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PEOPLE AND SOCIETY

Our whole Ford family — employees, contractors and dealers — is committed to the belief that freedom of movement drives human progress.

In this section

- · Our People
- · Human Rights
- · Global Mobility
- · Our Contribution to Society

What Our People Say

"I actually feel like I am making a difference to better the world. It's been one of the most exciting times in my 15 years at Ford. Seeing the passion with the employees invigorates my level of excitement. I honestly enjoy coming to work every day."

Joe Fodera

Research Operations Manager, Ford Motor Company

OUR PEOPLE

As we transform our business, we need to attract and nurture diverse, talented people and provide them with a great place to work.

HOW WE'RE DRIVING CHANGE

Being an Employer of Choice

We want to be recognized as an employer of choice, wherever we operate.

To achieve that, we are:

- · Transforming our culture and the way we work
- · Focusing on employee well-being and safety
- Upgrading our campuses through Ford Land
- · Embracing diversity and inclusion
- · Attracting and retaining the right talent
- · Investing in learning and development

OUR PERFORMANCE

Putting People First

We aim to develop a skilled, motivated and diverse workforce, and provide safe, collaborative workplaces in which our people can fulfill their potential.

- 202,275 people employed globally at the end of 2017
- 988 increase in employees since the end of 2016
- 67 manufacturing sites around the world

UNLEASHING THE BEST IN OUR PEOPLE

Bringing to life our commitment to become the world's most trusted mobility company requires us to change the way we work, transform our culture and unleash the best in our people.

Transforming Our Culture and the Way We Work

The automotive industry is changing rapidly. Technological innovation, changing customer expectations and a world that is increasingly crowded and urbanized are all driving change at a scale and rate that are without precedent.

Our response is to transform Ford into an auto *and* mobility company, designing smart vehicles for a smart world that help people move more safely, confidently and freely. Making this fundamental change means drawing on our trusted 114-year legacy, our love and passion for freedom of movement, and our ambition for the future. It requires us to transform our culture, bringing forward the best of our past, and paving new ways of working. In addition, it means putting people first leveraging human-centered design in everything we do, including our people processes, so that we bring out the best in our workforce.

Putting People First Through Human-Centered Design

In 2016, we launched a new program called HRRev to transform our people-related products and services in a way that significantly improves the employee experience. This includes leveraging leading technology, simplified and integrated processes, and consumer-grade service centers to support employee inquiries and moments that matter.

Our "People First" service center promise to our employees is simple...

- · We bring expertise and consistency
- · We make it simple for you
- · We listen and care about you
- · We respect confidentiality and act with integrity

We have taken a human-centered design approach to drive our cultural transformation. Over 7,000 hourly and salaried employees across the globe have provided input into this through focus groups, prototype testing, observations, experiments, surveys and polling.

Our employees identified the moments that matter most such as onboarding, policy changes, a key life event (for example, the birth of a child), new job transition and giving and receiving feedback. They told us they want:

- Simple, intuitive, integrated experiences
- · Anytime, anywhere, any-device access
- Choice in how they interact with us, including online, telephony, chat and email
- To be able to provide point-in-time feedback

In October 2018, we will be launching a global, next-generation "Life@ Ford" portal and three new "People First" service centers to support our global workforce. This will include online, fully mobile policies, processes and programs and will enable employees to connect via telephony, chat or email with People First professionals when they need help. It will also include newly engineered processes like the "Partnership Discussion," which is an informal, future-focused conversation on growth, development, goal setting and the employee/ supervisor relationship. With these changes, we hope to empower and enable our workforce to be the best they can be.

Related Page:

> Learning and Development

Strategy and Customers Operations People and Performance and Products Operations Society and Data

Employee Engagement and Satisfaction

Communicating With Our People

With so many employees globally, effective, two-way communication is key to our success. To achieve this, we use a range of communication channels, including our Intranet site, website and Jim Hackett's video blog; annual reports and corporate publications; social media channels; webcasts and executive Q&A sessions with senior management; labormanagement committee meetings; "Town Hall" meetings; Employee Resource Group (ERG) initiatives; and employee surveys (see below).

Assessing Employee Satisfaction

Through our annual Global Pulse Survey, we encourage our employees to provide honest feedback about their jobs, workplace and overall satisfaction with Ford. Results feed into reports that are used to inform discussions and improvements plans, aimed at positive trends – an annual performance objective for many senior managers. The survey results are also benchmarked externally, so we can better understand how we are performing in a wider context. In 2017, our Employee Satisfaction Index score was 72 percent, 2 percent above the external benchmark. Our Employee Engagement score was 84 percent (no external benchmark is available for this).

Related Page:

> Data: Employee Engagement

2017 Global Pulse Survey Results

Results from our annual PULSE survey were strong once again and we continue to exceed external benchmarks.

What Are Employees Saying?

Overall, Ford employees are satisfied and engaged.

2017 results

Total Ford Satisfaction Index

	72%
Benchmark Satisfaction Index	
	70%
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Total Ford Engagement Index

84%

Highlights

81% of respondents are satisfied with their job83% of respondents are satisfied with their supervisor71% of respondents are satisfied with the company

How Do We Compare?

Ford exceeded external scores on the Employee Satisfaction Index (ESI) and on 20 questions that are benchmarked.

My workgroup has a climate in which diverse perspectives are valued:

8 percentage points above benchmark

I can report unethical practices without fear of reprisal:

7 percentage points above benchmark

Proud to work for Ford; Workgroup has a clear understanding of customer needs; Supervisor satisfaction; and Opportunity to improve skills:

6 percentage points above benchmark

Related Pages:

- > Health and Safety
- > Diversity and Inclusion
- > Attraction and Retention

HEALTH AND SAFETY

The safety and health of our people is something we take very seriously. Throughout our operations, robust policies and practices are in place to ensure a safe working environment. Our health and safety policy demonstrates this progress and we continually strive to be world class in safety.

Our health and safety commitment states our people are our most valuable asset. Nothing is more important than their safety and well-being. Our co-workers and families rely on this commitment.

Salient Issue

Health and safety

During our first formal human rights saliency assessment, we identified health and safety as one of our nine most important issues – those at risk of the most severe negative impact through Ford's activities and business relationships.

Going forward, we're taking steps to develop action plans to manage and remediate these issues, and to expand our reporting on them.

> Find out more about our human rights saliency assessment

Reinforcing Our Strong Safety Culture



Our strong safety culture is supported by effective communication through multiple channels that engages employees and contractors in understanding and following our safety programs and policies. Our sites hold regular talks and events focusing on key safety issues. Employees are encouraged to report every injury, hazard or near-miss, so we can take appropriate corrective actions to prevent recurrences and create a safer workplace for all.

External benchmarking helps us achieve best-in-class performance. We participate in multi-industry groups, both in the automotive sector and beyond, which share information on safety practices and industry trends, and explore potential collaborations to address current issues.

Our Safety Record

Any loss of life or serious injury in our facilities is unacceptable and deeply regretted. In 2017, we experienced two fatalities, one involving a Ford employee, the other a contractor. Both occurred in North America. As with any workplace incident, the circumstances were analyzed in detail, with actions taken to prevent reoccurrence.

Another key safety indicator is lost-time case rate (LTCR). Our LTCR at the end of 2017 was 0.38. We are currently on target to meet our 2018 objective of 0.36. This metric measures the number of days away from work following a work-related injury or illness.

Lost-Time Case Rate

Cases per 200,000 hours worked

	2015	2016	2017
Ford global rate	0.43	0.39	0.38
U.S. Motor Vehicle Manufacturing	1.6	1.7	NA ¹
(NAICS 3361/SIC 3711)			

Data notes and analysis:

1. Not available until late 2018

Also see:

› Health and Safety

Strategy and Customers
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Our wellness vision is to foster knowledgeable employees, engaged in their own health and well-being, to Go Further at work, home and into retirement.

Tailored Offerings and Informed Choices

The health and well-being of our entire workforce is a key driver of performance at Ford. We provide resources to help individuals make informed choices when they are interacting with the health care system. In 2017, 80 percent of our U.S. salaried active employees participated in our annual wellness program. These are designed to help participants in our health plan gain a better understanding of their own health status and receive appropriate preventative care. Helping our employees to avoid serious diseases and manage chronic conditions effectively has a positive impact on both their quality of life and our success. And, as good habits tend to be shared between friends and family, promoting health among our employees can help develop healthier communities as well. Related Pages:

- > Unleashing the Best in Our People
- > Attraction and Retention

DIVERSITY AND INCLUSION

We are proud that our workforce reflects the communities in which we live and work. We embrace diversity and inclusion at every level of the company. Employing people with different backgrounds, opinions, experiences and perspectives makes us a stronger business, and helps to foster a truly collaborative workplace.

Building an Inclusive Environment

Inclusion has been as much a part of our history as the products our diverse employees have created. We take pride in a workforce that reflects the society in which we live and work. And, by embedding diversity and inclusion in every aspect of what we do, we make ourselves stronger, leveraging our employees' talents and opening up to fresh ideas, perspectives, experiences and new ways of thinking in a truly collaborative environment.

Diversity and inclusion requires cross-functional collaboration within Ford, as well as with <u>dealer groups</u> and <u>supplier organizations</u>.

> Watch a video about diversity and inclusion at Ford

Case Study

Taking Action in Chicago

We are providing more than 20,000 hours of training for all employees, as well as additional leadership and diversity training for all salaried employees.

We have investigated and taken action in response to complaints we have received of harassment and discrimination at our Chicago plants. Regrettably, some of the alleged misconduct was true. As Ford President and CEO Jim Hackett indicated in his open letter issued earlier this year, we are deeply disappointed that at any time any of our employees may have thought that harassing conduct was acceptable behavior, and we are sorry for any instance where an employee was subjected to harassment or discriminatory conduct. We are intent on rooting out this conduct and handling it appropriately.

In addition, starting more than two years ago, we have taken further actions at our Chicago plants to reinforce our policies and to ensure an appropriate workplace there. Those actions include conducting more than 20,000 hours of training for all hourly and salaried employees to reinforce a standard of respect that is non-negotiable, as well as providing additional leadership and diversity training for all salaried employees and delivering additional training for our human resources teams. We have also increased human resources staff to provide additional investigations support and oversight, including a staff member who oversees investigations at both plants and reports directly to Personnel Relations at Ford headquarters in Dearborn.

Further, last summer, we entered a substantial agreement with the Equal Employment Opportunity Commission (EEOC) to address the complaints that were raised at our Chicago area plants, institute further changes in the workplace and provide meaningful relief to employees who are determined to have experienced harassment. We have agreed to pay up to \$10.125 million to resolve claims through the claims process, under which employees will receive a financial award if an independent panel agrees with their harassment or discrimination complaint. If there is money remaining, we will use it for equal employment opportunity purposes, such as training. We are actively working with the EEOC right now to implement that agreement, which also establishes the panel of three independent monitors, none of whom work at Ford, to oversee compliance related to harassment and discrimination for the next five years.

Salient Issue

Harassment and Discrimination

During our first formal human rights saliency assessment, we identified harassment and discrimination as one of our nine most important issues – those at risk of the most severe negative impact through Ford's activities and business relationships.

Going forward, we're taking steps to develop action plans to manage and remediate these issues, and to expand our reporting on them.

> Find out more about our human rights saliency assessment

Our Five Focus Areas

Our diversity and inclusion efforts are aligned with five strategic areas of focus:



Leading the Way

Our executive leadership team, including our Chief Diversity Officer Meeta Huggins, champions diversity and inclusion, integrating them into business objectives and human resources processes, and employees exhibiting respectful and inclusive behaviors.



Diverse Workforce

All employees are welcome to participate in our Employee Resource Groups (ERGs). ERGs seek to foster cross-functional connections, support mentoring and networking, and provide professional and leadership development opportunities for employees from particular ethnic backgrounds; veteran and military employees; employees with disabilities; female professionals; working parents; lesbian, gay, bisexual and transgender employees; and groups for employees of faith.

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Respectful and Inclusive Workforce

We promote employee accountability for inclusion by communicating expected behaviors via our Intranet site and through training, and by celebrating the winners of our diversity and inclusion awards in internal newsletters. Additional resources include employee assistance programs, wellness initiatives, rooms for nursing mothers and meditation rooms. In 2017, we began reporting harassment metrics to the board, and strengthened our harassment reporting process around the world.

For example, we recently recommunicated the expectation that employees and bystanders need to report incidences of harassment, discrimination and retaliation. In addition, the company launched "Speak Up" at the end of May 2018. With a website and email address that will be communicated to all hourly and salaried employees globally, Speak Up offers a single, streamlined way to report harassment.



Work-Life Flexibility

Among the options made available to many employees are reduced and/or flexible schedules, job sharing, telecommuting, digital tools to improve productivity and communication tools.



Strategic Partnerships

In collaboration with other agencies, our businesses around the world develop partnerships to promote diversity and inclusion within communities and within the company.

Case Study

Ford's Career Re-Entry Program

Ford currently participates in a "re-entry" program that was developed in 2016 through a partnership between the Society of Women Engineers (SWE) and iRelaunch. Ford's career re-entry program, similar to an internship, is for experienced professionals who have voluntarily taken a career break and would like to return to the workforce. The program allows Ford to tap into resources focused on science, technology, engineering, art and math (STEAM), while increasing the pipeline of diversity candidates.

Participants are placed on a six-month program and, based on performance, can become full-time employees. Throughout the program, participants build upon their past work experience and gain new skills through work aligned with their area of expertise. They experience a robust curriculum, with an emphasis on professional development, mentoring, networking, and exposure to senior-level management, preparing them to shift gears back into the workforce while learning more about Ford and our culture. In 2017, positions were filled across information technology, manufacturing and product development.

"This program helps us build our talent pipeline, plus it's a great way for individuals re-entering the workforce to gain the professional development and mentorship they need to navigate their return to work in a technical field."

Meeta Huggins

Chief Diversity Officer & Talent Acquisition Operations Director, Ford Motor Company

Related Pages:

- > Attraction and Retention
- > Learning and Development

2017 Diversity Performance

> More information on our U.S. workforce can be found in the GRI Content Index

Of our global salaried workforce

- 26.9% were female
- 19.1% of managers1 were female

1. Middle management and above

Of our 12-member Board of Directors:

- 3 were women
- · 2 identified themselves as members of minority groups

Of our U.S. employees (hourly and salaried):

- 31% were members of minority groups
- 23.6% were female

Of our 48 corporate officers:

- 7 were women
- 8 identified themselves as members of minority groups

Another Perfect Score in Corporate Equality Index

In December 2017, Ford once again earned 100 percent on the Human Rights Campaign 2018 Corporate Equality Index, a national benchmarking survey related to lesbian, gay, bisexual and transgender (LGBT) equality in the workplace. Ford has received a perfect score every year since 2004. The 2018 Index rated 1,084 businesses on LGBT-related corporate policies and practices such as nondiscrimination protection, domestic partner benefits, transgender-inclusive health care benefits, competency programs and public engagement with the LGBT community.

Ford Global Pay Equity Statement

A core principle of our talent management strategy is a longstanding commitment to equal opportunity in all aspects of employment, including the way Ford compensates its employees. Ford employee compensation in each market should be fair and equitable, irrespective of gender, race or similar personal characteristics. This applies to all forms of pay, including base salary, incentives, bonuses and other forms of compensation.

Ford reviews and updates people processes on a regular basis to help protect against bias and promote a diverse and inclusive environment. Related Pages:

- > Unleashing the Best in Our People
- > A Force for Good

ATTRACTION AND RETENTION

Ford is always searching for the best and brightest talent who can take our business forward. That means finding candidates with innovative ideas and a customer-centric mind-set.

Finding the Right Talent...

We aim to attract a diverse range of qualified candidates for all our jobs. To do this, we partner with professional organizations, build relationships with top universities, and utilize digital tools to find the best students and recent graduates. Our executives often visit campuses, sharing information and meeting the next generation of potential automotive leaders.

We also attend meetings in the communities in which we live and work to foster relationships with individuals and companies, to build connections and expand collaboration.

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In 2017, we began onboarding our employees in a streamlined and more efficient way. New hires can now complete their tasks and paperwork in a customized web portal prior to their arrival. This allows the new employee to spend their first day being immersed in Ford Motor Company and their new role, rather than completing forms.

Why Ford?

In a series of focus groups across all regions, employees told us why they were attracted to Ford:

- · Ford's history, reputation and brand value
- · The development and career opportunities available
- · The range of both formal and informal training opportunities
- · The importance of diversity

Governance

· The people, the family culture and Ford values

Related Pages:

- > Unleashing the Best in Our People
- > Diversity and Inclusion

...And Keeping the Best Onboard

Finding and hiring the right candidates is important, but so too is ensuring they have a strong onboarding experience once they join. We know this plays a significant part in aiding and improving employee retention. Our U.S. onboarding program, Get Started, equips new employees with the tools and networks that enable them to be productive as soon as possible.

Get Started includes a company overview and corporate orientation, which features presentations, Q&As with each skill team area and meetand-greets with Ford's senior leaders, as well as providing new recruits with the resources available to them. Additionally, our internal social media platform The Hub further engages new employees and helps build the Get Started community.

Related Pages:

- > Learning and Development
- > Data: Voluntary Quit Rate by Major Markets (Salaried Employees)

Ford Ranked Among World's Most Attractive Employers

Ford is proud to say we are one of the world's most attractive employers according to Universum's 2017 Talent Survey, taken by more than 294,000 students in the world's 12 largest economies. The annual survey ranked our company based on characteristics like work environment, innovation, future earnings, and leadership in development.

Ford was ranked 12th by those studying engineering and 42nd among business students.

"We are committed to hiring the best and brightest leaders, while continually expanding the diversity of our entire team. We know that a diverse workforce truly makes us a strong company."

Kiersten Robinson

Group Vice President, Human Resources & Chief HR Officer, Ford **Motor Company**

LEARNING AND DEVELOPMENT

We believe that in our rapidly changing world, curiosity and continuous learning are critical. We provide a variety of learning opportunities throughout employees' careers to ensure their ongoing development not only preparing our employees to react to change, but to capitalize on it, creating tomorrow and driving human progress.

The Workforce of the Future Is Here

Changes in technology - automation, robotics and artificial intelligence (AI) - create demands for new skills in the workplace. At Ford, manufacturing technicians are being trained in electrified vehicle diagnostics. Portable training cells integrate robots, controls and vision systems to provide system-level training in our manufacturing facilities.

Creating the Future

Operations

As well as responding to the changes needed to upskill our employees, we are protecting our ability to envision and create the future. Our engineers and technicians are complementing mechanical engineering skills with software engineering skills, ensuring we can move at the speed of software even as we continue to develop hardware.

We are also experimenting with applications of new technologies to enable continuous learning. Experiments include using augmented reality to assist in training and diagnostics, allowing technicians to see hidden components true to scale and in their correct location, teaching production operators through virtual representation and repetition, and using virtual reality to provide interactive maintenance training.

Enabling a Culture of Curiosity

In an increasingly online world, with information at our fingertips, employees are taking ever-more ownership of their learning. We are providing employees with strategic options to build their capability through the latest learning approaches and partnerships with expert organizations. We provide access to Massive Open Online Courses (MOOCs) for fast-changing skills like software development, AI, robotics, machine learning and deep learning programs. Partnerships with worldclass universities provide opportunities for state-of-the-art research, exploration, innovation, and technical and leadership skills development.

Learning Through Collaboration

Through leadership and professional development, employees can develop intrapersonal and interpersonal self-awareness skills, and appreciate differences in how we all think, act and work. Cohort-based program designs provide opportunities for peer collaboration, network building and creating a sense of community, shared values and culture across the company.

- The Global Leadership Summit: Aimed at executives and general managers responsible for global projects, departments and budgets
- Global Executive Leadership: Geared toward directors and senior managers associated with a region, but with responsibilities that extend to the global enterprise
- Experienced Leader Program: Aimed at middle management, the program helps grow the capabilities of our skill team leaders running regional large projects and functional departments
- Salaried Supervisor Institute: A program for new and experienced front-line leaders, which builds foundational leadership skills and includes hands-on applications

Our employees can also build the capacity of others by sharing their subject-matter expertise, knowledge and insights in both technical and non-technical areas. This practice is embedded within leadership programs to provide skill-building opportunities to developing leaders. In our Asia Pacific region, for example, 62 mid-level leaders are certified to teach the Salaried Supervisor Institute program to front-line leaders in Thailand, Vietnam, India, China and Taiwan.

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Case Study

Collaborating on Robotics

Ford and the University of Michigan in Ann Arbor have begun development of the Ford Motor Company Robotics Building. As we progress toward becoming a major player in vehicle autonomy, more than 100 of our employees working on robotics and automation will be relocated there.

Due to open in 2020, the new facility will host additional offices, classrooms, an open collaboration area and lab spaces set up for specific automation technologies. Plans also include a three-story flying zone for aerial vehicles, an outdoor obstacle course for walking robots, garage space for autonomous cars, and space to study prosthetics, exoskeletons and other medical- or rehabilitation-related applications of robotics.

Ford will also benefit from the facility's close proximity to the University's "MCity" simulated urban environment for autonomous vehicle testing, where we have tested our self-driving Ford Fusion prototypes for a number of years, and to the American Center for Mobility in the neighboring city of Ypsilanti.

"The Ford Robotics Building presents an all-new way for us to work together – to create new opportunities, to innovate together. This is a place where the best and brightest from Ford Motor Company and the University of Michigan – students and professors – will be together. This will be an unprecedented working environment."

Ken Washington

Vice President, Research and Advanced Engineering & Chief Technology Officer, Ford Motor Company

Related Pages:

- > Unleashing the Best in Our People
- > Attraction and Retention

HUMAN RIGHTS

Our products rely on the skills of thousands of our own employees, and many more in our supply chain. Ford is committed to respecting human rights everywhere we operate, and throughout our entire supply chain.

HOW WE'RE DRIVING CHANGE

Safeguarding Human Rights

Ford is committed to respecting human rights everywhere we operate, and throughout our entire supply chain. We aim to ensure that everything we make, or that is made for us by others, is consistent both with local law and with our commitment to protecting human rights.

We have conducted more than 40 human rights assessments, dating back to 2004, evaluating how our facilities around the world align with our Code of Human Rights, Basic Working Conditions and Corporate Responsibility (Policy Letter 24). The reports of assessments undertaken in the past three years are available for download.

Our code is based on internationally recognized labor standards, including the:

- > United Nations' Guiding Principles on Business and Human Rights
- > Universal Declaration of Human Rights
- > International Labour Organization Covenants
- > Organization for Economic Co-operation and Development's Guidelines for Multinational Enterprises
- > United Nations' Global Compact Principles

Our commitment requires a robust approach to safeguarding against human rights abuses in our supply chain, including:

- Analyzing the human rights risks associated with our supply base
- Conducting training to build our suppliers' capability
- Auditing our Tier 1 suppliers in high-priority locations
- Collaborating with others in multi-stakeholder initiatives and partnerships

OUR PERFORMANCE

Protecting Human Rights

We remain committed to respecting and protecting human rights everywhere that we operate, in our operations and our supply chain.

- Nine most important human rights issues covering both Ford and our business relationships identified through a detailed assessment
- 10 training sessions held on human rights, working conditions, business ethics and the environment
- International Framework Agreement established, confirming our commitments to the global labor community
- Training covered delegates from 203 supplier sites

TARGETING OUR HUMAN RIGHTS ACTIVITIES

We have clear, established commitments to human rights throughout our global operations. By identifying and prioritizing the issues that can have the most impact on our business, we can better target our activities to promote human rights and achieve greater results.

Our International Framework Agreement on Human Rights

We believe that our most important asset is our diverse group of men and women. In addition to the policies and procedures we have in place to protect our employees, and our corporate commitment to human rights, we also have an International Framework Agreement (IFA) that reiterates our commitments to our global labor community. The principles outlined in our framework agreement are based on labor standards espoused by various groups, institutions and documents, such as the <u>UN Universal Declaration of Human Rights</u> and the Global Sullivan Principles of Social Responsibility.

Related Pages:

> Collaborating for Human Rights

Our International Framework Agreement Human Rights Principles

- We respect employees' right to freedom of association and to collectively bargain
- We do not tolerate harassment or unfair discrimination
- We will not use forced/compulsory or child labor
- We provide compensation and benefits as well as work and vacation hours that are competitive and comply with applicable laws
- Ford will provide a safe and healthy working environment that meets or exceeds applicable standards for health and safety
- We promote and support appropriate education, training and development
- We respect the natural environment and want to help preserve it for future generations by working to provide environmental solutions and avoid waste
- Ford will be honest, open and transparent and model the highest standards of corporate integrity
- We encourage business partners and suppliers to adopt and enforce similar policies to those outlined in the above principles

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Being Accountable

We are committed to the principles outlined in our framework agreement and we ensure ongoing compliance through open dialogue with our union partners and an annual Global Information Sharing Forum. The forum is a joint company and union session where our union leaders from around the world and senior leadership meet to discuss the industry, our business and any issues on compliance with the above principles. Where issues are identified, the company and the applicable union work together to find solutions. We also have an escalation process in place to address critical issues as they arise.

Related Page:

> Responsible Sourcing of Raw Materials

Identifying Our Most Important Human Rights Issues

We conducted a formal human rights saliency assessment in 2018. Conducted in line with the <u>UN Guiding Principles Reporting Framework</u>, the assessment served to identify Ford's most important human rights issues – those at risk of the most severe negative impact through the company's activities and business relationships.

The assessment was conducted in partnership with third-party consultancy and included:

- Desk-based research covering a review of Ford's relevant internal documentation, peer review and media scan, and identifying a long list of potential issues
- Interviews with internal representatives from across Ford's business
 as well as external stakeholders including suppliers, investor
 representatives, NGOs and industry experts, to review and rate the
 identified issues in terms of their severity and likelihood for negative
 impact on rights holders through Ford's activities or business
 relationships
- A workshop to validate and confirm the assessment findings with internal and external stakeholders

The assessment identified our nine most important human rights issues, listed below in ranked order:

Product Safety and Quality

Products are designed using standards which ensure they meet or exceed all applicable laws and regulations and ensure that they do not represent harm or hazards to consumers. Ford's products will advance the state-of-the-art safety wherever practicable. Find out more about product safety and quality.

Harassment and Discrimination

Harassment and discrimination are zero-tolerance issues. Harassment or discrimination on the basis of gender, race, color, religion, age, national origin, sexual orientation, gender identity, disability or veteran status are not tolerated at Ford. Read more about how we build diversity and inclusion.

Responsible Sourcing of Raw Materials

Responsible sourcing of raw materials ensures that materials are never knowingly procured that contribute to human rights abuses, including child and forced labor; bribery or corruption; or environmental concerns. Responsible sourcing expectations include compliance with local law, reporting requirements (i.e., conflict minerals such as cobalt and mica, 3TG reporting), customer terms and conditions, and respect for indigenous populations, including water and land rights. Find out more about our responsible sourcing.

Health and Safety

Health and safety pertains to providing and maintaining for all personnel a safe and healthy work environment that meets or exceeds applicable legal standards for occupational health and safety. Find out more about our commitment to health and safety.

Climate Change

We acknowledge that climate change is real and that we share the responsibility for reducing greenhouse gas (GHG) emissions. Climate change impacts include extreme weather events and natural disasters, rising sea levels, floods, heatwaves, droughts, desertification, water shortages, impact on oceans and the spread of tropical and vector-borne diseases. Find out more about our activities to help mitigate climate change.

Air Quality

Poor air quality and air pollution can impact negatively on human health, resulting in allergies and diseases, and affect the human right to life. Read more about air quality.

Access to Water and Sanitation

The human right to water entitles everyone to sufficient, safe, acceptable, physically accessible, and affordable water for personal and domestic (household) use.

"Sanitation" is defined as a system for the collection, transport, treatment, disposal, or reuse of human excreta and associated hygiene. The human right to sanitation entitles everyone to sanitation services that are safe, socially and culturally acceptable, secure, hygienic, physically accessible and affordable, and that provide privacy and ensure dignity. Find out more about our work to promote access to water and sanitation.

Forced Labor

Forced or compulsory labor refers to all work or service by an individual in which they are coerced to work through the use of violence or intimidation, or by more subtle means such as accumulated debt, retention of identity papers or threats of denunciation to immigration authorities. Find out about how we safeguard against forced labor.

Child Labor

Child labor relates to the prohibition of employment of individuals who are under the minimum working age of 15 or the legal limit in the working country (whichever is stricter). Child labor also relates to inadequate systems and policies to prevent the use of underage workers, either directly or indirectly through labor agencies and contractors. Excludes child labor in raw materials mining, which is covered under responsible sourcing of materials. Find out about how we safeguard against child labor.

What Happens Next?

Having identified the most important issues, over the next 12 months we will demonstrate leadership on addressing and reporting on these issues by implementing a comprehensive series of actions.

We will develop action plans to manage and remediate issues, ensure we have the right mechanisms in place to track the effectiveness of our systems and performance, and review and update our human rights policy. We will also establish an annual review process of our most important issues.

We will provide disclosure on the most important identified issues with external communications and reporting, including our annual sustainability report and the UN Guiding Principles Reporting Framework Index.

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Taking the Lead on Forced Labor and Human Trafficking

In line with our zero-tolerance policy toward both forced labor and child labor, we have taken a number of actions to safeguard against the threat of these issues in our supply chain. These include maintaining compliance with all legislative initiatives, acts and regulations designed to increase supply chain transparency. These legislative initiatives include the California Transparency in Supply Chains Act of 2010 (SB657) and the U.K. Modern Slavery Act (UK-MSA).

For further information about the steps we are taking toward leadership in the field of human rights and working conditions, download our <u>Human Trafficking Disclosure Statement</u> and read our disclosure statement on compliance with the <u>U.K. Modern Slavery Act</u>.

Salient Issue

Forced Labor and Child Labor

During our first formal human rights saliency assessment, we identified forced labor and child labor as two of our nine most important issues – those at risk of the most severe negative impact through Ford's activities and business relationships.

Going forward, we're taking steps to develop action plans to manage and remediate these issues, and to expand our reporting on them.

> Find out more about our human rights saliency assessment

Ethical Recruiting

In 2016, we reviewed our internal policies and procedures to ensure that they align with the fundamental tenets of ethical recruiting. In 2017, we formalized our ethical recruiting expectations for suppliers in our Supplier Social Responsibility and Anti-Corruption Requirements webguides. These requirements include that suppliers do not:

- Destroy, conceal or otherwise deny access by an employee to the employee's identity or immigration documents, such as passports or driver's licenses, regardless of issuing authority
- Use misleading or fraudulent practices during the recruitment of employees or offering of employment
- Charge employees recruitment fees Related Pages:
- > Building Capacity in Our Supply Chain
- > Auditing Our Suppliers
- > Transparency Throughout the Supply Chain

COLLABORATING FOR HUMAN RIGHTS

Ford collaborates with all our stakeholders, including NGOs and investors, and member-driven organizations such as Ceres, SustainAbility and the World Business Council for Sustainable Development, to combat human rights violations. We believe that sector-wide forums are also vital for providing a common voice and driving change within our industry.

Collective Action on How We're Working With Others

We currently participate in the following organizations and initiatives:

 Automotive Industry Action Group (AIAG): Ford is a member of the Corporate Responsibility Steering Committee and the AIAG Board of Directors. We also co-chair the AIAG's Supply Chain Sustainability Committee, which works to increase supplier capability for managing human rights and working conditions in the sector.

- Drive Sustainability (The Automotive Partnership: Drive Sustainability): This partnership of 10 automotive OEMs has a commitment to move to the next level of sustainability and supply chain management in the automotive industry. The partnership, launched in 2017 and facilitated by CSR Europe, builds on the work of the European Automotive Working Group, of which Ford was an active participant.
- United Nations Global Compact (UNGC): Ford is a signatory of the UNGC, a framework for businesses committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, the environment and anticorruption. Ford actively participates in the UNGC Supply Chain Sustainability Advisory Committee.
- Responsible Business Alliance (RBA): Ford was the first automotive manufacturer to join the RBA (formerly known as the Electronic Industry Citizenship Coalition), a nonprofit organization committed to improving social, environmental and ethical conditions in global supply chains. Working with more than 110 electronics companies, some of which are Ford suppliers, we will be able to strengthen our engagement with our suppliers on issues such as human rights, working conditions, ethical sourcing and environmental responsibility. Ford is currently serving on the RBA Board of Directors and is an active participant in the Responsible Labor Initiative, the RBA Validated Audit Process workgroup, and the RBA Tools workgroup.

In 2017, AIAG and Drive Sustainability expanded the <u>Automotive</u> <u>Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain</u>. AIAG and Drive Sustainability also launched the newly established <u>Practical Guidance Documents</u>.

Related Pages:

- > Targeting Our Human Rights Activities
- > Building Capacity in Our Supply Chain
- > Auditing Our Suppliers
- > Responsible Sourcing of Raw Materials

BUILDING CAPACITY IN OUR SUPPLY CHAIN

Our work to address human rights issues goes beyond our direct operations and extends through our entire supply chain. Training on human rights issues is essential to help our suppliers build their capability to responsibly manage working conditions in their facilities.

Prioritizing Our Efforts With Suppliers

Due to the size and complexity of our supply base, we focus our efforts on suppliers located in countries that pose the highest risk for substandard working conditions. To determine these locations, we conduct an annual risk analysis, incorporating internal and external data, and input from external stakeholders. The internal data includes information such as the commodities being purchased and the supplier's location, annual spend, and training and audit history within Ford's Supply Chain Sustainability program. As a result of this analysis, our list of 22 high-priority countries remained unchanged in 2017.

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Human Rights and Working Conditions Program: Priority Countries



Americas: Argentina, Brazil, Colombia, Dominican Republic, Honduras, Mexico, Nicaragua, Venezuela

Asia: China, India, Indonesia, Malaysia, the Philippines, South Korea, Taiwan, Thailand, Vietnam

Europe, Middle East and Africa: Morocco, Romania, Russia, South Africa, Turkey

Related Page:

> Targeting Our Human Rights Activities

Expanding Our Reach

Governance

In late 2017, we asked over 500 supplier sites around the world to complete the Sustainability Self-Assessment Questionnaire (SAQ) developed by Drive Sustainability. The SAQ is designed to assess the sustainability performance of automotive suppliers in the areas of social and environmental sustainability, business conduct and compliance and supplier management. This tool is based upon the Global Automotive Sustainability Guiding Principles and allows suppliers to share their responses with multiple customers. The data gathered in our 2017 campaign will be considered in conjunction with our internal/external risk analysis to prioritize our activities for 2018.

Related Pages:

> Auditing Our Suppliers

How We Build Capability

Our approach to training has been developed and launched through the Automotive Industry Action Group (AIAG). This involves:

- An e-learning module introducing the concepts covered by the <u>Automotive Industry Guiding Principles</u>, and a knowledge assessment to provide feedback. Training materials are available free of charge to original equipment manufacturers (OEMs) and to sub-tier suppliers in seven languages.
- Face-to-face, in-country workshop sessions, customized for the unique conditions in each country and focusing on specific national laws and local best practice. These sessions encourage dialogue with suppliers for multiple OEMs. They emphasize the role of human rights in meeting legal obligations, industry guidelines and international best practice. Ford requires participants to verify that they have shared the information with their employees and their own direct suppliers.

Most of our face-to-face supplier training is delivered through the AIAG or Drive Sustainability. Materials are regularly shared with Drive Sustainability to ensure a consistent message across the industry. These materials also serve as the basis for our own Ford-specific workshops. Related Page:

> Collaborating for Human Rights

Training Results

In 2017, the AIAG e-learning module reached more than 1,900 participants, with 42 percent indicating Ford as a customer. During the year, supplier representatives from 203 direct and indirect supplier sites in five countries (Brazil, China, India, Thailand and Turkey) attended in-country training sessions covering human rights, working conditions, business ethics and the environment.

				Program
	2015	2016	2017	$Total^1$
Training sessions conducted	12	14	10	185
Total sites trained/retrained ¹	208	161	203	3,549

Data notes and analysis:

1. Program Total represents cumulative data from 2003 to 2017.

Also see

> Data: Working Conditions Training and Assessment

We also continue to strengthen our own internal capability for identifying and managing human rights issues. In 2017, we trained 1,518 Ford Purchasing employees, including management and supplier quality teams, on our Policy Letter 24 and Supply Chain Sustainability Program. The training focus is to identify and report warning indicators for any potential human rights violations observed in any supplier location around the world. Since 2014, we have trained or retrained 3,968 Supplier Technical Assistance (STA) personnel.

Case Study

Driving a Better Tomorrow

Through winning the hearts and minds of our purchasing community, we empower our buyers to make more sustainable sourcing decisions. Driving a Better Tomorrow is a purchasing series created to educate and inspire employees on supply chain sustainability hot topics, trends or best practices. External industry experts are invited to share their perspectives and insights on key areas of interest. This program supports Ford's journey to drive sustainability integration; as a company, we must ensure that sustainability is part of all key processes and decisions we make.

In May 2018, over 400 buyers participated in a live session on business ethics, responsible sourcing and human trafficking. Industry experts and NGO thought leaders shared how the purchasing organization is impacted by these issues and, more importantly, the role purchasing can play in driving change.

As a company, we must ensure that sustainability is part of all key processes and decisions we make.

Related Page:

> Reducing Our Collective Footprint

AUDITING OUR SUPPLIERS

Third-party social responsibility audits provide suppliers with feedback about how well they are meeting both legal requirements and Ford's expectations. They also help identify specific areas for improvement necessary to drive sustained supplier improvement.

A New Protocol

Ford has been conducting third-party external supplier audits since 2003. We have conducted over 1,075 supplier audits and more than 1,400 follow-up assessments around the world and across commodities.

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Recognizing the value in cross-industry collaboration and adoption of best practices, in 2016 we became the first automaker to join the Responsible Business Alliance (RBA) (formerly the Electronics Industry Citizenship Coalition). As part of our membership, we adopted the Validated Audit Protocol (VAP). This audit protocol provides an expanded scope, with 90 questions covering labor, health and safety, management systems, ethics and the environment. Validated audits are conducted utilizing independent external auditors and include third-party quality control and validation to ensure credibility. Our audits are generally announced and agreed with the supplier in advance.

In 2017, we conducted 27 new audits using the VAP methodology, 100 percent of which were externally validated and certified by the RBA. The audits covered a broad range of commodity groupings from all regions of the world and were identified according to our risk assessment process.

Both Ford and our suppliers have experienced a learning curve associated with the elevated standards and process discipline required by the RBA audit protocol. To assist in process adherence, we implemented a number of improvements to our supplier engagement approach between 2016 and 2017:

- All audits were conducted according to the latest VAP audit protocol (V5.1.1)
- To prepare for the audit, suppliers completed the RBA SAQ in advance of the audit
- Supplier subject matter experts (Health and Safety, Plant Manager, HR Manager) were asked to participate in an RBA-facilitated, targeted onboarding meeting
- Suppliers were assigned three RBA Learning Academy e-learning modules to prepare them for the audit
- Suppliers interfaced directly with the third-party Audit Quality Manager to ensure direct feedback on priority non-conformance corrective action plans according to the RBA timeline

Through this direct engagement, our 2016 auditees (the most recent data available) improved their raw audit score by an average of 45 points between the initial and the closure audits, reinforcing supplier commitment to improving working conditions.

Related Pages:

- > Collaborating for Human Rights
- > Building Capacity in Our Supply Chain

Recognizing Our Commitment

The RBA has established the VAP recognition program to recognize a factory's commitment to social and environmental responsibility. Five of our suppliers from the Asia Pacific region are eligible for recognition through the VAP recognition program: two at the platinum level and three at the silver level.

Third-Party RBA Social Responsibility Audits: Assessment Results¹

	2016	2017	Total to Date ²
Initial assessments	31	27	58
		2016	2017
Follow-up assessments		NA	24

Data notes and analysis:

- 1. Audits conducted using the Responsible Business Alliance VAP Audit.
- 2. Program Total represents cumulative data from 2016 to 2017.

Taking Corrective Action

For identified non-conformances, we expect all of our suppliers to develop a corrective action plan detailing root causes, planned remediation actions and timings for resolution. Such plans are regularly reviewed with in-region supply chain sustainability personnel to ensure compliance aligned with Ford's expectations. We also review the overall status of supplier compliance with our commodity purchasing teams.

The most serious non-conformances identified are termed priority non-conformances. For these items, the supplier is required to prepare immediate containment plans and longer-term corrective action plans, which are reviewed and monitored by Ford regional sustainability leads.

Should a supplier be unable or unwilling to address certain audit findings within our expected timeframe, we first engage with our regional and global purchasing communities to attempt to resolve the issue. However, we reserve the right to end our relationship with any supplier that fails to comply with our Global Terms, which include compliance with local laws, or fails to address an agreed compliance plan within an agreed timeframe.

We had one instance in 2017 of a supplier being placed on sourcing hold as a result of 2016 audit results that uncovered fees being charged to foreign workers. While the fees being charged were allowed by local law, they were not aligned with our newly launched expectations regarding "no fees." The supplier is in the process of implementing corrective actions. We will continue to follow up and ensure that the situation has been remediated prior to new business being awarded to that supplier.

Audit Findings

2017 Non-Conformances Identified in RBA Audit

	% of total
Environment	11
Ethics	8
Health and Safety	25
Labor	33
Management Systems	23

The majority of non-conformances identified in our 2017 RBA audits were in the labor and health and safety sections. The weighting of issues in 2017 is aligned with 2016 audit data. There was an overall decrease of 17 percent in the total number of non-conformances between 2016 and 2017.

Approximately 5 percent of the non-conformances uncovered required immediate containment actions. Of these:

- 39 percent were attributable to working hours and consecutive days of work
- 47 percent were health and safety issues
- 3 percent were environmental issues

The remaining non-conformances were labor items, including pregnancy testing as a condition of employment, nighttime work for young workers and applicant-paid health checks.

Beginning in 2017, we began to direct all of our suppliers with identified priority non-conformances to targeted e-learning modules offered by the RBA. These specific modules are intended to provide additional capability building within the supply base.

Frequent Non-Conformances in 2017

Labor

Non-conformances related to working hour requirements – including inadequate time off and lack of policies and systems to record and manage working hours – continue to be frequently identified in supplier audits.

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Our audits did not reveal any instances of child labor or forced or involuntary labor, although a number of our suppliers' policies/procedures lacked the required robustness to ensure compliance.

Our audits also found that many suppliers lack the policies and procedures to ensure reasonable accommodation for all religious practices.

We continue to expand our training efforts and capacity building to equip suppliers with the knowledge, skills and processes to ensure employees' rights are protected.

Health and Safety

The most frequent health and safety non-conformances identified in 2017 audits were related to emergency preparedness. Many of these non-conformances can be quickly resolved through minor actions such as more frequent fire drills and updated emergency indicators and signage. Some, though, require more complex planning to resolve them. A number of audits revealed that some suppliers do not keep all required permits, licenses and test reports as required by local law. It was also uncovered in some instances that further discipline is required to ensure adequate personnel training on first aid equipment and more regular certification of first aid equipment. These issues are generally resolved quickly upon discovery.

Environment

Improper chemical container labeling and lack of secondary chemical containment are easily remediated non-conformances with hazardous substances. Identified gaps in management processes and lack of adequate worker training may require additional time to resolve.

A number of supplier sites were found to lack proper storm-water management processes, which are necessary to protect local waterways from contamination. These suppliers have been asked to develop corrective action plans to prevent discharges and spills from entering storm drains. As the RBA expectations are cascaded through our supply chain, we expect non-conformances in storm-water management to decrease.

Incomplete energy or greenhouse gas emissions data are flagged as non-conformances to the RBA audit protocol. For these, we continue to work with our suppliers through the <u>CDP Supply Chain</u> and <u>Ford PACE programs</u>, providing technical support and best-practice ideas to improve supplier reporting transparency and performance in energy management.

Ethics

Ethics non-conformances represent the smallest number of non-conformances identified in our supplier audits. Most identified items relate to the lack of effective policies and procedures to combat these issues. No instances of retaliation or bribery or corruption were found. Ethics compliance has gained greater visibility in the automotive industry, resulting in enhanced language in the Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain and the associated newly established Industry Practical Guidance. Industry training sessions will be updated to reflect this added emphasis.

Management Systems

Many of our suppliers lack mature and comprehensive management systems to proactively identify Labor, Health and Safety, Environment and Ethics risks. Specific items found include improperly defined roles regarding social compliance issues and lack of routine review of managements' handling of these issues. Many of our supplier facilities do not conduct regular self-audits to assess conformance with social compliance standards and regulations.

We have found that our <u>Aligned Business Framework (ABF)</u> suppliers have performed consistently better in this area than our non-ABF suppliers. Ford is exploring ways to extend the ABF approach to a broader section of the supply base.

Related Pages:

- > Targeting Our Human Rights Activities
- > Data: Working Conditions Training and Assessment
- > Responsible Sourcing of Raw Materials

RESPONSIBLE SOURCING OF RAW MATERIALS

With approximately 1,200 Tier 1 production suppliers providing up to 40,000 parts per vehicle, and 1,000 different materials in those parts, Ford recognizes that our material supply chain is complex. Nevertheless, we are committed to ensuring that the materials that go into our vehicles have been sourced responsibly.

Ford is working on multiple initiatives to increase transparency and responsibility in raw material sourcing because we recognize the importance of raw materials in the automotive supply chain. Ford participates in studies, workgroups and both industry and cross-industry collaborative discussions to identify key ethical, environmental and labor issues impacting the raw material supply chain.

We conduct ongoing investigations of raw materials to determine the appropriate level of action that must be taken internally and externally with the supply base. As we identify materials of concern, such as tin, tantalum, tungsten, gold, cobalt, mica, rubber and others, suppliers may be requested to support initiatives to improve due diligence and increase transparency. They may also be requested to provide information to verify that the materials in the products supplied to Ford have been sourced responsibly.

Salient Issue

Responsible Sourcing of Raw Materials

During our first formal human rights saliency assessment, we identified sourcing of raw materials as one of our nine most important issues – those at risk of the most severe negative impact through Ford's activities and business relationships.

Going forward, we're taking steps to develop action plans to manage and remediate these issues, and to expand our reporting on them.

> Find out more about our human rights saliency assessment

Conflict Minerals

The U.S. conflict minerals legislation is designed to reduce funding to armed groups benefiting from mineral trade in the Democratic Republic of the Congo (DRC) or adjoining countries. Ford is required to investigate the origin of the conflict minerals in our products. Our goal is to use only responsibly sourced tin, tungsten, tantalum and gold. We file an annual report disclosing the status of conflict minerals in our products.

What Are Conflict Minerals?

Tin, tungsten, tantalum and gold (3TG) are used in many auto parts and components, from engine assemblies to airbags. We work tirelessly to ensure the minerals we use in our vehicles are sourced responsibly.

Conflict minerals: Gold, as well as columbite-tantalite (coltan), cassiterite, wolframite or their derivatives, which are limited to tantalum, tin and tungsten.

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Disclosure and Reporting

In August 2012, the U.S. Securities and Exchange Commission (SEC) adopted the final rule to implement reporting and disclosure requirements concerning conflict minerals. Since 2014, under the U.S. Dodd-Frank Act 2010,¹ public companies have been required to conduct due diligence to determine the origin of the conflict minerals in their products and report annually to the SEC in the hope of ending violent conflict in the DRC and adjoining countries.

We are one of several automotive manufacturers obliged to report on conflict minerals in our supply chains in a Specialized Disclosure Report, filed annually with the SEC. Ford's Conflict Minerals Report was ranked as the highest-scoring by any auto manufacturer in the Mining the Disclosures 2017 report produced by the Responsible Sourcing Network.

To enable compliance with this disclosure rule, suppliers that provide us with components containing 3TG are expected to conduct due diligence to understand the origins of such minerals, source them responsibly and not knowingly provide parts containing minerals that may contribute to conflict. We encourage suppliers to use the Due Diligence Guidance compiled by the Organisation for Economic Co-operation and Development (OECD) to assess the chain of custody of these minerals. Ford requests its suppliers obtain 3TG from smelters that have been validated as conformant to a third-party responsible minerals sourcing validation program.

Reporting Progress

Suppliers are required to submit an annual Conflict Minerals Reporting Template (CMRT) to Ford. For the past three years, we have met our goal to achieve a 100 percent response rate from in-scope suppliers.

In 2018, we will continue to work with our suppliers to improve the quality of their reports.

Read our <u>2017 Conflict Minerals Disclosure filing</u> and download our <u>Conflict Minerals Policy</u> for more information.

Future Goals

As we continue on our conflict minerals journey, we have set the following goals:

- 100 percent response rate from in-scope suppliers for annual reporting
- Year-over-year improvement in the percentage of suppliers providing smelter lists
- Year-over-year improvement in the percentage of suppliers using Responsible Minerals Initiative (RMI)-conformant smelters
- Participate in smelter outreach efforts to encourage participation in the RMI audit process

Going Beyond Conflict Minerals

As our vehicle technologies and part designs continue to change, so will the materials we require in our products. Through Ford's ongoing raw material investigations and collaborative workgroups, we work hard to identify materials of concern that fall outside the U.S. Dodd-Frank Conflict Minerals legislation. Through enhanced contractual requirements, reporting requests and transparent dialogue, we work with our suppliers to ensure the raw materials that end up in our products have been sourced ethically and responsibly.

Some of the actions Ford has undertaken to improve sustainability in the raw material supply chain, beyond conflict minerals, are as follows:

- Enhance the Ford Motor Company Supplier Social Responsibility and Anti-Corruption Requirements Web Guide to expand responsible sourcing requirements for suppliers from conflict minerals to conflict minerals and additional materials of concern
- Increase buyer awareness for materials of concern and highlight the
 ways in which buyers sourcing parts with materials of concern can
 have a positive impact. At a special purchasing event, a vice president
 from the Responsible Business Alliance's RMI initiative stressed

the importance of responsible mineral sourcing, including key concerns and opportunities, due diligence expectations and recent engagements with investors and NGOs. Find out more about how we are embedding sustainable sourcing decisions

 Participate in RMI, AIAG and Drive Sustainability multistakeholder initiatives

Cobalt

- Ford is participating in the RMI cobalt pilot project. We are surveying relevant suppliers to gain a better understanding of the source and due diligence practices associated with the cobalt in our products
- A supplemental request for quotation (RFQ) section has been added for all future battery products. The supplement includes several due diligence questions specific to cobalt, to ensure that potential suppliers understand the importance of responsible cobalt supply and the compliance required of them before sourcing is awarded
- Supplier meetings are conducted with leading battery suppliers to increase transparency in the supply chain and ensure sustainable and ethical practices are supported in the product supplied to Ford

Mica

- Supplier meetings are conducted with key coating suppliers to monitor their performance and due diligence to source mica responsibly
- Mica due diligence activities include mapping the supply chain with Tier 1 suppliers, reviewing third-party audits of mica mines and participating in cross-industry investigations on mica

Rubber

- Ford is participating in new multi-stakeholder initiatives focused on increasing the supply chain for sustainable natural rubber
- Contributions to third-party consultant research were provided to understand the needs for sustainable natural rubber in the automotive industry and requirements for tire manufacturers
- We continue to work with OEMs, tire manufacturers, civil society and consultants to encourage and structure a sustainable rubber framework for the automotive supply chain

Industry and Cross-Industry Leadership

Our leadership position among our industry peers, across other sectors and in multi-stakeholder initiatives extends to developing solutions and sharing best practices to ensure responsible sourcing in our supply chain.

Our memberships and leadership positions include the following:

- In recognition of our efforts, Ford was included in the Top 100 Conflict Minerals Influence Leaders by Assent in 2017 for the third consecutive year
- <u>Automotive Industry Action Group (AIAG)</u> Ford's active role on the Smelter Engagement and Best Practices teams supports the development of processes and tools to educate suppliers and improve supply chain reporting transparency
- Responsible Minerals Initiative (RMI) Ford is a member of the RMI Steering Committee and an active member of the RMI Smelter Engagement Team (SET). In addition, Ford is a member of the RMI Multi-Stakeholder Group and the RMI Due Diligence Practice team
- <u>Public-Private Alliance for Responsible Minerals Trade (PPA)</u> Ford is an active member of the PPA, contributing to in-region solutions for responsibly sourced minerals
- Specifically, Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

Related Pages:

- > Targeting Our Human Rights Activities
- > Collaborating for Human Rights
- > <u>Using Sustainable Materials</u>

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GLOBAL MOBILITY

The world is becoming more crowded and urbanized, air quality is a global issue, and consumer preferences are changing rapidly. However, the new digital age is bringing exciting opportunities for potential solutions, which Ford is helping to drive. Ford's Mobility plan is using technology and innovation to address these global trends and to make people's lives better.

HOW WE'RE DRIVING CHANGE

Changing the Way the World Moves

Ford Motor Company was built on the belief that freedom of movement drives human progress. It's a belief that has always fueled our passion to create great cars and trucks. And today, it drives our commitment to become the world's most trusted mobility company, designing smart vehicles for a smart world that help people move more safely, confidently and freely.

A Fast-Moving World



Crowded Cities, Growing Populations

- · Air pollution and congestion
- Strain on transportation systems and highways
- Doubling of the global middle class by 2030 and more car ownership



Nature on the Edge

- Growing demand for energy, water and raw materials
- Climate change impacts from the use and manufacture of vehicles



Changing Consumer Priorities

- New behaviors shaped by the digital world and sharing economy
- Increasing appetite for ride sharing and different ways to own or use a car

Core Growth, Emerging Opportunities

Emerging opportunities in mobility are a substantial potential growth area and a strategic priority for Ford. The traditional business model no longer applies, and there are significant organizational challenges and opportunities for Ford as we develop into an auto and mobility company.

The future shape of the industry and the regulatory framework governing future solutions are hard to predict in detail. Multistakeholder collaboration and partnering can help foster innovation and success. We know there will be winners and losers emerging from the disruptive, dynamic mobility space. Knowing where to play and how to win is key.

We aim to lead in connectivity, autonomous vehicles, data analytics, the customer experience and mobility – we call our plan for this Ford Smart Mobility.

By pursuing emerging opportunities in key areas, including electrification, autonomy, and mobility services and solutions, we are driving future growth potential and responding to transportation challenges faced by cities across the globe.

We've identified three key areas of opportunity where we can lead:



Electrification

Become a top player in electrified solutions



Autonomy

Lead the development and application of fully autonomous vehicle technology



Mobility

Develop services and business models

OUR PERFORMANCE

Helping the World Move Smarter

We're using our technology and know-how to bring to life our vision of the future, with smarter forms of mobility operating within more sustainable cities.

- \$11 billion investment in electrified vehicles
- 10 years' leadership in autonomous vehicle technology development
- 40 new electrified vehicles to come globally by 2022
- 90% of new Ford vehicles to be connected by 2020

SELF-DRIVING VEHICLES

Self-driving vehicles have transformative potential. Ford has been a leading player in self-driving vehicle technology development for more than 10 years and we're working with key partners to incubate ideas and accelerate solutions.

Going Driverless

Self-driving vehicles offer many ways in which we can change how our cities work for the better. We believe they offer safer, more efficient, more widespread solutions that benefit cities, companies and individuals. That's why we're working with partners such as Domino's, Lyft and Postmates to develop pilot projects using self-driving vehicles. We're also working to ensure these vehicles are safe and reliable, and to gauge public reaction to this new technology. Our target is to begin production by 2021 of a purpose-built, self-driving vehicle so we can enable mobility services at scale.

Case Study

Testing Self-Driving Vehicles for Food Delivery

With a target of beginning production of self-driving vehicles in 2021, we are designing a business to meet the needs both of partner companies and of their customers.

Ford is partnering with Domino's Pizza to find out how customers react to self-driving vehicles delivering their meals. Teams from the two companies will gauge consumers' views, providing invaluable insights to inform any future use of self-driving vehicles in food delivery.

During the trial, randomly selected Domino's customers in Ann Arbor, Michigan, will have the opportunity to receive their pizza delivery order from a Ford Fusion Hybrid Autonomous Research Vehicle. The vehicles will be manually driven by a Ford safety engineer and staffed with researchers. Customers who agree to take part will be able to track the delivery vehicle's progress via an upgraded version of Domino's Tracker®. Text messages will keep them informed on how to retrieve their pizza and send them a unique code to unlock the Domino's Heatwave Compartment™ inside the vehicle.

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As we continue to develop self-driving technology, research like this is crucial in ensuring that technology is used in ways that enhance the customer experience. With a target of beginning production of self-driving vehicles in 2021, we are designing a business to meet the needs both of partner companies and of their customers.

Related Page:

> Smart Vehicles for a Smart World

MOBILITY SOLUTIONS

Transportation is undergoing perhaps the greatest revolution in a century. Ford is itself expanding to become a leader in both automotive and mobility, helping to create a better, smarter world.

Companies everywhere talk a lot about mobility, connectivity and finding ways to make better use of data. At Ford, we have been working on this for a long time and we have entered into partnerships or acquisitions of companies such as Autonomic and TransLoc who are renowned in this space. We are also working very closely with cities to ensure that we're providing mobility solutions that will benefit the city and improve the way its citizens move around it.

We are focusing on two core elements that underpin everything we're doing – delivering a human-centric experience, and building on the foundation of trust the Ford brand already has.

You've heard us say we're building smart vehicles for a smart world. Taking a human-centric approach to this means we aren't just introducing technology for the sake of having the latest know-how. We're focusing on the experiences we can create for our owners and users and how they need to move, and we're creating and using technology to deliver those experiences.

To build trust, we are building on our reputation and focusing on privacy and security. Our owners and users need to know they can trust us with the data they choose to share with us; building that trust and ensuring we deliver on that promise underpins everything we are doing.

We are accelerating and expanding our activities to deliver a broad suite of mobility products and services, for individual car owners right through to entire cities. An increase in speed and scale will come through the establishment of four new, integrated teams:

- Ford X: Offering quick incubation of potential products and services; and new mobility businesses early in their development
- Mobility Business Group: Responsible for scaling the company's existing mobility businesses
- Mobility Platforms and Products: Leading design and development for the technology underpinning Ford's mobility businesses
- Mobility Marketing and Growth: Driving demand with individual consumers and with commercial and city customers, and ensuring the voice of the customer is heard throughout the organization

Case Study

Bringing Mobility Solutions Closer

We aim to create and incubate new mobility businesses, as well as dynamic routing solutions that help cities and motorists globally.

As part of the acceleration of our mobility solutions, we have acquired <u>Autonomic</u>, a technology company that specializes in scale, architecture and leverage for transportation solutions, and <u>TransLoc</u>, a provider of demand-response technology for city-owned microtransit solutions.

Our acquisition of Autonomic will hasten the establishment of our Transportation Mobility Cloud platform and support other key mobility initiatives. Autonomic will also help us create and incubate new mobility businesses and help us access top technology talent.

TransLoc will enable us to leverage the company's operational expertise and network of city relationships, as well as its dynamic routing solutions that have helped cities and motorists globally.

In addition, in 2017 we founded Ford Commercial Solution. This new business arm will leverage vehicle connectivity to deliver data services and fleet optimization to the commercial sector.

Transforming the Customer Experience

Through FordPass, we are focused on taking the consumer experience to the next level and transforming how consumers interact with Ford. Helping people travel in a smarter way, FordPass features include:

- Live traffic delivering real-time service updates to help avoid congestion
- In-app service booking
- · Ford credit account management
- FordGuides to help with any FordPass questions
- · Find parking locations and prices with FordPass partner NCP

The new FordPass Connect, the embedded modem technology, will add additional features such as remote lock or unlock, vehicle location and automatic vehicle health alerts. The FordPass app is available to download for free now in both the Apple and Google app stores.

We have continued to add new and enhanced functionality to the FordPass app and services over the year. FordPass members can now find a parking spot more easily, with the added ability to make reservations as well as see parking garages.

Case Study

Chariot Rides Into London to Help Commuters

"Cities globally are dealing with increased congestion and environmental issues. Ford is helping to alleviate these challenges by developing mobility solutions – such as Chariot – that are finely tuned to the unique challenges of commuters in different locations, addressing gaps in transport systems and completing their travel with first- and last-mile additions."

Marcy Klevorn

President, Ford Mobility

Following its successful introduction in the United States, Ford's commuter shuttle service Chariot has launched in London. Designed for city dwellers who may not have easily accessible public transport, Chariot helps them to complete the first and last miles of their journeys more easily by connecting them with underground stations and other transport hubs.

After a detailed analysis of urban areas, four London routes have been identified to connect commuters in densely populated and rapidly growing areas to existing transport networks. A fleet of 14 fuel-efficient minibuses will operate up to six shuttles per hour at peak times, offering Wi-Fi, air conditioning and overhead storage. Commuters can use a smartphone app to track progress, search for local routes and locate the nearest convenient pickup point before booking a seat.

Chariot is also exploring enterprise and charter services in London, and all drivers will be trained in supporting passengers with special needs.

As well as launching Chariot, Ford is trialing a 20-strong fleet of plug-in hybrid Transit Custom vans throughout 2018, as part of the "Cleaner Air for London" initiative run by the city's transport authority, Transport for London.

Strategy and Customers
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Case Study

GoRide Means No More Missed Appointments

"By merging our expertise in vehicles, technology and human-centered design, we've created a high-touch, patient-focused service that truly understands and is tailored to patients and their needs. Our service is focused on multiple social determinants of health, and delivers the quality of care and on-time certainty that medical facilities need in order to increase throughput and reduce wait times."

Marion Harris

Vice President, Ford Mobility Business Group

In 2017, Ford launched GoRide, a non-emergency medical transportation service to get patients safely to and from medical appointments on time.

GoRide sets new standards, offering a bedside-to-bedside service from professionally trained drivers, an on-demand wheelchair service and fully kitted-out transportation vehicles. As well as guaranteeing on-time arrivals and departures, GoRide also enables users to get to appointments they might otherwise not be able to get to because of a lack of their own transport, mobility challenges or even due to adverse weather conditions.

GoRide currently covers more than 200 health care facilities in the Beaumont Health Network, Southeast Michigan. Health care facilities can easily schedule and book transportations for their patients.

As well as helping patients, the system could also benefit the health care facilities. Missed appointments and scheduling issues cost the health care industry an estimated \$150 billion a year. Non-emergency medical transportation systems like Ford's GoRide can help address this by getting patients to appointments on time and home faster after discharges, reducing readmission rates and the need for emergency services, and preventing missed medical appointments. And, with an aging population, there is a growing need for services like GoRide. Related Page:

> Building the City of Tomorrow

ENABLING SMART CITIES

The future of city transport is intelligent movement. To make room for an ever-expanding population, we are searching today for the solutions and platforms that will make tomorrow viable.

We are aggressively expanding core cellular-based connectivity across the Ford lineup with 100 percent of new vehicles in the U.S. and China connected by 2019 and over 90 percent of new global vehicles connected by 2020.

Smart Solutions for Cities

In 2017, we opened our Mobility Innovation Office in London. The Here East office will target the near-term development of mobility technologies with a focus on the specific requirements of European cities. We will continue to work on projects with the city to help improve air quality, ease congestion and broaden mobility for Londoners.

The Here East campus is already home to Loughborough University, one of our longstanding research partners, and the Advanced Propulsion Centre, which has supported our powertrain research, including recent developments for this year's plug-in hybrid Transit.

Helping Drivers to Outsmart Traffic

In May 2018, we announced that the popular navigation and traffic app Waze will be available to Ford owners globally. With more than 100 million active users, Waze is the world's largest community-based navigation app. The collaboration means that Apple iPhone owners will be able to project Waze to the big screen in their car. Ford already offers mobile navigation app Sygic on the AppLink platform, and the SYNC 3 Navigation System with FordPass Live Traffic.

"Waze works as a personal heads-up from 100 million of your friends on the road – and now that will include the many Ford drivers who will be able to safely access our app while on the move through the car display."

lens Baron

Product Lead, In-Car Applications, Waze

Connected Travel

Today, we spend an average of 38 hours a year in traffic; 30 years ago, it was 16. Growing urbanization brings increasing congestion – without solutions.

Ford's <u>Transportation Mobility Cloud</u> is an open software platform that, among other things, could one day allow vehicles, streets and cities to talk to each other and plan the most efficient routes for people. This cloud technology could direct people to use a combination of an autonomously driven Ford-built taxi and bicycles to get to their destination. In the future, Ford customers may not even be car drivers at all.

"We believe transportation done right – as part of a systems approach – can bring life back to our cities."

Marcy Klevorn

President, Ford Mobility

Related Page:

> Building the City of Tomorrow

OUR CONTRIBUTION TO SOCIETY

Ford Motor Company has always been much more than just an employer — we're also a neighbor. From investing globally in talent for the future to advancing sustainable communities, we aim to make a positive impact on society.

HOW WE'RE DRIVING CHANGE

Investment and Engagement

Our support for the communities in which we operate and for wider society goes beyond just donating money to good causes. It's also about building long-lasting partnerships to address the challenges our neighbors face, helping provide food and shelter, improving educational opportunities, and contributing to emergency relief and disaster response.

We're driving change across three key areas:



Community Life Advancing sustainable communities around the world



Education
Building a talent
pipeline for
tomorrow



Driver Safety Encouraging safer driving globally Strategy and Customers
Governance and Products Operations People and Performance
Society and Data

Ford Fund: Coordinating Our Impact on Society

The Ford Motor Company Fund and Community Services – or Ford Fund for short – oversees and coordinates our volunteering efforts and philanthropic investments, supporting initiatives in community life and education, as well as <u>encouraging safer driving</u>.

OUR PERFORMANCE

Investing in Society

We can help improve quality of life for all by working with, and contributing to, the communities where we live and work, as well as society as a whole.

- \$63 million in total charitable contributions in 2017¹ (Community Life \$36.8m, Education \$18.4m, Driver Safety \$7.8m)
- Contributions from Ford Fund, and Ford Motor Company contributions administered through Ford Fund.
- More than 237,000 volunteering hours donated by current and retired employees through the Ford Volunteer Corps
- More than \$1.5 billion donated to date to civic organizations to strengthen communities around the world
- 100 STEAM scholarships worth up to \$10,000 each awarded in 2017

INVESTING IN THE NEXT GENERATION

We believe it's vital to inspire an interest in technology and innovation among schoolchildren. As the world moves forward ever-faster, we're preparing students to step up to the challenges ahead.

Investing in Technology and Innovation

To strengthen our pipeline of potential future talent, we have developed a consistent global strategy that focuses on STEAM (science, technology, engineering, art and math) programs. We aim to develop and deliver innovative programs for students and educators around the world that nurture technical talent. In doing so, we prioritize programs that leverage skills and help foster long-lasting partnerships and engagement.

Our Support for STEAM Programs

Powered by Ford STEAM Academies

Our Powered by Ford STEAM Academies are designed to attract highschool students and prepare them for life beyond school. Alongside core academic subjects, students participate in engineering, information technology and manufacturing projects, which in many cases are conducted at our own sites.

We also award millions of dollars in scholarships to support social mobility, providing much-needed financial support to assist high-achieving college-bound students with their studies. In 2017 we awarded 100 Blue Oval STEAM Scholarships worth up to \$10,000 each, including 29 to female students.

Ford STEAM High School Community Challenge

Ford Next Generation Learning (NGL) is a signature program of Ford Fund. Ford NGL has teamed up with the Ford STEAM program to support creative high-school students. The Ford STEAM High School Community Challenge empowers students to make a positive difference in their communities. Supported by \$50,000 in grants from Ford and with participation from community partners, students use their technical skills to propose solutions that address unmet needs in technology, alternative energy, health and other areas.

In 2018, six teams from across the United States were selected to implement their inventive solutions. The winner, Spruce Creek High School in Port Orange, Florida, was awarded \$20,000 to develop

a smartphone application that enables people in disaster areas to communicate with emergency response teams, family and friends.

Runner-up, the Utica Center for Science and Industry in Sterling Heights, Michigan – a Powered by Ford STEAM Academy – will use its \$10,000 award to harness centripetal force created from gym equipment through a turbine system to reduce the harmful use of resources to create electricity.

Four other teams, from California, Florida, Georgia and Texas, each received \$5,000.

> Learn more about this year's winning projects.

FIRST® Robotics

Robots are increasingly an important part of the workplace. Our FIRST® Robotics program challenges teams of students to compete to fund, build and program robots to perform certain tasks, against tight schedules and with limited resources. Ford provides grants and mentor engagement to more than 100 elementary and middle schools and 87 high-school teams, helping them participate in a range of STEAM challenges. In addition, in 2017–18 more than 200 employees volunteered to act as mentors to Ford-sponsored teams.

Girls Who Code

Women are significantly underrepresented in the tech industry. To help address this, the Ford Research and Innovation Center (RIC) at Palo Alto, California, has partnered with <u>Girls Who Code</u>, a nonprofit organization that aims to inspire, educate and equip young women with the skills needed to pursue academic and career opportunities in computing. RIC is providing opportunities for young women interested in science, technology, engineering and math (STEM).

Across the United States, Girls Who Code programs combine instruction in robotics, web design and mobile development with mentorship from top engineers at RIC. In this way, students gain exposure to real-life role models and hands-on experience on projects at our Silicon Valley research lab.

Primary Engineer

Around the world, there is a shortfall of young people entering engineering as a career. To help tackle this, in the U.K. Ford Fund supports Primary Engineer, a nonprofit organization that runs engineering-based courses for primary-school children (aged 7–11) with a £15,000 grant.

In 2017, we launched an exciting STEM initiative for primary-school children in 20 schools across Essex in the southeast of the U.K. We invited 40 teachers from 20 schools to the Ford Dunton Technical Centre to take part in a one-day practical course. The Technical Centre – home to 3,000 highly skilled designers, engineers and support staff – hosted the training day, which supported teachers and support teachers in the practical aspects of delivering a classroom engineering project.

"There is a recognized shortage of engineers across Europe. Children form ideas about suitable careers from a very young age, and so we need to work with schools to ensure that children of a primary age are given the opportunity to learn more about STEM – and are encouraged to consider a future in the area."

Linda Carpenter

Director, Product Planning and Strategy, Ford Dunton Technical Centre

Empowering Through Education

As well as STEAM programs, Ford Fund supports initiatives that empower young people to take control of their future, improve people's lives, and drive upward social mobility.

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Ford College Community Challenge (C3)

Governance

The Ford College Community Challenge (Ford C3) supports young people and encourages social entrepreneurship through the implementation of sustainable community solutions. 2017 saw the 10th anniversary of Ford C3 globally and the third anniversary of its operation in Europe, where it partners with registered charity Enactus.

Operating in 58 universities across the U.K., the international nonprofit organization enables student-led teams to create community development projects. The 2017 Ford U.K. Innovation Challenge, part of Ford C3, offered teams the opportunity to win £25,000 to upscale a community initiative that addressed an unmet social need or problem.

The winner, the University of Sheffield's "Motion" project, delivers chairbased exercise sessions for the elderly with the intent of increasing physical mobility, reducing social isolation and improving the lives of participants, while also providing employment for vulnerable people.

Ford Driving Dreams Tour

Ford Driving Dreams empowers students to achieve academic success through scholarships, book donations, leadership programs, college preparedness tools, motivational pep rallies, essay contests and careerbuilding activities. To date, its initiatives have delivered more than \$3 million in educational resources and over \$1.3 million in grants since the program's launch in 2010. Having reached more than 100,000 students in California, Florida, Illinois, Indiana and Texas, the program has now expanded to support students in Panama and Puerto Rico.

Related Pages:

- > Building Sustainable Communities
- > Employee Volunteering

BUILDING SUSTAINABLE COMMUNITIES

At Ford, we recognize the need for strong communities and the role we can play in leveraging our resources to support community life.

By making people's lives better in communities around the globe, we can help achieve a better world. We're focusing our efforts in key areas including hunger relief, poverty alleviation, and support for the elderly, disabled, military veterans and other underrepresented populations. We also support environmental initiatives, with a particular emphasis on access to water, hygiene and sanitation.

In 2017, we supported more than 700 community groups and projects, including:

- Opening a second Ford Resource and Engagement Center in Detroit
- · Being lead investor in the Cass Community Social Services tiny homes project in Detroit, an innovative neighborhood revitalization plan designed to provide affordable housing for low-income residents and people who were once homeless

Building a Better World

Project Better World is rooted in Ford's belief in social business - being intentional about the business of making the world a better place. Through Project Better World, we work with government agencies, corporations, civil society, impact investors, social entrepreneurs and academia to find ways to improve the human condition. Activities focus around the key areas of health, education and driver safety.

Our current work focuses on three locations: India, Nigeria and South Africa. Working with four major partners - World Vision, Riders for Health, George Washington University and Global Water Challenge our activities have positively impacted 140,000 lives to date.

India

In India, we have partnered with World Vision to deliver innovative health and educational services in local communities through mobile clinics and libraries. Using two Ford Endeavors, World Vision's interventions have reached more than 57,000 people, including:

- 9,612 schoolchildren who received training in water, sanitation and hygiene
- 10,915 schoolchildren given access to a mobile library

Society

- 1,370 drivers trained on road safety awareness
- 3,104 children vaccinated for measles and rubella
- 5,450 community members who participated in medical health camps

Nigeria

Riders for Health, along with the Nigerian Ministry of Health and three NGOs, is using two Ford Rangers to deliver critical health interventions to more than 81,000 people. Services include HIV and AIDS testing, TB screening, malaria treatment, prescription drug distribution and viral particle measurements for HIV patients.

South Africa

Using two Ford Rangers, we have supported World Vision in delivering child and maternal health services to thousands in underserved

- 2,848 people have received TB screening, HIV testing and deworming treatments
- 1,368 people have attended health presentations and engagements
- · 462 have participated in health clubs, with meetings and training

Transforming Communities

Ford Fund's Operation Better World is a coordinated, grassroots initiative with nonprofits and dealers to develop transformational programs focused on mobility, education and sustainable communities.

In collaboration with the nonprofit Global Giving Foundation, innovative programs in 56 markets utilize the expertise of local Ford teams and community leaders to make a world of difference. Here are just some of our recent activities:



We recently set up a STEAM Hub at Northern Bay College in Geelong, running events and mentoring student teams in interschool competitions designed to promote science, technology, engineering, arts and mathematics. In 2017, engineers from our nearby Product Design Center contributed 1,048 hours to support STEAM projects, reaching 5,700 students directly.



Employees from Lao Ford City in Laos also teamed up with World Vision, with 20 volunteers cleaning the grounds of Mahosot Hospital and donating cleaning equipment.



The Philippines

Together with the American Chamber Foundation Philippines, Ford supports a number of communities through development agency Gawad Kalinga. In 2017, Ford employee and dealer volunteers spent 824 hours helping build, paint and repair houses for 20 families; organized children's activities; and conducted six medical and dental missions, benefiting 2,419 people. Ford also led the training of 158 health care volunteers.

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South Africa

Partnering with the Wildlife and Environment Society of South Africa (WESSA) and the National Council for Persons with Disabilities, in 2018, Ford South Africa funded the purchase of specially adapted wheelchairs. These can traverse sand, enabling people with physical disabilities to access the beach.



Sri Lanka

Ford volunteers from Future Automobiles Ltd., together with World Vision Lanka, set up a mobile medical camp to support 400 underprivileged residents of Kattumurivu village.



United Arab Emirates

The Henry Ford Entrepreneurial Academy (HFEA), which promotes entrepreneurship across the Middle East and Africa, held a three-day workshop for 40 participants at the newly opened Youth Hub in Dubai, in conjunction with the UAE's Ministry of Affairs. In 2018, further events took place in Ras Al Khaimah and Dubai in the UAE, as well as in Morocco and Saudi Arabia.

Related Pages:

> Regional Review

Disaster Relief

Ford has a long history of assisting communities devastated by natural disasters around the world. Each year Ford Fund provides more than \$1 million in grants to nationally recognized aid organizations, as well as donating vehicles, supporting employee-matching and volunteer programs, and coordinating with dealers to mobilize immediate and long-term assistance.

In the aftermath of Hurricane Harvey, Ford and Ford Fund worked with Houston-area dealers to raise \$3.5 million to support relief efforts. Ford Fund and Ford Puerto Rico have also teamed up with local nonprofits, investing more than \$1.2 million to support continuing disaster recovery efforts following Hurricanes Irma and María. Two Ford Social Mobility Centers are providing residents with food, water and other supplies. Ford Fund also announced the donation of two additional vehicles to provide educational and medical services around the island. Three vehicles donated to the Salvation Army and Red Cross have been able to transport greater quantities of supplies to remote island neighborhoods.

Ford Fund also continues to innovate and expand the reach of our helping hands. The Ford Motor Company Disaster Relief Mobility Challenge is a U.S.-based initiative that challenges nonprofits to find creative ways to help people in their communities. The Challenge provides grants to assist the purchase of a custom-outfitted Ford Transit or truck to serve in missions that rebuild damaged communities. The first three recipients – Team Rubicon, ToolBank and Catholic Charities – all used their vehicles in support of Hurricane Harvey relief.

Providing Access to Community Services

Ford was founded in Detroit in 1903, and we have been investing in the city and surrounding area ever since.

Together, Ford and Ford Fund have invested more than \$166 million in southeast Michigan over the past 10 years to support programs such as the Tiny Homes neighborhood project, a fleet of 20 Ford Mobile Food Pantries and Ford Blue Oval Scholarships. And since 2005, Ford Volunteer Corps has participated in nearly 10,000 local community service projects to make people's lives better.

To better support the communities we serve, we have now opened two Ford Resource and Engagement Centers in Detroit. These centers increase access to essential services, helping more than 85,000 people with food distribution, tax return preparation, education and job initiatives, legal assistance and other programs.

"We want to harness the untapped potential in our schools and neighborhoods to help more people gain access to the benefits of a stronger, more prosperous Detroit."

Jim Vella

President, Ford Motor Company Fund

Case Study

Ford Partners With Cancer Treatment Centers

"Medicine is an ever-changing science where small changes have a huge impact on the lives of patients. With Ford's help, we are making huge improvements that will benefit the lives and treatment of future patients for years to come."

Prof Dr. Michael Hallek

Director, Center for Integrated Oncology

A partnership in Germany shows how Ford can bring its expertise to help the wider community.

Mike Butler, a quality director at a Ford assembly plant in Cologne, Germany, was fascinated by the process through which he and fellow cancer patients were treated. He saw an opportunity to introduce practices from the car manufacturing facility, where he works, to cancer treatment centers, like the one that saved his life, so that they might run more smoothly.

Butler and his team researched and proposed changes that are now being implemented at the Center for Integrated Oncology (CIO) at the University of Cologne, and have already contributed to a 30 percent improvement in patient flow.

This has since developed into a two-way flow of ideas, as hospital staff are bringing their experience of working with big data to bear on Ford's research into future vehicles. The company is now applying this thinking in relation to future vehicles and new technologies.

Related Pages:

- > Employee Volunteering
- > Investing in the Next Generation

EMPLOYEE VOLUNTEERING

Volunteerism is an integral part of our business. We encourage our employees to participate in programs that strengthen the communities in which we operate.

The Role of the Ford Volunteer Corps

Leading the way in our mission to create a better world, the Ford Volunteer Corps was launched by Bill Ford in 2005 in the aftermath of the devastating Indian Ocean tsunami and deadly hurricanes in the United States. It has since grown into a highly coordinated network of current and retired Ford employees across six continents, helping feed the hungry, deliver clean water, build homes, renovate schools and mentor young people.

To maximize the two paid workdays we offer salaried employees each year to volunteer in the community, our "matchmaking" software system enables nonprofit partners to inform us when and where they need help, while employees can sign up online for opportunities based on their interests, skills and availability. We are continuing to enhance the user experience and strengthen our data collection, especially outside the United States.

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Community Involvement in 2017

- More than 36,000 volunteer participants
- · 237,000 hours of volunteering
- \$5.7 million in grants for tools and supplies
- 40 countries reached
- 1,766 community projects

Our Volunteering Programs

Ford Global Caring Month

September is Ford Global Caring Month and in 2017 more than 19,000 current and retired employee volunteers participated in 559 projects around the world. These included:

- Australia: Installed water tanks at a camp for underprivileged young people
- Brazil: Helped build a facility to care for impoverished families and children with cancer
- China: Community gardening, beach clean-up and environmental education
- Germany: Assisted with preparations for a new refugee camp
- Mexico: Home construction, school and shelter renovation
- · Philippines: Building community water facilities in villages
- South Africa: Installed equipment to capture and store water at schools, and carried out building repairs

Ford Seasons of Service

The Ford Volunteer Corps is evolving its year-round efforts to make people's lives better. Ford employees and nonprofit organizations have fully embraced our community volunteer work, but they need more flexibility to work around tight schedules or answer the call when nonprofits need it most. Responding to their feedback, we are now focused on four seasons of Ford volunteer service, rather than four days of concentrated efforts we called Ford Accelerated Action Days.

The seasons of service are:

- **Spring:** Children and Families, including the annual Diaper and Formula Drive in Michigan
- Summer: Better World, environmental projects, including the Green IT e-Waste Recycling Drive in June, which this year adds car seat recycling
- Fall: Community Building, with Ford Global Caring Month in September remaining our signature annual event
- Winter: Giving and Sharing, including hunger relief and the Kids' Coat and Jacket Drive

The Ford Volunteer Corps is also encouraging skill-specific volunteering to better utilize the advanced skills of more employees, who will return for future service, providing sustainable support for nonprofits. More than 60 Ford employees are trained and certified to work this year with Accounting Aid Society, which provides free tax services for low-income people in southeast Michigan to make sure they receive earned income tax credits and other benefits they are entitled to when they file their tax returns. Most of the Ford employees assisting with tax returns work in accounting or finance. The dollars are critical to helping people become more self-sufficient and improve their quality of life.

Bill Ford Better World Challenge

The Bill Ford Better World Challenge is a global grant program, jointly funded by the company and Executive Chairman Bill Ford. Through the initiative, set up in 2015, employee volunteers can apply for grants, totaling up to \$500,000 a year, to support transformational community service projects that address issues around mobility; basic needs, such as food and shelter; or access to water, sanitation and hygiene.

In 2017, we awarded \$200,000 for two projects that will significantly improve health and sanitary conditions for people in India and Mexico:

- In the Kancheepuram district of India, 300 SMART toilets will be installed at residential homes to mitigate poor sanitation; the program includes education on good hygiene practices
- In Guayacan, Mexico, grant funds will build a community center where area residents can obtain uncontaminated water, have access to flushing toilets and receive a weekly free meal; the facility aims to serve 750 families

Case Study

Helping People Overcome Taxing Challenges

"Ford provides a lot of volunteer opportunities, but this is one of the most rewarding experiences because you could possibly be generating cash for a client. It's often the largest amount of cash these people will get in an entire year."

Bob Clary

State Tax Manager, Ford

Tax Manager Bob Clary has worked for Ford for 19 years. For all of that time, he's also been a volunteer tax preparer for the Accounting Aid Society. Accounting Aid provides free tax services for low-income residents in southeast Michigan to make sure they receive tax credits and other benefits they're entitled to when they file their tax returns. The money they receive is often critical to helping them become more self-sufficient and improving their quality of life.

More than 60 Ford employees are currently trained and certified to work on its volunteer tax assistance program, providing much-needed help to community members. In 2017, Accounting Aid helped local residents claim a total \$28 million to which they were entitled, an economic boost to the area that otherwise would have been out of the reach of those who need it most.

The tax help is available at both of <u>Detroit's Ford Resource and Engagement Centers</u>.

Related Pages:

> Building Sustainable Communities

SUPPLIER DIVERSITY

We are committed to creating opportunities for diverse suppliers running minority-, women- and veteran-owned businesses that drive profitability and make their enterprises more sustainable.

Partnering for Diversity

Our nationally recognized Supplier Diversity Development (SDD) Program has led to productive business partnerships with diverse entrepreneurs, and valuable products and services for our customers through its leadership and success in driving innovative best practices.

In 2018, we announced the expansion of our program to include certifications from the National LGBT Chambers of Commerce (NGLCC), US Business Leadership Network (USBLN), the Small Business Administration (SBA) and WEConnect International. This expansion emphasizes our commitment to rebranding our organization as not only diverse but also inclusive. Diversity is inevitable, but inclusion must be something that requires conscious and intentional efforts.

In 2017, Ford purchased goods and services worth:

- \$8.98 billion from minority-owned suppliers
- \$0.56 billion from veteran-owned companies
- \$2.51 billion from women-owned businesses

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Promoting a Diverse Supply Chain

For the past 40 years, Ford has recognized that having a diverse supply base is a fundamental part of our overall success. Diversity and inclusion among those who supply our products and services ensure that we are collecting fresh perspectives that, in turn, lead to cuttingedge innovations and accelerated business development. This further supports our dedication to fostering strong and productive relationships with entrepreneurs from a wide range of backgrounds to meet our customers' needs and expectations.

As well as buying from diverse suppliers, we work with business leaders, community organizations and trade associations that represent the interests of diverse businesses. We are members of the Billion Dollar Roundtable (BDR), a group of 27 corporate members across 10 industry sectors that each purchase at least \$1 billion of goods annually from diverse suppliers. The BDR promotes and shares best practices in supply chain diversity excellence through the production of white papers. It also encourages corporate entities to continue growing their supplier diversity programs by increasing commitment and spending levels each year.

Demonstrating our commitment, we have extended our leading role in one of the major supplier diversity advocacy organizations from January 2016 to December 2018. Joe Hinrichs, President of the Americas for Ford Motor Company, is currently Chairman of the Board for the National Minority Supplier Development Council (NMSDC).

Supplier Development

Our Mentor Me program helps to advance and develop diverse suppliers through selective matching of senior executives from Ford and/or other partner organizations. During the one-day program, mentors assess the diverse business, evaluate real-time organizational challenges/opportunities, discuss future business and provide feedback to enhance leadership and communication in the areas selected by the diverse business. In 2017, we hosted four Mentor Me sessions.

To date, we have sourced more than \$110 billion in goods and services through our Supplier Diversity Development (SDD) Program from minority-, women- and veteran-owned businesses.

Awards and Recognition

Our SDD Program received external recognition from a wide range of awards, rankings and rating agencies in 2017, confirmation that we continue to "maintain leadership in supplier diversity."

A number of individual Ford people were also recipients of honors and accolades, as shown below.

Major Recognition for Our Supplier Diversity Program

- 2017 National Minority Supplier Development Council Corporation of the Year Award
- 2017 Michigan Minority Supplier Development Council Corporation of the Year Automotive OEM Winner
- 2017 Women's Business Enterprise National Council America's Top Corporation Gold Award
- · 2017 National Veterans Business Center, Founder's Award
- Veteran Business Roundtable, Corporate Member 2017–2018 Award
- U.S. Veterans Magazine Best of the Best (Top Veteran Friendly and Top Supplier Diversity)

Individual Awards for Ford Employees

- MBNUSA magazine Champions of Supplier Diversity: Hau Thai-Tang, Group Vice President, Global Purchasing and Product Development
- MBNUSA magazine Champions of Supplier Diversity: Renee Jones, Director, Supply Chain Development
- MBNUSA magazine Champions of Supplier Diversity: Stephanie Williams, Manager, Supplier Diversity Development
- Diversity Plus magazine Showcasing 2017 Top 25 Women in Power Impacting Diversity: Renee Jones, Director, Supply Chain Development

Related Pages:

- > Data: Supplier Diversity
- > Environmental Impact of Our Suppliers