

Terms of Engagement for the Responsible Business Alliance and Electronics Watch

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1. Introduction

There are tens of thousands of factories globally in the electronics industry employing millions of workers. Members of the Responsible Business Alliance (RBA) strive to achieve compliance with the RBA Code of Conduct and RBA Membership Compliance Requirements in their own facilities and within their supply chains. Electronics Watch public buyer affiliates work together and with their suppliers to protect the rights of workers in their electronics supply chains. They seek compliance with their codes and with contract conditions that include human rights due diligence requirements.

Public procurement is an important market for the products of RBA members and other electronics companies. Similarly, RBA members and their suppliers are often part of the supply chain of Electronics Watch affiliates. The Terms of Engagement (hereafter, 'the Terms'), therefore, are designed to establish a process to facilitate effective collaboration between RBA members and Electronics Watch affiliates. The goal of the Terms is to improve collaboration towards compliance with internationally recognized codes and worker rights standards designed to protect workers and strengthen their capacity to defend their rights.

The Terms have been approved by the Boards of both RBA and Electronics Watch.

Both parties will seek to engage under the Terms in all cases that are within scope. However, RBA members participate in this process on a voluntary basis and may choose not to engage. Electronics Watch affiliates may, likewise, seek to ensure compliance with their codes and contract conditions outside of this process, through direct engagement with companies, when they consider appropriate.

RBA and Electronics Watch will review and update the Terms regularly based on their own experience and feedback from RBA members, Electronics Watch affiliates, and other stakeholders. The organisations will work to align the Terms with existing and evolving human rights and environmental due diligence guidance and regulations. The parties mutually recognise the importance of strengthening stakeholder involvement in the process established under the Terms. Both parties are committed to making available the resources necessary to operate in accordance with the timeline established in the Terms.

2. Foundation

RBA and Electronics Watch are jointly motivated to:

- Ensure employers in the electronics industry comply with internationally recognised worker rights standards.
- Protect workers' role in improving working conditions in electronics supply chains.
- Raise standards for and expand responsible business conduct in the electronics industry.
- Reach these goals as expeditiously as possible.

RBA and Electronics Watch recognise:

- That Electronics Watch represents affiliated public sector buyers and collaborates with civil society labour rights experts.



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- That the RBA represents its members, private sector companies in electronics and related industries and their suppliers.
- The importance of systemic and industry-wide improvements. Focusing on the organisation of production and purchasing practices is critical for company adoption and implementation of internationally recognised worker rights standards.
- The potential for collaboration between public buyers, industry, civil society, and workers, and the value of multi-stakeholder dialogue.
- The need for meaningful stakeholder engagement throughout the due diligence process.
- The necessity of remedy for rights violations and the value of the process of remediation with rightsholder participation. The parties aspire to defining these concepts and incorporating them into the Terms at the earliest possible time.

3. Definitions

Corrective Action Plan (CAP): Corrective actions that are intended to resolve non-conformances identified during the initial audit.

Customized Assessment: A Customized Assessment is a limited scope VAP. The cost is covered by the auditee. The scope of an Assessment is the elements of the RBA code of conduct for which there are claims of non-conformance (a subset of the full VAP). The final report is loaded into RBA online. It is provided to the auditee in approximately one week. The report defaults to no visibility but can be shared at the auditee’s discretion in RBA Online. The assessment is conducted by one of the approved audit firms. In all RBA assessments and audits, worker representative and trade union participation in the opening and closing of the process is considered best practice.

Investigation: An Investigation is an immediate response to an egregious issue, driven by a member or credible source to the RBA. The cost is typically covered by the RBA. The report is owned by the RBA. The scope of an Investigation is the elements of RBA code of conduct for which there are claims of non-conformance (a subset of the full VAP). The final report is not loaded into RBA Online. The RBA Investigation does not automatically result in Membership Compliance Violations. If a VAP is warranted and the issues are confirmed the members will be held accountable through the VAP process. Because there is no Auditee Agreement, the RBA signs an agreement with the member who has a contract with the auditee that allows unannounced audits.

Stakeholders: As defined in the OECD Guidance for Responsible Business Conduct, “Stakeholders are persons or groups who have interests that could be affected by an enterprise’s activities.” Within the context of the Terms, stakeholders include RBA member companies, suppliers to RBA members, Electronics Watch affiliates, workers in factories being investigated or audited, and local worker representatives associated with trade unions. As signatories to the Terms, it is the role of Electronics Watch and RBA to convene stakeholders.

SVAP: The Specialty Validated Assessment Program (SVAP) on Forced labor is a new audit program based exclusively on identifying the risk of forced labor at an employment site (e.g., factory) or labor provider (e.g., labor agent or recruitment agency). The elements of the SVAP audit were carefully constructed to create a specialized assessment program, limited in scope to only focus on provisions related to forced labor. This unique program provides a variety of benefits to companies and their suppliers.

Urgent issues: Issues are urgent if they pose a risk of gross human rights violations¹ or irreparable harm to the environment and can be mitigated or prevented through timely action. Issues are also urgent if, unaddressed, they are likely to escalate and severely impact the rights of workers. The parties will decide mutually on cases that should be treated as urgent.

Validated Assessment Program (VAP): The Validated Assessment Program is an industry solution for improving business practices by providing companies assurance in identifying risks and driving improvements and robust management systems for labor, ethics, health, safety and environmental conditions in the supply chain. An RBA-approved, independent third-party audit firm provides an onsite audit of a supplier, potential supplier, and/or a company's own facilities.

Validated Assessment Report (VAR): Assessment report with third-party quality control and validation by the RBA Audit Quality Manager.

Version 1 of factory report (draft report of findings): This is an Electronics Watch Factory Monitoring Report, including methodology description, and a numbered Table of Issues and Recommendations, organised according to the Electronics Watch Code. The report is confidential and intended for RBA and affected companies only. RBA must agree to investigate specific issues, deemed in scope, as defined below.

Version 2 of factory report (formal progress report): This version has the same format and content as Version 1, except that it also includes factual corrections, RBA's replies to each agreed-to issue and recommendation listed in the Table of Issues and Recommendations, and an introductory section describing the process, collaboration, and progress made towards identifying, mitigating and preventing harm to workers. The report is confidential and intended for Electronics Watch affiliates, RBA, and affected companies only. The Version 2 report is produced after the initial audit, assessment, or investigation, and corrective actions and closure audit are completed, assuming those are completed in accordance with the timeline in the Terms.

Version 3 of factory report (optional public report): This is a summary based on Version 2 of the factory report. It highlights improvements in the factory in relation to the issues that Electronics Watch and RBA identified; the process of collaboration to address the issues; and an analysis of the issues and why they are important to workers. This optional version of the report is for the public and will include an RBA statement, in its entirety, if requested.

4. Scope

Facilities that are in scope meet the following criteria:

- Owned or operated by an RBA member or supplier of electronics goods or components to an RBA member; and,
- In the supply chain of an Electronics Watch affiliate.

Issues that are in scope meet the following criteria:

- Constitute a risk of violation or an actual violation of the RBA Code of Conduct or other serious harm to workers linked to working conditions or employment conditions; and,
- Occurred no more than 24 months prior to the date of the report; and,
- Are supported by evidence; and,
- Pertain to a specific, named factory, including the address; and,
- Are presented in the form of a formal report.

¹ Gross human rights violations are understood to negatively impact the right to life and to physical and moral integrity of the person.

5. Standard Process

The standard process applies to in-scope issues that are not urgent. The time values in the following table are maximums, considering potential challenges to each step. While RBA and Electronics Watch will make best faith efforts to complete the steps prior to the anticipated maximum timeline, unforeseen circumstances could still cause delays. If one party does not complete a step within the prescribed timeline it should provide the other party with a detailed explanation and a new timeline for completing that step. Recurrent delays and other obstacles to implement the Terms should be communicated to key stakeholders in a timely fashion along with proposed solutions. In the unlikely case Electronics Watch decides to engage directly with an RBA member company, Electronics Watch provides RBA with 48 hours' notice.

Phase 1: Agreement on Scope and Process	Timeline ²
1. Decision to apply the Terms A) Electronics Watch releases Version 1 of factory report to RBA. The report includes a list of affected Electronics Watch affiliates and RBA members. B) Following RBA consultation with affected members, RBA and Electronics Watch decide jointly whether to apply the Terms.	10
2. Clarification of affected RBA members and in-scope issues A) RBA, in partnership with its affected members, reviews the list of RBA members listed as factory buyers in the report. RBA notifies Electronics Watch if any these buyers are inaccurate. B) RBA consults with its members and notifies Electronics Watch that it will follow up on the issues listed in the Table of Issues and Recommendations that RBA and affected RBA members agree are in scope. The factory to be investigated shall not have a voice in the decision about which issues to investigate. While the presumption is that RBA will address all in-scope issues, RBA can exclude issues and explain why they are out of scope. The goal is that the parties will strive to reach consensus on issues to investigate within the timeline allotted for this step. C) Electronics Watch makes any necessary corrections to the list of affected RBA members and the in-scope issues in the Table of Issues and Recommendations.	20
3. Notification to members A) RBA shares any revised Table of Issues and Recommendations with all affected RBA members, and notifies Electronics Watch that it has done so. RBA will not share the Table with factories except with factories that are RBA members. In this case, RBA will await confirmation from Electronics Watch before sharing the report. B) Electronics Watch notifies affiliates of the report. The report includes the name of the factory, the affected RBA members, and summarizes key issues. It also identifies issues RBA has determined to be outside the scope of investigation if applicable, including the reasons provided by RBA for excluding those issues.	10
Phase 2: Investigations and Remediation	
4. Research and planning	20

² The unit of time is working days.

<p>RBA investigates as soon as possible, which may include reviewing a recent existing investigation or audit, or scheduling a new investigation or audit, and notifies Electronics Watch of when it will take place and the type of steps planned (such as VAP/SVAP/Investigation), including methods to be used to gather data. If issues arise that result in a delay in the process the RBA notifies Electronics Watch and explains the issues. While there are numerous factors that may result in weeks or months long delays, in all cases the objective is to conduct an assessment within the time indicated for this step.</p>	
<p>5. Coordination of audit, assessment, or investigation</p> <p>A) RBA convenes a meeting between the auditors/investigators who will be leading the RBA audit, assessment, or investigation,³ and Electronics Watch, including the relevant monitoring partner. The purpose of the meeting is for Electronics Watch to brief the auditors/investigators. The audit firm will be identified to Electronics Watch. RBA provides the auditor with the Electronics Watch draft report of findings prior to the meeting via RBA-Online.</p> <p>B) RBA works with internal staff or with a third party to coordinate an audit, assessment, or investigation. The scope of the intervention will include, at a minimum, the in-scope findings identified by Electronics Watch. After an audit, assessment is complete there is a quality control check to ensure the audit report is aligned with RBA standards. Once the quality control is complete, the Validated Assessment Report (VAR) is released to the auditee, who owns the report and can determine if/which additional parties can have access to the report. Investigation reports do not go through a quality control cycle.</p>	<p>75</p>
<p>6. Communication of findings and proposed recommendations</p> <p>RBA replies to each issue listed in the Version 1 report Table of Issues and Recommendations. The reply includes RBA’s initial findings. Each finding includes a description of the nature and level of the evidence for the finding and proposed corrective actions. The RBA report also includes a description of methodology: the sources of data; the production lines and the proportion of the workforce covered; the numbers of workers and others interviewed, how they were selected. With permission of the auditee, RBA will share the actual audit report or a summary of the report.⁴ Electronics Watch shares RBA’s initial findings (not the audit report) with affiliates.</p>	<p>15</p>
<p>7. Discussion of CAP and recommendations</p> <p>RBA and Electronics Watch discuss the proposed corrective actions for each report upon completion of the audit. Additional stakeholders may be invited with the approval of both RBA and Electronics Watch.</p>	<p>15</p>
<p>8. Communication of outcomes</p> <p>Following implementation of corrective action, RBA provides the status of findings in detail including the nature and level of the evidence, and the outcome to date of the corrective actions. With permission of the auditee, RBA will share the actual audit report.³ Electronics Watch shares RBA’s closure findings with affiliates.</p>	<p>45</p>

³ The terms, “audit,” “assessment,” and “investigation” in this table are shortened versions of the terms defined in Section 3. An “audit” refers to audits conducted under the Validated Assessment Program or the Specialized Validated Assessment Program. An “assessment” is a Customized Assessment. An “investigation” is an Investigation.

⁴ The audit report and its contents are controlled by the auditee.

<p>9. Review of outcomes</p> <p>Electronics Watch and RBA convene a meeting to discuss outcomes of the process to this point. Stakeholders may be invited with the approval of both RBA and Electronics Watch. The parties strive to resolve differences based on evaluation of evidence.</p>	25
Phase 3: Evaluation and Learning	
<p>10. Evaluation</p> <p>Electronics Watch provides a statement of evaluation of the process to RBA. RBA shares this evaluation with its affected members.</p>	10
<p>11. Learning</p> <p>RBA convenes a final alignment meeting with Electronics Watch to discuss core issues, impacts, and lessons learned relating to the process of the case. Participants include affected Electronics Watch affiliates and the monitoring partner. Additional stakeholders may be invited with the approval of both RBA and Electronics Watch. RBA reserves the right to withhold confidential information according to the audit agreements.</p>	15
<p>12. Progress report</p> <p>A) Electronics Watch prepares Version 2 of the report and shares with RBA. B) RBA, in partnership with affected members, reviews Version 2 to ensure changes made are accurate and there are no factual mistakes. The RBA has the opportunity to provide an unedited statement, for inclusion in the Version 2 report, upon which Electronics Watch may comment.</p>	10
<p>C) Electronics Watch releases Version 2, with corrections and statements, if necessary, to affiliates.</p>	
Phase 4: Public Communication	
<p>13. Public report</p> <p>If one organisation creates an independent report, it will be shared with the other party to correct factual errors and make other suggested changes. That party is also given the opportunity to have an unedited statement included in the Version 3 report. The party that drafted Version 3 corrects factual errors, makes a best faith effort to address additional suggested changes, and sends the final Version 3 report to the other party. The final version is released to the public after a two-day wait period.</p>	TBD

6. Fast Track Process

The fast-track process applies to in-scope issues that are Urgent. The timeline for the steps below is proportionate to the urgency of the matter. The parties will communicate as needed to ensure the necessary progress.

Phase 1: Mitigate Harm	
<p>1. Notification</p> <p>Electronics Watch submits a form for fast-track process to RBA. The form includes findings, evidence, and suggested steps to mitigate, remedy, and prevent harm. Electronics Watch notifies affiliates that it has initiated the fast-track process.</p>	
<p>2. Immediate containment</p> <p>RBA convenes its affected members to discuss follow-up. RBA and/or RBA members issue immediate communication to the factory based on credible risk of urgent issues, and requests immediate steps to contain harm.</p>	

<p>3. Investigation The RBA designs and implements an intervention, with an RBA staff-lead investigation being the primary tool utilized. The scope of the intervention will be, at a minimum, the in-scope findings identified by Electronics Watch.</p>
<p>4. Discussion of corrective actions RBA communicates results of the investigation and convenes a meeting with Electronics Watch to discuss the findings and proposed corrective actions. Additional stakeholders may be invited with the approval of both RBA and Electronics Watch.</p>
<p>Phase 2: Corrective Actions</p>
<p>5. Review of impact A) RBA communicates results of the assessment to verify status of findings, including impact of corrective actions, and plans for preventing recurrence to Electronics Watch. B) Electronics Watch communicates results of ongoing monitoring, including impact of corrective actions to RBA.</p>
<p>6. Discussion of follow-up measures RBA, Electronics Watch, and the Electronics Watch monitoring partner convene to review the need for follow up measures. Additional stakeholders may be invited with the approval of both RBA and Electronics Watch.</p>
<p>7. Communication to members and affiliates Electronics Watch communicates results to its affiliates, and RBA to its members.</p>
<p>Phase 3: Evaluation and Learning</p>
<p>8. RBA and Electronics Watch meet to discuss non-confidential issues relating to the process of the case and to identify lessons learned. Participants will include affected Electronics Watch affiliates and the monitoring partner. Additional stakeholders may be invited with the approval of both RBA and Electronics Watch.</p>
<p>9. Either party may issue a statement of evaluation to be shared with the members/affiliates of the other party.</p>
<p>Phase 4: Public Communication</p>
<p>10. Either party may issue a public report. The other party must have the opportunity to review a draft of the report and provide a brief statement, which must be published in full without changes.</p>

Closing the Case—the standard process

RBA considers the issues investigated to be closed when the following criteria are met:

- A closure audit, or other form of confirmation, was completed and deemed closed by a 3rd party audit firm. This was reviewed and approved by the RBA.
- RBA provides Electronics Watch with a statement that a closure audit was conducted by a 3rd party, and the results were reviewed and approved by RBA.
- RBA will mark the case “closed” in the Case Management System.

Electronics Watch supports affiliates’ contract management, a multi-year process, through ongoing monitoring and strives to always be responsive to issues that workers raise. When Electronics Watch obtains evidence of new risks of violations or actual violations of the RBA Code of Conduct or other serious harm to workers linked to working conditions or employment conditions before the closure of a case, Electronics Watch will revise and update the Table of Issues and Recommendations for this case. If RBA deems the new risk of violations or actual violations to be in-scope it will be addressed within the Terms of Engagement for the case at hand.

Implementation

The Terms take effect following approval of both organisations' governing bodies. At that point, Electronics Watch and the RBA will:

- Inform their members and affiliates about the updated Terms;
- Publish this document on their websites;

Both parties also commit to contacting the other party as expeditiously as possible when one party believes that the other has breached the Terms. The goal is to achieve a constructive resolution through dialogue between those directly involved.

Signed

On behalf of the Responsible Business Alliance

On behalf of Electronics Watch



Name Robert Lederer

Name: Björn Claeson

Title CEO

Title: Executive Director

Date 3/28/2023

Date: March 10, 2023