

Sustainability
Report Summary

2012/13



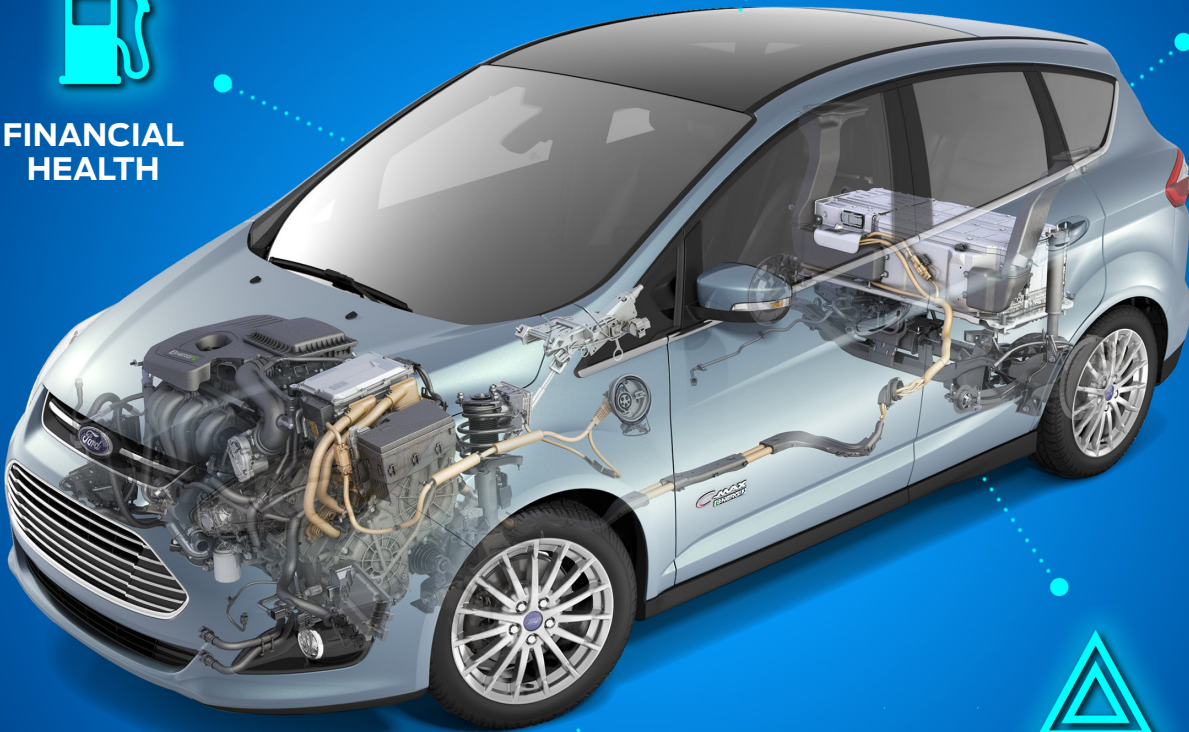
PEOPLE



SUPPLY
CHAIN



FINANCIAL
HEALTH



VEHICLE
SAFETY



CLIMATE CHANGE
AND THE
ENVIRONMENT



WATER

Our Journey
Continues



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Year in Review

In 2012, we continued to go further on our sustainability journey, which began more than a dozen years ago. Today, our sustainability strategy and our ONE Ford business strategy are intrinsically linked. The goal of ONE Ford is to create an exciting and viable company delivering profitable growth for all.

We are focused on building:

- **Great Products**, a full family of vehicles – small, medium and large; cars, utilities and trucks – with best-in-class quality, fuel efficiency, safety and smart design;
- **Strong Business**, based on a balanced portfolio of products and global presence; and
- **Better World**, accomplished through our sustainability strategy, which aims to create value consistent with the long-term preservation and enhancement of environmental, social and financial capital.

We focus our efforts on the areas we have identified as the most material from a sustainability point of view: financial health, climate change, water, vehicle safety and supply chain. We also focus on “people” – our employees and communities – as they are essential to everything we do.

Our philosophy is that sustainability issues should be integrated into business processes and managed by the organizational functions, just as we manage other key business issues. We continue to identify emerging sustainability-related challenges and opportunities and mobilize resources within the Company to address them and help us remain competitive in a changing world.

Our goals and progress in each of our key areas are described in this summary and in more detail in our full report online. The following are among the highlights of 2012 and early 2013:

- Ford was the best-selling brand in the U.S., and the Ford Focus was the No. 1-selling vehicle nameplate in the world in 2012.¹
- We strengthened our presence in the electrified vehicle market, giving our customers six new choices – the Ford Fusion Hybrid, Ford C-MAX Hybrid and Lincoln MKZ Hybrid; the Fusion Energi and C-MAX Energi plug-in hybrids; and the Focus Electric, a pure battery electric car – along with innovative, free mobile smartphone apps to maximize efficiency and manage electrified vehicles.
- We reached a major milestone by producing our 500,000th fuel-efficient EcoBoost® engine just three years after its launch in 2009.
- We moved ahead with our Blueprint for Mobility, which charts a path to new mobility solutions as the world becomes more populated and urbanized.
- We led industry-wide efforts to support supply chain sustainability and eliminate Conflict Minerals.
- We made progress toward our goals to reduce water use and greenhouse gas emissions per vehicle produced and set a new goal to reduce waste to landfill.
- The Ford Fusion was one of 13 Ford Motor Company vehicles that earned a Top Safety Pick designation from the Insurance Institute for Highway Safety for the 2013 model year. This was the fifth consecutive year the Fusion has received this honor.
- In Europe, Ford earned the most Best in Class awards from the European New Car Assessment Program (Euro NCAP), as well as the most Euro NCAP Advanced rewards for advanced safety technologies.



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go/sustainability](http://corporate.ford.com/go/sustainability)

1. According to R L Polk 2012 Top 10 global registrations.

Welcome

Ford Motor Company had another successful year in 2012. More than any other milestone, the return of the iconic Ford Blue Oval symbolizes our renewed financial strength. We earned back our investment grade rating in the spring of 2012 from the second of three major ratings agencies, triggering the release of the Blue Oval, which had been used as collateral for the loans for our restructuring.

Our ONE Ford plan continues to deliver. Our strong entry into the electrified vehicle market is an example of how our ONE Ford plan and sustainability strategy are linked to building great products for a strong business and a better world. During 2012, we offered our customers six new choices of electrified vehicles. By March 2013, Ford was the second leading seller of these vehicles in the U.S., capturing 15 percent of hybrid sales, compared to approximately 3 percent in 2012.

Also in 2013, we announced a five-year strategy to reduce our global waste to landfill by 40 percent per vehicle between 2011 and 2016. This waste reduction goal complements our multi-year per-vehicle facility goals to cut water use and carbon dioxide (CO₂) emissions. We also continue

to make good progress on our ongoing, science-based goal to reduce vehicle CO₂ emissions enough to make a measurable contribution to combating climate change.

A sustainable business is also a resilient one. In the long term, changing markets, the cost and availability of resources, congestion, urbanization and climate change, among other issues, will dramatically alter the nature of private car ownership, while also offering new opportunities to grow our business.

Our Blueprint for Mobility maps out our strategy to provide sustainable transportation that is affordable in every sense of the word – economically, environmentally and socially.

Please explore our Web-based Sustainability Report to learn more about our strategy, goals and performance across the full range of our material issues.



William Clay Ford, Jr.
Executive Chairman



Alan Mulally
President and Chief Executive Officer

About Ford

At year-end 2012



about 171,000
employees



67 plants



40 distribution
centers/warehouses



58 engineering
research/development
facilities



113 sales offices

These global figures include our consolidated joint ventures.





Financial Health

For the second year in a row, the Ford brand surpassed the

2 million

mark for U.S. vehicle sales, making it the best-selling brand in America.

At Ford, we aim to deliver the world's best cars, utilities and trucks, including a lineup of vehicles that are more sustainable than ever, both in how we make them and how they operate.

The year 2012 concluded as one of our most profitable ever in North America. Driven by strong results from Ford North America, we reported total Company full-year, pre-tax profits of \$8 billion – our third year in a row of \$8 billion or more in pre-tax profits.¹ We launched 25 vehicles and 31 powertrains globally, earned back our iconic Ford Blue Oval, began the reinvention of Lincoln and continued solid profitability at Ford Credit.

Nevertheless, we also faced a number of challenges in 2012 – such as the ongoing economic crisis in Europe and quality concerns in North America – that required us to adapt and

continue to take decisive actions. In response, we developed a comprehensive plan for restoring profitability in Europe and invested for further growth in Asia Pacific and Africa. And, we continued to push forward our vision of sustainable mobility. At Ford, we are focusing not only on issues of mobility in increasingly crowded cities; we also are looking at the mobility challenges in rural communities.

As our financial security strengthens, we are investing in future products, our people and our communities. In other words, the financial health of our Company has a ripple effect that goes well beyond our business itself as we work for profitable growth for all.

1. Pre-tax profits exclude special items.



Read online about

Our pilot SUMURR (Sustainable Urban Mobility with Uncompromised Rural Reach) program in the remote hills of rural India, which helped 41 pregnant women give birth to healthy babies



People

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

We work to foster a skilled and motivated workforce by investing in our employees, strengthening their technical and leadership skills and recognizing them for delivering results that cultivate success.

This past year was one with highs and lows for our global workforce. In 2012, we added more than 8,100 combined hourly and salaried jobs in the U.S. and, in early 2013, announced plans to hire 2,200 more salaried workers. In Asia Pacific and Africa, we have added nearly 2,500 salaried and hourly jobs to help keep pace with product demand in that region.

However, depressed sales in Europe forced us to make the difficult decision to close three plants in that region, affecting approximately 6,200 positions or about 13 percent of Ford's European workforce. We recognize the impact our actions will have on many employees and their families, and we are working together with all stakeholders as we make these difficult changes to our business in Europe.



Read online about

- Relationships with dealers
- Interactions with customers
- Commitment to diversity
- New pilot program that surveys manufacturing employees on issues relating to safety

In 2012,

25,000

Ford employees and retirees volunteered more than **115,000** hours on **1,350** projects that helped people in their local communities.



Climate Change and the Environment

Since 2006, we have improved the Corporate Average Fuel Economy (CAFE) of our U.S. vehicle fleet by

26 percent.

We have strategies and goals to minimize our environmental impacts, including reducing our contribution to climate change.

Ford's science-based climate goal is to contribute to stabilizing CO₂ concentrations in the atmosphere at a level that avoids the most serious consequences of climate change. Our global product and manufacturing plans are aligned to achieve this goal. Each of our new vehicles is a leader, or among the leaders, in fuel economy, and we are reducing CO₂ emissions across our global product portfolio. Our operational energy goal is to reduce our facilities' CO₂ emissions by 30 percent per vehicle by 2025 compared to a 2010 baseline, building on our reduction of 31 percent from 2000 to 2010.

We also work to reduce the footprint of our vehicles and operations across a range of other environmental issues. We have a water use reduction goal (see the Water section below), and in 2013 we announced a new goal to reduce waste sent to landfill by 40 percent on a per-vehicle basis between 2011 and 2016 globally, building on the 40 percent reduction in global waste sent to landfill per vehicle we achieved from 2007 to 2011. We also continue to increase the amount of sustainable materials in our vehicles and reduce emissions of volatile organic compounds (VOCs) from our operations through the use of innovative technologies.



Read online about

- Climate change strategy
- Plan for sustainable vehicle technologies and alternative powertrains
- Vehicle electrification plan
- Greening our products
- Greening our operations



Water

The availability of high-quality water to meet the needs of humans and ecosystems is a critical global sustainability issue, the effects of which are felt locally. We believe Ford can play a role in developing and implementing solutions to the global water challenge.

We have developed a comprehensive water strategy based on an analysis of risks and opportunities throughout our value chain from environmental and social perspectives. Our water-related risks come not only from being a direct water consumer, but also from being a large purchaser of water-intensive materials, parts and components. We work to achieve water efficiency in all our facilities and prioritize major facility water-reduction investments based on local needs and conditions. Several of our facilities in water-scarce areas, for example, have implemented

innovative technologies to increase water reuse and cut per-vehicle water use.

We are on track to reach our water-use-per-vehicle reduction goal of 30 percent globally by 2015, compared to a 2009 baseline. We continue to set year-over-year reduction targets, even as we grow our business and expand production.

We are aiming to make our vehicles more efficient, while making our own operations more efficient too. Water remains one of our top environmental priorities, and our aggressive reduction target helps to ensure continued focus on this critical resource.



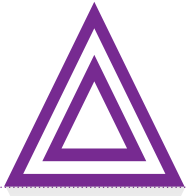
Read online about

Technologies to reduce our water impacts

Between 2000 and 2012, we reduced our global water use by

62 percent

or more than **10 billion** gallons.



Vehicle Safety and Driver Assist Technologies



Read online about

- Accident avoidance technologies
- Ford MyKey®
- Advanced materials
- Electric vehicle safety

More than

63,000 people

in Asia Pacific and Africa have participated in Ford Driving Skills for Life programs.

Vehicle safety is a critical part of our brand promise to Go Further. We aim to give customers peace of mind and make the world safer by developing advanced safety technologies and making them available across a wide range of vehicles.

To date, Ford Motor Company has earned a total of 91 “Top Safety Picks” from the Insurance Institute for Highway Safety (IIHS) – more than any other manufacturer in the eight-year history of that crash testing program.¹ For the 2013 model year, 13 Ford Motor Company vehicles earned Top Safety Picks, including two Top Safety Pick+ awards.

In Europe in 2012, the Ford B-MAX, Kuga and Transit received Best in Class recognition from Euro NCAP for having the highest safety performance scores in their vehicle segments.

Ford Driving Skills for Life (DSFL), our flagship driver-education program, demonstrates our commitment to helping novice drivers around the world improve their motoring skills. In 2012, Ford DSFL visited more than 175 high schools in 10 U.S. states and Puerto Rico. In 2013, Ford DSFL will take its program to more than 200 high schools in eight states, reaching more than 40,000 students.

1. Historic totals include all brands and entities owned and controlled by the manufacturer during the 2006–2013 calendar years. For Ford Motor Company, this includes Ford and Lincoln, as well as Mercury (through the 2011 model year) and Volvo (through the 2010 model year). Totals do not include Mazda.



Supply Chain



Read online about

- Work to eliminate Conflict Minerals and human rights abuses in our raw materials supply chain
- Actions to address rare earth elements used in our vehicles
- Efforts to promote supplier greenhouse gas management and reporting

More than

80 percent

of Ford's strategic production suppliers have a robust code of conduct aligned with our own code and international standards.

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

The basis of our work with suppliers is the Ford Code of Human Rights, Basic Working Conditions and Corporate Responsibility, which applies to our own operations as well as our \$90 billion supply chain.

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

- engaging strategic production suppliers through discussion, training and contract agreements to align approaches on a range of sustainability issues;
- building supplier commitment and capability to manage sustainability in their own operations and supply chains by conducting supplier training, assessments and remediation; and

- collaborating within the automotive industry to develop common approaches to sustainability issues.

In 2012, 325 Ford suppliers in Argentina, China, Mexico, Russia, Thailand, Turkey and Venezuela participated in joint industry trainings, bringing the total of trained supplier companies to nearly 2,100. We continue to work with our strategic suppliers to ensure that they have robust codes of conduct and management systems and that they share similar expectations with their own suppliers. We also are continuing efforts to ensure responsible purchasing practices in the raw material supply chain, including working to eliminate conflict minerals from our products. To better quantify and understand environmental impacts in our supply chain, we surveyed 135 suppliers about their greenhouse gas emissions.

Ford Around the World



Discover more about our global organization by visiting our website: <http://corporate.ford.com/our-company/operations-worldwide>.

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

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

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

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

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

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

Sustainability highlights from our regions include the following:

- In Asia, the two new plants we opened in 2012 – the Changan Ford Automobile Assembly Plant 2 in Chongqing, China, and the Ford Thailand Manufacturing Plant in Rayong, Thailand – use the “Three-Wet” high-solids paint process. This revolutionary, environmentally friendly technology was piloted in 2007 at the Ohio Assembly Plant in the U.S. and has since been expanded globally to plants in Chennai, India, Cuautitlán, Mexico, and Craiova, Romania, as well as elsewhere in the U.S. The Three-Wet technology improves paint quality, depth and durability while significantly reducing VOCs, CO₂ emissions and waste. We will be expanding our Three-Wet capacity to more plants globally in the years to come.

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

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

North America

 **80,000** employees  **2.8 million** vehicles sold

Europe

 **46,000** employees  **1.4 million** vehicles sold

Asia Pacific and Africa

 **22,000** employees  **1 million** vehicles sold

South America

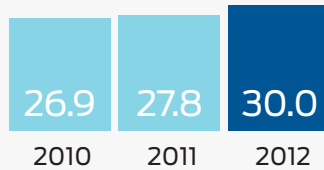
 **17,000** employees  **498,000** vehicles sold

2012 Highlights

We always strive to improve our sustainability performance.

Fuel Economy

U.S. Corporate Average Fuel Economy, Combined Car and Truck Fleet (miles per gallon)



↑ Improved

Vehicle Safety

IIHS Top Safety Picks by Model Year (percent of Ford Motor Company vehicle nameplates tested receiving the honor)



↑ Improved

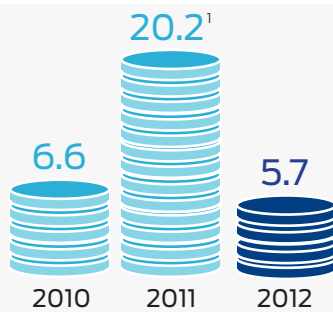
2011

2012

2013

Income

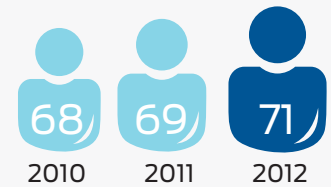
Net Income (\$ billion)



↓ Declined

Employee Satisfaction

Pulse Survey Employee Satisfaction Index (percent satisfied)



↑ Improved

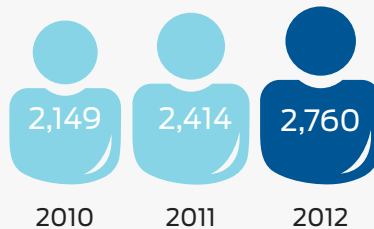
2010

2011

2012

Supply Chain

Total Suppliers' Managers Trained in Sustainability Management



↑ Improved

CO₂ Emissions

Worldwide Facility CO₂ Emissions Per Vehicle (metric tons)



↑ Improved

2010

2011

2012

Water Use

Global Water Use Per Vehicle Produced (cubic meters)



↑ Improved

1. Net income in 2011 was increased by a one-time, favorable item of \$12.4 billion reflecting the release of almost all of the valuation allowance against our net deferred tax assets, which occurred in the fourth quarter of 2011.

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Contact
Preparing this summary offers a valuable opportunity for us to assess and improve upon our progress and performance. To continue to do so, we need your feedback.

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