

Environmental and Social Aspects in Supply Chain Management: Lessons for the Electronics Sector

27th June 2005
Farnham Castle

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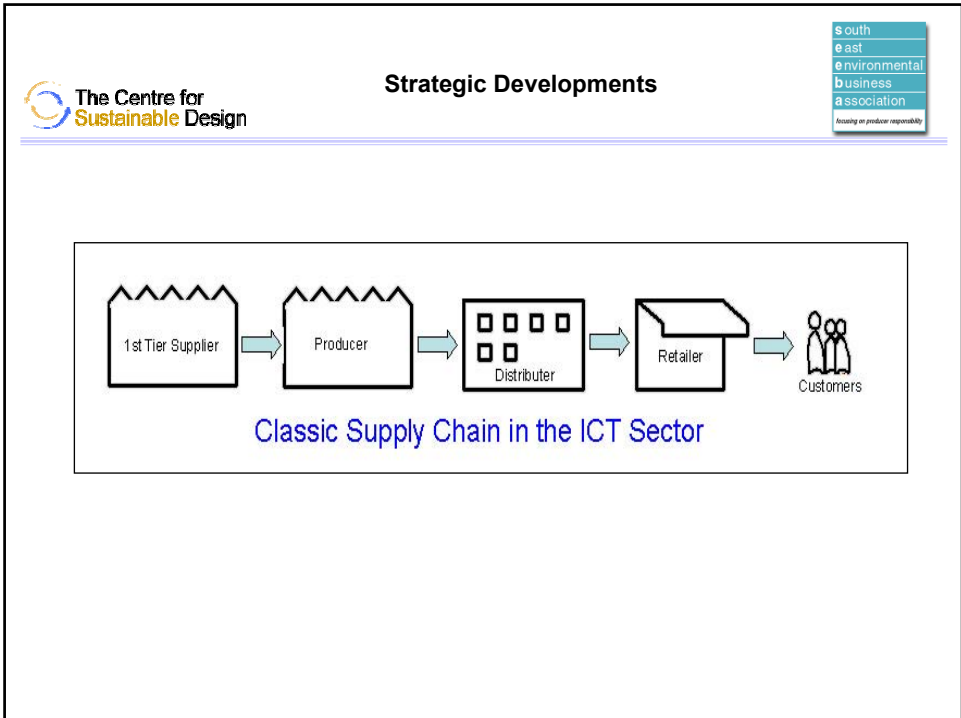
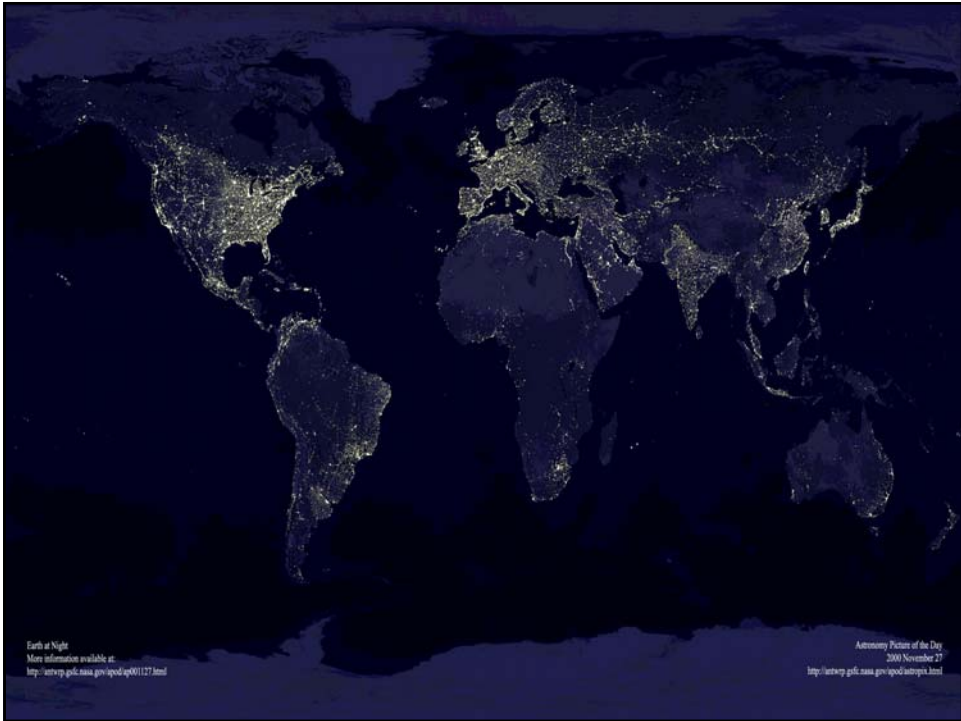
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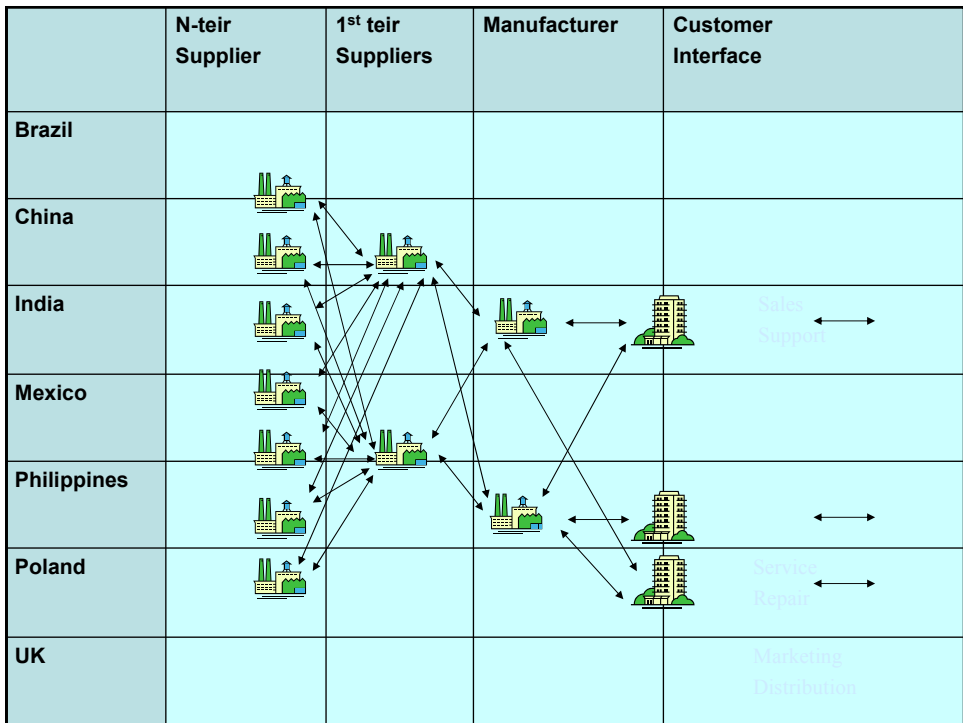
Slides by M Charter, Director, CfSD/seeba

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Drivers

- Forthcoming legislation e.g. EuP, REACH, RoHS, Chinese RoHS
- Existing legislation e.g. WEEE?, HARL, LPEUR, GPL
- Standards and codes e.g. ISO, BSI, EICC
- Competitors e.g. European, Japanese, US, Chinese
- Customers e.g. B2B, B2R, B2G
- Investors e.g. AsRIA, F&C (ISIS)
- NGOs e.g. SVTC, CAFOD, Christian Aid, Greenpeace





Our Career Center - Mozilla Firebird

http://flx.hrdpt.com/cgi-bin/c/highlightjob.cgi?jobID=1611

FLEXTRONICS

U.S. Jobs

- New Users
- Search Jobs
- Registered Users
- Logout

Global Environmental Compliance Engineering Direct

Apply On-line!

Location: San Jose, CA US
Job ID: 1611
Job Type: Fulltime
Category(s): Engineering Services
Education: Bachelors Degree or equivalent

Responsibilities

We are seeking a Global Environmental Compliance Engineering Director for our U.S./European operations.

The successful candidate will understand and monitor customers and regulatory requirements on environmental compliance related issues.

Define company-wide environmental compliance engineering strategy.

Drive, coordinate and monitor the implementation of global environmental compliance strategy by leveraging he resources from different business units and functional groups within Flextronics.

Identify and evaluate business opportunities as created by the change in environmental regulations and requirements.

Work with sales, marketing, and business units to promote Flextronics' environmental compliance engineering advantages.

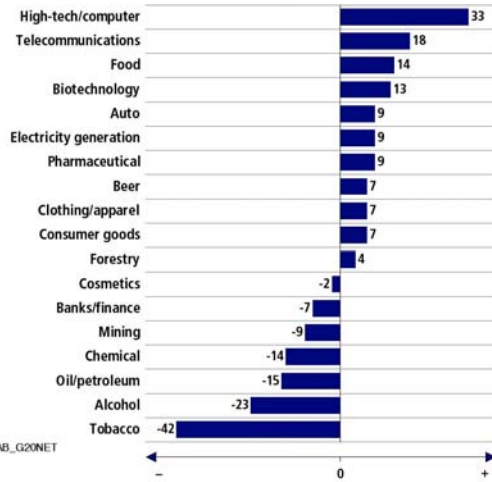
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Sectoral CSR Ratings

Net Ratings (“Above Average” Minus “Below Average”)
G20 Countries, 2003

Rating Companies



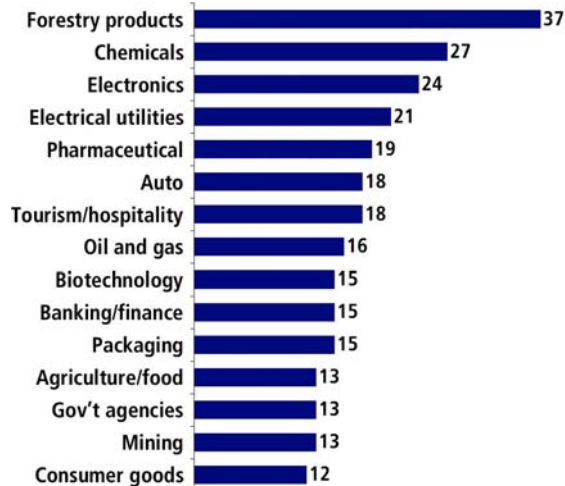
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csr00_CBAB_G20NET

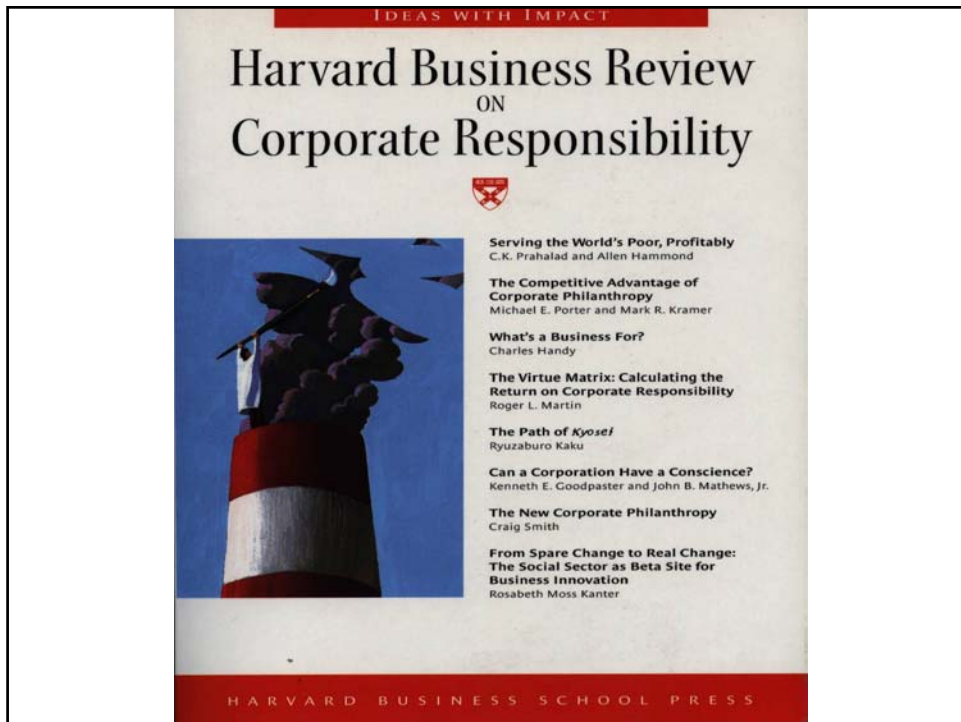
Industry Management of Transition to Sustainable Development


“Good Job”

2003




gs00-1_2-11



 The Centre for Sustainable Design

Strategic Developments



south
east
environmental
business
association
focusing on producer responsibility

C(S)R Standardisation in ISO: Background

- ISO will start developing a CSR standard in March 2005 that will be published in 2007/2008
- General focus will be on guidance to promote general understanding and implementation of three pillars (environmental, financial, social)
- Strong focus on role of stakeholder engagement
- Links to existing international agreements and instruments
- Guidance document.....no certification – yet...
- Key benefit will be if ISO can provide forum where all stakeholders are able to work towards consensus

SOCIAL ACCOUNTABILITY 8000



SA 8000: Electronics/Telecommunications/Computer Equipment

- AFL Do Brasil LTDA (Brazil)
- Novadata Sistemas E Computadores S.A. (Brazil)
- Concord Camera HG Electronic Factory (China)
- Dongguan Rhythm Electronics & Plastics Co. Ltd (China)
- NSD/NSG/Foxconn Network System Division/Network System Group (China)
- Zhuhai SMH Watchmaking Co. Ltd (China)
- Intracom S.A. (Greece)
- E.D.P. Answer (Italy)
- Wind Telecommunications S.p.A. (Italy)
- Toshiba Information Equipment (Philippines) Inc (Philippines)
- Nord (Poland)
- Thomson Multimedia Polska S.P. (Poland)
- Schurter AG Electronic Components (Switzerland)
- Beko Elektronik A.S. (Turkey)

Electronics Industry Code of Conduct (EICC)

- Launched 21st October 2004
- Partners
 - primary: HP, Dell, IBM (Microsoft, Cisco Systems, Intel)
 - secondary: Celestica, Flextronics, Jabil, Sanmina SCI, Solectron
- Individual codes + multiple audits
- Inefficiency + duplication
- Leadership

Electronics Industry Code of Conduct (EICC)

Labour

- Freely chosen employment
- Child labour
- Discrimination
- Harsh or inhumane treatment
- Minimum wages
- Working hours
- Freedom of association

Health and safety

- Minimum safeguarding
- Industrial hygiene
- Safety
- Emergency preparedness and response
- Occupational injury and illness
- Physically demanding work
- Dormitory and canteen

Electronics Industry Code of Conduct (EICC)

Environmental

- Product content restrictions
- Chemical and hazardous materials
- Wastewater and solid waste
- Air emissions
- Environmental permits and reporting
- Pollution prevention and resource reduction

Management system

- Company commitment
- Management accountability and responsibility
- Legal and customer requirements
- Risk assessment and risk management
- Performance objectives with implementation plan and measures
- Training
- Communication
- Worker feedback and participation
- Audits and assessments
- Corrective action process

Electronics Industry Code of Conduct (EICC)

Ethics

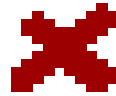
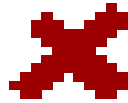
- No corruption, extortion or embezzlement
- Disclosure of information
- No improper advantage
- Fair business, advertising and competition
- Whistleblowers
- Community engagement
- Protection of intellectual property



Source: Silicon Valley Toxic Coalition

Grade	Company Name	Country	% Total	Score out of 68
Passing	Fujitsu	Japan	51.5	35
Needs Improvement	Canon	Japan	48.5	33
Needs Improvement	IBM	U.S.	47	32
Needs Improvement	NEC	Japan	45.6	31
Needs Improvement	Toshiba	Japan	45.6	31
Needs Improvement	Matsushita/Panasonic	Japan	44.1	30
Needs Improvement	Seiko Epson	Japan	44.1	30
Needs Improvement	Sony	Japan	44.1	30
Needs Improvement	Apple	U.S.	41.2	28
Poor	Hitachi	Japan	38.2	26
Poor	Hewlett-Packard/Compaq	U.S.	33.8	23
Poor	Oki	Japan	32.4	22
Failing	Brother	Japan	27.9	19
Failing	Dell	U.S.	27.9	19
Failing	Sharp	Japan	26.5	18
Failing	Samsung	Korea	25	17
Failing	Micron PC (MPC)	U.S.	20.6	14
Failing	Lexmark	U.S.	20.6	14
Failing	Philips	Europe	17.6	12
Failing	Viewsonic	U.S.	10.3	7
Failing	Lucky Goldstar	Korea	5.9	4
Failing	e-machines	U.S.	4.4	3
Failing	Acer	Taiwan	2.9	2
Failing	Gateway	U.S.	2.9	2





F&C (ISIS) Benchmarking Study: ICT

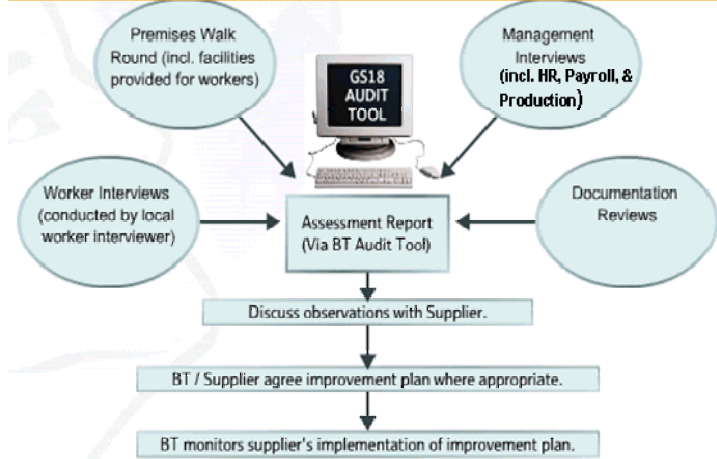
	<u>"On the Starting Grid"</u>	<u>"The Chasing Pack"</u>	<u>"Race Leaders"</u>
Soc	Canon IBM Sharp Siemens	Dell Electrolux Motorola Philips Sony	HP Nokia
Env	Siemens	Canon Electrolux IBM Motorola Philips Sony	Dell HP Nokia Sharp

F&C (ISIS): Conclusions

- Lagging on Labour Standards
 - Management of labour issues lags significantly behind management of environmental issues across all dimensions
- Baby Steps
 - Most companies have policies with allocated responsibility..... but systems have yet to be implemented for monitoring/audit etc
- Disclosure
 - Generally weak, companies moderately happy to talk about environmental risks in supply chain.... but not ready to discuss risks arising from labour issues

BT: Sourcing with Human Dignity approach

Supplier code based on ILO and UNDHR - Sourcing with Human Dignity



Panasonic Mobile Communications Corporation of the Philippines



MCP GENERAL CONDITION	
ESTABLISHMENT	• DECEMBER 12, 1987 (STA. ROSA FACTORY OPERATIONS START JULY 1992)
CAPITAL	• 7.28 BILLION PESO (PMC 58%, MEI 37%, MEPCO 5%)
EMPLOYEE	<ul style="list-style-type: none"> • 1,195 PERSONNEL <ul style="list-style-type: none"> ▶ RATIO WITH DIRECT (68:32) ▶ MEN TO WOMEN RATIO (37:63) ▶ AVE. AGE 33.8 YRS OLD • MANAGERS (D1) ABOVE 42 YRS OLD <ul style="list-style-type: none"> ▶ AVE. CONTINUOUS SERVICE 16.0 YRS (INCLUDES LENGTH OF SERVICE FROM MEPCO) • DIRECT PERSON ACADEMIC <ul style="list-style-type: none"> ▶ UNIVERSITY GRADUATE 13% ▶ SPECIAL / TECHNICAL SCHOOL 32% ▶ COLLEGE UNDERGRADUATE 41% ▶ HIGH SCHOOL GRADUATE 14% • DIRECT PERSON AVERAGE SALARY P13,774.00 (P17,183.86 INCLUDED OVERTIME)



US Green Electronics Public Procurement

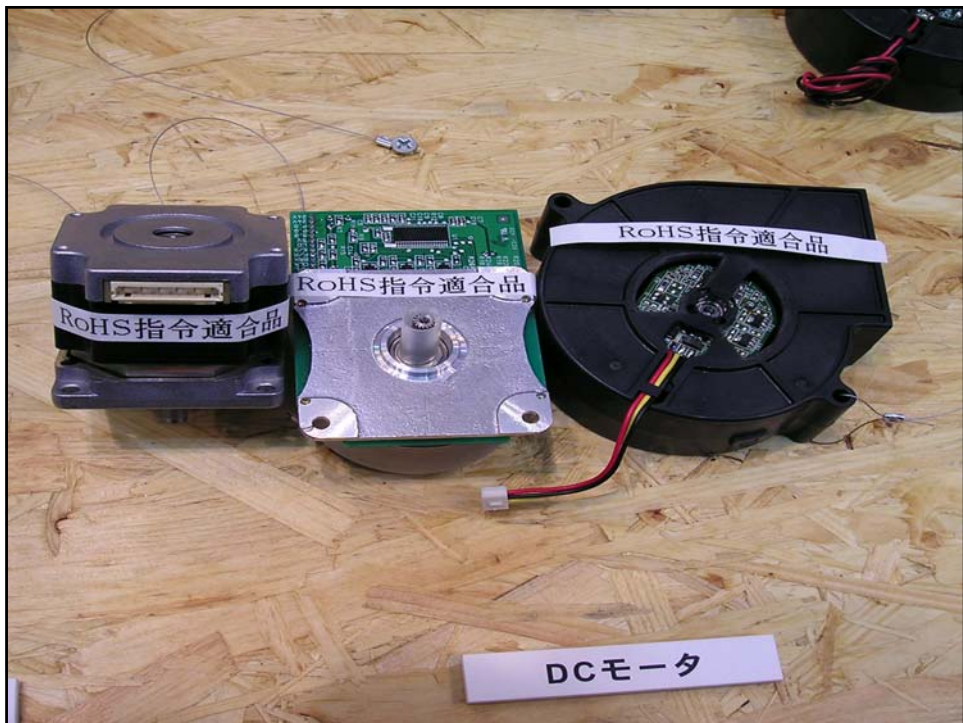
- US Federal Government:
 - accounts for 7% of the world electronics demand
 - is the largest purchaser of electronics in the world with the information technology (IT) budget for FY 2005 approaching \$60 billion (hardware, software, infrastructure and services)
- 15th November 2004: 12 US Federal Departments/Agencies signed a Memorandum of Understanding on "*Promoting Sustainable Environmental Stewardship of Federal Electronic Assets*"
- 12 Departments/Agencies will spend \$50 billion on IT equipment in fiscal year 2005 which represents 83% of the Federal Government's total IT budget



Canon

A product photograph showing five Canon cameras. Four are compact digital cameras in silver: the top-left is a PowerShot A470, the top-right is a PowerShot A480, the bottom-left is a PowerShot A490, and the bottom-right is a PowerShot A410. To the right is a Canon VHS camcorder, model VHS-100, in silver and blue. The word "Canon" is printed in the top right corner of the image area.

Cameras equipped with lead-free lenses





The Centre for
Sustainable Design

Strategic Developments



south
east
environmental
business
association
Leading in product responsibility

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