

**Ford Human Rights Code of Basic Working Conditions**  
**Jiangling Motors Corporation (JMC) Nanchang**  
**FINAL – October 21, 2010**

**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 2010, the Social Sustainability Manager-- with input from the Ford Motor Company International Labor Affairs and the Purchasing Strategy team-- 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.

The Jiangling Plant is located in Nanchang, Jiangxi Province, China and assembles Transit commercial vehicles. Currently the plant employs 954 people consisting of 858 hourly and 96 salaried. The 120,000 square metre facility built 34,152 units in 2009.

**The Assessment Process**

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

David Berdish, Manager of Social Sustainability sent a copy of Policy Letter #24, the Human Rights Code of Working Conditions and a communication letter 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 February 25, 2010, Mr. Berdish sent interview questions to Mr. Jun Guo. Interview questions centered around:

- Whether the documents were the best for verifying the Code and if they were easily accessible
- 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
- How Social Sustainability could best conduct the assessment without burdening facilities with additional work.

The interviews confirmed that the documentation is appropriate for verifying compliance with 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 ?**

JMC respects employees' rights and provides legal working conditions to employees. We believe the assessment will help to ensure our compliance with all related laws, regulations and the Code.

**Ford Human Rights Code of Basic Working Conditions**  
**Jiangling Motors Corporation (JMC) Nanchang**  
**FINAL – October 21, 2010**

2. (a) 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?

JMC is a publicly listed company and all business/operations are monitored by not only the Board but also by the Government and the public. JMC respects all laws and local regulations on working conditions, health, safety and the environment. JMC also practices good corporate citizenship.

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

JMC believes that management, workers and the union will welcome these assessments as external validation that JMC respects employees' rights and provides legal working condition to employees and that it complies with all related laws, regulations and the Code.

3. To help us understand any unique conditions at your facility, please describe how you meet each of the nine 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.

JMC's response on the nine facets is as follows:

- **Child Labor:**
  - JMC does not use any labor under 18 years old. According to China Labor Law, it's forbidden to employ labor under 16 years old.
  
- **Compensation:**
  - JMC's minimum wage is 900RMB per month excluding bonus and this exceeds the local Nanchang minimum wage requirement of 720RMB per month. The JMC hourly employee's average wage is about 2000RMB per month including bonus.
  - JMC provides employee benefits as required by the laws and local regulations, including:
    - ⇒ Social insurance including the pension insurance, medical insurance, un-employment insurance, maternity insurance, work-related injury insurance.
    - ⇒ House fund.
    - ⇒ Paid statutory holidays, 11 days in total including New Years Day(1day), Spring Festival(3 days), Qingming Festival (1 day), Dragon boat Festival (1 day), Labor Day(1 day), Mid-Autumn Festival(1day) and National Day(3 days).
    - ⇒ Paid annual leave varies from 5 to15 days per year depending on working seniority.
    - ⇒ Paid maternity leave, wedding and bereavement leave.
    - ⇒ Fully or partially paid sick leave.
  - In addition to mandatory benefits listed above, JMC employees also enjoy other benefits including:
    - ⇒ Subsidized kindergarten,
    - ⇒ Dependant family medical care,
    - ⇒ Financial support where an employee's family is suffering from poverty and,
    - ⇒ Home Visit leave (JMC funds transportation) for employees whose family is not in Jiangxi province.
  
- **Forced Labor:**
  - JMC does not use forced labor.
  
- **Freedom of Association and Collective Bargaining:**
  - JMC has a union organization in the company and employees can join on a voluntary basis. Currently 99% of employees are enrolled as union members. JMC communicates with the union prior to communicating or issuing changes in major working conditions to employees.
  - A Collective Bargaining agreement was signed with the Union in 2008.

**Ford Human Rights Code of Basic Working Conditions**  
**Jiangling Motors Corporation (JMC) Nanchang**  
**FINAL – October 21, 2010**

- **Harassment and Discrimination:**
  - JMC does not tolerate any harassment or discrimination in the workplace.
- **Health and Safety and Environmental:**
  - JMC conducts a new employee orientation program for all new starts which includes a factory introduction as well as health and safety. Following new employee orientation, on-job training is provided after the employee has been in the workshop for a period of time.
  - JMC also provides a health checkup on a periodical basis.
  - Early in 1999, JMC passed ISO14001 Environment Management System Attestation.
  - There is also a specified department responsible for the health, safety and environment including training, audit and follow up.
- **Work Hours**
  - JMC employees have a standard working time of 8 hours per day, 5 days per week. Overtime work is compensated by compensative leave or overtime pay. All working hours are recorded via a card reader process.
- **Bribery and Corruption**
  - JMC does not tolerate any bribery or corruption behaviors. JMC policy is that employees found to be involved in this behavior will be dismissed.
- **Community Engagement & Indigenous Populations:**
  - JMC has good corporate citizenship through activities such as:
    - ⇒ Initiating the Education Assistance Fund to support students from families suffering poverty.
    - ⇒ Making donations and giving assistance to areas suffering from natural disasters.
  - JMC practices equal employment opportunity. Most JMC employees are from the Nanchang area, where the vast majority of local people are Han Chinese.

**4. Where are documents housed?**

- JMC houses employee records in a number of areas such as the HR Office, HR on-line, SAP payroll system, Attendance record system, Manufacturing Office, Union office or the Safety & Environment Department e.g:
  - ⇒ Employee' records: HR Office and SAP-payroll system
  - ⇒ Salaried/Wage structure: SAP-payroll
  - ⇒ Timekeeping reports: Attendance record system and HR office
  - ⇒ Overtime approval paper: Manufacturing office and HR office
  - ⇒ Collective Bargaining agreement: HR office
  - ⇒ Health, safety and environment document: Safety & Environment Department

**5. 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)? Clearly communicate the purpose ?**

- Communication with all related parties including the partner, management and employees.

**Step 2: Site Visit**

Based on this assessment it is evident that JMC is compliant with the Code of Basic Working Conditions and that robust processes are in place to monitor the situation.

**Ford Human Rights Code of Basic Working Conditions**  
**Jiangling Motors Corporation (JMC) Nanchang**  
**FINAL – October 21, 2010**

**Step 3: Leadership**

- **Please describe leadership in environmental initiatives.**
  - In 2009, JMC received 2008-2009 China Environment Achievement Award.
  - Environment management system passed ISO14000
  
- **Please describe leadership in community initiatives.**
  - In 2009 JMC received a China Enterprise Social Responsibility Special Award.
  - Initiated the Jiangling Xiqiao Bridge project:
    - ⇒ JMC in conjunction with CFPA (China Foundation for Poverty Alleviation) collected CNY 6.7M of donations including CNY 3.6M from JMC
    - ⇒ The donated monies were used to build 65 bridges for poverty struck villages
    - ⇒ In 2009, the project was awarded as a China Enterprise Social Responsibility Excellence Case.
  - Set up an Education Assistance Fund of CNY 1M per year to support students of families suffering from poverty.
  - In 2008, JMC joined with JMCG to assist communities in the Wenchuan earthquake area via:
    - ⇒ Donations of CNY 8.66M
    - ⇒ Donation of 8 Transit ambulances
  - On April 2010, JMC assisted communities in the Yushu earthquake area by donation of CNY 2.4M (including 8 Transit ambulances).
  - Donating 5 Ford Transit ambulances and CNY 1M to flood-stricken area in Jiangxi in June 2010.
  - JMC Made an Urgent Donation of 10 Ford Transit Ambulances for Debris Flow Stricken Zhouqu Area of Gansu.
  
- **Other initiatives:**
  - Transit plant received Ford Global Presidents Award of Safety & Health in 2003 and 2005, and Ford Global Award of Supplier Safety in 2009.
  - Transit plant received Golden Award of Quality Customer Satisfaction in 2002, 2003 and 2004.

**Conclusions**

JMC complies with the Code. In the Sustainability and Environmental Policy, 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:

<http://www.ford.com/microsites/sustainability-report-2009-10/issues-humanrights>