Ford of Europe
- presentation to the First Meeting of the Expert Group on Transnational Company Agreements

Thursday 14th May 2009, Brussels

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Ford of Europe
Agenda

• History

• Meeting Membership and Cadence

• Overview of Recent Ford EWC Agreements

• Future Challenges

• Close/Questions
History

Agreement to Establish a (F)EWC – September 1996

Outcome:

• Established topics for FEWC discussion
• Outlined Coverage and Confidentiality
• Official language of meetings, jurisdiction
• Defined structure (membership, meeting cadence) and support provided

“The FEWC and the decentralized information and communication procedure are additional instruments for information, discussion and exchange of views on matters of transnational nature without impacting on existing national employee representation rights, procedures and collective bargaining”

Amended in 2000 and 2008 to revise composition of membership
History

Key Changes for FoE Since 1996

• Restructured manufacturing capacity as a basis for growth
• Strategic JVs and partnerships
• Increased international competition in terms of raw materials and new OEMs in the marketplace
• Growth of markets in Eastern Europe (e.g. Russia & Romania) and beyond
• Continued reduction of complexity and cost on European and global basis
• Increased focus on products for the global market
• Significantly improved European business performance
Agenda

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Meeting Membership and Cadence

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# Meeting Membership and Cadence

<table>
<thead>
<tr>
<th>Country</th>
<th>Representatives</th>
<th>Current Officers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>5*</td>
<td>Chairman</td>
</tr>
<tr>
<td>UK</td>
<td>5*</td>
<td>Vice-Chairman</td>
</tr>
<tr>
<td>Belgium</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td>2*</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Romania</td>
<td>2*</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Plus 1 additional external union expert each (4 in total)

**Annual Cadence**
- 1 full FEWC and Company meeting
- 3 additional Select Committee and Company meetings
- 1 full FEWC internal meeting

**Additional meetings, as required**
Overview of Recent FEWC Agreements

Agreement on Separation of “Visteon” – January 2000

Background:

• Need for a European plan to support global Ford strategy to spin-off its automotive components division
• FoE national negotiations bodies and representatives gave negotiations authority to FEWC
• Negotiations at European level, in parallel with US/commercial negotiations

Agreement Outcome:

• Transfer terms and conditions
• Sourcing commitments
• Basis for subsequent national agreements that ratified FEWC agreement
• Commitment to establish Visteon EWC (created March 2001)
Overview of Recent FEWC Agreements

Agreement Governing the Transfer of the Ford Manual Transmission Activities to a JV – October 2000

Background:
• Establishment of a 50/50 JV with Getrag Group consisting of FoE manual transmission activities in UK, Germany, France
• FoE national negotiations bodies and representatives delegated negotiations authority to FEWC

Agreement Outcome:
• FEWC agreement ratified at national level
• Establishment of a 50/50 JV “Getrag Ford Transmissions” (GFT)
• Transferred employees remain on Ford contracts
• Commitment to invest in new technologies
• Sourcing commitments
• Supplemental agreement concluded April 2003
Overview of Recent FEWC Agreements

Agreement on Social Rights and Social Responsibility Principles
- December 2003

• Reflects labour standards as outlined by the ILO
• Reflects the Company’s own high standards as established in Company Basic Working Conditions, Key Business Principles, and Corporate Citizenship Strategy

“The universe in which Ford of Europe operates requires that these Principles be general in nature. In certain situations national law, local legal requirements, collective bargaining agreements and agreements freely entered into by employees may supersede portions of these agreed upon Principles. Nevertheless, we believe these Principles affirm important, universal values that serve as the cornerstone of the relationship between employees and management for us.”
Overview of Recent FEWC Agreements

Agreement on UK-Germany Engineering Realignment Project-2006

Background:
• Further develop pan-brand engineering concepts
• Align the two Engineering locations in UK and Germany on principles of Centres of Excellence
• FoE national negotiations bodies and representatives delegated negotiations authority to FEWC
• Agreement Outcome:
  • Employment commitments
  • Re-investment of savings
  • Support for employees required to redeploy (either between locations or to different technical functions)
  • European agreement ratified at national level
Overview of Recent FEWC Agreements

Agreement on “Global PD” Strategy – March 2008

Background:
• Global strategy is an extension of prior agreement
• Covers both Product Development and Purchasing organizations
• FoE national negotiations bodies and representatives delegated negotiations authority to FEWC

Agreement Outcome:
• Definition of competencies and assignment of lead responsibilities globally
• Agreement on balancing of expertise and competence (in-house/agency/outsourced balance)
• Within existing meeting structure, to cover updates including cycle plan and resource changes
Agenda

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Future Challenges

• Close / Questions
Future Challenges

• Ensure EWC legal revisions do not reduce the effectiveness or flexibility of our FEWC
• Integrate the new members into FoE processes
• Continue to utilize the FEWC to update members on the new business landscape and our plans to emerge strongly from the economic crisis

*Through the crisis we aim to maintain the positive aspects of the FEWC* –

• Mutual trust and cooperation
• Senior management and Union commitment – the Company and the Unions treat as a serious body
• Retain existing national bodies with a key role – FEWC is supplemental
• Voluntary approach allows a good fit with business needs