industry baseline practice on labor and human rights issues, whichever is most protective (e.g., wages, health and safety, working hours).
- ✔ Evidence of membership and active participation in the United Nations (UN) Global Compact and copy of Company's Communication on Progress (COP) on human rights, labor standards, environment, and anti-corruption.

- ✓ Documentation that shows that the Company has adopted a relevant standard certification scheme, either national or international, and certifications are required of suppliers and/or contractors (e.g., SA 8000, EPEAT, RBA VAP). This could include:
  - Company certification or evidence of progress toward certification.
  - Evidence of requirement for supplier and/or contractor to be certified and/or their certification document.

### 1.4 Beyond Baseline Procurement Question

Does the Company have a mechanism for retailers, resellers, and other intermediaries that have direct contracts with the company to obtain information on the Company's labor and human rights policies, improvement activities, and performance?

### 1.4 Beyond Baseline Supporting Documentation

- ✓ Description of how intermediaries can easily access information about the Company's labor and human rights policies, compliance, and activities, which should include a company contact for further information.

### 1.5 Beyond Baseline Procurement Question

1. Does the Company Policy and Supplier Code of Conduct or Supplier/Contractor Policy specifically include discrimination indicators (e.g., nationality, gender, racial or ethnic origin, religion or belief, disability, age and sexual orientation)?
2. If no, how are discrimination indicators defined/communicated by the Company?

### 1.5 Beyond Baseline Supporting Documentation

- ✓ Company Policy and Supplier Code of Conduct or Supplier/Contractor Policy or industry code of conduct with discrimination indicators listed and/or documentation on how non-discrimination policies are communicated.

### 1.6 Beyond Baseline Procurement Question

Does the Company have a mechanism to apply the Supplier Code of Conduct or Supplier/Contractor Policy to sub-suppliers (suppliers the company does not have a direct contractual relationship with)?

### 1.6 Beyond Baseline Supporting Documentation

- ✓ Description of how the Company applies the Supplier Code of Conduct or Supplier/Contractor Policy to sub-suppliers.
- ✓ Documentation to show how the Company's labor and human rights Supplier Code of Conduct and/or Supplier/Contractor Policy was required of and communicated to sub-suppliers and/or subcontractors. This could include contractual requirements that require sub-suppliers to also adhere to the Supplier Code of Conduct or Supplier/Contractor Policy, dialogue, forums, etc.

# Question 2

## Risk Screening

The purpose of these questions is to evaluate how companies identify labor and human rights risks in their company operations, supply chain, and contractor services. Companies use different tools and criteria to identify labor and human rights risks. This risk-based approach is the first step in many companies' Responsible Sourcing Programs to decide which suppliers or contractors to engage.

**Risk screening may be based on reports published by external parties. Screenings must consider the following factors:**

- Geography and Country Capability. Weak governance structures in certain countries may correlate to higher incidences of human and labor rights violations, and a lack of government monitoring and enforcement of human rights and labor laws.
- National and local human rights and labor laws. Certain countries and localities may have more stringent regulatory requirements in place to protect workers.
- Type of manufacturing process or operational activity. Certain manufacturing processes or operational activities (e.g., resource extraction, transport) may pose higher risks to worker health and safety by exposure to hazard.

### 2.1 Baseline Procurement Question

Has your organization developed a process to identify labor and human rights risks in your Company operations, supply chain, and contractor services?

### 2.1 Baseline Supporting Documentation

- ✓ Description of Company processes for identifying labor and human rights risks that includes:
  1. Scope of the risk screening, risk factors used in the screening, and how the screening is used to categorize the risk level associated with each supplier.
  2. Descriptions of the sources of information used to identify risks (e.g., the U.S. State Department Country Reports on Human Rights Practices, World Bank Governance Indicators, Global Slavery Index, United Nations Expert Panel, non-governmental organizations (NGOs), and civil society reports, complaints of legal violations and violations findings).
- ✓ Documentation on periodic risk screening of Company operations, suppliers, and contractors that shows that the risk assessment:
  1. Addresses Company operations, suppliers, and contractors.
  2. Addresses the eight minimum labor and human rights issues (i.e., child labor; forced labor; working hours, wages; discrimination; health and safety; freedom of association and collective bargaining; and disciplinary practices/humane treatment of workers).

3. Considers the:

- Type of manufacturing processes including the type of component or product produced and assembled, the processes, the potential for worker exposure to hazard, and the potential for adverse impacts to the local community.
- Type of operational activity and the potential for worker exposure to health and safety risks.
- National and local human rights and labor laws.
- Country or geographic area where the company facility, supplier, or contractor operates considering existing worker protections, enforcement activity, and the potential for labor and human rights violations.

4. Identifies the operations, suppliers, and contractors considered to have significant risk for potential incidents of human and labor rights abuses (e.g., child labor, forced labor, discrimination).

5. Labor and human rights risks are assessed and documented for each Covered Entity reviewed.

6. Screenings/assessments are periodically reviewed and updated.

## 2.1 Beyond Baseline Supporting Documentation

- ✓ Documentation that shows that risk screening includes directly contracted suppliers and/or contractors and sub-tier suppliers/contractors working in high-risk sectors (e.g., resource extraction sectors, manufacturing sectors with historically weak labor and human rights compliance).
- ✓ Documentation that shows that risk screenings use data to regularly update risk assessments such as:
  - Supplier/contractor audit findings.
  - Independent audit results.
  - Monitoring of suppliers/contractors with previous violations.
  - General statistical data and/or subscription services to identify risk including reports from credible NGOs that highlight labor and human rights impacts specific to the IT sector, and evolving trends in different geographies.
  - Documentation on the specific kinds of production and assembling facilities and their specific locations.
  - Supplier and contractor names and locations lists.
  - Other dynamic data sources.
- ✓ Documentation that shows the Company performs initial risk screening of new suppliers/contractors prior to entering into contractual agreements.
- ✓ Documentation that shows that the Company performs supply chain mapping.

Specific Impact Questions:

<p><b>Child Labor</b></p> <p>Can the Company show that its risk screening process identified operations, suppliers, and contractors considered to have significant risk for incidents of:</p> <ol style="list-style-type: none"> <li>1. Child labor and the worst forms of child labor?</li> <li>2. Young workers exposed to hazardous work?</li> </ol>	<p>Documentation that shows that the Company’s risk assessment considered:</p> <ol style="list-style-type: none"> <li>1. Worst forms of child labor</li> <li>2. Other child labor</li> <li>3. Young workers exposed to hazardous work</li> </ol>
<p><b>Forced Labor</b></p> <p>Can the Company show they have identified operations, suppliers, and contractors considered to have risk for incidents of forced or compulsory labor and prison labor?</p>	<p>Documentation that shows that the Company’s risk assessment identified:</p> <ol style="list-style-type: none"> <li>1. Operations, suppliers, and contractors considered to have significant risk for incidents of forced or compulsory labor and prison labor.</li> </ol>
<p><b>Discrimination</b></p> <p>Can the Company show they have identified operations, suppliers, and contractors considered to have risk for worker discrimination in recruitment, hiring or working conditions?</p>	<p>Documentation that shows that the Company’s risk assessment identified:</p> <ol style="list-style-type: none"> <li>1. Operations, suppliers, and contractors considered to have risk for incidents of worker discrimination in recruitment, hiring or working conditions.</li> </ol>
<p><b>Health and Safety</b></p> <p>Can the Company show that they require health and safety hazard identification, risk assessment, and risk and hazard mitigation at Supplier and contractors where workers risk exposure to health and safety hazards?</p>	<p>Documentation that shows what the Company requires at Supplier and contractors where workers risk exposure to health and safety hazards:</p> <ul style="list-style-type: none"> <li>• Health and safety hazard identification</li> <li>• Risk assessment</li> <li>• Risk and hazard mitigation</li> </ul>
<p><b>Freedom of Association and Collective Bargaining</b></p> <p>Can the Company show they have identified operations, suppliers, and contractors considered to have risk for violations of workers’ rights to exercise freedom of association and collective bargaining?</p>	<p>Documentation that shows that the Company’s risk assessment identified:</p> <ul style="list-style-type: none"> <li>• Operations, suppliers, and contractors considered to have risk for violations of workers’ rights to exercise freedom of association and collective bargaining?</li> <li>• Risk assessment should consider the likelihood for management practices that adversely discourage or interfere with employees’ right to freely organize, collectively bargain, and/or strike.</li> </ul>

# Question 3

## Assessing to Confirm Implementations of Company Policies and Codes

The purpose of these questions is to evaluate how companies assess whether their Company Policy and Supplier Code of Conduct or Supplier/Contractor policies are being implemented by their suppliers and contractors.

**Assessments are primarily conducted through reviews and audits, which evaluate performance against the Company Policy, Supplier Code of Conduct, and/or Supplier/Contractor Policies.**

A review provides a lower level of assurance than an audit and is used to assess whether, based on examining less evidence than is required by an audit, any issues of non-conformance are apparent.

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 or contractor), periodic reviews of existing suppliers/contractors, and closure/follow-up audits (to address issues raised by previous audits).

A company's evaluation of the implementation of their Company Policy and Code of Conduct or Supplier/Contractor policies for labor and human rights should consider whether their supplier/contractor diligence process includes:

- Risk assessment
- Preventative and corrective action plans
- Employee grievance processes and
- Remedy for worker harm

The Company should also have a defined program or schedule that includes more frequent auditing of higher risk suppliers and contractors.

### 3.1 Baseline Procurement Question

How are you evaluating your supplier and contractor's performance against your Company Policy and Supplier Code of Conduct or Supplier/Contractor Policy, or other relevant policies on labor and human rights impacts?

### 3.1 Baseline Supporting Documentation

- ✓ Description of the Company's audit program and evidence of:
  - The topics covered by the audit, and if different for high risk, medium and low risk suppliers/contractors.
  - Process for assigning risk, prioritizing for audits higher risk suppliers/contractor and/or areas for auditing.
  - Percentage of directly contracted suppliers/contractors audited
  - Frequency of audits.
  - Audit notice (announced, semi-announced or unannounced)

- Audit types (initial audit or follow-up/closure audit; first, second, or third-party audits).
  - Protocols for interviewing workers.
  - Evidence that higher risk suppliers/contractors and/or areas are audited.
  - Audit Plan and statistics of results.
- ✔ The Company can show evidence that a Covered Entity's audit frequency increases when there is risk of significant non-conformance or repeated violations of the Company Policy and Supplier Code of Conduct or Supplier/Contractor policies for labor and human rights, and/or other risk indicators such as government notice of labor and human rights violations or worker grievances.

### 3.1 Beyond Baseline Supporting Documentation

- ✔ Description of the Company's audit program and evidence of:
- How are you evaluating your supplier and contractor's performance against your Company Policy and Supplier Code of Conduct or Supplier/Contractor Policy, or other relevant policies on labor and human rights impacts?
1. Audit(s) of Suppliers representing over 95% of total spend.
  2. Percentage of suppliers audited relative to total spend.
- ✔ Evidence of use of third-party audits conducted by accredited certification bodies and includes independent verification of audit results.
- The RBA Validated Audit Process (VAP) conforms with the "use of third parties audits" and "independent verification of audit results." Use of SA8000 certification conforms with the "use of third-party audits" and "external consultation."
- ✔ Evidence that the Company shares audit results with peers to reduce the "audit burden" on suppliers.
- The RBA VAP applies to "shared audit results with peers."
  - Membership in the Joint Audit Cooperation (JAC) applies to "shared audit results with peers."
- ✔ Evidence that the Company engages in external consultation with relevant public bodies (e.g., labor inspectorates), local labor unions, or civil society organizations (CSOs) and/or engages labor unions or CSOs in conducting the audit.
- Use of SA8000 certification applies to "external consultation."
- ✔ Evidence that the Company actively pursues increasing the effectiveness of audits by:
- Descriptions of practices that keep worker interviews confidential (e.g., by mobile technology, off-site or private spaces, anonymous worker surveys/reporting).
  - Descriptions of practices being implemented to prevent retaliation against workers who participate in interviews.
  - Focusing audits on areas where company, supplier, or contractor has a higher risk for human and labor rights impacts on vulnerable or marginalized individuals and groups (e.g., child labor, forced labor, working hours, discrimination, gender issues).

- ✓ The Company can show that the management committee membership for their labor and human rights management system includes worker representation.

### 3.2 Baseline Procurement Question

Does the Company's evaluation of Supplier and contractors' implementation of Company Policy and Code of Conduct or Supplier/Contractor Policies for labor and human rights consider suppliers' and contractors' due diligence process including: risk assessment; preventative and corrective action plans; worker grievance mechanisms; and remedy for worker harm?

### 3.2 Baseline Supporting Documentation

- ✓ Description of the Company's evaluation of Supplier and contractors that shows that a Covered Entity's Due Diligence process includes:
  - Risk assessment
  - Corrective and Preventative Action plans
  - Worker grievance mechanisms that include "whistleblower protection" and
  - Remedy for worker harm

### 3.3 Baseline Procurement Question

Does the Company's evaluation of supplier and contractor's performance against the Company Policy and Code of Conduct or Supplier/Contractor Policy for labor and human rights consider performance against relevant company-adopted standards (e.g., ISO, EPEAT, RBA VAP)?

### 3.3 Baseline Supporting Documentation

- ✓ Description of the Company's evaluation that shows that a supplier and contractor is reviewed against conformance with relevant company-adopted standards.

Specific Impact Questions:

<p><b>Child Labor</b></p> <p>Can the Company show that it takes actions intended to contribute to the elimination of child labor?</p>	<p>Description of the Company's actions taken to contribute to the elimination of the:</p> <ol style="list-style-type: none"> <li>1. Worst forms of child labor</li> <li>2. Child labor below the minimum age of 15 years old, or 14 years in specific countries<sup>3</sup></li> <li>3. Young workers exposed to hazardous work</li> </ol>
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<sup>3</sup> See C138 - Minimum Age Convention, 1973 (No. 138), Art. 2-3





<p><b>Forced Labor</b></p> <p>Can the Company show that:</p> <ol style="list-style-type: none"> <li>1. It takes actions intended to contribute to the elimination of all forms of forced or compulsory labor?</li> <li>2. Prison labor is not used? Prison labor is a complex issue. Rehabilitative work programs can offer prisoners opportunities to learn valuable new skills, gain work experience and provide opportunities for prisoners to earn money to support themselves and their families. However, there are instances where prisoners may be forced into labor and subjected to exploitative work conditions. Because purchasers would find it difficult to assess if prison labor is “non-exploitative” and offered voluntarily, this Guide errs on the side of caution. Therefore, questions and supporting documentation to assess implementation of a company’s labor and human rights commitments explores only whether prison labor use is prohibited. This allows purchasers to consider whether they want to procure from companies that prohibit prison labor or if the purchaser wants to engage a company about their practices to safeguard that prison labor use is non-exploitative.</li> </ol>	<p>The Company can show documentation that it is taking specific actions intended to eliminate forced or compulsory labor. Examples include description of company actions, contractual obligations and other documentation that show that suppliers and contractors:</p> <ul style="list-style-type: none"> <li>• Prohibit the use of employment agencies and labor brokers that charge recruitment fees.</li> <li>• Do not use labor migrants that must pay work recruitment fees.</li> <li>• If work recruitment fees were paid by a worker, the recruitment fees are refunded or paid.</li> <li>• The Company prohibits suppliers and contractors from confiscating or retaining worker passports, visas, and worker permits.</li> <li>• The Company can show evidence that it prohibits the use of prison labor.</li> </ul>
<p><b>Monitoring</b></p> <p>Does the Company actively monitor:</p> <ol style="list-style-type: none"> <li>1. Working hours: the country-specific maximum working hours set by local law to determine if Supplier and Contractors exceed the maximum working hours?</li> <li>2. Wages: that country-specific minimum compensation standards, including those relating to overtime rates, regular payment of workers’ wages, and equal remuneration are being addressed by Supplier and Contractors identified to be of high risk?</li> <li>3. Freedom of association and collective bargaining: that measures are being taken to support rights to exercise freedom of association and collective bargaining at Supplier and Contractors?</li> </ol>	<p>The Company can show evidence it monitors for:</p> <ul style="list-style-type: none"> <li>• Working hours</li> <li>• Wages</li> <li>• Freedom of association and collective bargaining</li> <li>• Discrimination indicators</li> <li>• Disciplinary practices/humane treatment of worker</li> </ul>



<p>4. Discrimination:</p> <ul style="list-style-type: none"> <li>• Supplier and Contractors for reported incidents of discrimination?</li> <li>• Discrimination indicators (e.g., nationality, gender, racial or ethnic origin, religion or belief, disability, age, and sexual orientation) as a percentage of total workforce for Supplier and contractors to assess hiring and promotion practices?</li> </ul> <p>5. Disciplinary practices/humane treatment of workers: measures taken by the Covered Entity to address and prevent inhumane treatment of workers include prohibitions against the use of force or abuse including violence, physical or mental coercion, bullying, verbal abuse, sexual exploitation or harassment, and degrading treatment of workers?</p>	<p>The Company can show evidence that it monitors Supplier and Contractors to assess conformance with National/regional/local legal requirements and the Company Policy and Supplier Code of Conduct or Supplier/Contractor Policy for worker hours, wages, freedom of association and collective bargaining, discrimination indicators, and disciplinary practices/humane treatment of workers.</p>
<p><b>Health And Safety</b></p> <p>Does the Company monitor that health and safety hazard identification and risk assessment, hazard/risk prevention and mitigation, corrective action, and emergency preparedness and response are addressed by Supplier and Contractors?</p>	<p>The Company can show evidence that it monitors Supplier and Contractors to assess if health and safety hazard identification and risk assessment, hazard/risk prevention and mitigation, corrective action, and emergency preparedness and response are being addressed.</p>
<p><b>Responsible Minerals Sourcing</b></p> <p>What measures is the Company taking to work with Supplier and Contractors involved in minerals extraction to address labor and human rights impacts during the extraction or refining phases of production?</p>	<p>The Company can show documentation that it is taking specific actions to work with Supplier and Contractors involved in minerals extraction to address labor and human rights impacts during the extraction, refining, and transportation phases of production.</p>

# Question 4

## Corrective Action and Remedy

The purpose of this question is to assess how companies use the outcomes of supplier and contractor risk screening and assessments to engage with their own suppliers and contractors when corrective action is needed.

### 4.1 Baseline Procurement Question

How does your company use the outcomes of the assessment process to ensure suppliers and contractors are implementing corrective and preventative actions and providing mechanisms for remedies or reparations to impacted workers, when applicable, in a timely manner?

#### 4.1 Baseline Supporting Documentation

- ✓ Description of the Company's Corrective Action and Preventative Action Plans (CAPAs) system including:
  - Timeline for submission of CAPA plans and closure of all non-conformances.
  - Process for designating the most significant (major) non-conformances.
  - Accountability for CAPA results.
  - Expedition of serious/dangerous violations and investigation of complaints/reported incidents.
  - Documentation showing The Company's approval for extended time to complete CAPA plans and/or closures.
  - Evidence that government orders or notices of violation are being rectified.
  - Companies that conform to the RBA VAP or SMETA audit criteria meet the baseline expectations. Purchasers should confirm the Company's conformance to audit criteria.

#### 4.1 Beyond Baseline Supporting Documentation

- ✓ Description of the Company's Corrective Action and Preventative Action Plans (CAPAs) including:
  - For sites with persistent issues, requiring detailed Corrective Action Plans (CAPs) to address persistent issues (e.g., excessive overtime hours, lack of freedom of association).
  - Requiring that CAPs be: Specific, Measurable, Action-based, Realistic, and Timely (SMART) and adequately budgeted.
  - Process for designating CAP severity ratings for the most significant non-conformances.
  - Timeline for submission of corrective and preventative action plans and closure of all non-conformances.
  - Requirements for on-site closure audits for all significant non-conformances (Use and adherence to the RBA VAP criteria qualifies as "Beyond Baseline" for "on-site closure audits").
  - Process for addressing reoccurring issues.
  - The Company tracks supplier/contractor corrective action closure rates and expects to see improvement over time.
  - The Company discloses statistical data on CAPs including statistics on the corrective actions taken.

- ✔ Documentation that shows that the Company has restitution mechanisms to expeditiously make harmed workers “whole” including, but not limited to, information about worker employment reinstatement, compensation of harmed workers, worker rehabilitation, and the amount of remedy money paid annually.
- ✔ The Company can show evidence that it monitors Supplier/Contractor number of short-term employee contracts to total employees to identify practices to avoid paying benefits.
- ✔ If the Company uses employment contracts, the Company can show that their employment contract clauses conform to the Company Policy for labor and human rights.
- ✔ Documentation of the specific factories and locations that make the Company’s products and/or product components.

# Question 5

## Continuous Improvement

The purpose of this question is to assess how companies engage with their Suppliers and Contractors to support Continuous Improvement in meeting the Company's Policy and Supplier Code of Conduct or Supplier/Contractor Policy, including building internal and external capacity.

### 5.1 Baseline Procurement Question

How is the Company engaging with Suppliers and Contractors to build internal and external capacity and increase Continuous Improvement in Suppliers and Contractors performance against your Company Policy and the Supplier Code of Conduct or Supplier/Contractor Policy?

#### 5.1 Baseline Supporting Documentation

- ✓ Evidence that Suppliers and Contractors are required to have a management system that covers labor and human rights including the 8 minimum labor and human rights issues (i.e., child labor; forced labor; working hours; wages; discrimination; health and safety; freedom of association and collective bargaining; and disciplinary practices/humane treatment of workers), and responsible raw mineral sourcing, which can include:
  - Copy or excerpts of the relevant sections of contract, terms and conditions or other agreement detailing the expectations for Supplier and contractors to have a management system that covers labor and human rights and responsible raw mineral sourcing.
  - Disclosures related to raw minerals sourcing (e.g., Section 1502 of the Dodd-Frank Act on Conflict Minerals (Tin, Tantalum, Tungsten and Gold, also referred to as 3TGs) even if not a publicly traded company; European Union Regulation (EU) 2017/821 (17 May 2017)).
  - If unionized, evidence of a collective bargaining agreement.

#### 5.1 Beyond Baseline Supporting Documentation

- ✓ Evidence that the Company actively engages with suppliers and contractors to build internal capacity of Supplier and contractors for improved labor and human rights performance, which can include:
  - Description of the Company's capability building measures with Supplier and Contractors such as communications, trainings, workshops, and/or programs.
  - Evidence of providing communications, trainings, workshops and/or programs to strengthen Supplier and Contractors ability to meet Company Policy and Supplier Code of Conduct and/or Supplier/Contractor Policy expectations. Examples may include guidance on labor and human rights, training factory supervisors, or helping Supplier and Contractors establish work councils and grievance systems. Company-led or industry-led programs can include equipping workers with new skills or to address issues "outside the factory walls" such as financial and basic health needs.

- Information/statistics on the impact that internal capability building activities are having such as: number of communications; programs or trainings delivered; number of workers reached; related impacts/outcomes; etc.
  - The Company has key performance indicators or other metrics to measure Supplier and Contractors against human rights and labor rights performance indicators, and the Company expects to see improvement over time.
  - Evidence of Workers' Voice Programs.
- ✓ Evidence that the Company actively works with other companies and organizations to build external capacity for labor and human rights improvement, which can include:
- Description of the Company's capability building program with other companies and/or organizations.
  - Membership in relevant organizations (e.g., RBA, Fair Labor Association (FLA), Clean Electronics Production Network (CEPN)).
  - Information/statistics on the impact that external capability building programs are having for labor and human rights improvement.
  - Evidence that the Company engages in joint remediation of labor and human rights non-conformances at shared supplier sites.
  - The Company allows independent monitoring organizations access to facilities.
- ✓ Evidence that the Company expects Suppliers, Contractors, and intermediaries to engage in labor and human rights internal and external capacity building efforts within their respective supply chains (e.g., sub-suppliers), which can include:
- Copy or excerpts of the relevant sections of contract, terms and conditions or other agreement detailing the expectations for Supplier and Contractors to engage in internal capacity building with their supply chain and external capacity building with other organizations for labor and human rights improvement.

# Question 6

## Reporting and Public Transparency

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

### 6.1 Baseline Procurement Question

What steps is the Company taking to communicate and/or publicly report progress on addressing labor and human rights within Suppliers and Contractors, including working with suppliers of minerals, metals and alloys to address labor and human rights impacts during the extraction and refining phases of production?

### 6.1 Baseline Supporting Documentation

- ✓ Description of the labor and human rights responsibility program for Supplier and Contractors, including provision of information on auditing and non-conformance rates. Examples of information to be included in disclosures are:
  - Percentage of directly contracted Supplier and Contractors that are audited.
  - Aggregate number of Supplier and Contractors identified as having non-conformances.
  - Aggregate data on non-conformance issue areas and repeat non-conformances.
  - Aggregate data on non-conformance closure rates.
- ✓ Copy of, or link to the Company's disclosures/filings of information required by local/regional/national laws, if applicable (e.g., conflict minerals disclosures, anti-slavery disclosures).

### 6.1 Beyond Baseline Supporting Documentation

- ✓ Public disclosures related to the following:
  1. List that shows the:
    - Supplier and Contractors facilities and locations involved in the supply of components and the final assembly of products, and
    - What company brand and/or subsidiary is supplied by the Supplier and Contractors.
  2. Information regarding the Company's Covered Entity risk screening, auditing, and corrective and preventative action programs.
  3. Audit/corrective action information, disaggregated or aggregated, which includes:
    - Percentage of facilities assessed as "high risk."
    - Total number of facilities audited and the total number of "high risk" facilities audited.
    - Incidence of labor and human rights violations by specific country or region (e.g., Asia, Americas, Europe).
    - Corrective actions taken.

4. Publicly published and available Corporate Social Responsibility report, or other similar report, including information listed in baseline expectations, and includes information on auditing and non-conformance rates.

- ✓ If the Company has an anonymous complaint process for Suppliers and Contractor employees, description of the anonymous complaint process including:
  - Evidence of how anonymous complaints can be made by employees
  - Testing the process for making a complaint
  - Annual number complaints found to be material and important (i.e., legitimate)
  - Corrective actions taken
  - Region of production (e.g., Asia, Americas, Europe) where complaint(s) are filed
- ✓ The Company can show documentation that it publicly reports on its internal and external capacity building activities.
- ✓ Voluntary disclosures for extractive minerals (e.g., conflict minerals) by companies that are not subject to legal disclosure requirements. Voluntary disclosures can include:
  - Public disclosure of the percentage of 3TG metals that come from recycled sources and conflict free smelters or conflict free countries/sources.
  - Public disclosures that conform to Dodd-Frank Section 1502 (United States).
  - EU Responsible Minerals voluntary disclosures (European Union).
- ✓ Company publicly reports on the labor and human rights impacts of other extracted minerals (e.g., aluminum, cobalt, copper, lithium, manganese, mica, nickel, silver, zinc, rare earth metals) within their supply chain.



# Question 7

## Responsible Sourcing and Procurement Practices

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 supplier or contractor.

**While not covered by this Guide, purchasers should consider a company's product "take back" or disposal practices since those practices can impact labor and human rights.**

Discarded electronic products can end up in countries where an informal economy composed of a large number of men, women, and children are exposed to toxic materials while engaging in the collection of, and work required to strip what value they can from, discarded electronic products. By considering a company's "take back" practices, purchasers can incentivize companies to address the labor and human rights implications of their products' disposal.

### 7.1 Baseline Procurement Question

Does the Company integrate the labor and human rights performance of Suppliers/Contractors, and Supplier's/Contractor's willingness to collaborate with your company on labor and human rights improvements, into the decisions made to source from Suppliers/Contractors?

### 7.1 Baseline Supporting Documentation

- ✔ Description of the Company's sourcing policy that describes how Supplier's/Contractor's labor and human rights performance data is used in sourcing decisions and contracts.
- ✔ Description of the Company's processes that conform to and implement the sourcing policy to identify Suppliers/Contractors who are poor performers on labor and human rights, including the corrective action process and escalation measures.

### 7.1 Beyond Baseline Supporting Documentation

- ✔ Documentation of the Company's employee training on Responsible Sourcing Practices.
- ✔ Description of the Company's use of an "integrated" scorecard where criteria measuring Supplier and Contractors' labor and human rights performance is considered along with cost, delivery time, quality, and environmental metrics.
  - Description of policies on suspending and terminating Suppliers and Contractors for consistent poor performance on labor and human rights.
  - Documentation of corrective action process with escalation measures for poor Supplier or Contractor labor and human rights performance.
- ✔ Evidence that the Company refrains from business practices that make it difficult for Suppliers to comply with Supplier Code of Conduct or Supplier/Contractor Policy (e.g., unreasonable deadlines, frequent changes, excessive short-term contracting, unfair financing/pricing) by showing relevant clauses from Supplier and Contractor contracts/amendments or other relevant information.
- ✔ Documentation that the Company uses independent third-party screening of potential Suppliers and Contractors for labor and human rights performance and on-going monitoring. The third-party screening may include screening of the Supplier's/Contractor's supply chain (e.g., sub-suppliers).



- ✓ Evidence that the Company uses a credible and recognized assurance process for procuring minerals (e.g., the Responsible Minerals Assurance Process (formerly the Conflict-Free Smelter Program (CFSP)); the Intergovernmental Forum on Mining, Materials, Metals, and Sustainable Development's (IGF) Mining Policy Framework).
- ✓ The Company monitors Suppliers/Contractors for the labor and human rights impacts of 3TG minerals and other extractive minerals (e.g., cobalt, lithium, silver, mica, copper).
- ✓ Evidence that the Company actively engages in capability building programs for suppliers and contractors (e.g., RBA Factory Engagement Program, CEPN).

## How This Guide Was Developed

This Guide is an update to the original Guide issued in late 2017. GEC was prompted to develop the Guide by institutional purchasers, globally, who approached GEC and shared their challenges with assuring that the technology products they procured were made in a socially responsible manner. Technology companies, likewise, shared their frustration about responding to an increasing number of labor and human rights related procurement questions. In response, GEC created a Guide that addressed both parties' concerns by providing purchasers with a concise set of labor and human rights procurement questions which could be clearly understood by technology companies, and by identifying credible supporting documentation that technology companies could provide purchasers in response.

GEC's goal for this Guide revision is to retain the concise, pragmatic nature of the original Guide while at the same time address purchasers' requests for additional questions and supporting documentation examples that allow them to better assess vendor performance on addressing negative labor and human rights issues.

### **GEC's approach to the Guide revision included:**

1. Inviting purchasers, manufacturers, and labor and human rights technical experts to guide the updating process. Each set formed a workgroup and GEC held multiple individual and joint meetings of these workgroups to elicit ideas, suggestions, and feedback.
2. Issuing questionnaire surveys and engaging in one-on-one interviews with workgroup members and other interested parties to obtain feedback on the original Guide and preferences for the revision.
3. Reviewing the current landscape of relevant regulatory requirements, voluntary standards, guidelines, and helpful resources to identify updates.

## Acknowledgements

The Global Electronics Council is very grateful to all the representatives from business, government, civil society organizations, universities, NGOs and other institutions who are committed to addressing labor and human rights impacts and who assisted in the development of this Guide.

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University Law Center

Stéphanie H. Leclerc, McGill  
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Along with Work Group members, we want to acknowledge the GEC staff who worked on this Guide update: Sydney Gibson, Susan Gilbert-Miller, Nancy Gillis and Terrance Glover.



<b>3TG</b> See also: "Conflict Minerals"	3TG refers to Tin, Tantalum, Tungsten and Gold. These metals are regulated pursuant to Section 1502 of the Dodd-Frank Act (U.S.) and the European Union Regulation (EU) 2017/821 (17 May 2017).
<b>Audit (Assessment)</b> See also: "Review"	<p>An audit is a verification activity to evaluate conformance against a company's policies, industry code of conduct and/or other requirements. The audit can apply to an entire organization or might be specific to a facility, function, process, or production step.</p> <ul style="list-style-type: none"> <li>• First-party audit is an internal self-audit conducted by auditors who are employed by the organization but who have no vested interest in the results of the area being audited.</li> <li>• Second-party audit, also referred to as "external" or "supplier audit," is when a company performs an audit of their supplier to ensure that contractually specified requirements are being met.</li> <li>• Third-party audit is an independent (interest-free) third party audit performed by an auditing services company or NGO and is generally used to certify that a company conforms to a standard set of requirements.</li> </ul>
<b>Child Labor</b>	<p>"Child labor" is defined by this Guide using two ILO Conventions: <a href="#">Convention No.138</a> on Minimum Age; and <a href="#">Convention No. 182</a> on the Worst Forms of Child Labour. This Guide uses Convention No. 138 to generally define "child labor" according to a minimum age requirement. Consequently, a child under 15 years working in IT manufacturing or the supply chain is considered "child labor" unless the applicable County where the work is performed has specified a minimum age of 14 years.</p>
<b>Code of Conduct</b>	<p>Written expectation of business conduct including, but not limited to, human rights, labor standards, working conditions, occupational health and safety, environmental management, business ethics and anti-corruption that suppliers and/or contractors are expected to uphold in their respective operations.</p>
<b>Collective Bargaining</b> See also: "Freedom of Association"	<p>"Collective bargaining," a core right recognized by the ILO's <a href="#">Right to Organise and Collective Bargaining Convention</a><sup>4</sup>, is the process of negotiation between employers and a group of employees about the terms of employment. The term includes all negotiations which take place between an employer, a group of employers or one or more employers' organizations, on one side, and one or more workers' organizations, on the other for: determining working conditions and terms of employment; regulating relations between employers and workers; and/or regulating relations between employers or their organizations and a workers' organization or workers' organizations<sup>5</sup>.</p>
<b>Company</b>	<p>The organizations who are the recognized "brand" and produce IT products using either their own facilities and employees or contract manufacturing.</p>
<b>Conflict Minerals</b> See also: "3TG"	<p>Under U.S. and European Union laws, "conflict minerals" are currently the minerals columbite-tantalite (coltan), cassiterite, wolframite, and their commonly extracted derivatives, respectively – tin, tantalum, and tungsten – which along with gold are referred to as "3TG."<sup>6</sup></p>
<b>Contractor</b>	<p>As used in this Guide, a contractor is an onsite, temporary resource or a specific outsourced service operation (e.g., transportation dispatch, security, food service).</p>

<sup>4</sup> ILO, [Right to Organise and Collective Bargaining Convention, 1949 \(No. 98\)](#).

<sup>5</sup> ILO, [Collective Bargaining Convention, 1981 \(No. 154\)](#).

<sup>6</sup> See [77 Fed. Reg. 56275](#), fn. 6, and 56285, Sep. 12, 2012; [EU Regulation \(EU\) 2017/821](#) of the European Parliament and of the Council of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas.



<p><b>Corrective/Preventative Action Plan (CAPA)</b></p>	<p>A CAPA is a written improvement plan describing activities and timelines, with persons responsible for implementation, developed to prevent or correct identified areas of non-compliance or non-conformance to a legal requirement, voluntary standard, company policies, or practices.</p>
<p><b>Disciplinary practices/ humane treatment of workers</b></p>	<p>As used in the Guide, “disciplinary/humane treatment of workers” means measures that ensure that workers are treated humanely by preventing the use of force or abuse, “violence and harassment,” and “gender-based violence and harassment,” including physical or mental coercion, bullying, verbal abuse, inhumane, sexual exploitation or harassment, and degrading treatment of workers.</p>
<p><b>Due Diligence</b></p>	<p>The process through which enterprises can identify, prevent, mitigate and account for how they address their actual and potential adverse labor and human rights impacts as an integral part of business decision-making and risk management systems.<sup>7</sup></p>
<p><b>Employment relationship</b></p>	<p>The employment relationship is a legal concept used in countries around the world to refer to the relationship between a person called an “employee” (or “worker”) and an “employer” for whom the “employee” performs work under certain conditions in return for remuneration. Through this employment relationship, however determined, reciprocal rights and obligations are created between the employee and the employer.<sup>8</sup></p>
<p><b>Non-exploitative Prison Labor</b></p>	<p>The term “non-exploitative prison labor” as used in the Guide is prison labor that is not forced, is offered voluntarily, and meets the minimum baseline expectations for working hours, wages, non-discrimination, health and safety, and disciplinary practices/humane treatment of workers except that freedom of movement may be reasonably limited.</p>
<p><b>Forced Labor or compulsory labor</b></p>	<p>The <a href="#">ILO Forced Labour Convention</a>, 1930 (No. 29) defines forced or compulsory labor as: “all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily.”<sup>9</sup> This includes situations in which someone is coerced to work by use of violence or intimidation, or by subtle means such as the retention of identity papers or threats of disclosure to immigration authorities. It also includes manipulated debt or “bonded” labor, which is a system whereby people are required to repay a debt by working for their creditors, which can result in debt servitude, a form of forced labor.</p>
<p><b>Freedom of Association</b> See also: “Collective bargaining”</p>	<p>Freedom of Association, an individual’s right to join others to express, promote, pursue, and defend their legal common interests without interference, is a core human right recognized by the International Bill of Human Rights and ILO conventions. The right of workers “to join organisations of their own choosing without previous authorization” is embodied in ILO’s <a href="#">Freedom of Association and Protection of the Right to Organise Convention</a>,<sup>10</sup> and seen as a precondition for collective bargaining.</p>
<p><b>Gender-based violence and harassment</b> See also: “Disciplinary practices/humane treatment of workers”</p>	<p>The term “gender-based violence and harassment” in the workplace means “violence and harassment directed at persons because of their sex or gender, or affecting persons of a particular sex or gender disproportionately, and includes sexual harassment.”<sup>11</sup></p>

<sup>7</sup> See [OECD Guidelines for Multinational Enterprises 2011 Edition](#), 14, p. 23.

<sup>8</sup> See ILO, [Employment Relationship Recommendation, 2006 \(No. 198\)](#).

<sup>9</sup> See also the ILO “[Forced Labour Protocol](#)” of 2014 (Article 1(3)), reaffirming this definition.

<sup>10</sup> ILO, [Freedom of Association and Protection of the Right to Organise Convention, 1948 \(No. 87\)](#).

<sup>11</sup> ILO, [Violence and Harassment Convention, 2019 \(No. 190\)](#), Art 1(b).



<p><b>Grievance Mechanisms</b> See also: “Whistleblower”</p>	<p>“Grievance mechanisms” as used in this Guide align to the <a href="#">UN Guiding Principles on Business and Human Rights</a> for non-State grievance mechanisms in which a company makes it possible for grievances concerning business-related human rights abuses to be raised and remedy sought by establishing or participating in effective operational-level grievance mechanisms that are directly accessible to those individuals and communities who may be adversely impacted.<sup>12</sup></p>
<p><b>Health and safety</b></p>	<p>The set of rules, practices, and safeguards implemented to protect people from illness or injury in their workplace.</p>
<p><b>Human rights</b></p>	<p>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. Labor rights, defined below, are a subset of Human Rights.</p>
<p><b>Intermediaries</b></p>	<p>The term “intermediaries” means the resellers, distributors, retailers, etc., that have a direct contractual relationship with the company and that supply the company’s products to the market.</p>
<p><b>Labor rights</b></p>	<p>Labor rights include the legal and human rights governing labor relations between workers and their employers. As codified in national and international labor and employment law, these rights define the contours of employers’ responsibilities for worker employment conditions. The ILO <a href="#">Declaration on Fundamental Principles and Rights at Work</a>, adopted in 1998, defined four categories of fundamental, universal labor rights: freedom of association and the effective recognition of the right to collective bargaining; the elimination of forced or compulsory labor; the abolition of child labor; and the elimination of discrimination in respect of employment and occupation. Over the years the ILO has recognized additional <a href="#">labor rights categories</a>. This Guide focuses on eight labor and human rights covered by ILO Conventions as the minimum that companies should be addressing within their operations, supply chains, and with their contractors: child labor; forced labor; working hours; wages; discrimination; health and safety; freedom of association and collective bargaining; and disciplinary practices/humane treatment of workers.</p>
<p><b>Living Wage</b> See also: “Wages”</p>	<p>The term “living wage” has no universally accepted definition, but generally promotes that workers and their families be paid at least enough to lead a simple but socially acceptable decent life above the poverty line (relative to their country’s economic development) and be able to participate in social and cultural life.<sup>13</sup></p>
<p><b>Management systems</b></p>	<p>A framework used by a company to support its policies, processes and procedures to enable the company to improve performance and demonstrate commitment to compliance with relevant laws, industry Codes of Conduct, voluntary standards adopted by the company, as well as standards of good corporate governance, best practices, ethics and community expectations.</p>

<sup>12</sup> UNHR, Guiding Principles on Business and Human Rights, Implementing the United Nations “Protect, Respect and Remedy” Framework, NY and Geneva (2011) p. 31.

<sup>13</sup> International Labour Office (ILO), Minimum Wage Systems, Report III (Part 1B), International Labour Conference, 103rd Session, Geneva, 2014, p. 27, para. 52, citing R. Anker, Estimating a living wage: A methodological review (Geneva, ILO, 2011), available as of 02/04/2021 at [wcms\\_235287.pdf \(ilo.org\)](http://wcms_235287.pdf ilo.org).



<p><b>Non-conformance</b></p>	<p>An instance where the Company, a supplier, or contractor does not meet the Company Policy, Supplier Code of Conduct, and/or Supplier/Contractor 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.</p>
<p><b>Prison Labor</b> See also: “Non-exploitative Prison Labor”</p>	<p>Prison labor is work performed by people who have been imprisoned for a crime. Labor performed by prison workers is usually not considered “forced labor” under international law.<sup>14</sup> However, involuntary work is considered forced labor if it is performed by prisoners who:</p> <ul style="list-style-type: none"> <li>• Have not been convicted in a court of law</li> <li>• Whose work is not supervised by a public authority, or</li> <li>• Work for the benefit of a private undertaking.<sup>15</sup></li> </ul>
<p><b>Remedy</b></p>	<p>Remedy may include apologies, restitution, rehabilitation, financial or non-financial compensation and punitive sanctions (whether criminal or administrative, such as fines), as well as the prevention of harm through, for example, injunctions or guarantees of non-repetition.<sup>16</sup></p>
<p><b>Review (Assessment)</b> See also: “Audit”</p>	<p>A “Review” is used to assess whether, based on examining less evidence than is required by an audit, any issues of non-conformance are apparent.</p>
<p><b>Risk screening</b></p>	<p>A process for assessing the likelihood of occurrence and impact of issues relating to a company or supplier/contractor’s labor and human rights conditions, including worker health and safety risks.</p>
<p><b>Violence and harassment</b> See also: “Disciplinary practices/humane treatment of workers”</p>	<p>“Violence and harassment” relative to work means “a range of unacceptable behaviours and practices, or threats thereof, whether a single occurrence or repeated, that aim at, result in, or are likely to result in physical, psychological, sexual or economic harm, and includes gender-based violence and harassment.”<sup>17</sup></p>

<sup>14</sup> ILO, Combating Forced Labour: A Handbook for Employers & Business, Geneva (2015) p. 10, available as of 02/11/2021 at: [wcms\\_101171.pdf \(ilo.org\)](https://www.ilo.org/wcms_101171.pdf).

<sup>15</sup> See ILO, Forced Labour Convention, 1930 (No. 29), Art. (2)(c).

<sup>16</sup> See: UNHR, Guiding Principles on Business and Human Rights, Implementing the United Nations “Protect, Respect and Remedy” Framework (2011) p. 27 available as of 01/04/2021 at [GuidingPrinciplesBusinessHR\\_EN.pdf \(ohchr.org\)](https://www.ohchr.org/Documents/HR_Bodies/HRC/Reports/PrinciplesBusinessHR_EN.pdf).

<sup>17</sup> ILO, Violence and Harassment Convention, 2019 (No. 190), Art 1(a).

<p><b>Wages</b> See also: "Living Wage"</p>	<p>"Wages" as used in this Guide generally means "minimum" wage, defined here as "the minimum amount of remuneration that an employer is required to pay wage earners for the work performed during a given period, which cannot be reduced by collective agreement or an individual contract."<sup>18</sup> A minimum wage is an adopted legal standard intended to protect workers against unduly low pay. Therefore, it is important that companies consider the applicable legal standard including how the minimum is calculated for workers with piece rate pay, and if the minimum is an hourly and/or a monthly rate. Another consideration companies can make that goes beyond the "minimum" wage is a "living" wage. In addition to minimum wage considerations, there are other ILO Conventions pertaining to wages<sup>19</sup> to deal with specific wage issues. For example, wage arrears are problematic. Not only do arrears affect the workers' ability to cover their basic living expenses but the wages may never be paid if the company becomes bankrupt. Wages may be made as "payments in-kind" (PIK), a form of non-cash compensation paid with a product, service, or equity. Women are often paid less than men for the same work. Wage arrears, PIK arrangements, and unequal remuneration of women can force workers into poverty and may ultimately subject workers to the risk of debt bondage or forced labor.</p>
<p><b>Whistleblower</b> See also: "Grievance Mechanisms"</p>	<p>The term "whistleblower" as used in this Guide means a person, usually an employee, who exposes information and/or activity within a private, public, or government organization that is illegal, illicit, and/or that violates the labor and human rights addressed in this Guide. A company's grievance system should include whistleblower protections that prevent retaliation. For certain circumstances in some jurisdictions, there are laws that protect whistleblowers and the term is defined pursuant to those legal requirements. For example, whistleblower protection is part of France's "Sapin II" (2016)<sup>20</sup> anti-corruption law, the United Kingdom's Public Interest Disclosure Act (1998)<sup>21</sup>, and the U.S. Dodd-Frank Act (2010)<sup>22</sup>, among others.</p>
<p><b>Working hours</b></p>	<p>Working hours, as laid out by <a href="#">ILO Convention No. 1</a>, means hours that do not exceed eight in one day and forty-eight in the week, with specific exceptions (e.g., law, worker representation agreement, management employees, family-only businesses).<sup>23</sup></p>

<sup>18</sup> ILO, Minimum Wage Systems, Geneva (2014), p. 33, para. 68, available as of 02/04/2021 at [wcms\\_235287.pdf \(ilo.org\)](#).

<sup>19</sup> Protection of Wages Convention, 1949 (No. 95); Protection of Workers' Claims (Employer's Insolvency) Convention, 1992 (No. 173); Equal Remuneration Convention, 1951 (No. 100).

<sup>20</sup> Law No. 2016-1691.

<sup>21</sup> C23.

<sup>22</sup> 15 U.S.C. § 78u-6.

<sup>23</sup> Hours of Work (Industry) Convention, 1919 (No. 1).



<p><b>Worst Forms of Child Labor</b> See also: "Child Labor"</p>	<p>The "worst forms of child labor" is defined by ILO <a href="#">Convention No. 182</a>, Article 3. This Guide uses two prongs of that definition: "all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflict"; and "work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children."<sup>24</sup> The worst forms of child labor includes "hazardous child labor" defined as "work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children."<sup>24</sup> Work that is conducted in dangerous or unhealthy conditions that could result in a child being killed, injured, or ill due to poor safety and health standards and/or working conditions is within this category.<sup>25</sup></p>
<p><b>Young workers exposed to hazardous work</b></p>	<p>"Young workers exposed to hazardous work" means any persons less than 18 years old involved in work that is likely to jeopardize their health and/or safety. However, by law, regulation, or the agreement of a competent authority, young persons from the age of 16 may be permitted to work provided their health and safety is fully protected and they receive adequate, specific instruction or vocational training in the relevant work activity.<sup>26</sup></p>

### List of international human rights instruments referenced:

- 1948 – [Universal Declaration on Human Rights](#) (UDHR)
- 1965 – [International Convention on the Elimination of All Forms of Racial Discrimination](#) (CERD)
- 1966 – [International Covenant on Civil and Political Rights](#) (ICCPR)
- 1966 – [International Covenant on Economic, Social and Cultural Rights](#) (ICESCR)
- 1979 – [International Convention on the Elimination of All Forms of Discrimination against Women](#) (CEDAW)
- 1984 – [Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment](#) (CAT)
- 1986 – [Declaration on the Right to Development](#) (UNDRTD)
- 1989 – [Convention on the Rights of the Child](#) (CRC)
- 1990 – [International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families](#) (CMW)
- 1993 – [Declaration on the Elimination of Violence against Women](#) (DEVAW)
- 2000 – [Optional Protocol to the Convention on the Rights of the Child on the involvement of children in armed conflict](#) (OP-1)
- 2006 – [Convention on the Rights of Persons with Disabilities](#) (CRPD)
- 2006 – [International Convention for the Protection of All Persons from Enforced Disappearances](#) (ICPEP)
- 2007 – [Declaration on the Rights of Indigenous Peoples](#) (UNDRIP)

<sup>24</sup> ILO Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, 1999 (No. 182), Art. 3 (d).

<sup>25</sup> See further: ILO, An Introduction to Legally Prohibiting Hazardous Work for Children, June 2018, available as of 02/04/2021 at: <http://www.ilo.org/ipecinfo/product/download.do?type=document&id=30296>.

<sup>26</sup> See Minimum Age Convention, 1973 (No. 138), Art. 3.