

Governance

During 2008 we:

- Strengthened Board-level sustainability governance
- Engaged stakeholders on key issues
- Further integrated sustainability into the business



- ▼ GOVERNANCE
 - Progress
 - Sustainability Governance
 - Sustainability Management
 - Case Study: Political Contributions

Sound governance and management systems enable a company to operate in a transparent and accountable way. They provide effective oversight and help a company translate its aspirations into action while operating to high ethical standards.

The concept of governance is expanding beyond its traditional focus on fiduciary responsibility to shareholders to a broader focus on a company's impact on the world and its responsibilities to diverse stakeholders. At Ford, this is reflected in our development and integration of sustainability structures, processes and management systems into the core business.

Assessing Materiality

A number of topics related to governance and accountability were identified as issues of importance to Ford and our stakeholders in the [materiality analysis](#). Shareholder concerns (i.e., resolutions) and ethical business practices were two issues identified. Concerns expressed exclusively through shareholder resolutions were judged to be of low potential impact on the Company and medium concern to stakeholders. Ethical business practices were judged to be of high potential impact for Ford and medium concern to stakeholders.

Issues related to Ford's sustainability strategy, vision and management were also identified in the analysis and judged to be of high potential impact on the Company and medium concern to stakeholders.

Several public policy issues were identified in the analysis, including greenhouse gas and fuel economy regulation, health care reform, global environmental regulation and political payments and contributions. Political contributions were judged to be of medium potential impact on the Company and medium concern to stakeholders. Changing environmental and safety regulations in general were judged to be of high potential impact on Ford and low concern to stakeholders. Regulations related to GHG emissions and fuel economy, however, were judged to be of high potential impact on the Company and high concern to stakeholders.

Based on this assessment, we have included discussion of all of these issues in this Web report, in this or other relevant sections.



PERSPECTIVES ON SUSTAINABILITY

Melissa Forbes

Ph.D. Candidate, Public Policy and Sociology, Gerald R. Ford School of Public Policy and Department of Sociology, University of Michigan

[▶▶ READ MORE](#)

RELATED LINKS

In This Report:
[Materiality Analysis](#)

- Print report
- Download files

Progress

GOVERNANCE

Progress

Governance and Management Structures
2008 Awards and Recognition

Sustainability Governance

Sustainability Management

Case Study: Political Contributions

During 2008, Ford strengthened its sustainability governance through establishment of a sustainability committee of the Board of Directors. At the executive level, Sue Cischke, Group Vice President, Sustainability, Environment and Safety Engineering, is responsible for developing and implementing sustainability strategy, supported by the Sustainable Business strategies group. Ms. Cischke reports directly to Ford's CEO and participates in the regular Business Plan and Special Attention Review meetings of Ford's most senior executives, helping to keep sustainability at the top of the agenda. Progress on key sustainability indicators is reviewed regularly by top executives. Executive compensation is affected by the Company's performance in a range of areas, including sustainability.

This system of [governance and management](#), together with the structures, processes and management systems discussed in this section, integrates sustainability strategy into Ford's business in an unprecedented way.

During 2008, top executives reviewed several key sustainability issues, including Ford's product fuel economy and CO₂ strategy, acceleration of the blueprint for sustainability (including the electrification strategy) and approach to sustainable mobility.

Our Board and top management also have access to some of the preeminent thought leaders in sustainability through the Transformation Advisory Council established by Bill Ford. The Council includes Paul Hawken, environmentalist, entrepreneur and author; Amory Lovins, renowned expert on energy efficiency and resource use; and Peter Senge, leader in the field of organizational development and system dynamics. These individuals came together with Ford experts twice during 2008 to help shape our thinking about future technologies and global trends. Their unique blend of skill and perspective helps Ford be the leader in sustainability and develop ideas to solve the challenge of energy independence and the threat of climate change. This year, for example, Paul Hawken helped us look at new approaches to electric mobility that improve efficiencies and reduce cost to the customer. Amory Lovins and his colleagues from Colorado advised us on how to build greener, more energy-efficient dealerships. And, Peter Senge assisted us in taking a systems thinking approach to operational and cultural issues.

This section of the report discusses Ford's [overall and sustainability governance](#) and its [management of key sustainability issues](#).

Our Transformation Advisory Council brings together a range of external sustainability experts to help Ford develop ideas to solve the challenge of energy independence and the threat of climate change.

 Print report

 Download files

RELATED LINKS

In This Report:

Governance and Management Structures
Blueprint for Sustainability: An Overview
Electrification: A Closer Look

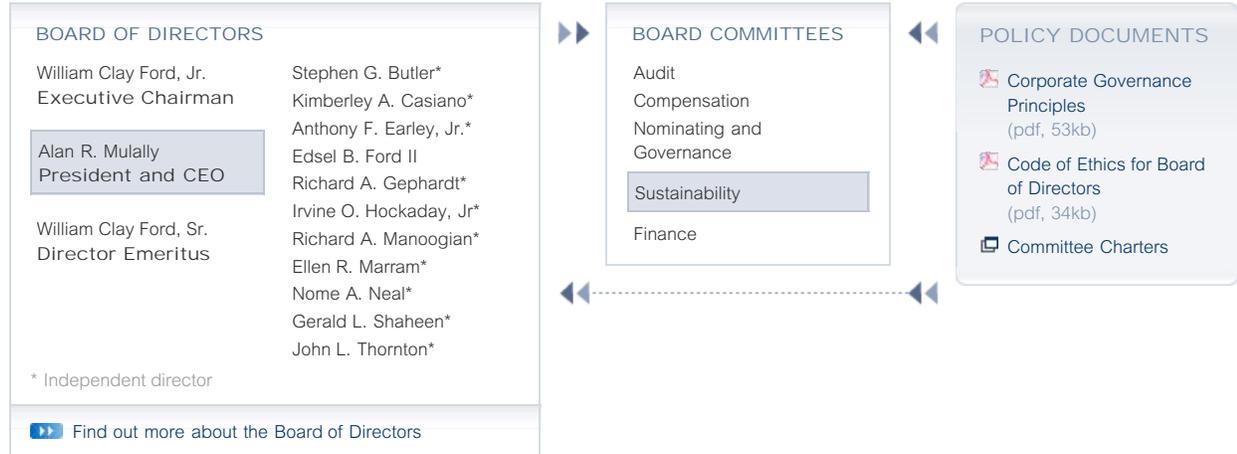
On Ford.com:

Corporate Governance
Ford Contact Information

Governance and Management Structures

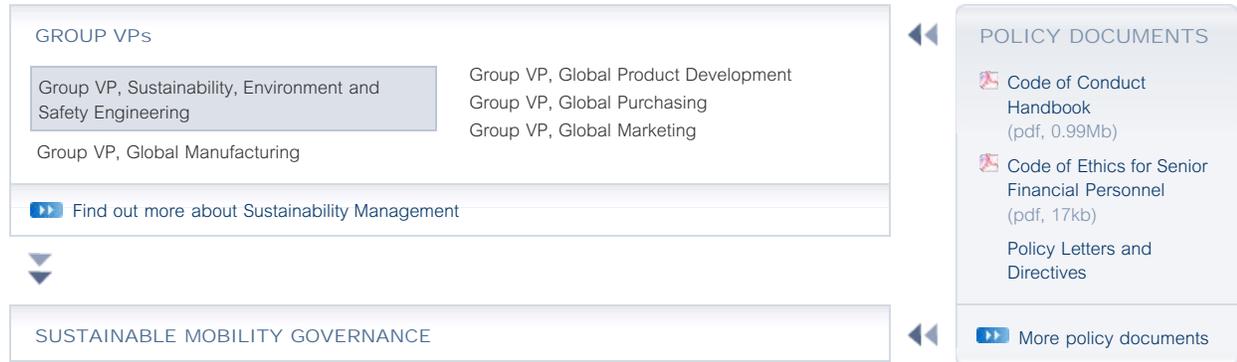
- ▼ GOVERNANCE
 - ▼ Progress
 - ▶ Governance and Management Structures
 - 2008 Awards and Recognition
 - Sustainability Governance
 - Sustainability Management
 - Case Study: Political Contributions

Board-level Governance



- Print report
- Download files

Sustainability Management



Key Business Processes

Business Plan Review Global Product Development System Special Attention Review	Ford Production System ISO 14001 Certification Order-to-Delivery
---	--

2008 Awards and Recognition

GOVERNANCE

Progress

Governance and Management Structures

2008 Awards and Recognition

Sustainability Governance

Sustainability Management

Case Study: Political Contributions

Listings in CSR Evaluations/Rating Services

- Included in FTSE4Good index
- Included in Dow Jones Sustainability Index (DJSI) – Sustainable Asset Management (SAM) North American Index
- Recognized by Business in the Community – Silver Level
- Ranked in Corporate Responsibility Officer (CRO) 100 Best Corporate Citizens (#36)
- Fortune (Magazine) 100 "Most Accountable Companies" (#23)

Reporting Recognition

- 2007 ACCA & Ceres "Best Sustainability Report" (awarded in 2008)
- Nominated for 2008 ACCA & Ceres "Best Sustainability Report"
- SIRAN S&P 100 Sustainability Report Comparison – 6 of 6 Rating
- Corporate Secretary Magazine 2008 Awards – Honorable Mention for "Most Innovative CSR Disclosure Policy"
- Corporate Register 2007 Award (7th Place) for "Relevance and Materiality" in CSR reporting (awarded in 2008)
- Nominated for 2008 Corporate Register Awards "Best Overall Report" and "Relevance and Materiality" categories

 Print report

 Download files

Sustainability Governance

GOVERNANCE

[Progress](#)

Sustainability Governance

[Corporate Governance – Board of Directors](#)[Policy Letters and Directives](#)[Ethical Business Practices](#)[Reporting and Transparency](#)[Sustainability Governance and Integration](#)[Sustainability Management](#)[Case Study: Political Contributions](#)

Upholding high standards of corporate governance is key to maintaining the trust of investors and other stakeholders. In this section of our report, we discuss governance by our Board of Directors, how we encourage and enforce ethical business practices, set and communicate standards to employees and other personnel, how we are integrating sustainability into our organizational structures and business processes, and our approach to sustainability reporting – a key element of our commitment to transparency.

- [Corporate Governance – Board of Directors](#)
- [Policy Letters and Directives](#)
- [Ethical Business Practices](#)
- [Reporting and Transparency](#)
- [Sustainability Governance and Integration](#)

 [Print report](#) [Download files](#)

Corporate Governance – Board of Directors

▼ GOVERNANCE
Progress
▼ Sustainability Governance
▶ Corporate Governance – Board of Directors
Policy Letters and Directives
Ethical Business Practices
Reporting and Transparency
Sustainability Governance and Integration
Sustainability Management
Case Study: Political Contributions

Ford's corporate governance principles, code of ethics and charters for each Board committee – all publicly available in the [corporate governance section of Ford's Web site](#) – set the framework for Ford's Board of Directors.

Ford's Board addresses significant business issues as a full group and through five committees: Audit, Compensation, Finance, Nominating and Governance, and Sustainability. In July 2008, the former Environment and Public Policy Committee was renamed the Sustainability Committee, reflecting the evolution of its responsibilities and the Company's challenges and opportunities. The principal functions of the Sustainability Committee are as follows.

- Assist management in the formulation and implementation of policies, principles and practices to foster the sustainable growth of the Company on a worldwide basis. "Sustainable growth" means the ability to meet the needs of present motor vehicle customers while taking into account the needs of future generations. "Sustainable growth" shall also encompass a business model that creates value consistent with the long-term preservation and enhancement of financial, environmental and social capital.
- Assist management in the formulation and implementation of policies, principles and practices to permit the Company to respond to evolving public sentiment and government regulation in the area of motor vehicle and stationary source emissions, especially in the area of greenhouse gas emissions and fuel economy and CO₂ regulation.
- Assist management in setting strategy, establishing goals and integrating sustainability into daily business activities across the Company.
- Review on a continuing basis new and innovative technologies that will permit the Company to achieve sustainable growth and Company actions to protect those technologies.
- Review on a continuing basis partnerships and relationships, both current and proposed, with customers and others that support the Company's sustainable growth.
- Review on a continuing basis the Company's communication and marketing strategies relating to sustainable growth.

During 2008, five Directors served on the Sustainability Committee, which is chaired by Dr. Homer Neal, an independent director. Ford's Board of Directors met 11 times and the Environmental and Public Policy Committee met four times.

Because Ford is a large and complex company, the Board's Nominating and Governance Committee considers several qualifications when considering candidates for the Board. Among the most important qualities directors should possess are the highest personal and professional ethical standards, integrity and values. They should be committed to representing the long-term interests of all of the shareholders. Directors must also have practical wisdom and mature judgment. Directors must be objective and inquisitive. Ford recognizes the value of diversity and we endeavor to have a diverse Board, with experience in business, government, education and technology, and in areas that are relevant to the Company's global activities.

In early 2009, Ford announced the election of Richard A. Gephardt and Anthony F. Earley, Jr. to the company's Board of Directors. Mr. Gephardt is the former Majority Leader of the U.S. House of Representatives and served 14 terms in Congress. He is currently president and CEO of the Gephardt Group, a multi-disciplined consulting firm that helps companies compete in the global marketplace, and senior counsel and strategic advisor for DLA Piper Rudnick, one of the world's largest legal services providers. His experience helping companies and labor organizations find better ways to compete in the global economy make him a valuable addition to Ford's Board. Mr. Earley is Chairman and CEO of DTE Energy, which owns Detroit Edison, an electric utility, and Michigan Consolidated Gas Company, a natural gas utility. His expertise will be valuable at a time when automakers and utilities are working together to find ways to cooperate on the electrification of automobiles. He will also help us immeasurably as we deal with the serious issues of energy independence, energy security and sustainability.

Under New York Stock Exchange (NYSE) Listed Company rules, a majority of our directors must be independent directors. The NYSE rules also provide that no director can qualify as independent unless the Board affirmatively determines that the director has no material relationship with the listed company.

RELATED LINKS

- In This Report:
- Governance and Management Structures
- On Ford.com:
- Board of Directors
 - Corporate Governance Policies



Ford's standards in determining whether or not a director has a material relationship with the Company are contained in the Company's Corporate Governance Principles. Based on Ford's standards, 10 of the Company's current 13 Directors are independent. Two of Ford's Directors are women and one Director is African-American.

Each Board member participates in an annual assessment of the effectiveness of the Board and the Committees on which he or she serves. We have established a procedure for shareholders to submit accounting and other concerns to independent directors and to send other communications to the Board.

For more information on Ford's corporate governance practices, including the principles and policies that govern the conduct of the Board and the members of the Board, please [see our Web site](#).



Back to Ford.com

Policy Letters and Directives

▼ GOVERNANCE
Progress
▼ Sustainability Governance
Corporate Governance – Board of Directors
▶ Policy Letters and Directives
Ethical Business Practices
Reporting and Transparency
Sustainability Governance and Integration
Sustainability Management
Case Study: Political Contributions

Policy Letters establish a framework of broad, basic principles within which the Company conducts its business globally. Corporate Directives provide more in-depth information on narrower topics than Policy Letters, and therefore may only apply to a particular segment of the business, or specific activities.

In addition to Policy Letters and Directives, numerous descriptions of business practices, handbooks and statements of business standards govern the conduct of employees globally.

The following are Ford standards with particular relevance to sustainability.

Human Rights

Our Code of Basic Working Conditions (CBWC) covers child labor, forced labor, working conditions and other human rights issues. Ford originally adopted the CBWC in 2003, and in 2006, we updated it to include additional commitments on "community engagement and indigenous populations," "bribery and corruption," and "environment and sustainability." In 2007, the updated CBWC was issued as a formal Policy Letter.

Diversity

We are committed to equal opportunity in all aspects of our business and to fostering diversity in our workforce. This is not only right and appropriate, it is also sound business practice. Our Policy Letter and related Directives address equal opportunity and require that there be no disparate treatment because of race, religion, color, age, sex, national origin, disability, gender identity, sexual orientation or veteran status, and/or other factors that may be covered by local law. We recognize that diversity in our workforce is a valuable asset, and we strive to provide an inclusive work environment in which different ideas, perspectives and beliefs are respected.

Bribery and Corruption

Our Policy Letters and Directives govern integrity within Ford and state that it is our policy to comply fully with the laws of each country in which we do business. Further, no employee may agree to, make or solicit, for their benefit or that of the Company, any improper payments or other improper benefits, directly or indirectly, to or from any government or government agency official, legislator or other government employee or person purporting to represent government agencies. In most countries, employees and contract personnel must immediately report through the Company reporting system any requests or solicitations for an improper payment.

Political Contributions

Our Policy Letter on governmental relationships encourages employees to participate in political and governmental affairs and recognizes that Company efforts and programs to encourage employee participation must respect fully the right of employees to use personal time as they choose and decide the extent and direction of their political activities. We do not make contributions to political candidates or political organizations nor otherwise employ Company resources for the purpose of helping elect candidates to public office, even when permitted by law, nor do we take a position for partisan political purposes – that is, specifically for the purpose of advancing the interest of a political party or candidate for public office. With proper executive approval, contributions may be made to support or oppose a state or local ballot proposal if such contributions are permitted by law and if the issue is of significant interest or importance to Ford.

The Ford Motor Company Civic Action Fund, supported by voluntary donations from Ford employees, gives campaign contributions to national, state and local political candidates from both major political parties in the United States. See the [Political Contributions](#) case study for more information. A list of contributions made during 2008 can be found at the [Federal Election Commission Web site](#).

Customer Satisfaction and Safety

Ford has several policy statements aimed at increasing the quality of our products and promoting the safety of our customers. Our Policy Letter on quality sets the foundation for a process that emphasizes the importance of quality in everything we do and notes that the customer defines quality. It establishes

RELATED LINKS

In This Report:

- [Code of Basic Working Conditions](#)
- [Diversity and Inclusion in the Workplace](#)
- [Customer Satisfaction and Quality](#)
- [Vehicle Safety](#)

On Ford.com:

- [Code of Conduct Handbook](#)

External Web Sites:

- [Federal Election Commission](#)
- [Federal Trade Commission](#)

- Print report
- Download files

Quality as Job #1 and emphasizes the importance of our Quality Operating System and the use of metrics and data to make decisions. Our Policy Letter on vehicle safety sets forth Ford's commitment to design and build vehicles that meet or exceed applicable laws and regulations, and to advance the state of the art in safety wherever practicable. We strive for continuous improvement in vehicle safety, which applies to accident avoidance attributes as well as occupant protection systems. This policy requires that we will be demonstrably active and responsible in all areas of automotive safety, including vehicle design and manufacture, operator behavior and the highway environment.

Environment and Employee Health

Our Policy Letters on the environment make clear that sustainable economic development is important to the future welfare of Ford and society in general. Protection of employee health and the environment are important considerations in the business decisions we make. These factors are integral parts of the planning process. Our products, services, processes and facilities are planned and operated to incorporate objectives and targets and are periodically reviewed to minimize to the extent practical the creation of waste, pollution and any adverse impact on employee health or the environment. Protection of health and the environment is a Company-wide responsibility of employees at all levels.

Privacy

The trust and confidence of our customers are important to Ford Motor Company and essential to building long-term relationships and delivering excellent products and personalized services. The Company recognizes that customers, employees and others have concerns about privacy and expect us to protect and handle personal information responsibly.

Ford is committed to implementing responsible consumer privacy and data-handling practices. The Company's Policy Letters and related Directives are designed to ensure the continuing trust and confidence of individuals who entrust us with personal information.

Advertising

In the United States, Ford Marketing Standards A-201 and A-203 govern Ford advertising creation and review. These standards contain the legal requirements for Ford advertising. The FTC Act and Amendments, which essentially state that all advertising must be truthful, not misleading and based on prior substantiation, also govern advertising creation and review. The FTC has a series of "Guides" on advertising topics such as fuel economy, environmental matters, price, warranties and other subjects. All 50 states have adopted a state form of the FTC Act that governs advertising in each of the states. Regulation M (Truth-in-Leasing) and Regulation Z (Truth-in-Lending) govern the creation and review of advertising with credit messages. The major U.S. television networks – ABC, CBS and NBC – also have standards that govern advertising creation.

Ethical Business Practices

- ▼ GOVERNANCE
 - Progress
 - ▼ Sustainability Governance
 - Corporate Governance – Board of Directors
 - Policy Letters and Directives
 - ▶ Ethical Business Practices
 - Reporting and Transparency
 - Sustainability Governance and Integration
 - Sustainability Management
 - Case Study: Political Contributions

Our Compliance Office has a comprehensive program in place to guide compliance with Ford Policies and Directives as well as key legal requirements. The Compliance Office is part of Ford's Office of the General Counsel. Our compliance program is overseen by a senior management compliance committee and the Audit Committee of the Board of Directors. The compliance program includes a variety of activities. The program raises awareness of the Company's commitment to ethical practices, defines corporate practices through Policies and Directives, ensures an infrastructure that allows for the reporting of Policy violations or business-related legal violations through a number of avenues worldwide, oversees the investigation of such reports, conducts risk assessments, and provides training and education on key legal and ethical risk areas.

Our Policy Letters and Directives formally establish expectations for our employees and others working on behalf of the Company, and our Code of Conduct Handbook is the fundamental tool for communicating these expectations.

The [Code of Conduct Handbook](#), our chief ethical guidance document, is a compilation of the most important and relevant Policies, Directives and standards for Ford employees. It is available in 14 languages. The online version includes active links to the original source documents, thus providing a single source for the relevant information. The Code of Conduct Handbook underwent a major revision in 2007 to make it easier to understand and use as a reference manual.

The Handbook outlines employee behavior requirements and provides background resources for a wide range of business-related situations, including:

- The workplace environment
- Gifts, favors and conflicts of interest
- Use of company assets and data safeguarding
- Integrity of financial records
- Product quality, safety and environmental matters
- Intellectual property
- Working with governments (political activities)
- Competition and antitrust laws
- International business practices

All salaried employees and most contract personnel around the world are required to certify that they have reviewed the new Handbook.

To reinforce information contained in the Code of Conduct Handbook, we introduced a new mandatory online training course in 2009 for our global employees and other targeted personnel. The course focuses on ethics, conflicts of interest, gifts and favors – topics on which we have long provided employee training – as well as touching on additional issues that have global applicability. Through 2008, more than 98,500 individuals, approximately 90 percent of those invited, completed the previous training course. Similar results are anticipated for the new course.

In furtherance of our commitment to business ethics and compliance, every year we roll out mandatory online compliance training on important risk areas. Not only do these courses increase awareness, they also help our employees worldwide understand and access resources that enable responsible behavior and enhance regulatory compliance. Recent courses covered the topics of anti-bribery, internal controls and insider trading.

During 2008, we reviewed all of our 89 policies and directives, determining which were up-to-date, which required revision and which were obsolete and could be deleted. We also combined related policies. The result was a streamlined set of approximately 70 up-to-date policies and directives.

Another component of our compliance program is an infrastructure that allows for the reporting of any potential violations of our Policies and Directives, and any violations of laws related to the business. Our nonmanufacturing workforce and contract personnel are regularly reminded of their responsibility to report any known or suspected violation of the law or Company Policy, as are our manufacturing

RELATED LINKS

- On Ford.com:
- [Code of Conduct Handbook](#)



workforce in plants through posters. There are many ways for individuals to report known or suspected violations, including direct communications to a member of one of the control groups – such as the General Auditors Office or the Office of the General Counsel – as well as telephone tip lines in many regions, email and Company intranet sites.

We assess compliance with our ethical standards through regular legal audits that cover a range of topics relating to legal requirements and internal Policies. These are in addition to audits regularly conducted on issues such as workplace health and safety.

In addition, we are currently analyzing our North American, South American, Asia Pacific Africa and Ford of Europe business units for risks related to corruption. When we become aware of any "red flags" that indicate there may be issues regarding allegations of, or suspected, corruption, we investigate and take appropriate actions as necessary based on the outcome of the investigation and situation.

Reporting and Transparency

▼ GOVERNANCE
Progress
▼ Sustainability Governance
Corporate Governance – Board of Directors
Policy Letters and Directives
Ethical Business Practices
▶ Reporting and Transparency
Sustainability Governance and Integration
Sustainability Management
Case Study: Political Contributions

External reporting is a fundamental element of accountability. Sustainability reporting not only demonstrates transparency but, in our view, is the basis of organizational learning, demonstrates our values, and both reflects and drives outstanding economic, environmental and social performance. The following are central elements of our reporting strategy.

Materiality

Over the last several years, Ford has sought to increase the materiality and responsiveness to stakeholders of its sustainability reporting. A key part of our reporting strategy has been the development of a [materiality analysis](#) process, which has been a critical tool in helping shape the content of this report. The analysis was updated for this report. We used the analysis to focus our reporting on those issues determined to be most material to the Company over a three-to-five-year time horizon. Our coverage of these issues is found in the "[material issues](#)" section of this Web report. Other sections of this report provide information on a broad range of sustainability issues of importance to Ford and our stakeholders including detailed performance data, case studies, stakeholder interviews and other supporting information.

Assurance

Please see the [Assurance](#) section for discussion of our approach to third-party review of this report and data assurance.

External Guidelines

This report is aligned with the Global Reporting Initiative G3 Guidelines at the self-checked A Application Level. Ford has supported and participated in the development of the GRI Guidelines since their inception.

This report also serves to disclose how we are implementing the United Nations Global Compact. An index cross-referencing the Compact and relevant sections of this report can be found on the [UNGC Index](#) page.

Targeted Reporting

Linked with our efforts to increase the materiality of our reporting, Ford has also taken steps to produce more targeted audience-, location- and subject-specific sustainability communications. For example, we have issued subject-specific reports on climate change and HIV/AIDS.

Also, several Ford facilities, brands and country operations produce their own reports detailing the sustainability issues they face within their particular regions or operations. For example, Volvo publishes an annual sustainability report. Several of our country operations, such as Ford China, and local facilities also produce public reports. We have also provided input to the Ceres Facility Reporting Project.

Benchmarking and External Feedback

Ford seeks formal and informal feedback on our Sustainability Report from a number of organizations with expertise in reporting, in addition to the Ceres Stakeholder Review Committee. For example, we asked SustainAbility to review our 2006/7 report according to their and the United Nations Environment Program's benchmarking methodology. A summary of the benchmarking findings, which were consistent with other feedback we received, can be found in [Downloads](#).

Ford's 2006/7 Sustainability Report was the co-winner of the top honor of the 2008 Ceres/Association of Chartered Certified Accountants North American Awards for Sustainability Reporting. The report was recognized for its identification of the material sustainability issues affecting the Company and its disclosure of the greenhouse gas emissions of our fleet, among other features. (See www.ceres.org.) Our 2004/5 report had placed in the top five. Please see "[Awards and Recognition](#)" for other awards.

RELATED LINKS

In This Report:

[Materiality Analysis](#)
[Assurance](#)

On Volvo.com:

[Volvo Sustainability Report](#)

External Web Sites:

[Ceres](#)
[Global Reporting Initiative](#)
[SustainAbility](#)

 Print report

 Download files

Sustainability Governance and Integration

▼ GOVERNANCE
Progress
▼ Sustainability Governance
Corporate Governance – Board of Directors
Policy Letters and Directives
Ethical Business Practices
Reporting and Transparency
▶ Sustainability Governance and Integration
Sustainability Management
Case Study: Political Contributions

Our long-term goal is to fully integrate sustainability issues into our core business structures and processes, rather than managing them separately. As we build capacity in this area and move toward that goal, however, we recognize that it is also important to establish some sustainability-specific structures and processes.

Structures for Managing Sustainability

The following are the primary structures we use to manage and embed accountability for sustainability within Ford.

- **Board and Executive-Level Responsibility:** Ford's governance of sustainability issues builds on a strong foundation of Board of Director and senior management accountability for the Company's environmental, social and economic performance. At the Board level, the Sustainability Committee has primary responsibility for reviewing strategic sustainability issues, though some of those issues are also addressed in other committees and by the Board as a whole. Within management, the Group Vice President of Sustainability, Environment and Safety Engineering has primary responsibility for sustainability issues and oversees the Sustainable Business Strategies, Environmental Policy, and Safety groups, as well as having dotted-line oversight over the Sustainable Mobility Technology group (which is formally part of the Product Development function).
- **Dedicated Sustainability Function:** Ford's Sustainable Business Strategies office coordinates corporate-wide sustainability strategy and activities, including leading the Company's corporate-level sustainability reporting and stakeholder engagement and integrating sustainability throughout the Company.
- **Integration into Core Functions:** Numerous functions within the Company have responsibility for some or multiple aspects of sustainability. For example, the Workplace Health and Safety Office, Environmental Quality Office and Human Resources Department each manage specific issues that fall under the umbrella of sustainability. In addition, as Ford works to embed sustainability more deeply across all functions, groups such as Product Development, Purchasing and Manufacturing are taking on an increasing role in the Company's sustainability efforts. For example, Product Development is taking the lead on the Company's sustainable mobility efforts, and Global Purchasing is managing sustainability issues in the supply chain, including assessment and training programs associated with our Code of Basic Working Conditions.
- **Issue-Specific Structures:** Ford has also developed structures to address specific global sustainability issues facing the Company. For example, we have established a Sustainable Mobility Group – a senior-level team led by the Group Vice President of Sustainability, Environment and Safety Engineering – responsible for defining our climate change strategy and delivering our sustainability strategy in the marketplace. The Group's strategic direction is provided by a senior executive forum, including Vice President and executive stakeholders, which guides the development of the vision, policy and business goals.

Key Processes for Integrating Sustainability

We believe that integrating sustainability considerations into our existing systems and processes – rather than creating new systems and processes – is the most effective way to embed sustainability into our business. The following are some examples of how we are doing this.

- **Business Plan Development, Business Plan Review and Compensation:** As part of the annual business planning process, Ford's business units develop scorecards to track their performance. Metrics from these scorecards are part of the performance assessment of managers at various levels of the Company and affect their compensation. Executive compensation is affected by the Company's performance in a range of areas, including sustainability. Sustainability issues are a formal part of Ford's weekly Business Plan Review (BPR) meetings, one of the key management processes used within the Company. At these regular, frequent meetings, convened by Ford's CEO, members of the Company's top leadership team review sales, financial, manufacturing and other information to help them manage global operations and identify issues that are critical to the future of the Company. Each unit also provides an update on performance relative to their individual scorecards. To help us manage corporate-wide sustainability issues, Ford has developed a sustainability scorecard, which is reviewed alongside other units' scorecards at the BPR meetings. Also, functions including Manufacturing, Product Development and Purchasing have integrated sustainability-specific indicators into their overall scorecards.

RELATED LINKS

In This Report:

[Letter from Sue Cischke
Governance and
Management Structures](#)

On Ford.com:

[Board of Directors](#)
[Corporate Governance
Policies](#)
[Corporate Governance
Code of Conduct Handbook](#)

External Web Sites:

[ISO 14001](#)

 Print report

 Download files

- **Special Attention Review Meetings:** Ford's CEO also convenes regular Special Attention Review meetings to look in depth at issues identified as potential concerns on any unit's scorecard. Sustainability issues have been covered at these meetings, including, in 2008, mega-city mobility.
- **Corporate Policy Letters and Directives:** Ford maintains a comprehensive set of [Policy Letters, Directives](#) and other corporate standards that govern all Company activities. Several of these relate to aspects of sustainability. For example, in 2003 Ford adopted a Code of Basic Working Conditions, the implementation of which is supported by a robust assessment and training process. The Code of Basic Working Conditions was updated in 2006, and in 2007 it was approved and formally adopted as a corporate Policy Letter.
- **Management Systems:** Ford uses a variety of systems and processes to manage the different aspects of our business, several of which govern or incorporate sustainability issues. For example, all Ford manufacturing facilities and our product development function are certified to ISO 14001, the leading global system standard for managing environmental issues. We have also asked our preferred "Q1" suppliers of production parts to certify their facilities to ISO 14001. In another example, Ford's Purchasing function has integrated assessments of working conditions into its broader process for evaluating suppliers on issues such as quality, cost and delivery (see [Ford and the Automotive Industry Supply Chain](#)).



Back to Ford.com

OVERVIEW

OUR OPERATIONS

MATERIAL ISSUES

GOVERNANCE

ECONOMY

ENVIRONMENT

SOCIETY

Sustainability Management

GOVERNANCE

Progress

Sustainability Governance

Sustainability Management

Product Development

Manufacturing

Supply Chain

Stakeholder Engagement

Case Study: Political Contributions

Our major business functions include product development, manufacturing and supply chain management. Our systems for managing these functions have evolved to address key sustainability issues. In addition, we believe that listening and responding to stakeholders is a central part of being an accountable company. In addition, stakeholder engagement is vital to our ability to serve our customers and the local and global communities in which we operate. It is a critical tool in tuning in to signals about changes in the world and the marketplace that may present risks and opportunities.

 Print report

 Download files



Back to Ford.com

Product Development

▼ GOVERNANCE
Progress
Sustainability Governance
▼ Sustainability Management
▶ Product Development
Manufacturing
Supply Chain
Stakeholder Engagement
Case Study: Political Contributions

The development of our new products starts with the identification of advanced technologies and breakthrough ideas by our Research Labs and our Advanced Product Strategy, Advanced Marketing and Advanced Design groups. These groups continuously scan the latest developments in technologies and consumer trends to identify the best new technologies and anticipate the needs and desires of the marketplace. Once a new product is conceived, product development engineers, designers and product marketing teams work together to finalize a vehicle concept. Once approved, our vehicle programs are brought to market using our Global Product Development System, or GPDS.

The GPDS, launched in 2005, merges the best product-creation methods from all of Ford Motor Company's global operations, including Mazda's efficient manufacturing disciplines, Volvo's work with computer-aided design and manufacturing, and a return to the in-house engineering of a number of major vehicle components. The GPDS provides a common set of milestones and metrics for the development of all vehicle programs across our regional business groups, which increases efficiency and quality. As a part of this system, we require all vehicles to meet specific competitive and performance targets at every milestone along the product's development path. These targets consider a wide range of environmental performance criteria, such as fuel economy, recycled materials and substances of concern.

RELATED LINKS

In This Report:
[Delivering New Products](#)

- Print report
- Download files



Back to Ford.com

Manufacturing

- ▼ GOVERNANCE
 - Progress
 - Sustainability Governance
- ▼ Sustainability Management
 - Product Development
 - ▶ Manufacturing
 - Supply Chain
 - Stakeholder Engagement
- Case Study: Political Contributions

We use a consistent system worldwide to manage our manufacturing facilities. The Ford Production System encompasses a set of principles and processes that are defined and carried out in the same way in all our manufacturing facilities. Key elements of the system include goal-setting, training and performance measurement. Workplace health and safety and quality are two important areas addressed by the Ford Production System.

RELATED LINKS

In This Report:
[Workplace Health and Safety](#)
[Customer Satisfaction and Quality](#)

Print report

Download files



Supply Chain

- ▼ GOVERNANCE
 - Progress
 - Sustainability Governance
 - ▼ Sustainability Management
 - Product Development
 - Manufacturing
 - ▶ Supply Chain
 - Stakeholder Engagement
 - Case Study: Political Contributions

To achieve its sustainability goals – from cutting the greenhouse gas emissions of its products and operations to protecting human rights – Ford needs the active support and participation of its suppliers. Within Ford's Purchasing Department, a Supply Chain Sustainability Group develops and implements strategy for engaging with suppliers on sustainability issues. The group also helps build capacity within the purchasing function to address sustainability issues through routine business processes.

For example, during 2008, the Supply Chain Sustainability Group piloted four enhanced training sessions for Ford purchasing personnel and quality engineers. More than 130 people received the training, which focused on implementing Ford's working conditions requirements. During 2009, Ford seeks to expand this training approach across the Global Purchasing organization.

Since 2005, Ford has been taking steps to rationalize and streamline our supply base through a strategic supplier strategy called the Aligned Business Framework (ABF). The strategy is designed to create a sustainable business model to increase mutual profitability, improve quality and drive innovation. What it means in practice is that we are working more closely and collaboratively with a smaller number of global strategic suppliers. Ford has approved a total of 65 ABF suppliers, 10 of which are owned by minorities or women.

We are working closely with our ABF suppliers to align our respective approaches to providing sound working conditions, as described in the [Human Rights](#) section. We are also working with ABF suppliers to address environmental issues such as the use of sustainable materials.

Currently, ISO 14001 certification is expected of all "Q1," or preferred, production suppliers as well as nonproduction supplier facilities if the supplier has a manufacturing site or a nonmanufacturing site with significant environmental impacts that ships products to Ford.

In 2006, we attained our goal of having 100 percent of our Q1 production suppliers gain ISO 14001 environmental management system certification for facilities supplying Ford. We also encourage our suppliers to extend the benefits of improved environmental performance by implementing similar requirements for environmental management systems in their own supply base.

RELATED LINKS

In This Report:

[Human Rights Suppliers](#)

External Web Sites:

[ISO 14001](#)

Print report

Download files

Stakeholder Engagement

▼ GOVERNANCE
Progress
Sustainability Governance
▼ Sustainability Management
Product Development
Manufacturing
Supply Chain
▶ Stakeholder Engagement
Case Study: Political Contributions

Stakeholder engagement takes place in countless formal and informal ways every day across our Company, from facility personnel's meetings with local community groups to market research with customers to convenings of Ford dealers and suppliers. (See [Who Are Our Stakeholders](#) for a profile of our major stakeholder groups and forums for engagement.)

At the corporate level, we use a variety of mechanisms to engage with stakeholders on sustainability issues. Some of these are informal and ad hoc – indeed, simply picking up the telephone to discuss an issue with any of the numerous sustainability-related organizations or individuals with whom Ford has a relationship is a part of our standard protocol. For example, during the Congressional debate over funding to the auto industry in late 2008, Ford's Director of Sustainable Business Strategies reached out to NGO stakeholders to brief them on the Company's report to Congress and the initiatives and product plans that were planned for early 2009.

Others engagement mechanisms are more formal:

- The creation of forums to gather stakeholder input on our activities, challenges and performance. For example, we work with stakeholder committees to help shape and provide feedback on our sustainability reports. We have also organized meetings with individuals and groups of stakeholders to solicit input on the key sustainability challenges and opportunities facing Ford. These and other engagements have been critical in shaping our sustainability strategy.
- Outreach on emerging and ongoing issues of particular importance to Ford or our stakeholders. We believe we have taken a thoughtful approach to our stakeholders as we work to improve tough situations. For example, stakeholder input has been critical to the development and testing of our approach to human rights over the past several years. Several organizations, notably the Interfaith Center on Corporate Responsibility, have been key partners with Ford, providing information, input and feedback at every step of the process, especially during conversations around shareholder resolutions (please see [Melissa Forbes](#) "voice" for more discussion). We did outreach to the United Nations Global Compact as we developed our strategy to be a global leader in human rights and have worked with stakeholders to address specific issues in the automotive industry supply chain (see the [Human Rights](#) section for more detail). We also devoted particular effort to engaging stakeholders on issues related to sustainable mobility, as described in the Mobility section of this report.
- Engagement with local stakeholders in the communities in which we operate as part of our Code of Basic Working Conditions assessment process.
- Consultation with organizations that have implemented campaigns targeting Ford.
- Engagement with rating and ranking organizations in the investment community. These have provided insight into external perspectives on some important issues and our relative performance in addressing them.
- Dialogue and, in many cases, ongoing cooperation with organizations that have filed shareholder resolutions on environmental and social issues. For example, during the 2008 proxy season, we received a proposal from The Sisters of St. Dominic of Caldwell, New Jersey, and other shareholders that asked the Company to adopt quantitative goals to reduce greenhouse gas emissions from the Company's products and operations and to report to shareholders on our plans to meet those goals. We received a second proposal from the Connecticut Retirement Plans & Trust Funds requesting that an independent committee of the Board of Directors of the Company assess the steps the Company is taking to meet new fuel economy and greenhouse gas emission standards for our fleet of cars and trucks, and to issue a report to shareholders. Following extensive engagement and detailed discussion of our CO₂ modeling and product strategy, the shareholder proponents agreed with the Company to withdraw the proposals on the basis of commitments made to adopt and publish in this report quantitative goals for reducing greenhouse gas emissions; discuss the steps the Company is taking to meet new fuel economy and greenhouse gas emission standards for our fleet of cars and trucks; and continue the dialogue with the proponents on this important issue.
- During the 2009 proxy season, Ford received eight shareholder proposals, some of which pertained to public policy (e.g. health care reform) or governance issues (e.g. shareholder voting rights). For details of the proposals and the Company's response, please see the [Notice of 2009 Annual Meeting of Shareholders and Proxy Statement](#).

RELATED LINKS

In This Report:

Environment
Economy
Society
Climate Change
Human Rights
Mobility

 Print report

 Download files

Employees

Substantially all of our hourly employees in our automotive operations in the United States are represented by labor unions. Most hourly employees and many nonmanagement salaried employees of our subsidiaries outside of the United States also are represented by unions. We work closely with these unions to develop agreements and governance plans through a collective bargaining process. Policy and procedures involving information, consultation and negotiations with employees over changes in the reporting organization's operations (e.g., reorganization, plant shutdown, employee transfers and reductions) are negotiated with the appropriate union. In addition, joint labor-management committees are set up at each plant to give employees an opportunity to influence working conditions and practices.

Most of our salaried employees are not covered by union agreements. We have a strong Code of Conduct and comprehensive Policy Letters and Directives covering topics, including diversity, relevant to our employees. We also practice regular two-way communication with all employees through weekly webcasts, quarterly town hall meetings, manager-to-employee business cascades, surveys and informal communications, and we survey our salaried employees annually, as discussed in the [Society](#) section.

We provide learning and development opportunities for our employees, so they can develop general professional and functional/technical competencies as well as core leadership competencies for those in supervisory or managerial positions.

Customers

Maintaining good relationships with our customers is one of our most important activities. We provide a variety of means for customers to reach us, including mail, email and toll-free phone. We also reach out to customers and potential customers through focus groups and other market research, and we track customer satisfaction as described in the [Society](#) section.

We also gather online, consumer-generated content to learn what consumers are saying about both our Company and the industry in general. Increasingly, customers are using these electronic media – including Web sites, discussion groups and blogs – to research, discuss and problem-solve topics related to their current vehicles and those they are interested in purchasing. During 2008, we began to participate more actively in this social media arena and to monitor consumer-generated content found online. Summary reports are developed based on what we find and gather online, to convey what consumers are saying about our Company and our products. These reports are cascaded throughout the Company – from brand managers and product development engineers all the way up to senior-level management.

In addition to listening to what customers are saying online, we are also increasingly sharing information and engaging in discussions in Web-based forums and discussion groups. In an effort to accomplish authentic interaction between the Company and Web users, we are democratizing our social media efforts to enable any Ford employee to interact in online communities on our behalf. Beginning in 2009, we will train employees in how to do this, giving them clear guidelines consistent with our One Ford principles. Our goal is to become the world's leading social automotive brand and to humanize the Company by building relationships with our customers through these kinds of social media communications.

Investors

We provide information to and interact regularly with investors through a variety of means, including our corporate Web site, annual report and regulatory filings, annual meeting and periodic analyst conference calls. We also engage with socially responsible investment organizations that are seeking information to use to evaluate our sustainability performance. These interactions help us stay abreast of and respond to investor concerns. (See the Economy section for a discussion of [investor ratings and feedback](#).)

Dealers

Dealer Relations is a key priority. The Dealer Council was created as a forum for open dialogue between Dealer Council members and Ford Motor Company. Through the council process, dealers can voice their concerns, needs and ideas for working more productively as a team. To ensure communication lines remain open, Dealer Council members also participate as members of National Dealer Advisory Panels, including:

- Customer Viewpoint Advisory Panel – customer satisfaction rating system, Viewpoint survey
- Product Committee – current and future product cycle plan, including lineup, design, styling and color/trim
- Order Complexity Task Force – reduction of vehicle ordering complexity, order guide simplification
- Marketing Dealer Advisory Board (MDAB) – vehicle packaging strategy, advertising creative, incentive programs
- Training Advisory Board (TAB) – dealership employee training and recognition
- Parts and Service Manager Advisory Committee (PSMAC) – fixed operations programs including

employee recognition/retention

- Commercial Truck Advisory Board – sales, marketing and product programs

The feedback gathered through these interactions has helped us develop various programs, change policies and enhance processes to improve customer handling and other significant elements of the dealers' business. Dealer priorities and Ford management responses are published annually, providing transparency to discussions between the Company and its dealers.

Communities

To effectively and sustainably manage community relations issues, we must embed them in our core business practices and seek to manage them with the same rigor as other aspects of our business.

In recent years, we have taken steps to develop a more integrated approach to managing the different dimensions of our community involvement. Our goal is to more closely connect our traditional community relations programs, community impact assessment processes and human rights efforts. Over time, we also want to link all of these efforts with our development of new products and services to meet the unique mobility needs of communities in emerging markets. In our view, this approach will not only increase efficiencies, but also maximize our impact and effectiveness.

The release of our Code of Basic Working Conditions (CBWC) as a formal Policy Letter reinforced that our behaviors and actions include a focus on issues outside the walls of our plants and facilities. The performance criteria for CBWC assessments of owned and operated facilities now address several key community issues and evaluate engagement with members of the local community.

Our work to develop and implement the CBWC has helped establish our trustworthiness in communities in which we are developing our sustainable mobility strategy. In our view, developing a deep understanding of the unique mobility needs of emerging markets is a pre-condition of being able to do business in those places.



Back to Ford.com

Case Study: Political Contributions

▼ GOVERNANCE
Progress
Sustainability Governance
Sustainability Management
► Case Study: Political Contributions

Ford Motor Company is an active participant in the United States' political process in a manner that is transparent and directly related to our business issues. We operate in a highly competitive and regulated environment, and believe that our participation in the democratic process is required if we are to fulfill our responsibilities to our employees, suppliers and shareholders.

Corporations are prohibited under U.S. federal and many state laws from making direct or indirect contributions to candidates or political parties. The Company has a policy not to make contributions to political candidates or organizations, nor to employ its resources for the purpose of helping to elect candidates to public office, even where permitted by law.

Ford Motor Company's political contributions to candidates in the United States are made solely through our corporate Political Action Committee: the Ford Motor Company Civic Action Fund (the Ford PAC). The Ford PAC is funded by voluntary contributions from eligible salaried employees and retirees. The Company does, however, pay the solicitation and administrative expenses of the Fund, which are minimal, as permitted by law. All contributions made to the Ford PAC and all distributions from the Ford PAC are in compliance with Federal Election Commission and applicable state regulations.

Political contributions by the Ford PAC are made in accordance with our business objectives that support our competitiveness in the global automotive industry. Ford PAC contributions are not made on the basis of social issues, party affiliation or political ideology. All Ford PAC contributions in excess of \$1,000 must be approved by the Ford PAC Political Contributions Committee (PCC), a cross-functional group of Ford employees representing a broad range of organizational levels. Information with respect to contributions made by the Fund in connection with federal and state elections is publicly available at the Federal Election Commission and applicable state reporting authorities, respectively.

Where permitted by law, the Company occasionally makes contributions with respect to state and local ballot questions and referenda that have a direct impact on the Company's business (such as those dealing with local property taxes). Information with respect to contributions made in connection with ballot questions and referenda is publicly available through the appropriate local or state reporting authorities.

Ford Motor Company complies fully with all laws and rules governing our employees' interactions with officials at all levels of government (federal, state and local). Furthermore, all of our contact and dealings with government officials must not only comply with all applicable laws, but also with our global corporate Policies and Standards of Corporate Conduct.

Note that under federal law, foreign nationals are prohibited from making contributions in connection with any U.S. election and are thus not eligible to join the Ford PAC.

RELATED LINKS

External Web Sites:
[Federal Election Commission](#)

- Print report
- Download files