

**Ford Human Rights Code of Basic Working Conditions**  
**Ford India Private Limited**  
**Tamil Nadu Plant**  
**September 8, 2006**

**Background**

In May 2003 at the Centennial Shareholders meeting, Ford Motor Company announced the development of Ford's Code of Basic Working Conditions as part of its commitment to corporate citizenship and making the world a better place. The plan is to make Ford a leader in human rights practices and to differentiate the company on social issues for potential business benefits (see attachment for a copy of the Code).

Assessment of Ford Motor Company owned and operated facilities began in 2004. In 2006, Sustainable Business Strategies and Purchasing Strategy selected sites based on supply chain impact, emerging issues, plant employee representation and the views of thought-leaders, non-government organizations and human rights activists.

Located in the city of Tamil Nadu, India - Ford India plant produces the Ford Fusion, Fiesta, Ikon and Endeavour. The plant employs 1,981 people (1,520 hourly employees and 461 salaried employees).

The 15,246,165 square foot facility is able to produce about 52500 units per year on 2 shifts. Production in 2005 was 24430 units.

**The Assessment Process**

**Step 1: Prior to the Assessment:**

David Berdish, Manager of Social Responsibility and Organizational Learning sent a copy of the Human Rights Code of Working Conditions and a communication letter to Ganeshan, Kamali Rajesh and Nancy Reisig, explaining:

- Background, descriptions, commitments and the expectations of the assessment (explicitly stating desire not to replicate but to ensure consistency across all operations)
- A streamlined pre-assessment checklist, focused on gathering information regarding management systems and past compliance issues at the facility.

On July 3, 2006, David Berdish of Sustainable Business Strategies interviewed Dharanidharan at Ford India. Interview questions centered around 1) Whether the documents were the best for verifying the Code and if they were easily accessible; 2) Whether plant management saw value in conducting the human rights assessment given that Ford already audits many practices covered by the Code through existing means; and 3) How Sustainable Business Strategies could best conduct the assessment without burdening facilities with additional work.

The interviews confirmed that the documentation is the appropriate documentation for verifying compliance with the Code. However, the interviews also revealed that there are several processes currently implemented by different departments within Ford to audit compliance with various aspects of the Code.

A summary of the interview questions and answers are as follows:

**1. In your opinion, what is the greatest value-add of conducting human rights assessments at Ford's owned and operated facilities?**

We are pleased to know that our organization complies with the code.

The working conditions code is very much in line with what is practiced in Ford India. We also strongly believe that communicating the working condition code, practicing and assessing would definitely aid each of Ford owned/operated facilities in being aligned towards corporate values and guidelines.

**2. When you look at the code, and imagine using it to assess current practice at Ford facilities, what are the greatest areas of non-compliance that you might predict?**

We don't anticipate any areas of non-compliance. All the elements as mentioned in code are being strictly adhered to, as they have been an integral part of Ford India values as well as government regulations.

**3. How do you think management, workers, and employee representatives at Ford facilities will view these assessments?**

These assessments will be perceived in a very positive manner and as a measure towards keeping the culture of Ford India intact.

**4. To help us understand any unique conditions at your facility, please describe how you meet each of the seven facets of the Code of Basic Working Conditions. Please speak to the policy/law that you follow and the process you use to ensure that the policy is being correctly implemented.**

- **Child Labour:** Employment of any individual below the age of 14 years is prohibited as per the Labour Legislations (The Factories Act – 1948 / Child Labour Prohibition and Regulation Act, 1986) in India. Moreover at a policy level it has been decided that we would not engage any individual below 18 years of age for any job with us. This is been taken care at the recruitment stage itself. Every candidate is required to enter their personal details in the application blank and that document along with educational certificates is used as a verification check for the same. Moreover all details pertaining to a particular employee is maintained in an employee folder assigned for that specific employee. The corporate recruitment team does a similar check for Staff Employees. In addition to this as per government regulations we are also responsible for ensuring that all contract employees working with Ford India comply with the same.
- **Compensation:** Compensation for hourly employees is driven by taking into consideration the business performance of the organization and in par with industry standards. Compensation for hourly employees is revised every year effective April 1<sup>st</sup>. A wage survey is conducted wherein compensation details of the hourly workforce of competitor and other auto component manufacturing industries is collected and thereby a wage revision is done appropriately to the wages of our workforce. A similar compensation survey is conducted for the salaried side and a salary revision is conducted through the annual compensation and merit planning process.
- **Forced Labour:** Forced labour is strictly prohibited by the Law and is strictly adhered to.
- **Freedom of Association and Collective Bargaining:** As a proactive approach towards Employee Relations an elected hourly employee representative body called "Ford Employees Works Committee (FEWC)" has been formed. The representative body meets with the management on a monthly basis and discusses on issues raised by employees and are solved amicably. The charter of FEWC describes on the functioning of the representative body.
- **Harassment & Discrimination:** Harassment and discrimination of any employee on basis of sex, race, colour, creed, religion, age, ethnic or national origin, marital/parental status, disability, sexual orientation, or veteran status is considered and practised as "Zero Tolerance" and a severe disciplinary action is taken on any individual involved in such acts.
- **Health & Safety:** Ford India has been certified Level 8 in FPS-SHARP Global Release version 5.0 last year.
- **Work Hours:** Attendance of employees is being tracked through attendance registers, leave cards & overtime cards for all employees. Working hours of employees are strictly as defined under the "Factories Act – 1948". Anyone working for more than 48 hours in a week is eligible for overtime pay. Overtime pay will be double the normal wages. Holidays provided appropriately under the relevant statutes.

## 5. Where documents are housed?

- Form I-9 (Employee related details are maintained in their personal files. A soft copy of which is available in People Soft (Salaried Employees Only) and in MS Excel for Hourly Employees)
- Salaried wage structure & Hourly employee's wage structure documented and possessed by the payroll associates respectively.
- Collective bargaining documents (Not Applicable)
- Grievance Procedure Log: Minutes of the meeting between FEWC representatives and management representatives on employee issues are documented and maintained online as well as in hard copies)
- Employee hotline records (Not Applicable as on now, will be implemented at the earliest)
- SHARP scorecards: FPS Metrics is maintained for each Team which includes SQCDME
- Collective Bargaining (Not Applicable)
- Casual overtime agreements (As per statutory regulation. Payroll manages attendance & overtime)

## 6. What would you suggest is most important for Sustainable Business Strategies to keep in mind in order to make this effort successful (both in terms of gathering information and creating a sense of partnership and shared purpose with the facilities)?

None

## 7. Any other words of wisdom/advice?

None

### **Step 2: Site Visit**

Based on its history, including local community reporting and FPS and SHARP achievements, it is quite evident that the Ford India can comply with the Code and those robust processes are in place to monitor compliance and provide remediation methods at all facilities.

In fact, Ford India's strong presence and reputation among its community makes it a candidate for leading edge sustainability business practices, and can prove its leadership in human rights issues like diversity, health, discrimination and a more systemic evaluation around countries and issues.

### **Step 3: Leadership**

- Ford India has a unique and long sustained best practice of conducting voluntary blood donation camps twice a year. This silent but firm decision by Ford India team is to exhibit their commitment to the cause of needy. Starting from 2000, 18 Voluntary Blood Donation camps have been conducted. In this life saving process, Ford India employees eagerly and enthusiastically participate, with overwhelming response. FIPL has emerged as the "Highest Voluntary Blood Donor in the Industrial Segment" for six consecutive years (from 2000-2006). The Red Cross Society, of Tamil Nadu State, has awarded the rolling trophy to Ford India permanently recognizing this noble gesture. This proud achievement is the result of Ford India's team strong desire to help the people in need and this could be achieved only with all employees' support and generousness co-operation. Ford India has so far donated 2056 units of blood, bettering its own record year over year reiterating its commitment to corporate citizenship.
- When the 2004 Indian Ocean tsunami blasted the southern coast of the India, many lost their lives and many more lost their livelihoods. Ford India was one of the corporate organizations who plunged into immediate action to support the rehabilitation of the affected people. As a partial remedy to this still-serious situation, Ford India donated 25 fiber-reinforced plastic boats with outboard engines to the fishing

community of Panaiyur Periya Kuppam. The boat donation is part of the Ford India Tsunami Rehabilitation project, a joint effort with the Confederation of Indian Industry (CII). Over the two-year period, we have been working on to provide resources for vocational training, enterprise development and functional literacy. The project also encourages the local fishermen to resume fishing in an ecological manner, and also to introduce multi-trade skill activity to the youth of the community. Ford volunteers were involved in rebuilding homes, local school and the fishing industry in the tsunami hit village of Panaiyur Periya Kuppam.

- Ford has established 'Sanjeevi', a medical centre, and offers free primary healthcare to the local community. Activities conducted by the medical centre include providing primary healthcare to the local populace, awareness and screening camps, an annual medical check-up for over 5,000 students, door-to-door visits by village health workers and vacation welfare programmes for the schoolchildren. Pharmaceutical companies regularly conduct awareness programmes at the centre. The medical centre supplies vaccines, vitamins, maintains health charts for patients and teaches them about hygiene. In addition to that Ford India has donated two fully equipped ambulances to Trauma Care Consortium for providing emergency assistance along National Highway 45.
- Besides the above mentioned activities Ford India has supported the cyclone affected people of Orissa by providing medicines, relief material, food and other miscellaneous items.

### **Conclusions**

It is evident that Ford owned and operated facilities could comply with its own Code.

In Sustainable Business Strategies, there are no major areas of concern.

The next steps include the release of this report to global manufacturing and then further dialogue with ICCR and/or other Human Rights stakeholders on most value-added follow-up. This report will be published in our website:

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