



## Joint Audit Cooperation (JAC) Supply Chain Sustainability Guidelines

The Joint Audit Cooperation (JAC) is a collective of telecommunication companies aiming to promote safe and fair working conditions as well as responsible, social and environmental management by verifying, assessing and promoting sustainability standards and transfer of best practice across its supply chain.

These JAC Sustainability Guidelines have been established to complement the respective supplier codes of JAC member companies. Suppliers are encouraged to implement the requirements contained in these Guidelines and go further in implementing key performance indicators (KPI's) in this document to achieve compliance.

Suppliers are encouraged to take all reasonable endeavors to promote and secure compliance to these Guidelines to their suppliers and sub-contractors and employees. All references to employees shall also mean any temporary, migrant, student, contract, direct employees, and any other type of employees.

Suppliers applying the Guidelines are expected to comply with all relevant laws, regulations and standards in all of the countries in which they operate and to go beyond compliance to applicable laws, drawing upon internationally recognized standards, taking responsibility to continually improve social and environmental conditions and ethical behavior.

JAC will work collaboratively with its suppliers on the implementation of these Guidelines which may include joint audits and site visits to assess and periodically review performance.

JAC will strive for continuous improvement of these Guidelines developed in line with internationally recognized standards and through dialogue with its stakeholders.

Suppliers shall abide by the following requirements to achieve and maintain safe and fair working conditions and the responsible management of social and environmental issues.

## **A – Labor Requirements**

### **1. Contract of Employment**

All employees shall have an employment contract signed by both parties that defines the terms and conditions of employment. A copy of such a contract shall be issued to the employee.

A Contract of Employment shall at least contain but not be limited to the following items:

- a) Working hours showing at least a guaranteed wage
- b) Overtime pay rates and compensation for working out of normal working hours
- c) Payment and frequency of payment
- d) Notice period

### **2. Child Labor**

Child Labor (1) is strictly prohibited. No person is employed who is below the legal minimum age for employment.

Where no local legislation exists to define the minimum legal age, no person is employed below the minimum age which is the age of completion of compulsory schooling, or not less than 15 years (or not less than 14 years, in countries where educational facilities are insufficiently developed) in accordance with international conventions.

Children under the age of 18 shall not be employed for any hazardous work (2) or work that is inconsistent with their individual development (3).

Where no local law exists to define working hours and working conditions for children under the age of 18, the Supplier should not employ them for work that is hazardous, unsafe or unhealthy such as among others: work with dangerous machinery, equipment and tools, or work which involves the manual handling or transport of heavy loads, work in an unhealthy environment that may, for example, expose children to hazardous substances, agents or processes, or to temperatures, noise levels or vibrations damaging to their health; work under particularly difficult conditions such as work for long hours (more than 8 hours per 3 day) or during the night, or work where the child is unreasonably confined to the premises of the employer.

(1) “Child Labor” means the definition of ILO-IPEC (<http://www.ilo.org/ipec/facts/lang-en/index.htm>) and Article 32 of the United Nations Convention on the Rights of the Child (UNCRC).

(2) “hazardous work” means as defined by ILO Convention 182 article 3d and ILO Recommendation 190 article 3

(3) “individual development” means as described in the United Nations Convention on the Rights of the Child.

### **3. Forced Labor**

Supplier shall strictly prohibit any form of forced, bonded, compulsory labour, slavery or human trafficking.

Employees shall be free to leave work or terminate their employment with reasonable notice and all employment shall be voluntary.

Suppliers shall not require employees to lodge deposits of money or withhold payment or place debt upon employees or require employees to surrender any government-issued identification, passports, or work permits as a condition of employment.

### **4. Working Hours**

The Supplier shall ensure that normal working hours and overtime of individual employees do not exceed the maximum of limits set by local law. Where no local law defines a working week and/or overtime, the Supplier is expected to adopt the following;

a) a normal working week in line with ILO Convention in respect of applying the principle of the 8-hours day or of the 48-hours week and;

b) overtime in line with limits as specified in SA8000:2008 Section IV (Social Accountability Requirements) Article 7 in respect of 12 hours overtime per week and one day off following every six consecutive working days.

Overtime shall be compensated at a premium rate.

Suppliers shall grant their employees the right to paid vacation.

### **5. Fair Remuneration**

Suppliers shall pay a fair and reasonable wage to employees which is high enough to maintain a fair standard of living and which shall comply with at least legal and industry minimum standards. Overtime pay rates shall be above regular wages.

The supplier shall not use deductions from wages as disciplinary measure. Employees must be paid in a timely manner, and the basis on which employees are paid must be clearly conveyed. Suppliers shall give a pay slip detailing payment due and to be made to the employee in line with the frequency shown in the Contract of Employment.

## **6. Disciplinary Practices**

Suppliers will treat all employees with respect and will not use corporal punishment, mental or physical coercion, or any form of abuse or harassment and threat of such treatment.

## **7. Discrimination**

The Supplier shall not engage in or support any form of discrimination in hiring, employment terms, remuneration, access to training, promotion, termination, retirement procedures or decisions including but not limited to:

race, color, age, veteran status, gender identification, sexual orientation, pregnancy, ethnicity, disability, religion, political affiliation, trade union membership, nationality, indigenous status, medical condition, HIV status, social origin, social or marital status and union membership .

Supplier shall promote equal opportunities treatment and diversity of all employees and hired resources (e.g. temporary and outsourced).

## **8. Freedom of Association & Right to Collective Bargaining**

All personnel shall have the right to form, join, and organize trade unions of their choice and to bargain collectively on their behalf with the company. The company shall respect this right, and shall effectively inform personnel that they are free to join an organization of their choosing and that their doing so will not result in any negative consequences to them, or retaliation, from the company. The company shall not in any way interfere with the establishment, functioning, or administration of such workers' organizations or collective bargaining.

In situations where the right to freedom of association and collective bargaining are restricted under law, the company shall allow workers to freely elect their own representatives.

The company shall ensure that representatives of workers and any personnel engaged in organizing workers are not subjected to discrimination, harassment, intimidation, or retaliation for reason of their being members of a union or participating in trade union activities, and that such representatives have access to their members in the workplace.

## **B – Health and Safety**

Supplier shall operate in accordance with international standards and local laws. Supplier shall provide its employees, contractors, partners or others who may be affected by Supplier's activities with a safe and healthy working environment and ensure correct use of its products.

## **9. General Requirements**

The supplier is encouraged to implement a Health & Safety management system in accordance with OSHAS 18001, and shall at least comply with the following requirements:

- a) Performing and maintaining a comprehensive risk assessment
- b) Define appropriate method statements to mitigate any risks
- c) Develop, put in place and follow an appropriate health and safety plan
- d) Have appropriate systems and processes in place to monitor any failures in such compliance.
- e) Appoint a senior management representative to be responsible for ensuring a safe and healthy workplace environment for all personnel and for implementing the health and safety elements of the above standard

## **10. Organization**

Mechanisms are developed and implemented to ensure that all employees are competent to carry out the health and safety aspects of their responsibilities and duties. This should include the nomination and training of persons at an appropriate level, particularly executives who are responsible for discharging the supplier's Health and Safety obligations.

## **11. Product and Services Delivery**

Products and/or services delivery meets general principles of H&S risk prevention.

General principles shall include: identifying, minimizing and preventing hazards, using competent and trained people, providing and maintaining safe equipment and tools, including personal protective equipment as required.

## **12. Occupational Safety**

The exposure of employees to potential safety risks that might be lead to accidents/injuries or occurrence of occupational disease should be assessed and controlled through proper preventive actions (e.g. design, engineering and administrative control, preventative maintenance and safe work procedures and on-going safety training, well-maintained personal protective equipment).

### **13. Accident and Emergencies Readiness**

Supplier shall have: systems and training to prepare for and respond to accidents, health problems and foreseeable emergency situations; and a means for recording, investigating and implementing learning points from accidents and emergency situations is in place.

Supplier shall identify and assess potential emergency situations and events, and minimize their impact by implementing emergency plans, evacuation procedures, employee training and drills, appropriate fire detection, sufficient extinguishers, adequate exit facilities and recovery plan.

### **14. Occupational Injury and Illness**

Procedures and systems are to be in place to analyze (e.g. root cause analysis), prevent, manage, track and report occupational injury and illness including provisions to: encourage employee reporting, classify and record injury and illness cases; provide necessary medical treatment and equipment.

### **15. Exposure to hazardous elements**

The exposure of employees to dangerous/hazardous substances (chemical, high temperature, radiation...) should be identified, evaluated and controlled. Engineering controls (e.g. improvement of production facility) or administrative (e.g. law and regulations) controls must be in place to control exposure. When hazards cannot be adequately controlled by such means, employee health is to be protected by the provision of appropriate personal protective equipment, ensuring its use is monitored or elimination of exposure to such substances.

### **16. Equipment Safeguarding**

Equipment, production machines and other machinery shall be evaluated for safety hazards. Physical guards, interlocks and barriers are to be provided and properly maintained where machinery presents an injury hazard to employees.

## **17. Sanitation Food and Housing**

Facilities and amenities, including employee accommodation where provided by the company, shall be hygienic, safe and meet the basic needs of employees.

Employees are to be provided with ready access to clean toilet facilities, potable water and sanitary food preparation, storage and eating facilities. Employee dormitories where provided are to be maintained, cleaned and safe and have appropriate emergency exits, water for drinking or bathing and showering, adequate heat and ventilation, and reasonable personal space along with reasonable entry and exit.

## **18. Absolute Rules**

Supplier shall observe the following rules and ensure compliance and awareness at all levels and monitor compliance to:

- always wearing seat belts when travelling in or operating vehicles
- always using suitable Personal Protective Equipment (PPE), a safety harness and fall protection equipment when working at height, attaching harnesses at all times when working at height
- never carrying out electrical work on electrical equipment, circuits and gear without appropriate qualifications and compliance to regulations
- never working under the influence of substances (alcohol or drugs) which are illegal or in excess of legal levels or where this impairs ability to perform tasks
- never using a hand held phone whilst driving and only making calls by pulling over or using hands free devices, when it is safe to do so
- never exceeding speed limits or travelling at speeds which are dangerous for the type of road, vehicle or conditions

## **C – Environment**

The Supplier shall comply with relevant legislation and international standards, and in countries where environmental legislation is not evident or enforced, ensure responsible practices for managing environmental impacts are in place.

Supplier shall have processes in place to actively optimize the use of finite resources (such as energy, water and raw materials) and ensure appropriate management, operational and technical controls are in place to minimize the release of harmful emissions to the environment.

Suppliers shall strive to minimize the adverse environmental impact of its products and services during their whole life cycle: conception, development, production, transport, use and disposal or recycling. The supplier shall implement an internal environmental management system in accordance with recognized standards such as ISO 14001 or EMAS addressing the following aspects:

## **19. Environmental Permit and Reporting**

The supplier shall obtain, maintain and keep current all necessary environmental permits (e.g. waste management, transportation), approvals and registrations. 9

## **20. Design for the environment**

The supplier shall ensure appropriate measures are in place to improve the environmental performance of products and services when in use, such as considering energy efficiency and end-of-life of supplied products and/or services at the design stage.

Supplier shall adopt innovative developments in products and/or services that offer environmental and social benefits.

## **21. Pollution Prevention and Resource Reduction**

The Supplier shall work to reduce the use of raw materials and resources as well as to reduce and treat the waste produced by all its activities. Supplier shall achieve this through the improvement of production, maintenance and cleaning processes, modes of conservation and transportation, as well as the elimination, substitution, re-use and recycling of materials.

A dedicated risk analysis shall be conducted regarding air, water and soil pollution. In accordance with applicable laws and international standards, pollution levels should be monitored and supplier shall remedy any activity that adversely affects human life, wildlife, and environment.

## **22. Liquid waste and Solid Waste**

The Supplier shall identify, monitor control and treat liquid waste and solid waste generated from operations, industrial processes and sanitation facilities prior to discharge or disposal.

## **23. Production Content: Hazardous Substances and Chemicals**

The supplier shall respect all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances. Hazardous chemicals and other materials included in products, especially those included in the substances of Very High Concern list of the REACH regulation, are to be identified and managed to ensure their safe use, recycling or re-use and disposal. Their use has to be avoided and if not possible minimised. The Supplier is required to deliver electrical or electronic equipment in line with all relevant European Union regulations such as but not limited to RoHS and REACH irrespective of the country of use, including any non-European countries.

## **24. Air Pollutants**

The Supplier shall identify, minimize, monitor, control and treat all hazardous air pollutants and all emissions should be avoided in accordance with international standards and applicable laws .

## **25. Climate Change**

The Supplier should identify, monitor and minimize Greenhouse Gas emissions (GHG) and energy consumption from own operations including CO2 emissions from transportation and travel. Supplier shall do this by making a self-declaration of the Supplier's annual energy consumption and GHG emissions that should be publicly available.

To proactively manage GHG emissions, Supplier is expected to:

- a) Have emissions reduction targets
- b) Measure and provide emission metrics for GHG emissions
- c) Take actions to reduce GHG emissions
- d) Publically reporting of GHG emission metrics annually
- e) Have a process to engage its sub-suppliers to drive GHG emission reduction within Supplier's operations and that of their suppliers

The Supplier should develop energy efficient products or services throughout the entire life cycle and comply with internationally recognized standards.

## **D – Ethics and Anti-Corruption**

To maintain high ethical conduct and operate responsibly, suppliers shall observe the following requirements:

## **26. Bribery & Corruption**

Supplier shall:

- a) Act in accordance with all applicable international standards and laws on bribery and corruption
- b) Not do or omit to do anything likely to cause any party to be in breach of any of such international standards and laws
- c) Not give, promise, receive or request any bribes (financial or other advantage), including but not limited to in relation to any public official
- d) Maintain an effective anti-bribery compliance program, designed to ensure compliance with the law including the monitoring of compliance and detection of violations

## **27. Intellectual Property**

The Supplier shall respect Intellectual property rights. Transfer of technology and knowhow is to be handled in a manner that protects intellectual property rights.

## **28. Disclosure of Information**

The Supplier shall disclose information regarding business activities, structure, financial situation and performance in accordance with applicable regulations and applicable law.

## **29. Protection of Identity**

Supplier shall have a communicated process for their personnel to be able to raise any concerns without fear.

Supplier shall maintain programs ensuring the confidentiality and protection of any employee reporting through speak up or whistle-blowing procedures.

## **30. Fair Business, Advertising and Competition**

Supplier shall uphold standards of fair business, advertising and competition.

## **31. Responsible Sourcing of Minerals**

The Supplier shall have a clear policy or procedure in place to avoid knowingly purchasing conflict minerals.

In particular the Supplier shall have a policy or procedure to reasonably assure that the tin, tantalum, tungsten and gold in the products it manufactures does not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses in the Democratic Republic of the Congo or an adjoining country. Supplier shall exercise due diligence on the source and chain of custody of these minerals and make their due diligence measure available.

## **E- Measurement & Continuous Improvement**

### **Management System**

Supplier shall create and maintain a management system and documents and records to ensure regulatory compliance and conformity to the JAC Guidelines and company requirements with the following elements considered:

### **Improvement Objective**

Suppliers shall set up performance objectives, targets and implementation plan to continuously improve social and environmental performance including the regular measurement and reporting of key performance indicators as defined in section F to monitor compliance to requirements. Suppliers are encouraged to use a Plan-Do-Check-Act type of approach when approaching improvements

### **Communication**

Supplier shall clearly have policies capturing the requirements of the JAC Guidelines which are communicated to its employees, suppliers and customers. Employees understanding shall be assured and their feedback shall support sustainable improvement.

### **Training**

Managers and employees shall be trained to comply with Supplier's policies, procedures and improvement objectives and to meet applicable legal and regulatory requirements.

### **Risk Assessment, Risk Management and Self- Audit**

Risks out of labor practice, health and safety, environmental and ethics shall be assessed and corrective actions shall be conducted immediately.

Supplier shall drive self-audits to ensure conformity to legal and regulatory requirements, the content of customer codes and contractual requirements related to social and environmental responsibility.

## F - Key Performance Indicators -

Supplier shall measure key aspects of these guidelines listed below to ensure compliance to requirements. Supplier shall assist to provide access to information and premises as is necessary to establish the level of compliance in accordance with these Sustainability Guidelines and Key Performance Indicators.

Audits could be conducted by a JAC member or third party and may also be conducted jointly between JAC members and the supplier, and include the assistance of an industry representative, or relevant Non-Governmental Organization.

KPI Working Hours:

1. % of total workforce that have exceeded overtime limit over period of at least 3 months.

Target should be 100% of workers are within the local labor Law or 48 hours weekly (6 daily work) as per ILO Convention if no local labor law exists.

Overtime limit should be local labor law or 12 hours weekly (6 daily work) as per SA 8000 Section IV art 7 if there is not local labor law. However, we may allow a stepped target as Supplier bring working hours down as part of an agreed corrective action plan.

The analysis should include all hourly paid workers in all departments.

The calculation should be very straightforward: the percentage represented by the number of workers that have worked working hours beyond the limits (as defined in the relevant article 4 of the Guidelines), in respect of the total number of workers.”

KPI Rest day :

2. % of total workforce that have had not one day off in seven over period of at least 3 months.

Target should be 100% of all workers are within the local Law or 1 day off following every six consecutive days as per SA 8000 Section IV if no local labor law exists.

The analysis should include all hourly paid workers in all departments.

The calculation should be very straightforward: the percentage represented by the number of workers that have not received the due rest days (as defined in the relevant article 4 of the Guidelines), in respect of the total number of the workers.”

Other key areas to check:

- Working hours policy – Does the company have a clearly communicated policy that workers should not work overtime greater than that allowed by local Law and that they should have one day off in seven?
- Working hours management process – Does the company have a credible and robust process for accurately recording and managing working hours to within their stated policy? Can they evidence that it is being followed?

These would be the two key numeric KPI's and the two key enablers that could be easily measured/verified during audits.

The numeric KPI's are however lagging indicators. Thus, not for audit but for regular reporting we may wish to consider leading indicators for selected companies and in this case key leading indicators would include:

1. Workload volumes versus capacity (at legal working hour limit) – if the factory has or is expecting workload volumes to significantly exceed > 10% planned capacity, then overtime levels could be expected to rise.

2. Workload forecasting accuracy (a two way measure on the customer as well as supplier) – If the accuracy of order forecasting is typically less than 80%, then overtime levels could be expected to be at risk.

3. Staff churn - % of total workforce that have left and been replaced with new workers. If this exceeds 10%, then increase of overtime could be expected as workers have to work longer to meet production targets as less experienced.

Best practice would be for suppliers to discuss capacity and workload issues with customers and agree a way forward (even a temporary agreed increase whilst new workers hired / trained etc..) if the above leading indicators show a problem in forecast.

KPIs related to other axes are under finalization by JAC