

Ford Code of Human Rights, Basic Working Conditions and Corporate Responsibility
Pre-Site Visit Facility Survey

Date	September 2014
Location / Facility	Craiova, Romania / Assembly Plant

Perception and Understanding of Code

1. In your opinion, what is the greatest value-add of conducting human rights assessments at Ford's owned and operated facilities?

Ford has a long tradition as a leading company and a leading employer worldwide. As part of this it is vital that we deal with our customers, dealers, unions, employees and all stakeholders in a fair and respectful way, compliant with all internal and external policies, procedures and norms. On this background it is important to set an example and demonstrate our ongoing commitment to our values by validating the procedures on a global basis and in each Ford owned activity.

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?

Management recognizes the importance of compliance with the Code of Basic Working Conditions and considers regular reviews as an important tool to support understanding and engagement of all stakeholders, and to help to make improvements in the related procedures.

Management has always been conscious that working conditions at Ford are very competitive taking into account legal requirements in Romania as well as status in comparison to other companies in the country. Almost always, legal regulations are exceeded favorably by Ford local or corporate policies and practices.

Considering Ford Romania SA is a fairly newly acquired Ford activity it is crucial to participate in all compliance related processes and to further leverage activities e.g. in terms of community engagement and anti-bribery control. In general, compliance with Policy Letter 24 requires constant vigilance and measurement, particular in a sense of increasing the engagement of key stakeholders.

On the background of existing Romanian labour code, related local procedures and bargaining contracts, there are no areas of non-compliance.

Externally there are still practices that are not acceptable within Ford, for example payment for acquiring jobs. Therefore when faced with such situation additional steps should be taken to ensure compliance to Ford standards.

Facility Conditions

Human Rights

In order to gauge human rights risks, it is imperative that business enterprises identify and assess any actual or potential adverse human rights impacts with which they may be involved either through their own activities or as a result of their business relationships. Please answer the following questions to describe how your facility approaches assessment and management of human rights risks.

1. In your opinion, what does upholding human rights mean to your facility?

Upholding human rights is a basic principle, part of our Ford values and behaviors. Is it indispensable part of our culture and should lead the way we interact, we make decisions and develop sustainable HR policies. As such, is it key to provide a healthy workplace, treat people equally and with respect, and promote diversity and anti-harassment behavior.

2. How is the preservation of human rights monitored in your facility?

Preservation of human rights is maintained by strict adherence to corporate policy and government laws. These rights are monitored through audits, employee surveys, and mechanisms to report violations of these rights for thorough investigation and resolution, such as the harassment hotline or the grievance process.

3. How is your facility working to reduce human rights risks? Please describe any particular processes or initiatives.

All employees were trained on Code of Conduct provisions and they have to review it regularly.

Corporate policies and government laws regarding employee rights are posted throughout the plant, published through Bulletins, Newsletters or Emails, and posted on local or corporate websites.

New hires receive a copy of the Code of Conduct in their first day at work, during their induction training, where are presented also the Company's policies related to human rights.

All these activities are monitored by HR department together with Company's management.

4. How is your facility monitoring human rights risks?

Results from surveys, internal audits as well as from skip level discussions are monitored by HR and Company's management. These results are shared in Leadership meetings for action planning to address the issues. Company's management and HR work together with help from Internal Control to resolve concerns as quickly as possible.

5. How are you remediating any non-compliance to human rights policies or addressing identified human rights risks?

Non-compliance to human rights policies or identified human rights risks are remediated according with the law and corporate policies. A training session or a Single-Point-Lesson (SPL) is following in order to reinforce the principles of human rights policy.

6. Do you believe that you are making progress in minimizing human rights risks? What additional support do you believe is necessary in order to making continuous improvement towards upholding human rights?

We believe that Craiova plant is a place where employees feel respected and their human rights aren't in jeopardy. During the last years (2010–2013), the Employee Satisfaction Index (ESI) increased significantly (e.g. from 48% to 74%) and this is a proof that people feel valued. This great result shows the management commitment to improve the work and safety conditions which were highly appreciated by our employees.

Working Conditions

1. Please describe how you meet each of the facets of “Basic Working Conditions” as outlined in the Code of Human Rights, Basic Working Conditions, and Corporate Responsibility. Use the following chart to outline: i) the policy / law(s) followed in order to meet these principles of “Basic Working Conditions” as outlined in Policy Letter 24, ii) the process your facility undertakes in order to implement such policy / law correctly, and, iii) where these documents are housed.

	Policy(s) / Law(s) Followed	Process to Implement Policy Correctly
Child Labor	<ul style="list-style-type: none"> • Romanian Labour Code 	<ul style="list-style-type: none"> • Consistent with Romanian Labour Code, Ford Romania does not employ people with age below 18. HR monitors compliance as part of the recruitment activities. However it is envisaged to set up a new apprentice scheme in the plant that will require people below age 18 to be employed as supported by Romanian legislation and not contradicting the code.
Compensation	<ul style="list-style-type: none"> • Collective Labour Agreement (CLA) • Individual Labour Agreement (ILA) 	<ul style="list-style-type: none"> • The compensation is based on competitive analysis (survey process) and also subject to union negotiation for all non-management employees. • For salaried employees a pay for performance policy has been implemented consistent with global Ford standards. • The collective labor contract, negotiated with the unions, is registered with local labor authorities.
Forced Labor	<ul style="list-style-type: none"> • Romanian Labour Code 	<ul style="list-style-type: none"> • Ford Romania SA does not utilize forced labour. HR and the legal department ensure respect of Romanian Labour Code and all labour regulations which forbid such a breach of human rights.

	Policy(s) / Law(s) Followed	Process to Implement Policy Correctly
Freedom of Association and Collective Bargaining	<ul style="list-style-type: none"> • Romanian Labour Code 	<ul style="list-style-type: none"> • Ford Romania follows a partnership in the way the company deals with employee representatives (unions). An effective, open and trustful relationship with unions is considered a critical success factor and it is important to maintain employee morale and commitment. All employees, hourly and salaried, except senior management, are unionized.
Harassment and Discrimination	<ul style="list-style-type: none"> • Company Directive B-110: Anti-Harassment • Romanian Labour Code 	<ul style="list-style-type: none"> • Ford Romania takes a zero-tolerance approach related to harassment and discrimination. Complaints can be directed to Labour Relations, or toll – free number for investigations. This year Craiova plant is going to set up a Dignity at Work Policy.
Health and Safety	<ul style="list-style-type: none"> • Occupation Health and Safety Administration Guidelines • Safety Operating System (SOS) 	<ul style="list-style-type: none"> • All Health and Safety processes are governed by the SOS process. Shop floor level, Plant and Executives reviews take place on a regular basis.
Work Hours	<ul style="list-style-type: none"> • Romanian Labour Code • CLA 	<ul style="list-style-type: none"> • The work hours are fully compliant with national norms and local CLA. Local agreements need to consider all requirements laid out in the labour code, but can define specific shift pattern supporting the operating needs.
Where are these documents housed?		
<ul style="list-style-type: none"> • Confidential documents, related to employees, are maintained on personnel file and/or in HR system. Access in HR system is granted according with job Roles & responsibilities and Separation of duties matrix. • Documents related to salaries are archived by Compensation and Benefits and/or Payroll Office respecting Internal Control requirements and Romanian's law provisions. • Collective Labour Agreements are administered by Labour Affairs within HR department. • HR Policies and Procedures are documented and kept on the Ford intranet site or Ford Romania HR SharePoint 		

2. In the code, it has been made explicit that Ford seeks to identify report and address any suspicion of human trafficking in order to adhere to our commitment to ensuring Basic Working Conditions and Human Rights.

a) Within your community, are you aware of or have noticed any human trafficking activity? If so, please describe.

No, we are not aware of any human trafficking activity.

b) Are you aware of any suppliers or businesses in which you interact that are suspected of or have been found to engage in activities of human trafficking, directly or indirectly?

No, we are not aware of any suppliers or business suspected of or found out engaged in activities of human trafficking.

Corporate Responsibility

1. Please describe how you meet each of the facets of “Corporate Responsibility” as outlined in the Code of Human Rights, Basic Working Conditions, and Corporate Responsibility. Use the following chart to outline: i) the policy / law(s) followed in order to meet these principles of “Corporate Responsibility” as outlined in Policy Letter 24, ii) the process your facility undertakes in order to implement such policy / law correctly, and, iii) where these documents are housed.

	Policy(s) / Law(s) Followed	Process to Implement Policy Correctly
Community Engagement and Indigenous Populations	<ul style="list-style-type: none"> • Policy Letter 24 	<ul style="list-style-type: none"> • Concluded the Partnership with Craiova University and High School Inspectorate • Cars and engines donated to these Institutes mentioned above for the learning purposes. • Campaigns that took place annually: • Humanitarian actions for Craiova Elder House (which received CLAD award • 1st of June Toys campaign – over 5000 toys were donated by Ford employees to 24 kindergartens • “Back to school” campaign where company’s employees donated supplies for children • “Clean Craiova Day” annually campaign where our employees actively encouraged to participate • “Driving Skills for Life” where more than 500 Ford’s employees & students from University of Craiova learnt how to drive responsible.
Bribery and Corruption	<ul style="list-style-type: none"> • Policy Letter C3 	<ul style="list-style-type: none"> • Annual financial disclosure declaration • Annual recertification of Standards of Corporate Conduct online Training
Environment and Sustainability	<ul style="list-style-type: none"> • Policy Letter 17 	<ul style="list-style-type: none"> • Internal and external audits • Compliance with government standards
Where are these documents housed?		
<ul style="list-style-type: none"> • Confidential documents, related to employees, are maintained on personnel file and/or in HR system. Access in HR system is granted according with job Roles & responsibilities and Separation of duties matrix. • Documents related to salaries are archived by Compensation and Benefits and/or Payroll Office respecting Internal Control requirements and Romanian’s law provisions. • Collective Labour Agreements are administered by Labour Affairs within HR department. • HR Policies and Procedures are documented and kept on the Ford intranet site or Ford Romania HR SharePoint 		

2. What local communities or populations do you regularly engage with? What issues are pertinent to them in relation to Ford’s projects and activities? What is your process to address issues pertinent to such local communities and populations?

Ford Romania has a good relation with local authorities to ensure the compliance of the plant with the legal requirements and to be aware of community concerns and issues. The primarily concern of the community is on the economic and environmental impact that the plant may have. Community involvement projects, as outlined above, derive from these discussions.

Ford of Romania is actively engaged in sustaining community transportation by offering to the employees the opportunity to benefit of free transportation tickets to/from plant. Also, in order to increase safety on

public roads, FoR is engaged in projects like: improvement of Henry Ford Street (1863 -1947) infrastructure, road markings and road crossings, parking place improvements, safe bus station location and waiting platforms and sidewalks on public roads.

3. How have you incorporated sustainable water strategies in to your facility's operations? Can you point to any specific metrics / improvements that have been made and can be quantified? If so, please describe or provide any relevant documentation that indicates progress. *Please contact the Manager, Social Sustainability, if unfamiliar with Ford's water strategy and related initiatives to receive additional information.*

Ford Craiova Assembly Plant applies measures specific to a sustainable strategy on water consumption: in order to eliminate the water losses, the old water network was replaced with a new one; replacing the water pumping units with ones with low energy consumption led to a power savings of 66%. Also, monitoring and automatic control of the water consumption and project related to water recycling reduced the losses (cost reduction for 6 months in 2013 – 30.000 euro).

All the improvement done to reduce the water losses drives to a water consumption reduction from 5.2 m3/car in Jan-Dec 2013 to 3.8 m3/car in Jan-Jun 2014.

Ford Craiova team was awarded for the Energy saving and Water recycling projects within FoE Environmental workshop.

4. In your opinion, how do you believe sustainable water projects contribute to the health of staff, operations and the community?

The implementation of the above mentioned projects has increased the awareness of the importance of water quality versus the pure water consumption, both at work as well as at home; it improved the behavior on the use and prevention of water contamination.

The projects related to the control of the water quality prevent people illness with positive effects on the production and community costs.

5. What initiatives are being undertaken to reduce environmental / health impacts from operations? How is this contributing to your facility's ability to move towards being more environmentally sustainable in the long-term?

Initiatives taken to reduce environmental/ health impact from operations are related to the application of standards FAS08-251, FAS08-250, Romanian environmental legislation and internal procedures. Actions taken are: implement and annually test backflow protection in order to separate industrial consumers, monthly analysis of water quality parameters; annually analysis of water quality parameters in 16 points inside Ford; water treatment; remediation and control of groundwater (good results confirmed by local authorities). Implementation of these processes helped develop a culture with impact on water consumption and the environment. Positive results in this regards are seen in the growth of Pulse survey results.

Responsibility for and Implementation of the Code

1. How are you approaching continuous improvement in your facility's performance, practices and processes in place to comply with Policy Letter 24?

Communications to reinforce knowledge of policies is one of the actions taken in our plant in order to ensure that all the employees are informed. Company's management is working together with unions to implement new requirements or to improve existing processes.

Considering Ford Health & Safety Strategy as well as the state of the Romanian public health system, a partnership between Ford Romania Medical Center and non-governmental Association Melanoma May Day was concluded through which Ford Romania's employees benefited of a free skin cancer screening. Since 2009, when Ford came to Romania, an annual employee satisfaction survey (Pulse survey) was implemented, initially as a Pen & Paper survey. Starting with 2012, Ford Romania launched the corporate Electronic Pulse Survey for employees with an e-mail account. Effective 2014, the Electronic Pulse survey will be available to all employees.

Additional Information

1. 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)?

In terms of Social Sustainability it is important that line management demonstrates its ongoing commitment to the company codes and values; leads by example and reinforces the application of the Code throughout the organization. Likewise, employees need to see that any potential and legitimate concerns they raise are taken seriously by the company and that the company facilitates the health and well-being of the workforce as well as taking responsibility for the community.

2. Any words of wisdom/advice?

It is important to involve all employees in these policies, and maintain them well informed of the Code, how it affects them and which role they have acting in compliance with the code. Lack of knowledge may result in ignorance.