

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

<b>Date</b>	October 28, 2016
<b>Location / Facility</b>	Chongqing (multi-facility site)

**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?

*Changan Ford shares Ford's commitment to be a good corporate citizen and therefore also shares the principles and values expressed in the code. These assessments provide us the opportunity to ensure our compliance with the code as well as reinforcing the code to various stakeholders as the assessment is conducted.*

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 area with the highest risk of non-compliance is overtime compliance. This will continue to receive careful review and mitigation plans are already developed to reduce the risk in this area.*

*While the Changan Ford leadership team will welcome these assessments as an opportunity to review and reinforce our practices in this area, for the broader workforce, the review may need to include education and **reinforcement** in addition to assessment since attention to some elements of the code is not as pervasive in the external environment here as compared to other markets where Ford operates.*

**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?

*To Changan Ford, upholding human rights means ensuring that the actions of our company have no adverse impact on basic human needs / rights like health & safety, no harassment, no discrimination, freedom of association, and compliance with employment regulations. Our commitment to upholding these rights helps to ensure a safe and harmonious work environment for our employees.*

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

*We have several avenues for employee communications that help us to monitor any issues with respect to human rights. These include group forums like our periodic skill team Town Hall meetings and skip level meetings. We also have HR Business Partners assigned to each organization who can be contacted with any concerns. We conduct and analyze exit interviews to understand employee concerns. And our Trade Union is an important partner in identifying employee concerns through their communication channels including an employee feedback box.*

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

*We have implemented several processes and practices to proactively address human rights related issues. Examples include:*

- *Strong focus on occupational health and safety*
  - *Onboarding program for new employees includes Safety and Health, Powered Material Handling Vehicle Safety, and Occupational Health Training.*
  - *CAF conducts annual medical surveillance for employees who have exposure to occupational health hazards.*
  - *We periodically sample for occupational hazards such as noise, welding fume, dust, and airborne chemical risk to make sure our workplaces are well controlled. Based on the results of sampling, we have developed CAF hearing protection program, respiratory protection program etc.*
  - *Personal protective equipment is used to protect employee health and safety where other means of protection or elimination of the hazard are not possible.*
- *Action planning related to "Pulse" annual employee satisfaction survey*
- *Actively supporting the Trade Union*
  - *Trade union is funded by the company in proportion to employees' salary*
  - *Set up the structure and staffing for Labor Union organization and promote the development of the Labor Union.*
- *Carefully monitoring changes in employment law*
  - *Take a focus on updates to the Labor Contracts Act.*
  - *Pay attention to the policy changes of national Ministry of Justice, local city, and the Ministry of Human Resources and Social Security.*
  - *Maintain close communications with relevant government departments and understand the development trend of the law in the future*
  - *Ongoing discussions with legal representatives*

4. How is your facility monitoring human rights risks?

*The communications channels mentioned in question 2 above are key mechanisms for identifying potential issues and risks. In addition, we regularly conduct internal and external audits of all our policies and processes.*

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

*While the specific remediation will depend on the nature and cause of the non-compliance, any non-compliance would immediately be reported to senior management with remediation progress reviewed by them. In the case of issues created by employee or management inappropriate actions, appropriate disciplinary action would be taken to prevent future recurrences.*

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?

*As a relatively young organization, 15 years compared to Ford's 113 years, we must have even more devotion to continuous improvement. Through the actions described above, we are making progress in minimizing human rights risks and we continue to optimize our policies and procedures to further reduce risk.*

*The ongoing support of our parent companies to share their knowledge and experience through consultants and benchmarking will continue to help us in this regard.*

### **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.

	<b>Policy(s) / Law(s) Followed</b>	<b>Process to Implement Policy Correctly</b>
<b>Child Labor</b>	<ul style="list-style-type: none"> <li>• <i>PRC “Law on the Protection of Minors”</i> <ul style="list-style-type: none"> <li>• <i>Article 15 - Employers are forbidden to recruit minors under the age of 16.</i></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <i>Recruiting standards require our minimum employment age is more than 18 .</i></li> <li>• <i>During the recruitment and on-boarding stages, employees ID is collected, reviewed and verified from their CV, graduation certificate and national ID.</i></li> </ul>
<b>Compensation</b>	<ul style="list-style-type: none"> <li>• <i>PRC Labor Law</i> <ul style="list-style-type: none"> <li>• <i>“The minimum wage in the country or Chongqing” stipulates: From January 1, 2016 the minimum monthly wage of workers is 1,500 RMB/ month in CQ</i></li> <li>• <i>Annual leave, maternity leave, marriage leave and paternity leave must be provided</i></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <i>Annual pay survey, including regulatory compliance requirements for local labor, benchmarking with market competitors within the automotive industry, and regulations on wage income</i></li> <li>• <i>Online self-service for employees to understand and apply for annual leave, maternity leave, etc.</i></li> </ul>
<b>Forced Labor</b>	<ul style="list-style-type: none"> <li>• <i>PRC Labor Contract Law</i></li> <li>• <i>PRC General Principles of Labor Law</i> <ul style="list-style-type: none"> <li>• <i>Article 9 - The employer shall not detain the employees' resident identity cards and other documents.</i></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <i>Employees can resign from the company at any time and for any reason.</i></li> </ul>

	<b>Policy(s) / Law(s) Followed</b>	<b>Process to Implement Policy Correctly</b>
<b>Freedom of Association and Collective Bargaining</b>	<ul style="list-style-type: none"> <li>• <i>PRC “Democratic Management of Enterprises”</i> <ul style="list-style-type: none"> <li>• <i>Labor Law Article 78 - Trade unions shall safeguard the lawful rights and interests of laborers according to law and supervise the performance of labor.</i></li> <li>• <i>If the Employer violates labor laws and regulations, labor contracts or collective contracts, the trade union shall have the right to make suggestions or request corrections;</i></li> <li>• <i>If the laborer applies for arbitration and initiates litigation, the trade union shall give support and help according to law.</i></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <i>Employees have joined in trade unions voluntarily.</i></li> <li>• <i>We follow a regular cadence of meetings with Union representatives to discuss issues of importance to employees.</i></li> <li>• <i>For the decision on all significant events of the employee, it is subject to discussion by the Labor Union representative of the company.</i></li> <li>• <i>We conduct ad hoc meetings with Union representatives for any urgent issues.</i></li> <li>• <i>Agree with the Labor Union in any matter of urgency and importance.</i></li> <li>• <i>The establishment of staff congresses and special committees.</i></li> <li>• <i>Collective contracts must be negotiated by Labor Union representatives.</i></li> </ul>
<b>Harassment and Discrimination</b>	<ul style="list-style-type: none"> <li>• <i>PRC Work Injury Insurance Regulations</i> <ul style="list-style-type: none"> <li>• <i>Labor Law Article 12 - The employment of laborers shall not be discriminated against because of their ethnicity, race, sex or religious belief.</i></li> <li>• <i>Labor Law Article 13 - Women enjoy equal employment rights with men.</i></li> <li>• <i>Labor Law Article 14 - Persons with disabilities, ethnic minorities, or military personnel who have withdrawn from active service shall have special provisions in laws and regulations.</i></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <i>Applicable policies are included in the work rules issued to all new employees.</i></li> <li>• <i>Zero tolerance of harassment training is included in new employee orientation.</i></li> <li>• <i>Diversity training is included in new employee orientation.</i></li> <li>• <i>Employees may raise any harassment or discrimination concerns through established channels including the hotline.</i></li> </ul>

	<b>Policy(s) / Law(s) Followed</b>	<b>Process to Implement Policy Correctly</b>
<b>Health and Safety</b> 安全和健康	<ul style="list-style-type: none"> <li>• <i>PRC Occupational Disease Prevention Act</i> <ul style="list-style-type: none"> <li>• <i>Article 52 of the Labor Law stipulates: "Employers must establish and improve labor safety and hygiene systems, strictly implement national labor safety and hygiene regulations and standards, educate workers on labor safety and hygiene, prevent accidents in the course of labor, and reduce occupational hazards."</i></li> <li>• <i>Article 54 stipulates: "Employers must provide laborers with labor safety and hygienic conditions and necessary labor protective articles in accordance with state regulations, and carry out regular health checks on workers engaged in occupational hazards"</i></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <i>There is a dedicated Safety Department responsible for constantly monitoring, auditing health and safety issues as well as training and other proactive measures to prevent any issues.</i></li> <li>• <i>Safety Operating System is overarching policy / process to ensure employee health and safety</i></li> <li>• <i>SHARP system</i></li> <li>• <i>Health and safety training begins from as soon as the worker starts at the factory and continues with periodic refresher training as well as regular safety talks.</i></li> <li>• <i>Annual medical surveillance for employees who have exposure to occupational health hazards.</i></li> <li>• <i>Periodic sampling for occupational hazards such as noise, welding fume, dust, and airborne chemical risk</i></li> <li>• <i>CAF hearing protection program</i></li> <li>• <i>CAF respiratory protection program</i></li> <li>• <i>Personal protective equipment program.</i></li> <li>• <i>2015 Ford Motor Company President's Health &amp; Safety Awards for:</i> <ul style="list-style-type: none"> <li>• <i>Safety Publicity</i></li> <li>• <i>Andon Implementation</i></li> <li>• <i>Health &amp; Safety Leadership</i></li> </ul> </li> </ul>
<b>Work Hours</b> 工作时间	<ul style="list-style-type: none"> <li>• <i>Labor Law Article 36 - The working hours of the State shall be no more than eight hours per day and no more than forty-four hours per week.</i></li> <li>• <i>Special protection for women workers, Labor Intensity Limits of Female Workers</i></li> <li>• <i>Labor Law Article 38 - The employing unit shall ensure that the laborer shall take at least one day off per week.</i></li> <li>• <i>CAF Policy of Working hours, overtime requirements</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Standard working hours are 5 days per week and 8 hours per day. Working hours are monitored by electronic card readers at all entrances.</i></li> <li>• <i>Overtime is compensated as per government regulations.</i></li> </ul>
<b>Where are these documents housed?</b> <ul style="list-style-type: none"> <li>• <i>Policies and processes are stored on our shared network drive and accessible to applicable employees.</i></li> <li>• <i>Specific employee records are stored electronically in our online HR Database.</i></li> <li>• <i>Safety incident records are stored in OHSIM system. Other safety documents are stored on shared network drive.</i></li> </ul>		

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.*

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.*

c) Are you aware of the Company or any other entity supporting the Company in its recruiting efforts requiring fees or charging costs to job-seekers and workers related to recruitment for temporary or permanent job placement at the Company, including when the Company uses the services of Private Recruitment, Labor Broker or Employment Agent or performs recruitment activities directly?

*No.*

## 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.

	<b>Policy(s) / Law(s) Followed</b>	<b>Process to Implement Policy Correctly</b>
<b>Community Engagement and Indigenous Populations</b>	<ul style="list-style-type: none"> <li>• <i>Changan Ford volunteer management system</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Changan Ford CSR responsible committee system</i></li> <li>• <i>Changan Ford public charity project launch procedures</i></li> </ul>
<b>Bribery and Corruption</b>	<ul style="list-style-type: none"> <li>• <i>Criminal Law of the PRC</i></li> <li>• <i>Anti-unfair Competition Law of the PRC</i></li> <li>• <i>Labor Law of the PRC</i></li> <li>• <i>Labor Contract Law of the PRC</i></li> <li>• <i>CAF Code of Conduct for Integrity and Honest Practice</i></li> <li>• <i>Rules on Employee’s Incorruptible Work and Punishment against Illegal Behavior</i></li> <li>• <i>Management Rules on Gifts Submission by CAF Employees</i></li> <li>• <i>CAF Business Courtesy Policy</i></li> <li>• <i>CAF Discipline and Punishment</i></li> <li>• <i>Regulations for Employees</i></li> <li>• <i>Implementation of Changan Ford's Restriction on Associated</i></li> <li>• <i>Company's Business Activity (Trial)</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Code of conduct training during new employee orientation</i></li> <li>• <i>Integrity &amp; Honesty Management Office Hotline to accept the complains</i></li> <li>• <i>Sign the Integrity and Honesty Practice Commitment by CAF Employee/Secondee while the employee signing the contract with CAF</i></li> <li>• <i>Supervising the important bidding project such as solid waste proposal and media agency</i></li> <li>• <i>Investigating the complains about bribery in CAF</i></li> <li>• <i>Conduct integrity and honesty education and training in CAF such as integrity education activity month in 2016</i></li> <li>• <i>Establish the integrity and honesty risk preventing map in CAF</i></li> <li>• <i>Managing the unacceptable gifts which submitted by employees</i></li> <li>• <i>Integrity talk to CAF employee and part of CAF suppliers and dealers</i></li> </ul>

	<b>Policy(s) / Law(s) Followed</b>	<b>Process to Implement Policy Correctly</b>
<b>Environment and Sustainability</b>	<ul style="list-style-type: none"> <li>• <i>Environmental Protection Law of the PRC</i></li> <li>• <i>Environmental Impact Assessment Method the PRC</i></li> <li>• <i>Air Pollution Prevention Law of the PRC</i></li> <li>• <i>Water Pollution Prevention Law of the PRC</i></li> <li>• <i>Solid Waste Pollution Prevention Law of the PRC</i></li> <li>• <i>Noise Prevention Law of the PRC</i></li> <li>• <i>Policy letter 19</i></li> <li>• <i>CAFP18-001 Environment control procedure</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Our Engine Plant and Transmission Plant have both achieved 5 star environmental rating.</i></li> <li>• <i>Environmental Operating System</i></li> <li>• <i>ISO14001 Audit</i></li> <li>• <i>Policy letter 19 Audit</i></li> </ul>
<b>Where are these documents housed?</b>		
<ul style="list-style-type: none"> <li>• <i>CAF Online</i></li> <li>• <i>Policies and processes are stored on our shared network drive and accessible to applicable employees.</i></li> <li>• <i>Specific employee IHMO records are stored in our IHMO employees' archives.</i></li> <li>• <i>Environment documents are keep by each site's environmental engineer.</i></li> </ul>		

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?

*We regularly participate in community activities every year for Ford's Global Caring Month in September. In accordance to Ford Global's implementation plan, public welfare and charity activities of Changan Ford launched locally, for example 2013 environmental protection, 2014 community caring, 2015 visit to Chongqing Loving Heart Children's Home, participants are employees of Changan Ford and have received support from employees and government.*

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.*

*CAF1 & CAF2 installed wastewater recycling system which will reuse 240000 m3 water per year.*

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

*Wastewater recycling is beneficial to the environment because the reduced demand of natural resource. And it is good for the plant operation cost saving.*

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?

*CAF1 & CAF2 & CAF3 installed VOC abatement facilities which will reduce about 2000 tons of VOC per year. This project will enhance the plant air quality and good to human health.*

## **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?

*We have a strong commitment to continuous improvement in all aspects of our business. All of the policies and processes described above are continually optimized for best results. Efforts like this help raise awareness and attention of our employees and leaders. Furthermore, we will continue to leverage the knowledge, experiences, and resources of our parent companies to accelerate our progress beyond what we could do independently.*

## **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)?

*Ongoing reinforcement and demonstration of these principles by senior leadership within both Changan Ford and Ford helps establish the right culture where our employees will become more and more engaged with principles. At the same time, regular reminders in small easy to process chunks like short podcasts or online training can also build on the solid foundation we have already established.*

2. Any words of wisdom/advice?

*This code and the type of corporate culture it creates are fundamental to the way our company does business. Not only does this reinforce our parent company objective of making the world a better place, but it also makes our company a better place to work and someplace our employees can take pride in being a part of.*