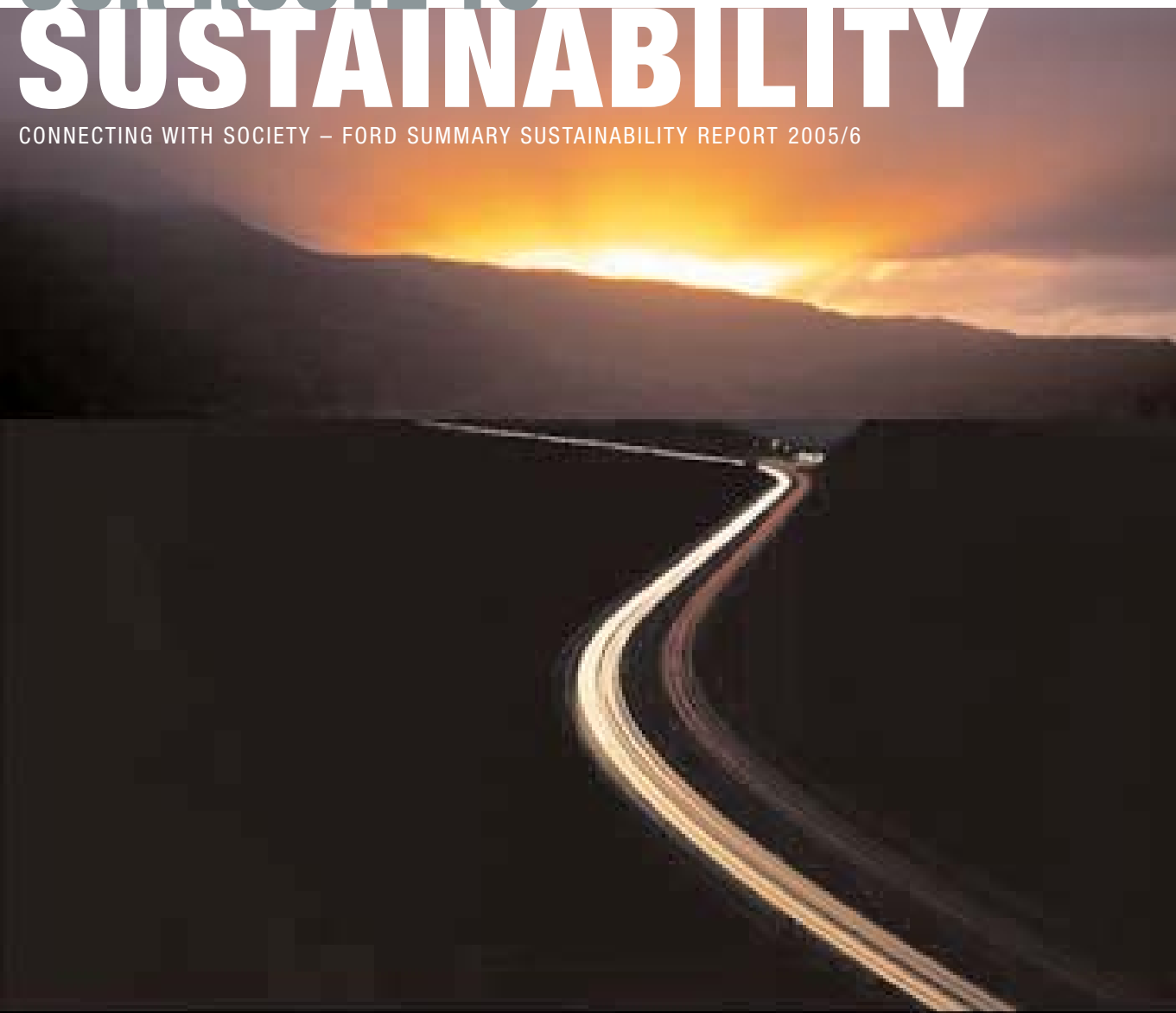
OUR ROUTE TO SUSTAINABILITY

CONNECTING WITH SOCIETY – FORD SUMMARY SUSTAINABILITY REPORT 2005/6



2005/6

SUMMARY SUSTAINABILITY REPORT

Welcome to Ford Motor Company's 2005/6 Summary Sustainability Report. We have also published a full report on our performance in all the areas covered by our Business Principles at www.ford.com/go/sustainability.

2005 at a glance

The table (right) provides a snapshot of 2005 performance according to a set of key indicators. The table, detailed trend data and the performance sections of the Web report are all organized by Ford's Business Principles.

In this summary:

PRODUCTS AND CUSTOMERS

We will offer excellent products and services.

ENVIRONMENT

We will respect the natural environment and help preserve it for future generations.

COMMUNITY

We will respect and contribute to the communities around the world in which we work.

SAFETY

We will protect the safety and health of those who make, distribute or use our products.

QUALITY OF RELATIONSHIPS

We will strive to earn the trust and respect of our investors, customers, dealers, employees, unions, business partners and society.

FINANCIAL HEALTH

We will make our decisions with proper regard to the long-term financial security of the Company.

Ford France delivers the first Ford Focus flexible fuel vehicle capable of using high-blend renewable ethanol fuel.

A Ford Escape Hybrid taxi cruises the streets of Chicago.

The Programmable Vehicle Model (PVM), one of our developments in auto manufacturing.

↗ Better than '04 → Same as '04 ↘ Worse than '04

INDICATOR	2004	2005	TREND
Initial quality (3 months in service), Ford Motor Company, U.S., problems/hundred	127	**129**	↘
Vehicle dependability (4–5 years of ownership), Ford Motor Company, U.S., problems/hundred	275	**232**	↗
Sales satisfaction with dealer/retailer, Ford brand, U.S., percent completely satisfied	78.0	**80.0**	↗
Sales satisfaction with dealer/retailer, Ford brand, Europe, percent completely satisfied	72.0	**74.0**	↗
Service satisfaction with dealer/retailer, Ford brand, U.S., percent completely satisfied	67.0	**66.0**	↘
Service satisfaction with dealer/retailer, Ford brand, Europe, percent completely satisfied	57.0	**58.0**	↗
Owner loyalty, Ford Motor Company, U.S., all brands, percent loyal to corporation	47.5	**45.2**	↘
Owner loyalty, Ford Motor Company, Europe, all brands, percent loyal to corporation	48.0	**50.0**	↗
First-time Ford Motor Company buyers, U.S., percent	9.7	**10.7**	↗
First-time Ford brand buyers, Europe, percent	14.0	**13.0**	↘
Ford U.S. fleet fuel economy, combined car and truck, miles per gallon	22.8	**24.1**	↗
Ford U.S. fleet fuel economy, combined car and truck, without flexible fuel vehicle credits, miles per gallon	21.8	**23.5**	↗
Ford U.S. fleet CO_2 emissions, combined car and truck, grams per mile	386	**368**	↗
European CO_2 performance, percent of 1995 base (1995 base = 100 percent)			
Ford	80	**78**	↗
Jaguar	63	**62**	↗
Land Rover	86	**88**	↘
Volvo	89	**87**	↗
Worldwide facility energy consumption, trillion BTUs	80.3	**76.3**	↗
Worldwide facility energy consumption per vehicle, million BTUs	12.7	**12.1**	↗
Worldwide facility CO_2 emissions, million metric tonnes	8.4	**8.0**	↗
Worldwide facility CO_2 emissions per vehicle, metric tonnes	1.33	**1.26**	↗
Energy Efficiency Index, percent of 2000 base	87.8	**83.4**	↗
Global manufacturing water use, total, million cubic meters	82	**82**	→
Ford Motor Company Fund contributions, $ million	78	**80**	↗
Corporate contributions, $ million	33	**29**	↘
VEHICLE			
Safety recalls, number per calendar year	21	**16**	↗
WORKPLACE			
Lost-time case rate (per 100 employees), Ford Motor Company	1.2	**1.4**	↘
Severity rate (per 100 employees), days lost per 200,000 hours worked	23.5	**23.2**	↗
Employee satisfaction, Pulse survey, overall, percent satisfied	64	**65**	↗
Total purchases from minority-owned businesses, U.S., $ billion	3.7	**3.7**	→
U.S. employment of minorities at year-end, percent	25	**25**	→
U.S. employment of women at year-end, percent	23	**23**	→
Shareholder return, percent	(6)	**(45)**	↘
Net income/(loss), $ billion	3.5	**2.0**	↘

Setting the vision

Bill Ford, *Chairman and CEO*

In this report last August, we articulated our view that sustainability – the effective use of environmental and social as well as economic capital – is essential to corporate growth and prosperity. Over time, business can only succeed financially if it offers products and services that enhance society or the environment.

In the past year, our Company has experienced an increasingly challenging and competitive marketplace, and growing public attention to the social and environmental issues we face.

We are more convinced than ever that our long-term success depends on how our Company addresses issues such as climate change, energy security, working conditions in our supply chain, safety, congestion, noise and innovative use of renewable resources and materials. Our business connects fundamentally with society and its growing need for sustainable mobility and it is, therefore, in our material interest to anticipate and respond to that need. I refer to this as the sustainability imperative.

Ford Motor Company was profitable and growing in most of the world in 2005. The major exception was our automotive operations in North America, where short- and long-term challenges were particularly acute. Our North American team is focused intently on implementing the "Way Forward" plan, our blueprint for restructuring our products, our manufacturing capacity, our cost structure and our brand positioning. "Way Forward" includes tough, sometimes painful, actions intended to respond to the realities of today's increasingly competitive global automotive industry.

In this report, Ford leaders Mei Wei Cheng, Lewis Booth and Anne Stevens reflect on the business issues from three different regions of the world. A common theme from all three of them is the growing expectation of our customers that we will address concerns for a more sustainable world – even as we continue to meet their need for quality, safety, innovation, design and value. You will also hear from John Casesa, formerly a top investment analyst for Merrill Lynch, as well as key policy makers: Malcolm Harbour, Member of the European Parliament for the West Midlands, UK, and, in our Web report, Angelo T. Reyes, Secretary of the Department of Environment and Natural Resources in the Philippines, each of whom highlight the sustainability challenges and opportunities affecting our business and our markets.

Regular readers of this annual sustainability report will be especially interested in the progress we have made on the three pathways laid out in our last report: integrated strategy, technological innovation, and external dialogue and partnership. I am pleased that despite the intense market pressures on our industry, we have maintained – and even increased – our momentum on sustainability.

Integrated strategy

Nearly six years ago, we convened a high-level stakeholder forum that predicted that the issues of climate change and human rights would be increasingly important to our industry and our Company. We have worked since then to account for these issues in how we do business.

Ford was the first in the automotive industry to develop and implement a Code of Basic Working Conditions for our operations and those of our suppliers. In 2005, we extended coverage of the Code to all of our suppliers by building it into our contracts with nonproduction suppliers. Our purchasing department – a critical business function – has led this work, which is backed up by training programs and third-party assessments.

At the end of 2005, we issued an industry-first report on the business implications of climate change. The report sets out our long-term climate strategy, which calls for our Company to contribute to climate stabilization by reducing the greenhouse gas emissions of our plants and products, and working cooperatively across sectors to develop comprehensive solutions.

The Ford Bridgend SI6/V8 engine line.

The bioethanol-powered Ford Focus Flexi-Fuel.

Ford's second hybrid, the Mariner Hybrid, rolls out from the Kansas City Assembly Plant.

One sign that the strategy is being mainstreamed into our business processes is that climate stabilization is now a consideration in our product planning process – and nothing is more core to our business than product planning.

Technological innovation

I believe that technological innovation is at the heart of our heritage and our future. It is the only way to meet our simultaneous ambitions: reducing the fuel use and greenhouse gas emissions of our vehicles, satisfying diverse customers around the world and transforming our business for sustained profitability. As we have worked to confront these challenges, it has become increasingly clear that no single technology on the horizon will enable our industry to play its full part in stabilizing levels of atmospheric CO_2. A multiple technology strategy is needed to produce the results we seek and allow us to adapt to the diverse and changing needs of our customers and our business.

Our strategy going forward is to leverage a flexible array of technology options including hybrids, clean diesels, advanced engine and transmission technologies, and vehicles that run on biodiesel and bioethanol. We will also continue research and development of lithium battery-powered hybrids, as well as hydrogen internal-combustion engines and fuel cell technologies. Ultimately, it will be customers who decide which technologies best suit their needs.

By flexibly deploying multiple technologies, we can make improvements across our range of vehicles, achieving real impact through our sales volume. Several developments in 2005 and the first part of 2006 reflect this strategy.

In North America in 2005, we launched our second hybrid vehicle, the Mercury Mariner Hybrid, a full year ahead of schedule. It debuted in September and benefited from collaborative promotion by the Sierra Club. In 2008, we plan to introduce hybrid versions of the popular Fusion and Milan sedans. In mid-2006, I announced that our prior plan to produce up to 250,000 hybrid vehicles per year by 2010 had been adjusted to a lower number of hybrids based on what we have learned about the cost of hybrid technology, customers' willingness to pay for that technology and the capabilities of our supply base. Some of our critics have characterized this as a broken promise. To the contrary, I believe these steps reflect the evolution of our technology strategy. We remain committed to hybrids as part of our portfolio.

In the UK, we will be doubling our previous rate of environmental spending in the region, investing at least $1.8 billion to develop a range of global environmental technologies for our Ford, Jaguar, Land Rover and Volvo brands. This initiative will deliver more than 100 models and derivatives that offer improved emissions or fuel economy performance through the use of lightweight, hybrid electric and biofuel vehicles, among other technologies. Supporting this strategy, we announced formation of a hybrid development center in Gothenburg, Sweden, to help our European brands incorporate hybrid systems into their own product plans.

We have been a leader in offering "flexible fuel" vehicles capable of running on biofuels produced from locally grown renewable energy resources. In North America, where 1.5 million Ford flexible fuel vehicles are on the road, we will double our originally planned capacity to produce flexible fuel vehicles. Availability of these fuels, however, has been limited, so we launched a partnership with VeraSun Energy to create a "Midwest Ethanol Corridor," expanding the number of fueling stations offering a mix of 85 percent bioethanol and gasoline (E85). We are also working with a variety of organizations to encourage adoption of incentives for wider availability and use of the fuel.

In Europe, Ford was the first automotive company to introduce flexible fuel vehicles. With the new Focus, we have made this technology more widely available in the UK, Germany, France, Spain, Netherlands, Ireland and other countries, where Ford is at the forefront in promoting development of E85 infrastructure.

A whole range of innovative technologies is coming together in a project to develop a sustainable mobility concept – one that maximizes the use of cradle-to-cradle materials, eliminates

A Ford F-150 E85-powered pickup truck in Washington, D.C., supporting legislation to expand renewable fuel infrastructure and availability.

Bill Ford, Chairman and CEO, faces reporters after promoting alternative fuels to congressional lawmakers on Capitol Hill.

Young Ford cricketers practice with Ford mascot Henry and the BBC's Pudsey Bear.

emissions and perhaps even changes the whole model for how transportation is designed, manufactured, bought and sold. I named this effort the Piquette Project, after the plant where my great-grandfather developed the Model T and the moving assembly line. Our ambition for the Piquette Project is to once again transform our industry. It is led by the same team that demonstrated sustainability in auto manufacturing through the Rouge Project.

We are also developing safety innovations to help drivers avoid accidents and enhance occupant protection in the event of a collision. Volvo's Blind Spot Information System, already available on several vehicles, continually monitors a vehicle's blind spot and helps to alert the driver to vehicles approaching alongside. Our Adaptive Front Lighting System is a significant breakthrough and will allow drivers to take curves more safely by helping them see around them.

On the manufacturing side, over a five-year period, our North American facilities improved energy efficiency by over 18 percent, greenhouse gas emissions by 15 percent and water use by more than 5 billion gallons, saving millions of dollars in the process. The U.S. Environmental Protection Agency and the U.S. Department of Energy recognized our achievements in energy conservation and management, naming Ford an Energy Star Partner of the Year for 2006. We also announced a pilot project to make our hybrid vehicle manufacturing "carbon neutral" through the use of carbon credits.

External dialogue and partnerships

Advancing sustainability means working beyond the borders of our organization. We've started several projects to help our customers reduce their climate impact.

Since we can't yet eliminate all greenhouse gas emissions from vehicles, late in 2005 we announced the Greener Miles™ partnership with Terrapass to help customers offset remaining emissions. Through the program, customers calculate the amount of carbon dioxide emissions they generate in one year of driving and purchase offsets that support renewable energy projects. In the UK, our Land Rover brand began a program that provides a mechanism for customers to offset emissions from the use of their vehicle and also offsets emissions generated by its two production facilities.

We brought to North America an "eco-driving" approach pioneered by Ford in Germany to help drivers improve their fuel economy by up to 25 percent. Throughout the year, we demonstrated and publicized fuel-efficient methods of driving and maintaining vehicles, working with partners including local police departments and BP. We've also held special clinics to teach owners of our hybrid vehicles how to get the best possible fuel economy.

On the fuels side, we have been working with BP on several projects that look at autos and fuels as a system to discover the most effective ways to reduce greenhouse gas and other emissions.

The road ahead

We are entering an unprecedented period in which the natural and human economies are changing rapidly and fundamentally. The most important social, environmental and economic challenges we face are truly global in scope and are completely interconnected. As the world population continues to increase and as billions of people work to fulfill their aspiration to lead better lives, pressure on society and natural resources will intensify.

At home and abroad, our customers are changing. I'm confident that the day is coming when customers will no more accept a car that emits greenhouse gases or contains nonrecyclable material or has parts made under substandard working conditions than they will accept a car without seat belts today. We must – and will – take these trends into consideration as we plot the course toward our future.

Sustainability is a business imperative.

This report has been prepared in accordance with the 2002 GRI Guidelines. It represents a balanced and reasonable presentation of our organization's economic, environmental and social performance.

Our reporting strategy

Tim O'Brien, *Deputy Chief of Staff*

For the past two years, we have continued to transform this report to provide more value to report users and the Company alike.

We're proud of our record in reporting. External organizations, including Ceres, ACCA, SustainAbility and PRNewswire, have recognized Ford's reporting as "best in class" for the automobile industry and among the best in the world overall. Internally, the report continues to provide a basis for organizational learning and performance improvement.

But comprehensive, annual sustainability reports have inherent limitations. They're limited in their ability to address issues in a timely fashion. Their one-size-fits-all nature precludes tailoring of information to specific audiences. They can help spark dialogue, but provide no venue for continuing it.

That's why our 2004/5 print report focused on the most important sustainability issues identified through a materiality analysis. The print report was backed up by a comprehensive Web site assessing our performance according to our Business Principles. We also called it a Sustainability Report (rather than a Corporate Citizenship Report), reflecting our maturing understanding that enduring business prosperity can only result from products and services that enhance the quality of life and our environment.

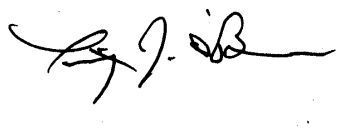
For 2005/6, we have prepared a comprehensive Web report, along with this executive summary printed report. We are also expanding our reporting in several dimensions:

- In December 2005, we released the first of our single-subject reports, addressing the business implications of climate change. This will be followed by additional white papers on current topics. These single-subject reports can take a deep dive into a topic and provide more timely information directed to the needs of people with a particular interest in the subject.
- An internal sustainability learning Web site is up and running, helping to connect people throughout Ford who have a passion for making a difference and a talent for innovative problem-solving.
- We are developing tailored information about Ford's sustainability approach geared to specific audiences, beginning with financial analysts.

For the 2006/7 report, we plan to return to providing a comprehensive print and Web report, which remains the foundation for all of our sustainability reporting.

Our evolving reporting strategy was influenced by valuable insights from the Report Review Committee that advised our 2004/5 report. This group of 13 diverse stakeholders provided a thoughtful and critical look at our report as we developed it. We responded to a number of the Committee's suggestions as we prepared that report. Many of their other recommendations will help set the agenda for, and shape, our 2006/7 report. We have kept the Committee informed about the strategic direction of our reporting and will consider forming a new Report Review Committee for our next report. We remain grateful for the Committee's assistance and counsel.

A Ceres stakeholder team also reviewed this report, and provided feedback. We welcome your feedback on this report and our evolving reporting strategy at sustaina@ford.com.



Ford Forum

The sustainability challenges for the auto industry vary around the world, but there are common threads. To help our readers explore the world of a global auto company, we present perspectives from several regions. In the following pages, Ford leaders Mei Wei Cheng, Lewis Booth and Anne Stevens reflect on business issues and sustainability challenges and opportunities in North America, Europe and China. They are joined by others who discuss these issues from the perspective of key stakeholders influencing the context in which we operate: John Casesa, formerly a top investment analyst for Merrill Lynch; Malcolm Harbour, Member of the European Parliament for the West Midlands, UK; and, in our Web report, Angelo T. Reyes, Secretary of the Department of Environment and Natural Resources in the Philippines.

Mei Wei Cheng

Vice President, Ford Motor Company;
Chairman and CEO, Ford Motor (China) Ltd

When Ford came to China, the Company brought with it a strong social conscience and the desire to be a good corporate citizen. We take these responsibilities extremely seriously, particularly in terms of human rights and environmental policies.

This is part of how we do business. It's also a response to our customers. Chinese citizens themselves are becoming more aware of environmental and social issues. They want to see some of the world's worst air quality cleaned up. The government is responding in several ways, including adopting the world's tightest standards for pollution from vehicles.

In terms of human rights, Ford is encouraging economic development by employing people in the less-developed Western region of China, for example. Ford is committed to providing a safe and respectful working environment for all of our employees. We work with local suppliers to ensure they do the same. We're giving all employees more than just jobs. We're giving them educational training and the chance to be part of a safe and modern enterprise.

In terms of the environment, we have built our plants with state-of-the-art equipment to minimize their impact on the country's resources. For example, our new assembly plant in Nanjing, Jiangsu Province, was designed to collect rainwater for use in our plant. Stormwater retention ponds will prevent any impacted water exiting the site. The paint shop is designed to reduce CO_2 emissions by more than 25 percent and to use less energy than a conventional process. And in Jiangxi, we are installing the latest in air emission control systems to reduce the emission of volatile organic compounds from our paint processes.

To deliver the "better world" message to the community, we have supported more than 100 Chinese grassroots environmental organizations through our Environmental Grants over the last six years.

One major issue we are wrestling with is explosive growth in vehicle sales in China, which are surging by as much as 50 or 100 percent a quarter. As a developing economy, China wants to enjoy the same things as developed nations – including vehicle ownership. Given this context, it is even more important for the government and manufacturers to set limits on emissions and to look at alternative fuels. We are working with the government and academic institutions to identify regionally appropriate solutions using alternative fuels.

I call this the "And Solution." You must have economic development *and* environmental friendliness. It's not a question of either/or.

Lewis Booth
Executive Vice President, Ford Motor Company;
Premier Automotive Group and Ford of Europe

To date, most car buyers have not prioritized environmental performance when deciding which car to buy. But I think that is changing quickly as concerns over fossil fuel depletion and CO_2 emissions transform from a debate between governments, environmental campaigners and scientists, into major business challenges and consumer trends. Some of this change is being encouraged by emerging taxation related to CO_2 emissions.

The dilemma is that it has been hard to build a business case for spending money to reduce CO_2 when many customers were not yet demanding it in their cars. So we believe it requires a mindset change within the Company. The leadership group at Ford is reassessing the way we do business, putting sustainability at the heart of everything we do.

But it requires more than just a commitment from the motor manufacturers – the main influences on the level of CO_2 generated by cars are vehicle usage, road infrastructure, vehicle design and fuel technology. So, to successfully reduce vehicle CO_2 emissions, various groups must work together in partnership: car makers, oil companies, governments and car buyers. Simply put, we can achieve more working together than we can on our own.

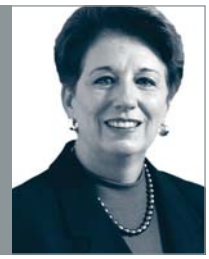
There is no silver bullet, no one technology that will solve all the issues surrounding CO_2. And we expect customers to choose different solutions in different regions around the world. For example, full gasoline hybrid cars make little sense to European customers, where clean diesel is a far more cost-effective alternative for the customer, with similar results for the environment.

But these challenges are the same for all car companies and provide us with an opportunity to differentiate ourselves.

To meet the challenge and play our part, Ford of Europe and Premier Automotive Group are investing heavily in a portfolio of technology solutions that will be used across our brands and across regions to reduce tailpipe emissions and improve fuel economy.

These solutions will include micro-hybrids and full hybrids but also continued work on lightweight vehicle structures, improved diesel engines, downsized, direct-injected and boosted gas engines, flexible fuel vehicles, and improved efficiency transmissions and vehicle systems. Customers will choose what works best for them.

I am convinced we have to stay ahead of this trend in society. I want to ensure that as increasing numbers of customers prioritize the environment in their choice of car, they have a reason to say "yes" to our products.



Anne Stevens
Executive Vice President,
Chief Operating Officer, Ford Motor Company

The dilemma of sustainability at Ford is that it's a balancing act. If a business is not giving shareholders a good return on their investment, then there is enormous pressure to turn that company's financial performance around. With that kind of pressure, you must find the right balance: first to survive, and then to thrive.

But you can't do that by turning the dial fully one way or the other. If you spend all your time focusing on surviving the next one to two years, you can't possibly expect to thrive five, 10 or even 50 years down the line and vice versa.

Most people do not see sustainability as part of the short-term survival mode. But if we don't spend time envisioning how these concepts fit in with our plans to move forward, we will be unable to position ourselves for the future. In order for Ford to do this successfully, we must re-engineer how we work. The enemy in a large organization like this is not brainpower, but time.

In the 1950s, Ford was an efficiency-based manufacturing company with a finance system that focused only on numbers. We successfully used that business model for many years. The problem, however, was that it did not coincide with the changes going on in the world – changes that we now recognize as essential to sustainability, from environmental impacts to shifting demographics.

These days, young American consumers don't necessarily care whether or not their products are made in the United States. But they do care that companies are ethically and environmentally aware and that company brands stand for the things they care about. They are more savvy about what makes a brand prestigious. They want a brand they can connect with.

Ford's blue oval can't just symbolize a quality product. For us to thrive as a company, we must redefine this symbol and what it stands for. We know that it stands for excellence among the Baby Boomers. Quite frankly, it doesn't stand for much with the Generation Xers yet. And we will miss a golden opportunity if we fail to define our brand within a sustainability framework for the "millennial" generation that's emerging as consumers now.

John Casesa

Managing Partner with Casesa Shapiro Group, an auto industry investment and advisory firm

Without question, interest in higher fuel economy and lower emissions has grown significantly over the last two years – not because of a stronger regulatory push, but because of stronger market pull. Even though gasoline has become more expensive, consumers still want to enjoy their vehicles without incurring higher costs or damaging the environment.

Automakers must anticipate and respond to this new trend just as they have to other trends, like better sound systems, fancier interiors or new body types. This change in consumer preferences is probably a long-term societal trend, because since 9/11, Americans have been subjected daily to the harsh consequences of the cost of our dependence on Middle East oil. In addition, whether or not you believe that the earth's climate is changing, there is growing awareness of the global warming debate in the United States. I think these factors are reflected in the recent success of hybrid vehicles.

From a Wall Street point of view, investors are showing increased interest in clean vehicles and alternative energy technologies because they are gaining favor with consumers – not because lawmakers or environmentalists are promoting them. Being environmentally responsible is no longer a public relations sideshow for an automotive company to prove that it's a good corporate citizen. Efficient, clean cars are a competitive necessity, and if you don't have them, you will be viewed as a riskier company. To compensate for that risk, investors will demand higher returns in the form of higher interest rates on the money they lend, to cite one example.

The challenge for a company like Ford is making the long-term investment in environmentally friendly technologies while maintaining strong short-term performance. Market share and profits are a reflection of cumulative decisions made over many years. An automaker should not kid itself by thinking: "Because we're investing heavily for the long term, we have an excuse for poor results in the short term." The market won't let you off the hook with this reasoning, because some companies will be able to do both. Those companies will get higher valuations and thus become stronger competitors. Yes, the market is short-term oriented, but strong short-term performance is the consequence of good long-term decisions.

Ford also needs to explore alternative business models, whether these take the form of new powertrains, a fresh way of connecting with the consumer, or even an alternative to the automobile. If someone else figures these things out first, Ford will be at an immense competitive disadvantage.

Companies like Ford, whose products are responsible for so much of the world's resource consumption, must invest in new technologies to preserve these resources. If they don't, they risk becoming enemies of society, and that would be very bad for business.

Malcolm Harbour

Member of the European Parliament for the West Midlands, UK

The hurdle for European Union policymakers is ensuring that sustainability – particularly as it relates to CO_2 and energy security – is viewed not as an isolated policy stream, but rather as part of the evolution toward a competitive European economy. To achieve this, we must adopt a realistic, holistic and collaborative approach involving all EU governments as well as the European institutions.

The mission for the CARS 21 (Competitive Automotive Regulatory System for the 21st century) initiative was to bring all stakeholders to the table – members of the EU and national governments, trade unions, industry leaders, suppliers, manufacturers and NGOs – to determine whether everyone shared the same policy goals. This consultative stakeholder process is the key to generating dialogue and forging a long-term strategic view.

The group produced a predictable roadmap that gives companies enough lead time to make appropriate investments and adopt a financially viable strategy of their own. Vehicle manufacturers need a stable platform and clear markers about which way policy is heading. One way to help – albeit a hotly contested one – is to establish a range of performance bands for future goals, rather than definitive benchmarks.

For example, we are about to approve Euro V emission standards, so we should signal the levels for Euro VI now to allow automakers to begin their next phase of planning.

Similarly, we want to encourage greater use of biofuels. But how do we as policymakers create the right fiscal incentives so that companies like Ford can make sound investment decisions? And how do we co-ordinate these incentives, since EU governments retain sovereignty over tax issues? There is a risk in setting incentives too early, and thereby distorting markets in favor of suboptimal solutions.

The global competitiveness of the EU industry and the need to cherish its role as employer, wealth creator and innovator must remain a policy priority. I understand why automakers are shifting production to Eastern European markets. But, at the same time, I believe we can have "high-cost" manufacturing facilities in lower-cost regions, where quality, productivity and innovation remain paramount. Ford's plant in Saarlouis, Germany, for example, has made some impressive improvements in manufacturing efficiency and flexibility. Being ultra responsive to consumer demand is a strong defense against "delocalization."

Guide to our Web report

Our Web-based sustainability report, at www.ford.com/go/sustainability, provides a comprehensive account of our approach to sustainability issues and performance in key areas. It is based on our 2004/5 report, updated to reflect key developments in 2005 and early 2006.

The performance sections of our Web report are organized by our Business Principles. Shown at right are the high-level contents of the Business Principles sections, each of which also includes time-series performance data.

In addition, the Web report provides sections that examine three key issues identified for our last report through a materiality analysis: mobility, climate change and human rights. The "Ford Forum" section of the Web report includes the internal and external perspectives found in this executive summary, plus additional voices.

In the Web report, you will also find comprehensive information about our Company, its operations and the key sustainability issues that arise throughout our value chain.

ACCOUNTABILITY

- Governance and ethics
- Integrating sustainability
- Stakeholder engagement
- Reporting strategy
- Link to evaluation of 2004/5 report

PRODUCTS AND CUSTOMERS

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- New product introductions
- Quality
- Flexible manufacturing
- Market trends

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- Greenhouse gas emissions/fuel economy
- Tailpipe emissions
- Materials, including end-of-life vehicles
- Energy use
- Water use
- VOCs and other air emissions
- Waste generation
- Land use
- Green buildings
- Compliance

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- Community investment model
- Integration of community investment model with Ford Production System
- Ford Motor Company Fund and Corporate giving
- HIV/AIDS
- Links to Code of Basic Working Conditions assessment reports and facility reporting initiative pilot reports
- Ford Volunteer Corps

SAFETY

- Workplace health and safety model and management
- Vehicle safety model and management
- Vehicle safety technologies and recent applications
- Driver behavior
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- Safety innovations
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QUALITY OF RELATIONSHIPS

- Engagement with employees, dealers, suppliers and society
- Workplace, dealer, supplier and customer diversity

FINANCIAL HEALTH

- Business improvement plan update
- Investor rankings
- Feedback from SRI analyses

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www.ford.com/go/sustainability

YOUR FEEDBACK...

Preparing this report is a valuable opportunity for us to assess and improve upon our economic, environmental and social progress and performance.

To continue to do so, we need your feedback. We welcome your opinion and perspective through several means:

Write or call:
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Email us at:
sustaina@ford.com

Take our online survey at:
www.ford.com/go/sustainability

Credits:
Flag for design and production
Leah Haygood for copy writing