

Ford Code of Human Rights, Basic Working Conditions and Corporate Responsibility

Pre-Site Visit Facility Survey

Date	18 July 2012
Location / Facility	Struandale Engine Plant

Perception and Understanding of Code

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 Ford Code of Human rights, Basic working conditions and corporate Responsibility is in line with what is practiced by FMCSA. We also strongly believe that communicating the basic working conditions code would definitely aid each of Ford's owned/operated facilities in being aligned towards corporate values and guidelines. It is important that Ford communicates that it cares about people and is committed to a fair and equitable system. It also communicates Ford's intentions and image towards Corporate responsibility globally.

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

We don't anticipate any areas of non-compliance. However due to a fluid job market, competitive compensation remains a challenge in the face of an ability to pay. All the elements as mentioned in the code are monitored for continued compliance.

In general the assessments will be perceived in a very positive, progressive and fair manner. There could however be employees or representatives that will view the assessments with some skepticism.

Facility Conditions

Human Rights

In order to gauge human rights risks, it is imperative that business enterprises identify and assess any actual or potential adverse human rights impacts with which they may be involved either through their own activities or as a result of their business relationships. Please answer the following questions to describe how your facility approaches assessment and management of human rights risks.

1. In your opinion, what does upholding human rights mean to your facility?

Our facility have and will continue to seek compliance with local South African legislative requirements and Ford corporate standards, supporting the Bill of Human rights. To this end our facility have revised our local code of conduct to align the code with labour law, case law and national regulations.

2. How is the preservation of human rights monitored in your facility?

Through a comprehensive local Code of conduct and adherence to legislative requirements. Local labour relations function regularly meet to ensure common interpretation and application of legislative requirement.

3. How is your facility working to reduce human rights risks? Please describe any particular processes or initiatives.

All local procedures, work instructions and desk procedures are reviewed annually. These are usually circulated for all relevant departments heads. These changes are then published. All employee forums have the opportunity of raising their concerns to facility leaders through regular consultative meetings.

4. How is your facility monitoring human rights risks?
As our workforce is highly Unionized and our Local shop steward council constantly engage the organisation on any issues related to the work force which they believe could be in violation of national laws. Consultative forums like the Salaried Employee Forum also provide for a platform for salaried employees to do the same.
5. How are you remediating any non-compliance to human rights policies or addressing identified human rights risks?
Through our constant engagement with our local union and consultative forums, a ZERO tolerance to transgressions is maintained and the facility has an employee Hotline, which is generally published.
6. Do you believe that you are making progress in minimizing human rights risks? What additional support do you believe is necessary in order to making continuous improvement towards upholding human rights?
Yes our organization has made considerable progress towards the reduction of Human rights risks. No additional support is needed at this time.

Working Conditions

1. Please describe how you meet each of the facets of “Basic Working Conditions” as outlined in the Code of Human Rights, Basic Working Conditions, and Corporate Responsibility. Use the following chart to outline: i) the policy / law(s) followed in order to meet these principles of “Basic Working Conditions” as outlined in Policy Letter 24, ii) the process your facility undertakes in order to implement such policy / law correctly, and, iii) where these documents are housed.

	Policy(s) / Law(s) Followed	Process to Implement Policy Correctly
Child Labor	<ul style="list-style-type: none"> • Basic Conditions of Employment Act (BCEA) • Labour Relations Act (LRA) • Occupational Health and safety Act (OSH Act) • Children's Act • Recruitment & Promotions policy 	In terms of the Basic Conditions of Employment Act (no. 75 of 1997) South African Law prohibits an employer to employ a child who is under the age of 15 or who is under the minimum school-leaving age in terms of any law. In addition, no employee is recruited below an educational level of grade 12 which means that employees recruited are at least 18 years or older. Personal details are kept on file for verification purposes.
Compensation	<ul style="list-style-type: none"> • National Bargaining Forum Agreement • Basic Conditions of employment Act (BCEA) • Recruitment policy 	Hourly paid employees are unionized. Freedom of association and the right to belong to a Trade Union is enshrined in the South African Constitution and covered by the Labour Relations Act of 1995. All FMCSA hourly paid employees are part of a national bargaining unit called the National Bargain Forum (NBF). The NBF negotiates wages and conditions of employment. All OEM Manufacturers in South Africa are covered by this agreement. 3-year Agreements are negotiated and implemented. Salaried employees' compensation and benefits are derived through competitive analysis (salary and benefit surveys) as well as a Company ability to pay principle. Annual increases are based on a pay for performance principle

	Policy(s) / Law(s) Followed	Process to Implement Policy Correctly
Forced Labor	<ul style="list-style-type: none"> • Basic Conditions of Employment Act (BCEA) • Labour Relations Act (LRA) • Recruitment policy 	Forced labour is strictly prohibited by the Law and is strictly adhered to.
Freedom of Association and Collective Bargaining	<ul style="list-style-type: none"> • ZAF National Constitution • National Bargaining Forum Agreement • Bill of rights • Labour Relations Act 	<p>As indicated above, all employees are entitled to belong to a Trade Union. This right is protected by law. Collective bargaining rights are similarly protected in SA labour legislation. All hourly employees are covered by a collective agreement derived through the National Bargaining Forum.</p> <p>Though salaried employees have the right to belong to a Trade Union, no collective agreement exists as salaried employees have elected not to organise into a bargaining unit.</p> <p>However a Salaried Forum is in existence to liaise on behalf of the needs of salaried employees. Forum members, as per various salaried constituencies, are elected. These members represent salaried employees where matters of mutual interest are discussed and agreed upon.</p>
Harassment and Discrimination	<ul style="list-style-type: none"> • Company Code of Conduct • Basic Conditions of Employment Act (BCEA) • Employment Equity Act • ZAF Constitution 	<p>Harassment and discrimination of any employee on the basis of sex, race, colour, creed, religion, age, ethnic or national origin, marital/parental status, disability or sexual orientation is prohibited by the South African Constitution as well as by various Labour Legislation such as the Basic Conditions of Employment Act, the Employment Equity Act and the Labour Relations Act. FMCSA has a Zero Tolerance Policy for any form of discrimination and harassment. In addition the Human Resources structure has recently established a Diversity and Employment Equity Specialist position, reporting to the Vice President – Human Resources. This position monitors and guides the Company with respect to matters such as the implementation of the global Zero Tolerance policies, Open Door Policy, Policy on the Relationship with employees as well as Diversity and Equity matters.</p> <p>A local "hotline" is also in operation. Personnel Relations Reviews, Pulse Results and Hotline calls are used to monitor and to ensure implementation of various Company policies in this regard</p>
Health and Safety	<ul style="list-style-type: none"> • Occupational Health and Safety Act (OSH Act) • Safety Operating System 	FMCSA regards the proactive management and leadership of Health and Safety and the Environment as a business imperative. All Health and Safety processes are governed by the SOS process. Shop floor level, Plant and Executive reviews take place on a regular basis. In addition, the Occupational Health & Safety Act of 1993 governs Health and Safety in South Africa.

	Policy(s) / Law(s) Followed	Process to Implement Policy Correctly
Work Hours	<ul style="list-style-type: none"> • Basic Conditions of Employment Act (BCEA) • Labour Relations Act (LRA) • Occupational Health and safety Act (OSH Act) • NBF Agreement 	The Basic Conditions of Employment Act regulates working hours as well as maximum overtime hours. FMCSA policies regulate these hours and in addition the hourly paid employees are governed by the NBF Agreement. Overtime payment is governed by the Basic Conditions of Employment Act, Company Policy and the Collective Agreement
Where are these documents housed?		
<ul style="list-style-type: none"> • Employee related details are maintained on personnel files for both salaried and hourly employees. In addition People Soft retains record of past and present hourly and salaried employees. • Salaried scales & Hourly employee's wage structure are maintained by Compensation and Benefits within the Human Resources structure. • Collective bargaining documents and agreements are maintained by Labour Relations within the Human Resources structure. • Grievance Procedure documents are kept on file with either HRBO or Labour Relations. • Employee hotline records are maintained by the Hotline service provider (KPMG). • Human Resources Policies and Procedures are documented and kept on the Powerway system and displayed on the Company's Intranet site. In addition, all Personnel Relations Policies are maintained and kept on the company's Intranet site. • SOS scorecards and FPS Metrics are maintained by each Team which includes SQCDME 		

2. In the code, it has been made explicit that Ford seeks to identify, report and address any suspicion of human trafficking in order to adhere to our commitment to ensuring Basic Working Conditions and Human Rights.
- Within your community, are you aware of or have noticed any human trafficking activity? If so, please describe.
No instances of human trafficking was reported or were observed. National law strongly discourage involvement with Human trafficking
 - Are you aware of any suppliers or businesses in which you interact that are suspected of or have been found to engage in activities of human trafficking, directly or indirectly?
No suppliers has been suspected of human trafficking. Ford policies would expect that such suppliers immediately be removed from the Ford preferred supplier lists. Our facilities expect of suppliers to comply with all local legislation especially with the Broad Based Black Economic Empowerment (BBBEE) law which expects some black representation at company board level; This would deter most organization expecting to operate within South African country borders.

Corporate Responsibility

1. Please describe how you meet each of the facets of "Corporate Responsibility" as outlined in the Code of Human Rights, Basic Working Conditions, and Corporate Responsibility. Use the following chart to outline: i) the policy / law(s) followed in order to meet these principles of "Corporate Responsibility" as outlined in Policy Letter 24, ii) the process your facility undertakes in order to implement such policy / law correctly, and, iii) where these documents are housed.

	Policy(s) / Law(s) Followed	Process to Implement Policy Correctly
Community Engagement and Indigenous Populations	<ul style="list-style-type: none"> • Global Week of caring • Ford Corporate Responsibility policy 	FMCSA considers local communities a primary stakeholder in projects and activities. Year to date more than 250 hours by more than 62 employees have been dedicated to community projects.

	Policy(s) / Law(s) Followed	Process to Implement Policy Correctly
Bribery and Corruption	<ul style="list-style-type: none"> • C3 Policy • Corporate code of conduct 	As provided in policy C3 – Standards of Corporate Conduct, FMCSA will under no circumstances tolerate the giving or receiving of money, gifts, or favors to influence improperly the behavior of another individual, organization, government employee, politician, or government body in furtherance of a commercial or personal advantage. All salaried, contract and agency employees are required to make annual declarations in terms of Policy letter C3. Exception reports are developed to ensure that all employees do make this declaration.
Environment and Sustainability	<ul style="list-style-type: none"> • National Environmental Protection Management Act • National Water Act 	Environmental Management system implemented 10 years ago. Program sustained through annual compliance assessments by third party assessment.
Where are these documents housed?		
<ul style="list-style-type: none"> • Employee related details are maintained on personnel files for both salaried and hourly employees. In addition People Soft retains record of past and present hourly and salaried employees. • Salaried scales & Hourly employee's wage structure are maintained by Compensation and Benefits within the Human Resources structure. • Collective bargaining documents and agreements are maintained by Labour Relations within the Human Resources structure. • Grievance Procedure documents are kept on file with either HRBO or Labour Relations. • Employee hotline records are maintained by the Hotline service provider (KPMG). • Human Resources Policies and Procedures are documented and kept on the Powerway system and displayed on the Company's Intranet site. In addition, all Personnel Relations Policies are maintained and kept on the company's Intranet site. • SOS scorecards: FPS Metrics are maintained by each Team which includes SQCDME 		

2. What local communities or populations do you regularly engage with? What issues are pertinent to them in relation to Ford's projects and activities? What is your process to address issues pertinent to such local communities and populations?

Employees identify local schools and community pre-schools. These work teams then decide on how they can assist these organizations. These projects are mostly renovations and maintenance activities which are then completed over week-ends. Some work is also planned over the global week of caring, when most work teams spend at least 8 hrs working on community projects during working hours.
3. How have you incorporated sustainable water strategies in to your facility's operations? Can you point to any specific metrics / improvements that have been made and can be quantified? If so, please describe or provide any relevant documentation that indicates progress.

The facility recently introduced a program of collecting rain water in 2000 liter containers. No metrics available as the tanks was only installed recently. These tank water will be used for the plant's landscaping requirement. Investigations are currently underway to establish if the water would be of the correct chemical composition for use in the production processes.
4. In your opinion, how do you believe sustainable water projects contribute to the health of staff, operations and the community?

Water resources in South Africa is scares and therefore very expensive. If the rainwater project is successful it should reduce dependency on municipal water for landscaping and production purposes. Unfortunately local regulations prohibit the plant from using this for Human consumption.

5. What initiatives are being undertaken to reduce environmental / health impacts from operations? How is this contributing to your facility's ability to move towards being more environmentally sustainable in the long-term? The plant introduced an Environmental Management System about 10 years ago. This program maintains a register of all impacts and aspects to properly understand the plants impact on our immediate environment. This register is updated twice annually. Regular monitoring of groundwater reservoirs and other pollutants twice annually ensure that trends are monitored to ensure corrective actions can be implemented early

Responsibility for and Implementation of the Code

1. How are you approaching continuous improvement in your facility's performance, practices and processes in place to comply with Policy Letter 24?
An annual review of Policies, procedures and processes should provide opportunities for a process of improvement. South African legislative requirements do not expect that the facility do continues testing. The South African Ford facilities therefore currently operate on European Environmental and Global Ford standards to ensure we stay ahead of other similar local organizations..

Additional Information

1. What would you suggest is most important for Social Sustainability 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)?
- Ensure periodic assessment of facilities takes place to support compliance
 - Objective metrics be implemented
2. Any words of wisdom/advice?
- Many measurement tools are in place that is able to gauge and measure successful implementation of Company policies. These tools are Pulse reports, Personnel Relations reviews, C3 Violations, Hotline calls/cases and employee grievances