

Terms of Engagement for the Responsible Business Alliance and Electronics Watch

Introduction

There are tens of thousands of factories globally in the electronics industry employing millions of workers. Members of the Responsible Business Alliance strive for compliance of themselves and their supply chains to the RBA Code of Conduct and RBA Membership Compliance Requirements.

Public procurement is an important market for the products of RBA members and other electronics companies. Electronics Watch affiliates work with their suppliers to meet their social and environmental responsibility as public organisations and seek compliance with the Electronics Watch Code and the Electronics Watch Contract Conditions or similar codes and conditions.

These Terms of Engagement establish a process to facilitate effective collaboration between RBA members and Electronics Watch affiliates with the goal of improving compliance with internationally recognized codes and worker rights standards, designed to protect workers and strengthen their capacity to defend their rights in factories that make products for public buyers. The RBA and Electronics Watch view these terms as the beginning of a multi-year process that will mature over time. There will be an annual review and revisions to the terms based on feedback from RBA members, Electronics Watch affiliates, and other stakeholders. RBA members participate in this process on a voluntary basis and may choose not to engage. Electronics Watch affiliates may seek to ensure compliance with their codes and contract condition outside of this process, through direct engagement with companies, when they consider appropriate.

Foundation

The parties are jointly motivated by:

- Ensuring that employers comply with internationally recognised worker rights standards, and recognizing that workers have an essential role in improving working conditions in electronics supply chains;
- Raising standards for, and expanding, responsible business conduct in the electronics industry.

The parties recognise:

- That Electronics Watch represents affiliated public sector buyers and collaborates with civil society labour rights experts;
- That the Responsible Business Alliance represents its members: private sector companies in electronics and related industries, and their suppliers;
- The importance of systemic and industrywide improvements, focusing on the organisation of production and purchasing practices, to ensure the rights of all workers in the electronics supply chain are respected and workers have an important voice in the process of improving working conditions;
- The potential for collaboration between public buyers, industry, and civil society and the value of strengthening stakeholder dialogue;
- The value of engaging workers to detect issues and improve working conditions.

Definitions

Version 1 of factory report (DRAFT report of findings): This is an Electronics Watch Factory Monitoring Report, including methodology, 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, corrective actions, and closure audit are completed, assuming those are completed in accordance with the timeline in these Terms of Engagement.

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.

In Scope

Issues that are "in scope" meet all of the following criteria:

- Risk of violations or actual violation of the RBA Code of Conduct or other serious harm to workers linked to working conditions or employment conditions;
- No more than 24 months old;
- Supported by evidence;
- Pertain to an RBA member or supplier to a member, and a specific, named factory;
- Be presented to the RBA in the form of a formal report.

Process and Timeline

Both parties intend to address In-Scope issues as expeditiously and effectively as possible, and to expedite the process in cases of egregious ethical breach and when there is imminent risk to workers or the environment. The time values in the table that follows should be understood as maximums, taking into account potential challenges to each step. While both parties will make best faith efforts to complete the steps prior to the anticipated maximum timeline, unforeseen circumstances could still cause delays. If one of the parties 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 the step. As soon as one step is complete the parties move to the next step.

Phase 1: Resulting in Version 1 Factory Report		Timeline¹
1. Electronics Watch releases Version 1 of factory report to RBA.		0
2. RBA, in partnership with members, reviews the list of factory buyers. RBA notifies Electronics Watch if any buyers listed in the report are inaccurate and if there are additional factory buyers that are RBA members and not listed in the report.		10
3. RBA consults with member companies and notifies Electronics Watch that it will follow up on the issues listed in the Table of Issues and Recommendations in the Version 1 report that RBA and RBA members agree are in scope. The factory to be investigated shall not have a voice in the decision on 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. This may include times when the RBA member chooses not to engage. In this case, RBA would still investigate the issue as part of membership compliance but would not have permission to discuss with Electronics Watch. The goal is that the parties will strive to reach consensus on issues to investigate within the timeline allotted for this step.		20
4. Electronics Watch makes any necessary corrections to the buyer list in the report and adjustments to the Table of Issues and Recommendations, reflecting issues that RBA has agreed to address, and sends a revised report to RBA.		5
5. A) RBA shares the report with all RBA affected members, and the factory in the report, then notifies Electronics Watch that it has done so. B) In parallel, Electronics Watch notifies affected affiliates that there is a report on a factory in their supply chain and that the process of engagement with RBA and companies has begun. The notice names 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: Resulting in Version 2 Factory Report		
6. 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/CMA/investigation ²), 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. In all cases the objective is to move to corrective action as soon as possible.		45
7. When initial investigation is complete RBA notifies Electronics Watch and identifies the audit firm.		30

¹ The unit of time is working days.

² Validated Assessment Program (VAP): an RBA-approved, independent third-party audit firm provides an onsite audit; Supplemental Validated Audit Process (SVAP) on specific issues such as forced labor; Customer Managed Audit (CMA): assessment of a facility overseen by one of the facility's customers. An investigation may or may not involve a 3rd party.



8. RBA replies to each issue listed in the Version 1 report's Table of Issues and Recommendations. The reply includes RBA's <u>initial</u> findings in detail including the nature and level of the evidence for the findings. Not all investigations will result in an audit; however, with permission of the auditee, RBA will share the actual audit report. ³ Electronics Watch shares RBA's initial findings (not the audit report) with affected affiliates.	45 ⁴
9. RBA provides the <u>closure</u> findings or its assessment of the status of findings in detail including the nature and level of the evidence. ⁵ Not all investigations will result in an audit; however, with permission of the auditee, RBA will also share the actual closure audit report. ⁶	45 ⁷
10. Electronics Watch provides a statement of evaluation of the process to RBA. RBA shares this evaluation with affected member companies.	10
11. RBA notifies Electronics Watch and convenes a final alignment meeting to discuss non-confidential issues relating to the process of the case and to identify lessons learned. The factory, affected RBA members, and affected Electronics Watch affiliates will be invited to the meeting.	15
12. Electronics Watch prepares Version 2 of the report and shares with RBA.	15
13. RBA, in partnership with affected members, reviews Version 2 to ensure changes made are accurate and there are no factual mistakes. RBA may also suggest changes to the presentation of the report (not the content) in the interest of promoting constructive engagement between the parties and affected companies.	15
14. Electronics Watch releases Version 2, with corrections if necessary, to affiliates.	10
15. In the spirit of this partnership, the RBA is given the opportunity to have a statement included, in its entirety, in the Version 2 report. A comment by Electronics Watch on the RBA statement is allowed.	5
Phase 3: Resulting in Version 3 Factory Report	
16. In the event that a Version 3 public report is created, it will be shared with the other party. ⁸	15
17. The party that did not draft Version 3 reviews the report and notifies the other party of factual errors and desired changes. In the spirit of this partnership, the other party is given the opportunity to have an unedited statement included in the Version 3 report. A comment on the statement is allowed.	20
18. 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.	10
19. Either or both parties release Version 3 to the public, with the other party's statement, after two-day wait period.	2

³ The audit report and its contents are controlled by the auditee.

⁴ Should RBA require longer than the 45 working days (roughly two months) to reply, RBA will provide a detailed progress report at the 45-day mark and thereafter monthly updates until the reply is provided. Electronics Watch can share each progress report and update with affiliates. If RBA fails to provide a reply within six months of receipt of Version 1, Electronics Watch can release Version 1 to affected affiliates.

⁵ The parties will use the RBA Executive Summary of the VAP Audit and provide any additional necessary detail in a secure format.

⁶ The closure audit report is controlled by the auditee.

⁷ The timelines for completion of corrective action should be guided by those prescribed in Section 3 of the RBA Validated Assessment Program (VAP) Operations Manual, Revision 6.1.0 or subsequent revisions.

⁸ This is not a required step in the process but either party may, if they believe it will advance their goals, prepare a report for publication. The parties will strive to produce joint public reports.

Closing the Case

The process to close out a case starts at step 9. 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 to 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.
- Electronics Watch provides a statement of their evaluation of the process to RBA. RBA will share this evaluation with relevant member companies.
- RBA will mark the case “closed” in the Case Management System.

Note: Electronics Watch supports affiliates’ contract management, a multi-year process, through ongoing monitoring and will continue to be responsive to issues that workers raise at all times.

Implementation

These terms take effect following approval of both organisations’ governing bodies. At that point, Electronics Watch and the Responsible Business Alliance will:

- Inform their members and affiliates about these terms of engagement;
- Publish this document on their websites;
- Review and amend these terms of collaboration at least annually or at such times when both parties decide to do so.

Both parties also commit to contacting the other party as expeditiously as possible when either party believes the other has breached these terms of engagement. The goal will be to achieve a constructive resolution through dialogue between those directly involved.

Signed

On behalf of the Responsible Business Alliance

On behalf of Electronics Watch

Rob Lederer



Title
Chief Executive Officer

Date
3/12/21

Björn Claeson



Director

Date
3/12/21