



SustainAbility™

Benchmark Feedback
Connecting With Society –
Ford Sustainability Report 2004/5

January 2006
Dearborn, Michigan

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Methodology at a Glance



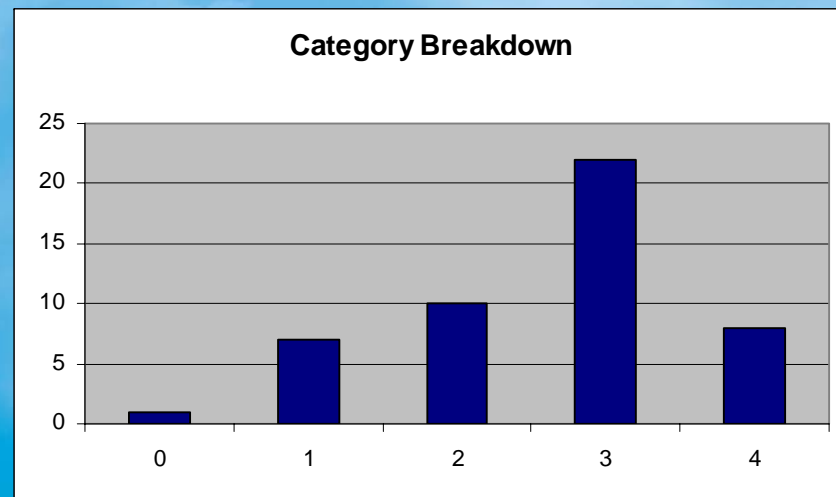
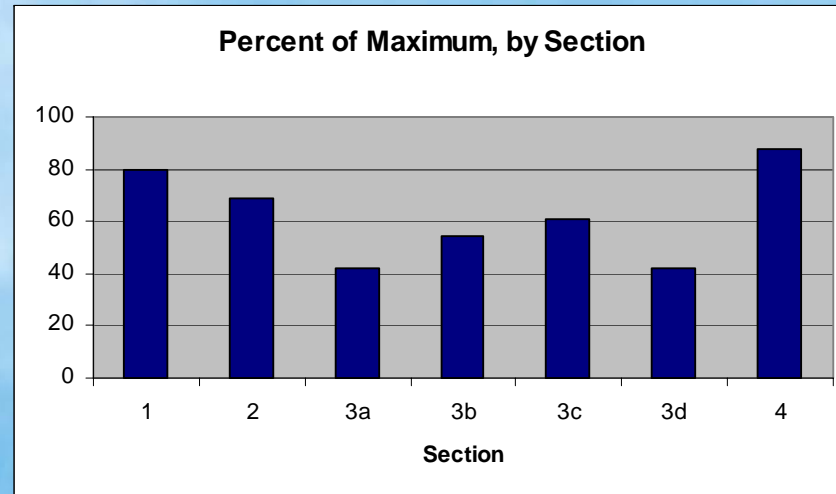
- 48 Criteria
- 4 Sections
 - Context & Commitments
 - Management Quality
 - Performance over Reporting Period
 - Access & Assurance
- Five stage scoring system

0	1	2	3	4
Nothing <i>(Ignored)</i>	Sketchy <i>(Introduced)</i>	Systematic <i>(Implemented)</i>	Extensive <i>(Interpreted)</i>	Integrated <i>(Integrated)</i>

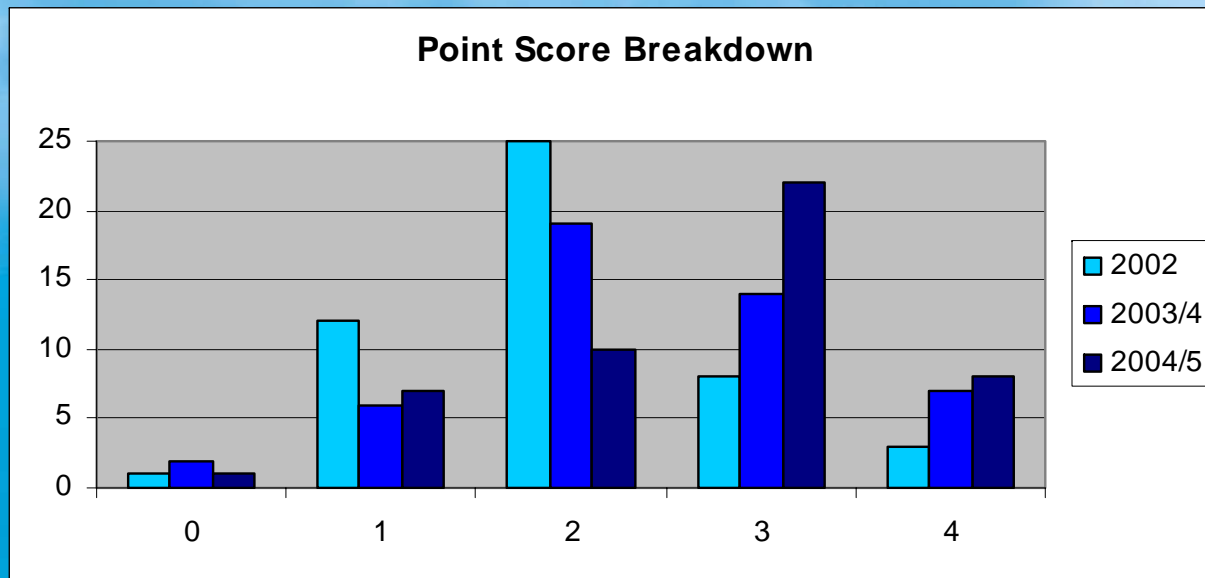
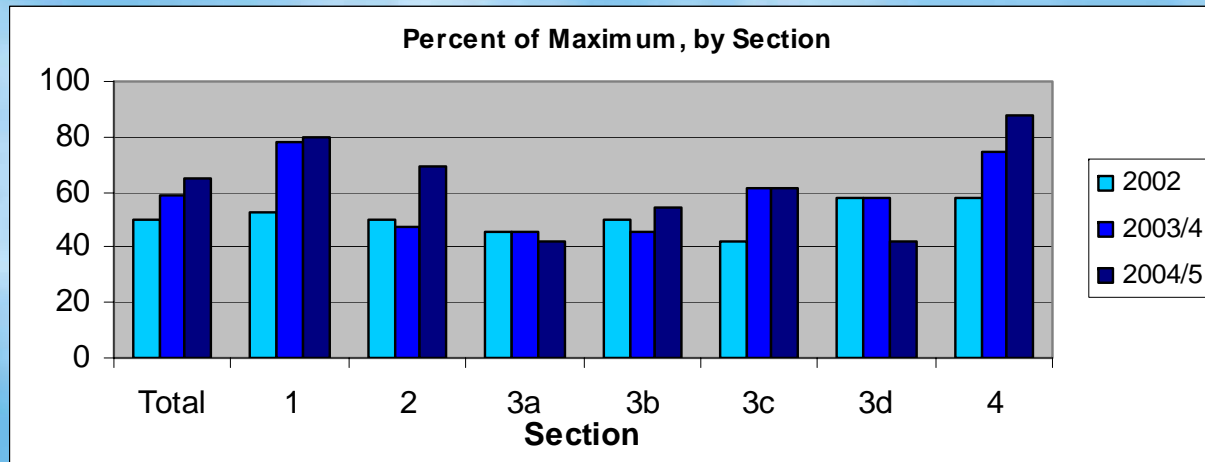
Summary Statistics



Raw Score	
Total Score (%)	65%
1. Context & Commitments	80%
2. Management Quality	69%
3. Reporting Performance	
3a – Economic	42%
3b – Social	54%
3c - Environment	61%
3d - Multi-Dimensional	42%
4. Access & Assurance	88%



Comparison to Previous Reports



Overall Impressions



- *Our Route to Sustainability* is a step change in Ford's reporting practices, providing **focus** and **depth** on the most pressing issues the company faces.
- The CEO statement presents a **revolutionary vision** that captures the true meaning of sustainability.
- Business Principles have the potential to become an unprecedented and **integrated management system** for SD and business performance.
- However, the **inconsistency of format** between the printed and online versions of the report makes it difficult for the user to track from one to the other.
- There are few **performance goals** nor is there discussion of the process for determining if the **indicators** are effective drivers of performance.
- Given the **growth markets** in emerging economies, the report should highlight region-specific sustainability issues.

Critical Reporting Challenges



- In order to maintain credibility and to build reputation, Ford reporting needs to describe its **road-map** to success, including long-range goals and milestones to achieve them.
- There is a gap in reporting on progress on priority issues according to the x-axis of the materiality chart. Ford should provide more evidence of the **business implications** of progress on the issues.
- To become more credible, the report needs to include **sustainable mobility** and **climate change** goals, a plan to reach these goals, and effective performance indicators.
- **Incremental targets** may not sufficiently track progress on Ford's issues, and thus may not be the most effective way to measure progress.

Context & Commitment – 80%



Key Strengths

- CEO statement presents a revolutionary vision of the integration of SD and business strategy.
- There is thorough identification of issues in the value chain.
- Report Review Committee is exemplary case of involvement of stakeholders in issue identification and prioritization.
- Reporting framework using Business Principles (web version) effectively brings all facets of Ford's SD work together.

Opportunities for Improvement

- Provide more significant information on the relevance of SD issues to the business.
- While the value chain chart outlines economic impacts, the context for that impact is unclear. There is no explanation of each impact and what it means for the company and for stakeholders.
- Report provides performance trends (p 38), but does not systematically provide indication of how the company is responding to shortcomings.

Management Quality – 69%



Key Strengths

- Report sufficiently describes how systems connect the top levels of the corporation to the base (i.e. Board and manufacturing) through integrating Business Principles and ISO 14001 with Ford Production System scorecard. The report also shows how organizational accountability is monitored.
- The report clearly describes the governance structures for addressing climate change and sustainable mobility, and connects the issues to strategy and core business.
- Human rights section provides discussion of how indicators were developed, which stakeholders were involved, measurement challenges, and how indicators are used in setting new goals.
- Ford creates a realistic and balanced picture of the complexity of policy issues related to climate change.

Opportunities for Improvement

- Provide information on the systems Ford uses to manage and prioritize financial tradeoffs related to SD issues.
- Due to focus on growth in Asia-Pacific and other emerging economies, begin to communicate the systems to manage the triple bottom line in emerging markets.
- Report on how Ford can leverage its customer approach to shape the future market and influence customer demand.
- Systematically report on indicators and goals for measuring progress towards material issues and Business Principles, specifically.
- Provide more clarity on Ford's position on US government policy for climate change and health care.

Performance: Economic – 42%



Key Strengths

- Report provides a good compilation of existing financial data.
- Report discusses financial context of SD issues and opportunities.
- Ford boldly reports on the tension between managing to Wall Street and managing to the SRI community.
- There is an exemplary reporting pilot on community impact.

Opportunities for Improvement

- Report makes little connection between SD investment, SD performance, and financial performance.
- Overall, the report needs more extensive explanation of impact across communities, BUs, geographies, employees, and governments, not just a few examples.

Performance: Social – 54%



Key Strengths

- Abundance of examples of diversity initiatives and community impact assessments and programs.
- Good start in comparing geographies of some health and safety indicators.
- Strong reporting on assessment of working conditions and steps for expansion.

Opportunities for Improvement

- Overall, provide more extensive explanation of impact across communities/BUs/geographies on issues of workplace quality, health and safety, diversity, and community assessments and programs.
- Provide evidence that human rights performance results will influence business decisions (e.g. terminate supplier relationship).
- Expand human rights reporting beyond working conditions.
- Streamline reporting by linking community impact assessments and human rights assessments.

Performance: Environmental – 61%



Key Strengths

- Strong reporting on energy and water performance.
- Robust discussion of material and waste initiatives.
- The printed report explains in depth Ford's impacts, investments, positions, and efforts to shape the market for more climate friendly solutions .

Opportunities for Improvement

- Provide more meaningful breakdown by BUs and geographies for all environmental performance issues.
- Provide performance data from Enterprise Materials Management system, non-VOC air emissions, and logistics program.
- Address commitments and discuss GHG vehicle and operations performance in terms of goals, past performance, industry performance, and future plans.

Performance: Multi-dimensional – 42%



Key Strengths

- Abundance of data on product environmental and safety impacts.
- Good summary of environmental compliance and safety rates .

Opportunities for Improvement

- Begin to monetize the value of social and environmental investments and savings within Ford, or upstream and downstream.
- Provide climate impact of Ford's fleet on the road or of their own facilities.
- Enhance context on why 6-sigma is important to SD/safety.
- Show targets or geographic breakdown of safety performance.
- Provide information on compliance record, fines, court cases, legacy issues, or monetary reserves for liabilities or specific links to this content in other reports.

Accessibility & Assurance – 88%



Key Strengths

- The report clearly explains that Ford deeply understands that its reporting strategy links to its broader commitment and performance. This is demonstrated by involvement of the Report Review Committee in shaping the report and the tight focus on three material issues.
- Reference to print and on-line versions are useful. Also Business Principles tabs on-line are good guides.
- The report clearly states the scope of the data. The depth of the labor and supply chain data are most impressive.

Opportunities for Improvement

- Referring to the report as “non-financial” detracts from its relevance to and credibility within the business.
- There is little to no breakdown of data by geography. Especially necessary is data for areas of greatest change in the future - emerging markets.
- Address Ford Motor Credit (based on balance sheet assets would be the 10th largest US bank).
- Indicate plans to address the challenges presented by the report review committee in future reports.
- Align the two formats: print and online so readers can easily see how they are connected.

The image features several light blue decorative lines. A large, thin arc curves across the top of the page. Below it, a thicker blue line forms a spiral that starts from the bottom left and moves towards the center. Another thick blue line forms a smaller spiral below the first one.

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