

# ENHANCING PEOPLE'S LIVES

The passion and dedication of our people at Ford helps create a future that's better for everyone. We are redesigning our systems, workplace and culture to become the world's most trusted company.

We are transforming our culture and the way we work.

Getting fit and capitalizing on new opportunities is critical to our future. Our Smart Redesign initiative will help us be more agile, reduce structure and bureaucracy and leverage more efficient ways of working.

We continue to invest in our employees to remain at the forefront of mobility solutions.

Our human-centered approach is vital if we are to remain an employer of choice and attract, develop and retain the leaders and innovators of tomorrow.

We value diversity at every level of our business.

Diversity is a fundamental value at Ford, both as a moral imperative and as a driver of success. We embrace equality and inclusion because it makes us stronger and fosters a welcoming, supportive workplace.

We have a duty to protect workers and create a better, more inclusive workplace.

By respecting human rights, assessing compliance and improving transparency, we are empowering our people and helping them be changemakers for a better world.

## Highlights

# First

AUTOMOTIVE COMPANY TO HAVE PERFORMED A HUMAN RIGHTS SALIENCY ASSESSMENT

# \$67.7m

TOTAL CHARITABLE CONTRIBUTIONS<sup>2</sup> IN 2018

# 41,000

PARTICIPANTS IN FORD DRIVING SKILLS FOR LIFE TRAINING IN 2018

## Sustainable Development Goals

THROUGH OUR WORK IN ADVANCING PEOPLE'S LIVES WE ARE CONTRIBUTING TO THE FOLLOWING UN SDGS:



## Our Aspirational Goals



We aspire to become the most inclusive and diverse global company



We aspire to responsibly source all raw materials used within our vehicles globally

# RESPECTING HUMAN RIGHTS

We rely on the skills of thousands of employees and many other people in our supply chain. Everything we make – or that others make for us – needs to be consistent with local laws and our own commitment to protecting and upholding human rights. Our vehicles become integral parts of our customers' lives, so our approach towards vehicle safety, security and data privacy must be as stringent as our efforts to protect our employees.

Everywhere we operate, and throughout our entire supply chain, we work to identify and prioritize the issues that can have the most impact on our business and individuals. We focus our efforts to advance and promote human rights and achieve positive outcomes.

This commitment is embodied in our Policy Letter 24: the Ford Code of Human Rights, Basic Working Conditions and Corporate Responsibility. This code is based on internationally recognized labor standards, including the United Nations' Guiding Principles on Business and Human Rights; the Universal Declaration of Human Rights; International Labour Organization Covenants; the Organization for Economic Co-operation and Development's Guidelines for Multinational Enterprises; and the United Nations' Global Compact Principles.

We have conducted more than 40 human rights assessments, dating back to 2004, evaluating how our facilities around the world align with Policy Letter 24. The reports of recent assessments undertaken are available for [download](#).

Our commitment requires a robust approach to safeguarding against human rights abuses in our supply chain. This includes:

- Analyzing the human rights risks associated with our supply base
- Conducting training to build our suppliers' capability
- Auditing our Tier 1 suppliers in high-priority locations
- Collaborating with others in multi-stakeholder initiatives and partnerships

We identified climate change as one of our salient human rights issues and take the responsibility of our impact very seriously. Read more about [our efforts to address climate change](#).

# Nine

SALIENT HUMAN RIGHTS ISSUES IDENTIFIED

# 11

IN-COUNTRY SUPPLIER TRAINING SESSIONS ON HUMAN RIGHTS, WORKING CONDITIONS, BUSINESS ETHICS AND THE ENVIRONMENT IN 2018, ATTENDED BY 186 SUPPLIER REPRESENTATIVES IN FOUR COUNTRIES

<sup>2</sup> Total reflects contributions from Ford Fund plus Ford Motor Company contributions administered through Ford Fund.

## RESPECTING HUMAN RIGHTS CONTINUED

### IDENTIFYING OUR SALIENT HUMAN RIGHTS ISSUES

Conducted in line with the [UN Guiding Principles Reporting Framework \(UNGPRF\)](#), our 2018 formal human rights saliency assessment identified the human rights issues most at risk of having a severe negative impact.

The assessment, conducted in partnership with a third-party consultancy, included:

- Desk-based research to review internal documentation, a peer review and media scan and the identification of potential issues
- Interviews with internal representatives, as well as suppliers, investor representatives and industry experts, to rate the identified issues in terms of severity and likelihood for negative impact throughout our activities and business relationships
- A workshop to validate findings with internal and external stakeholders

We have put together action plans to address and remediate these issues, ensuring we track the effectiveness of our systems and performance, and review and update our human rights policy. We will review our salient issues annually and communicate our progress externally through channels including our annual sustainability report and the [UNGPRF Index](#).

> See the [UNGPRF Index for the definitions of our salient human rights issues](#).

### Taking the Lead on Forced Labor and Human Trafficking

In line with our zero-tolerance policy, we safeguard against the threat of forced labor

and child labor (both salient human rights issues) in our supply chain. We do this by maintaining compliance with all global legislative initiatives, acts and regulations designed to increase transparency and promote due diligence, including the California Transparency in Supply Chains Act of 2010 (SB657) and the U.K. Modern Slavery Act (UK-MSA).

For further information, download our [Human Trafficking Disclosure Statement](#) and read our disclosure statement in compliance with the [U.K. Modern Slavery Act](#). We continue to monitor modern slavery legislation as it evolves to ensure ongoing compliance. In 2018, we participated in a cross-industry, multi-stakeholder taskforce led by GRI to develop a toolkit to assist businesses in their modern slavery reporting efforts.

### Ethical Recruiting

Having reviewed our internal policies and procedures so they align with the fundamental principles of ethical recruiting, we formalized our expectations for suppliers into Supplier Social Responsibility and Anti-Corruption Requirements web guides. These require suppliers not to:

- Destroy, conceal or otherwise deny access by an employee to the employee's identity or immigration documents, such as passports or driver's licenses, regardless of the issuing authority
- Use misleading or fraudulent practices during the recruitment process
- Charge employees recruitment fees

### RESPECTING HUMAN RIGHTS AT FORD

**Our commitment to human rights starts with our employees, by maintaining a safe and healthy work environment and taking a zero-tolerance stance on harassment and discrimination. We hope our efforts set an example for our partners and suppliers, encouraging them to implement similar measures.**

Our revised values and behaviors, known as "Our Truths," include Doing the Right Thing and Putting People First. This means acting with integrity and transparency, and creating safe, inclusive workplaces so that everyone can perform at their best. Read more about our ongoing [global transformation](#).

### Health and Safety

Safety remains a key strategic priority for the company – nothing is more important than the health, safety and well-being of our people. Our co-workers and our families rely on our ability to maintain world-class levels of safety through the application of robust policies and practices.

### Reinforcing Our Strong Safety Culture

We continue to drive a robust safety culture to reduce workplace injuries, supported by effective communication, reporting and external benchmarking:

- We hold regular talks and events on key safety issues, including the importance of reporting every injury, hazard or near-miss, so we can take appropriate corrective actions to prevent recurrences
- We participate in multi-industry groups, within and beyond the automotive sector, to exchange information on safety

best practices and trends, and explore collaborations to address common issues

### Our Safety Record

Any loss of life or serious injury in the workplace is unacceptable and deeply regretted. In 2018, we had a service contractor fatality at a North America Stamping Plant. As with any workplace incident, the circumstances were analyzed in detail, with actions taken to prevent reoccurrence.

Another key safety indicator, our lost-time case rate (LTCR), provides a measure of time away from work following a work-related injury or illness. In 2018, our LTCR increased slightly to 0.41.

### Lost-Time Case Rate (LTCR)

Cases per 200,000 hours worked  
Ford global rate



### Using Technology to Improve Workplace Safety

Technology is advancing at a rapid rate and is helping us shape workplace safety at Ford.

For example, to combat the strain caused by repetitive assembly line work, we introduced new wearable technology at 15 plants in seven countries. The lightweight EksoVest works by elevating and supporting a worker's arms as they conduct overhead work, reducing the risk of injury.

## RESPECTING HUMAN RIGHTS CONTINUED

Also, inspections of high-rise gantries, pipework and roofs have traditionally been performed by workers using extendable platforms and scaffolding, a process that could take up to 12 hours. Workers in our Dagenham plant in the U.K. have started using cameras mounted onto drones, reducing worker risk and also cutting inspection time to just 12 minutes. This means inspections can be performed more frequently, without having to shut down production or erect scaffolding.

### Discrimination and Harassment

As a salient human rights issue, we have a strong zero-tolerance policy with regards to harassment and discrimination. We do not allow any form of prejudice based on gender, gender identity, race, color, religion, age, national origin, sexual orientation, disability or veteran status.

We are working to create more gender-equal working conditions and our efforts include reducing the gender pay gap and providing breastfeeding rooms and changing areas for female employees.

### COLLABORATIVE ACTION ON HUMAN RIGHTS

**We collaborate with all our stakeholders to combat human rights violations, believing that sectorwide forums are vital for providing a common voice and driving change within our industry.**

In addition to the policies and procedures through which we protect our employees, we have an International Framework Agreement (IFA) with the International Metalworkers'

### Our Human Rights Principles

- We respect employees' right to freedom of association and to collectively bargain
- We do not tolerate harassment or unfair discrimination
- We will not use forced/compulsory or child labor
- We provide compensation and benefits as well as work and vacation hours that are competitive and comply with applicable laws
- We will provide a safe and healthy working environment that meets or exceeds applicable standards for health and safety
- We promote and support appropriate education, training and development
- We respect the natural environment and want to help preserve it for future generations by working to provide environmental solutions and avoid waste
- We will be honest, open and transparent and model the highest standards of corporate integrity
- We encourage business partners and suppliers to adopt and enforce similar policies to those outlined in the above principles

Federation that reiterates our commitments to our global labor community.

The principles outlined in the IFA are based on highly respected labor standards

supported by groups, institutions and documents, such as the UN Universal Declaration of Human Rights and the Global Sullivan Principles of Social Responsibility.

We ensure ongoing compliance with these principles through open dialogue with our union partners and an annual Global Information Sharing Forum, attended by union leaders and senior leaders at Ford. Where compliance issues are identified, we collaborate on solutions to critical issues as they arise.

### Forging Human Rights Partnerships

We participate in several organizations and initiatives:

- **United Nations Global Compact (UNGC):** Ford is a signatory of the UNGC, a framework for businesses committed to aligning their operations and strategies with 10 universally accepted principles covering human rights, labor, the environment and anti-corruption. We actively participate in the UNGC Supply Chain Sustainability Advisory Committee
- **Automotive Industry Action Group (AIAG):** Ford is a member of the Corporate Responsibility Steering Committee and the AIAG Board of Directors. We also co-chair the AIAG's Supply Chain Sustainability Committee, helping increase supplier capability for managing human rights and working conditions in the sector
- **Drive Sustainability:** This partnership of 10 automotive original equipment manufacturers (OEMs) commits to increase sustainability and supply chain management efforts in the automotive industry

– **Responsible Business Alliance (RBA):** Ford was the first automotive manufacturer to join the RBA, a nonprofit committed to improving social, environmental and ethical conditions in global supply chains. We work with more than 110 electronics companies on issues such as human rights, working conditions, ethical sourcing and environmental responsibility. We currently serve on the RBA's Board of Directors and actively participate in the Responsible Labor Initiative, the Validated Audit Process workgroup and the Tools workgroup

– **University of Michigan:** Ford's partnership with the Erb Institute at the University of Michigan is exploring how companies define and quantify their sustainability impacts. Focused on how mobility will impact humans, the research will inform a sustainability decision-making tool

### BUILDING CAPACITY IN OUR SUPPLY CHAIN

**Our work to address human rights issues goes beyond our direct operations, extending throughout our entire supply chain. Training on human rights issues is essential to help our suppliers build their capability to responsibly manage working conditions in their facilities.**

### Prioritizing Our Efforts with Suppliers

Due to the size and complexity of our supply base, we focus on suppliers in countries that pose the highest risk for substandard working conditions. To determine these locations, we conduct an annual risk analysis, incorporating internal and external data and

## RESPECTING HUMAN RIGHTS CONTINUED

input from external stakeholders, covering commodities purchased, supplier location, annual spend and any training and audits conducted. Our list of 22 high-priority countries remains unchanged in 2019.

### Understanding Our Suppliers' Capacity

Ford suppliers are invited to complete Drive Sustainability's Self-Assessment Questionnaire (SAQ). The SAQ assesses suppliers' social and environmental sustainability performance, business conduct and compliance and supplier management, and allows suppliers to share responses with customers.

In 2018, more than 500 suppliers completed the SAQ, taking the total to date to more than 1,000. We targeted high-priority countries with fewer suppliers, where face-to-face training opportunities are limited. Suppliers providing commodities, or located in regions, with a high risk of forced labor were also included in our 2018 survey. Combined with our risk analysis, this data helped us prioritize our supplier audit and training engagement for 2019.

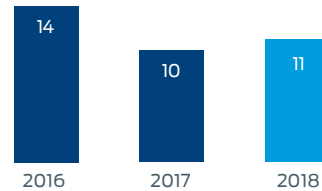
### Training to Build Capability

Our approach to training has been developed and launched through the AIAG. This involves:

- An **e-learning module** introducing the [Automotive Industry Guiding Principles](#), and a **knowledge assessment**. Training materials are freely available to OEMs and their suppliers in seven languages

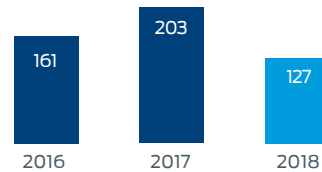
#### Training sessions conducted

Program total: 196 (cumulative, 2003–2018)



#### Total sites trained/retrained

Program total: 3,696 (cumulative, 2003–2018)



#### – Face-to-face workshop sessions

customized for local laws and conditions. These sessions emphasize the role of human rights in meeting legal obligations, industry guidelines and international best practice. Participants must verify that they have shared the information with their employees and direct suppliers

Most of our in-person supplier training is delivered through the AIAG or Drive Sustainability.

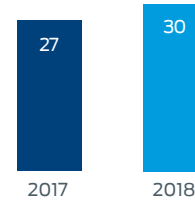
### Training Results

In 2018, the AIAG e-learning module reached 570 participants, 9 percent of which were Ford suppliers. Supplier representatives from 127 direct and indirect supplier sites in four countries (China, Hungary, Mexico and Thailand) attended training sessions covering

#### Third-Party Social Responsibility Audits: VAP Assessments

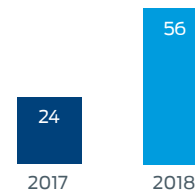
Initial assessments (2017–2018)

Total to date: 88



Follow-up assessments

Total to date: 80



human rights, working conditions, business ethics and the environment.

We continue to strengthen internal capacity for identifying and managing human rights issues. In 2018, we trained 773 Ford Purchasing employees on our Policy Letter 24 and Supply Chain Sustainability Program, focusing on identifying and reporting warning indicators for potential human rights violations. We have trained or retrained 4,741 Supplier Technical Assistance personnel to date.

We also conducted *Driving a Better Tomorrow* learning sessions for more than 1,000 purchasing employees during 2018. These focus on the role that purchasing can play in responsible sourcing, business ethics and preventing human trafficking.

### Auditing Our Suppliers

Third-party social responsibility audits let suppliers know how well they are meeting their legal requirements and our expectations, and help identify areas for improvement. Since 2003, we've conducted 1,163 supplier audits and 1,564 follow-up assessments worldwide.

Recognizing the value of cross-industry collaboration, we joined the RBA in 2016. We have adopted the RBA's Validated Audit Protocol (VAP), which contains 90 questions spanning labor, health and safety, management systems, ethics and the environment. The audits, conducted by independent external auditors, are scheduled with suppliers in advance.

In 2018, we conducted 30 audits using the VAP methodology, 100 percent of which were externally validated and certified by the RBA. (Read more about our membership in the RBA on [page 16](#)).

### Taking Corrective Action

For identified non-conformances, we expect suppliers to develop action plans detailing root causes and planned remediation. For more serious ("priority") non-conformances, the supplier must prepare immediate containment plans and longer-term corrective action plans, which we review and monitor. We engage with suppliers unable or unwilling to do so within our expected timeframe and reserve the right to end our relationship should any supplier fail to comply with our Global Terms. In 2018, we did not end any supplier relationships due to the unacceptable resolution of audit findings.

**RESPECTING HUMAN RIGHTS CONTINUED**

**Audit Findings**

In our 2018 RBA audits, approximately 6 percent of identified non-conformances required immediate containment, of which:

- 48 percent related to working hours and consecutive days of work
- 20 percent were health and safety issues
- 15 percent related to discriminatory practices

The remaining priority non-conformances were items concerning fees charged to the employee and not reimbursed within 90 days. Audits also discovered instances of young workers aged 15-18 performing night work.

We direct all suppliers with priority non-conformances to e-learning modules offered by the RBA to support capability building. We assist suppliers in developing effective corrective action plans and regularly monitor their progress according to an established timeline for resolution.

**Audit Findings**

Non-Conformances 2018



- Labor 34%
- Health and Safety 28%
- Management Systems 23%
- Environment 10%
- Ethics 5%

**Frequent Non-Conformances in 2018**

	Non-Conformances	Remedial Action
<b>Labor</b>	<p>The most frequent labor issue involved working hours and consecutive days of work. In many instances, corrective actions required installing electronic timekeeping equipment. Suppliers also were asked to complete training on working hours management systems.</p> <p>Our audit did not reveal any instances of child, forced or involuntary labor, although several suppliers' policies and procedures lacked the required robustness to ensure compliance. Where fees were charged to employees, we are working with the suppliers to develop corrective action plans, which include repaying fees and establishing management systems to prevent reoccurrence. Suppliers were also required to take training on recognizing and preventing forced labor.</p> <p>Audits also revealed several instances of discriminatory practices, including pregnancy testing, disclosing military status in the hiring process and insufficient policies and procedures to ensure reasonable accommodation of religious practices.</p>	<p>We continue to expand training and capacity building to equip suppliers with the knowledge, skills and processes to protect employees' rights.</p>
<b>Health and safety</b>	<p>The most frequent health and safety issue in 2018 was inadequate emergency preparedness - specifically the effectiveness of emergency exit plans and fire extinguishers - and instances of missing personal protective equipment.</p>	<p>Occasionally, further discipline is required to ensure adequate training and regular certification of first aid equipment. Most non-conformances are resolved quickly upon discovery through training and minor facility improvements.</p>
<b>Environment</b>	<p>Inadequate hazardous waste disposal was the main environmental issue. Incomplete emissions data are also flagged as non-conformances to the RBA audit protocol.</p>	<p>We continue to work with suppliers through the CDP Supply Chain and Ford PACE programs, providing technical support and best-practice ideas to improve reporting transparency.</p>

**RESPECTING HUMAN RIGHTS CONTINUED**

**RESPONSIBLE SOURCING OF RAW MATERIALS**

**With around 1,200 Tier 1 production suppliers providing vehicle parts comprised of 1,000 different materials, we recognize the complexity of our supply chain. But responsible sourcing is an important human rights issue. We remain committed to ensuring the materials used in our vehicles are sourced responsibly and are safe to use.**

The responsible sourcing of raw materials ensures that we never knowingly procure materials that contribute to human rights abuses, including child and forced labor, bribery and corruption or environmental concerns. Responsible sourcing expectations include compliance with local laws, reporting requirements, customer terms and conditions and respect for indigenous populations, including water and land rights.

To increase transparency and responsibility in raw material sourcing, we participate in studies, workgroups and collaborative discussions to identify ethical, environmental and labor issues. For specific materials, we are incorporating tools to ensure the responsible sourcing of raw materials earlier in the sourcing process. We conduct raw material investigations to determine appropriate action, both internally and with our suppliers. As we identify materials of concern, such as tin, tantalum, tungsten, gold, cobalt, mica and rubber, suppliers may be asked to improve due diligence and transparency to verify that the materials supplied to Ford were sourced responsibly.

**Material Change: Reporting on Supply Chain Impacts**

The 10 auto manufacturers that form Drive Sustainability have launched the Raw Materials Observatory, to assess how best to mitigate the potential environmental, social and ethical risks associated with the raw materials used in the automotive and electronics sectors. Risk assessments are performed by The Dragonfly Initiative, a specialized sustainability advisory firm.

In July 2018, Drive Sustainability, in collaboration with the Responsible Minerals Initiative (RMI), published a report, Material Change. It details the results of these assessments and how supply chain sustainability for 37 materials can be enhanced. The report profiles 18 priority materials and includes examples of environmental, social and governance issues associated with their procurement.

*> Watch a short video about Drive Sustainability's work in this area.*

**Conflict Minerals Disclosure and Reporting**

In August 2012, the U.S. Securities and Exchange Commission (SEC) adopted the final rule to implement reporting and disclosure requirements concerning conflict minerals. Since 2014, under the US Dodd-Frank Act 2010<sup>3</sup>, public companies must conduct due diligence to determine the origin of conflict minerals in their products and report annually to the SEC in the hope of ending violent

conflict in the Democratic Republic of the Congo (DRC) and adjoining countries.

We are one of several automotive manufacturers obliged to report on conflict minerals in our supply chains in a Specialized Disclosure Report, filed annually with the SEC. Ford's Conflict Minerals Report was the highest-ranked of any auto manufacturer in the Mining the Disclosures 2018 report published by the Responsible Sourcing Network, as well as the fifth highest across all industries. In 2017, we were included, for the third consecutive year, in the Top 100 Conflict Minerals Influence Leaders by Assent.

To comply with this disclosure rule, suppliers that provide us with components containing tin, tungsten, tantalum and gold (3TG) must conduct due diligence to understand the origins of such minerals, source them responsibly and not knowingly provide parts containing minerals that may contribute to conflict. We encourage suppliers to use the Due Diligence Guidance and the associated five-step framework compiled by the Organisation for Economic Co-operation and Development (OECD) to assess the chain of custody of these minerals.

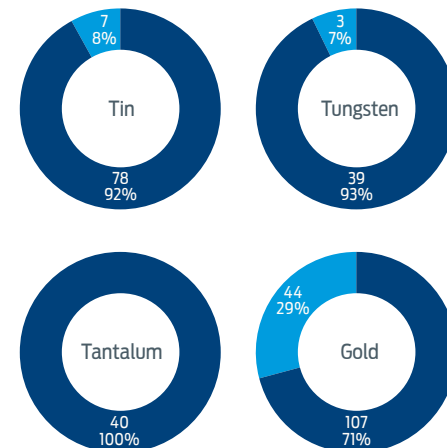
**What Are Conflict Minerals?**

Conflict minerals include gold, as well as columbite-tantalite (coltan), cassiterite, wolframite or their derivatives, which are limited to tantalum, tin and tungsten. 3TG are used in many auto components, from engine assemblies to airbags.

Ford expects its suppliers to obtain 3TG from smelters that conform to third-party responsible minerals sourcing validation programs, such as the London Bullion Market Association, Responsible Jewelry Council and the Responsible Minerals Assurance Process. Our 2018 assessment of smelter conformance to these programs is shown below.

For additional details on our due diligence and continuous improvement efforts, see our Specialized Disclosure report filed with the SEC.

**Reported smelter conformance rates by mineral**



- Conformant/active
- Not participating

**We aspire to responsibly source all raw materials used within our vehicles globally**

<sup>3</sup> Specifically, Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

## RESPECTING HUMAN RIGHTS CONTINUED

### Reporting Progress

Suppliers are required to submit an annual Conflict Minerals Reporting Template to Ford. For four consecutive years, we have achieved a 100 percent response rate from in-scope suppliers. In 2018, we continued to work with them to improve the quality of their reports.

> [Read our 2018 Conflict Minerals Disclosure filing and download our Conflict Minerals Policy for more information.](#)

### Future Goals

Continuing our conflict minerals journey, we aim to:

- Maintain a 100 percent response rate from in-scope suppliers for annual reporting
- Increase the percentage of suppliers providing smelter lists and using RMI-conformant smelters
- Encourage smelters to participate in the RMI audit process

### Going Beyond Conflict Minerals

As our vehicles evolve, so will the materials they contain. Through ongoing investigations and collaborative workgroups, we endeavor to identify materials of concern that fall outside U.S. Dodd-Frank Conflict Minerals legislation. Enhanced contractual requirements, reporting requests and transparent dialogue help our suppliers source materials ethically and responsibly.

Through the Ford Motor Company Supplier Social Responsibility and Anti-Corruption Requirements Web Guide, we've extended our responsible sourcing requirements beyond conflict minerals to additional materials of concern.

### Cobalt

Given the high-risk conditions under which cobalt is often mined, we continue to expand our commitment to its responsible sourcing by participating in various initiatives, both internally and externally. In an effort to recognize the importance of this issue at the onset of the sourcing process, we now include cobalt due diligence questions in our Request For Quotation for batteries. In 2018, as part of the RMI cobalt pilot, we requested all battery suppliers to complete the Cobalt Reporting Template to understand sourcing of cobalt and the associated due diligence processes that are in place. As a result of our participation, we provided input to RMI to improve the template and identify opportunities to remove barriers to cobalt supply chain transparency.

In early 2019, along with several other supply chain and technology partners, we launched the Responsible Sourcing Blockchain Network pilot to track responsibly sourced cobalt from the mine to a vehicle battery. The intent of the project is to demonstrate, via blockchain technology, how the materials used in our vehicles are responsibly produced, traded and processed. All participants will be validated against responsible sourcing standards developed by the OECD (see case study opposite).

### Mica

We engage in regular dialogue with key coating suppliers to monitor the responsible sourcing of mica. This due diligence includes mapping Tier 1 suppliers, reviewing third-party audits of mica mines and participating in cross-industry investigations.

### Rubber

We work with OEMs, tire manufacturers, civil society and consultants to promote the sustainable sourcing of natural rubber, contributing to several multi-stakeholder initiatives and third-party research. In 2018, the Tire Industry Project of the World Business Council for Sustainable Development formally launched an independent platform to improve socioeconomic and environmental performance in the supply chain. Ford became the first automaker and a founding member of the initiative, now titled the Global Platform for Sustainable Natural Rubber. Members, including tire manufacturers, rubber suppliers and processors, vehicle manufacturers and nongovernmental organizations (NGOs), seek to harmonize standards for human rights, prevent land-grabbing and deforestation, protect biodiversity and water resources, improve yields and increase supply chain transparency and traceability.

### Rare Earth Elements

Small quantities of the 17 rare earth elements (REEs) are used in internal combustion engines, motor and generator magnets and vehicle tailpipe controls, as well as hybrid electric, plug-in hybrid and battery electric vehicles. REEs are economically and sustainably hard to extract, and we remain actively engaged in reducing their use.

### Using Blockchain to Support Responsible Sourcing

Ensuring that every step of our supply chain adheres to ethical standards is of paramount importance to Ford. We have joined an IBM-led project to digitally map cobalt throughout our supply chain.

Using a blockchain platform, the Responsible Sourcing Blockchain Network pilot will track cobalt along a simulated supply chain, from a mine in the DRC, via a refinery in China and a battery factory in South Korea, to a U.S. Ford plant. Recording the journey will give network participants real-time visibility into the supply chain and create a system that accurately records the cobalt used in each batch, battery or car.

The project is then expected to extend to 3TG and other materials.

### Forging Relationships to Promote Responsible Sourcing

We also play an active role in several multi-stakeholder groups looking into both conflict minerals and other minerals of concern, including:

- The [AIAG's](#) Smelter Engagement and Best Practices teams, which support the development of processes and tools to improve supply chain knowledge and reporting transparency

## RESPECTING HUMAN RIGHTS CONTINUED

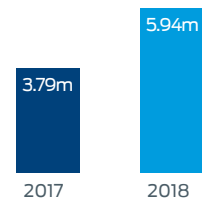
- The [Responsible Minerals Initiative \(RMI\)](#) Steering Committee, Smelter Engagement Team, Mining Engagement Team, Due Diligence Practice Team, Mineral Reporting Template team and the Blockchain workgroup, as well as mineral-specific workgroups for mica, cobalt and gold
- The [Public-Private Alliance for Responsible Minerals Trade](#), through which we contribute to regional solutions for responsibly sourced minerals

## VEHICLE SAFETY, QUALITY AND SATISFACTION

**Quality is central to everything we do. It drives improvements across all functions while ensuring that we deliver the vehicles our customers want and value. The safety and quality of our vehicles impact people directly, making them paramount considerations for Ford.**

Our global Quality Operating System helps ensure that our vehicles meet or exceed competitive and performance targets, as well as customer expectations, throughout their development and manufacture. Once a vehicle concept is finalized and approved, it is brought to market using our Global Product Development System. This combines the best production methods from across our global operations and provides common efficiency and quality metrics.

### Passenger vehicle recalls, United States



### Improving Vehicle Safety

Safety will always be our highest priority when developing vehicles. Quality is critical to safety and spans design and manufacturing, operator behavior and road infrastructure.

Our corporate safety policy, Policy Letter 7, outlines our commitment to creating vehicles that achieve high levels of safety in a range of real-world conditions. This helps us meet or exceed applicable laws and regulations, as well as our customers' needs and expectations.

Our processes, tools and facilities confirm that our vehicles align with stringent internal guidelines on safety design and Ford-specified levels of performance for Public Domain tests. We regularly re-evaluate and update these guidelines, ensuring continuous improvement.

We observe and evaluate the performance of vehicles and systems at **crash-test facilities** in:

- Dearborn, Michigan
- Merkenich, Germany
- Dunton, U.K.

The **VIRTTEX (Virtual Test Track Experiment)** in Dearborn, Michigan, researches human behavior with advanced driver assist features, human-machine interfaces and factors such as drowsy or distracted driving.

We explore and develop new technologies for safety, driver assistance, connectivity, mobility and self-driving vehicles at **Research and Innovation Centers** in:

- Dearborn, Michigan
- Palo Alto, California
- Aachen, Germany

### Vehicle Safety Performance

Ford continues to receive high marks and accolades in public and private crash-testing programs. We conduct engineering analyses, computer simulations and component, sub-system and full-vehicle crash tests to evaluate at several sites in the United States and Europe.

### Global Safety Ratings

Public Domain programs for rating vehicle safety vary considerably worldwide. They are conducted by a range of consumer advocacy groups, organizations, auto clubs, motoring magazines and insurance-sponsored organizations, each with its own testing protocols and evaluation criteria.

Because of these different programs, and the fact that New Car Assessment Programs (NCAPs) are continually being updated and made more stringent, it is increasingly difficult to achieve the highest ratings across all regions. All global automotive companies face the dilemma that a rating in one region's NCAP does not guarantee the same rating elsewhere. See our latest [ratings data](#).

Our recent safety assessment report, [A Matter of Trust](#), details the steps we are taking to ensure our next generation of smart, self-driving vehicles are safe for drivers, passengers, other road users and pedestrians. Read more about our [driver assist technology](#), [occupant protection](#) and [post-crash response](#) features.



## RESPECTING HUMAN RIGHTS CONTINUED

### Global Safety Public Domain Organizations

Global	<a href="#">Global NCAP</a>
North America	<a href="#">IIHS</a>
North America	<a href="#">US NCAP (NHTSA)</a>
Latin and South America	<a href="#">Latin NCAP</a>
Europe	<a href="#">Euro NCAP</a>
Russia	ARCAP (website not available in English)
China	C-NACP (website not available in English)
Japan	<a href="#">JNCAP</a>
South Korea	<a href="#">KNCAP</a>
South East Asia	<a href="#">ASEAN NCAP</a>
Australia and New Zealand	<a href="#">ANCAP</a>
India	BNVSAP (program under development)

### Our 2018 Vehicle Safety Highlights

#### U.S. NCAP

- For the 2019 model year, nine Ford and four Lincoln nameplates rated with 5-Star Overall Vehicle Scores (as of June 2019)

#### Euro NCAP

- Seven Ford models have 5-star ratings by Euro NCAP
- Ford received seven Euro NCAP Advanced Awards for innovative technologies

#### C-NCAP

- Eight Ford and one Lincoln nameplates achieved a 5-star overall rating (as at May 2019)



**WHILE WE'RE PLEASED WITH OUR RESULTS, WE KNOW QUALITY IS A RACE THAT NEVER ENDS – AND WE'LL KEEP PUSHING TO DELIVER EVEN HIGHER-QUALITY VEHICLES FOR OUR CUSTOMERS.**

**Jim Van Slambrouck,**  
Director of Quality for the Americas

### Monitoring Quality and Satisfaction

We use internal and external measurements of quality and satisfaction to assess how we're doing and where we can improve. Our primary source of information, the Global Quality Research System, tracks customer satisfaction and "Things Gone Wrong". It is conducted throughout the year by consulting firm Ipsos RDA Group.

As well as tracking warranty claims and costs internally, we also subscribe to three annual studies by J.D. Power and Associates: Vehicle Dependability Study; Automotive Performance, Execution and Layout Study; and Initial Quality Study. In June 2018, Ford Motor Company earned its best overall score in the study's 32-year history, with five Ford and Lincoln models earning top honors. We retained our No. 2 ranking among all automakers, having improved our scores for the fifth straight year.

### DATA PRIVACY AND SECURITY

**The information that customers provide helps us deliver great products, a personalized experience and continued innovation. We respect customer privacy and use the information they share responsibly, as we explore new ways to deliver innovative solutions.**

We take our responsibilities concerning the privacy and security of customer data seriously. Our companywide governance infrastructure drives a holistic approach, which includes [policies and directives](#) focused on transparency, responsible data handling and use, and choice where appropriate.

We are a founding member of the Information Sharing and Analysis Center ([Auto-ISAC](#)), which gathers, analyzes and shares information to combat cyber-related threats and weaknesses.

Investing in data science and analytics allows us to harness the potential of technology to deliver great products and services, especially through our emerging businesses of mobility, connectivity and autonomous vehicles. A prime example is the [Transportation Mobility Cloud](#), a new open-source platform designed by Ford-owned Autonomic enabling data and analytics to connect and coordinate smart transportation services.

# EMPOWERING OUR PEOPLE

**Being an employer of choice wherever we operate requires us to continue to draw on the best elements of our legacy, our passion for mobility and our future aspirations. We believe in providing a collaborative and safe work environment that embraces diversity and inclusion, to ensure we attract, retain and develop the best talent.**

## Transforming Our Culture and How We Work

Capitalizing on new business opportunities requires us to change the way we work. In 2017, we began to transform our organization through Smart Redesign. Through this initiative we are flattening our organization, reducing bureaucracy, building skills and capability and changing how we work to help us remain competitive.

Smart Redesign is a key enabler of our corporate strategy, Creating Tomorrow, Together. We believe that redesigning the organization through human-centered design, shared leadership and enterprise improvements will help us maximize our value. Our efforts will help make our processes and systems more efficient and effective, improve our corporate fitness and agility, and help us deliver our plan to make smart vehicles for a smart world.

In 2018, we launched our new cultural evolution including “Our Truths.” We developed Our Truths by analyzing our 100-year history and leveraging feedback from all levels of Ford employees, about what they want our culture to look like in the future. Our Truths are being rolled out globally and brought to life by:

- Updating our policies and procedures to reduce bureaucracy
- Redesigning our workspaces to encourage collaboration and productivity
- Ensuring our business operates in a way that empowers our people to thrive in their everyday work

## Increasing Engagement in the Process

We strive to inspire our employees to be the change that they wish to see. The integration of Our Truths into our policies, practices, employee development curriculum and shifts in the way we work, encourages engagement at all levels. We recently launched a cross-functional, multi-level, multi-regional group called the Culture Cabinet, to represent the voice of global employees as we continue on our transformation journey. The Culture Cabinet also provides a way for our senior leadership team to remain in tune with the needs and expectations of our global employees.

We have also had 6,500 employees globally join our Culture Street Team. These voluntary “change agents” have offered to bring Our Truths to life by sharing information and hosting discussions about our culture transformation. We are proud of our employees for being a part of our grassroots culture evolution and reciprocating Ford’s commitment to them through their participation in the transformation.

## Our Truths

**Put People First:** We strive to address the needs and wants of all people, be that our employees, customers, partners or members of the community.

**Do the Right Thing:** We always work to create safe and inclusive workplaces where employees have the freedom to be themselves and work to their full potential.

**Be Curious:** We know that there is always more to learn and take the opportunity to grow in every situation, to question actively and to think critically.

**Create Tomorrow:** We extend our problem solving, creativity and experimental approach to create vehicles for the future.

**Build Ford Tough:** We take challenges as an opportunity to evolve and strengthen our business.

**Play to Win:** We are in business to create value and are focused on our competitive fitness, efficiency and agility.

**One Ford:** We are a family and value, respect and care for everyone in our network, from our employees to our partners. We welcome contributions and work together as one team.

## Using AI to Analyze Employee Opinion

Our Talent Analytics team is using artificial intelligence (AI) to analyze the tone of employee sentiment, including comments given in engagement surveys, on our website, through social media or during town hall meetings with senior leadership. This “next practice” allows us to make real-time adjustments to our communications strategy and our responses to employees.

# 198,964

GLOBAL WORKFORCE (AT END OF 2018)

# 3,311

ANNUAL DECREASE IN EMPLOYEES IN 2018

# 61

MANUFACTURING AND ASSEMBLY PLANTS AND EIGHT ENGINEERING, RESEARCH AND DEVELOPMENT CENTERS AROUND THE WORLD

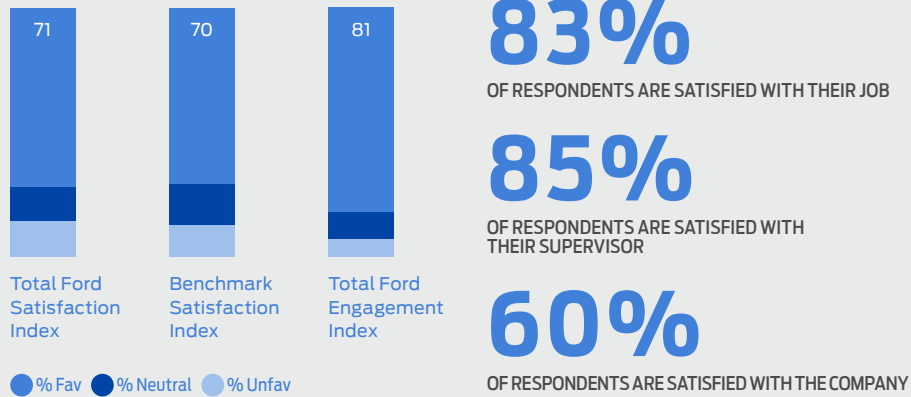
**EMPOWERING OUR PEOPLE** CONTINUED

**2018 Global Pulse Survey Results**

Results from our Global Pulse Survey are strong and continue to exceed external benchmarks.

**What are employees saying? (2018 results)**

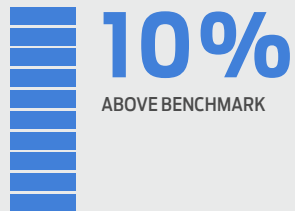
Overall, Ford employees are satisfied and engaged.



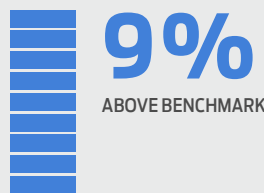
**How do we compare?**

Ford exceeded external scores on the Employee Satisfaction Index and on 20 questions that are benchmarked.

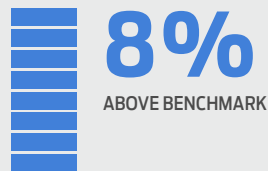
My workgroup has a climate in which diverse perspectives are valued



I can report unethical practices without fear of reprisal



I am given a real opportunity to improve my skills in the company



**Employee Engagement and Satisfaction**

Effective communication is vital to our ongoing success. We use a wide range of channels to provide opportunities for dialogue with our employees around the world. These include our Intranet site and website; corporate publications and reports; social media; Jim Hackett's video blog, webcasts and executive Q&A sessions with senior management; labor-management committee meetings; "Town Hall" meetings; and Employee Resource Group (ERG) initiatives.

**Assessing Satisfaction Levels**

Through our annual Global Pulse Survey, we encourage our employees to provide honest feedback about their jobs, workplace and overall satisfaction. Results are shared via online dashboards to inform team discussions and action plans and are benchmarked externally to give our performance a wider context.

We continue to explore new ways to collect information about the employee experience, including quarterly sample surveys, live whiteboards and polling machines in key buildings.

**We aspire to become the most inclusive and diverse global company**



**DIVERSITY, INCLUSION AND EQUALITY**

**Our people and values underpin our aspiration to become the world's most trusted company, designing smart vehicles for a smart world. We know that people with different backgrounds, opinions, experiences and perspectives make us a stronger and more innovative team, and we invite all employees to bring their uniqueness, passion, inspiration and integrity into the workplace.**

**Our Areas of Focus**

**Leading the Way:** We are working with our leaders to reinforce the strong connection and value that diversity brings to business results and employee experience.

**Diverse Workforce:** By attracting, developing and retaining a diverse workforce, we are intentionally developing a leadership pipeline and building diverse groups at all levels of the organization.

**Respectful and Inclusive Culture:** We are embracing Our Truths to foster an environment where employees can be themselves and have the flexibility to do their best work.

Partnerships within and beyond Ford are the foundation of, and key enablers to, building a diverse workforce.

## EMPOWERING OUR PEOPLE CONTINUED

**Ford was included in the 2019 Bloomberg Gender-Equality Index for our commitment to transparent gender reporting and workplace equality.**



### 2018 Diversity Performance

Of our global salaried workforce:

- 28.2% were female
- 20.4% of managers<sup>4</sup> were female

Of our 13-member board of directors:

- two were women
- two identified themselves as members of minority groups

Of our U.S. employees (hourly and salaried):

- 31.5% were members of minority groups
- 23.8% were female

Of our 45 corporate officers:

- nine were women
- eight identified themselves as members of minority groups

### Ford CEO Takes Action

In October 2018, Jim Hackett, our President and Chief Executive Officer, joined hundreds of other business leaders in signing the CEO Action for Diversity & Inclusion pledge. Working collectively across organizations and sectors, the “I Act On” pledge aims to rally the business community and outlines actions that participating companies can take to cultivate working environments where diverse perspectives and experiences are welcomed and respected.

### Fostering Diversity through Employee Resource Groups

As part of Ford’s ongoing commitment and collaborative effort to embed our diversity and inclusion strategies into every part of our company, we endorse and support Employee Resource Groups (ERGs). These comprise thousands of employees worldwide who share characteristics or life experiences and a desire to use them to create workplace connections, provide professional development and advance business imperatives. Started in the early 1990s, Ford’s ERGs are sponsored by our senior leaders and are open to all our employees. Our ERGs host a range of professional, educational and cultural events as well as supporting our diversity-related efforts in recruitment and community outreach.

Our longstanding commitment to equal opportunity in all aspects of employment includes compensation, which should be fair and equitable in each market, irrespective

### Another Perfect Score in the Corporate Equality Index

In December 2018, Ford once again earned 100 percent on the Human Rights Campaign 2018 Corporate Equality Index, repeating the perfect score we have received every year since 2004 in this national benchmarking assessment of lesbian, gay, bisexual, transgender and queer (LGBTQ) equality in the workplace.

of gender, race, age, disability, sexual orientation or other personal characteristics. This applies to all forms of pay, including base salary, incentives and bonuses.

### Global Salaried Gender Pay Ratio

Ford’s Global Salaried Gender Pay Ratio, defined as the weighted average ratio of average female salaries to average male salaries within peer groups<sup>5</sup> worldwide, is 98.2 percent. While this ratio provides a rough measure of pay equity, it does not account for individual circumstances such as job titles, education and experience. Such factors may explain much of the difference between the female and male averages.

We are interested in providing transparency in how well we are doing, as well as reaffirming our long-term commitment to fairly compensating all of our employees.

# 98.2%

GLOBAL GENDER PAY RATIO

### TALENT ATTRACTION AND RETENTION

**Our success depends on our ability to attract, engage and retain a diverse group of employees. According to our own research, employees choose Ford because of its rich history, reputation and brand values, career development and training opportunities and commitment to diversity and inclusion.**

### Finding the Best...

Attracting employees able to help move our company forward requires us to be more creative with our recruiting methods. Our strategy includes working with professional organizations, building relationships with top colleges and universities, engaging with local community partners and harnessing social media to connect with the next generation of creators and innovators.

We recognize, for example, that people who identify as having a disability are significantly underrepresented in the workforce. We aim to correct this while utilizing the unique strengths and insights these valued members of our community offer. Through our FordWorks program, we partner with local nonprofit organizations to offer individuals training and employment opportunities.

### ...And Keeping Them Onboard

After finding and hiring the right candidates, a strong onboarding experience is essential. For example, in the United States, we have two programs that equip new employees for success:

<sup>4</sup> Middle management and above.

<sup>5</sup> A peer group consists of employees in the same region, salary grade and skill team, when available.

## EMPOWERING OUR PEOPLE CONTINUED

- Get Started provides 30 days of support services and resources to new employees, helping them navigate the essentials of early onboarding
- An extended program during the first year of employment provides further opportunities to engage new employees, including corporate and skill team orientations, presentations, question-and-answer sessions with leaders and an internal social media platform

Strong, flexible parental policies help Ford families integrate the demands of their work and personal life and support employees during key life moments. U.S. salaried employees, new mothers, fathers, and adoptive parents are eligible for eight weeks of paid parental leave, in addition to six to eight weeks for the birth mother. New parents are also eligible to transition back to work part-time at full-time pay. These policy changes enhance our ability to attract and retain top talent and increase employee morale.

### Ford Ranked Among World's Most Attractive Employers

We are proud to have been ranked as an attractive employer in Universum's 2018 Talent Survey, taken by more than 225,000 students across the world's 12 largest economies. The 10th annual survey ranks characteristics like work environment, innovation, future earnings and leadership in development. Ford was ranked 12th by engineering students and 48th among business students.

## LEARNING AND DEVELOPMENT

**Continuous learning, curiosity and learning agility are key to keeping up with a rapidly evolving world. Our learning culture and systems continuously evolve to lead the way for our employees and our business.**

### Creating Tomorrow's Workforce, Today

Technological advances create demands for new skills. At Ford, manufacturing technicians are being trained in electrified vehicle diagnostics. Portable training cells integrate robots, controls and vision systems to provide system-level training, and we are experimenting with augmented reality in our manufacturing facilities.

We are envisioning and creating the future. Our engineers and technicians compliment mechanical and software engineering skills, ensuring we can move at the speed of software even as we continue to develop hardware.

Expansion of partnerships with governments, universities and early education systems ensures access to new, diverse and skilled pipelines of talent. Ford is a founding partner with the Consumer Technology Association's (CTA) Apprenticeship Coalition to explore new models for learning on the job and preparing workers in non-traditional ways. With CTA and other partners, we are evaluating more than 15 different apprenticeships for careers in fast-growing fields including software engineering, data science and analytics, cybersecurity, mainframe system administration, creative design and program management.

### Ford Founding Member of CTA's Apprenticeship Coalition

**CTA Apprentice Coalition's mission is to create a national corps of skilled workers in the United States who will fill millions of open new collar jobs in communities across the country, not just in traditional tech hubs on the coasts. The Coalition's strategic goals include:**

- Serving as an industry leader in offering and scaling apprenticeships
- Developing additional employment pathways for students, mid-career professionals and veterans
- Promoting inclusion by providing more Americans with the opportunity to work in the tech industry

In an increasingly online world and with information at our fingertips, employees are taking ever-more ownership of their learning. We provide employees with strategic options to build their capability through the latest learning approaches and partnerships with expert organizations. These include access to massive open online courses (MOOCs) for fast-changing skills like software development, AI, robotics, machine learning and deep learning programs. Partnerships with world-class universities offer opportunities for state-of-the-art research, innovation and technical and leadership skills development.

### Building Future-Ready Leaders

Our leadership development approach is evolving to meet the needs of our changing workplace. We have modified our leadership learning experiences and opportunities to prepare future-ready leaders by focusing on:

- Neuroscience-informed learning methods and techniques
- Leading culture change by creating experiences for teams
- Leading through ambiguity and complexity
- Complex, human-centered problem solving and creative leadership
- Rigorous decision making and critical thinking
- Expanding anytime, anywhere learning to help learners at the moment of need

Our cohort-based leadership programs incorporate elements of social and peer learning to provide intense development experiences that focus on the application of training to specific work-related challenges.

- The Global Leadership Summit: For executives and general managers responsible for global projects, departments and budgets
- Global Executive Leadership: Geared toward directors and senior managers associated with a region, but with responsibilities that extend to the global enterprise
- Experienced Leader Program: Aimed at middle management, the program helps grow the capabilities of our skill team leaders running regional large projects and functional departments

## EMPOWERING OUR PEOPLE CONTINUED

– Leadership Academy: A recommended curriculum path for new and experienced front-line leaders, which builds foundational leadership skills and includes hands-on applications

Our employees can also build the capacity of others by sharing their subject-matter expertise, knowledge and insights in both technical and non-technical areas. This practice is embedded within leadership programs, providing developing leaders with skill-building opportunities.

### INVESTING IN THE NEXT GENERATION

**As the world moves forward ever-faster, we're preparing students of all ages to step up to the challenges ahead by inspiring their interest in technology, science and innovation.**

#### Our Support for STEAM Programs

To strengthen our pipeline of potential future talent, our global strategy focuses on developing and delivering STEAM (science, technology, engineering, arts and math) programs. We prioritize programs that nurture technical talent and foster long-lasting partnerships and engagement.

- Our **Powered by Ford STEAM Academies** prepare high school students for life after school. As well as core academic subjects, students undertake engineering, information technology and manufacturing projects. In 2018, we awarded 100 Ford Blue Oval STEAM Scholarships, worth up to \$10,000 each, to support high-achieving college-bound students with their studies
- Our **FIRST® Robotics** program challenges teams of students to fund, build and

program robots to perform set tasks, against tight schedules and with limited resources. We provide grants to 136 elementary and middle schools and 87 high school teams, and more than 240 employees acted as volunteer mentors to Ford-sponsored teams

- As part of the Ford Next Generation Learning program, the **Ford STEAM High School Community Challenge** empowers students to make a positive difference in their communities. Supported by \$50,000 in grants from Ford and with participation from community partners, students propose technical solutions that address a range of community issues. In 2018, the Academy of Information Technology and Robotics at Spruce Creek High School in Volusia County, Florida, received the grand prize of \$20,000 for their smartphone app, which allows people affected by natural disasters to communicate with emergency responders even when there is no internet or cellular service
- To boost female representation in the tech industry, we provide opportunities for young women interested in STEAM subjects. Our support includes a partnership with Girls Who Code, a nonprofit that equips young women with the skills needed to pursue opportunities in computing. Across the United States, sessions combine robotics, web design and mobile development with mentorship from top engineers at our Ford Research and Innovation Center in Palo Alto, California
- In the U.K., we work with **Primary Engineer**, a nonprofit organization that runs engineering-based courses for schoolchildren. Ford supports a project

where children aged 5–11 are encouraged to build an electric vehicle. Each school is matched with a Ford engineer to support the classroom sessions and bring a real-world context to the learning. So far 42 schools, 72 teachers, 44 Ford volunteers and more than 1,600 children have been engaged

### Empowering Through Education

In addition to STEAM programs, **Ford Fund** supports initiatives that empower young people to take control of their future, improve people's lives and drive upward social mobility.

Research shows that without adequate support, first-generation students are at a greater risk than their peers of dropping out of college. In response, we launched the Ford First Gen program at Spelman

College in Atlanta, Georgia. The program will pair 50 first-generation, first-year students with 10 junior students, also first-generation, who will act as mentors. The new students will also attend regular seminars, monthly outings to meet industry professionals, opportunities to engage with faculty members, and Ford-sponsored summer internships.

Ford Driving Dreams (FDD) empowers students to achieve academic success through scholarships, book donations, leadership programs, college preparedness tools, essay contests and career-building activities. Since 2012, FDD has fueled the academic and career journeys of more than 200,000 students across the United States, Puerto Rico and Latin America.



# BUILDING SUSTAINABLE COMMUNITIES

**Ford has always been much more than just an employer – we're also a neighbor. From supporting communities where our employees live and work to helping in the aftermath of natural disasters, we continue to work towards making a positive impact on society.**

Our support for local communities, as well as for wider society, goes beyond donating money to good causes. It's also about building long-lasting partnerships to address the challenges our neighbors face, helping to achieve a better world.

Ford Motor Company Fund and Community Services – Ford Fund – oversees and coordinates our volunteering efforts and philanthropic investments, supporting initiatives across three key areas:

- **Community life:** Advancing sustainable communities around the world (see opposite)
- **Education:** [Building a talent pipeline for tomorrow](#)
- **Driver safety:** [Encouraging safer driving](#)

## Ford Fund: Coordinating Our Impact on Society

**\$67.7 million** total charitable contributions in 2018

(Community life: \$43.2 million, Education: \$16.5 million, Driver safety: \$8 million)

**More than \$2 billion** donated to date to civic organizations to strengthen communities around the world.

## COMMUNITY LIFE

**Ford Fund's mission is to strengthen communities and make people's lives better.**

**We focus our efforts on programs that support education, promote safe driving, enrich community life and encourage employee volunteering. Working with dealers and nonprofit partners in 63 countries, Ford Fund provides access to opportunities and resources that help people reach their full potential. Whether we are feeding the hungry, mentoring social entrepreneurs, supporting multicultural initiatives or helping communities rebuild in the wake of natural disasters, we connect at a grassroots level with Ford dealers and other partners to help people in need.**

### Providing Community Support on Our Doorstep

Ford was founded in Detroit in 1903, and we have been investing in the city and surrounding area ever since. Over the past decade, we have invested more than \$166 million in southeast Michigan, and the Ford Volunteer Corps has participated in nearly 10,000 local community service projects. Two Ford Resource and Engagement Centers in Detroit increase access to basic needs and essential services for local people.

### Building a Better World

Our global Operation Better World, a grassroots initiative managed by Ford Fund, develops transformational programs focused on safe, Ford Smart Mobility; education; and building sustainable communities. In 2018, Ford Fund awarded 250 grants, worth more than \$12 million, to nonprofits in more than 60 countries. The project is modeled on the

well-established Operation Better World program in the United States, launched in 2008 and now operating across 25 markets throughout the country.

In partnership with the nonprofit Global Giving Foundation, Operation Better World utilizes the expertise of local Ford teams and community leaders to make a world of difference. The project's recent activities include:

- Ford Fund supported the **Argentinatón**, a project created by Ford Argentina and local social enterprise NGO Atomic Lab to travel throughout Argentina, delivering free, 3D-printed prosthetic hands and arms to hundreds of recipients across the country
- The **Ford College Community Challenge (Ford C3)** works in partnership with global NGO Enactus in 11 countries, challenging college student teams to launch social enterprises that address social needs in the local community. Over the past five years, Ford C3 has helped 7,000 students create 185 social enterprises that have impacted more than 230,000 people
- At the 2018 Enactus World Cup, the **Ford Mobility Innovation Challenge** hosted a competition that supports social enterprises that address community needs through mobility-based solutions. Six semi-finalists from four countries presented their projects at the Ford Research and Development Center in San Jose, California, competing for prize funds totaling \$75,000. The winning team, from the Federal University of Pará, has developed sustainable, low-cost rainwater collection systems for homes and agriculture in remote areas of Brazil

- Working with Artemisia, a Brazil nonprofit, Ford Fund provided seed capital and training to 20 startup businesses working on innovative solutions for lower-income families facing mobility and transportation challenges
- **Henry Ford Entrepreneurship Academy** teaches future business leaders to think and act like entrepreneurs. Workshops have been held in the United States, Morocco, Romania and Saudi Arabia, and expanded to the United Arab Emirates in 2018

## New Hub for Social Entrepreneurship in Romania

To encourage more young people to contribute to meaningful change in their communities, Ford Fund opened our first Ford Resource and Engagement Center (FREC) in Europe. Based in Craiova, Romania, this new center provides University of Craiova graduates with a social enterprise incubator hub, through which they can meet with nonprofit partners, Ford volunteers, and education and community leaders to drive social and economic progress in their region.

With Ford Fund investments of \$1 million over four years, FREC Craiova is a collaboration with EDUCOL, a nonprofit that promotes training, development and employment opportunities for young people, and the local City Hall.

This new FREC is the fourth of its kind, with two centers already established in Detroit and another in South Africa. We have since opened our fifth in Bangkok in early 2019.

## BUILDING SUSTAINABLE COMMUNITIES CONTINUED

### Supporting Social Enterprises Through SHE-MOVES

We launched our inaugural SHE-MOVES grants program in May 2019. This will support community ventures that benefit women and children in India, South Africa and Nigeria, while providing “Whole-Person Leadership” development and promoting access to mobility.

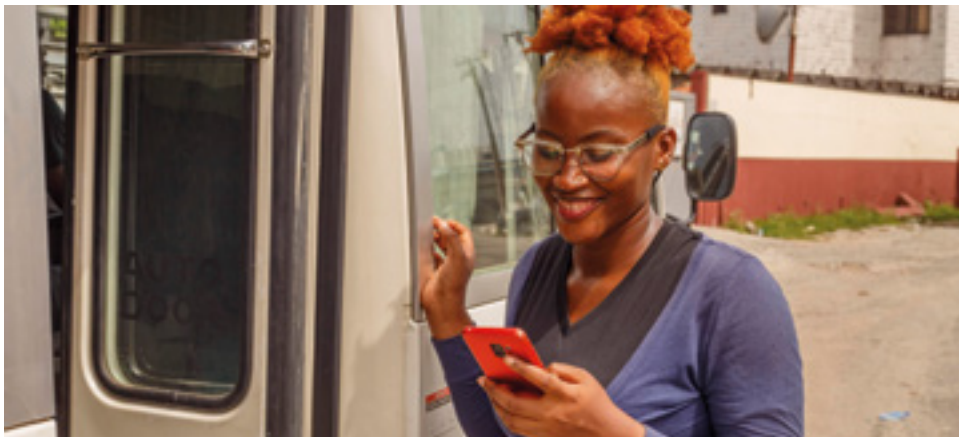
Recognizing that women are essential to community resilience and well-being, the projects funded by SHE-MOVES (Strengthen Her: Mobilizing Ventures for Social Innovation) all have women at the heart of social enterprises, either as leaders or beneficiaries.

Administered by nonprofit [Global Water Challenge](#), the initiative combines philanthropy with social enterprise incubation models to drive positive change, in line with five of the UN Sustainable Development Goals: Good Health and Wellbeing (SDG3); Quality Education (SDG4); Gender Equality (SDG5); Clean

Water and Sanitation (SDG6); and Affordable and Clean Energy (SDG7).

Through the concept of Whole-Person Leadership, SHE-MOVES seeks to provide women with opportunities to promote better health, develop tools for critical thinking and activate their ideas within their communities.

This social enterprise model is one of three pillars within Ford's new SHE-MOVES program. The NGO model supports World Vision in India, with Ford vehicles equipped with a mobile library and medical services, while the private business model collaborates with Virginia Commonwealth University to operate a shared fleet service for South African entrepreneurs.



### Disaster Relief

Ford has a long history of assisting communities devastated by natural disasters. Ford Fund provides more than \$1 million in grants annually to nationally recognized aid organizations, as well as donating vehicles, supporting employee-matching and volunteer programs and coordinating with dealers to mobilize both immediate and long-term assistance.

Ford Fund is a member of the American Red Cross Annual Disaster Giving Program, allowing the Red Cross to respond immediately with shelter, food and supplies to natural disasters. In addition, Ford Fund delivered \$150,000 in financial assistance to nonprofit agencies helping people impacted by California's devastating wildfires.

Ford Fund continues to extend our reach through the Ford Motor Company Disaster Relief Mobility Challenge, an initiative that challenges U.S. nonprofits to find creative ways to help. In 2018, grants of up to \$70,000 were made to four recipients, to support the purchase of custom-outfitted Ford Transits to reinforce efforts to rebuild damaged communities.

### ENCOURAGING SAFER DRIVING

We encourage safer driving behavior through a range of education and awareness programs, including our signature global initiative [Ford Driving Skills for Life \(Ford DSFL\)](#).

#### Ford DSFL

Ford DSFL was formed 16 years ago by Ford Fund, in partnership with the Governors

### Ford DSFL in Numbers

- More than 1 million drivers trained since 2003
- 41,000 participants worldwide in 2018
- More than \$50 million invested in Ford DSFL to date

Highway Safety Association. It aims to reduce the number of people killed in vehicle crashes, the leading cause of death for teenagers in the United States and much of the world.

Ford DSFL teaches newly licensed drivers necessary skills beyond standard driver education programs. Lessons on speed awareness, distracted driving, vehicle handling and the simulated effects of drugs and alcohol are delivered through hands-on courses, classroom sessions and an interactive online training center (“The Academy”).

The program's training sessions are adapted to reflect the unique environments, cultures and driving conditions in different markets around the world. For example, in 2018, we introduced a Ford DSFL “For Her” program in Saudi Arabia, tailored towards female drivers after the ban on women driving was lifted. Ford DSFL is currently active in 43 countries.

### Addressing Driver Distraction

In the United States, there were 3,450 people killed in motor vehicle crashes involving distracted drivers in 2016. Of these fatalities, 444 (14 percent) were reported to have involved cell phone use as a distraction. Ford continues to conduct substantial research into driver distraction, both independently and with partners such as the Auto Alliance



## BUILDING SUSTAINABLE COMMUNITIES CONTINUED

and various universities. The results from these studies have informed the development of several [driver assist technologies](#).

Our Ford MyKey® is just one of the technologies that help address the distraction problem. It allows parents to encourage their teenagers to drive more safely by staying focused on driving when at the wheel. Available on millions of Ford and Lincoln vehicles, the programmable key can redirect incoming phone calls and text messages until the driver is no longer driving. It can also:

- Limit the vehicle's top speed
- Activate alarms until front occupants have fastened their safety belt
- Limit the volume on the audio system
- Prevent safety and driver assist systems from being disabled

### Driving Under the Influence of Drugs and Alcohol

In the U.K., 230 people were killed in drink-drive accidents in 2016 and in the United States, 10,497 people died in alcohol-impaired car crashes – almost 29 fatalities a day. Additionally, a 2013/14 National Highway Traffic Safety Administration study found that about 20 percent of drivers surveyed tested positive for potentially impairing drugs.

To educate teens and new adult drivers about the dangers of driving under the influence, participants at some of our Ford DSFL clinics can try our “Drunk Driving Suits,” “Drugged Driving Suits” and, on some courses in Europe, the “Hangover Suit.” These suits demonstrate the dangers of driving under the influence of drugs or alcohol by recreating

the phenomenon of slower reaction times and compromised vision and coordination that come with impaired driving.

### EMPLOYEE VOLUNTEERING

**Volunteerism is an integral part of our business. We encourage our employees to participate in programs that strengthen their communities through the Ford Volunteer Corps.**

The Ford Volunteer Corps was launched by William Clay Ford, Jr. in 2005 in the aftermath of the devastating Indian Ocean tsunami and deadly hurricanes in the United States. It is now a highly coordinated network of current and retired Ford employees who help feed the hungry, deliver clean water, build homes, renovate schools and mentor young people across six continents.

To maximize the two paid workdays we offer salaried employees each year for volunteering, our “matchmaking” system enables nonprofit partners to let us know when and where they need help, while employees can sign up for opportunities based on their interests, skills and availability.

### Our Volunteering Programs

Every year at Ford, September is Ford Global Caring Month. In 2018, more than 13,000 members of the Ford Volunteer Corps participated in 575 projects in 41 countries. [Ford Fund](#) also contributed more than \$750,000 for tools and supplies. The highlights included:

- **Brazil:** Building a new kitchen in a cancer center for children

- **China:** Harvesting fruit at a charity farm and distributing the produce to local people in need
- **India:** Restoring ponds and improving water access for 3,500 households in two villages
- **The Philippines:** Constructing community water facilities to serve 240 families
- **South Africa:** Transforming shipping containers into a classroom and daycare center
- **U.K.:** Improving the grounds and renovating facilities at a hospice

### Bill Ford Better World Challenge

The Bill Ford Better World Challenge is a global grant program, jointly funded by the company and Executive Chairman William Clay Ford, Jr. Through the initiative, employee volunteers can apply for grants to support community projects that address issues around mobility; basic needs, such as food and shelter; or access to water, sanitation and hygiene. In 2018, we awarded \$450,000 to two projects:

- A project in drought-stricken South Africa will receive \$200,000 to fund a Ford Ranger converted to use moisture from the air to produce up to 156 gallons of drinking water each day
- The Detroit Homeless Network will receive \$250,000 for a Ford Transit to provide vending machines around the city with first aid supplies, hygiene products and clothing

Since it was established in 2015, the program has awarded \$1.4 million to seven projects across Mexico, the United States, Thailand, India and South Africa.

In addition, Ford employees are increasingly involved in skill-based volunteering projects. For example, in 2018, the Office of Tax Counsel partnered with colleagues in the finance, accounting and treasury groups to prepare tax returns for low-income individuals or those with disabilities or limited English skills in the Detroit area. Ford employees completed 577 tax returns, resulting in refunds worth \$628,402 for people who may have otherwise missed out on money they were owed.

### SUPPLIER DIVERSITY

**We are committed to creating opportunities for diverse suppliers running minority-, women- and veteran-owned businesses that foster innovation, drive profitability and prioritize sustainability.**

Our nationally recognized Supplier Diversity Development (SDD) Program has fostered productive business partnerships with diverse entrepreneurs, and developed services for our customers by driving innovative best practices. Our program now includes certifications from the [National LGBT Chambers of Commerce](#), [DisabilityIN](#), the [Small Business Association](#) and [WEConnect International](#), emphasizing our commitment to inclusion and diversity.

In 2018, Ford purchased goods and services worth:

- **\$8.56 billion** from minority-owned suppliers
- **\$2.28 billion** from women-owned businesses
- **\$0.41 billion** from veteran-owned companies
- **\$5.38 billion** from small businesses

## BUILDING SUSTAINABLE COMMUNITIES CONTINUED

**“ TO DATE, WE HAVE SOURCED MORE THAN \$140 BILLION IN GOODS AND SERVICES THROUGH OUR SUPPLIER DIVERSITY EFFORTS WITH MINORITY-, WOMEN- AND VETERAN-OWNED BUSINESSES.**

### Promoting a Diverse Supply Chain

As well as buying from diverse suppliers, we work with business leaders, community organizations and trade associations that represent the interests of diverse businesses. We are members of the Billion Dollar Roundtable (BDR), a group of 29 corporate members across 10 industry sectors that each purchase at least \$1 billion of goods annually from diverse suppliers. The BDR promotes and shares best practices in supply chain diversity excellence through the production of white papers. It also encourages corporate entities to grow their supplier diversity programs by increasing commitment and spending levels each year.



Demonstrating our commitment, we hold Board of Director seats with several advocacy organizations for minorities and women.

### Senior Executive Mentoring

Our MentorMe program, launched in 2017, helps develop a diverse range of suppliers by matching them with senior executives from Ford and/or other partner organizations. During the one-day program, mentors assess the suppliers' organizational challenges and opportunities and provide feedback to enhance leadership and communication.

In 2019, we launched MentorWE, helping women-owned businesses by matching them with higher-revenue peers within the same industry. The 12-month program, structured into four modules, places women business owners in cohorts of 10–12. They receive support, input and feedback from mentors, corporate participants and other leading experts in all areas of professional development that is tailored to their needs.

### HERImpact DC to Support Female Social Entrepreneurs

In Washington D.C., we have teamed up with 1863 Ventures to help female social entrepreneurs grow their enterprises. The HERImpact project will provide women with educational opportunities, technical assistance, mentoring and financial resources, encouraging them to create successful small businesses and start-ups while improving their communities.

A pitch competition in March 2019 offered workshops and seminars to interested participants, with \$50,000 worth of prizes and investments available to high-potential social enterprises run by women in the area.

**“We know that when an investment is made in a women's future, her family and community also benefit, and the impact of that investment multiplies.”**

Yisel Cabrera, Government and Community Relations Manager, Ford Motor Company Fund

### Awards and Recognition

Reflecting our ambition to “maintain leadership in supplier diversity,” our SDD Program gained external recognition from a wide range of awards, rankings and rating agencies in 2018. A number of individual Ford employees also received honors and accolades.

- Rainbow Push – Benchmark Award for Diversity
- U.S. Veterans Magazine – Top Supplier Diversity Program Recognition
- Michigan Hispanic Chamber of Commerce – Corporation of the Year Award

### Recognition for Our SDD Program

- Women's Business Enterprise Council – Top Corporation Gold
- Great Lakes Women's Business Council – Excellence in Supplier Diversity Award
- Great Lakes Women's Business Council – Hall of Fame
- Michigan Minority Supplier Development Council – Corporation of the Year Award

### Individual Awards for Ford Employees

- Michigan Minority Supplier Development Council – President's Award
- Great Lakes Women's Business Council – Ambassador Award
- Michigan Hispanic Chamber of Commerce – Advocate of the Year