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CSR Joint Audit Cooperation (JAC): A common methodology for a full and recognized Supplier/sub Supplier CSR audit process

The Joint Audit Cooperation (JAC) is an initiative in the area of Corporate Social Responsibility that was set up by Deutsche Telekom, France Telecom and Telecom Italia in January 2010. Since October 2011 four more companies have joined.

JAC is a voluntary initiative - open to all Telecom Operators (there are no subscription costs) - aiming to verify, assess and develop the implementation of CSR principles and practices across the manufacturing centres of their most important ICT multinational Suppliers.

The JAC objectives are to:

- increase efficiency and productivity for Companies and Suppliers;
- contribute to global responsible development;
- ensure continuity of supply by understanding/reducing CSR risks.

Telecom Operators, that whish to be part of JAC, should respond to some prerequisites (i.e. have a structured CSR Sourcing Department, have direct contracts in place with Suppliers common to at least one of the other JAC members, accept all terms of the Memorandum of Understanding signed in 2010, accept all the terms of the Non Disclosure Agreements signed between the JAC and the Suppliers audited).

JAC governing body is the Steering Committee, which meets twice a year to verify the results of the audit campaign and take decisions on the next step.

JAC brings about a series of advantages in terms of cost and process optimization for Suppliers that:

- will not receive separate multiple CSR audit requests;
- will benefit from the adoption of one single standard methodology during the overall audit process.

Most of the Suppliers have accepted to take part in the JAC initiative, during this first JAC CSR audit campaign.

The on site audits operations are conducted according to the following guidelines:

- cooperation with the Suppliers;

- conduction of the audits, by international audit companies, on the basis of a check list defined by the JAC members referring mainly to the SA 8000 and ISO 14001 standards;
- non-disclosure agreements signed with suppliers to restrict audit results to JAC members only;
- corrective plans defined with the Suppliers to resolve any gap highlighted in the audit report.

The first JAC audits campaign - from July 2010 to September 2011 - concerned around 30 audits on ICT Suppliers with plants in China, Taiwan, India, Japan South Korea, Eastern Europe and South America, covering globally 150.000 workers.

Despite the small number of non-conformities found out, various types of non-compliances were reported. The most common ones relate to working hours, health and safety, wages.

There are 130 CSR audit parameters (including critical and sensitive ones), weighted differently in the evaluation. A Supplier is classified on a scale of A (excellent) to D (poor).

JAC will do follow-up audits if:

- the last audit score is in D or the Supplier does not provide enough evidence and JAC deems the proofs not reliable enough;
- the check list does not experience a substantial change.

JAC will do follow-up audit within four weeks, after the previous audit, if a non-compliance with any "sensitive" item - which implies immediate danger and/or serious threat to workers' life - is detected.