

Corporate Responsibility

for the Automotive Supply Chain

Frequently Asked Questions (FAQ's)

- 1. What is the role of AIAG in the development of this initiative?**

The leadership of several AIAG member companies determined in the fall of 2005 that it would be useful to develop a shared training approach around issues of working conditions in order to ensure that shared suppliers had a common message from the industry.
- 2. Why have companies decided to join together on this work?**

Companies have decided to collaborate in order to present one voice to the automotive industry and thus, reduce confusion in the supply chain, reduce duplication of efforts, and have the greatest potential impact in shared facilities. Additionally, shared resources allow for shared costs and enhance the ability of the companies sponsoring this work to reach further into the supply chain. Participating companies are convinced that a proactive approach to supply chain working conditions is a meaningful way in which to lead the industry and it prepares companies to deal with identified issues in a robust and educated manner.
- 3. Isn't this an added cost for an industry currently experiencing difficult financial times?**

The automotive industry sees this work as an investment in its global workforce and therefore as a top priority. Ensuring good workplace conditions is not only the right thing to do, but also has an impact on improving workplace performance and is therefore an important investment for the industry to make. Also, this is not a new expectation. All the OEMs have shared expectations via individual methods. The current activity is meant to clarify and provide cost effective tools (e.g., self-assessment) from 5 OEMs collaboratively with AIAG to ensure that companies clearly understand, as well as ensure compliance and achievement of the expectations.
- 4. Isn't the initiative anti-competitive?**

The members of the group may be considered competitors but competitive issues are not addressed through any activities of this working group or any other AIAG work group. In connection with each member's participation in the group, members only engage in activities that further the vision, mission and goals of the initiative and that do not violate the law.
- 5. What about local law enforcement relative to working conditions?**

Most governments regulate and have laws that govern labor practices. In some jurisdictions these may not be enforced to a level acceptable by AIAG member companies. The work of the sponsoring OEMs through AIAG is directed at ensuring that their supply chain partners comply with all company expectations and local laws.
- 6. Do companies still have their own codes/expectations or have you developed a single industry code?**

The industry has not created a shared code of conduct. The set of guidance statements are meant to convey a common platform upon which to create common training programs and to help suppliers meet the various codes established by each of their customers. These statements are baseline expectations and are further defined by the local law where the suppliers throughout the automotive supply chain are operating. All AIAG companies have their own set of supplier expectations and/or codes of conduct. These expectations should, at a minimum, be aligned with the Guidance Statements for working conditions.
- 7. What are these guidance statements?**

Through AIAG, the sponsoring OEMs developed guidance statements addressing each of 7 elements related to working conditions and recognized by international institutions. They were developed in order to communicate the industry's common approach on working conditions to training participants and ensure that business partners understand the industry's commitment to working conditions. These statements are baseline guidance with the aim of providing the most common agreed upon standards regarding each working conditions area. These statements are derived from our review of existing policies across the industry, as well as international standards (i.e., ILO Principles, Global Sullivan Principles, and the UN Global Compact). The guidance statements are further defined by the local law in locations where the suppliers throughout the automotive supply chain are operating.
- 8. What has been done relative to site-level or factory training to date?**

Numerous training sessions have been offered to date in China and Mexico. All training is conducted in the local language of the country and by local nationals with expertise in local working conditions as well as legal training. The training is a one-day, 8-hour training course and intended to be a train-the-trainer experience after which attendees are expected to train all factory management and workers as well as communicate working conditions expectations to suppliers. Evidence of this training cascade is to be submitted to AIAG within 6 months of completion of the training course. AIAG distributes this evidence to all customers of that supplier company.
- 9. What is the goal of the site-level training sessions?**

The goal is to educate the supply base on local labor laws and OEM shared expectations regarding global working conditions. Ultimately, it is hoped that the training approach will enable a further reaching impact and more sustainable behavioral change throughout the global automotive supply chain than a monitoring approach would be capable of.
- 10. Is the training mandatory?**

Yes. To launch the training in each region, executive leadership of each participating auto manufacturer communicated with their suppliers and

separated that participation in this training is mandatory.

11. **Who is invited to the training sessions?**
Invitations to the training are sent by the individual sponsoring companies to the business contact on record. It is asked that a factory Human Resources or Health & Safety Manager attend the training due to the nature of the content.
12. **Is the site-level training available only in China and Mexico?**
Currently yes. The training will be rolled out to other regions at a future date. Suppliers with activity in those regions will be notified as courses are made available. Individual OEMs may have other activities in a variety of countries; please consult your customers to find out more.
13. **How is this being deployed in other countries?**
The model used for the AIAG Global Working Conditions Site Level Training will be consistent no matter where in the world it is taught. Materials are designed to be culturally sensitive with local case studies, local law and in the local official business language.
14. **How do I find out about current and future training sessions?**
The AIAG Corporate Responsibility website is the best source of this information: <http://cr.aiag.org/>
15. **How do I register a site for the training sessions?**
Registration information can be found on the Training and Activities tab of the AIAG Corporate Responsibility website: <http://cr.aiag.org/>
16. **How will training guarantee that companies aren't concealing abuses or keeping double sets of books to fool auditors?**
There is no guarantee; however, the OEMs hope that suppliers will be more aware of how important working conditions issues are to the companies supporting this effort and will work to ensure their operations meet or exceed expectations. It has been recognized that companies that have pursued a pure monitoring approach have not found long-term success with that approach relative to the issue of concealed abuses and double books. AIAG and sponsoring companies believe that working WITH suppliers through a training and education approach will support supplier ownership and long-term sustainability of supply relationships.
17. **Does AIAG deliver the site-level training or is done by an outside source?**
The sponsoring OEMs and AIAG have engaged experts in Global Working Conditions who have local presence in the areas they instruct.
18. **How will this be monitored?**
Attendance and course completion, including the evidence of a training and communication cascade, is tracked by individual sponsoring companies.
19. **May I have a copy of the training materials?**
Training materials are made available to all attendees post-course. If you attended the course in the past and would like another or an updated version of the training, please contact cr@aiag.org.
20. **What has been done relative to engagement at the corporate-level to date?**
Two pilot trainings for Purchasing and Supply Chain Executive management were held in Michigan during December 2008. These trainings were interactive awareness-building sessions and will serve as a platform from which to build more focused engagement with Tier 1 suppliers on global working conditions in the supply chain.
21. **What is the goal of engagement with suppliers at the corporate-level?**
The goal is to increase Tier 1 ownership of global supply chain working conditions and further propagate this effort down the supply chain. In addition, we feel that for some site(s) attending the site-level training, communication to the suppliers is not a realistic expectation due to organizational structures and thus engagement at the corporate-level is essential to reach this objective.
22. **Who is invited to the corporate-level training sessions?**
Invitations to the training are sent by the individual sponsoring companies to the supplier CEO. It is asked that a Purchasing or Supply Chain manager with the appropriate level of authority to take the expectations back into the organization attend.
23. **Is the corporate-level training available only in the US?**
Currently yes. The training will be rolled out to other regions at a future date, most likely in the form of e-learning. Individual OEMs may have other activities in a variety of countries; please consult your customers to find out more.
24. **What exactly is being asked of Tier 1 suppliers?**
Participating Tier 1 suppliers are asked to ensure that the AIAG Guidance Statements on Working Conditions as well as individual customer expectations are well-known within their organizations. Procurement policies and expectations are then expected to be aligned across auto manufacturers and Tier 1 suppliers. A specific check-list of how this can be achieved can be found on the Training and Activities page of this website.

At a future date, Tier 1 suppliers will be asked to work with auto manufacturers at the AIAG to combine efforts on the creation of tools and further training that will ensure supply chain compliance to working conditions expectations. Aligned policies will be essential at that point in time.

Where a supplier has sites that have attended the site-level training, it is expected that the corporate entity will ensure that the training cascade and communication to suppliers are completed in entirety in the expected time frame. Where sites have not attended the training (and where available) it is expected that the corporate entity will ensure attendance of each site supporting a sponsoring customer.
25. **Who is BSR and why are they working with you on this?**

SINCE 1992, BUSINESS FOR SOCIAL RESPONSIBILITY (BSR) HAS BEEN A LEADING provider of socially responsible business solutions to many of the world's leading corporations. Headquartered in San Francisco, with offices in New York, Europe and China, BSR is a nonprofit business association that serves its 250 member companies and other Global 1000 enterprises. Through advisory services, convenings and research, BSR works with corporations and concerned stakeholders of all types to create a more just and sustainable global economy. More information is available at www.bsr.org.

26. Have you consulted with other stakeholders on this work?

Yes - in the development of our site-level training approach as well as our corporate-level engagement process, we have sought out feedback and guidance from sister industry organizations in other parts of the world such as China and Mexico, local labor ministries, US State Department, NGOs and within the Tier 1 supply base.

Participating companies have also each engaged with stakeholders on this issue through their own stakeholder engagement processes. This has included conversations with NGOs, academics, thought leaders, representatives from other industries working on similar efforts, and others. The group will continue to engage with stakeholders both as individual companies and as a more formal collaborative group under the leadership of the sponsoring OEMs and AIAG.

27. What is a company's responsibility to know what goes on throughout its entire supply chain?

Understanding the complexity and depth of supply chain conditions is an evolving and challenging part of business management in a global economy. All companies, regardless of their industry, face risks and opportunities.

28. Are companies planning to jointly audit their supplier facilities?

Companies are only offering joint trainings; auditing is not a part of the industry approach at this time. Individual sponsoring companies may have audit programs with suppliers.

29. Who do I contact for customer-specific information?

Direct communication information for each of the sponsoring OEMs can be found on the 'Contact Us' page.

30. May I have a copy of the training material?

All training materials are made available to those who take the courses through AIAG. If you are a company or organization outside of the industry seeking more information about the content of the courses and applicability for your use, please contact cr@aiag.org. AIAG is interested in partnerships both within and across industries and not averse to sharing content where deemed appropriate.