

UN GUIDING PRINCIPLES REPORTING FRAMEWORK INDEX 2017/18

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PART A: GOVERNANCE OF RESPECT FOR HUMAN RIGHTS				
Human rights topic	Question	Ford commentary	Links to responses	
Policy commitment	A1	What does the company say publicly about its commitment to respect human rights?	<p>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 others make for us – is consistent with local law and our own commitment to protecting human rights. You can read more about our commitment to human rights in our Policy Letter 24 and in our 2017/18 Sustainability Report.</p>	<ul style="list-style-type: none"> > Policy Letter 24 > Safeguarding Human Rights
	A1.1	<i>How has the public commitment been developed?</i>	<p>This commitment is embodied in our Policy Letter 24: the Ford Code of Human Rights, Basic Working Conditions and Corporate Responsibility. This code is based on internationally recognized labor standards. Ford adopted this code in 2003 and then formally issued it as Policy Letter 24 in 2007. It was updated in 2012 when it was revised to specifically communicate our encouragement of suppliers to adopt and enforce similar policies for their suppliers and subcontractors. You can read more about this in our 2017/18 Sustainability Report.</p>	<ul style="list-style-type: none"> > Policy Letter 24 > Our International Framework Agreement on Human Rights
	A1.2	<i>Whose human rights does the public commitment address?</i>	<p>Our Policy Letter 24 outlines the basic guiding principles that serve as the cornerstone of our relationships with our employees and other stakeholders in the countries where we operate.</p>	<ul style="list-style-type: none"> > Policy Letter 24 > Safeguarding Human Rights
	A1.3	<i>How is the public commitment disseminated?</i>	<p>Our Policy Letter 24 is publicly available on our company website, referenced in our supplier web guides and in the Global Terms and Conditions (GT&Cs).</p>	<ul style="list-style-type: none"> > Policy Letter 24
Embedding respect for human rights	A2	How does the company demonstrate the importance it attaches to the implementation of its human rights commitment?	<p>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.</p> <p>The company will seek to neither cause nor contribute to adverse human rights impacts through our activities and will seek to timely address such impacts if and when they occur.</p> <p>Throughout our operations, robust policies and practices are in place to ensure a safe working environment.</p> <p>We are committed to ensuring that the materials which 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.</p>	<ul style="list-style-type: none"> > Policy Letter 24 > Our International Framework Agreement on Human Rights > Our International Framework Agreement Human Rights Principles

PART A: GOVERNANCE OF RESPECT FOR HUMAN RIGHTS

Human rights topic	Question	Ford commentary	Links to responses
A2.1	<i>How is day-to-day responsibility for human rights performance organized within the company, and why?</i>	Responsibility for adhering and upholding Policy Letter 24 lies with each of our employees, contractors and suppliers. We have human rights managers in many parts of our organization, including Human Resources, Personnel Relations, Purchasing and Sales, Safety, Global Labor Strategy, Sustainability, Office of the General Counsel and within our Global Business Units.	› Policy Letter 24 › Being Accountable
A2.2	<i>What kinds of human rights issues are discussed by senior management and by the Board, and why?</i>	<p>Human rights issues are monitored throughout the year and brought to the attention of our Sustainability and Innovation BoD Sub-Committee as they arise. We have three internal processes which ensure that any new internal or external developments are discussed and actioned in a timely manner. These include:</p> <ul style="list-style-type: none"> • Business Plan Review (BPR): senior leadership team hold weekly meetings to review the management of sustainability and other issues, including human rights. • Special Attention Review (SAR): brings the senior leadership team together to review specific significant matters in more detail and develop appropriate action plans. • Additional governance forums: Other forums, including the Strategic Programming Meeting, Product Matters Meeting, Quality and Productivity Meeting, and Executive Personnel Committee, enable us to review key elements of our business, make long-term decisions and develop strategic inputs to the Board of Directors. <p>So far in 2017/18 the Board of Directors has reviewed Ford's Supply Chain sustainability strategy, including the impact this will have on human rights related to the sourcing of conflict minerals. Other key topics are reviewed as and when they arise.</p>	
A2.3	<i>How are employees and contract workers made aware of the ways in which respect for human rights should inform their decisions and actions?</i>	<p>We work with our suppliers to build their capability to responsibly manage human rights through training and working sessions. Due to the size and complexity of our business, we focus our efforts on suppliers located in countries that pose the highest risk of substandard working conditions.</p> <p>We train over 100,000 people (50.3 percent) globally on human rights issues covering bribery, anti-harassment and antidiscrimination (in addition to other ethics and compliance topics). We also train U.S. managers on wage and work hour laws. We provide more detailed training on human rights and working conditions to over 1,500 employees who are likely to be visiting our international and supplier locations. In addition, our mobile app for smartphones is available to all employees and provides just-in-time compliance and ethics information for our increasingly global and mobile workforce – including anti-corruption and anti-bribery guidance, as well as information on mutual respect, non-discrimination and warning signs for human trafficking.</p>	› Building Capacity in Our Supply Chain › Ethics and Compliance

PART A: GOVERNANCE OF RESPECT FOR HUMAN RIGHTS

Human rights topic	Question	Ford commentary	Links to responses
A2.4	<i>How does the company make clear in its business relationships the importance it places on respect for human rights?</i>	We encourage all our business partners throughout our supply chain to adopt and enforce similar policies to our Policy Letter 24 in their own operations. Our Global Terms and Conditions (GT&Cs) forbid the use of forced labor, child labor and physically abusive disciplinary practices. Our Supplier Web Guide is issued to all our business partners and suppliers, and requires that they comply with standards set out in the guide. This includes respect for human rights, and expressly prohibits forced labor (including human trafficking), physical disciplinary abuse, child labor and any infraction of the law. We have the right to immediately suspend or discontinue engagement with suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party committing serious abuses. We will work with suppliers, as appropriate, to mitigate risk through the adoption of a risk management plan.	› Policy Letter 24
A2.5	<i>What lessons has the company learned during the reporting period about achieving respect for human rights, and what has changed as a result?</i>	<p>We have investigated and taken action in response to complaints we have received of harassment and discrimination at our Chicago plants. See the open letter from our CEO Jim Hackett for more information.</p> <p>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.</p> <p>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 a panel of three independent monitors, none of whom work at Ford, to oversee compliance related to harassment and discrimination for the next five years.</p>	› Diversity and Inclusion › Letter From William Clay Ford, Jr. and Jim Hackett

PART B: DEFINING THE FOCUS OF REPORTING			
Human rights topic	Question	Ford commentary	Links to responses
Statement of salient issues	B1 State the salient human rights issues associated with the company's activities and business relationships during the reporting period.	<p>We conducted a formal human rights saliency assessment in 2018. Conducted in line with the UN Guiding Principles Reporting Framework, the assessment served to identify Ford's most salient human rights issues – those at risk of the most severe negative impact through the company's activities and business relationships.</p> <p>The assessment identified nine salient human rights issues which are most relevant to Ford, listed below in ranked order:</p> <ul style="list-style-type: none"> • Product safety and quality • Harassment and discrimination • Responsible sourcing of raw materials • Health and safety • Climate change • Air quality • Access to water and sanitation • Forced labor • Child labor 	<p>> Identifying Our Most Important Human Rights Issues</p>
Determination of salient issues	B2 Describe how the salient human rights issues were determined, including any input from stakeholders.	<p>Our nine human rights issues were prioritized from a “long list” of 19 potential human rights issues relevant to Ford, based on the most severe, potential negative impact the issues could have on human rights. We determined this in partnership with a third-party consultancy. The assessment included:</p> <ul style="list-style-type: none"> • 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 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 	<p>> Identifying Our Most Important Human Rights Issues</p>
Choice of focal geographies (if any)	B3 If reporting on the salient human rights issues focuses on particular geographies, explain how that choice was made.	<p>For Ford's own corporate facilities and locations, we take a global approach to reviewing and managing our salient human rights issues.</p> <p>Due to the size and reach of our global supply base, we focus our efforts on suppliers located in countries that pose the highest risk for substandard working conditions.</p> <p>To determine those priority 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.</p> <p>In addition, our Purchasing Supplier Technical Assistance (STA) representatives are trained to identify and report potential warning indicators for human rights violations in any supplier location around the world. As a result, when individual circumstances arise, we routinely work with suppliers outside these locations to ensure that our expectations continue to be met.</p>	<p>> Building Capacity in Our Supply Chain</p>

PART B: DEFINING THE FOCUS OF REPORTING			
Human rights topic	Question	Ford commentary	Links to responses
Additional severe impacts (if any)	B4 Identify any severe impacts on human rights that occurred or were still being addressed during the reporting period, but which fall outside of the salient human rights issues, and explain how they have been addressed.	We have not identified any severe impacts that fall outside of our identified human rights issues.	

PART C: MANAGEMENT OF SALIENT HUMAN RIGHTS ISSUES			
Human rights topic	Question	Ford commentary	Links to responses
Specific policies	C1 Does the company have any specific policies that address its salient human rights issues and, if so, what are they?	Our Policy Letter 24 addresses our salient human rights issues.	> Policy Letter 24
	C1.1 How does the company make clear the relevance and significance of such policies to those who need to implement them?	<p>The values of a company are critical to its success. Today, expectations are higher and processes are more transparent. Now, more than ever, companies must not just proclaim the highest standards, they must live them every day. In our Code of Conduct Handbook, Bill Ford, Executive Chairman, urges all personnel to learn and follow our standards to help the company earn greater trust and respect.</p> <p>Our Policy Letter 24 is important to Ford. We share this with our colleagues in our corporate training and our employee code of conduct. Our suppliers are made aware of our policy through supplier web guides and our Global Terms and Conditions (GT&Cs).</p>	> Code of Conduct Handbook
Stakeholder engagement	C2 What is the company's approach to engagement with stakeholders in relation to each salient human rights issue?	<p>During FY18, we engaged with stakeholders to identify our most salient human rights issues. This included interviewing internal representatives from across Ford's business as well as external stakeholders, including suppliers, investor representatives 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.</p> <p>We are also collaborating with all our stakeholders, including NGOs and investors, and member-driven organizations such as SustainAbility, Responsible Business Alliance (RBA) 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. You can read more about this in our Sustainability Report.</p>	> Collaborating for Human Rights > Identifying Our Most Important Human Rights Issues
	C2.1 How does the company identify which stakeholders to engage with in relation to each salient issue, and when and how to do so?	We engage with a large number of stakeholders, both formally and informally. See our Sustainability Report to see the channels by which we engage with key stakeholder groups.	> Stakeholder Engagement

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Human rights topic	Question	Ford commentary	Links to responses
	C2.2 <i>During the reporting period, which stakeholders has the company engaged with regarding each salient issue, and why?</i>	<p>During FY18, we engaged directly with those stakeholders affected by allegations of sexual harassment at our Chicago plant; this included employees and management.</p> <p>We engaged with our suppliers located in countries that pose the highest risk for substandard working conditions through a supplier training program which included an emphasis on human rights, in partnership with the Automotive Industry Action Group (AIAG). The training included an e-learning module and face-to-face in-country workshops.</p> <p>We engage regularly with other stakeholder groups on an ad-hoc basis, including NGOs and investors, answering any questions they might have on our approach to managing human rights at Ford and along our supply chain.</p>	<ul style="list-style-type: none"> › Building an Inclusive Environment › How We Build Capability
	C2.3 <i>During the reporting period, how have the views of stakeholders influenced the company's understanding of each salient issue and/or its approach to addressing it?</i>	In order to identify our most salient human rights issues, we engaged with a wide range of stakeholders, including internal representatives across Ford's business as well as external stakeholders, including suppliers, investor representatives and industry experts. These stakeholders directly fed into the identification of our salient issues through ranking the identified issues in terms of their severity and likelihood for negative impact on rights holders through Ford's activities or business relationships.	› Identifying Our Most Important Human Rights Issues
Assessing impacts	C3 How does the company identify any changes in the nature of each salient human rights issue over time?	This year was the first year that we underwent a formal process of identifying the human rights issues which are most salient to Ford, through a process of assessing the risk and likelihood of the issues. We will undertake a top-level review process of our salient issues on an annual basis going forward to assess if any new issues have emerged during the reporting year, and conduct a detailed thorough assessment every two years in conjunction with our materiality assessment.	› Identifying Our Most Important Human Rights Issues
	C3.1 <i>During the reporting period, were there any notable trends or patterns in impacts related to a salient issue and, if so, what were they?</i>	We have an incredibly complex supply chain, with approx. 1,200 Tier 1 suppliers providing up to 40,000 parts per vehicle and 1,000 different materials for those parts. During the reporting period, we continued to work on increasing transparency within our supply chain and identify materials of concern such as tin, tantalum, tungsten, gold, cobalt, mica, rubber and others. Supplier audit results uncovered non-conformances around two key human rights areas: working hours and health and safety. You can read more about this and how we are working with our suppliers to address these issues in our Sustainability Report.	<ul style="list-style-type: none"> › Responsible Sourcing of Raw Materials › Auditing Our Suppliers
	C3.2 <i>During the reporting period, did any severe impacts occur that were related to a salient issue and, if so, what were they?</i>	Supplier audit results highlighted non-conformances in labor and health and safety areas. When severe issues were identified, we worked with the supplier to immediately mitigate the risk and develop corrective action plans to drive closure of the issues according to an established timeline. More details of these can be read in our Sustainability Report.	› Auditing Our Suppliers
Integrating findings and taking action	C4 How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?	This was the first year that we underwent a formal process of identifying the human rights issues which are most salient to Ford, through a process of assessing the risk and likelihood of the issues. We have put together action plans for addressing each of our salient issues in the near future, and will continue to work toward these.	<ul style="list-style-type: none"> › Being Accountable › Human Rights

PART C: MANAGEMENT OF SALIENT HUMAN RIGHTS ISSUES			
Human rights topic	Question	Ford commentary	Links to responses
	C4.1 <i>How are those parts of the company whose decisions and actions can affect the management of salient issues, involved in finding and implementing solutions?</i>	To identify our salient human rights issues, we engaged with individuals across many parts of our organization, including Human Resources, Personnel Relations, Purchasing and Sales, Safety, Global Labor Strategy, Sustainability, Office of the General Counsel and within our Global Business Units. We have quarterly meetings to review and discuss Ford's salient human rights issues.	
	C4.2 <i>When tensions arise between the prevention or mitigation of impacts related to a salient issue and other business objectives, how are these tensions addressed?</i>	Our Global Terms and Conditions (GT&Cs) forbid the use of forced labor, child labor and physically abusive disciplinary practices. Our Supplier Web Guide is issued to all our business partners and suppliers, and requires that they comply with standards set out in the guide. This includes respect to human rights, and expressly prohibits forced labor (including human trafficking), physical disciplinary abuse, child labor and any infraction of the law. We have the right to immediately suspend or discontinue engagement with suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party committing serious abuses. We will work with suppliers, as appropriate, to mitigate risk through the adoption of a risk management plan.	
	C4.3 <i>During the reporting period, what action has the company taken to prevent or mitigate potential impacts related to each salient issue?</i>	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 others make for us – is consistent with local law and our own commitment to protecting human rights. To mitigate and prevent potential impacts we conduct training for our own employees and our suppliers on working human rights, working conditions and business ethics. You can read more about this in our Sustainability Report.	> Safeguarding Human Rights
Tracking performance	C5 How does the company know if its efforts to address each salient human rights issue are effective in practice?	In 2017, we conducted 27 new audits using the Validated Audit Process (VAP) methodology, 100% 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. 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.	> Auditing Our Suppliers > Taking Corrective Action
	C5.1 <i>What specific examples from the reporting period illustrate whether each salient issue is being managed effectively?</i>	Through direct supplier 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 improvement working conditions. There was also an overall decrease of 17 percent in the total number of non-conformances between 2016 and 2017. For full details of our audit findings see our Sustainability Report.	> Auditing Our Suppliers

PART C: MANAGEMENT OF SALIENT HUMAN RIGHTS ISSUES			
Human rights topic	Question	Ford commentary	Links to responses
Remediation	C6 How does the company enable effective remedy if people are harmed by its actions or decisions in relation to a salient human rights issue?	<p>Human rights issues are monitored throughout the year and brought to the attention of our Sustainability and Innovation BoD Sub-Committee as they arise.</p> <p>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.</p> <p>We have the right to immediately suspend or discontinue engagement with suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party committing serious human rights abuses. We will work with suppliers, as appropriate, to mitigate risk through the adoption of a risk management plan.</p> <p>At the company level, our compliance program encourages and facilitates the reporting of known or potential violations of the law, or our Policy Letters and Directives. Individuals can report such violations anonymously to the General Auditors' Office, Human Resources or the Office of the General Counsel, using telephone hotlines, website or via email. All allegations are reviewed by a cross-functional committee, which also oversees the investigations, and implements corrective or disciplinary actions.</p>	<ul style="list-style-type: none"> > Stakeholder Engagement > Ethics and Compliance
	C6.1 <i>Through what means can the company receive complaints or concerns related to each salient issue?</i>	Our compliance program encourages and facilitates the reporting of known or potential violations of the law, or our Policy Letters and Directives. Individuals can report such violations anonymously to the General Auditors' Office, Human Resources or the Office of the General Counsel, using telephone hotlines, website or via email.	<ul style="list-style-type: none"> > Stakeholder Engagement > Ethics and Compliance
	C6.2 <i>How does the company know if people feel able and empowered to raise complaints or concerns?</i>	This is something we will investigate further in future years.	> Reporting Violations
	C6.3 <i>How does the company process complaints and assess the effectiveness of outcomes?</i>	All allegations are reviewed by a cross-functional committee, which also oversees the investigations and implements corrective or disciplinary actions.	> Reporting Violations
	C6.4 <i>During the reporting period, what were the trends and patterns in complaints or concerns and their outcomes regarding each salient issue, and what lessons has the company learned?</i>	This is something we will investigate further in future years.	
	C6.5 <i>During the reporting period, did the company provide or enable remedy for any actual impacts related to a salient issue and, if so, what are typical or significant examples?</i>	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.	<ul style="list-style-type: none"> > Diversity and Inclusion > Letter From William Clay Ford, Jr. and Jim Hackett