

**Ford Human Rights Code of Basic Working Conditions
Troller Plant
FINAL: November 2, 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 Horizonte, Brazil--the Troller plant was purchased by Ford Motor Company in January 2007 and produces the T4 Troller vehicle presently, the plant employs 474 people. The 1,257,442.57 (useful area) and 169,546.28 (built area) square foot facility is able to produce about 1,549 units per year. Production in 2008 was 1,077 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 Luis Borsari, 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 9, 2009, Berdish of Sustainable Business Strategies sent interview questions to Shawn Otto, who has principle authority for Human Rights in the facility. 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. On June 5, Berdish and Otto discussed the processes and the integration of Ford Motor Company manufacturing with the business practices historically at Troeller.

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 new facility can be challenging. 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). He also extended an open invitation to visit Troller. Because of the depth of data, however, as well as the willingness of Shawn Otto for continued communication, the decision has been made that a trip to the plant is unnecessary.

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?

- Assure that in Ford Facilities are following the human rights conditions for our people
- Avoid violating of human rights codes

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?

- We do not anticipate any non-compliance, but the greatest possible risks exist where local national legal requirements may differ from the standards established. If there are no differences between national/local legal requirements, there should be no non-compliance issues.

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

- It will improve the impression of Ford's image, because they will see that Ford puts a focus on these important and required codes.

4. To help us understand any unique conditions at your facility, please describe how you meet each of the ten 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 Brazil, there is a minimum wage decreed by the government. No worker at Ford facilities is below this minimum wage (21,6% of the employee earn the minimum wage). Compensation policy is that our wages as well as benefits are in line with the local market.
- 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 Brazil, forced labor is constitutionally prohibited.
- Freedom of association and collective bargaining: We do have a collective agreement signed with our union, which was discussed and agreed according to the law.
- Harassment and discrimination: In Ford Brazil - Troller Division, 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. In addition, we have a 0800 line to report any unusual conduct, including these types of issues.
- Health and Safety and Environmental: We have a system for health, safety and environmental issues. Compliance on these topics is validated through our audit processes (local and corporate).
- Work Hours: Brazilian law authorizes work for 44 effective hours per week. Employees work 8.50 per day from Monday to Thursday and 8.40 on Friday. Our access controls allow us to track work hours for workers. We have a Bank of Hours collective agreement signed with Union for flexibility in work days, creating positive and negative balance that are used according to the contract.
- Bribery and corruption: Corporate policies on these issues are communicated to our employees through corporate systems. Training on these issues is given to employees on a regular basis. No one is allowed to engage in these practices, and there is an unusual events committee in this location to investigate and follow up if necessary.
- Community engagement: We have implemented some social responsibility programs and encourage employees to participate (donating) food, clothes, blanket, personal hygiene, etc. Also, we have a

Viva Bem Program focused on employees, where subjects including tobacco, vaccines, drugs, sexually transmittable diseases, etc., are communicated throughout the year.

5. Where are the documents housed?

- In Human Resources area, or in departments as appropriate.

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)?

- Demonstrate to our people that we are engaged in this matters, providing them information about:
 - Notes from OCM
 - Publish specific articles about the codes in the internal news
 - Keep training Ford employees, including HR Leadership in Human Right codes.
 - Delivery an internal survey to Ford employees to know what they think and are engaged in this subject.
- Integrate the Human Rights codes into existing company policies and practices so all current systems can provide evidence of compliance to the global Human Rights standards without duplicative efforts.

7. Any other words of wisdom/advice?

- Implement the integration of Human Rights codes into company policies and practices (as stated above) quickly.

Step 2: Site Visit

It is evident that the Troller plant should be able to comply with the Code when processes are fully in place to monitor compliance and provide remediation methods at all facilities. Due to the difficult economic conditions no trip from Ford Motor Company World Headquarters Social Sustainability will be scheduled. However, external stakeholders involved with the Code of Working Conditions will be engaged on our findings. Also, because of the unique relationship of Ford and Troller, Berdish will follow up with Troller during 2010.

Step 3: Leadership

Please describe Troller's leadership in environmental initiatives.

- In 2008 an Environmental Engineer was hired to assure that the plant's initiative meet all regulations.
- Provided training and created collection points for refuse.
- Communication about environmental initiatives to the employees.
- Delivery of seedlings to employees in celebration of the world environment's day (Earth Day).
- Daily gather of Facility grass.
- Control of imprecation at the plant.

Please describe Troller's leadership in community initiatives.

- Ford Odontomovel Truck, a program sponsored by Ford Motor Company Brazil, with Doctor Cassio Melo, Dentist, was in Horizonte in 2007 and 2008 to take care of a poor community and to provide people with orientation about oral hygiene.
- Under a voluntary campaign 'Colaborador Solidário', Troller's employees donated to Brazilian Red Cross, 550 kg of food not perishable and 219 articles of clothing destined to people that live in Ceará State, victims of intense rainfall in the first semester of 2009. This noble action will help (in part) the fifty five thousand people that are unprotected in Ceará State due to this environmental disaster.

Others initiatives

- Improve Fire Protection condition and Fire Defense Plan at the Plant.
- Improve cafeteria services to the workforce.
- Paved and signed internal streets in the plant.
- Provided training to employees about Safety and FPS.
- Improve the flammable Products Storage, Workplace Safety, Asbestos Exposure Testing and Occupational Health, Housekeeping, Site Security, etc.
- Campaigns about HIV, Tobacco, obesity, vaccination, Influenzas.

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>