

**Ford Human Rights Code of Basic Working Conditions
Valencia Plant
FINAL: June 24, 2009**

Background

In May 2003 at the Centennial Shareholders meeting, Ford Motor Company announced the development of Ford's Code of Basic Working Conditions as part of its commitment to corporate citizenship and making the world a better place. The plan is to make Ford a leader in human rights practices and to differentiate the company on social issues for potential business benefits (see attachment for a copy of the Code).

In early 2008, Ford joined the United Nations Global Compact (UNGC), a framework for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, the environment and anti-corruption. This action reinforces our commitment to outstanding performance and transparency in these areas.

Assessment of Ford Motor Company owned and operated facilities began in 2004. In 2009, Sustainable Business Strategies and Purchasing Strategy selected sites based on supply chain impact, emerging issues, plant employee representation and the views of thought-leaders, non-government organizations and human rights activists. Site selection was also determined by the exploration of new business opportunities and further advancement of sustainability efforts where Company trustworthiness and community credibility were considered critical to achieve high standards.

Located in Valencia, Venezuela--the Valencia plant produces the Fiesta, Cargo, F-350 and Explorer Presently, the plant employs 1932 people. The 454,215.49 square foot facility is able to produce about 35,076 units/shift per year. Production in 2008 was 29,234 units.

The Assessment Process

Step 1: Prior to the Assessment:

David Berdish, Manager of Sustainable Business Development sent a copy of Policy Letter #24, the Human Rights Code of Working Conditions and a communication letter to Jose Jimenez, explaining:

- Background, descriptions, commitments and the expectations of the assessment (explicitly stating desire not to replicate but to ensure consistency across all operations)
- A streamlined pre-assessment checklist, focused on gathering information regarding management systems and past compliance issues at the facility.

On March 18, 2009, Berdish of Sustainable Business Strategies sent interview questions to Jimenez. Interview questions centered around 1) Whether the documents were the best for verifying the Code and if they were easily accessible; 2) Whether plant management saw value in conducting the human rights assessment given that Ford already audits many practices covered by the Code through existing means; and 3) How Sustainable Business Strategies could best conduct the assessment without burdening facilities with additional work.

The interviews confirmed that the documentation is the appropriate documentation for verifying compliance with the Code. However, the interviews also revealed that there are several processes currently implemented by different departments within Ford to audit compliance with various aspects of the Code.

A summary of the interview questions and answers are as follows:

- 1. In your opinion, what is the greatest value-add of conducting human rights assessments at Ford's owned and operated facilities?**
 - In our opinion, human rights assessments reinforce our policies for our personnel and enhances the image of the company. Finally, it generates a better labor environment, which helps in terms of people satisfaction and productivity.
- 2. When you look at the code, and imagine using it to assess current practice at Ford facilities, what are the greatest areas of non-compliance that you might predict?**
 - Our conviction, policies and governing laws, oblige us to be in compliance with the described code. If there is an opportunity to improve ourselves, then it would be in the Work Hours area. On some occasions, our salaried and administrative hourly personnel work beyond working hours. All of the hourly employees (in accordance with the freeze rules) that work in production areas are paid every time they work overtime. In the administrative areas, hourly personnel some times work over time without payment.
- 3. How do you think management, workers, and employee representatives at Ford facilities will view these assessments?**
 - It will be well received; the fact to acknowledge and recognize that the organization worries about human rights will improve labor environment and employees satisfaction
- 4. To help us understand any unique conditions at your facility, please describe how you meet each of the seven facets of the Code of Basic Working Conditions. Please speak to the policy/law that you follow and the process you use to ensure that the policy is being correctly implemented.**
 - Child Labor: We do not hire children or workers under 18 years old (only exception, apprentices from 16 years old who are hired under government rules because we are legally obliged to and in compliance with the law).
 - Compensation: In Venezuela, there is a Minimum wage decreed by the government. No worker at Ford facilities is below this minimum wage—and the lowest wage level is 127% above that minimum. Compensation policy is that our wages are in line with the market as well as benefits.
 - Forced Labor: All our workers are recruited in a selection process where they participate on a voluntary basis, no forced labor is allowed at Ford facilities. In Venezuela, forced labor is constitutionally prohibited.
 - Freedom of association and collective bargaining: Our practice has been (and will be), that we do not interfere in workers / union issues. We do have a collective agreement signed with our union, which was discussed and agreed according to the law.
 - Harassment and discrimination: In Ford Venezuela, harassment and discrimination is not tolerated as stated in our policies and the law, and it is communicated to the employees through our internal communications process, also, we have a 0800 line to report any unusual behaviors, including this type of conducts.
 - Health and Safety and environmental: We have a strong system on health, safety and environmental issues. Compliance is validated through a series of audits (local and corporate). By law, additionally, we have to have a Health and Safety mix commission (hourly & salary representatives).
 - Work Hours: The law and our collective contract has authorized to work 44 effective hours per week (production), and 42,5 effective hour per week (administrative), from Monday to Friday. Our access controls allow us to track work hours on workers. Work hours are published at the company gates. However, as stated previously, compliance in this area is difficult to control.
 - Bribery and corruption: Corporate policies on these regards are permanently communicated to our employees. Training on these issues is given to employees on a regular basis. These practices are prohibited, and there is an unusual events committee in the location to investigate and follow up if necessary.
 - Community engagement: We have a program of "social activities", and a budget assigned to it that involves support to people or communities in need. Also, we have a program to help communities in drug prevention (ONA), according to the Law against drugs consumption.

5. Where documents are housed?

- Our intranet, our collective convention and national laws. Also, all our policies are regularly communicated to our employees through our internal communications.

6. What would you suggest is most important for Sustainable Business Strategies to keep in mind in order to make this effort successful (both in terms of gathering information and creating a sense of partnership and shared purpose with the facilities)?

- A strong leadership throughout Valencia plant should be able to comply with the Code and if the processes were more robust and similar to the other processes that is in place to monitor compliance and provide remediation methods at all facilities. A trip could be required.

Step 3: Leadership

Please describe Valencia's leadership in environmental initiatives.

- We actively participate in the monthly environment meetings at Carabobo Industrial Chamber
- We actively generate initiatives and best environmental practices that are uploaded to the corporate web site www.tc.ford.com
- We have a public environmental report in our external web page
- We adapt ourselves to criteria and new corporate practices through the monthly council with the other plants in the region (this meeting is conducted by MBO FSAO and with participation of all the environmental coordinators throughout the region)
- We comply with the local regulations
- We have constant contact with governmental entities in order to obtain the respective permits and conformities in order to execute every project (as needed)

Please describe Valencia's leadership in community initiatives.

In our plant, community services are actively promoted. There is a budget assigned to each direction in order to deploy community activities jointly company / employees. The community initiatives are coordinated by the Public Relations Manager.

Others initiatives

We have created what we call the "Wellbeing and Quality of life team", which is lead by our medical service, is conformed by 1 psychologist, 2 social workers, and 1 physician, and its primary function is to care about all our workers in an integral manner (bio-psycho-social), by means of granting the necessary support to our workers not only in their situations at work, but also with their families, etc. Should you need further detail, please let me know.

Conclusions

On June 9, 2009, David Berdish met with Dave Schoch, Executive Director of Ford South America and Susan Pacheco, Director of Business Strategy to discuss potential issues as a result of this assessment. There was agreement that, indeed, conducting business in a volatile country like Venezuela is difficult. However, Ford South American operations take this matter very seriously and Human Rights are a high priority.

Several back-up documents were provided by Dave Schoch, including labor summaries (including health and safety audits) in Venezuela. He also extended an open invitation to visit Valencia. Because of the depth of data, however, the decision has been made that a trip to the plant is unnecessary.

The next steps include the release of this report to global manufacturing and then further dialogue with ICCR and/or other Human Rights stakeholders on most value-added follow-up. This report will be published in our website:

<http://www.ford.com/microsites/sustainability-report-2007-08/issues-humanrights>