

Helping Build a Better World.

Making Life Electric



Integrated Sustainability and Financial Report 2021

Ford Motor Company | sustainability.ford.com | shareholder.ford.com

Introduction

This year, we celebrate 22 years of sustainability reporting by launching our first Integrated Sustainability and Financial Report. We see reporting as an ongoing, evolving process, which we expect to continue. We invite your feedback on the contents of this report, as well as our approach to reporting, at sustaina@ford.com.

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To supplement this report, we publish additional information online, at sustainability.ford.com and shareholder.ford.com, as well as an [eight-page summary](#).

We support and align with the world's leading sustainability reporting frameworks. You can find all our indexes on our [downloads page](#).

- ➔ [Global Reporting Initiative \(GRI\) Content Index](#)
- ➔ [Task Force on Climate-related Financial Disclosures \(TCFD\) Index](#)
- ➔ [Sustainability Accounting Standards Board \(SASB\) Index](#)
- ➔ [UN Global Compact \(UNGC\) Communication on Progress Index](#)
- ➔ [United Nations Sustainable Development Goals \(UN SDGs\) Index](#)
- ➔ [UN Guiding Principles Reporting Framework \(UNGPRF\) on Human Rights Index](#)
- ➔ [Bloomberg Gender-Equality Index \(GEI\)](#)

Reporting Scope and Boundaries

Consistent with GRI guidance on boundary setting, the data in this report covers all of Ford Motor Company's wholly and majority-owned operations globally, unless otherwise noted, and spans 2020 operations and vehicles. Boundaries for each material issue are noted in our [GRI Content Index](#).

Where relevant, data measurement techniques, the bases of calculations, and changes in the basis for reporting or reclassifications of previously reported data are included as footnotes.

Data Assurance

Data in this report is subject to various forms of assurance, as outlined below and noted in the data tables. The [summary report](#) has been reviewed by Ford's top senior executives, as well as the Sustainability and Innovation Committee of the Board of Directors.

Some of the data in our reports has been subject to internal and third-party verification.

The consolidated financial statements in our [Form 10-K](#) have been audited by our independent registered public accounting firm.

Verification data is not yet available for Ford's 2019 global facility greenhouse gas (GHG) emissions. As completed for 2018, 100 percent of Ford's 2019 GHG emissions from our operations will be third-party verified to a limited level of assurance in accordance with ISO 14064-3. In addition,

some manufacturing operations, as required by regulation, are also third-party verified following the respective regulatory requirements, such as EU-ETS. Find out more about EU-ETS in our [CDP Climate Response, section 11.1](#).

Ford reports facility carbon dioxide (CO₂) emissions to national emissions registries or other authorities in the U.S., Canada, Mexico, South America, China, Taiwan, Germany, Spain and the U.K.

Various environmental data is reported to regulatory authorities. Ford's facility environmental data is managed using our Global Emissions Manager database, which provides a globally consistent approach to measurement and monitoring. The kind of assurance used for each data set is noted in the data charts.

Why Integrated Reporting?

Our results for calendar year 2020 mark the first year of integrated reporting for Ford. By bringing together our online financial and sustainability annual reports, we are creating a more complete picture of our progress and the value we generate for investors and shareholders, avoiding the duplication of information across multiple reports and increasing the efficiency of our reporting process.

Additionally, we have moved the publication date to March, which

allows shareholders to access the one integrated report prior to the 2021 Annual Meeting.

For this report, we have followed the International <IR> Framework of the International Integrated Reporting Council (IIRC) to provide a cohesive and comprehensive approach to our corporate reporting. However, we remain flexible and open to new approaches as the dynamic reporting environment continues to evolve.



All Transit images are computer generated.

The Year in Review

Despite the challenges of the COVID-19 pandemic, we finished the year in a strong financial position. We are proud of our 2020 accomplishments.

Our Purpose

In early 2021, we refined and reiterated our corporate purpose

The Plan

In October 2020, we introduced **The Plan** to turn around and grow Ford

Carbon neutral

Approved science-based emissions targets (**SBTi**) for our operations and vehicles, in support of our aspiration to achieve carbon neutrality by 2050



76%

reduction in Scope 1 and 2 GHG emissions by 2035 from a 2017 base year

50%

reduction in Scope 3 GHG emissions per vehicle kilometer from use of sold products by 2035 from a 2019 base year

186,401

full-time employees in 34 countries



\$22B+

Increased our planned investment in electrification through 2025

\$7B

Increased our planned investment in self-driving technology through 2025



100%

of our passenger vehicles sold in Europe will be **all-electric by 2030** and **two-thirds** of commercial vehicle sales in Europe are expected to be all-electric or plug-in hybrid by 2030



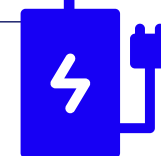
16,000+

places to charge (**over 47,000 plugs**) and growing. The FordPass™ Charging Network is the largest public charging network in North America offered by automotive manufacturers*



155,000+

charging stations in Europe on the FordPass Charging Network, in partnership with NewMotion



75%

absolute reduction in water use since 2000

3.8 m³

water use per vehicle produced

182M gallons



\$127.1B

revenue and **\$2.8B** company adjusted EBIT¹



9M

FordPass app and Lincoln Way members globally*



100%

of the Lincoln fleet achieved a 5-star overall vehicle safety rating



PPE

Through Project Apollo, Ford and our UAW union partners produced **140 million** face masks,² **20 million** face shields, **1.6 million** gowns, **50,000** ventilators and more than **32,000** respirators in partnership with 3M™



We plan to donate

120M

medical-grade masks to at-risk communities in all 50 states by mid-2021



of water savings expected between 2020 and 2030 through our Partnership for A Cleaner Environment (PACE) suppliers



1 See [Form 10-K](#) pages 69–72 for definitions and reconciliations to GAAP (US Generally Accepted Accounting Principles).

2 Includes masks for our facilities and for donation as of week beginning 3/8/21.

* See disclaimers on [page 83](#).

103

zero waste to landfill
sites globally



Protecting human rights

We have updated, renewed and published our Policy Letter 24 as the **We Are Committed to Protecting Human Rights and the Environment Policy**, and issued a new **Supplier Code of Conduct**



361,000

customers participated in the Lend a Hand payment deferral program, with **99 percent** of them now making payments again



\$500,000

in emergency relief provided to Detroit-area nonprofits addressing hunger, housing, mobility and other urgent needs



1.65M

pounds of food distributed through community centers in Detroit, and **3.7 million** meals delivered from our Bangkok community center

Diversity, equity and inclusion

Embarked on a companywide employee **diversity, equity and inclusion (DEI)** audit of our organization to understand the unique barriers impacting women and minorities along the employee journey



3

of our 14 Board members are female, and **two** identify themselves as members of minority groups



Zero

employee or contractor fatalities for second consecutive year

1.7M

volunteer hours to community projects on six continents since 2005



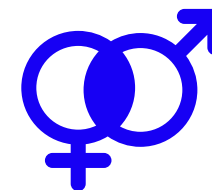
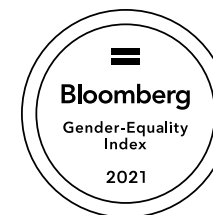
Lincoln scored the highest for Sales Satisfaction among Luxury Brands in the J.D. Power Sales Satisfaction Index Study*

#1

J.D. Power



Ford's Global Salaried Gender Pay Ratio is **98.2 percent** and our U.S. Salaried Minority Pay Ratio is **100.1 percent**



Included in the **Bloomberg Gender-Equality Index (GEI)** for the third consecutive year

Honored with the **Gold Medal for International Corporate Achievement in Sustainable Development** by the World Environment Center (WEC)



Joined **The Copper Mark's** Advisory Council



Became the first U.S. automaker to join the **Initiative for Responsible Mining Assurance (IRMA)**

The automotive sector was assessed against the **Corporate Human Rights Benchmark's** full methodology for the first time, and Ford topped the industry ranking



Letter From Bill Ford and Jim Farley

Over 20 years ago, we launched the industry's first Sustainability Report, demonstrating our commitment to environmental progress. This year, we are combining our Annual and Sustainability Reports into an Integrated Annual Report to share a more holistic view of our performance.

Throughout our nearly 118-year history, one thing that has not changed is our desire to help build a better world, where every person is free to move and pursue their dreams. Guided by this principle, we developed and shared our new Plan in October to transform Ford into a stronger company that can compete and win in this new era of transportation defined by electric, connected and autonomous vehicles.

To that end, we are significantly strengthening our core automotive business, focused on delivering healthy margins and consistently strong free cash flow, and will allocate that capital to its best uses for creating sustained value.

We are developing must-have products and services and rewarding customer experiences, and are moving with urgency to deliver leading quality, reduce our costs and restructure underperforming businesses. Through all of this, we are keeping the customer and our employees at the center of everything we do, working to earn their trust every day.

We also plan to lead the electrification revolution, because it is a smart business decision and accelerating adoption of electrified products is the right thing to do. We have never wavered on our commitment to sustainability. Ford is the only full-line U.S. automaker committed to doing its part to reduce CO₂ emissions



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in line with the Paris Climate Agreement, and working with California for stronger vehicle greenhouse gas standards. In addition, we are investing more than \$22 billion by 2025 to develop connected and electric vehicles and services and are working to be carbon neutral companywide by 2050, focused on our new science-based targets for CO₂ emissions reductions.

The shift toward electrification is a transformative moment, but the biggest revolution is the connected digital experience that an electric vehicle can offer. Capabilities like wireless software updates will help improve vehicles over time and give customers enhanced experiences to create more value in their lives. We believe this will significantly change our business model from a largely transactional relationship to an "always-on" rewarding relationship with our customers. As we invest in these capabilities, we will find partners to lend their expertise and drive efficiencies, like our partnership for in-vehicle technology with Google.

It is also important that we recognize the major impact that COVID-19 had on the world last year. We are proud of our employees and partners at Ford who prioritized helping others, stepping up and saving lives during the crisis. We have manufactured more than 20 million pieces of personal protective equipment for frontline workers, and will distribute 120 million masks to at-risk communities through the Ford Motor Company Fund. Meanwhile, our employees personally supported those impacted by the pandemic by volunteering and participating in the Ford Fund Donation Match Program. This spirit of caring for each other has never been more prevalent at Ford as we continue to foster a culture of diversity and belonging.

As we move through 2021, we look forward to addressing the challenges that lie ahead as we deliver The Plan and stay focused on our purpose to help build a better world, where every person is free to move and pursue their dreams.

Bill Ford
Executive Chairman

Jim Farley
President and Chief
Executive Officer



Bill Ford
Executive Chairman

Jim Farley
President and Chief
Executive Officer

Our Purpose

To help build a better world, where every person is free to move and pursue their dreams.

We believe in the power of creating a world with fewer obstacles and limits, where people have the freedom to build a better life and pursue their dreams.

To shorten the distance between where you are and where you want to go.

To connect people down the road and over the horizon – to discover possibilities, and enjoy the thrill, adventure and pride of moving freely.

From day one, we've provided people with the tools to help them move forward and upward. We've innovated



to expand their opportunities. And we've worked to earn their trust, every single day.

We honor our legacy as we build the future – a better world for generations to come.

Because when everyone is free to move and free to dream, we do what we do best: we change the world.

Our Plan

In October 2020, we unveiled The Plan, our new strategy to drive growth, improve execution, deliver customer satisfaction and speed up our transformation.

Under The Plan, the company will work with urgency to turn around its automotive operations by improving quality, reducing costs and accelerating the restructuring of underperforming businesses. We aim to achieve sustained profitable growth by:

- Investing more capital, resources and talent in our strongest businesses and vehicle franchises
- Expanding our leading commercial vehicle business with a suite of software services that drive loyalty and recurring revenue streams
- Simplifying and modernizing all aspects of our operations
- Offering compelling, uniquely Ford electric vehicles at scale around the world that delight customers, including the Transit, F-Series, Mustang Mach-E, SUVs and Lincoln
- Partnering with others to gain expertise and efficiency

We will also disrupt the norms often associated with conventional automotive businesses, working to create a new, always-on relationship with our customers – delivering great vehicles and the ongoing value of digital products, services and experiences they'll love. We're exploring new business models for battery electric vehicles (BEVs), connected software, parts and services, charging and connected service plans, as well as new "customer-facing" businesses based on the self-driving vehicle platform of Argo AI, in which we have invested. Serving our customers is at the center of everything we do.

To streamline and transform our global business in this way, we are also making changes in how the company is organized. This will involve:

- Focusing decision-making and accountability in our regional business units
- Accelerating innovation in areas such as mobility and self-driving vehicles
- Developing world-class connected vehicles by harnessing expertise in industrial platforms
- Using technology and software in ways that set us apart from our competition
- Embracing and increasing diversity across the company
- New models for how we build our Executive Leadership Team
- New approaches to how we lead and behave as we shape our organization's talent, expertise and culture

We are targeting consistent operating performance that includes adjusted earnings before interest and taxes (EBIT) of 8 percent of revenue, with strong automotive adjusted free cash flow, so that the company can fully invest in customers and growth. Read more about our [plans for sustained growth](#).



During the past three years, we've made meaningful progress and opened the door to becoming a vibrant, profitably growing company. Now it's time to charge through that door."



Jim Farley, CEO

The Plan

We must



Turn around operations, compete like a challenger



Create must-have products and services



Modernize everywhere



Treat customers like family



Simplify everything



Care for each other



Capitalize on our strengths



Disrupt ourselves



Lead the electrification revolution in areas of strength



Partner for expertise and efficiency

The Power of Integration: A Conversation With John Lawler and Bob Holycross

Ford's first Integrated Sustainability and Financial Report truly demonstrates how fundamental environmental and social sustainability are to the current future success of our company. The true value of our business is rooted in helping build a better world for everyone. At Ford, that importantly means creating a future that's inclusive, equitable and sustainable, setting the right pathway for a continued strong business for decades to come.



John Lawler
Chief Financial Officer

Bob: For many years, people at Ford and elsewhere saw sustainability as being at odds with maximizing financial performance. For example, 22 years ago, Bill Ford received lots of criticism when he pushed the company to produce its first sustainability report. Like all of society, we've made incredible progress since then. But is there more we need to do, John? Is being environmentally and socially responsible still seen by some inside and outside the company as a sacrifice?

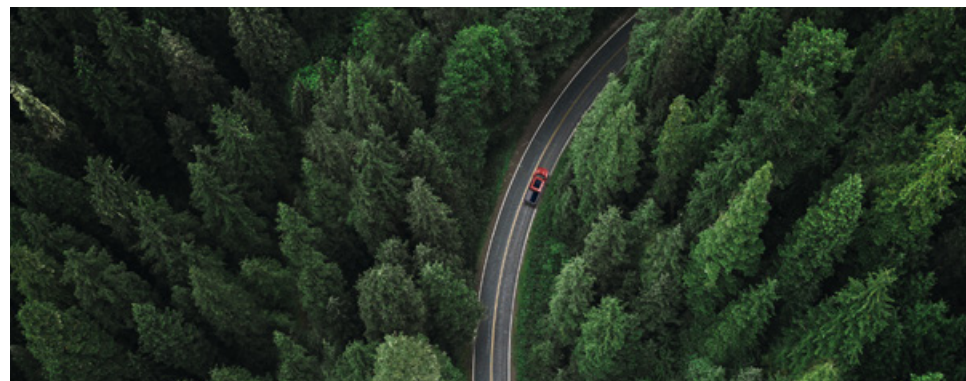


Ford has always been at its best when we're helping make things better for people and communities."

John: Some of that kind of thinking surely still exists. But the Ford leadership team clearly gets it. We can't afford not to be leaders on the environment and social matters. They are enablers of business effectiveness – for our team, our customers, our dealers, our investors and other Ford stakeholders. The material threat of climate change is real. And we have to help safeguard against threats to a healthy, stable environment, where all of us



Bob Holycross
Vice President, Chief Sustainability,
Environment and Safety Officer



and our kids, and grandkids, can continue to enjoy all that our planet and life have to offer. The economy and the health of the earth will forever be linked, and leading businesses recognize that. It's not about what we can afford to do, it's about what we can't afford to ignore. We can't afford to not lead.

Bob: What's good for the planet really is what's good for business. Our investments in electrification, sustainable operations and responsible sourcing reflect that. And there's so much more value our company brings to communities around the world. Environmental justice and social justice are linked like never before, and the broad range of actions by Ford described in this report demonstrate how we're helping make it possible for people around the globe to move and pursue their dreams.

John: The most powerful thing we bring to fighting on behalf of the environment and social equity is the collective capability and resolve of our worldwide team. This report highlights investments in diversity, equity and inclusion, and in creating a community where everyone feels like they belong, and that is just as important as – and enhances – our investments in new technology, products and services. When Ford people and our other stakeholders thrive, Ford Motor Company thrives.

Bob: I'm also excited that we've revisited, refined and reiterated Ford's purpose as part of this report launch. Ford has always been at its best when we're helping make things better for people and communities. That's how we started, opening the highways to all mankind, and that's what we've continued to do over the past year in the midst of the global pandemic. Our team has been doing inspiring work – keeping each other and our customers safe, and making and delivering masks, face shields, gowns and lifesaving medical equipment to those who need it most.

John: Which brings us back to why now, and in the future, we will report on Ford's financial and sustainability goals and accomplishments together. People are the lifeblood of Ford Motor Company and building a better world is what we do. And in doing so, we will deliver a bright future. I hope everybody reading this report sees that, and joins us in constantly making it true.



It's not about what we can afford to do, it's about what we can't afford to ignore. We can't afford to not lead."

How We Create Sustainable Value

Our evolving business model aims to create long-term value by reducing our reliance on natural capital and non-renewable materials and resources. Through our electrification strategy, mobility, connectivity and sustainability aspirations,

we are transitioning to a model that emphasizes services, relationships, and human and social capital, and supports our purpose: to help build a better world, where every person is free to move and pursue their dreams.

Our Enablers

Human Capital

- 186,401 employees
- 10,717 dealerships
- 1,200+ Tier 1 suppliers
- 11 internal Employee Resource Groups
- Ford Culture Cabinet

Social Capital

- Community engagement for 70+ years
- Partnerships with nonprofits and dealers in 50+ countries
- Strategic partnerships with investors, industry bodies and partner companies

Financial Capital

- More than \$22 billion planned investment in electric vehicles (EVs) through 2025
- \$7 billion planned investment in self-driving technology through 2025
- Invested \$7.1 billion in EBIT and \$1.6 billion in cash effects in the period 2018-2020 related to our global redesign

Manufactured Capital

- 54 manufacturing and assembly plants
- 8 regional engineering and R&D centers
- Product Development Center
- Modernizing EV production

Intellectual Capital

- 3,782 global patents issued
- Connectivity and connected services
- FordPass™ network
- Global Data Insight and Analytics
- D-Ford human-centered design process

Natural Capital

- 10.44 billion kWh of energy used
- 15.6 million m³ of water used for manufacturing processes
- 12 renewable materials used
- Corktown Biomimicry Pilot project

Our Business

Our Purpose

To help build a better world, where every person is free to move and pursue their dreams.

Our Plan

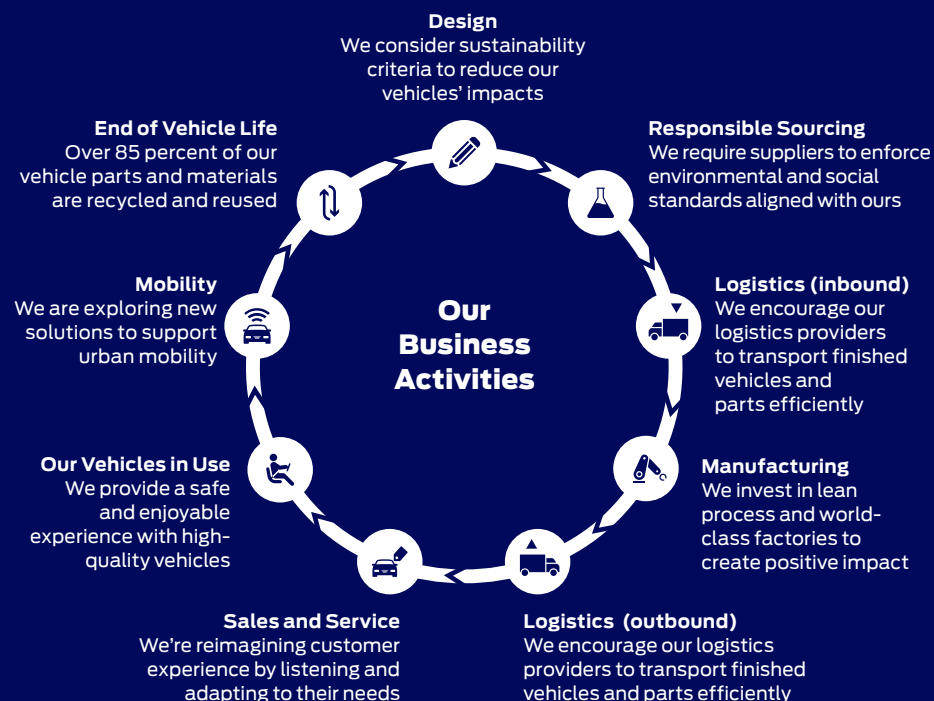
- Drive growth
- Improve execution
- Speed up transformation

Our Aims

- Earn Trust
- Drive Progress
- Make Positive Impacts

Our Governance

Solid governance structures and policies to manage sustainability across our business



Our Positive Impact

In 2020

Employees

- Health and well-being programs for employees and families
- 98.2% gender ratio, 100.1% minority ratio
- Competitive salaries and benefits
- Employee training and development
- Safe, flexible and adaptable workplaces
- Culture of caring and belonging

Customers

- 4.2 million wholesale vehicles sold
- Refreshed product portfolio
- Access to EV charging networks
- Exciting new telematics services
- Deferred payments program for customers
- Improved vehicle safety and driver assist technologies
- Increased access to mobility solutions

Investors

- Strong balance sheet
- More transparent reporting for investors

Suppliers

- Training to build capacity in supply chain
- \$11 billion spent with minority-, women- and veteran-owned companies and small businesses
- Sustainability best practices shared with suppliers through PACE programs
- Responsible sourcing of raw materials

Communities and Society

- \$1.13 million raised for global COVID-19 relief by employee donation match program
- \$10 million invested in Detroit over four years
- SHE-MOVES grantees in Nigeria and South Africa
- 1.7 million volunteer hours since 2005
- PPE and medical equipment produced through Project Apollo

Planet

- 40% reduction in our carbon footprint since 2011
- 75% absolute reduction in water use since 2000
- 103 true zero waste to landfill sites
- Fuel economy improvements
- Recycle millions of pounds of aluminum per month

Our value creation model has been developed in line with the International Integrated Reporting Council (IIRC) framework.

Our Sustainability Strategy

To help build a better world, we are doing our part to help meet the collective challenges the world faces across a range of sustainability issues and developing strategies to address them. We aim to earn trust, drive progress and make positive impacts.

Our Aims



Earn Trust

We are actively working to deliver on our aspiration “to become the world’s most trusted company.” Trust is earned by consistently serving others with integrity and competence, and Ford embodies these strongly held values. Trust earned with global stakeholders will be our most important asset.



Drive Progress

To “help build a better world,” we completed a two-year study with the Erb Institute at the University of Michigan that defined “What does human progress mean?” and identified a quantifiable method to measure progress. The methodology is based on how companies are preserving human rights, protecting health and safety, increasing access to social good (mobility) and enhancing societal economic prosperity. More information on this model can be found [online](#).



Make Positive Impacts

More than minimizing the negative effects of our activities, we are determined to make a net positive contribution to society and the environment. Naturally, we want our vehicles to use less fuel and produce fewer emissions. But our long-term view – of a connected transport network comprising increasingly intelligent vehicles that communicate with each other and the world around them – will change lives for the better, giving every person the freedom to move and pursue their dreams.

World Environment Center Gold Medal Award

In December 2020, Ford was honored with the Gold Medal for International Corporate Achievement in Sustainable Development by the World Environment Center (WEC).

We were [selected for the WEC award](#) for our commitment to transforming our culture, innovating across every stage of our business and reducing CO₂ emissions

in line with Paris Agreement targets. Our global carbon reduction strategy, which focuses on harnessing renewable energy to power facilities, also received specific recognition from the panel of judges.

Having long been committed to developing a more sustainable business, this award acknowledges what we have achieved to date and will encourage us to continually push for even more responsible practices.

Achieving Our Aims

To achieve our aims, we are:

- **Changing how products are made:** We’re creating high-performing, high-quality vehicles in environmentally and socially responsible ways, and reducing the effects of our operations and supply chains through world-class facilities, innovative manufacturing processes and the most sustainable materials
- **Changing the way people move:** We’re creating smart, connected vehicles and mobility solutions based on our long-term vision of increasing access to easier, safer and cleaner journeys for all
- **Changing the way we work:** For the customer to be at the center of all we do, we are empowering employees at all levels to make decisions, streamlining systems and processes, and ensuring we are developing our team for the skills needed today and in the future. It is imperative that we have an inclusive culture where all voices are heard, and everyone supporting Ford feels that they belong. We also are flexible in where and how work is done, making available the necessary tools and technology for teams to collaborate virtually, while providing energizing workspaces when teams meet face to face

- **Changing lives for the better:** As a global employer, brand, purchaser and neighbor, we are able to have a positive influence on the future. We can do this through our vehicles and services, as well as by offering the best customer experience, assisting disadvantaged populations, strengthening our supply chain and building safe, inclusive workplaces

Our Strategies

Our approach to sustainability involves helping to meet the collective challenges the world faces, across a range of issues. We have developed strategies to address them:

- ➔ [People Strategy](#)
- ➔ [Human Rights Strategy](#)
- ➔ [Climate Change Strategy](#)
- ➔ [Sustainable Materials Strategy](#)
- ➔ [Renewable Electricity Strategy](#)
- ➔ [Circular Economy Strategy](#)

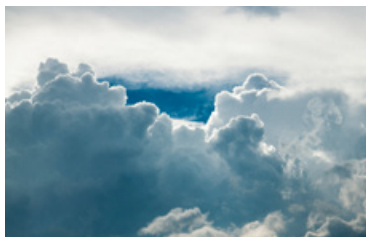
Our Sustainability Aspirations

We are working to revolutionize mobility, fueled by new challenges and the desire to help build a better world for everyone.



Climate Change

Achieve carbon neutrality by 2050



Air

Attain zero emissions from our vehicles and facilities



Energy

Use 100 percent local, renewable electricity in all manufacturing by 2035



Waste

Reach true zero waste to landfill across our operations

Eliminate single-use plastics from our operations by 2030



Water

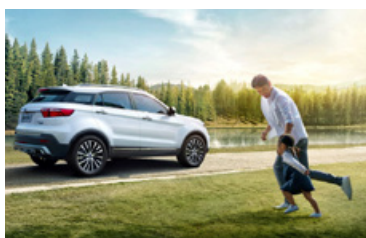
Make zero water withdrawals for manufacturing processes

Use freshwater only for human consumption



Materials

Utilize only recycled or renewable content in vehicle plastics



Safety

Work toward a future that is free from vehicle crashes and workplace injuries



Human Rights

Source only raw materials that are responsibly produced



Diversity, Equity and Inclusion

Create a truly diverse culture where everyone feels like they belong



Access

Drive human progress by providing mobility and accessibility for all

Progress Against Our Aspirations

Our sustainability aspirations, commitments and targets are aligned with our [material issues](#). Below, we have summarized our progress, and provided examples of how we're making a positive contribution to society in working towards them.

Sustainability Aspirations	Topic Area	Goals	Progress
Climate Change Achieve carbon neutrality by 2050	Reducing Our Vehicle Footprint	Improve fuel economy across our global vehicle lineup, consistent with regulatory requirements and climate stabilization	<ul style="list-style-type: none"> We have committed to science-based emissions targets for our operations and vehicles: <ul style="list-style-type: none"> Reduce Scope 1 and 2 greenhouse gas (GHG) emissions by 76 percent by 2035 from a 2017 baseline Reduce Scope 3 GHG emissions from use of sold products by 50 percent per vehicle km by 2035 from a 2019 baseline Combined U.S. car and truck fleet corporate average fuel economy improved We have used our EcoBlue technology and award-winning EcoBoost® technology in millions of engines worldwide CDP Climate Change questionnaire
		Offer alternative fuel vehicles	<ul style="list-style-type: none"> We offer several models powered by ethanol and biodiesel A wide range of our commercial vehicles run on compressed natural gas (CNG) and liquefied petroleum gas (LPG)
	Electrification	Pursue our electrification strategy	<ul style="list-style-type: none"> We are increasing our planned investment in electrification to more than \$22 billion through 2025 We have committed that by mid-2026, 100 percent of our passenger vehicles in Europe will be zero-emissions capable, all-electric or plug-in hybrid, moving to all-electric by 2030. Similarly, our European commercial vehicles will be zero-emissions capable, all-electric or plug-in hybrid by 2024, with two-thirds of Ford's commercial vehicle sales expected to be all-electric or plug-in hybrid by 2030 Our new electrified models include the all-electric Mustang Mach-E and F-150 PowerBoost Hybrid on sale today, plus the all-electric E-Transit coming late this year and the all-electric F-150 arriving by mid-2022
	Sustainable Operations	Reduce global facility CO ₂ emissions by 18 percent (2019–2023)	<ul style="list-style-type: none"> We achieved a 40 percent absolute reduction in our global manufacturing carbon footprint since 2011
	Minimizing Our Supply Chain Impact	Engage with our supply chain to understand its carbon footprint Work with selected suppliers to reduce our collective environmental footprint through PACE	<ul style="list-style-type: none"> We have surveyed 233 production suppliers (85 percent) using CDP Supply Chain program's Climate Change questionnaire We have shared best practice examples with more than 50 key Tier 1 suppliers through PACE We have introduced a streamlined version of our supply chain sustainability program, <i>FastPACE</i>, to reach select suppliers in China, India, Thailand and South Africa
Air Attain zero emissions from our vehicles and facilities	Sustainable Operations	Air emissions reductions other than CO ₂	<ul style="list-style-type: none"> We are working to reduce emissions of non-CO₂ pollutants, in accordance with increasingly stringent standards around the world We are working to reduce volatile organic compound (VOC) emissions during the vehicle painting process, using a combination of approaches including abatement, color blocking and improved purge recovery
Energy Use 100 percent local, renewable electricity in all manufacturing by 2035	Sustainable Operations	Achieve 32 percent renewable electricity by 2023 and 100 percent locally sourced renewable electricity by 2035	<ul style="list-style-type: none"> Over the past decade, we have achieved a 40 percent reduction in our carbon footprint through improved energy efficiency and conservation at our facilities and in our manufacturing processes Our Dearborn Truck Plant, Michigan Assembly Plant and several new buildings on our Research and Engineering and Corktown campuses will be powered by 100 percent locally sourced renewable electricity by January 2022 Our global amount of renewable electricity for 2020 was 29%

Sustainability Aspirations	Topic Area	Goals	Progress
Waste Reach true zero waste to landfill across our operations Eliminate single-use plastics from our operations by 2030	Sustainable Operations	Reduce waste to landfill by 21 percent when measured in kg per unit	<ul style="list-style-type: none"> We have 103 zero waste to landfill sites In 2020, Ford facilities around the world sent approximately 17,469 metric tons of waste to landfill, 36 percent less than in 2019
		Reduce general trash by 15 percent when measured in kg per unit	<ul style="list-style-type: none"> We are standardizing the tracking and sorting of waste to increase recycling and reuse
		Improve waste avoidance by 10 percent when measured in kg per unit	<ul style="list-style-type: none"> We are implementing technologies and programs that minimize waste We are working with suppliers to increase the use of eco-friendly packaging
		Work with selected suppliers to reduce our collective environmental footprint	<ul style="list-style-type: none"> We have shared best practice examples with more than 50 key Tier 1 suppliers through PACE, and introduced a streamlined version, <i>FastPACE</i>, in Asia Pacific
Water Make zero water withdrawals for manufacturing processes Use freshwater only for human consumption	Sustainable Operations	Reduce absolute freshwater use by 15 percent by 2025	<ul style="list-style-type: none"> More than 12.5 billion gallons of water saved since 2000
		Use freshwater sources for human consumption only	<ul style="list-style-type: none"> We have installed more non-water-based technologies and are using alternative sources such as other companies' treated wastewater We have increased the use of offsite grey/black water by 6 percent
		Make zero water withdrawals for manufacturing processes	<ul style="list-style-type: none"> We are incorporating more water processes and technologies in our assembly plants, including water reuse and recycling systems
		Work with selected suppliers to reduce our collective environmental footprint	<ul style="list-style-type: none"> We have shared best practice examples with more than 50 key Tier 1 suppliers through PACE, and introduced a streamlined version, <i>FastPACE</i>, in Asia Pacific. PACE participants expect to save an estimated 182 million gallons of water in their operations from 2020 to 2030
		Engage with our supply chain to understand its water footprint	<ul style="list-style-type: none"> 175 of our suppliers (92 percent) responded to the CDP Water questionnaire
Materials Utilize only recycled or renewable content in vehicle plastics	Circular Economy	Continue to develop and implement our sustainable materials strategy, focusing on life cycle assessments, sustainable sourcing, lower environmental impacts and equivalent or superior performance	<ul style="list-style-type: none"> We have established an interim target of 20 percent renewable and recycled plastics by 2025 in new vehicle designs for North America and Europe Since 2000, we have used 12 industry- and world-first plant-based materials in our production vehicles We are researching the possible use of tomato skin, bamboo, agave fiber, dandelion root, algae, almond shells and hemp fiber as materials
Safety Work toward a future that is free from vehicle crashes and workplace injuries	Safety and Quality	Design and manufacture vehicles that offer innovative driver assist technologies	<ul style="list-style-type: none"> For the 2020 model year, 23 Ford and Lincoln nameplates were rated with 5-Star Overall Vehicle Scores in the U.S., Europe and China New Car Assessment Program (NCAP) as of January 2021 We are rolling out our Ford Co-Pilot360™ technology in key markets In the J.D. Power 2020 APEAL study, which measures owners' emotional experience with their new vehicle, the Ford Escape achieved first place for driver appeal among compact SUVs in a tie. Overall, Ford was placed fourth among 18 mass market brands In December 2020, Lincoln was ranked #1 in Sales Satisfaction among Luxury Brands in the J.D. Power Sales Satisfaction Index Study* The Mustang (midsize sporty car), Ranger (midsize pickup) and Super Duty (large heavy-duty pickup) ranked the highest in their segments in the J.D. Power 2020 Initial Quality Study
		Play a leading role in vehicle safety and driver assist research and innovation	<ul style="list-style-type: none"> We are a founding member of the American Center for Mobility We have embarked on research partnerships with a range of universities, including the University of Michigan, Ohio State University, Wayne State University, the Royal Melbourne Institute of Technology and RWTH Aachen University
	Health and Safety	Fatalities target is always zero	<ul style="list-style-type: none"> 2020 marked the second consecutive year without a fatal incident in our operations
		Zero serious injuries, attain industry competitive lost time and drive continuous improvement	<ul style="list-style-type: none"> In 2020, our Lost-Time Case Rate (LTCR) improved from 0.39 to 0.31
		Maintain or improve employee personal health and well-being	<ul style="list-style-type: none"> We continue to provide programs and services that help employees achieve good health and well-being and make informed choices

Sustainability Aspirations	Topic Area	Goals	Progress
Human Rights Source only raw materials that are responsibly produced	Respecting Human Rights	We are committed to protecting human rights and the environment	<ul style="list-style-type: none"> We have updated, renewed and published our Policy Letter 24 as the We Are Committed to Protecting Human Rights and the Environment Policy We have developed and rolled out a new Supplier Code of Conduct We have conducted a formal assessment of our salient human rights, in line with the UNGPRF In 2020, the automotive sector was assessed against the Corporate Human Rights Benchmark (CHRB)'s full methodology for the first time, and Ford topped the industry ranking We have conducted more than 55 human rights audits to assess how our facilities align with our new We Are Committed to Protecting Human Rights and the Environment Policy For suppliers, we have identified 22 high-priority countries, based on an annual human rights risk analysis
		Help suppliers build their capacity to manage supply chain sustainability issues	<ul style="list-style-type: none"> We invited suppliers to complete RBA due diligence on recruitment fees online training Partnered with RBA and Drive Sustainability to develop new e-learning modules for 2021
		Assess Tier 1 suppliers' compliance with local laws and Ford's supply chain sustainability expectations	<ul style="list-style-type: none"> 1,203 third-party external supplier audits and 1,648 follow-up assessments have been conducted since 2003 17 new audits were conducted in 2020 using the RBA Validated Assessment Process methodology
	Minimizing Our Supply Chain Impact	Improve the transparency of mineral sourcing and increase the capacity of smelters and refiners conformant to a third-party responsible mineral sourcing validation program	<ul style="list-style-type: none"> We achieved a 100 percent response rate from in-scope suppliers to submit an annual Conflict Minerals Reporting Template In early 2021, we joined the Copper Mark's Advisory Council We became the first U.S. automaker to join the Initiative for Responsible Mining Assurance (IRMA) In 2020, we expanded our scope for cobalt due diligence and received a 83 percent response rate for the first year after formalizing the program
Diversity, Equity and Inclusion (DEI) Create a truly diverse culture where everyone feels like they belong	Diversity, Equity and Inclusion	Integrate DEI across the enterprise	<ul style="list-style-type: none"> We firmly embedded DEI in our Culture Operating System to support our overall corporate strategy
		Create an environment of inclusion	<ul style="list-style-type: none"> We hired our first Racial Equity Director We embarked on a DEI employee audit We continued to use Employee Resource Groups to serve their membership, the business, customers and communities around the globe Every corporate officer now has an objective to actively cultivate a culture of belonging by focusing on specific actions and behaviors that enhance DEI We now publish our U.S. Salary Diversity Performance Data and our annual EEO-1 report, which summarizes Ford's U.S. demographics based on U.S. Federal Government categories
		Drive DEI-focused learning across the enterprise to reduce unconscious bias	<ul style="list-style-type: none"> Our first-ever Virtual DEI Week included employee learning sessions on a range of topics, including supporting transgender employees and understanding unconscious bias, race and gender equity
		Promote gender parity and equal pay	<ul style="list-style-type: none"> For the third year in a row, Ford was included in the Bloomberg Gender-Equality Index (GEI) Ford's Global Salaried Gender Pay Ratio, defined as the weighted average ratio of average female salaries to average male salaries within peer groups³ worldwide, is 98.2 percent Ford's U.S. Salaried Minority Pay Ratio, defined as the weighted average ratio of average minority salaries to average non-minority salaries within peer groups in the U.S., is 100.1 percent
Access Drive human progress by providing mobility and accessibility for all	Supplier Diversity	Continue to purchase from veteran-, minority- and women-owned businesses	<ul style="list-style-type: none"> We purchased goods and services worth \$6.3 billion from minority-owned suppliers, \$1.16 billion from women-owned businesses and \$0.16 billion from veteran-owned companies
		Deliver our Ford Smart Mobility plan, with a focus on emerging opportunities in mobility	<ul style="list-style-type: none"> We are increasing our planned investment in self-driving technology to \$7 billion through 2025 Our Transportation Mobility Cloud is an open software platform allowing vehicles and infrastructure to communicate We continue to test self-driving vehicle technology in partnership with Argo AI Our Spin e-scooter business is expanding in Europe, reaching Germany and the U.K.

3 A peer group consists of employees in the same region, salary grade and skill team, when available.

Prioritizing Key Issues

With the world constantly changing, a formal materiality assessment helps us identify and prioritize the sustainability issues that matter most to our business and our stakeholders.

Our Materiality Process

We conduct materiality assessments every two years, and carried out our most recent analysis in early 2021. We consider material information to be that of greatest interest to, and with the potential to affect the perception of, stakeholders making informed decisions and judgments about the company's commitment to environmental, social and economic progress.

The process involves:

- **Identification:** We created a list of potential issues, grouped into four categories: Environment, Social, Governance and Economic. These were identified through research that included a peer review, stakeholder interviews, media scan and assessment of sustainability thought leadership from industry experts and associations
- **Prioritization:** A workshop attended by external and internal stakeholders helped us further identify key challenges and opportunities, and prioritize the issues. The Plan to turn around our automotive business was also considered as part of the process
- **Review:** The results of the analysis were reviewed by a range of internal and external stakeholders. Revisions were made to ensure that our process and list of issues were comprehensive, well understood, and reflective of stakeholder views and feedback

➔ [See our GRI Content Index for more details on our approach to materiality and for definitions of material issues](#)

Materiality Results

The analysis identified our most material issues as:

- Electrification and alternative fuels/batteries
- Vehicle product safety and quality
- Economic performance
- Climate change, air quality and renewable energy/energy future

We acknowledge emerging trends and assess them for inclusion as they arise. COVID-19 has reinforced the importance of putting people first and embracing disruption to evolve. The emerging trends identified as affecting our business are climate change, public health, geopolitics, safety standards, data protection, privacy and security, and sustainable cities.

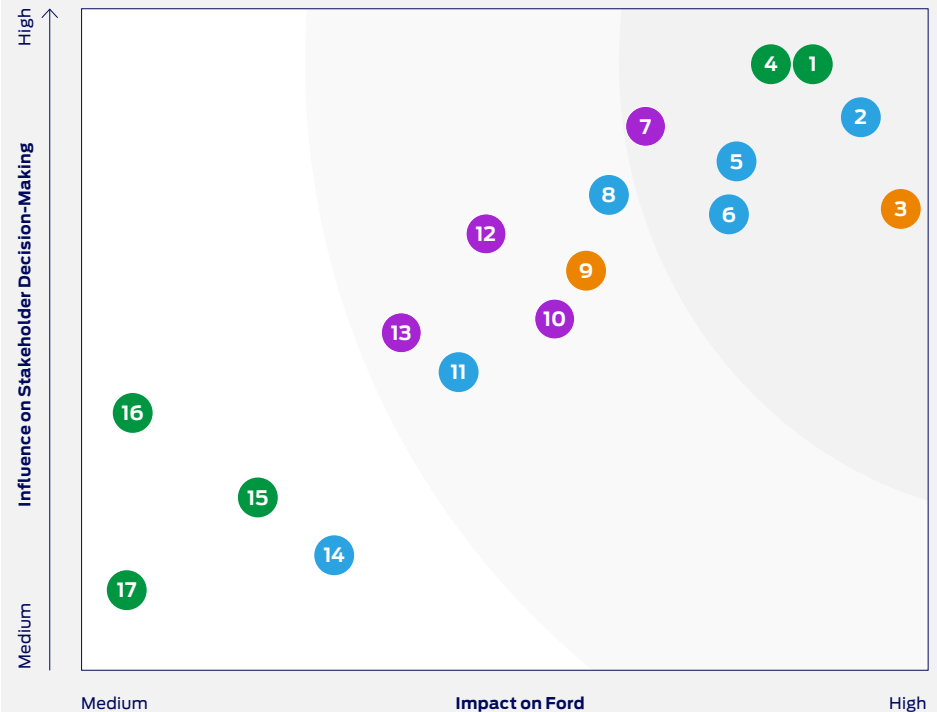
Our Materiality Matrix

The materiality matrix plots the ratings of each issue. The x-axis represents the impact that economic, environmental and societal issues have on our business, while the y-axis represents the influence on stakeholder decision-making. Issues found toward the upper right-hand corner of the matrix are of higher influence and importance to both Ford and stakeholders.

Aligning with the thoughts of some of our stakeholders, we believe that:

- COVID-19 doesn't represent a material issue in and of itself; rather, it acts as an amplifier of the positive and negative impacts of other material issues
- Just transition and climate justice sit at the intersection of many material issues, but do not need to be called out specifically

Materiality Matrix



Materiality matrix results based on internal and external rankings, and validation workshop

- | | |
|--|---|
| 1 Electrification and Alternative Fuels/Batteries | 10 Data Protection, Privacy and Security |
| 2 Vehicle/Product Safety and Quality | 11 Customer Engagement, Marketing and Satisfaction |
| 3 Economic Performance | 12 Government Regulations, Policy and Engagement |
| 4 Climate Change, Air Quality and Renewable Energy/Energy Future | 13 Accountable and Inclusive Governance |
| 5 Employee Wellness, Health and Safety | 14 Socioeconomic Contribution and Community Engagement |
| 6 Human Rights and Supply Chain Management | 15 Sustainable Materials – Material Design and Management |
| 7 Transparency, Ethics and Integrity | 16 Water Use/Water Stewardship |
| 8 Human Capital and Diversity, Equity and Inclusion | 17 Waste Management |
| 9 Mobility Solutions and Autonomous Vehicles | |

● Environment ● Economic/Innovation ● Society ● Governance

Stakeholder Engagement

Every day, at every level of our business, we engage with a large number of stakeholders, both formally and informally. These interactions are crucial to Ford, enabling us to respond effectively on sustainability challenges and opportunities affecting us all.



Stakeholder Review of Our Report

Dialogue with our stakeholders fosters trust, helps us identify new trends and emerging issues, and consolidates the partnerships we have established to help us achieve our [sustainability aspirations](#).

Sustainability and Innovation Committee

As part of their responsibilities, the members of our [Sustainability and Innovation Committee](#) of the Board of Directors review the summary Integrated Sustainability and Financial Report.

Ceres Stakeholder Committee

As in recent years, a stakeholder team selected by Ceres provided recommendations for our future reporting. Representing a range of constituencies and expertise – including investors, members of academia, small- and medium-sized enterprises (SMEs) and suppliers – the most recent Ceres Stakeholder Committee convened on Feb. 11, 2021. Ford's responses to their recommendations are summarized on the [next page](#).



Stakeholder Engagement Methods

Communities

We aim to strengthen the communities where Ford does business through the work of the Ford Volunteer Corps and our support for nonprofit organizations. Driven by our Community Relations Committees, this also encompasses membership of associations and initiatives such as the City:One Challenge and the Driving Skills for Life program.

Customers

We want to treat customers like family and earn their trust through face-to-face interactions at our dealerships and our customer care programs, as well as via the Ford.com website and Ford owners' magazine. We also listen to their feedback and increase our understanding of their needs, concerns and preferences as part of our Consumer Insight process and through market research.

Dealers

Dealers are an essential part of the Ford family. We rely on the expertise and dedication of their sales and service representatives, and engage with them through Dealer Councils and roundtables, advertising and public service announcements. The Dealer Attitude Survey is an important touchpoint, and we are delighted to honor excellence in our annual Salute to Dealers awards.

Employees

As well as using our intranet site, reports such as this Integrated Sustainability and Financial Report, and social media channels to communicate with our

186,401 employees around the world, we also produced a range of webcasts, videos and blogs, and hold executive Q&A sessions with senior management. Open dialogue with union representatives and joint labor–management committees are essential for maintaining strong relationships with our people, while employee surveys and our recent companywide diversity, equity and inclusion (DEI) audit provide valuable insights. The initiatives organized by our 11 Employee Resource Groups are important catalysts for fostering a culture of belonging.

Investors, Analysts and Shareholders

Our financial stakeholders rely on communications such as this Integrated Sustainability and Financial Report, Proxy Statement, SEC filings such as our annual report on Form 10-K and quarterly earnings releases. These published documents provide important information that supplement annual shareholder meetings, investor conferences and fireside chats and our annual ESG non-deal roadshows.

Suppliers

As well as holding meetings with individual suppliers as required, we share best practice with our key suppliers through our Partnership for A Cleaner Environment (PACE) programs, helping them to reduce their environmental impact. We are also supporters, members and signatories to a wide range of external supplier organizations, coalitions and associations.



Stakeholder Recommendations

Recommendation: Define what a 2050 carbon neutrality aspiration means to Ford and establish a clear path to achieve it.

Ford response: Our carbon neutrality aspiration means producing cleaner vehicles and production processes throughout our business and supply chain. We have targets approved by SBTi as well as internal targets with our suppliers. We have increased our planned investment in electrification to more than \$22 billion through 2025, shared best practices with suppliers through our PACE programs, and continue to work with selected suppliers to reduce our collective environmental footprint through the CDP Supply Chain program's Climate Change questionnaire.

Recommendation: Stakeholders would like to see more information about how Ford aligns and influences political lobbying groups with respect to sustainability strategies and practices.

Ford response: Ford has expanded this year's [2020 Political Engagement Report](#) to include how we evaluate positions on climate change for the major associations in which we participate, how their positions align with ours and areas where we have taken independent action. We have also expanded information regarding other coalitions and associations in which we participate.

Recommendation: Demonstrate the effectiveness of human rights systems.

Ford response: Our commitment to respect human rights and achieve positive outcomes is embodied in the [We are Committed to Protecting Human Rights and the Environment Policy](#). The Corporate Human Rights Benchmark (CHRB) recognized our commitment in its first automotive manufacturing assessment in 2020 with the highest score in the automotive industry. Our internal salient human rights assessment process identifies the human rights issues most at risk of negative impacts to people. This continued assessment of actions was instrumental in identifying the need to expand and assess our human rights risks within our global manufacturing facilities through our partnership with the Responsible Business Alliance (RBA), and to implement our [Supplier Code of Conduct](#).

Recommendation: Disclose and make readily accessible global data related to vehicles recalled, safety and defects.

Ford response: We aspire to work toward a future that is free from vehicle crashes and workplace injuries. We understand that evolving powertrain electrification and self-driving technologies will require us to continue to build on our current culture of safety, both internally and externally. We are transparent with our customers by publishing our [global recall data](#) for the first time and revamping our processes with cutting-edge technologies to ensure quality, customer satisfaction and recall actions have more visibility and support at all levels of the company.



Recommendation: Outline initiatives to increase diversity and equality at Ford, and disclose workforce demographic data to demonstrate accountability.

Ford response: In 2020, we embarked on a companywide diversity, equity and inclusion (DEI) audit – the most comprehensive assessment of DEI we have ever undertaken – to gain a deeper understanding of the unique barriers impacting women and minorities along the employee journey. As part of our commitment to accelerating our DEI efforts, starting in 2021, every corporate officer will have an individual DEI performance objective. We are committed to transparency, and this year we are publishing our U.S. Employee Diversity Performance Data and our

annual [EEO-1 report](#) summarizing our U.S. workforce demographics. We are also disclosing our U.S. Salaried Minority Pay Ratio of 100.1 percent, defined as the weighted average ratio of average minority salaries to average non-minority salaries within peer groups in the United States. Additional human capital disclosures can be found in our [Form 10-K](#).

Corporate Governance

We believe that sound governance structures and policies are needed to manage our business, drive performance and create value responsibly and ethically. These processes and systems serve as the foundation for delivering on our sustainability strategy and integrating sustainability issues into our business decisions.

While remaining a successful business, we want our operations and activities to have a positive impact on the world. Our integrated governance systems and processes help us build sustainability across our company.

Senior Leadership Changes

Jim Farley, formerly our Chief Operating Officer, was elected **President and Chief Executive Officer** on October 1, 2020, replacing Jim Hackett. Farley joined Ford in 2007 as global head of Marketing and Sales, and led Lincoln, Ford South America, Ford of Europe and all Ford global markets in successive roles. In April 2019, Farley was chosen to lead our New Businesses, Technology and Strategy team, and was named Chief Operating Officer in February 2020.

As part of our efforts to remain successful, our business needs to be lean, fit and agile, so that we can capitalize on new opportunities in the future. That's where our workplace transformation comes in, reducing bureaucracy, building skills and adopting more efficient ways of working.

Our Board of Directors is guided by our Corporate Governance Principles, Code of Ethics and charters for each Board committee. These are publicly available in the [Corporate Governance](#) section of our corporate website.

➔ [Read more about corporate governance in our most recent Proxy Statement](#)

John Lawler, most recently Chief Executive Officer of Ford's Autonomous Vehicles division and vice president of Mobility Partnerships, was elected as **Vice President, Chief Financial Officer**, also effective from October 1, 2020. He oversees the Finance and Ford Motor Credit organizations. Lawler has spent much of his 30 years at Ford in finance leadership and general management, serving as president of Ford China, corporate controller and Chief Financial Officer, Global Markets, and head of worldwide strategy.

Governance Principles and Practices

Solid principles of corporate governance are essential to maintaining the trust of investors. The Ford Board of Directors has adopted corporate governance principles, policies and practices to promote effective functioning of the Board, its committees and the company as a whole.

Corporate Governance Principles

Our Corporate Governance Principles, together with the charters of the Audit Committee, the Compensation Committee, the Sustainability and Innovation Committee, the Finance Committee and the Nominating and Governance Committee, provide the framework for the governance of Ford Motor Company.

The Board reviews these principles and other aspects of our governance annually or, more often, as deemed necessary or appropriate.

The Board of Directors of the company is elected by and responsible to the shareholders. Ford's business is conducted by its employees, managers and officers, under the direction of the Chief Executive Officer (CEO) and the oversight of the Board, to enhance the long-term value of the company for its shareholders. The Board of Directors monitors the performance of the CEO and senior management to assure that the long-term interests of the shareholders are being served.

➔ [Corporate Governance Principles](#)

Corporate Governance Practices

Ford has a long history of operating under sound corporate governance practices, which is a critical element of creating the

world's most trusted company. These practices include the following:

- **Annual Election of All Directors**
- **Majority Vote Standard:** Each director must be elected by a majority of votes cast
- **Independent Board:** The majority of our directors are independent
- **Lead Independent Director:** Ensures management is adequately addressing the matters identified by the Board
- **Independent Board Committees:** Each of the Audit, Compensation, and Nominating and Governance Committees is made up entirely of independent directors
- **Committee Charters:** Each standing committee operates under a written charter that has been approved by the Board and is reviewed annually
- **Independent Directors Meet Regularly Without Management and Non-Independent Directors**
- **Regular Board and Committee Self-Evaluation Process:** The Board and each committee evaluates its performance each year
- **Mandatory Deferral of Compensation for Directors:** In 2020, approximately 68 percent of annual director fees were mandatorily deferred into Ford restricted stock units, which strongly links the interests of the Board with those of shareholders
- **Separate Chairman of the Board and CEO:** The Board of Directors has chosen to separate the roles of CEO and Chairman of the Board of Directors
- **Confidential Voting at Annual Meeting**
- **Special Meetings:** Shareholders have the right to call a special meeting
- **Shareholders May Take Action by Written Consent**

- **Strong Codes of Ethics:** Ford is committed to operating its business with the highest level of integrity and has adopted codes of ethics that apply to all directors and senior financial personnel, and a code of conduct that applies to all employees
- **Hedging and Pledging Policies:** Officers are prohibited from hedging their exposure to, and limited in pledging, Ford common stock

Directors' Remuneration

Effective as of January 1, 2017, the Board of Directors agreed that the following compensation will be paid to non-employee directors of the company:

- Annual Board membership fee: \$315,000
- Annual Lead Independent Director fee: \$50,000
- Annual Audit Committee chair fee: \$30,000
- Annual Compensation Committee chair fee: \$25,000
- Annual other Committee chair fees: \$20,000

Approximately 68 percent of the Annual Board membership fee is paid in Restricted Stock Units (RSUs), and certain directors choose to receive all or a portion of their fees, in addition to the mandatory portion, in RSUs.

➔ [For further information, please refer to the director compensation table in our most recent Proxy Statement](#)

Three of our 14 directors are female and two identify themselves as members of minority group

➔ [See Diversity, Equity and Inclusion for more details of our 2020 diversity performance](#)

Board of Directors

Directors	Committees
Kimberly A. Casiano	<ul style="list-style-type: none"> • Audit • Nominating and Governance • Sustainability and Innovation
Anthony F. Earley, Jr.	<ul style="list-style-type: none"> • Compensation (Chair) • Nominating and Governance • Sustainability and Innovation
James D. Farley, Jr.	
Edsel B. Ford II	<ul style="list-style-type: none"> • Finance • Sustainability and Innovation
William Clay Ford, Jr.	<ul style="list-style-type: none"> • Finance (Chair) • Sustainability and Innovation
William W. Helman IV	<ul style="list-style-type: none"> • Finance • Nominating and Governance • Sustainability and Innovation (Chair)
Jon M. Huntsman, Jr.	<ul style="list-style-type: none"> • Compensation • Nominating and Governance • Sustainability and Innovation
William E. Kennard	<ul style="list-style-type: none"> • Finance • Nominating and Governance (Chair) • Sustainability and Innovation
John C. Lechleiter	<ul style="list-style-type: none"> • Compensation • Nominating and Governance
Beth E. Mooney	<ul style="list-style-type: none"> • Audit • Nominating and Governance
John L. Thornton	<ul style="list-style-type: none"> • Compensation • Finance • Nominating and Governance
John B. Veihmeyer	<ul style="list-style-type: none"> • Audit (Chair) • Nominating and Governance
Lynn M. Vojvodich	<ul style="list-style-type: none"> • Audit • Nominating and Governance • Sustainability and Innovation
John S. Weinberg	<ul style="list-style-type: none"> • Compensation • Finance • Nominating and Governance • Sustainability and Innovation

➔ [To see further information about our Board of Directors, please visit \[shareholder.ford.com\]\(https://shareholder.ford.com\)](#)

Sustainability Governance

We employ a variety of governance systems and processes to manage different aspects of sustainability across our business, as summarized throughout this report.

Management Processes

As outlined below, we have a number of management processes, systems, committees and groups in place that are designed to help us improve our sustainability performance, act responsibly and ethically, and take responsibility for the impact our activities have on society and the world around us.

Board Committees	Sustainability and Innovation Committee <ul style="list-style-type: none"> • Meets at least three times a year • Primary responsibility for assessing the company's progress on strategic economic, environmental and social issues, as well as the degree to which sustainability principles have been integrated into the various skill teams • Evaluates and advises on innovations and technologies that improve our economic, environmental and social sustainability, enrich our customers' experiences, increase shareholder value and improve people's lives • Reviews the summary Integrated Sustainability and Financial Report as well as any initiatives related to innovation <p>➔ Read the Charter of the Sustainability and Innovation Committee</p> <p>Other Board committees: Audit, Compensation, Nominating and Governance, and Finance</p>
Executive Management	Vice President, Chief Sustainability, Environment and Safety Officer <ul style="list-style-type: none"> • Primary responsibility for sustainability issues • Oversees the Sustainability and Vehicle Environmental Matters group, the Environmental Quality Office, the Vehicle Homologation and Compliance group and the Automotive Safety Office • Leads a multi-disciplinary senior-level team to oversee our actions in response to our climate change and sustainable mobility strategies <p>Other executive and group vice presidents across our functional areas also have responsibility for sustainability-related issues. These include our Chief People and Employee Experiences Officer and our Chief Diversity Officer.</p>
Function Areas	Sustainability and Vehicle Environmental Matters <ul style="list-style-type: none"> • Coordinates our companywide sustainability strategy and activities • Leads our sustainability reporting and stakeholder engagement • Collaborates with other functional areas and skill teams to integrate sustainability throughout the company

➔ [See Governance structure diagram](#)

Board's Role in Risk Management

The oversight responsibility of the Board and its committees is supported by company management and the risk management processes currently in place.

Ford has extensive and effective risk management processes, relating specifically to compliance, reporting, operating and strategic risks:

- **Compliance Risk** encompasses matters such as legal and regulatory compliance (e.g., Foreign Corrupt Practices Act, environmental, OSHA/safety, etc.)
- **Reporting Risk** covers Sarbanes-Oxley compliance, disclosure controls and procedures, and accounting compliance
- **Operating Risk** addresses the myriad matters related to the operation of a complex company such as Ford (e.g., quality, supply chain, sales and service, financing and liquidity, product development and engineering, labor, etc.)
- **Strategic Risk** encompasses somewhat broader and longer-term matters, including, but not limited to, technology development, environmental and social sustainability, capital allocation, management development, retention and compensation, competitive developments and geopolitical developments

We believe that key success factors in our risk management include a strong risk analysis tone set by the Board and senior management, which is shown through their commitment to effective top-down and bottom-up communication (including communication between management and the Board and its committees), and active cross-functional participation

among the business units and functional skill teams. We have institutionalized a regular Operations Flash and Special Attention Review process, where the senior leadership of the company reviews the status of the business, the risks and opportunities presented to the business (in the areas of compliance, reporting, operating and strategic risks) and, utilizing the principles of design thinking and critical thinking, develops specific plans to address those risks and opportunities.

The Enterprise Risk Management process adopted by the company identifies the top 12 critical enterprise risks through a survey process of senior management and the Board of Directors. Once identified, each of the top 12 risks is assigned an executive risk owner who is responsible for overseeing risk assessment, developing mitigation plans and providing regular updates. Business units and skill teams follow the same process for local risk identification and management. Risks at all levels are shared and aligned for a top-down and bottom-up view and management of risk. The Audit Committee and Board annually review the process to update the list of critical risks and monitor risk movement and emerging trends.

The Board of Directors has overall responsibility for the oversight of risk management at Ford and oversees operating risk management with reviews at each of its regular Board meetings. The Board has delegated responsibility for the oversight of specific areas of risk management to certain Board committees, with each reporting to the Board following each meeting. The Audit Committee assists the Board of Directors in overseeing compliance and reporting risk. The Sustainability and Innovation Committee assists the Board of Directors in overseeing environmental and social sustainability risks, while the Compensation Committee assists the Board in overseeing risks related

to compensation and people-related business strategies, including leadership succession and culture, and diversity, equity and inclusion. The Board and the appropriate committees also periodically review policies related to personnel matters, including those concerning sexual harassment, as well as anti-retaliation policies related to whistleblowers. The Board, the Sustainability and Innovation Committee, the Compensation Committee and the Finance Committee all play a role in overseeing strategic risk management.

The scope and severity of risks presented by cyber threats have increased dramatically, and constant vigilance is required to protect against intrusions. We take cyber threats very seriously and regularly audit our cybersecurity capabilities. These audits are a useful tool for ensuring that we maintain a robust cybersecurity program to protect our investors, customers, employees and intellectual property. The Audit Committee reviews our cybersecurity practices

periodically, at least twice each year, with reports made to the Board as needed.

We also maintain an industry-leading cybersecurity insurance program with many of the world's largest and most respected insurance companies. Additionally, we are a founding member of the Board of the Automotive Information Sharing and Analysis Center. Our current seat on that Board ensures that we preserve relationships that help to protect ourselves against both enterprise and in-vehicle security risks.

To see a summary of the functions of each of our Board committees, please see pages 13–15 of our [2021 Proxy Statement](#).

- ➔ [Charter of the Audit Committee](#)
- ➔ [Charter of the Compensation Committee](#)
- ➔ [Charter of the Finance Committee](#)
- ➔ [Charter of the Nominating and Governance Committee](#)

Oversight of Risk Management		
	Compliance and Reporting	Operating and Strategic
Ford Board Oversight	Audit Committee	Sustainability and Innovation Committee Compensation Committee Finance Committee
Ford Management Day to Day	Compliance Reviews Sarbanes-Oxley Compliance Internal Controls Disclosure Committee	Business Units and Skill Teams Operations Flash Special Attention Review Product, Strategy and People Forums

Risks and Opportunities

The most significant risk factors of relevance to our business are outlined below.

Operational Risks

The Plan: Our long-term competitiveness depends on the successful execution of [The Plan](#), our strategy for the global redesign of our business. We will also need to rely on relationships with third parties and joint ventures, which could affect our financial or operational results.

Climate Change: Extreme weather events such as storms or floods can disrupt production or component supplies, while droughts can affect our access to water for our operations, especially in water-scarce areas. The risks and opportunities associated with climate change shape the way we do business, from offering electric versions of our popular models to a global carbon reduction strategy focused on a move toward renewable electricity.

Public Health Issues: Our financial condition and results have been, and may continue to be, adversely affected by public health issues, including epidemics or pandemics such as COVID-19. The impact of COVID-19, including changes in consumer behavior and market downturns, as well as restrictions to business and individual activities, has created significant volatility in the global economy and reduced economic activity.

Safety Recalls: Government safety standards require manufacturers to remedy defects related to [vehicle safety](#) through safety recall campaigns. Our vehicles could be affected by defects that result in delays in launches, recall campaigns or increased warranty costs.

Reliance on Suppliers: We depend on our [supply chain](#) to deliver components for our vehicles. Our products contain

components sourced from suppliers that, in turn, source components from their suppliers. A shortage of key components can disrupt the production of vehicles.

Cybersecurity Risks: As we develop and produce vehicles with [increased connectivity](#), operating and security systems are more at risk from potential disruptions. We rely on information technology networks and systems, including in-vehicle systems and mobile devices to process, transmit and store vital data. Despite [data privacy and security](#) measures, we are at risk of outages, cyberattacks, security breaches or natural events, all of which could impact operational systems, compromise sensitive or personal information, or negatively affect the performance and safety of our vehicles.

Workforce Stability: Our ongoing success depends on our ability to continue to recruit and retain a talented and [diverse workforce](#) that is highly skilled in engineering, software, technology and other areas. Competition for such talent is intense, and the loss of existing employees or an inability to recruit new employees could have an adverse effect on our business. Read more in the [Form 10-K](#).

Macroeconomic, Market and Strategic Risks

Market Competition: Our products and services are subject to market acceptance and competition from other players in the automotive and mobility industries. Although we conduct extensive market research before launching a vehicle or service, many factors within and outside our control can affect their success. For example, a shift in consumer preferences away from larger, less [fuel-efficient vehicles](#), due to rising fuel prices, a decline in the construction industry, or government actions or incentives could adversely affect our financial condition or operations.

Geopolitics: With our global footprint and the increasing interconnectedness of the global economy, a geopolitical crisis or changes to/withdrawals from existing trade agreements could have an immediate and material impact on our results. The U.S. government has considered applying tariffs on automobiles, parts and other materials that could disrupt existing supply chains, impose additional costs on our business, affect demand for our products and make Ford less competitive. The competitive regulatory landscape in China also presents a unique risk.

Financial Risks

Market Disruption: Our business is susceptible to credit rating downgrades, market volatility, market disruption and regulatory requirements. If these events occur, Ford Credit may reduce the amount of receivables it purchases or originates because of funding constraints.

Government Incentives: We receive economic benefits from national, state and local governments around the world in the form of grants, loan subsidies and tax abatements. These incentives encourage manufacturers to establish or increase investment, workforce and production, and a decrease or expiration in such incentives could impact Ford's financial condition significantly.

Credit: Ford Credit could experience higher credit losses, lower residual values or higher return volumes for leased vehicles. A customer's or dealer's failure to make payments according to contract terms would significantly impact Ford Credit's business. This is heavily dependent upon economic factors such as unemployment, consumer debt service burden, personal income growth and used car prices.

Pension and Post-Retirement Plans: The measurement of our obligations, costs and liabilities associated with benefits related to our pension plans requires us to

estimate the present value of projected future payments to all participants. If our cash flows were insufficient to meet our pension obligations, we could be forced to reduce or delay investments and capital expenditures, suspend dividend payments or seek additional capital.

Legal and Regulatory Risks

Litigation: We spend substantial resources complying with safety, emissions and other standards and regulations. However, we cannot ensure that employees or individuals affiliated with Ford will not violate these regulations. Compliance does not necessarily prevent individual or class action lawsuits, which can pose a significant risk.

Product Modifications: The automotive industry is subject to safety, emissions, fuel economy and other regulations that govern product characteristics, and these can differ locally, regionally and nationally. New regulations are continuously being proposed to address environmental concerns (including those relating to global climate change and its impact), vehicle safety and energy independence, and the regulatory landscape can change quickly. To comply, we may need to substantially modify product plans.

ESG Disclosure: The EU Sustainable Finance Disclosure Regulation (SFDR) came into force on March 10, 2021, imposing environmental, social and governance (ESG) disclosure and reporting requirements on financial services participants, including investment firms and fund managers. The SFDR introduces disclosure obligations at both a firm and product level, requiring asset managers to disclose how sustainability risks are incorporated in their decision-making or outline the environmental or social benefits of certain products.

➔ **For more information, see Item 1A of our [Form 10-K](#)**



➔ [Learn more about Sustainability Governance](#)

Transparency and Trust

We always keep ethics and compliance at the heart of our business practices, as we believe that trust in our brand is earned by serving others with integrity and competence.

Trust

From the start, Ford was more than a company; it was a social institution in the service of people everywhere, an agent for the greater good. This is embedded in our long-held family-company beliefs, our consistent demonstration of American ideals, and our commitment to progressive environmentalism and community partnership.

This blend of service, integrity and competence is what the world of the 21st century is demanding. Today, to trust a brand, stakeholders must see and feel that it is obsessed with understanding them and serving them. Trust is a catalyst. Trusted people inspire trusted actions, which inspire trusting relationships. Our company's strong commitment to earning the trust of our stakeholders is critical for our long-term success. We keep ethics and compliance at the heart of our business practices. We understand being transparent assures that we are accountable to our commitments, and demonstrates our integrity and ability to meet our stated goals.

Ethics and Compliance

Our Corporate Compliance, Ethics and Integrity Office provides training and communication tools to help our people

comply with our policies and their legal obligations. Our policies formally set out the expectations we have for our employees and others working on our behalf. The most important of these are contained within our [Code of Conduct Handbook](#), available to employees in 14 languages. These expectations are reinforced in mandatory online training courses, which are periodically refreshed and reviewed to ensure the content remains relevant and appropriate.

We conduct periodic assessments and, as part of the process, we update and reissue policies as necessary. All corporate policy letters and directives are being replaced with new corporate policies. This year, the company will issue several new policy documents, including the [We Are Committed to Protecting Human Rights and the Environment Policy](#). This policy replaces our Policy Letter 24: Code of Human Rights, Basic Working Conditions and Corporate Responsibility.

Reporting Violations

Our compliance program facilitates the confidential reporting of known or potential violations of the law or of our policies. Our people can report violations directly to Human Resources or the Compliance, Ethics and Integrity Office, as well as the Office of General Counsel or the General Auditors' Office. Violations can also be reported using the [SpeakUp](#) reporting mechanism, telephone hotlines, websites or email, some of which allow for anonymous reporting. External stakeholders may report by emailing SpeakUp@ford.com.

All reports are reviewed and addressed, and corrective or disciplinary action is taken where appropriate. A cross-functional committee oversees this process.

Anti-Bribery and Anti-Corruption

Our many facilities around the world need to comply with a wide range of laws and government enforcement practices regarding

bribery and corruption. We maintain the highest standards wherever we operate and do not allow bribery or corruption, even when it may be tolerated or condoned.

To ensure this, we have:

- Put clear anti-bribery and anti-corruption policies in place
- Established procedures for the mandatory reporting of suspected violations of laws or policies
- Included anti-bribery and anti-corruption elements in our Global Terms and Conditions and other contracts
- Assessed our operations for bribery and corruption-related risks
- Trained individuals who may encounter bribery or corruption issues in their work

Political Spending Disclosures

Ford believes that government relations plays a key role in supporting regulations and legislation that govern our business now and into the future.

Our efforts and programs to encourage employee participation in political and governmental affairs must fully respect the rights of employees to use personal time as they choose and to decide the extent and direction of their political activities.

Managers are expected to keep informed on government matters affecting the company's interests and, where appropriate, to help formulate and present its position on relevant public issues. They also are expected to support our responsibilities as a corporate citizen, including participation in constructive government activities on behalf of the company.

We do not make contributions to political candidates or political organizations, nor otherwise employ resources to help elect candidates to public office.

➔ [2020 Political Engagement Report](#)

Ethical Conduct

Employees and officers of the company, including the CEO, senior financial and accounting personnel and directors, must abide by the company's Code of Ethics.

Codes of Conduct

We have published on our website (www.corporate.ford.com) our Code of Conduct Handbook, which formally sets out the expectations we have for our officers, employees and others working on our behalf. The Handbook helps all Ford employees around the world understand and follow our policies, procedures and business practices, so that we can compete ethically and fairly at all times.

We also publish a code of ethics for directors, and a code of ethics for our Chief Executive Officer (CEO) as well as senior financial and accounting personnel.

Any waiver of, or amendments to, the codes for directors or executive officers, including the CEO, the Chief Financial Officer and the principal accounting officer,

must be approved by the Nominating and Governance Committee, and any such waivers or amendments will be disclosed promptly by the company by posting such waivers or amendments to its website. The Nominating and Governance Committee also reviews management's monitoring of compliance with our Code of Conduct.

- ➔ [Code of Conduct Handbook](#)
- ➔ [Code of Business Conduct and Ethics for the Board of Directors](#)
- ➔ [Code of Ethics for Senior Financial Personnel](#)

Discrimination and Harassment

👤 [Salient human rights issue](#)

Discrimination is a salient human rights issue at Ford, and we have a strong zero tolerance policy. We don't allow any form of harassment, prejudice, intimidation or violence, including but not limited to gender, gender identity, race, color, religion, age, national origin, sexual orientation, disability or veteran status. Our [Culture Operating System](#) proactively measures the transformation of Ford to create and enhance a culture of mutual respect and acceptance to help eliminate harassment and discrimination. This system is being implemented globally.

As part of this implementation, we provide access to necessary accommodations and basic services in the workplace, like assistive technology and spaces like breastfeeding rooms and changing areas. We completed mandatory anti-harassment training of all global employees in 2020.

In addition, we are implementing a number of actions to build a culture around mutual respect in all our manufacturing facilities globally. These include:

- Culture Playbook, which includes training on root cause analysis and leadership engagement
- Sensitivity training for vehicle launch teams
- Compliance with U.S. State-specific mandated anti-harassment training
- Reporting governance of harassment and discrimination, reviewing quarterly with Ford's Executive Leadership Team and Board of Directors

➔ [Find out how we are creating a culture of belonging](#)

Public Policy

National governments make decisions that impact our activities every day. As a global business, we acknowledge our responsibility to input into those decisions and use our influence to inform any subsequent policies.

Supporting the Policy-Making Process

We participate openly in the political process, supporting the development of local, regional, national and international policies that affect our company, customers and communities. We share our expertise and add our perspective through our Government Relations offices around the world.

To leverage our resources more effectively on priority issues, we work with external partners through a wide range of coalitions, industry groups and trade associations. This helps us develop and promote policies that could benefit our company, our industry and society as a whole.

Association Position-Evaluation Process

Ford advocates for positions that are science-, market- and performance-based, environmentally sustainable, technologically agnostic and harmonized. If an association's position does not align with our criteria, we respond appropriately, at times advocating for our position independently. We will conduct an internal audit of associations' lobbying positions and our responses annually. The results of the audit will be reviewed with our leadership.

➔ [2020 Political Engagement Report](#)

Corporate Policies

We use corporate policies to establish a framework of broad, basic principles within which we conduct our business across the world. These materials also provide more in-depth information on certain topics and specific business segments.

➔ [Read more about our policies](#)



Power To Create

Economic and Innovation

Under The Plan to turn around and grow Ford, we are improving quality, reducing costs, restructuring underperforming businesses, and modernizing and simplifying how we operate. This will help us continue to exceed customer expectation and deliver sustained, profitable growth.

“

We will unlock tremendous value for stakeholders by developing and delivering must-have electric vehicles and connected services in mainstream segments where millions of customers already rely on Ford – pickups, commercial vehicles and SUVs.”

John Lawler, Chief Financial Officer

Economic and Innovation Overview

We're streamlining our global business.

We regularly make changes in how the company is organized and operates, to ensure we deliver excellence that benefits customers and brings sustained, profitable growth.

We're moving with urgency to turn around our automotive operations.

We will compete like a challenger by improving quality, reducing costs and accelerating the restructuring of underperforming businesses.

We're allocating more capital, resources and talent to our strongest businesses and franchises.

We're leaning into Ford's strengths by investing in electric vehicles (EVs) and expanding our leading commercial vehicle business.

We're targeting consistent operating performance.

The Plan to turn around Ford includes an 8 percent target for adjusted earnings before interest, and to reallocate profit and capital from a far healthier core business toward exciting growth opportunities that will unlock long-term value.

We're changing our operating model to deliver on these new priorities.

We're concentrating decision-making and accountability into three regional business units, accelerating innovation in our connected and autonomous vehicle businesses, and embracing technology, data and software in new ways.

[➔ Read more about our purpose and our Plan](#)



Image: See disclaimers on page 83.

Sustainable Development Goals

Through our economic and innovation activities, we are contributing to the following UN Sustainable Development Goals (SDGs):



Financial Highlights

Revenue	Net Income Attributable to Ford	Company Adjusted EBIT ¹
\$127.1B	\$(1.3)B	\$2.8B
(2019: \$155.9B)	(2019: \$47M)	(2019: \$6.4B)
Company Adjusted EBIT Margin ¹	Company Adjusted Free Cash Flow ¹	Adjusted Earnings Per Share ¹
2.2%	\$0.7B	\$0.41
(2019: 4.1%)	(2019: \$2.8B)	(2019: \$1.19)

➔ For more detailed information, please refer to our [Form 10-K](#)



Transforming for Sustained Growth

Despite the challenges of COVID-19, we finished the year in a strong financial position. In 2021, we will focus on investing in growth areas, including EVs, self-driving vehicles and connected solutions.

Our most recent financial results provided early evidence that we're making progress against The Plan. We have made significant progress in our global redesign. During the period from 2018 through 2020, we incurred \$7.1 billion in earnings before interest and taxes (EBIT) charges and \$1.6 billion of cash effects related to our global redesign, reshaping our portfolio, geographic footprint and industrial footprint.

Capital Allocation

As we lead the transition to electric vehicles, we have recently announced a commitment to increase our planned investment in [electric vehicles](#) to more than \$22 billion and to increase our planned investment in [self-driving technology](#) to \$7 billion through 2025.

We are also investing more than \$3.2 billion in our North America manufacturing facilities. Plants in Kansas City, Missouri, Dearborn, Michigan, and Oakville, Ontario, will support the first phase. These investments will contribute to new jobs and expand EV manufacturing.

- We have invested \$700 million in the new Rouge Electric Vehicle Center, to support battery assembly and the production of the all-new fully electric F-150s, and plan to add 200 permanent workers to the previously announced 300 new roles

- A \$100 million investment will support the manufacture of the all-new E-Transit at our Kansas City Assembly Plant, adding 150 full-time jobs
- We are investing \$150 million in our Van Dyke Transmission Plant in Sterling Heights, Michigan, to build e-motors and e-transaxles, and \$1.35 billion to build the next generation of battery electric vehicles (BEVs) at the Oakville Assembly Complex

We have also committed a further \$1 billion to upgrade our manufacturing operations in South Africa, and our drive to a [fully electric future in Europe](#) is spearheaded by a \$1 billion investment in Cologne, Germany, which will transform the existing vehicle assembly operations into the Ford Cologne Electrification Center. Our first European-built, all-electric passenger vehicle will roll off the line from 2023.

In South Africa, we plan to hire an additional 1,200 team members to support expanded production, bringing our workforce in the country to 5,500 employees. The investment also will create an estimated 10,000 new jobs across Ford's local supplier network.



Our transformation of our Cologne facility, the home of our operations in Germany for 90 years, will be one of the most significant Ford has made in over a generation. It underlines our commitment to Europe and a modern future with electric vehicles at the heart of our strategy for growth."



*Stuart Rowley, President,
Ford of Europe*

¹ See [Form 10-K](#) page 69–72 for definitions and reconciliations to GAAP (US Generally Accepted Accounting Principles).

Restructuring Our Regional Businesses

In January 2021, we announced that we will be ceasing production operations in Brazil. With more than 100 years of operations in South America, this is a very difficult but necessary action, as persistent slow sales and years of significant losses were amplified by the COVID-19 pandemic.

We remain committed to South America customers with a leaner, asset-light business to ensure a healthy and sustainable future, with full sales, service and warranty support. We will maintain the product development center in Bahia, the proving ground in Tatuí and our regional Brazil headquarters in São Paulo. Our portfolio of SUVs, pickups and commercial vehicles in South America – including the next-generation Ranger pickup, new Transit van, Bronco and Mustang Mach 1 – will continue to be available in these markets.

In Western Europe, we have reduced our workforce by approximately 10,000 people (20 percent) and closed six plants, resulting in \$1.1 billion annual structural cost improvement. We have also reduced the workforce in Russia by 2,000 people and consolidated our development teams.

➔ [For more detailed information, please refer to our Form 10-K](#)

Refreshing Our Product Lineup

We are in the middle of one of the most extensive product overhauls in the company's history, and under The Plan, this will add more vehicles to our global lineup. We're developing new products that build on our legacy nameplates; explore [new powertrains and fuels](#); and deliver reliability, capability and performance to our customers at every price point.

The vehicles we're bringing to market will allow more people to work, move and play effectively and efficiently in a rapidly changing global transportation network. Ford vehicles are increasingly better for the planet, they're fun to drive, and they're designed around the needs and expectations of new and existing customers. In short, they are vehicles our customers can't live without.

We're injecting life into our lineup with new, more capable vehicles with better margins. As the U.S. sedan business continues to decline, the demand for SUVs and trucks continues to grow – and Ford now has more of these products to meet that demand.

Commercial vehicles (CVs) are also a key element of our future plans, and we have already made changes to create a separate CV business in North America. New, all-electric versions of the Transit and F-150 are set for launch in 2021 and 2022 respectively.

In 2020, we achieved our sixth successive year as the leading commercial vehicle sales brand in Europe. Growth in our strong CV business is key to European profitability, supported by new products and services. We have an extensive network of CV converter partners, and our strategic alliance with Volkswagen and our Ford Otosan joint venture provide cost-effective vehicle development and sourcing.

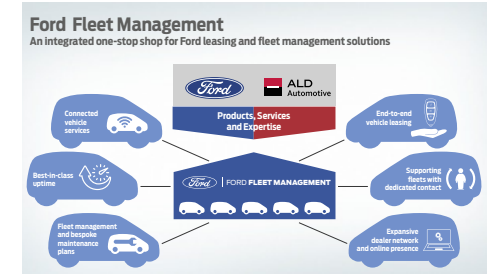
➔ [Learn more about our customer experiences](#)

Partnering to Serve Customers Better

We are partnering with Volkswagen to utilize its [electric vehicle platform in Europe](#) and develop CVs as ways to reduce our structural costs and benefit from economies of scale. Separately, Ford and Volkswagen expanded their global collaboration to advance autonomous driving and will work with Argo AI to

independently develop autonomous vehicles at scale based on Argo AI's innovative self-driving technology. These collaborations are bringing benefits in terms of cost efficiencies, added scale and reach, shared expertise and building the best overall customer experience.

Combining our capabilities with those of ALD Automotive, a well-established mobility partner in Europe, we are developing an [integrated leasing and fleet management solution](#) for customers in Europe.



Portfolio Highlights

D-Ford, our human-centered design process, is focused on delivering vehicles created with the customer in mind.

- The highly anticipated all-electric Mustang Mach-E SUV is on the road in both North America and Europe, bringing the power and feel of the classic Mustang while a new Mustang Mach-E GT Performance Edition will arrive later this year
- “Built Ford Tough,” the **F-150** offers Pro Power Onboard to suit any construction site job, and a fully electric model will follow by mid-2022
- The best-selling commercial van in the U.S. – the Ford Transit – will debut an all-electric **E-Transit** in the U.S. and Canada for the 2022 model year, helping businesses achieve sustainability goals and potentially lower cost of ownership and helping cities improve air quality and reduce noise levels*
- We launched the **Escape**, **Explorer** and **Aviator** last year, meeting customer desire for individuality and fun, as well as quality, performance and safety
- Other 2020 product launches included the all-new **Bronco Sport** four-door SUV
- Now available for customers across Europe, the **S-MAX Hybrid** is the first electrified S-MAX sport vehicle, offering seven-seat practicality and full hybrid convenience
- The 2021 Ford Escape Hybrid has an available estimated range of more than 900 kilometers per tank*
- In October 2020, we announced that 100 percent of petrol-engine **Mondeo** production will switch to full hybrid powertrains
- Ford Thailand launched the new **Ranger** and **Everest** in late 2020, with new safety features and enhanced powertrains for greater on- and off-road drivability

➔ [Read more about our lineup of vehicles online](#)

The new company, Ford Fleet Management, will offer both commercial and passenger vehicles through our network of dealers, direct contact and digital platforms. The shareholder agreement, signed in July 2020, will bring our product expertise and connected vehicle capabilities together with ALD Automotive's global scale and leasing and management knowledge.

Through a new and unique collaboration, we will apply the best of Google's artificial intelligence, machine learning and world-class expertise in data analytics as we modernize our business through electrification, connectivity and self-driving.

➔ [Read a case study about our partnership with Google](#)

Adapting to Changing Customer Needs

The global COVID-19 pandemic created disruption to society as a whole, as well as to our business. We have been agile, flexible and creative in finding solutions that meet our customers' evolving needs and expectations.

As many countries went into mandatory shutdowns, our dealers remained open to maintain emergency response vehicles. We also expanded our mobile maintenance pilot program (see case study right), and with many customers financially affected by the pandemic, Ford Credit's "[Lend a Hand](#)" program gave existing U.S. customers the option to defer payment.

➔ [Read more about our community support during the pandemic](#)

Keeping Delivery Vans on the Road

During the pandemic, keeping first responders, delivery drivers and other key workers moving has been more important than ever. To ensure this, we increased our Mobile Service program in the U.K. by a third, with 130 active vehicles now in operation.

Launched in 2016, mobile vans bring maintenance and repair tools and parts to commercial fleet customers. Owners

can organize visits at home or at work, minimizing downtime.

The U.K. model has since been adapted for U.S. retail and fleet customers. Starting as a six-dealership pilot in 2019, there are now close to 200 mobile units across the country, and 20,000 repair orders were completed during 2020. Plans to significantly expand the program are underway.



Contact-Free Car Delivery

We know that customers want to feel safe when buying a new car. To encourage more dealers to offer contactless services, we developed a bonus payment structure for those that brought the entire purchase process online throughout March and April 2020. As a result, 90 percent of Ford dealers in the U.S. now offer remote pickups and deliveries.

Our luxury division, Lincoln, has stepped up as well, with the U.S.-wide launch of its "Effortless Sales Experience." Through this initiative, Lincoln has partnered with

AutoFi to guide clients virtually through transactions in their own time. Once a customer has decided on a purchase or lease, Lincoln delivers the vehicle straight to their door. The Lincoln Showcase service allows customers to book a personalized digital walk-around tour with a Lincoln employee.

Thanks, in part, to this attention to safe customer experiences, Lincoln was awarded the top spot in Sales Satisfaction among Luxury Brands in the [J.D. Power 2020 U.S. Sales Satisfaction Index Study](#).

Consistent Operating Performance

Ford is actively evaluating its global businesses, making choices and allocating capital in ways that advance our goal of an 8 percent company-adjusted EBIT margin and consistently strong adjusted free cash flow.

Financial Flexibility

Amid COVID-19, we are managing our operations in ways that safeguard our workforce, our customers, our dealers and our business. We will always do what we believe is right and for the greater good.

We plan to emerge from the pandemic a stronger company and be an engine for the recovery of the economy. Like most other businesses, COVID-19 has reshaped the environment in which Ford operates. We are continuing to prioritize keeping people safe, customers served and our supply chain functioning.

In March 2020, we suspended our dividend to provide financial flexibility. We also drew down \$15.4 billion from our corporate revolving line. The strong cash flow in the third quarter gave us the confidence and the ability to fully repay the entire facility, and we ended the year with a strong balance sheet, including nearly \$31 billion in cash and nearly \$47 billion of liquidity. We are able to invest in growth and accelerate investment in key areas like electrification and connected services.

➔ [For more detailed information, please refer to our Form 10-K](#)

Ford Joins UN Global Compact's CFO Taskforce



We are continuing to prioritize keeping people safe, customers served and our supply chain functioning. In 2020,

Ford became a signatory to the United Nations (UN) Global Compact's CFO Taskforce, a multisector group of corporate finance leaders established to mobilize toward sustainable development.

Investors and governments recognize that companies can reshape the future of corporate finance as a catalyst

for growth, value creation and social impact. And as the stewards of trillions of dollars, Chief Financial Officers (CFOs) have a particularly critical role to play in aligning financial strategies to the UN SDGs.

The task force will run for two years, providing a platform for CFOs to interact with their peers, investors, financial institutions and the UN to share ideas and develop new concepts and frameworks. The platform also facilitates collaboration on unlocking private capital and mainstream investments that will contribute to the 2030 Agenda for Sustainable Development.



Maintaining Exports With a UKEF Loan

With 85 percent of the engines and 100 percent of the transmissions we build being distributed to 15 countries on six continents, exports constitute a significant portion of our business. In recognition of this success, we are proud to have received a £500 million guarantee from U.K. Export Finance (UKEF) for a £625 million loan facility from commercial banks

using its Export Development Guarantee scheme.

This loan will support our continuing focus on exports, primarily of engines. It will also help us upskill our U.K. workforce and further develop the Ford Britain Dunton Campus as a global leader in commercial vehicle (CV) development.

Other Regional Highlights

As part of [The Plan](#), we are refocusing decision-making and accountability into our regional business units. We are also evaluating all our operations around the world, restructuring underperforming businesses and allocating capital and resources in ways that [improve revenue, customer value, margins and cash flow](#).

Europe

Having successfully restructured and returned to profitability in Europe in the fourth quarter of 2020, we are moving to the next phase, an all-electric future, to further turn around our automotive operations. By 2026, all our passenger vehicle sales in Europe will be zero-emissions capable, all-electric or plug-in hybrid, moving to all-electric by 2030. Our entire CV range in Europe will be zero-emissions capable – all-electric or plug-in hybrid – by 2024, and two-thirds of our CV sales are expected to be all-electric or plug-in hybrid by 2030.

Our commercial vehicle business continues to flourish, with 2020 marking the sixth consecutive year of European market leadership. Puma and Kuga are leading the charge on our SUV growth, and our electrification plan is accelerating with the launch of the award-winning Mustang Mach-E. We are investing \$1 billion to transform our vehicle assembly facility in Cologne, Germany, into the Ford Cologne Electrification Center.

➔ [See Capital Allocation for more information](#)

In July 2020, we announced the creation of Ford Fleet Management. This new company is a joint venture with our mobility partner in Europe, ALD Automotive.

➔ [Read more about our connected commercial vehicles](#)

China

The electric vehicle (EV) landscape in China is changing. As part of the Ford China 2.0 Transformation Blueprint, we will pursue a flexible EV business model, creating a center of competence to deliver on – and accelerate – our commitment to introducing a broad range of EVs to China, including plug-in hybrids and all-electric vehicles, leveraging our global and local relationships and resources. As part of this evolution, we have launched a fully electric SUV Territory EV, and the Mustang Mach-E was unveiled at Auto China 2020 in Beijing in September, offering Chinese customers the best of Ford's performance heritage and modern innovation. The all-electric SUV will go on sale during 2021, with service tailored to local customers. We are also partnering with leading charging network operators in the country in a pilot to provide access to public charging stations.

Lincoln is working with mobility platform DiDi to offer an innovative service that allows more consumers to experience Lincoln products and the "Lincoln Way." In May 2020, a fleet of chauffeur-driven Lincoln Continentals and Aviators were deployed in Beijing, Hangzhou, Guangzhou and Chengdu for customers to book through the DiDi and Lincoln Way apps. Later in the year, Lincoln extended the service to offer short-term rentals with free pickup and delivery.

We launched the China-exclusive, fully electric 2020 Territory EV, the first full battery electric midsize SUV developed by a joint-venture original equipment manufacturer (OEM) in China, along with industry-first service packages including unlimited public charging.



International Markets

We are investing \$1 billion (R15.8 billion) in our manufacturing operations in South Africa. The investment in technology, upgrades and new facilities at the Silverton Assembly Plant in Pretoria will support the production of the all-new Ranger and create 1,200 new jobs, as well as an estimated 10,000 positions across our local supplier network. We have also embarked on a major renewable energy program at Silverton, of which the first phase is the creation of one of the largest solar carports in the world.

With 44 consecutive years as America's best-selling truck,* the Ford F-series has continually raised the standards expected of all light-duty trucks. Now, the all-new F-150 is available at dealers across the Middle East. We have also introduced two all-new Explorer models – the Explorer ST and Explorer Hybrid – to showrooms in the region.

In India, we elected not to proceed with a joint venture with Mahindra. This was driven by fundamental changes in global economic and business conditions, in part from the COVID-19 pandemic. While we are continuing our independent operations in India, we are actively evaluating alternatives and reassessing capital allocation in the country.

In Thailand, our Auto Alliance factory signed an agreement with the WHA Solar Company to build and maintain a solar rooftop installation of around 45,000 m². This source of [renewable electricity](#) will help reduce production costs and offset CO₂ emissions.

Leading the Electric Revolution

Modernizing everywhere is helping us to lead the electrification revolution. We recently announced an increase of our planned investment in electrification to more than \$22 billion through 2025.

Making Life Electric: Our Electrification Strategy

Global demand for cleaner transportation is rising, with several countries – including China, India, France and the U.K. – announcing plans to phase out vehicles powered solely by combustion engines by 2040. In support of that goal and our [2050 carbon neutrality aspiration](#), we are accelerating our shift to [electric vehicle manufacturing](#) and plan to deliver EVs at scale, focusing on North America, Europe and China. By 2026, all our passenger vehicles in Europe will be zero-emissions capable, all-electric or plug-in hybrid, and 100 percent all-electric by 2030.

To support our electrification shift, we are [investing in plants](#) to produce a profitable portfolio of hybrids, plug-in hybrids and all-electric vehicles that meet our customers' evolving needs, as well as in robust charging networks to simplify the transition to an electric lifestyle.

Commercial vehicles (CVs) are also a key component of our electric approach. In Europe, our CVs will be zero-emissions capable – all-electric or plug-in hybrid – by 2024, and two-thirds of our CV sales are expected to be all-electric or plug-in hybrid by 2030. The all-electric [E-Transit](#), coming for the 2022 model year, is intended to help businesses improve their performance, capability and productivity, as well as to help us progress toward [carbon neutrality](#).



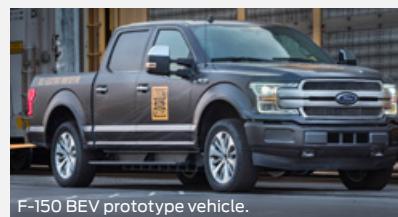
Playing to our strengths, we have made significant investments in the electrification of our most popular nameplates.



Mach-E Makes Its Mark

The all-electric Mustang Mach-E was launched in North America in late 2020 and early 2021 in Europe, and will arrive in China later this year.

[➔ Learn more about the Mustang Mach-E](#)



F-150 BEV prototype vehicle.

F-150 Goes All-Electric

In September 2020, we celebrated the start of construction on the new Rouge Electric Vehicle Center, which will produce the forthcoming all-electric F-150 by mid-2022. The new, all-electric F-150 will be smart, connected and, of course, Built Ford Tough.




















E-Transit Gives Commercials a Boost

We unveiled our plans for the E-Transit in November 2020, a new, all-electric and zero emissions version of our best-selling cargo van. The E-Transit will arm fleet owners with technology solutions like in-vehicle high-speed data architecture and cloud-based services to offer new ways to help optimize fleet performance.

[➔ Watch a short video about the E-Transit](#)

* See disclaimers on [page 83](#).

Announced Ford Global Electrified Lineup

Full Hybrid	Plug-In Hybrid	All-Electric
 Mondeo  Escape/Kuga	 Mondeo  Escape/Kuga	 Mustang Mach-E  Territory
 Explorer  F-150	 Explorer  Tourneo Custom	 Transit  F-150
 Corsair	 Territory  Aviator	 New Model on VW Platform
	 Corsair	

Additional, unannounced products are planned

Our Progress Toward Electrification

	Full Hybrids (HEVs)	Plug-in Hybrids (PHEVs)	All-Electric (BEVs)
Power Sources	Internal combustion engine (ICE), electric motor with a battery system	ICE, electric motor with a high-voltage electric battery	High-voltage electric motor powered by a lithium-ion battery pack
Benefits	<ul style="list-style-type: none"> When using the electric motor and battery system only (e.g., low speeds, short distances), zero gasoline use can be achieved Can run on battery power, on ICE power, or both Regenerative braking system captures energy to recharge the battery 	<ul style="list-style-type: none"> Battery can be charged from a household or public electric outlet When the battery is depleted, the vehicle functions as a standard HEV Accrues charge through regenerative braking Tailpipe emissions can reach zero when running on battery power 	<ul style="list-style-type: none"> High-voltage electric motor powered by a lithium-ion battery pack Lack of tailpipe CO₂ and other emissions during use Instant torque Battery can be charged from a household or public electric outlet

Supporting Charging Infrastructure

One of the biggest barriers to customers considering an electric vehicle has been the fear of running out of energy or the inability to find a charging station on the go. Addressing that concern, we have the largest charging network in North America and are investing in the IONITY consortium in Europe in an attempt to make EV ownership even more accessible and rewarding.

The FordPass Charging Network

Ford customers have simple and easy access to more than 16,000 places to charge (over 47,000 plugs). The growing FordPass™ Charging Network is the largest public charging network in North America offered by automotive manufacturers.*

In Europe, Ford is part of IONITY, which is a joint venture founded by a group of leading OEMs. IONITY has a network of more than 300 high-power charging stations in 14 European countries with a further 50 under construction. The group is planning a further expansion of its high-power charging network in the coming years.

In China, FordPass connects Ford owners with 180,000 public charging sites in more than 300 cities. It also provides users with a “Use First and Pay Later” charging experience – a first in the industry.

In partnership with NewMotion, a leading European smart-charging solutions

provider, Ford customers can use the FordPass app to effortlessly locate, navigate to, pay for and monitor charging at locations across 21 countries.*

Ford has also joined several other manufacturers to create the IONITY consortium. This pan-European joint venture is leading the way with its ever-expanding high-power DC (direct current) charging network (up to 350 kW charging) of more than 300 stations and 1,200 individual chargers along Europe's highways.



IONITY's goal is to have its charging stations situated every 120–150 km, a range that modern electric vehicles can easily cover.*

Charging at Home

- New Ford all-electric vehicles, including the Mustang Mach-E, come with a Ford Mobile Charger that can charge using 120V and 240V outlets. And if customers are looking for a faster home-charging solution, there's the available Ford Connected Charge Station*
- Customers can monitor charging at home through the FordPass app, either on a mobile device or via the vehicle's on-screen dashboard*



* See disclaimers on page 83.

Mobility Solutions

Our vision for future urban mobility is a coordinated transportation ecosystem that addresses challenges such as climate change, air pollution and accessibility by radically improving parking, traffic flow, public transit and deliveries. We're also collaborating directly with municipal authorities and other key stakeholders to help them solve their mobility issues.

We aspire to...



Drive human progress by providing mobility and accessibility for all

The World Is Changing

As personal travel expands to include services, we are investing in our digital capabilities to develop mobility via connected and autonomous vehicle services. Two core elements underpin everything we're doing to ensure our mobility solutions benefit cities and citizens:

- Focusing on the real-world experiences of our customers to help make movement more accessible and seamless
- Improving the safety, efficiency and sustainability of the overall transportation ecosystem

We have engaged many experts outside Ford, and created our own Technology Advisory Council, to gain further insight into how the future might inform what we do today. The main trends in technology align with our core competencies, including digital networks, trust and advanced technology.



Communication in the Cloud

We are leading efforts to build a new vision for urban transport – one that focuses on the individual needs of people who live and work in our cities. By creating new mobility services and solutions, we are improving people's lives and solving major environmental challenges.

Core to our new vision for urban transport is the Transportation Mobility Cloud (TMC), a cloud platform that provides real-time data and operations from connected vehicles. The TMC gives developers and mobility providers tools to better understand, control and remotely update vehicles, enabling them to create a more sustainable, efficient and safe transportation network.

C-V2X: It's Good To Talk

Helped by the rapidly developing 5G network, we continue to lead the industry's rollout of next-generation vehicles using cellular vehicle-to-everything (C-V2X) technology. To optimize safe, efficient travel, C-V2X lets vehicles communicate with other connected objects – from similarly equipped vehicles to pedestrians and even construction sites.

Research to test the technology has commenced in Saline, Michigan, where we have built dedicated infrastructure nodes at two key intersections on Michigan Avenue. These popular areas – busy

with vehicles and pedestrians browsing stores – are the perfect places to trial C-V2X solutions, in collaboration with the Michigan Department of Transportation and our Quantum Signal AI team.

The City:One Program

The City:One program uses a community-centered approach to develop innovative mobility solutions that address safety, sustainability, equity and accessibility to support the ever-changing mobility needs of cities and their residents.

In 2019–2020, we hosted City:One Challenges in four locations: Indianapolis, Michigan Central Station in Detroit, Austin and Mexico City. In working with those communities, we generated more than 400 proposals and secured nearly \$1 million in funding to support tangible and equitable mobility pilots for residents, workers and visitors:

- Good Apple, a farm-fresh food delivery service and Austin Challenge pilot winner, delivered over 110,000 pounds of food to more than 3,570 clients. Good Apple partnered with more than 40 Austin-based organizations and employed over 40 paid part-time workers

C-V2X Deployment in China

Ford is the first automaker in China to commercially deploy C-V2X technology in production vehicle models. Beginning with the recently launched all-new Ford Explorer and Ford Edge Plus, vehicle-to-infrastructure (V2I) features became available to select customers starting in January 2021. Car owners residing in the cities of Wuxi and Changsha, where C-V2X infrastructure is in place, are now able to experience V2I technology on public roads.

- In Mexico City, Mastretta Bikes and FOTCA developed three electric pedicab prototypes that can be adapted to transport people with physical disabilities, directly addressing the Challenge's focus on improving the mobility vulnerable populations
- In Indianapolis and Detroit, Ablelink SmartLiving Technologies partnered with local organizations Easterseals Crossroads and PEAC to pilot its wayfinding app and better understand how to help people with cognitive disabilities to move independently

In response to COVID-19, the City:One team also redeployed resources to support colleagues in Detroit, Indianapolis and Austin to illustrate transit gaps and highlight opportunities for frontline workers to receive mobility support for COVID-19 testing.

Throughout 2020, the City:One team engaged in and led conversations about the role of mobility innovation in racial equity and accessibility at a national level, hosting discussions at [Meeting of the Minds](#) in July and [National Association of City Transportation Officials \(NACTO\)](#) in December.

➔ [Read the Racial Equity in Mobility Innovation report co-published by the City of Austin and Ford City:One](#)

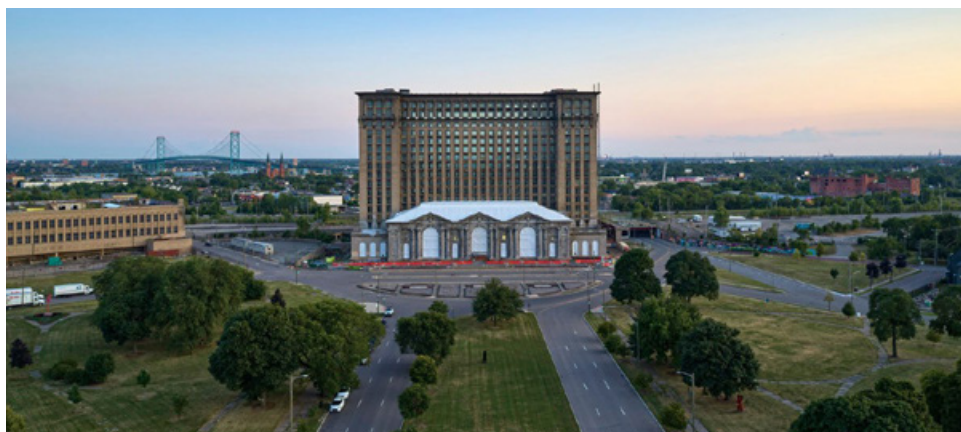
V2I features include timely notifications on traffic-light information, red-light warnings and relevant road infrastructure details to enhance safety and improve traffic flow. Ford will deploy these V2I features to more locally built models, including the all-electric Mustang Mach-E in 2021, to bring smarter, more convenient and safer experiences to China consumers. Ford also continues to expand the C-V2X technology deployment to more cities, in support of China's smart-city development.

Co-creating the Future of Mobility

In 2018, we purchased 1.2 million square feet of land at the historic Michigan Central Station in Corktown, Detroit, with the vision to transform the area into a mobility innovation district.

Called Michigan Central, the district will bring together innovators of the future to incubate and speed development of transportation solutions. Supporting this vision, in 2020, we partnered

with Newlab, a New York-based accelerator, to create two new mobility studios: a corporate studio to address mobility issues on a macro scale, and a civic studio designed to improve transportation in the neighborhoods around Michigan Central Station, upholding our commitment to the local community. The plan is to access a talent pool of 155 start-ups across Detroit and Michigan.



TransLoc Meets Demand

TransLoc provides solutions for transit providers, including flexible routing, fixed-route systems and planning services. Operating under the Ford Mobility umbrella, the platform serves more than 1,500 locations, including, cities, hospitals and universities. The group is the largest provider of agency-owned microtransit systems for municipal transit agencies in the United States.

In light of steep ridership declines in response to COVID-19, transit providers have needed to become more reactive.

This has included reducing fixed-route services. Offering expertise in transit planning, TransLoc worked with customers to offer solutions that help to minimize losses while continuing to provide mission-critical services.

While many TransLoc customers experienced a decline in transit service users, it quickly moved to support consumers with on-demand products. And despite the impact of closed university campuses, the company was named the Most Resilient Company of the Year in the Best in Biz Awards.

With the U.K. launch of a new £100,000 Micromobility Research Fund, we are empowering e-scooter users with the freedom to move around safely. During a year-long project, top U.S. and U.K. researchers and mobility experts will study safety, rider behavior and how to integrate e-scooters into existing road systems and transport networks.



Spin Expands to Europe

During 2020, our electric scooter company Spin continued its European expansion. In addition to 11 German locations, we are now introducing new services to the U.K. In December, a public hire e-scooter trial was launched in Basildon, Essex, with free rides and subsidized fares offered to National Health Service (NHS) workers and low-income riders. In nearby Brentwood and Braintree, the new Spin+ subscription service offers long-term e-scooter hire, complete with insurance, helmet, charging cable, and 24/7 customer service and maintenance.

➔ [Watch a video about how Spin is providing “Everyday Heroes” with safe, clean, socially distant transportation](#)

Self-Driving Vehicles

Our goal is to provide a trusted self-driving service to make people's lives better in the cities where we operate, whether they are hailing a ride or receiving a delivery. Putting Ford in the best place to capitalize on the opportunities offered by self-driving vehicles, we recently announced an increase in our planned investment in self-driving technology to \$7 billion through 2025.

Safety as a Top Priority

Ford plans to launch a self-driving service in Austin, Miami and Washington D.C. in 2022, that can be scaled to other markets quickly.* In the U.S., together with our technology partner Argo AI, we are testing self-driving vehicles on public roads in our three launch cities, as well as in Detroit, Palo Alto and Pittsburgh.

At Ford, we believe self-driving vehicles present an opportunity to significantly improve safety on our streets. Our Autonomous Vehicle Systems Engineering (AVSE) team is developing robust processes to design and deploy safe and reliable self-driving systems, in collaboration with Argo AI.

Every city is unique, which is why we test in a variety of environments. This helps to build a robust self-driving system that will ultimately help us scale our business quickly to additional cities safely.

When testing our self-driving vehicles, we implement strict precautions to ensure safety every step of the way. In addition to using simulation, comprehensive lab studies and proving-ground testing before trialing on public roads, all Ford and Argo AI self-driving vehicles currently have a safety driver and co-pilot on board to monitor the vehicle's performance.

* See disclaimers on [page 83](#).

Separately, to accelerate self-driving vehicle innovation, Ford's Autonomous Vehicle Research team released a comprehensive data package to the academic and research community. Included in this is a year's worth of information gathered by multiple Ford-owned, self-driving research vehicles operating within Metro Detroit. With 365 days of continuously collected data, developers will be able to help improve how self-driving vehicles navigate city streets and create advanced simulations based on real data to drive the future of self-driving.

The Fourth Generation of Self-Driving Test Vehicles

At the heart of a successful self-driving service are state-of-the-art vehicles. That is why, together with Argo AI, we have launched our fourth-generation self-driving test vehicle, built on the Escape Hybrid platform. The Escape Hybrid is also the vehicle we have chosen for our self-driving service launch.

The systems on our fourth-generation self-driving test vehicles are "launch-intent" and have all of the commercial components we believe are needed to bring a service online. What this means is over the next year, our engineers will be able to continuously test and refine performance to prepare us to serve customers in 2022.

The new vehicles come with a range of improvements, including more advanced LiDAR¹ and higher resolution cameras that will help improve detection on all sides of the vehicles. We have also increased battery capacity and integrated an underfloor liquid-cooled battery design, to support the power required by the self-driving system while helping to reduce gasoline consumption.

To keep sensors free of dirt and debris, we have built a refined sensor cleaning system around camera lenses and LiDAR sensors.

Together, these features will contribute to the launch of a safe and reliable service that prioritizes customer experience and safety.

Enhancing Driver Assistance Systems

Ford is collaborating with cutting-edge driver assist technology firm Mobileye, an Intel company, to incorporate its EyeQ® devices and vision-processing software in our self-driving vehicles. These innovative technologies will help improve vehicle performance while gathering situational data to further develop systems and capabilities over time.

Mobileye's systems will enhance both Level 1 and Level 2 driver assistance systems found in Ford Co-Pilot360™ features around the world. For Level 1 driver assistance – which targets processes automating a single part of the driving experience, such as steering or acceleration/deceleration – the software supports features like Lane Keeping Systems and Automatic Emergency Breaking. For Level 2 driver assistance, which addresses fully autonomous driving processes, the software will boost steering and acceleration/braking support.

This technology will initially be deployed in the all-new 2021 F-150 and the 2021 Mustang Mach-E, before being rolled out on future Ford products.

➔ [Read more about our driver assist technologies](#)

Celebrating One Year in Austin

In 2020, we celebrated the one-year milestone since we announced Austin, Texas, as the third city where we will launch our self-driving commercial services, in addition to the Miami, Florida, and Washington D.C. launch. Despite the challenges posed throughout 2020, we have made significant progress to build our business locally.

We established a real estate footprint to support our testing and operations by opening an Autonomous Vehicle Terminal, and invested in a Command Center, the future epicenter of our local self-driving business. We have also built our fleet operations expertise and completed our first pilot – ensuring our vehicles are utilized, sanitized and cleaned will be key to providing a service people value. We have also continued to work closely with our partner Argo AI to develop the self-driving system by testing on the streets of Austin.



Currently, we have over 30 employees in Austin to support our self-driving business operations and testing. Over the next year, we will bring more job opportunities to the community to support our business, continue to collaborate with the City of Austin and maintain an open dialogue with the community.



By customizing Mobileye's excellent software and sensing technology, Ford's great driver assist features will continue to evolve and provide customers with confidence on the road throughout the life of their vehicles."



Lisa Drake, Chief Operating Officer, North America; Vice President, Global Purchasing

Driverless Communication: Using LED Lights To Signal Action

Whether it's a wave of the hand or a nod of the head, drivers communicate with other road users in numerous ways. To explore how this might be replicated with no one at the wheel, we have been testing a 3D LED light bar to convey to drivers, pedestrians and cyclists what actions self-driving vehicles will undertake next.

In an experiment funded by the German Federal Ministry of Transport and Digital Infrastructure (BMVI), Ford collaborated with the Chemnitz University of Technology, sensor provider Intenta and lighting company Lumileds.

The LED lights were programmed to indicate to pedestrians when the vehicle was in "automated driving mode" (lights in the center), when it was about to move (lights flashing in the center) and when it was giving way (lights moving side to side). Soon, participants came to understand and trust the signals, stating that they were clear and intuitive.

➔ [Watch a short video about the new technology](#)

1 Light detection and ranging.



Making a Difference With Driverless Deliveries

At Ford, we believe self-driving vehicles have the potential to make a positive impact in our communities by providing additional access to transportation and deliver services. When COVID-19 restrictions closed schools in 2020, we stepped in to help support Miami-based nonprofit The Education Fund's Food Forests for Schools program, which provides fresh produce to students and their families.

Ford and Argo AI used its Ford Fusion Hybrid self-driving test vehicles to make over 400 contactless deliveries of fresh produce and school supplies over an eight-week period. This was the first time we integrated Argo AI's self-driving capabilities with our customer-facing partnerships. While we were able to support the local community during a difficult time, the program also helped us develop our moving goods delivery service. By operating pilots like this, it provides our team with valuable insights into what is needed to run an efficient self-driving business, and we will continue to operate similar pilots in 2021.

Connected Services

Connected vehicles are key to our transformation, accelerating modernization, quality and distinctive technologies and services for customers.

Our goal continues to be for everyone to enjoy the advantages of a connected vehicle equipped with the latest technology to make life safe, easier and more enjoyable. That's why Ford is one of the only automakers to offer a complimentary suite of key features, including new wireless capabilities to keep vehicles at the forefront of technology, the ability to unlock or start vehicles via the FordPass™ app,* and automatic emergency responder alerts if occupants cannot call for emergency services after a crash.

Still, one of our priorities is to help keep our customers, their loved ones and those around them safe. That's why Ford's SYNC® technology is designed to minimize distractions with hands-free voice commands to make common tasks, such as placing phone calls and changing music, easier.*

Personalizing the Driving Experience

The new F-150 and Bronco two and four-door models will have our popular SYNC 4 technology and the Mustang Mach-E comes with SYNC 4A.* This includes new technology combining conversational speech recognition with internet search results and machine learning intelligence to provide drivers timely and tailored recommendations.

Ford's human-centered technology gives our customers great experiences in our iconic vehicles.

With predictive traffic information, real-time parking availability notifications and access to the largest public charging network in the U.S. via the FordPass app, SYNC's navigation system has been meticulously designed to support the best driving experience possible.*

In 2021, Ford will begin offering advanced software update capability for quick and easy wireless upgrades that enhance features, quality, experiences, capability and convenience.* These updates can help improve the ownership experience and may help reduce the need for repair trips. These bumper-to-bumper updates will continue over the life of the vehicle and keep customers at the forefront of technology – helping Ford build deeper relationships with them.

The process is simple, as customers can pre-program updates to happen while they're sleeping. Many of these updates will save customers time by delivering content or improving vehicles without the need for physical service at a repair shop.

Ford Co-Pilot360™ hands-free driving will be one of the key new features delivered in 2021 by a software update. The advanced technology allows hands-free operation while on more than 100,000 miles of pre-qualified, divided North American highways.* Drivers will be monitored by a camera to make sure their eyes are on the road, with the potential for more enhancements in the future. Approximately 100,000 F-150s and Mustang Mach-E customers are expected to buy this optional feature in the first year of sales.



Traveling Safely in a New Normal

During the COVID-19 pandemic, social distancing posed several challenges for safe public transport. Through our New Norm Mobility Award, design graduates from Staffordshire University in the U.K. were tasked with developing mobility concepts and solutions that balance health and safety concerns with transport requirements. The winning concept, *muvo*, prioritizes secure individual mobility. The self-driving taxi-for-one service features flat surfaces made from easy-to-clean materials that enable efficient disinfecting between journeys. The solution was designed with senior citizens and those with restricted mobility in mind.

* See disclaimers on [page 83](#).



Bringing Commercial Vehicles Online

Since 2018, Ford Commercial Solutions has offered Ford Telematics™ and Ford Data Services™.

Ford Telematics is Ford's fleet management solution that allows businesses to gather, view and monitor data from across their fleet through Ford's factory-installed modems to help improve driver behavior, vehicle health and fleet performance. Ford Telematics has offerings for law enforcement and commercial customers. Fleet managers can analyze their vehicles in one easy-to-use dashboard.

The complimentary Ford Telematics Essentials service for Ford commercial vehicles will also be available from the second quarter of 2021 to provide vehicle health insights and remote viewing of malfunctions.

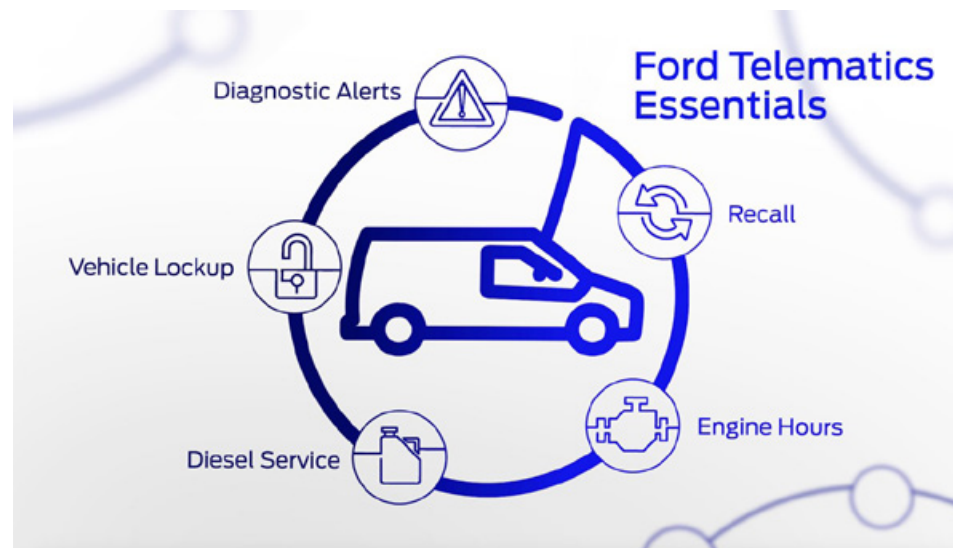
To keep fleets running as efficiently as possible, Ford developed the Ford Fleet Marketplace, a one-stop shop for all of Ford's intelligent fleet management tools and other fleet products. The Marketplace is also where Ford fleet customers can go to select approved third-party telematics service providers and consent to share vehicle data.

Ford Data Services, meanwhile, gives commercial customers the option to work with their own in-house or third-party system providers to access the depth of available fleet management features. It provides manufacturer-grade data from modem-equipped vehicles in a standard format for integration with proprietary software or existing authorized telematics providers, without the need for third-party plug-in devices. As fleets increasingly consider going electric, Ford Commercial Solutions offers a range of dedicated services such as this, which support electric vehicles, including Ford E-Transit.

We want to make the transition to electric vehicles as easy as possible for commercial fleets and businesses, not only by electrifying the vans and trucks they know and trust, such as Transit and F-150, but also by increasing our offering of management tools.

Through Ford Commercial Solutions, we will offer U.S. commercial customers easy-to-use web-based management tools to optimize efficiency. SYNC 4 voice-assist technology supports on-the-road driver coaching training, while a safety alert system allows fleet operators to monitor vehicles in real time, even if they are turned off.*

➔ [Read more about commercial software and connectivity solutions at Ford Commercial Solutions](#)



Sharing Connected Vehicle Data to Help Improve Road Safety

As part of a landmark road safety data-sharing agreement in Europe, we will offer drivers of connected vehicles advance warning of potentially dangerous driving conditions on the road ahead.

Local Hazard Information, introduced on the new Ford Puma in early 2020 and now being enabled on other models, can already warn drivers of dangers around the corner. With this new public-private partnership, other manufacturers' vehicles will be able to share information about such hazards.

Led by the European Commission-backed Data for Road Safety partnership, the agreement follows 16 months of testing, during which tens of millions of Safety Related Traffic Information (SRTI) messages – broken-down vehicles, slippery roads or reduced visibility – were exchanged. Anonymized vehicle data, such as use of fog lights, emergency braking or airbag activation, are shared

via the FordPass Connect modem with SRTI partners, who collate and distribute the information.*

➔ [Watch a short video about Local Hazard Information](#)

“

Systems that share road safety data become more effective with more vehicles and telematics sources included, extending the benefits of this technology to those who do not drive Ford vehicles. This represents a significant step forward.”



Peter Geffers, Manager, Connected Vehicles, Ford of Europe

* See disclaimers on [page 83](#).

Teaming Up With Google on Connected Vehicle Technology

Through a new and unique partnership, we will be able to apply the best of Google's artificial intelligence (AI), machine learning (ML) and world-class expertise in data analytics via a trusted, secure and reliable cloud. This will help us unlock personalized customer experience and accelerate our Plan to modernize our business through electrification, connectivity and self-driving.

To drive further innovation, Ford and Google are forming a new collaborative group, "Team Upshift." Leveraging talent and assets from both companies, Team Upshift projects will push the boundaries of Ford's transformation to drive data-driven opportunities and ownership offers.

We are proud to be working with Google, a company that shares our vision to create automotive technologies to keep people safe and connected on the road. Wireless updates will minimize driver distraction while simultaneously keeping customers at the forefront of technology.

From 2023, Ford and Lincoln customers will start to benefit from this unique digital experience with world-class map and voice assist technology.



We want to make mobility easy and accessible, so we're leading efforts to create safer, more sustainable and efficient transport networks with a range of smart mobility options, including self-driving vehicles and technology.



Parking Made Simple With Automated Valet

We are exploring the future of automated parking in partnership with Bosch and Bedrock. In August 2020, we developed Ford Escape test vehicles to communicate with Bosch's intelligent parking infrastructure within Bedrock's Detroit Assembly Garage. Sensors guide vehicles automatically into free spaces while identifying and avoiding potential hazards and pedestrians. This new technology allows drivers to park using nothing more than a smartphone app, and supports more efficient use of garage space, with automated valet parking able to accommodate 20 percent more vehicles.



Experiencing the Lincoln Way in China

Lincoln is embracing China's status as the world's largest luxury vehicle and mobility services market by partnering with the country's leading mobility platform, DiDi. Customers can now book a luxury chauffeur service or short-term rental with the fleet of Lincoln Continentals and Aviators through the DiDi app, Lincoln Way WeChat Service Account and Lincoln Way app. By the end of 2020, 140,000 rides had been provided by the Lincoln fleet.

Global Data Insight and Analytics

Having invested in creating connected vehicles, a key priority for Ford remains harnessing the data they generate and using it to drive innovative vehicles and services. Guided by The Plan, we will modernize everywhere and embrace the power of new technology to push boundaries.

Data Privacy and Security

The information that customers provide through connected systems helps us deliver value to our customers and dealers, such as great products, personalized experiences and continued innovation.

We take our responsibilities for privacy and security of customer data seriously. Our companywide [governance infrastructure](#) encompasses corporate policies focused on transparency, responsible data handling and use, and choice where appropriate.

We are a founding member of the Information Sharing and Analysis Center ([Auto-ISAC](#)), which gathers, analyzes and shares information to combat cyber-related threats and weaknesses.

Ford has different procedures and policies to ensure data management and the privacy of our employees and customers. Please find additional [data privacy](#) information online.

➔ [Read a case study about Safety Insights, our new web-based software tool that helps city planners improve road safety](#)

In 2021, Ford will begin offering advanced software updates capability for quick and easy wireless upgrades that enhance features, quality, experiences, capability and convenience.* These updates can help improve the ownership experience and may

Wireless Updates

In 2020, we began equipping our U.S. vehicles, including conventional gas engine vehicles, with advanced wireless software update capabilities. These enable quick and easy wireless upgrades that can help enhance quality and capability, as well as improve the ownership experience.

Many updates will be virtually invisible to customers, delivered by innovative cloud-connected and vehicle software platforms.

help reduce the need for repair trips. These bumper-to-bumper updates will download new features over the life of vehicles, keeping customers at the forefront of technology and helping us create deeper relationships with customers. The process is simple, as customers can pre-program many updates to happen while they're sleeping. A number of updates will eliminate the need to go to the shop for repairs.

Machine Learning

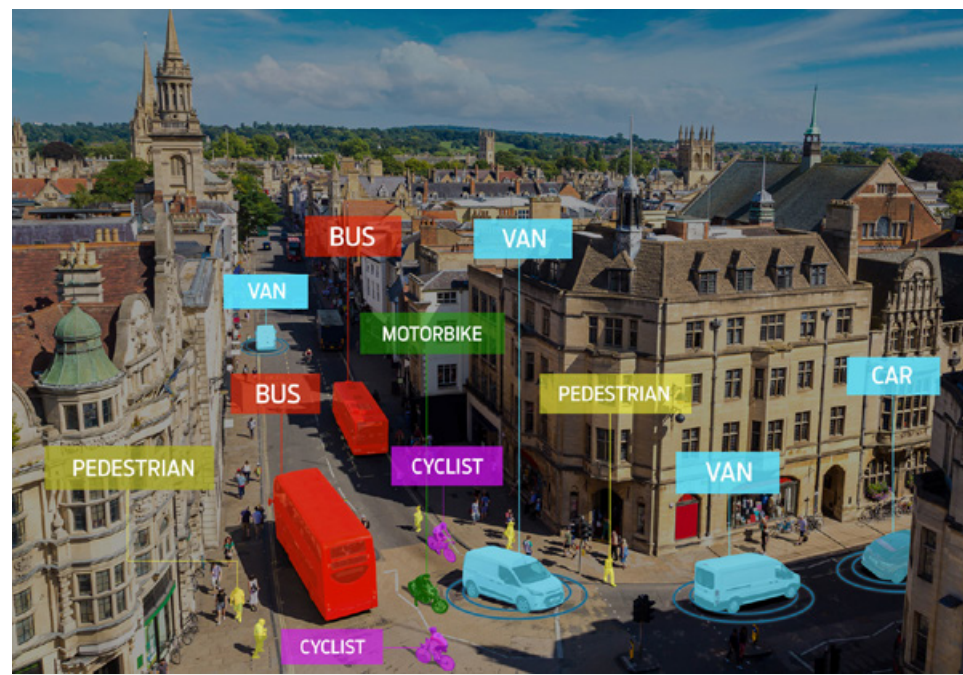
Our 2,000-strong Global Data, Insight and Analytics (GDI&A) team uses state-of-the-art data science and analytics to explore consumer behavior and advance innovation at Ford. This effort helps us to understand and anticipate consumer behavior and accelerate the development of mobility, electrification, connectivity and self-driving solutions to improve people's lives. We are using machine learning (ML) to enhance our vehicles, services and operational efficiency, including in some of the following ways:

- The Business and Sales Planning Analytics group developed an ML model to automate trade-in valuation predictions for customers purchasing the new Mustang Mach-E. The digital tool, which is available on our e-commerce platform, will speed up the valuation process with automated data processing and analysis
- Our new Smart Natural-language Annotation Platform (SNAP) has accelerated document cataloging for analysts at our Automotive Safety Office. The program observes and learns from analysts as they filter and classify records, then automates the process with 90 percent predictive accuracy. Throughout 2020, we introduced SNAP to more departments, tripling the number of users over the year
- We have developed a secure, accurate, in-house system to produce high-quality translations of records in 26 languages. The Neural Machine Translation solution uses machine learning to train customized translation models with Ford-specific text as well as general data. The tool translated nearly 12 million records throughout 2020



➔ [See our Data Privacy Policy for further details](#)

➔ [Read about how we're speeding up the detection of quality issues](#)



Preemptive Action Against Accidents

Aware that more than 1.3 million people are killed on global roads ([WHO](#)), Ford has teamed up with Vivacity Labs, Oxfordshire County Council and Loughborough University in the U.K. to develop a new tool to predict incident hotspots.

The Data-Driven Road Safety Tool will draw information from connected vehicles, smart roadside sensors and local authority data to identify locations that are higher risk for accidents. In an 18-month project, approximately 700

vehicles across Oxfordshire and London will be analyzed for telematics data such as brake and accelerator application and steering wheel angle.

This insight will help develop the digital road safety algorithms into a scalable commercial product, which can then be used by cities to inform preventative safety measures.

➔ [See how we're sharing connected vehicle data to help improve road safety](#)

A photograph of a red car with its rear hatch open. A young boy with brown hair is leaning out of the open rear window, smiling. Inside the car, two other children, a girl with long blonde hair and a boy with curly brown hair, are sitting in the back seat, looking out the window. The background shows green trees and foliage.

A Better World for Generations To Come

Environment

We're making positive contributions to the world around us by reducing the emissions associated with the use of our vehicles, responsibly managing our operations and encouraging best practices among our suppliers.

“

We're committed to carbon neutrality – it's the right thing for our customers, the planet and Ford. Ninety-five percent of our carbon emissions today come from our vehicles, operations and suppliers, and we're tackling all three areas with urgency and optimism.”

*Bob Holycross, Vice President,
Chief Sustainability,
Environment and Safety Officer*



Environment Overview

We're aiming to achieve carbon neutrality by 2050.

Climate change is a global challenge that affects us all. Its implications are profound, so we've set ourselves a long-term ambition to achieve carbon neutrality for our vehicles, facilities and suppliers by 2050, aligned with approved science-based targets. We are the only full-line U.S. automaker to stand with California in seeking stronger greenhouse gas (GHG) standards and to align our carbon reduction targets with the Paris Agreement.



We're leading the electrification revolution.

We are doubling our planned investment in electrification and offering electrified versions of our most popular nameplates, including our new, all-electric Mustang Mach-E launched in late 2020, our E-Transit coming in 2021 and an all-electric F-150 in mid-2022. We have recently announced that by 2030, our passenger vehicles in Europe will be all-electric, while two-thirds of commercial vehicle sales are expected to be all-electric or plug-in hybrid.

We're positively impacting the world around us.

Our operations will seek to create a positive impact in the local ecosystem. We are managing energy responsibly and moving toward 100 percent local, renewable

electricity in all manufacturing by 2035, procuring a mix of wind and solar power, storage and hydro to replace the fossil-based generation. We also aim to use freshwater only for human consumption and are phasing out single-use plastics.

We're preserving the planet's valuable resources.


By using renewable and recycled materials in our vehicles, we're reducing waste, using fewer natural resources and improving vehicle quality and performance. We reuse steel and aluminum scrap from our stamping plants, as well as recycled materials such as post-consumer carpet and recycled tires in our manufacturing processes. We have also found innovative ways to replace petroleum-based plastics with plant-based materials.

Sustainable Development Goals

Through our economic and innovation activities, we are contributing to the following UN Sustainable Development Goals (SDGs):



Our Sustainability Aspirations

-  Achieve carbon neutrality by 2050
-  Attain zero emissions from our vehicles and facilities
-  Use 100 percent local, renewable electricity in all manufacturing by 2035
-  Make zero water withdrawals for manufacturing processes
Use freshwater only for human consumption
-  Reach true zero waste to landfill across our operations
Eliminate single-use plastics from our operations by 2030
-  Utilize only recycled or renewable content in vehicle plastics

New Ford Policy: We Are Committed to Protecting Human Rights and the Environment Policy

- We are committed to preserving the environment for present and future generations, and we believe access to a healthy and clean environment is a basic human right
- The policy commits us to protect the environment over the entire life cycle of our products and services while striving for positive impact
- We reviewed the new policy with internal stakeholders and held external engagements with environmentally

responsible investor organizations and environment experts on the content

- The policy is approved by our CEO and oversight is provided by the Sustainability and Innovation Committee of the Board of Directors
- Ford expects our suppliers, partners and joint ventures to adopt and enforce similar policies and extend them to their own supply chain
- Our Chief Sustainability Officer is responsible for the interpretation and implementation of this policy
- This policy replaces our old Environment Policy

Climate Change: Toward Carbon Neutrality

Climate change was identified as one of the most important issues in our latest human rights assessment, due to the impacts of physical risks such as extreme weather events, rising sea levels, droughts and water shortages. Our responsibility for reducing GHG emissions starts with the use of our vehicles.

We aspire to...



Achieve carbon neutrality by 2050

Our Climate Change Commitment

Salient human rights issue

Doing our share to meet the collective challenge of climate change is a key responsibility and a strategic priority for Ford. For more than a decade, we have developed a comprehensive science-based approach that helps us address the issues associated with our changing climate. This includes helping limit the global temperature increase in keeping with the Paris Agreement of well below 2°C. Our strategy is also shaped by [external risk factors](#), including government policies, physical risks such as extreme weather and other effects of climate change, market trends and the growing desire among consumers for more sustainable vehicles.

We aspire to achieve carbon neutrality by 2050, with interim targets that address the urgency of climate change as well as regional differences. We are focusing on three main areas globally that account

for about 95 percent of Ford's carbon emissions: vehicle use, suppliers and our operations. We are going beyond tailpipe emissions, reducing vehicle emissions from a fuel-cycle perspective (well-to-wheels). Within our supply chain, our initial approach includes select Tier 1 suppliers. Operations emissions include both Scope 1 and 2 emissions for manufacturing and non-manufacturing locations.

The Science Based Targets initiative (SBTi) has approved our 2035 interim emissions targets on the path toward carbon neutrality by 2050:

76%

reduction in Scope 1 and 2 GHG emissions by 2035 from a 2017 base year

50%

reduction in Scope 3 GHG emissions per vehicle kilometer from use of sold products by 2035 from a 2019 base year

Our Scope 1 and 2 target is aligned with a 1.5°C path, while our use of sold products (vehicle) target is consistent with the well-below 2°C target.¹ We have also committed to reduce our global manufacturing Scope 1 and 2 GHG emissions by 18 percent by 2023 from a 2017 base year. These targets do not include offsets and are strictly GHG reduction targets.

To drive collaboration and progress toward our new carbon-neutrality goal, we have joined the CEO Climate Dialogue and the Climate Leadership Council, and signed up to the UN Business Ambition Pledge for 1.5°C and the [New Deal for Europe](#) initiative to devise a comprehensive Sustainable Europe 2030 Strategy.

Carbon Neutrality: Why 2050?

Achieving carbon neutrality by no later than 2050 is aligned with the Paris Agreement and our commitment to it. While it is a natural evolution in our glide path approach – doing our share to keep the global temperature rise this century well below 2°C – it is going much further, addressing 95 percent of our emissions, including the supply chain.

With the overall challenge of decarbonizing the global energy and transportation systems, reaching the 2050 goal for our industry and our company should not be underestimated. Furthermore, we need to address many external factors to be successful. These include government policies, the green grid, fluctuating energy prices and changes in consumer demand. We will monitor and advocate for key enablers that support our goal of carbon neutrality such as carbon pricing systems.

We do, however, expect the goal of carbon neutrality to be reached in different product segments and regions at different times, as infrastructure is updated and the necessary technology becomes affordable. For example, we expect passenger vehicles and some commercial vehicles to be carbon neutral before larger commercial vehicles with more demanding duty cycles. Given their progressive policies, we expect the EU, California and other U.S. states following California's lead to be carbon neutral before the rest of the world. Our interim targets will reflect these differences, such as our target to have two-thirds of our European commercial vehicle sales as all-electric or plug-in hybrid by 2030.

To support the carbon-neutrality timing of leading markets and customers, and to achieve this overall ambitious and complex goal, we are committed to serving as a positive force in increasing the collaboration required between stakeholders.

How We Developed Our Current Approach

For over a decade, we have used climate science-based GHG pathways for our light-duty vehicles (LDVs) and operations. Our vehicle targets have evolved to be consistent with the latest climate science guidance:

- 2007: consistent with 450 ppm CO₂ stabilization
- 2017: aligned with 2°C temperature stabilization
- 2020: follow a well-below 2°C temperature trajectory

In 2019–2020, we examined our climate strategy using human-centered design to see if there was a better approach to integrate the wants and needs of consumers, the possibilities of technology and the requirements for business success. A team from various Ford functions and regions (U.S., Europe and China) met regularly to formulate our holistic carbon-neutral approach, analyzing information on the environment, customers, technology, legislation, energy, competitive approaches, life cycle assessments (LCAs) and other trends. The team developed a carbon-neutrality framework that includes metrics for our vehicles, operations and supply chain that have been endorsed by management to ensure integration of carbon neutrality in company processes.

1 Vehicle sector pathways for 1.5°C target setting have not yet been developed by SBTi.

Our metrics include interim targets for our operations and vehicles based on our path to carbon neutrality. We used the SBTi modeling tools to set our targets. For our operations, we use the SBTi absolute contraction approach to set a 1.5°C target for 2035. Our 2035 well-below 2°C vehicle GHG targets for LDVs, light commercial vehicles (LCVs) and medium- and heavy-duty vehicles (MHDVs) are calculated using the SBTi Sectoral Decarbonization Approach modeling tool. These targets have been approved by SBTi. We have also established internal targets for [increasing engagement with our supply chain partners](#), building on our successful CDP Supply Chain and the Partnership for A Cleaner Environment (PACE) programs.

We will continue to use the models to conduct sensitivity studies on how our pathway is affected by global changes such as economic conditions, availability of renewable, carbon-neutral electricity and fuels, and regulations. As these factors change, and as climate science develops,

we will further refine and adjust our [science-based GHG targets](#).

To reach this long-term aspiration, we need to prepare ourselves in the short and mid-term. Our manufacturing operations strategy focuses on both efficiency improvements and increased use of renewable energy. Our vehicle development plans are aligned with our metrics for reducing GHG emissions. These plans include improving conventional and hybrid product efficiency, [electrifying our iconic nameplates](#) and prioritizing a carbon-neutral portfolio that is key for the future. Some achieved reductions will vary from year to year due to external factors that are outside of our control. Depending on infrastructure, technology development, policy and customer acceptance, our long-term carbon-neutral portfolio will be powered by some combination of renewable, carbon-neutral electricity, hydrogen and fuels (biofuels and e-fuels); fossil fuels may also have a place, in combination with carbon capture and

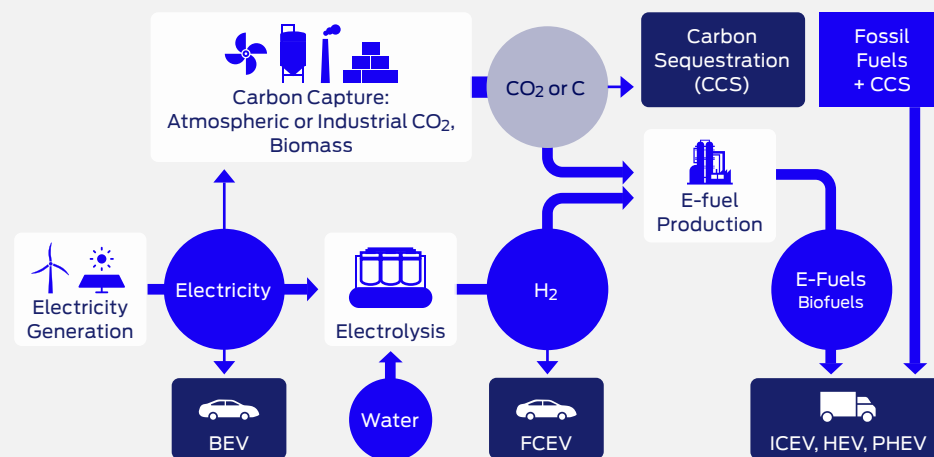
sequestration technology. [Connectivity](#) and [smart vehicle technology](#) will play an important role, and can be applied to all powertrain options to speed our journey to a sustainable transportation future.

To realize this portfolio, we are investing heavily in vehicle electrification, researching

fuel cell solutions for the appropriate segments and exploring renewable fuels. In the transition period, it will be important to remain financially viable and keep in step with consumer demand while finding ways to encourage market growth of our expanding zero-emission vehicle portfolio.



Future Carbon-Neutral Transportation



BEV: battery electric vehicle; CCS: carbon capture and storage; FCEV: fuel cell electric vehicle; HEV: hybrid electric vehicle; ICEV: internal combustion engine vehicle; PHEV: plug-in hybrid electric vehicle

Being Transparent About Our Climate Change Strategy

Climate change is a global challenge that affects us all and its societal implications are profound, making it one of our salient human rights issues and a strategic priority for Ford, as well as for our stakeholders.

In an effort to increase transparency about the resiliency of our climate change strategies, in 2020 we produced our second [Climate Change Scenario Report](#) in response to the

recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), to which we have formally committed. This report outlines our strategies, the climate change scenarios we developed internally, the resiliency of our strategies to those scenarios, and how we will monitor and review the impacts of climate change on our strategies.

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

➔ See our TCFD Index for more information

Voluntary Framework Agreement with California

We are working to accelerate the transition through advocacy and deep decarbonization of our value chain, including battery electric vehicles (BEVs), switching to renewable electricity and [working with our customers and suppliers](#) to reduce their emissions.

Through a partnership with California, we voluntarily commit to a higher level of carbon emissions improvement than the Federal regulations require. In 2020, Ford finalized its Voluntary Framework Agreement with California regarding future GHG emissions requirements, creating a single national compliance plan instead of a two-strand scenario. We have been recognized for our leadership in negotiating the agreement, and in standing for California's right to regulate GHGs and zero-emission vehicles (ZEVs). We have encouraged others to join the framework.



Supporting Our Customers

Our aim is to be a valued partner for our customers in reducing their carbon footprint and/or becoming carbon neutral. We strive to provide our customers with the right products and services, and to create the ideal conditions for embracing carbon-neutral mobility, such as providing [charging infrastructure](#). We are also working with our dealers to better educate and advise customers. For example, we have worked with our California dealers to improve their website and social content. And we have developed a toolkit so they are able to answer customer questions about our sustainability leadership effectively.

Reducing Our Vehicle CO₂ Footprint

To cut the GHG emissions associated with the use of our vehicles, we are committed to making more efficient technologies and lower-impact vehicles accessible on a global scale.

Reducing Vehicle CO₂ Emissions

Salient human rights issue

Our aim is to achieve carbon neutrality from our vehicles by 2050. Our global fuels migration path and our technology migration plan are based on delivering high-quality vehicles that consumers desire while responding to the risks associated with climate change (see A Portfolio Approach below).

Meeting Customer Preferences

Successfully cutting carbon emissions from our vehicles means bringing our customers along on the journey. This is a challenge, as global consumer preferences continue to shift away from smaller, more fuel-efficient vehicles toward trucks and SUVs, partially driven by continued low fuel prices.

We have responded to this challenge by improving the fuel economy for our vehicles: Our Ford Escape is an excellent example, with over a 40 percent improvement² in the 2012–2020 timeframe.

A Portfolio Approach

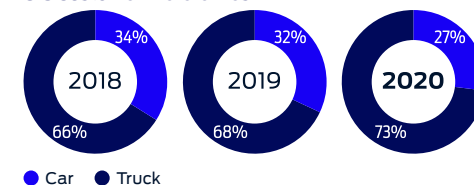
Vehicles	Fuel	Customers
Accessible lower-carbon options: <ul style="list-style-type: none"> Advanced propulsion options <ul style="list-style-type: none"> Electrified vehicles Fuel cell vehicles New engine/transmission technologies Aerodynamic improvements Weight reductions 	Developing vehicles that use lower-carbon fuels: <ul style="list-style-type: none"> Electricity Biofuels Compressed natural gas (CNG) Liquefied petroleum gas (LPG) Hydrogen Carbon-neutral e-fuels 	Providing options for different vehicles and fuels, and how those vehicles will be maintained Promoting "eco-driving" through training, information and in-vehicle technology

We will continue to improve fuel economy for our internal combustion vehicles for the foreseeable future, but also rapidly increasing the sales rate of our electrified vehicles.

We are now beginning to roll out the next wave of [electric vehicles](#). We will electrify our most iconic brands and vehicles, leveraging the unique capabilities of electrification technology. The Mustang Mach-E GT Performance Edition is targeting 0–60 mph in 3.5 seconds, powered only by electricity.* We will soon offer the E-Transit, a vehicle tailored for commercial customers that will help lower operating costs by driving on only electricity, while a new BEV for Europe is to be produced in Cologne.

At Ford, we have a history of doing the right thing – even if it's difficult. In our voluntary agreement with California, we have committed to a more stringent emissions decrease than required by Federal regulations, and our commitment applies to all 50 states.

U.S. Customer Preferences



* See disclaimers on [page 83](#).

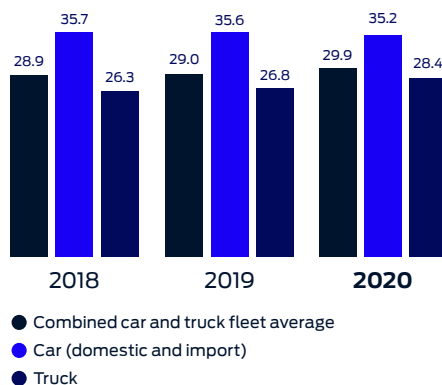
² Based on the latest Ford CAPE (Corporate Average Fuel Economy) data available to Ford Motor Company at time of publication, subject to update.

In line with our beliefs and our strategy, we will continue to improve fuel economy and reduce CO₂ emissions across our global vehicle portfolio to minimize the environmental impact associated with their use. This will mean continued efficiency improvements for our internal combustion vehicles for the foreseeable future, but also rapidly increasing the sales rate of our electrified vehicles.

➔ [See Alternative Fuels and Powertrains for details of our plans for rolling out electric vehicles in Europe](#)

➔ [For more detail of our efforts to address climate change, see our TCFD Index](#)

U.S. Ford Car and Truck Fuel Economy (mpg)³



Cleaner City Air With Geofencing Technology

Our newly launched Ford Transit Custom plug-in hybrid electric vehicle (PHEV) now comes with optional geofencing technology, supporting efforts to improve urban air quality and illustrating the potential for connectivity and smart vehicles to contribute to sustainable mobility.

Harnessing live location data, vans will automatically switch to electric drive mode when entering predefined areas. This could include congestion and low-emission zones as well as “green zones” defined by the driver to reduce emissions in key areas, such as near schools. Once the vehicle has passed the virtually fenced-off area, it will automatically switch to the most appropriate drive mode. This intelligent geofencing technology will enable customers to significantly reduce their climate change and air quality impacts without compromising on productivity.

The technology builds on an extensive three-year study into the potential for commercial PHEVs to help cities with clean air targets solve air quality



challenges. Data was collected over approximately 400,000 km, with 40 Ford Transit and Tourneo PHEVs deployed to a variety of municipal and commercial fleets in London, U.K.; Cologne, Germany; and Valencia, Spain. The trials use blockchain to authenticate that a vehicle is gone into EV mode as it enters a city center, for example. The results highlighted how PHEVs can dramatically reduce tailpipe emissions in inner cities by using electric power and how they might contribute to better air quality.

➔ [Read more about the PHEV trials](#)

The Tipping Point for Ford EVs in Europe

2022 is expected to be a key milestone for Ford in Europe – the year we sell more passenger vehicles with some form of electrification than conventional

internal combustion engine (ICE) powertrains. By the end of 2022, we expect to have sold 1 million electrified passenger vehicles in Europe and, as electrification becomes more mainstream, we expect this trend to continue in the years ahead.



Recognition for the F-150 and Mustang Mach-E

In the first few weeks of 2021, two of our vehicles received major accolades, including the 2021 Mustang Mach-E being named as North American Utility Vehicle of the Year™ and the 2021 F-150 being named the North American Truck of the Year™. The first time since 2014 that one brand has won multiple North American vehicle of the year awards in one year, these accolades highlight our constant dedication to innovation. It sets these vehicles apart as benchmarks for design, safety, handling, driver satisfaction and value for money.

The Mustang Mach-E has received further recognition for the features and driving experience it offers, winning Best Car to Buy in 2021 by The Car Connection and Green Car Reports.

We are honored to have received such recognition for two vehicles that we have worked on diligently to combine sustainability with function and user experience.



³ Calculated using the CAFE drive cycle standards. Does not include A/C or Off-Cycle credits. Includes 0.5 mpg FFV credit.

Improving Fuel Economy

We use a variety of approaches to improve the fuel economy of our vehicles, guided by our Sustainable Technologies and Alternative Fuels Plan. Improving fuel economy goes hand in hand with our work to [scale up electrification](#).

Advances in Engine and Transmission Technologies

Gasoline Engines

We are developing new technologies to improve engine performance, such as advanced boosting, reduced friction, and advanced fuel injection and ignition. We also continue to assess how low-carbon renewable fuels can help reduce CO₂ emissions as we bring electrified and hybrid models to market.

Diesel Engines

We have continued to drive the benefits of advanced diesel engine technology through our leading EcoBlue® range. In specific markets and segments, such as light commercial vehicles and heavy-duty vehicles, modern diesel engines offer reduced CO₂ emissions and fuel consumption, especially with heavy loads, and can achieve 20–30 percent better fuel economy than comparable gasoline engines.

In North America, our two advanced diesel engines: the 3.0-liter Power Stroke, the first diesel engine for an F-150 – and the 6.7-liter Power Stroke – epitomizes the strength of the “Built-Tough” F-Series trucks. Both demonstrate the fuel-efficiency and performance of progressive diesel engines.

In Europe, the new 2.0-liter Ford EcoBlue diesel has now completed its rollout across the passenger car fleet, bringing with it

not only the refinement and performance traditionally associated with Ford diesel, but also emission control solutions capable of addressing the challenge of Real Driving Emissions (RDE).

In addition, mild hybrid versions of the 2.0-liter EcoBlue, available in the Kuga, Transit and Transit Custom, complete the lineup of efficient powertrains and add an electrified option, with further improved fuel economy and Auto Start/Stop.

Advanced Transmissions and Drivelines

We continue to advance our front- and rear-wheel-drive transmissions to increase efficiency and improve vehicle performance, and we are further developing low-friction, all-wheel-drive systems. We have introduced a 7-speed automatic Ford Fiesta and Ford Puma (including mild-hybrid variants), an 8-speed automatic transmission for the Ford Focus and Ford Kuga, and a 10-speed automatic for rear-wheel-drive Transits in Europe.



Taking a Life Cycle Approach

We are working to understand and improve the impacts of our vehicles and services over their entire life cycle. This holistic approach helps us reduce our environmental footprint through the materials and energy we use to make our vehicles, and the emissions they generate during use and disposal.

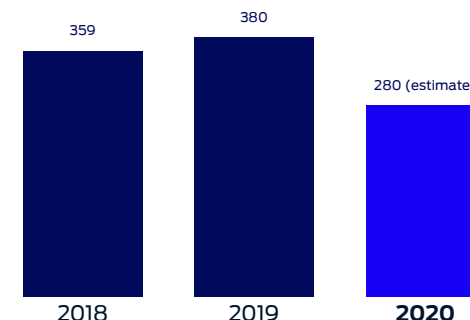
Life Cycle Vehicle Emissions

We use a range of analytical tools to identify and measure the potential environmental and cost impacts of our vehicles or services over their life cycle, from the acquisition of raw materials, through vehicle production, distribution and use, to end-of-life disposal or recycling.

In terms of GHG impact, the use of products is the main source of vehicle emissions. Use-phase CO₂ emissions depend on many factors, including the energy source and the way the vehicles are driven. Using the [GHG Protocol methodology](#) to estimate emissions from vehicle use based on vehicle testing data converted to on-road, we calculate that our vehicles sold in 2020 will produce approximately 280 million metric tons of CO₂e emissions from fuel production and combustion over their lifetime.⁴

Although we focus on improving tailpipe or tank-to-wheels (TTW) emissions,⁵ we also continue to study well-to-wheels (WTW) impacts in keeping with our carbon-neutrality aspiration. These include

Lifetime Well-To-Wheels CO₂e Emissions⁵
(million metric tons)



the production (well-to-tank, or WTT) and consumption (TTW) of fuel during vehicle use. WTW emissions vary between vehicle, engine type and energy source. Our [Scope 3 SBTi vehicle CO₂ target](#) is based on WTW emissions.⁶

When comparing vehicles, diesels generally have lower lifetime WTW GHG emissions than their gasoline-powered equivalents. In vehicles with alternative powertrains, WTW CO₂ emissions vary with how carbon-intensive the energy production process is. Therefore, lower-carbon options such as [battery electric vehicles \(BEVs\) and PHEVs](#) are more beneficial when the electricity comes from renewable sources such as wind or solar power.

We acknowledge the fact that WTT emissions are part of the total vehicle life cycle; however, these emissions are beyond our direct control. We therefore look to address these impacts in collaboration with a range of partners, including fuel and electricity producers, infrastructure developers and governments.

⁴ Preliminary estimate. Our emissions calculation methodology was updated in 2020 to follow the GHG Protocol and now represents on-road well-to-wheels CO₂e over a 241,000 km lifetime.

⁵ TTW describes the use of fuel in the vehicle and emissions during driving; WTT describes the part of the fuel chain from the production of the fuel to its supply at the charging point or fuel pump; WTW refers to the whole chain from fuel production to vehicle use.

⁶ Scope 3, category 11 (Use of Sold Products) emissions.

Life Cycle Assessment Research

Life cycle assessment (LCA) is a valuable tool for assessing and comparing materials and technologies, but its complexity limits how many vehicle technologies we can assess.

We are studying the energy and GHG emissions embedded in automotive parts produced from lightweight carbon fiber composites and comparing them to any estimated fuel and GHG emission savings during vehicle use. In addition, our LCA-based studies evaluate potential environmental implications of vehicle electrification and automation; for example, life cycle benefits of connected and automated vehicles, cradle-to-gate impacts of lithium-ion batteries, environmental benefits of using second-life EV batteries, and life cycle water use of gasoline and electric vehicles.



Alternative Fuels and Powertrains

Our efforts to develop sustainable technologies prioritizes the launch of electrified versions of our most popular nameplates, including the all-electric Mustang Mach-E and E-Transit. During the transition to carbon neutrality, we will continue researching and developing alternative powertrains and fuel options across all our vehicles, providing customers with efficient, low-carbon alternatives.

Our global vehicle lineup includes both passenger cars and commercial vehicles that are powered by non-petroleum energy. To reach our goal of carbon neutrality, we are focusing on [battery electric vehicles \(BEVs\)](#) and hydrogen fuel cell vehicles (FCVs). Our BEV efforts are directed primarily toward light-duty vehicles. We continue to invest in the development of hydrogen fuel cell technology, with a primary focus on medium-/heavy-duty vehicles due to where FCVs offer payload and uptime advantages versus BEV technology for total cost of ownership benefits. During the transition, we continue to offer other alternative fuel-powered vehicles.

Alternative fuel vehicles can reduce GHGs on a well-to-wheels basis, which includes emissions from both producing and consuming the fuels. Compared to conventional gasoline (E10) vehicles, GHG emissions are about 15 percent lower for diesel and compressed natural gas (CNG) vehicles, 25 percent lower for B20 (20 percent biodiesel blend) and 30 percent lower for E85 (85 percent ethanol from corn). Even more reduction is possible with FCVs

(50 percent lower GHGs using hydrogen from steam methane reforming) and BEVs (60 percent lower when charged with U.S. average grid electricity).⁷ When hydrogen and electricity are produced using renewable energy, the GHG reduction is 100 percent.

➔ [Read more about how we're Leading the Electric Revolution](#)

Vehicles Powered by Alternative Fuels

	Renewable Biofuel Vehicles	CNG and LPG Vehicles	Hydrogen Fuel Cell Vehicles (FCVs)
Fuel	<p>Ethanol, made from fermented corn sugars or sugar cane, is usually blended with gasoline (e.g., E10, E15, E22 or E85); ethanol from non-food feedstocks is technically feasible</p> <p>Renewable diesel and biodiesel can be made from soy, canola, rapeseed, corn or palm oil, or animal fats, and mixed with fossil diesel</p> <p>Biodiesel via transesterification (FAME) typically has lower blends (B5, B7, B20)</p> <p>Renewable diesel via hydrotreating (HVO) or the Fischer-Tropsch process can be blended at higher concentrations (up to R100)</p>	<p>Compressed natural gas (CNG)</p> <p>Liquefied petroleum gas (LPG)</p> <p>DME under investigation</p>	<p>Hydrogen made from natural gas or electrolysis of water</p> <p>Hydrogen fuel cell system converts stored hydrogen to electricity</p>
Benefits	<p>Biofuels made from renewable resources may reduce CO₂ emissions</p> <p>Next-generation biofuels made from plant cellulose use stems and leaves, reducing competition for food crops</p>	<p>Lower CO₂ and life cycle GHG emissions than gasoline or diesel vehicles</p> <p>Lower non-CO₂ emissions</p>	<p>Zero-emission electric vehicles (tailpipe) with only water and low-temperature heat as by-products</p> <p>Upstream hydrogen production emissions become zero with a renewable electric grid</p>
Models	<p>E85 FFV (U.S.): F-150, F-250, F-350, F-450 Super Duty, Police Interceptor Utility, Transit, Transit Connect, Transit Cutaway/Chassis Cab, E-350, E-450 Cutaway and Stripped Chassis</p> <p>E85 FFV (Europe/in France and Sweden only): Kuga, Fiesta and Fiesta VAN, Puma, Focus, Transit Connect</p> <p>B20 (U.S.): F-150, F-250/F-350 Super Duty, Transit, Transit Connect</p> <p>R100 (Europe): Transit, Transit Custom, Transit Courier, Transit Connect, Ranger</p>	<p>Wide range of commercial vehicles: F-150, F-250, F-350, F-450, F-550, F-600, F-650, F-750, Transit Connect, E-Series Cutaway, F-59, F-53 RV Stripped Chassis</p> <p>Fiesta LPG in Europe</p>	

By mid-2026, 100 percent of our passenger vehicles in Europe will be zero-emissions capable, all-electric or plug-in hybrid as we move to all-electric by 2030. Our commercial vehicle range in Europe also will be 100 percent zero-emissions capable, all-electric or plug-in hybrid by 2024.

⁷ GREET2019 – <https://greet.es.anl.gov/>



Zero-Emission Vehicles

Regulators in several of our key markets have announced plans to ban internal combustion engine vehicles (ICEVs) or implement 100 percent zero-emission vehicle (ZEV) sales targets to improve air quality. The EU Parliament has announced an intention of only registering ZEVs starting in 2040 as a contribution to the planned EU target of net carbon neutrality by 2050 (the EU Green Deal). Some EU member states announced bans on ICEVs earlier than 2030, and Norway will stop new ICEV registrations by 2025.

ZEV mandates are in several U.S. states and China. ZEVs – namely battery electric vehicles (BEVs) or hydrogen fuel cell vehicles (FCVs) – have no tailpipe emissions but, from a life cycle perspective, are not zero-emission. Upstream electricity generation for charging BEVs and hydrogen production for FCVs emit air pollutants at levels that can be comparable to ICEV tailpipe emissions, although they are not typically emitted in urban areas.

Addressing Non-CO₂ Emissions

Through our research and vehicle development, we are working to reduce emissions of non-CO₂ pollutants, in accordance with increasingly stringent standards around the world.

We aspire to...



Attain zero emissions from our vehicles and facilities

Standards Continue To Tighten

Internal combustion engine vehicles (ICEVs) emit hydrocarbons, carbon monoxide, nitrogen oxides and particulate matter during combustion. These pollutants can affect air quality, particularly in urban areas, and potentially impact human health.

Ford continues to comply with all global criteria emission standards as they are introduced. The enforcement of such standards has led to lower vehicle emissions and, together with actions in sectors beyond transportation (residential, commercial and industrial), have led to major improvements in air quality in many cities in recent decades.

Several countries and states are announcing plans to ban ICEVs or implement 100 percent zero-emission vehicle sales targets to further improve air quality.

Regional Emissions Standards

	United States	Europe	China	Other Regions
Already Compliant or Surpassing	Environmental Protection Agency (EPA) Tier 2 regulations California's Low Emission Vehicle II (LEV II) program	Euro 6d Real Driving Emissions (RDE) standards	National stage-6a (China 6a) emissions standards nationwide National stage-6b (China 6b) in five cities/provinces	India: Bharat Stage VI Brazil and Argentina: PROCONVE L-6 and standards based on Euro 5 Middle East: Standards based on Euro 2, Euro 3 diesel and Euro 4
Becoming Compliant as Phased In	EPA Tier 3 standards California's LEV III standards, closely aligned with the EPA's Tier 3 program		National stage-6b (China-6b) nationwide (July 2023)	Brazil: PROCONVE L7 (2022) and L8 (2025) Chile: Euro 6b or US Tier 3 Bin 125 (2022), Euro 6c or US Tier 3 Bin 70 (2024) Colombia: Standards based on Euro 6 in 2023 (diesel)

Moving Toward a Circular Economy

The materials used in a vehicle are an important element of its overall sustainability. We aspire to utilize only recycled or renewable content in vehicle plastics with lower life cycle impacts that provide equivalent quality, appearance and performance as existing materials.

We aspire to...



Utilize only recycled or renewable content in vehicle plastics

Sustainable Materials in Vehicle Design

Automobiles are among the world's most recycled consumer products. Although many products are theoretically 100 percent recyclable, few are actually highly recycled. Over 85 percent of vehicle parts and materials are recycled and reused at their end of life.⁸ Rather than report on what has been accomplished, we focus on areas we can improve. We use sustainable materials in vehicle design, responsibly source materials with our suppliers, close the loop in recycling in our plants and processes, and reduce end-of-life impacts.

Since the metallic portion of a vehicle is highly recycled, contains a large amount of recycled content and has a well-established recycling infrastructure, we focus on increasing the sustainability of plastics in our vehicles' design through adding both recycled and renewable content. Much of this content comes

⁸ In North America and the EU.

from waste products generated by other industries. There are many ways companies make claims regarding progress in this area. We use ISO 14021 in accounting for our recycled and renewable content, and track our progress using the highest volume variant of our nameplates. See the What's in a Typical Vehicle graph below.

Our 2025 ambition is to use 20 percent recycled and renewable plastics in new vehicle designs for North America and Europe.

Recycled Materials

We are keeping waste out of landfill by using recycled plastics, as well as cutting down on the consumption of natural resources and energy. We have been incorporating recycled plastic in our vehicle manufacturing for many years, by using discarded carpet in molded engine components and recycled tires in extension dash panels. We continue

to look at other innovative by-products and waste streams, such as conducting trials on how ocean plastics can be turned into automotive parts.

We have initiated a pilot study with German chemical company BASF, using its ChemCycle™ process to turn plastic waste into building blocks that can be used to make new polymeric materials. BASF's ChemCycled materials have the potential to use end-of-life mixed plastics to create new materials with the same performance as virgin plastic materials. So far, we have successfully tested a ChemCycled glass-filled polyamide for use in the grille opening reinforcement on the Mustang.

In another example, last year our Ford Otosan team implemented a 50 percent recycled plastic fan shroud on the Transit van and launched the Re3 project within the assembly plant, aimed at reducing, reusing and recycling waste. The fan shroud cut CO₂ emissions by 2.2 kg per vehicle while achieving a 17 percent materials cost reduction.

What's in a Typical Vehicle?

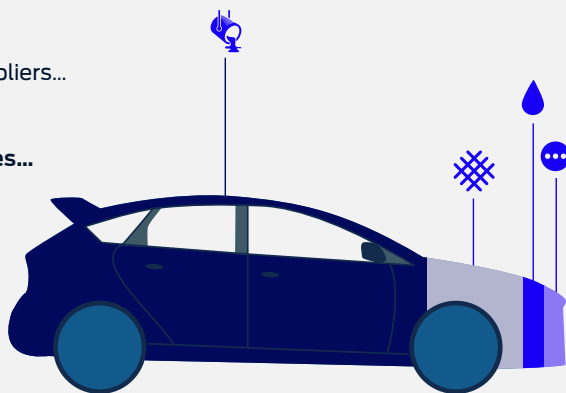
Around 40,000 parts...

from 1,200 Tier 1 production suppliers...

using 1,000 materials...

and 10,000 chemical substances...

-  **75% metals**
(already highly recycled)
-  **17% plastics, elastomers, textiles** (area to improve)
-  **4% liquids**
(already recycled or reused)
-  **4% other**



Recycled Materials Already in Use at Ford⁹

- **Aluminum and steel**
- **Rubber from post-consumer tires:** underbody covers and exterior mirror gaskets
- **Recycled plastic bottles:** carpeting, underbody shields and wheel liners
- **Post-industrial/post-consumer PET:** from recycled bottles: seat fabrics
- **Post-consumer nylon and polypropylene carpeting:** cylinder head covers, fan and shrouds, cam covers and carbon canisters

Closing the Loop in Recycling

Although metals are recyclable, many lose unique properties if mixed with the same metal but different alloys or special metal blends. To avoid this "down-cycling" that can prevent recycled metal from being used in new cars and trucks, we have expanded our closed-loop aluminum recycling system. It recovers aluminum scrap during parts stamping but keeps the various aluminum alloys separated so they can be recycled back into fresh alloy for new vehicles, which saves time and energy.

Ford's closed-loop recycling system is in use at factories like Dearborn Stamping Plant, where it recovers all of the scrap that doesn't make it into body panels, such as hoods, fenders and doors. Recycling this material saves 95 percent of the energy that would be required to create new aluminum from raw ore. It's the equivalent of recovering approximately 30,000 F-Series bodies each month for F-150 to F-550. The closed-loop approach is also used in the F-250, F-350, Expedition, Navigator and Bronco.



The F-150, F-250, F-350, Expedition and Navigator have all aluminum vehicle bodies. The Bronco has aluminum doors, swing gate, hood and fenders.

⁹ All examples are vehicle and region specific.

Renewable Materials

Ford has a long history of pioneering research into renewable materials, having introduced 12 industry-first plant-based materials into our vehicles. With fossil fuels being a limited resource and global warming a reality, we understand the importance of continuing to reduce our impact on the planet. Through our research, we have discovered new, robust natural-fiber-reinforced materials that improve fuel economy because they are lighter in weight. These materials also sequester carbon, reducing global warming impacts, and require less energy to process.

Our scientists have been exploring ways to use plant-based materials in place of petroleum-based plastics since 2000. We were the first automotive company to launch soy-based foam in 2007 and since then, we have introduced new composites including castor oil and kenaf, wheat straw, rice hulls, and coconut and tree fibers into our vehicles.

We continue to research using new materials in the lab, including hemp, bamboo, agave (tequila) fiber, dandelion root, algae and even captured CO₂. We are also testing whether tree-based cellulose

composites, already incorporated into the consoles of the Lincoln Continental, can be used in other new applications, and have begun testing new applications for almond shells and hemp fiber.



Through a recent partnership with McDonald's in the U.S., we used coffee chaff – the dried skin of the coffee bean – to make a durable material for reinforcing headlamp housings on the Lincoln Continental. These components are lighter, require less energy to mold and have significantly better heat resistance properties than traditional materials. Our team is now looking to migrate this robust material to other applications and vehicles.

➔ [Read about the Extreme Tech Challenge, through which we have learned about a potential sustainable materials partner](#)

Renewable Materials at Ford

Soy Foam

- Launched on Mustang
- Now on all North American vehicles
- 5 million lbs of petroleum saved annually

Kenaf

- Launched on Escape door bolster
- 25% weight reduction

Rice Hulls

- Launched on F-150 wiring harness
- 45,000 lbs in first year

Coffee Chaff

- 20% lighter
- 25% less energy



Wheat Straw

- Launched on Flex 3rd row storage bin
- Saves 20,000 lbs of petroleum annually

Cellulose

- Launched on MKX armrest substrate
- 6% weight reduction
- Parts produced 20–40% faster

Reducing End-of-Life Impacts

Although over 85 percent of vehicle parts and materials are recycled and reused at their end of their useful life, getting the final fractions can be prohibitively energy- and labor-intensive. Nonetheless, we aim to recover as much as possible through materials selection and by engaging with vehicle dismantlers.

As part of our voluntary Go Green Dealer Sustainability Program, many U.S. service centers collect the headlights, bumpers and windshield-wiper motors removed during servicing. The parts are either cleaned and remanufactured, or dismantled and recycled for use in new applications.

We also work with the U.S. Environmental Protection Agency, state authorities, dismantlers, steelmakers and environmental groups to encourage the recycling of mercury switches in older vehicles. Over 16,000 pounds of mercury have been recovered to date.

We proactively review non-dimensional materials such as lubricants and paints within our manufacturing operations. Going beyond applicable regulations, we are developing a timeline to further reduce substances of concern in our facilities, including those that are carcinogenic or environmentally persistent.

From Powder to Parts: Recycling 3D Printing Waste

We've been driving the future of 3D printing in the automotive industry, using three-dimensional (3D) printers for low-volume commercial vehicle parts and some of the tools that assembly line workers use. Now we've teamed up with HP to reduce the amount of printing waste powder that goes to landfill in an industry first.

Demonstrating closed-loop principles, the waste powder is cleaned and pelletized for use as injection-molding materials for new vehicle parts, specifically fuel line clips. This innovation has generated a 7 percent cost saving, a 7 percent reduction in weight and a 30 percent reduction in CO₂ for these parts. The new components can also be molded at lower temperatures, saving manufacturing energy, and have much better moisture and chemical resistance than the previous material.



The key to achieving our sustainability goals and solving the broader problems of society is having the support of other like-minded companies with the same priorities – we can't do it alone. Together with HP, we were able to come up with the idea of reusing waste 3D powder headed for landfill, solve the technical challenges and begin production of vehicle parts in under one year – that's something to be proud of."



Debbie Mielewski, PhD,
Technical Fellow,
Sustainability

Sustainable Operations

By improving the operations under our direct control, we aim to make positive contributions to the world around us.

Our Science-Based Approach

Maximizing the efficiency of our operations is the key to lowering GHG emissions and energy use. We use the [Science Based Targets initiative](#) methodology to develop specific glide path targets for our operations (including

manufacturing and non-manufacturing locations) and [vehicle emissions](#). These are based on climate science and the need to limit the rise in global temperature in line with the Paris Agreement, as well as our aspiration to [achieve carbon neutrality by 2050](#).

➔ [Read more about how we're sharing best practices with our suppliers](#)



Energy and Emissions

Over the past decade, we have focused on driving our carbon footprint down through improved energy efficiency and conservation at our facilities and in manufacturing processes. These efforts have resulted in a 40 percent reduction in our carbon footprint.

👤 [Salient human rights issue](#)

We aspire to...

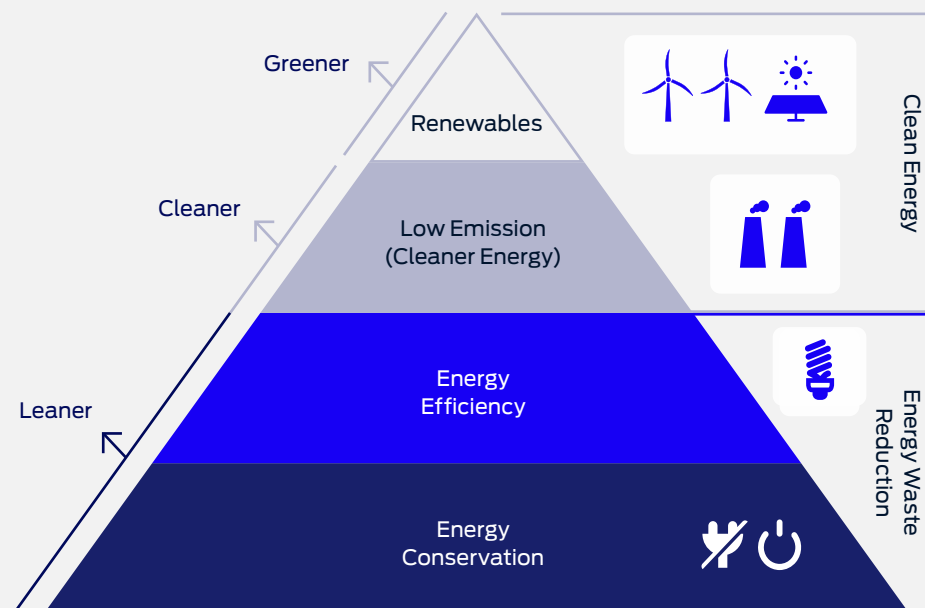


Use 100 percent local, renewable electricity in all manufacturing by 2035

Looking to the future, we are continuously rethinking the way we use energy at our manufacturing facilities and other sites to help address climate change. As well as using energy more efficiently, we are increasingly focused on procuring power from renewable sources, reducing GHG emissions from our operations and making our transportation and logistics more fuel-efficient. We also seek opportunities for our operations to create a positive impact in the local community and surrounding ecosystem.

We will be guided by our global manufacturing carbon reduction strategy to achieve carbon neutrality by 2050.

Our Strategy for Reducing Carbon



Our Recent Progress

To reduce the energy and carbon emissions footprint of our manufacturing processes, we continue to invest in state-of-the-art facilities and emerging technologies to optimize production capability and operational efficiencies. To help us achieve our present target – an 18 percent absolute reduction in tCO₂e by 2023¹⁰ – we are focused on securing a reliable and renewable energy supply for our manufacturing plants, continuing to make those facilities more efficient, and collecting, storing and managing data and analytics.

We [report our Scope 1 and 2 GHG emissions](#), participate in emissions trading schemes such as the EU European Trading Scheme (EU ETS) and adhere to a number of carbon reduction initiatives in the United States, Europe, Mexico, Canada and other countries.

Our energy-efficiency and conservation efforts over the past decade have focused on key areas, including improvements to lighting, compressed air, rotating equipment (fans, pumps and motors) and heating systems. The net effect of these efforts is a 40 percent absolute reduction in our global manufacturing carbon footprint since 2011.

Looking to the future, our manufacturing organizations remain focused on driving energy efficiency throughout their processes. Construction and build-out of new office spaces, at both the Research and Engineering and Corktown campuses, for example, incorporate energy-efficiency best practices, and will achieve an Energy Utilization Intensity that is 50 percent better than historical Ford office spaces.

In parallel, we will also shift our focus more toward procuring clean energy, including renewable electricity secured through relationships with geographically local utilities, power producers and independent project developers. Our Dearborn Truck Plant, Michigan Assembly Plant and several new buildings on our Research and Engineering and Corktown campuses will be powered by 100 percent locally sourced renewable electricity by January 2022.

➔ [Read more about our sustainability aspiration to achieve carbon neutrality by 2050 and our investments in electric vehicle manufacturing](#)



Making the Switch to Renewable Electricity

We have set an aspiration to achieve 100 percent local, renewable electricity in all manufacturing by 2035. This involves a procurement mix of wind, solar power, storage and hydro to replace fossil-based generation.

Ford supports the implementation of local or regionally sourced renewable energy where the project can be tied to the manufacturing facility, either directly or through the local distribution utility.



We have been focused on developing projects to reduce energy consumption through process improvements, facility improvements and operational best practices that have achieved an improvement of more than more 40 percent over the last decade.”



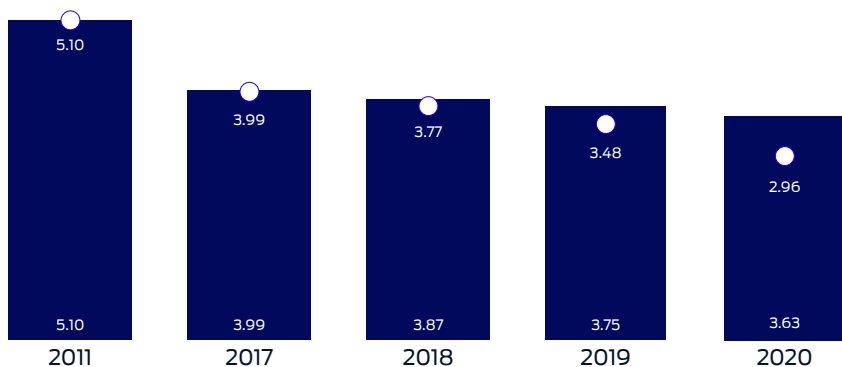
George Andraos, Director, Technology and Energy

This helps to support local jobs, improve the local environment and add resiliency to the local grid.

In Thailand, for example, our Auto Alliance (Thailand) factory signed a long-term power purchase agreement that leverages the need to provide protection from adverse weather conditions (primarily hail) with the generation of photovoltaic (PV) renewable energy.

➔ [See how we're helping our suppliers reduce their impacts](#)

Global Manufacturing CO₂ Strategy – Absolute (Scope 1 and 2, million metric tons of CO₂e)



● Strategic target under The Plan ○ Actual performance

Renewable Energy Program for Silverton Assembly Plant

Project Blue Oval is pioneering an integrated renewable energy program at the Silverton Assembly Plant in Pretoria, South Africa. The long-term program aspires to eventually replace all fossil-fuel-based energy with a combination of solar, biomass, biogas and biosyngas.

Through a partnership with SolarAfrica, the first stage of the project is a

13.5 MW solar installation, with 31,000 solar panels being used to convert 4,200 parking bays into solar PV canopies. Creating one of the largest solar carports in the world, the project will deliver approximately 30 percent of the plant's annual electricity requirements.

➔ [Watch a short video showing the latest progress](#)

¹⁰ Exceeding the requirement of the IEA ETP2017 Beyond 2°C Scenario (B2DS) pathway for Ford's manufacturing operations.

Cutting GHG Emissions From Our Facilities

We achieved our previous GHG emissions target eight years early, through initiatives such as installing LED lights and updating our painting operations. In 2020, in the midst of global vehicle production disruptions, we reduced our absolute emissions by 15.1 percent, or 0.53 million metric tons – the equivalent of more than 112,000 passenger vehicles being driven for a year.

In Europe, Ford is already using 100 percent green electricity to power all Ford facilities in the U.K., the Craiova plant in Romania, and all facilities in Cologne, Germany, including the vehicle assembly and engine plants, as well as the Research and Innovation Centre in Aachen. We expect that Europe will be among the first global regions to become carbon neutral.

Our actions to cut emissions, mitigate climate risks and contribute to the low-carbon economy have earned Ford a place on CDP's Climate "A List" for the second straight year. Ford was one of 270 global companies named to the A List.



2.96M metric tons

Total GHG emissions from Ford manufacturing operations in 2020

Addressing Non-GHG Emissions

We aspire to...



Attain zero emissions from our vehicles and facilities

Salient human rights issue

In the Greater China region, we are making every effort to reduce volatile organic compound (VOC) emissions during the vehicle painting process, using a combination of approaches including abatement, color blocking and improved purge recovery. Since 2015, we have reduced our VOC emissions intensity by 33 percent (10.7 g/m²), which is equivalent to an annual reduction of more than 570 metric tons of absolute VOC emissions.

Paint Booth Recirculation and Abatement

The new Bronco program at the Michigan Assembly Plant included the addition of new paint-spraying robots to accommodate the new two- and four-door body styles. To comply with air permit requirements, the exhaust from the only remaining uncontrolled paint zone needed to be abated.

As part of the abatement work, the Paint Engineering team integrated an energy-reduction project to convert the abated automation zones to recirculation zones, reducing the amount of exhaust air requiring abatement by 90 percent. This allowed for the shutdown of some of the existing abatement equipment. The modified abatement system was designed to destroy more than 95 percent of the VOCs. As a result, the modified abatement system meets all

Committed to Green Buildings

As a U.S. Department of Energy's "Better Buildings Better Plants Challenge" partner, we implement a range of best practices in our new facilities – from advanced water treatment and waste reduction systems to energy-saving technologies – while continuing to minimize impacts on the environment.

Sustainability at Ford is moving beyond approaches for reducing negative impacts toward an ethos that catalyzes long-term, positive impacts for employees, communities, economies and ecologies.

Our strategy facilitates the integration of cutting-edge thinking and approaches in Ford properties to achieve results that align with associated business goals:

- A commitment to the next generation of sustainability innovation, prioritizing positive impacts to the health and

well-being of employees, communities, economies and the environment

- An increased focus on a combination of energy-efficiency and renewable energy strategies
- Reinforcing our image as a forward-thinking company attracting top talent and leading-edge strategic partnerships
- Using data-driven, science-based approaches for setting, achieving and communicating goals in six priority categories: health and well-being, atmosphere, materials, water, carbon, and soil and habitat

California Dealerships With Leading Environmental Credentials

Many of our dealerships continue to introduce environmentally friendly processes and technologies, including two in Southern California.

Palm Springs Motors operates a solar plant that generates more than 1 million kWh of electricity a year, while the solar plant at the Fiesta Ford dealership generates more than 550,000 kWh. Combined with comprehensive lighting upgrade programs, these dealerships have reduced their reliance on the electrical grid by 2.1 million kWh and 1.2 million kWh respectively. In addition, at Palm Springs, all air conditioning units have been upgraded and the glass in the dealership contains a heat-reflecting material.

The two sites have introduced desert landscaping and artificial turf, avoiding the use of hundreds of thousands of gallons of drinkable water for irrigation, and both use plug-in hybrids for their service shuttle vehicles.



This is a great opportunity to integrate the future abatement strategy into an existing paint shop and to see the impact that it can have on energy and emissions."



Mark Melvin,
Paint Engineering



Keeping Eyes on Our Operations, Digitally

During the COVID-19 pandemic, we faced the challenge of how to continue site remediation activities and certification audits while in-person restrictions were in place. We quickly moved to harness a range of digital tools and technologies such as HoloLens, enabling us to inspect and develop sites, as well as carry out ISO 14001 audits of manufacturing plants.

- **3D visualization:** By installing 360-degree 3D cameras, we can perform virtual site visits, minimizing the need for in-person meetings, reducing travel and lowering project costs. These cameras, combined with the use of subsurface visualization tools, drones and field-ready tablets for reviewing data, provided a comprehensive overview of our sites in real time
- **Digital project management:** During field inspections, data that was collected via mobile devices was uploaded to a secure cloud database. From here, the information could be easily accessed by project managers, clients and other key stakeholders.

Mapping programs were used to turn this data into visual aids for presenting results

- **Remote monitoring:** Tools were installed across our sites, offering real-time tracking of developments and collection of data. They also accelerated the problem-solving process, supporting timely detection of trends and developing issues



The use of the HoloLens technology enabled me to be at my remediation site when I physically couldn't be, to participate in walk-throughs and system installations in real time as if I was right there. The local supplier working at the site was basically my eyes and ears."



*Lynn Tucker, Senior
Environmental Engineer*

Mimicking the Natural Environment

The Corktown Biomimicry Pilot project encapsulates several of our key sustainability priorities while also demonstrating thought leadership around positive and regenerative impact.

As part of this pilot, we are mimicking ecosystem performance and exploring the opportunity to integrate biomimetic and biophilic designs and technologies into Michigan Central. Looking holistically at applications both to the exterior and interior of the site, these will benefit the local community and ecosystem, providing positive impact over time.

For example, by emulating the native habitat and planting multiple layers of vegetation, we can slow the flow of stormwater, reduce flooding, naturally filter water and cool the local environment. Riparian tree canopies intercept stormwater to dampen the negative impact on soil and slow down water movement to allow infiltration. Once water is in the soil, roots – through hydraulic redistribution – can convey the water down to recharge the groundwater. Water is then filtered by the roots and soil, back to the river system. Bioretention slows the conveyance of stormwater, which increases capacity within existing sewer systems while filtering contaminants from local water bodies. Bioretention also cools elevated surface temperatures by encouraging evaporation and eliminating impervious surfaces.

In addition, multi-layered vegetation consisting of overstorey trees, mid-storey trees and ground plane shrubs and herbaceous plant material typical of forest environments enhances evaporation and transpiration while improving water quality through layers of filtration.

Water Use

Water is vital to many aspects of our operations. Access to safe, clean water and adequate, accessible sanitation is also a salient human rights issue. We have a responsibility to use and manage water sources efficiently and sustainably, especially in water-stressed countries such as India, South Africa and Mexico.

We aspire to...



Make zero water withdrawals for manufacturing processes

Use freshwater only for human consumption

Our Water Strategy

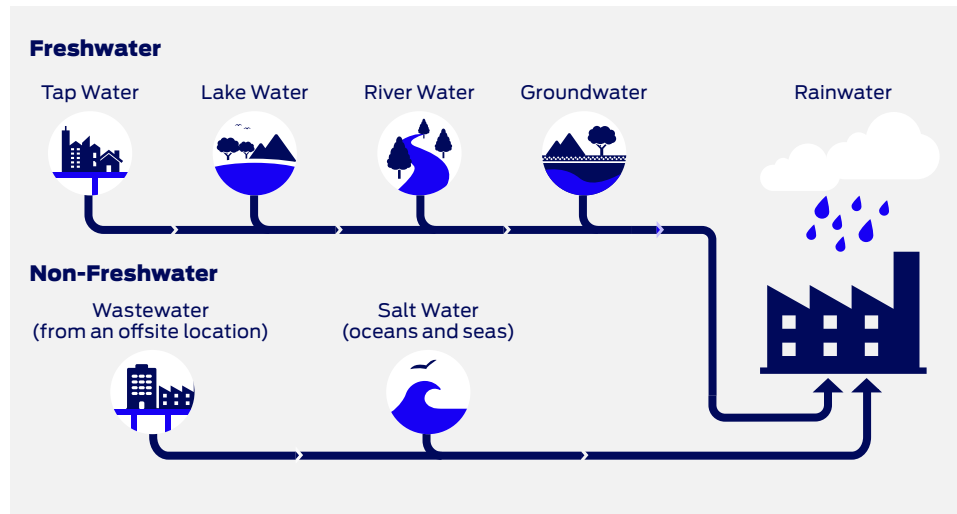
Salient human rights issue

Our long-term approach reflects the need to understand water challenges in their local context, with extraction policies and practices designed to make sure our operations do not adversely affect other users' access to water. The 2025 Global Manufacturing Water Strategy targets a 15 percent reduction in absolute freshwater, building on our 75 percent since 2000, and continues our focus on freshwater for only human consumption. The new strategy will give greater emphasis to the positive impact of providing clean water for all.

What Is Freshwater?

Freshwater is the main source of drinking water around the world and is recognized as essential for human life and well-being in Global Reporting Initiative (GRI) Standard 303. The GRI defines freshwater as surface water, but our definition is broader, including both surface water and groundwater.

Water Use at Our Facilities



We have made progress toward our aspiration of using freshwater only for human consumption in our facilities that are in water-scarce regions. We have increased the use of offsite grey/black water by 6 percent, and our Chihuahua Engine facility in Mexico has achieved this goal by using zero freshwater for its manufacturing processes.

Our approach to providing a positive impact involves applying both freshwater reduction methods as well as improving our water quality discharges at our sites that mimic the behavior and performance of the local ecosystem.

Ford earned a place on the CDP “A List” for protecting water security again in 2020. We have received an A score rating from CDP for water reduction for six years in a row and are one of only 106 companies globally to earn such an award for water security.



Reducing Operational Water Use

Prior to COVID-19, we were on target to reduce absolute water by over 25 percent (10 percent normalized) compared to the 2015 baseline. The pandemic had an approximate 14 percent impact on our performance, improving our absolute water withdrawal by more than 38 percent from the 2015 baseline, and reducing absolute water use by 75 percent from 2000.

Water reuse and recycling are occurring at plants around the world. To help us cut our water consumption further, we continue to incorporate more water-efficient processes and technologies.

➔ [See how we're helping our suppliers reduce their impact](#)



Ford Valencia Lagoon Creates a Healthy Ecosystem

Located close to the Albufera National Park, our Ford Valencia plant in Spain has always faced very restricted legal discharge limits and strict monitoring with regard to wastewater.

When the plant started production in 1974, the best techniques at the time led to the installation of a biological wastewater treatment plant. The wastewater, mainly from the engine plant and the paint shop, is treated primarily using ultrafiltration to extract oils and fats, and through another physical-chemical process that removes heavy metals and suspended solids.

This was complemented by an additional treatment stage using two lagoons. The first 13,500 m³ lagoon has aerobic conditions that support nitrification and

the degradation of organic matter, as well as the reduction of phosphorus. A second 15,500 m³ lake, where the anoxic conditions reduce the nitrites and nitrates, make the water suitable for irrigating the eucalyptus trees that surround the lagoon.

In 2000, a biological wastewater treatment plant was introduced, reducing the pollutants corresponding to organic matter and nutrients to meet legal discharged limits. The wastewater is subject to exhaustive sampling and strict controls by an accredited official laboratory. The high quality of the water in the lagoons has helped to create a healthy ecosystem that attracts many bird species.

Reducing Waste

Operating in a resource-intensive industry, we are focused on optimizing efficiency and creating less waste. We also reuse or recycle any waste we do generate wherever possible, rather than sending it to landfill, which provides us with an additional supply of valuable resources.

We aspire to...



Reach true zero waste to landfill across our operations

Eliminate single-use plastics from our operations by 2030

Meeting Our Waste Targets

Our waste targets remained largely unchanged despite COVID-19. We made some operational adjustments based on impacts at site level but our initial glide path remains constant. The focus of our global waste strategy is to manage and minimize the waste we generate. We are working hard to reduce costs and keep waste out of landfill.

In 2020, Ford facilities around the world sent approximately 17,469 metric tons of waste to landfill, 36 percent less than in 2019. In addition to our focus on reducing waste to landfill at our facilities, we are also focused on minimizing the amount of waste we generate.

Over five years from a 2017 baseline, we are targeting a 35 percent reduction in waste sent to landfill, a 15 percent reduction in waste generation and a 25 percent reduction in general trash. We also have an aspiration of eliminating single-use plastics from our global operations by 2030.

103

zero waste to landfill sites worldwide

Going for Zero

In 2020, one new facility in Europe acquired true zero waste to landfill (ZWTL) status, which means they send absolutely no waste to landfill. This brings the total number of global ZWTL sites up to 103. We had little to no service interruption in 2020 due to COVID-19, and all impacts were able to be contained.

To ensure that more of our facilities reach ZWTL status, we continue to implement a range of waste reduction initiatives. These include:

- New technologies and programs that minimize waste
- Standardizing the tracking and sorting of waste to increase recycling and reuse
- Focusing on the five main sources of waste to landfill at each facility
- Working with suppliers to increase the use of eco-friendly packaging

➔ [See how we're helping our suppliers reduce their impact](#)

Reducing the Impact of Packaging

Packaging is crucial for protecting components on their journey to our facilities, and having standardized containers and materials helps to optimize payloads and lower costs. In many locations, we have agreements with packaging providers so that containers are collected, stored and forwarded to other suppliers.

Working with suppliers, we always review how components and production parts will be packaged before we launch a new vehicle. Our packaging guidelines for North America and Asia Pacific require our suppliers' packaging to have at least a neutral, if not positive, environmental footprint, achieved through the use of 100 percent recycled, renewable or recyclable materials.

Minimizing Our Supply Chain Impacts

We rely on thousands of suppliers to provide us with materials, components and services for our vehicles. By sharing what has worked well at Ford, we can help them cut costs, improve quality and become more sustainable.

The supply chain in our industry is complex, with many tiers between material suppliers and manufacturers such as Ford. Our supply chain includes component suppliers as well as indirect suppliers of facilities, equipment, materials and services.

For certain [raw materials](#) such as tin, tantalum, tungsten, gold, cobalt, mica and rubber, suppliers are invited to support initiatives that improve due diligence, or are required to verify that the materials in the parts they supply to Ford have been sourced responsibly.

Our long-term objectives are to:

- Engage with our supply chain to understand our collective environmental footprint
- Work with selected suppliers through target setting and cascading best practices to reduce energy and water use, CO₂ emissions and waste
- Make material sourcing within our supply chain more transparent

Our Supply Chain

Operations	Production Suppliers	Indirect Suppliers
\$89 billion global spend on goods and services	1,200+ Tier 1 supplier companies	13,000 supplier companies
	60+ countries	600+ commodities
54 Ford-owned assembly and powertrain manufacturing sites ¹¹	4,400+ supplier sites	
	100,000+ parts manufactured	
	500+ commodities sourced	

- Improve the capacity of smelters and refiners that have been validated as conformant to a third-party responsible mineral sourcing validation program

Since 2003, we have conducted 1,203 third-party external supplier audits and 1,648 follow-up assessments globally across all commodities.

Understanding Our Suppliers' Impact

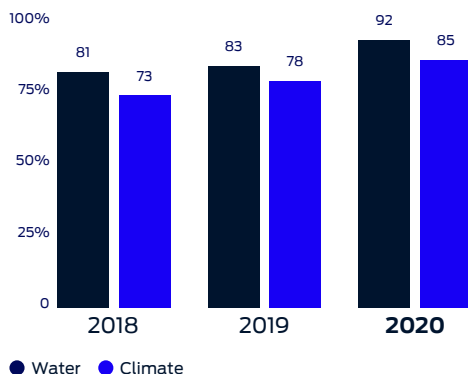
As well as directly managing the impacts of our own facilities, we have a duty to help our suppliers reduce their environmental footprint.

To better understand our suppliers' GHG emissions and water use, we survey a selection of them every year using the CDP Supply Chain program's Climate Change and Water Security questionnaires. These two surveys provide us with qualitative and quantitative information about how our production suppliers, as well as indirect suppliers of logistics and IT services, manage environmental risks and maximize opportunities.

To determine which suppliers to survey each year, we review their expected emissions or water intensity based on the commodity produced, the risk based on their geographic footprint, and the strategic nature of their relationship with Ford.

¹¹ Does not include unconsolidated joint ventures.

CDP Supply Chain (Ford supplier response rate, percent)



Suppliers	2019	2020
Climate responses	209	233
Water responses	162	175
Integrating action on climate change into their business strategy	89%	85%
Reporting a water-related target or goal	83%	87%
Reporting an emissions reduction target or goal	73%	72%

Building Supplier Capability Through PACE

We can't tackle environmental issues alone and our impacts don't stop at the gate – the suppliers who make parts and components for us also have an impact on the world around us. Our supply chain sustainability program, Partnership for A Cleaner Environment (PACE), is designed to reduce the overall environmental impact of Ford's key supply chain partners and contribute to our carbon neutrality ambition.

PACE programs enable us to share our sustainability best practices with 50 strategic suppliers so that their benefits can be replicated. Having created long-term

improvement plans, performance is reported against baseline environmental data, and successful approaches are shared among our suppliers and our own facilities. We encourage our Tier 1 suppliers to cascade the information through their own supply chains.

PACE participants expect to save an estimated 182 million gallons of water in their operations from 2020 to 2030. This will be achieved through efficiency improvement projects such as recycling cooling water and considering life cycle costing when replacing water-using equipment. PACE encourages suppliers to set and report progress toward long-term reduction targets.

PACE has continued throughout 2020 without requiring any major modifications due to COVID-19.

Collaborating With Industry Partners

To amplify our efforts and encourage collaboration throughout the automotive sector, we participate in several industry forums.

- As a founder of the [Automotive Industry Action Group's \(AIAG\)](#) Environmental Sustainability Advisory Group and member of its Greenhouse Gas Work Group, we have worked with other original equipment manufacturers (OEMs) to develop supplier training programs covering GHG emissions, Scope 3 emissions and water management, with guidance on calculations and strategy development
- We were the first automaker to join the [Responsible Business Alliance \(RBA\)](#) to support cross-industry collaboration and to implement best practices. Using RBA's validated Audit Protocol, we conducted audits across a range of high-risk suppliers in 2020 and helped them to improve working conditions. [Read more about the RBA audit process.](#)

- Through the [Suppliers Partnership for the Environment](#), a collaboration of automotive OEMs and suppliers with the U.S. Environmental Protection Agency, we are working to advance responsible battery management at vehicle end-of-life, increase biodiversity and reduce waste
- As a member of [Drive Sustainability \(DS\)](#), we are participating in the DS Carbon Neutrality Workgroup. DS is an automotive partnership, facilitated by [CSR Europe](#), which aims to drive sustainability throughout the automotive supply chain

FastPACE Program

In addition to the full PACE program, Ford launched a new streamlined version in 2019, *FastPACE*, to reduce the overall environmental impact of Ford's key supply chain partners. With *FastPACE*, suppliers in China, India, Thailand and now South Africa are using an Excel-based toolkit that includes hundreds of leading practices and actions on how to address air emissions, energy and water use.

Suppliers used the program's reporting tool to enter baseline environmental data, implement savings projects and report estimated reductions.

FastPACE suppliers are on track to save an estimated 4,909 metric tons of CO₂ and 24 million gallons of water over the next three years.



Honoring Supplier Excellence

At our 22nd annual World Excellence Awards, held virtually in October 2020, 42 suppliers from around the world received accolades for exceeding expectations and achieving excellence in safety, quality, sustainability, cost and performance. Five supply chain partners also received Special Recognition awards.

➔ [See a full list of World Excellence Award Winners](#)

We require all Tier 1 production suppliers to certify to the ISO 14001 environmental management system standard through an accredited third-party registrar. In 2020, 90 percent of production supplier sites were covered by a certified ISO 14001 environmental management system. This requirement will help ensure that all of our suppliers are working to meet their local legal, regulatory and company environmental requirements.

Earning Trust Every Day

Social

Our business relies on the passion, expertise and dedication of our employees, dealers, suppliers, partners and neighbors. That's why we invite our people to bring all of their passion, inspiration, integrity and uniqueness into work each day, care for each other and treat customers like family to earn their trust.



“

To be a customer-centric company, we are using human-centered design thinking and putting people first in everything we do, both internally and externally. We believe that to provide the best customer experience and play to win, we must first focus on our people experience and cultivate a culture where employees feel valued and respected, and that they truly belong.”

Kiersten Robinson, Chief People and Employee Experiences Officer



Social Overview

We care for each other.

We're focused on creating an adaptive workforce, addressing social and racial injustice, and promoting diversity, equity and inclusion. It makes us a stronger company and helps everyone feel empowered to fulfill their potential and bring their whole selves to work.

We're prioritizing health and safety.

Keeping our people healthy and safe at work and providing customers with safe, high-quality products are priorities for us.

We're focused on protecting and respecting human rights.

We're committed to respecting the rights of the people who live in the communities in which we operate, in line with internationally recognized human rights frameworks and charters.

We're treating customers like family.

We're reimagining every touchpoint and interaction to make our customers' lives simpler, easier and more enjoyable, putting them at the heart of everything we do.

We're committed to strengthening our communities.

We want to have a positive impact on the communities where we live and work, through volunteering, social investments, disaster relief and long-lasting partnerships that support education, promote safe driving and enrich community life.

Our Sustainability Aspirations



Create a truly diverse culture where everyone feels like they belong



Work toward a future that is free from vehicle crashes and workplace injuries



Source only raw materials that are responsibly produced



Sustainable Development Goals

Through our economic and innovation activities, we are contributing to the following UN Sustainable Development Goals (SDGs):



Empowering Our People

Being a family-run company and an employer of choice requires us to draw on the best elements of our history, our passion and our ambitions. We believe in providing a collaborative and safe work environment that embraces diversity, equity and inclusion (DEI), to ensure we attract, develop and retain the best talent.

Caring for Each Other

An important part of [The Plan](#) is to make sure that every employee feels that they belong in this company.

Like many companies, the COVID-19 pandemic challenged us in ways we could have never imagined. As we navigated ongoing obstacles, we continued to make our employees' well-being a top priority to ensure they were cared for, supported and could bring their best selves to work.

To keep our people safe during the outbreak, we introduced the Ford@Home program – a publication focused on helping our global workforce navigate the abrupt change to working remotely – as we successfully transitioned more than 120,000 virtual workers. Each episode offered resources to help employees care for themselves and their families, connect with their team and manage their work. Content was designed and directed by employee sentiment to help guarantee that the resources provided supported the needs of our people.

Amid increased well-being concerns, we curated webinars, learning solutions and tools to help our employees manage the challenges of COVID-19, remote working and social unrest. We also held hundreds of employee listening sessions to deeply understand the feelings, beliefs and concerns of our people. Some of our



resources were designed to be shared with family members, friends and the community as a whole.

We also conducted weekly employee polls on a range of relevant topics – including COVID-19, return to the workplace and social unrest – to gain insights into how best to support our people. The process also offered employees a platform to share their thoughts on a range of topics, such as [DEI](#), culture change, bureaucracy and The Plan.

Ongoing wellness initiatives, including our Flourish at Ford program originally launched in Australia and India, continued to offer well-being resources for employees.

➔ [Read about how we used our facilities and expertise to make personal protective equipment \(PPE\), ventilators and respirators](#)



Our Culture Operating System



Getting fit and capitalizing on new opportunities are critical to our future. We're making our business more agile and competitive by updating our policies and procedures to reduce bureaucracy; we're redesigning our workspaces and deploying new technology to encourage collaboration and productivity; we're building the skills and capabilities of our people; and we're acting with integrity at all times to build trust.

The Culture Operating System represents our holistic approach to shaping culture at Ford, and the Employee Experience is at the center of how we are executing that transformation. We know that the experiences that people have over time create our culture.

Strategy, Trust and Brand: These must be aligned to achieve our aspiration to be the world's most trusted company.

Agile and Design Thinking: Innovative, human-centered ways of working will be crucial to keeping up with this technology-driven business environment.

Workplace Experience: Transforming our workplaces requires integration, interaction, collaborative technology and flexible working.

Diversity, Equity and Inclusion: A diverse and inclusive environment is critical to executing The Plan. We are fostering a sense of belonging by making everyone feel welcome, valued and supported, and by creating a fair and equal playing field for all.

Policies and Processes: We are co-creating solutions with employees, focusing on the language we use as well as how our employees experience those policies.

Organizational Fitness and Workforce Planning: To manage organizational health and to deliver against our priorities, we are redesigning how we work to be more efficient, empower employees and address bureaucracy.

Communication: We undertake consistent, employee-centered communication and capture employee sentiment as a measure of our culture transformation.

Creating a Winning Culture

Put simply, our culture is defined by how it feels to work at Ford. It encompasses our daily interactions and experiences, our beliefs and values, the spaces in which we work and how we collaborate.

Culture transformation takes time, and we continue our journey toward a winning, customer-centered culture by recognizing how our shared values and beliefs impact our day-to-day interactions and business results.

Through our holistic approach, we will:

- Use continuous learning and adaptive capabilities to deliver business value and reinforce our culture
- Create a fitter and more flexible organization through collaborative networks and processes that enable agility and customer centricity

- Build an inclusive, diverse and adaptive learning community, drive accountability and deliver value every day

We have launched a system that enables us to work quickly across functions on key experiences, while shared governance and metrics help us align what “success” looks like (see [Our Culture Operating System](#)).

➔ [Read about Ford Culture visit](#)

➔ [Read more about our community response to COVID-19](#)



Supporting Parents Through the Pandemic

With many kids home for remote learning and with daycare increasingly difficult to find, the pandemic has created a crisis for working parents. At Ford, we've stepped

“

Throughout the pandemic, parents of school-aged children have felt an acute demand to balance work and remote learning. They say it takes a village to raise a child, and access to programs that support learning are some of the ways we've shown care for employees. When our people feel their well-being is cared for, they're able to do their best work and be their best selves, both personally and professionally.”



Amy Hall,
Talent Programs Manager

up with a range of new resources, including discounts on tutoring, remote learning and an hour of free tutoring per week. Parent communities have also been organized via online channels to offer additional support.

Transforming the Way We Work

As we continue to modernize the company for the next century of innovation, our Ford Land subsidiary is leading the charge to transform our facilities to support changing workplace needs. This transformation will make a positive impact on workplace culture and how people interact and co-create around the world. We're using space differently, by delivering experiential workplaces where team members will innovate, collaborate and thrive.

A Flexible Workplace

As part of The Plan, we aim to simplify everything, reducing or eliminating complexity and bureaucracy. We will use fewer platforms, hold fewer meetings and adopt more straightforward processes that make Ford an effortless company to do business with.

We are also having to be flexible around what workplace options our employees prefer. We conducted a weekly global Workplace Preference Survey to help us understand employee preferences for working remotely, onsite or with a blended approach, and used the data to align with Ford Land's workplace strategy.

➔ [Read more about our community response to COVID-19](#)



The Ford Empowering Diverse Abilities (FEDA) group has proactively led company efforts on adapting new work environments brought about by the pandemic for those who need accommodations or have access requirements that may not be typical. The group has also hosted multiple listening sessions for employees to promote awareness and allyship for the disabled community, and promotes free mental health resources offered by Ford. Other COVID-19-related efforts from FEDA include working to develop a transparent face mask to facilitate lip-reading and communication while adhering to safety protocols.



186,401

global workforce at end of 2020

Exploring the Future of Work

As our business evolves, we must modernize our environments to support the next century of innovation at Ford.

Throughout the COVID-19 pandemic, we have accelerated our campus transformation plans, convening a think tank to further explore the future of work through working sessions with architects, real estate professionals, anthropologists and behavioral psychologists. Topics included safety, the impact of built environments on culture and how this research will translate to physical and digital spaces. This was followed by a “design sprint” and a final learnings report, which affirmed our efforts to develop world-class workplaces centered on integration, interaction and colocation.

These findings will help us transform our Research and Engineering Center in Dearborn into a high-tech campus with a new, 2-million-square-foot building forming the focal point. It will

be integrated into the surrounding community and feature a range of mobility solutions.

The findings are also informing the creation of a new mobility innovation district in Corktown, Detroit, incorporating the city’s iconic train station. The 30-acre Michigan Central site will be a vibrant, walkable district for 5,000 workers (half with Ford, half with partners) and local residents.



Our workplace of the future will provide choice, flexibility, seamless collaboration and freedom for employees to create, innovate, invent and share.”



*Dave Dubensky,
Chairman and CEO, Ford Land*



Employee Engagement and Satisfaction

Effective communication is vital to our ongoing success, so we use many different channels to drive dialogue with our employees. These include: our intranet site and website; corporate publications and reports; social media; webcasts and executive Q&A sessions with senior management; labor-management committee meetings; regular “Global Town Hall” meetings with direct updates from senior leaders; and [Employee Resource Group \(ERG\) initiatives](#).

We’re also engaging at all levels of the business on the transformation of our culture. For example:

- The 32 employees in our Culture Cabinet were nominated to influence and energize others to help shape our culture transformation. Diverse in terms of demography, discipline and market, the group represents the employee voice to senior leaders, providing insight into what’s working and what needs to change
- Our Culture Street Team is a global network of about 5,000 volunteers who develop and lead initiatives to promote culture change across the business. In 2020, the team supported several initiatives, such as Culture and Coffee sessions in Europe, a Culture Camp in IT and our Soft Skills September learning initiative

We also heard from thousands of employees throughout the year, giving us a significant insight into where we shone in 2020. More than 80 percent are excited about our future and understand our Plan, while more than 90 percent believe Ford is doing its best for their health and family.

The Culture Cabinet developed a prototype Virtual HUG (Human Universal Goodness) Room, a forum where employees in North and South America can support each other while working remotely. There is also a specialized space for employees caring for children, elderly parents or others to get advice and share experiences.

Our employee sentiment strategy was one of only four recipients of an Institute for Corporate Productivity (i4cp) 2020 Next Practice Award.



Building an Adaptive Workforce

Our success depends on our ability to attract, engage and retain a diverse employee population, and to keep pace with a rapidly evolving world through continuous, agile learning.

Attracting Tomorrow's Talent

Our research shows that employees choose Ford because of its rich history, reputation, brand values, career development, training opportunities, and commitment to diversity, equity and inclusion (DEI). But in the competition for talent, creative recruiting methods are vital. Our strategy includes working alongside professional organizations, colleges and universities, engaging with local community partners, and connecting with the next generation of creators and innovators using social media.

In 2020, we doubled our talent outreach and recruiting efforts, and focused on attracting diverse candidates by engaging our ERGs. We partnered with the Ford-Employees African-Ancestry Network (FAAN) to strengthen our partnerships with Historically Black Colleges and Universities (HBCUs), increasing the number of dedicated teams across five leading HBCUs and hosting virtual career fairs to provide students with the opportunity to live chat and network with recruiters about career opportunities at Ford. We also partnered with FAAN for our first-ever National Action Council for Minorities in Engineering (NACME) virtual fair. Women of Ford partnered with recruiters to attend our Diversity and Inclusion virtual career fair as well as several school-specific events.

Our FordWorks inclusive hiring program helps us deliver on-the-job training and employment opportunities to neurodiverse individuals. Equitable pay and continual development of FordWorks employees are core values of the program.

The COVID-19 pandemic forced our Talent Acquisition team to quickly shift to a new, totally virtual model for internships, recruiting and onboarding. Thanks to the support, resilience and flexibility from team members and colleagues across the organization, we are now completing candidate interviews remotely and we have adopted virtual campus-recruiting strategy that better supports our diversity ambitions.

Reflecting on a key aspect of [The Plan](#), we have modernized our processes through new technology, introducing software that supports inclusiveness and gender neutrality and seeks to prevent human bias from affecting assessments of candidate resumes.

Getting the Best On Board

After identifying and hiring the right people, a strong onboarding experience is essential. During 2020, we had to pivot quickly to bring the entire process online. Thanks to a heroic effort by several departments, particularly our IT team, the switch from in-person to virtual induction was completed overnight and without interruption. More than 1,600 U.S. salaried employees have now been digitally onboarded, with an average satisfaction score of 91 percent and an engagement score of 95 percent.

Our onboarding strategy has been designed to instill in new employees a sense of belonging and integration into company culture. A "Get Started" help desk provides them with an avenue to ask any question that will enable them to become productive right away. Journey to Ford events offer new hires important opportunities to learn more about the business and meet their colleagues throughout their first year. Throughout 2020, attendance increased by 400 percent compared to the previous year. These social events, alongside supportive employee policies, have been carefully designed to support new employee well-being and to help them

strike a good balance between their work and personal lives.

Learning and Development

Developing our people is critical to our future success as well as ensuring employee satisfaction. That's why we commit significant resources to providing employees with insight into organizational skill needs, developing learning solutions to address those needs and enabling our people to apply those skills to improve performance.

In 2021, we will focus on energizing our 15,000+ people leaders to be catalysts, lead their teams to deliver The Plan and build the foundation for long-term success. Leaders will practice a growth mindset and cultivate a [culture of belonging](#) across Ford at all levels of the business. We will use science-based training modules to enable leaders to develop, care for, inspire and empower their teams. Executive Leaders will be equipped with the capabilities the company needs heading into a future built around mobility, electrification and digital transformation.

This year, we will also deploy a new set of global talent assessments to help identify capability gaps across the organization, in the context of The Plan. In response, new developmental experiences for Executive, General Manager and Accelerated Development (key talent) personnel will be designed and implemented. From a learning standpoint, focus areas will include digital transformation, DEI and new ways of working. In addition, professional coaching will be made available to a wider portion of the people leader population and will be fully integrated in their development plans.

Ford will also execute a competitive strategy to attract, develop and retain software talent by strengthening its workforce planning capability, creating a dedicated software recruiting team

and implementing a comprehensive development approach. These solutions will help identify capability gaps to inform recruiting and learning plans. New partnerships with academia are being developed to accelerate career readiness for entry level roles and with industry partners to focus on experiential learning experiences.



Bringing Internships Online

Ford's summer internship program is core to our early career talent acquisition process. When COVID-19 struck, we worked quickly to craft a virtual solution that would enable us to honor our commitment to the 600+ interns in 2020, and we plan to host our interns virtually once again in 2021.

This new virtual program, a first in the history of Ford, offered college students eight weeks of experience in a real-life work environment. Regular check-ins with supervisors and skill teams, as well as a whole host of virtual social events, meant interns still received the face-to-face support they needed to develop. This dedication to intern experience didn't go unnoticed, with the program receiving a 20-percentage point increase in Net Promotor Score (NPS) compared to our 2019 intern survey data. The improved NPS rating indicates that interns are more likely to refer others to employment opportunities within Ford.

Diversity, Equity and Inclusion

For more than a century, Ford has been a pioneer in providing opportunity to people regardless of race, gender, ability, sexual orientation, gender identity and background. As a family company, we must care for each other and go further to create a culture of belonging where everyone has the sense that they are appreciated, respected and can bring their true selves to work.

We aspire to...



Create a truly diverse culture where everyone feels like they belong

Accelerating Our Approach

Belonging is a fundamental human need, and to cultivate belonging, we must actively focus on three key elements: diversity, equity and inclusion. When those three areas are properly recognized and respected, we start to foster a sense of belonging and create a culture where everyone feels that they are part of the Ford family.

In the wake of social and racial injustice following the murder of George Floyd, we spent time listening deeply to our employees to better understand their experiences inside and outside of Ford. We learned that not all employees felt they belonged, and some experienced unique barriers in the employee journey that we needed to investigate and address. As a result, starting in the U.S., we embarked on a diversity, equity and inclusion (DEI) employee audit, the most comprehensive assessment

of DEI we have ever undertaken. Ford engaged Deloitte as a third-party, objective assessor to audit the employee experience, beginning with the U.S. salaried team.

The audit consisted of three parts:

- Quantitative data: Analysis of DEI workforce in areas such as hiring, movement and attrition
- Qualitative assessment: Evaluation of policies, processes and programs that serve as organizational DEI enablers, as well as interviews with leaders, diversity councils and professional development committees
- Employee voice research: Deep understanding of employee beliefs and feelings through ethnography, surveys, interviews, listening sessions and focus groups

The results showed that while we have some bright spots, including our listening strategy and the impact made by our Employee Resource Groups (ERGs) and diversity councils, we also have opportunities to ensure all employees feel like they belong. We will expand our efforts to understand the employee experience by conducting additional audits.

→ [Watch a conversation with former CEO Jim Hackett and Dr. Bernice A. King](#)

Our commitment to creating the right culture is viewed as a strategic imperative to the company's future success. To that end, every corporate officer has a DEI objective to actively cultivate a culture of belonging by focusing on specific actions and behaviors leading to enhanced DEI.



Our Re-Entry Program

Ford's Re-Entry Program is designed to recruit those who have spent time out of the corporate world, primarily due to caregiving responsibilities or serving in the military. Successful applicants are offered full-time positions and supported to reintegrate into the workforce. The program helps talented people with a

diverse range of skills, experiences and backgrounds be successful at Ford, driving productivity, innovation and creativity across the business. It will also become increasingly important as women, who left the workforce to support their families during the pandemic, return to work.

→ [Learn more about the Re-Entry Program](#)



The business case for having an inclusive and diverse team is irrefutable. Diversity, equity and inclusion is firmly anchored in The Plan and how we care for each other. By fully leveraging the diversity of our global team and ensuring a workplace in which everyone is included, we can make our business stronger and reflect the communities in which we live and work. This is critical for attracting, retaining and developing top talent; people want to work for a company where they have an opportunity to thrive, feel valued and truly belong."



Lori Costew,
Chief Diversity Officer and Director of People Strategy

A Focus on Racial Equity

One of the action items Ford put into play immediately following completion of the U.S. DEI employee audit was the appointment of the company's first Racial Equity Director. Their role is to identify and remove barriers and systemic inequities throughout the employee journey – from recruiting to departure – and implement strategies that improve the employee experience. The initial focus will be on Black and Hispanic employees in the areas of recruiting and onboarding, performance management, retention and promotion infrastructure, and will then become scalable across the enterprise. Furthermore, influencing the learning and development opportunities for every person at every level will be a critical component to working toward racial equity.

Ford is proud to have employees who lead the charge in racial equity and inclusion, not just within the company, but also within their professional fields and local communities. Details of recent awards, recognition and appointments can be found [online](#).

- ➔ [Learn more about Ford's diversity, equity and inclusion actions](#)
- ➔ [Learn more about our commitment to racial and social justice](#)

We support Fair and Equal Michigan's efforts to initiate legislation amending the state's civil rights law to support the LGBTQ+ community and protect against discrimination.

EEO-1 and Ford Supplemental Diversity Data

Our EEO-1 report provides a snapshot of our U.S. demographics as of 2020, based on occupational categories prescribed by the federal government. These government-defined categories aggregate jobs with widely varying skill requirements.

Approximately 95 percent of all Ford Motor Company hourly and salaried positions fall into just four of the 10 categories. The usefulness of this data for measuring diversity success, and for making direct comparisons to the workforces of other companies or other industries with different job structures, is therefore extremely limited.

To address these shortcomings, Ford has developed a more robust supplemental report that disaggregates technical jobs in fields such as engineering and information technology, which pose recruiting challenges that are very distinct from non-technical roles. The supplemental report also provides more nuanced breakdowns of diversity at various managerial levels.

As many employees moved to a work-from-home environment, it was important we provided them with the support they needed. Bonding virtually increased a sense of understanding, empathy and connection among employees, and this safe, virtual space led us to develop and conduct well-being and listening sessions that encouraged open and honest conversations. We also published a guide for managers to support employees returning to the workplace.



As a global company, silence is not an option, especially as it relates to issues and matters affecting our employees, customers and the world around us. As the first-ever racial equity leader at Ford, my role is to work within the enterprise to identify areas of inequity throughout the employee journey and influence learning and development at every level."



*Angela Henderson,
Racial Equity Director*

Fostering Diversity Through Employee Resource Groups

One of the best examples of embedding a sense of belonging into everyday life at Ford is our network of ERGs. Sponsored by our senior leaders, ERGs are organizations of employees and their allies who share characteristics or life experiences and a desire to positively impact communities, drive professional development and impact the business. We currently have 11 ERGs addressing issues of special interest to a range of ethnicities, women, the LGBTQ+ community, employees of faith, employees with disabilities, veterans and employees new in tenure.

For more than two decades, Ford's ERGs have provided support, outreach, mentoring and development. The groups are open to all our employees and host a range of professional, educational and cultural events, as well as supporting our diversity-related efforts in recruitment and community outreach. We are also capitalizing on the strengths of our various ERGs to disrupt our marketing and engineering activities and solve business problems.

In February 2021, several ERGs – including Ford Empowering Diverse Abilities (FEDA), Ford Gay, Lesbian or Bisexual Employees (GLOBE), Ford Asian-Indian Association (FAIA) and Ford Hispanic Network (FHN) – came together to celebrate and honor Black History Month. The DEI office worked with cross-functional stakeholders to host a month-long series of events around the theme of "Joining Hands, Making Change." The final week ended with the Ford-Employees African Ancestry Network's (FAAN) 40th Anniversary Black History Month Gala.

2020 Diversity Performance

Of our global salaried workforce:

27.7% are female
22.4% of managers¹ are female

Of our 14 Board of Directors:

3 are women
2 identify themselves as members of minority groups

Of our U.S. employees (hourly and salaried):

25.1% are female
34.4% are members of minority groups

- 22.8% are African American
- 5.2% are Asian
- 4.2% are Hispanic/Latino
- 2.2% are Other Minorities

Of our 37 corporate officers:

6 are women
7 identify themselves as members of minority groups

Creative Ways To Promote Inclusion and Belonging

In efforts to support our employees and promote a culture of belonging, we launched our first-ever Virtual DEI Week – a celebration that hosted more than 80 different events and 10 DEI-related virtual exhibits worldwide. Employee learning sessions were held on a diverse range of topics, including how to support transgender employees, understanding unconscious bias, race and gender equity, along with promoting mental health and well-being during the COVID-19 pandemic.

- In China, two special events were held to celebrate what makes each of us unique and reflect on the important areas of inclusion, diversity, equity, allyship and culture
- In Europe, a series of events were held in collaboration with ERGs that highlighted their important work and recognized key individuals who inspire and lead these efforts
- In Brazil, the FAAN group hosted Ford's first annual Racial Awareness Week to empower employees to combat racial discrimination and promote racial harmony

"Inclusion Improv," an innovative program catered to helping teams adapt to a work-from-home culture, was also developed in the wake of the pandemic to unite global employees and promote safe and fun collaboration.

Salaried Pay Ratio

While ratios provide a rough measure of pay equity, they do not account for individual circumstances. We continually monitor our compensation structure to ensure that all employees are paid appropriately. Our reviews confirm that factors such as job titles, education and

experience largely explain the differences between the average salaries reflected in these ratios and that there are not significant pay differences by gender or race across the company. When we do find instances in which individual employees are not paid commensurate with their job duties, qualifications and experience, we address them.

We are committed to fairly compensating all our employees and providing transparency on how well we are doing.

For the third year in a row, Ford was included in the **Bloomberg Gender-Equality Index (GEI)**, in recognition of our commitment to transparent gender reporting and workplace equality.

We also received recognition from:



98.2%

Ford's Global Salaried Gender Pay Ratio (weighted average ratio of average female salaries to average male salaries within peer groups² worldwide)

100.1%

Ford's U.S. Salaried Minority Pay Ratio (weighted average ratio of average minority salaries to average non-minority salaries within peer groups² in the U.S.)

Supplier Diversity

We create opportunities for diverse suppliers running minority-, women- and veteran-owned businesses that foster innovation, drive profitability and prioritize sustainability.

Promoting a Diverse Supply Chain

Our nationally recognized Supplier Diversity and Inclusion (SD&I) program facilitates productive business partnerships with a diverse range of entrepreneurs and develops services for our customers by driving innovative best practices. It now includes certifications from the [National LGBT Chambers of Commerce](#), [Disability:IN](#), [LGBT Detroit](#), the [Small Business Association](#) and [WEConnect International](#), emphasizing our commitment to DEI.

While we remain committed to supplier diversity, COVID-19 has impacted our business in many ways. For example, we experienced a 25 percent reduction in diverse purchases due to vehicle production and shutdowns related to the pandemic. In 2020, Ford purchased goods and services worth:

Ford was named the Corporation of the Year by both the Canadian Aboriginal Minority Supplier Council and the Michigan Minority Supplier Development Council.



\$6.3B

from minority-owned suppliers

\$1.16B

from women-owned businesses

\$0.162B

from veteran-owned companies

\$3.48B

from small businesses

To date, we have sourced \$161 billion in goods and services with diverse-owned businesses.



² A peer group consists of employees in the same region, salary grade and skill team, when available.

Respecting Human Rights

We work to identify and prioritize the issues with the most impact on everyone touched by our business. At all times, we strive to comply with local laws and our own commitment to respecting human rights.

Protecting Human Rights

Our commitment to respect human rights and achieve positive outcomes is embodied in our new [We Are Committed to Protecting Human Rights and the Environment Policy](#). The policy commits Ford to drive human progress by enhancing the health and well-being of the communities that surround us, respecting the rights of the people who live there and protecting the environment.

We are committed to respecting the [United Nations' Guiding Principles on Business and Human Rights](#) and we align with internationally recognized labor standards, including the [Universal Declaration of Human Rights](#), the [International Labour Organization Declaration on Fundamental Principles and Rights at Work](#), [Organisation](#)

[for Economic Co-operation and Development \(OECD\) Guidelines](#) and the UN's [Women's Empowerment Principles](#).

Ford is also a signatory of the [United Nations Global Compact](#), a framework of 10 universally accepted principles covering human rights, labor, environment and anti-



corruption. We incorporate these principles into our policies and procedures. See our [UNGCI Index](#) for further information.

We have conducted more than 55 human rights assessments since 2004, evaluating how our manufacturing facilities around the world align with our human rights policy. In 2020, Ford piloted a new, more quantitative approach utilizing an established online third-party assessment tool from the Responsible Business Alliance (RBA) to assess human rights risks across global manufacturing facilities in a consistent way. The RBA's tool has been developed by human rights experts and provides companies with the opportunity to identify areas within their facility that may be more at risk for human rights issues. An overview of the 2020 assessments will be available from May 1.

In 2021, we plan to continue utilizing this new process to assess human rights risk at approximately 75 percent of our global manufacturing facilities.

➔ [Find out more in our UNGPRF Index](#)

➔ [See our performance data for further detail](#)

External Recognition for Human Rights Performance

Investor Advocates
for Social Justice

In 2020, the automotive manufacturing sector was assessed against the [Corporate Human Rights Benchmark \(CHRB\)](#)'s full methodology for the first time. Thirty companies were assessed, and Ford topped the industry with a score of 41.5 percent.



In June 2020, Ford was ranked second among automakers and suppliers in the Investor Advocates for Social Justice's (IASJ) assessment into human rights and due diligence in the sector. Its [Shifting Gears Report](#) is part of an ongoing advocacy campaign through which investors are engaging with the auto companies in their portfolios to improve human rights due diligence.

New Ford Policy: We Are Committed to Protecting Human Rights and the Environment Policy

- The policy commits us to respect and protect human rights and the environment over the life cycle of our products and services
- We reviewed the new policy with internal stakeholders and held external engagements with socially responsible investor organizations and human rights experts
- The policy is approved by our CEO and overseen by the Sustainability and Innovation Committee of the Board of Directors
- We expect our suppliers, partners and joint ventures to adopt and enforce similar policies and extend them to their own supply chain
- Our Chief Sustainability Officer is responsible for the interpretation and implementation of this policy
- This policy replaces our old Policy Letter 24: Code of Human Rights, Basic Working Conditions and Corporate Responsibility



Identifying Our Salient Human Rights Issues

We prioritize human rights issues at Ford and in our supply chain using a formal saliency assessment process. Conducted in line with the [UN Guiding Principles Reporting Framework \(UNGPRF\)](#), our 2020 formal saliency assessment identified and updated the human rights issues most at risk of the most severe negative impacts on people through our activities and business relationships.

Having conducted the first saliency assessment in the auto industry in 2018, our second assessment built on this

foundation. It was conducted with a third-party consultancy and we considered geographic, social, economic, diversity, community and supplier-related issues. The process included desk-based research, interviews, an online survey and workshops with external stakeholders, including investors, industry experts and suppliers, along with Ford employees representing all skill teams and global regions.

The assessment identified 10 salient human rights issues, as outlined below. These apply throughout our business and our supply chain, including raw material sourcing, and extend to our partners and suppliers. We review these issues annually and communicate our progress externally through the pages of this report, as well as our UNGPRF Index.

Our Salient Human Rights Issues



Issue	UN SDGs††
1 Access to water and sanitation	6 12
2 Air quality	3 11 12
3 Child labor	8
4 Climate change	6 7 9 12 13
5 Data protection, privacy and security	9
6 Forced labor and ethical recruitment	8
7 Harassment and discrimination	5 10
8 Health, safety and security	3 8
9 Human trafficking	5 8
10 Product safety and quality	3

† In alphabetical order.

†† Other SDGs might apply; for full detail on our contribution, see our [SDGs Index](#).

Human Rights Action Plans

In 2020, our cross-functional Salient Human Rights Governance Team, with oversight from our Director of Global Sustainability, continued to manage and track our action plans to prevent, manage and remediate salient human rights issues. This process will help us track the effectiveness of our due diligence systems and performance, and indicate opportunities to further improve our efforts to address human rights, including those that affect how we source materials responsibly. For example, this process identified a need to expeditiously implement a [Supplier Code of Conduct](#), which we will incorporate into the Purchasing process in 2021.

In addition, the review of our due diligence system highlighted an opportunity for Ford to more frequently assess our human rights risks at our manufacturing facilities. As an outcome, we plan to expand our [human rights risk assessments](#) in 2021. This report details actions we are taking to address these salient human rights issues, indicated by this symbol: ⓘ.

➔ Please see our [UNGPRF Index](#) for further details of our current and planned actions

Human Rights Within Ford

Our commitment to respect human rights starts with our employees. We strive to maintain a safe and healthy work environment, take a zero-tolerance stance on harassment and discrimination, and follow ethical recruitment practices.

Across Ford, we try to do what is right and care for each other. This means acting with integrity and transparency, and creating safe, inclusive workplaces so that everyone can perform at their best.

➔ [Read more about how we're transforming our working culture](#)

In addition to our policies and procedures, Ford has signed an International Framework Agreement (IFA) with IndustriALL Global Union that reiterates our commitments to our global labor community.

The principles outlined in the IFA are based on highly respected labor standards supported by groups, institutions and documents such as the UN Universal Declaration of Human Rights and the Global Sullivan Principles of Social Responsibility.

Ford works with 42 unions globally, representing approximately 72 percent of our global workforce covered by collective bargaining agreements.

We ensure ongoing compliance with the IFA principles through open dialogue with our union partners. Where compliance issues are identified, we collaborate on solutions to critical issues as they arise. Ford hosts an annual Global Information Sharing Forum (GISF), attended by union leaders, senior leaders at Ford, and union representatives. Topics at the 2020 GISF meeting included an overview of human rights policies and practices within Ford and the ethical sourcing of materials for electric vehicle battery production.

Our Commitment to Safety

We maintain a robust safety culture to reduce workplace injuries. Through continued focus on our safety operating system, risk reduction actions and performance indicators, we aspire to be an injury-free workplace.

Safety at Ford is guided by our health and safety commitment: Our most valuable asset is our people, and there can be no compromise. This commitment is the basis of our safety culture and applies to all employees, contractors and visitors performing work at our locations globally.

Employees at every level are responsible and accountable for the company's overall safety initiatives and performance. Safety performance is managed by senior leadership through Plant Operation Reviews, Manufacturing Safety Councils and Plant Safety Review Board meetings. We continually monitor and improve workplace safety through our internal Safety Operating System.

Occupational Health and Safety

Salient human rights issue

Health, safety and security remains a salient human rights issue and a key strategic priority at Ford, and we work hard to achieve world-class levels of safety year over year, through the application of policies and best practices.

We maintain a robust safety culture to reduce workplace injuries, supported by effective communication, reporting and external benchmarking. We hold regular talks and events on key safety issues, including reporting all injuries, hazards and near-misses, so that we can take action to prevent recurrences. We also participate in multi-industry groups, within and outside the automotive sector, to share safety best practices and collaborate to address common issues.

In spite of the COVID-19 restrictions imposed on us around the world, we have continued to conduct mandatory training and emergency drills, albeit with new protocols for social distancing and face masks in place, and have run a number of campaigns, initiatives and promotions to promote occupational health and safety.

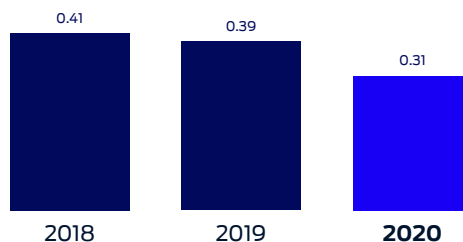
Our Safety Record

Any loss of life or serious injury in the workplace is unacceptable and deeply regretted. 2020 marked the second consecutive year without a fatal incident.

The circumstances of all workplace incidents are analyzed in detail, with actions taken to prevent reoccurrence. Our Lost-Time Case Rate (LTCR) improved from 0.39 to 0.31 in 2020.

We have also started to record the percentage of global corrective actions that were closed by their due date. These corrective actions are assigned in response to incidents that have occurred at Ford facilities.

Lost-Time Case Rate (LTCR)
(Cases per 200,000 hours worked)



In the Philippines, we run a Total Wellbeing Program for employees, in partnership with MindNation, the premier mental health-care provider in Southeast Asia. We are able to promote mental, psychological and emotional wellness among Ford employees in the country by offering them access to coaches and psychologists, webinars and wellness promotions.

Forced Labor, Child Labor and Human Trafficking

Salient human rights issue

Identifying them as salient human rights issues, we prohibit the use of forced labor, child labor or human trafficking in our operations. We put policies and guidelines in place to prevent these issues from occurring in our workplace.

For example, we verify that all employees meet the minimum working age in any region where it operates, and in no instance employ individuals below the age of 15. Ford verifies age using government-issued identification or other mechanisms that are consistent with local legal requirements.

In addition, we safeguard against these human rights violations in our business and supply chain by maintaining compliance with all legislative initiatives, acts and regulations designed to increase transparency and promote due diligence. These currently include the California Transparency in Supply Chains Act of 2010, the [U.K. Modern Slavery Act](#) of 2015 and the [Australia Modern Slavery Act](#) of 2018.

Download our [Global Modern Slavery and Human Trafficking Disclosure Statement](#)

Ethical Recruiting

Salient human rights issue

Our policies and procedures for our business, including our suppliers, are aligned with the fundamental principles of ethical recruitment, one of our salient human rights issues.

Our policies prohibit Ford employees and our suppliers from:

- Destroying, concealing, confiscating or otherwise denying access by an employee to the employee's legal identity or immigration documents, such as passports or driver's licenses, regardless of the issuing authority
- Using misleading or fraudulent practices during the recruitment process
- Imposing financial burdens on workers by withholding wages or expenses, or charging them for any fees involved in the recruitment process. Suppliers are required reimburse workers for any fees that they pay during the recruitment process

[Read more about attraction and recruitment, and our efforts to combat unconscious bias](#)

[Learn more about how we address harassment and discrimination](#)

Human Rights Within Our Supply Chain

Our commitment to human rights continues with our supply chain. We work with our suppliers to develop policies, build capacity and foster transparency to support the human rights of their employees and the employees in their supply chains.

To support this commitment, we are launching our first Supplier Code of Conduct. The expectations it outlines include protecting human rights, protecting the environment, responsibly sourcing materials and maintaining responsible business relationships.

Our commitment requires a robust approach to safeguarding against human rights abuses in our supply chain. This includes:

- Working with suppliers that align with Ford's human rights standards and policies
- Analyzing the human rights risks associated with our supply base
- Conducting training to build capacity, both with our suppliers and our employees, to improve supply chain working and environmental conditions
- Auditing our Tier 1 supplier facilities that have a higher risk of substandard working conditions
- Collaborating with others in multi-stakeholder initiatives and partnerships to develop tools and training supporting continual improvement throughout the global supply chain

➔ [See our performance data for further detail](#)

Supplier Alignment on Human Rights

In our standard procurement process, we issue purchase orders that incorporate our Purchasing Global Terms and Conditions (GT&Cs), which this year include our [Supplier Code of Conduct](#). The Supplier Code is aligned with Ford's new [We Are Committed to Protecting Human Rights and the Environment Policy](#). It requires all production suppliers to know and follow the Code, enforce a similar code of practice, and require that subcontractors do the same.

We seek to identify and do business with companies that have human rights standards aligned with ours and that work to cascade these expectations throughout their own supply chains. Up to now, approximately 65 percent of our global production spend is contracted with key suppliers who have human rights policies aligned with Ford's and have cascaded these standards through their supply chains.

Moving forward, our Supplier Code of Conduct applies to each member of Ford's supplier community, requiring that 100 percent of our production suppliers enforce a similar code of practice and require that subcontractors do the same.

Analyzing Human Rights Risks in Our Supply Chain

Preserving human rights is a key component of our model for human progress. Our work to address our salient human rights issues extends throughout our entire supply chain. Given its size and complexity, we focus on supplier sites with a higher risk for substandard working conditions based on their location, the type of parts they supply to Ford or the processes they utilize to produce their



Our work to respect human rights extends throughout our entire supply chain. Due diligence and training are essential to help our suppliers prevent human rights and working conditions issues in their facilities and to resolve them quickly and effectively when they are found."



*Sue Slaughter,
Director, Supply Chain Sustainability*

Our Supplier Code of Conduct

Our suppliers play a key role in helping us to fulfill our commitments. Our new [Supplier Code of Conduct](#) outlines our requirements for supplier relationships in areas related to human rights, the environment, responsible material sourcing, responsible and lawful business practices, and the associated implementation of these principles.

We seek to identify and do business with organizations that adopt and enforce policies to protect people and the planet in their own operations and in their

supply chain. We consider companies' sustainable business practices as we make sourcing decisions, incorporating this Code into our Purchasing GT&Cs as of July 2021.

We cannot do this alone. Our Supplier Code of Conduct was reviewed by external stakeholders, including supplier groups in both North America and Europe, socially responsible investor organizations and human rights experts. We join in this effort with other automakers and industries across the globe to drive human progress.

parts. Our 2021 supplier risk assessment included data from suppliers representing over 85 percent of our production global spend. The risk assessment supports our audit selection processes and provides key insights into how we can improve our human rights program. See our [UNGPRE Index](#) for more details.

We also conduct [Self-Assessment Questionnaires \(SAQs\)](#) with our global suppliers. The SAQ is based on the [Global Automotive Sustainability Guiding Principles](#) and [Practical Guidance](#), which have been developed through a collaboration of global original equipment manufacturers (OEMs). A growing element

in our due diligence efforts, the SAQ is used to assess supplier sustainability and to support Ford in identifying social and environmental risks throughout our supply base. There are four phases of the SAQ: data collection, data validation, data analysis and performance improvement. Suppliers can choose to share their SAQ results with multiple OEM customers at one time. We continue to expand the use of the SAQ, sending 1,200 invitations out to suppliers in 2020. We are developing a process to integrate sustainability assessments into our sourcing processes. The SAQ is managed through our partnership with [Drive Sustainability](#).



Employee Training: Driving A Better Tomorrow

Driving A Better Tomorrow (DABT) is an information series designed to bring awareness to employees in the Ford Purchasing community about sustainability and supplier diversity and inclusion (SD&I) topics. This year's DABT featured two projects run by Michigan-based NGOs: [Focus Hope's](#) elderly food program and [Vista Maria's](#) youth program.

The Ford Purchasing SD&I team partnered with the NGOs and Dearborn High School to create the diversity and inclusion portion of the program. Representatives from the school filmed and produced a video, with our SD&I team as the "actors." The film featured "victims hidden in plain sight," and covered food poverty, COVID-19 illness, human trafficking, mental illness, substance abuse and unemployment. The aim was to spark emotion and set the tone for presentations by Focus Hope and Vista Maria about their elderly food and youth programs.

The Ford Purchasing SD&I team then worked with Ford's carbon-neutrality experts to create the second half of the program, which discussed our carbon-neutrality aspiration.

The 2020 DABT program was very well received by our Purchasing community, with a follow-up survey recording positive ratings from 94 percent of participants.

Training To Build Capacity

Supplier Training

In 2020, the industry was unable to conduct in-person supplier training due to COVID-19.

To provide training during this unprecedented year, Ford invited suppliers to complete the Responsible Business Alliance (RBA) [Due Diligence on Recruitment Fees online training](#). Ford also partnered with the RBA and Drive Sustainability to develop new e-learning training modules that will be launched to suppliers in 2021. Ford plans to continue collaboration with industry organizations to develop e-learning training and invite suppliers based on risk assessment results. These trainings are a key element of our due diligence process.



Auditing Our Suppliers

Third-party social responsibility audits let suppliers know whether they meet their legal requirements and our expectations while highlighting areas for improvement. By the end of 2020, we had conducted 1,203 supplier audits and 1,648 follow-up assessments worldwide since the program began.

Through the RBA, we work with cross-industry companies on issues such as human rights, working conditions, forced labor, ethical sourcing and environmental responsibility. As a member, we use its Validated Audit Protocol (VAP) to assess labor, health and safety, management systems, ethics and environmental issues in our supply chain.

In 2020, COVID-19 restrictions impacted our ability to conduct onsite supplier audits. Due to country and regional shutdowns and site-level safety measures, we had limited access to conduct audits at our planned supplier sites. To provide greater flexibility with scheduling, we worked with RBA to develop a remote supplier audit process, including external validation and certification by the RBA. We utilized the remote audit process for a portion of our 2020 audits, contributing to the completion of over 70 percent of our planned initial audits for the year. The remaining 30 percent of initial supplier audits are scheduled for completion in early 2021.

➔ [See our performance data for more information about social responsibility audits](#)

Taking Corrective Action

For any nonconformances found during the audit process, we expect suppliers to develop action plans detailing causes and planned remediation. For more serious nonconformances, suppliers must prepare immediate containment plans and develop longer-term corrective action plans. After the audited supplier has had time to enact their remediation plans, we conduct closure audits to confirm progress achieved since the initial audit. Suppliers have two years from the date of the initial audit to demonstrate enough progress to close the audit. The average of scores for all follow-up and final

closure audits is double the average initial audit score, indicating the level of effort and progress achieved by suppliers. We are also seeing a trend of rising initial audit scores, demonstrating an increase in supplier capacity in recent years.

➔ [For details of our frequent nonconformances in 2020, please see our UNGRPF Index](#)

Supplier Progress

Our experience with audits demonstrates the willingness of suppliers and the effectiveness of the process to achieve progress at the facility level. Although we reserve the right to end our relationship should any supplier fail to comply with our GT&Cs, we did not choose to end any supplier relationships due to unresolved audit findings in 2020.



Responsible Sourcing of Raw Materials

With our complex supply chain comprising around 1,200 Tier 1 production suppliers, sourcing the 1,000 different materials we use is an important human rights issue. We monitor our supply chains to ensure our materials are safe, responsibly sourced and do not contribute to conflict.

We aspire to...



Source only raw materials that are responsibly produced

We do not knowingly procure materials that contribute to child and forced labor, bribery and corruption, conflict or environmental concerns, and we commit to comply with local laws and respect indigenous populations' rights to water and land. This requires collaboration between stakeholders to identify risks, share best practice, agree on remedial actions, and monitor and report any action taken.

To increase transparency and responsibility, we are implementing a raw material sourcing strategy that expands our material due diligence program beyond conflict minerals. With certain raw materials, such as cobalt, mica, rubber and conflict minerals (see below), suppliers may be asked to verify that their materials were sourced responsibly. We participate in work groups and discussions to address ethical, environmental and labor issues, using tools to ensure the responsible sourcing of specific raw materials as early in the process as possible.

Disclosing and Reporting on Conflict Minerals

Ford continues to maintain its leadership position in addressing the human rights issues associated with conflict minerals.

Ford chairs the Automotive Industry Action Group (AIAG) Smelter Engagement Team (SET) on behalf of the North American automotive industry to lead outreach directly to smelters and refiners to engage in independent audit programs. We also lead the Responsible Minerals Initiative (RMI) SET for global gold refiner outreach and engagement. Conflict minerals include gold, as well as columbite-tantalite (coltan), cassiterite, wolframite or their derivatives – tantalum, tin and tungsten. Tin, tungsten, tantalum and gold (known as "3TG") are used in many auto components.

To comply with this disclosure, suppliers whose components contain 3TG must conduct due diligence to understand the origins of these minerals, source them responsibly and not knowingly provide minerals that may contribute to conflict. We encourage suppliers to use the [Due Diligence Guidance](#) and the associated framework compiled by the Organisation for Economic Co-operation and Development (OECD) to assess the chain of custody of these minerals.

➔ [Learn more about our prior reporting year actions and disclosures through our Conflict Minerals Report, filed annually with the U.S. Securities and Exchange Commission \(SEC\)](#)

➔ [Read our Responsible Materials Sourcing Policy for more information](#)

Reported Smelter Conformance Rates as of December 31, 2020 (by mineral)

	Conformant/Active	Not Participating
Tin	52 (81%)	12 (19%)
Tungsten	47 (94%)	3 (6%)
Tantalum	37 (100%)	0 (0%)
Gold	109 (68%)	52 (32%)

Reporting Progress

Suppliers are required to submit an annual Conflict Minerals Reporting Template to us. For six consecutive years, 100 percent of in-scope suppliers have responded.

We plan to continue our conflict minerals journey by maintaining a 100 percent response rate from in-scope suppliers for annual reporting; encouraging smelters to be audited by independent validation programs such as the Responsible Minerals Assurance Process (RMAP); and by increasing the percentage of suppliers providing smelter lists and using RMAP-conformant smelters.

We will voluntarily submit information on our conflict minerals due diligence through an online portal once launched, in accordance with the European Commission conflict minerals regulation that became effective in January 2021. We plan to continue filing conflict minerals due diligence information voluntarily to the European portal annually.

Other Responsibly Sourced Raw Materials

We seek to identify and prevent risks in our supply chain associated with raw materials other than 3TG. To help our suppliers source materials ethically and responsibly, we use enhanced requirements in contracts, reporting requests and transparent dialogue. We've extended our responsible sourcing requirements, and are

developing a process to prioritize materials commonly used in the automotive industry beyond 3TG, to identify risks and impacts in Ford's supply chain and to disclose any identified risks.



Battery Raw Materials Including Cobalt, Lithium and Nickel

An electric car battery can contain over 20 pounds each of cobalt, lithium and nickel. Demand for cobalt, which is largely sourced from the Democratic Republic of the Congo (DRC), is rising in line with the growth of electrified vehicles. Sourcing the minerals needed without contributing to forced and child labor is a significant challenge that we can only solve through collaboration with miners, smelters and refiners. In 2021, we will map our battery supply chain to gain greater transparency about the sources of the cobalt, nickel and lithium that we use for our battery electric vehicles (BEVs). We will also conduct responsible sourcing audits for each of the actors in these relevant mineral supply chains.

In 2020, we expanded our scope for cobalt due diligence and received an 83 percent response rate for the first year after formalizing the program. Like our approach to 3TG smelter engagement, we initiated cobalt refiner outreach to encourage participation in RMAP. We also underwent an assessment of our cobalt due diligence management system for conformance with the requirements of the OECD guidance. We demonstrated significant improvement compared to a similar assessment performed the year prior.

Mica

Mica is used predominantly in surface coatings and is contained in other vehicle materials, such as in polymers for exterior mirror housing and covers. We engage in regular dialogue with key coating suppliers to monitor the responsible sourcing of mica. In 2020, we enhanced our mica due diligence and continued participating in the RMI mica working group to explore cross-industry collaborations.

Rubber

We promote the sustainable sourcing of natural rubber through third-party research and multi-stakeholder initiatives. Ford co-founded the Global Platform for Sustainable Natural Rubber (GPSNR) to improve socioeconomic and environmental performance in the supply chain. Members – including tire manufacturers, rubber suppliers and processors, vehicle manufacturers and NGOs – seek to improve human rights standards, prevent land-grabbing and deforestation, protect biodiversity and water sources, improve yields and increase supply chain traceability.

In June 2020, GPSNR member companies were invited to participate voluntarily in pilot testing for a set of draft Baseline Reporting Requirements. The pilot goal was to identify any constraints companies may have in obtaining and sharing certain information and to refine the requirements based on participant feedback. Ford was one of the 11 GPSNR member companies that volunteered to join the pilot. The Baseline Reporting Requirements will enable GPSNR to understand what its member companies currently know about their natural rubber supply chains, and what they are doing to move toward sustainable practices.

Copper

Copper is commonly found in various automotive components, including radiators, wiring, circuitry and printed circuit boards. To demonstrate our commitment to responsibly sourced copper, we have partnered with [the Copper Mark](#), a new, comprehensive social and environmental assurance program. We will work in cooperation with the Copper Mark, encouraging copper producers to adapt responsible operating practices and make significant contributions to the UN SDGs.

Ford joined the Copper Mark's Advisory Council in early 2021. A list of [Advisory Council members](#) is available online.

Reporting Grievances in Ford's Mineral Supply Chains

Ford directs its suppliers and other external stakeholders to the RMI [Mineral Grievance Platform \(MGP\)](#) to submit grievances related to mineral supply chains. The RMI MGP is a public platform that screens and addresses grievances linked to smelters and refiners of numerous minerals. The MGP allows us to assess very high-risk smelters and refiners that have pending allegations, and to understand if risks identified with third-party validated smelters and refiners are properly resolved.

➔ [See our new Responsible Material Sourcing website for further information](#)

Building Capacity on Responsibly Sourced Raw Materials

Ford has relied on internal capacity building for Purchasing employees on supplier expectations related to supply chain sustainability and mineral due diligence requirements.

In 2020, we ramped up internal responsible material sourcing training, conducting five training sessions across Purchasing; more than 400 participants attended, including executive Purchasing management and buyers from prioritized departments such as Electrical Powertrain and Chassis. Furthermore, the Ford Conflict Minerals

team undergoes annual RMI Smelter and Refiner Engagement training to understand RMAP requirements when interacting with smelters and refiners.

Ford is also integrating responsible sourcing topics into key Purchasing systems, and is engaging Purchasing employees in responsible sourcing work groups. To build supplier capacity on 3TG and the 2020 expansion into cobalt, we have leveraged resources such as the RMI eLearning Academy and our own Ford-developed modules to train nearly 200 supplier companies.

Multi-Stakeholder Action on Human Rights and Responsible Sourcing

To amplify our efforts and encourage collaboration, we play a leadership role in several multi-stakeholder groups and industry forums looking into human rights, conflict minerals and the sourcing of other materials. These include:

- Becoming the first U.S. automaker to join the [Initiative for Responsible Mining Assurance \(IRMA\)](#), a global group that promotes ecologically and socially responsible mining in large-scale operations
- We serve on the [Responsible Business Alliance \(RBA\)](#) Board of Directors and its Validated Audit Protocol (VAP) council. We also participate in the VAP and Indirect Sourcing work groups
- Supporting ethical recruiting through the [Responsible Labor Initiative](#), a multi-industry coalition focused on the prevention and remediation of forced labor in global supply chains
- Participating in the Training work group of [Drive Sustainability](#), an automotive partnership facilitated by CSR Europe that aims to promote sustainability throughout the supply chain
- Participating as a Steering Committee member responsible for strategic guidance of the [Responsible Minerals Initiative \(RMI\)](#), leading the [Global Gold Smelter Engagement Team](#) and participating in several work groups
- Chairing the [Smelter Engagement Team](#) and engaging in the [Responsible Materials Work Group of the Automotive Industry Action Group \(AIAG\)](#)
- Serving on the [Projects and Resources work group of the Public-Private Alliance for Responsible Minerals Trade \(PPA\)](#)
- Participating in the automotive original equipment manufacturer (OEM) and capacity building work groups of the [Global Platform for Sustainable Natural Rubber \(GPSNR\)](#)

Safety and Quality

When they use a Ford vehicle, our customers trust us with their safety, and that of their loved ones. That's why we prioritize the safety and quality of our vehicles, as well as a salient human rights issue. We design and build safe vehicles, and continuously seek to innovate and improve the safety of our products, utilizing technologies available today and participating in those being developed for the future.

We aspire to...



Work toward a future free from vehicle crashes and workplace injuries

Salient human rights issue

We are actively researching, developing and implementing [driver assist technologies](#) that help vehicle operators detect hazardous situations and avoid potential crashes. We plan to enhance the [connectivity](#) of our vehicles, eventually enabling them to communicate with other vehicles and infrastructure, allowing for enhanced crash mitigation features. And ultimately, we are working toward fully autonomous vehicles that have the potential to further reduce the frequency of crashes, as recently acknowledged by the U.S. Department of Transportation. These actions, along with our ongoing initiatives to improve [quality](#), our safety policy advocacy and our consumer education efforts, inspire our aspiration for a future that is crash-free.

Improving Vehicle Safety

Our Corporate Safety Policy outlines our commitment to creating vehicles that achieve the highest levels of safety in a

range of real-world conditions. This helps us meet or exceed relevant laws and regulations, as well as customers' needs and expectations.

Our processes and systems confirm that our vehicles align with stringent internal guidelines on safety design and Ford-specified levels of performance for Public Domain tests (see our 2020 vehicle safety highlights right). We regularly re-evaluate and update these guidelines, ensuring continuous improvement.

To achieve high levels of safety performance, we conduct engineering analyses, computer simulations and component, subsystem and full-vehicle crash tests at several sites in the United States and Europe, including crash-test facilities, the VIRTTEX (Virtual Test Track Experiment) and the Research and Innovation Center in Dearborn, Michigan.

➔ [Learn more about our Data-driven Road safety tool](#)

Global Safety Ratings

Ford continues to receive high marks and accolades in public and private crash-testing assessments. However, the full range of global, regional and national programs that rate and publish vehicle safety ratings vary considerably. They are conducted by consumer advocacy groups, auto clubs, motoring magazines and insurance-sponsored organizations, each with its own testing protocols and evaluation criteria.

Because these New Car Assessment Programs (NCAPs) vary so widely and are continually updated, it is increasingly difficult to achieve top ratings across all regions. Nonetheless, we are proud that so many of our vehicles have received 5-star ratings globally, and we continue to place considerable emphasis on our performance in these assessments.



Our 2020 Vehicle Safety Highlights

United States: US NCAP (NHTSA)

- For the 2020 model year, seven Ford and six Lincoln nameplates were rated with 5-star overall vehicle scores (as of January 2021). This represents 100 percent of the Lincoln fleet*

United States: Insurance Institute for Highway Safety (IIHS)

- Ford claimed five Top Safety Pick Awards for 2020: Escape, Edge, Explorer, Corsair and Aviator*

Europe: Euro NCAP

- We currently have nine Euro NCAP 5-star ratings (Fiesta, Focus, Mondeo, S-Max, Galaxy, Kuga, Explorer, Puma

and Edge). These vehicles represent 60 percent of our fleet on sale in Europe

- The Ford Kuga achieved an industry-leading position in the first Euro NCAP Assisted Driving assessment

China: China NCAP

- The Ford Focus was awarded the 5-star rating by China NCAP in 2020

Australia and New Zealand: ANCAP

- Two models (Puma and Escape) were awarded 5-star ratings in 2020, taking the total number of current models with 5-star ratings to eight

* See disclaimers on [page 83](#).

In 2020, the Insurance Institute for Highway Safety's (IIHS) annual TOP SAFETY PICK+ award for vehicles built after May 2020 went to the 2020 Ford Explorer. The IIHS also reviews crash-avoidance and mitigation features, including headlight performance. The Ford Explorer excelled here, too, offering Ford Co-Pilot360™ features as standard.*



U.S. Automatic Emergency Braking (AEB) Commitment

In 2015, the Insurance Institute for Highway Safety (IIHS) and the National Highway Traffic Safety Administration (NHTSA) brokered a voluntary commitment from OEMs to equip nearly all the new light vehicles they produce for the U.S. market with automatic emergency braking (AEB) by 2022/23.

In addition to the 10 manufacturers already meeting the AEB commitment, only three (including Ford) included this safety feature in at least nine out of 10 vehicles they produced between September 1, 2019 and August 31, 2020. We logged one of the biggest year-

on-year improvements in the share of vehicles equipped with AEB, reaching 91 percent in 2020, compared with 65 percent in 2019 and just 6 percent the year before.

Ford is also well placed for the next stage of the commitment: installing AEB on vehicles in the 8,501 to 10,000-pound range by 2025/26. Ford has already equipped 62 percent of those heavier vehicles with AEB.

➔ [See how we're sharing connected vehicle data to help improve road safety](#)



Euro NCAP Advanced Awards

Given the millions of vans on Europe's roads and the rapid growth of internet deliveries in our cities, the active safety systems fitted to commercial vehicles are key to improving safety for all road users.

Ford's advanced active safety technology helps customers to avoid accidents and minimize the expense and downtime of crash repairs. In a new initiative testing the performance and effectiveness of active safety

systems on 19 of Europe's best-selling vans, covering 98 percent of sales, the Ford Transit and Transit Custom both excelled.

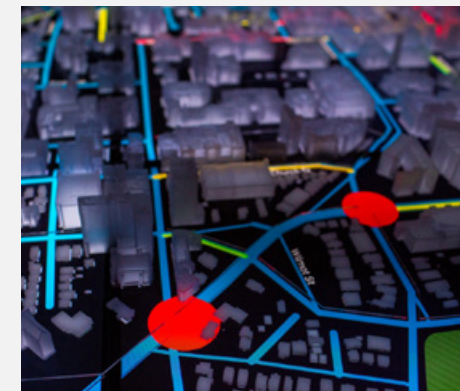
The Transit was one of three models to receive the Gold award and the Transit Custom was one of the five to be awarded Silver in the analysis. The tests assessed the performance of autonomous emergency braking systems that help to protect vans and other road users, including pedestrians and cyclists.

Safety Insight Launches To Help Cities Reduce Car Crashes

Safety Insights is our award-winning, patent-pending traffic safety analytics tool designed to help government agencies and traffic safety professionals save time, money and, most importantly, lives.

The web-based platform synchronizes crash data from multiple sources and combines it with Ford's own connected vehicle data, enabling city planners to visualize the aggregated information, identify hotspots and simulate improvements to streets and intersections, all in one easy-to-use tool. Data-driven software like Safety Insights can be useful in taking a system-level approach to help improve safety, which complements vehicle-level improvements.

After undergoing a successful pilot phase with a number of public agencies, Safety



Insights has been made commercially available by our City Solutions team, and the first customer agencies are coming on board in early 2021.

➔ [Learn more about the Safety Insights mission here](#)

* See disclaimers on [page 83](#).

Driver Assist Technologies

Having set the benchmark with factory-installed safety belts six decades ago, we continue to develop new, innovative driver assist technologies that enhance vehicle safety and improve road safety.

A World of Driver Assist Options*

Ford has been always believed that people have the right to move safely and freely, but on increasingly crowded roads, drivers can face challenges. Our Ford and Lincoln Co-Pilot360™ technologies use a combination of radar, sonar and cameras to sense and interpret the environment, helping customers around the world to drive confidently, alerting them of potential collisions, protecting pedestrians and cyclists, and making routine tasks easier.

In the United States, the Ford and Lincoln Co-Pilot360 base package contains five standard technology features. This package is now available on at least 15 of our 2020 model year vehicles. The 2021MY Ford Mustang Mach-E and F-150 launched with the Ford Co-Pilot360 2.0 base package, which contains three additional technology features – Reverse Brake

Assist, Reverse Sensing System and Post-Collision Warning – as standard.

➔ [Read more about self-driving vehicle safety](#)

The Next Level

Active Drive Assist

This feature is the next evolution of Intelligent Adaptive Cruise Control with Lane Centering from Ford, adding a first-for-Ford hands-free mode, with the potential for more enhancements in the future.³ The hands-free feature allows drivers on certain sections of pre-mapped, divided highways to drive with their hands off the steering wheel – if they continue to pay attention to the road ahead – granting them an additional level of comfort during long drives.*

Active Drive Assist Prep Kit

A driver-facing camera will enable hands-free driving on select portions of divided highways.* This will be followed by a software update available for purchase through the FordPass™ app. Once available, it can be installed in the 2021 F-150 and Mustang Mach-E via wireless update or scheduled at a dealership.*

➔ [Read more about our Mustang Mach-E and F-150](#)

Bringing Collision Avoidance Into View

We are building on a long-standing relationship with Mobileye, part of Intel, to develop our camera-based detection capabilities for driver assist systems. Mobileye will provide its EyeQ® family of devices, alongside vision-processing software, to support Level 1 and Level 2 driver assistance systems across our vehicles globally.

New production vehicles will incorporate EyeQ chips and software to support features under our Ford Co-Pilot360 technology. This includes the Lane-Keeping System, Auto High-Beam Headlamps, Pre-Collision Assist with Automatic Emergency Braking and Intelligent Adaptive Cruise Control.

Other Driver Assist Technology

Intelligent Adaptive Cruise Control

Available Intelligent Adaptive Cruise Control adds Speed Sign Recognition to accompany features like Stop-and-Go and Lane Centering. Once activated and the preferred speed is set, the system can detect and automatically adjust to speed limit signs. This smart system can also bring the vehicle to a stop if the traffic ahead has stopped or slowed.³ As soon as the traffic clears, the set speed will be resumed.⁴ The Lane Centering feature also scans lane markings to help keep the vehicle centered between the lines.³

BLIS with Trailer Coverage

BLIS® with Trailer Coverage can help ease lane-change anxiety – even with a trailer in tow. It can alert the driver not only when a vehicle is spotted in a blind spot but also when one is alongside the trailer.³

Intersection Assist

Intersection Assist uses the front camera and radar sensors to detect oncoming traffic during a turn. If there's a risk of a potential collision with an oncoming vehicle, the vehicle can alert the driver and apply the brakes.^{3,5}

Lane-Keeping System With Road Edge Detection and Blind Spot Assist

The Lane-Keeping System can help drivers stay in lane, even during a

moment of distraction, using a camera that scans lane markings on both sides of the vehicle. The system has three modes: Lane-Keeping Aid applies steering torque to direct the vehicle back to the center of the lane; Lane-Keeping Alert warns the driver through steering wheel vibrations that simulate a rumble strip; and Road Edge Detection engages the steering system to help maintain the vehicle's position in the lane on roads with a visible line or a clear edge. Blind Spot Assist, meanwhile, provides backup to looking over your shoulder by identifying vehicles in a blind spot and notifying the driver of their presence.

Active Park Assist 2.0

Active Park Assist 2.0 makes parking easy – even in tight parallel or reverse perpendicular spots. When engaged, it can help locate a potential spot. The driver brakes to a complete stop, shifts into Neutral and holds down the Active Park Assist button – and the vehicle does the rest. Available Active Park Assist 2.0 also offers Park Out Assist with side-sensing capability to help drivers confidently navigate out of a parking spot when someone's parked too close.³

➔ [Learn more about our driver assist technology at Ford.com](#)

- 3 Driver assist features are supplemental and do not replace the driver's attention, judgment and need to control the vehicle. It does not replace safe driving. See owner's manual for details and limitations.
- 4 If the vehicle is stopped for more than three seconds, the driver must intervene and press the "RES" button or accelerator pedal to resume system operation.
- 5 Intersection Assist does not detect all vehicles in intersections, pedestrians or cyclists.

Combating Heatstroke in Vehicles

On average, a child dies from vehicular heatstroke every nine days in the United States.⁶ In response, we have developed a Rear Occupant Alert System that gives an “in-vehicle” warning via our SYNC® system.* Introduced to the 2020 model year Escape and Corsair, the system is included in all four-door 2021 model year vehicles equipped with SYNC, meeting the 2019 Voluntary Agreement from the Alliance of Automotive Innovation (Auto Innovators) and the Association of Global Automakers well ahead of the mandatory 2025 model year deadline. The feature will be deployed globally.

We are refining our Rear Occupant Alert System to detect the presence of a rear seat occupant and to enhance warning notifications for future models. Ford continues to research technologies that can detect in-cabin occupant presence. These features will help address scenarios beyond those defined by the 2025 Voluntary Agreement, and should enhance effectiveness in minimizing and potentially avoiding pediatric vehicular heatstroke cases.



Occupant Protection

Precompetitive Partnerships

To enhance the safety of vehicle occupants, we work alongside General Motors and Fiat Chrysler through the U.S. Council for Automotive Research (USCAR), and collaborate with other manufacturers through Auto Innovators, the European Automobile Manufacturers Association (ACEA), the Society of Automotive Engineers (SAE) and the International Organization for Standardization (ISO). We often publish the results in peer-reviewed journals and scientific publications.

Safety Research Partnerships

Occupant protection and crashworthiness	<ul style="list-style-type: none"> Evaluating the safety performance of lithium-ion batteries with Sandia National Laboratories and the National Renewable Energy Laboratory. Effort includes developing mechanical, thermal and electromechanical multi-physics modeling capabilities to help predict lithium-ion battery performance and damage when subjected to an impact
Technical challenges of self-driving vehicles	<ul style="list-style-type: none"> Founding member of the American Center for Mobility, using its state-of-the-art facility for developing and validating test methods for self-driving vehicles
Vehicle-to-Vehicle (V2V) safety communication systems	<ul style="list-style-type: none"> Ford plans to deploy cellular vehicle-to-everything (C-V2X) in 2022 subject to a conducive regulatory environment. The societal benefits include possible accident mitigation, reduced carbon emissions and the ability to move commerce in a safe, efficient and timely manner. This will help Ford reach its vision of a connected and autonomous future Ford has made the commitment with EU member states to increase long-term road safety through the use of Safety-Related Traffic Information. Together with members of Data for Road Safety, we took the first step in a proof of concept that was transformed to a viable eco-system in which harmonized safety-related data is processed, exchanged and aggregated to events such as unprotected accident areas, broken-down vehicles, temporary slippery roads, reduced visibility and exceptional weather conditions. The exact location of vehicle crashes and broken-down vehicles is shared within seconds to service providers, who are able to issue warnings for road users
Cybersecurity	<ul style="list-style-type: none"> Instrumental in developing global standards, including co-chairing work on the upcoming ISO 21434 standard, participation on past best practices in conjunction with the Auto-ISAC, and proactively assessing the impact of cybersecurity on new areas such as data privacy, ADAS and AV
Auto valet parking	<ul style="list-style-type: none"> Ford, Bedrock and Bosch are launching a research project with connected Ford Escape test vehicles that will be able to drive and park themselves inside Bedrock's Assembly Garage in Detroit using Bosch smart infrastructure. The solution is the first infrastructure-based solution in the U.S. where the vehicle will park itself
Driver distraction	<ul style="list-style-type: none"> Partnering with universities and organizations such as the Auto Alliance, we are researching driver distraction and analyzing data from large-scale naturalistic driving studies

Post-Crash Response

In-vehicle technology that helps occupants to call for assistance after an accident can give first responders potentially life-saving information, quickly and efficiently.

Our SYNC in-car connectivity, which enables drivers to use cell phones and MP3 players through voice commands, also comes with a call-for-help system.* SYNC 911 Assist (Emergency Assistance outside the U.S.) can make an emergency call using a paired cell phone after a crash in which an airbag is deployed or the fuel pump shut off. As well as providing the operator with a GPS location, the system relays data on impact velocity, crash type, safety belt use

and airbag deployment, helping emergency services respond appropriately.

Most of our vehicles also carry the SOS Post-Crash Alert System™, which alerts passers-by and first responders to a vehicle's location. In the event of airbag or safety belt pre-tensioner activation, it automatically starts the hazard lights, unlocks the doors and sounds the horn (non-European vehicles only).

In parallel to a mandatory EU regulation on Automated Emergency Calling Systems for new vehicles in 2018, a UN regulation to harmonize all in-vehicle systems on a global scale has also been adopted.

⁶ KidsandCars.org

* See disclaimers on page 83.

Product Quality

We use internal and external measurements of quality and brand promotion to assess our performance and decide where we can make improvements.

 **Salient human rights issue**

Monitoring Quality and Satisfaction

Providing high-quality products improves the customer ownership experience, and if we're to turn our operations around and compete like a challenger, we need to make product quality one of the principal reasons why customers buy Ford, time and again.

We use warranty repairs as a key metric to measure initial quality, but go beyond warrantable defects alone and include measures of customer excitement to measure our products.

We have transitioned from one primary source of information, the Global Quality Research System (GQRS) – which tracked customer satisfaction and “Things Gone Wrong” after three months in service – to the Quality Net Promoter Score (QNPS), which measures the ownership experience at three, 12 and 36 months in service. QNPS provides a more comprehensive and holistic view of quality by capturing both customers’ “dislikes” and “likes” (e.g., “Things Gone Right”). This new tool will give us more timely, actionable insights that align with various industry performance indicators of quality, such as the annual studies conducted by J.D. Power and Associates:

- [Initial Quality Study](#): In 2020, Ford's Mustang (midsize sporty car), Ranger (midsize pickup) and Super Duty (full-sized pickups over 8,500 pounds) ranked the highest in their segments

- [Automotive Performance, Execution and Layout \(APEAL\) study](#): Ford ranks fourth among 18 mass-market brands, and the Ford Escape was the Compact SUV segment winner in its launch year. Lincoln ranked second among 13 premium brands, with the Navigator winning the Large Premium SUV segment

- In December 2020, Lincoln was ranked number one in Sales Satisfaction among Luxury Brands in the J.D. Power 2020 Sales Satisfaction Index Study

 [See our product quality data in our Data Appendix](#)

Improving Our Safety Processes

Since vehicle quality and customer safety remain top priorities at Ford, we are investing additional time and attention to continue improving in these areas. Accordingly, we are revamping our processes and leveraging cutting-edge technologies to ensure quality, customer satisfaction and recall actions have more visibility and support at all levels of the company. We have started to see a reduction in the number of the field service actions and affected units when comparing 2019 with 2020.

- We are increasing our use of advanced data analytics and machine learning to help with the earlier detection of potential issues across our vehicle portfolio, even before delivering the vehicle to the customer. Our new Early Quality Issue Suite draws on multiple data sources, from connected vehicles to customer service calls, to accelerate the investigative process. By combining this information with automatic anomaly detection and root cause analysis, the tool minimizes time from detection to correction (see [Global Data Insight and Analytics](#) for more information)



Ford Escape: An Award-Winning User Experience

At Ford, every vehicle is designed with the driver in mind. That is why we are honored that the all-new Ford Escape was recognized by two prestigious automotive industry organizations in July 2020.

The J.D. Power 2020 APEAL study measured owners' emotional experience with their new vehicle across 37 attributes, from comfort and luxury to the power they feel stepping on the gas pedal. The Ford Escape took home first place for

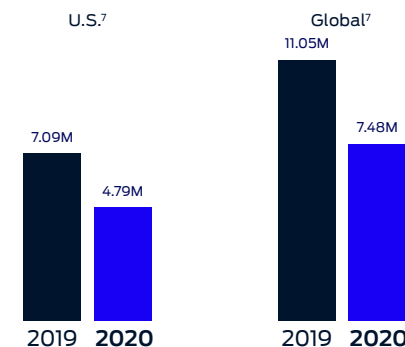
compact SUVs in a tie, while we moved into fourth place among 18 mass-market brands assessed in the overall category.

The model was also recognized by WardsAuto for user experience. Features such as advanced digital displays, SYNC 3 infotainment technology* and functional driver assist technologies earned us a space on Wards 10 Best User Experience list.

- New tools will enable us to trace parts and subsystems more precisely to vehicle-specific builds when an issue arises, rather than issuing wider recalls targeting a date range of vehicle identification numbers, which generally involve broad vehicle populations that may not all be affected
- We continue to improve investigation tracking and dealer engagement processes. Using an integrated data management system, we will soon be able to monitor all stages of a quality investigation. This will lead to faster decisions, improved parts availability and global sharing of best practice solutions

- We are now implementing mechanisms to address potential customer concerns in a faster way, even before delivering the vehicle to the customer

Passenger Vehicles Recalled



⁷ Includes takata airbag and DPS6 transmission-related recalls.

* See disclaimers on [page 83](#).

Customer Experience

In addition to creating must-have products, we are striving to deliver a world-class customer experience that treats customers like family. Every day, we work to earn their trust and grow a base of loyal advocates who share their positive experience with others.

Improving the Customer Journey

For more than two years, Ford has been on a mission to improve the entire customer journey, from the dealership to the FordPass app, and everything in between.* Every touchpoint, from purchase through setup, repair, maintenance and renewal, is covered as we seek to foster a network of brand advocates.

In early 2020, the COVID-19 pandemic forced Ford and our dealers to reimagine “business as usual” – as lockdown restrictions kept people in their homes, as the health and safety of employees, customers and communities became a priority, and as customer behavior changed to meet the new reality. Dealers needed to adapt their business and service models quickly. In this environment, it was critical to listen to customers and deliver experiences that met their needs.

We knew people not only wanted more remote and touchless experiences, but they were more motivated than ever to buy and transact online. And as customers returned to dealerships, they wanted to engage with stores in new ways. This forced us to accelerate digital, remote and touchless experiences and also to make strategic choices, prioritizing work that leads to transformational change.

Our Key Customer Experiences

During 2020, the Customer Experience team worked to understand what opportunities differentiate Ford from other brands. As a result, we are investing our time and effort in the following four key areas that we believe will deliver transformational experiences and help us win customers for life.

Commercial Vehicles

We’re focused on keeping our hard-working business customers on the road, because for them, time is money. Providing an elevated level of support and service availability for fleets to reduce downtime and inconvenience when something goes wrong, such as our new Ranger Support Teams in Australia, Thailand and South Africa.

Remote Sales and Service

We know our customers are looking for more remote and digital solutions as well as experiences that offer ease, convenience, transparency and personalization. In collaboration with our dealers, we are accelerating new tools and services that meet their needs. In the U.K. and U.S., we continue to expand our Mobile Service program that brings vehicle maintenance and light service to our customers at home or work.

Customer Education and Onboarding

We are working on a suite of innovative experiences that leverage emerging technologies to offer our customers the flexibility to learn about their new vehicle, when and where they want. In the U.S., we are rolling out Discover Your Ford, a user-friendly customer education program that includes guided virtual tours, live stream sessions, a digital feature guide and an on-demand video library. In South America, we launched the pre-onboarding Virtual Booking and 360Guide.

Loyalty and Membership Programs

Growing and delighting our most loyal customers, we had 9 million FordPass app and Lincoln Way members globally at the end of 2020.* This community forms the foundation of our advocacy programs. In the U.S., we launched the FordPass Rewards Visa, rewarding customers for everyday spending and amplifying reward point

balances. We will be introducing loyalty tiers later this year to further reward our most loyal customers with new benefits and experiences.

➔ [See more examples of how we’re investing in the customer experience](#)



Treat Customers Like Family

Treating customers like family is a critical part of [The Plan](#) to accelerate Ford’s transformation and turn around automotive operations.

We will bring this promise to life by activating our values as a company and proudly standing on 117 years of service. But words mean nothing if they’re not backed by actions. That’s why we are working on several new Customer Commitments,

which will provide a much stronger bundle of actions and benefits to our customers.

All Ford employees play a critical role in delivering the customer experience. To build a culture of customer centricity, we are empowering our employees with new learning opportunities and tools, such as a support program that gives them quick assistance to resolve vehicle issues for themselves or their friends and family.

* See disclaimers on [page 83](#).

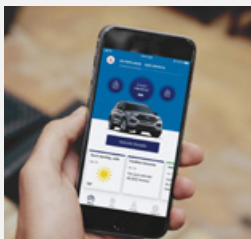


We're reorganizing our business to make customers' lives easier and help them feel in charge. By listening to their needs, tailoring each interaction and exceeding their expectations, we're building life-long trust and satisfaction.



Pickup and Delivery Service

To meet the demand for a touchless experience, we have expanded our pickup and delivery service from a few pilot stores to a global program that delivered more than 100,000 events in 2020. In China, we've completed almost 30,000 pickup and delivery events for Ford and Lincoln customers, and seen a 30 percent uptick in demand for this service through the WeChat app.



FordPass Rewards Program and Visa Card Launch

Ford introduced its FordPass Rewards program in 2019 to drive customer loyalty and dealership visits through member-exclusive benefits and redeemable points for sales and service. It provides the most comprehensive loyalty rewards program in the industry, with more than 6 million members in the U.S. by the end of 2020. We are expanding the program through experiential tiers and the FordPass Rewards Visa Card, available to U.S. customers since August 2020, and building out similar loyalty programs in other markets like Canada, which launched in January 2021.*



Creating a Safe Environment at Dealerships

From the beginning of the COVID-19 pandemic, we learned lessons from our team in China, which was the first to be hard hit by the virus. We then brought that knowledge to other markets around the world through return-to-work playbooks, staff training sessions, cleaning protocols, distributing personal protective equipment (PPE) and other health and safety protocols.



Mustang Mach-E e-Commerce Platform

We introduced the Mustang Mach-E e-commerce platform in the U.S. and Europe to give customers a one-stop digital experience. It's simple and user-friendly, and enables customers to reserve, price, buy, set up and take delivery of their vehicle from their preferred dealer.

Community Investment and Engagement

Our philanthropic arm, Ford Motor Company Fund (Ford Fund), has been strengthening communities and making people's lives better for more than 70 years.

By leveraging the power and expertise of the Ford Motor Company network – our employees, Ford dealers and community partners – Ford Fund provides resources and opportunities people need to overcome obstacles that limit upward mobility. Since 1949, Ford Fund has invested more than \$2.1 billion in programs that feed the hungry, provide educational opportunities, support multicultural initiatives, promote safe driving and more.

2020 was a year like no other, and the COVID-19 pandemic made the work the Ford Fund does to strengthen communities more important than ever. Concentrating on the most pressing issues in local communities – those surrounding hunger relief, shelter, access to mobility and other critical needs – Ford Fund directed more than \$3 million in funding to support nonprofits battling the impacts of COVID-19.

➔ [Learn more in the Ford Fund Annual Report](#)

Employees Giving Back

Giving back is one of our key values, and never has our commitment to this been so marked as throughout the ongoing COVID-19 pandemic. We received hundreds of questions from employees wanting to know how they could help.

Stay-home orders, physical restrictions and the cancellation of many in-person events and services completely shifted both community needs and the way in which employees support nonprofits.

However, our [donation match program](#) gave employees a way to safely support the relief efforts of 47 community organizations in 20 countries.

To commemorate the 15th anniversary of the Ford Volunteer Corps in 2020, Ford Fund recognized 15 employees as Ford Volunteer Corps All Stars. Each of these individuals was selected for going above and beyond in their commitment to community service and helping people in need.

Ford Fund: COVID-19 Community Support in Numbers

- Contributed **\$1.13 million** to worldwide COVID-19 relief through our employee donation match program
- Converted 20 Ford employee shuttle vans into COVID-19 relief delivery vehicles that transported meals to more than **8,000** families and seniors and **11,000+** hospital workers in Southeast Michigan
- Provided **\$500,000** in emergency relief to Detroit-area nonprofits addressing hunger, housing, mobility and other urgent needs
- Distributed **1.65 million** pounds of food through our community centers in Detroit
- Delivered **3.7 million** meals from our Bangkok community center
- Provided **\$400,000** in emergency relief to students at Hispanic and Historically Black Colleges and Universities (HBCUs)
- Provided **\$1 million** in grants to Black and Latina entrepreneurs and small business owners

Global Caring Month

During [Global Caring Month](#) in September, our annual 30-day focus on community service, employees rallied once again – performing acts of kindness for friends, family and neighbors in need and nominating local community organizations to receive grants in support of the work they are doing to address COVID-19.

Virtual Volunteering

Volunteering has always been an integral part of Ford's commitment to making a positive impact on society. The [Ford Volunteer Corps](#), a global network of current and retired Ford employees, have contributed over 1.7 million volunteer hours to community projects on six continents since 2005.

However, during 2020 – with traditional volunteering not always safe or practical – we increased virtual opportunities that could be completed digitally. From reviewing grants online for women entrepreneurs to staffing a virtual Detroit Census phone bank, U.S. employees were provided with a range of ways to give back to their communities while at home.



Campaign celebrating women showing muscle during the COVID-19 pandemic.

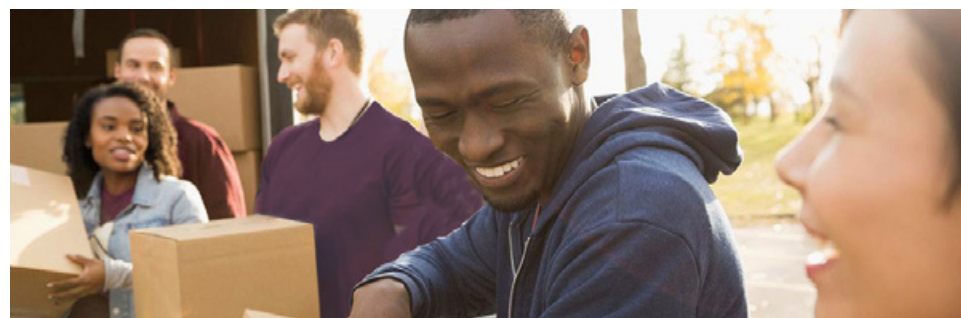
Producing Personal Protective Equipment

When the COVID-19 pandemic struck, employees at Ford quickly rallied to develop 50,000 ventilators at several of our plants around the world to help treat patients.

The ongoing dedication of our personal protective equipment (PPE) designers and manufacturers – the Project Apollo team – and our union partners was highlighted and celebrated in the short documentary *On the Line* by award-winning director Peter Berg. In 2020 alone, Project Apollo produced more than 140 million face masks,⁸ 20 million face shields, 1.6 million washable isolation gowns, 50,000 ventilators and 32,000 powered air-purifying respirators in partnership with technology company 3M™.

Together with the Ford Fund, we made a commitment to produce and donate [120 million medical-grade face masks](#) to at-risk communities across the U.S. with limited access to PPE by mid-2021.

Our dealerships introduced “No Touch” services, with remote pickup and delivery and the full disinfection of vehicle surfaces. During the early months of the COVID-19 pandemic, our Lend a Hand program also allowed existing customers to defer payments for 90 days. Around 350,000 people participated in the program and approximately 98 percent of them are back making payments.



We remain committed to supporting and participating in programs, initiatives and organizations that promote diversity, equity and inclusion (DEI) in our society.



Supporting Black-Owned Businesses During COVID-19

Ford Fund partnered with the National Urban League to offer [\\$600,000 in grants](#) to Black business owners disproportionately impacted by the COVID-19 pandemic. Urban League affiliates in Los Angeles, Detroit, New Orleans, Atlanta, Chicago and New York provided small grants, technical assistance and advisory services to help stabilize the most affected communities.



Virtual Men of Courage Leadership Forum

Ford Fund convened its first virtual Men of Courage Leadership Forum. Attended by former United Nations Ambassador Andrew Young and best-selling author Shaka Senghor, the event provided a forum for entrepreneurs, business leaders and community influencers to develop a discourse on racial and social injustice.



Driving Dreams for Latina Entrepreneurs

Together with eMerge Americas and the National Development Council, Ford Fund launched a program to offer \$400,000 in grants and resources to [Latina small business owners](#) impacted by the COVID-19 pandemic.



Proud To Honor: Supporting Military Charities

Throughout December 2020, Ford and our dealers rallied to donate to charities supporting U.S. military heroes as part of our Proud to Honor program. For every person who shared a social media post honoring a member of the U.S. military using the #proudtohonor hashtag, Ford donated \$100, up to \$3.5 million, to be split between seven selected military charities. One of these charities, Blue Star Families, also received \$10,000 worth of toys from Ford for a charity drive to benefit the children of military families.

8 Includes masks for our facilities and for donation as of week beginning 3/8/21.

Investing in and Around Detroit

Ford is investing \$10 million over four years to support programs that benefit people living in the development area around Michigan Central Station. This initiative focuses on housing affordability, workforce development, mobility solutions, parks preservation and neighborhood safety, and preserving Corktown's culture. As part of this agreement, we awarded \$250,000 in grants to four nonprofit organizations to fund programs that celebrate the area's history and culture.

Each of our Ford Resource and Engagement Centers (FREC)s – two in Detroit and one each in Pretoria, South Africa; Craiova, Romania; and Bangkok, Thailand – supports its local community by bringing nonprofit partners together in a collaborative environment. Their support ranges from distributing food and providing help with shelter through to job training, educational opportunities, or arts and cultural initiatives. Our FRECs also played a significant role in COVID-19 relief efforts. Find out more in the [Ford Fund Annual Report](#).



Taking Community Health on the Road With Mobile Testing

We continue to work with Wayne State University, the Wayne State University Physician Group and Arab-American nonprofit ACCESS to expand existing mobile COVID-19 testing efforts. The majority of this work was done in 2020, with the 10,000 tests completed by mid-2020. Through the service, clinicians from our partners provide free testing without the need for a prescription and with results available within 24 hours.

Each of the four Ford Transits made available has been fitted with all necessary test equipment, as well as tents, sanitation, power and a Wi-Fi connection. Additionally, two Lincoln Personal Driver vehicles have been supplied to transport medical equipment and supplies between testing sites and lab facilities.

Fast-Tracking Upskilling for Detroiters

Part of our vision for a new mobility innovation district in the Corktown area of Detroit is to support the community and improve local transportation. This is why we have partnered with construction managers Christman|Brinker, as well as several Detroit-based trade skills-training organizations, to launch the Fast Track Job Program at Michigan Central Station.

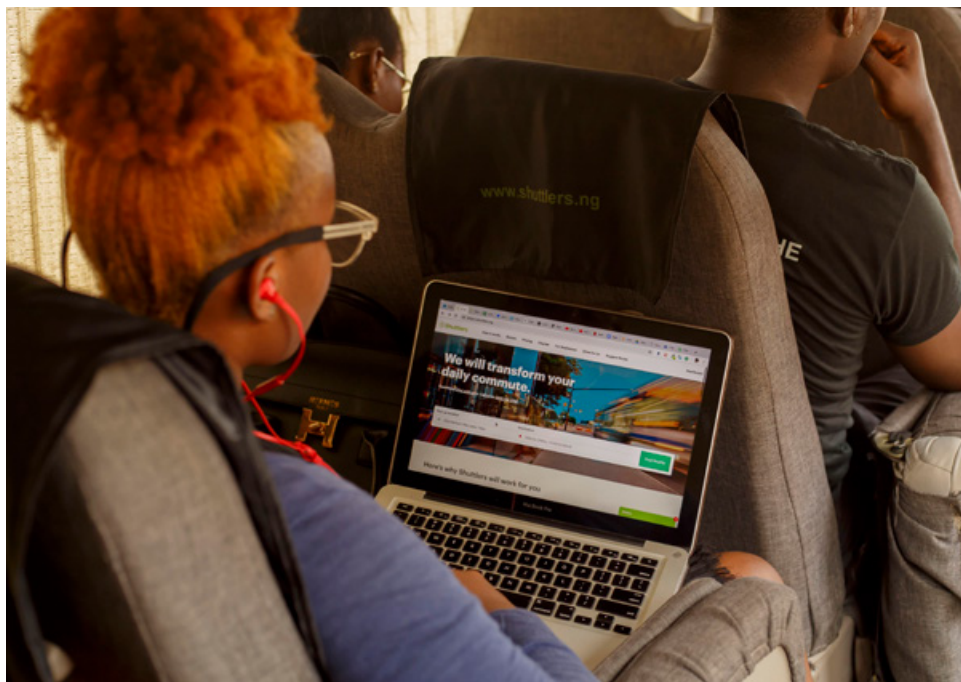
Through the four-month program, local individuals will be offered paid hands-on training in a range of construction trades, including masonry, carpentry, electrical, painting and iron work. The first cohort, which consisted of 25 participants from existing construction awareness programs, began work in September 2020. We plan to offer work experience to around 175 residents until the restoration is completed in 2022.

Extreme Tech Challenge

Ford is a sponsor of the Extreme Tech ChallengeSM (XTC), a nonprofit devoted to elevating the next generation of entrepreneurs creating new technologies and innovations. Inspired by the UN SDGs, XTC supports and showcases innovators harnessing the power of technology to address sustainability challenges. The competition provides contenders with opportunities for publicity, raising capital, networking and mentorship opportunities.

As well as sponsoring the challenge and acting as committee judge, we also helped introduce start-ups to one another. Through XTC, we found out about start-ups such as ReJoule (batteries) and GreenDot Bioplastics (sustainable materials).





SHE-MOVES: Driving Human Progress Through Social Enterprise

Through our grant program SHE-MOVES (Strengthen Her: Mobilizing Ventures for Social Innovation), established in 2019, we have supported community projects in South Africa and Nigeria that benefit women-led social enterprises and whole-person development for women. After delays due to COVID-19, the projects were completed with the following accomplishments:

- **Uhambo** in South Africa offers caregivers relief from isolation, and provides community support and education to improve access to work, school or social events faced by children with disabilities. The project has trained 40 stakeholders on equality for people with disabilities, reached 85 community members through community dialogue, and completed 264 community member surveys to inform national policy for children with

disabilities. Uhambo also supported 10 mothers leading parent support groups and launched the National Parent Advisory Committee and Parent Change Trust in South Africa

- **Shuttlers** in Nigeria, which offers female bus commuters into Lagos onboard learning to support their personal and professional development. The project provided skills training to 630 women who later passed their exams, reached 350 women who are now pursuing further education, provided training to 105 women who have gained new jobs as a result and saw 22 new companies launched by women in the program

Due to COVID-19, new SHE-MOVES grants were suspended for 2020 and restarted in 2021.

Investing in the Next Generation

We're preparing students of all ages to meet the challenges ahead by inspiring their interest in technology and science through STEM (science, technology, engineering and math) programs. Ford Fund also supports other educational initiatives that empower young people to take control of their future, improve lives and drive social mobility.

- We work with Primary Engineer, a nonprofit that runs engineering-based courses for schoolchildren in the U.K. Every school is matched with a Ford engineer to bring a real-world context to the sessions. To date, we have engaged 65 schools, 140 teachers and more than 3,480 children with 45 Ford volunteers
- Ford Driving Dreams (FDD) provides scholarships, community grants, youth literacy resources and student leadership training to inspire multicultural youth and celebrate the benefits of staying in school, achieving academic success and pursuing higher education. The initiative has donated over \$2 million in community grants and 100,000 new books, impacting more than 200,000 students in the United States, Latin America and Spain

- Ford College Community Challenge (Ford C3) has helped college student social entrepreneurs to launch social enterprises that have positively impacted people around the world
- After more than two decades of support of FIRST®, a robotics community that prepares young people for the future, Ford became a FIRST Strategic Partner to encourage learning among students of all ages. During 2020–2021, we directly supported 229 teams across all FIRST programs in the U.S., and more than 400 Ford employees volunteered as mentors, impacting more than 5,000 students

➔ To learn more about Ford Fund's efforts to strengthen communities, please visit www.fordfund.org

To boost female representation in the tech industry, we support organizations including the Engineering Society of Detroit's Girls in Engineering Academy and Girls Who Code, a nonprofit that equips young women with the skills to pursue opportunities in computing.



Disclaimers

- Based on original equipment manufacturers (OEM)/automotive manufacturers that sell all-electric vehicles and have publicly announced charging networks. Department of Energy data used. FordPass™, compatible with select smartphone platforms, is available via a download. Message and data rates may apply. ([page 4](#), [page 31](#))
- Lincoln received the highest numerical score among luxury brands in the J.D. Power 2020 U.S. Sales Satisfaction Index (SSI) Studies of customers' satisfaction with buying and leasing of new vehicles. Visit jdpower.com/awards. ([page 5](#), [page 14](#))
- Follow your owner's manual for operating limitations. ([page 24](#))
- Aftermarket Equipment shown. ([page 25](#))
- 2021 Ford Escape Hybrid. 2.5L Hybrid FWD/CVT. Actual fuel consumption and range will vary. Range is calculated using 54.2-litre tank (excludes reserve) and estimated fuel consumption ratings of 5.4 city L/100km, 6.3 hwy L/100km, 5.8 combined L/100km, based on Government of Canada-approved test methods. ([page 27](#))
- Based on total U.S. reported sales (2020 CY). ([page 27](#))
- Based on 1977–2020 CY total sales. ([page 30](#))
- FordPass, compatible with select smartphone platforms, is available via a download. Message and data rates may apply. FordPass Connect, the Ford Pass app, and complimentary Connected Service are required for remote features (see FordPass Terms for details). Connected service and features depend on compatible AT&T network availability. Evolving technology/cellular networks/vehicle capability may limit functionality and prevent operation of connected features. Connected service excludes Wi-Fi hotspot. ([page 4](#), [page 31](#), [page 35](#), [page 36](#), [page 78](#), [page 79](#))
- SRP is \$799. MSRP excludes taxes, delivery charges and installation fees. Actual price may vary by dealer. Requires installation by a licensed electrician. Visit [Qmerit Charging](#) to find installation services in your area (Qmerit is solely responsible for the products and services it provides). Or provide this guide to a licensed electrician for help with an installation quote. These independent companies are solely responsible for the products and services they provide. Computer-generated image shown. ([page 31](#))
- When configured with extended range battery and RWD. Range and charge time based on manufacturer computer engineering simulations and EPA-estimated range calculation methodology. The charging rate decreases as battery reaches full capacity. Your results may vary based on peak charging times and battery state of charge. Actual vehicle range varies with conditions such as external environment, vehicle use, driving behaviors, vehicle maintenance, lithium-ion battery age and state of health. ([page 31](#))
- Driver-assist features are supplemental and do not replace the driver's attention, judgment and need to control the vehicle. Blue Cruise is a hands-free highway driving feature. Only remove hands from the steering wheel when in a Hands-Free Blue Zone. Always watch the road and be prepared to resume control of the vehicle. It does not replace safe driving. See Owner's Manual for detail and limitations. ([page 33](#), [page 35](#), [page 75](#))
- Hands-free highway driving prep kit contains the hardware required for this feature. Software for the feature will be available for purchase at a later date. Separate payment for feature software required to activate full functionality at that time. Driver-assist features are supplemental and do not replace the driver's attention, judgment and need to control the vehicle. Only remove hands from the steering wheel when in Hands-Free Zones. Always watch the road and be prepared to resume control of the vehicle. It does not replace safe driving. See Owner's Manual for detail and limitations. ([page 35](#), [page 75](#))
- Don't drive while distracted or while using handheld devices. Use voice-operated systems when possible. Some features may be locked out while the vehicle is in gear. Not all features are compatible with all phones. ([page 35](#), [page 36](#), [page 76](#), [page 77](#))
- Ford test data based on typical industry methodology using 1-ft rollout. Your results may vary. ([page 43](#))
- Government 5-Star Safety Ratings are part of the National Highway Traffic Safety Administration's (NHTSA's) New Car Assessment Program (www.nhtsa.gov). ([page 73](#), [page 74](#))
- Active Drive Assist is a hands-free highway driving feature. The Active Drive Assist Prep Kit contains the hardware required for this feature. Software for the feature will be available for purchase at a later date. Active Drive Assist functionality expected 3rd quarter 2021 CY. Separate payment for feature software required to activate full functionality at that time. ([page 75](#))



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