

WFW ADVISES FAIRPHONE ON LIVING WAGE BONUS AGREEMENT

10 NOVEMBER 2022 • PRESS



Watson Farley & Williams (“WFW”) is honoured to have been able to advise and support sustainable smartphone manufacturer Fairphone on a pro bono basis on the drafting and development of its Living Wage Bonus Agreement (“the Agreement”) template, an open-source contract that enables buyers to calculate the cost of producing their products taking into account living wages and ensure any applicable uplift to the price they currently pay is provided directly to workers across their global supply chains.

The Agreement serves as an addendum to any Purchasing or Supplier Agreement between manufacturers and purchasers and includes clauses implementing the payment of a living wage-related uplift to the manufacturer’s factory workers. The drafting of the Agreement was inspired by the Triple A methodology developed by the Legal Innovation for Sustainable Investments (“LISI”) Foundation to make legal documentation more approachable, accessible and appealing to all stakeholders.

Fairphone is a Dutch electronics manufacturer that designs, produces and sells sustainable, built-to-last smartphones to create a market for ethical phones and motivate the industry to act more responsibly. It raises awareness of the most urgent issues and proves that it’s possible to do things differently. Since 2019, it has run living wage programmes to work towards a position where the workers producing its phones have an income allowing them and their families to have a decent standard of living. You can read more about Fairphone’s Living Wage Toolkit [here](#), their investments in working conditions [here](#) and specific case study [here](#).

LISI is a not-for-profit Dutch foundation which developed the Impact Term Sheet (Equity), an open-source term sheet which will serve as a practical tool for individuals and organisation to integrate sustainability and ESG topics into impact investment documentation. WFW also assisted LISI on a pro bono basis in developing the Impact Term Sheet (Equity).

WFW London Dispute Resolution and ESG Partner Sarah Ellington and Employment Of Counsel Sarah Gill provided Fairphone with pro bono legal advice and support including streamlining the draft template of the Agreement, adding clear obligations on both parties to follow a robust process when setting the parameters for living wage payments and inputting necessary contractual protections, as well as refining the draft according to LISI’s Triple A drafting standard. Sarah also previously led on reviewing LISI’s Impact Term Sheet (Equity) as mentioned above.

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Sarah commented: “I was delighted to have been able to assist Fairphone develop its living wage agreement template. This was a wonderful opportunity to participate in an impactful and worthwhile project that we hope represents a significant step towards helping improve the lives of thousands of workers in the manufacturing industry and their families around the world. The Agreement can also easily be adapted for use in other industries, including WFW’s core sectors of energy, transport and infrastructure. I look forward to helping Fairphone and LISI promote these fantastic initiatives going forward and am confident they will prove popular as companies around the world continue to recognise the importance of incorporating ESG principles into their business practices”.

Monique Lempers, Director of Impact Innovation at Fairphone said: “We are happy to have partnered with WFW to develop this living wage agreement. Living wages and income provide a basic but decent standard of living for the workers in the supply chain and their family. Sadly, this is not a given for many people. According to statistics from the International Labour Organization (ILO), nearly 1 in 5 workers globally earn too little to lift themselves and their families out of extreme poverty. Living wage and income can help break the cycle of poverty, build healthy local economies and encourage equality in societies, while improving business performance and profitability. The Living Wage Bonus Agreement is designed to serve alongside any purchasing or supplier Agreement between manufacturers and purchasers, enabling companies to step up their social responsibility to workers, and inspire others across the industry to join together to implement living wages across the board”.

WFW’s Global Sustainability Lead Ben Churchill added: “Colleagues across WFW’s international network have been providing first-class legal advice on a pro bono basis for many years across a range of societal issues relevant to our sectors. Fairphone’s approach aligns with the principles underpinning WFW’s sustainability strategy, which aims to create shared value across People, Planet & Practices”.

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