

Impacts and Insights

**Progress report - year one IT industry sustainability
impacts of the new generation TCO Certified**

Executive summary



About TCO Certified

TCO Certified is the world's most respected sustainability certification for IT products. Purchasers around the world use TCO Certified as a tool to make more responsible product choices. IT brands certify their products to help them meet a growing demand for sustainable electronics and to provide independent validation of their product claims.

Our mission is to drive progress toward a socially and environmentally responsible life cycle for computers, tablets and other electronics.

For 25 years TCO Certified has provided solutions for reducing risk and meeting sustainability challenges connected to IT products. TCO Certified includes life cycle criteria for environmental and social responsibility and is a Type 1 Ecolabel in accordance with ISO 14024. Independent verification of product, factory and brand owner compliance, both pre and post certification, is included in TCO Certified.

This progress report includes findings from the first year of the new generation TCO Certified criteria. Findings are based on post-certification verification rounds to assess product, brand owner and factory compliance as well as brand owner proactive sustainability engagement.

Among the results is a case study comparing conditions in factories manufacturing TCO Certified products for 16 brands in 2013-2016. Brand owners included are Acer, AOC, Asus, BenQ, Dell, Eizo, Fujitsu, Hanns.G, HP, Iiyama, Lenovo, LG, NEC, Philips, Terra and Viewsonic.

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Some key impacts included in this report

- based on our 2016 post certification verification rounds:

A. Socially Responsible Manufacturing

Greater brand owner responsibility, resulting in improved code of conduct compliance

Case study of 16 brand owners compares 2013-2016 data on compliance with code of conduct.

Brand owners included in the case study: Acer, AOC, ASUS, BenQ, Dell, EIZO, Fujitsu, Hanns.G. HP, Iiyama, Lenovo, LG, NEC, Philips, TERRA and ViewSonic.

Major findings include:

- Measurable improvements in socially responsible manufacturing where TCO Certified products are made
- Reduction from 16 brand owners in 2013 to 2 in 2016 showing code of conduct violations. Remaining two brand owners showed health and safety nonconformities, which have since been remediated
- Compliance with labor law provisions, particularly working hours, is still a persistent problem industry-wide, despite some measurable improvement among certifying brand owners

B. Hazardous Chemicals

A paradigm shift in hazardous chemicals

Moving from chemicals with unknown human health and environmental effects, to safer chemicals where these effects are known.

- Only flame retardant chemicals that have been independently assessed and benchmarked as safer alternatives are used in certified products
- Increased transparency through a public list of safer, accepted flame retardant chemicals

C. IT Industry's proactive work

Broader proactive engagement in social responsibility initiatives

We have observed:

- Improved engagement in systems for handling corruption and worker grievances, along with greater supply chain sustainability
- Further investigation needed in preventing nonconformities in working conditions and better knowledge of supply chain

Report highlights

1. 2016 – expanded brand owner responsibility

The new generation TCO Certified places greater responsibility for product and factory compliance on brand owners. This has led to greater compliance with criteria for socially responsible manufacturing, as brand owners are best positioned to have the greatest impact on the supply chain, compared to when this responsibility is placed directly on suppliers.

2. Improvements in factory working conditions, persistent challenges in labor laws

Comparative case study of 16 IT brand owners shows;

Improved Code of Conduct compliance and corrective actions.

Measurable improvements in socially responsible manufacturing where TCO Certified products are made. Reduction from 16 brands in 2013 to 2 in 2016 showing code of conduct violations.

Working hours: a common problem

A persistent challenge is compliance with labor laws, particularly in connection with working hours. There has however been some measurable improvement. While 14 of the 16 brands still show some level of nonconformity (compared with 16 in 2013), these violations were less severe in nature.

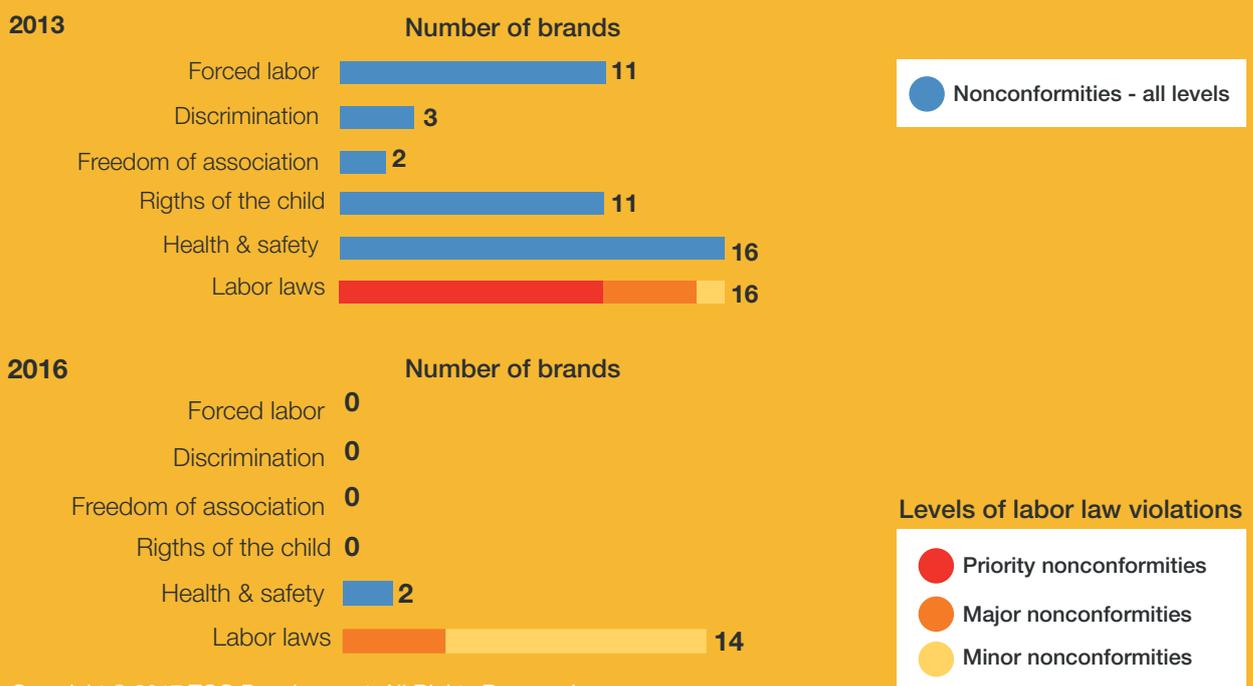
Greater action on conflict minerals

The new generation TCO Certified includes initial criteria aimed at brand owner commitment to reducing their use of minerals from conflict-affected areas. In 2016 all 19 brand owners with products certified to the new generation supported in-region conflict-free sourcing initiatives (compared with 11 in 2014) and 18 brands had a due diligence process based on the ambitious OECD guidance (compared with 8 in 2014).

New approach - brand owner-collaboration leads to faster factory improvements

A new approach to factory improvements was tested in 2016. Faster corrective action was observed in two cases where multiple brands exercised collective pressure on shared OEM sites, where adequate corrective actions had not previously been made. Individual brand owners acting alone did not have the necessary leverage to influence the required improvements. When TCO Development brought the brands together to exert collective pressure, the required changes were made within a set timeframe. During 2016, a total of 14 brand owners using shared OEMs were brought together using this model, in order to drive more immediate improvements at shared supplier sites.

Number of brands with nonconformities in factories manufacturing TCO Certified products, 2013-2016.



3. A paradigm shift in hazardous chemicals

For most of the over 100 million registered chemicals the risk to human health and environment is unknown. TCO Certified now includes a new approach to hazardous chemical reduction - moving from a list of banned flame retardant chemicals to a public list of accepted, independently assessed and benchmarked flame retardants. This paradigm shift means that banned chemicals are replaced with safer alternatives, and improves the transparency of chemicals used in IT products.

4. Proactive Industry initiatives beyond TCO Certified compliance

Beyond compliance with TCO Certified criteria, we also carry out an annual review with brand owners to assess their additional proactive work in the field of socially responsible manufacturing. Reviews with 19 brand owners in 2016 show a greater engagement in sustainability overall, including due diligence processes and systems for handling corruption and worker grievances, but a need for more action increasing brand owner knowledge about the supply chain and investigating ways prevent future nonconformities.

For more information, visit
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