



## World's first ethically sourced smartphone unveiled

IPHONE 5C PRE ORDERS, IPHONE SALES, IPHONE 5C, SAMSUNG GALAXY GEAR SMARTWATCH, APPLE SMARTWATCH, GOOGLE SMARTWATCH, DAUM.NET, BUSINESS NEWS

By: Kalyeena Makortoff, special to CNBC.com

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Techies could soon text with a clear conscience as the world's first fair trade smartphone is unveiled in London on Wednesday.

Dutch company Fairphone is introducing its ethically sourced phone while industry leaders, including Samsung and Apple, continue to face criticism over factory conditions and mineral sourcing.

Over 15,000 Fairphone handsets, retailing at 325 euros, have been pre-ordered from the firm's first 25,000 unit production run. The prototype on show at the company's Soho pop-up shop will be the first customer glimpse before deliveries begin in December.

Though Fairphone CEO and Founder Bas van Abel stressed the phone isn't 100 percent ethical, the project took some crucial first steps.

*(Read more: [Ubuntu smartphone axed after crowdfunding drive fails](#))*

Fairphone partnered with NGOs, like the Conflict Free Tin Initiative and Solutions for Hope, which provide a traceable supply chain for minerals essential to smartphone production—tin, tungsten and tantalum—that traditionally come from army controlled mines in the Democratic Republic of the Congo.

A living wage review is also underway to ensure workers in China's A'Hong factory receive fair pay while assembling Fairphone's first 25,000 phones this November.

"What's important here is they didn't compromise on experience," said Francisco Jeronimo, IDC Research Director of European Mobile Devices.

Fairphone specs include a custom Android OS, quad core processor, 4.3 inch reinforced screen, and dual SIM capacity—allowing both work and personal phones to rest on one device.

*(Read more: [Move over Apple? Russian firm crosses iPhone with Kindle](#))*

The phone won't be sealed either and will come with instructions for self-repairs.

Some companies have tried to go greener with their handsets, but Fairphone is the first initiative that tries to look at both the fair trade and green prospects throughout the entire supply chain, Francisco said.

Giants like Sony highlighted the reduced carbon footprint in their C901 GreenHeart and Naite models in 2009, and Apple recently touted recycled material in its iPhone 5C.

It's unclear how disruptive the Fairphone will be to a handset market that Francisco said is expected to ship 1 billion units by the end of the business year.

*(Read more: [For Apple, mum's the word on iPhone 5C pre-orders](#))*

But Michael Morgan, a senior mobile devices analyst for ABI Research said operators and retailers need to be the driving force of the Fairphone initiative. "If the retailers of phones don't demand that phones become green or ethical...then there is little economic incentive to make them green or ethical."

Van Abel confirmed that a number of telecommunication giants have already approached Fairphone, including Telefonica and T-Mobile.

"We don't have any partnerships, but they're interested in what we're doing," said Van Abel.

KPN plans to buy 1000 of the first handsets and Vodafone has held informal meetings with Fairphone, helping the team develop a longer-lasting phone and experimenting with quality design.

*(Read more: [Samsung may already be working on next version of smartwatch](#))*

The handset is unlocked and usable with any mobile provider but will only be delivered within Europe this year. Van Abel hinted at North American and Australian shipments for the second batch if all goes well.

Fairphone crowd-sourced its startup funds from customer pre-orders, and plans to reinvest any first run profits into its supply chain. Next, it hopes to ethically source both gold and the cobalt needed for the handset's batteries.

"The movement is about inspiring the industry. It's more about different ways of doing business than a solution for all the problems. We don't have solutions yet," said Van Abel

"This is something we have to do together."

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