

Fairphone: one smartphone company's search for conflict-free gold

Apr 28, 2016 11:00PM

Gold is an essential material in many of today's gadgets, with the electronics industry being the third largest consumer of gold globally, after jewellery and the financial sector.

[1]

Related: Fairphone review: ethics trumps everything else^[2]

Used in the printed circuit boards of smartphones - because of its excellent conductivity - as well as in other phone components, the metal is also one of the four conflict minerals identified by the Dodd-Frank Act passed in 2010 in the US, which put a spotlight on gold, tin, tantalum and tungsten financing rebel groups in the Democratic Republic of the Congo (DRC).

[3]

"With tiny amounts of gold being extremely valuable, it is very prone to smuggling," says Bibi Bleekemolen, head of impact and innovation at Dutch social enterprise Fairphone. "Even outside of conflict and high-risk regions, gold mining poses a wide variety of social and environmental challenges, such as land disputes, sub-standard wages, unsafe working conditions, child labour and mercury pollution."

For many mining communities worldwide, gold provides the main source of income and livelihood. In the troubled DRC region, there are thought to be trillions of dollars worth of untapped minerals. Fairphone says its mission is to make the smartphone industry's supply chains more transparent.

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Fairphone was among the first to use certified conflict-free tin and tantalum from DRC when it launched its first phone in 2013. It is close to sourcing conflict free tungsten^[5] from Rwanda. But conflict-free gold from the DRC has been elusive.



A miner searches for gold nuggets in a pit at Pkata gold mine near Bunia, Democratic Republic of Congo. Photograph: James Akena/Reuters

"As soon as we started digging deeper, we realised that finding a fairer means of sourcing gold would be quite a challenge," says Bleekemolen. "There were no existing supply chain initiatives we could join in the DRC and setting one up from scratch was simply beyond our scope.

"However, there was one responsible mining initiative that we could possibly connect to the Fairphone supply chain: Fairtrade-certified gold."

Working with Max Hevelaar, the Netherlands Fairtrade Certifier equivalent to the UK's Fairtrade Foundation, Fairphone is sourcing the precious metal from Minera Sotrami SA in Peru. As a result, Fairphone has now achieved the first-ever Fairtrade gold supply chain for consumer electronics.

The gold mined there by more than 160 miners meets the Fairtrade Standard for Gold and Precious Metals^[6] [pdf]. However, the smartphone company says it has to rely on a mass-balance method, meaning that the Fairtrade gold sourced and paid for by Fairphone is mixed with other sources of gold in the supply chain.

This is not ideal, it says, but because of the low volumes of gold the company needs - and even more importantly, because of the fact that it only needs the gold very irregularly - it says it cannot currently get smelters to separate the Fairtrade gold.

"It would take more companies to request Fairtrade gold to have the volumes; we are very happy to share details and work with

other companies on this," says Bleekemolen.

Fairphone no longer uses gold from DRC but is continuing to work with human rights groups to secure a supply chain and is also looking at using recycled gold for future production.

The company was torn on this decision, believing that supporting the local economy in the DRC is important. It says if companies withdrew from the region altogether, it would lead to abandoning mines and cause local populations to seek revenues elsewhere, sometimes resulting in activities that stimulate conflict. But Fairphone decided to support the building of initiatives in the DRC, while sourcing elsewhere.

What are the major phone brands doing?

Apple, Samsung and Sony, told the Guardian they were doing their own work on ethical sourcing of gold and other smartphone minerals, but did not respond directly when asked whether they were looking at Fairtrade gold.

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Related: Conflict minerals and the people of the DRC — in pictures^[8]

The smartphone industry is regularly berated by organisations such as Amnesty for its record on human rights, with a report^[9] just a few months ago attacking practices. Apple and Samsung also sit at the bottom of Ethical Shopping Guide's smartphone chart^[10], published at the end of 2014 (Fairphone tops it).

But the companies say they are committed to improving, with Apple telling the Guardian that it spent "hundreds of hours" in the DRC last year, studying supply chains and removing those it believed were not committed to ethical standards. A spokesperson said the company was: "focusing further attention on two key areas: allegations of illicit trade of gold and local incident reporting in existing traceability systems". However, it says it still does not feel assured that reporting systems aren't open to abuse.

Samsung offered less detail on its movements. It's 2015 sustainability report, states: "Samsung considers environmental degradation and human rights violations in conflict areas as serious ethical issues, and bans the use of conflict minerals ... that are mined in an unethical manner."

Sony said: "It is our policy to source from suppliers that share our values and we expect our suppliers to employ the same high standards in compliance with our strict supplier code of conduct".

- This article was amended on 29 April to make clear that Fairphone hasn't yet integrated conflict-free tungsten from Rwanda.

Referencias

- 1.^third largest consumer (www.somo.nl)
 - 2.^Fairphone review: ethics trumps everything else (www.theguardian.com)
 - 3.^four conflict minerals (www.sec.gov)
 - 4.^trillions of dollars worth of untapped minerals (www.unep.org)
 - 5.^conflict free tungsten (www.fairphone.com)
 - 6.^Fairtrade Standard for Gold and Precious Metals (www.fairtrade-deutschland.de)
 - 7.^Apple (www.theguardian.com)
 - 8.^Conflict minerals and the people of the DRC — in pictures (www.theguardian.com)
 - 9.^report (www.amnesty.org)
 - 10.^smartphone chart (www.thegoodshoppingguide.com)
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