

YEAR IN

REVIEW





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Voice: Cyndi Selke	

Ford Motor Company operations affect a broad range of stakeholders. We believe that maintaining strong and open relationships with our employees, dealers, communities and customers plays an important role in our ability to meet our goals.

Positive relationships with employees and business partners help us to improve efficiencies, cost and quality, and allow us to develop and to innovate. Effective two-way communication with our customers, dealers and other stakeholders helps us to understand and deliver the products that customers want.

This section of our report focuses on the people who interact with our Company in different ways the employees who work for us; the dealers who sell and lease our vehicles; the individuals who live and work in the broader communities in which we operate; and the customers who purchase our products. (Information on our suppliers can be found in the Supply Chain section. Information on our investors can be found on the Ford investor website.)

Eligible U.S. hourly employees received

FORD AROUND

THE WORLD

\$8,300

in average profit-sharing payments for the 2012 performance year.



### Adding Jobs

We recently announced plans to hire 2,200 engineers, computer programmers and product development specialists - the largest increase in salaried workers in more than a decade.



**Culture Shift** 

To reach our goal of zero fatalities and serious injuries,

we're focused on changing the culture of our workforce.





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In 2012 and early 2013, we made progress in a number of areas related to our employees. For example, we:

- Added more than 8,100 combined hourly and salaried jobs in 2012 in the U.S. to meet the growing demand for fuel-efficient, high-tech vehicles.
- Negotiated new collective bargaining agreements with labor unions in 11 countries globally.
- Made profit-sharing payments to approximately 46,000 eligible U.S. hourly employees and paid salaried employee bonuses for the 2012 performance period.
- Continued to win recognition for our diversity efforts.
- Marked the second year since 1918 without an employee work-related fatality.

To learn about our commitments in some of these areas, see our Goals and Commitments table.

# **Diversity and Inclusion Awards**

Read about how we have been recognized for the value we place on our employees and our ability to work inclusively.





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# **Employees**

Here at Ford, our employees are the driving force behind our success. Our recent financial recovery can be attributed in large part to the dedication and strong performance of our workforce, which pulled together under our ONE Ford plan to restructure and return our North American operations to profitability. The same plan is currently guiding our restructuring efforts in Europe, where we made the difficult decision to close two U.K. facilities in 2013 and end production at a major assembly plant in Genk, Belgium, at the end of 2014.

Today, we're hiring again in North America and in other parts of the world. In the U.S., we have filled more than 9,000 of the 12,000 new hourly jobs we forecasted to deliver by 2015 during 2011 contract discussions with the UAW<sup>1</sup>. In 2012 we added more than 8,100 combined hourly and salaried jobs in the U.S., and in early 2013 we announced plans to hire 2,200 more salaried workers. In Asia Pacific and Africa, we added 2,470 hourly and salaried jobs in 2012 to help keep pace with product demand in that region.

As the Company continues to strengthen and grow in many regions, our employees are able to share in our success. In early 2013, for example, eligible U.S. hourly employees received average profit-sharing payments of \$8,300 for the 2012 performance year. Salaried employees also received bonuses under the Annual Incentive Compensation Plan.

Our Company has a compelling vision of building cars and trucks that deliver the very best in quality, safety, fuel efficiency and design. And our employees are helping us do just that. A skilled and motivated workforce is the essence of Ford - today and in the future. We're focused on developing a diverse, skilled and motivated team, while providing a safe, respectful and inclusive environment.

Our goal is to attract, develop, engage and retain the talent we need to Go Further. To grow our pipeline of talent, particularly in the areas of science, technology, engineering and math (STEM), we're reaching out to diverse communities through our Partnership for Advanced Studies, professional organizations such as the Society for Women Engineers, and various scholarship programs.

Ensuring a great place to work requires an understanding of employee satisfaction and what employees value about being part of Ford Motor Company. We engage employees as individuals and foster leadership development in a diverse environment where people feel valued and included. A safe workplace and a healthy workforce are also critical elements of our strategy.

In the U.S., automakers are competing for talent, and we have stepped up our efforts to find the best people. We are using social media more than ever in our recruiting efforts and hosting webinars and virtual career fairs to expand our reach. For more on our hiring read the perspective from our executive director of human resources for the Americas

As of December 2012, we employed approximately 171,000 individuals globally. Ninety-five percent of the hourly employees in our Automotive operations are covered by collective bargaining agreements and are represented by 39 different unions globally. In the United States, approximately 99 percent of these unionized hourly employees in our Automotive sector are represented by the UAW. Approximately 2 percent of our U.S. salaried employees are represented by unions. Most hourly employees and many non-management salaried employees of our subsidiaries outside the U.S. are also represented by unions. These unions are key partners with Ford in providing a safe, productive and respectful workplace. For more information about our collective bargaining agreements, please refer to our Form 10-K (pdf, 6.56Mb).

### **Diversity and Inclusion Awards**

Read about how we have been recognized for the value we place on our employees and our ability to work inclusively.

Added

2.470

hourly and salaried jobs in Asia Pacific and Africa in 2012

### **Related links**

#### **This Report**

- » Current Financial Health
- Focus on Europe

1. UAW originally stood for United Auto Workers; the full name today is the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America.



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# Supporting ONE Ford

While we have many types of employees and work arrangements, all of our employees together create a skilled and motivated team aligned around our overall ONE Ford objectives. Our ONE Ford plan aligns our efforts toward a common definition of success: having ONE Team, ONE Plan and ONE Goal for an exciting, viable Ford that delivers profitable growth for all. ONE Ford also provides consistent goals and expectations for employees – whether they work in the U.S., China or one of our other global locations – with a clear focus on the skills and behaviors we must demonstrate to accomplish our goals. All members of our global team are held accountable for incorporating ONE Ford into their daily work.

We have integrated ONE Ford into our people processes to support employee development and drive accountability for moving the Company forward while demonstrating expected behaviors that are fundamental to the success of ONE Ford:

- F: Foster Functional and Technical Excellence
- O: Own Working Together
- R: Role Model Ford Values
- D: Deliver Results

Over the last few years, implementing the ONE Ford plan has meant that we have focused our strategies on four key goals: creating a great place to work; developing a capable and effective workforce; aligning our organizational structure with our global business footprint; and providing the "people"- related processes to support our workforce. In early 2012, we extended the ONE Ford approach with our new <u>Go Further</u> campaign, which embodies our commitment to our customers. ONE Ford is our roadmap and plan, while Go Further is the promise behind our efforts.

### **Related links**

This Report

"Going Further"



Go Further

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# **Employee Satisfaction**

Each year, we ask our salaried workforce to participate in the Pulse survey to gain insight into employees' overall satisfaction with the Company, their jobs, diversity and other aspects of their workplace experience. We encourage our employees to provide candid feedback, and we benchmark results and participation externally. Results of the survey are incorporated into our business planning review processes. Improving Pulse scores is an annual performance objective for many of our senior managers.

In 2012, 75 percent of our salaried employees across the globe participated in the survey, which included a total of 55 multiple-choice questions across 12 dimensions of workplace life, including training and development, management's commitment to diversity, and workplace safety practices. The results of the 2012 survey were highly favorable, with nine of the dimensions improved over 2011 and two unchanged. One dimension, which measured employee awareness and understanding of the Company's <u>Go Further</u> brand promise, was new for the 2012 survey.

The Employee Satisfaction Index (ESI) section of the survey, which asks employees questions such as whether they feel valued at work or whether they believe they are rewarded for their job performance, increased 2 percentage points from 2011. Considered the bellwether of employee satisfaction, Ford's ESI score is 5 percentage points above the Company's benchmark, which is comprised of a group of Fortune 500 companies.

Within the ESI, the highest score – 13 percent above the external benchmark – was for the question that asked employees whether they feel satisfied with the information they receive from management on what's going on with the Company.

This year's survey also showed improvement – an increase of 4 percentage points – over last year in the area that measures management's commitment to diversity. Two of the five questions that improved most were from the diversity category.

Not all questions saw improved results, however. Questions that resulted in lower scores this year included:

- "My workload does not interfere with my ability to do a quality job" down 2 percentage points from the prior year to 64 percent.
- "My work group planned actions based on the results of the last Pulse survey" down 1
  percentage point to 66 percent.

In 2012, we surveyed hourly employees on health and safety, along with other topics, for the first time. The objective was to collect feedback from our hourly workforce to establish baseline metrics, measure the effectiveness of the ONE Ford strategy and its impact on employee satisfaction, and guide continuous improvement efforts in our manufacturing operations. Plant locations in nine countries participated, generating feedback from more than 22,000 employees. The survey included a minimum of 20 questions that were consistent with questions asked in the salaried Pulse survey. Regions could add more questions as needed. The most favorable responses were around Company mindset and quality work practices. Results were slightly below the salaried workforce scores, but within 10 percentage points. Improvement efforts will focus on the effective implementation of our overall Ford Production System, which encompasses safety, quality, delivery, cost, people, maintenance and environment. Read more in the <u>Health and Safety</u> section of this report.

As part of our efforts to increase satisfaction, we are constantly improving our strategies for fostering open dialogue with employees. Read more in the <u>Employee Engagement</u> section.

In addition, each year following the survey, we send managers and supervisors throughout Ford a report that shows how their specific teams responded to the questions on the survey. The goal is for the managers and supervisors to then meet with their work groups, discuss the results, and plan changes to improve the way their teams function.

#### **Related links**

#### This Report

Data: Employee Satisfaction, Pulse Survey For more information on the <u>Pulse survey</u>, see the Data section of this report.



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# **Employee Engagement**

Keeping our employees engaged with our Company overall, and encouraging them to stay connected with their peers and their communities, is an essential component of our people strategy here at Ford. We believe it's important to communicate with our workforce in ways that are open and transparent. We do so through a variety of interactive forums, from "town hall" meetings to intranet surveys and chats, from joint labor-management committees to diversity councils. We also use several publications, such as plant newsletters and our @Ford magazine, to communicate the latest information on the state of the Company and our products. In recent years, we have also increased our use of social media applications, such as Facebook, to inform and connect with our employees.

For our hourly employees, we work closely with their unions to develop agreements and governance plans over changes in our operations (e.g., reorganizations, plant shutdowns, employee transfers and reductions). In addition, joint labor/management committees are set up at each plant to give employees an opportunity to influence working conditions and practices.

For our salaried employees, most of whom are not covered by union agreements, we have a strong Code of Conduct and comprehensive Policy Letters and Directives covering topics, including diversity, relevant to our employees. We also practice regular two-way communication with all employees through webcasts, executive Q&A sessions between senior leadership and staff who wouldn't typically have face-to-face meetings with top-level management, quarterly "town hall" meetings, manager-to-employee business cascades, surveys and informal communications. We survey our salaried employees twice annually using the Global Pulse and Engagement survey.

Our employees are also our customers, and they can be strong ambassadors for our products. In Michigan, information sessions called "Go Further Employee Events" are held to give employees the opportunity to view, learn about and test drive yet-to-be-released vehicles. This lets the employees see how our products are meeting the needs of customers, while providing factual information about the vehicles. Our employees can then promote the vehicles to their friends and families, which, in turn, can increase sales and help to strengthen the Ford brand.

Our Employee Resource Groups also conduct a number of events and initiatives each year to engage our employees, provide product insights and reach out to our communities. (See the <u>Promoting a Diverse and Inclusive Workforce section</u> for more on these groups.)

We also believe it's important to engage our people within the communities in which we operate. Each year, we offer ways for thousands of our employees and retirees to participate in volunteer programs. We see these programs as not only critical to helping those in need, but pivotal to inspiring and energizing our employees around volunteerism and community service. Through these community initiatives, we support teamwork and build a sense of shared purpose and commitment. For more information, see the <u>Community</u> section.

### In Thailand, Employees Put All-New Ford Focus to the Test

To build awareness of and excitement about the launch of the all-new Ford Focus in Thailand, 200 Ford employees had a chance to test drive the vehicle in the scenic town of Khao Yai. The full-day immersion included classroom sessions and specially tailored test-drive stations designed to highlight specific Focus features.

In the first station, participants were encouraged to test drive four cars on a slalom track. The second station – the universal favorite – was all about safety. Driving on a curved test track, the Focus' electronic stability features helped drivers negotiate a sharp bend with confidence, while the anti-lock brake system provided control and directional stability. The third station allowed employees to try out smart driver assistance technologies, including Active Park Assist, Blind Spot Information System and the hands-free Ford SYNC® system.

### **Related links**

#### This Report

- Communities
  - Data: Employee Satisfaction, Pulse Survey

"It's not often we get to test drive different vehicles within one day," said Jirawat Jeeradeepalung, a Ford human resources manager who helped to organize the event. "The overall feedback from this event was truly satisfying."



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# Leadership Development

Employee development is crucial to delivering our vision of building great products that contribute to a better world. The most important thing we can do is stay focused on creating a skilled and motivated workforce. We do that by continuing to invest in our employees, strengthening their technical and leadership skills and recognizing them for delivering results that cultivate success. As we continue to grow our Company, we must also continue to grow the capabilities of our people.

We have been standardizing, simplifying and integrating talent-management processes; implementing global competency frameworks; and enhancing leadership development programs for experienced managers. And, we believe we have fostered a flexible and <u>safe</u> working environment in which people are respected and valued for the work that they do.

All employees at Ford are encouraged to invest in their own professional development by developing an Individual Development Plan, or IDP, to help them meet current and future goals while maximizing performance in their current assignments. Using the IDP, employees work with their managers to help them identify strengths and areas for improvement, and then create customized plans for their individual developmental needs.

We provide a comprehensive range of learning and development resources that align with ONE Ford and the key competencies required to support each functional area. These resources include virtual, web-based and classroom training, experiential learning, special projects, task forces, mentoring and coaching, social networking, and team "lunch and learn" and other similar workshops. All of these seek to foster functional and technical excellence, encourage teamwork, promote Ford values and enhance our ability to deliver results.

Similar to our vehicle development strategy, our learning and development strategy has been to leverage our global scale and standardize as much as possible. We are creating internal "colleges" that provide education and training in areas ranging from finance and information technology to product development and marketing. We also offer global leadership development programs including the following: the Global Leadership Summit, which is aimed at executives and general managers; the Global Executive Leadership Program, which is geared toward directors and senior managers; and the Experienced Leader Program, aimed at middle management. We also offer the Salaried Supervisor Institute/Program (SSI) for new or experienced leaders who want to enhance their ONE Ford skills. ONE Ford is designed to build our employees' individual capability as well as our organization's capability to drive the business forward.

### **Developing Future Talent**

We're also focused on ways to develop our workforce of the future. Looking ahead, we will need to fill an increasing number of positions with highly skilled individuals who have backgrounds in specialized and technical fields of study. Yet, we recognize an impending shortage of candidates with these skills. As such, we have developed a STEM (Science, Technology, Engineering and Mathematics) strategy, championed by our CEO and executive leadership team, which leverages our current programs to develop skills for the future. Developing a future pool of talent is essential not only to the success of Ford Motor Company, but also to the success of our dealers, our suppliers and the overall automotive industry.

Through partnerships with the Ford Fund and the community, we have actively supported programs that build these skills. We are also developing our own programs targeted at students along the education pipeline. Examples of Ford's STEM outreach include:

- Ford Partnership for Advance Studies (PAS), Next Generation Learning: The Ford PAS
  program mobilizes educators, employers and community leaders to create a new generation of
  young people who will graduate from high school to be both college- and career-ready. Learn
  more in the <u>Community</u> section.
- Ford's High School Science and Technology Program (HSSTP): The HSSTP is designed to

raise awareness among high school students about technical careers and demonstrate the importance of science and math in industry.

### **Ford Leadership**

In late 2012, we announced that Alan Mulally will continue to serve as Ford president and CEO through at least 2014. At the same time, we named Mark Fields as the Company's new chief operating officer. Mulally will continue leading the long-term strategic development of the ONE Ford plan and its continuous improvement. Fields, who continues to report to Mulally, is now responsible for all business operations.

# **Easing Toward Retirement**

In 2011, we piloted the Phased Retirement Program (PRP), a voluntary program available for retirement-eligible employees that allows them to work half-time at full pay for a period of six months immediately prior to exiting the Company. The program is beneficial to employees, giving them the opportunity to phase into retirement after many years in the workforce. The PRP also benefits the Company by enabling effective knowledge transfer from PRP participants to their successors. Due to the success of the pilot, we continued to offer the program in various U.S. business units of the Company in 2012 and again in 2013.





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# **Diversity and Inclusion**

Henry Ford saw the wisdom of creating a diverse workforce, long before such a concept was embraced by other business leaders. A century later, we continue to attract a highly skilled and committed workforce that reflects diversity across culture, ethnicity, race, perspective, age, religion, physical ability and sexual orientation.

The business case for diversity is strong. Companies with global and diverse workforces have better chances of succeeding with a diverse, international customer base.

Throughout the history of Ford Motor Company, inclusion has been as much a part of the Company's success as the products our diverse employee base has created. Ford is a leader in diversity and inclusion, and both remain key business strategies. Our diversity makes us a better and stronger Company, by bringing in fresh ideas, perspectives, experiences and life responsibilities, and by fostering a truly collaborative workplace.

We have received hundreds of diversity awards in recent years from publications and organizations recognizing the value the Company places on building a diverse and inclusive culture. Our employees also recognize Ford's efforts in this area. According to our 2012 Pulse survey, 86 percent of our workers globally believe Ford's management is committed to diversity. This is up from 82 percent in 2011 and is one of the highest scores on Pulse survey topics.

Detailed information on our U.S. workforce by minority groups and gender can be found in our Engagement and Community data.

Read more about Ford's history of diversity and inclusion.



Ford is a global business. We have a lot of talented people working together, and our performance will be determined by the breadth and the depth of our inclusion of all of our people. The more we embrace our differences within Ford – diversity of thought, experience, perspective, race, gender, faith and more – the better we can deliver what the customers want and the more successful Ford will be."

Alan R. Mulally, President and Chief Executive Officer

### **Related links**

#### **This Report**

- Diversity and Inclusion Awards
- Data: U.S. Employment of Minority-group Personnel and Women at Year-end

#### Corporate.ford.com

Diversity





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# Promoting a Diverse and Inclusive Workforce

Our definition of diversity includes all those things that make each of us unique individuals. Our backgrounds, opinions, experiences, perspectives and life situations are just some of the distinctions we bring to the global workplace. At Ford, diversity is:

- Respect for our employees, customers, communities, dealers, suppliers and retirees
- Appreciation of our differences
- Inclusion of every person and every perspective
- Integrity to do the right thing, always

We integrate our diversity strategy into our business through the following strategic areas of focus:

 Leading the way – The executive leadership team, led by our CEO, champions diversity and inclusion at Ford. To enable us to work together effectively across the global enterprise, the leadership team ensures that diverse perspectives are integrated into business objectives and key human resources processes.

#### Supporting our diverse workforce and strengthening our external

**partnerships** – Ford currently supports a number of employee networks, including 11 Employee Resource Groups (ERGs) that help to foster diversity and inclusion. These include groups for employees of African ancestry; Hispanic, Asian -Indian, Chinese and Middle Eastern employees; veteran and active military employees; employees dealing with disabilities; female professionals; working parents; gay, lesbian, bisexual and transgender employees; and the Ford Interfaith Network, which brings together separate affinity groups for Christians, Jews, Muslims, Hindus and other faiths. A number of the groups have chapters in our business units throughout the world. In addition to supporting our employees, these ERGs organize community volunteer activities and provide us with an opportunity to better understand the consumer needs and wants of individuals of diverse backgrounds. Some of their recent initiatives include mentoring students from local schools, assisting the homeless and sending care packages to our military overseas. Our Ford Hispanic Network, for example, partnered with Ford Credit to teach financial literacy workshops in local high schools and community organizations. Our Veterans Network works with the Wounded Warrior program.

- Fostering a respectful and inclusive environment Ford's commitment to inclusion is incorporated into ONE Ford expected behaviors and communicated in ongoing forums such as "town hall" meetings and training. As a part of these efforts, we have held a Diversity & Inclusion Summit each year since 1999 to recognize individuals and teams who have exhibited the inclusive ONE Ford behaviors critical to our success as a company. The participation of our employees from around the world in this Summit continues to grow. In 2012, our CEO and other senior executives honored 33 teams and individuals in a global ceremony, with participation from Brazil, China, Germany, India, Mexico, the Philippines, South Africa, Spain, the U.K. and the U.S.
- Supporting work/life flexibility We encourage employees and managers to discuss both business and personal goals. Work/life flexibility creates a competitive advantage and addresses the needs of our global, multi-generational workforce. Ford Digital Worker is a global information technology program that supports ONE Ford and enhances employees' ability to work remotely. Ford's efforts to provide employees with tools such as WebEx, Instant Messenger and enhanced mobile access capability have increased employee productivity and satisfaction. Flexibility solutions vary depending upon locations, teams and employees. Examples include the following:
  - In the U.S., a significant number of the salaried workforce occasionally uses "flextime," which allows employees to vary their daily work times. We have approximately 3,000 employees on formal work programs that involve telecommuting, part-time work and compressed work arrangements. Many more employees develop informal arrangements with their supervisors for occasional work-from-home opportunities. Our Flexible Work Network provides "flex mentors" to help advise employees on effective ways to work

#### differently.

- In Europe, we offer a variety of flexible working patterns. In the U.K. and Germany, for example, we support part-time working and telecommuting and offer child-care facilities for the children of our employees.
- In Canada, our many programs include "Summer Hours," which give employees an
  opportunity to work with their managers to identify a compressed work-week schedule
  during the summer months.
- Several countries within Ford South America have established programs aiming to leverage work/life flexibility, including flexible work locations.

Other employee resources include employee assistance programs, "mothers' rooms" for nursing mothers in some of our global locations, meditation rooms and wellness initiatives.

Ford has longstanding policies clearly stating that harassment in the work environment because of race, religion, color, age, sex, national origin, disability, sexual orientation, gender identity or veteran status is a violation of the spirit and intent of the Company's nondiscrimination policies, and Ford has a commitment to zero tolerance of this type of behavior. These policies apply to all individuals, including part-time, supplemental and agency employees. Ford understands its responsibility to foster a respectful work environment free of harassment or discrimination at all levels of the organization. We take this responsibility seriously and thoroughly investigate any claim of violation(s).

Our collective bargaining agreements address this issue and allow union-represented employees the right to use the grievance process. Ford's Code of Human Rights, Basic Working Conditions and Corporate Responsibility (Policy Letter #24) directly addresses the issue of respect and inclusion, as do the following additional global Policies and Directives:

- Local Equal Employment Opportunity Policy Statement
- Policy Letter No. 2: "Relationships with Employees"
- Policy Letter No. 6: "Equal Opportunity and Affirmative Action"
- Directive B-110: "Anti-Harassment/Zero Tolerance"

Across the globe, a number of internal avenues are available to employees who wish to make and/or document a complaint. These processes are communicated to all employees through the Open Door policy and through various policies posted online. These avenues include:

- Reporting the incident or concern to a supervisor or any other member of management
- Filing a complaint with the local human resources office
- Contacting the human resources representative at the division office or personnel relations at World Headquarters in Dearborn, Michigan
- Calling a hotline, through which concerns may be raised
- In the U.S., using peer review, which is an internal alternative dispute resolution process

Also in the U.S., the Company has longstanding, strong relationships with the U.S. Equal Employment Opportunity Commission and state civil rights agencies. We stand committed to cooperating with those civil rights agencies that provide resources to the people of our diverse communities in an effort to eliminate discrimination and harassment in the workplace.

Within the U.K. we have a highly robust, comprehensive Dignity at Work policy that sets out the expected standards of behavior and what steps can be taken if there are infringements on the high standards. All employees are trained on the content of the policy, with further training for supervisors and managers who investigate allegations of harassment and/or bullying.





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# **Diversity and Inclusion Awards**

We have received hundreds of awards in the last few years from publications and organizations that recognize the value we place on our employees and our ability to work inclusively. For example, we have been on *DiversityInc's* "Top Companies for Diversity" list 11 times. Specific diversity awards given in 2012/13 include the following:

- America's Top Companies for Women's Business Enterprises Women's Business Enterprise National Council
- America's Top Organizations for Multicultural Business Opportunities DiversityBusiness.com
- Best Places to Work Human Rights Campaign
- Corporate Equality Index, 100% Rating Human Rights Campaign
- Company of the Year for Minority Supplier Development On Wheels
- Corporation of the Year Michigan Minority Supplier Development Council
- Corporation of the Year National Minority Supplier Development Council
- Corporation of the Year Women's Business Enterprise National Council
- Diversity Elite 60 Hispanic Business
- 40 Best Companies for Diversity Black Enterprise
- Top Five Best Companies to Work For in Argentina Apertura Magazine
- Top 25 Supplier Diversity Companies Hispanic Business
- Top 50 Employers Equal Opportunity Magazine
- Top 50 Employers Minority Engineer
- Hall of Heroes MBA Women International
- Top 100 Employers Latino 100
- World's Most Attractive Employers Universum

For a listing of corporate responsibility and governance awards for our Company, see the <u>Awards</u> and <u>Recognitions</u> section.



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# Workplace Health and Safety

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### Ford Motor Company Vision for Health and Safety

Our vision is to achieve zero fatalities and no serious injuries, and to protect and continually improve the health of our workforce.

At Ford, we aspire to create a safe workplace, with zero fatalities and no serious injuries. We aim to be a leader in safety – not just within manufacturing, but within all industries around the globe. We have made strong and steady progress, with overall injury rates dropping to a tenth of the levels of 1999, when we revamped our formal safety program. But we're not yet where we want to be, and we know we have more work to do.

Our top executives and managers remain committed to ensuring that our people stay safe and healthy while working as part of our ONE Ford team. In recent years, management compensation has been more heavily weighted to drive safety culture improvements. Our director of occupational health and safety, for example, provides comments on our Company's safety performance to the Board of Directors; those comments are used as part of the Board's annual review of CEO Alan Mulally.

We have integrated safety into all aspects of our business. Our Safety Operating System (SOS), which is part of our overall manufacturing strategy, provides for the health and safety of our employees through empowered teams of people working together. Safety is one of the core components of the Ford Production System, along with quality, delivery, cost, people, maintenance and environment. Improving our safety record is not only good for our employees; it's good for our business.

We're especially focused on changing the workforce culture within our plant operations, so the importance of safety is ingrained in all of our people, no matter their role. We're leveraging the ONE Ford philosophy of working together, caring for each other and creating a supportive environment. <u>Read more</u> about our work to change the workforce culture, including joint UAW initiatives.

The "health" part of <u>health</u> and safety remains a key driver for Ford. We recognize the impact that health issues like heart disease, diabetes and obesity can have on the well-being of our employees, as well as on the cost of providing health care to our workforce in the U.S. By helping employees to prevent serious diseases and effectively manage chronic conditions, we can have a positive impact on our employees' quality of life and our bottom line.

For more about our workplace safety systems, see the corresponding pages on <u>Health and Safety</u> <u>Governance</u>; Safety Culture and Accountability; Safe Conditions; Relationship Management; <u>Health as a Strategic Advantage</u>; and <u>Our 2012 Safety Performance</u>.

# "

Our most valuable asset is our people. Nothing is more important than their safety and well-being. Our coworkers and families rely on this commitment. There can be no compromise."

Bill Ford and Alan Mulally

# **Related links**

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# Health and Safety Governance

We have comprehensive governance systems for health and safety management. Our overarching Occupational Health and Safety (OHS) policy is established through a corporate Policy Letter and Directives. In addition, global OHS standards cover all health and safety topics, including safety, ergonomics, occupational hygiene, toxicology and clinical operations.

Often the most efficient and cost-effective way to reduce safety and ergonomic risks in the manufacturing process is to engineer them out upfront. Our global manufacturing engineering teams use the latest technology of "virtual manufacturing" to predict and eliminate risks during the design stage. We also have a global process to ensure that all materials used in our factories are safe for our people.

We review safety regularly at the plant level and in regional OHS committees. Our President and CEO and our senior operating team review safety performance as part of their regular business plan reviews, as does the global Manufacturing Operating Committee.

Within manufacturing we use an assessment process that is aligned with the Global Ford Production System. The process includes an integrated assessment that evaluates safety, quality, delivery, cost, people, maintenance and environmental operating systems, while recognizing their interdependencies.

Nonmanufacturing sites conduct yearly self-assessments of their OHS risks and performance. All sites must respond to a series of safety questions that have been integrated into the Ford General Auditor's Office basic audit review program.

Ford faces workplace health and safety challenges similar to those of many multinational manufacturing companies. These challenges include establishing and reinforcing high, common expectations for the safety of our employees worldwide. Most of our manufacturing facilities have joint union/management safety committees that guide the development and implementation of safety programs in their operations. At least 75 percent of the Company's workforce globally are covered by the health and safety committees. This includes the entire manufacturing workforce and some staff organizations.



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# Safety Culture and Accountability

We've been able to make some significant improvements in the safety of our operations over the last decade, with a substantial decline in the rates of injuries. We have improved our management systems, engineered out known safety risks wherever possible, and augmented our training. But in order to get to the next level – and our goal of zero fatalities and serious injuries – we need to change the culture of our workforce. Today, the major safety challenge at Ford is improving employee adherence to existing safety procedures and improving employee awareness to recognize and eliminate hazards.

### Changing Our Safety Culture

To reach the hearts and minds of our people, we've been taking a more emotional approach to safety, and we believe it's been making an impact. On December 26, 2009, one of our employees died in a tragic accident at Ford's Kentucky Truck Plant in Louisville. Ronald Cassady's death shattered the tight-knit plant and profoundly impacted our Company.

The following year, we produced a documentary about Cassady – a 16-year Ford veteran who died of injuries after a 220-pound steel beam fell on top of him. The video, which was translated into multiple languages for required viewing by tradespeople at all of our manufacturing facilities, focuses on Cassady's friends, co-workers and family as they share the painful details of that horrific December day.

The video made a big impression on our people. And in the years since, we have been producing more videos that tell real-life stories of employees who were injured – or who had a close call – on the job. Some of the "Faces of Safety" videos include images of a worker's family to remind our people that when they ignore the rules of safety on the job, they're not just putting themselves at risk – they're putting the futures of their loved ones at risk, too.

Our target audience for the videos is skilled tradespeople – the employee category that is at highest risk for serious injuries. These are the individuals who troubleshoot equipment, make repairs and retool the manufacturing lines during plant shutdown. Eight of our last 10 fatalities – including Ron Cassady – occurred during maintenance activities. Approximately 20 percent of our employees are in the skilled trades. Yet they represent 80 percent of our fatalities.

Many of these serious injuries occur during plant shutdowns or other intense periods of major change. In the U.S., shutdowns typically take place in December and July of each year as we prepare our facilities for new vehicle models. In 2011 and 2012, we had three consecutive shutdown periods without a serious injury to a Ford employee – something that has never happened before.

As part of our cultural shift, we're also now working more closely with the UAW and thanking our plant work teams for safety successes. "Our congratulations go out to everyone for a job well done," wrote Jimmy Settles, vice president and director for the UAW, and Jim Tetreault, Ford's vice president of North American manufacturing, in a January 2013 letter to all U.S. plants. "Our continued success in periods of downtime must find its way into our everyday work. Returning to our families safe and healthy should be a value and expectation for every worker."

In 2013, we intend to survey our employees to find out what types of safety messages they find useful. For example, several years ago, Mike Rowe, known for his work in our TV commercials, was our spokesman for health and safety. He made a video and we used his likeness to display safety messages within the plants. We hope to determine whether efforts such as that, and our safety videos, are having the desired effect, so that we know where to focus in the future.

## **Reinforcing Accountability**

We establish accountability for health and safety performance through our business planning, policy

deployment and scorecard processes, which set targets and assign responsibility for meeting those targets. Business operation and plant managers are responsible for health and safety in the operations they manage, and their performance in this area is a factor in their incentive compensation. In addition, safety performance is included in the scorecards of salaried employees as appropriate, including those of the CEO and business unit leaders.

As our safety programs have strengthened, we have looked for ways to increase the accountability of all workers so they not only follow the rules and procedures for themselves, but they also look out for their coworkers. Our safety data demonstrates to us that the majority of injuries are the result of individuals failing to follow established safety protocols. We have increased training programs to ensure that workers understand what is required of them and to further build accountability into individual safety performance.

### Safety Surveys

In 2012, we began a pilot program to survey manufacturing employees in four locations and get their feedback on issues relating to safety. Sponsored and supported by a joint Ford/UAW initiative, the 15-minute survey from the National Safety Council (NSC) asks employees 50 questions related to their perceptions of safety at our Company. This is the first time we've been able to survey manufacturing employees. (Our Pulse survey, described below and in Employee Satisfaction, primarily surveys salaried employees.)

We plan to expand the survey to all U.S. manufacturing locations in 2013 and use the findings of all of the surveys to improve our safety efforts and culture. Individual plants will develop action plans based on the results of the survey.

The NSC survey, which is used by a variety of global manufacturing companies, focuses on six safety program categories, including management participation, safety support activities and safety support climate. The results of this paper-and-pencil survey also allow us to benchmark ourselves – and individual plants – against the NSC's database of all surveys, which contains more than 2 million responses from 550 organizations.

We also have several safety questions in the general employee Pulse survey. The results of this survey, combined with audits and routine gathering and sharing of performance data, provide a comprehensive picture of health and safety performance trends, as well as early warning of conditions that could lead to a decline in performance. The results of the 2012 Pulse survey show that the vast majority of Ford salaried employees – 87 percent, compared to 86 percent in 2011 – are satisfied with the Company's safety culture.



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# **Safe Conditions**

Many factors contribute to safe working conditions, including the design and maintenance of the facility and its equipment, effective work processes, and appropriate safeguards for potentially hazardous conditions. We use a variety of processes and programs to assess and manage risks. When potential hazards cannot be addressed through engineering, we use personal protective equipment and procedural controls to help prevent accidents and exposures.

We use internal and external benchmarking to drive health and safety improvements. Internal benchmarking helps us learn from plants that have demonstrated exemplary results and share the key leadership attributes that drive occupational health and safety excellence. Our annual President's Health and Safety Award program is used to identify the global best practices for replication.

External benchmarking on injury performance and safety processes serves to challenge our facilities to achieve best-in-class performance and document effective injury performance and management processes. For example, we participate in a multi-industry group of companies that shares information and best practices on safety performance. Participants include several auto industry peers as well as companies in a broad range of industries, from health care to aerospace.





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# **Relationship Management**

We know that to manage health and safety effectively, we must maintain good relationships with all stakeholders. Our unions globally share our commitment to a safe working environment and have been our partners at every step of the Health and Safety Leadership effort and other health and safety programs. We also maintain important external relationships with regulatory agencies, professional organizations and suppliers. In the U.S., formal partnerships among Ford, the UAW, the U.S. Occupational Safety and Health Administration and its state counterparts are a visible example.

We use multiple communication channels to reinforce safety messages, from our internal video broadcast system to messages from senior executives. In addition to regular safety talks, we periodically hold safety stand-downs that shut production at our plants to focus attention on a safety message. We can communicate nearly instantaneously with health and safety specialists worldwide, alerting those at similar facilities when a significant accident occurs, so they can take appropriate preventive action. For more information, see the <u>Safety Culture and Accountability</u> section.





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# Health as a Strategic Advantage

The continued good health of our workforce and their families remains a priority for the Company. Our approach to employee health and, in particular, U.S. health care, is rooted in our core business and our <u>Employment Value</u> <u>Proposition</u>. We are committed to the ongoing evaluation and improvement of programs that promote the good health, well-being, longevity and productivity of our workforce. Our vision is knowledgeable, motivated people who stay well and receive appropriate, efficient health care services. Since families tend to share health habits – good and bad – promoting health among our employees contributes to healthier communities.

In the U.S., health care availability and affordability continue to be of concern, as demonstrated by the national health care reform effort. To mitigate our health care-related costs, maximize worker productivity and improve the overall health of our communities, we are committed to health and wellness programs that maintain or increase the health status of our employees and their families. We provide resources and tools to educate employees to help them make sound choices about health care services and coverage. This will help them become better health care consumers.

Salaried workers in the U.S. who participate in a health risk appraisal and meet with their primary care physicians to better understand their health status are rewarded with lower insurance deductibles. In 2012, more than 80 percent of salaried employees and retirees met the objectives of this program and increased their awareness of personal health improvement opportunities.

For our hourly workforce, we are partnering with the UAW and Southeast Michigan health care providers to pilot a two-year program called the Enhanced Care Program. The focus of this program is on health improvement opportunities for those who have the greatest need. Those identified as eligible for the program will be assigned a nurse care manager (who works in the employee's primary care physician's office) and assist them in achieving their health improvement goals.

We are also collaborating with other large payers, health plans and government agencies by:

- Participating in regional health care quality measurement and public reporting initiatives, with
  potential data sharing and funding assistance from the government
- Promoting the development of health care initiatives that aim to improve or change the dynamic of the health care marketplace
- Developing new programs to improve the health of employees and family members who are affected by chronic diseases

Globally, we remain committed to the ONE Ford health care strategy. Our goal is to build a culture of wellness that lets people perform at the top of their game at work, at home and into retirement. Our efforts are tailored to meet local health priorities and to ensure that our people receive quality health care when they need it. We focus on health screenings, educational programs and promotional campaigns. We use global health metrics (such as percentage of population at low, medium and high risk for disease) to assess the health of our workforce and track the results of our programs. Through our U.S. and global health initiatives, we are confident we will be successful in improving the health of our workforce and managing our health care cost obligations in an efficient manner.



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# **Our 2012 Safety Record**

The year 2012 marked the second year since 1918 in which we did not have an employee work-related fatality. Tragically, however, we did experience a fatality of a joint venture (JV) employee at our JV facility in Thailand. Our primary objective remains zero fatalities on Ford property.

Overall, our safety record improved, although only slightly, compared to 2011. A major safety indicator - the lost-time case rate - was at 0.51, a statistically significant 10 percent improvement from 2011's rate of 0.57. We experienced 139 serious injuries among our direct employees, compared to 143 the previous year. In most of the cases, the injuries were related to slip, trip and fall events or performing work not according to our standards.

While we are pleased that we did not have a fatality among any of our own employees, we recognize that we must remain vigilant. In 2012, we had 312 reported events that could have resulted in more serious consequences, but did not. Each of the incidents was investigated, and appropriate preventive measures were adopted. While this number may seem high, we see it as a sign of higher organizational awareness of potential risks and a willingness to share information with others so the same events do not happen elsewhere.

We have been encouraging all employees to alert management to every injury or hazard, no matter how small, so that we can learn from any mistakes, take corrective actions and create a safer workplace for everyone. We continue working in a collaborative way with the UAW to change the culture so that individuals are motivated to take greater responsibility and ownership for addressing any safety risks and unsafe behaviors.

As we have rebounded from the economic downturn, our plants are making more vehicles than they were in recent years. Given the relative activity levels and relative rates of lost time and serious injury, our U.S. operations have the greatest opportunity for improvement of any of our locations worldwide.

We are in the process of upgrading our information technology to create a common global system for tracking workplace injuries, incidents and causal factors. Having a common system to record incidents will allow us to conduct much more detailed analyses of each event and, as a result, improve overall performance.

We're also continuing to work to develop a common global approach to the use of personal protective equipment. The new data-gathering system will allow us to make comparisons and analyze trends among injuries so we can identify which personal equipment result in fewer injuries.

For more information, see the Workplace Safety data page of this report.





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# Dealers

Our dealers are a source of strength. They are a critical part of our success and important economic contributors to their communities. They represent the face of Ford to our customers and communities and provide employment, tax support, leadership and customer service. As of year-end 2012, our 3,286 Ford and Lincoln dealers in the U.S. employed 189,000 individuals, with an annual payroll of approximately \$7 billion. Worldwide, we had 11,619 Ford and Lincoln dealerships as of year-end 2012.

As part of our continuing efforts to improve the Ford retail customer experience and to create loyal advocates of our products and services, we began working collaboratively with our U.S. Ford dealers to improve dealership facilities. In addition, we began working with our Lincoln dealers to focus our mutual efforts on the transformational change necessary to meet the high expectations of the luxury customer, including upgrading dealership facilities and the services provided at those dealerships.

U.S. Ford dealers were more profitable on average last year than in 2011, as lower inventory costs and higher demand for our new and freshened models increased new vehicle sales.

# **Engaging with Dealers**

Dealer relations are a key priority for us. The Ford and Lincoln Dealer Council provides a forum for open dialogue between Dealer Council members and Ford. Through the Council process, dealers can voice their concerns, needs and ideas for working more productively as a team. Also, dealers annually identify their priorities, which are published along with Ford management responses, providing transparency to the discussions between the Company and its dealers.

To ensure that communication lines remain open, Dealer Council members also participate as members of National Dealer Advisory Panels. The current Dealer Advisory Panels, and the topics they address, are as follows:

- Commercial Truck Advisory Board (CTAB) sales, marketing and product programs
- Consumer Experience Committee (CEM) opportunity areas to assist dealers, including consistency within Ford, warranties, single point of contact, empowerment, recognition, communication
- Customer Viewpoint Advisory Panel customer satisfaction rating system, Viewpoint survey
- Dealer Product Advisory Committee (DPAC) current and future product cycle plan, including lineup, design, styling and color/trim
- Fixed Operations Strategic Advisory Board mutual fixed operations business growth opportunities
- Ford Credit Dealer Advisory Board vehicle financing and competitiveness
- FordDirect Dealer Advisory Board new products and services
- Government Affairs Committee advice to Ford Motor Company's Government Affairs
  office on federal and state automotive legislative issues that have major implications to the
  business and industry
- Marketing Dealer Advisory Board (MDAB) vehicle packaging strategy, advertising creative, incentive programs for Ford
- Parts and Service Manager Advisory Committee (PSMAC) fixed operations programs, including employee recognition/retention
- Retail Experience of the Future (REOF) third-party aggregators
- Training Advisory Board (TAB) dealership employee training and recognition
- Young Leaders Committee millennial perspective on the future of the business, specifically growth in demand for small cars

# **Related links**

#### **This Report**

- Electrification: A Closer Look
- Green Buildings

The feedback gathered through these interactions has helped us develop programs, change

policies and enhance processes to improve customer handling and other significant elements of dealers' businesses.

In addition to the feedback provided through the Dealer Council and Advisory Panels, dealer satisfaction is measured in various ways, including the biannual survey of the National Automobile Dealers Association (NADA) as well as day-to-day interaction with our dealers. Approximately 64 percent of our dealers provided feedback through the summer 2012 NADA survey process. We remained consistent in many areas in this survey compared to our winter 2011 record improvements, including in our Regional Sales, Service and Parts Personnel rankings. In addition, Ford Motor Credit Company Capability rankings exceeded the industry and previous scores in nearly every category. Finally, Senior Management Effectiveness, Dealer Communications, Marketing and Vehicle Incentives also showed favorable results.

### **Dealer Diversity**

Diversity and inclusiveness are part of Ford's DNA, and growing a strong minority presence in our dealerships is very important. At year-end 2012, Ford had 167 minority-owned dealerships, which represents 5.1 percent of our 3,286 U.S. dealerships. We continue to work with our dealers to provide a foundation for a stronger future for ethnic minorities in all aspects of the industry through the creation of a unified minority dealer group – the Ford Minority Dealer Association (Ford MDA). Working together, we have developed a ONE Ford approach to minority dealer operations by focusing on five key strategies to promote, sustain and grow ethnic minority representation of Ford Motor Company brands. With a focus on education and creating awareness, the Ford MDA will create minority retail career opportunities, enhance dealer profitability and viability and identify multicultural marketing opportunities and community involvement.

## **Dealer Sustainability Program**

We continue to expand the "Go Green" Dealer Sustainability Program we launched in 2010, as dealers can now receive a Go Green energy assessment through the Ford Electric Vehicle (EV) Program. The goal of the Go Green program is simple: to collaborate with dealers to implement cost-effective ways to improve the energy efficiency of their facilities. Going forward, the Go Green program will continue to be a key component of our Ford Dealer Electric Vehicle Program as we expand our EV model offerings and EV dealer network. As part of the certification process to sell EVs, Ford EV dealers undergo an energy assessment to identify opportunities to reduce their overall carbon footprint and lower their energy expenses.

Ford established an Energy Team to manage the energy assessments, and we partnered with Harris Lighting and NEEM, Inc. – global leaders in energy consulting – to complete the actual assessments. Statistical data from the first phase of our Ford Electric Vehicle Program reveals an average dealer annual cost savings opportunity of more than \$40,000 per year, or 29 percent of their energy costs, with an average dealer payback period estimated at 3.1 years. As of March 2013, more than 600 dealers in 48 states have completed our EV certification, including the energy assessment process, and more than 200 additional dealers have signed up to undergo the process during the remainder of 2013. For more information on Ford's EV dealer certification process please see the <u>Electrification section</u>.

In addition, beginning in 2013 the Go Green energy assessment will be an integral component of our U.S. Ford facility renovation program. Our goal to renovate more than 700 U.S. Ford Motor Company branded facilities during the next few years presents a tremendous opportunity for green technology implementation within our dealer network.



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# Salute to Dealers

Ford annually recognizes dealers' outstanding contributions to their communities through its "Salute to Dealers" program. The program was established in 2001 to demonstrate our commitment to dealers who provide outstanding products and services and improve the lives of those in need. These remarkable honorees and nominees are selected from a field of thousands of Ford and Lincoln dealers across the globe.

Ford is very proud of the contributions made by the dealers who are nominated for this award and the 94 men and women who have been selected as Salute to Dealers honorees since the program's inception. Considering the high quality and community spirit of our dealer body, this is a tribute to their hard work and dedication to make the world a better place.



Ford's 2013 Salute to Dealer award recipients. This program, started in 2001, recognizes dealers who provide outstanding products and services and improve the lives of those in need.

Our 2013 awards recognized the following dealer principals for their unparalleled generosity and commitment to their communities:

- Kittivut Chairat, Ford Chokechai Sukhothai, Sukhothai, Thailand: Kittivut Chairat is leveraging his success in the showroom to help his community through myriad projects targeted to help those in need. He is committed to and engaged in a series of charitable projects for the community that have benefited many in need and raised social awareness for those same causes. His San Fun project, which translates to "weave the dream for the children," benefits local schools in the province of Sukhothai. Through many different events, he and his dealership employees have raised necessary funds to improve school equipment and facilities in the region. One example is the construction of a restroom area where students are able to brush their teeth and wash their hands. Providing these facilities and teaching the importance of cleanliness is part of the health education in the school. A project close to Chairat's heart is the Baan Nokkamin Foundation, which provides shelter for homeless children. The foundation's name means "house of homeless birds." Chairat also sponsors educational scholarships for students with financial challenges. His dedication to improve the community he works and lives in is contagious and serves as a shining example that encourages others to follow. "I want everyone to work together and be selfless and build a culture toward giving," he said. "I want us to be able to get past 'me' or 'what's mine.' If everyone is giving, then our society will be much better."
- Dimas Arnoldo da Silva, Dimas Comércio de Automóveis Ltda, Florianópolis, Santa Catarina, Brazil: Dimas Arnoldo da Silva is dedicated to improving the quality of life for those less fortunate so they can succeed in his native Brazilian community. The value of social responsibility in the community has been passed down from Dimas to his two sons,

Ricardo and Daniel. Most of Dimas's charitable efforts focus on children in need, like the boys and girls at the Center for Education and Training Hope. The Center has a home for children. a day-care facility and an orphanage. Concerned about community needs, Dimas also donates his time and resources to several activities that promote the education and welfare of those living in the region. Through his partnership with the Center for Popular Education and Evangelization, he helped finance an event to educate underprivileged children on important health issues and citizenship. His Christmas campaigns, to collect toys and food for the poor, have helped thousands of children in need in several communities in and around his dealership. He also organized a significant winter clothes drive that resulted in the collection of more than one ton of needed clothing; the clothes were distributed to children, teenagers and the elderly in the surrounding communities. There are many smiles on the faces of Brazilian children as a result of the Dimas Group's generous outreach. Dimas's work with these causes and countless others typifies his passion for helping those in need. He explained: "Someone who comes from a poor family like me, and I had opportunities in life, I think that other people should have opportunity too. I always felt that I should help, because I have had people help me.'

- William R. Jarrett Jr., Bill Jarrett Ford, Avon Park, Florida: Bill Jarrett is a humble man who is quietly making a big difference in the small community of Avon Park, Florida. He is well known in the area as being a tireless advocate for youth charities. From coaching Little League to serving as a personal mentor for teens, his contributions are immeasurable. One example is Jarrett's personal funding of an initiative for the local school district where students learn leadership skills through a program called the "Leader in Me." He not only commits financial resources, but tirelessly pledges his personal time for the betterment of the community. Jarrett sits on the board of South Florida State College, where he is currently working to raise more than \$20 million for a new performing arts center. He also helped raise needed funds for the establishment of a hospice center for terminally ill patients and their families in the community. Jarrett's contributions have made him a household name throughout Highlands County. The Jarrett Family Foundation strives to build healthy hearts for young people by sponsoring the annual Rock'n Heartland Youth Triathlon Series. He also coordinates a yearly 5K run and walk to support the hospital, as well as the popular Drive Your Heart event. Habitat for Humanity is also a recipient of Jarrett's good will, where he has sponsored and built seven homes for needy families. Jarrett sincerely feels his purpose is to help others have a better life, and his vision is to uplift the community in doing so: "My 30-plus years as a Ford dealer is really just a privilege...a privilege to help others."
- Jack A. Kain, Jack Kain Ford, Versailles, Kentucky: Jack Kain, a first-generation ۲ Ford dealer, is a visionary in his community, helping to stimulate economic development in Woodford County. He is devoted to countless social and community causes in and around the Versailles, Kentucky area. His personal commitment of time and leadership helped turn an abandoned farm area into a booming economic resource with more than 2,000 new jobs for local families. As a keen supporter of local education, Kain personally donated land to allow for convenient public access to a local technical college. As a retired U.S. Air Force Officer, Kain became aware of the need for personal supplies for the troops in Iraq and Afghanistan. He implemented a program to adopt entire local military units for the duration of their tour of duty and provided needed supplies monthly. His involvement in social causes extends to the local Hope Center, where he is an adamant supporter of the facility, which provides drug rehabilitation services for substance abusers. Kain also championed full access to healthcare in the region, working tirelessly to keep the doors open at Bluegrass Community Hospital. He is also particularly committed to supporting organ donation in his community. This issue is very personal for him, as his daughter passed away before receiving a lifesaving liver transplant. As a means of giving back, Kain set up a special fund. For every car sold at his dealership, he donates a portion of the profits to the Kentucky Trust for Life organ donation program. Kain embraces his community with a lifetime of personal service and is the perfect role model for corporate citizenship. "Everything is new," he said. "I meet new people and get to tell my stories and hear their stories and it is important to me, and I can't think of anything that I'd rather do than try to help."
- Kevin P. Meehan, Imperial Ford, Mendon, Massachusetts: For Kevin Meehan, ۲ charity truly begins at home. Each year, he and his family transform their residence into New England's largest outdoor Christmas display. Called Millis Wonderland, it comprises 43+ acres. The Salvation Army is the sole beneficiary, and the display has become the organization's prime state-wide collection site. Meehan has also funded extensive renovations at a local hospital and hosted many charitable events at his dealerships, including a major fundraiser to cure breast cancer and an annual free car show and family fair that attracts 35,000 guests. His commitment to the community extends to his "Random Acts of Kindness" charity, which assists needy families during the Christmas season, plus to area schools, veterans groups, first responders, youth sports, scouting, DARE, Toys for Tots, and more. And, when the city of Mendon didn't have the funds to build a new police station, Meehan came to the rescue. For his philanthropy, he is one of New England's most loved, respected and admired businessmen. "I think that anyone who is successful within a community owes it to themselves and to that community to give back," he said. "It's doing the most and being the best that you can be, and being an example for your children."

Gazi Osman Ovali, Ovali Otomotiv, Hatay, Turkey: Gazi Osman Ovali spends numerous hours on volunteer efforts focusing on health, education and improving the quality of life in his homeland of Antakya, Hatay, Turkey. In order to emphasize the importance of blood donations, he initiated a campaign to raise awareness among local citizens, resulting in a doubling of collections. As president of the Turkish Education Foundation Hatay Branch, he helps to provide thousands of scholarships for students with limited financial resources. He has donated a new library to the local science high school, will build a new automobile science laboratory for the local vocational high school and is continually working to create opportunities for high school graduates. These students are also better equipped to handle the transition to college due to the training they receive. His contributions to these projects are critical to their success. In an effort to educate local citizens, Ovali also established an association to protect historical artifacts in the region. The goal is to safeguard the integrity of ancient monuments, ruins and historical sites in the area. He is also active in helping Syrian refugees by providing food, medical help and clothing to the camps, and is the main sponsor and supporter of the orphanage and nursing home in Hatay. One can easily recognize the dedication and compassion that typifies Ovali's commitment to helping those in need. "These social and community problems are not only the problems of our nation, but worldwide," he said. "There are people who encounter these problems, people who were not at the right place at the right times. It is our responsibility to help them in any way that we can."

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#### People

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Voice: Cyndi Selke

# Communities

With the same excitement with which we release products, we provide support to the communities in which we live, work and play. Our community support remains independent from but aligned with our Company goals and our ONE Ford plan. One of the outputs of ONE Ford is to build a better world, and so reaching out and providing assistance to our communities is an essential part of what we do.

Ford has been supporting community efforts since our founding more than 100 years ago. For us, it is not just about donating money. It's also about building partnerships and working with others to address the difficult challenges so many people are facing. Our community activities are guided by the sustainability and business priorities that guide our business, including water, human rights and driving safety. We also focus on improving community life by helping communities meet basic needs (such as food and shelter), supporting development programs, helping with emergency and disaster response and assisting in improving educational opportunities. We focus our community activities in these areas because we still believe, as Henry Ford did when he founded Ford Motor Company, that the Company is only as strong as the communities where our employees and customers live and work.



# **Investing in Communities**

See some of the communityrelated projects we are working on around the globe.

### **Related links**

### This Report

- » Supply Chain
- » Water as a Community Issue

Several trends have reshaped our industry and our Company in recent years, including increased competition globally and changing markets for our products, with the bulk of future sales growth expected to occur in emerging economies. Ford is expanding its own footprint in emerging markets: We are expanding or building new plants at seven locations in the Asia Pacific region and we are hiring employees across that region. Ford and other companies are also expanding our supply chain in these lower-cost emerging markets, as a way to serve both local markets and the global supply chain. These changes are affecting not only how we manage our operations, but also how we engage with and affect the communities in which we operate. To address these changes, we have refocused our community efforts to reflect the global nature of our business, while recognizing that Michigan is our headquarters state and will always remain an important part of our focus.

Whether doing business in Michigan or Malaysia, we seek to respect and make a positive contribution to our host communities. Operating in emerging economies, however, does bring with it some new community issues for us to understand and manage.

One of these issues is human rights. Specifically, we must ensure that our products, no matter where they are made, are manufactured under conditions that demonstrate respect for the people who make them. We also must respect the rights of people living in the communities around our facilities, as well as our suppliers' facilities, who may be affected by those operations. We view respect for human rights as not only a core operational issue, but also a key to maintaining the trust and respect of local communities. That trust is critical if we want to continue to operate and, increasingly, sell our products in those locations. (See the Governance and Supply Chain sections for more on these topics.) We are also looking at water issues in relation to human rights and are exploring ways to connect our water strategy with water-related community initiatives. (See the Water section for more information.)

We have remained steadfast in our community involvement throughout the auto industry's recent struggles. In fact, we recognize the impact of the industry's struggles and resulting stresses on communities, and we were the only American auto company to continue our commitment to volunteerism during the downturn.



Go Further

Sustainability 2012/13

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#### People

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# **Engaging with Communities**

To effectively and sustainably manage community relations, we look at the needs of the communities in which we operate around the world and focus on those needs. We also recognize that we must embed community issues into our core business practices and manage them with the same rigor as other aspects of our business.

Changes in the markets for our products have implications for how we engage with local communities. The mobility needs of potential customers in emerging markets differ in some fundamental ways from those in the developed markets the auto industry has primarily served to date. Local community engagement is a key strategy Ford is using to learn about and understand how best to meet the needs of these critical and fast-growing markets. (See the Financial Health section for more on this topic.)

In recent years, we have taken steps to develop a more integrated approach to managing the different dimensions of our community involvement. Our goal is to more closely connect our traditional community relations programs, community impact assessment processes, and key sustainability priorities such as human rights, access to water, and driving safety. Over time, we also want to link all of these efforts with our development of new products and services to meet the unique mobility needs of communities in emerging markets. (See the Mobility section for more on this topic.) In our view, this approach will not only increase efficiencies, but also maximize our impact and effectiveness.

The release of our Code of Basic Working Conditions in 2003 reinforced that our behaviors and actions include a focus on issues outside the walls of our plants and facilities. This Code was more formally adopted as <u>Policy Letter 24</u> in 2007. In early 2012, Policy Letter 24 was revised, and the title was changed to the Code of Human Rights, Basic Working Conditions and Corporate Responsibility. One purpose of the revisions was to address the human rights "Protect, Respect and Remedy Framework" proposed by United Nations Special Representative John Ruggie. Policy Letter 24 also includes language to specifically address human trafficking and a commitment to work with local, indigenous people on sustainable water use. Finally, the Policy extends supply chain expectations to enforce similar policies to suppliers' subcontractors, which is consistent with Ford's Terms and Conditions for suppliers. The performance criteria for assessments of Fordowned and -operated facilities now address several key community issues and evaluate engagement with members of the local community. (See the <u>Governance section</u> for more on this topic.)

Our work to develop and implement Policy Letter 24 has helped to establish our trustworthiness in communities in which we are developing our <u>Blueprint for Mobility</u> – our strategy for rethinking transportation solutions and personal mobility in the face of population growth, urbanization and other key societal and economic trends. In our view, developing a deep understanding of the unique mobility needs of emerging markets is a precondition of being able to do business in those places.

## **Related links**

#### This Report

- Financial Health
- Governance
- Mobility Solutions





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Voice: Cyndi Selke

# Investing in Communities North America



#### Select a project location

Arizona Georgia Kentucky Mexico Michigan Ontario Oregon Québec Tennessee Texas Washington

📃 Arizona



### **Stop Hunger Now**

Mesa

In Mesa, 34 Ford and Ford Credit NRC volunteers participated in an Accelerated Action Day, Model Team "Stop Hunger Now" event. They packaged high-protein, dehydrated meals for use around the globe. The goal was packaging 16,500 meals to help stop hunger. The Stop Hunger Now organization presented the NRC with an award in appreciation for our Center, packaging a total of over 100,000 meals during Ford volunteer events.

# 🗌 Georgia



### Atlanta Community Food Bank

Atlanta

Donated, nonperishable food items were sorted and delivered to needy citizens by Ford employee volunteers.

📃 Kentucky



Dare to Care Hunger Walk

Ford Motor Company volunteers staffed the water stop for the 5K walk/run participants at the Waterfront Park Festival Plaza.

# Mexico



Donations for the Poor Chihuahua

Plant employees donated clothes of all sizes for children and adults, to be donated to poor people in Chihuahua City.



Various Volunteer Activities Mexico City

Employees at Ford's Cuautitlán Stamping and Assembly Plant helped a boy with muscular dystrophy realize a lifetime dream to become an engineer by giving him a tour of the facility, explaining the manufacturing process and making him an honorary Ford employee. Cuautitlán employees also repaired benches and painted the Ministerio Vive, A.C.

Ford of Mexico Santa Fe and Ford Credit Mexico donated one ton of food to children served by Comeodor Santa Maria, planted 600 trees at Rancho Los Laureles, assisted the Raramuri Community and conducted an in-plant bazaar of nativemade goods, and completely rehabilitated the outdoor play spaces at Ford Public School #200.

# 🔜 Michigan



Angels Place

Ford volunteers constructed new railings, and reinforced and painted the other secure railings at a group home for developmentally delayed adults.



Community Living Center Southfield

Ford volunteers constructed a storage shed and security fencing on the grounds of a group home for developmentally disabled adults. Volunteers removed an old shed, assembled a new 8' x 10' storage shed, erected approx. 60' of stockade fencing, and completed a minor landscape clean up.



Gleaner's Food Bank
Detroit

Volunteers packed "pantry pacs" and family food boxes, sorted food, pulled agency orders and performed other tasks.



Habitat for Humanity Detroit

The 2012 Ford Blitz Build had over 200 volunteers building a Ford-sponsored home in Detroit. Volunteers completed the landscaping in October.



Habitat for Humanity Monroe

Volunteers constructed the floor system for a new home in a Monroe County housing development. The floor system or floor framing consisted of a system of sills, beams, girders, joists and subflooring, all properly sized and connected together.



International Wildlife Refuge

Ford volunteers built a wood pathway over sensitive wetlands, planted trees and built bird boxes.



Liberty Hill Redford

An ambitious team of Ford volunteers removed overgrown bushes, prepared garden beds, planted new plants and spread mulch to update and beautify this home for its disabled residents.



Lutheran Child and Family Services

Volunteers re-stained two bridges on the campus, in addition to completing landscaping and ground maintenance chores.



Matrix Human Services

Volunteers painted and spruced up the center, changing it into a colorful and inviting place for the 600 weekly visitors served through on-site services and programs.



Mom's Place Cass Community – Detroit

Ford Volunteers built an outdoor playground/basketball court for the children and youth who live at Mom's Place and in the shelter programs. They also repaired and replaced fencing, installed bike racks and assembled seating areas for spectators and participants.



Munger School
Detroit

A group of 600 UAW workers built raised garden beds for the school's new homegardening curriculum, where students will learn by planting and growing their own vegetables.



Pablo David Living Center

Ford attorneys conducted a workshop to ensure that senior citizens were properly enrolled in programs so they can obtain the benefits they are eligible to receive.



# Penrickton School for the Blind

Taylor

Ford employee volunteers modified battery-operated toys for use by blind children, made repairs and updates to the facility and painted walls in the play areas and living quarters.



Ruth Ellis Center Highland Park

More than 30 volunteers built an intake area, installed storage cubbies for personal items, and painted and cleaned this facility for underserved and homeless youth needing shelter.



St. Vincent de Paul Utica

At the Utica St. Vincent de Paul Resale store, Ford volunteers sorted donations, stocked and organized the selling spaces and work stations, and repaired bicycles and other equipment.

### Clark Park Detroit

A large group of Ford volunteers cleaned

Habitat for Humanity Warren

Volunteers installed kitchen cabinets,



and landscaped the park for the enjoyment of the whole community.

countertops and laminate flooring in a newly constructed home for a needy family.

Vista Maria

Dearborn Heights

Volunteers helped clean up Vista Maria's campus with a number of projects: weeding, brush clearing, painting, etc. The activities helped prepare the campus for the upcoming winter months.

# Dontario



Halton Trauma Center and SafetyNet Oakville

Ford volunteers in Ontario hosted a fundraising event for the Halton Trauma Center and SafetyNet, and collected gently used and new toys, clothing and musical instruments.

# Cregon



Firewood Donations

Ford volunteers cut tons of wood for low-

income families to heat their homes.

## 📃 Québec

## Homeless Shelter

Montreal

In Montreal, Ford volunteers visited a homeless shelter and prepared meals, set up the dining room, served the meals, and sorted food and clothing that were distributed to the visitors.





Habitat for Humanity Nashville

Ford volunteers from the Nashville Business Center did work for Habitat for Humanity.

📁 Texas



Dallas Meals on Wheels
Dallas

Dallas Ford volunteers delivered meals to homebound seniors and disabled adults.



Houston Interfaith Ministries

Volunteers accomplished a variety of needed tasks for this nonprofit organization.



Houston Meals on Wheels

Ford volunteers in Houston delivered meals to homebound seniors and disabled adults.

## North Texas Food Bank

Ten Ford volunteers donated, sorted and organized crates of nonperishable food items for needy citizens.

#### Tarrant Area Food Bank Ft. Worth

Eight Ford volunteers sorted and classified the donated nonperishable food items at this food bank.

## Washington



## School Supplies and Feeding the Hungry

Tacoma

Volunteers from Titus-Will Ford helped gather supplies for local schools, and Scarff Ford volunteers prepared and served food to hungry teens in the community weekly for three months.



Seattle Gospel Mission

Ford volunteers prepared and served breakfast and lunch to the residents; light cleaning and laundry tasks were also completed by the 25 participating volunteers.

## **Central and South America**



Select a project location Argentina Brazil Colombia Venezuela

📃 Argentina



**11 Volunteer Projects** Buenos Aires

Ford volunteers in Argentina undertook 11 different projects during the Ford Global Week of Caring, including building a house, working at a food bank, assisting with special activities for neglected children, working at local schools, doing landscaping work and conducting a blood drive.





Toy Donations and Dental Exams Sao Paulo State

In Brazil, the Ford Credit Corporate Citizenship Committee led the campaign to collect new and gently used toys and food that were delivered to children living in an orphanage in Sao Paulo State. Dental exams were also given to needy citizens.

## 📃 Colombia

#### **HEAL Foundation**

Bogotá

Thirty volunteers in Colombia assisted the HEAL Foundation in offering support to families with children up to 18 years old who have cancer. HEAL provides psychological support, transport, accommodation and recreation.



## Entertainment and School Supplies

Valencia

Ford employees provided entertainment and supplies to children from area orphanages, including providing a tour of the local plant. Children also received school supplies, including uniforms and educational materials.

## Europe



#### Select a project location

Belgium Czech Republic Germany Hungary Romania Spain United Kingdom

#### Belgium



## Home for Disabled Children

Genk and Limburg

Ford volunteers in Belgium went to work at a home for disabled children doing painting, gardening and clean-up work.

## Czech Republic

#### Světluška

Prague

In the Czech Republic, Ford became a partner in a special long-term project called Světluška (Lightning-bug), supporting blind and visual handicapped children and adults. Světluška collects money through different events to help integrate people back into work and social life. Most recently, Ford employees helped coordinate the group's National Gathering.

## Germany



## 15 Global Week of Caring Projects

Cologne

Fifteen Global Week of Caring projects were organized by Ford of Germany volunteers in Cologne. Employees from Purchasing, the IT Department, Powertrain R&A, Cologne Merkenich and Cologne Niehl were all involved. Several public schools, parks, an animal shelter, the elderly and disabled adult residents of the SBK home, and the cancer ward of the children's hospital in Cologne all benefited from the employees' efforts.



### Leibniz-Gymnasium

Dormagen

Twenty Ford Germany Purchasing employees worked on projects with the Leibniz-Gymnasium Dormagen schools and kindergartens. Two full days were spent at a public school in Dormagen, which is near the Ford plant. The team painted the fifth-floor classrooms and restructured the school's play and sports areas.

### Hungary

#### Pilisi Parkerdo

Budapest

Twenty-one volunteers from the European Review Team worked at the Pilisi Parkerdo (a large park) clearing trails in the Szentendre Forests.

## Romania



Craiova Children's Hospital

Craiova

Ford volunteers refurbished the Craiova Children's Hospital yard. The place was littered with broken benches, an old gazebo and some rusty leftovers of play equipment. Also, the concrete fence was broken and unstable. Seventy volunteers worked first to clean up the site and then repaired the concrete fence, painted it, and installed block pavement, new benches, a new gazebo and new play equipment. The place is now clean and safe for children.

## 📁 Spain



Various Volunteer Projects Valencia

Ford employees undertook a range of projects in Valencia, including cleaning the shoreline of Lake Albufera; donating clothing and time to a homeless shelter; organizing a collection drive for old cell phones, the proceeds from which funded the Spanish Red Cross and other charitable organizations; and donating supplies and time doing building maintenance to a local orphanage and a shelter for disabled women.

## United Kingdom

#### SHARE Special Needs Youth Club

Basildon

Volunteers performed building and ground maintenance at the SHARE Special Needs Youth Club facility.

## Essex Wildlife Trust

Brentwood

Volunteers assisted the Essex Wildlife Trust at Thorndon Country Park. Invasive plants were removed and debris left from felling trees and shrubs from the forest was cleared to improve and sustain wildlife habitat and improve biodiversity in the forest. Ford employees also worked on projects to re-grow new coastal marsh areas on the Essex coast, aiming to show how wildlife can flourish alongside profitable farming.

## Hornchurch Country Park

Hornchurch

At Hornchurch Country Park, Ford employees worked on a variety of tasks in marshes, containing the largest freshwater reed bed in London. The tasks included pulling invasive Himalayan Balsam from along the banks of the River Ingrebourne and removing litter brought in by high rainfall.

## Business in the Community

Dagenham

Employees participated in the Business Class program, an initiative run by the charity Business in the Community to get businesses working in long-term partnerships with local schools. Ford volunteers teamed up with the Robert Clack School to help kids.

## **Asia Pacific Africa**



#### Select a project location

Australia Cambodia China India Indonesia Israel Japan Madagascar Malaysia Philippines Saipan South Africa Taiwan Thailand Vietnam

📃 Australia



#### 9 Global Week of Caring Projects

Melbourne, Victoria, and Geelong

The Ford Volunteer Corps worked on nine different projects during Ford's Global Week of Caring, including painting, planting and landscaping at nonprofit facilities and public parks.

## Cambodia

#### Kurihara Sithor Primary School

Phnom Penh

At the Kurihara Sithor Primary School in Phnom Penh, 200 RMA-Cambodia volunteers built 40 meters of cement school fence; built a 2.5m x 2.5m garden to surround the statue of Sing Cheyvorahman VII; planted 100 tropical trees and flowers; donated study materials to 100 poor schoolchildren; and cleaned up the school campus, assisted by the schoolchildren.

## 📃 China



#### Shanghai Social Innovation Center and Migrant Children's School

Shanghai

Through a two-day program at the Shanghai Social Innovation Center in Puxi, 120 volunteers created art with the mentally challenged youth in the program. In a separate project, 60 Shanghai Information Tower volunteers visited the Migrant Children's School in Baoshan and presented a program on the environment. Also, Ford Shanghai Information Tower employee volunteers traveled in three commercial buses to the East Beach near Shanghai and picked up litter and conducted a general cleanup of the landscape.

#### Water Projects, Charity Drive, Trash Cleanup

Nanjing

In arid southwest China, as part of their Sustainable Water Series, 60 Nanjing employees teamed up with the Amity Foundation and helped eight families build individual water cellars to capture water in the rainy season for use during the dry season. Also, a one-day activity was organized to raise awareness of water conservation and demonstrate Ford's focus on sustainable development. Ford employees also held a charity drive for an orphanage in rural Northern Jiangsu; a representative group of staff visited the orphanage with the proceeds of the drive. And, employees helped maintain the Purple Mountain natural area by picking up trash.

## 📃 India

#### **19 Volunteer Projects** Chennai

In Chennai, Ford volunteers participated in 19 projects, including bringing educational and awareness-raising programming on environmental sustainability, nutrition and other topics to local schools; conducting collection and donation drives for local orphanages, schools and other children's charities; and assisting with health screenings and health education programs.

#### Sanitation Projects and Eye-Care Screenings

Kancheepuram

In Kancheepuram, Ford employees helped to install sanitation and water purification treatment facilities at seven villages around Ford India Limited. Also, employees assisted with eye-care screenings in seven villages.

#### **Doctors' Visits**

Kalrayan Hills

Ford volunteers coordinated visits by a pediatrician and a gynecologist to residents of four villages.

#### 🗌 Indonesia



**Clean Water System** 

Tangerang, Greater Jakarta

More than 60 Ford Motor Indonesia employees worked with the poor residents of Rawa Burung in Tangerang to build a clean water shelter and install a machine that processes salt water into clean, fresh, potable water. The new system, a Water for Humanity project, now provides water to 5,000 area residents.





#### **Gazelle Valley** Jerusalem

Ford's country manager and volunteers from Ford's Public Relations agency, Triwaks, worked on a project in the Gazelle Valley, a unique wildlife refuge in the middle of Jerusalem and part of the Society for the Protection of Nature in Israel.

Japan



**6 Volunteer Projects** Hiroshima

Ford employees in Hiroshima participated in six projects, including beautifying the Peace Park, maintaining the cherry blossoms at the Haji Dan Park, and learning lifesaving CPR from the Hiroshima Red Cross.

## **Eco-Cap Committee**

Tokyo

Ford employees collected plastic bottle caps for the Eco-Cap Committee program in Japan, where 800 caps will purchase polio vaccine for one person.

## 📃 Madagascar

## Rehabilitation of Local Schools

Ankorondrano

Ford volunteers in Madagascar collected funds for and helped with rehabilitation projects in local schools.

## 📕 Malaysia



#### **Blood Drive**

Selangor

Ford volunteers in Malaysia held a blood donation drive as part of the Company's seventh annual Ford Global Week of Caring. The Malaysia initiative aimed to help boost the country's blood-bank levels, which remain low compared to many nations. Close to 100 employee volunteers took part.

## Philippines

#### **Free Clinics**

Jose Rizal Gawad Kalinga Village

Ford volunteers coordinated a free medical, dental and minor surgery clinic in the Jose Rizal Gawad Kalinga Village and continued their monthly feeding program for 120 underweight children at SIBOL Elementary School. The clinics served 102 people with medical issues, and 79 people received dental care. Ford volunteers also helped construct water-collection stations for 250 families living in the Jose Rizal Gawad Kalinga Village. As a result of this project, these families now have four new deep-well units that replaced five nonfunctioning units.



#### Walk for Health

Saipan

Employees from the CNMI Joeten Motor Company, Inc. dealership encouraged the entire community to join them in the "Fresh Air – Friendships – Feel the Difference Walk for Health." The goal was to help promote healthful lifestyles and demonstrate how health walks are a costeffective way to improve the nation's health.

## South Africa



Multiple Volunteer Projects
Port Elizabeth

Multiple projects were completed by volunteers from Ford's Struandale Engine Plant, Silverton Vehicle Assembly Plant, Plant 4, Ford Motor Credit SA, Marketing & Sales, Purchasing & STA Department, Product Development, and the Silverton HR team in South Africa. They included working with severely physically and emotionally disabled and orphaned children, abused women and children, and the environment. The nongovernmental organizations benefited by these projects included: Chrysalis Preschool, Little Strivers, Funduzela Children's Home Laphumilanga HIV/AIDS Orphanage Centre, Each One-Reach One, Unica School for Autism, Sinoville Crisis Centre, Leamogetswe Safe Home, and Friends of the Moreleta.



#### Multiple Volunteer Projects Pretoria

Ford employees assisted with multiple projects in Pretoria. For example, they helped to install a 200-liter solar system at a shelter in Pretoria that cares for orphaned and abandoned children who have AIDS. Ford employees also gave time and supplies to the Circle of Life, a nonprofit organization serving orphans and the elderly. Projects included building and ground maintenance and enhancements, and educational programs. Ford volunteers also donated supplies and assisted with building maintenance, and provided educational programs at Leamogetswe Safety Home. Ford volunteers also cleaned up debris and invasive species at the Moreleta Spruit (river/wetland) that starts and ends in Pretoria. Ford employees also funded and assembled crisis kits that will be given to victims of sexual abuse, and distributed them to area police stations by the Sinoville Crisis Centre. Personal care and hygiene items, basic clothing, and toys for children were included in the kits made for both children and adults.



## Orphanage Donations and Maintenance

Ford employees donated food, clothes, toys and other supplies and performed building maintenance at several orphanages in the area.

### 📃 Taiwan



#### Foundation of Spinal Cord Injury

Taoyuan and Chungli

Ford Lio Ho volunteers donated time to the Foundation of Spinal Cord Injury (SCSRC). Approximately 200 employees assisted with the event. Activities included conducting a book sale and fundraiser for the SCSRC; helping the physically challenged during the wheelchair handcar race sponsored by the SCSRC; and completing necessary maintenance work at the center.

## Thailand



## Habitat for Humanity

Rayong

Ford volunteers, working with Habitat for Humanity Thailand, built 500-liter water tanks, water cooling systems including pumps, pipes, etc., and buildings to house the systems. The communities – Tasit, Pluakdaeng, Lahan and Nong Sue Chang – are located far from water-supply facilities, and needed water tanks to reserve natural water for using and drinking.

#### 📃 Vietnam



"Rice with Meat" Hai Duong

A mini-charity fair was held in the Ford Hai Duong Plant to raise funds for the poor children living in the mountainous area. The funds collected were donated to the "Rice with Meat" program.

Ford Motor Company has a long legacy of compassion. More than 100 years after the Company began, we continue to touch lives. Our Company's commitment to supporting local communities through charitable contributions and volunteer efforts has remained unwavering. We deliver on our commitments through our Company's community relations arm, formally known as Ford Motor Company Fund and Community Services. (The Ford Foundation, meanwhile, is a separate entity from the Ford Motor Company. No member of the Ford family nor Ford Motor Company management is on the Ford Foundation Board of Trustees.)

Founded as a not-for-profit organization in 1949, Ford Motor Company Fund and Community Services is responsible for the Company's philanthropy and volunteer efforts. Made possible by contributions from Ford Motor Company, the organization makes donations to qualified U.S. not-forprofit organizations that promote community enrichment in the communities in which Ford does business. It supports organizations in three strategic areas: driver safety, education and community life.

In addition to donations from the Fund, Ford also makes direct corporate contributions to a variety of charitable organizations and causes.

In 2012, Ford contributed a total of nearly \$30.1 million (slightly above our total in 2011). Of that amount, \$21.6 million was in the form of grants awarded by the Fund; the remainder was direct corporate giving.

In addition to grants, we encourage our employees to participate in programs that build stronger communities through the Ford Volunteer Corps. During 2012, some 25,000 Ford employees and retirees in 48 countries and 16 states provided more than 115,000 hours of work on more than 1,350 community service projects – the equivalent of just under \$3 million of in-kind corporate contributions. Many of these volunteer projects received mini-grants to help complete the project.

Our community relations work extends to our areas of international operation. Employees from Ford of Mexico, for example, have been working for many years on a program to improve education in rural areas throughout the country. Since the program began in 1966, a total of 212 elementary schools have been built, allowing around 150,000 children to attend daily. Over the years, more than 1.6 million students have graduated from the 212 Ford Schools. Through this program, Ford of Mexico's employees have also sponsored other initiatives such as the Annual Congress for Principals and Teachers, the National Sports Tournament for students at Ford Schools, and the Media Rooms Project, which is intended to close the technological gap and allow Ford School students access to state-of-the-art educational tools through the Internet.

Beginning in 2011, we engaged Ford employee teams in India and China to identify urgent, unmet community needs in our plant communities in those countries. In 2012 we began to implement strategies for addressing the needs identified by these teams. In China, for example, we are

#### **Related links**

#### **This Report**

Ford Motor Company Fund and Community Services building the capacity of 100 grassroots sustainability/environmental nongovernmental organizations in an effort to help them become more efficient and sustainable. In India, we are working on a range of basic issues in rural communities, including water, education and economic development. We will continue to expand our engagement beyond the Asia Pacific and Africa region in future years, with the goal of creating a ONE Ford approach to corporate social responsibility in Ford communities around the globe.





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Voice: Cyndi Selke

## Ford Motor Company Fund and Community Services

The vision of Ford Motor Company Fund and Community Services is to be recognized as a global leader in corporate philanthropy that builds a better world through community engagement, education and driver safety programs.

The goals of the Fund are the same as they were when Henry Ford II founded it 60 years ago: to support local and national programs that effect change in our communities and improve the guality of life. Investing in communities is more than the right thing to do; it's also smart business. Our global Company is only as strong as the local communities in which our employees and customers live and work, so it is in our mutual interest that we work with communities to make meaningful contributions to their quality of life.

It is in that spirit that Ford Motor Company Fund and Community Services supports programs and initiatives that help build vibrant and sustainable communities. The following are examples of some of our most significant or new programs in our three focus areas.

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## **Community Life**

- We expanded our Driving a Brighter Future program to partner with our dealers and a diverse range of nonprofit organizations to enhance quality of life. This program now operates in Chicago, Detroit, Miami, Louisville, Los Angeles, Nashville, Puerto Rico, Phoenix, San Antonio, San Diego and across the Northwest U.S. Our efforts support some of the most vulnerable citizens in the U.S. We also expanded elements of this program to China and India.
- · We continue to expand our Ford Mobile Food Pantries program, which helps social service organizations in southeast Michigan collect and distribute food to those in need. Since the program began in 2009, we have donated 22 vans for food collections and deliveries. In 2012 alone, Ford contributed \$353,000 to this program, enabling the Mobile Food Pantries to serve more than 1.1 million meals in southeast Michigan during the course of the year. Ford also assisted this program in expanding to other locations in the U.S.
- For the 12th consecutive year, Ford Motor Company and Newman's Own®, Inc. are partnering with Feeding America, the nation's largest hunger-relief organization, to provide refrigerated Ford trucks loaded with Newman's Own food products to food banks across the U.S. This unique "Partnership for Hunger Relief" began when Paul Newman reached out to Bill Ford in an effort to improve the distribution of produce and other perishable food to those facing hunger in rural America. Today, a fleet of 107 refrigerated Ford trucks and vans now reaches into all 50 states. To date, our donated trucks have delivered more than 209 million meals to families across the country, particularly in hard-to-reach, underserved communities.
- Ford employees and Ford Motor Company Fund and Community Services are major supporters of the United Way in the U.S., giving nearly \$6.1 million in 2012 to support numerous community-based social services organizations.
- In 2012, we continued to expand the Ford Community Corps, which we launched in 2011. Through this program, a network of six Michigan colleges and universities have agreed to work with Ford to create new service learning initiatives that recognize scholastic achievement while encouraging service to the community. Unlike traditional volunteer programs, Ford Community Corps programs seek to match student know-how with specific nonprofit needs, connecting teams of students with work-related projects created by local nonprofit organizations. This allows students to provide more value to their nonprofit partners, while at the same time

#### **Related links**

#### External Links

- United Way
- Jesse Brown memorial Youth Scholarship
- Ford community corps
- » National Disabled Veterans Winter Sports Clinic

gaining valuable work-related skills and experience.

- Ford has a long history of working with disabled American veterans. As a major contributor to the Jesse Brown Memorial Youth Scholarship Program, for example, Ford provides scholarships to students who volunteer at local Veterans Administration medical centers. For 17 years, Ford has also been a sponsor of the National Disabled Veterans Winter Sports Clinic, which brings hundreds of disabled veterans to the mountains of Colorado to participate in adaptive sports, including skiing, snowmobiling, sled hockey and rock wall climbing. In 2011, Ford donated funds for Disabled American Veterans (DAV) to purchase eight new vehicles for its headquarters and the DAV Transportation Network, in addition to providing \$45,000 to the DAV's youth volunteer scholarship program.
- In 2012, Ford joined the Red Cross Disaster Responder program and pledged donations on an
  ongoing basis in advance of major disasters, which helps the Red Cross ensure an immediate
  response to meet the needs of those affected by disasters of all sizes, at no cost and
  regardless of income.

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### **Driving Safety**

• The Fund supports safe driving through its award-winning Ford Driving Skills for Life (DSFL) program, a free, safe-driving curriculum that has trained hundreds of thousands of drivers through web-based and in-person driving sessions since the program was launched 2003. In the U.S. the program focuses on teen drivers. It was developed by Ford, the Governors Highway Safety Association and a panel of safety experts to address the no. 1 killer of teens in the U.S. - traffic crashes. In 2012, Ford DSFL launched a new online video game, which simulates the hands-on driving exercises taught in traditional Ford DSFL hands-on driving clinics. Ford DSFL is the nation's most comprehensive driving skills program, with free professional driver instruction, a web-based curriculum, state grants and free materials. Since 2003 in the U.S., Ford DSFL has hosted hands-on training in 40 states and Puerto Rico, and conducted programming in thousands of schools. In 2008 the program was expanded into Asian markets, where it now trains newly licensed drivers in China, India, Taiwan, South Africa, Thailand, Vietnam, the Philippines, Indonesia and Malaysia, as well as Puerto Rico. In 2012, Ford DSFL continued to expand by offering programming in Canada and the United Arab Emirates and plans to expand further in 2013. Ford DSFL programs are tailored in each of these markets to reflect the local driving environment and road conditions. In Vietnam, for example, Ford has added a "No Honking" campaign to its DSFL programming to help to raise awareness about the prevalent and inappropriate use of vehicle horns in Vietnam and its adverse effect on traffic safety.

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#### Education

- Our Next Generation Learning (Ford NGL) project mobilizes educators, employers and community leaders to develop a new generation of young people who will graduate from high school prepared for both college and careers. Ford NGL improves teaching and learning, promotes the development of career- and interest-themed high schools to better serve students, and aligns business and civic engagement in education to improve student and workforce outcomes. Through this program we work with national, regional and local partners to prepare young people to compete successfully in higher education and in the global, 21<sup>st</sup> century economy.
- The Ford Partnership for Advanced Studies (PAS) is an innovative high school curriculum that engages students in high-demand fields such as engineering, alternative energy and business, providing students with the critical skills they need to succeed in college and the workplace. Since its inception in 2005, Ford PAS has reached hundreds of thousands of students and garnered several awards, including the first Public–Private Partnership Award given by the National Governors Association for innovative educational programming.
- Through the Henry Ford Academies (HFA) program, Ford has replicated its award-winning small high school model which we started with the original Henry Ford Academy, located on the grounds of The Henry Ford in Dearborn, Mich. in three additional communities: Detroit, San Antonio and Chicago. Students at these schools benefit from the new HFA Model Curriculum, which is thought to be the first in the nation to focus explicitly on innovation and

#### creativity.

- The Ford Driving Dreams through Education program is a competitive, grant-based initiative in partnership with the League of United Latin American Citizens (LULAC). The initiative allows LULAC councils throughout the country to implement localized programs to address high school dropout prevention in their communities. To date, 28 communities have been positively impacted by the program. Building on the success of Ford Driving Dreams through Education grants, Ford has also partnered with the Irving Independent School District in Texas to launch the Ford Driving Dreams Tour. The Tour is a unique 360 degree approach to helping students stay in school and move on to college, through scholarships, motivational student assemblies, peer-to-peer support and an innovative district-wide contest to motivate students to pursue their dreams. The program reached nearly 9,000 students.
- The Ford College Community Challenge invites college partners to work with their local communities to put together innovative, student-led proposals that use the school's resources and capacity to address a social need or problem in the local community. Proposals must address the Challenge's theme Building Sustainable Communities in an innovative way, and must also address the issue of alternative energy and its role in building a sustainable community. Five winning proposals are selected each year and provided with funding for implementation.
- Through our Ford Blue Oval Scholars program, we award hundreds of scholarships to students throughout the U.S. The program includes a web-based initiative that links scholarship winners together through an online portal, allowing them to connect with Ford and others in a variety of ways. The program also sponsors an annual "Heart behind the Oval" scholarship contest that recognizes and rewards students making a difference in their communities. In 2012, the Ford Fund awarded more than \$1 million in college scholarships.

In addition to the above, Ford supports a wide variety of other organizations through direct corporate contributions and sponsorships. Highlights from 2012 include the following:

- For more than 20 years, Ford has been involved in helping find a cure for juvenile diabetes.
- Ford has also been a long-time supporter in the fight against breast cancer. For 19 years, Ford has been a National Series Sponsor of the Susan G. Komen Race for the Cure® series and has dedicated more than \$120 million to the cause in donations and in-kind gifts. Ford's commitment goes well beyond the October race; it lasts 365 days a year and focuses on raising awareness, support and donations for this cause, including apparel that is sold on fordcares.com. This specially designed "Warriors in Pink" clothing and accessory line is dedicated to those fighting this disease, and 100 percent of net proceeds go to the fight against breast cancer. Since 2006, we generated more than \$4.2 million from apparel sales for the cause. In addition, more than 75,000 Ford employees and thousands of dealership employees are involved in races and supporting the cause in their local communities. In 2012, Warriors in Pink expanded the family of charities we work with to include the Young Survival Coalition, the Dr. Susan Love Research Foundation and The Pink Fund in addition to Susan G. Komen Race for the Cure. Consumers can designate which of these charities they help by selecting the charity of their choice at checkout. We also introduced nine female and two male survivors as part of our Models of Courage program. The inspirational stories of these survivors can be found on fordcares.com.
- Ford volunteers raised \$530,000 for the March of Dimes. Ford Vice President Jim Tetreault and UAW Vice President Jimmy Settles served as UAW/Ford sponsors for the 2012 March for Babies campaign.<sup>1</sup> The combined efforts of the UAW/Ford teams exceeded the outstanding results from 2011. Over the past eight years, the UAW/Ford team has raised more than \$3 million.
- Ford volunteers raised more than \$319,000 for the National Multiple Sclerosis Society's Michigan Chapter in 2012. We were also awarded Corporation of the Year by the organization's Board of Directors.

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1. The full name of the UAW – which originally stood for "United Auto Workers" – is now the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America.



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## Ford Volunteer Corps

In addition to the financial contributions made by Ford and Ford Motor Company Fund and Community Services to hundreds of organizations globally, thousands of Ford employees and retirees volunteered to help build stronger communities around the world in 2012. Ford is a leader in community volunteerism. Volunteer efforts help to build the morale of our employees. There's a strong business case for volunteerism, too: Our volunteer projects help to strengthen the name of Ford and enhance purchase consideration for future buyers. Furthermore, our volunteer efforts help to build stronger communities, which in turn strengthen local economies, enabling more families to consider purchasing a new vehicle.

Volunteerism has been an integral part of Ford Motor Company since its creation in 1903. Today, we help build communities by leveraging the volunteer muscle of Ford employees and retirees around the world. In 2012, Ford's U.S. hourly workers, who already have a long tradition of volunteering through other channels, had the opportunity to join our Volunteer Corps. The new, four-year UAW/Ford Collective Bargaining Agreement, finalized in late 2011, expanded the Ford Volunteer Corps program to include Ford's UAW-represented workforce.

The Ford Volunteer Corps operates across six continents to strengthen the communities in which our employees and customers live and work. Ford Motor Company offers its U.S. salaried employees two workdays per year to volunteer in the community. In 2012, more than 25,000 Ford employees and retirees in 28 countries provided more than 115,000 hours of volunteer time for their communities, or the equivalent of slightly under \$3 million in in-kind corporate contributions.

In 2012, Ford held four "Accelerated Action Days" – concentrated one-day efforts to meet critical needs identified by our agency partners. Each Accelerated Action Day had a special focus, such as families and children or the environment. For these events, Ford volunteers are mobilized into MODEL Teams that are matched with local social service agencies requesting their help. The daylong service programs benefit shelters and schools, children's homes, soup kitchens and parks and playgrounds, to name just a few. In 2012, more than 60 community organizations shared \$230,000 in mini-grants to support the volunteer projects (e.g., for purchasing the paint and lumber needed to complete a project). We also include a collection or drive on each action day. For example:

- On our "Children and Families" action day we collected diapers and formula
- On our "Better World" action day we collected electronic waste such as phones and printers
- On our "Giving and Sharing" day we collected coats and jackets for the Salvation Army

Software designed and launched by the Ford Volunteer Corps aligns our volunteer projects with the needs of nonprofit organizations. Using this system, employees can go online to sign up for volunteer projects based on their interests and availability. Before launching this software system, Ford volunteers would essentially tell the nonprofit organizations when we would provide hands-on assistance, without fully assessing when would be the best time for our partners to receive assistance. Now, our nonprofit partners can tell us when they need help and what manner of assistance they need. We are continuing to expand the system to strengthen data-collection capabilities – especially in our non-U.S. operating regions – and to enhance the employee user experience.

In 2012, Ford held its seventh annual Global Week of Caring, a weeklong series of volunteer events around the world that is coordinated by the Ford Volunteer Corps. During one week in September, more than 10,000 Ford employees worked in 28 countries to complete over 268 volunteer projects, 25 more projects than last year. Ford contributed more than \$100,000 in grants for the tools and supplies needed by volunteers to complete their projects in the Asia Pacific countries of Australia, China, India, Indonesia, the Philippines, Taiwan, Thailand and Vietnam, as well as South Africa. Another \$140,000 in grants was shared by nonprofits in the U.S. During this week, participants repaired schools in Australia and South Africa, created water projects in China

and Indonesia, worked on environmental conservation in the U.K., helped at orphanages in India and served meals at a homeless shelter in Canada, to name just some of the efforts. In many locations, Ford retirees participate side by side with current employees on these volunteer projects.





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## Customers

Our customers' wants and needs continue to evolve. We monitor consumer trends and develop and promote products to fit certain market segments. In recent years, we have paid particular attention to the growing demand for more fuel-efficient and cleaner vehicles.

We are also working to understand the unique and changing needs of our customers in urban and emerging markets, where congestion, air pollution, traffic safety issues and social inequalities add a new range of challenges to delivering personal transportation solutions. The <u>Mobility Solutions</u> section discusses our efforts to understand and address these challenges.

As the marketplace becomes more diverse, we are also working to better reach multicultural audiences, particularly in the United States. We have made dedicated efforts to market Ford and Lincoln products to African-American and Hispanic customers, including developing Spanish advertising programs targeting the U.S. Hispanic market. We have also been a leader in the development of in-language, internet-based advertising programs. Our Spanish website, es.ford.com, is one of the most extensive in the industry. And, we were among the first to utilize Google with Spanish search programs.

This section discusses how we engage with customers, understand customer needs, build customer awareness of our products and increase customer awareness of environmental issues.



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## **Engaging Customers**

Maintaining good relationships with our customers is one of our most important activities. We provide a variety of means for customers to reach us, including mail, email and toll-free phone. We reach out to customers and potential customers through focus groups and other market research, and we track customer satisfaction.

We also gather online, consumer-generated content to learn what consumers are saying about both our Company and the industry in general. Increasingly, customers are using these electronic media – including websites, discussion groups, blogs and social networks – to research, discuss and problem-solve topics related to their current vehicles and those they are interested in purchasing. In recent years, we have been participating more actively in this social media arena, monitoring consumer-generated content found online. Summary reports are compiled based on what we find and gather online, to convey what consumers are saying about our Company and our products. These reports are shared throughout the Company – from brand managers and product development engineers all the way up to senior-level management.

In addition to listening to what customers are saying online, we are also increasingly sharing information and engaging in discussions through social media. For more on our social media guidelines for employees, please see the <u>Governance</u> section of this report.

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## Understanding Customer Needs

We must keep pace with consumers' evolving wants and needs in order to remain competitive. We monitor global market trends, shifting consumer interests, and social and political developments to identify issues that are likely to affect our consumers, our industry and our Company. We rely on a global network of internal and external experts to ensure that we have a wide-ranging, comprehensive perspective on consumer trends and how they will affect consumers' future choices about vehicles and mobility. We apply these trend analyses throughout our marketing, product development, research and design organizations to guide future product and technology developments.

Our marketing experts use an intensive research and analysis process to understand who our potential customers are, what they value and what they want in a vehicle. We define a "brand DNA" and a "target customer" for each of our main brands and products. The brand DNA and target customer profiles go beyond simple demographic information such as age, gender and income; we build complete profiles of our target customer, including information such as what they like to do, what music they listen to and where they shop. Using a fully developed, typical customer as the focus for vehicle development brings our market research data to life and keeps everyone on the product development team focused on designing a vehicle that meets customers' needs and desires.

We develop our target customer profiles based on psychological traits and archetypes that transcend national characteristics and country-specific customer desires. This is a critical part of our drive to develop truly global vehicles that appeal to customers in multiple markets. Toward this end, we are focusing more on the emotional and psychological elements of how customers choose their vehicles as well as the traditional economic criteria of price and features. In addition to developing vehicles that deliver best-in-class features and price for value, our goal is to develop vehicles that fulfill the dreams and aspirations of each target customer group. We believe this approach not only helps us to understand our customers better, it also helps us to develop vehicles that capture the imaginations, dreams and loyalty of our customers across the globe. Of course, we are keenly aware that economic pressures can push the boundaries of brand loyalties, and we need to work to continue to build vehicles that customers can afford.

We know that we cannot predict the future. However, we can prepare for a broad range of possibilities through "futuring" exercises that help us to ensure we have robust strategies in place, whatever the future might bring. Therefore, in addition to product- and brand-specific market research, we have an office dedicated to tracking shifts in social, technological, economic, environmental and political arenas. In late 2012, for the first time, we made our global customer trends research public in *Looking Further with Ford*, a report revealing insights about consumer habits and behaviors expected to shape 2013 and beyond. This trends report leverages years of research and collaboration with thought leaders from around the world. By publishing it, we hope to spur further discussion, inspire deeper insights and showcase the innovative and thoughtful side of Ford Motor Company.

Looking Further with Ford presents a series of micro trends that will influence the market landscape in 2013 and beyond, none of which are specific to the automotive industry. The underlying purpose of the trend work is to understand the forces affecting what is happening in social, technological, economic, environmental and political arenas as a means to better anticipate the future wants, needs and desires of consumers. This collection of trends reveals recurring themes of trust, authenticity and self-reliance. Some examples of the trends we are seeing include the following:

Trust and transparency as differentiators: Given its relative scarcity, trust is emerging as a key positive differentiator for brands and companies. Correlation of trust to brand equity has increased by 35 percent since 2009. As a result, companies are rethinking how they communicate with and reveal themselves to consumers. The more real and authentic they are, the better. Similarly, consumers are rewarding companies for "getting real": Admissions of failure and imperfection are often seen as signs of strength by consumers who seek greater authenticity.

- Increasing demand for more fuel-efficient vehicles: In the wake of the global recession, consumers have never been more keenly aware of the operating cost of vehicle ownership. Recent studies have shown that customers across the globe are willing to pay more for more efficient vehicles that will pay back their investment over time. This increasing interest in fuel efficiency is also reflected in a trend towards a "post-green" culture in which the obstacles to environmentally beneficial behavior are lowering while peer pressure to be green is mounting. As a result, there continues to be growing interest in green action and recognition that big and small positive environmental actions add up.
- Increasing interest in safety and security: Safety and security remain a top priority, as concerns about health and wellness remain paramount in our day-to-day lives. Consumers are eager for products, services and experiences that provide lasting peace of mind.
- An increase in "engaged consumption": Consumers are increasingly using their consumption to express their values, recognizing that they can change their lives and the world through their purchases. In a trend we call "consumer republic," consumers are recognizing that the choices they make at the cash register can hold corporations accountable, change lives and impact the world.
- A desire for products that "work harder": Consumers are increasingly interested in products that help them help themselves, and that deliver maximum performance in order to minimize the number of things we need. In other words, consumers are demanding products and services that work harder for them and provide feedback on their performance as the user and tools for personal accountability. In the automotive arena, this translates into expanding interest in vehicles that help consumers improve their lives. This includes vehicle technologies that provide real-time feedback on fuel efficiency so that drivers can improve their driving habits, and in-vehicle communications technologies that give customers information and connectivity to make the most of their driving time safely.
- The increasing popularity of urban living: In a trend we are calling the "rise of the intima-city," we are seeing an increasing interest in urban living and people-focused cities that provide a range of integrated personal mobility options, including vehicle sharing, bike- and pedestrian- friendly design and mass transit.



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## **Building Customer Awareness**

One important goal of our marketing and communications activities is to increase consumers' knowledge of our products and our corporate performance. We are particularly focused on improving consumers' awareness of the Company's excellent quality, safety, environmental and social performance. We use a wide range of communication methods to share information about Ford with potential customers and to get feedback from drivers. This Sustainability Report is one key element of that strategy. We also engage in two-way communications with consumers and other stakeholders through a variety of stakeholder engagement forums.

In 2012 we introduced a new global brand promise, which is summarized by the phrase "Go Further." Put simply, Go Further represents our culture and what makes Ford different from any other automaker. It promises that we are always going to go further to deliver a strong business that builds great products for a better world. While Go Further is used for marketing and advertising, it is much more than a tagline. It's about how Ford employees deliver ingenious products, make them available to everyone and believe in serving each other, our customers and our communities.

These communication efforts – coupled with delivering products of world-class quality, with worldclass fuel economy, technology and other features – are paying off. From 2011 to 2012, we saw increases in favorable opinion and purchase consideration for our brands in Argentina, Brazil, India, Korea, Saudi Arabia, South Africa, the U.S. and the U.K. Some of these increases were quite large. For example, from 2011 to 2012 purchase consideration for Ford vehicles increased by 7 percentage points in Saudi Arabia, 6 percentage points in Thailand, 5 percentage points in India and 4 percentage points in Brazil.

We track consumers' familiarity with, opinion and consideration of, and shopping and purchase intentions in regard to our vehicles as part of our brand value and awareness tracking. Tracking these elements helps us to understand how consumers view our vehicles and where we need to focus our product development and communications efforts to improve consumers' perceptions of and interest in our vehicles.

#### Social Media

Social media is now a mainstream communication channel. Companies such as Facebook, LinkedIn, Zynga and others are publicly traded, and companies, media and individuals are using these platforms at an unprecedented rate. Facebook alone, for example, has more than 1 billion active users.

We are using social media platforms such as Facebook, Twitter, Google+, Instagram, YouTube and others to connect with customers and get the word out earlier than ever about our new products. Ford was the first automaker to reveal vehicles via social media and social gaming. In 2010, for example, instead of revealing the new Ford Explorer at an auto show or using another traditional marketing approach, we introduced the vehicle first to our fans on Facebook. In 2012, we launched the all-new Ford Escape through Escape Routes, a campaign that combined social media and a primetime television reality show. Beyond these large campaigns, our efforts with groups of influencers have expanded as well. In January 2012 we invited 150 bloggers from 16 countries to Detroit for the North American International Auto Show for the revealing of the 2013 Ford Fusion, Fusion Hybrid and C-MAX Energi. The bloggers treated the event like traditional journalists, holding scrums with our executive team and producing enough content to dominate with a 40 percent share of voice at the entire show.

We continue to actively use Twitter to engage with consumers on all matters, including customer service. We answer questions, provide information and give customers help when needed. The volume of requests we have handled through our @FordService Twitter account has more than tripled in three years, and our customer satisfaction rates for communications through this platform are 92 percent or higher. Twitter also remains the best resource for real-time assessment of what

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people are saying about us and provides us with a valuable platform for listening.

On our Ford websites, we are making it easier for visitors to find third-party content about Ford online, particularly with the ever-evolving Ford Social site. We hope that integrating third-party information into our sites will provide a valuable service to consumers and will show our confidence in the vehicles we're producing.

We were recognized in 2011 for our use of social media to communicate sustainability, ranking third in the SMI-Wizness Social Media Sustainability Index. This ranking highlighted our Ford Social site, sustainability reporting website and use of Twitter.

Through these and other innovative communication methods, we are seeking to stimulate user discussions about our products. Opportunities for discussions and information monitoring on the Internet are countless. So, in addition to the institutionalized efforts of our Communications and Marketing divisions, we are empowering some of our employees to communicate about Ford on the web by making our "digital participation guidelines" more widely available and giving employees the information they need to communicate successfully in these arenas. We think that allowing employees to have open and real communications within their digital communities sends a clear message that Ford is committed to forging relationships online and being accessible to its audiences. For more on the guidelines, see the <u>Governance</u> section.

### **Other Nontraditional Marketing**

We use a range of other nontraditional marketing and communications efforts to increase awareness of our products and engage consumers and stakeholders. Through our Drive One campaign in North America, for example, we offer opportunities for people to experience our vehicles firsthand. The goal of Drive One is to encourage people who might not otherwise be considering a Ford product to see for themselves what we offer. Drive One is based on our belief that, when people drive our vehicles, they will have more positive opinions of our products and will be more likely to buy them. The campaign highlights Ford's four key brand pillars: safety, quality, green technologies and smart technologies.

Based on the Drive One approach, we hosted our first ever "global test-drive" event to launch the all-new Focus in February 2011. For this event, we chose 50 consumers from around the world and flew them to Spain for a two-day driving experience in Focus prototypes, even before the car was in dealerships. We chose the test drivers through our Focus Facebook page. We also asked them to record their experiences and their views and share them with others directly through their social networks.

We believe that supporting causes that are important to our customers is a key way to show our commitment to social responsibility and strengthen our community ties. We emphasize this approach through the "Drive One 4 UR School" and "Drive 4 UR Community" campaigns. Through these programs, participants test-drive a new Ford vehicle and help raise money for their local high school or local nonprofit. For each test-drive that occurs during the single-day events, Ford donates \$20 (up to a total of \$6,000 per event) to fund school and nonprofit activities. These programs have been successful at both raising money for local organizations and raising consideration of Ford products. The programs have raised more \$10 million for schools and nonprofits and have enabled more than 495,800 participants to test-drive Ford products; approximately 69 percent of these drivers did not own a Ford product at the time of the test-drive. Feedback from participants shows that both purchase consideration and favorable opinion of the Ford brand improved after participating in the program.

#### **Traditional Advertising**

Finally, we use traditional advertising to inform consumers about our products and our corporate performance. We use three primary advertising strategies: corporate-level communications about Ford Motor Company, advertising about our brands and specific products, and dealer-level product advertising. The goal of these advertising strategies is to sell vehicles. But just as important, we are aiming to increase general awareness about the excellence of our products and our corporate performance among people who are not yet in the market for a vehicle. To develop new products, we respond to market demands through our market research and product development efforts. Through our advertising, we hope to increase interest in and preference for our vehicles and our Company, based on the excellence of our products and the positive actions of the Company.

As part of our ONE Ford transformation, we are working to improve the effectiveness of our advertising communications by involving dealers more closely in the development of our advertising strategies. Dealers communicate with our customers every day, and they have special knowledge about consumers' needs and wants. We included our dealers from the start in our Drive One campaign. In fact, prior to developing Drive One, we sought input from our entire Ford dealer body, and that feedback informed the campaign's development. Together we arrived at a campaign that works at the corporate, brand, product and dealer levels.





#### Sustainability 2012/13

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#### People

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Communities

Customers

Engaging Customers

Understanding Customer Needs

Building Customer Awareness

Increasing Consumer Awareness of **Environmental Issues** 

Data

Voice: Cyndi Selke

## **Increasing Consumer Awareness of Environmental Issues**

Ford is also working to increase consumer awareness of key vehicle-related environmental issues, including how drivers can help to improve the environmental performance of their own vehicles.

We offer an "electric vehicle" website to help consumers understand the different electrified vehicle technologies and options. The site provides jargon-free explanations of the differences between hybrid electric vehicles, plug-in hybrid vehicles and all-electric vehicles, including details on the technologies that make them possible, such as battery chemistry, charge ports and regenerative braking. The site is part of Ford's relentless effort to educate consumers about the choices offered by the Company's range of electrified vehicles and to help potential buyers determine which electrified option might best suit their specific driving habits and needs. Consumers who visit the site can review videos, text and cutaway diagrams that illustrate the differences between vehicles such as the Ford Fusion Hybrid, the Ford Focus Electric and planned Ford plug-in hybrids. The site does not offer opinions on which vehicle technology is better. Rather, it provides clear explanations about how gasoline, hybrid, plug-in hybrid and all-electric vehicles work, to help consumers decide which vehicle could be the best option for them. The site, which had been visited by more than

200,000 people as of April 2012, also features a quiz to help people identify the right car to fit their needs based on questions about their lifestyle. We also launched a Plug Into Ford website, which provides customers with an in-depth look at how to make the most of the electric vehicle lifestyle.

Read more about our electric vehicles in our Electrification section.

## **Related links**

#### This Report

- » Vehicle Fuel Efficiency and CO<sub>2</sub> Emissions Progress and Performance
- Electrification: A Closer Look
- » Driver
- » Quantifying Our
- **Environmental Impact**

In early 2012 we launched a calculator to help our fleet customers think through the relative lifecycle carbon emissions of different vehicle options. In addition to measuring emissions (such as carbon dioxide, volatile organic compounds and oxides of nitrogen) based on the vehicle's fuel source, the calculator also provides fuel-cost estimates based on regional pricing data. The calculator provides a comparison between any two Ford models currently on the market, including hybrid-electric, plug-in hybrid and all-electric vehicles. For more information on this carbon calculator, please see Quantifying Our Environmental Impact.

We are also collaborating with SHFT.com, a media platform that provides ideas and inspiration to lead a more eco-conscious life, on an inspiring documentary series featuring innovative leaders who are shaping sustainable businesses and influencing positive change around the world. This partnership, which aims to inspire people through film, design, art, transportation and culture to make smarter environmental decisions, includes developing creative content, such as a short documentary series, live events and film festivals. The first set of films, released in 2012, highlighted leading influencers from industries such as sustainable fashion and transport, advanced upcycling and smart plastics.

We are also educating drivers about environmental issues while they drive. For example, Ford's advanced in-vehicle system – SYNC® with MyFord Touch™ – offers an array of real-time information on fuel-economy performance that can coach drivers to get more miles to the gallon and save on fuel costs. For example, SYNC with MyFord Touch enables drivers to monitor and track their vehicle's real-time fuel-economy performance and mile-per-gallon averages for the past five, 10 and 30 minutes. In addition, the SYNC with MyFord Touch map-based navigation system offers an Eco-Route option that quickly calculates the most fuel-efficient route a driver can take to get from point A to point B.

In the U.S., our hybrid and other electrified vehicles offer a SmartGauge™ with EcoGuide instrument cluster tool, which provides real-time fuel-economy data and promotes fuel-efficient driving by showing a graphic of growing leaves and flowers as drivers' fuel efficiency improves. We launched a similar system in Europe called Ford EcoMode. Similar to EcoGuide, EcoMode helps educate the driver to achieve improved real-world fuel economy. It was first introduced on the Ford Focus ECOnetic and will be implemented as an option in more European Ford models in the future.

For more information on how we are using in-vehicle information technology to help drivers improve their fuel efficiency, please see the Vehicle Fuel Efficiency and CO<sub>2</sub> Emissions Progress and Performance section.

We have also developed eco-driving tips that help drivers improve their fuel economy by almost 25 percent. We provide these tips on our website and through a Ford Driving Skills for Life online training program. We started providing eco-driving training in 2000 in Europe and have since expanded it to the U.S. and Asia. For more information on our eco-driving training programs, please see the <u>Vehicle Fuel Efficiency and CO<sub>2</sub> Emissions Progress and Performance</u> section.



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Engagement and Community

> Workplace Safety

Voice: Cyndi Selke

## Data

#### IN THIS SECTION

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- Employee Satisfaction, Pulse Survey
- > Overall Dealer Attitude
- Employment by Business Unit
- » U.S. Employment of Minority-group Personnel and Women at Year-end
- Charitable Contributions
- Volunteer Corps

#### Workplace Safety

- Global Lost-time Case Rate (per 100 Employees)
- » Lost-time Case Rate by Region (per 100 Employees)
- » Workplace Health and Safety Violations
- » Global Fatalities



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## **Engagement and Community**

#### DATA ON THIS PAGE

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- C. Semployment by Business Unit
- D. \*\* U.S. Employment of Minority-group Personnel and Women at Year-end
- E. \* Charitable Contributions
- F. Wolunteer Corps

## A. Employee Satisfaction, Pulse Survey

Percent satisfied

Employee Satisfaction Index

2012	71
2011	69
2010	68
2009	68
2008	66
2007	64

#### Company Success Mindset

2012	86
2011	84
2010	84
2009	85
2008	85
2007	82

Management Commitment to Diversity

2012	86
2011	82
2010	82
2009	81
2008	80
2007	77

#### Overcoming Workplace Obstacles

2012	e
2011	e
2010	6
2009	6
2008	6
2007	6

	2007	2008	2009	2010	2011	2012
Employee Satisfaction Index	64	66	68	68	69	71
Company Success Mindset	82	85	85	84	84	86
Management Commitment to Diversity	77	80	81	82	82	86
Overcoming Workplace Obstacles	60	62	64	62	63	66

#### Notes to Data

Each year, we ask our salaried workforce to participate in the <u>Pulse survey</u> to gain insight into employees' overall satisfaction with the Company, their jobs, diversity and other aspects of workplace satisfaction.

In 2012, the Employee Satisfaction Index continued a nine-year trend of scores equal to or better than the prior year. The topic of Management Commitment to Diversity continued a six-year trend of scores equal to or better than the prior year.

#### **Related Links**

#### This Report:

Employee Satisfaction

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## **B. Overall Dealer Attitude**

Relative ranking on a scale of 1-100 percent

	2007	2008	2009	2010	2011	2012
Ford (winter/summer score)	64/69	69/68	71/80	83/85	84/82	84/83
Lincoln (winter/summer score) <sup>1</sup>	64/66	66/64	66/71	71/62	61/64	68/67
Industry (winter/summer score)	70/72	73/72	70/74	75/78	80/81	82/81

#### Notes to Data

1. Ford stopped production of Mercury with the 2011 model year. Beginning in 2011, the dealer satisfaction data for Lincoln dealers no longer include Mercury dealers.

Overall dealer attitude is measured by the National Automobile Dealer Association (NADA) Dealer Attitude Survey. Scores are for the summer and winter respectively of the year noted.

#### Analysis

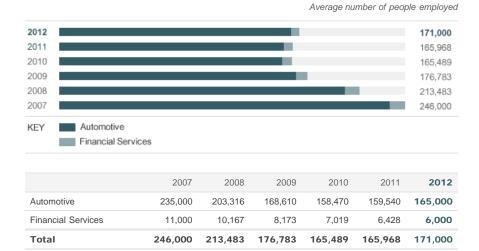
Approximately 64 percent of our dealers provided feedback through the summer 2012 NADA survey process. We remained consistent in many areas in this survey compared to our Winter 2011 record improvements, including in our Regional Sales, Service and Parts Personnel rankings. However, scores continued to increase in the categories of Ford Motor Credit Company Capability, Senior Management Effectiveness, Dealer Communications, and Marketing and Vehicle Incentives.

#### **Related Links**

This Report:

Dealers

## C. Employment by Business Unit



Reported to regulatory authorities

#### Notes to Data

These employee numbers do not include dealer personnel; 2009 employee numbers have been adjusted to reflect the new accounting standard on the deconsolidation of many of our variable interest entities.

#### **Related Links**

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Employees

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## D. U.S. Employment of Minority-group Personnel and Women at Year-end

#### Percent

Minority-group	personnel - total	
2012		26
2011		24
2010		24
2009		24
2008		24
2007		24

Minority-group personnel - salaried

2012	23
2011	22
2010	22
2009	23
2008	23
2007	24

Minority-group personnel - hourly

2012	28
2011	25
2010	25
2009	24
2008	24
2007	24

#### Women - total

2012	22
2011	22
2010	22
2009	23
2008	23
2007	23

#### Women - salaried

2012	28
2011	28
2010	29
2009	31
2008	32
2007	32

#### Women - hourly

2012	19
2011	18
2010	18
2009	17
2008	18
2007	17

2007         2008         2009         2010         2011         2012           Minority-group personnel –         24         24         24         24         26           Minority-group personnel –         24         23         23         22         22         23           Minority-group personnel –         24         24         24         25         25         28           Minority-group personnel –         24         23         23         22         22         22           Women – total         23         23         23         22         22         22           Women – salaried         32         32         31         29         28         28           Women – hourly         17         18         17         18         18         19							
total       Minority-group personnel –       24       23       23       22       22       23         Minority-group personnel –       24       24       24       24       25       25       28         Minority-group personnel –       23       23       23       23       22       22       22         Women – total       23       23       23       23       22       22       22         Women – salaried       32       32       31       29       28       28		2007	2008	2009	2010	2011	2012
salaried       Minority-group personnel –       24       24       24       25       25       28         Women – total       23       23       23       22       22       22         Women – salaried       32       32       31       29       28		24	24	24	24	24	26
hourly       23       23       23       22       22       22         Women – total       23       32       31       29       28       28		24	23	23	22	22	23
Women – salaried         32         32         31         29         28         28		24	24	24	25	25	28
	Women - total	23	23	23	22	22	22
Women – hourly 17 18 17 18 18 19	Women - salaried	32	32	31	29	28	28
	Women - hourly	17	18	17	18	18	19

Reported to regulatory authorities

#### Notes to Data

To align with the 2003–2007 reported data, 2008 data has been modified to reflect the total Company. Previously, 2008 data reported Ford Automotive data only.

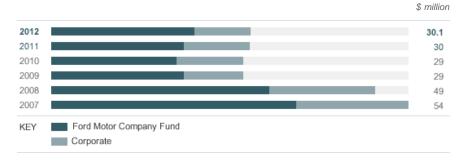
#### **Related Links**

#### This Report:

» Diversity and Inclusion

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## E. Charitable Contributions



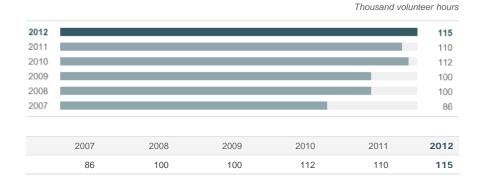
	2007	2008	2009	2010	2011	2012
Ford Motor Company Fund	37	33	20	19	20	21.6
Corporate	17	16	9	10	10	8.5
Total	54	49	29	29	30	30.1

#### **Related Links**

#### This Report:

» Investing in Communities

## F. Volunteer Corps



## **Related Links**

This Report:

» Ford Volunteer Corps

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#### > Workplace Safety

Voice: Cyndi Selke

## Workplace Safety

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- A. Slobal Lost-time Case Rate (per 100 Employees)
- B. \*\* Lost-time Case Rate by Region (per 100 Employees)
- C.  $\$  Workplace Health and Safety Violations

D. . Global Fatalities

## A. Global Lost-time Case Rate (per 100 Employees)

2012 0.5 NA 2011 0.5 1.6 2010 0.5 1.4 2009 0.6 1.3 2008 0.7 1.3 0.9 2007 1.5

Cases with one or more days away from work per 200,000 hours

KEY Ford Motor Company (global)

U.S. Bureau of Labor Statistics average for NAICS Code 3361 (motor vehicles manufacturing)

	2007	2008	2009	2010	2011	2012
Ford Motor Company (global)	0.9	0.7	0.6	0.5	0.5	0.5
U.S. Bureau of Labor Statistics average for NAICS Code 3361 (motor vehicles manufacturing)	1.5	1.3	1.3	1.4	1.6	NA

#### **Related Links**

This Report:

» Workplace Health and Safety

## B. Lost-time Case Rate by Region (per 100 Employees)

2012 0.8 0.4 0.1 2011 0.9 0.3 0.1 2010 0.8 0.3 0.1 2009 0.9 0.5 0.2 2008 1.0 0.6 0.1 2007 1.2 0.7 0.1 KEY Americas Europe Asia Pacific and Africa

Cases with o	one or more da	ys away from work	per 200,000 hours
--------------	----------------	-------------------	-------------------

	2007	2008	2009	2010	2011	2012
Americas	1.2	1.0	0.9	0.8	0.9	0.8
Europe	0.7	0.6	0.5	0.3	0.3	0.4
Asia Pacific and Africa	0.1	0.1	0.2	0.1	0.1	0.1

Reported to regulatory authorities

#### **Related Links**

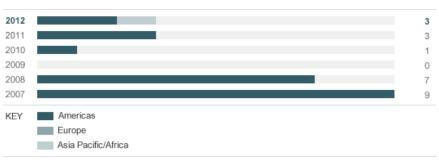
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## C. Workplace Health and Safety Violations

Number of violations



	2007	2008	2009	2010	2011	2012
Americas	9	7	0	1	3	2
Europe	0	0	0	0	0	0
Asia Pacific and Africa	0	0	0	0	0	1
Total	9	7	0	1	3	3

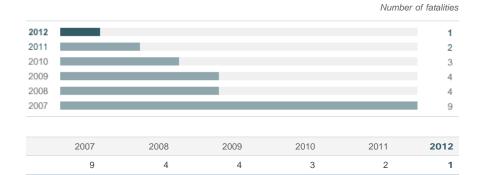
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## **D. Global Fatalities**



#### Notes to Data

Global fatalities data include Ford employees and contractors.

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#### People

Workplace Dealers Communities Customers Data Voice: Cyndi Selke

## Cyndi Selke

Executive Director Human Resources for the Americas Ford Motor Company



This is an exciting time for our Company, especially when it comes to recruiting. In early 2013, we announced plans to hire 2,200 salaried workers. The last time we hired that many employees in one year was in 2000.

One of the challenges, from a human resources perspective, is getting our recruiting machine back up and running at a pace that we have not experienced in more than a decade. With the economy recovering in North America, companies – and especially major automakers and key automotive suppliers – are competing for talent. We have increased our presence on college campuses, and we're doing much more with social networking to attract early-career candidates.

However, most of the individuals we're hiring are experienced workers – engineers and information technology specialists in particular. So the question becomes – where do you go to find them? We're hosting virtual career fairs and leveraging social media sites to reach out to the best people.

Among current Ford employees, one of our primary areas of focus is employee development. To thrive in this economic environment, we must develop our employees so they have the skills to succeed and the desire to continue working for Ford Motor Company. Our attrition rate is very low, but that doesn't mean that we aren't constantly thinking about how to retain our employees.

Our Employment Value Proposition (EVP) – simply defined as why people choose a given employer and then stay with that employer – is based on three core elements: our corporate reputation ("Great Products, Strong Business and Better World"); our global brand promise of "Go Further" (which defines who we are and what we do); and a skilled and motivated team (focusing on working together, employee development, leadership quality, compensation and benefits, and worklife flexibility). These are the elements that make Ford a great place to work.

Every interaction between a leader and an employee is an opportunity to strengthen the value of working at Ford. Defining and strengthening our EVP will improve our ability to attract, engage and retain prospective and current employees. The <u>ONE Ford plan</u> is the driver for realizing the core elements of our EVP, and an effective EVP becomes an enabler for the ONE Ford plan.

Of course, when we talk about skills development, we're not just talking about our current workforce. We also must look ahead to the workforce of the future. One way we're getting involved is through school-based programs that promote science, technology, engineering and mathematics – otherwise known as STEM initiatives. We simply must get high school students more interested in these areas so we can be sure we have a viable pool of candidates for the years to come.

As strong as we are in America right now, we must remember that our European operations are having a difficult time and are going through hardships similar to what we experienced in the U.S. five years ago. As a global company, when one of our regions struggles, we all struggle – that's one outcome of the ONE Ford approach. So, we're taking what we learned from our North American restructuring and applying those lessons to Europe.

Despite the difficulties in Europe, I see so much enthusiasm from Ford's workforce today – enthusiasm around our products, our leadership and what the ONE Ford plan is delivering. Taken in total, these elements form the basis for why people come to Ford and stay at Ford. You can't have great products if you don't have a company that cares about its people and about ethics.

# Related links This Report % "Going Further"

You have to have an engaged team to deliver results. If you don't have the hearts and minds of your employees, then you can't succeed. Employees today want to be part of something that's bigger than themselves. They want to work for a company that makes products that are safe and products that are green. In other words, they want to make products that our customers want and deserve. So much of what we do today at our Company resonates with our employees. But it all starts with the product, and I've never seen so much excitement around what we're building.

There's nothing better than growing, and we're growing with exciting products around the world. I never want to go back to the place where we were five years ago - it's not something we ever want to repeat.