

**Ford Code of Human Rights, Basic Working Conditions and Corporate Responsibility**  
***Pre-Site Visit Facility Survey***

<b>Date</b>	August 2015
<b>Location / Facility</b>	Silverton Assembly

**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?

As part of an annual survey conducted by *Ethisphere*, Ford Motor Company was deemed the most ethical organisation in the world. As a responsible employer, Ford is required to ensure that positive work behaviours are being practiced across all regions and markets to maintain this level of credibility and prestige on a global platform. Conducting human rights assessments at Ford-owned and -operated facilities ensure that we are made aware of and address any concerns regarding human rights, where appropriate. In addition, conducting such assessments may educate the global Ford community on human rights legislation in other countries, the importance of diversity and inclusiveness in the workplace, as well as the different or shared perspectives on global human rights concerns and opinions.

Furthermore, with the pronounced growth and expansion planned for the Middle East and Africa region, it becomes more important for us to conduct these assessments to ensure compliance is regulated across all locations consistently.

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?

South African employment laws both incorporate and extend on the basic conditions established as part of the code and is strongly geared toward the protection of employee rights in the workplace.

As a country which has overcome historic discrimination and violation of human rights, I believe the code will be viewed in a positive light by key stakeholders in the process, namely; union, management, employees and suppliers. In light of the above, we do not foresee any areas of non-compliance with regard to the code.

**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?

Silverton Vehicle Operations (VO) centers on ensuring fair and equitable business practice by safeguarding equality in the workplace; free of discrimination and by providing a platform to employees to practice freedom of speech through their representative trade union. Designated Labour Relations/ Personnel Relations Representatives are assigned across the facility of Silverton VO to ensure that general employee concerns, as well as matters related to employee safety are placed at the forefront of our initiatives, thus ensuring elevated employee morale and dignity is maintained at all times.

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

As the lead of the People Operating System at Silverton VO, Human Resources ensures compliance to local legislation (Labour Relations Act, Basic Conditions of Employment Act) and Industry Agreements (National Bargaining Forum Agreement), which is established at standards that exceed the basic conditions outlined in the code, to ensure adherence to and preservation of human rights in the workplace. In addition, compliance is achieved through the use of complimentary systems such as internal grievance processes, as well as the Ford Employee Hotline.

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

As a globally recognised leader in the automotive industry, Ford Motor Company takes great care in ensuring that the rights of both their workers, as well as those with whom the Company associates, are protected at all times.

Internally, workplace forum discussions ensure employee concerns are addressed and allow the progression of freedom of speech.

Externally, Ford leadership has taken a much more proactive stance against corporate human rights risks by ensuring that the entire business system, as well as our supply chain, adhere and align to our policies with frequent Material Management Operating Guidelines (MMOG) audits in place across both the organisation and Tier 1 suppliers to monitor and certify compliance.

4. How is your facility monitoring human rights risks?

The Company has maintained a long-standing positive relationship with the National Union of Metalworkers South Africa (NUMSA), the union to which approximately 85% of the hourly workforce belongs. Through constant collaboration and engagement, this has ensured that the Company is always able to stay ahead of the curve in assessing and analyzing concerns that may directly or indirectly impact on a majority of its workforce.

In addition, the active presence of a Salaried Forum ensures that all workplace concerns impacting on salaried employees are reviewed and discussed, where appropriate.

The local Human Resources department maintains a strong presence in all aspects of the business, ensuring that employee concerns with regard to human rights and dignity are addressed and channeled timeously and with empathy.

As an organisation emulsified within an emerging market, local leadership have implemented the effective use of environmental scans as part of the Business Plan Review process. These items are typically addressed as part of established Governance reviews across skill teams to identify and address any potential concern areas that may impact on the organisation, either directly or indirectly.

- How are you remediating any non-compliance to human rights policies or addressing identified human rights risks?

Central to our commitment of zero tolerance against any and all human rights violations, Ford has established an Employee Hotline which allows employees to anonymously address any workplace concerns they believe inappropriate. The Hotline is maintained by an independent auditing facility which ensures neutrality in the process.

Internally, the Human Resources Department is the custodian of the employee grievance process. This formalized process provides workers with a platform to alert the organisation to any misgivings or concerns arising in the workplace, including the conduct of coworkers and internal departments.

- 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?

Significant strides have been made, and continue to take place, toward ensuring 100% compliance with human rights policies in the workplace.

Education remains a primary tool toward sustaining this success. As such, hosting mandatory online or classroom-based training on human rights for employees and management should greatly assist in ensuring compliance and adherence to these processes.

### **Working Conditions**

- 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.

2.

	<b>Policy(s) / Law(s) Followed</b>	<b>Process to Implement Policy Correctly</b>
<b>Child Labour</b>	<ul style="list-style-type: none"> <li>• Constitution of the Republic of South Africa</li> <li>• Basic Conditions of Employment Act</li> <li>• Labour Relations Act</li> <li>• Local Recruitment Policy</li> </ul>	<p>In terms of the Constitution of the Republic of South Africa, participating in Child Labour is considered an exploitative labour practice. Chapter 6 of the Basic Conditions Of Employment Act (no. 75 of 1997) outlines that no employer is permitted to employ a child under the minimum school leaving age, in terms of any law.</p> <p>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. This is also in line with the minimum criteria required for employment with the organisation. Personal details and school-leaving certificates are kept on file for verification purposes.</p>

	<b>Policy(s) / Law(s) Followed</b>	<b>Process to Implement Policy Correctly</b>
<b>Compensation</b>	<ul style="list-style-type: none"> <li>• National Bargaining Forum</li> <li>• Agreement</li> <li>• Basic Conditions of employment Act (BCEA)</li> <li>• Recruitment policy</li> </ul>	<p>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.</p> <p>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 annual competitive analysis (salary and benefit) surveys, as well as a Company's ability to pay principle. Annual increases are based on a pay for performance principle</p>
<b>Forced Labor</b>	<ul style="list-style-type: none"> <li>• Constitution of the Republic of South Africa</li> <li>• Basic Conditions of Employment Act (BCEA)</li> <li>• Labour Relations Act (LRA)</li> <li>• Recruitment policy</li> </ul>	<p>Subject to the Constitution of the Republic of South Africa, no one may be subjected to servitude, slavery or forced labour. All forced labour is prohibited and this legislation is strictly adhered to by the Company</p>
<b>Freedom of Association and Collective Bargaining</b>	<ul style="list-style-type: none"> <li>• Constitution of the Republic of South Africa</li> <li>• National Bargaining Forum Agreement</li> <li>• Bill of rights</li> <li>• Labour Relations Act</li> </ul>	<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. 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>

	Policy(s) / Law(s) Followed	Process to Implement Policy Correctly
<p><b>Harassment and Discrimination</b></p>	<ul style="list-style-type: none"> <li>• Constitution of the Republic of South Africa</li> <li>• Company Code of Conduct</li> <li>• Basic Conditions of Employment Act (BCEA)</li> <li>• Employment Equity Act</li> </ul>	<p>The Constitution of the Republic of South Africa enlists equality, that is “with respect to unfair discrimination solely on the grounds of race, colour, ethnic or social origin, sex, religion or language” as a non-derogable right.</p> <p>In addition, various Labour Legislation such as the Basic Conditions of Employment Act, the Employment Equity Act and the Labour Relations Act have outlined the importance of ensuring human dignity be maintained with regard to this concern.</p> <p>FMCSA has a Zero Tolerance Policy for any form of discrimination and harassment. 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, internal grievance processes and Hotline calls are used to monitor and to ensure implementation of various Company policies in this regard</p>
<p><b>Health and Safety</b></p>	<ul style="list-style-type: none"> <li>• Occupational Health and Safety Act (OSH Act)</li> <li>• Safety Operating System</li> </ul>	<p>FMCSA regards the active 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. Daily meetings are conducted to review safety critical items across all sub-departments in the Vehicle Operations Plant to ensure that, wherever possible, a proactive rather than reactive stance to safety concerns is adopted. In addition, the Occupational Health &amp; Safety Act of 1993 governs Health and Safety in South Africa. Annually, Ford production facilities across the region are required to identify key outcomes expected for the year ahead in terms of employee health and safety. This involves a deep-dive analysis of facility concerns that are required to be attended to, safety “stand-downs” to promote awareness across the organisation, as well as a zero tolerance policy on failure to adhere to the health and safety requirements of the facility</p>

	Policy(s) / Law(s) Followed	Process to Implement Policy Correctly
<b>Work Hours</b>	<ul style="list-style-type: none"> <li>• Basic Conditions of Employment Act (BCEA)</li> <li>• Labour Relations Act (LRA)</li> <li>• Occupational Health and safety Act (OSH Act)</li> <li>• NBF Agreement</li> </ul>	<p>The Basic Conditions of Employment Act regulates working hours as well as maximum overtime hours permitted to be worked by employees.</p> <p>FMCSA policies regulate these hours in line with national legislation and are furthermore governed by the regulations of the NBF Agreement, an industry agreement that outlines wage increases and conditions of employment related to hourly-paid employees within the sector.</p> <p>Directives on overtime hours and the payment thereof is governed by the Basic Conditions of Employment Act, Company Policy and the Collective Agreement</p>

Where are these documents housed?
<ul style="list-style-type: none"> <li>• 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.</li> <li>• Salaried scales &amp; Hourly employee's wage structure are maintained by Compensation and Benefits within the Human Resources structure.</li> <li>• Collective bargaining documents and agreements are maintained by Labour Relations within the Human Resources structure.</li> <li>• Grievance Procedure documents are kept on file with either HRBO or Labour Relations.</li> <li>• Employee hotline records are maintained by the Hotline service provider (KPMG).</li> <li>• Human Resources Policies and Procedures, including all Personnel Relations Policies, are documented and kept on the HR Online System</li> <li>• SOS scorecards and FPS Metrics are maintained by the Assistant Plant Manager as well as each element champion within the Ford Production system, which includes SQCDME</li> </ul>

3. 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.

a) Within your community, are you aware of or have noticed any human trafficking activity? If so, please describe.

No instances of human trafficking activity within the community have been established or brought to the attention of the organisation

b) 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?

The Company is not aware of any suppliers or businesses that have been involved or implicated in activities related to human trafficking. As part of frequent MMOG audits, suppliers are monitored on adherence to the minimum operating guidelines expected of any of our business associates.

c) Are you aware of the Company or any other entity supporting the Company in its recruiting efforts requiring fees or charging costs to job-seekers and workers related to recruitment for temporary or

permanent job placement at the Company, including when the Company uses the services of Private Recruitment, Labor Broker or Employment Agent or performs recruitment activities directly?

In 2014, Ford South Africa established HR Supplier and Union Labour Forums to ensure process consistency related to Labour Relations, to promote stability within the industry and most importantly to gain perspective on business operations and risks that may impact the organisation.

Through the implementation of the Ford Production System at Tier 1 suppliers specifically, areas of non-compliance or inconsistencies that were identified, for example the use of Labour Brokers to obtain labour within the supply-base, were highlighted and addressed by local leadership.

Furthermore, as part of MMOG audits across the facilities of key stakeholders, compliance is monitored and reported out frequently to ensure sustainability of these efforts moving forward.

**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.
- 2.

	<b>Policy(s) / Law(s) Followed</b>	<b>Process to Implement Policy Correctly</b>
<b>Community Engagement and Indigenous Populations</b>	<ul style="list-style-type: none"> <li>• Ford Corporate Responsibility Policy</li> </ul>	<p>At the heart of our business operations are our people. It is for this reason that FMCSA considers local communities a primary stakeholder in projects and activities. Year on year, volunteers participating in the Global Week of Caring initiative significantly improves. 2014 saw the best project performance thus far with more than 700 Ford employees, retirees and spouses participating in the initiative to deliver more than 5500 hours of time back to grassroots level. The initiative has also delivered results in terms of employee engagement and the elevation of morale in the workplace.</p>

	<b>Policy(s) / Law(s) Followed</b>	<b>Process to Implement Policy Correctly</b>
<b>Bribery and Corruption</b>	<ul style="list-style-type: none"> <li>• C3 Policy</li> <li>• Corporate code of conduct</li> </ul>	<p>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.</p> <p>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.</p>
<b>Environment and Sustainability</b>	<ul style="list-style-type: none"> <li>• National Water Policy</li> <li>• National Water Act</li> <li>• National Environmental Management Act</li> </ul>	<p>Designated Environmental Engineers have been assigned to monitor compliance related to environmental and sustainability concerns at both our Vehicle Operations as well as Engine Plant. These individuals work closely with government and are responsible for frequent internal and external audits to ensure compliance to legislation and Company policy. EOS (Environmental Operating System) is established as a key element within the Ford Production System operation and information related to the scope of work is tracked and reported on a monthly basis as part of the scorecard review process.</p>
<b>Where are these documents housed?</b>		
<ul style="list-style-type: none"> <li>• Human Resources Policies and Procedures are documented and maintained on HR Online and are reviewed annually to ensure changes to local legislation and agreements are incorporated, where necessary. In addition, all Personnel Relations Policies are maintained and kept on HR Online.</li> <li>• EOS Scorecards: FPS Metrics are maintained by each Team which includes SQCDME</li> </ul>		

3. 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?

Corporate responsibility projects and activities are geared toward the creation of a sustainable environment outside of the business. Ford takes the role as a socially responsible employer very seriously and has participated in community improvements through Global Week of Caring initiatives for the past number of years. Issues pertinent to many locals relate to poor service delivery, poverty and education. Through our activities as an organisation, the intention is to create long-term improvement and promote social development in the immediate community and thereby contribute toward the stability of our country.

Local legislation also provides for progressive development opportunities for previously disadvantaged individuals in South Africa through the implementation of Broad Based Black Economic Empowerment

(BBBEE) laws. Through adherence to regulations, the Company is able to provide opportunities for skills development programmes, education and employment to these individuals, thus incorporating principles of social sustainability into our central business operations.

- 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. Please contact the Manager, Social Sustainability, if unfamiliar with Ford's water strategy and related initiatives to receive additional information.

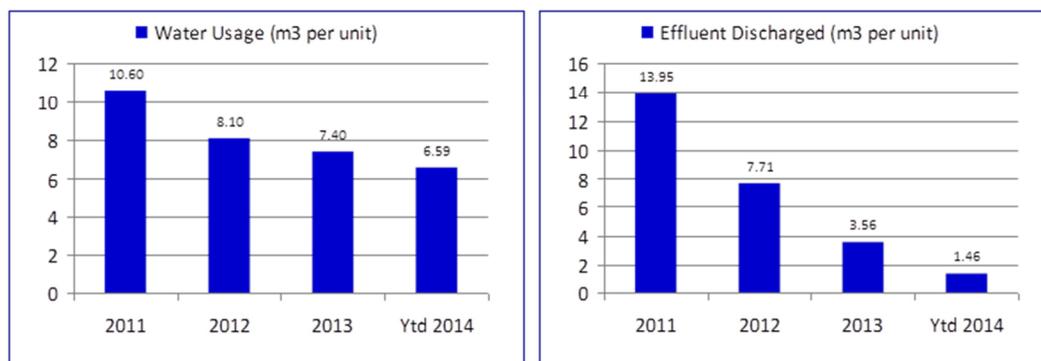
In late 2014, FMCSA invested \$ 2,100,000 for a new Wastewater Treatment/Reuse Plant

- State-of-the-art technology was used to ensure minimal environmental impact
- Recycled water use has increased from 7% to 15% initially and to 40% in line with planned upgrades

Process water is routed to the old Wastewater Treatment Plant (WWTP) via an underground effluent pipe network. A new tie in was made on the effluent network to the new WWTP as the new plant is adjacent to the old plant. There is also an existing water purification plant adjacent to both the old and the new plant, where treated water is further purified in order to be used within Ford manufacturing processes.

With the higher quality water from the new WWTP, sensitive operations can now use recycled water. Currently Body & Paintshop Cooling towers have switched over from municipality water to recycled water.

**Annualised Water Usage vs Discharge: Silverton Vehicle Operations Plant (2011-2014)**



- In your opinion, how do you believe sustainable water projects contribute to the health of staff, operations and the community?

Ford's Policy Letter 17 States: "Sustainable economic development is important to the future welfare of the Company, as well as to that of society in general. To be sustainable, economic development must provide for protection of human health and the world's environmental resource base. It is Ford's policy that its operations, products, and services accomplish their functions in a manner that provides responsibly for protection of health and the environment."

Therefore the Management Operating System (EOS) & Policy Deployment are the tools Ford uses for sustainable water projects which in turn benefits the community in sustaining water savings

Water gets monitors regularly with the EOS – 21 water measuring meters were installed to as a management to monitor water usage.

Considering that South Africa is deemed the 30th driest country in the world, the significance of high-quality water for human consumption and high standards for waste-water management cannot be overemphasized. By being able to contribute toward the development and implementation of sustainable water projects both internally, as well as externally within neighbouring communities, accessibility of water and sanitation can become a reality to many. In addition to promoting the attainment of this basic human right, water projects will make it possible to directly contribute toward achieving sustainable socio-economic development and suppression of poverty.

6. 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 Environmental Management System that was introduced at the Vehicle Operations plant several years ago has found new life in the Environmental Operating System, part of the FPS initiative globally across all Manufacturing facilities. Annually, objectives are set at a global and regional level to determine key considerations that are required to be implemented to promote and maintain environmental sustainability in the workplace.

Some of the initiatives that are currently underway at Silverton Vehicle Operations include, amongst others: the reduction of waste to landfill, energy consumption projects as well as water management, which is currently on target to objectives for 2015.

Sustainability is likely to be attained by ensuring shared accountability across all sub-departments within the Vehicle Operations facility and promoting continuous education and awareness amongst the workforce.

## **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?

To ensure the establishment of a continuous improvement mind-set, frequent reviews of policies, procedures and processes are required to take place, at a minimum on an annual basis. South African legislative requirements do not expect that the facility do continuous 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.

In 2014, the Vehicle Operations facility actively participated in the "Best Practice" process which essentially collates outstanding process information from across the "Ford World" and aims to either replicate or improve on these locally. This has resulted in an improved state of participation across the Manufacturing salaried workforce and encourages creative and innovative thinking to promote and sustain the continuous improvement mind-set of employees.

## **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 facility compliance ensues to track progress and note improvements necessary, where applicable
- Objective metrics be implemented

2. Any words of wisdom/advice?

Education is the key to creating and ensuring continuous and sustainable change