

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

Date	September 2014
Location / Facility	Taubate Powertrain Operations

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?

In my opinion the greatest value-add of conducting the human rights assessment is to ensure that the policies and procedures that we have in place are in effective use. It is our role and obligation, as Human Resource professionals and Ford employees, to ensure that the plant is in compliance with all policies and procedures. It shows that human rights are the priority and the Company has a high standard to ensure compliance and make the world a better place.

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?

The Ford policies and Brazilian laws do not allow non-compliance to Human Rights. The assessment can be viewed as an opportunity to review our present practices in relation to corporate policies and legal requirements.

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 at Taubaté Powertrain Operations means providing a working environment in which everyone can work safely, without fear of discrimination or harassment by treating employees fairly and equally with respect as governed by the laws of the government and policies of the company.

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

At Taubaté Powertrain Operations, the preservation of human rights is maintained by the adherence of corporate Policies and government Laws. We have an open door policy, harassment hotline and grievance Procedure and these rights are monitored through employee surveys and mechanisms to report violations of these rights for thorough investigation and resolution.

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

All employees are trained on regular basis about corporate policies supporting human rights such as on-line Diversity, Corporate Code of Conduct and Anti-Bribery Trainings. In addition, communication regarding different policies, initiatives, and recent events are distributed to employees through Safety Stand Downs, Bulletins, Newsletters, email and team meetings. Skip Level meetings are held monthly by each Manager and surveys, including the PULSE Survey and the Employee Engagement, are opportunities to inquire about employees' perspectives and listen to their opinion about different aspects of their employment.

4. How is your facility monitoring human rights risks?

HR and Plant Leadership are responsible for addressing and resolving employees concerns arising from the surveys or from other sources. Local Union Representatives and Plant Leadership are in constant communication regarding employee related issues and work together on their solution, as quickly as possible.

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

When an issue on non-compliance is communicated, a thorough investigation is conducted by Human Resources and/or Especial Investigation Area. If after investigation, a non-compliance is identified, the proper penalty is applied and administered through corporate policy to the employee identified with the non-compliance.

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?

Taubaté Powertrain Operations, has created and maintained the environment that respects human rights and have made significant efforts in ensuring we continue to protect these rights. At the Plant employees feel respected, their human rights are secured and Plant Leadership committed to continuing to protect these rights. In addition, the harassment hotline was communicated to all employees, at all levels at the Plant. Employees are communicated about the channels available for personal or impersonal complaints.

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
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Child Labor	<ul style="list-style-type: none"> • Brazilian Law and Ford Policies. 	<ul style="list-style-type: none"> • We do not hire children or workers under 18 years old (only exception, from 14 year old as apprentices participating in an apprenticeship program authorized by the government, who are hired due to an decreed by Brazilian Law, that obligates industries to maintain a quote of these apprentices). • There is another social program as follow: Guarda Mirim: This is a social program involving teenagers (from 16 years old), in order to insert, develop and create opportunity in the work market. This program is administered by a non-profit organization and it is a common practice in the most of industries in the region.
Compensation	<ul style="list-style-type: none"> • In Brazil, there is a Minimum Wage Law decreed by the government. 	<ul style="list-style-type: none"> • No worker at Ford facilities is below the minimum wage Law decreed by the government. The Ford Compensation (wages and benefits) policy keeps wages in line with the market.
Forced Labor	<ul style="list-style-type: none"> • Brazilian Law and Ford Policies. 	<ul style="list-style-type: none"> • Forced Labor is prohibited by Brazilian Constitution. Ford recruits its workers thru a systemic selection process. No forced labor is allowed at Ford facilities.
Freedom of Association and Collective Bargaining	<ul style="list-style-type: none"> • Ford Policy. 	<ul style="list-style-type: none"> • A Collective Agreement involving economic and social matters is negotiated and signed by Automakers and metalworkers Union. Taubaté Powertrain Operations is in compliance with this Collective Agreement. The Brazilian law establishes that the worker can associate to the category of Union that represents them, so Ford employees only can associate to Metalworkers category.
Harassment and Discrimination	<ul style="list-style-type: none"> • Brazilian Law and Ford Policy. 	<ul style="list-style-type: none"> • In line with Corporate Policies and Brazilian Law, Taubaté Powertrain Operations takes a zero-tolerance approach related to harassment and discrimination. There is a periodic communication process, thru internal communication, informing the employees about this Policy, as well as the hotline number to report any unusual conduct.
Health and Safety	<ul style="list-style-type: none"> • Applicable SOS (Safety Operation System) guidelines and standards. 	<ul style="list-style-type: none"> • There are Health and Safety Policies and Procedures. The compliance is validated through periodic audits (local and corporate), based on SOS (Safety Operation System) standards. • Shop floor level, Plant and Executive reviews take place on a regular basis.

	Policy(s) / Law(s) Followed	Process to Implement Policy Correctly
Work Hours	<ul style="list-style-type: none"> Brazilian Law and Ford Policy. 	<ul style="list-style-type: none"> Our systems (Timekeeping vs access Control), allow us to track work hours on workers and it has been verified by sampling. The Brazilian law regulates the work pattern based on 44 hours/week and 8 hours/day in a regular basis. Also the Law allows the Companies negotiate the work pattern with Union to reduce the work hours. Taubaté Powertrain Operations has an agreement with Union that establishes the regular work pattern to 40 hours/week and according to Co. needs reduce or increase, respecting the limit of 44hs/week thru a bank of hours (credit or debit based on the work standard).
Where are these documents housed?		
<ul style="list-style-type: none"> Employee related details are maintained on personnel files, and kept within Records department of Human Resources. Salaried salary ranges and wage structure is maintained by Compensation and Benefits within the Human Resources structure. Hourly wage rates and structure are maintained in the collective agreements and kept within department of Human Resources. Ford Corporate Directives and Policies are stored on Ford intranet. 		

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.

Taubaté Powertrain Operations is not aware of any human trafficking activity in the community. There have been no instances of cases reported or observed.

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?

Taubaté Powertrain Operations is not aware of any suppliers or businesses we interact with that are suspected of any kind of 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"> • Ford Corporate Responsibility Policy • Policy Letter 13: Governmental Relationships and Civic Affairs 	<ul style="list-style-type: none"> • There are no legally constituted Indigenous Populations in the area where the Plant is located. However, we utilize fair employment practices and employ people with diverse backgrounds. • Participation in Ford Global Week of Caring with a Developmental Forum to apprentices from 15 to 17 years-old, of the community. • Our care in the Community initiatives through Volunteer Employees Committee includes sweater campaign and Christmas party for the community. Also, we have a <i>Viva Bem</i> Program to employees, focused on subjects including tobacco, vaccines, drugs, sexually transmittable diseases, etc.
Bribery and Corruption	<ul style="list-style-type: none"> • Policy Letter 3: Standards of Corporate Conduct • Directive A-109 	<ul style="list-style-type: none"> • Practices of bribery and corruption are prohibited by Brazilian Law. Corporate policies on these regards are permanently communicated to our employees. Training on these issues is given to employees on a regular basis.
Environment and Sustainability	<ul style="list-style-type: none"> • Policy Letter 17: Protecting Health and the Environment • Federal Environmental protection regulations • Ford EOS standards 	<ul style="list-style-type: none"> • Taubaté Powertrain Operations follows the Environmental Operating System requirements. • Ford of Brasil is a member of the GHG Protocol (Greenhouse Gas Protocol). This group was created by Kyoto Protocol. • Plant representatives conduct quarterly environmental roll-ups to ensure that we are in compliance of environmental issues.
Where are these documents housed?		
<ul style="list-style-type: none"> • Ford Corporate Directives and Policies are stored on Ford intranet. • Environmental documents are stored in the Site Maintenance Office. 		

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?

There are regular meetings with governmental organization (CETESB / IBAMA), in order to review and address issues related to utility consumptions and environmental aspects.

Ford stimulates the Citizenship Committee formed by voluntary employees, that work on several campaigns attending the community (winter campaign, Christmas party, etc.).

Human Resources employees also perform, twice a year, an external Developmental Forum to apprentices from 15 to 17 years-old, of a non-profit organization of the community, in order to broaden their view of the professional market. Taubaté Powertrain Operations is the pioneer in this kind of initiative.

- 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.***

Taubaté Powertrain Operations performs initiatives related to waste, water, hydrocarbon and energy. Some initiatives related to water are:

- Industrial and sanitary waste water treatment to be reused, in order to supply Fire activities inside Ford and Taubaté community.
- Water leak plan: replacement of common taps by push button and flow rate reduction.
- Installation of timers in bathrooms, in order to control the flow of water.
- Installation of ultrafiltration system on Engine Central wash and Hydromation for Sigma Block.
- Water leak detection.

Taubaté Plant has been working to continuously reduce water consumption, obtained a reduction of 22,5%, in the last 3 years.

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

By implementing the water projects (modernization of equipment and processes for WWTP, introduction the employee's improvement ideas to reduce the water's consumption and cost. By conducting the periodical measurements of quality and quantity characteristics for different water's types (industrial control program), to guarantee the health of staff and fulfillment of Fire Brigade activities.

- 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?**

- Replanting of 10.000 of local native trees inside Taubaté Powertrain Operations, to restore the local vegetation.
- Active waste minimization programs reduce the overall impact to the environment from wastes sent to landfill - obtained Best in Ford in reducing the waste to landfill to 0 (zero), related to Transmission Plant in June, 2014.
- Taubaté Powertrain Operations has been working on initiatives within the past 3 years, in order to minimizing the environmental impact of its operations:
 - Waste to landfill: reduction of 30%;
 - Water consumption: reduction of 22,5%;
 - Hydrocarbon emissions: Reduction of 20%;
 - Energy consumption: reduction of 28%.

Continuous focus on environmental impact of the operations helps facility to move forward and become more environmentally sustainable long term.

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?**
 - Engagement surveys.
 - Clear Communication with OCM and Employees.
 - Labor and HRBO Team aligned with Ford Policies.
 - Regular discussions and negotiations with the Union.
 - Employee's awareness through online regular policy trainings.

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)?**

Our suggestion is to maintain the initiatives in place, strengthening the Citizenship Committee and stimulating the employee volunteering.

It is important to simplify the donation process to universities and social institutions, in order to facilitate Ford actions within the community.

- 2. Any words of wisdom/advice?**

The Code of Human Rights and Basic Working Conditions is a great foundation to social sustainability and ability of operations to achieve the business objectives. It is important to have all employees well informed, through existing communication, about these Policies, in order to further strengthening this foundation.