

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

Date	November 17, 2016
Location / Facility	Sao Bernardo de Campo (SBC) Vehicle Operations, Brazil

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 assure an environment of respect and justice, where every Ford employee and collaborators who take part of that environment can learn with and share the experience at the community guiding the people they live with helping to transform the world into a better place to live. That makes Ford an admired Company. The assessment indicates we are on the proper pace and always pursuing the continuous improvement. Leadership is committed to respect human rights, creating safe and inclusive workplaces, engaging employees and stakeholders to strengthen our business.

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 establish full compliance to the Human Rights. The assessment can be viewed as an opportunity and a benefit to review our present practices in relation to corporate policies and legal requirements and improve local behaviors even more on a continuous improvement strategy. Our policy states that every employee is responsible to maintain a work environment that reflects respect and is free from all discrimination and harassment. If any employee believes that someone is violating the Code of Human Rights or the law, he or she is orient to report it immediately either directly or anonymously, to the Manager, Human Resources, OGC or Internal Control.

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?

In my opinion, at Ford SBC, upholding human rights means provide a respectful environment with equality, fair treatment, no discrimination or harassment of any kind, full respect to the laws and policies. Other Companies working for Ford and with their employees within our premises are oriented to seriously engage.

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

In SBC, the preservation of human rights is a must and all employees, no exception, are demanded to adhere to Ford policies and standards and local legislation. HR is present in all areas with open doors ready to listen

to any report. Our policies are published during integrations, regular meetings, on line trainings and this frequent communication is key. Ford regularly publicizes the policies and clarifies how to report noncompliance cases to leadership, HRBO, Labor, hot lines. Each case is investigated in details and actions are properly taken.

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. PULSE Survey is an opportunity to inquire about employees' perspectives and action plans to improve the climate are powerful tools to listen to their opinion about different aspects of their employment.

4. How is your facility monitoring human rights risks?

Audits and surveys are developed from different areas to monitor people, health, safety and environmental aspects. These audits are an important component of our human rights due diligence process, which helps to identify, prevent and mitigate human rights risks. For example, Employee Relations survey, Pulse survey for hourly and salaried personnel, Safety and Health audits, ISO 14001 audit, etc. Cases reported are immediately elevated and HR and leader are primary responsible to understand and address the cases. Unusual Events are treated on urgency basis. Unusual Events area within HR and GAO within Finance are key areas to keep records, to address resolution, to replicate events.

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 and affected individuals and teams are protected accordingly,

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 strongly believe we are making sustainable progress in SBC in all levels and areas. A key action to achieve is communication on tools to share non-compliance situations as well as the obligatory on line trainings with a continuous sharing of information. The alignment of HR and Manufacturing or any areas involved in taking common and fair decision has been a very positive action either. A recommendation should be to increase even more the involvement of Purchasing and internal providers with publication of a very restricted code of conduct for internal suppliers.

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"> 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 are other social programs such as Jovem Cidadão and Jovem Aprendiz Guarda Mirim. They are 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 or entities connected to the government 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"> The Brazilian law establishes that the worker can associate to the category of Union that represents them and Ford negotiates with the union that represents the majority. In the case of SBC, the SBC Metalworker Union.
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, SBC plant 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.

	Policy(s) / Law(s) Followed	Process to Implement Policy Correctly
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. Each incident even professional disease is discussed with leadership, safety, medical area in detail and elevated to corporate levels. Shop floor level, Plant and Executive reviews take place following the plant Time Data Management.
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. SBC 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 are 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.

We are 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?

We are 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. • We hire apprentices from deprived families at ages from 15 thru 18 • Our care in the Community initiatives through Volunteer Employees Committee include refurbishment at poor schools and Christmas gifts for the community. Also, we have a <i>Viva Bem</i> Program to employees and collaborators within the plan focusing on health including subjects as free of 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"> • SBC plant follows the Environmental Operating System requirements. • SBC plant recognized in 2015 by the Henry Ford Sustainability Award through the initiatives of Reused Water application at industrial processes • Plant representatives conduct quarterly environmental roll-ups to ensure that we are in compliance of environmental issues. SBC plant achieved Zero Waste to Landfill during 2016.
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, refurbishment of schools at the suburbs utilizing Ford personnel at their free time, etc.).

- 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.***

SBC plant performs several initiatives related to waste and water savings, hydrocarbon and energy. Some initiatives related to save potable water are described below:

- Rain water collected helping to complete Fire water reservoirs;
- Strong plan for Reused Water utilization at industrial activities;
- Paint Shop grates cleaning at paint booths with reused water;
- Reused water applied at Water tests at Final Assembly areas (Cars & Trucks);
- Fork lift repair shop
- Sludge tank process at Paint Shop
- Acquisition of defrost chambers for proper meats defrost processes at plant restaurant

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

Sustainable water projects implemented at our manufacturing operations contributing to replace potable water applied at our processes by the use of reused water and this is a crucial mindset to address potable water for human consumption and consequently the community needs, attending the necessary demand of potable water to the community and consequently creating a sustainable manufacturing operations with optimized water consumption.

By implementing the water projects, it is possible to save water, contributing to cost reduction and to a lower consumption of water at the community with a strong concern to preserve human life. In addition. That is a contribution to build a mindset of less consumption for employees and consequently sharing to their families and people they live with.

- 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?**

- **2015 Henry Ford Global Sustainability Award recognition;**
- **More than 6 million liters of reused water applied at manufacturing operations (2016 YTD) – above 5% of reused water from the total water used monthly by the plant;**
- **Zero Waste to Landfill plant achieved in 2016;**

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.
- Policy deployment.
- Regular discussions and negotiations with the Union.
- Employee's awareness through online regular policy trainings, and frequent communications.

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 continue communicating, maintain the initiatives in place, strengthening the Citizenship Committee and stimulating the employee volunteering and include others:

- Partnerships with universities and communities
- Regular communication of Purchasing Conduct Code
- Frequent communication incentivizing a diverse culture and recognizing the expected behavior.
- Get engagement with stakeholders and bring new employees onboard with required level policy understanding.
- Reinforce deployment of online training

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.