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## Overview




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This is the 12th annual nonfinancial report of Ford Motor Company. Our vision for our sustainability reporting is that it is the basis of organizational learning. It demonstrates our values, and both reflects and drives outstanding economic, environmental and social performance. Our most recent previous report was released in June 2010.

We try to focus our reporting on Ford's most important sustainability issues and those of most interest to report users and our stakeholders. We have formalized this approach through a structured [materiality analysis](#), which has been used to identify our most material sustainability issues. The issues that rated highest in potential impact on the Company and concern to stakeholders are covered in the [Material Issues](#) section of this web report.

Comprehensive information on a range of other significant issues is included in this report in the [Governance](#), [Economy](#), [Environment](#) and [Society](#) sections. We are also publishing an eight-page summary of this report for use by employees, customers and other stakeholders.

Data in the report are subject to various forms of assurance. Draft and near-final versions of the print report were reviewed by a [Ceres stakeholder committee](#) that included representatives of environmental groups and socially responsible investors.

We see reporting as an ongoing, evolving process, not an annual exercise. Further information about our reporting approach can be found in the [Reporting and Transparency](#) section of this report. We expect our reporting to evolve further and invite your feedback on this report, and our approach to reporting, at [sustaina@ford.com](mailto:sustaina@ford.com).

### In This Section

This section of our web report includes our [Chairman's](#) and our [CEO's](#) perspectives on sustainability at Ford, a summary of [2010 performance data](#) and discussion of [assurance](#) of this report.

### The Fine Print

This report is aligned with the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines, released in October 2006, at a self-checked application level of "A." See the [GRI Index](#) for a complete index of GRI indicators. More information on the GRI and the application levels can be found on the [GRI website](#).

This report also serves as Ford's annual United Nations Global Compact (UNGC) "Communication on Progress," providing discussion on Ford's implementation of the 10 principles of the UN Global Compact and support for broad UN development goals. Please see the [UNGC Index](#) for information on where the UNGC principles are covered in this report.

This report covers the year 2010 and early 2011. The data are primarily for 2010 (for operations) and for the 2010 and 2011 model years (for vehicles).

Consistent with the GRI Guidelines' guidance on boundary setting, the data in this report cover all of Ford Motor Company's wholly and majority-owned operations globally, unless otherwise noted. Data measurement techniques, the bases of calculations, changes in the basis for reporting or reclassifications of data previously reported are noted in the data charts.



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Letter from William Clay Ford, Jr.

"The mobility challenge – and other global challenges we face as a society and an industry – present us with an incredible opportunity to add value for our stakeholders and shareholders. Companies that address these issues with solutions that customers want will gain a significant competitive advantage."

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As I look back on the last few years, I am inspired by how quickly and completely our company has transformed itself: from significant losses to significant profits; from a U.S. company with a global presence to one that is truly integrated globally; and from a company that was at times satisfied with average performance to one that is taking a leadership role in fuel economy, safety, environmental performance and technological innovation. In short, we have gone from being a company with a storied past to one with a storied past *and* a promising future.

We plan to build on this progress as the world economy recovers, using innovative technology to tackle global challenges. In 2010, for example, we began delivering a battery-powered Ford Transit Connect commercial van, the first of a new family of advanced lithium-ion battery-charged vehicles we are launching over the next three years. In 2011 we will begin selling the Ford Focus Electric, a battery-powered car, to the general public. Three other vehicles, including two next-generation hybrids and a plug-in hybrid, will launch in North America in 2012 and Europe in 2013.

We are offering a full range of electrified vehicles to make it easier for our customers to embrace this exciting new technology. In addition, we are doing everything we can to make these vehicles as affordable as possible. We are building our electrified vehicles on our highest-volume global vehicle platforms to reduce costs and increase quality. This also gives us more flexibility to meet market demand in different regions of the world and to ramp up production quickly if demand exceeds our projections.

We are also improving fuel economy across our entire portfolio to meet the needs of our customers and fulfill our commitment to reduce carbon dioxide (CO<sub>2</sub>) emissions from our vehicles. For example, the all-new Ford Explorer with a 2.0L EcoBoost™ engine will have up to a 30 percent fuel economy improvement over the previous model.

You will find many more such examples throughout this report, as well as a detailed discussion about progress toward our science-based commitment to help stabilize CO<sub>2</sub> concentrations in the atmosphere at 450 ppm. That may sound complicated, but it is really quite straightforward. We figured out how much we need to reduce CO<sub>2</sub> emissions from Ford products and operations to do our share to keep atmospheric CO<sub>2</sub> concentrations from rising to a critical level. Then, we set a goal to reduce our emissions by that amount. We cannot achieve the needed reductions overnight, so we have mapped a series of reductions over time for each of the major regions in which we operate. We continue to plan our long-term global product portfolio to achieve these reductions.

A growing population and increased prosperity around the world will create tremendous opportunity for the automotive industry, as well as significant challenges. Today, there are about 800 million cars on the road, worldwide. With more people and higher levels of income in developing countries, experts predict that number could grow to between 2 and 4 billion vehicles by mid-century.

This growing vehicle population will increase concerns about the availability and affordability of fuel and the impact of CO<sub>2</sub> emissions on the environment. In addition, in the decades to come, 75 percent of the world's population will live in cities, and 50 of those cities will have populations of more than 10 million people each. Traffic congestion and other mobility challenges could limit economic growth and compromise the quality of life in these crowded urban areas.

As we reach the limits of conventional models of mobility, we are looking at different models that offer a practical route forward. New approaches take a more holistic view of transportation needs and options, relying on collaborative partnerships and information technology to bring together existing services, products, technologies, infrastructure and design into something that is greater than the sum of its parts – smarter, more sustainable, more convenient, more equitable and better

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connected. We are exploring ways to leverage technological innovations to tackle mobility challenges.

For example, we are aggressively accelerating our commitment to wirelessly connected "intelligent" vehicles, also known as vehicle-to-vehicle communications. In 2011 we are doubling our investment in intelligent vehicles, forming a new 20-member task force of scientists and engineers to explore the technology's broader possibilities and becoming the first automaker to build prototype vehicles for demonstrations across the U.S.

We believe intelligent vehicles that "talk" to each other through advanced Wi-Fi could revolutionize the driving experience, helping drivers avoid collisions and easing traffic delays to save both time and fuel costs. Congestion could be avoided through a network of intelligent vehicles and infrastructure that would process real-time traffic and road information and allow drivers to choose alternate routes.

The mobility challenge – and other global challenges we face as a society and an industry – present us with an incredible opportunity to add value for our stakeholders and shareholders. Companies that address these issues with solutions that customers want will gain a significant competitive advantage. That is the strategy we are pursuing at Ford. It is consistent with the long-held values of our company. It also positions us to continue to thrive by providing great products and value to society that build a strong business and a better world.



William Clay Ford, Jr.  
Executive Chairman  
June 2011



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"We promote sustainable business practices not only in our own global operations, but throughout our entire supply chain. We are leading an industry-wide supply chain approach to ensure that all components used in our products are manufactured under conditions that demonstrate respect for the people who make them."

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At today's Ford Motor Company, we are truly driving change. In the past few years, we have restructured and revitalized the Company under extremely challenging economic conditions. Throughout the global recession, we never lost sight of the environmental and social goals that are key elements of our business strategy. Indeed, our focus on those goals was an important factor in our financial recovery. By delivering cars that are greener, safer and smarter, we enhanced our competitiveness and built stronger relationships with our customers.

Now, we are better positioned than ever to deliver on our commitment to sustainability. We have integrated sustainability goals and governance throughout our organization. We have organized our regional operations into a single global team to maximize economies of scale. This also enabled us to align and fully leverage our worldwide research and development resources so that we can introduce innovative product features at a faster pace. For example:

- We have committed to being a leader in fuel economy with every new product. Globally, we have introduced dozens of new vehicles that meet or beat their competitors for fuel economy.
- The average fuel economy of Ford's North American vehicle lineup improved by approximately 20 percent between 2005 and 2010, and we are on track to boost fuel economy by more than 35 percent by 2015. This also puts us on the path to meet or exceed our science-based global goal to do our share to stabilize atmospheric carbon dioxide (CO<sub>2</sub>) concentrations.
- Our vehicles continue to garner top safety ratings. The 2011 Ford Fiesta, for example, is the first car in its segment to earn top crash test ratings in each of the world's largest auto markets that perform safety testing – the U.S., China and Europe.
- We received a number of prestigious vehicle awards in 2010 and 2011: the all-new Ford Explorer was named "Truck of the Year" at the North American International Auto Show; the Ford Focus was named the official car of the Consumer Electronics Show; and the Ford Figo was awarded Indian Car of the Year 2011 by a leading jury of automobile journalists.
- In the U.S., the quality of our vehicles tied with Honda's for the fewest number of "things gone wrong" after three months in service among all full-line automakers. Ford also reduced "things gone wrong" in Europe, Asia Pacific and Africa, and South America.

We continue to make progress in other important areas as well. Since 2000, our manufacturing facilities worldwide have reduced overall energy use by 40 percent, decreased CO<sub>2</sub> emissions by 49 percent and cut water use by 62 percent. During 2010 we updated our water strategy, in recognition of the importance of freshwater to our communities and to our own operations and in recognition of the interconnections between the availability and quality of water and other issues like climate change.

We also promote sustainable business practices not only in our own global operations, but throughout our entire supply chain. We are leading an industry-wide supply chain approach to ensure that all components used in our products are manufactured under conditions that demonstrate respect for the people who make them. We are also working with suppliers to promote environmentally sustainable practices and to better understand impacts in our supply chain. In 2008 we joined the United Nations Global Compact, which endorses a framework of principles in the areas of human rights, labor and the environment. We continue our commitment to these principles.

In communities around the world, our philanthropic organization, Ford Motor Company Fund and Community Services, supports nonprofit organizations in three major areas: innovation and education, community development and legacy, and driver safety education. Also, Ford employees around the world are actively engaged in making a positive difference in their

communities. Our Ford Volunteer Corps, which was established in 2005, encourages salaried employees to take two work days per year to serve as volunteers. In 2010 some 27,000 Ford employees and retirees in 41 countries provided more than 112,000 hours of work on more than 1,100 community service projects.

In 2011 we were honored to be recognized as one of the world's most ethical companies for the second year in a row by the Ethisphere Institute, a leading business ethics think tank. This award is based on an extensive review of companies' social responsibility efforts, corporate governance and business practices. We also ranked first in the Human Rights category in Corporate Responsibility Magazine's 100 Best Corporate Citizens list. More examples of our progress can be found throughout this report and in the ["Map of Our Year."](#)

I am proud of the outstanding job the Ford team is doing around the world to advance our economic, social and environmental agenda, and I am confident their good work will continue in the future. After several years in which we were challenged to recover our financial footing and responsibly restructure our business, we are now challenged to grow our business and expand our global presence – and to do so responsibly. Our greatest growth will come outside of the mature markets of the U.S. and Europe. In 2010, for example, Ford sales increased by 32 percent in China and by 168 percent in India. We are making substantial investments in plants and creating jobs in all our global regions. In 2010, we announced more than \$9 billion in global investments for future growth, including \$4.5 billion in North and South America, \$2.9 billion in Europe and \$1.7 billion in our Asia Pacific and Africa region.

Our integrated approach to sustainability will help us be a trusted partner in expanding in markets around the world as we tackle global sustainability challenges. Our emphasis on resource efficiency in our products and operations also positions us well to weather a period of rapidly rising costs for energy and materials. By remaining true to our values and staying focused on our sustainability goals, we can deliver profitable growth for all associated with Ford.



Alan R. Mulally  
President and Chief Executive Officer  
June 2011



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Letter from Sue Cischke

"We're working to continuously improve the efficiency of our products and processes so we use less energy, water and other resources. As a result of these efforts, our customers get vehicles with improved fuel economy, safety and quality. Innovation at Ford is driving changes both incremental and fundamental."

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At Ford Motor Company these days, change is a part of our DNA, and we're using it to deliver great results. From where I sit, you don't have to look far to see the transformation of our Company. About 10 miles from my office is the Michigan Assembly Plant in Wayne, formerly known as the Michigan Truck Plant. We've invested \$550 million there to create a modern and flexible plant capable of making five fuel-efficient vehicles, including three electrified vehicles. Among many [innovative features](#) described in this report, the plant gets power from two forms of renewable energy. It uses gas from a nearby landfill and is equipped with a 500-kilowatt solar power generation system, including a demonstration battery storage system for the plant. And, to support these new products, we plan to bring our vehicle battery development and production inside Ford, adding 1,000 new jobs in our headquarters state.

Related Links

This Report:

- Climate Change

Driving Change Globally

The Michigan Assembly Plant is not a singular showpiece. Around the world, you'll find similar signs of transformation. Our Dagenham Diesel Centre in the UK is powered by two wind turbines, with a third to be added this year. From Chennai, India, to Chihuahua City, Mexico, we're implementing water reuse and conservation projects in line with our sharpened strategic focus on water management. On the safety front, our Fiesta small car is popular around the globe and is the first vehicle in its class to win top safety ratings in every major automotive market, including the U.S., Europe and China.

Less visible, but no less important, is our work to continuously improve the efficiency of our products and processes so we use less energy, water and other resources. As a result of these efforts, our customers get vehicles with improved fuel economy, safety and quality. Innovation at Ford is driving changes both incremental and fundamental.

Progress through Collaboration

Another important driver of progress is collaboration and partnership. The solar energy project at the Michigan Assembly Plant, for example, is being installed and managed through a joint effort among Ford, DTE Energy Co., Xtreme Power, the City of Wayne, Michigan, and the State of Michigan. To make our new plug-in electric vehicles more compelling and convenient for customers, we are collaborating with a range of organizations – from electric utilities and technology companies to local governments and regional authorities – to establish the needed infrastructure. We are also working even more closely with other automakers and our suppliers to make our entire value chain more sustainable – environmentally, socially and economically.

Results

The data in this report show many positive trends, including in our per-vehicle performance. However, because our production increased in 2010 versus 2009, the total energy we used increased. We will continue to focus on our per-vehicle reduction while monitoring our overall vehicle energy use.

There are also some areas where changes to how performance is measured may mask the real progress we are making. For example, the two major public domain vehicle safety rating systems in the U.S. and the major European system all modified their tests recently to make it harder to attain the top rating. Despite the changes, we are continuing our safety leadership, and our vehicles are safer than ever. Our safety data for the U.S. and Europe start with a new 2010 baseline, because the most recent test results are not comparable to those from prior years.

In this report, you will find many examples of how we are significantly improving the fuel economy

of our new and refreshed vehicles. You will also find a very long list of vehicles that lead their class in fuel economy. In the U.S., our fleet fuel economy and carbon dioxide (CO<sub>2</sub>) emission numbers (final and projected) may not reflect the actual progress we have been making for the 2010 and 2011 model years, in part because of changes the government made to how fleet fuel economy is calculated. For example, in the 2011 model year, certain vehicles that were formerly classified in the truck category were moved to the car category. This reduced the fuel economy averages for both categories even as the combined fleet average is projected to improve by about 3 percent.

I also want to touch on a difference between this report and those of the past few years. In this report, you'll find a detailed explanation of our science-based climate stabilization goal. We are focusing on this goal because it serves as a compass for both the short and long term – a way for us to gauge the actions we need to take to cut emissions from our products and operations enough to make a meaningful contribution to addressing the challenge of global climate change.

In past reports, we have stated a goal for the U.S. and Europe to reduce the CO<sub>2</sub> emissions of our U.S. and European vehicles by 30 percent by 2020 relative to the 2006 model year. We continue to report on the CO<sub>2</sub> emissions of our vehicles in these regions compared to the 2006 baseline, and we are on track to exceed the goal. With high confidence that this goal will be delivered, our product planning has now moved beyond that goal toward alignment with region-specific glide paths to achieve the overall science-based stabilization goal – and that is what we will emphasize in this and future reports.

To complement our product CO<sub>2</sub> goal, in early 2011 we adopted a goal to reduce facility CO<sub>2</sub> emissions by 30 percent by 2025 on a per-vehicle basis, compared to 2010. While we were already reducing these emissions – between 2005 and 2010 we cut our facility CO<sub>2</sub> emissions by 37 percent in total and 21 percent on a per-vehicle basis – the new goal gives us a longer-term commitment consistent with our stabilization goal.

## Integration in a Global Organization

For the past year, we focused on making our Sustainability, Environment and Safety Engineering group a more global organization to leverage our expertise and to prepare for growth in areas beyond the U.S. and Europe. This change brings together our global experts in sustainable business strategies, vehicle environmental engineering, vehicle safety, manufacturing environmental management, and safety and environmental regulatory compliance. It helps us monitor trends, risks and opportunities and develop a global perspective to properly anticipate regulations and customer expectations and make sure our product and business plans are aligned to meet them.

This restructuring is further evidence of both the integration of sustainability into our fundamental business processes and the true globalization of our Company. It will support our continued transformation and help enable the robust delivery of our products into markets around the world, achieving excellence in sustainability, environmental performance and safety.



Sue Cischke  
Group Vice President, Sustainability, Environment and Safety Engineering  
June 2011



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## Performance Summary

Below is a summary of our key performance data. Please also see the [Overview](#) for discussion of data parameters and the [Economy](#), [Environment](#) and [Society](#) data sections for additional indicators, five-year trends and notes on data assurance.

- Economy
- Environment
- Society

### Economy

	2008	2009	2010
Global Quality Research System things gone wrong (3 months in service), total things gone wrong per 1,000 vehicles	1,287	1,206	1,140
Global Quality Research System customer satisfaction (3 months in service), percent satisfied	77	80	82
Sales satisfaction with dealer/retailer, Ford brand, U.S., net promoter score	84	82	84
Sales satisfaction with dealer/retailer, Ford brand, Europe, net promoter score	81	77	82
Service satisfaction with dealer/retailer, Ford brand, U.S., net promoter score	74	74	74
Service satisfaction with dealer/retailer, Ford brand, Europe, net promoter score	70	67	69
Shareholder return – Bloomberg total return analysis, percent	-66	337	68
Net income/loss, \$ billion	-14.7	2.7	6.6
Sales and revenue, \$ billion	146.3	116.3	129.0

### Environment

	2008	2009	2010
Ford U.S. fleet fuel economy, combined car and truck, miles per gallon (higher mpg reflects improvement) <sup>1</sup>	26	27.1	26.9
Ford U.S. fleet CO <sub>2</sub> emissions, combined car and truck, grams per mile (lower grams per mile reflects improvement)	340	326	329
Ford Europe CO <sub>2</sub> tailpipe emissions per vehicle, grams per kilometer (based on production data for European markets)	146	139	NA <sup>2</sup>
Worldwide facility energy consumption, billion kilowatt hours	17.9	15.1	16.1
Worldwide facility energy consumption per vehicle, kilowatt hours per vehicle	3,561	3,272	3,087
Worldwide facility CO <sub>2</sub> emissions, million metric tonnes	5.4	5.0	5.3
Worldwide facility CO <sub>2</sub> emissions per vehicle, metric tonnes	1.09	1.07	1.01
North American Energy Efficiency Index, percent (higher percentage reflects improvement)	11.7	18.3	14.4

1. The decrease in year-over-year fuel economy is due to a shift in our mix of vehicles sold, including a longer model year for certain trucks and the removal of Volvo from the 2010 data.
2. Data to be updated July 2011.

### Society

	2008	2009	2010
Employee satisfaction, Pulse survey, overall, percent satisfied	66	68	68
Overall dealer attitude, Ford, relative ranking on a scale of 1–100 percent (winter/summer score)	69/68	71/80	85/83
Overall dealer attitude, Lincoln Mercury, relative ranking on a scale of 1–100 percent (winter/summer score)	66/64	66/71	71/62
Ford Motor Company Fund contributions, \$ million	33	20	19
Corporate contributions, \$ million	16	9	10



Volunteer corps, thousand volunteer hours	100	100	112
Lost-time case rate (per 100 employees)	0.7	0.6	0.5
Lost-time case rate by region (per 100 employees)			
Americas	1.0	0.9	0.8
Asia Pacific and Africa	0.1	0.2	0.1
Europe	0.6	0.5	0.3
U.S. safety recalls, number per calendar year (including legacy vehicles on the road for 10+ years)	10	8	7
U.S. units recalled, number of million units (including legacy vehicles on the road for 10+ years)	1.6	4.53 <sup>1</sup>	0.6
IIHS Top Safety Picks, number of vehicles	NA <sup>2</sup>	NA <sup>2</sup>	11

1. All but 12,000 of the 4.53 million vehicles recalled were older models (1992–2003) that were equipped with faulty Texas Instruments speed control deactivation switches. Although the data show the majority of the vehicles equipped with these switches do not pose a significant safety risk, we recalled them to reassure customers and eliminate any future concerns.
2. The IIHS has significantly changed its ratings system, such that data for 2010 are not comparable to data for previous years. Ford continues to be a leader in Top Safety Picks.



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## Ford's Goals, Commitments and Status

This table summarizes Ford's goals, commitments, targets and progress in our material issue areas and other important performance areas.

KEY ON TRACK IN PROCESS NOT ON TRACK

- Sustaining Ford
- Climate Change
- Water
- Supply Chain
- Vehicle Safety

### Sustaining Ford

Goal/Commitment	2010 Progress	On Track?
Execute our "ONE Ford" transformational plan to create a leaner, more-efficient global enterprise.	Continued to strengthen our balance sheet, reducing our Automotive debt by \$14.5 billion. This included the full \$7 billion prepayment of our debt obligations for the UAW's independent health care trust.	
Achieve profitability in 2011.	Full-year 2010 net income was our highest in more than a decade. We achieved positive Automotive gross cash net of debt earlier than we anticipated. Our 2010 financial results exceeded our expectations.	
Align capacity to demand.	Continued to globalize vehicle platforms that can be adapted to meet specific regional needs and to produce the vehicles that customers want. Retooled facilities that previously built large trucks and SUVs to instead manufacture smaller, more energy-efficient vehicles. Ended production of Mercury vehicles.	
Reverse the trend of losing money on small car production in the U.S.	Boosted production of smaller-sized vehicles in North America and globally. Improving costs to competitive levels. Enhancing revenues through class-leading fuel economy, safety performance and quality.	
Develop partnerships and projects to explore solutions to urban and rural mobility challenges.	Began looking at new mobility options through an "ecosystem" lens that puts vehicles in a broader transportation context. Developed a new project called SUMURR (Sustainable Urban Mobility with Uncompromised Rural Reach), with a pilot in Chennai, India.	

### Climate Change

Goal/Commitment	2010 Progress	On Track?
<b>Products</b>		
Do our share to stabilize carbon dioxide (CO <sub>2</sub> ) concentrations in the atmosphere at 450 ppm, the level generally accepted to avoid the most serious effects of climate change.	<ul style="list-style-type: none"> <li>Expanded the climate stabilization analysis that we had undertaken previously for the U.S. and Europe to the other regions in which we operate. This analysis defines the emission reductions needed to meet our stabilization commitment.</li> <li>Further developed our electrification strategy and launched our first electric vehicle.</li> <li>Reduced fleet-average CO<sub>2</sub> emissions from our 2010 model year U.S. and European new vehicles by 10.5 percent and 8.1 percent, respectively, compared to the 2006 model year.†</li> <li>Announced three more engines with our patented EcoBoost™ fuel-saving technology. By 2013, we expect to be producing approximately 1.5 million EcoBoost engines globally, about 200,000 more than originally expected.</li> <li>Offered four models in North America that provide 40 miles per gallon or better – compared to 2009, when our most fuel-efficient vehicle achieved 35 miles per gallon.</li> <li>Offered 18 models in Europe that achieve a CO<sub>2</sub> emission level of 130 grams per kilometer, and two that achieve less than 100 grams per kilometer.</li> </ul>	
Ensure that every all-new or redesigned vehicle we introduce will be best in class or among the best in class for fuel economy in its segment.	Followed through on this commitment with vehicles introduced in all our regions, and we will continue to do so in future product launches.	
<b>Manufacturing</b>		
Continuously improve energy efficiency; 2010 and 2011 goals are a 3 percent improvement.	Met commitment to improve facility energy-efficiency emissions by 3 percent in 2010 vs. 2009: improved global energy efficiency by 5.6 percent. Improved energy efficiency in North America by 14.4 percent compared to 2006 baseline.	
Reduce global facility CO <sub>2</sub> emissions per vehicle by 30 percent by 2025.	New target. Reduced 2010 CO <sub>2</sub> emissions by 5.6 percent per vehicle compared to 2009.	

EU Emission Trading Scheme: Ensure compliance with Trading Scheme requirements, including third-party verification.	Continued to comply with the Trading Scheme requirements.	
Chicago Climate Exchange: Reduce Ford's North American facility CO <sub>2</sub> emissions by 6 percent between 2000 and 2010 as verified by third-party auditors.	Achieved this goal.	
Alliance of Automotive Manufacturers: Reduce industry-wide U.S. facility GHG emissions by 10 percent per vehicle produced between 2002 and 2012.	On track to meet this commitment.	
Voluntarily report GHG emissions.	Continued to voluntarily report facility CO <sub>2</sub> emissions to national emissions registries or other authorities in Australia, Brazil, Canada, China, Mexico, the Philippines and the U.S.	
<b>Supply Chain</b>		
Better understand the carbon footprint of Ford's supply chain to inform the development of a broad-based carbon management approach for our supply chain.	<ul style="list-style-type: none"> <li>Surveyed 35 suppliers regarding greenhouse gas emissions and achieved a 75 percent voluntary response rate via participation in the CDP Supply Chain Program and "road testing" of the WRI GHG Protocol Scope 3 Accounting and Reporting Standard.</li> <li>Through the AIAG, helped to establish common industry guidance and a reporting format for greenhouse gas emissions, to be used by global automakers and Tier 1 suppliers.</li> </ul>	

† Please see [Sue Cischke's letter](#) for a discussion of our CO<sub>2</sub>-reduction goal for North America and Europe.

## Water

Goal/Commitment	2010 Progress	On Track?
In 2000, set target of 3 percent year-over-year water use reductions; aiming for global water reduction of 5 percent per vehicle for 2011, compared to 2010.	Decreased water use per vehicle by 49 percent from 2000 to 2010.	
Develop new water approach.	In 2010, set up new team to review water issues in a more holistic way. Became a founding responder to Water Disclosure, a Carbon Disclosure Project initiative.	

## Supply Chain

Goal/Commitment	2010 Progress	On Track?
Overall goal: Leverage Ford's complex, global supply chain to make a positive impact in the markets in which we do business.	<ul style="list-style-type: none"> <li>Continued to expand our three-pronged approach to engaging with suppliers on sustainability issues, through our work with individual supplier factories, with key suppliers' corporate management, and in cooperation with other automakers to influence practices across the automotive supply chain.</li> <li>As part of this approach, held supplier trainings on working conditions and related sustainability issues and assessed more than 750 suppliers in 17 priority countries.</li> </ul>	
Collaborate with key production suppliers to align policies and practices to protect working conditions and responsible environmental management.	Twenty percent of our strategic suppliers have met all three Ford milestones: they have codes of conduct in place that are aligned with international standards and supported by robust management systems governing their own operations <i>and</i> their supply chain.	
Facilitate development of an industry-wide approach to ensuring sound working conditions and respect for human rights in the supply chain.	<ul style="list-style-type: none"> <li>In 2010, launched jointly sponsored training with other automakers through the AIAG in Turkey and Brazil; trained 463 suppliers.</li> <li>Through this training and subsequent cascading process in these two countries, have impacted more than 83,300 workers and 29,600 Tier 2 suppliers.</li> <li>Since program inception across all countries trained, the total now exceeds 1,650 Ford suppliers trained, with more than 318, 500 workers and 56,250 Tier 2 suppliers impacted.</li> <li>With the AIAG, launched online training on supply chain working conditions and responsible procurement targeted at purchasing or supply chain managers.</li> <li>Initiated a new work group at the AIAG focused on supply chain transparency issues such as those relating to conflict minerals.</li> </ul>	

## Vehicle Safety and Driver-Assist Technologies

Goal/Commitment	2010 Progress	On Track?
Design and manufacture vehicles that achieve high levels of vehicle safety for a wide range of people over the broad spectrum of real-world conditions.	<ul style="list-style-type: none"> <li>Remained an industry leader in vehicle safety. In fact, have earned more five-star crash-test ratings than any other manufacturer in 30 years of NHTSA testing.</li> <li>Nearly all vehicles available with side air bags (the Safety Canopy®).</li> <li>Made electronic stability control or Roll Stability Control™ standard on 84 percent of our 2011 model year North American nameplates; for the 2012 model year, 100 percent of North American nameplates will come standard with one of these technologies.</li> <li>Introduced the world-first automotive inflatable rear safety belts on the new 2011 Ford Explorer in North America.</li> <li>Used more advanced and ultra-high-strength steels than ever as</li> </ul>	

	part of our continuing effort to enhance the safety and fuel efficiency of our vehicles.	
Meet or exceed all regulatory requirements for safety.	Continue to meet this goal every year. Ford's internal Safety Design Guidelines and Public Domain Guidelines go beyond stringent regulatory requirements.	
Provide information, educational programs and advanced technologies to assist in promoting safe driving practices.	Invested an additional \$1 million to expand the Ford Driving Skills for Life (FDSFL) program in the U.S. from 9 to 15 states. In the FDSFL program, included modules on avoiding distracted driving. Offered MyKey®, allowing parents to program a key for their teenagers that limits certain features, such as top speed and audio volume. Unveiled Curve Control, a technology that senses – and responds – when the driver takes a curve too quickly.	
Play a leadership role in accident research.	Launched research aimed to create one of the world's first digital human body models of a child. The model could someday serve as a digital "dummy" for computer crash testing. In Europe, joined with 29 partner organizations to take part in "interactiVe," a research project that seeks to support the development and implementation of active safety systems. Maintained major research alliances with the Massachusetts Institute of Technology, the University of Michigan, Northwestern University and more than 100 universities worldwide; safety is a central thrust of this work.	
Play a leadership role in research and development relating to "intelligent" vehicles.	Doubled our investment in intelligent vehicles, formed a new 20-member task force of scientists and engineers to explore the technology's broader possibilities, and will become the first automaker to build prototype vehicles for demonstrations across the U.S. Took part in collaborative research in the U.S. (via the Crash Avoidance Metrics Partnership) and Europe (via the "simTD" and DRIVE2X projects) to test intelligent vehicle technologies.	

## Other Important Issues

Environment (Non-Climate and Non-Water)

Workplace Health and Safety




Quality

### Environment (Non-Climate and Non-Water)




Goal/Commitment	2010 Progress	On Track?
<b>Products</b>		
Expand use of the Product Sustainability Index (PSI) and Design for Sustainability principles in product development.	<ul style="list-style-type: none"> <li>Ford Fiesta, introduced in North America in 2011, designed using PSI.</li> <li>2012 Ford Focus, to be introduced in North America in 2011, designed using PSI.</li> </ul>	
Increase the use of recycled, renewable and lightweight materials.	<ul style="list-style-type: none"> <li>Expanded use of soy foam seating; from 2011 on, all vehicles produced in North America have soy foam seating.</li> <li>Introduced soy foam headliner.</li> <li>Introduced wheat-straw-reinforced plastics.</li> <li>Expanded use of recycled-content fabrics for seats and headliners.</li> <li>Continued to develop strategy requiring recycled plastics and textile materials for many applications in North America.</li> </ul>	
Increase the use of and certification for allergen-free and air-quality-friendly interior materials.	Established global design guidelines for allergy-free materials and in-vehicle air filtration that are being migrated across product lines.	
Reduce the use of substances of concern.	As of 2009, all Ford, Lincoln and Mercury vehicles in the U.S. are mercury-free with the exception of the Lincoln Town Car, which uses mercury in its high-intensity discharge headlamps. Have eliminated the use of lead wheel weights in North America and Europe.	
<b>Manufacturing</b>		
Reduce water use.	(See Water section of Goals Table.)	
Reduce CO <sub>2</sub> emissions.	(See Climate Change section of Goals Table.)	
Reduce landfill disposal, with 2010 and 2011 targets of 10 percent reduction per vehicle per year.	Reduced landfill disposal in 2010 by 12.4 percent per vehicle compared to 2009.	
In 2010, maintain VOC emissions from painting at North American Assembly plants at 24 grams/square meter or less.	2010 VOC emissions at North American Assembly plants were 21.6 grams/square meter.	
In 2011, maintain VOC emissions from painting at North American Assembly plants at 23 grams/square meter or less.		

### Workplace Health and Safety

Goal/Commitment	2010 Progress	On Track?
<b>Safety</b>		
Fatalities target is always zero.	Experienced one employee fatality and two contractor fatalities during 2010.	

Serious injuries target is zero; objective was to be competitive with industry by 2010.	Reduced total from 128 to 108. Failed to reach aggressive 50 percent reduction target. Have active interventions in place in all regions.	
Overall goal is to obtain competitive DART levels and drive continuous improvement; specific targets are set by business units yearly for five years into the future.	Continued the strong continuous improvement trend on overall injury rates in 2010.	
<b>Health</b>		
Improve focus on employee personal health through access to health risk appraisal and health promotion programs.	Have active personal health promotion programs in place in most regions. Deployed common global metrics and developed plans to implement in remaining countries. Employee participation on health-risk appraisals now included as a core component of U.S. health benefit programs.	

## Quality

Goal/Commitment	2010 Progress	On Track?
Become global quality leader; strive to be best in class in every phase of vehicle development, from design to pre-delivery.	Continued to improve Ford quality in 2010. In the U.S., Ford tied with Honda for the fewest number of "things gone wrong" (TGW) after three months in service among all full-line automakers. Ford also reduced TGW in Europe, Asia Pacific and Africa, and South America. <sup>‡</sup>	
Launch new small global cars with the industry's best quality ever, at fewer than 800 TGW per 1,000 vehicles in the first 90 days of ownership. Continue to improve initial quality and long-term durability by reducing TGW and warranty costs in every vehicle program.	<ul style="list-style-type: none"> <li>Owners of Ford, Lincoln and Mercury vehicles reported 1,140 TGW per 1,000 vehicles, a 6 percent improvement over 2009 and the 6th consecutive year of improvement</li> <li>Over the last three years, reduced our warranty repair rate by 40 percent in each region around the world. Global warranty spending per unit declined 13 percent in 2010, compared to 2009.</li> </ul>	
Continue to improve customer satisfaction with our vehicles and sales and service divisions.	Improved overall customer satisfaction at three months in service. Improved sales satisfaction in both the U.S. and Europe. Service satisfaction remained the same in the U.S. and improved in Europe.	

<sup>‡</sup> "Things gone wrong" is measured as part of the Global Quality Research Survey (GQRS), which is conducted quarterly for Ford by the RDA Group, a market research and consulting firm.



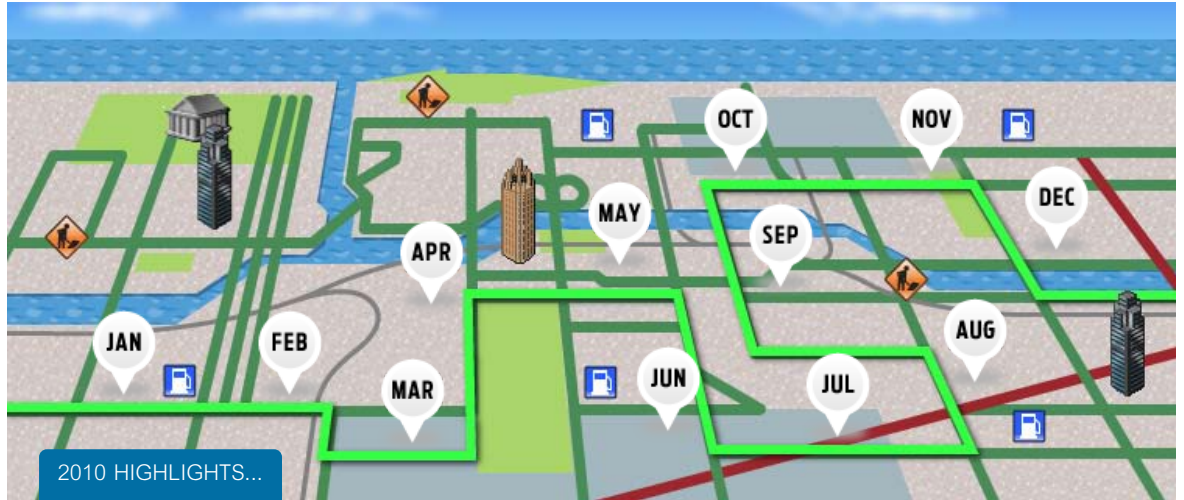
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## Map of Our Year



### View Our Sustainability Journey

Click on the white icons to see Ford's sustainability-related highlights for 2010 – from auto show awards in January to delivery of the first Transit Connect Electric in December.

#### JANUARY

- Auto Show Awards**  
Achieved an historic sweep of the North American Car of the Year and North American Truck of the Year honors (for the Ford Fusion Hybrid and Ford Transit Connect, respectively) at Detroit's North American International Auto Show.
- Consumer Electronics**  
Ford President and CEO Alan Mulally delivered the opening keynote address at the 2010 Consumer Electronics Show in Las Vegas.
- Product Milestone**  
The Ford Fiesta, Europe's No.2 best-selling car, set record at Ford's Niehl Plant in Cologne, Germany. No other Ford vehicle manufactured in Cologne has ever reached the half million production mark within only 17 months of production.
- Product News**  
The next-generation Ford Focus made its worldwide debut at Detroit's North American International Auto Show.

#### FEBRUARY

- Innovation Award**  
Named to *Fast Company's* list of "Top 10 Most Innovative" companies in mobile technology.
- Product Announcement**  
Announced that the Transit Connect Electric – the first product in Ford's accelerated electrified vehicle plan – would be in production by the end of 2010.
- Sales Performance**  
Changan Ford Sales Company reported January sales of 30,759 Ford brand passenger vehicles in China, a 128 percent increase compared to the same period last year, marking its twelfth consecutive month of year-on-year growth.
- Manufacturing News**  
As part of a \$500 million investment in India, Ford's new engine plant in Chennai began production.

#### MARCH

- Volvo Announcement**  
Announced definitive agreement to sell Volvo operations to Zhejiang Geely Holding Group Company Limited.
- Sales Performance**  
Achieved higher sales throughout Ford's lineup. Cars were up 53 percent versus a year ago, utilities were up 46 percent, and trucks were up 30 percent. Among brands, Ford sales were up 46 percent, Lincoln sales were up 19 percent, and Mercury sales were up 26 percent.
- Electrifying News**  
Ford's global electrification strategy was set to deliver a suite of five new electrified vehicles in North America and Europe by 2013 and built on the Company's overall vision of offering the widest possible range of fuel-efficient, low-emission technological solutions. Ford committed to working with technology leaders, the energy industry
- Product Announcement**  
The all-new Ford-engineered and Ford-built 6.7-liter Power Stroke® V8 turbocharged diesel engine available in the 2011 Ford F-Series Super Duty® was B20 biodiesel compatible. This increased biodiesel compatibility gave customers more fueling choices.

and government to prepare consumers for a future with electric vehicles.

## APRIL

### New Engines

Announced the addition of three new EcoBoost engines – a 2.0 liter, which will be available in the U.S., Europe, and Asia; a 1.6 liter, which will be available initially in Europe and in the U.S. in 2013; and a 1.0 liter, which will be available in Europe initially.

### Vehicle Quality

Earned the highest customer satisfaction with vehicle quality of all major manufacturers, according to Global Quality Research System.

### Excellence in Reporting

Named a finalist in the Ceres/Association of Chartered Certified Accountants North America Awards for Sustainability Reporting, for our 2008-9 Sustainability Report. Ultimately earned 2nd place.

### Financial Performance

Posted strong first-quarter results: first-quarter net income of \$2.1 billion, or 50 cents per share, a \$3.5 billion improvement from first-quarter 2009. Pre-tax operating profit of \$2 billion, or 46 cents per share, a \$4 billion improvement from first-quarter 2009. Largest first-quarter market share gain since 1977.

## MAY

### 40 mpg Fiesta

Achieved an EPA highway rating of 40 mpg for the Ford Fiesta.

### Training in Turkey

In partnership with the Automotive Industry Action Group (AIAG), conducted a training of Turkish suppliers on working conditions and other sustainability issues.

### Vehicle Quality Award

Ford won AutoPacific's 14th Annual Vehicle Satisfaction Awards, with nearly double the number of vehicles on the list than other auto manufacturers.

### Disaster Relief

Ford Motor Company Fund announced donation of \$50,000 to Hands On Nashville in support of its disaster relief efforts and other community outreach activities.

## JUNE

### Product Innovations

Announced that the new Ford Explorer will have soy foam seats and industry-first inflatable rear safety belts.

### Business Award

Won "Business Turnaround of the Year" from the American Business Awards.

### Mercury Announcement

Announced the end of the Mercury brand to focus on our core Ford and Lincoln brands.

### Allergy-Friendly Interior

Since the first certification in 2004 – the Ford C-MAX awarded the "Allergy Tested Interior" seal of approval by TÜV Rheinland (Germany) – a total of 4.2 million Ford cars with the TÜV seal of approval have been sold across Europe.

## JULY

### Explorer Fuel Economy

Revealed that the all-new Ford Explorer with a 2.0 liter EcoBoost™ will have up to 30% fuel economy improvement over the previous model.

### Supplier Survey

Concluded a pilot survey of suppliers regarding greenhouse gas emissions to better understand the carbon footprint of our supply chain.

### MKZ Hybrid

Announced that the 2011 Lincoln MKZ Hybrid will have best-in-class fuel economy and the same price as the standard MKZ.

### Paying Our Bills

Retired \$7 billion of debt, resulting in annualized interest payment savings of \$470 million.

## AUGUST

### Fiesta Safety Honor

Earned a Top Safety Pick from the Insurance Institute for Highway Safety for the 2011 Ford Fiesta – the first subcompact car in the industry to earn this honor.

### Sale of Volvo

Completed the sale of Volvo.

### Record Sales

Total sales of the Ford Edge, which arrived in late 2006, hit 400,000 in August – more than any midsize crossover vehicle during the same period.

### Product Innovation

The all-new Ford Explorer was more than just the new fuel economy class leader in the midsize SUV segment, it also set a new benchmark for sustainability in the SUV segment due to an increased use of renewable and recycled content, such as parts made from steel left over from F-150 production.

## SEPTEMBER

### Employee Volunteers

Announced that more than 12,000 Ford employees in 41 countries contributed more than 46,000 hours of volunteer work in support of 2010 Global Week of Caring.

### Training in Brazil

In partnership with the AIAG, trained suppliers in Brazil on working conditions and other sustainability issues.

### GHG Reporting

Supported the AIAG's release of common industry guidance and a common industry reporting format for greenhouse gas emissions.

### Global Growth

Announced plans to build second engine plant in Chongqing China, as part of its Asia Pacific region expansion strategy.

## OCTOBER

<p><b>Debt Reduction</b></p> <p>Announced a debt reduction of \$2 billion. Paid Voluntary Employee Beneficiary Association (VEBA) debt of \$3.6 billion.</p>	<p><b>Ford Ranger Debut</b></p> <p>Debuted the all-new global Ford Ranger at the Australian International Motor Show.</p>	<p><b>"Green" Honor</b></p> <p>For the second consecutive year, included among <i>Newsweek's</i> Top 100 Green Companies.</p>	<p><b>Test Drive Charity</b></p> <p>Introduced our first-ever global test drive of the all-new Ford Focus on Facebook. Participants, who were chosen based on their submissions to the Ford Focus Facebook page, received up to \$10,000 to give to their favorite charity.</p>
<b>NOVEMBER</b>			
<p><b>F-150 Fuel Efficiency</b></p> <p>Launched the most fuel-efficient full-size pickup engine of any manufacturer – the 3.7-liter V6 engine in the 2011 Ford F-150.</p>	<p><b>Training in Romania</b></p> <p>Conducted working conditions training with suppliers in Romania.</p>	<p><b>Electric Vehicles</b></p> <p>Named the first markets in which we will sell our first all-electric, zero-CO<sub>2</sub>-emissions passenger car.</p>	<p><b>Community Giving</b></p> <p>Provided funding and delivery for Thanksgiving meals to 9,000 people in need in southeast Michigan.</p>
<b>DECEMBER</b>			
<p><b>Ford Transit Connect</b></p> <p>Delivered the first 2011 Ford Transit Connect Electric Vehicles to customers.</p>	<p><b>Flexible Manufacturing</b></p> <p>After a \$550 million renovation of the Michigan Assembly Plant, began producing the all-new Ford Focus on the Company's most flexible assembly line.</p>	<p><b>Ford Figo Award</b></p> <p>Earned "Indian Car of the Year" award for the Ford Figo from Indian automotive journalists.</p>	<p><b>Mercury Discontinued</b></p> <p>Ended production on the Mercury brand.</p>





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## Assurance

For this report and our previous four reports, [Ceres](#) convened Stakeholder Committees to advise us. Ceres leads a national coalition of investors, environmental organizations and other public interest groups working with companies to address sustainability challenges. Ford agreed to work with a stakeholder team that was selected for us by Ceres. The Ceres Stakeholder Committee that was selected is an independent group of individuals drawn primarily from the Ceres coalition and representing a range of constituencies that have expertise in environmental, social and governance issues.

In reviewing this report, the Committee considered whether the Company adequately reported on its sustainability performance and key impacts, including goals, targets, systems, data and initiatives. The Committee met once by teleconference to review and comment on the [materiality analysis](#) and report plan.

The Committee largely agreed with the positioning of issues on Ford's [materiality matrix](#), and they affirmed the importance of the newly identified top material issues of supply chain and water. In addition, stakeholder committee members requested more information about the materiality analysis methodology and stakeholder inputs used to generate it. They also had some suggestions to change the position of a few issues in the matrix. In response, we have:

- Provided additional detail on how the analysis was conducted and the inputs used to prioritize issues
- Elevated the importance of innovation management so it is considered of moderate importance to Ford and its stakeholders
- Elevated the importance of mobility to the highest-priority level

Moving the issues on the matrix reflects that they are higher priority to stakeholders than our original analysis suggested. Some other suggestions – for example, providing details on how Ford is addressing fuel economy across its range of products – were already included in the report. Others, such as reorganizing issues and sub-issues, will be considered for future reports.

The Committee also made suggestions based on its review of previous reports and the outline for this report. Major points of feedback and Ford's responses are shown below.<sup>1</sup>

Recommendation	Response
Provide increased disclosure about the Company's industry collaborations and its policy stances on issues such as human rights, in the context of ensuring policy alignment between the Company's public policy, products and strategy.	We have expanded the <a href="#">public policy section</a> of the report to cover some additional issues. The new section on <a href="#">raw materials sustainability</a> discusses Ford's collaborations and policy engagement around conflict minerals.
Detail both short- and long-term goals and provide increased performance disclosure in areas such as diversity (board and employee level) and human rights/supply chain as well as more discussion of challenges.	Ford has complemented its near-term energy-efficiency targets with a long-term goal to reduce CO <sub>2</sub> emissions per vehicle built by 30 percent by 2025, compared to 2010. We will review the presentation of our <a href="#">goals and targets</a> for future reports.
Reassert the importance of mobility in the materiality matrix and corresponding report content, and provide more detail regarding Company innovations and actions in this area.	The mobility issue was repositioned as a result of the feedback. We have refocused our reporting on innovative new initiatives in urban and rural <a href="#">mobility</a> .
Expand discussion of supply chain management, including how Ford engages with suppliers, builds capacity within the supply chain and encourages suppliers to improve performance. Provide more detail around goals and targets in this area.	This year for the first time, we have developed a stand-alone section on <a href="#">sustainable supply chain management</a> . It details Ford's work to build capacity in the automotive supply chain around human rights and environmental sustainability issues. Also, responding to the previous round of stakeholder input, there is extensive new information on raw materials sustainability, including Ford's response to conflict minerals challenges.
Conduct scenarios allowing consideration of how Ford would be impacted if actual levels of carbon in the atmosphere go much higher than initially projected, and take a leadership position on issues such as vehicle efficiency and consumer education. Develop updated vehicle-efficiency targets in addition to the broad stabilization goal.	For this report, we have added a detailed discussion of Ford's <a href="#">science-based climate stabilization goal</a> , including how it might be adjusted in light of changing external factors. We provide very detailed discussion of how we are implementing changes across our global vehicle portfolio to <a href="#">cut CO<sub>2</sub> emissions</a> . In the <a href="#">Supply</a>



Discuss the benefits and challenges of supplier engagement around Scope 3 greenhouse gas emissions.	<a href="#">Chain section</a> , we have added a discussion of our participation in pilot supply chain greenhouse gas footprint efforts and what we have learned from them.
Disclose how Ford is assessing its water risk locally and globally – both within the Company's owned and operated, as well as its supplier, facilities – and how it is collaborating with others.	This report includes a new material issue section on <a href="#">water</a> , which summarizes our updated water strategy and approach to managing risks and opportunities related to water availability and quality.

Other Committee recommendations will be considered for future reporting.

## Data Assurance

Some of the data in our reports have been subject to various forms of internal and third-party verification, as follows.

- Financial data were audited for disclosure in the Ford Annual Report on Form 10-K.
- More than two-thirds of Ford's global facility greenhouse gas (GHG) emissions are third-party verified. All of Ford's North American GHG emissions data since 1998 have been externally verified by FINRA, the auditors of the NASDAQ stock exchange, as part of membership in the Chicago Climate Exchange. In addition, all emissions data covered by the EU Emission Trading Scheme (EU-ETS) and voluntary UK Climate Change Agreements are third-party verified. All EU-ETS verification statements are provided to Ford by facility from BSI for UK facilities, Lloyds for Spain and the Flemish Verification Office for Belgium. North American facilities are verified against the World Resources Institute's GHG Protocol. European facilities are verified against the EU-ETS rules and guidelines.
- Ford voluntarily reports facility CO<sub>2</sub> emissions to national emissions registries or other authorities in Australia, Brazil, Canada, China, Mexico, the Philippines and the U.S.
- Various environmental data are reported to regulatory authorities.
- Ford's facility environmental data are managed using the Global Emissions Manager database, which provides a globally consistent approach to measurement and monitoring.

The kind of assurance used for each data set is noted in the data charts.

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1. This summary draws from summaries of the stakeholder engagement process to capture priority feedback; however, it does not cover every point raised and was not reviewed by the participating stakeholders.