

Ford Human Rights Code of Basic Working Conditions Louisville Plant FINAL 5-13-10

Background

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

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

Assessment of Ford Motor Company owned and operated facilities began in 2004. In 2010, the Social Sustainability Manager-- with input from the Ford Motor Company International Labor Affairs and the Purchasing Strategy team-- selected sites based on supply chain impact, emerging issues, plant employee representation and the views of thought-leaders, non-government organizations and human rights activists. Site selection was also determined by the exploration of new business opportunities and further advancement of sustainability efforts where Company trustworthiness and community credibility were considered critical to achieve high standards.

The Louisville Assembly Plant, located in Louisville, Kentucky, was established in 1955. The plant currently produces the Ford Explorer, Ford Sport Trac and Mercury Mountaineer. Presently, the plant employs 1166 people. This number consists of 83 salary employees and 1073 hourly employees. This 3.4 million square foot facility currently runs production on a four-ten (4X10) hour workweek. The plant operates on one shift. Production in 2009 was 71,640 units

The Assessment Process

Step 1: Prior to the Assessment:

David Berdish, Manager of Social Sustainability sent a copy of Policy Letter #24, the Human Rights Code of Working Conditions and a communication letter to explaining:

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

On February 25, 2010, Mr. Berdish sent interview questions to Mr. Newhouse. 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 Social Sustainability 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.

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?

5. Beyond the obvious value of treating all people decently, compliance to the code's facets will help avoid first world criticism due to third world activities.

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

5. Although Corporate Citizenship is hard to predict our greatest areas of non-compliance could possibly be the amount of employees that have been laid off at our facility and have been subject to the salary reductions. This has reduced our time and resources that have been available to our community.
6. Management, workers and employee representatives will feel that our community engagement is very positive because of the number of employees that volunteer on their own time to agencies and charities within the community.

3. To help us understand any unique conditions at your facility, please describe how you meet each of the nine facets of the Code of Basic Working Conditions. Please speak to the policy/law that you follow and the process you use to ensure that the policy is being correctly implemented.

- Child Labor:
 - Equal Employment Opportunity is the Law
 - Kentucky Child Labor Laws
- Compensation:
 - Equal Employment Opportunity is the Law
 - Kentucky Wage and Hour Laws
- Forced Labor:
 - Equal Employment Opportunity is the Law
 - Kentucky Child Labor Laws
- Freedom of Association and Collective Bargaining:
 - National Labor Relations Act
- Harassment and Discrimination:
 - Equality Employment Opportunity is the Law
 - Kentucky Wage Discrimination because of Sex
 - Ford Motor Company's Zero Tolerance Policy
 - Ford Motor Company's Non-Discrimination in Employment
- Health and Safety and Environmental:
 - Equality Employment Opportunity is the Law
 - Kentucky Safety and Health Policy
 - Ford Motor Company's Health & Safety Mission
 - Louisville Assembly Plant's Safety Rules
- Work Hours:
 - Equal Employment Opportunity is the Law
 - Kentucky Wage and Hour Laws
- Bribery and Corruption:
 - Ford Motor Company Policy
- Community Engagement & Indigenous Populations:
 - Ford Motor Company Volunteer Policy

4. Where are documents housed?

- As required by the Government, all employment posters are posted in our main lobby and HR Offices. In addition, Ford Motor Company's policies in regards to employment, harassment and discrimination are posted in the same areas.

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

- To continue to monitor the plants to ensure they have all posting and requirements met within the facility. It would be helpful to have an annual checklist to ensure all of the facilities have the documentation in the same location to create a successful site visit.

Step 2: Site Visit

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

Step 3: Leadership

Please describe leadership in environmental initiatives.

- Site for trial project assessing effectiveness of VOC removal in biologically active paint pit water
- Recently recertified to ISO 14001 international environmental standards
- EPA recognized E-STAR energy facility
- Active landfill diversion program for pallets, cardboard and plastic
- Evaluating potential for landfill gas use from large municipal landfill adjacent to facility

Please describe leadership in community initiatives.

- Supportive in many activities/charities within the community. This includes (but not limited to): JDRF, March of Dimes, Make-A-Wish, Susan G. Komen, Black Achievers, Race Relations, Kentucky Derby Festival and Metro United Way
- For the past 25 years, the Louisville Assembly Plant sponsors their "Adopt-A-Child" program during the holiday season. This program provides gifts and necessities for children within the community that would not have the opportunity to celebrate the holiday season. Over 10,000 children within the community have benefited from this program over the years.

Conclusions

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/go/sustainability>