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Being an active and responsible member of the communities in which we operate is a core value at Ford.

We demonstrate it by helping to alleviate shared social, economic and environmental problems and playing our part in creating a better world.

For example, the effects of global problems like climate change show themselves in different ways and to varying degrees in different locations. At the same time, technology is accelerating the pace of change in many areas of human activity, driving fundamental shifts in consumer trends in our markets. Our corporate strategies provide a framework for regional programs that reflect this fast-moving picture at the same time as addressing local circumstances and needs.

This section aims to give a flavor of material sustainability issues having an impact on our regional business units, and describes some key initiatives and programs supporting our corporate strategies.

South America

This section offers a regional perspective and an overview of initiatives to implement the corporate sustainability strategy in our South America regional business unit.

“This is the third year of an economic crisis with great political difficulties that is currently being experienced in Brazil, Ford’s key market and operating base in South America.

This crisis has naturally brought great challenges for all companies. There has been a continuing deterioration in business conditions, and the automotive industry’s sales volumes and turnover have almost halved – unfortunately generating a surplus in personnel within the sector. We at Ford have gone to great lengths to seek creative ways to reduce the impact on our staff, including adopting innovative strategies that have never been used before to adjust production to demand.

We have also sought to alleviate the effects felt by communities. Instead of cutting funding in our social programs, we have actually increased investment over the last few years. This is core to Ford. Making people’s lives better is not just about making smarter and safer cars. It is about supporting communities where we operate and helping them flourish.

Despite the very challenging climate, we have continued to invest heavily in building a product lineup that delivers great consumer experiences across all segments. We continue to have an optimistic view of the opportunities that Brazil has to offer. By strengthening,

not reducing, our social responsibility and our investment in the future, we will be ready to seize these opportunities when headwinds subside and calmer, brighter conditions prevail.”

Lyle Watters

Vice President, Ford Motor Company and President, Ford South America

At a Glance

- 2 primary markets: Brazil and Argentina
- 15,000 employees
- 8 manufacturing plants

› [Please see Ford’s Annual Report 2016 for further information on our regional business units, including key financial metrics for South America](#)

Strategy and Governance

Mobility Pilots in Brazil

São Bernardo Car-Sharing Project

A car-sharing pilot for around 4,000 employees at our São Bernardo assembly plant has proved to be a useful and popular service – and provided valuable insights for future mobility solutions in South America and across the globe.

The six-month trial offered three Ford Focus vehicles from our internal fleet for rental during weekends and holidays. There was a fast take-up (via mobile web page) and 100 percent of the slots available for the whole duration were booked within the first three weeks.

Analysis of the data revealed that all the employees who rented a vehicle in the pilot already had a car at home and needed another vehicle on specific occasions that don’t justify buying a second car. This provides further evidence that demand exists among consumers for good value, high-quality, convenient car-sharing services.

WiiMove Mobility App: Making Ride Sharing Easier

In partnership with WiiMove – a Brazilian mobility app – we launched our second mobility experiment in Brazil. This focuses on developing a ride-sharing community, open to all Ford employees in our plants. The app helps drivers and riders to link up to share a trip, which provides an additional option for a multimodal daily commute. For the São Paulo area, the app provides information on different modes of transportation – public and private – to help users create seamless journeys. The idea comes out of our ongoing engagement with tech startups and entrepreneurs, who are vital to helping us develop new transportation models and ecosystems.

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Collaborating Externally on Future Mobility Solutions

From encouraging tech solutions to furthering the mobility debate, we have continued to engage at all levels through a range of forums:

- Ford Brazil took part in a major mobility event in São Paulo – the 2017 Mobility Week – and was the only auto company to do so. Ford’s space was designed to engage people, and included “Cinema 360” to show our global mobility initiatives. Members of the public were also able to take part in a fun Multimodal Challenge game in which they had to choose an optimum mix of transport modes to complete a journey – from vehicles and rollerblades to buses and bikes.
- Campus Party is one of the world’s largest global tech events. Under its auspices we invited developers to take part in a hackathon in the Campus Party Technology Fair in the northeast of Brazil. Ideas included tech to inform drivers of locations with a high incidence of robberies and a parental control that lets parents check that their kids are driving the family car safely. In the São Paulo edition of Campus Party, Ford’s experts conducted workshops to promote the open source technology used in the SYNC connectivity platform of Ford’s vehicles.
- We also invited developers to take part in a “Hack nSync” at Campus Party Argentina, setting them the challenge to create innovative ideas for mobile apps and connected car technologies. Ford Argentina was the only auto company at Campus Party Argentina, which was held for the first time in the country in 2017.

Customers and Products

Continuing to Invest in Our Products and Technologies

In a challenging market, it is vital to be more competitive than ever. This is why Ford continues to invest heavily in next generation technology to improve fuel economy and emissions.

- The Fiesta lineup in Brazil is the first in the country equipped with the award-winning 1.0L EcoBoost Engine, which is a leader in its sector for power and fuel economy.
- Offering a range of innovative sustainability features, the new 2017 Fusion Hybrid has been chosen as “Green Car of the Year” by the automotive journalists of Brazil. Features include the EV+ system, which recognizes the most frequent destinations through the GPS of the car. As the vehicle approaches them, the system prioritizes the use of the electric motor to save fuel.
- In Argentina, the new Ka and Focus received four safety awards in the CESVI 10th Annual Safety Awards. CESVI publishes authoritative information on vehicle safety and is dedicated to automotive innovation, training and research in the automotive industry.

Ford is the **only large volume manufacturer in Brazil** to exceed the vehicle efficiency targets set by the Brazilian Government (Inovar-Auto program), from 2012 to 2017.

Recognition for Customer Satisfaction

Ford was the first automaker in Brazil to open a center dedicated 24/7 to customer service. Reflecting this commitment, we received the Top Ten Excellence Award in Consumer Relations, awarded by Brazil’s national consumer institute and a leading consumer magazine.

> [Read more about how we are investing in vehicle quality, safety, affordable fuel economy and a cleaner future](#)

Operations

Zero Waste to Landfill Facilities

Our plants in South America have delivered ambitious plans to reduce the amount of material they send to landfill and with two exceptions are now zero waste to landfill (ZWTL) facilities. The exceptions are in areas where the local infrastructure for certain types of waste is not yet fully developed.

These efforts in South America have diverted 800 tons of waste per year from landfills – equivalent to the volume of waste generated by 550 four-person households over a year.

Brazil

Our plant in São Bernardo celebrated ZWTL status in July 2016, after a campaign involving the whole workforce. The measures now in place include effective waste segregation, recycling, co-processing and incineration.

Other Brazilian plants with ZWTL status are our Taubaté transmission and engine plant near São Paulo, and our Camaçari assembly plant in Bahia state.

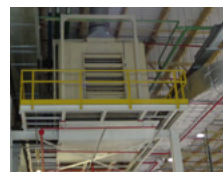
Argentina

Having achieved ZWTL status in January 2017, our Pacheco plant no longer sends any waste to landfill. Each type of waste needed a specific, environmentally correct disposal plan, sometimes in partnership with waste management companies who take certain items such as vehicle batteries for special treatment. Other waste streams like paper and plastic bottles are supplied to nonprofit community organizations who generate funds for social projects from recycling materials.

Conserving Water in Brazil

From 2000 (when Ford launched its global water strategy) to 2016, we reduced our companywide water usage by 61 percent. We’re continuing to invest in the best available technology and practices to conserve water, and in our manufacturing plants in Brazil we aim to only use recycled water to make our vehicles.

Our Camaçari engine plant in Brazil bettered its water-saving goal in 2016 and is setting the pace among Ford’s global facilities with a water consumption figure of 0.057 m3 of water per engine. Over five years, the plant has reduced consumption by 38 percent through a range of water-saving measures. For example, even the condensation water from air-conditioning units is collected and reused. Initiatives to drive further efficiencies at Camaçari include a plan to reuse water for compressed air systems and bathrooms, which is expected to produce a saving equivalent to the water used by 372 four-person households over a year.



Condensation water from the air-conditioning system at our Camaçari plant...



is collected rather than being discarded...



then recycled for use in floor-cleaning.

At our São Bernardo plant, in the southeast of Brazil, water consumption has also been reduced significantly. Water-saving projects include plans to reuse the water from compressed air towers and bathrooms, and we have now started to recycle the water from the painting processes at this plant.

> [Read more about environmental responsibility in our facilities](#)

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People and Communities

Education Programs, Brazil

Launched toward the end of 2015, the Ford Youth Education Program offers teaching support and technical training for up to 100 disadvantaged and very-low-income public school students per year. As part of the training, students are able to visit other industries and interact with Ford executives. They also receive food, transportation and dental treatment with the Ford Odontomóvel mobile dental service (see below). On successful completion, candidates can apply for apprenticeships at Ford. Some of the first intake of students are already working as apprentices with us at our Camaçari plant.

In 2016, our education outreach in sustainability and the environment engaged 1,450 students and 133 teachers from 40 public schools. The learning activities and interactive experiences take place in our Environmental Center at our Camaçari plant.

The Alan Mulally Leadership in Engineering program is a global initiative that aims to donate \$1 million in scholarships for 10 years, covering 10 universities around the world. Brazil is the only country besides the United States to participate in the 2015 and 2016 editions.

Odontomóvel (Mobile Dental Service), Brazil

Active since 2011, the Odontomóvel is a fully equipped, free, mobile dental clinic. It focuses on children aged 2 to 15 in public schools, selected in partnership with the public health and education authorities, prioritizing those regions with low provision of dental services.

The first Odontomóvel in Camaçari was assembled in a Ford Transit van. It has helped almost 11,000 people, providing dental care, prevention and education about dental health. Since 2015, we also provide a complete infrastructure for a variety of dental procedures geared toward public school students in Taubaté (São Paulo) and Horizonte (Fortaleza) using a F-350 truck platform.

Early in 2017, we delivered the second Odontomóvel unit for Camaçari using a F-350 truck. This further expands and strengthens the company's social responsibility in the region.

Sustainable Backpacks for Schoolchildren, Brazil

Each year, Ford distributes 10,000 sustainable backpacks full of useful items to public schoolchildren from low-income and underprivileged families in Camaçari, in partnership with Projeto Axé, a leading nonprofit organization.

Over the past three years, Ford has distributed 30,000 sustainable backpacks to schoolchildren from low-income backgrounds.

The project generates a range of positive impacts. The backpacks contain school materials to help motivate students to continue with their studies, improve their confidence and build self-esteem. The backpacks themselves are made from recycled Ford uniforms by the children's mothers. The women are offered training in how to sew and how to make the backpacks, which provides an opportunity to learn seamstress skills and potentially earn extra income.

Support for Education and Social Programs, Argentina and Venezuela

One of our most important education initiatives in Argentina is the Rural Schools Program. This began in 1968 with the aim of improving pupils' quality of life. Forty-one schools were built and since 2002, in partnership with Ford dealers, we have been progressively refurbishing the schools to enhance their facilities and incorporate environmental technologies. The most recent school to be renovated is Rural School No. 138, in the village of Mascasín in the northeast of the country.

At primary school level, we continue to promote reading and literacy (with NGO Fundación Leer) and confidence-building (with NGO Conciencia).

In 2016, the Henry Ford Technical School marked its 51st year inside our plant. The school is financially supported through the contribution of families and of Ford. Scholarships are awarded to high school children through the support provided to NGO Cimientos. The school's facilities are used for free secondary education for adults, and are also used by NGO Forge to provide free courses to underprivileged young people to help them into work.

To support university education, we provide internships and scholarships through the University of San Andrés Foundation.

Other social action initiatives in Argentina in partnership with leading NGOs and nonprofits include:

- [Ford Driving Skills for Life](#) (with civil association Luchemos por la Vida) – Driver education for 15 to 18-year-olds through a new online portal and through face-to-face workshops in schools
- With Fundación Sí – Providing a fleet of 15 Ford vehicles to transport food and other essential items to poorer communities. Approximately 10,000 people have benefited
- With Movimiento Agua y Juventud – Since 2014, Ford's support has helped give more than 100 families and three communities in rural areas access to a safe, secure water supply
- With Las Tunas – Supporting the Youth Orchestra in the poor community of Las Tunas, Buenos Aires
- With CONIN, an organization dedicated to eradicating malnutrition – Creating a platform to help professionals and malnutrition centers across the country to share best practices and training in infant health and well-being

CASE STUDY

Training Disadvantaged Youth in Venezuela

Each year, the Leading Your Future program provides four months of comprehensive automotive technical training to 60 unemployed, educationally disadvantaged young Venezuelans aged between 19 and 25. The program is endorsed by the prestigious University of Carabobo and is supported by an active volunteer group of 70 Ford employees. Sixteen of the Ford employees have been certified by the university as trainers, and the lessons provided by the Ford team have become part of the curriculum endorsed by the university.

Over the two years since the program began, 56 at-risk youth participants received an Automotive Training Diploma endorsed by the university and 32 new participants are currently enrolled in the program.

The Ford Venezuela team has received the company's Diversity and Inclusion Award in recognition of employees' vital role in the Leading Your Future program.

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Our Global Caring Month

Once again, there was a huge amount of activity in support of communities during the annual Global Caring Month. In Argentina, the active volunteer program and community engagement initiatives were recognized with a social impact award from the governor of Buenos Aires province.

In Brazil, volunteers from our Camaçari plant worked to improve facilities at a daycare center for children, and equipment was also donated. In Colombia, Ford workers supported the Bogotá food bank. In Venezuela, more than 100 Ford volunteers worked for 300 hours to restore areas of a music school.

Supporting Our Employees Through Difficult Times

The extremely challenging economic conditions in Brazil and the consequent severe reduction of industry sales and turnover have led to surplus capacity in our workforce. We have sought every opportunity to reduce the impact on our staff.

In the São Bernardo plant, for example, we created Projeto Fusão – an initiative to adjust production to demand, which had never been done before. Employees worked on producing cars on some days of the week and trucks on other days, which enabled us to make more flexible use of our workforce.

We delayed making layoffs where possible, offering alternatives such as temporary remunerated arrangements. Also, we created voluntary retirement programs for those who wanted to leave with some remuneration. We continue to do our best to support our employees in this period of extreme economic challenge.

> [Read more about our people and communities](#)