

Ford Human Rights Code of Basic Working Conditions
AutoAlliance plant in Pleukdang, Thailand
FINAL: October 30, 2009

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).

In early 2008, Ford joined the United Nations Global Compact (UNGC), a framework for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, the environment and anti-corruption. This action reinforces our commitment to outstanding performance and transparency in these areas.

Assessment of Ford Motor Company owned and operated facilities began in 2004. In 2009, 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 in Pleukdang, Thailand--the plant produces the 1-ton pick up truck (New Ford Ranger and Mazda BT 50), PPV (Ford Everest) and starts production of a small passenger car (Mazda2) in Q4 2009. Presently, the plant employs 3,606 people. The 326,314 square meters facility is able to produce about 197 units per shift (without OT) and about 245 units per shift (with 2 hours OT). And current cycle time is 2.4. Production in 2008 was 174,236 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 Michael Warzecha, 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 25, 2009, Berdish of Sustainable Business Strategies sent interview questions to Stuart Daniels. 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?

- The assessment will hopefully provide a consistent view of the performance of the AAT business with regard to human rights facets, against a standard set of criteria. The results of which will hopefully serve to indicate that AAT not only meet, but well exceed, any local/internationally mandated standards. In doing so we can correct any issues to ensure that the public standing of our business, and the reputation of the parent companies, is never compromised. We welcome this review.

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?

- In fact, AAT must strictly comply with all local laws (including Thai Labor Law, Criminal Law, Civil Law as well as the announcement of Ministry of Labor, announcement of Ministry of Interior, and the announcement of Ministry of Industrial) and also strictly comply with both Ford and Mazda Practices. We do not see any major areas of non compliance.
- These assessments would be welcomed and we would look forward to involving/sharing the results with our FMT, Trade Union.

3. 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 – AAT fully comply with Thai Labor Protection Act B.E. 2541 (1998) - Chapter 4 Employment of Young Workers, Section 44 – An employer shall not employ a child under fifteen years of age as an employee and Section 47 – An employer shall not required a young worker under eighteen years of age to work between 22.00 hours and 6.00 hours unless written permission is granted by the Director General or a person entrusted by the Director General. AAT practice, we never hire anyone under 18 years of age because we have nightshift operation and the nightshift start at 22.30 – 08.00
 - When we recruit new employees, at least 2-3 documents required and we can check the candidate's age (to make sure that they are 18+ years old)C
 - Candidate's Transcript of Education. The transcript will clearly indicate the candidate Date of Birth
 - We always request Home Registration and candidate's ID. These 2 document will inform all necessary candidate information including Date of Birth (data in Home Registration, ID and Transcript must be allied)
- Compensation – Same as above
- Forced Labor – Same as above
- Freedom of Association and Collective Bargaining – Comply with Labor Relation Act B.E. 2518 (1995). Pay and benefits are negotiated on an annual basis with the FMT Trade Union. Regulatory meetings are held throughout the year with the Trade Union to discuss issues.
- Harassment and Discrimination – Labor Protection Act B.E. 2518 (1995) and Thai Constitutional Law (which ids the highest law of Thailand)
- Health and Safety and Environmental – Comply with the Announcement of Ministry of Labor; the Announcement of Ministry of Interior ; the Announcement of Department of Industrial Works; and the Ministry of Industrial

- AAT is awarded National Safety Award from the Ministry of Labor for 6 years consecutively since 2004 and our Health and Safety Manager, K Sampan, was awarded the Ford Global Health and Safety Professional of the Year for his work in 2008- no lost time cases and no serious injuries.
- Work Hours – Maximum 48 hours per week (follow Thai Labor Protection Act)
- Bribery and Corruption – this is covered by the Criminal Law , however we have implemented regular GAO audits and utilize the APA reporting processes regarding Unusual events that will be investigated by HR and Internal control, as appropriate.
- Community Engagement. AAT mgmt and employees are actively engaged in projects such as AAT Back to Employees' School Project, Safety at School (to educate student to aware of Safety and Environment), join Ford Volunteer Corp to build home for the Tsunami victims, join Ford Week of Caring and regularly visit HIV/AIDS affected children at the House of Grace Child Foundation and Camillian Social Center.

4. Where are the documents housed?

- Printed Labor Protection Act
- Printed Labor Relation Act

5. 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)?

- Clearly communicate that we conduct these audits and take them seriously is a key competitive advantage for Ford and Mazda. Keep communicating in simple terms why we are doing this, to ensure that the message and benefits are fully understood by all our Global team, regardless of nationality/mother tongue language. Engaging senior regional leaders to spread the word would also be advantageous.

6. Any other words of wisdom/advice?

- No.

Step 2: Site Visit

Due to the difficult economic conditions no trip from Ford Motor Company World Headquarters Social Sustainability will be scheduled. However, external stakeholders involved with the Code of Working Conditions will be engaged on our findings. Also, because of the unique relationship of Ford and Mazda, Berdish will follow up with the Pleukdang plant during 2010. The facility should be able to comply with the Code and the processes are more robust as a result of a shared purpose of the partners.

Step 3: Leadership

Please describe Pleukdang's leadership in environmental initiatives.

1. During the "Week of Caring", AAT visited schools with financial difficulties in Rayong Province and we teach the student on the topics of Safety, Health and Environment.
2. The AAT community development actions have included the planting of mangroves forest in order to protect the coast.

Please describe Pleukdang's leadership in community initiatives.

1. AAT Back to Employees' Project, where donation of cash, education stationery and sport equipments are made to employees' former elementary schools. This project was formulated in response to employees' suggestions.
2. An Education Program for Safety at School, Occupational Health and Safety Committee and volunteer employees visit schools nearby AAT. The purpose of this project is to raise the awareness of health and safety issues to the student.
3. HIV/AIDS and TB Preventive Program. The company has a strong commitment to protect the health and safety of all employees, and HIV/AIDS is the one of workplace issues that should be treated like any other serious illness/condition. This is necessary not only because it affects the workplace, but also because as part of the local community.

Others initiatives

1. AAT Kids at Work. This activity provides opportunity for employees' children to visit AAT Plant and also visit their parents' workplace. We arrange several activities to make kids impression and make kids proud of their parents.

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>