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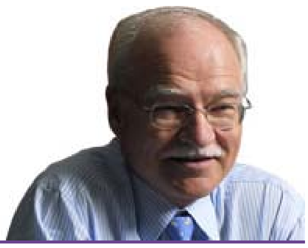

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Scott Belcher

President and CEO
Intelligent Transportation Society of America (ITS America)

Intelligent transportation systems truly are the next big thing in vehicle safety. Having vehicles communicate with each other to alert drivers to unsafe roads, accidents and other problems will, quite simply, be transformational.

Indeed, the National Highway Traffic Safety Administration estimates that connected vehicle technologies could lead to a 70 percent reduction in the number of crashes where the driver isn't impaired. In terms of order of magnitude for vehicle safety, this is as big a leap forward as the implementation of seat belts or the addition of electronic stability controls.

Auto manufacturers have already demonstrated the viability of connected vehicles, and the technology has been taking big steps forward in recent years – in part because regulators are considering taking action by 2013 to require such technology.

The system is based upon Dedicated Short-Range Communication, or DSRC, which consists of wireless channels designed specifically for automotive use. DSRC technology is also being used for infrastructure-to-vehicle communications, such as automatic payment systems at tollbooths.

In the United States, auto manufacturers have been investing hundreds of millions of dollars and are working together through the Crash Avoidance Metrics Partnership to develop the technology on an open, shared platform. This means that a Ford vehicle will be able to "talk" not only to another Ford, but to a Toyota, a GM or any other vehicle on the road. The Department of Transportation, which has been encouraging the collaboration, and automakers should be commended for making this big and important commitment.

Of course, there are always naysayers who question the technology platforms. But it's the same argument that doubters made with the introduction of cell phones or the Internet. That is, as soon as you settle on a technology, something else will inevitably come along that is smarter, cheaper or better.

Depending on when vehicle-to-vehicle DSRC technology becomes a requirement for new cars, we can anticipate seeing full penetration of these systems as standard equipment on all vehicles within 10 to 15 years. That's the timeframe needed for deployment within the majority of new vehicles on the road. Meanwhile, "here I am" devices can be installed in older vehicles, speeding the use of vehicle-to-vehicle safety technology. Once fully deployed, cars will be able to communicate to avoid crashes and to allow for better management of our highways and infrastructure.

In addition, consumer electronics companies are building after-market vehicle-to-vehicle technology devices.

ITS America has been working to harmonize the standards globally, so that vehicles in Europe will communicate with each other the same way that they do in the United States or in Asia. You want the safety messages and the systems to operate on the same platform – but we're not there yet. Ford has been very actively involved in this effort.

The safety benefits for these communications are often seen as the top priority, but vehicle-to-vehicle capabilities can also have big impacts on traffic congestion and on the environment. If you know to steer clear of a certain highway, then you can reroute your commute and avoid sitting in traffic – thereby reducing your vehicle emissions. Similarly, this system can help to identify parking spots in an urban setting, thereby significantly limiting the amount of time spent circling around looking for a spot.

Automakers have much at stake on the issue of climate change. Vehicle-to-vehicle communications are just one way they can make a substantial contribution toward reducing greenhouse gas emissions.

Scott Belcher

President and CEO
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Michael J. Brennan

President and Chief Executive Officer
United Way for Southeastern Michigan

The partnership between United Way and Ford dates back more than 60 years. Even in its early days, the company understood that it was essential for a successful corporation to address the most pressing human needs within society. Ford has a long history of mirroring its belief system with actions.

When you look at Ford Motor Company today, you see a company with community-focused commitments that are embedded within the corporate DNA. The automaker believes that thriving, viable communities are critical not only to the company itself, but also to those who live and work within its areas of operation.

Sadly for our community, Detroit can be seen as the "ground zero" of the nation's economic crisis. The devastation to this city is equivalent to that of New Orleans following Hurricane Katrina – only without the floods. In 2010, our United Way "help line" took in 400,000 calls from southeastern Michigan (up from 300,000 in 2008) – with hunger the top reason for assistance.

Many of those calls for food relief were coming from areas that never before needed help, which meant social service organizations didn't have the infrastructure to support so many in need. Ford worked with us to develop a mobile strategy, through which we could take food directly to individuals using a fleet of Transit Connect vans donated by Ford for this purpose. These vans are able to bring food to historically middle-class communities where food pantries simply don't exist.

Despite Ford's own financial troubles in recent years, the company continued to stand behind its communities. The approach has been focused and strategic, because the company has had to do more with less. When Ford had to re-focus its charitable dollar contributions to maximize community impacts, it harnessed the energy of its employees for volunteer projects. The company found creative ways to use its people and its products to address urgent social issues.

The most important thing a company can do for its communities is to be successful as a private enterprise. After all, there's nothing more power than a viable, sustainable and meaningful job.

I've been doing this kind of work for 25 years, and the companies that weather the most difficult times are those that have a deep understanding of the interdependence between a successful company and a successful community. Companies that encourage their employees to be engaged within their communities are far likelier to do well. Indeed, employees want to work for organizations that allow them to find meaning in their lives.

I could give a company a detailed checklist of the things they and their employees can do for their communities. But unless a company has a deep and abiding commitment from corporate leaders, execution of the checklist will be a thankless task. The big differentiator for Ford is that they understand the importance of community work, and they attach the leadership and the resources to it so it can reach its full expression.

Michael J. Brennan

President and Chief Executive Officer
United Way for Southeastern Michigan

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Tony (Thomas K.) Brown

Group Vice President, Global Purchasing
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When we started on our sustainable supply chain journey in 2000, Ford really was on the leading edge of our industry. As a consequence, it meant we had a lot of learning to do ourselves about the true meaning of supply chain sustainability.

The more we learned, the more we realized that it was not a journey we could legitimately take on our own. One of the first things we did was think about ways to bring the auto industry along with us, so we could have a much more significant impact. To leverage our resources and truly influence change, we needed to educate ourselves and educate other automakers to get them to understand how essential a sustainable supply chain is to business operations.

We're proud of the fact that we've been successful not only in improving working conditions among our own direct supplier companies, but also in getting the industry to partner with us to advance the overall human rights agenda. We have had a terrific multiplier effect, thanks to the efforts of our industry collaborative, the Automotive Industry Action Group Initiative (AIAG). Thousands of individuals and hundreds of plants all over the world have received training in responsible working conditions issues.

One of the biggest challenges in this area lies in developing sustainable supply chains in emerging markets. Not all developing markets are receptive to the importance of human rights for their workforce. For countries that are nation building, not everything is going to be perfect from Day One, and it's unrealistic for us to expect that.

Of course, business priorities can change for any company, whether you are in a developed market or an emerging one. For example, when our industry went through a difficult period in 2008 and 2009, as a result of the economic meltdown, supply chain sustainability issues did not get the attention they deserved. Fortunately for Ford, we were able to maintain our focus in this area, even during difficult financial times.

At Ford, we spend a lot of time educating ourselves, trying to understand current supply chain issues that impact our operations today, and emerging issues that may define how we operate in the future. To use a hockey analogy, it's the concept of understanding where the puck is going to be, versus where the puck is right now. In addition to our work with the AIAG, we also collaborate with nongovernmental organizations, the U.S. government and the United Nations so we can be a part of shaping policies around human rights issues.

Ford's overall approach has been about building our own knowledge and capacity, which in turn has helped to build knowledge and capacity among our suppliers, which, in turn, helps them do the same with their own suppliers. For us, it's been a voyage of discovery – and we're not yet at an endpoint.

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Sister Patricia Daly

Executive Director
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Executive Director
Tri-State Coalition for Responsible Investment

When it comes to human rights issues, the best corporate citizens – and the ones with the greatest integrity – are those companies that have very clear codes of conduct, with real buy-in and participation from top levels of management and from members of the board of directors. There has to be a deep understanding throughout the company about the implications of the code. I'm not talking about a code that simply says: "We're going to be good people."

An effective code of conduct must identify the company's responsibility to its own employees, but also its responsibilities to the working conditions of the people who work within the supply chain. The code should factor in broader issues of human rights, such as water availability in stressed regions. And the code must be a living document that is pertinent to the operations of a company and that can adapt over time.

As an example, members of the Interfaith Center on Corporate Responsibility (ICCR) were among the first to raise concerns to global manufacturers over conflict minerals in the Congo. Companies need to be responsive to new information about human rights abuses within their spheres of operation and be prepared to be accountable.

Companies that prioritize human rights issues are making an investment that is ultimately deeply connected to brand value. Of course, it's an investment whose outcomes can initially be hard to quantify. Yet, companies that run afoul of human rights issues can find themselves in trouble very quickly – especially in a 24-hour news cycle where disturbing videos can be seen by millions of people around the globe within minutes.

Ford has a reputation within the auto industry for taking a leadership role on human rights issues. For example, in recent years it's been wonderful to see how the company has initiated addressing concerns around the accessibility and availability of water and abuses in the Congo over conflict minerals. On the conflict minerals issue, Ford is attempting to address the concerns right up front.

I've been working with Ford on social and human rights issues for more than three decades, but the real turning point in our relationship came in the mid 1990s when our coalition put forward our first shareholder resolution around global warming. Bill Ford understood our concerns, and he opened up a strategic dialogue for us, becoming one of the first U.S. companies to seriously engage business perspectives around greenhouse gas emissions. We've had a robust and engaged relationship ever since. We may agree to disagree sometimes, but we have a strong working relationship that is built in large part on trust.

Very often, investment managers will ask me to list five global companies that are tackling human rights issues and engaging openly with their shareholders and nongovernmental organizations. Ford always comes to mind.

Engaged shareholder organizations such as the Tri-State Coalition for Responsible Investment and the ICCR want our companies to profit, but we believe that long-term profitability is clearly linked to strategies that avoid behaviors that are harmful, and in the end contribute to society as a whole. A company with a robust code of conduct demonstrates that it aims to be a company of great integrity and that it's not simply about financial profits.

For me, it's an honor to be partnering with employees who really want to ensure that their company is profitable and filled with integrity, and who want their company to play a role in making the world a better place.

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Monica Ellis

Chief Executive Officer, Global Environment & Technology Foundation and Chief Executive Officer, Global Water Challenge

Water supply and quality challenges are growing increasingly acute. This trend is expected to continue, with the greatest impacts in Africa, West Asia, China, India and Indonesia – the future growth markets for many companies. Experts predict that by 2015, two-thirds of the world's population will live in water-stressed areas.

Today, nearly 1 billion people worldwide lack access to safe water, making it one of the world's most significant yet underreported public health challenges. When you couple that with the 2.6 billion people who lack sanitation, the true scope of the challenge becomes clear. Yet despite these grim statistics, this is one of the most solvable issues of our time. Companies have an important role to play in the solution.

A growing number of companies are stepping up their leadership on water issues out of recognition that water is a basic element of a healthy, vibrant and economically viable community. Clean water provides the underpinnings for prosperity. Without clean water access, we often find economic and social instability.

A company that is interested in leading the change toward solutions must first make sure that its own house is in order. Is your own water use as efficient as possible? Are you setting targets to improve your efficiency over time? How do you impact the watersheds where you operate? Outside of your operations, how are you working to improve water quality and access within the communities where you operate? Do your own employees have access to safe water and sanitation at home? Once those issues are addressed, companies can further expand outward to examine their impacts and their ability to be "change-makers" at the regional, national and global levels.

Companies that tackle water issues in concentric circles that radiate outward are able to address community needs while mitigating important business risks. This includes risk to the business from issues such as climate change. Water will be one of the first resources affected in locations where climate change is felt, particularly in coastal and water-scarce regions. This will likely exacerbate water availability problems, especially in emerging growth markets such as China and India.

Companies need to evaluate climate change risks holistically – and not just in terms of whether they will have enough water to operate their own businesses. They should also think about water impacts on their workers and their social license to operate. If employees don't have access to safe water, then they are more prone to waterborne diseases and won't be effective at their jobs.

Over the last decade, I have seen amazing progress among companies that have decided to tackle water as a front-line issue. The challenge, however, is this: Are they addressing it fast enough and in the places with the greatest needs? Ford is one of a number of leading companies that are members of Global Water Challenge, which is investing in collaborative solutions to expand access to clean water and sanitation to those in need.

The water challenge is too large for any one sector to tackle alone. Public and private groups must work together to find sustainable solutions. For example, through efforts by governments, organizations and private-sector actors, roughly 200 million people have gained access to clean water over the past decade.

I applaud Ford's recognition of water as an issue material to its business. It's a very powerful thing when companies understand their environmental footprints and choose to leverage this understanding for the greater good. When a company like Ford takes this step, that gets the attention of competitor companies and stimulates momentum. It is this momentum that provides perhaps the best hope for solving the global water crisis.

Monica Ellis

Chief Executive Officer, Global Environment & Technology Foundation and Chief Executive Officer, Global Water Challenge

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Mark Fulton and Bruce Kahn

Global Head of Investment Research, and
Senior Investment Analyst for Climate Change
DB Climate Change Advisors

Among investors, widespread interest in climate change and its impacts really began in the mid 2000s. We believe climate change investing is a mega-trend that will be here for another 50 years, if not longer.

Companies must view climate change as a business issue, as an environmental issue, and as a moral and a social issue. How a company discusses these topics depends in many ways upon its audiences. In the United States, for example, right now climate change is looked at more in terms of energy security and cost reductions in renewable energy. In Europe, climate change is also about impacts on the environment. And in China, climate change is viewed more through the lens of pollution and industrial energy policy.

Those who want to make climate change-related investments are looking for what we like to call "TLC" – transparency, longevity and certainty in policy frameworks. Therefore, having governmental and regulatory policies around climate change, mandates, standards and incentives is absolutely essential for investors who must be able to evaluate appropriate risk-adjusted returns.

In the United States, there's a strong feeling that federal regulations have been on-again, off-again in terms of supporting cleaner energy and alternatives. Many states, however, have proven to be more consistent with their policies and regulations, particularly California, Texas and New Jersey. In Europe, Germany's policies around climate change are comprehensive and arguably best in class; the United Kingdom has been moving strongly in that direction.

For us, analyzing policy and regulations is the heart and core of what we're doing as a research group.

Obviously, climate change brings with it a tremendous opportunity for the auto industry to create new products and entirely new models of transportation technology. Vehicle electrification, for example, is the long-run destination for the industry.

Around the world, governments have been pushing fuel-efficiency standards, forcing auto manufacturers to tighten up and make dramatic increases in efficiency. But clearly, the auto industry will need to partner with other industries, such as utilities and power generators, because the infrastructure needs for new modes of transport will be enormous. Auto companies simply can't solve energy and transportation problems on their own. There's not much point in electrifying the transport sector if gasoline is replaced with heavy, carbon-burning fuels like coal.

As we move more toward the electrification of vehicles, we must find better ways to play into the power system so that plug-in cars become sources of energy storage. For example, can we harness wind power overnight to charge car batteries? How will the auto industry play into the smart grid to ensure that the power provided for electrification is indeed clean power?

In many senses, climate change is simply another symptom of population growth and the increasing wealth of global populations, which becomes a problem when combined with the use of fossil fuels. We have gone from 1 billion people on the planet in 1900 to 6.5 billion now; and we're heading toward 9.5 billion by 2050. If all these billions of people want to live like we do in America, then we will place a tremendous burden on the resources of this planet and the environment. Water scarcity is likely to be the next crisis – and potentially an even bigger one than climate change.

Ultimately, the only way we can provide the power, water, transportation and food for 9.5 billion people is by having an enormously powerful deployment of technologies that will allow these resources to work for the planet in a clean and sustainable way.

Mark Fulton

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Gary Johnson

Vice President, Manufacturing – Asia Pacific and Africa
Ford Motor Company

Ford is currently undergoing the largest growth in our manufacturing operations that our Company has witnessed in four to five decades. Most of this is occurring in the Asia Pacific region, with new Ford production plants coming online in China, India and Thailand. Over the next four years, we will be introducing more than 50 new vehicles and powertrains in our Asia Pacific and Africa region, which is expected to account for 70 percent of Ford's future growth.

In 2010, auto sales in China reached more than 18 million – a tenfold increase from a decade earlier. To put that in perspective, that's more auto sales than we've ever seen in a year in the United States. About 70 percent of buyers in China are first-time auto purchasers. And 90 percent of those buyers pay with cash.

That's why we at Ford are positioning ourselves to participate in this tremendous growth opportunity. Over the last few years, we have developed a new business model with globalized vehicle platforms that can be adapted to specific regional needs. Ultimately, every vehicle we launch globally will be evaluated for markets in China and India, too.

Right now in China, we rank as the 13th or 14th automaker in terms of sales – well behind our ranking in the North American and European markets, where we are consistently within the top three auto producers. But we believe we'll be able to significantly increase our presence in the Chinese market.

Two years ago, we moved our Asia Pacific headquarters from Thailand to China, because that's where the biggest growth is. The move has given us much greater insight, because we're able to see firsthand what's going on in China. We understand the customers and how our joint ventures operate. We also have gained a better understanding of our supply base, our dealer footprint and how to hire the workforce we need to compete effectively.

Ford was slightly late to the game in China, in part because we didn't truly operate as a global company until the last few years. But recently, we have focused on our One Ford plan and strategy that cuts across all of our regions of operation. Today, 90 percent of our products are global, which gives us the ability to compete anywhere in the world.

Of course, there are a host of challenges for Ford in these markets. For example, can we deliver the products we promise on time? We can have extremely aggressive growth plans, but we need to have the manufacturing capacity and capabilities to produce results.

Another challenge is integrating Ford into these new communities in a sustainable fashion. Each time we build a new manufacturing plant, we examine social and environmental factors, such as traffic congestion, accessibility within the local communities to water and electricity, and biodiversity. Many of the locations we are entering are underdeveloped, so we must consider ways Ford can help support the community.

This period of growth is incredibly exciting. The last period like this at our Company was in the late 1950s and early 1960s, so most of us have never seen anything like this – and most of us will likely never see anything similar again.

Gary Johnson

Vice President, Manufacturing – Asia Pacific and Africa
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Michael Muyot

President and Founder
CRD Analytics

In recent years, we have witnessed the exponential growth of companies that are reporting metrics that capture their activities around environmental, social and governance issues (or ESG, for short). More and more, companies are integrating these measures into their overall corporate accounting standards. In fact, those companies that are not monitoring, measuring and optimizing their ESG performance are seen as laggards.

At CRD Analytics, we evaluate corporations through the lens of some 200 quantitative and qualitative metrics to give investors a truly holistic view of where companies fall within their industries and across different sectors on ESG and financial measures. We focus on a range of key performance indicators, from a company's commitment to human rights and community involvement to its performance in product responsibility and environmental impacts.

About 3,500 companies worldwide produce some type of corporate social responsibility (CSR) report with quantifiable ESG metrics. But, with 60,000 multinational firms in the world, we're not even close to hitting critical mass. A growing number of companies are issuing social responsibility reports in the United States and Asia, while Europe, which historically had been the leader in reporting, has tapered off.

Socially responsible investing has become so mainstream among institutional investors that it has now passed the tipping point. And individual investors, who make up 30 percent of all shareholders, have become more active and are thinking about CSR issues when they buy and sell company shares. Individual investors and consumers have an incredible amount of information at their fingertips and are increasingly loyal to those brands that mirror their own individual belief systems. When a company gets into trouble, consumers see the headlines almost instantly through social media. And we see this having an impact on individual purchasing and investing behaviors.

Ford, which is one of the companies my firm tracks in our analytic reports, has shown strong improvements in its ESG ratings from 2007 to 2010. The company demonstrates a nice balance between financial and ESG issues, ranking number two within the automotive industry.

Companies like Ford that have weathered the recent financial crisis have done so partly because of strong internal governance and a vision for corporate responsibility that not only originated from the top down, but also was incorporated from the bottom up. Employee engagement is a critical component in making sustainable practices part of the company's DNA.

Ford has strong visibility within the global responsible investment community, thanks in large part to its use of the Global Reporting Initiative (GRI) G3 Reporting Guidelines, a GRI Index for its online and printed sustainability reports and the fact that the company produces a report at a GRI application level of "A."

The most successful corporate responsibility reports tell a story and provide details of both the good and the bad at a company. That's one of the things I believe Ford does really well. The automaker talks openly about the challenges it faces, and that makes investors feel the company is more trustworthy. Investors don't believe companies that "greenwash" and claim that everything is rosy. Transparency is key.

Companies that can tie sustainability to their brands, and show how citizenship is woven into their DNA, will be able to differentiate themselves from their peers. Investors want to see how the company treats its employees, how diverse its Board of Directors is and how it manages in a crisis, to name just a few examples.

Ford has an amazing opportunity to really engage with its customers in a revolutionary way through technology and social media – and to define itself as a sustainable brand. To get to the next level, Ford must show that it is listening to its employees; after all, it's the employees who can help advance sustainability by finding new ways to innovate, save money and promote the brand.

Michael Muyot

President and Founder
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Gerhard Schmidt

Chief Technical Officer, Vice President of Research and Advanced Engineering (Emeritus)
Ford Motor Company

I spent a decade at Ford, before my recent retirement, looking at ways to advance automotive engineering and research. Although my job description was technically the same over those 10 years, the roles I played varied, and I considered myself at times a scientist, an engineer, a teacher and occasionally even a visionary.

The visionary part may be a bit overstated, but one has to be forward-thinking when considering long-term solutions for climate change and how to make better use of natural resources. In the early 2000s, the Company wasn't ready to accept that climate change was a potential threat. We were fortunate that Bill Ford started to address the importance of climate change and translate his own visionary approach into the creation of products that could address the problem.

Yet even when the Company began to recognize the significance of climate change, the business environment at Ford couldn't immediately support the development of potential solutions. A decade ago, nearly three-quarters of the vehicles we were building in North America were trucks and SUVs, which meant it would have been nearly impossible to achieve stringent emission reduction targets along the lines of those that were already in place in Europe.

The biggest challenge initially wasn't just knowing what technologies were available to reduce vehicle emissions, but thinking about what Ford's long-term product portfolio might look like.

Part of the ultimate success story for Ford stems from the fact that the Company fully integrated science into its product and operations decision-making processes. As a scientist, it was incredibly exciting to see Ford begin to integrate sustainability issues into our corporate strategies and to conclude that it was the right thing to do. Today, the Company recognizes that building more fuel-efficient products creates a stronger business. There's no longer a conflict between having a strong business and building more-efficient powertrains and products. Being the best in class in fuel economy (which also means best in class in terms of CO_2 emissions) gives Ford a distinct competitive advantage.

When developing new automotive technologies, you're not looking a year or two ahead – you're looking 10 to 15 years out. Every new technology objective at Ford must take into account four essential pillars: safety, quality, environmental sustainability and design. Put another way: Ford automobiles must be safe, clean and smart. After all, if the car doesn't look nice and doesn't offer the right features, customers won't buy it.

To improve a vehicle's carbon footprint, the auto industry must work together and with governments, academics and community organizations. We know already that significant emissions reductions won't be possible simply by improving today's powertrains. The long-term roadmap requires much greater use of battery electrification and other applications, such as fuel cells, and we'll require new infrastructures and transportation systems as a result.

Looking ahead to the future, auto companies will need to deliver a balanced portfolio with alternative energy sources that are tailored to particular regions. For example, in Iceland, where there's a high production of geothermal energy, automobiles might run only on fuel cells. But that wouldn't be practical, for example, in Detroit.

Where environmental sustainability is concerned, the goal must be to make advanced, more-efficient technologies that are affordable for everyone – in other words, "the democratization of technology," which was a philosophy that Henry Ford himself embraced when he started his Company.

Gerhard Schmidt

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