

**Ford Motor Company**  
**GWU Trade Conference: Is Fairer Trade Compatible with Freer Markets?**

**Understanding the social dimensions of sustainability**

- Challenges
  - Increasing reliance on emerging market sourcing for export and domestic production
  - Wide variation in working conditions and labor laws in emerging markets.
  - Safety, security and conflict zones
  - Linkage between value chain working conditions and brand reputation.
- Risks
  - Linkage between value chain working conditions and brand reputation
  - Secure license to operate in low cost markets
  - Avoidance of special interest campaigns
  - Reduced legal and regulatory liability
  - Trustful and credible relationship with human rights groups ensures quiet resolution of potential issues

**Stakeholders care:**

- Employees:
  - High quality work force globally (health, welfare, morale)
  - Employer of choice
- Investors: Vast increase in shareholder resolutions and “screened” investment funds
- Human rights community: Increased focus on private sector/internationalization of human rights community
- Media: Traditional media use to put a human face on “globalization,” electronic media explosion facilitates communication
- International efforts: US, UK, EU, UN have all explored human rights principles for companies– and are expecting more

**The culture and the challenges of sustainable development**

- Influence the global economy
- Positively impact the societies in which they operate
- Increasing reliance on emerging market sourcing for export and domestic production

**Establish new markets**

- Positive reputation in the international community
  - Leverage its global reach and convening power with governments, business, civil society and other stakeholders and prove to the world that we can produce practical solutions to contemporary problems related to globalization, sustainable development and corporate responsibility in a multi-stakeholder context.
  - Reinforce credibility and trustworthiness for new programs

**Practical applications to be used now-- the Obama administration**

- In 2009, domestic spending in education, health care, and energy and other infrastructure will increase as a result of the Federal Stimulus Bill
- Plans are to develop contractual clauses for all federal procurement contracts created with Stimulus funds that prohibit the use of slave labor and sweatshop labor
- The federal government has an opportunity to set a precedent for state-level spending and to reward businesses that adhere to the internationally recognized norms of the ILO
- To ensure wins in federal procurement contracts, it is critical to maintain our leadership in Human Rights and have best-in-class business practices.

**Mission:**

- Ford Motor Company aims to provide more of the world’s people with access to safe, reliable, affordable and efficient transportation. With mobility more people can find jobs, access education and credit, and bring their goods and services to markets with less environmental damage.

### **Strategy:**

- Ford Motor Company has long recognized that treating people with dignity and respect is fundamental to how we conduct business around the world.
- In 2000, Ford made human rights a core element of sustainability strategy,
- In 2003, Ford began implementing the Ford Code of Basic Working Conditions (CWBC) throughout our global operations and \$90 billion supply chain. This code covers workplace issues such as working hours, child labor and forced labor. It also includes provisions on community engagement, relationships with indigenous populations, strategies to prevent bribery and corruption, and strategies to protect the environment and promote sustainability.
- Policy Letter #24 sets forth the Company's guiding principles for labor and environmental standards throughout its global operations and is consistent with, and in many instances derived from, the Global Compact.
- Each year Ford issues and seeks public comment on its Communication on Progress (COP), which describes Ford's efforts to implement the ten principles of the UN Global Compact.
- Ford also issues an annual sustainability report, Connecting with Society. Ford has issued this report since 2003 and current and previous editions are available on the World Wide Web.
- Ford personnel frequently meet with representatives of labor rights, human rights, religious, and environmental groups and incorporate their suggestions into sustainability strategy.
- Ford human rights personnel try to anticipate impact of facilities on communities (e.g. lithium and water) and longer-term human rights impact of mining of rare minerals used in car batteries

### **Accomplishments**

- Ford is one of the few companies to integrate human rights into its corporate mission.
- Ford has developed a strong corporate governance structure that reflects its commitment to human rights—our progress is reported to the Sustainability committee of the Ford Motor Company Board of Directors quarterly.
- Ford is the first company in the automotive industry to develop its own Code, and the only company to train, assess, audit and remediate among its first tier supply base.
- Ford has won numerous awards for its social responsibility, eco-efficiency, climate-innovation, and training programs.
- Ford received a perfect 100 on the Human Rights Campaign 2008 Corporate Equality Index.
- In 2004, Ford Motor Company today became the first automaker in the world to release details of how the HIV/AIDS epidemic is affecting the corporation.
- In 2008, Ford joined Global Compact Human rights Working Group led by Mary Robinson.
- Trustful and credible relationship with human rights groups ensured quiet resolution of potential Ford-related issues:
  - Amnesty International outreach regarding violence against women in Mexico
  - Caveiraos ("killing machines") in Brazil
  - Slave labor practices of pig iron processing in Brazil

### **Potential Stumbling Blocks**

- Outsourcing
- Tax policy
- Relations with unions and NGOs
- ATCA litigation

### **Ongoing Human Rights Assessments and Efforts**

- Complete assessment at Cuautitlan and write position paper about labor practices in Latin America.
- Reduce water use particularly in developing countries where water is scarce.
- Engage with NGOs on South Africa ATCA case.
- Work with US Government officials on strategies that provide incentives to business to advance human rights.
- Work with government agencies on procurement policies that reward firms which promote human rights and sustainability.