



SOCIALLY RESPONSIBLE PROCUREMENT OF ELECTRONIC GOODS

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OUTLINE

- Public Procurement and Human Rights
- Public Procurement of Electronic Goods
- Electronics Watch

WHY IS IT IMPORTANT THAT PUBLIC BUYERS GET INVOLVED?

- Public buyers responsibility
 - International agenda towards increased responsibility of companies
 - Reinforce the duty of the state to protect human rights

United Nations Guiding Principles on Business and Human Rights

- States have an obligation to protect human rights
- Companies have a responsibility to respect human rights
- Victims should have remedies available to them for redress

OECD Guidelines on Multinational Enterprises (Section IV. Human Rights)

WHY IS IT IMPORTANT THAT PUBLIC BUYERS GET INVOLVED?

UN Guiding Principle 6:

States should promote respect for human rights by business enterprises with which they conduct commercial transactions.

Commentary

States conduct a variety of commercial transactions with business enterprises, *not least through their procurement activities*. This provides States – individually and collectively – with unique opportunities to promote awareness of and respect for human rights by those enterprises, including through the terms of contracts, with due regard to States' relevant obligations under national and international law.

WHY IS IT IMPORTANT THAT PUBLIC BUYERS GET INVOLVED?

Most National Action Plans contain references to public procurement,

e.g.: UK National Action Plan on Business and Human Rights (2013): To give effect to the UN Guiding Principles, we have

(ii) sought and are *committed to ensuring that in UK Government procurement human rights related matters are reflected appropriately when purchasing goods, works and services.*

The Netherlands National Action Plan:

Sustainable procurement policy

Under the social conditions of national sustainable procurement policy, companies supplying the government with goods and services are required to respect human rights. These social conditions have been included in all central government EU contract award procedures since 1 January 2013, and the municipal, provincial and water authorities are being encouraged to apply them, too. Suppliers can fulfil these conditions in various ways – by joining a reliable multi-stakeholder supply chain initiative (quality mark or certification institute) or, if they have any doubts, carrying out a risk analysis.

WHY IS IT IMPORTANT THAT PUBLIC BUYERS GET INVOLVED?

- New opportunities under the EU Directive:
 - Responds to demands for more flexibility for the inclusion of sustainable and responsible public procurement
 - Recital 97: “[...] with a view to *the better integration of social and environmental considerations in the procurement procedures, contracting authorities should be allowed to use award criteria or contract performance conditions* relating to the works, supplies or services to be provided under the public contract in any respect and at any stage of their life cycles from extraction of raw materials for the product to the stage of disposal of the product, including factors involved in the specific process of production, provision or trading and its conditions of those works, supplies or services or a specific process during a later stage of their life cycle, even where such factors do not form part of their material substance”.

WHY IS IT IMPORTANT THAT PUBLIC BUYERS GET INVOLVED?

- Public Procurement averages 17% GDP among the OCDE countries (2008); and 19% GDP in the EU (€425 billion, 2013).
- The largest single purchaser is the US federal government (\$350 billion, 2014)

THE ELECTRONICS SECTOR

- The public sector is a major buyer of ICT products:
 - Lack of EU updated data (€94 billion in 2007)
 - The UK public sector spent £13.8 billion on ICT products (including services) and £2.1 billion on ICT hardware (OFT, 2014)
 - The US spent \$11 billion on electronics products in 2013.

WHY IS IT IMPORTANT THAT PUBLIC BUYERS GET INVOLVED?

- The leverage of the public sector over the ICT industry derives from:
 - Large annual spending on ICT
 - Procurements are generally through long-term contracts
 - Potential for joint procurement

HOW TO DO IT?

- Main challenges:
 - How to integrate demands for human rights and adequate working conditions in procurement contracts?
 - What standards?
 - How to monitor the compliance in the supply chain?

ELECTRONICS WATCH



Improving
working conditions
in the global
electronics industry

THE ELECTRONICS WATCH MODEL

- Electronics Watch is global initiative to support public buyers in their socially responsible purchase of ICT
- The main aim is to monitor the production of ICT product in their global supply chain and be the driver of reform programmes to lead to long-term change of working conditions in the industry

ELECTRONICS WATCH

○ The EW Model:

- EW Code of Labour Practices: based on the respect of national and international labour law
- Model contract clause offered to public buyers
- Monitoring factories through local monitoring organisations
- Drafting reform and improvement programmes

ELECTRONICS WATCH

- EW is an affiliate based organisation
- Founding members:
 - London Universities Purchasing Consortium
 - Advanced Procurement of Universities and Colleges
 - The University of Edinburgh
 - The University of Durham
 - The University of Leeds
 - University of Leicester
 - University of Aberdeen
 - City of Utrecht
 - University Medical Center Utrecht
- Many more are in conversations to join in the UK, Austria, Belgium, Germany, Netherlands, Spain, Sweden, Switzerland... and from more sectors, including the health sector (60+)

EW AND THE LIVING WAGE

- EW has endorsed Living wage in principle
- Local “market basket” calculation as means to measure it
- Section 12 of the EW Code of Labour Practices:

The Goods must be produced by workers who receive a living wage.

For the purposes of the Code a “living wage” means a “take home” or “net” wage (excluding any taxes, bonuses, allowances, or overtime wages) earned during a country’s legal maximum work-week (not exceeding 48 hours), which is sufficient to pay for the basic needs (housing, energy, nutrition, clothing, health care, education, potable water, childcare, and transportation) of a family of four people, and includes an additional 10% of the cost of basic needs as discretionary income.

ELECTRONICS WATCH

- Contract clauses:
 - Contractors must exercise leverage to achieve compliance, so it is not an absolute requirement.
 - Nevertheless, in cases where companies should reasonably be expected to achieve a living wage through commercial leverage it can be an enforceable requirement.

For Electronics Watch
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Driven by:



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THANK YOU

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