

# **Ford Human Rights Code of Basic Working Conditions Cuautitlan Plant FINAL 11-30-10**

## **Background**

In May 2003 at the Centennial Shareholders meeting, Ford Motor Company announced the development of Ford's Code of Basic Working Conditions as part of its commitment to corporate citizenship and making the world a better place. The plan is to make Ford a leader in human rights practices and to differentiate the company on social issues for potential business benefits (see attachment for a copy of the Code).

In early 2008, Ford joined the United Nations Global Compact (UNGC), a framework for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, the environment and anti-corruption. This action reinforces our commitment to outstanding performance and transparency in these areas.

Assessment of Ford Motor Company owned and operated facilities began in 2004. In 2010, the Social Sustainability Manager-- with input from the Ford Motor Company International Labor Affairs and the Purchasing Strategy team-- selected sites based on supply chain impact, emerging issues, plant employee representation and the views of thought-leaders, non-government organizations and human rights activists. Site selection was also determined by the exploration of new business opportunities and further advancement of sustainability efforts where Company trustworthiness and community credibility were considered critical to achieve high standards.

The Cuautitlan Plant, located in Cuautitlan Izcalli, Estado de Mexico, assembles the Fiesta Sedan and hatchback. Presently, the plant employs 1997 people, 1,839 hourly and 158 salaried. The 8,988,159 square foot facility will be able to produce about 130,000 vehicles per year.

## **The Assessment Process**

### **Step 1: Prior to the Assessment:**

David Berdish, Manager of Social Sustainability sent a copy of Policy Letter #24, the Human Rights Code of Working Conditions and a communication letter to explaining:

- Background, descriptions, commitments and the expectations of the assessment (explicitly stating desire not to replicate but to ensure consistency across all operations)
- A streamlined pre-assessment checklist, focused on gathering information regarding management systems and past compliance issues at the facility.

On February 25, 2010, Mr. Berdish sent interview questions to Mr. Ulises Perez Escamilla. Interview questions centered around 1) Whether the documents were the best for verifying the Code and if they were easily accessible; 2) Whether plant management saw value in conducting the human rights assessment given that Ford already audits many practices covered by the Code through existing means; and 3) How Social Sustainability could best conduct the assessment without burdening facilities with additional work.

The interviews confirmed that the documentation is the appropriate documentation for verifying compliance with the Code.

A summary of the interview questions and answers are as follows:

- 1. In your opinion, what is the greatest value-add of conducting human rights assessments at Ford's owned and operated facilities?**
  - Creating new mind set Employees with greater values
  - Fostering and developing diversity
  - It simply makes us one of the best companies to work in, in Mexico
  - Excellent opinion regarding the Company in the community
  - Government recognition
  
- 2. When you look at the code, and imagine using it to assess current practice at Ford facilities, what are the greatest areas of non-compliance that you might predict? How do you think management, workers and employee representatives at Ford facilities will view these assessments?**
  - All the information regarding equality, health & safety and overall the assurance that their individual guarantees
  
- 3. To help us understand any unique conditions at your facility, please describe how you meet each of the nine facets of the Code of Basic Working Conditions. Please speak to the policy/law that you follow and the process you use to ensure that the policy is being correctly implemented.**

In Cuautitlan Stamping and Assembly Plant (CSAP) we work in complete alignment with Mexican Laws and Ford Corporate policies. The highest Labor authority is the Federal Labor Law (LFT) and in the Plant the Working Collective Contract (CCT) negotiated with CSAP's Union every other year

- Child Labor:
  - LFT states:
    - It's prohibited to hire a person under the age of 14
    - From 16 up a person can be hired
    - A person from older than 14 and younger than 16 need their parents/tutors permission to work
    - No one under 18 can be hired to travel
    - A person under 16 can't work:
      - In dangerous or morally suspicious places (night clubs)
      - After 10 PM
      - More than 6 hour a day
      - Overtime
  
- Compensation:
  - Included in the CCT for unionized personnel and followed by HRBO policies for non-unionized
  
- Forced Labor:
  - Prohibited in all Mexican Laws
  
- Freedom of Association and Collective Bargaining:
  - Mexican Constitution states the freedom of association for all citizens
  - LFT has a whole Chapter dedicated to Collective Bargaining / Unions
  
- Harassment and Discrimination:
  - Little is said in Mexican Laws regarding harassment and discrimination, though there are two National Commissions in charge of this areas and to which we are committed:
    - National Commission to prevent Discrimination (CONAPRED)
    - National Human Rights Commission (CNDH)
  
- Health and Safety and Environmental:
  - EOS Implementation (environmental operating system):  
March 2010 (ensure legal & ISO14K compliance)
  - Environmental Permits:  
Ensuring flexibility in production and complying with all the Mexican regulations related with the matter

- Work Hours:
  - The LFT states that:
    - The morning shift will last 8 hours, the night shift 7 hours and the mixed one 7.5
    - This hours can be longer but never exceeding 3 hours and only 3 days a week
    - If this happens overtime has to be paid
  
- Bribery and Corruption:
  - As more fully provided in Policy Letter No. 3 - Standards of Corporate Conduct, the Company will under no circumstances tolerate the giving or receiving of money, gifts, or favors to influence improperly the behavior of another individual, organization, government employee, politician, or government body in furtherance of a commercial or personal advantage. Bribery is never permitted, even in countries or regions where it may appear to be tolerated or condoned.
  - No Laws or policies on this regard but serious Ford Policies are in place in CSAP: can you describe or send me the exact policy?
  
- Community Engagement & Indigenous Populations
  - We have continuous contact with the community, by planting trees, painting schools or cleaning playgrounds.
  - Our main activity is that we have "adopted" an orphanage and every year we spend up to two weeks painting, repairing, spending time with the children and taking food and medicine we gather throughout the year. Every Christmas we also make a party in which the children come to the Plant and we give them gifts, breakfast and games

#### 4. Where are documents housed?

Up to date documents are housed in-Plant according to GIS. Human Resources (Personnel and Medical Files are kept apart for a 40 year period due to Mexican Laws)

#### 5. What would you suggest is most important for Social Sustainability to keep in mind in order to make this effort successful (both in terms of gathering information and creating a sense of partnership and shared purpose with the facilities)?

Changing the mindset and vision of personnel thus creating a new environment that makes us the best plant to work in and an example for our neighboring communities

### **Step 2: Site Visit**

Based on this assessment it is evident that is compliant with the Code of Basic Working Conditions and that robust processes are in place to monitor the situation.

### **Step 3: Leadership**

#### **Social Responsibility:**

- Planted a total of 1,160 trees in Cuautitlan Izcalli & 435 in CSAP
- Drilling of new well: 350 meters in deep with a flow of 35 liters per second
- Nationalization of imported hazardous materials:
  - Beginning on May 17th to avoid sending hazardous wastes to landfill with an annual cost saving of 250k USD
- Reverse Osmosis Project at WWTP:
  - Annual decrease of 35% in water usage

### **Community Initiatives:**

- We support a Children's Home, where live around 30 kids and some old people, as follows:
  - Once a year, all the employees at CSAP are invited to help the home by providing them: food, cans, milk, water, etc.
  - Every December, we have an event for celebrating Christmas with these children at CSAP. Every employee that wants to participate has to buy a Christmas gift for the children and give it to them at the celebration that we organize at the plant.

### **Other Initiatives:**

- We also have many family integration events such as, where the employee can share time with his/her family and share with them some of the Ford values:
  - Children day celebration
  - Mother's Day celebration
  - Take your children to work
  - Global week of Caring

### **Conclusions**

The next steps include the release of this report to global manufacturing and then further dialogue with ICCR and/or other Human Rights stakeholders on most value-added follow-up. This report will be published in our website:

<http://www.corporate.ford.com/microsites/sustainability-report-2009-10/issues-humanrights>