



YEAR IN REVIEW	OUR BLUEPRINT FOR SUSTAINABILITY	FINANCIAL HEALTH	CLIMATE CHANGE AND THE ENVIRONMENT	WATER	VEHICLE SAFETY	SUPPLY CHAIN	PEOPLE	FORD AROUND THE WORLD
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Ford Around the World



Our global vision emerges from a deep understanding of what drives people in local markets.

Read about our regions:

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Ford Around the World

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Around the world, Ford continues to go further by reducing the environmental impact of our products and facilities, supporting positive social change and ensuring economic viability for long-term growth. The success of ONE Ford is powered by a commitment that's global in scale.

That is why we continue to highlight key regional sustainability initiatives in their own sections of our full report.

Our business is organized into four regional segments: North America, South America, Europe, and Asia Pacific and Africa. North America and Europe are our largest markets.

Despite the Company's financial progress, the business environment in Europe remains challenging, with industry-wide sales hitting a nearly 20-year low in 2012. In response, we outlined a European transformation plan, including actions to increase cost efficiencies, address manufacturing overcapacity and strengthen our brand.

The Asia Pacific and Africa region is our fastest-growing market. China and India, in particular, are expected to continue to experience rapid and substantial growth in the next 10 years. To meet this growing demand, we will bring 50 new vehicles and powertrains to the region by mid-decade. We also are growing our dealer network; building seven new, state-of-the-art, highly flexible manufacturing facilities; and significantly expanding our research and engineering center in Nanjing, China.

In South America, we currently are launching a new global product lineup. Brazil and Argentina are our highest-volume markets in this region.

Sustainability highlights from our regions include the following:

- In Asia, the two new plants we opened in 2012 – the Changan Ford Automobile Assembly Plant 2 in Chongqing, China, and the Ford Thailand Manufacturing Plant in Rayong, Thailand – use the “Three-Wet” high-solids paint process. This revolutionary, environmentally friendly technology was piloted in 2007 at the Ohio Assembly Plant in the U.S. and has since been expanded globally to plants in Chennai, India, Cuautitlán, Mexico, and Craiova, Romania, as well as elsewhere in the U.S. The Three-Wet technology improves paint quality, depth and durability while significantly reducing volatile organic compounds, carbon dioxide (CO₂)

Our global vision emerges from a deep understanding of what drives people in local markets.



Reducing Emissions in Asia

In Asia, our “Three Wet” paint process is improving paint quality and reducing VOCs, CO₂ emissions and waste.



Fuel-Efficient Products in South America

Ford's global vehicle line with advanced flex-fuel technology

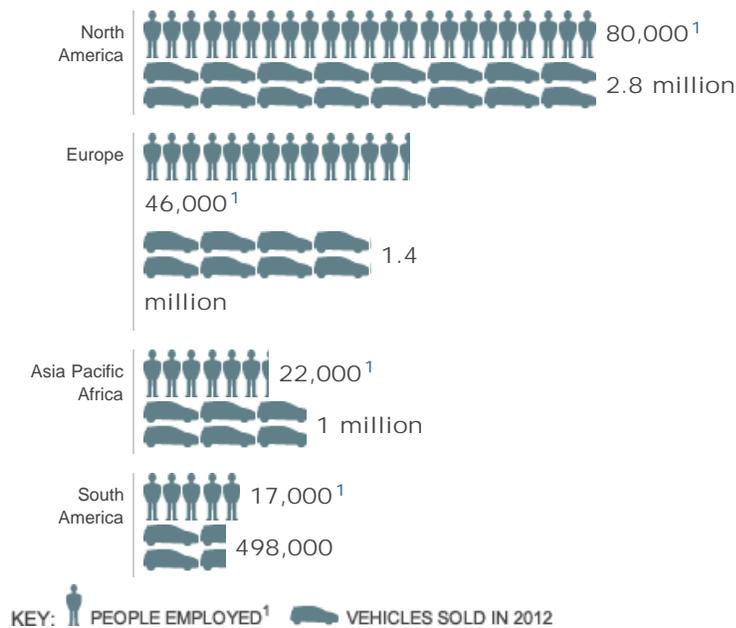
emissions and waste. We will be expanding our Three-Wet capacity to more plants globally in the years to come.

allows the use of locally produced ethanol.

- In Europe, the latest entry in the EcoBoost® family of gasoline engines – the 1.0L EcoBoost – set a new benchmark for downsized engines. Launched in the Ford Focus in early 2012, the 1.0L EcoBoost was named “2012 International Engine of the Year” by a panel of 76 journalists from 35 countries. This engine also is available on the Ford C-MAX and the Ford Fiesta, Europe’s best-selling small car in 2012. In 2013, several additional vehicles will launch equipped with Ford EcoBoost gasoline engines, including the Ford Kuga, Fiesta ST, Transit and Tourneo Connect, and EcoSport.
- In South America in 2012, we launched several new fuel-efficient products. In Brazil, for example, we launched the new Ford Fusion with a 2.0L EcoBoost engine. Also in Brazil, Ford produces a global vehicle line with advanced flex-fuel technology, enabling the use of locally produced ethanol.

Discover more about [our global organization](#) by visiting our website.

Our Regions at a Glance



1. As of year-end 2012. Does not include Ford Motor Credit employees or our unconsolidated joint ventures.



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Sustainability 2012/13



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Ford Asia Pacific and Africa

Our Asia Pacific and Africa (APA) region encompasses 11 markets – Australia, New Zealand, Japan, China, Taiwan, India, Thailand, Indonesia, the Philippines, Vietnam and South Africa – on three continents. The fastest-growing markets for automobiles are in rapidly developing countries like China and India.

We expect 60 to 70 percent of our growth in the next 10 years to come from the Asia Pacific and Africa region. Accordingly, we have increased (and are planning to increase further) our dealer networks and manufacturing capacity in the region. For example, we are building seven new state-of-the-art, highly flexible manufacturing facilities as part of our plan to have production capacity of approximately 2.8 million vehicles in the region by mid-decade. We are also significantly expanding our research and engineering center based in Nanjing, China.

22,000

people employed in Asia Pacific and Africa¹

1 million

vehicles sold in Asia Pacific and Africa in 2012

2012 Performance Highlights and Awards

In the past year, Ford:

- Achieved record revenue, wholesales and market share in Asia Pacific and Africa. Ford Asia Pacific and Africa sold more than 1 million vehicles for the first time, a 15 percent increase from 2011, and recorded \$10 billion in revenue, also a record. In the fourth quarter of 2012, Ford Asia Pacific and Africa increased market share from 2.8 percent to 3.4 percent, a quarterly record for the Company in the region.
- Continued the largest and fastest manufacturing expansion in more than 50 years, adding capacity to support growth plans. Our joint venture, Changan Ford Automobile (CAF),² expanded its passenger car assembly plants in Chongqing, China, and we have recently opened the Ford Thailand Manufacturing Plant in Rayong, Thailand. Overall, Ford is building seven new plants – five in China and two in India – as part of our plan to have production capacity of 2.8 million vehicles in the region by mid-decade.
- Introduced our new Thai-built Ford Focus in our ASEAN³ markets, which will be available with SYNC®, Blind Spot Information System, Active Park Assist and Active City Stop.
- Announced plans to bring Lincoln to China.
- Achieved 100 percent water recycling and zero wastewater discharge at our plant in Chennai, India, by implementing a state-of-the-art Zero Liquid Discharge system. The Silverton Assembly Plant in South Africa commenced operation of a state-of-the-art, \$2.5 million wastewater treatment plant. The treatment plant increases the amount of water that can be reused by up to 15 percent.
- Continued the Ford Driving Skills for Life program in eight markets, providing free training to 13,500 licensed drivers in China, India, Taiwan, Thailand, the Philippines, Indonesia, Vietnam and South Africa.
- Launched the SUMURR Maternal and Child Health pilot project in Tamil Nadu, India, a public/private partnership to improve the delivery of health care services to underserved mothers and children by improving the mobility and connectivity of village health nurses.

Awards

- In Australia, our 1.0L EcoBoost® engine won the 2012 *Fleet World* Honours Innovation award, given by the publishers of *Fleet World* magazine.
- Ford Philippines received an award for health and safety in the 8th Annual Health and Safety

Awards given by the Philippines Department of Labor and Employment. Ford Philippines was recognized for its holistic approach to occupational health and safety, and for having in place standard programs and processes, including safety standards and procedures, safety trainings, standardized work procedures, visual factory systems, general safety promotions, health and wellness programs, and fire safety assessments, as well as corporate citizenship programs.

- In Taiwan, Ford Lio Ho received a Corporate Role Model Award from the local government, for being a leader in providing a comfortable, encouraging and innovative work environment for employees. The award is also based on health and safety practices, employee development and training, compensation and benefits, gender equality and employee support programs.
- Ford Australia won two coveted Australia's Best Cars awards in 2012, given by Australia's top motoring organizations. The Ford Falcon G6 with EcoBoost was voted Best Large Car Under \$60,000, and the six-speed automatic Focus Titanium turbo-diesel was voted the country's Best Small Car Over \$35,000.
- In the Philippines, the Ford Explorer 3.5L AWD was named Car of the Year.
- The Ford Ranger was named a Top 12 Best Buy for 2012 by *CAR Magazine* in South Africa, and Ute of the Year for 2012 by *Delivery Magazine* in Australia.
- The Ford Focus was named New Zealand Car of the Year by New Zealand Motoring Writers' Guild.

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1. As of year-end 2012. Does not include Ford Motor Credit employees or our unconsolidated joint ventures.
 2. Our Chinese joint venture was formerly known as CMFA and recently restructured as Changan Ford Automobile Corporation, Ltd. (CAF) to increase our ownership percentage.
 3. Association of Southeast Asian Nations



Go Further

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YEAR IN REVIEW



OUR BLUEPRINT FOR SUSTAINABILITY



FINANCIAL HEALTH



CLIMATE CHANGE AND THE ENVIRONMENT



WATER



VEHICLE SAFETY



SUPPLY CHAIN



PEOPLE



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Dave Schoch

**President
Ford Asia Pacific and Africa**



Ford Asia Pacific and Africa:

Welcome

Asia Pacific and Africa is Ford's fastest-growing region. We expect 60 to 70 percent of Ford's growth in the next 10 years will come from this part of the world. As with many rapidly expanding economies, the region is also faced with mounting challenges related to the environment – air quality, water scarcity and hazardous waste, to mention a few. Ford plans to be part of the solution to these sustainability challenges; it is vital for our customers, our team and our business.

We are currently pursuing Ford's largest and fastest manufacturing expansion in more than 50 years to support our aggressive growth plan for the Asia Pacific and Africa region. At the same time, we are investing heavily in green technologies to reduce the environmental impact of our products and facilities, help local communities and make Ford a great place to work for our employees.

We are committed to offering great products with leading fuel efficiency in the region. When we introduce 50 new vehicles and powertrains to the region by mid-decade, we will significantly expand the availability of the EcoBoost® engine, which improves fuel efficiency by 20 percent and reduces carbon dioxide (CO₂) emissions by 15 percent. The innovative EcoBoost powertrain is being well received by customers. In China in 2012, 66 percent of the Mondeos sold and 98 percent of the Edges sold were equipped with the EcoBoost engine. In 2013, we will expand the EcoBoost range in the region to include 1.0L, 1.6L, 1.5L and 2.0L engines, and we will more than double the number of vehicles available with EcoBoost engines as compared with 2012. In fact, EcoBoost engines will be available in every market in our region.

In our plants, we are using cutting-edge green manufacturing technologies and processes to save water and energy and reduce emissions and waste to landfill. For example:

- Of the eight global Ford plants that use the industry-leading, environmentally friendly "Three-Wet" paint process, three are in Asia Pacific and Africa. The Three-Wet process has helped Ford reduce CO₂ emissions by 15 to 25 percent and volatile organic compound (VOC) emissions by 10 percent at those facilities. More new plants in our region will also adopt this process.
- In 2012, the Ford Geelong Engine and Stamping Plant in Australia installed a new, water-efficient cooling system in its compressor house. The system utilizes air cooling most of the time and uses 80 percent less water than conventional evaporative cooling towers.
- The Chennai assembly and engine plants in India saved more than 4.72 million gallons of water in the last five years by adopting various water conservation methods and developing state-of-the-art facilities. The assembly plant now recycles 100 percent of its wastewater.
- Our Jiangling Motors Corp. assembly and engine plants in China, Chennai assembly and

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engine plants in India, Ford Lio Ho Assembly plant in Taiwan, and Ford Thailand Manufacturing in Thailand have all already achieved zero waste to landfill.

We are also committed to programs in each of our markets that help to build a better world. For example:

- We have been offering the Driving Skills for Life program for six consecutive years, providing free training to licensed drivers to help improve road safety and fuel efficiency. In 2012, we trained 13,500 people, bringing the total number of people trained in the region to more than 63,000.
- Our employees have taken part in the Ford Global Week of Caring volunteering initiative for seven consecutive years. In 2012, more than 3,800 employees across the region worked on 85 projects during the Global Week of Caring, with a total volunteer time of more than 21,000 hours.
- In 2013, we will strengthen our employee volunteering programs to further help local communities.

Ford has a long history of providing great products and value to society in a way that builds a strong business and a better world. We are committed to continuing that legacy here in Asia Pacific and Africa.

Dave Schoch
President
Ford Asia Pacific and Africa



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Ford Asia Pacific and Africa:

Financial Health

Ford experienced strong sales and growth in many of our regional markets in 2012. The Asia Pacific and Africa (APA) region is our fastest-growing market, and we continue to invest in this region for further growth.

China will remain the largest car market in the world for the foreseeable future, and we estimate India will become the third-largest market in the world in the coming decade. By 2020, total annual vehicle sales in the Asia Pacific and Africa region will likely top 50 million vehicles (with some 30 million of them in China¹), and one in every three Ford vehicle sales globally will take place in the APA region. To keep pace with this enormous growth, we are building new plants and expanding existing ones, hiring workers, building our dealer networks and further developing our supply chain across China, India and Thailand. These actions will help us reach the goal of increasing worldwide sales to about 8 million vehicles per year by mid-decade.

Ford's wholesale sales in the APA region were up 15 percent in 2012 compared to 2011, totaling 1.033 million units. Our overall market share for the region increased to 2.8 percent in 2012 from 2.7 percent in 2011.

More than

\$6.7 billion
invested

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- » [Focus on Asia](#)
- » [Joint Venture Expansion in Chongqing](#)
- » [Saving Lives in Rural India](#)

APA at a Glance

- Total Asia Pacific and Africa investment = \$6.7 billion by 2015²
- New plants under construction in China = 5
- New plants under construction in India = 2
- New Ford vehicles and powertrains to the region = 50 by mid-decade
- New salaried jobs to the region = 3,000 by 2015

We are investing more than \$6.7 billion³ in the APA region. Our operations include the following:

Joint Venture Facilities

- Our joint venture Changan Ford Automobile (CAF) already operates two passenger car vehicle assembly plants in Chongqing. CAF has two more assembly plants under construction – Chongqing 3 and Hangzhou – and two powertrain plants under construction, including an engine and transmission plant.
- Our commercial vehicle joint venture, Jiangling Motors Corp. (JMC), is investing \$300 million for an assembly plant in Nanchang, China, for Ford- and JMC-branded vehicles.

Ford-Owned Facilities

- We broke ground in 2011 on a \$1 billion integrated manufacturing facility in Sanand, Gujarat, India. The new facility, which includes an assembly plant and an engine plant, will create 5,000 jobs and will initially be able to produce 240,000 vehicles and 270,000 engines per year, starting in 2015.
- In Thailand, we have invested \$450 million in a new plant in Rayong province that builds the Focus for Thailand and other Asian markets.
- In early 2012, we announced we will be investing \$142 million to build a new compact SUV – the EcoSport – at our plant in Chennai, India. We expect to roll out the first EcoSports in mid-2013 for Indian consumers.
- We have invested \$72 million to increase production capacity at our Chennai engine plant.

Small cars account for 60 percent of APA industry sales volume and are anticipated to continue to

benefit from favorable government policies. The Ford Focus was the best-selling nameplate in China in 2012. For the full year, sales of the Focus in China totaled 296,360 vehicles, more than any other domestically manufactured passenger car, according to industry consultancy IHS Automotive.

We anticipate further success with the introduction of the all-new EcoSport in 2013. The EcoSport is based on Ford's global B-car platform, like the Fiesta, and was developed from a previous-generation model that has proved extremely popular in South America since its launch in 2003. The new EcoSport will be sold in more than 100 markets worldwide. It will initially be built in India, China, Thailand and Brazil.

At the same time, we know that our long-term success in these developing and revitalizing economies will depend on our offering new types of mobility solutions that are sustainable and tailored to the unique needs of these markets. Our [Blueprint for Mobility](#) is aimed at ensuring we do just that. During 2012, for example, we kicked off a novel project in the region of Chennai, where we have manufacturing operations. The project, called SUMURR (Sustainable Urban Mobility with Uncompromised Rural Reach), is using our vehicles and our technology to address critical social needs, such as maternal health care. The pilot program in the remote hills of rural India helped 41 pregnant women give birth to healthy babies.

For a discussion of our global economic impact and financial health, please see the [Financial Health](#) section, including a [Focus on Asia](#) and a case study on our [joint venture expansion in Chongqing](#), and more about our [SUMURR project](#).

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1. IHS Automotive
 2. In U.S. dollars for the time period of 1995 through 2015.
 3. In U.S. dollars for the time period of 1995 through 2015.



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Ford Asia Pacific and Africa:

Climate Change and the Environment

Ford is committed to minimizing the environmental impacts of our vehicles and operations, including reducing our contribution to climate change. This commitment is guided by goals and strategies. We have a science-based strategy to reduce greenhouse gas (GHG) emissions from our products and processes, based on the goal to stabilize carbon dioxide (CO₂) concentrations in the atmosphere. We have also made a commitment to deliver the most fuel-efficient vehicles in every market in which we participate.

We're delivering on this commitment in our Asia Pacific and Africa (APA) region by introducing small cars, fuel-efficient gasoline engines and alternative-fueled vehicles. In China, we have announced that Ford will bring 20 new powertrain products to the country and improve fuel economy by up to 20 percent (compared to 2010) by 2015.

To help accomplish this, we are introducing our fuel-efficient EcoBoost® engines across Asia, and they are being well received by customers. In China, 66 percent of Ford Mondeo vehicles sold in 2012 were equipped with the EcoBoost engine. In early April 2013, we announced that the first application of the 1.5L EcoBoost engine will be the new Mondeo in China. In June 2012 we launched the Ford Edge in China with a 2.0L EcoBoost engine; sales of the EcoBoost-powered Edge accounted for 99 percent of total Edge sales in China from June to December 2012. In Australia, the EcoBoost is now available on the Focus ST and will be in the all-new Ford Kuga. Ford Australia launched the Mondeo with EcoBoost in 2011 and the Falcon with EcoBoost in 2012.

We have also launched the award-winning 1.0L EcoBoost in the region on the all-new EcoSport and new Fiesta. (The 1.0L EcoBoost won the "2012 International Engine of the Year" award from 76 journalists around the world.) The 1.0L EcoBoost made its ASEAN¹ debut in the new Fiesta at the Bangkok International Motor Show in March 2013. And, the EcoSport in India will be powered by the 1.0L EcoBoost. This will make Ford the first manufacturer in India to launch an SUV with a 1.0L gasoline engine. (Read more about the [EcoBoost engine](#) in our Climate Change section.)

In India, in addition to our EcoBoost offerings, we continue to introduce vehicles with other engines that have excellent fuel economy. The Fiesta, for example, – powered by 1.5L Ti-VCT gasoline and TDCi diesel powertrains developed for India – delivers class-leading fuel economy and reduced CO₂ emissions compared to the outgoing model. This builds on fuel-economy leadership established with the Ford Figo, launched in March 2010, which has two engine options: a best-in-class, fuel-efficient 1.4L TDCi diesel and a very competitive 1.2L gasoline engine. These vehicles are highly significant to our success in India, as our studies show fuel economy to be the most important criteria in purchase consideration in that country.

As a technology leader in biofuels, Ford will also continue to develop and introduce flex-fuel vehicles that meet market needs throughout the APA region. All current Ford models are compatible with ethanol blends of 10 percent (E10), with the Ford Focus and Ford Escape compatible with ethanol blends of 20 percent (E20).

We are also addressing non-CO₂ tailpipe emissions in the region. Since 2010, our new gasoline-fueled passenger vehicles have been designed to comply with China Stage IV requirements (i.e., non-CO₂ tailpipe emission regulations based on European Stage IV standards). China plans to implement standards based on the most recent European Stage V standards starting in 2013 in large cities. Korea and Taiwan have adopted very stringent U.S.-based standards for gasoline vehicles, with European-based standards for diesel vehicles. Japan, which has unique standards and test procedures, began implementing more stringent standards in 2009. Ford is working to comply with all of these standards using a variety of approaches, including on-board diagnostics and after-treatment technologies.

In terms of facility-based emissions, we monitor greenhouse gas emissions at our plants in China and Taiwan, and we were the first automaker in China to voluntarily report greenhouse gas emissions at our plants. One way we're reducing greenhouse gas emissions is by bringing new

We are bringing 20 new powertrain products to China and improving fuel economy by up to **20 percent** by 2015

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technology into the plants, such as the “Three-Wet High Solids” paint process, which allows multiple coats of paint to be applied without having to bake each one dry first. This saves an enormous amount of energy in the drying process, reduces CO₂ emissions and cuts the amount of waste chemicals produced. The Chongqing 2 and Ford Motor Thailand plants used this and other initiatives to reduce the carbon footprint of their manufacturing. Ford’s upcoming new integrated facility in Sanand, Gujarat, in northwest India will employ the most efficient and environmentally friendly technologies, including Ford’s rotational dip technology and the Three-Wet process, dramatically improving paint quality, depth and durability, as well as significantly reducing volatile organic compound emissions, CO₂ emissions and waste.

For a discussion of our global climate change impacts, policies and commitments, please see the [Climate Change and the Environment](#) section.

1. Association of Southeast Asian Nations



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Ford Asia Pacific and Africa:

Water

For many years, we have demonstrated our commitment to water issues primarily through our own operations, focusing on water efficiency, effluent quality and water reuse. We also are committed to moving beyond our own fences to address water issues within our communities of operation. We are working with stakeholders to better understand issues around water accessibility and sanitation, in water-stressed communities especially.

In the Asia Pacific and Africa (APA) region, Ford India's Chennai manufacturing facility has been able to conserve water by adopting various water conservation methods and implementing state-of-the-art systems such as a Membrane Bio Reactor and a Zero Liquid Discharge system. The Chennai plant recycles 100 percent of its wastewater and is also "Best in Ford" in terms of water use per vehicle. At our manufacturing plant under construction in Sanand, Gujarat (India), the focus is already on becoming a zero-water-discharge site. One hundred percent of the wastewater generated will be treated on-site and re-used in the production process or for irrigation of the site's green spaces.

In China, the two vehicle assembly plants operating in Chongqing are recycling considerable amounts of wastewater every day. The plant environmental teams closely monitor water usage and report any increases to plant management. This allows plant personnel to quickly investigate and correct any water losses as well as implement continuous improvement programs. In addition, both plants have invested in advanced water treatment equipment – including physical-chemical systems, membrane biological treatment and reverse osmosis treatment – to maximize water reuse. After on-site purification, the water is reused again in vehicle production processes, significantly reducing the plant's demand for fresh water. The average amount of water recycled at Chongqing 1 and Chongqing 2 on a daily basis is 100,000 gallons and 65,000 gallons, respectively.

We are committed to mobilizing opportunities for communities in the developing world through the provision of clean water. Specifically, we're investing in community water stewardship projects around the world, especially in areas where access to potable water is limited. Projects vary by location. In Cambodia, Ford and our long-time partner, RM Asia, provided \$70,000 to construct dozens of community water wells in villages where residents lack access to clean, potable water. The new wells, which are expected to be completed by the end of 2013, will also provide residents with sufficient water supplies to irrigate their fields. Ford India recently helped to refurbish two schools in villages near our plant in Maraimalai Nagar, a suburb of Chennai. The refurbishment included new sanitation facilities and drinking water fountains.

Our Ford Motor Company Volunteer Corps, meanwhile, is placing a priority on water-based community projects during our Global Week of Caring and Accelerated Action Days. In 2012, the Ford Fund supported 19 water-related projects in China, Indonesia, Thailand, the Philippines, India, Germany and South Africa. In arid southwest China, 60 Ford employees from Nanjing teamed up with The Amity Foundation to help eight families build individual water cellars to capture water in the rainy season. In Indonesia, Ford employees helped to install a machine that processes salt water into clean, potable water for 5,000 area residents. In the Philippines, Ford volunteers helped construct water collection stations for 250 villagers.

For a discussion of our global commitment to water issues, please see the [Water](#) section.

Our Chennai plant recycles
100 percent
of its wastewater

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Ford Asia Pacific and Africa:

Vehicle Safety

Ford remains a global leader in vehicle safety. We aim to give customers peace of mind and make the world safer by developing advanced safety technologies and making them available across a wide range of vehicles.

The Ford Fiesta is the first car in its segment to earn top crash test ratings in each of the world's largest auto markets that perform safety testing – i.e., the U.S., China, ASEAN¹ and Europe. The Ford Focus and the Ford Mondeo also have received five-star ratings in C-NCAP testing in China. And, the Ford Kuga earned a five-star ANCAP rating in Australia.

We have developed an array of programs and technologies that help to encourage safer behavior on the roadways for both experienced and novice drivers. For example, Ford Driving Skills for Life (DSFL), Ford's driver education program, demonstrates our commitment to help new drivers to improve their motoring skills. For Asia Pacific and Africa, the Ford DSFL program was customized to address the higher average age of beginner drivers in the region, as well as the unique driving environments within each market. The program also places equal emphasis on safe driving and eco-driving, as customers in the region are interested in both.

Ford launched the DSFL program in Asia Pacific and Africa in 2008 with a "train-the-trainers" workshop in Bangkok, Thailand. At the workshop, professionals from Germany trained representatives from the Philippines, Vietnam, Thailand and Indonesia. In 2009 and 2010, we held train-the-trainers workshops in Shanghai, China, and Chennai, India, and continued with the successful roll-out of the program to mainland China, Taiwan, India and South Africa.

In 2012, Ford DSFL trained 13,500 licensed drivers in Asia in mainland China, India, Indonesia, Taiwan, Thailand, Vietnam, the Philippines and South Africa. We expect to train another 14,000 in 2013. More than 63,000 people have been trained in the Asia Pacific and Africa region since the program began.

The Ford DSFL training addresses the local driving environment and specific needs of drivers in each Asian market. In China, for example, Ford DSFL added a segment on the use of child safety seats after a new regulation went into effect there. In Indonesia, Thailand and several other Asia countries, sessions were added tailored for female drivers. In Vietnam, Ford DSFL launched a "No Honking" campaign to reduce the adverse effects on road safety of the prevalent and inappropriate use of vehicle horns. Ford DSFL also launched campaigns in India and China inviting drivers to "pledge to drive safe;" this campaign will expand into more countries in 2013.

See the [Vehicle Safety and Driver Assist Technologies](#) section for more on our vehicle safety technologies and activities.

Trained
13,500
licensed drivers in Asia

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Ford Asia Pacific and Africa:

Supply Chain

Ford's suppliers are critical allies in helping us to achieve success in the marketplace and meet our sustainability goals.

The basis of our work with suppliers is the Ford Code of Human Rights, Basic Working Conditions and Corporate Responsibility, which applies to our own operations as well as our \$90 billion supply chain. The Code addresses workplace issues such as working hours, child labor and forced labor, as well as nondiscrimination, freedom of association, health and safety, the environment and other issues.

We work to ensure that Ford and our suppliers have management systems in place to mitigate potential risks, ensure continuity of supply and improve the overall sustainability of the complex global automotive supply chain. Our aim is to leverage our supply chain – and our industry – to make a positive impact in the markets in which we do business.

We take a three-pronged approach to supply chain sustainability:

- Building strong relationships with suppliers and engaging strategic suppliers
- Developing shared commitment and supplier capability
- Collaborating within the automotive industry to develop common approaches to sustainability issues

In 2012, the Automotive Industry Action Group (AIAG) jointly sponsored (with participating OEMs) supplier training sessions in Argentina, China, Mexico, Russia, Thailand, Turkey and Venezuela. More than 325 Ford suppliers attended these classroom sessions. This brings the global total for trained Ford suppliers to nearly 2,100. (This figure includes dedicated Ford supplier training sessions conducted with the AIAG as well as industry training sessions in which Ford participated along with the AIAG and other automakers.) Because attendees are required to subsequently cascade the training and expectations to the entire factory population and suppliers, these trainings indirectly reach even more companies and individuals.

In 2013 we plan to conduct additional supplier training sessions in conjunction with the AIAG in Brazil, Mexico, Romania, South Africa and Turkey. The intent is, once again, to increase the scope of impact of the training and push working conditions expectations further down the supply chain.

For a discussion of our global commitment to supply chain sustainability and detail on the status of our working conditions assessments, please see the [Supply Chain](#) section.

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Ford Asia Pacific and Africa:

People

Our employees are crucial to delivering our vision of building great products that contribute to a better world.

In Thailand, our employees had the opportunity to [test drive the all-new Ford Focus](#) to build awareness and excitement for the launch. The full-day immersion included classroom sessions and specially tailored test-drive stations designed to highlight specific Focus features.

Throughout the APA region, Ford has made a positive impact on communities and the environment through initiatives such as the Global Week of Caring, the annual Conservation and Environmental Grants China Program (CEGC) and the Ford Driving Skills for Life (Ford DSFL) program, which teaches drivers about fuel efficiency as well as safety.

Since Ford launched the CEGC program in 2000, for example, we have awarded more than \$2.7 million in grants to hundreds of grassroots organizations and individuals to support environmental projects throughout China. Ford Motor Company Executive Chairman Bill Ford was in Shanghai to hand out the CEGC grants to winners in 2012 – the third time he has attended the CEGC award ceremony.

In Australia, Ford was the naming-rights sponsor of the annual Ford Rainforest Ride, a mass-participation road-cycling event that aims to encourage respect between vehicle owners and bike riders on the road, and educate them about safe driving habits. Hosted by Geelong's premier philanthropic organization, Give Where You Live, Ford's V8 racecar drivers Mark Winterbottom, Will Davison and David Reynolds took part in the Ford Rainforest Ride in February 2013. The event raised \$70,000 for the charity.

See the [Investing in Communities](#) section for a full list of our Global Week of Caring and other volunteerism efforts in the APA region and elsewhere.

Workplace Health and Safety

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 the fatality of a joint venture (JV) employee at our JV facility in Thailand. Our primary objective remains zero fatalities on Ford property. For a discussion of our global commitment to health and safety, please see the [Workplace Health and Safety](#) section.

For a discussion of our global commitment to our stakeholders, please see the [People](#) section.

\$2.7
million in grants awarded

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- This Report
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YEAR IN REVIEW	OUR BLUEPRINT FOR SUSTAINABILITY	FINANCIAL HEALTH	CLIMATE CHANGE AND THE ENVIRONMENT	WATER	VEHICLE SAFETY	SUPPLY CHAIN	PEOPLE	FORD AROUND THE WORLD
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Ford of Europe

Ford of Europe is responsible for producing, selling and servicing Ford-brand vehicles in 50 individual markets, and employs approximately 46,000 employees at its wholly owned facilities, or approximately 69,000 people when joint ventures and unconsolidated businesses are included.

Ford of Europe operations include a Ford Customer Service Division and 24 manufacturing facilities (15 wholly owned or consolidated joint venture facilities and nine unconsolidated joint venture facilities), as well as Ford Motor Credit Company. The first Ford cars were shipped to Europe in 1903 – the same year Ford Motor Company was founded. European production started in 1911.

46,000
people employed in Europe¹

1.4 million
vehicles sold in Europe in 2012

2012 Performance Highlights and Awards

- The latest entry to the EcoBoost® family of gasoline engines set the new benchmark for downsized engines. The 1.0L EcoBoost launched in the Ford Focus in spring 2012 was awarded "2012 International Engine of the Year." In addition to the Focus, this engine is now available in the C-MAX and the Fiesta – the latter of which was Europe's best-selling small car in 2012. The EcoBoost 1.0 offers best-in-class carbon dioxide (CO₂) emissions of 99 g/km in combination with Auto Start-Stop.
- During 2013, additional vehicles will launch equipped with EcoBoost gasoline engines, including the Kuga (1.6L), Fiesta ST (1.6L), Transit and Tourneo Connect (1.0L) and EcoSport (1.0L).
- During 2012, 830 Ford employees each contributed up to 16 hours of their time (paid for by Ford) to local community projects, totaling 12,400 hours.

Awards

- Ford Motor Company won three out of a possible seven 2012 Euro NCAP best-in-class safety awards – more than any other manufacturer. Euro NCAP is Europe's largest independent authority on vehicle safety, and the awards reflect vehicle crash-test performance as well as the availability of advanced safety technologies. The new Kuga topped the SUV sector, the Transit Custom triumphed in the Business and Family Vans class, and the B-MAX was the joint winner in the small multi-purpose vehicle (MPV) category. Also in 2012, the new B-MAX, new Fiesta, new Kuga and new Transit Custom were each awarded a maximum five-star rating under Euro NCAP's new crash test scoring system. The Ranger and Focus retained the five-star ratings awarded in 2011, against more stringent 2012 requirements.
- We won an award from the European Logistics Association for our "Network Integrator," a logistics concept with Penske Logistics. It realizes savings of 25,000 truck kilometers and 10,000 tons of CO₂ each year, based on an assumption of 750,000 shipments per year.
- In Germany in early 2013, we received an "Engagement of the Year 2012" award from the state of North Rhine-Westphalia. This award honors Ford's Community Involvement Program in Germany as a role model for corporate citizenship.

1. As of year-end 2012. Does not include Ford Motor Credit employees or our unconsolidated joint ventures.



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Sustainability 2012/13

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Stephen Odell

**Executive Vice President and President
Europe, Middle East and Africa
Ford Motor Company**



Ford of Europe:

Welcome

In Europe, despite the challenging economic conditions, we continue to make great progress toward our sustainability commitments – commitments that relate to our vehicles, our manufacturing sites and our engagement with local communities.

Ford's fuel-efficient 1.0L EcoBoost® gasoline engine – voted 2012's "International Engine of the Year" – will be available in eight Ford nameplates in Europe by the end of 2013. It will be joined by the Focus Electric, the Company's first zero-emission, all-electric car, in the summer of 2013. The Focus Electric will be the starting point for Ford's lineup of electrified vehicles in Europe; it will be joined next year by the C-MAX Energi plug-in hybrid, followed by the Mondeo Hybrid.

With our range of EOnetic Technology models – all of which are leaders or among the very best in their class in terms of fuel economy – we are providing our customers with an increasing number of fuel-efficient diesel and gasoline-powered vehicles. Ford of Europe's vehicle-related carbon dioxide (CO₂) reductions to date contribute to the Company's efforts to meet its global target of reducing the CO₂ emissions of our vehicles by 30 percent by 2020.

In our manufacturing facilities this year, we will build on the sustainable strategies for water use, waste and emissions that we announced last year by outlining strategies for energy use and purchasing. Ford of Europe already employs an array of alternative energy sources at its manufacturing sites, including a major solar panel installation on the roof of our new European Parts and Distribution Centre in Cologne that opened in the last quarter of 2012 and could save 550 metric tons of CO₂ every year.

Our emissions-reduction efforts outside of manufacturing also have been recognized. For example, we were given an award for our "Network Integrator" logistics concept with Penske Logistics by the European Logistics Association. This initiative realizes savings of 25,000 truck kilometers and 10,000 tons of CO₂ each year, based on an assumption of 750,000 shipments per year.

In addition, we remain actively involved in the communities around all of our Ford sites in Europe. In so doing, we contribute to positive social and economic development, which benefits both our employees and other community members.

For us, sustainability is not just the right thing to do; it is also a core part of our business strategy. With smart and sustainable manufacturing solutions and an exciting selection of technologically advanced, fuel-efficient vehicles, we are putting in place the foundations that ensure our long-term business success in Europe.

Stephen Odell
Executive Vice President and President
Europe, Middle East and Africa
Ford Motor Company



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Ford of Europe:

Financial Health

Ford experienced strong sales and growth in many of our regional markets in 2012.

Despite overall Company financial progress in 2012, the business environment in Europe remains challenging, with industry-wide sales hitting a nearly 20-year low in 2012. In response, we outlined a European transformation plan, including actions to increase cost efficiencies, address manufacturing overcapacity and strengthen our brand.

For a discussion of our global economic impact and financial health, please see the [Financial Health](#) section.

Related links

This Report

- » [Financial Health](#)
- » [Focus on Europe](#)



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YEAR IN REVIEW



OUR BLUEPRINT FOR SUSTAINABILITY



FINANCIAL HEALTH



CLIMATE CHANGE AND THE ENVIRONMENT



WATER



VEHICLE SAFETY



SUPPLY CHAIN



PEOPLE



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Ford of Europe:

Climate Change, Environment and Water

Ford is focused on minimizing the environmental impacts of our vehicles and operations, including reducing our contribution to climate change.

We are committed to doing our share to prevent or reduce the potential for environmental, economic and social harm due to climate change. We have a science-based strategy to reduce greenhouse gas (GHG) emissions from our products and processes that focuses on doing our share to stabilize carbon dioxide (CO₂) concentrations in the atmosphere. We have also made a commitment to deliver the most fuel-efficient vehicles in every market in which we participate.

Ford of Europe continues to make significant strides toward our target of reducing CO₂ emissions from all of our vehicles. By 2012, we had already reached an average CO₂ emission level below 137 grams per kilometer (g/km), with 65 percent of our vehicles recording an average of around 121 g/km, or 5 g/km better than the target requested by European legislation for 2012.

EcoBoost Engines and EOnetic Technology

In 2012 we introduced the new 1.0L EcoBoost® gasoline engine into Ford's lineup, joining the 1.6L and 2.0L EcoBoost engines. The 1.0L EcoBoost was named "2012 International Engine of the Year" by a panel of 76 journalists from 35 countries.

EcoBoost engines use turbocharging and direct-injection technology to produce levels of performance that are usually associated with larger-capacity engines. The 1.0L EcoBoost, for example, offers the power of a traditional 1.6L gasoline engine but with a CO₂ level as low as 109 g/km. This engine was launched in the Ford Focus in early 2012, making it the most fuel-efficient gasoline car ever offered by Ford of Europe. During 2012 the 1.0L EcoBoost was introduced in the C-MAX, the all-new B-MAX and the new Fiesta, achieving best-in-class CO₂ levels in those vehicles' individual segments.

We have also continued to expand the availability of our low-CO₂ EOnetic variants of our vehicle lineup. In 2012, for example, we launched Ford's most fuel-efficient passenger car ever – the Ford Fiesta EOnetic, offering fuel economy of 3.3L/100 km and with just 87 g/km of CO₂. This model includes a range of Ford technology features, including revised gear ratios; a special aeropack to improve aerodynamics (comprising undershield wheel deflectors and low rolling resistance tires); a variable oil pump; a more efficient air conditioner, cooling fan and alternator; as well as friction and combustion improvements in the engine. It also features Auto Start-Stop, smart regenerative charging, EcoMode and a shift indicator light.

The Fiesta EOnetic was joined later in 2012 by the Focus EOnetic, which emits just 88 g/km of CO₂. To reach this class-leading level, the Focus EOnetic employs a specially calibrated 1.6L Duratorq TDCi diesel engine, combined with exclusive technologies like a lean NOx adsorbing trap and a water-cooled charge air cooler, as well as our Active Grille Shutter technology.

Electrification

In the summer of 2013, Ford will add its first all-electric passenger car to the successful Focus lineup in Europe by introducing the Ford Focus Electric. In coming years, based on our success with electrified vehicles in North America, we will introduce further electrified vehicles in Europe, including the C-MAX Energi and the Mondeo Hybrid.

In the U.K., Ford continues to work with Scottish and Southern Energy (SSE), the London Borough of Hillingdon and the University of Strathclyde on the U.K.'s Ultra Low Carbon Vehicle Fleet Demonstration (UKLCVD). The UKLCVD is collecting data on the performance of a fleet of 25 Transit Connect Electric vehicles, which are being driven by a mix of fleet and private users.

In Germany, Ford is working with 11 other partners on the colognE-mobil program, using a fleet of electrified vehicles – including Focus Electrics and C-MAX Energi plug-in hybrids – to conduct road testing. This program is part of a much larger research effort in several German cities that is partly

Average vehicle CO₂ emission level below
137 grams
per kilometer (g/km)

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- > [Climate Change and Environment](#)
- > [Water](#)
- > [EcoBoost](#)
- > [Electrification: A Closer Look](#)
- > [Greening our Operations](#)

funded by the German government and involves multiple automakers, utility companies, universities and technology partners.

We believe these kinds of collaborative efforts across sectors are essential for ensuring customer-focused products that provide the right value. They also help to ensure that the infrastructure is in place to support these types of vehicles.

Sustainable Manufacturing

In early 2012, Ford of Europe announced our five-year sustainable manufacturing strategies for water, landfill waste and emissions. The ambitious targets embedded in these strategies would see the average Ford vehicle using 30 percent less water and creating 70 percent less waste to landfill in manufacturing over the next five years.

Our Cologne, Genk and Saarlouis plants have already achieved zero waste to landfill. The remaining five Ford-owned sites in Europe are embarking on location-specific programs to drastically reduce, by as early as 2013, the four main waste areas that make up approximately 80 percent of our waste: paint sludge, municipal waste, grinding sludge and material filter waste. Our aim is to reduce average waste to landfill per vehicle from 5 kg in 2011 to 1.5 kg by 2016.

Our new water strategy is expected to drive a 30 percent reduction in manufacturing water use, which is equivalent to 1,100 liters per vehicle and could alone save us €2.3 million. We will achieve this target primarily through continued metering and evaluation. Our global target is to reduce water use per vehicle from 9.5 m³ to 3.5 m³ by 2015. Ford of Europe will reduce water use per vehicle from 3.5 m³ to 2.4 m³ between 2011 and 2016.

In our operations, we have looked to new technologies, including a process known as “dry-machining” that lubricates cutting tools with a fine spray of oil, rather than the conventional “wet-machining” that required large amounts of metal-working fluids and water to cool and lubricate the tools. For a typical production line, dry-machining, also known as Minimum Quantity Lubrication (MQL) machining, can save more than 280,000 gallons of water per year. Our engine plant in Cologne, Germany, for example, decreased water use per engine by 50 percent from 2011 to 2012 by switching to the MQL process.

In late 2012, our European Parts and Distribution Centre in Cologne was fitted with a new photovoltaic solar panel installation by German energy provider RheinEnergie. The installation will feed 1,100 MWh of electricity into the power grid every year; enough to power 370 average Cologne households or 460 Focus Electric vehicles covering an annual 15,000 km each – the equivalent of 6.9 million kilometers of driving. RheinEnergie will offer new customers of the Ford Focus Electric – our first-ever zero-emissions passenger car – the chance to buy this green energy via special contract, helping drivers to maximize the environmental benefits of opting for a Ford battery electric vehicle and travel with no carbon footprint left behind.

Even before these solar panels were installed, Ford had already been using green energy at its sites around Cologne, including electricity from three hydropower plants in Norway and Sweden. The Niehl Plant and the Merkenich Technical Centre also use steam generated as a by-product of its co-generation power plant to supply its heating. Combined, these measures reduce annual CO₂ emissions by 190,000 metric tons.

For a discussion of our global climate change impact and commitments, please see the [Climate Change and the Environment](#) section. For a discussion of our global commitment to water issues, please see the [Water](#) section.



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Ford of Europe:

Vehicle Safety

Ford remains a global leader in vehicle safety. We aim to give customers peace of mind and make the world safer by developing advanced safety technologies and making them available across a wide range of vehicles.

Ford is the first car manufacturer to earn six different Euro NCAP Advanced rewards for outstanding technological innovation; we received the awards for MyKey® on the new Fiesta and SYNC® with Emergency Assistance on the all-new B-MAX, new Fiesta, C-MAX, Focus and all-new Kuga.

We had already achieved Euro NCAP Advanced rewards earlier in 2012 for Active City Stop – a safety system designed to help drivers avoid low-speed collisions – on the all-new B-MAX and Focus. The Ford Focus also has achieved Advanced rewards for Driver Alert, Forward Alert and Lane Keeping Aid.

We also won three out of a possible seven 2012 Euro NCAP best-in-class safety awards – more than any other manufacturer. The awards reflect vehicle crash test performance and the availability of advanced safety technologies. The new Kuga topped the SUV sector, the Transit Custom triumphed in the Business and Family Vans class, and the B-MAX was the joint winner in the small multi-purpose vehicle (MPV) category. Also in 2012, the new B-MAX, new Fiesta, new Kuga and new Transit Custom were each awarded a maximum five-star rating under Euro NCAP's new crash test scoring system.

EuroNCAP also made special mention of the new Ford Ranger, after it became the safest pickup yet tested by the organization. The Ranger achieved the only five-star EuroNCAP rating ever awarded to a pickup. It scored highly in all areas of the assessment, receiving particular credit for pedestrian protection. These results were achieved in 2012 after EuroNCAP re-graded the Ranger using its new, tougher scoring system, and the pick-up still achieved the maximum possible five-star rating. Thus the Ranger remains the only five-star-rated pickup on sale. The best-selling Focus also retained its five stars after being reassessed.

See the [Vehicle Safety and Driver Assist Technologies](#) section for more on our vehicle safety technologies and activities.

Earned

Six

different Euro NCAP Advanced rewards for outstanding technological innovation

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Ford of Europe:

Supply Chain

Ford's suppliers are critical allies in helping us to achieve success in the marketplace and meet our sustainability goals.

The basis of our work with suppliers is the Ford Code of Human Rights, Basic Working Conditions and Corporate Responsibility, which applies to our own operations as well as our \$90 billion supply chain. The Code addresses workplace issues such as working hours, child labor and forced labor, as well as nondiscrimination, freedom of association, health and safety, the environment and other issues.

We work to ensure that Ford and our suppliers have management systems in place to mitigate potential risks, ensure continuity of supply and improve the overall sustainability of the complex global automotive supply chain. Our aim is to leverage our supply chain – and our industry – to make a positive impact in the markets in which we do business.

We take a three-pronged approach to supply chain sustainability:

- Building strong relationships with suppliers and engaging strategic suppliers
- Developing shared commitment and supplier capability
- Collaborating within the automotive industry to develop common approaches to sustainability issues

In 2012, the Automotive Industry Action Group (AIAG) jointly sponsored (with participating OEMs) supplier training sessions in Argentina, China, Mexico, Russia, Thailand, Turkey and Venezuela. More than 325 Ford suppliers attended these classroom sessions. This brings the global total for trained Ford suppliers to nearly 2,100. (This figure includes dedicated Ford supplier training sessions conducted with the AIAG as well as industry training sessions in which Ford participated along with the AIAG and other automakers.) Because attendees are required to subsequently cascade the training and expectations to the entire factory population and suppliers, these trainings indirectly reach even more companies and individuals.

In 2013 we plan to conduct additional supplier training sessions in conjunction with the AIAG in Brazil, Mexico, Romania, South Africa and Turkey. The intent is, once again, to increase the scope of impact of the training and push working conditions expectations further down the supply chain.

Addressing environmental impacts is also an important part of our supply chain sustainability work. Employees from Cotarko, Ford of Europe's Cologne-based component forging supplier, have been going further to achieve ISO 50001 energy management certification. The certification is for a three-year period and confirms that the company – which is fully owned by Ford – operates to the highest standards and rules regarding the usage of energy.

For a discussion of our global commitment to supply chain sustainability and detail on the status of our working conditions assessments, please see the [Supply Chain](#) section.

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Ford of Europe:

People

Our employees are crucial to delivering our vision of building great products that contribute to a better world.

Ford is dedicated to contributing to society and being actively involved in the communities at all of our sites globally. In Europe, we remain true to this corporate citizenship mindset and are proud of our long history of working to benefit society outside of just the vehicles we produce.

In 2000, Ford in Germany launched the Community Involvement Program, which connects Ford employees to opportunities for volunteering in the community. As of year-end 2012, nearly 10,000 Ford employees had volunteered through this program, working on some 1,260 projects and dedicating more than 160,000 working hours. In 2012 alone, we supported approximately 115 volunteering and community projects through this volunteering program. Specifically, 830 employees each contributed up to 16 hours of their time, funded by Ford, totaling 12,400 hours. We also provided five Ford Transit vans to support 86 additional community projects. The vans were driven a total of 73,000 km, which equates to 556 vehicle-days on the road.

Also in 2012, Ford of Europe volunteers went out into the community as part of the Ford Global Week of Caring:

- In Belgium, for example, more than two dozen Ford volunteers went to work at a home for disabled children – painting, gardening and doing clean-up work.
- In Romania, some 80 Ford volunteers helped to renovate the yard at Children’s Hospital Craiova. The hospital grounds were in poor condition, and Ford employees’ team effort created a cleaned-up and inviting site for the children to rest and play.
- In Germany, approximately 70 Ford employees organized a charity art project to celebrate the 10-year anniversary of Ford’s cooperation with the city of Cologne, raising about €7,000 for the oncology ward of a children’s hospital. Employees of Ford and the city of Cologne jointly supervised the donation marathon.
- In Spain, Ford Valencia employees removed floating debris from Albufera lake waters. Multiple teams of three to four employees used rowboats to access and pick up the trash, which tended to get stuck between the shore plants.
- In the U.K., approximately 80 Ford volunteers were involved in various natural conservation activities to support the Essex Wildlife Trust, a long-standing collaboration to protect wildlife.

In Germany in early 2013, Ford received an “Engagement of the Year 2012” award from the state of North Rhine-Westphalia. This award honors Ford’s Community Involvement Program in Germany as a role model for corporate citizenship. The prize money was donated to the nonprofit school project Gandhi Award in Cologne, which aims to foster and reward diversity at schools, conflict management and volunteering. Ford actively supports Gandhi Award activities.

See the [Investing in Communities](#) section for a full list of our Global Week of Caring and other volunteerism efforts conducted by Ford in Europe and elsewhere. For a discussion of our global commitment to our stakeholders please see the [People](#) section.

830 employees each contributed up to 16 hours of their time, totaling 12,400 volunteer hours

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Ford South America

Ford's principal markets in South America include Brazil and Argentina; we are the fourth-largest automaker in both markets. Brazil's economy and demographics – with growing per-capita income, low vehicle ownership rates and a young population – have helped its automotive market to more than double since 2002. These favorable factors are expected to continue to contribute to growth in vehicle sales in Brazil.

17,000
people employed in South America¹

498,000
vehicles sold in South America in 2012

2012 Performance Highlights

In the past year:

- Ford South America received a total of 29 awards for our Company and our products (see below section), in part due to new global product launches in the region.
- We also improved our corporate reputation in Brazil, according to the research firm DYG, Inc., reaching 74 percent in the Overall Positive Impression ranking – a full 10 points higher than in the last analysis. This ranking puts Ford in second place.
- We began to export the global 1.6L Sigma engine to Europe.
- We presented the new Ford EcoSport to the world in a public event at Farol da Barra, a famous tourist spot in Salvador city (Bahia state, Brazil). The event brought together nearly 100,000 people and generated more than 12 million Twitter posts.
- Ford Argentina unveiled the new Ford Ranger, which is being produced at the Pacheco plant in Buenos Aires.
- Ford Venezuela celebrated its 50th anniversary as an assembly operation in the country; it was the first assembly plant to be established in the Valencia Industrial Zone. A book was published to commemorate the anniversary.
- Ford Venezuela also incorporated a full line of robots in the Valencia plant's paint system, becoming the first automotive plant in the Andean region to include this level of automation.
- For the fourth-consecutive year, Ford Venezuela gave out a Henry Ford Environmental Award to a worthy recipient in the community. This year's award went to "Fundacion Tierra Viva" for a project recycling vegetable oil in a rural community.

Awards

- Ford was chosen as one of Argentina's Top 10 Best Companies to Work For by *Apertura Magazine*, one of the country's premier business magazines.
- We were also recognized as one of the top 10 most prestigious brands in Argentina at the Prestige Awards, which are sponsored by the business newspaper *Ambito Financiero* and the Public Opinion Research Centre. We were the only automaker in the top 10.
- Ford won in five out of eight categories at the Brazilian Car of the Year Awards sponsored by *Autoesporte* magazine. The Ford EcoSport won SUV of the Year, the Fusion EcoBoost® 2.0L won Premium Car of the Year, the Fusion Hybrid won Green Car of the Year, the Ranger earned Pickup of the Year, and our Duratorq 3.2L engine won Engine of the Year (for 2.0L engines and above).
- *Quatro Rodas*, a Brazilian auto magazine, named the new EcoSport the Year's Best Choice.
- In the Top Car TV Awards, the new Ranger was named Best Pickup and the New EcoSport earned Best SUV.

- Ford won five categories of the Abiauto Awards, which are sponsored by the Brazilian Association of Automotive Press. The EcoSport won Best SUV; the Fusion was named Best Imported Vehicle; the New Ranger earned Best Pickup; the EcoBoost 2.0L won Best Engine (1,401 cc to 2,500 cc); and the Duratorq 3.2L was named Best Diesel Engine (2,000 cc to 3,500 cc).
- Ford Argentina ranked 10th in *Apertura Magazine's* Corporate Image Research. This survey asked 200 trendsetters – including businesspeople, consultants and journalists – to consider several attributes for each analyzed company, such as: reliability of products and services; ethics and transparency applied to doing business; economic and financial solvency; employment generation; presence in the country; management quality; investment and production in the country; corporate social responsibility; advertising and communication activities; and consumers' attention.
- For the eighth-consecutive year, Argentinian consumers selected Ford as the most trusted automobile brand. With this recognition, *Selecciones* magazine honored Ford with its "Trusted Brand" award.
- For the second time, the Ford Fiesta Kinetic Design was named the Safest Car in Argentina in the B class, by CESVI Argentina (the Center for Experimentation and Road Safety). The Fiesta Kinetic Design was the first car in its segment to introduce advanced safety equipment, which is normally found only in luxury vehicles in Argentina.
- The all-new EcoSport and new Ranger were chosen as Best SUV and Best Commercial Vehicle of 2012 by the Argentina Automotive Industry Journalists.
- Our public relations strategy for the new EcoSport launch, known as EcoSport Parade, won the Public Opinion Award from São Paulo's Public Relations Regional Council. The award aims to identify and honor the best public relations activities in eight categories.

1. As of year-end 2012. Does not include Ford Motor Credit employees or our unconsolidated joint ventures.



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Eduardo Serrano

Executive Director, Marketing & Sales Operations
Ford South America Operations



Ford South America:

Welcome

Take a minute to think about the legacy we are leaving for future generations. Do we want them to have the resources they need to have a bright future? We certainly do. But, wanting something does not mean it will automatically happen – we must actively support the causes we care about.

At Ford, we believe in sustainability, and therefore we work to make the world a better place in which to live. This may not seem like enough, due to the complexity of environmental challenges, but we believe that noble attitudes have the strength to change the world. Will it take a long time? Definitely. But, we cannot feel intimidated by the challenge, no matter how hard it may seem. Henry Ford was once told that cars were not a viable option, but he did not take “no” for an answer. It is in Ford Motor Company’s DNA to break down barriers and show the world that there is always an alternative that is worth the effort to pursue.

In our commitment to sustainability in South America, we are making choices that are changing consumers’ habits. The lineup we offer brings to the region an array of Ford’s global advanced technologies that not only enhance drivers’ and passengers’ well-being, but also make important contributions to our world, such as improved fuel economy and reduced greenhouse gas emissions.

Last year, we launched a range of global products in the region that reinforced Ford’s commitment to sustainability. With the Ford EcoSport, for example, we improved overall vehicle sustainability and efficiency using new materials and designing a lighter structure. This SUV achieves a high level of fuel efficiency with both engine options (the 1.6L Sigma and the 2.0L Duratec), each of which have an all-aluminum block, cylinder head and crankcase bearings, reducing vehicle weight by about 30 percent. The vehicle also has an intelligent fuel cut-off system that decreases power consumption when the engine is in neutral.

The new Ranger is the most modern and complete pickup in the region. From its design, which reduces dynamic drag to improve fuel economy, to the battery management system, we focused on reaching maximum levels of efficiency with this new vehicle.

With the launch of the new Fusion in Brazil, Ford introduced EcoBoost® technology, which is not only 20 percent more fuel efficient, but also reduces carbon dioxide (CO₂) emissions by about 15 percent.

The new Fusion Hybrid is another example of our more sustainable offerings. It boasts cutting-edge features such as a lithium-ion battery, as well as increased range in electric mode. Vehicles such as the Fusion Hybrid demonstrate our commitment to seeking out options for alternative materials, innovative processes and intelligent use of natural resources, which helps us to prevent waste and protect our environment.

We also aim to promote citizenship and environmental awareness in the community. Recently, for example, we opened the doors of our Environmental Education Center, located in the area of

Ford's Camacari Plant (in Bahia, Brazil), to receive public school students. This Center seeks to demonstrate how students can be eco-conscious and also be agents on behalf of the planet.

Taking care of the environment and using available resources in a conscientious way is everyone's responsibility, and we will continue to do our best to make Ford an increasingly more efficient and sustainable company.

Eduardo Serrano
Executive Director, Marketing & Sales Operations
Ford South America Operations



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Ford South America:
Financial Health

Ford experienced strong sales and growth in many of our regional markets in 2012.

In South America, pre-tax profits were substantially lower than a year ago, in part due to higher costs and unfavorable exchange in Brazil. Ford's 2012 market share for our South America region was 9 percent, down 0.3 percentage points from 2011. Brazil and Argentina are our highest-volume South American markets; our market shares for these two countries are shown in the table below.

South American Market Share

Major Markets	2012 Combined Car and Truck Market Share	Percentage Points Better/(Worse) than 2011
Total South America	9%	(0.3)%
Brazil	9.1%	(0.4)%
Argentina	12.3%	(0.6)%

In South America we are investing in global platforms to deliver global products, with 18 product actions (i.e., new or remodeled products) planned for 2013. Our strategy is focused on improving both quality and customer experience. Beginning in 2013, Ford South America will offer versions of our global small and midsize vehicles, including Fiesta- and Focus-sized small cars and utilities, Fusion- and Mondeo-sized midsize cars and utilities, as well as compact pickups and commercial vans.

In 2012, the Brazilian government announced new tax breaks for companies that invest in science, technology and fuel efficiency. These measures are intended to stimulate investment in the automotive industry in Brazil. Brazil is the world's fourth-largest auto market and is a critical piece of Ford's global strategy. Going forward, we are making our largest-ever five-year investment in our Brazil operations, committing R\$4.5 billion by 2015, to accelerate the delivery of more fuel-efficient, high-quality vehicles and offer a lineup that consists of 100 percent global products.

We implemented several exciting product launches in South America in 2012:

- We launched the new EcoSport in two additional versions: 4WD and automatic. We also launched the new EcoSport in Argentina for the first time.
- We unveiled the all-new Fiesta Sedan for the first time worldwide during the São Paulo Auto Show.
- We launched the all-new Ranger, which is produced at the Pacheco plant in Buenos Aires. This launch required an investment of \$250 million to prepare the Pacheco plant for the Ranger's production. In its first complete month of sales, the new Ranger reached the best volume ever registered in the light pickup segment.

Also, we announced that we reached production of 800,000 units of the Fiesta Rocam Hatch model in Brazil.

We know that our long-term success in the developing and revitalizing economies of South America will depend on our offering new types of mobility solutions that are increasingly sustainable and tailored to the unique needs of these markets. The section on our [sustainable mobility strategy](#) describes how we are aiming to do just that.

For a discussion of our global economic impact and financial health, please see the [Financial Health](#) section.

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Ford South America:

Climate Change and the Environment

Ford is focused on minimizing the environmental impacts of our vehicles and operations, including reducing our contribution to climate change.

We are committed to doing our share to prevent or reduce the potential for environmental, economic and social harm due to climate change. We have a science-based strategy to reduce greenhouse gas (GHG) emissions from our products and processes that focuses on doing our share to stabilize carbon dioxide (CO₂) concentrations in the atmosphere. On the product side, we have also made a commitment to deliver the most fuel-efficient vehicles in every market in which we participate. In South America, we have committed to improving fuel economy across our product lineup.

We are improving fuel economy in South America by introducing some of the efficient engine and transmission technologies currently used in North America, and by using technologies specifically relevant to the widespread use of biofuels in Brazil. In 2011 in Argentina, we introduced the Ford Mondeo with an EcoBoost® engine, which marked the debut of EcoBoost technology in South America. We are continuing to implement the new, more-efficient Sigma engine, which improves efficiency compared to current engines through reduced internal friction and improved electronic throttle controls. We have also improved the gearing ratios, aerodynamics and rolling resistance of our South American models, further increasing fuel economy. In 2012, we launched several new fuel-efficient products. In Brazil, for example, we launched the new Ford Fusion with a 2.0L EcoBoost engine. Also in Brazil, Ford produces a global vehicle line with advanced flex-fuel technology, allowing the use of locally produced ethanol.

For the 2012 model year and beyond, we are planning to introduce even more fuel-efficient twin independent variable cam timing engines and direct-injection engines, Battery Management Systems, smart alternator systems, dual-clutch automatic transmissions and improved aerodynamics in the B- and C-sized vehicle segments, which make up approximately 80 percent of the Brazilian market.

Aligned with our global standards and the Brazilian New Automotive Regime (Inovar Auto) – a federal government measure that aims to stimulate investment in the Brazilian auto industry – Ford Brazil is focusing on achieving fuel-efficiency targets and investing in engineering. Also in Brazil, newly introduced fuel economy and CO₂ emission [regulations](#) will speed up the introduction of new fuel-efficiency technologies, including three-cylinder engines, [EcoBoost](#) engines, [Auto Start-Stop](#) technology, [Active Grille Shutter Systems](#) that improve aerodynamics, and lower-rolling-resistance tires.

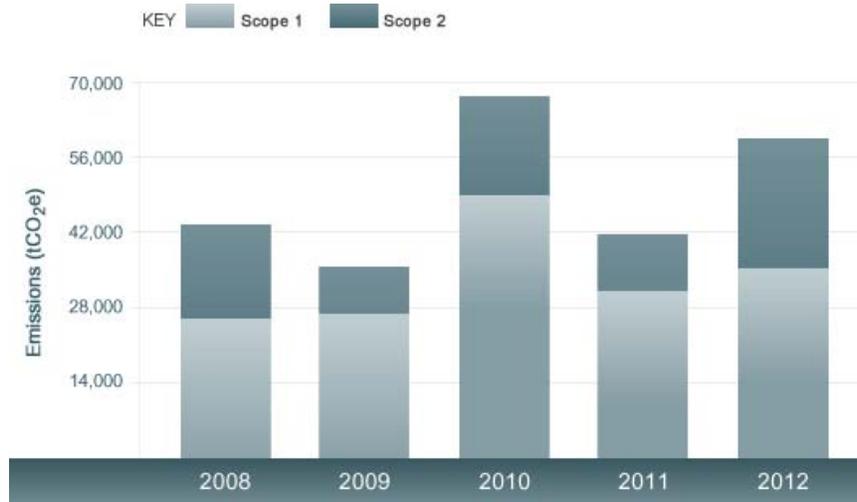
Ford is also using recycled and/or natural material in our vehicles in South America. All vehicles locally produced use 5 to 7 kg of recycled PET plastic in the form of carpets, ceiling linings, wheel boxes and acoustic blanket carpeting. And, the instrument panel of the new Cargo trucks is made with sisal natural fiber.

We are the first automobile company in Brazil to voluntarily report our facilities' GHG emissions to the Brazilian Greenhouse Gas Protocol. As a participant and one of the founders of the Protocol, we have conducted an inventory of our facility emissions and have set reduction goals. The results of the inventory can be seen in the graph below. Our absolute GHG emissions went up in 2012. Our GHG emissions per unit of production also showed an increase of approximately 38 percent compared to 2011, due to the 2012 electricity CO₂ emissions factor increase of 135 percent from 2011 and an overall decrease in production of 9.7 percent. (Regardless of production rates, plants require a minimum energy base load and operate most efficiently at high capacity. Generally, GHG emissions per unit of production trend upward when production decreases and trend downward when production increases.) For the 2012 emissions year, therefore, it was difficult to accurately determine the impacts of any facility process improvements.

Historical Emissions by Scope

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Year	Emissions (tCO ₂ e)	
	Scope 1	Scope 2
2008	25,925.00	17,392.00
2009	26,826.00	8,758.00
2010	48,834.23	18,620.00
2011	36,215.28	10,655.00
2012	35,278.41	23,769.00

The conservation of native vegetation at our plants is also a priority. Employees at the Camaçari, São Bernardo do Campo, Troller, Taubate and Tatui facilities, as well as the Miguel de Oliveira Port, took part in a variety of environmentally focused events, ranging from workshops and lectures to nature walks and site visits. At several locations, employees were given plants and seeds for their gardens.

For a discussion of our global climate change impact, policy and commitments please see the [Climate Change and Environment](#) section.



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Sustainability 2012/13



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Ford South America:

Water

For many years, we have demonstrated our commitment to water issues primarily through our own operations, focusing on water efficiency, effluent quality and water reuse. We also are committed to moving beyond our own fences to address water issues within our communities of operation. We are working with stakeholders to better understand issues around water accessibility and sanitation in water-stressed communities especially.

We are committed to mobilizing opportunities for communities in the developing world through clean water. We're investing in community water stewardship projects around the world, especially in areas where access to potable water is limited. Projects vary by location.

Ford unveiled its global sustainability programs goals for the coming years, with significant reductions in the consumption of water and energy. Several initiatives are being developed in the Company's factories in South America to meet these goals.

In Brazil in the last five years, we achieved a 23 percent reduction in absolute water consumption and 16 percent reduction per vehicle produced, representing a total of 307 million liters of water.

At our Camaçari plant (in Bahia state), we have wetlands where wastewater is purified in a rice and papyrus plantation. This method treats more than 11,352 m³ liters of water per year. After passing through the filtering process, the facility reuses the treated water to irrigate the green areas of the complex. Ford was the first automotive industry in Brazil to have this system of soil filtration.

For a discussion of our global commitment to water issues, please see the [Water](#) section.

307 million
liters of water saved in Brazil

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Sustainability 2012/13

YEAR IN REVIEW	OUR BLUEPRINT FOR SUSTAINABILITY	FINANCIAL HEALTH	CLIMATE CHANGE AND THE ENVIRONMENT	WATER	VEHICLE SAFETY	SUPPLY CHAIN	PEOPLE	FORD AROUND THE WORLD
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Ford South America:

Vehicle Safety

Ford remains a global leader in vehicle safety. We aim to give customers peace of mind and make the world safer by developing advanced safety technologies and making them available across a wide range of vehicles.

The new EcoSport brings advanced systems for both passive and active protection to prevent accidents and ensure the vehicle is in control under various driving conditions. The EcoSport comes with front airbags as standard, offers curtain side airbags as optional and is the only vehicle in its category prepared to receive child seats according to the ISOFIX standard. (ISOFIX is the global standard for child safety seat attachment points.)

The new Fiesta achieved the highest score in safety tests conducted by the Latin New Car Assessment Program.¹ Ford's model received four stars in safety for both adults and children, the best among all evaluated.

The Focus, is the best-selling car in the world in 2012, and will soon have a new model available in South America. The Focus is recognized for its advanced design security and vehicle dynamics. In addition to an ultra-rigid safety cell protected by crumple zones, its arsenal includes dual airbags, front seatbelts with a pre-tensioned limiter and ABS brakes with electronic brake distribution and cornering brake control.

See the [Vehicle Safety and Driver Assist Technologies](#) section for more on our vehicle safety technologies and activities.

Related links

This Report

» [Vehicle Safety](#)

External Websites

» [Global NCAP](#)

» [Latin NCAP](#)

1. Several public and private agencies around the world perform crash testing of vehicles and publish safety ratings, however these rating systems are relatively new in South America. Recently, New Car Assessment Programs (NCAPs) are being launched in regions where they have not existed in the past. This is partly due to a new nonprofit organization based in London called [Global NCAP](#) that is promoting the establishment of NCAPs around the world. Global NCAP developed a [Latin NCAP](#) system, which is now providing ratings on vehicles in South and Central America.



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Ford South America:

Supply Chain

Ford's suppliers are critical allies in helping us to achieve success in the marketplace and meet our sustainability goals.

The basis of our work with suppliers is the Ford Code of Human Rights, Basic Working Conditions and Corporate Responsibility, which applies to our own operations as well as our \$90 billion supply chain. The Code addresses workplace issues such as working hours, child labor and forced labor, as well as nondiscrimination, freedom of association, health and safety, the environment and other issues.

We work to ensure that Ford and our suppliers have management systems in place to mitigate potential risks, ensure continuity of supply and improve the overall sustainability of the complex global automotive supply chain. Our aim is to leverage our supply chain – and our industry – to make a positive impact in the markets in which we do business.

We take a three-pronged approach to supply chain sustainability:

- Building strong relationships with suppliers and engaging strategic suppliers
- Developing shared commitment and supplier capability
- Collaborating within the automotive industry to develop common approaches to sustainability issues

In 2012, the Automotive Industry Action Group (AIAG) jointly sponsored (with participating automakers) supplier training sessions in Argentina, China, Mexico, Russia, Thailand, Turkey and Venezuela. More than 325 Ford suppliers attended these classroom sessions. This brings the global total for trained Ford suppliers to nearly 2,100. (This figure includes dedicated Ford supplier training sessions conducted with the AIAG as well as industry training sessions in which Ford participated along with the AIAG and other automakers.) Because attendees are required to subsequently cascade the training and expectations to the entire factory population and suppliers, these trainings indirectly reach even more companies and individuals.

In 2013, we plan to conduct additional supplier training sessions in conjunction with the AIAG in Brazil, Mexico, Romania, South Africa and Turkey. The intent is, once again, to increase the scope of impact of the training and push working conditions expectations further down the supply chain.

For a discussion of our global commitment to supply chain sustainability and detail on the status of our working conditions assessments, please see the [Supply Chain](#) section.

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Ford South America:

People

Our employees are crucial to delivering our vision of building great products that contribute to a better world.

Through initiatives like the Global Week of Caring and the Henry Ford Environmental Awards, Ford has made a positive impact on communities and environmental issues throughout South America.

Global Week of Caring

During the 2012 Global Week of Caring, we provided dental care treatment for students from public schools. Also, Ford employees and partner companies collected more than 12 tons of nonperishable food for drought victims in Bahia state (Brazil). The donations were sent to the cities of Bom Jesus da Serra and Planaltino Ouriçangas.

In 2012, Ford employee initiatives also included the following:

- At the São Bernardo do Campo plant, Ford employees collected more than 2,800 pieces of clothing and shoes for six charities in the region.
- At the Brazilian Proving Ground, volunteers collected personal hygiene items for a public school, as well as clothes, furniture and electronic devices.
- Our engine and transmission facility in Taubaté promoted the exhibition and sale of handicrafts made by a charitable association.
- Ford Argentina organized its 12th blood donation day, which was attended by several employees. This initiative is part of an agreement with the Hemotherapy Institute from Buenos Aires's health ministry to promote awareness about blood donation.
- Ford Argentina has joined forces with Un Techo para mi Pais ("a roof for my country"), a well-known International NGO, to build a house in Buenos Aires. More than 20 Ford volunteers participated in this Global Week of Caring event, in order to foster the spirit of solidarity and enthusiasm among Ford employees.
- Ford Argentina's hourly employees provided donations of clothes and toys to a primary school located in Puerto Constanza, in Entre Rios Province. They also took the schoolchildren to Buenos Aires to see a movie.
- Ford Argentina employees participated in a plastic bottle recycling program.
- In July, as part of a program in Argentina we call "Ford and its Dealers, Generating Education for a New Future," we finished the renovation of our 18th school. This school, which is located in Los Chañaritos, Catamarca province, was built and donated entirely by Ford and our dealers in 1978. The renovation of the school includes sustainability upgrades such as wastewater filtration, solar energy installations and a device to gather rainwater.
- At the Valencia plant in Venezuela, more than 300 Ford volunteers organized and provided an entertainment day for 120 children (ages 5–12) from low-income orphanages. Children were taken on a short plant tour and later received school supplies, snacks and refreshments.
- More than 400 volunteers participated in a world beach cleanup day, contributing to cleaning one of the most important beaches in the central coast region in Venezuela.

[Explore a full list of our Global Week of Caring and other volunteerism efforts in South America.](#)

For a discussion of our global commitment to our stakeholders, please see the [People](#) section.

12 tons
of food collected for drought victims

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