



# Ford Motor Company Modern Slavery and Human Trafficking Transparency Statement for the Financial Year Ending on December 31, 2018

This statement is made pursuant to applicable modern slavery and transparency acts reporting requirements, which requires qualifying business to provide disclosures related to steps being taken to ensure that slavery and human trafficking are not taking place in our supply chains or any other part of our business.

This statement provides information required for these disclosures and provides guidance to other stakeholders of the Ford Motor Company, subsidiaries, and affiliates. Unless otherwise specified, reference to “Ford”, “we”, “us” or “our” refer to Ford Motor Company, subsidiaries, and affiliates.

## Ford Motor Company Overview

The automotive supply chain is one of the most complicated of any industry. There are often six to ten levels of suppliers between an automaker and the source of raw materials that enter the manufacturing process.

Our Supply Chain		
Operations	Production Suppliers	Indirect Suppliers
\$120 billion global spend on goods and services	1,200+ Tier 1 supplier companies 60+ countries	10,000 supplier companies
67 Ford manufacturing sites	4,400+ supplier sites 100,000+ parts manufactured 500+ commodities sourced	600+ commodities

Our products rely on the skills of thousands of employees, and the support of our supplier partners. Everything we make – or that others make for us – needs to be consistent with local laws, and our own commitment to protecting and

upholding human rights. The breadth, depth and interconnectedness of Ford Motor Company’s supply chain can make it challenging to effectively manage business and sustainability issues. Respecting human rights and environmental issues in the supply chain is ultimately our suppliers' responsibility. In its procurement, however, Ford plays an active role in supplier development and have adopted various means to clearly communicate our expectations to our suppliers. We believe our internal efforts set an example for our suppliers, encouraging them to implement similar measures.

Additionally, Ford engages with key suppliers through our Aligned Business Framework (ABF) program. Our ABF program includes three-stage process to address the management of sustainability issues, including human rights. First, 100% of current and newly nominated ABF suppliers have-an aligned code of conduct to Ford’s [Policy Letter #24 Code of Human Rights, Basic Working Conditions and Corporate Responsibility](#).



These suppliers then conduct internal training ensuring employees understand the code of conduct. Lastly, the supplier provides verification that code of conduct standards and expectations have been cascaded into their supply chain.

For further details on Ford Motor Company's business operations, see the [annual report](#).

## Ford Motor Company Supply Chain Standards

In our standard procurement process, we issue purchase orders that incorporate our Global Terms and Conditions (GT&Cs). The GT&Cs are further supplemented by our web-guides, which expand on our expectations and suppliers' obligations on specific topics. For example, our Social Responsibility and Anti-Corruption Web-Guide outlines our prohibition of child labor, forced labor (including human trafficking), physical disciplinary abuse and any infraction of the law. Our Environmental Web-Guide sets out environmental requirements, including the elimination of materials of concern and increasing the use of sustainable materials whenever technically and economically feasible.

Internally, we have adopted Policy Letter 24, our Code of Human Rights, Basic Working Conditions and Corporate Responsibility, to address workplace issues such as working hours, child labor, forced labor, nondiscrimination, freedom of association, health and safety and the environment. This policy applies to our own operations, and we encourage businesses throughout our supply chain to adopt and enforce similar policies in their own operations. Furthermore, we seek to identify and do business with companies that have aligned standards consistent with Policy Letter 24, including working to cascade these expectations throughout their own supply chain.

**Our GT&Cs forbid the use of forced labor, child labor and physically abusive disciplinary practices.** Ford requires suppliers to certify compliance with applicable laws and the GT&Cs that govern the purchase of goods and services. We reserve the right to terminate our relationship with a supplier if issues of noncompliance with our policies are discovered and/or noncompliance is not addressed in a timely manner.

## Modern Slavery and Human Trafficking Policies

Our processes include actions to safeguard against human rights abuses including Modern Day Slavery. Modern Day Slavery can take many forms, including human trafficking, forced labor, or the worst forms of child labor. Ford's Policy Letter 24: Code of Human Rights, Basic Working Conditions and Corporate Responsibility, clearly states that we will not tolerate forced labor (including human trafficking) or child labor in our operations. We conduct internal audits of our manufacturing locations to ensure compliance.

As a part of our policy requirements, suppliers must comply with ethical recruitment principles. This includes prohibiting the use of misleading or fraudulent practices while offering employment, the use of recruitment fees, and the confiscating, destroying, concealing, and/or denying access to employee identity documents



## Accountability and Grievance channels

**We maintain internal/external accountability, holding all Ford employees and suppliers accountable to the standards on human trafficking set out in GT&Cs, web guides, and Policy Letter 24.** Employees and suppliers have multiple avenues through which to register complaints or grievances related to human rights and human trafficking, including a dedicated email inbox and a company hotline. Ford Motor Company has developed The Right Way app, which is a free mobile app that is available in seven languages. The app is available to our suppliers and other business partners to become more familiar with Ford ethical policies and practices. Within the app is the ability for individuals to report any suspected violations. We investigate all reports and take actions when necessary.

## Assessment of Risks and Due Diligence

**We performed a saliency assessment for Ford Motor Company to identify the salient Issues.** Nine issues were identified in the assessment including responsible sourcing of materials, forced labor, and child labor. Action plans are being developed to address areas identified in the assessment. We review our salient issues annually and communicate our progress externally through channels including our annual sustainability report and the UN Guiding Principles Reporting Framework Index.

**We have conducted more than 40 human rights assessments, dating back to 2004, evaluating how our facilities around the world align with Policy Letter 24.** The reports of recent assessments undertaken are available in our sustainability report.

**We regularly assess risk related to human trafficking and forced labor associated**



**with our supply base.** Our preliminary assessment is based upon geography, the commodity purchased, supplier quality performance, and the nature of the business transaction. Ford performs this risk assessment with input from external stakeholders. By identifying and prioritizing the issues that can have the most impact on our business and we can better target our activities to promote human right and achieve greater results.

**We conduct Self-Assessment**

**Questionnaires (SAQ) with Global Tier I suppliers.** The SAQ is based on Global Automotive Sustainability [Guiding Principles](#) and [Practical Guidance](#) which has been developed by a collective group of automotive OEMs. The SAQ is designed to assess the sustainability performance of automotive suppliers. There are four phases of the SAQ; Data Collection, Data Validation, Data Analysis, Performance Improvement. The SAQ is used to provide guidance to internal/external groups in determining future endeavors and a growing element of our due diligence efforts.



**We regularly conduct social responsibility audits of at-risk Tier 1 supplier factories.** These audits evaluate supplier compliance with both local law and Ford's human rights expectations as communicated in Policy Letter 24. These audits are performed through the independent Responsible Business Alliance (RBA) Validated Audit Process and can be either announced or unannounced. The decisions about which facilities to audit are based upon our risk assessment. Results from audits have identified areas for improvements within our supplier base and corrective action plans have been developed to address these areas. Results have also provided insight on future regional trainings for continued supplier growth.

**We expanded our risk assessment strategy to include due diligence on Cobalt.** In 2018, we participated in the Cobalt pilot through Responsible Minerals Initiative (RMI), which requested strategic cobalt suppliers to complete the Cobalt Reporting Template. We had a 100% response rate. As a result of our Cobalt Reporting Template (CRT) pilot participation, we provided input to RMI to improve the template as well as input to help remove barriers in cobalt supply chain transparency.

**We continue to monitor development modern slavery legislation to ensure ongoing compliance.** In 2018, we participated in a cross-industry, multi-stakeholder taskforce led by Global Reporting Initiative (GRI) to develop a toolkit to assist businesses in their modern slavery reporting efforts. The toolkit is planned for release summer 2019.

## Partnerships with External Organizations

**We are members of Responsible Business Alliance (RBA), a non-profit coalition of more than 140 companies from the electronic, retail, automobile and toy industries.** Ford was the first automotive company to join the RBA. The alliance's aim is to promote high standards in human rights, safety and security, environmental protection and business ethics. We are active members on multiple committees and a member of the Board of Directors.

**We are a member of the Automotive Industry Action Group (AIAG) 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.

**We are members of 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.

**We are active members in multiple responsible mineral sourcing groups.** In particular, Ford is a member of Responsible Mineral Initiative (RMI). We have been recognized as a Top 100 conflict mineral influence leaders for the last three years for our work in the area of conflict minerals.



## Global Internal/External Trainings

**We conduct training and build capability both internally and with our suppliers.**

We regularly conduct internal training on our Policy Letter 24 and the supply chain sustainability program with our global purchasing staff. We also require suppliers in high-risk countries to attend training to raise awareness of Ford's requirements and legal obligations, including those related to forced labor and child labor. We along with collective group of automotive OEMs, jointly held training in Thailand, Mexico, and Hungary that was based on the Automotive Industries Guiding Principles and Practical Guidance in 2018. This training are a key element of our due diligence process.

**We developed the Driving a Better Tomorrow purchasing series to educate and inspire employees on supply chain sustainability hot topics, trends, and best practices.** In

2018, over 1000 Ford 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 how purchasing can play a role in driving change.



## Next Steps and Reporting on Key Performance Indicators (KPIs)

We along with IBM, LG Chem, and China's Huayou Colbat are participating in a cobalt blockchain pilot to track responsibly source cobalt from the mine to the car battery. We will continue to move forward with this project into 2019.

We are planning on expand usage of the SAQ to additional suppliers. This will provide more clarity and assist in developing targeted improvements to capacity building.



For further guidance on effectiveness and KPIs, please [review Ford Motor Company's Annual Sustainability Report](#) which provide further details on actions taken by Ford Motor Company.



Solely for the purpose of the UK Modern Slavery Act of 2015, this statement has been approved by the board of directors of the Company which delegated approval of this statement on its behalf to the Chairman of the Ford Motor Company Limited at its board meeting on June 5, 2019.

A handwritten signature in black ink, appearing to be "Graham Hoare", written over a horizontal line.

11<sup>th</sup> June 2019

Graham Hoare

Date

Solely for the purpose of the Commonwealth Modern Slavery Act of 2018, this statement has been approved by the board of directors of the Company which delegated approval of this statement on its behalf to the Chief Executive Officer of the Ford Motor Company of Australia Limited at its board meeting on June 11, 2019

A handwritten signature in black ink, appearing to be "Kay Hart", written over a horizontal line.

14<sup>th</sup> June 2019

Kay Hart

Date