SustainAbility™

Report Benchmark
Feedback for Ford
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Alex Hammer, Analyst hammer@sustainability.com
Meghan Chapple-Brown, Director, chapple-brown@sustainability.com

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Benchmark Summary Statistics

The following are summary statistics for the benchmark of Ford Sustainability Report 2006/7.

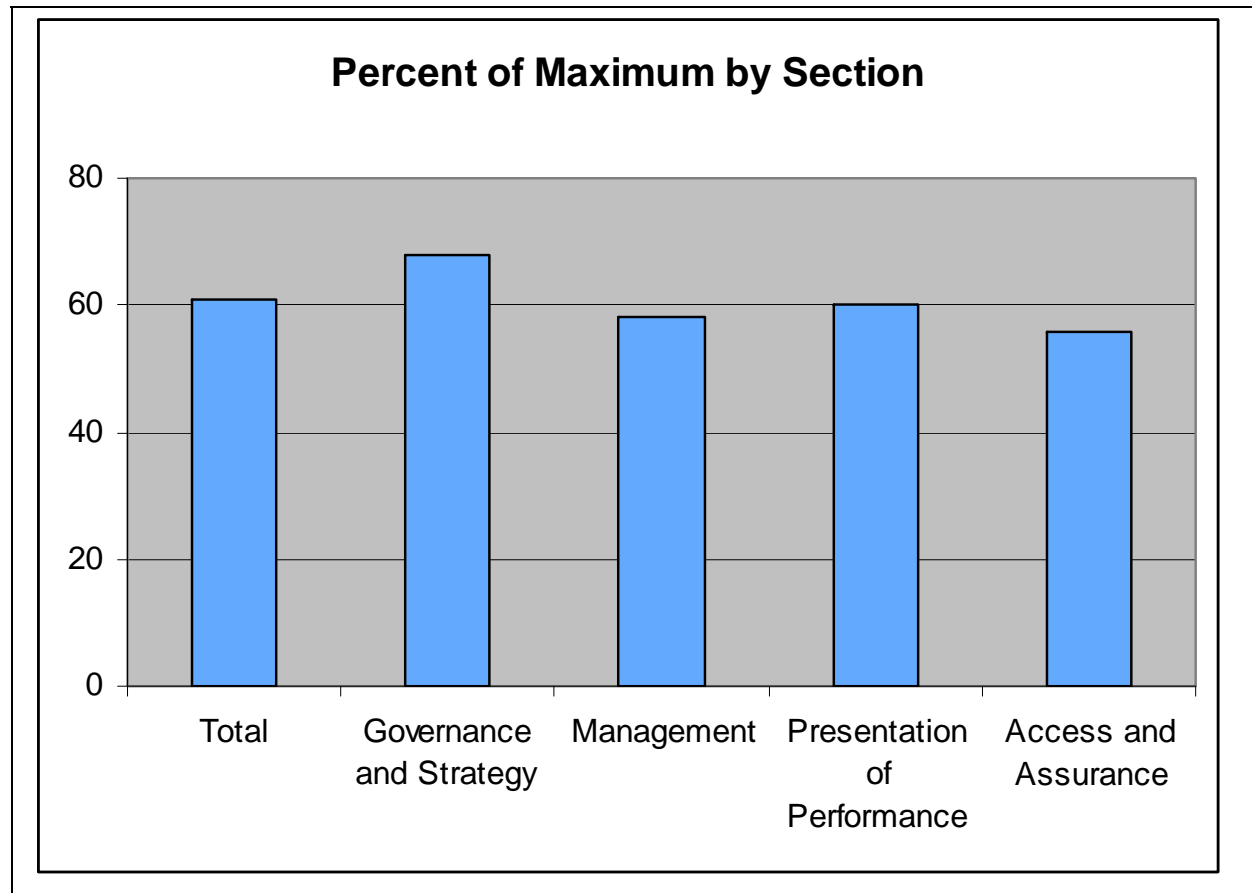|	
Total Score (%)	62%
Section Analysis	
Governance and Strategy	68%
Management	58%
Presentation of Performance	60%
Accessibility and Assurance	56%

Percent of Maximum by Section

1 Governance and Strategy

This section is designed to assess how well a company explains its activities and their associated economic, environmental and social impacts, the governance of sustainable development performance and the integration of sustainable development vision and business strategy.

		Score	Page	Strengths	Opportunities for Improvement
1.1	Company and Industry Profile	4	http://www.ford.com/en/company/about/sustainability/2006-07/overviewProfile.htm, http://www.ford.com/en/company/about/sustainability/2006-07/fin.htm	The online report includes a complete overview of the company, including a list of major products and brands, geographical location of production facilities, and retail sales numbers by brand. The report conveys the international scale of Ford's operations and sales. Additionally, the financial section outlines the sustainable development context within which the industry and company operate, the company's current situation and future plans.	There is a need to connect the financial section to the company profile section for ease of access.
1.2	Top Management Statement	3	2-3	The top management statement clearly articulates Ford's sustainable development vision and strategy. It provides examples of recent accomplishments as well as challenges and details future goals for the company. The letter conveys Ford's serious commitment to integrating sustainable development into its business strategy and makes a strong business case for its endeavors. Partnerships and memberships (US CAP, CCX, etc.) show that Ford is working to influence others to take action on climate change.	The statement does not provide a sense of the CEO or Chairman's personal connection to sustainable development issues or any sense that they are accountable for Ford's performance. Improvements in the letter might include a more frank discussion of Ford's sustainable development setbacks and how sustainable development over the last year has influenced core business decisions.

1.3	Issue Identification and Prioritization	3	4-5	Ford's report includes a strong materiality analysis which ranks issues based on stakeholder concern, impact on the company, and degree of Ford's control/influence over the specific issue. The report includes a matrix which ranks all three scoring criteria and ultimately determines which issues Ford addresses in its report. Ford also explains how its materiality analysis has evolved from previous reports to more accurately represent stakeholder and company views. Ford also includes a materiality analysis of each principle included on the web and an assessment of its importance to the company and stakeholders.	While the analysis is strong, while the report links materiality to SBS, it is not fully integrated as it does not provide a robust connection between the materiality process and how it has influenced core business thinking.
1.4	Values, Principles and Policies for Sustainable Development Accountability	3	Inside cover, website—six principles, http://www.ford.com/en/company/about/sustainability/2006-07/accManagementIntegrationProcesses.htm, "Sustainability-Related Standards", http://www.ford.com/en/company/about/sustainability/2006-07/accManagementStandards	Ford's online report is organized by a discussion of six main business principles. The introduction to each section defines the principle and gives a basic outline of Ford's strategy for supporting it. The report provides performance data which details how Ford is evaluating their work and integrating the policy into their sustainable development strategy. In terms of policies, Ford's report provides extensive information about Codes and Policy Letters which support the company's sustainable development strategy and guidance for employees.	The report could still include a brief description of the overarching framework of how the business principles guide company actions and more in-depth information about how business principles affect core business strategy. While policies and codes are mentioned, with the exception of the Code of Basic Working Conditions, more information could be included about the specific content discussed in the policies and how they have affected daily operations of the company.

			Sustainability.htm, 23		
1.5	Sustainable Development Vision and Business Strategy	2	3, 8-10, , http://www.ford.com/en/company/about/sustainability/2006-07/pro.htm	The CEO letter articulates Ford's vision for the company which includes taking a more integrated approach to sustainable development issues. The Mobility section connects Ford's business strategy of focusing on the markets of developing nations with its ultimate sustainable development goal of providing mega cities with improved modes of transportation. It also outlines some of Ford's more sustainable product offerings. Furthermore Ford incorporates stakeholder engagement and communication with local communities into their strategy in an effort to enhance sustainable development performance. In the section on Climate Change, the company outlines their long-term strategy for addressing the issue.	While there is a strong link between the Mobility section and Ford's business strategy, it is not clear how or how much the company plans to evolve to be able to meet this demand. It also was not clear how Ford plans to adapt for a demand for cleaner technology in the developed world.
1.6	The Business Case	2	2, 22, "Operational Energy Use" (Environment under Performance)	There are a multitude of other references to the business case for sustainable actions including mention of the sustainable business advantage in the CEO letter and human rights as a business imperative, for example. Ford's strategy to focus on sustainable solutions for developing world markets is a clear indication of sustainable business growth opportunities. In the environment section, Ford quantifies in dollars its reductions in energy use.	While there are many mentions of the business value of sustainable development, there is little to no rationale as to why it is valuable to the business. The report can still provide reflection on how learnings around the business case have strengthened the company's commitment to sustainable development through convincing customers, influencing regulators, etc.
1.7	Sustainable Development Implementation Challenges	2	7, 12-13, 19, 24-25	There is a strong discussion of the challenges associated with alternative fuels and sustaining Ford in the current financial situation. Good discussion of	Gaps remain on other material issues especially in the mobility section where lower incomes in developing countries is mentioned as a challenge, but there

				challenges around AB 1493, and in implementing Code of Basic Working Conditions.	is no discussion of specific steps Ford is taking. The report could expand on challenges of taking action as an industry on human rights and the challenges associated with achieving vehicle safety.
1.8	Governance Responsibilities and Structures	3	"Structures for Managing Sustainability" and	The report includes a significant range of information on corporate governance structures as well as sustainability structures. It explains that its ultimate goal is to have the two be fully integrated, and describes the connection between the SBS group, Purchasing, Manufacturing and Product Development up through to the Board.	It is still difficult to understand the overall structure of sustainability governance at Ford including accountability across major businesses and geographies. Including a graph or chart of the structure might improve accessibility to the reader.
1.9	Risk Management	1	4, 5, 8	The report implies that the material issues carry some risk for Ford, as well as the mega-trends identified in the Mobility section.	The Ford report includes no clear outline of issues that pose business risk and how they are being managed. The reader does not get a sense of how the company understands risk in the context of sustainable development impacts.
1.10	Meeting Tomorrow's Needs	3	2, 11-13, 18-19, 33, "Responding to Consumer Demands"	Reporting is strong in this area as innovation is at the forefront of Ford's sustainability policy and the report includes a number of new products aimed at addressing sustainable development issues and needs. Ford views sustainable development challenges as potential opportunities for innovation. New products address a wide range of material issues including driver safety, climate change, and developing world mobility and align with the company's core business strategy.	Reporting could be strengthened by including evaluation mechanisms and performance data to measure the products' sustainable development outcomes.
1.11	Customer Influence and Market	4	17, 20, 29-31 "Increasing	Two of Ford's most material issues: driver safety and climate change are	

	Shaping		Customer Awareness of Our Company and Products"	related to the consumer use not production of their vehicles. The company therefore takes it as their responsibility to communicate with their customers on these and other sustainable development issues to enhance the consumer's experience and improve their sustainable development performance. Sustainable development education is included in their marketing strategy (It's easy being green) as well as social programs (Driving Skills for Life). Ford also provides financial information concerning marketing for hybrids. Evaluation mechanisms are in place for many of these programs and additional research is currently being conducted to better understand their customer base and areas for increased education.	
	Section Total	30			
	Percentage of Maximum	68%			

2 Management

This section is designed to assess how well a company reports on its activities to implement its sustainable development intentions. This section examines to what extent reporting demonstrates alignment between internal systems and sustainable development intentions, and to what extent the report explains the influence of the company on external market conditions.

		Score	Page	Strengths	Opportunities for Improvement
2.1	Management procedures	3	"Key Processes for Integrating Sustainability"	Ford clearly explains how it is integrating sustainability issues into pre-existing management structures. The section includes a flow chart which outlines specific steps in the process. Sustainability issues are reviewed at weekly board meetings in conjunction with core business issues. In addition, under each of the six major priorities is a section addressing pertinent management structures to that specific priority.	While the discussion is strong for individual issues, there is little sense of accountability for management structures throughout the company. There could be clearer links between the company's management processes and core business decision-making.
2.2	Value Chain Management	3	24-27	Ford describes strong mechanisms for value chain management and discloses information about the size and scope of their supplier relationships. Ford takes responsibility for educating suppliers on sustainable development issues and potential areas for improvement and have implemented a supplier assessment and training program to help suppliers meet Ford's standards. The report provides examples of how they have successfully educated suppliers and also how past experiences (ie slave labor in India) have influenced current practices and	The report would improve with a discussion of how the company is managing sustainability issues with dealers and others downstream.

				polices.	
2.3	Stakeholder Engagement	3	5, "Stakeholder Engagement" (web under Accountability) "Who are our Stakeholders?" (web under Quality Relationships)	Stakeholder engagement is integral to Ford's sustainable development strategy and material issue identification process. The report includes specific examples of how Ford collaborates with stakeholders to provide input and feedback on major key issues for example their Code of Conduct. They update and identify new stakeholders as their company evolves. The report also includes key findings from specific stakeholder groups in the "assessing materiality" portions and discusses their prioritization of material issues. The "who are our stakeholders?" section gives specific examples of key stakeholders and methods of communication used.	The report rates stakeholder issues and company issues. The report could be improved by a featuring feedback from either group or dialogue between the two groups. It could also discuss how the feedback has influenced company decisions.
2.4	Personnel Performance Management, Training and Development	2	"Setting and Communicating Standards for Employees" (under Accountability on web)	The report shows that there are a number of policy letters and directives in place to educate and guide employees on sustainable development issues which are relative to work place safety, etiquette and their rights as employees. The report implies that the Sustainability Learning Community provides an opportunity for employees to learn about sustainability.	The report does not give specific detail about types of formal training that employees are given (beyond access to written documents) on sustainable development issues, corporate values, or other skills such as stakeholder engagement.
2.5	Learning and Knowledge Management	2	"Structures for Managing Sustainability" and "Reporting and Transparency"	The report features the Sustainability Learning Community as a sophisticated mechanism for Ford employees to communicate, provide perspectives on, and contribute to sustainable development issues. Ford also plans to implement mandatory training sessions	Ford has a range of programs to educate its employees on sustainable development issues, but does not report about any mechanisms in place to evaluate and track employee knowledge on sustainable development as it relates to the

			(web), 35	to complement any written documents. The report also mentions knowledge management concerns during employee reductions.	business.
2.6	Public Policy and Regulatory Affairs	2	21, Political Contributions (website)	Ford's section on climate change includes an in-depth discussion of their public policy initiatives in the area. They discuss their lobby activities in a number of geographical areas and include specific information on a number of issues and include their stance, measures they are taking to influence change, and the current status of their activities. An additional section on the website outlines Ford's company wide policy on political donations.	There is not evidence of a systematic approach to manage public policy affairs and disclose policy positions across all material issues. The report has yet to indicate that Ford's approach to lobbying and political activity is fully integrated with company values and, business principles.
2.7	Industry Influence	2	3,9, 20, 26-27	Ford sites industry partnerships as integral to addressing sustainable development issues. To that end, Ford has taken a leadership role in a number of industry initiatives covering a range of material issues including climate change, driver safety, working conditions in the supply chain and developing world mobility. In the case of climate change, Ford recognizes that progress in addressing climate change will not happen without industry/business coalitions.	The report mentions many industry initiatives but gives no sense of how Ford views its responsibility to influence industry standards and performance. The reporting could be further improved by including information about the company's general policy about participating in industry initiatives.
2.8	Philanthropy and Social Investment	2	31,Global Business Pressures Impact Local Communities, Investing in Communities (Community)	The Ford report includes a link to their Community Investment Model in the 2005/06 report. The model shows a systematic attempt by Ford to engage and evaluate its impact on local communities. Ford's driver education programs in the US align with the material issue of driver safety. There is	The report lacks examples of how the Community Investment model is implemented in practice especially in connection with material issues. Besides Ford's driver education programs, the company's social investments are fairly philanthropic and are not well connected to key

				a discussion of the Ford Motor Company Fund through which Ford makes philanthropic contributions.	material issues for the company. The report explains that they have reduced spending due to profit losses, but it would be helpful to have more information on how they are reconciling this decrease in expenditure. There is no discussion of methods in place to evaluate or quantify results on social expenditure.
2.9	Investor Relations	2	16, "Reporting and Transparency" (web)	Ford describes how they integrate Climate Change into discussions with shareholders within the context of returning to profitability and sustaining their business. To that end they regularly communicate with investors on this issue and participate in the Carbon Disclosure Project which gives investors information on their responses to climate change. They identify investors as a target audience for the report, and discuss plans to make it more easily accessible to this group.	Beyond the issue of climate change, the report does not reference any other attempts to educate their shareholders on sustainable development issues.

Section Total   21
Percentage   58%
of Maximum

3 Presentation of Performance

This section is designed to allow the reader to assess how well the company reports and explains its performance on material sustainable development issues.

		Score	Page	Strengths	Opportunities for Improvement
3.1	Performance and Strategy Alignment	3	"Data Overview" (web) and in "Performance" (under all tabs), inside the back cover	The structure of the report makes Ford's alignment of strategy and performance strong. Performance data is well aligned with the company's priorities and is included for each of the six core principles on the website. In the case of the print report, Ford includes relevant performance data for all five material issues. Additionally, Ford commits to re-evaluating their performance indicators periodically to align with their evolving sustainable development strategy. The inclusion of a life-cycle analysis of their vehicles shows their commitment to assessing performance beyond production.	While the data and alignment were strong, the report did not reassess how Ford's performance affected its issue identification process.
3.2	Measuring Sustainable Development Performance	3	"Data Overview" (web) and in "Performance" (under all tabs)	Ford makes a systematic attempt to measure sustainable development across a range of material issues. They use specific, accurate, and appropriate indicators and present data geographically where appropriate. The report included normalized and performance data (as seen in the "performance" and "data" sections for each principle)	While the data is clear and concise, there is little discussion about how specific indicators were chosen and stakeholders that were involved in the decision process. The report could be further improved with a discussion of how performance influences sustainable development strategy.
3.3	Context and Interpretation	2	"Data" and "Performance" (under	Ford's section on performance includes data collected over the past six years which provides extensive context to understand current levels of	Further information (in addition to vehicle fuel economy) comparing Ford's performance to other industry members would provide additional context for the

			each Business Principle Tab)	performance. Especially in the case of the environment, Ford provides extensive commentary (including how they achieved the outcomes and future plans for improvement) on the company's performance in specific areas.	company's achievements. Additionally, Ford could provide context for information disclosed in the "data" sections to bring more clarity to performance against internal goals and other interpretation.
3.4	Target Setting	2	17, "Manufact uring" and "Performa nce" (web under Environm ent)	Ford acknowledges the strength of targets to influence progress and has implemented targets for many of its indicators in its environmental work. The Climate Change Section includes a chart of targets and an indication of the company's progress to date. The chart includes the industry or government standard that led the company to adopt each target. Additionally Ford has adopted targets for other environmental issues. Each issue is discussed at length and includes progress to date and further plans to update targets.	While the discussion of environmental targets is strong in some key issue areas, target use is not integrated across all material issues. There is also little evidence of a systematic process of determining targets and how their performance against standards affects the company's overall sustainable development strategy.
3.5	Performance Against Standards	2	"Tailpipe Emissions " (under environme nt)	In the case of the environment Ford uses strong external standards to drive their performance on key indicators. The ISO 14001 framework guides management of their environmental performance data. In the case of Tailpipe emissions the report discusses how the EPA standards have influenced Ford's strategy and ultimately its performance in the reduction of emissions. The Human Rights section indicates that Ford's code endorses external standards and gives the reader some sense of how it is monitoring progress along those codes.	Ford's disclosure about how they implement external and internal standards into measuring performance is strong in the environmental section, but lacks consistency in others.

Section Total   12

Percentage
of Maximum

60%

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4 Accessibility and Assurance

This section examines how successful companies are in designing their reporting approach to meet the needs of the audiences for their sustainable development reporting. This includes an assessment of reporting on efforts to give readers confidence in the information presented.

		Score	Page	Strengths	Opportunities for Improvement
4.1	Assurance	2	Back flap, "Reporting and Strategy" (web under Accountability) "Reporting and Transparency"	Each year, Ford engages an external stakeholder review board in its assurance procedures. The board reviews the report twice and reports back to Ford with feedback.	While the report outlines the process for assurance, it does not provide a comprehensive list of the findings by the review board or include information about its specific members. Ford could further improve the process be including specific examples about how they have used feed back and the assurance process to influence their reporting strategy. There is also no discussion of an audit process in place to verify the accuracy of the data presented in the report.
4.2	Reporting Commitment, Policy and Strategy	3	"Reporting and Transparency" "Overview of this report" and "Data Overview" (web under Overview)	The online report overview gives a strong outline of Ford's reporting strategy and commitment. It focuses on Ford's "evolutionary" approach to reporting which includes additional issue specific reports throughout the year. The report is particularly strong in outlining its commitment to data collection and future goals in this area.	Ford could include more specific information on how its reporting strategy has influenced broader sustainable development goals, policies and decisions.
4.3	Reporting Standards	2	4, back cover, http://www.ford.com/en/company/about/sustaina	Ford is strongly committed to the GRI standards and has a self-declared application level of A+. r. In the Data Overview they mention that G3 standards have influenced the company to re-evaluate their reporting indicators.	The report could improve by discussing the applicability of the reporting standards, such as the usefulness of reporting standards in driving internal performance.

			bility/2006-07/accManagementReporting.htm		
4.4	Accessibility of Information	2		The report provides comprehensive and complex information in easy to read language. Color coding to steer readers towards the business principles on the web is helpful. There are connections to some areas of core corporate reporting, such as the annual report. The organizational structure of each report clearly conveys Ford's most important material issues (in the case of the print version) and principles (in the case of the web). There is a strong use of the web especially in linking readers to previous publications and relevant documents (ie the Community Investment Model, financial documents and Standards of Corporate Conduct). The same is true for the print report which clearly links the reader to additional web resources. Availability of data tables is an additional asset.	While each individual report is well organized and easily accessible, the organizational structure of the two documents is still difficult to navigate and therefore use the two simultaneously. Also, the distinction between performance and data in the web report was sometimes blurry. For example in the environment section, information may have been better represented if combined into one section.

Section Total	9
Percentage of Maximum	56%

5 Scoring System

The scoring system was the subject of improvement during 2002, with the aim of making it more consistent across all elements of the methodology. The generic scoring device, from 0-4 points, is as follows:

0=NOTHING
The report provides no information on the issue, or nothing sufficiently significant to suggest the company understands or takes the issue seriously. Overall, any statements appear generic or formulaic, without specific links to the company and its own activities or impacts.

1=SKETCHY
Coverage suggests the company recognises the issue to some degree, and is attempting to present it in a serious way.
  BUT: The company does not (yet) address the issue in a systematic way. Without assurance of the existence of a systematic approach, the reader cannot be sure that the coverage of this aspect is not due to a good report writer and/or the company's desire to be seen in a favourable light, rather than a true reflection of actual reporting activities underway within the company. Overall, there is evidence of effort, but it is difficult to tell whether the company is really moving in the right direction, because the overall pattern does not come into view.

2=SYSTEMATIC
Coverage suggests the company is taking the issue seriously and seeking to present the information systematically. Overall you get the sense that the company is on the right track in terms of satisfying the criteria.
  BUT: even though the systems and processes are robust, they have not yet been fully developed or rolled out across the company, across divisions, and across issues, all of which takes time.

3=EXTENSIVE
Coverage is serious AND systematic AND not suffering from major gaps in coverage, presentation or interpretation – a systematic treatment that has been rolled out across the company and across a range of issues and concerns. N.B. This is not to explicitly require that every single company activity, every single major issue, every single individual site has achieved the same level of sophistication in issues management, information gathering and presentation. The 'preponderance of evidence' should show a significant, widespread level of success in rolling out systems and processes.
  BUT: The information is not explicitly or fully linked to core business decision-making. Overall, while reporting in this area is very good, there is insufficient evidence that the company in general could be deeply affected and influenced by the process of reporting.

4=INTEGRATED
Reporting is serious, systematic and extensive, AND evidence is given that shows how reporting in this area is linked to general business decision-making and core processes to improve sustainable development effectiveness. The reader is confident that the company at the highest levels takes to heart the results of reporting in this area and alters course accordingly.