



GARDE
Global Alliance for Responsibility, Democracy and Equity



Raising awareness of CSR instruments and building capacity in CSOs and Trade Unions in selected new member states

CSR convergence monitoring

Case study report:

Visteon Hungary

Elaborated in co-operation with EMLA, Hungary

March 2006

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The Environmental Law Service - Ekologický právní servis

1. Description of the company

1.1. Company name

Visteon Hungary Limited Liability Company (Visteon Ltd.)

1.2. Is it a daughter company? If yes, what is the mother company?

The Hungarian Visteon Ltd. is a daughter company of the global Visteon Corporation (USA).

Visteon Corporation was incorporated in January 2000 as a wholly-owned subsidiary of Ford Motor Company. Ford subsequently transferred to Visteon the assets and liabilities comprising its automotive components and systems business. Visteon separated from Ford on June 28, 2000 when all of the common stock of Visteon was distributed by Ford to its shareholders.

In Hungary, Visteon Ltd. is a successor of Ford Hungária Ltd. since May 2000, when Ford Hungária Ltd. changed its name to Visteon Hungary Ltd.

1.3. Who owns the company?

Visteon Ltd. is a wholly-owned daughter company of Visteon Corporation.

1.4. Is this company a contractor, subcontractor, supplier, licensee or distributor of a transnational corporation?

Visteon Corporation is a supplier of many leading automotive manufacturers, including Ford Motor Company, General Motors, Toyota, DaimlerChrysler, Volkswagen, Honda, Renault, Nissan, Hyundai, Peugeot, Mazda and BMW.

Visteon Ltd. is likewise a supplier of many leading automotive manufacturers, but most importantly of Ford Motor Company.

1.5. Subject of company's business

Visteon Ltd. operates a factory in Western Hungary in the town of Székesfehérvár where it manufactures compressors, fuel pumps, fuel tanks and ignition coils. The factory has 1,400 employees.

2. Positive or negative company behavior

Please mark one of the two possibilities according to what the case is about. In case of company proactive implementation of CSR and behavior with legal conformity, select "positive". In opposite case, please select negative.

positive negative

2.1. In case you ticked off "positive", please describe, what kind of positive impact the company has.

2.2. In case you ticked off “negative”, please describe what kind of negative impact the company has.

Visteon Ltd. ran processes alongside its regular production activities that had involved the use of dangerous chemicals without having a proper license from the competent public health authority.

Visteon Ltd. instructed workforce to use improper personal protective equipment while applying dangerous chemicals.

Visteon Ltd. terminated the employment contract of a worker seeking legal remedies for the above acts.

3. Geographic dimension

- local regional state-wide
 international EU-wide

4. Short description of the case

Mr. I. H. has been working for Visteon Ltd. (for its predecessor, the then-Ford Hungária Ltd.) since July 15, 1996. At the time of the noted incident (at March 12, 2002), Mr. I. H. was working on the production line of compressors. The respective production engineer of the factory had instructed workers including Mr. I. H. to remove the Teflon layer from certain car parts, using a solvent. A certain type of rubber gloves was provided by the company as personal protective equipment for this activity; however, the gloves were soon decomposed by the solvent. Another type of gloves was then provided but the same phenomenon happened. This again occurred with a third type of gloves that could not resist the solvent for more than 30 minutes. At the third try, the gloves on the hands of Mr. I. H. were so much damaged that the solvent contacted the surface of the skin on the hands of the worker which caused burns requiring medical treatment. The injury lasted days after the incident.

Later it was revealed that the company was aware of the safety data sheet of the solvent used and that it required the use of a certain specific type of protective gloves. However, none of the 3 types of gloves tested in the process were identical with the one required by the safety data sheet.

Mr. I. H. has been working for Visteon Ltd. until July 19, 2004, when his employment contract was unilaterally terminated by the employer, according to the opinion of Mr. I. H. with false reasoning.

5. Company CSR policy

5.1. What does the company state?

No data available.

5.2. What does the mother company state?

Visteon Corporation has a number of CSR-related documents, the [Chairman and CEO Statement](#)¹, the [Corporate Social Responsibility Strategic Goals](#)², the [Responsible](#)

¹ http://www.visteon.com/about/media/ceostatement_full.pdf

² http://www.visteon.com/about/media/ceostatement_full.pdf

[Governance](#)³, the [Vibrant Environment](#)⁴ and the [Healthy Communities](#)⁵ that are collected into the full Corporate Citizenship Report 2003⁶.

According to the Corporate Social Responsibility Strategic Goals,

„Our Strategic Goals for Corporate Social Responsibility (CSR) are:

- Distinguish Visteon’s global corporate citizenship capabilities by demonstrating strong ethical commitments toward safety, community, diversity and environmental stewardship.
- Support and enable processes and policies which allow Visteon to develop products and manufacturing technologies that contribute to sustainable development.
- Establish a culture that upholds the Company’s values and standards, allowing Visteon to remain commercially successful, yet respectful of people, cultures, communities and the environment.”

In 2004, Visteon Corporation re-endorsed the Global Sullivan Principles for Social Responsibility.

Visteon Corporation was awarded numerous related prizes in the last 2 years, as follows:

2005

Visteon has been named to the Dow Jones Sustainability World Index for the fifth consecutive year.

DiversityInc, a prominent diversity business magazine, named Visteon to its 2005 Top 50 Companies for Diversity list; companies selected to the DiversityInc Top-50 list excel in several key areas, but particularly in their commitment to create a more inclusive workforce.

Visteon received the "Corporate One Award" from the Michigan Minority Business Development Council (MMBDC). The award recognizes companies that have exceeded expectations in establishing a proactive minority supplier development program, have actively supported MMBDC events through corporate sponsorships and staffing and has active participation and membership in the Project One Module – an MMBDC development initiative to help grow and mentor Minority Business Enterprises.

2004

Visteon was selected as one of "Metropolitan Detroit's 101 Best and Brightest Companies to Work For" by the Michigan Business & Professional Association for the second consecutive year. The award honors those companies that "recognize employees as their greatest assets and work with imagination and conviction to create organizational value and business results through people."

Visteon is included in the Dow Jones Sustainability World Index for the fourth consecutive year.

Visteon's Carplastic facility, located in Monterrey, Mexico, received the Environmental Excellence Award from the Mexican Environmental Attorney's Office. The Carplastic facility was recognized because of its participation in several voluntary environmental audits that were conducted by Procuraduría Federal de Protección al Ambiente, as well as for its numerous environmental initiatives that extend beyond federal legislation.

Halla Climate Control, a majority subsidiary of Visteon, was named one of The 30 Most Respected Companies in Korea in a research study conducted by IBM Korea Business Consulting Services and Donga Ilbo, a leading Korean newspaper. The study evaluated

³ http://www.visteon.com/about/media/Responsible_Governance.pdf

⁴ http://www.visteon.com/about/media/Vibrant_Environment.pdf

⁵ http://www.visteon.com/about/media/Healthy_Communities.pdf

⁶ http://www.visteon.com/about/media/corp_citreport.pdf

Korean companies based on a number of corporate standards including customer, shareholder and employee satisfaction, environmental leadership, and 52 core performance indexes.

6. Breach of CSR policy

6.1. Does company breach its own CSR policy?

Since Visteon Ltd. has not made a published CSR commitment, there can be no direct breach of own CSR policy shown.

However, Visteon Ltd. has breached the following CSR commitments of Visteon Corporation:

Overall commitments:

- We will not compromise in providing a safe work environment for our employees and safe products for our customers.
- We will create an inclusive work environment where all employees can contribute to their full capabilities.

The approach of Visteon Ltd. in the noted case (i.e. use of un-notified dangerous substances without providing proper protective equipment to the workers) is contrary to the principle declared by Visteon Corporation that a safe working environment be ensured for employees. Also the step taken by Visteon Ltd. (i.e. terminating the labor contract of an employee seeking legal remedies in certain fora against the unlawful practice of the company) is contrary to the principle declared by Visteon Corporation that an inclusive work environment be created in workplaces.

Specific Commitments:

- Visteon Health Resources contributes to a safe and healthful work environment through programs aimed at reducing and eliminating work-related hazards and enhancing health promotion. The occupational health professionals are central to an effective health and safety program. These professionals are advocates for the employee. They are concerned not only with how the employee's health is affected by the worksite but also by how family, community and the environment interact to affect employee health and productivity. To protect employee rights, employees are given information regarding work-related hazards. The occupational health professionals are part of a collaborative health and safety team responsible for informing the employer of potentially unsafe and unhealthful working conditions and practices and of the need for workplace controls.

The noted incident is against the following specific commitments of Visteon Corporation:

- safe and healthful work environment through programs aimed at reducing and eliminating work-related hazards
- employees are given information regarding work-related hazards

6.2. Have you asked the company to fulfill its CSR provisions?

No.

7. Breach of OECD Guidelines

7.1. Does the company breach OECD Guidelines for Multinational Enterprises?

Yes.

7.2. What article was breached?

IV. EMPLOYMENT AND INDUSTRIAL RELATIONS

4.b) Take adequate steps to ensure occupational health and safety in their operations.

7.3. Did you file a complaint to the National Contact Point?

No.

7.4. Do CSOs in your country know about existence of National Contact Point?

No.

7.5. Does the National Contact Point have a web site?

The National Contact Point has no own website. There is some information (on the OECD guidelines, an explanatory memorandum, a guidance on the role and procedure of the National Contact Point) but not easily accessible on the website of the Ministry of Economy and Transport⁷ that hosts the National Contact point. However, there is no clear information about the person and his/her whereabouts that currently fills the position of the NCP.

7.6. In case of positive answer to previous question please make list the information published on the National Contact Point web site.

7.7. Have you asked the company to respect OECD Guidelines?

No.

8. UN Global Compact

8.1. Does the company or its mother company support the UN Global Compact?

No.

8.2. Does company breach the UN Global Compact?

No direct breach of UN Global Compact Principles can be found in the case in question, since there is no principle directly related to occupational health. However, the following principles are indirectly breached by the noted incident:

Human Rights

Principle 1: Business should support and respect the protection of internationally proclaimed human rights; and

Environment

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

⁷ http://www.gkm.gov.hu/archivumkuka/nemzetkozikapcsolatok/oecd_nkp.html?query=nemzeti%20kapsolattart%C3%B3%20pont

9. Legal aspects of the case

9.1. Is there any breach of national law?

According to Act No. 25 of 2000 on Chemical Safety, use of dangerous chemicals and activities involving dangerous substances and preparations must be notified to the competent public health authority in advance.

According to Act No. 93 of 1993 on Workers' Safety, any change in the work processes must be preceded by the information and training of workers.

After the March 12, 2002 incident, the State Public Health and Sanitary Service (SPHSS), the competent public health authority responsible for dangerous chemicals regulation implementation held a site inspection at the factory of Visteon Ltd. The findings of the inspection were listed in the notes to the site visit, as follows:

- the technology was not coordinated with the SPHSS prior to starting
- no technological documentation was sent to the SPHSS for review
- the dangerous substances used in the process were not notified
- no risk assessment was performed for the dangerous substances used
- no documented training was held for the workers
- no contingency plan existed at the factory for the given process

The National Workplace Safety and Occupational Health Inspectorate (NWSOHI) held a site inspection as well on April 23, 2002, and concluded quite differently from the SPHSS. The NWSOHI found that there happened no breach of worker safety rules at the factory whatsoever and that

- proper safety data sheets are available in the Hungarian language
- use of warning signs is proper on the containers of chemicals
- prior training of workers was documented
- the system or protective equipment provision was duly regulated
- risk assessment was performed and presented

9.2. Are there any legal steps that your organization or any other organization or individual person have done to oppose the unlawful behavior of the company?

After the incident, Mr. I. H. went to the local on-duty doctor and insisted that an official note be taken on the injuries presented, in order to have a written proof of the case at stake.

After having allegedly unlawfully removed from the company workforce by a unilateral notice terminating the employment contract, Mr. I. H. went to the labor court seeking remedy for this unlawful act.

Almost parallel to this, based on the facts of the March 12, 2002 incident, Mr. I. H. filed a report on March 10, 2005, to the local police and initiated investigation against Visteon Ltd. for having committed a crime called "endangerment by breaching occupational requirements".

The local police had terminated investigation, stating that no crime was committed, using the NWSOHI report as a proof.

Mr. I. H. has filed a complaint to the local prosecutor's office that reinforced the resolution of the police terminating the investigation.

In such cases, the victim has a possibility to go to court directly, filing a so-called supplementary private charge. This was done by Mr. I. H., however, in a way not fulfilling the requirements of the Criminal Procedural Code since no legal counsel countersigned the motion of the victim. At his point in time, Mr. I. H. approached EMLA with his request for legal representation which EMLA undertook. After returning the first motion (the supplementary private charge) of Mr. I. H., the local prosecutor's office provided 30 extra days for attaching a proxy for legal representation by an attorney. This was presented to the prosecutor's office but no court case had started yet, because meanwhile the county prosecutor's office annulled the previous resolution of the local prosecutor's office, ordering the police to proceed with the investigation, and find and use all possible and necessary evidence to clarify the case. This investigation is presently pending.

9.3. Have you been already successful with your legal objections?

The county prosecutor's office annulled the previous resolution of the local prosecutor's office, ordering the police to proceed with the investigation, and find and use all possible and necessary evidence to clarify the case.

9.4. What was the company's reaction to the legal steps that have been done?

No data available.

9.5. Are there any other occurrence of violations of the legal framework besides of the description of this case?

Besides breaching the national chemical and workers' safety regulations, the company has allegedly misused its powers when terminating the employment contract of Mr. I. H., basing its decision on false reasoning.

9.6. In case of positive answer to your question, please specify if there had been any judicial or administrative proceedings against the company?

Administrative proceedings:

- SPHSS site inspection after the incident
- NWSOHI site inspection after the incident
- criminal investigation for endangerment by breaching occupational requirements

Court proceeding:

- labor lawsuit against the company (Mr. I. H. v. Visteon Ltd.) for having unlawfully terminated the labor contract of the plaintiff

10. Public awareness to negative impacts

10.1. Is general public informed about the case, about the company etc?

General public was informed both about the case and the role played by Visteon Ltd. therein via the website⁸ of Mr. I. H. specifically created for this case. However, after the former internet content provider removed the website without any prior notice and part of the content

⁸ www.munkasmeltosag.uw.hu

on the forum page was lost, the newly created website only contains factual data without any reference to the name of the company where the incident happened.

Also the very case had quite large media coverage, including TV, radio, newspaper articles (both daily and monthly).

10.2. Who oppose the company activities (local community, NGOs, TUs?)

There is no overall opposition against the activity of the company in the general public.

However, one of the biggest environmental NGOs of Hungary (Clean Air Action Group) once in 2003 requested information about the planned activities of Visteon Ltd. and received answer from the Regional Environmental Inspectorate on April 28, 2003 on the possible future setting-up of a solvent incinerator in the factory.

10.3. What are the results of NGOs. TUs, or local community advocacy?

Partly as a result of legal representation by EMLA, the case is dealt with by the county public prosecutor's office within a criminal investigation procedure. The investigation is still pending; therefore no actual result can be presented of the case yet.

10.4. What was the attitude of public authorities?

The SPHSS has conducted a site inspection right after the incident (on March 13, 2002) when still all the evidence was easily accessible. This resulted in a number of authority findings revealing unlawful practice at Visteon Ltd. However, this same authority did not find it necessary on March 22, 2002 to start a petty offense procedure because the company reported that it had done efforts to meet the regulatory requirements after the inspection.

The NWSOHI held a site inspection only more than a month after the incident (on April 23, 2002), finding no clear evidence of company behavior contrary to law, therefore found the circumstances satisfactory and the unlawfulness ignorable.

All the more, the attitude of the police and the local prosecutor's office towards this 3-year old case was typical: since there was evidence that could be interpreted as if Visteon Ltd. had not done anything unlawful, the selective grouping of data resulted in the termination of investigation on the local level. However, on the county level, the file was reopened and a more thorough ad well-based investigation was ordered, to be based on all the available evidence of the case.

11. Socially or environmentally responsible behavior

11.1. Is the positive activity done according to what the company officially proclaims as general CSR policy valid for or its activities, or does the company do it only in your case?

11.2. Was there any external pressure (NGOs campaign, community resistance, governmental initiative) to develop a CSR strategy in this case?

12. Benefits for the company

12.1. Is there any direct benefit for company from having higher standards?

12.2. Is there any indirect benefit for company from having higher standards?

12.3. Is there any positive reaction from the side of general public, state representatives, communities, individuals?

13. Relation to public authorities

13.1. Do local, regional, national governments or EU Commission support the company in activities happening in your country?

The local government of the town of Székesfehérvár is directly interested in the presence of the company, due to the fact that Visteon Ltd. is a local industrial taxpayer.

13.2. Is there any connection between the company and local, regional or national government?

a) formal

No data available.

b) informal

No data available.

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