

Ford Human Rights Code of Basic Working Conditions
Ford of Vietnam
Haiduong Plant
FINAL July 24, 2008

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 2008, 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. Site selection was also determined by the exploration of new business opportunities and further advancement of sustainability efforts where Company trustworthiness and community credibility were considered critical to achieve high standards.

Located near the city of Hanoi—the plant produces the Everest, Ford Escape, Ford Mondeo, Ford Focus, Ford Transit and Ford Ranger. Presently, the Haiduong plant employs 550 people. The 111,945 square foot facility is able to produce about 8000 units/shift per year. Production in 2007 was 4900 units.

The Assessment Process

Step 1: Prior to the Assessment:

David Berdish, Manager of Sustainable Business Development sent a copy of Policy Letter #24, the Human Rights Code of Working Conditions and a communication letter to Nguyen Huyen Chen, 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 August 21, 2008, Berdish of Sustainable Business Strategies interviewed the Camacari Human Resources team. 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?**

- In my opinion, this exercise will further reaffirm the company who has invested in this market about the investment decision. It will help people from outside to have a direct information about what are going on in the market

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?

- From the areas in the policy, there are no violations at Ford Vietnam. The company is always among the leading companies in the market that does not tolerate for any inappropriate behavior, though sometimes it takes lots of time and effort to deal with those behaviors, for example the corruption. But gradually the company has been able to send a message across the organization that it is no tolerance with those types of behaviors.

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

- There will be a strong consensus about the above assessment.

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 Labor: No child labor is allowed at the facility (below age of 18)
- Compensation The minimum wage of FVL is at the competitive level and about double compare with the government regulated rate
- Forced Labor People apply for open position in Ford (from the lowest position in the organization) and need to go through test and interview to be offered job. It is the labor contract that will be signed between company and employees
- Freedom of Association and Collective Bargaining 100% of Ford Vietnam employees are trade union members. The collective Labor Agreement is reviewed annually between company and Trade Union. The relationship is very cooperative. Trade Union in Vietnam often work with the company to protect employees benefits, not work against the company
- Harassment & Discrimination Zero tolerance, there are no discrimination in the company
- Health & Safety and Environmental Responsibility Meet all government requirement at the same time meet all Ford requirement. ISO14000 was achieved about 8 years ago
- Work Hours Government regulate the maximum limit of 48 hours, Ford Vietnam is working 44 hours (average of the market)
- Bribery and Corruption Ford follows policy 3 strictly, the image of Ford as not tolerating for bribery and corruption has been well received by employees and community
- Community Engagement Ford Vietnam has a good corporate citizenship through lots of activities that support the society (helmet campaign for safe traffic, green day, voluntary campaign where employee help the homeless children)

5. Where documents are housed?

The FVL policies are housed, the labor code is followed and the CLA that we do every year are practiced every day.

- Employees' records (labor contract and personnel documentation – HR Office): Filing system in HR area/ Database
- PeopleSoft data (System) – Server of the region
- Communication to Employees (HR Plant): Email, hardcopies - Filing system in HR area
- Reports in HR office - Filing system in HR area
- Salaried and Hourly wages structure (HR Office) - Filing system in HR area/ C&B

- Collective bargaining agreements (Labor Relation Plant) - Filing system in HR area/ Employee Relation
- Employee hot-line records (GAO – HR STAFF) - Filing system in HR area/ HR Manager
- SHARP scorecards (Safety Plant) - Filing system in HR area/ Safety
- Timekeeping reports (System) - Filing system in HR area/ C&B
- Work groups surveys (HR Office and Manufacturing) - Filing system in HR area/ Manufacturing HRBP
- Local Labor Agreements (Labor Relation Plant) - NA
- Pulse Survey reports (Training Staff) - Filing system in HR area/ Training
- Law suits sentences (Legal area) - Filing system of Legal dept
- Labor inspection reports (HR Office) - Filing system in HR area/ Employee Relation
- Master agreement with full service suppliers (Legal area) - Filing system of Legal dept

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)?

- Sharing purpose is a good start and then you may want to consider to tap into more information that the Regional incident coordinator have for each region as through that an over view of the region and market will be reflected

7. Any other words of wisdom/advice?

- No, except that the questions and the format of this has made the report really easy and quick.

Step 2: Site Visit

It is evident that the Haiduong plant can comply with the Code and those robust processes are in place to monitor compliance and provide remediation methods at all facilities. No trip will be required.

Step 3: Leadership

Please describe Haiduong's leadership in environmental initiatives.

- Environmental Management System
- Compliance to ISO
- Waste Minimization Program: yes, give out in SQCDME
- Selective collection of solid wastes for reuse and recycling
- Storm water collection
- Use of wetlands technique for sanitary sewer treatment
- Use of sanitary treated waste water for irrigation

Please describe Haiduong's leadership in community initiatives.

- Ford Vietnam (FVL) is taking the priority of road safety very seriously.
- Ford Vietnam has actively supported the International Federation of Red Cross and Red Crescent Societies by supplying and maintaining a fleet of Ford Rangers to support their "Disaster Response Programme"; has provided a training course on "Four wheel drive skills" for drivers of Vietnam Red Cross; and has supported a "First Aid Training" program for Taxi drivers in Hanoi.
- Earlier this year, Ford Vietnam intensified its efforts by seeking a road safety commitment from its employees. The message to employees was that all of us can make a difference by demonstrating good road safety practices, and by encouraging family, friends and colleagues to do likewise.

- Helmets to Employees -- In support of this, Ford Vietnam gave each employee a helmet, and encouraged every person to wear the helmet at all times while they are drivers or passengers on a motor cycle.
- International Companies -- July 19, 2004 at the Hilton Opera Hotel in Hanoi, Ford Vietnam and BP Vietnam, in conjunction with AMCHAM, sponsored a major event on road safety.
- National Road Safety Month -- Our next initiative was in support of National Road Safety Month in Vietnam, Ford Vietnam sponsored a Road Safety Education Program.
- Ford Vietnam Co-sponsorship with BP Australian Chamber of Commerce Community Award for Road Safety – Ho Chi Minh -- In the spirit of global cooperation with BP, and Ford Vietnam road safety imperative, Ford Vietnam evaluated submissions from Australian and Vietnamese / Australian JV companies operating in Vietnam and presented the award to RMIT (Royal Melbourne Institute of Technology) for their strict adherence to compulsory helmet wearing for students and staff. The media attention to this event has been increasing year by year and this month, November 1995, Ford Vietnam will be the sole sponsor for this important award.
- United Nations International School (UNIS) – Ford Vietnam gave a 45 minute presentation to the middle and senior school students, teachers and some parents on the dangers of not wearing helmets while riding motor cycles. The timing (last day of 2nd semester) was chosen for greatest impact i.e. risk of riding in school holidays.
- Dealer Commitment – At the National Dealer meeting on October 7, 2004 Ford Vietnam officially requested its dealer body to join in a serious road safety commitment
- Sponsorship to "National Driving Skills Contest" -- Ford Vietnam's contribution to this event is sponsorship of VND 100,000,000 (equivalent to \$6,300). Additionally FVL provided 3 Laser 1.8L MT vehicles to be used as official vehicles in the driving contest, and provide additional POS to organizers and contestants including gift awards to the best drivers.
- "Hanoi – On June 8 2005 the World Bank approved a credit of \$32 million to support Vietnam's Road Safety Project to reduce the rate of accidents, injury and death associated with road transport". – Ford Vietnam requested and was subsequently invited to join the private industry 'Consultative Council' which will work with the Government's 'National Traffic Safety Committee' to develop the prioritized spending plan.

Others initiatives

- Cultural & Environmental reservation Grants Program: since 2000, provided \$280,000 funding to nearly 70 small & medium sized projects of cultural heritage reservation and environmental protection
- Traditional lunar new year TET holiday: annually provide TET gifts to hundred of poor families in Haiduong provinces
- Provided Ford vehicles to Vietnam Veteran American Fund as mobile medical vehicles to war-disable people in remote areas

Conclusions

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:

<http://www.ford.com/go/sustainability>