



Socially responsible manufacturing and IT products

Backgrounder from TCO Development. November 2015

1. New Generation TCO Certified

- focus on brand responsibility in supply chain

Long working hours and inadequate health and safety measures are among the many social challenges that persist in electronics manufacturing. Shorter product cycles and constant demand for new technologies pressure IT brands and their complex supply chains to deliver new devices faster and at a lower cost. These pressures can put conditions for factory workers at risk.

At the same time there is growing buyer demand for IT products that are made for environmental and social responsibility throughout the life cycle. Improving IT brand responsibility for working conditions in the supply chain are therefore in focus for the [New Generation TCO Certified](#), beginning November 11, 2015.

Key facts - socially responsible manufacturing in electronics

- Millions of people worldwide are employed in electronics manufacturing
- Demand for responsibly made IT products is increasing
- Working conditions in electronics manufacturing remains a widespread challenge
- Evidence of some progress, with growing number of brands engaged in factory audits, codes of conduct.
- There is a need for more brand engagement in code of conduct implementation and corrective action follow up in supply chain.
- Need for greater transparency and dialog
- Increased concern for conflict minerals in electronics

2. Socially Responsible Manufacturing

- criteria in TCO Certified

Criteria in [TCO Certified for socially responsible manufacturing](#) are centered around the brand's responsibility for improved working conditions in the manufacturing phase of IT products.

Since 2012 criteria in TCO Certified for socially responsible manufacturing have provided a framework that the IT industry can use to continuously and systematically improve working conditions in facilities manufacturing certified products. The system included compliance with a code of conduct, verified by independent third parties through factory audits and verification of corrective action plans.

This overall goal continues in the New Generation, with sharper focus on brand responsibility in the supply chain for minimizing and correcting non-conformities with the code of conduct, verification of corrective actions and communicating the code of conduct.

3. Goals for the Criteria

– *responsibility, structure and transparency*

TCO Development has set three value-based goals in connection with the criteria for socially responsible manufacturing:

Responsibility

Brand responsibility for ensuring safe and ethical working conditions in supply chain manufacturing facilities

Structure

An equal-access, objective platform for continual, measurable improvement, including defined benchmarks and third party verification

Transparency

Open communication about social responsibility between brand, manufacturers and other stakeholders.



4. New Generation TCO Certified

- updated focus areas

Since the 2012 generation of TCO Certified, our findings show that some progress has been made among several brands toward the three value-based goals of responsibility, structure and transparency. However there is a need for greater brand communication, implementation and follow up of the code of conduct in the supply chain.

In the report [The State of Socially Responsible Manufacturing in the IT Industry](#), TCO Development observed some brands taking a greater responsibility for working conditions in manufacturing facilities by engaging in the TCO Certified process and raising social responsibility issues to the senior management level. Several brands have also increased training in socially responsible manufacturing for their suppliers.

While there is some evidence of progress, our analysis revealed areas where improvement is needed, including a general lack of structure and routines where brands have neglected to follow up on corrective actions and implement their code of conduct in the supply chain. Increasing brand engagement with suppliers in this area is the focus of the new generation criteria.

Specifically, the criteria require:

- Improved brand owner engagement in minimizing non-conformities with the code of conduct throughout the supply chain where TCO Certified products are made.
- Improved brand owner action to resolve existing non-conformities they are made aware of, eg in the third party factory social audit
- Annual review with brand owner representative responsible for code of conduct implementation and communication.
- A published policy on conflict minerals and a commitment to at least one initiative aimed at establishing a conflict-free supply chain of Tantalum, Tin, Tungsten and Gold (3T+G)

5. TCO Certified: about the Criteria and Verification

The system in TCO Certified is structured around a set of criteria along with a set of third party verification tools for monitoring compliance.

A. Criteria in TCO Certified

The criteria of TCO Certified for socially responsible manufacturing are centered around the brand's responsibility for improved working conditions during the manufacturing phase.

Product Manufacturing must follow:

- ILO's eight Core Conventions
- National Laws for worker rights, health and safety in the country of manufacture
- UN convention on the Rights of the Child, article 32
- National laws for minimum wage and social security in the country of manufacture

The objective of the criteria is to create improvements resulting in responsibility, structure and transparency.

B. Verification of criteria

Verification of compliance is key to determining progress in the three goals of responsibility, structure and transparency. TCO Development has implemented three verification tools for assessing compliance with the criteria:

Manufacturing Facility compliance

- Code of Conduct in place – brand communicates through supply chain
- Third party factory audit
- Corrective Action Plan to address non-conformities

Verification is carried out by accredited third party expert organizations. Factories and products are also subject to follow up spot checks and audits.

Even with the current sustainability criteria and all of the checks, we cannot exclude the possibility of problems in the manufacturing of TCO Certified products. However, it is important to note that all instances of non-compliance with the criteria that are discovered must be corrected in order for the certificate to remain active. This process is monitored by an independent third party.

About TCO Development

TCO Development advances sustainable IT and is the organization behind TCO Certified, the third party sustainability certification for IT products. Professional IT purchasers worldwide choose TCO Certified products as part of their sustainable IT strategy. Products achieving TCO Certified meet a broad series of criteria to ensure that manufacturing, use and recycling is carried out with consideration for environmental, social and economic responsibility. TCO Certified is available for displays, notebooks, tablets, smartphones, desktops, all-in-one PCs, projectors and headsets.

TCO Development is headquartered in Stockholm, Sweden, with regional presence in North America and Asia.

www.tcodevelopment.com