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REGIONAL REVIEW: ASIA PACIFIC

As elsewhere around the globe, sustainability is core to everything we do in Asia Pacific. Across the region, we are delivering great products that customers love and offering the improved fuel efficiency they are looking for. We are rolling out an ambitious electrification plan in China, and exploring electrified vehicles in India. We are also investing in sustainable materials, more eco-efficient manufacturing facilities and future mobility solutions.

“Sustainable practices are a driving force in everything we do in Ford Asia Pacific. With some of the newest and most advanced plants in the world, our region is a leader in green manufacturing and sustainable practices.

We are also home to some of the world’s largest megacities, and innovative solutions are urgently needed to address issues of accessibility and pollution. This is why Ford Asia Pacific is undertaking mobility initiatives with partners in China, India and other countries to achieve our vision of building smart vehicles for a smart world.

We are committed to delivering smart mobility solutions, electric vehicles, connectivity and autonomous vehicles that will help people around the world move safely, confidently and freely.”

Peter Fleet

Group Vice President and President, Asia Pacific

AT A GLANCE

- Ford produces and sells products and services in 40 markets
- 25,908 employees¹
- 19 manufacturing plants²

1. As of December 31, 2017, total headcount, salaried and hourly employees in the Asia Pacific region, excluding employees from our JVs in China and AAT plant in Thailand.

2. Seven wholly owned or consolidated joint ventures and 12 unconsolidated joint ventures.

HOW WE'RE DRIVING CHANGE

Case study

Our Big Push on Electrified Vehicles

Ford is delivering an ambitious electrification plan for China. We'll meet the growing desire and need for electric vehicles in the world's largest automotive market by providing consumers with a broad range of hybrids, plug-in hybrids and all-electric vehicles.

The first electric vehicle under this plan, the Ford Mondeo Energi plug-in hybrid, went on sale in March 2018. By 2025, we will launch at least 15 new electrified Ford and Lincoln models, including Ford's global all-new fully electric small SUV, manufactured by our Changan Ford joint venture. By this time, all models manufactured in China through Changan Ford, and 70 percent of all Ford nameplates in the country, will include electrified options.

In addition, in November 2017, Ford and Zotye Auto agreed to establish Zotye Ford Automobile Co.

Meanwhile, in India, we extended our partnership with the Mahindra Group to co-develop a small electric vehicle. Building on Mahindra's existing portfolio of commercial electric vehicles, the collaboration, announced in March 2018, will take advantage of our global reach and connectivity technologies, and Mahindra's work with LG Chem on advanced lithium-ion battery technology.

> [Read more about how we're scaling up electrification](#)

Our new 50:50 joint venture with Zotye will build a range of all-electric vehicles for Chinese consumers under a new indigenous brand, pending regulatory approval.

Boosting Innovation in China

In November 2017, Ford opened the Nanjing Test Center (NTC), which furthers product development and innovation in China. The NTC is our first China-based proving ground capable of fully testing new vehicles. A new on-site MakerSpace creative hub also offers a hands-on learning environment for employees to collaborate, brainstorm and develop prototypes.

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Smarter, Safer Vehicles

Across the region, we are introducing **Ford Co-Pilot360™**, a suite of advanced driver assist technologies. The all-new Ford Focus will be the first vehicle in Asia Pacific to get the new features, which will be incorporated into most new vehicles sold in the region from 2019.

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ENVIRONMENTAL PROGRESS IN MANUFACTURING PLANTS

Energy Efficiency

Our strategy is to improve energy efficiency at our manufacturing facilities and reduce facility greenhouse gas emissions. A number of initiatives are being implemented in Asia Pacific, including LED lighting and energy heat recovery, while building management systems to optimize operations have been implemented, or are planned in, over 60 percent of Ford facilities across the region.

In 2017, Ford Thailand Manufacturing installed more than 1,000 LED lights, reducing facility energy use by 630,000 kWh a year. We are on track to replace all traditional lighting on-site with efficient LED lighting over the next five years. And in China, one Changan Ford plant introduced a process to recover heat from paint ovens, reducing natural gas use by over 300,000 m³ a year.

Water Stewardship

In 2017, facilities in Asia used 17 percent less water per vehicle produced compared to 2015. In China, for example, Changan Ford's plants reused 300,000 cubic meters of wastewater during 2017 – enough to fill 133 Olympic-sized swimming pools – and one plant reduced per-vehicle water use by 40 percent through water conservation measures such as pipeline maintenance and wastewater recycling.

100 PERCENT RECYCLED WATER AT CHENNAI

Like all our operations in India, the Chennai vehicle assembly and engine plant is a zero wastewater discharge plant, with 100 percent being reused in manufacturing processes. The facility also secures wastewater from external sources, including a nearby supplier park. Compared to 2010, water use has been reduced by around 40 percent, making it the best-performing plant for water conservation in the region.

Reducing VOC Emissions

In 2017, Ford reduced volatile organic compound (VOC) emissions by 6 percent compared to 2016, and by 30 percent since 2015. Across the region, the introduction of new technology in our paint shops is making a difference. For example:

- In China, Changan Ford plants are using abatement systems to treat paint exhaust, two of which have achieved best-in-class VOC emissions for Ford
- The Chennai assembly plant in India is installing an oxidizer to control VOC emissions from paint shop oven exhausts
- In Thailand, we have developed an innovative paint programming system that can reduce solvent use per vehicle by 70 percent

Zero Waste to Landfill

In 2017, 14 manufacturing plants in the region maintained their zero waste to landfill status through waste segregation, recycling and reusing, and by increasing the use of eco-friendly packaging.

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PURSuing EMERGING OPPORTUNITIES IN MOBILITY

Through several strategic partnerships, we are developing smarter vehicles for smarter cities, focusing on autonomous, electrified and connected vehicles to address the mobility needs of the future.

These include:

- An agreement with Alibaba Group to jointly explore connectivity, cloud computing, artificial intelligence, mobility services and digital marketing in China
- Joining the Apollo open platform to promote the development of autonomous vehicles in China, and to understand the needs and opportunities of the local market
- Collaborating with Datang Telecom Technology & Industry Group to test cellular vehicle-to-everything (C-V2X) technology
- A feasibility study into integrated mobility services across multiple transport modes in the Indian cities of Mumbai, Indore and Hyderabad
- A partnership with Jiangning Development Zone in Nanjing, China, to explore how a shuttle service could improve the district's mass transit system

COMMUNITY DEVELOPMENT

Ford's Operation Better World program seeks to provide assistance to our communities, and encourages employees to devote time to volunteering. Through the program, we provide a platform for organizations to protect the environment and strengthen communities by sharing ideas and resources. The following is a summary of our initiatives in the Asia Pacific region.

- Thousands of volunteers participated in our Global Caring Month, from 803 employee volunteers contributing 2,551 service hours across 24 activities in China, to over 300 Ford of Australia employees giving around 2,400 hours of their time to good causes. Ford Volunteer Corps also launched a new volunteering program in China, with 73 volunteers from four departments taking part in 2017.
- Since 2000, Conservation and Environmental Grants, China (CEGC) has awarded RMB 24.1 million (\$3.6 million) in grants to 421 grassroots environmental NGOs and individuals across China to support their community initiatives and environmental programs. Since 2012, the Level UP! program has provided capacity-building training to more than 400 environmental nonprofits in China.
- Ford of Australia provides funding and support to promote STEAM (science, technology, engineering, arts, mathematics) programs for students. Most recently, we set up a STEAM Hub at Northern Bay College in Geelong, running events and mentoring student teams in interschool science and technology-based competitions. In 2017, engineers from our nearby Product Design center contributed 1,048 hours to support STEAM projects, reaching 5,700 students directly and 1,600 indirectly.

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- Ford in India continues to work with NGOs across Chennai and Sanand to bridge the gap in primary school education. Reaching over 3,000 children across 40 schools, our work in 2017 resulted in lower dropout rates, increased enrollment and higher cognitive abilities among grade four and five students, as well as enhanced school facilities.
- In Sri Lanka, Ford volunteers from Future Automobiles Ltd., together with World Vision Lanka, set up a mobile medical camp to support 400 underprivileged residents of Kattumurivu village. Employees from Lao Ford City in Laos also teamed up with World Vision, with 20 volunteers cleaning the grounds of Mahosot Hospital, and donating cleaning equipment.
- We continue to help the communities hardest hit by Super Typhoon Haiyan, which struck Leyte in the Philippines in 2014, through an annual \$10,000 grant from Ford Fund to development agency Gawad Kalinga. To date, Ford, together with volunteers from our Tacloban and Ormoc dealerships, has helped build eight clean water facilities benefiting more than 700 families. In 2017, we built three more in Nueva Ecija and Batangas, serving an additional 720 people.

Case study

Double Platinum at the Driven to Serve Awards

Ford Philippines received two Platinum citations at the second Driven to Serve awards in March 2018. Given by the Society of Philippine Motoring Journalists, the awards recognize the corporate social responsibility programs of automotive companies. Ford took home an award for Operation Better World, the umbrella program for our global CSR projects, and another for our driver education program Ford Driving Skills for Life, which marked its 10th year in the Philippines.

Almost 3,000 attendees participated in the DSFL last year, the biggest in its 10-year history in the Philippines.

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› [Please see our Annual Report 2017 for further information on our regional business units, including key financial metrics for Asia Pacific.](#)