

This report is structured according to our Business Principles, which you can access using the colored tabs above.

We have prepared the report in accordance with the 2002 Global Reporting Initiative (GRI) guidelines, current at the time of publication.

[See the GRI Index](#)



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**"Welcome to our 2005/6 Sustainability Report.** At Ford Motor Company, we have made sustainability a long-term strategic business priority. Sustainability issues touch every aspect of the economies in which we operate. This report explains our strategic thinking and details progress and performance against our Business Principles."

**Bill Ford**, Chairman and CEO



[CEO's message >](#)

**Fast track to data:**

- [Products and Customers](#)
- [Environment](#)
- [Community](#)
- [Safety](#)
- [Quality of Relationships](#)
- [Financial Health](#)

**Overview >**

Our industry, the business environment and societal expectations continue to evolve, and so does our reporting. Learn about our Company and our vision for sustainability.



**Our Impacts >**

As a major multinational enterprise, our activities have far-reaching impacts on environmental, social and economic systems. Read about our analysis and prioritization of these issues and impacts.



**Key Topics >**

This section of our report focuses on the most material issues - climate change, mobility and human rights. Read about how we're tackling these topics and see what some stakeholders have to say.



This report was published in August 2006. See also [previous reports](#).

**2005 Performance Highlights >**

[Overview >](#)

[Our Impacts >](#)

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FORD SUSTAINABILITY REPORT 2005/6

[Accountability](#)

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[Financial Health](#)

## Contact

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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## GRI Index

This report uses the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines as a framework. GRI is a well-accepted framework used by nearly 1,000 organizations to report their economic, environmental and social performance annually. To locate the elements and information contained within the guidelines use the index below. For a detailed explanation of the indicators, visit the [GRI Web site](#).

Click on the  icon to see notes related to that indicator, including explanations of core elements and indicators not covered in the report.

Go straight to a section of the GRI Index on this page:

- [1. Vision and Strategy](#)
- [2. Profile](#)
- [3. Governance Structure and Management Systems](#)
- [4. GRI Content Index](#)
- 5. Performance Indicators:
  - [Economic](#)
  - [Environmental](#)
  - [Social: Labor Practices and Decent Work](#)
  - [Social: Human Rights](#)
  - [Social: Society](#)
  - [Social: Product Responsibility](#)

### Related Links



- **External Web Sites**
  - [GRI](#)

### Key

- Yes**, this indicator is reported on
- This indicator is partially reported on
- No**, this indicator is not reported on

Additional indicators are shown in **bold**

## 1. Vision and Strategy

Element	Status	Report links	Notes
1.1 Statement of the organization's vision and strategy regarding its contribution to sustainable development	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Bill Ford – Setting the Vision</a></li> </ul>	
What are the main issues for the organization related to the major themes of sustainable development?	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Bill Ford – Setting the Vision</a></li> <li>• <a href="#">Our Value Chain and its Impacts</a></li> <li>• <a href="#">Materiality Analysis</a></li> <li>• <a href="#">Key Topics</a></li> </ul>	
How are stakeholders included in identifying these issues?	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Bill Ford – Setting the Vision</a></li> <li>• <a href="#">Human Rights</a></li> <li>• <a href="#">Accountability</a></li> <li>• <a href="#">Community Investment Model</a></li> <li>• <a href="#">Stakeholder Engagement</a></li> <li>• <a href="#">Who Are Our Stakeholders?</a></li> </ul>	
For each issue, which stakeholders are most affected by the organization?	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Stakeholder Engagement</a></li> </ul>	
How are these issues reflected in the organization's values and integrated into its business strategies?	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Stakeholder Engagement</a></li> <li>• <a href="#">Human Rights</a></li> <li>• <a href="#">Key Topics</a></li> <li>• <a href="#">Bill Ford – Setting the Vision</a></li> </ul>	
What are the organization's objectives and actions on these issues?	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Key Topics</a></li> <li>• <a href="#">Bill Ford – Setting the Vision</a></li> </ul>	
1.2 Statement from the CEO describing key elements of the report.	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Bill Ford – Setting the Vision</a></li> </ul>	
Highlights of report content and commitment to targets	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Bill Ford – Setting the Vision</a></li> <li>• <a href="#">Tim O'Brien – Our Reporting Strategy</a></li> </ul>	
Description of the commitment to economic, environmental and social goals by the organization's leadership	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Bill Ford – Setting the Vision</a></li> </ul>	
Statement of successes and failures	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Bill Ford – Setting the Vision</a></li> </ul>	

Performance against benchmarks such as the previous year's performance and targets and industry sector norms	■	<ul style="list-style-type: none"> <li>• <a href="#">Bill Ford – Setting the Vision</a></li> <li>• <a href="#">2004 Performance Highlights – Products and Customers</a></li> <li>• <a href="#">2004 Performance Highlights – Environment</a></li> <li>• <a href="#">2004 Performance Highlights – Community</a></li> <li>• <a href="#">2004 Performance Highlights – Safety</a></li> <li>• <a href="#">2004 Performance Highlights – Quality of Relationships</a></li> <li>• <a href="#">2004 Performance Highlights – Financial Health</a></li> </ul>
The organization's approach to stakeholder engagement	■	<ul style="list-style-type: none"> <li>• <a href="#">Bill Ford – Setting the Vision</a></li> <li>• <a href="#">Stakeholder Engagement</a></li> <li>• <a href="#">Who Are Our Stakeholders?</a></li> </ul>
Major challenges for the organization and its business sector in integrating responsibilities for financial performance with those for economic, environmental and social performance, including the implications for future business strategy	■	<ul style="list-style-type: none"> <li>• <a href="#">Bill Ford – Setting the Vision</a></li> </ul>



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## 2. Profile


### Organizational Profile

Element	Status	Report links	Notes
2.1 Name of reporting organization	■	<ul style="list-style-type: none"> <li>• <a href="#">Overview</a></li> </ul>	
2.2 Major products and/or services, including brands if appropriate	■	<ul style="list-style-type: none"> <li>• <a href="#">Products and Customers</a></li> <li>• <a href="#">Corporate Profile</a></li> </ul>	
2.3 Operational structure of the organization	■	<ul style="list-style-type: none"> <li>• <a href="#">Corporate Profile</a></li> </ul>	
2.4 Description of major divisions, operating companies, subsidiaries and joint ventures	■	<ul style="list-style-type: none"> <li>• <a href="#">Corporate Profile</a></li> </ul>	
2.5 Countries in which the organization's operations are located	■	<ul style="list-style-type: none"> <li>• <a href="#">Corporate Profile</a></li> </ul>	
2.6 Nature of ownership: legal form	■	<ul style="list-style-type: none"> <li>• <a href="#">Corporate Profile</a></li> </ul>	
2.7 Nature of markets served	■	<ul style="list-style-type: none"> <li>• <a href="#">Changing Markets</a></li> <li>• <a href="#">Financial Health</a></li> </ul>	
2.8 Scale of organization: number of employees, products produced/ services offered (quantity or volume); net sales; total capitalization broken down in terms of debt and equity	■	<ul style="list-style-type: none"> <li>• <a href="#">Corporate Profile</a></li> <li>• <a href="#">Products and Customers – Performance Data</a></li> </ul>	
2.9 List of stakeholders, key attributes of each, and relationship to the reporting organization	■	<ul style="list-style-type: none"> <li>• <a href="#">Who Are Our Stakeholders?</a></li> <li>• <a href="#">Stakeholder Engagement</a></li> </ul>	

### Report Scope

Element	Status	Report links	Notes
2.10 Contact person(s) for the report, including e-mail and Web addresses	■	<ul style="list-style-type: none"> <li>• <a href="#">Contact</a></li> </ul>	
2.11 Reporting period (e.g., fiscal/calendar year) for information provided	■	<ul style="list-style-type: none"> <li>• <a href="#">Overview</a></li> </ul>	
2.12 Date of most recent previous report (if any)	■	<ul style="list-style-type: none"> <li>• <a href="#">Overview</a></li> </ul>	
2.13 Boundaries of report (countries/regions, products/services, divisions/ facilities/joint ventures/subsidiaries) and any specific limitations on the scope	■	<ul style="list-style-type: none"> <li>• <a href="#">Overview</a></li> <li>• <a href="#">Tim O'Brien – Our Reporting Strategy</a></li> </ul>	
2.14 Significant changes in size, structure, ownership or products/services that have occurred since the previous report	■	<ul style="list-style-type: none"> <li>• <a href="#">Corporate Profile</a></li> </ul>	
2.15 Basis for reporting on joint ventures, partially owned subsidiaries, leased facilities, outsourced operations and other situations that can significantly affect comparability from period to period and/or between reporting organizations	■	<ul style="list-style-type: none"> <li>• <a href="#">Overview</a></li> </ul>	
2.16 Explanation of the nature and effect of any re-statements of information provided in earlier reports and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	■	<ul style="list-style-type: none"> <li>• <a href="#">Overview</a></li> </ul>	

### Report Profile



Element	Status	Report links	Notes
2.17 Decisions not to apply GRI principles or protocols in the preparation of the report	■	<ul style="list-style-type: none"> <li>• <a href="#">Overview</a></li> </ul>	
2.18 Criteria/definitions used in any accounting for economic, environmental, and social costs and benefits	□		
2.19 Significant changes from previous years in the measurement methods applied to key economic, environmental, and social information	■	<ul style="list-style-type: none"> <li>• <a href="#">Overview</a></li> </ul>	
2.20 Policies and internal practices to enhance and provide assurance about the accuracy, completeness and reliability that can be placed on the sustainability report	■	<ul style="list-style-type: none"> <li>• <a href="#">Overview</a></li> <li>• <a href="#">Accountability</a></li> <li>• <a href="#">Policy Letters and Directives</a></li> <li>• <a href="#">Tim O'Brien – Our Reporting Strategy</a></li> </ul>	
2.21 Policy and current practice with regard to providing independent assurance for the full report	■	<ul style="list-style-type: none"> <li>• <a href="#">Accountability</a></li> </ul>	

2.22	Means by which report users can obtain additional information and reports about economic, environmental, and social aspects of the organization's activities, including facility-specific information (if available)	■	<ul style="list-style-type: none"> <li>• <a href="#">Contact</a></li> <li>• <a href="#">Download Resources</a></li> </ul>
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### 3. Governance Structure and Management Systems


#### Structure and Governance


Element	Status	Report links	Notes
3.1	■	<ul style="list-style-type: none"> <li>• <a href="#">Sustainability Governance</a></li> <li>• <a href="#">Accountability</a></li> <li>• <a href="#">Ford Report on the Business Impact of Climate Change</a></li> </ul>	
3.2	■	<ul style="list-style-type: none"> <li>• <a href="#">Accountability</a></li> </ul>	
3.3	■	<ul style="list-style-type: none"> <li>• <a href="#">Accountability</a></li> </ul>	
3.4	■	<ul style="list-style-type: none"> <li>• <a href="#">Accountability</a></li> <li>• <a href="#">Sustainability Governance</a></li> </ul>	
3.5	■	<ul style="list-style-type: none"> <li>• <a href="#">Systematic Leadership</a></li> <li>• <a href="#">Safe Acts</a></li> <li>• <a href="#">Integrating Our Business Principles</a></li> </ul>	
3.6	■	<ul style="list-style-type: none"> <li>• <a href="#">Policy Letters and Directives</a></li> <li>• <a href="#">Accountability</a></li> </ul>	
3.7	■	<ul style="list-style-type: none"> <li>• <a href="#">Accountability</a></li> <li>• <a href="#">Sustainability Governance</a></li> <li>• <a href="#">Policy Letters and Directives</a></li> <li>• <a href="#">Download Resources</a></li> </ul>	
3.8	■	<ul style="list-style-type: none"> <li>• <a href="#">Accountability</a></li> <li>• <a href="#">Sustainability Governance</a></li> </ul>	

#### Stakeholder Engagement

Element	Status	Report links	Notes
3.9	■	<ul style="list-style-type: none"> <li>• <a href="#">Bill Ford – Setting the Vision</a></li> <li>• <a href="#">Accountability</a></li> <li>• <a href="#">Community Investment Model</a></li> <li>• <a href="#">Who Are Our Stakeholders?</a></li> </ul>	
3.10	■	<ul style="list-style-type: none"> <li>• <a href="#">Accountability</a></li> <li>• <a href="#">Community Investment Model</a></li> <li>• <a href="#">Who Are Our Stakeholders?</a></li> </ul>	
3.11	■	<ul style="list-style-type: none"> <li>• <a href="#">Accountability</a></li> <li>• <a href="#">Community Investment Model</a></li> <li>• <a href="#">Who Are Our Stakeholders?</a></li> </ul>	
3.12	■	<ul style="list-style-type: none"> <li>• <a href="#">Accountability</a></li> <li>• <a href="#">Community Investment Model</a></li> <li>• <a href="#">Who Are Our Stakeholders?</a></li> </ul>	

#### Overarching Policies and Management Systems

Element	Status	Report links	Notes
3.13	■	<ul style="list-style-type: none"> <li>• <a href="#">Our Environmental Aspects</a></li> </ul>	
3.14	■	<ul style="list-style-type: none"> <li>• <a href="#">Managing Environmental Performance</a></li> <li>• <a href="#">Memberships</a></li> </ul>	
3.15	■	<ul style="list-style-type: none"> <li>• <a href="#">Memberships</a></li> </ul>	
3.16	■	<ul style="list-style-type: none"> <li>• <a href="#">Managing Environmental Performance</a></li> <li>• <a href="#">Suppliers</a></li> <li>• <a href="#">Working Conditions in Our Supply Chain</a></li> <li>• <a href="#">Ford Report on the Business Impact of Climate Change</a></li> </ul>	
3.17	■	<ul style="list-style-type: none"> <li>• <a href="#">Managing Environmental Performance</a></li> <li>• <a href="#">Suppliers</a></li> <li>• <a href="#">Working Conditions in Our Supply Chain</a></li> <li>• <a href="#">Ford Report on the Business Impact of Climate Change</a></li> </ul>	
3.18	■	<ul style="list-style-type: none"> <li>• <a href="#">Corporate Profile</a></li> <li>• <a href="#">A Challenging Business Environment</a></li> </ul>	

3.19	Programs and procedures pertaining to economic, environmental, and social performance. Include discussion of: priority and target setting; major programs to improve performance; internal communication and training; performance monitoring; internal and external auditing; and senior management review.	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Mobility</a></li> <li>• <a href="#">Ford Report on the Business Impact of Climate Change</a></li> <li>• <a href="#">Human Rights</a></li> <li>• <a href="#">Environment – Performance Data</a></li> <li>• <a href="#">Integrating Our Business Principles</a></li> <li>• <a href="#">2004 Performance Highlights – Products and Customers</a></li> </ul>	
3.20	Status of certification pertaining to economic, environmental, and social management systems	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Managing Environmental Performance</a></li> </ul>	

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## 4. GRI Content Index

Element	Status	Report links	Notes
4.1	A table identifying location of each element of the GRI Report Content, by section and indicator	<ul style="list-style-type: none"> <li>• <a href="#">GRI Index</a></li> </ul>	

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## 5. Performance Indicators

### ECONOMIC

#### Customers

Element	Status	Report links	Notes
EC1	Net sales as listed under 2.8	<ul style="list-style-type: none"> <li>• <a href="#">Financial Health – Performance Data</a></li> </ul>	
EC2	Geographic breakdown of markets: for each product or product range, disclose national market share by country where this is 25% or more. Disclose market share and sales for each country where national sales represent 5% or more of GDP	<ul style="list-style-type: none"> <li>• <a href="#">Corporate Profile</a></li> </ul>	

#### Suppliers

Element	Status	Report links	Notes
EC3	Cost of all goods, materials, and services purchased	<ul style="list-style-type: none"> <li>• <a href="#">Who Are Our Stakeholders?</a></li> <li>• <a href="#">Supply Chain Profile</a></li> </ul>	
EC4	Percentage of contracts that were paid in accordance with agreed terms, excluding agreed penalty arrangements. Terms may include conditions such as scheduling of payments, form of payment, or other conditions. This indicator is the percentage of contracts that were paid according to terms, regardless of the details of the terms.		


#### Employees

Element	Status	Report links	Notes
EC5	Total payroll and benefits (including wages, pension, other benefits and redundancy payments) broken down by country or region	<ul style="list-style-type: none"> <li>• <a href="#">Quality of Relationships – Performance Data</a></li> </ul>	


#### Providers of Capital

Element	Status	Report links	Notes
EC6	Distributions to providers of capital broken down by interest on debt and borrowings, and dividends on all classes of shares, with any arrears of preferred dividends to be disclosed	<ul style="list-style-type: none"> <li>• <a href="#">Financial Health – Performance Data</a></li> </ul>	
EC7	Increase/decrease in retained earnings at end of period	<ul style="list-style-type: none"> <li>• <a href="#">Financial Health – Performance Data</a></li> </ul>	

#### Overarching Policies and Management Systems

Element	Status	Report links	Notes
EC8	Total sum of taxes of all types paid broken down by country	<ul style="list-style-type: none"> <li>• <a href="#">Financial Health – Performance Data</a></li> </ul>	
EC9	Subsidies received broken down by country or region		
EC10	Donations to community, civil society and other groups broken down in terms of cash and in-kind donations per type of group	<ul style="list-style-type: none"> <li>• <a href="#">A Tradition of Giving</a></li> <li>• <a href="#">Ford Fund</a></li> </ul>	

#### Indirect Economic Impacts

Element	Status	Report links	Notes
<b>EC13</b>	The organization's indirect economic impacts	<ul style="list-style-type: none"> <li>• <a href="#">Economic Contribution of the Auto Industry</a></li> <li>• <a href="#">Community Investment Model</a></li> <li>• <a href="#">Employees</a></li> <li>• <a href="#">Dealers</a></li> <li>• <a href="#">Supply Chain Profile</a></li> </ul>	

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### ENVIRONMENTAL

## Materials

Element	Status	Report links	Notes	
EN1	Total materials use other than water, by type	<input type="checkbox"/>	<ul style="list-style-type: none"> <li><a href="#">Materials</a></li> </ul>	
EN2	Percentage of materials used that are wastes (processed or unprocessed) from sources external to the reporting organization	<input type="checkbox"/>	<ul style="list-style-type: none"> <li><a href="#">Materials</a></li> <li><a href="#">Closing Loops</a></li> <li><a href="#">Choosing More Sustainable Materials</a></li> <li><a href="#">End of Life</a></li> <li><a href="#">Environment – Performance Data – Materials</a></li> </ul>	

## Energy

Element	Status	Report links	Notes	
EN3	Direct energy use segmented by primary source. Report on all energy sources used by the reporting organization for its own operations as well as for the production and delivery of energy products (e.g., electricity or heat) to other organizations (joules)	<input type="checkbox"/>	<ul style="list-style-type: none"> <li><a href="#">Facility Energy Use</a></li> <li><a href="#">Environment – Performance Data – Facility Energy Use and CO<sub>2</sub> Emissions</a></li> </ul>	
EN4	Indirect energy use. Report on all energy used to produce and deliver energy products purchased by the reporting organization (e.g., electricity or heat). Report in joules	<input type="checkbox"/>	<ul style="list-style-type: none"> <li><a href="#">Facility Energy Use</a></li> <li><a href="#">Environment – Performance Data – Facility Energy Use and CO<sub>2</sub> Emissions</a></li> </ul>	
EN17	Initiatives to use renewable energy sources and to increase energy efficiency	<input type="checkbox"/>	<ul style="list-style-type: none"> <li><a href="#">Facility Energy Use</a></li> <li><a href="#">Environment – Performance Data – Facility Energy Use and CO<sub>2</sub> Emissions</a></li> </ul>	
EN18	Energy consumption footprint (i.e. annualized lifetime energy requirements) of major products (joules)	<input type="checkbox"/>	<ul style="list-style-type: none"> <li><a href="#">Our Environmental Aspects</a></li> <li><a href="#">Our Value Chain and its Impacts</a></li> </ul>	
EN19	Other indirect (upstream/downstream) energy use and implications, such as organizational travel, product lifecycle management, and use of energy-intensive materials	<input type="checkbox"/>	<ul style="list-style-type: none"> <li><a href="#">Our Environmental Aspects</a></li> <li><a href="#">Our Value Chain and its Impacts</a></li> <li><a href="#">Analyzing Material Choices</a></li> </ul>	


## Water

Element	Status	Report links	Notes	
EN5	Total water use	<input type="checkbox"/>	<ul style="list-style-type: none"> <li><a href="#">Water Use</a></li> <li><a href="#">Environment – Performance Data – Water Use</a></li> </ul>	
EN21	Annual withdrawals of ground and surface water as a percentage of annual renewable quantity of water available from the sources (by region)	<input type="checkbox"/>	<ul style="list-style-type: none"> <li><a href="#">Environment – Performance Data – Water Use</a></li> </ul>	

## Biodiversity

Element	Status	Report links	Notes	
EN6	Location and size of land owned, leased, or managed in biodiversity-rich habitats	<input type="checkbox"/>	<ul style="list-style-type: none"> <li><a href="#">Land Use</a></li> </ul>	
EN7	Description of the major impacts on biodiversity associated with activities and/or products and services in terrestrial, freshwater, and marine environments	<input type="checkbox"/>	<ul style="list-style-type: none"> <li><a href="#">Land Use</a></li> </ul>	
EN23	Total amount of land owned, leased, or managed for production activities or extractive use	<input type="checkbox"/>	<ul style="list-style-type: none"> <li><a href="#">Global Operations</a></li> </ul>	
EN25	Impacts of activities and operations on protected and sensitive areas	<input type="checkbox"/>	<ul style="list-style-type: none"> <li><a href="#">Land Use</a></li> </ul>	
EN29	Business units currently operating or planning operations in or around protected or sensitive areas	<input type="checkbox"/>	<ul style="list-style-type: none"> <li><a href="#">Land Use</a></li> </ul>	

## Emissions, Effluents and Waste

Element	Status	Report links	Notes	
EN8	Greenhouse gas emissions (CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> , HFCs, PFCs, SF <sub>6</sub> ). Report separate subtotals for each gas in tonnes and in tonnes of CO <sub>2</sub> equivalent for the following: direct emissions from sources owned or controlled by the reporting entity; indirect emissions from imported electricity, heat or steam	<input type="checkbox"/>	<ul style="list-style-type: none"> <li><a href="#">Environment – Performance Data – Fuel Economy and CO<sub>2</sub> Emissions</a></li> <li><a href="#">Environment – Performance Data – Facility Energy Use and CO<sub>2</sub> Emissions</a></li> <li><a href="#">Ford Report on the Business Impact of Climate Change</a></li> </ul>	
EN9	Use and emissions of ozone-depleting substances	<input type="checkbox"/>		
EN10	NO <sub>x</sub> , SO <sub>x</sub> and other significant air emissions by type	<input type="checkbox"/>	<ul style="list-style-type: none"> <li><a href="#">Volatile Organic Compounds</a></li> <li><a href="#">Environment – Performance Data – Other Emissions</a></li> </ul>	
EN11	Total amount of waste by type and destination	<input type="checkbox"/>	<ul style="list-style-type: none"> <li><a href="#">Environment – Performance Data – Waste</a></li> </ul>	
EN12	Significant discharges to water by type	<input type="checkbox"/>		
EN13	Significant spills of chemical, oils and fuels in terms of total number and total volume	<input type="checkbox"/>	<ul style="list-style-type: none"> <li><a href="#">Environmental Compliance</a></li> </ul>	
EN30	Other relevant indirect greenhouse gas emissions	<input type="checkbox"/>	<ul style="list-style-type: none"> <li><a href="#">Our Value Chain and its Impacts</a></li> <li><a href="#">Our Environmental Aspects</a></li> </ul>	

## Suppliers

Element	Status	Report links	Notes

<b>EN33</b>	Performance of suppliers relative to environmental components of programs and procedures described in response to section 3.16	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Managing Environmental Performance</a></li> <li>• <a href="#">Suppliers</a></li> <li>• <a href="#">Ford Report on the Business Impact of Climate Change</a></li> </ul>
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## Products and Services

Element	Status	Report links	Notes
EN14	Significant environmental impacts of principal products and services: describe and quantify where relevant	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Our Value Chain and its Impacts</a></li> <li>• <a href="#">Our Environmental Aspects</a></li> <li>• <a href="#">Ford Report on the Business Impact of Climate Change</a></li> </ul>
EN15	Percentage of the weight of products sold that is reclaimable at the end of the products' useful life and percentage that is actually reclaimed	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">End of Life</a></li> </ul>

## Compliance

Element	Status	Report links	Notes
EN16	Incidents of and fines for non-compliance with all applicable international declarations/conventions/treaties, and national, sub-national, regional, and local regulations associated with environmental issues: explain in terms of countries of operation	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Environmental Compliance</a></li> </ul>


## Transport

Element	Status	Report links	Notes
<b>EN34</b>	Significant environmental impacts of transportation used for logistical purposes	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Ford Report on the Business Impact of Climate Change</a></li> </ul>


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## SOCIAL: LABOR PRACTICES AND DECENT WORK




### Employment

Element	Status	Report links	Notes
LA1	Breakdown of workforce, where possible, by region/country, status (employee/non-employee), employment type (full time/part time) and by employment contract (indefinite or permanent/fixed term or temporary). Also identify workforce retained in conjunction with other employers (temporary agency workers or workers in co-employment relationships), segmented by region/country	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Quality of Relationships – Performance Data</a></li> </ul>
LA2	Net employment creation and average turnover segmented by region/country	<input type="checkbox"/>	
<b>LA12</b>	Employee benefits beyond those legally mandated	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Quality of Relationships – Performance Data</a></li> </ul>


### Labor/Management Relations

Element	Status	Report links	Notes
LA3	Percentage of employees represented by independent trade union organizations or other bona fide employee representatives broken down geographically OR percentage of employees covered by collective bargaining agreements broken down by region/country	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Employees</a></li> </ul> 
LA4	Policy and procedures involving information, consultation and negotiation with employees over changes in the reporting organization's operations (e.g. restructuring)	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Employees</a></li> </ul>

### Health and Safety

Element	Status	Report links	Notes
LA5	Practices on recording and notification of occupational accidents and diseases, and how they relate to the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Workplace Safety</a></li> </ul> 
LA6	Description of formal joint health and safety committees comprising management and worker representatives and proportion of workforce covered by any such committees	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Relationship Management</a></li> </ul> 
LA7	Standard injury, lost day, and absentee rates and number of work-related fatalities (including subcontracted workers)	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Workplace Safety</a></li> <li>• <a href="#">Safety – Performance Data – Workplace Safety</a></li> </ul> 
LA8	Description of policies or programs (for the workplace and beyond) on HIV/AIDS	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">HIV/AIDS</a></li> </ul>


### Training and Education

Element	Status	Report links	Notes
LA9	Average hours of training per year per employee by category of employee	<input type="checkbox"/>	

### Diversity and Opportunity

Element	Status	Report links	Notes
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LA10	Description of equal opportunity policies or programs, as well as monitoring systems to ensure compliance and results of monitoring	<input type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Policy Letters and Directives</a></li> <li>• <a href="#">Dimensions of Diversity</a></li> <li>• <a href="#">Quality of Relationships – Performance Data</a></li> </ul>	
LA11	Composition of senior management and corporate governance bodies (including the Board of Directors), including female/male ratio and other indicators of diversity as culturally appropriate	<input type="checkbox"/>		

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## SOCIAL: HUMAN RIGHTS

### Strategy and Management

Element	Status	Report links	Notes
HR1	<input type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Human Rights</a></li> </ul>	
HR2	<input type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Human Rights</a></li> </ul>	
HR3	<input type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Human Rights</a></li> </ul>	
HR8	<input type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Human Rights</a></li> </ul>	

### Non-Discrimination

Element	Status	Report links	Notes
HR4	<input type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Policy Letters and Directives</a></li> <li>• <a href="#">Quality of Relationships – Performance Data</a></li> </ul>	

### Freedom of Association and Collective Bargaining

Element	Status	Report links	Notes
HR5	<input type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Human Rights</a></li> </ul>	



### Child Labor

Element	Status	Report links	Notes
HR6	<input type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Human Rights</a></li> </ul>	

### Forced and Compulsory Labor

Element	Status	Report links	Notes
HR7	<input type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Human Rights</a></li> </ul>	

### Disciplinary Practices

Element	Status	Report links	Notes
HR10	<input type="checkbox"/>	<ul style="list-style-type: none"> <li>•  <a href="#">Code of Basic Working Conditions</a></li> </ul>	


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## SOCIAL: SOCIETY



### Community

Element	Status	Report links	Notes
SO1	<input type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Community</a></li> <li>• <a href="#">Community Investment Model</a></li> </ul>	
SO4	<input type="checkbox"/>	<ul style="list-style-type: none"> <li>• <a href="#">Investor Rankings</a></li> <li>• <a href="#">Ford Philippines Recognized for Corporate Excellence</a></li> <li>• <a href="#">Dimensions of Diversity</a></li> </ul>	

## Bribery and Corruption

Element	Status	Report links	Notes
SO2		<ul style="list-style-type: none"> <li><a href="#">Principled Decision Making</a></li> <li><a href="#">Policy Letters and Directives</a></li> </ul>	


## Political Contributions

Element	Status	Report links	Notes
SO3		<ul style="list-style-type: none"> <li><a href="#">Policy Letters and Directives</a></li> </ul>	
<b>SO5</b>		<ul style="list-style-type: none"> <li><a href="#">Policy Letters and Directives</a></li> </ul>	





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## SOCIAL: PRODUCT RESPONSIBILITY

### Customer Health and Safety

Element	Status	Report links	Notes
PR1		<ul style="list-style-type: none"> <li><a href="#">Vehicle Safety</a></li> <li><a href="#">Safety – Performance Data – Vehicle Safety</a></li> <li><a href="#">Safety Innovations</a></li> </ul>	


### Products and Services

Element	Status	Report links	Notes
PR2		<ul style="list-style-type: none"> <li><a href="#">Policy Letters and Directives</a></li> </ul>	
<b>PR8</b>		<ul style="list-style-type: none"> <li><a href="#">Policy Letters and Directives</a></li> <li><a href="#">Quality is Our Number One Priority</a></li> <li><a href="#">Products and Customers – Performance Data</a></li> </ul>	
<b>PR9</b>		<ul style="list-style-type: none"> <li><a href="#">Policy Letters and Directives</a></li> </ul>	

### Advertising

Element	Status	Report links	Notes
<b>PR10</b>		<ul style="list-style-type: none"> <li><a href="#">Policy Letters and Directives</a></li> </ul>	

### Respect for Privacy

Element	Status	Report links	Notes
PR3		<ul style="list-style-type: none"> <li><a href="#">Policy Letters and Directives</a></li> <li><a href="#">A Look at Ford Credit</a></li> </ul>	

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## GRI Index Notes

### 1. Vision and Strategy

Element	Notes
1.1	Our analysis begins with stakeholders and identifies issues of concern to them.
	<a href="#">&lt; back</a>
	This is a theme throughout the report and is discussed in many sections.
	<a href="#">&lt; back</a>

### 2. Profile

#### Organizational Profile

Element	Notes
2.7	Our vehicles are sold in 134 countries. The Company's biggest markets are North America and Europe.
	<a href="#">&lt; back</a>

#### Report Scope

Element	Notes
2.13	Coverage focuses primarily on the company's automotive operations and will be expanded over time.
	<a href="#">&lt; back</a>
2.15	The data in this report covers all of Ford's wholly and majority owned operations, except as noted. The basis for coverage has not changed from the 2003/04 report.
	<a href="#">&lt; back</a>

#### Report Profile

Element	Notes
2.18	Our established accounting methods allow us to track expenditures for items like environmental protection and controls, safety investments, etc. but do not include methods for estimating costs associated with indirect economic, environmental or social costs and benefits. For example, during the last three years, we took charges to our consolidated income for engineering, research and development we sponsored in the following amounts: \$7.4 billion (2004), \$7.3 billion (2003), \$7.5 billion (2002), \$7.3 billion (2001), and \$6.8 billion (2000). Engineering, research and development is focused on improving the performance (including fuel efficiency), safety and customer satisfaction of our products, and to develop new products.
	<a href="#">&lt; back</a>

### 3. Governance Structure and Management Systems

#### Structure and Governance

Element	Notes
3.2	A majority of the Board is comprised of independent directors as defined by the Corporate Governance Principles and existing rules that govern Ford. 88% of the Board of Directors are independent, non-executive directors. Only two (out of a total of 16) Board members have executive functions in our Company. William Clay Ford Jr. is Chairman of the Board and Chief Executive Officer of the Company. Jim Padilla is President and Chief Operating Officer of the Company. Ford has designated Irvine O. Hockaday Jr. as Presiding Independent Director of the Board. Independence and diverse backgrounds are important considerations in selecting new candidates for the Board.
	<a href="#">&lt; back</a>
3.3	Ford's Nominating and Governance Committee of the Board of Directors identifies individuals qualified to become directors and officers and recommends candidates to the Board, taking into account the qualifications needed at that time.
	<a href="#">&lt; back</a>

#### Stakeholder Engagement

Element	Notes
3.9	Major stakeholders are identified and selected based on whether they are impacted or believe they are impacted by the operations or practices of the Company.
	<a href="#">&lt; back</a>

#### Overarching Policies and Management Systems

Element	Notes
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3.17	There are many indirect economic, social and environmental impacts related to our business, some of which are discussed in this report. In some instances, such as the jobs and incomes which are generated indirectly as a result of our purchases, the impacts are positive. In others, such as the creation of pollutants from the use of our vehicles, the impacts are negative. In both instances, we strive to understand the impacts, and in cases where we are able to influence the indirect impacts, we take measures to enhance benefits and reduce risks.	<a href="#">&lt; back</a>
3.20	Ford's quality management systems have been certified to the ISO 9001:2000 standard globally since 2003. Ford has one certificate for all plants and staff activities in North America and Europe, while operations elsewhere maintain separate certificates.	<a href="#">&lt; back</a>

## 5. Performance Indicators

### ECONOMIC

#### Suppliers

Element	Notes	
EC4	Recognized supplier contracts and debits are paid in accordance to agreed terms, however, isolated issues can occur with even the best of processes. As with any large company, there are various internal steps in our payment process which could cause payment issues. We are continuously working to improve the payment performance and we are taking steps to further improve customer service by increasing supervision of the payment process, implementing escalation procedures, and following up with suppliers that are experiencing difficulties.	<a href="#">&lt; back</a>

#### Overarching Policies and Management Systems

Element	Notes	
EC9	Our local or regional operations sometimes enter into agreements with governments to receive incentives such as reduced taxes or fees in return for commitments to job creation or other economic development activities. The nature and magnitude of these agreements are not tracked centrally.	<a href="#">&lt; back</a>

#### Indirect Economic Impacts

Element	Notes	
EC13	See <a href="#">comments on GRI indicator 2.18</a> .	<a href="#">&lt; back</a>

### ENVIRONMENTAL

#### Emissions, Effluents and Waste

Element	Notes	
EN12	Significant discharges to water by type are not currently tracked at the corporate level. The Company is collecting baseline data on discharges to municipal wastewater treatment plants and this data will be reported as soon as practical.	<a href="#">&lt; back</a>

### SOCIAL: LABOR PRACTICES AND DECENT WORK

#### Employment

Element	Notes	
LA2	We have chosen not to report on turnover because the information is considered proprietary.	<a href="#">&lt; back</a>

#### Labor/Management Relations

Element	Notes	
LA3	Substantially all of the hourly employees in our Automotive operations in the United States are represented by unions and covered by collective bargaining agreements. Most hourly employees and many non-management salaried employees of our subsidiaries outside the United States are also represented by unions. Approximately 200,000 Ford Motor Company employees belong to unions worldwide.	<a href="#">&lt; back</a>

#### Health and Safety

Element	Notes	
LA5	We have not reported on how our practices relate to the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases.	<a href="#">&lt; back</a>
LA6	Approximately 75% of the Company's workforce globally are covered by the health and safety committees. This includes the entire manufacturing workforce and some staff organizations.	<a href="#">&lt; back</a>
LA7	Does not include subcontracted workers.	<a href="#">&lt; back</a>

#### Training and Education

Element	Notes	
LA9	While Ford offers its employees a wide array of educational and training opportunities, the Company does not currently track the information needed to report on this indicator.	<a href="#">&lt; back</a>

## Diversity and Opportunity

Element	Notes
LA11	Three of our 16 Board members (19%) are female. Eight of 54 Corporate Officers (15%) are female.

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## SOCIAL: HUMAN RIGHTS

### Disciplinary Practices

Element	Notes
HR10	Employees with a good-faith belief that there may have been a violation of this Code should report it through established channels, if known, or to the Office of the General Counsel at <a href="mailto:fordlaw@ford.com">fordlaw@ford.com</a> . In addition employees may report violations through <a href="mailto:sustaina@ford.com">sustaina@ford.com</a> . No retaliatory actions will be taken against any employee who makes such a report or cooperates in an investigation of such a violation reported by someone else.

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## SOCIAL: PRODUCT RESPONSIBILITY

### Products and Services

Element	Notes
PR2	Ford's vehicles are subject to numerous labeling requirements that vary by country, region and state. We maintain compliance through our normal product requirement compliance systems. In Europe, we use an Eco-label that goes beyond legal requirements and also inform customers in the driver's manual about the impact of air conditioning on real-world fuel economy.

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## Glossary

ACEA	European Automobile Manufacturers Association (Association des Constructeurs Européens d'Automobiles)
Annual Report on Form 10-K	An audited annual financial report required by the U.S. Securities and Exchange Commission containing more detailed information about the company's business, finances, and management than the annual report.
Bin	A set of emissions standards under the new U.S. Tier 2 emissions program. The lower the bin number, the lower the vehicle's tailpipe emissions.
CAFE (Corporate Average Fuel Economy)	A U.S. regulation requiring auto companies to meet certain sales-weighted average fuel economy levels for passenger cars and light trucks and report these numbers annually.
Ceres	Coalition for Environmentally Responsible Economies
Counterparty Risk	The risk we could incur if an obligor or counterparty defaulted on an investment or a derivative contract.
DOE	U.S. Department of Energy
E85	Refers to a fuel blend of 85 percent ethanol and 15 percent gasoline.
EPA	U.S. Environmental Protection Agency
EU	European Union
FFV (Flexible Fuel Vehicle)	A vehicle that can be run on any blend of unleaded gasoline with up to 85 percent ethanol.
Flexible Manufacturing	Using common platforms and shared manufacturing technologies that allow a single plant to make multiple models and switch relatively rapidly between them, allowing faster response to changing customer demand.
FPS (Ford Production System)	A structured process Ford uses to organize and manage production at all Ford manufacturing plants globally.
Fuel Cell	A type of power plant that generates electricity by combining oxygen and hydrogen to form electricity.
Fuel Economy	The distance that can be traveled on a single gallon of fuel.
Fuel Efficiency	Fuel efficiency measures the amount of fuel (in ton-miles-per-gallon) needed to move a vehicle of a certain weight a certain distance.
GRI	Global Reporting Initiative, a multi-stakeholder process and independent institution whose mission is to develop and disseminate globally applicable Sustainability Reporting Guidelines.
ICE (Internal-Combustion Engine)	An engine powered by fuel ignited (by either spark or compression) inside a cylinder.
IIHS	Insurance Institute for Highway Safety
ISO 14001	Global environmental management system standard
LEV (Low Emission Vehicle)	A level of standards for tailpipe emissions (hydrocarbon, carbon monoxide and oxides of nitrogen) enforced in California and states that have adopted California standards. An LEV II vehicle meets the same tailpipe standards as a federal Tier 2 bin 5 vehicle.
LEV Program	The unique vehicle emissions program adopted by California for the control of tailpipe and evaporative emissions that provides several sets of emissions standards (LEV, ULEV, etc.). The LEV II Program starts with the 2004 model year and offers approximately the same air quality benefit as the new federal Tier 2 program.
Materiality	Materiality as used in this Sustainability Report does not share the meaning assigned to this concept for purposes of financial reporting. For the purposes of this Sustainability Report, we consider material information to be that which is of greatest interest to, and which has the potential to affect the perception of, those stakeholders who wish to make informed decisions and judgments about the Company's commitment to environmental, social and economic progress.
MY (model year)	The manufacturer's annual production period which includes Jan. 1 of the calendar year. For example, production of 2004 model year vehicles might begin in June 2003 and end in May 2004, but could start as early as Jan. 2, 2003, and end as late as December 2004. We report fuel economy by model year because that is how it is reported to government agencies, and therefore, this data corresponds to what is available in the public domain.
NCAP	New Car Assessment Program, the U.S. Government "crash testing" program
NGO	Nongovernmental organization
NPRI	National Pollutant Release Inventory (Canada), similar to U.S. TRI
Pulse Survey	An annual, voluntary survey of Ford salaried-employee satisfaction.
PZEV (Partial Zero Emission Vehicle)	A vehicle standard that is part of the LEV II Program. A vehicle that meets SULEV tailpipe emissions and has zero fuel evaporative emissions.

QS 9000	Global quality management standard
RFQ	Request for quote
Six-Speed Transmission	A transmission using six gears for improved fuel economy compared to typical four-speed transmissions
STA	Supplier technical assurance
Stakeholder	Anyone who is impacted or believes they are impacted by the operations or practices of the Company is a stakeholder, including customers, employees, business partners, shareholders, governments, communities and non-governmental organizations. Some also consider the environment a stakeholder.
SUV	Sport utility vehicle
SULEV (Super Ultra-Low Emission Vehicle)	A level of standards for tailpipe emissions (hydrocarbon, carbon monoxide and oxides of nitrogen) enforced in California and states that have adopted California standards. A SULEV II vehicle meets the same smog-forming tailpipe emissions standards as a federal Tier 2 bin 2 vehicle.
Tier 1 Suppliers	Suppliers sourcing directly to our assembly plants
Tier 2 Suppliers	Suppliers not sourcing directly to our assembly plants
Tier 2 Emissions Standards	The new U.S. federal program, starting with the 2004 model year, to control vehicle sets of vehicle emissions standards, called bins, ranging from 1 (lowest emissions) to 10 (highest emissions). At the conclusion of the phase-in period, auto manufacturers' U.S. fleets must meet an average bin 5 level of emissions.
TRI (Toxics Release Inventory)	An inventory of releases and transfers of certain chemicals that are required to be reported to the U.S. Government.
Variable Cam Timing	Improves fuel economy by allowing valves to be operated at different points in the combustion cycle, and provides performance that is precisely tailored to the engine's specific speed and load at that moment.
Vehicle Dependability Index	A J.D. Power and Associates index that evaluates vehicle quality after three years of ownership.
VOCs (Volatile Organic Compounds)	Compounds that vaporize (become a gas) at relatively low temperature. They are a concern for indoor and outdoor air quality and contribute to smog formation. VOCs are emitted from manufacturing facilities (including painting operations) and from vehicles (as hydrocarbon tailpipe emissions and from evaporation of fuel and other fluids).
WBCSD	World Business Council for Sustainable Development
Well-to-Wheels CO <sub>2</sub> Emissions	Accounts for emissions from the vehicle itself, as well as CO <sub>2</sub> emissions resulting from the production and distribution of the fuel.
WRI	World Resources Institute
ZEV (Zero Emission Vehicle)	The lowest level of standards for vehicle emissions (zero emissions) enforced in California and states that have adopted California standards. A federal Tier 2 bin 1 vehicle is also a "zero emission vehicle."

## Key Terms

These are Ford's working definitions of some key concepts in this report. They have proven useful in the development of our thinking on sustainability, because we are accustomed to managing for wise use of capital. We don't presume that they are universally applicable – rather to state what they mean to us in the context of our business. Indeed, we welcome feedback and comment from our readers on these concepts.

### Sustainability

At Ford, we have defined sustainability as a business model that seeks to create value for stakeholders by preserving or enhancing environmental, social and economic capital.

### Environmental capital

By environmental capital we mean both the natural resources and ecosystem goods and services that are used or impacted in the production and use of the goods and services that businesses provide.

Some forms of environmental capital are finite. There is a given quantity of crude oil in the Earth's reservoirs. The same goes for copper, natural gas, bauxite, iron ore and other resources that manufacturing enterprises like ours use directly in the production of goods. Other natural assets, like wind power, can be renewed indefinitely.

Ecosystems also provide "goods," like clean water, fresh air, biodiversity and unspoiled land, and "services," like the ability of wetlands to cleanse water and the atmosphere to protect us from harmful radiation. In the absence of proper stewardship, these otherwise renewable resources can be consumed or degraded in the production or use of the industrial world's products and services.

### Social capital

Social capital refers to the capacity of people in our communities to participate fully in both the production and consumption of our products and services. Social capital includes the capabilities of our workforce – a product of education, training, working conditions, human rights standards and community infrastructure. It includes our connectedness to society and the value we create through engaging with stakeholders.

A major current focus of our social initiatives is the implementation of our Code of Basic Working Conditions in all of the markets and facilities where we operate, as well as throughout our supply chain.

We seek to enhance social capital by, for example, responding to community needs through philanthropic and other financial support and by participating in civic life directly and encouraging our employees to participate.

### Economic capital

Economic capital includes the money Ford has available to invest, tangible assets created by our capital investments in property and facilities, and intangible assets like our brand value. It also includes the value we add to the public and private sectors through investments in partnerships, tax payments and other contributions.

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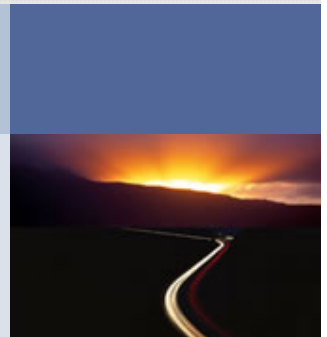
## Overview

This is the seventh formal nonfinancial report of Ford Motor Company. In "[Our Reporting Strategy](#)", Ford's Tim O'Brien discusses our evolving approach to reporting.

This section also includes our CEO's views on the role of sustainability at Ford, information about our Company and a summary of our 2005 performance according to key indicators. You can explore our actions and performance trends in the areas covered by our business principles using the navigation at top.

This report covers the year 2005 and early 2006. It was prepared in accordance with the 2002 Global Reporting Initiative Sustainability Reporting Guidelines. A complete [index of GRI indicators](#) is available.

The data are primarily for 2005 (for operations) and for the 2006 model year (for vehicles) and can be found in each of the performance sections. The data cover all of Ford Motor Company's wholly and majority-owned operations globally, unless otherwise noted. Changes in the basis for reporting or reclassifications of data previously reported are noted in the data charts. Much of the data in this report have been reported to government agencies and verified internally or externally. However, we have not sought third-party verification of all data.



### Fast Facts

During 2005, we made 6.8 million vehicles and employed 300,000 people worldwide.

### Related Links

- In This Report
  - [Materiality Analysis](#)
  - [GRI Index](#)
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## Bill Ford – Setting the Vision

**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.**



**Bill Ford**  
Chairman & CEO,  
Ford Motor Company

“ 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 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. One sign that the strategy is being mainstreamed into our business processes is that climate stabilization is now a consideration in our

### Have Your Say

Please share your thoughts on our report – all responses will be aggregated to provide valuable feedback on our efforts to date and help prioritize improvements for the future.

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### Related Links

- **In This Report**
  - [Mobility](#)
  - [Code of Basic Working Conditions](#)
  - [HIV/AIDS](#)
- **Ford.com**
  - [Escape Hybrid](#)
- **External Web Sites**
  - [WBCSD](#)

### Downloads

[Ford Report on the Business Impact of Climate Change](#)  
PDF format, 335 Kb

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<sub>2</sub>. 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 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. ”*




**Bill Ford**  
Chairman and CEO


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## Tim O'Brien – Our Reporting Strategy

**"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."**



**Tim O'Brien**  
Deputy Chief of Staff,  
Ford Motor Company

“ 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 an 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](mailto:sustaina@ford.com). ”

**Tim O'Brien**  
Deputy Chief of Staff

## Have Your Say

Please share your thoughts on our report – all responses will be aggregated to provide valuable feedback on our efforts to date and help prioritize improvements for the future.

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## Corporate Profile

**Ford Motor Company is one of the world's largest producers of cars and trucks and one of the largest providers of automotive financial services. We manufacture and distribute automobiles in 200 markets globally.**

We are a publicly traded company listed on the New York Stock Exchange. We produce our products in facilities operated by Ford Motor Company and/or joint ventures.

During 2005, we sold 6.8 million vehicles and employed 300,000 people worldwide. Our business partners include 18,332 dealers and more than 11,000 suppliers.

We market our vehicles under the eight brands described below. Our Ford Credit subsidiary provides financing and leasing services to retail and fleet customers. Quality Care, Motorcraft and Extended Service Plan provide customer service support to our dealers. In 2005, we sold Hertz, the car rental company, and restructured our agreement with Visteon, our parts supplier spin-off.



Ford's CVT technology – used on the 2005 Ford Freestyle (pictured) – is expected to improve fuel economy by up to 8 percent over a traditional four-speed automatic.

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Geographical Directory



Plant Type Directory

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Ford Motor Credit Company

[Customer Services](#) 




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Click a brand logo for market information.


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## Global Operations

**Geographical Directory** | [Manufacturing Plants by Type](#)

Ford Motor Company has manufacturing facilities in 23 countries on six continents.



Click a button to see manufacturing plants for that region.

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## Global Operations

**Geographical Directory** | [Manufacturing Plants by Type](#)



To see plants, click on a map location or select from the countries below.

[Canada](#) | [Mexico](#) | [United States](#)

### Canada

#### Assembly Plants

##### Oakville Assembly

Oakville, Ontario  
 Total employment: 3,557  
 Products: Ford Freestar, Mercury Monterey, Escort, Ford Falcon, Lynx, Maverick, Tempo, Topaz, Torino, Ford Crown Victoria, Ford Econoline, Ford Windstar  
 Year opened: 1953  
 Plant size (sq ft): 3,873,673  
 Site size: 487 acres

##### Ontario Truck Assembly

Oakville, Ontario  
 Products: Ford F-150 (including bi-fuel and CNG) and SVT Lightning  
 Year opened: 1965  
 Plant size (sq ft): 3,009,281

##### St Thomas Assembly

St Thomas, Ontario  
 Total employment: 2,578  
 Products: Ford Crown Victoria, Mercury Grand Marquis, Crown Victoria, Grand Marquis – 1984–present, Escort, Lynx – 1981–1984, EXP. LN7 – 1981–1983, Ford Fairmont & Mercury Zephyr – 1977–1980, Marauder – 2002–2004, Maverick – 1969–1973, Pinto 1973–1977  
 Year opened: 1967  
 Plant size (sq ft): 2,600,000

#### Engine Plants

##### Essex Engine

Windsor, Ontario  
 Total employment: 1,188  
 Products: 3.9+4.2L V6 engines, 5.4L 3Valve V8 engines, V8 cylinder blocks and crankshafts for Triton 5.4L engines  
 Year opened: 1981  
 Plant size (sq ft): 1,900,000  
 Site size: 260 acres

### **Windsor Engine**

Windsor, Ontario  
Products: 4.6-liter, 5.4-liter V-8 and 6.8-liter V-10 Triton engines  
Year opened: 1923  
Plant size (sq ft): 1,200,000

### **Casting/Forging Aluminum Plants**

#### **Essex Aluminum** (*joint venture – 25% Ford/75% Nemak*)

Windsor, Ontario  
Total employment: 955  
Products: cylinder heads  
Year opened: 1981  
Plant size (sq ft): 500,000  
Site size: 53 acres

#### **Windsor Aluminum** (*Joint venture 25% Ford/75% Nemak*)

Windsor, Ontario  
Products: 2.5-liter and 3.0-liter V-6 cylinder blocks and 3.9-liter and 4.6-liter V-8 cylinder blocks  
Year opened: 1992  
Plant size (sq ft): 314,000

#### **Windsor Casting**

Windsor, Ontario  
Total employment: 686  
Products: cylinder blocks and crankshafts  
Year opened: 1934  
Plant size (sq ft): 500,000  
Site size: 22 acres

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## Mexico

### **Assembly Plants**

#### **Blue Diamond Truck Company LLC** (*Joint venture – 50% Navistar International Corp./50% Ford Motor Company*)

Escobedo  
Products: Medium commercial trucks, International Truck and Engine Company Class 8 Trucks  
Year opened: 2002  
Plant size (sq ft): 800,000

#### **Cuautitlan Assembly**

Cuautitlan  
Products: Ford F-150, F-250, F-350 and F-450 trucks, Fiesta and IKON  
Year opened: 1970  
Plant size (sq ft): 2,034,369

#### **Hermosillo Stamping and Assembly**

Hermosillo, Sonora  
Total employment: 1,799  
Products: Ford Escort 4-door, Focus ZX3, ZX5 and Focus SVT  
Year opened: 1986  
Plant size: 1,650,307  
Site size: 279 acres

### **Engine Plants**

#### **Chihuahua Engine**

Chihuahua  
Total employment: 772  
Products: Duratec engine, Zetec engine  
Year opened: 1983  
Plant size (sq ft): 1,102,000  
Site size: 247 acres

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## United States

### **Assembly Plants**

#### **Atlanta Plant**

Hapeville, Georgia  
Total employment: 2,152  
Products: Ford Taurus and Mercury Sable  
Year opened: 1947



Plant size (sq ft): 2,800,000  
Site size: 128 acres

**AutoAlliance International, Inc**

Flat Rock, Michigan  
Total employment: 3,620  
Products: Ford Mustang, Mazda6, Classic Mustang, Mercury Cougar  
Year opened: 1987  
Plant size (sq ft): 2,700,000  
Site size: 400 acres

**Chicago Assembly Plant**

Chicago, Illinois  
Total employment: 2,831  
Products: Ford Five Hundred, Ford Freestyle, Mercury Montego, Armored Cars, Elite, Fairlane, Galaxie 500, Reconnaissance Vehicles, Torino, Classic Thunderbird, Concept (MY) Mercury, Ford LTD, Mercury Cougar, Mercury Grand Marquis  
Year opened: 1924  
Plant size (sq ft): 2,828,263  
Site size: 113 acres

**Dearborn Tool and Die**

Dearborn, Michigan  
Total employment: 480  
Year opened: 1939  
Plant size (sq ft): 375,000  
Site size: 9 acres

**Dearborn Truck Plant**

Dearborn, Michigan  
Total employment: 2,800  
Products: Ford F-150, Lincoln Mark LT pickups  
Year opened: 2004  
Plant size (sq ft): 2,300,000  
Site size: 600 acres

**Kansas City Assembly Plant**

Claycomo, Missouri  
Total employment: 5,455  
Products: Ford Escape, Ford Escape Hybrid, Mazda Tribute, Ford F-Series, Fairlane, Concept Blackwood, Ford Fairmont, Ford Falcon, Ford Harley Davidson F-150  
Year opened: 1957  
Plant size (sq ft): 4,734,765  
Site size: 1,269 acres

**Kentucky Truck Plant**

Louisville, Kentucky  
Total employment: 5,656  
Products: F-250-F-550, Ford Excursion, Super Duty pickups  
Year opened: 1969  
Plant size (sq ft): 4,626,490  
Site size: 416 acres

**Louisville Assembly Plant**

Louisville, Kentucky  
Total employment: 3,447  
Products: Ford Explorer, Mercury Mountaineer, Concept Explorer Sport Trac  
Year opened: 1953  
Plant size (sq ft): 3,154,173  
Site size: 180 acres

**Michigan Truck Plant**

Wayne, Michigan  
Total employment: 3,400  
Products: Ford Expedition, Lincoln Navigator  
Year opened: 1957  
Plant size (sq ft): 2,866,000

**New Model Programs Development Center**

Allen Park, Michigan  
Total employment: 3,400  
Products: Prototype builds  
Year opened: 1992  
Plant size (sq ft): 420,000

**Norfolk Assembly Plant**

Norfolk, Virginia  
Total employment: 2,611  
Products: Ford F-150  
Year opened: 1925

Plant size (sq ft): 2,800,000  
Site size: 93 acres

#### **Ohio Assembly Plant**

Avon Lake, Ohio  
Total employment: 2,159  
Products: Ford E-Series, Mercury Mariner  
Year opened: 1974  
Plant size (sq ft): 3,700,000  
Site size: 419 acres

#### **St Louis Assembly Plant**

Hazelwood, Missouri  
Total employment: 1,742  
Products: Explorer LHD & RHD for export, Ford Explorer, Lincoln Aviator, Mercury Mountaineer, Ford Crown Victoria, Mercury Grand Marquis  
Year opened: 1948  
Plant size (sq ft): 3,176,080  
Site size: 161 acres

#### **Twin Cities Assembly Plant**

St Paul, Minnesota  
Total employment: 1,965  
Products: 4-Door, Regular Cab, SuperCab, Ford Ranger, Ford LTD, Ford Crown Victoria, Ford F-Series  
Year opened: 1925  
Plant size (sq ft): 2,144,932  
Site size: 148 acres

#### **Wayne Stamping & Assembly**

Wayne, Michigan  
Products: Ford Focus (4-door and wagon)  
Year opened: 1952  
Plant size (sq ft): 3,503,800

#### **Wixom Assembly**

Wixom, Michigan  
Products: Lincoln Town Car, LS and Ford Thunderbird  
Year opened: 1957  
Plant size (sq ft): 4,700,000

#### **Stamping Plants**

##### **Buffalo Stamping Plant**

Buffalo, New York  
Total employment: 1,586  
Products: 2005 center floor pan, 2005 front floor pan, 2005 rear floor pan, body sides, front doors, quarter panels, rear doors, roofs  
Year opened: 1950  
Plant size (sq ft): 2,446,347  
Site size: 118 acres

##### **Chicago Stamping Plant**

Chicago, Illinois  
Total employment: 1,592  
Products: body panels, Expedition – hood, Ford 500, Ford Freestyle, Lincoln – Mercury, PHN 131 – hood & underbody, Ford Taurus, Ford Explorer, Ford Ranger, Ford Windstar, Mercury Sable  
Year opened: 1956  
Plant size (sq ft): 2,040,220  
Site size: 136 acres

##### **Dearborn Frame**

Dearborn, Michigan  
Products: Frames, subframes, cross members, quarter panels and wheel house panels  
Year opened: 1946  
Plant size (sq ft): 816,200

##### **Dearborn Stamping**

Dearborn, Michigan  
Total employment: 863  
Products: Ford Mustang, Ford P221 Body and underbody panels  
Year opened: 1939  
Plant size (sq ft): 2,000,000  
Site size: 35 acres

##### **Dearborn Tool & Die**

Dearborn, Michigan  
Products: Stamping dies  
Year opened: 1939  
Plant size (sq ft): 367,500

**Maumee Stamping**

Maumee, Ohio  
Products: Body panels (steel, plastic and aluminum)  
Year opened: 1974  
Plant size (sq ft): 803,000

**Walton Hills Stamping**

Walton Hills, Ohio  
Total employment: 929  
Products: body side panels, deck lids, doors, fenders, floor pans  
Year opened: 1954  
Plant size (sq ft): 1,100,000  
Site size: 111 acres

**Woodhaven Stamping Plant**

Woodhaven, Michigan  
Total employment: 1,900  
Products: bumper reinforcements, door panels, fenders, panels, roofs and tailgates, truck body sides  
Year opened: 1964  
Plant size (sq ft): 2,720,000

**Engine Plants****Cleveland Engine Plant 1**

Cleveland, Ohio  
Total employment: 1,030  
Products: 3.0L Duratec  
Year opened: 1951  
Plant size (sq ft): 1,980,000  
Site size: 204 acres

**Cleveland Engine Plant 2**

Brook Park, Ohio  
Total employment: 1,317  
Products: 2.0L Duratec engine, 2.49L Duratec engine, 3.0L V-6 DAMB engines, 3.0L V-6 Duratec engine, engine components  
Year opened: 1955  
Plant size (sq ft): 1,400,000

**Dearborn Engine and Fuel Tank**

Dearborn, Michigan  
Total employment: 909  
Products: 2.3-liter I-4 and 2.0-liter SPI engines and steel fuel tanks, 2.3-liter I-4: Ford Ranger, 2.0-liter SPI: Ford Focus  
Year opened: 1941  
Plant size (sq ft): 2,327,000

**Lima Engine Plant**

Lima, Ohio  
Total employment: 1,290  
Products: 3.0L V/6 engine, 3.9L V/8 engine, D-30 crankshaft, D-30 head  
Year opened: 1957  
Plant size (sq ft): 2,424,360

**Romeo Engine Plant**

Romeo, Michigan  
Total employment: 1,518  
Products: 3-valve V-8 engines, 4.6L 2-valve, 4.6L 4-valve V-8 engines, 5.4L 4-valve supercharged engines  
Year opened: 1973  
Plant size (sq ft): 2,043,778  
Site size: 268 acres

**Sharonville Engine Plant**

Cincinnati, Ohio  
Total employment: 1,936  
Products: 4R100, 5R110W and 5R55S transmissions, 4R75W torque converters, FN and CD4E components  
Year opened: 1958  
Plant size (sq ft) 2,421,000  
Site size: 182 acres

**Transmission Plants****Batavia Transmission LLC** *(Joint venture 49% Ford/51% Friedrichshafen AG)*

Batavia, Ohio  
Total employment: 1,745  
Products: CD4E transaxles, CFT23 transaxles, CFT30 transaxles  
Year opened: 1980

Plant size (sq ft): 1,800,000  
Site size: 250 acres

#### **Livonia Transmission Plant**

Livonia, Michigan  
Total employment: 2,252  
Products: F-150, Ford Econoline, Ford Expedition  
Year opened: 1952  
Plant size (sq ft): 3,300,000  
Site size: 182 acres

#### **Sharonville Transmission**

Sharonville, Ohio  
Products: 4R100, 4R70W and 5R55S transmissions, 4R70W torque converters and FN and CD4E components, 4R100 Transmissions: Ford Econoline, Expedition and F-Series, and Lincoln Navigator and Blackwood, 4R70W Transmissions: Ford Crown Victoria, Lincoln Town Car; Mercury Grand Marquis, 5R55S Transmissions: Lincoln LS and Jaguar S-Type, 4R70W Torque Converters: Ford Crown Victoria, Econoline, Expedition, F-Series, Mustang, Lincoln Town Car, Mercury Mountaineer and Grand Marquis, CD4E Components: Escape, FN Components: Ford Focus  
Year opened: 1958  
Plant size (sq ft): 2,415,000

#### **Van Dyke Transmission Plant**

Sterling Heights, Michigan  
Total employment: 1,681  
Products: 22 stamping end items, 4F27E (FN) automatic transaxle, 4F50N (AX4FN) automatic transaxle, concept (MY) Mercury  
Year opened: 1968  
Plant size (sq ft): 1,960,371

#### **Casting/Forging Aluminum Plants**

##### **Cleveland Aluminum Casting Plant**

Brook Park, Ohio  
Products: Aluminum cylinder blocks  
Year opened: 2000  
Plant size (sq ft): 210,000

##### **Cleveland Casting**

Brook Park, Ohio  
Products: Cylinder blocks and heads, crankshafts and bearing caps  
Year opened: 1952  
Plant size (sq ft): 2,100,000

##### **Dearborn Diversified Manufacturing Plant**

Dearborn, Michigan  
Total employment: 751  
Products: chassis sub assemblies, frames, stampings, frames  
Year opened: 1946  
Plant size (sq ft): 1,000,000  
Site size: 27 acres

##### **Woodhaven Forging**


Woodhaven, Michigan (United States)  
Products: 5.4-liter V-8 and 6.8-liter V-10 steel crankshafts  
Year opened: 1995  
Plant size (sq ft): 75,000

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### Argentina

#### Assembly Plants

##### Pacheco Stamping and Assembly

Buenos Aires  
 Products: Ford Escort, Escort Wagon, Focus, and Ranger and body panels  
 Year opened: 1961  
 Plant size: 1,758,822

#### Stamping Plants

##### Metcon Casting

Santa Fe Province  
 Products: Iron castings  
 Year opened: 1957  
 Plant size (sq ft): 21,034

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### Brazil

#### Assembly Plants

##### Ford Nordeste Industrial Complex

Bahia  
 Products: PVW 175-Courier  
 Year opened: 2002  
 Plant size (sq ft): 700,000

##### São Bernardo Assembly

São Paulo (Brazil)  
 Products: Ford Courier, Fiesta, Ka, F-250, F-350 and F-4000  
 Year opened: 1967  
 Plant size (sq ft): 4,391,675

##### Taubate Chassis

Taubate, São Paulo (Brazil)

## **Engine Plants**

### **Taubate Engine**

Taubate, São Paulo

Total employment:

Products: Zetec Rocam Engines, 1.0-liter 4-cyl. SOHC: Ford Fiesta and Ka, 1.6-liter 4-cyl. SOHC: Ford Fiesta and Ka

Year opened: 1974

Plant size (sq ft): 92,880

## **Transmission Plants**

### **Taubate Chassis**

Taubate, São Paulo

Products: Chassis components for cars and trucks Zetec Engine Components,

Components: Ford Fiesta and F-400

Year opened: 1968

Plant size (sq ft): 260,177

### **Taubate Transmission**

Taubate, São Paulo

Products: IB5 transmissions, IB5 Transmissions: Ford Fiesta, Ka, Focus and IKON

Year opened: 1996

Plant size (sq ft): 388,587

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### Belgium

#### Assembly Plants

##### Genk Body and Assembly

Genk  
 Total employment: 5,631  
 Products: Ford Mondeo, Ford Galaxy, Ford S-MAX  
 Year opened: 1964  
 Plant size (sq ft): 6,792,027  
 Site size: 345 acres

##### Volvo Cars

Ghent  
 Total employment: 5,316  
 Products: S60, V50, V70, Volvo S40  
 Year opened: 1965  
 Plant size (sq ft): 3,317,000  
 Site size: 117 acres

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### France

#### Transmission Plants

##### Bordeaux Automatic Transmission Plant

Blanquefort  
 Total employment: 2,401  
 Products: 5R55E/S RWD, 5R55N  
 Year opened: 1973  
 Plant size (sq ft): 1,388,471  
 Site size: 44 acres

##### Bordeaux Transaxle Plant (joint venture – 50% Ford/50% Getrag)

Blanquefort  
 Total employment: 947

Products: IB5 transaxles  
Year opened: 1976  
Plant size (sq ft): 622,013  
Site size: 50 acres

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## Germany

### Assembly Plants

#### Cologne Body & Assembly

Cologne  
Total employment: 4,222  
Products: Ford Fiesta 3 door, Ford Fiesta 5 door, Ford Fusion  
Year opened: 1931  
Plant size (sq ft): 2,499,746  
Site size: 69 acres

#### Saarlouis Body & Assembly

Saarlouis  
Total employment: 6,315  
Products: Ford Focus, Ford Focus C-MAX  
Year opened: 1970  
Plant size (sq ft): 3,100,000  
Site size: 296 acres

### Stamping Plants

#### Cologne Tool & Die

Cologne  
Total employment: 1,062  
Products: stamping dies, fixtures, jigs, soft tooling and die repairs for all Ford vehicles  
Year opened: 1963  
Plant size (sq ft): 364,025  
Site size: 13 acres

### Engine Plants

#### Cologne Engine

Cologne  
Total employment: 1,380  
Products: 4.0L V-6 SOHC, 4.3L V8, 6.0L V12  
Year opened: 1962  
Plant size (sq ft): 1,449,651  
Site size: 44 acres

### Transmission Plants

#### Cologne Transmissions *(joint venture – 50% Ford/50% Getrag)*

Cologne  
Total employment: 1,389  
Products: M56/M58 and M66 (Volvo MT), MMT6 transmissions, MTX75 and VXT75  
Year opened: 1930  
Plant size (sq ft): 1,091,352

### Casting/Forging Aluminum Plants

#### Cologne Cast Plant

Cologne  
Total employment: 266  
Products: transmission case automatic, transmission case manual, engine components

#### Tekfor Cologne GmbH *(joint venture – 50% Ford/50% Neumayer)*

Cologne  
Total employment: 356  
Products: steel forgings

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## Russia

### Assembly Plants

#### Ford Motor Company ZAO

St Petersburg  
Total employment: 1,571  
Products: Ford Focus  
Year opened: 2002  
Plant size (sq ft): 387,360  
Site size: 64,246 acres



---

## Spain

### Assembly Plants

#### Valencia Body and Assembly

Valencia  
Total employment: 6,549  
Products: Fiesta, Focus, Mazda2  
Year opened: 1976  
Plant size (sq ft): 29,404,516 (Includes Valencia Engine #1 and #2)  
Site size: 270 acres

### Engine Plants

#### Valencia Engine Plant

Valencia  
Total employment: 493  
Products: Duratec-HE  
Year opened: 1976  
Site size: 270 acres

#### Valencia Engine #1

Valencia  
Products: 1.3-liter EFI Endura-E and 1.3-liter CFI-HCS engines, 1.3-liter EFI Endura-E; Ford Fiesta, Ka and IKON, 1.3-liter 4-cyl. CFI-HCS: Industrial Applications  
Year opened: 1976  
Plant size (sq ft): 871,560

#### Valencia Engine #2

Valencia  
Products: 1.25-liter Zetec-SE engines, 1.25-liter 4-cyl. Zetec-SE: Ford Fiesta  
Year opened: 1995  
Plant size (sq ft): 494,960

---

## Sweden

### Assembly Plants

#### Volvo Car Plant – Volvo (*joint venture – 40% Volvo/60% Pininfarina SpA of Italy*)

Uddevalla  
Products: Volvo C70 Convertible  
Year opened: 1995  
Plant size (sq ft): 1,622,572

#### Volvo Cars Torslanda

Göthenburg  
Total employment: 5,306

### Stamping Plants

#### Volvo Body Components – Volvo

Olofström  
Products: VCC products S80, V70, C70, S60, S/V40, XC90 and cabs for VTC  
Year opened: 1969  
Plant size (sq ft): 2,647,352

### Engine Plants

#### Volvo Car Corporation, Engine

Skövde  
Total employment: 1,423  
Products: 5 cylinder inline diesel engines, 5-cylinder petrol engine, 6-cylinder petrol engine  
Year opened: 1990  
Plant size (sq ft): 1,184,030  
Site size: 75 acres

### Casting/Forging Aluminum Plants

#### Volvo Car Corporation – Floby

Floby  
Products: Connecting rods to all engines produced at Volvo Cars Skövde plant, brake discs to all Volvo cars built at Volvo Cars Torslanda and Gent plants, hub modules to Volvo trucks  
Year opened: 1957  
Plant size (sq ft): 236,806

---

## Turkey

### Assembly Plants

#### **Ford Otosan Kocaeli Plant** *(Joint venture – 41% Ford/41% Koc Holding/18% public)*

Kocaeli  
Total employment: 6,199  
Products: Transit, Transit Connect  
Year opened: 2001  
Plant size (sq ft): 3,444,451

### Engine Plants

#### **Ford Otosan Engine**

Inönü  
Total employment: 1,510  
Products: Cargo truck, Cargo engine (NHDD), Transit front corner, Transit Puma engine, Transit rear axle, Transit transmission  
Year opened: 1982  
Plant size (sq ft): 679,826  
Site size: 271 acres

### Transmission Plants

#### **Inönü Transmission**

Inönü  
Products: MT75 transmissions

---

## United Kingdom

### Assembly Plants

#### **Aston Martin Gaydon**

Gaydon  
Total employment: 1,500  
Products: DB9 Coupe and Volante, V8 Vantage  
Year opened: 2003  
Plant size (sq ft): 467,520

#### **Aston Martin Newport Pagnell**

Bucks  
Total employment: 283  
Products: Vanquish S  
Year opened: 1954  
Plant size (sq ft): 181,048  
Site size: 9 acres

#### **Castle Bromwich Assembly – Jaguar**

Birmingham  
Total employment: 2,330  
Products: Jaguar XK & XJ painted bodyshells, S-Type Saloon complete  
Year opened: 1980  
Plant size (sq ft): 2,500,000

#### **Halewood Assembly Plant UK – Jaguar**

Halewood, Liverpool  
Products: Jaguar X-Type  
Year opened: 1962  
Plant size (sq ft): 3,263,104

#### **Land Rover Solihull Assembly**

Solihull, West Midlands  
Total employment: 7,913  
Products: Defender, Discovery 3, Freelander, Range Rover 06MY, Range Rover Sport  
Year opened: 1948  
Plant size (sq ft): 595,000  
Site size: 308 acres

#### **Newport Pagnell Assembly – Aston Martin Lagonda**

Newport Pagnell  
Products: V12 Vanquish  
Year opened: 1954  
Plant size (sq ft): 564,000

#### **Southampton Body and Assembly**

Southampton  
Total employment: 3,360

Products: Short and medium wheelbase Ford Transit commercial vehicles

Year opened: 1972

Plant size (sq ft): 1,300,000

Site size: 41 acres

### **Stamping Plants**

#### **Dagenham Stamping Operations**

Dagenham, Essex

Total employment: 1,023

Products: panels, subassemblies, wheels

Year opened: 1957

Plant size (sq ft): 157,000

Site size: 473 acres

### **Engine Plants**

#### **Bridgend Engine Plant**

Bridgend, Mid-Glamorgan

Total employment: 1,581

Products: 1.25-liter Zetec-SE petrol engine, 1.4 and 1.6-liter Zetec-SE petrol engine, 3.5, 4.2 and 4.4-liter V8

Year opened: 1980

Plant size (sq ft): 1,525,320

#### **Dagenham Engine Plant**

Dagenham, Essex

Total employment: 1,914

Products: 1.8-liter diesel engine, 2.0-liter diesel engine, 2.3-liter, 2.4-liter, 2.7 liter diesel engines

Year opened: 1931

Plant size (sq ft): 2,718,305

### **Transmission Plants**

#### **Halewood Transmission Plant** *(joint venture – 50% Ford/50% Getrag)*

Halewood, Liverpool

Total employment: 698

Products: IB5 transaxle, MT75 and MT82 transmissions

Year opened: 1964

Plant size (sq ft): 1,247,548

Site size: 55 acres

### **Casting/Forging Aluminum Plants**

#### **Leamington Foundry**

Leamington, Warwickshire

Total employment: 407

Products: castings including brake drums and discs

Year opened: 1940

Plant size (sq ft): 270,000

Site size: 4 acres

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### South Africa

#### Assembly Plants

**Ford Motor Company of Southern Africa** (*Joint venture – 90% Ford/10% Anglo-American*)

Pretoria

Total employment: 3,150

Products: Ford Bantam, Ford Ikon, Ford Ranger, Mazda Drifter, Mazda3, Volvo S40, Ford Fiesta, Ford Mondeo, Jaguar passenger cars, Mazda MX-5, Mazda RX-8, Mazda6, Volvo passenger cars, Concept (MY) Mercury

Year opened: 1968

Plant size (sq ft): 1,689,320

Site size: 289 acres

#### Engine Plants

##### Ford Motor Company of Southern Africa Engine Plant

Port Elizabeth

Total employment: 936

Products: J97 4.01 V6 (engine dress), RoCam 1.3 & 1.6, connecting rods, crankshafts, cylinder heads, exhaust manifolds, flywheels, manufacture Rocam cylinder block

Year opened: 1963


Plant size (sq ft): 430,000

Site size: 31 acres

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### Australia

#### Assembly Plants

##### Broadmeadows Assembly Plant

Campbellfield, Victoria  
 Total employment: 2,088  
 Products: BA Falcon MK II range, Fairlane, LTD range, Territory, Ford Fairlane, Ford Falcon, Ford Falcon Ute, Ford LTD, Ford Territory  
 Year opened: 1959  
 Plant size (sq ft): 1,937,503  
 Site size: 44 acres

##### Geelong Chassis Components

Geelong, Victoria

#### Stamping Plants

##### Geelong Stamping

Geelong, Victoria  
 Total employment:  
 Products: Falcon family body stampings, welded subassemblies and steel press tools  
 Year opened: 1926  
 Plant size (sq ft): 1,271,646  
*Note: Includes Geelong Aluminum*

#### Engine Plants

##### Geelong Chassis Components

Geelong, Victoria  
 Products: Machine cylinder heads, suspension arms and brake rotors  
 Year opened: 1983  
 Plant size (sq ft): 263,369

##### Geelong Engine

Geelong, Victoria  
 Products: I-6 engines, I-6: Ford Falcon, Fairlane and LTD  
 Year opened: 1926

Plant size (sq ft): 247,644

### **Casting/Forging Aluminum Plants**

#### **Geelong Aluminum Casting**

Geelong, Victoria

Total employment:

Products: Aluminum cylinder heads, intake manifolds and structural oil pans

Year opened: 1986

Plant size (sq ft): 1,271,646

*Note: Includes Geelong Stamping*

#### **Geelong Iron Casting**

Geelong, Victoria

Total employment:

Products: I-6 engine blocks, camshafts, crankshafts, exhaust manifolds, bearing caps, disc brake rotors and flywheels

Year opened: 1972

Plant size (sq ft): 250,000

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## China

### **Assembly Plants**

#### **Changan Ford Mazda Automobile Company (Joint venture)**

Chongqing

Total employment: 2,385

Products: Ford Fiesta, Ford Mondeo 2.0L, Mondeo 2.5L V6, Ford Mondeo, Focus, Mazda3, Volvo S40

Year opened: 2001

Site size: 122 acres

#### **Jiangling Motors Co Ltd (Joint partnership)**

Jiangxi

Total employment: 6,961

Products: JMC Light Truck, JMC Pickup, JMC SUV, VE83 Transit

Year opened: 1968

Plant size (sq ft): 7,336,194

Site size: 334 acres

*Note: Ford has 30% equity*

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## India

### **Assembly Plants**

#### **Ford India Private Limited**

Tamil Nadu

Total employment: 1,796

Products: Endeavour, Fiesta, Fusion, IKON

Year opened: 1999

Plant size (sq ft): 830,716

Site size: 350 acres

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## Japan

### **Assembly Plants**

#### **Hiroshima Plant - Plant 1 (U1)**

Ujina District

Products: Mazda2, Verisa, MX-5, MPV, RX-8, E-Series (Bongo Van, Bongo Brawny Van, Bongo Brawny Friendee), J-80 Van

Year opened: 1966

#### **Hiroshima Plant - Plant 2 (U2)**

Ujina District

Products: Mazda3, Mazda5, CX-7

Year opened: 1972

#### **Hofu Plant - Plant 1 (H1)**

Nishinoura District

Products: Mazda3

Year opened: 1982

#### **Hofu Plant - Plant 2 (H2)**

Nishinoura District

Products: Mazda3, Mazda6  
Year opened: 1992

### Engine Plants

#### Hiroshima Plant - Engine Plant

Headquarter District  
Products: Reciprocating engines (1.3L-1.6L)  
Year opened: 1931

#### Hiroshima Plant - Engine Plant

Ujina District  
Products: Reciprocating engines (1.8L-2.3L), diesel engines, rotary engines  
Year opened: 1964

#### Miyoshi Plant

Miyoshi  
Products: Reciprocating engines, diesel engines  
Year opened: 1974  
Plant size (sq m): 1,667,000 (including Prouvong Ground)

### Transmission Plants

#### Hiroshima Plant - Transmission Plant

Headquarter District  
Products: Manual transmission  
Year opened: 1931

#### Hofu Plant - Transmission Plant

Nakanoeseki District  
Products: Automatic transmissions, manual transmissions  
Year opened: 1981  
Plant size (sq m): 537,000

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## Malaysia

### Assembly Plants

#### Ford Malaysia Sdn Bhd *(Joint venture – 49% Ford/51% Tractors Malaysia)*

Selangor  
Total employment: 705  
Products: BMW 3, BMW 5, Ford Econovan, Ford Everest, Ford Focus, Ford Ranger, Land Rover Defender, Mazda BT-50, Scania  
Year opened: 1967  
Plant size (sq ft): 387,552  
Site size: 16 acres

#### Swedish Motor Assembly

Kuala Lumpur  
Products: Volvo Car S40, V40, S60, S80, XC90; Volvo Truck FM9 and FM 12; Volvo Bus B7R, Landrover Discovery, Daihatsu Pick-up Hijet and painting of MB S-class  
Year opened: 1967  
Plant size (sq ft): 274,930

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## Philippines

### Assembly Plants

#### Ford Motor Company Philippines

Santa Rosa, Laguna  
Total employment: 727  
Products: Ford Focus, Mazda Tribute, Mazda3, Ford Escape  
Year opened: 1999  
Plant size (sq ft): 325,000  
Site size: 53 acres

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## Taiwan

### Assembly Plants

#### Ford Lio Ho Motor Co Ltd *(Joint venture – 70% Ford/30% Lio Ho Group)*

Chung Li  
Total employment: 1,732  
Products: Ford Escape, Ford Focus, Mazda3, Ford Econovan, Ford MAV, Ford Mondeo, Ford Pronto, Ford Tierra, Ford Tierra Activa

Year opened: 1972  
Plant size (sq ft): 3,759,715  
Site size: 86 acres

### Engine Plants

#### **Ford Lio Ho Engine** *(Joint venture 70% Ford/30% Lio Ho Group)*

Taoyuan  
Total employment: 1,732  
Products: Ford Escape, Ford Focus, Mazda3, Ford Econovan, Ford MAV, Ford Mondeo, Ford Pronto, Ford Tierra, Ford Tierra Activa, Mazda Bongo, Mazda Isamu, Mazda Premacy, Mazda Tribute  
Year opened: 1972  
Plant size (sq ft): 3,759,715  
Site size: 86 acres

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## Thailand

### Assembly Plants

#### **AutoAlliance (Thailand) Co Ltd**

Pleukdang  
Total employment: 2,307  
Products: Ford Everest, Ford Ranger, Mazda BT-50  
Year opened: 1998  
Plant size (sq ft): 1,130,000

#### **Thai-Swedish Assembly – Volvo** *(Joint venture 56% Volvo/44% Swedish Motor)*

Samutprakarn  
Products: Volvo S/V40, S60, S80, V70, XC70, XC90, LR and truck bus  
Year opened: 1976  
Plant size (sq ft): 262,648

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## Vietnam

### Assembly Plants

#### **Hai Duong Assembly Factory – Ford Vietnam** *(Joint venture – 75% Ford/25% Song Cong Diesel)*

Hai Duong  
Total employment: 479  
Products: Ford Escape, Ford Everest, Ford Mondeo, Ford Ranger, Ford Focus, Ford Transit  
Year opened: 1997  
Plant size (sq ft): 111,945  
Site size: 74 acres


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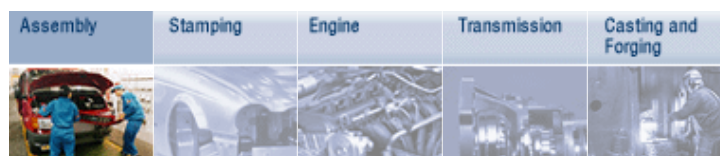
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Ford produces passenger cars, trucks, engines, transmissions, castings and forgings, and metal stampings of all kinds at its 110 wholly owned, equity-owned and joint venture plants.



### Assembly Plants

(Listed in alphabetical order)

#### Aston Martin Gaydon

Gaydon (United Kingdom)  
 Total employment: 1,500  
 Products: DB9 Coupe and Volante, V8 Vantage  
 Year opened: 2003  
 Plant size (sq ft): 467,520

#### Aston Martin Newport Pagnell

Bucks (Great Britain)  
 Total employment: 283  
 Products: Vanquish S  
 Year opened: 1954  
 Plant size (sq ft): 181,048  
 Site size: 9 acres

#### Atlanta Plant

Hapeville, Georgia (United States)  
 Total employment: 2,152  
 Products: Ford Taurus and Mercury Sable  
 Year opened: 1947  
 Plant size (sq ft): 2,800,000  
 Site size: 128 acres

#### AutoAlliance (Thailand) Co Ltd

Pleukdang (Thailand)  
 Total employment: 2,307  
 Products: Ford Everest, Ford Ranger, Mazda BT-50  
 Year opened: 1998  
 Plant size (sq ft): 1,130,000

#### AutoAlliance International, Inc

Flat Rock, Michigan (United States)  
 Total employment: 3,620  
 Products: Ford Mustang, Mazda6, Classic Mustang, Mercury Cougar  
 Year opened: 1987  
 Plant size (sq ft): 2,700,000  
 Site size: 400 acres

#### Blue Diamond Truck Company LLC *(Joint venture – 50% Navistar International Corp./50% Ford Motor Company)*

Escobedo (Mexico)  
 Products: Medium commercial trucks, International Truck and Engine Company Class 8 Trucks  
 Year opened: 2002  
 Plant size (sq ft): 800,000

**Broadmeadows Assembly Plant**

Campbellfield, Victoria (Australia)

Total employment: 2,088

Products: BA Falcon MK II range, Fairlane, LTD range, Territory, Ford Fairlane, Ford Falcon, Ford Falcon Ute, Ford LTD, Ford Territory

Year opened: 1959

Plant size (sq ft): 1,937,503

Site size: 44 acres

**Castle Bromwich Assembly – Jaguar**

Birmingham (United Kingdom)

Total employment: 2,330

Products: Jaguar XK & XJ painted bodysells, S-Type Saloon complete

Year opened: 1980

Plant size (sq ft): 2,500,000

**Changan Ford Mazda Automobile Company (Joint venture)**

Chongqing (China)

Total employment: 2,385

Products: Ford Fiesta, Ford Mondeo 2.0L, Mondeo 2.5L V6, Ford Mondeo, Focus, Mazda3, Volvo S40

Year opened: 2001

Site size: 122 acres

**Chicago Assembly Plant**

Chicago, Illinois (United States)

Total employment: 2,831

Products: Ford Five Hundred, Ford Freestyle, Mercury Montego, Armored Cars, Elite, Fairlane, Galaxie 500, Reconnaissance Vehicles, Torino, Classic Thunderbird, Concept (MY) Mercury, Ford LTD, Mercury Cougar, Mercury Grand Marquis

Year opened: 1924

Plant size (sq ft): 2,828,263

Site size: 113 acres

**Cologne Body & Assembly**

Cologne (Germany)

Total employment: 4,222

Products: Ford Fiesta 3 door, Ford Fiesta 5 door, Ford Fusion

Year opened: 1931

Plant size (sq ft): 2,499,746

Site size: 69 acres

**Cuautitlan Assembly**

Cuautitlan (Mexico)

Products: Ford F-150, F-250, F-350 and F-450 trucks, Fiesta and IKON

Year opened: 1970

Plant size (sq ft): 2,034,369

**Dearborn Tool and Die**

Dearborn, Michigan (United States)

Total employment: 480

Year opened: 1939

Plant size (sq ft): 375,000

Site size: 9 acres

**Dearborn Truck Plant**

Dearborn, Michigan (United States)

Total employment: 2,800

Products: Ford F-150, Lincoln Mark LT pickups

Year opened: 2004

Plant size (sq ft): 2,300,000

Site size: 600 acres

**Ford India Private Limited**

Tamil Nadu (India)

Total employment: 1,796

Products: Endeavour, Fiesta, Fusion, IKON

Year opened: 1999

Plant size (sq ft): 830,716

Site size: 350 acres

**Ford Lio Ho Motor Co Ltd (Joint venture – 70% Ford/30% Lio Ho Group)**

Chung Li (Taiwan)

Total employment: 1,732

Products: Ford Escape, Ford Focus, Mazda3, Ford Econovan, Ford MAV, Ford Mondeo, Ford Pronto, Ford Tierra, Ford Tierra Activa

Year opened: 1972

Plant size (sq ft): 3,759,715

Site size: 86 acres

**Ford Malaysia Sdn Bhd** (*Joint venture – 49% Ford/51% Tractors Malaysia*)

Selangor (Malaysia)

Total employment: 705

Products: BMW 3, BMW 5, Ford Econovan, Ford Everest, Ford Focus, Ford Ranger, Land Rover Defender, Mazda BT-50, Scania

Year opened: 1967

Plant size (sq ft): 387,552

Site size: 16 acres

**Ford Motor Company of Southern Africa** (*Joint venture – 90% Ford/10% Anglo-American*)

Pretoria (South Africa)

Total employment: 3,150

Products: Ford Bantam, Ford Ikon, Ford Ranger, Mazda Drifter, Mazda3, Volvo S40, Ford Fiesta, Ford Mondeo, Jaguar passenger cars, Mazda MX-5, Mazda RX-8, Mazda6, Volvo passenger cars, Concept (MY) Mercury

Year opened: 1968

Plant size (sq ft): 1,689,320

Site size: 289 acres

**Ford Motor Company Philippines**

Santa Rosa, Laguna (Philippines)

Total employment: 727

Products: Ford Focus, Mazda Tribute, Mazda3, Ford Escape

Year opened: 1999

Plant size (sq ft): 325,000

Site size: 53 acres

**Ford Motor Company ZAO**

St Petersburg (Russian Federation)

Total employment: 1,571

Products: Ford Focus

Year opened: 2002

Plant size (sq ft): 387,360

Site size: 64,246 acres

**Ford Nordeste Industrial Complex**

Bahia (Brazil)

Products: PVW 175-Courier

Year opened: 2002

Plant size (sq ft): 700,000

**Ford Otosan Kocaeli Plant** (*Joint venture – 41% Ford/41% Koc Holding/18% public*)

Kocaeli (Turkey)

Total employment: 6,199

Products: Transit, Transit Connect

Year opened: 2001

Plant size (sq ft): 3,444,451

**Geelong Chassis Components**

Geelong, Victoria (Australia)

**Genk Body and Assembly**

Genk (Belgium)

Total employment: 5,631

Products: Ford Mondeo, Ford Galaxy, Ford S-MAX

Year opened: 1964

Plant size (sq ft): 6,792,027

Site size: 345 acres

**Hai Duong Assembly Factory – Ford Vietnam** (*Joint venture – 75% Ford/25% Song Cong Diesel*)

Hai Duong (Vietnam)

Total employment: 479

Products: Ford Escape, Ford Everest, Ford Mondeo, Ford Ranger, Ford Focus, Ford Transit

Year opened: 1997

Plant size (sq ft): 111,945

Site size: 74 acres

**Halewood Assembly Plant UK – Jaguar**

Halewood, Liverpool (United Kingdom)

Products: Jaguar X-Type

Year opened: 1962

Plant size (sq ft): 3,263,104

**Hermosillo Stamping and Assembly**

Hermosillo, Sonora (Mexico)

Total employment: 1,799

Products: Ford Escort 4-door, Focus ZX3, ZX5 and Focus SVT

Year opened: 1986  
Plant size: 1,650,307  
Site size: 279 acres

**Hiroshima Plant - Plant 1 (U1)**

Ujina District (Japan)  
Products: Mazda2, Verisa, MX-5, MPV, RX-8, E-Series (Bongo Van, Bongo Brawny Van, Bongo Brawny Friendee), J-80 Van  
Year opened: 1966

**Hiroshima Plant - Plant 2 (U2)**

Ujina District (Japan)  
Products: Mazda3, Mazda5, CX-7  
Year opened: 1972

**Hofu Plant - Plant 1 (H1)**

Nishinoura District (Japan)  
Products: Mazda3  
Year opened: 1982

**Hofu Plant - Plant 2 (H2)**

Nishinoura District (Japan)  
Products: Mazda3, Mazda6  
Year opened: 1992

**Jiangling Motors Co Ltd** (*Joint partnership*)

Jiangxi (China)  
Total employment: 6,961  
Products: JMC Light Truck, JMC Pickup, JMC SUV, VE83 Transit  
Year opened: 1968  
Plant size (sq ft): 7,336,194  
Site size: 334 acres  
*Note: Ford has 30% equity*

**Kansas City Assembly Plant**

Claycomo, Missouri (United States)  
Total employment: 5,455  
Products: Ford Escape, Ford Escape Hybrid, Mazda Tribute, Ford F-Series, Fairlane, Concept Blackwood, Ford Fairmont, Ford Falcon, Ford Harley Davidson F-150  
Year opened: 1957  
Plant size (sq ft): 4,734,765  
Site size: 1,269 acres

**Kentucky Truck Plant**

Louisville, Kentucky (United States)  
Total employment: 5,656  
Products: F-250-F-550, Ford Excursion, Super Duty pickups  
Year opened: 1969  
Plant size (sq ft): 4,626,490  
Site size: 416 acres

**Land Rover Solihull Assembly**

Solihull, West Midlands (United Kingdom)  
Total employment: 7,913  
Products: Defender, Discovery 3, Freelander, Range Rover O6MY, Range Rover Sport  
Year opened: 1948  
Plant size (sq ft): 595,000  
Site size: 308 acres

**Louisville Assembly Plant**

Louisville, Kentucky (United States)  
Total employment: 3,447  
Products: Ford Explorer, Mercury Mountaineer, Concept Explorer Sport Trac  
Year opened: 1953  
Plant size (sq ft): 3,154,173  
Site size: 180 acres

**Michigan Truck Plant**

Wayne, Michigan (United States)  
Total employment: 3,400  
Products: Ford Expedition, Lincoln Navigator  
Year opened: 1957  
Plant size (sq ft): 2,866,000

**New Model Programs Development Center**

Allen Park, Michigan (United States)  
Total employment: 3,400  
Products: Prototype builds  
Year opened: 1992  
Plant size (sq ft): 420,000

**Newport Pagnell Assembly – Aston Martin Lagonda**

Newport Pagnell (United Kingdom)  
Products: V12 Vanquish  
Year opened: 1954  
Plant size (sq ft): 564,000

**Norfolk Assembly Plant**

Norfolk, Virginia (United States)  
Total employment: 2,611  
Products: Ford F-150  
Year opened: 1925  
Plant size (sq ft): 2,800,000  
Site size: 93 acres

**Oakville Assembly**

Oakville, Ontario (Canada)  
Total employment: 3,557  
Products: Ford Freestar, Mercury Monterey, Escort, Ford Falcon, Lynx, Maverick, Tempo, Topaz, Torino, Ford Crown Victoria, Ford Econoline, Ford Windstar  
Year opened: 1953  
Plant size (sq ft): 3,873,673  
Site size: 487 acres

**Ohio Assembly Plant**

Avon Lake, Ohio (United States)  
Total employment: 2,159  
Products: Ford E-Series, Mercury Mariner  
Year opened: 1974  
Plant size (sq ft): 3,700,000  
Site size: 419 acres

**Ontario Truck Assembly**

Oakville, Ontario (Canada)  
Products: Ford F-150 (including bi-fuel and CNG) and SVT Lightning  
Year opened: 1965  
Plant size (sq ft): 3,009,281

**Pacheco Stamping and Assembly**

Buenos Aires (Argentina)  
Total employment:  
Products: Ford Escort, Escort Wagon, Focus, and Ranger and body panels  
Year opened: 1961  
Plant size: 1,758,822

**Saarlouis Body & Assembly Plant**

Saarlouis (Germany)  
Total employment: 6,315  
Products: Ford Focus, Ford Focus C-MAX  
Year opened: 1970  
Plant size (sq ft): 3,100,000  
Site size: 296 acres

**São Bernardo Assembly**

São Paulo (Brazil)  
Products: Ford Courier, Fiesta, Ka, F-250, F-350 and F-4000  
Year opened: 1967  
Plant size (sq ft): 4,391,675

**Southampton Body and Assembly**

Southampton (United Kingdom)  
Total employment: 3,360  
Products: Short and medium wheelbase Ford Transit commercial vehicles  
Year opened: 1972  
Plant size (sq ft): 1,300,000  
Site size: 41 acres

**St Louis Assembly Plant**

Hazelwood, Missouri (United States)  
Total employment: 1,742  
Products: Explorer LHD & RHD for export, Ford Explorer, Lincoln Aviator, Mercury Mountaineer, Ford Crown Victoria, Mercury Grand Marquis  
Year opened: 1948  
Plant size (sq ft): 3,176,080  
Site size: 161 acres

**St Thomas Assembly**

St Thomas, Ontario (Canada)  
Total employment: 2,578  
Products: Ford Crown Victoria, Mercury Grand Marquis, Crown Victoria, Grand Marquis – 1984–present, Escort, Lynx – 1981–1984, EXP. LN7 – 1981–1983, Ford

Fairmont & Mercury Zephyr – 1977–1980, Marauder – 2002–2004, Maverick – 1969–1973, Pinto 1973–1977

Year opened: 1967

Plant size (sq ft): 2,600,000

#### **Swedish Motor Assembly**

Kuala Lumpur (Malaysia)

Products: Volvo Car S40, V40, S60, S80, XC90; Volvo Truck FM9 and FM 12; Volvo Bus B7R, Landrover Discovery, Daihatsu Pick-up Hijet and painting of MB S-class

Year opened: 1967

Plant size (sq ft): 274,930

#### **Taubate Chassis**

Taubate, São Paulo (Brazil)

#### **Thai-Swedish Assembly – Volvo** (*Joint venture 56% Volvo/44% Swedish Motor*)

Samutprakarn (Thailand)

Products: Volvo S/V40, S60, S80, V70, XC70, XC90, LR and truck bus

Year opened: 1976

Plant size (sq ft): 262,648

#### **Twin Cities Assembly Plant**

St Paul, Minnesota (United States)

Total employment: 1,965

Products: 4-Door, Regular Cab, SuperCab, Ford Ranger, Ford LTD, Ford Crown Victoria, Ford F-Series

Year opened: 1925

Plant size (sq ft): 2,144,932

Site size: 148 acres

#### **Valencia Body and Assembly**

Valencia (Spain)

Total employment: 6,549

Products: Fiesta, Focus, Mazda2

Year opened: 1976

Plant size (sq ft): 29,404,516 (Includes Valencia Engine #1 and #2)

Site size: 270 acres

#### **Volvo Car Plant – Volvo** (*joint venture – 40% Volvo/60% Pininfarina SpA of Italy*)

Uddevalla (Sweden)

Products: Volvo C70 Convertible

Year opened: 1995

Plant size (sq ft): 1,622,572

#### **Volvo Cars**

Ghent (Belgium)

Total employment: 5,316

Products: S60, V50, V70, Volvo S40

Year opened: 1965

Plant size (sq ft): 3,317,000

Site size: 117 acres

#### **Volvo Cars Body Components**

Total employment: 2,789

Products: body components, body sides, doors, hoods

Plant size (sq ft): 2,974,600

Site size: 72 acres

#### **Volvo Cars Torlanda**

Göthenburg (Sweden)

Total employment: 5,306

#### **Wayne Stamping & Assembly**

Wayne, Michigan (United States)

Products: Ford Focus (4-door and wagon)

Year opened: 1952

Plant size (sq ft): 3,503,800

#### **Wixom Assembly**

Wixom, Michigan (United States)

Products: Lincoln Town Car, LS and Ford Thunderbird

Year opened: 1957

Plant size (sq ft): 4,700,000

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## Global Operations

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Ford produces passenger cars, trucks, engines, transmissions, castings and forgings, and metal stampings of all kinds at its 110 wholly owned, equity-owned and joint venture plants.



### Stamping Plants

(Listed in alphabetical order)

#### Buffalo Stamping Plant

Buffalo, New York (United States)

Total employment: 1,586

Products: 2005 center floor pan, 2005 front floor pan, 2005 rear floor pan, body sides, front doors, quarter panels, rear doors, roofs

Year opened: 1950

Plant size (sq ft): 2,446,347

Site size: 118 acres

#### Chicago Stamping Plant

Chicago, Illinois (United States)

Total employment: 1,592

Products: body panels, Expedition – hood, Ford 500, Ford Freestyle, Lincoln – Mercury, PHN 131 – hood & underbody, Ford Taurus, Ford Explorer, Ford Ranger, Ford Windstar, Mercury Sable

Year opened: 1956

Plant size (sq ft): 2,040,220

Site size: 136 acres

#### Cologne Tool & Die

Cologne (Germany)

Total employment: 1,062

Products: stamping dies, fixtures, jigs, soft tooling and die repairs for all Ford vehicles

Year opened: 1963

Plant size (sq ft): 364,025

Site size: 13 acres

#### Dagenham Stamping Operations

Dagenham, Essex (United Kingdom)

Total employment: 1,023

Products: panels, subassemblies, wheels

Year opened: 1957

Plant size (sq ft): 157,000

Site size: 473 acres

#### Dearborn Frame

Dearborn, Michigan (United States)

Products: Frames, subframes, cross members, quarter panels and wheel house panels

Year opened: 1946

Plant size (sq ft): 816,200

#### Dearborn Stamping

Dearborn, Michigan (United States)

Total employment: 863

Products: Ford Mustang, Ford P221 Body and underbody panels

Year opened: 1939  
Plant size (sq ft): 2,000,000  
Site size: 35 acres

**Dearborn Tool & Die**

Dearborn, Michigan (United States)  
Products: Stamping dies  
Year opened: 1939  
Plant size (sq ft): 367,500

**Geelong Stamping**

Geelong, Victoria (Australia)  
Products: Falcon family body stampings, welded subassemblies and steel press tools  
Year opened: 1926  
Plant size (sq ft): 1,271,646  
*Note: Includes Geelong Aluminum*

**Maumee Stamping**

Maumee, Ohio (United States)  
Products: Body panels (steel, plastic and aluminum)  
Year opened: 1974  
Plant size (sq ft): 803,000

**Volvo Body Components – Volvo**

Olofström (Sweden)  
Products: VCC products S80, V70, C70, S60, S/V40, XC90 and cabs for VTC  
Year opened: 1969  
Plant size (sq ft): 2,647,352

**Walton Hills Stamping**

Walton Hills, Ohio (United States)  
Total employment: 929  
Products: body side panels, deck lids, doors, fenders, floor pans  
Year opened: 1954  
Plant size (sq ft): 1,100,000  
Site size: 111 acres

**Woodhaven Stamping Plant**

Woodhaven, Michigan (United States)  
Total employment: 1,900  
Products: bumper reinforcements, door panels, fenders, panels, roofs and tailgates, truck body sides  
Year opened: 1964  
Plant size (sq ft): 2,720,000


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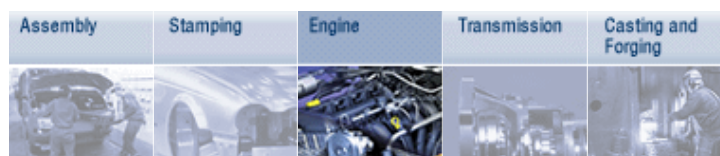
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## Global Operations

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Ford produces passenger cars, trucks, engines, transmissions, castings and forgings, and metal stampings of all kinds at its 110 wholly owned, equity-owned and joint venture plants.



### Engine Plants

(Listed in alphabetical order)

#### Bridgend Engine Plant

Bridgend, Mid-Glamorgan (United Kingdom)  
 Total employment: 1,581  
 Products: 1.25-liter Zetec-SE petrol engine, 1.4 and 1.6-liter Zetec-SE petrol engine, 3.5, 4.2 and 4.4-liter V8  
 Year opened: 1980  
 Plant size (sq ft): 1,525,320

#### Chihuahua Engine

Chihuahua (Mexico)  
 Total employment: 772  
 Products: Duratec engine, Zetec engine  
 Year opened: 1983  
 Plant size (sq ft): 1,102,000  
 Site size: 247 acres

#### Cleveland Engine Plant 1

Cleveland, Ohio (United States)  
 Total employment: 1,030  
 Products: 3.0L Duratec  
 Year opened: 1951  
 Plant size (sq ft): 1,980,000  
 Site size: 204 acres

#### Cleveland Engine Plant 2

Brook Park, Ohio (United States)  
 Total employment: 1,317  
 Products: 2.0L Duratec engine, 2.49L Duratec engine, 3.0L V-6 DAMB engines, 3.0L V-6 Duratec engine, engine components  
 Year opened: 1955  
 Plant size (sq ft): 1,400,000

#### Cologne Engine

Cologne (Germany)  
 Total employment: 1,380  
 Products: 4.0L V-6 SOHC, 4.3L V8, 6.0L V12  
 Year opened: 1962  
 Plant size (sq ft): 1,449,651  
 Site size: 44 acres

#### Dagenham Engine Plant

Dagenham, Essex (United Kingdom)  
 Total employment: 1,914  
 Products: 1.8-liter diesel engine, 2.0-liter diesel engine, 2.3-liter, 2.4-liter, 2.7 liter diesel engines  
 Year opened: 1931

Plant size (sq ft): 2,718,305

#### **Dearborn Engine and Fuel Tank**

Dearborn, Michigan (United States)

Total employment: 909

Products: 2.3-liter I-4 and 2.0-liter SPI engines and steel fuel tanks, 2.3-liter I-4: Ford Ranger, 2.0-liter SPI: Ford Focus

Year opened: 1941

Plant size (sq ft): 2,327,000

#### **Essex Engine**

Windsor, Ontario (Canada)

Total employment: 1,188

Products: 3.9+4.2L V6 engines, 5.4L 3Valve V8 engines, V8 cylinder blocks and crankshafts for Triton 5.4L engines

Year opened: 1981

Plant size (sq ft): 1,900,000

Site size: 260 acres

#### **Ford Lio Ho Engine** (*Joint venture 70% Ford/30% Lio Ho Group*)

Taoyuan (Taiwan)

Total employment: 1,732

Products: Ford Escape, Ford Focus, Mazda3, Ford Econovan, Ford MAV, Ford Mondeo, Ford Pronto, Ford Tierra, Ford Tierra Activa, Mazda Bongo, Mazda Isamu, Mazda Premacy, Mazda Tribute

Year opened: 1972

Plant size (sq ft): 3,759,715

Site size: 86 acres

#### **Ford Motor Company of Southern Africa Engine Plant**

Port Elizabeth (South Africa)

Total employment: 936

Products: J97 4.0l V6 (engine dress), RoCam 1.3 & 1.6, connecting rods, crankshafts, cylinder heads, exhaust manifolds, flywheels, manufacture Rocam cylinder block

Year opened: 1963

Plant size (sq ft): 430,000

Site size: 31 acres

#### **Ford Otosan Engine**

Inönü (Turkey)

Total employment: 1,510

Products: Cargo truck, Cargo engine (NHDD), Transit front corner, Transit Puma engine, Transit rear axle, Transit transmission

Year opened: 1982

Plant size (sq ft): 679,826

Site size: 271 acres

#### **Geelong Chassis Components**

Geelong, Victoria (Australia)

Products: Machine cylinder heads, suspension arms and brake rotors

Year opened: 1983

Plant size (sq ft): 263,369

#### **Geelong Engine**

Geelong, Victoria (Australia)

Products: I-6 engines, I-6: Ford Falcon, Fairlane and LTD

Year opened: 1926

Plant size (sq ft): 247,644

#### **Hiroshima Plant - Engine Plant**

Headquarter District (Japan)

Products: Reciprocating engines (1.3L-1.6L)

Year opened: 1931

#### **Hiroshima Plant - Engine Plant**

Ujina District (Japan)

Products: Reciprocating engines (1.8L-2.3L), diesel engines, rotary engines

Year opened: 1964

#### **Lima Engine Plant**

Lima, Ohio (United States)

Total employment: 1,290

Products: 3.0L V/6 engine, 3.9L V/8 engine, D-30 crankshaft, D-30 head

Year opened: 1957

Plant size (sq ft): 2,424,360

#### **Miyoshi Plant**

Miyoshi (Japan)

Products: Reciprocating engines, diesel engines

Year opened: 1974  
Plant size (sq m): 1,667,000 (including Prouvong Ground)

#### **Romeo Engine Plant**

Romeo, Michigan (United States)  
Total employment: 1,518  
Products: 3-valve V-8 engines, 4.6L 2-valve, 4.6L 4-valve V-8 engines, 5.4L 4-valve supercharged engines  
Year opened: 1973  
Plant size (sq ft): 2,043,778  
Site size: 268 acres

#### **Sharonville Engine Plant**

Cincinnati, Ohio (United States)  
Total employment: 1,936  
Products: 4R100, 5R110W and 5R55S transmissions, 4R75W torque converters, FN and CD4E components  
Year opened: 1958  
Plant size (sq ft) 2,421,000  
Site size: 182 acres

#### **Taubate Engine**

Taubate, São Paulo (Brazil)  
Products: Zetec Rocam Engines, 1.0-liter 4-cyl. SOHC: Ford Fiesta and Ka, 1.6-liter 4-cyl. SOHC: Ford Fiesta and Ka  
Year opened: 1974  
Plant size (sq ft): 92,880

#### **Valencia Engine Plant**

Valencia (Spain)  
Total employment: 493  
Products: Duratec-HE  
Year opened: 1976  
Site size: 270 acres

#### **Valencia Engine #1**

Valencia (Spain)  
Products: 1.3-liter EFI Endura-E and 1.3-liter CFI-HCS engines, 1.3-liter EFI Endura-E: Ford Fiesta, Ka and IKON, 1.3-liter 4-cyl. CFI-HCS: Industrial Applications  
Year opened: 1976  
Plant size (sq ft): 871,560

#### **Valencia Engine #2**

Valencia (Spain)  
Products: 1.25-liter Zetec-SE engines, 1.25-liter 4-cyl. Zetec-SE: Ford Fiesta  
Year opened: 1995  
Plant size (sq ft): 494,960

#### **Volvo Car Corporation, Engine**

Skövde (Sweden)  
Total employment: 1,423  
Products: 5 cylinder inline diesel engines, 5-cylinder petrol engine, 6-cylinder petrol engine  
Year opened: 1990  
Plant size (sq ft): 1,184,030  
Site size: 75 acres

#### **Windsor Engine**

Windsor, Ontario (Canada)  
Products: 4.6-liter, 5.4-liter V-8 and 6.8-liter V-10 Triton engines  
Year opened: 1923  
Plant size (sq ft): 1,200,000

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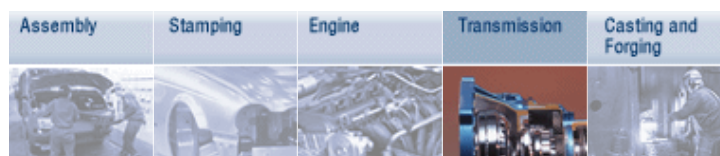
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### Transmission Plants

(Listed in alphabetical order)

#### **Batavia Transmission LLC** *(Joint venture 49% Ford/51% Friedrichshafen AG)*

Batavia, Ohio (United States)  
 Total employment: 1,745  
 Products: CD4E transaxles, CFT23 transaxles, CFT30 transaxles  
 Year opened: 1980  
 Plant size (sq ft): 1,800,000  
 Site size: 250 acres

#### **Bordeaux Automatic Transmission Plant**

Blanquefort (France)  
 Total employment: 2,401  
 Products: 5R55E/S RWD, 5R55N  
 Year opened: 1973  
 Plant size (sq ft): 1,388,471  
 Site size: 44 acres

#### **Bordeaux Transaxle Plant** *(joint venture – 50% Ford/50% Getrag)*

Blanquefort (France)  
 Total employment: 947  
 Products: IB5 transaxles  
 Year opened: 1976  
 Plant size (sq ft): 622,013  
 Site size: 50 acres

#### **Cologne Transmissions** *(joint venture – 50% Ford/50% Getrag)*

Cologne (Germany)  
 Total employment: 1,389  
 Products: M56/M58 and M66 (Volvo MT), MMT6 transmissions, MTX75 and VXT75  
 Year opened: 1930  
 Plant size (sq ft): 1,091,352

#### **Halewood Transmission Plant** *(joint venture – 50% Ford/50% Getrag)*

Halewood, Liverpool (United Kingdom)  
 Total employment: 698  
 Products: IB5 transaxle, MT75 and MT82 transmissions  
 Year opened: 1964  
 Plant size (sq ft): 1,247,548  
 Site size: 55 acres

#### **Hiroshima Plant - Transmission Plant**

Headquarter District (Japan)  
 Products: Manual transmission  
 Year opened: 1931

#### **Hofu Plant - Transmission Plant**

Nakanoeseki District (Japan)

Products: Automatic transmissions, manual transmissions  
Year opened: 1981  
Plant size (sq m): 537,000

#### **Inönü Transmission**

Inönü (Turkey)  
Products: MT75 transmissions

#### **Livonia Transmission Plant**

Livonia, Michigan (United States)  
Total employment: 2,252  
Products: F-150, Ford Econoline, Ford Expedition  
Year opened: 1952  
Plant size (sq ft): 3,300,000  
Site size: 182 acres

#### **Sharonville Transmission**

Sharonville, Ohio (United States)  
Products: 4R100, 4R70W and 5R55S transmissions, 4R70W torque converters and FN and CD4E components, 4R100 Transmissions: Ford Econoline, Expedition and F-Series, and Lincoln Navigator and Blackwood, 4R70W Transmissions: Ford Crown Victoria, Lincoln Town Car; Mercury Grand Marquis, 5R55S Transmissions: Lincoln LS and Jaguar S-Type, 4R70W Torque Converters: Ford Crown Victoria, Econoline, Expedition, F-Series, Mustang, Lincoln Town Car, Mercury Mountaineer and Grand Marquis, CD4E Components: Escape, FN Components: Ford Focus  
Year opened: 1958  
Plant size (sq ft): 2,415,000

#### **Taubate Chassis**

Taubate, São Paulo (Brazil)  
Products: Chassis components for cars and trucks Zetec Engine Components, Components: Ford Fiesta and F-400  
Year opened: 1968  
Plant size (sq ft): 260,177

#### **Taubate Transmission**

Taubate, São Paulo (Brazil)  
Products: IB5 transmissions, IB5 Transmissions: Ford Fiesta, Ka, Focus and IKON  
Year opened: 1996  
Plant size (sq ft): 388,587

#### **Van Dyke Transmission Plant**


Sterling Heights, Michigan (United States)  
Total employment: 1,681  
Products: 22 stamping end items, 4F27E (FN) automatic transaxle, 4F50N (AX4FN) automatic transaxle, concept (MY) Mercury  
Year opened: 1968  
Plant size (sq ft): 1,960,371

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## Global Operations

[Geographical Directory](#) | **Manufacturing Plants by Type**

Ford produces passenger cars, trucks, engines, transmissions, castings and forgings, and metal stampings of all kinds at its 110 wholly owned, equity-owned and joint venture plants.



### Casting/Forging Aluminum Plants

(Listed in alphabetical order)

#### Cleveland Aluminum Casting Plant

Brook Park, Ohio (United States)  
 Products: Aluminum cylinder blocks  
 Year opened: 2000  
 Plant size (sq ft): 210,000

#### Cleveland Casting

Brook Park, Ohio (United States)  
 Products: Cylinder blocks and heads, crankshafts and bearing caps  
 Year opened: 1952  
 Plant size (sq ft): 2,100,000

#### Cologne Cast Plant

Cologne (Germany)  
 Total employment: 266  
 Products: transmission case automatic, transmission case manual, engine components

#### Dearborn Diversified Manufacturing Plant

Dearborn, Michigan (United States)  
 Total employment: 751  
 Products: chassis sub assemblies, frames, stampings, frames  
 Year opened: 1946  
 Plant size (sq ft): 1,000,000  
 Site size: 27 acres

#### Essex Aluminum (joint venture – 25% Ford/75% Nemak)

Windsor, Ontario (Canada)  
 Total employment: 955  
 Products: cylinder heads  
 Year opened: 1981  
 Plant size (sq ft): 500,000  
 Site size: 53 acres

#### Geelong Aluminum Casting

Geelong, Victoria (Australia)  
 Total employment:  
 Products: Aluminum cylinder heads, intake manifolds and structural oil pans  
 Year opened: 1986  
 Plant size (sq ft): 1,271,646  
*Note: Includes Geelong Stamping*

#### Geelong Iron Casting

Geelong, Victoria (Australia)  
 Products: I-6 engine blocks, camshafts, crankshafts, exhaust manifolds, bearing caps, disc brake rotors and flywheels

Year opened: 1972  
Plant size (sq ft): 250,000

**Leamington Foundry**

Leamington, Warwickshire (United Kingdom)  
Total employment: 407  
Products: castings including brake drums and discs  
Year opened: 1940  
Plant size (sq ft): 270,000  
Site size: 4 acres

**Metcon Casting**

Santa Fe Province (Argentina)  
Products: Iron castings  
Year opened: 1957  
Plant size (sq ft): 21,034

**Tekfor Cologne GmbH** (*joint venture – 50% Ford/50% Neumayer*)

Cologne (Germany)  
Total employment: 356  
Products: steel forgings

**Volvo Car Corporation – Floby**

Floby (Sweden)  
Products: Connecting rods to all engines produced at Volvo Cars Skövde plant, brake discs to all Volvo cars built at Volvo Cars Torslanda and Gent plants, hub modules to Volvo trucks  
Year opened: 1957  
Plant size (sq ft): 236,806

**Windsor Aluminum** (*Joint venture 25% Ford/75% Nemak*)

Windsor, Ontario (Canada)  
Products: 2.5-liter and 3.0-liter V-6 cylinder blocks and 3.9-liter and 4.6-liter V-8 cylinder blocks  
Year opened: 1992  
Plant size (sq ft): 314,000

**Windsor Casting**

Windsor, Ontario (Canada)  
Total employment: 686  
Products: cylinder blocks and crankshafts  
Year opened: 1934  
Plant size (sq ft): 500,000  
Site size: 22 acres

**Woodhaven Forging**

Woodhaven, Michigan (United States)  
Products: 5.4-liter V-8 and 6.8-liter V-10 steel crankshafts  
Year opened: 1995  
Plant size (sq ft): 75,000

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## Automotive Core and Affiliate Brands

Ford | [Lincoln](#) | [Mercury](#) | [Mazda](#)



<b>Dealers</b>	10,134
<b>Markets</b>	105
<b>Retail vehicle sales</b>	5,572,143
<b>Sales mix</b>	
North America	55%
Europe	27%
Asia-Pacific	7%
South America	6%
Rest of world	5%
<b>Customer assistance</b>	+1 (800) 392-3673 <a href="http://www.fordvehicles.com">www.fordvehicles.com</a>



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## Automotive Core and Affiliate Brands

[Ford](#) | **Lincoln** | [Mercury](#) | [Mazda](#)



<b>Dealers</b>	1,422
<b>Markets</b>	32
<b>Retail vehicle sales</b>	132,496

**Sales mix**



**Customer assistance** +1 (800) 521-4140  
[www.lincolnvehicles.com](http://www.lincolnvehicles.com)



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## Automotive Core and Affiliate Brands

[Ford](#) | [Lincoln](#) | **Mercury** | [Mazda](#)



<b>Dealers</b>	1,971
<b>Markets</b>	26
<b>Retail vehicle sales</b>	203,794

**Sales mix**



**Customer assistance** +1 (800) 521-4140  
[www.mercuryvehicles.com](http://www.mercuryvehicles.com)



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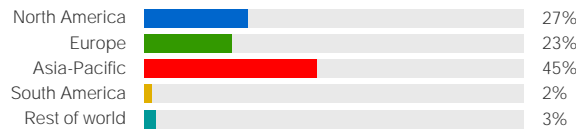
## Automotive Core and Affiliate Brands

[Ford](#) | [Lincoln](#) | [Mercury](#) | **Mazda**



<b>Dealers</b>	5,594
<b>Markets</b>	141
<b>Retail vehicle sales</b>	1,224,631*

**Sales mix**



**Customer assistance** +1 (800) 222-5500  
[www.mazdausa.com](http://www.mazdausa.com)  
[customerassistance@mazdausa.com](mailto:customerassistance@mazdausa.com)

\* As an unconsolidated subsidiary, Mazda sales are not consolidated into Ford Motor Company vehicle unit sales. Only vehicles built by Ford for Mazda are included in total Ford unit sales summaries.



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## Premier Automotive Group

**Aston Martin** | [Jaguar](#) | [Volvo](#) | [Land Rover](#)



### ASTON MARTIN

<b>Dealers</b>	125
<b>Markets</b>	29
<b>Retail vehicle sales</b>	4,400

<b>Sales mix</b>		
North America	<div style="width: 35%;"></div>	35%
Europe	<div style="width: 60%;"></div>	60%
Rest of world	<div style="width: 5%;"></div>	5%

**Customer assistance** +44 (1908) 610620  
[www.astonmartin.com](http://www.astonmartin.com)  
[enquiry@astonmartin.com](mailto:enquiry@astonmartin.com)



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## Premier Automotive Group

[Aston Martin](#) | **Jaguar** | [Volvo](#) | [Land Rover](#)



<b>Dealers</b>	880
<b>Markets</b>	68
<b>Retail vehicle sales</b>	89,802

<b>Sales mix</b>		
North America	<div style="width: 36%;"></div>	36%
Europe	<div style="width: 53%;"></div>	53%
Asia-Pacific	<div style="width: 7%;"></div>	7%
Rest of world	<div style="width: 4%;"></div>	4%

**Customer assistance** +1 (800) 452-4827  
[www.jaguar.com](http://www.jaguar.com)  
[jaguarowner@jaguar.com](mailto:jaguarowner@jaguar.com)



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## Premier Automotive Group

[Aston Martin](#) | [Jaguar](#) | **Volvo** | [Land Rover](#)


### VOLVO

<b>Dealers</b>	2,400
<b>Markets</b>	100
<b>Retail vehicle sales</b>	443,963


<b>Sales mix</b>		
North America		31%
Europe		57%
Asia-Pacific		7%
Rest of world		5%

<b>Customer assistance</b>	+1 (800) 458-1552 <a href="http://www.volvocars.com">www.volvocars.com</a> <a href="mailto:customer care@volvo.com">customer care@volvo.com</a>
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## Premier Automotive Group

[Aston Martin](#) | [Jaguar](#) | [Volvo](#) | **Land Rover**



<b>Dealers</b>	1,400
<b>Markets</b>	100
<b>Retail vehicle sales</b>	185,120
<b>Sales mix</b>	
North America	26%
Europe	60%
Asia-Pacific	7%
South America	2%
Rest of world	5%
<b>Customer assistance</b>	+1 (800) 637-6837 <a href="http://www.landrover.com">www.landrover.com</a> <a href="mailto:asklr@landrover.com">asklr@landrover.com</a>



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## Financial Services



### Ford Motor Credit Company

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#### Operations

Operations in 36 countries

Provides automotive financing for Ford, Lincoln, Mercury, Aston Martin, Jaguar, Land Rover, Mazda and Volvo dealers and customers

\$150 billion in managed receivables

Approximately 2.7 million vehicle financing contracts


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#### Customer assistance


+1 (800) 727-7000

[www.fordcredit.com](http://www.fordcredit.com)

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## Customer Services

**Genuine Parts & Service** | [Motorcraft](#) | [Genuine Accessories](#) | [Extended Service Plan](#) | [APCO](#)



### Operations

A total service experience for Ford, Lincoln and Mercury owners available only at Ford, Lincoln and Mercury dealerships – designed to deliver customer satisfaction and repeat purchase intent

Parts engineered to Ford Motor Company specifications


Technicians trained and certified specifically on Ford, Lincoln and Mercury vehicles

### Customer assistance


Ford/Mercury  
+1 (800) 392-3673

Lincoln  
+1 (800) 521-4140

[www.genuineservice.com](http://www.genuineservice.com)  
[www.customersaskford.com](http://www.customersaskford.com)

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## Customer Services

[Genuine Parts & Service](#) | **Motorcraft** | [Genuine Accessories](#) | [Extended Service Plan](#) | [APCO](#)



### Operations

### Motorcraft Parts

New and remanufactured parts designed, engineered and recommended by Ford Motor Company and available in Ford, Lincoln and Mercury franchised dealerships, Ford authorized distributors and thousands of major retail and repair locations

### Customer assistance

[www.motorcraft.com](http://www.motorcraft.com)

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## Customer Services

[Genuine Parts & Service](#) | [Motorcraft](#) | **Genuine Accessories** | [Extended Service Plan](#) | [APCO](#)



### Operations

### Genuine Ford Accessories

Wide variety of customer accessories designed to personalize Ford, Lincoln and Mercury vehicles

### Customer assistance

[www.fordaccessoriesstore.com](http://www.fordaccessoriesstore.com)  
[www.lincolnaccessories.com](http://www.lincolnaccessories.com)  
[www.mercuryaccessories.com](http://www.mercuryaccessories.com)

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## Customer Services

[Genuine Parts & Service](#) | [Motorcraft](#) | [Genuine Accessories](#) | **Extended Service Plan** | [APCO](#)



### Operations

#### Extended Service Business


Providing comprehensive vehicle service contract and maintenance programs

#### Ford Extended Service Plan (ESP)


Major customers include Ford, Lincoln and Mercury vehicle dealers, commercial customers and fleets of Ford Motor Company vehicles

### Customer assistance

ESP  
+1 (800) 521-4144  
[www.genuineservice.com](http://www.genuineservice.com)

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## Customer Services

[Genuine Parts & Service](#) | [Motorcraft](#) | [Genuine Accessories](#) | [Extended Service Plan](#) | **APCO**



<b>Operations</b>	<b>Automobile Protection Corporation (APCO)</b> Major customers include Mazda, Volvo, Jaguar and Land Rover vehicle dealers
<b>Customer assistance</b>	+1 (800) 538-4181 <a href="http://www.easycare.com">www.easycare.com</a>

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### Measuring Performance Against Our Business Principles

This table provides a snapshot of 2005 performance according to a set of key indicators. The table, detailed trend data and the performance sections of this Web report are all organized by Ford's Business Principles. We have followed this format since adopting the Principles in 2003 and beginning to [integrate them into our business systems](#).

Products and Customers	Environment	Community	Safety	Quality of Relationships	Financial Health
<b>We will offer excellent products and services.</b>					
Indicators we report on	2004	2005	Trend	More detail	
Initial quality (3 months in service), Ford Motor Company, U.S., problems/hundred	127	129	↘	<a href="#">▶</a>	
Vehicle dependability (4-5 years of ownership), Ford Motor Company, U.S., problems/hundred	275	232	↘	<a href="#">▶</a>	
Sales satisfaction with dealer/retailer, Ford brand, U.S., percent completely satisfied	78.0	80.0	↗	<a href="#">▶</a>	
Sales satisfaction with dealer/retailer, Ford brand, Europe, percent completely satisfied	72.0	74.0	↗	<a href="#">▶</a>	
Service satisfaction with dealer/retailer, Ford brand, U.S., percent completely satisfied	67.0	66.0	↘	<a href="#">▶</a>	
Service satisfaction with dealer/retailer, Ford brand, Europe, percent completely satisfied	57.0	58.0	↗	<a href="#">▶</a>	
Owner loyalty, Ford Motor Company, U.S., all brands, percent loyal to corporation	47.5	45.2	↘	<a href="#">▶</a>	
Owner loyalty, Ford Motor Company, Europe, all brands, percent loyal to corporation	48.0	50.0	↗	<a href="#">▶</a>	
First-time Ford Motor Company buyers, U.S., percent	9.7	10.7	↗	<a href="#">▶</a>	
First-time Ford brand buyers, Europe, percent	14.0	13.0	↘	<a href="#">▶</a>	
<a href="#">Full report for this Principle</a> ▶					
<b>Key to trends</b> ↗ Better than 2004    → Same as 2004    ↘ Worse than 2004					

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Products and Customers	Environment	Community	Safety	Quality of Relationships	Financial Health		
<b>We will respect the natural environment and help preserve it for future generations.</b>							
<b>Indicators we report on</b>							
			<b>2004</b>	<b>2005</b>	<b>Trend</b>	<b>More detail</b>	
			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 credits, miles per gallon	21.8	23.5	↗	➤
			Ford U.S. fleet CO <sub>2</sub> emissions, combined car and truck, grams per mile	386	368	↗	➤
			European CO <sub>2</sub> 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 <sub>2</sub> emissions, million metric tonnes	8.4	8.0	↗	➤
			Worldwide facility CO <sub>2</sub> 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	→	➤
<b>Full report for this Principle</b> ➤							
<b>Key to trends</b> ↗ Better than 2004   → Same as 2004   ↘ Worse than 2004							

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Products and Customers	Environment	Community	Safety	Quality of Relationships	Financial Health
<b>We will respect and contribute to the communities around the world in which we work.</b>					
<b>Indicators we report on</b>					
	<b>2004</b>	<b>2005</b>	<b>Trend</b>	<b>More detail</b>	
Ford Motor Company Fund contributions, \$ million	78	80	↗	<a href="#">▶</a>	
Corporate contributions, \$ million	33	29	↘	<a href="#">▶</a>	
<a href="#">Full report for this Principle</a> ▶					
<b>Key to trends</b> ↗ Better than 2004    → Same as 2004    ↘ Worse than 2004					

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Products and Customers	Environment	Community	Safety	Quality of Relationships	Financial Health
<b>We will protect the safety and health of those who make, distribute or use our products.</b>					
<b>Indicators we report on</b>					
<b>VEHICLE</b>					
Safety recalls, number per calendar year	2004	2005	Trend	More detail	
Safety recalls, number per calendar year	21	16	↗	▶	
<b>WORKPLACE</b>					
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	↘	▶	
<b>Full report for this Principle</b> ▶					
<b>Key to trends</b> ↗ Better than 2004                   → Same as 2004                   ↘ Worse than 2004					

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Products and Customers	Environment	Community	Safety	Quality of Relationships	Financial Health
<b>We will strive to earn the trust and respect of our investors, customers, dealers, employees, unions, business partners and society.</b>					
<b>Indicators we report on</b>					
	<b>2004</b>	<b>2005</b>	<b>Trend</b>	<b>More detail</b>	
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	→	▶	
<b>Full report for this Principle</b> ▶					
<b>Key to trends</b> ↗ Better than 2004    → Same as 2004    ↘ Worse than 2004					

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Overview

- Overview of this Report
- Bill Ford – Setting the Vision
- Tim O'Brien – Our Reporting Strategy
- Corporate Profile

2005 Performance

Highlights

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## 2005 Performance Highlights

### Measuring Performance Against Our Business Principles


This table provides a snapshot of 2005 performance according to a set of key indicators. The table, detailed trend data and the performance sections of this Web report are all organized by Ford's Business Principles. We have followed this format since adopting the Principles in 2003 and beginning [to integrate them into our business systems](#).

Products and Customers	Environment	Community	Safety	Quality of Relationships	Financial Health	
<b>We will make our decisions with proper regard to the long-term financial security of the Company.</b>						
Indicators we report on			2004	2005	Trend	More detail
Shareholder return, percent			(6)	(45)	↘	▶
Net income/(loss), \$ billion			3.5	2.0	↘	▶
<a href="#">Full report for this Principle</a> ▶						
<b>Key to trends</b> <span>↗ Better than 2004</span> <span>→ Same as 2004</span> <span>↘ Worse than 2004</span>						


**Our Impacts**

**About Our Impacts**

- [Our Value Chain and its Impacts](#)
- [Materiality Analysis](#)

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## Our Impacts

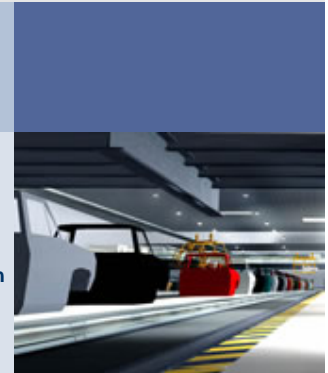
**As a major multinational enterprise, we recognize that our activities have far-reaching impacts on environmental, social and economic systems. We are working hard to foster the positive ones and address the negative. Environmentally, we are striving to improve efficiency, cut emissions and increase recyclability. Socially, we are seeking to develop our relationships with local communities. Economically, we are trying to meet our customers' needs as well as our stakeholders' expectations.**

### [Our Value Chain and its Impacts](#)

We have analyzed the most significant sustainability issues we face and the impacts they have at the various stages of our value chain. Some issues do not pertain to a particular lifecycle stage; a number of others apply across the whole value chain.

### [Materiality Analysis](#)

We have developed a screening tool to determine which sustainability issues in our value chain are the most material to Ford. We define these as issues that have significant current or potential impact on the Company, are of significant concern to stakeholders and over which Ford has a reasonable degree of control.



## Our Value Chain and its Impacts

As a major multinational enterprise, our activities have far-reaching impacts on environmental, social and economic systems. The diagram below organizes the issues by the major stages of our value chain. You will find a description of a "materiality analysis" we carried out to prioritize the most significant issues identified in our value chain.



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Some issues we identified as important are not shown in this diagram because they do not pertain to a particular lifecycle stage.

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### VALUE CHAIN ISSUES: OVERVIEW

A number of broad sustainability challenges set the context for all of the lifecycle stages. These issues apply across the value chain:

- Population growth
- Urbanization
- Poverty
- Education
- Gender equality
- Child mortality
- Maternal health
- Infectious diseases
- Biodiversity
- Loss of ecosystem services

Click the buttons at the left to see issues for each stage



### Expanding connections

We recognize that these issues are interconnected at each stage and that positive and negative effects in one part of the chain can reverberate in the other parts.


Increasingly, we are bringing our understanding of a wide range of sustainability issues into the stages of our value chain. Environmentally, we are improving our manufacturing efficiency, cutting the emissions of our vehicles, designing vehicles with end of life in mind and increasing the recyclability of our vehicles and our use of recycled materials. Socially, we seek to strengthen the communities we're part of, expand the connections within them and improve our relationships throughout the value chain. Economically, we are trying to build our capacity to adapt and respond to the variety of challenges and opportunities present at every stage, meeting our customers' needs as well as our stakeholders' expectations.

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## Materiality Analysis

**This report is intended to cover the sustainability issues we believe are most material to Ford.**



We define these issues as those that score highly on three criteria:

- Having significant current or potential impact on the Company
- Of significant concern to stakeholders
- Over which Ford has a reasonable degree of control

This report covers the issues determined to be most material according to an analysis conducted for our 2004/5 report. These issues are covered in the "[key topics](#)" section of this Web report. We also provide comprehensive information on our performance, including elements and indicators identified by the Global Reporting Initiative, organized by our business principles.


To identify and prioritize material issues, we followed a three-step process:

- [Identification of Material Business Issues](#)
- [Prioritization of Issues](#)
- [Review of Analysis](#)


The results of this analysis, showing our control or influence of issues, are represented in our [Materiality matrix](#). This analysis will be updated for our 2006/7 report.

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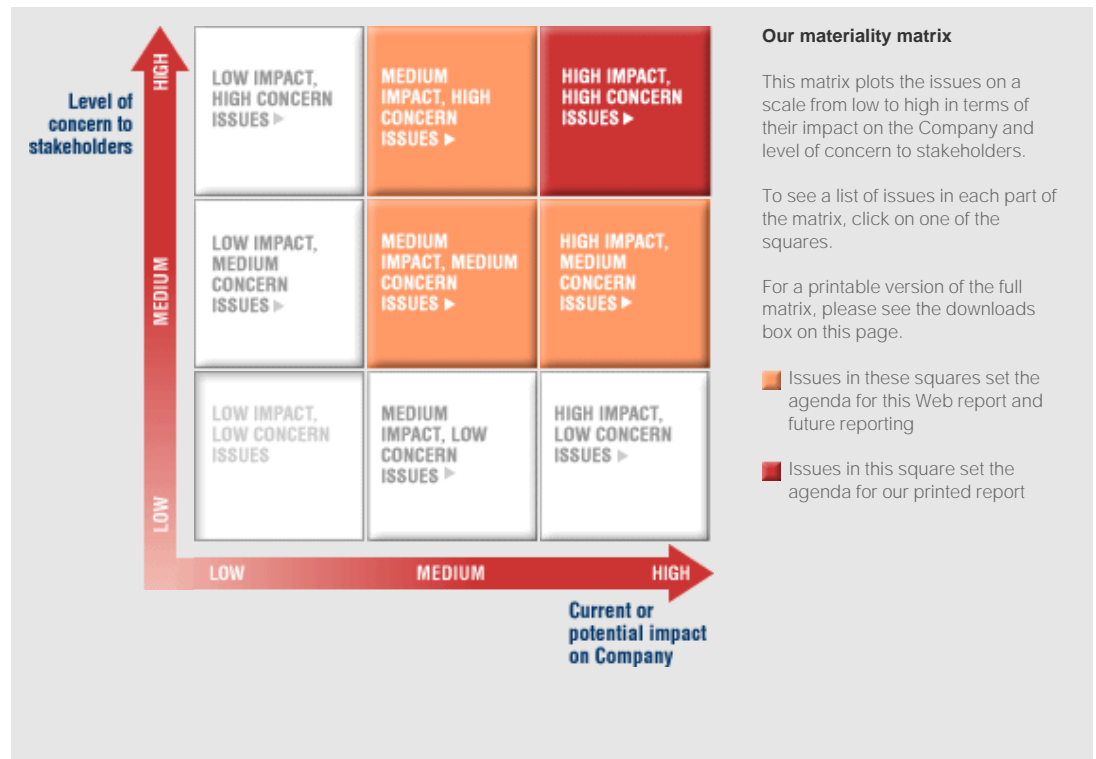
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## Materiality Matrix

### CONTROL OR INFLUENCE OF ISSUES

Ratings of control or influence reflect Ford's contribution to an issue through its operations and product offerings. Factors that can reduce Ford's control or influence include, among other things, technology limitations, costs and consumer demand.



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## Materiality Matrix

### CONTROL OR INFLUENCE OF ISSUES

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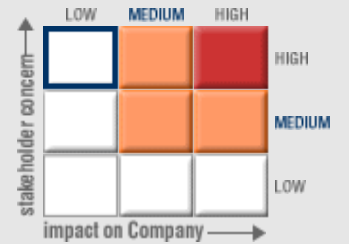
**LOW** current or potential impact on Company  
**HIGH** level of stakeholder concern

**Social issues**

- Community disruption and land use

**Key**

- HIGH level of control or influence
- MEDIUM level of control or influence
- LOW level of control or influence



### Using the matrix

Click on one of the squares to move around the matrix. Alternatively, go back to the [matrix overview](#).

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## Materiality Matrix

### CONTROL OR INFLUENCE OF ISSUES

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**MEDIUM** current or potential impact on Company  
**HIGH** level of stakeholder concern

#### Environmental issues

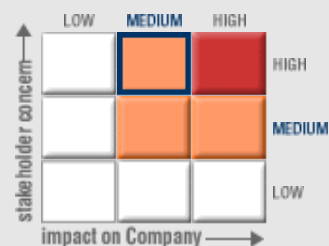
- [Smog-forming tailpipe emissions](#)

#### Social issues

- [Diversity and nondiscrimination](#)
- [Marketing and customer information](#)
- [Mobility: access, new models, especially in emerging markets](#)
- [Traffic congestion](#)

#### Key

- HIGH level of control or influence
- MEDIUM level of control or influence
- LOW level of control or influence



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**HIGH** current or potential impact on Company  
**HIGH** level of stakeholder concern

#### Environmental issues

●●● [Greenhouse gas emissions from vehicles; fuel economy](#)

#### Social issues

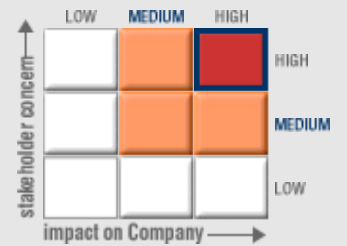
●●● [Public policy stances](#)

●● [Vehicle safety](#)

●● [Human rights/working conditions in Ford facilities and supply chain](#)

#### Key

- HIGH level of control or influence
- MEDIUM level of control or influence
- LOW level of control or influence



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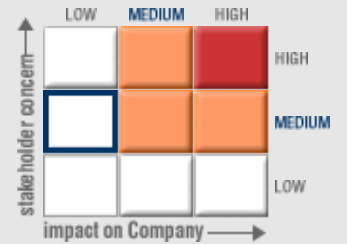
**LOW** current or potential impact on Company  
**MEDIUM** level of stakeholder concern

#### Social issues

- Noise
- Economic viability of public transport

#### Key

- HIGH level of control or influence
- MEDIUM level of control or influence
- LOW level of control or influence



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**MEDIUM** current or potential impact on Company  
**MEDIUM** level of stakeholder concern

#### Environmental issues

- [Non-renewable resource consumption](#)

#### Social issues

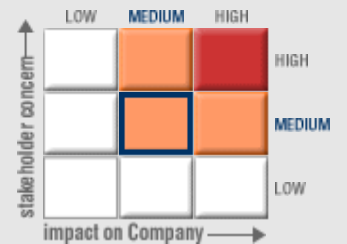
- [Contribution to local welfare](#)
- [HIV/AIDS](#)
- [Living wage](#)
- Infrastructure

#### Economic issues

- Governance: Compensation issues, Committee on Ford family conflicts of interest, Increase BOD independence, Statement of Director candidates in proxy, Need for business principles
- Dealer services

#### Key

- HIGH level of control or influence
- MEDIUM level of control or influence
- LOW level of control or influence



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**HIGH** current or potential impact on Company  
**MEDIUM** level of stakeholder concern

**Environmental issues**

- [Material use and recycling](#)
- [Environmental compliance](#)

**Social issues**

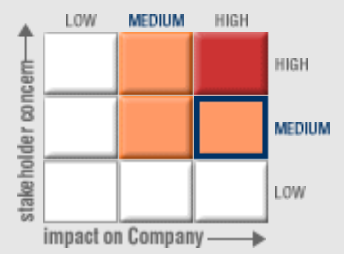
- [Health and safety \(workplace\)](#)
- [Employee satisfaction](#)
- [Emerging markets products and services](#)

**Economic issues**

- [Vehicle quality](#)
- [Vehicle performance and value](#)
- Brand value and reputation
- [Ford cost to provide health care](#)
- [Business case for sustainability](#)

**Key**

- HIGH level of control or influence
- MEDIUM level of control or influence
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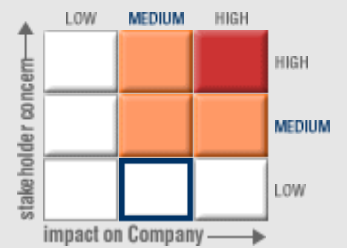
**MEDIUM** current or potential impact on Company  
**LOW** level of stakeholder concern

**Environmental issues**

- Manufacturing emissions including VOCs
- Manufacturing waste
- Land use (Ford properties)

**Key**

- HIGH level of control or influence
- MEDIUM level of control or influence
- LOW level of control or influence



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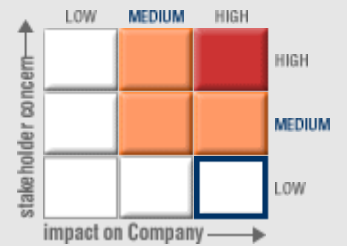
**HIGH** current or potential impact on Company  
**LOW** level of stakeholder concern

#### Economic issues

- Excess capacity
- Pricing pressure
- Consumer spending trends
- Interest rate risk
- Counterparty risk
- Commodity price increases
- Currency exchange rate volatility

#### Key

- HIGH level of control or influence
- MEDIUM level of control or influence
- LOW level of control or influence



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## Identification of Material Business Issues

To capture the range of issues and degree of concern of internal and external stakeholders about those issues, we consulted several sources.

We identified the issues with potential significance to Ford by reviewing internal risk analyses, issues discussed in the Annual Report on Form 10-K, Ford's ISO 14001 environmental control plan and employee surveys.

To identify issues of most concern to external stakeholders, including non-governmental organizations (NGOs), shareholder activists, customers and the general public, we reviewed customer data, reputation tracking survey results and the reports and summaries of several stakeholder-based processes:

- Ford's 2000 stakeholder dialogue
- The Volvo stakeholder dialogues conducted in 2003
- The first Ford Report Review Committee meeting in April 2005
- Shareholder resolutions and ongoing dialogue with filers
- The WBCSD Sustainable Mobility Project
- The GRI auto sector supplement

We also considered, in a less systematic way, "sustainability context" issues identified through major initiatives like the United Nations Millennium Development Goals and the Millennium Ecosystem Assessment. "Sustainability context" issues represent important global challenges. While not tied directly to the auto industry, they sometimes shape the nature of and responses to the environmental, social and economic issues we identified.

We compiled the issues and aggregated them into three categories: environmental, social and economic. Many issues appeared on both the "Ford" and "stakeholder" lists. The issues overlap and interconnect in a complex system. We hope that we bring out some of the interconnections in this report.

It is important to note that in this analysis, we did not systematically capture the views of our suppliers, dealers, mainstream investors or host communities, because we do not have comprehensive survey data for those stakeholders. This may skew the analysis toward issues of most importance to our non-financial stakeholders. However, we believe that issues of concern to these stakeholders are included to some extent in other information we considered, and we will work to include their views more systematically in the future.

### Related Links

#### In This Report

- [Managing Environmental Performance](#)

### Downloads

-  [Form 10-K](#)  
PDF format, 732 Kb




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## Prioritization of Issues

To prioritize issues, we rated the environmental, social and economic issues on a one-to-three scale in terms of their perceived current and potential impact on the Company, level of concern to stakeholders and the degree of control Ford has over the issue. We considered the "level of concern" to external stakeholders to encompass both the urgency of action needed on an issue and the potential social, environmental or economic impacts that could occur if Ford did not handle the issue responsibly.

The issues were then plotted on the "[materiality matrix](#)". We consider the issues in the upper right sector to be most material. Because of the way we identified the issues, none are unimportant; the position in the matrix represents our understanding of their relative importance to the Company and its stakeholders.

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## Review of Analysis

We reviewed the analysis and resulting matrix internally with senior management and externally with the Report Review Committee. We welcome feedback on the method and conclusions of this analysis. We expect to refine the analysis, address shortcomings we and others identify, and include an updated analysis in future reports.

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## Use of Analysis


We sought to cover in the print report all of the issues in the upper right (red) corner of [the matrix](#). For vehicle safety and public policy stances, we focused our print report coverage on the most urgent aspects of those issues according to our analysis – vehicle safety in emerging markets and climate change policy respectively.

This Web version of this report includes more comprehensive coverage of vehicle safety. We have sought to cover the remaining issues in the orange area of the matrix in the print and/or Web reports, though some will be addressed in future reports.

We are also using this analysis to develop our sustainable business strategy.


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## What is Materiality?

In recent years, as sustainability reports have proliferated in number, size and scope, companies have been called on by sustainability experts and others to focus their sustainability reporting on their most significant, or material, sustainability issues. Materiality may be a familiar concept in the field of financial reporting, but it plays a different role in the newer field of sustainability reporting.

"While, as a financial accounting term, the concept has been established for decades, it is far from straightforward," and the calculation of a materiality threshold as used in financial reporting "would be impossible to duplicate for the array of sustainability issues a company faces."<sup>1</sup> More importantly, the focus, purpose and audience of sustainability reporting is simply different from that of financial reporting.

There is an emerging consensus that a variety of stakeholders' interests and perceptions should be taken into consideration when determining materiality in the sustainability reporting context. For the purposes of this sustainability report, we consider material information to be that which is of greatest interest to, and which has the potential to affect the perception of, those stakeholders who wish to make informed decisions and judgments about the Company's commitment to environmental, social and economic progress.


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<sup>1</sup> Materiality Issue Brief, SustainAbility, at [www.sustainability.com/insight/issue-brief.asp?id=65](http://www.sustainability.com/insight/issue-brief.asp?id=65)


Key Topics

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- [Ford Forum](#)
- [Mobility](#)
- [Climate Change](#)
- [Human Rights](#)

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## Key Topics

### [Ford Forum](#) >

**The sustainability challenges for the auto industry vary around the world, but there are common threads. Explore the world of a global auto company through perspectives from Ford business leaders, government officials and outside observers from several regions of the world.**



### [Mobility](#) >

Mobility enables modern society and many of the important trends of our time, including the information revolution, urbanization and globalization, reflect changing patterns of mobility. In this section we define the broader mobility context in which our Company operates.



### [Climate Change](#) >

Climate change is a critical issue for Ford Motor Company and has been the focus of attention for scientists, policy makers, NGOs, media, business leaders, investors and consumers around the world. For the automotive industry, climate change, energy security and fuel economy pose special challenges and opportunities.



### [Human Rights](#) >

Human rights are a key sustainability issue for multinational companies with complex supply chains. By developing human rights policies and processes for our Company and our suppliers, and encouraging dialogue within our industry, we at Ford can stay ahead of this rapidly evolving issue and preserve our license to operate.



Key Topics

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- Mobility
- Climate Change
- Human Rights

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## Ford Forum: Mei Wei Cheng



**Mei Wei Cheng**  
Vice President, Ford Motor Company; Chairman and CEO, Ford Motor (China) Ltd



**Lewis Booth**  
Executive Vice President, Ford Motor Company; Chairman, Ford of Europe



**Anne Stevens**  
Executive Vice President, Chief Operating Officer



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



**Malcolm Harbour**  
Member of the European Parliament for the West Midlands, UK



**Angelo Reyes**  
Secretary of the Department of Environment and Natural Resources, The Philippines

“ 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 rainwater exiting the site. The paint shop is designed to reduce CO<sub>2</sub> emissions by more than 25 percent and use less energy than a conventional process. At our plant 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 one hundred Chinese grass roots 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 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. ”

**Mei Wei Cheng**

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



**"China wants to enjoy the same things as other developed nations – including vehicle ownership. Given this context, it is even more important for the government and manufacturers to set limits on emissions controls and look at alternative fuels."**

**Mei Wei Cheng**

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

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## Ford Forum: Lewis Booth



**Mei Wei Cheng**  
Vice President, Ford Motor Company; Chairman and CEO, Ford Motor (China) Ltd



**Lewis Booth**  
Executive Vice President, Ford Motor Company; Chairman, Ford of Europe



**Anne Stevens**  
Executive Vice President, Chief Operating Officer



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



**Malcolm Harbour**  
Member of the European Parliament for the West Midlands, UK



**Angelo Reyes**  
Secretary of the Department of Environment and Natural Resources, The Philippines

**“ 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 CO2 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 CO2 emissions.**

The dilemma is that it has been hard to build a business case for spending money to reduce CO2 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 CO2 generated by cars are vehicle usage, road infrastructure, vehicle design and fuel technology. So, to successfully reduce vehicle CO2 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 CO2. 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. ”

**Lewis Booth**  
Executive Vice President, Ford Motor Company; Chairman, Ford of Europe



**"To successfully reduce vehicle CO2 emissions, a number of groups must work together in partnership: car makers, oil companies, governments and car buyers. Simply put, we can achieve a lot more working together than we can on our own."**

**Lewis Booth**  
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## Ford Forum: Anne Stevens



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**Malcolm Harbour**  
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**Angelo Reyes**  
Secretary of the Department of Environment and Natural Resources, The Philippines

**“ 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. ”

**Anne Stevens**  
Executive Vice President, Chief Operating Officer



**“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.”**

**Anne Stevens**  
Executive Vice President, Chief Operating Officer



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## Ford Forum: John Casesa



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**Malcolm Harbour**  
Member of the European Parliament for the West Midlands, UK



**Angelo Reyes**  
Secretary of the Department of Environment and Natural Resources, The Philippines

**“ 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 for 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 power trains, 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. ”

### John Casesa

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



**"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."**

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## Ford Forum: Malcolm Harbour



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“ The hurdle for European Union policymakers is ensuring that sustainability – particularly as it relates to CO2 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 coordinate 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”. ”

**Malcolm Harbour**

Member of the European Parliament for the West Midlands, UK



**“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.”**

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**Malcolm Harbour**  
Member of the European Parliament for the West Midlands, UK



**Angelo Reyes**  
Secretary of the Department of Environment and Natural Resources, The Philippines

**“ The three pillars of sustainable development – environmental protection, economic production and social equity – require a healthy balance to move the cycle forward. If we can enhance the environment to make it more conducive to productivity, then we can build a globally competitive Philippines.**

In the first three quarters of the last century, the Philippines focused on economic production, anchored on a large-scale extraction of forest and mineral resources. In the rush to make money, environmental protection and social equity were deferred or neglected, if not sacrificed. But such development is ultimately unsustainable and can impoverish the nation.

The Philippines has lost more than half of its forests to logging. At least 19 of our rivers have been rendered biologically dead during the summer months. The air quality in Metro Manila, heavy from vehicle emissions, poses a serious public health threat. Our drainage and sewage systems are conduits for garbage and untreated wastewater.

But there are rays of hope within this bleak picture. Our ability to recuperate remains strong and there is a heightened environmental consciousness among our people and spirit of cooperation among industries.

The Department of Environment and Natural Resources has developed a 12-point sustainability agenda that will raise air quality standards, better manage our major river basins, improve solid waste management and promote reforestation, among other environmental goals.

We will be inspecting emissions and effluents from factories and vehicles more vigorously than ever. At the same time, we are working harder to detect, apprehend and prosecute violators.

Illegal loggers, poachers, irresponsible miners and other environmental felons are no better than terrorists. They commit crimes against humanity, inflicting damage that persists for generations. They endanger our sustainable development and jeopardize our global competitiveness.

To promote social equity and protect our communities, our sustainability plan also includes steps to distribute land and strengthen land titles, prepare for disasters and involve communities in the protection of the environment and the conservation and utilization of natural resources.

In conducting this work, we are committed to good and green governance through transparency, efficiency, and accountability.

Our challenge is to become constructive in the face of conflicts. For every crisis, there is a solution. We must focus on causes that can unite rather than issues that divide. We should learn to share rather than hoard solutions. Most of all, we must think and act with a keen sense of environmental heroism. ”

### Angelo Reyes

Secretary of the Department of Environment and Natural Resources, The Philippines



**"In the rush to make money, environmental protection and social equity were deferred or neglected, if not sacrificed. But such development is ultimately unsustainable and can impoverish the nation."**

**Angelo Reyes**  
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## Mobility

**Mobility – the free flow of information, people and goods – enables modern society. Many of the important trends of our time, including the information revolution, urbanization and globalization, reflect changing patterns of mobility.**

For more than 100 years, Ford's fundamental business has been one aspect of mobility – providing the vehicles that move people and things from one place to another. But as we move into the 21st century, we find that mobility has new meanings, challenges and opportunities. Elsewhere in this report we take a look at two specific aspects of mobility – climate change and human rights – but in this section we define the broader mobility context in which our Company operates.

 *The Ford Escape Hybrid taxi has a proven reliability record in taxi text fleets in San Francisco and New York City. Operators estimate that they save \$30 per day on gas, or up to \$6,000 per year, driving an Escape Hybrid.*

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## Mobility Challenges

**Economic Growth and Opportunity** | [Migration to Urban Areas](#) | [Safety](#) | [Emissions](#) | [Our Approach](#)

Expanding mobility has helped drive economic growth and opportunity by facilitating access to education, employment, products and services. Motorized mobility is growing at the greatest rate in emerging economies, but at least 900 million people in rural areas remain beyond the reach of the benefits of mobility, lacking access even to unpaved roads.

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## Mobility Challenges

[Economic Growth and Opportunity](#) | [Migration to Urban Areas](#) | [Safety](#) | [Emissions](#) | [Our Approach](#)

Rural residents have migrated to urban areas around the globe. By 2030, half the population of the developing world is expected to live in burgeoning mega-cities. But in these cities, traffic often moves at a crawl. Where the 20th century brought unprecedented levels of motorized mobility to billions of people, the 21st century threatens to bring new levels of motorized immobility as growing numbers of vehicles pour onto inadequate road systems.

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## Mobility Challenges

[Economic Growth and Opportunity](#) | [Migration to Urban Areas](#) | **Safety** | [Emissions](#) | [Our Approach](#)

In the developed world, driving a mile has never been safer, thanks to increased safety belt use, improvements in infrastructure, driver education, increased law enforcement and advancements in vehicle safety technologies. But the number of deaths and injuries remains significant, and progress has slowed as the number of vehicle miles traveled continues to increase. In developing countries, growing numbers of cars and trucks compete with people on foot, bicycles and motorcycles. The human and economic costs are significant and growing: the World Health Organization predicts that road traffic injuries will be the third-leading cause of death and disability worldwide by 2020.

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## Mobility Challenges

[Economic Growth and Opportunity](#) | [Migration to Urban Areas](#) | [Safety](#) | **Emissions** | [Our Approach](#)

Innovations, including many by Ford engineers, have made the control of smog-forming emissions from vehicles more efficient and cost-effective. But a more daunting challenge is dealing with the greenhouse gas emissions that are a byproduct of the use of fossil fuels (e.g. gasoline, diesel, gas, etc) in internal-combustion engines.

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To better understand these and other issues, we sponsored and participated in the [Sustainable Mobility Project](#) of the World Business Council for Sustainable Development.

Through participation in the WBCSD project and partnerships detailed in our previous reports, we have learned that the many challenges of sustainable mobility are complex and interconnected, but not insoluble. For example, congestion contributes to rising rates of accidents, exacerbates air pollution from vehicles, drives fuel economy toward zero and degrades the quality of life. Advanced vehicle technologies will play an important role in reducing the environmental impacts and improving the safety of transportation. Information technologies in development and on the horizon also hold promise for better linking modes of transportation and providing travelers with information to help them choose the best mode, avoid congestion and travel safely.

Many sustainable mobility issues will require solutions beyond technological advances. Addressing access to mobility, land use patterns and driver behavior, for example, all involve a degree of societal consensus and commitment, as well as coordinated policies across multiple sectors. Mobility issues demand a systems approach that accounts for the interactions between technology, institutional actions and individual behavior.

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- **In This Report**
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## Our Response

### Our Response | [Sustainable Mobility Project](#)


We are responding to the challenges of sustainable mobility in several ways. Our response is most developed in our core business of developing automotive technologies, but we are also exploring mobility issues and our potential roles in addressing them in a real-world context.

Current mobility-related initiatives include:

- Developing and deploying advanced technologies
- Promoting road safety in developing countries
- Exploring new models of mobility through innovative partnerships


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## Our Response

### [Our Response](#) | Sustainable Mobility Project

In 2000, Ford joined with auto companies DaimlerChrysler, GM, Honda, Nissan, Renault, Toyota and Volkswagen; tire maker Michelin; and energy companies BP, Norsk Hydro and Shell to form the Sustainable Mobility Project of the World Business Council for Sustainable Development (WBCSD). Over the course of four years, the WBCSD worked with the sponsoring companies and academic experts, and gathered input from stakeholder forums, to examine how global mobility patterns might evolve in the period to 2030 and beyond, what strategies exist to influence this evolution in ways that might make transport more sustainable, and what is required to enable these strategies to succeed.

In July 2004, the WBCSD released its report entitled "Mobility 2030: Meeting the Challenges of Sustainability." The study's authors reached the sobering conclusion that, "The present system of mobility is not sustainable, nor is it likely to become so if present trends continue." The report identifies seven societal goals regarding mobility:

1. Reduce conventional emissions from transport so that they do not constitute a significant public health concern anywhere in the world
2. Limit greenhouse gas emissions from transport to sustainable levels
3. Reduce significantly the number of transport-related deaths and injuries worldwide
4. Reduce transport-related noise
5. Mitigate traffic congestion
6. Narrow mobility divides that exist within all countries and between the richest and poorest countries
7. Improve mobility opportunities for the general populations in developed and developing societies

The study also recommends approaches to meeting these goals and indicators of progress. The full and summary reports are available at [www.wbcSD.org/web/mobilitypubs.htm](http://www.wbcSD.org/web/mobilitypubs.htm).

### Related Links

- **External Web Sites**
  - [WBCSD Sustainable Mobility Publications](#)

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## Advanced Technologies


**Powertrain Technologies** | [Benefits and Challenges](#) | [Reducing Vehicle Emissions](#) | [The Fuel Factor](#) | [Technologies to Improve Collision Avoidance](#)

Ford continues to develop and introduce vehicle and fuel technologies that are helping achieve major reductions in greenhouse gas emissions from cars and trucks. But achieving a true breakthrough will require addressing a range of challenges, including the availability of renewable fuels (see [Benefits and Challenges](#) and [Reducing Vehicle Emissions](#)). In addition to making incremental improvements to the fuel economy of conventional gasoline engines (discussed in our [Climate Change report](#)), Ford is developing five advanced technologies and fuel systems: hybrids, advanced diesel, biofueled vehicles, hydrogen-fueled internal-combustion engines and hydrogen fuel cell vehicles. Our Sustainable Mobility Group, formed in 2004, is coordinating development of the five technologies.

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### Hybrid vehicles

In 2004, Ford introduced the world's first hybrid SUV, the Escape Hybrid. The Escape Hybrid uses a "full" hybrid system, which means that it can be powered by the electric motor alone, by gasoline engine or both working together. The Escape Hybrid achieves fuel economy that is 50 percent better than the conventional Escape, making it the most fuel-efficient SUV on the market.

Our next hybrid vehicle, the Mercury Mariner Hybrid, was introduced in the summer of 2005 – a year earlier than originally planned – to be followed by the Mazda Tribute within two years. Both are compact SUV "siblings" to the Escape. By 2008, we will add hybrid versions of our new mid-size Ford Fusion and Mercury Milan sedans.

We continue to refine our proprietary hybrid technology and build our supply base so that we can aggressively expand our presence in this important and rapidly growing market.

### Advanced diesel


Modern diesel-powered vehicles claim half of the new-car market in Europe, owing to their superior fuel economy compared to conventional gasoline vehicles and improved driving characteristics compared to earlier generations of diesels, as well as favorable tax policies. In the United States, however, diesel vehicles require additional emission controls and the use of low-sulfur fuels to meet the stringent tailpipe emission standards coming into effect. Our researchers in the United States and Europe are developing technologies to enable Ford diesel engines to meet these standards and contribute to improving fuel economy in the United States.

For example, at the North American International Auto Show in January 2005, Ford showcased the Mercury Meta One concept vehicle, designed to be the world's first diesel hybrid powertrain capable of meeting the stringent "partial zero emissions vehicle" standard. The Mercury Meta One concept draws its power from a twin-turbocharged V6 diesel engine and an electric motor in the modular hybrid transmission that together produce as much torque as a large V10 gasoline engine.

In the UK, Ford and its partners, Ricardo UK, Valeo SA and Gates Corporation, completed a one-year demonstration project of a micro-hybrid diesel delivery vehicle for use in urban areas. The modified Ford Transit delivery van used start-stop and regenerative braking technologies to achieve an improvement of more than 20 percent in fuel economy in city driving. The "HyTrans" vehicle was designed to be affordable, production-feasible and capable of delivering substantial fuel savings.

### Hydrogen-fueled internal-combustion

Ford is a leader in the design and development of hydrogen-fueled internal-combustion engines (H<sub>2</sub>ICEs), which we view as a potential bridge from today's fossil-fuel-based vehicles to tomorrow's hydrogen fuel cell vehicles. Our E-450 H<sub>2</sub>ICE shuttle buses are the first commercially available hydrogen vehicles in North America. Ford is building eight shuttle buses to support Florida's Hydrogen Highway initiative,

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and we will place up to 10 with the Canadian Government in support of their vision for a hydrogen-based economy. In addition, Ford is continuing discussions with other potential partners that could culminate in more demonstration projects in 2006.

The 12-passenger H2ICE shuttle bus uses a 6.8-liter supercharged Triton V10 engine with a hydrogen storage system equivalent to 29 gallons of gasoline.

#### **Hydrogen fuel cell**

We are continuing to prove out, develop and demonstrate hydrogen fuel cell technology with our Focus FCV. The Focus FCV uses our third-generation technology and is one of the industry's first hybridized fuel cell vehicles, meaning it has a battery as well as a fuel cell. Through partnerships with the U.S. Department of Energy and Fuel Cells Canada, 22 fuel cell vehicles have been placed in cities throughout North America. They are accumulating real-world mileage in Orlando, Sacramento, Southeast Michigan and Vancouver, British Columbia. Additional vehicles have been placed in service in Germany, and several others are being used for ongoing testing by our Fuel Cell teams in Dearborn, Michigan. The knowledge gained from this test fleet will feed directly into Ford's next-generation hydrogen fuel cell program.

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## Advanced Technologies

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	Benefits	Challenges
<p><b>Advanced gasoline vehicles</b></p> <p>Incremental improvements in efficiency are being achieved via advances such as: six-speed transmissions, variable displacement engines, direct injection, variable cam timing, variable compression ratio</p>	<ul style="list-style-type: none"> <li>• Reliable and familiar to consumers</li> <li>• Compatible with ethanol fuel blends up to 10%</li> <li>• Approaching near-zero emissions</li> </ul>	<ul style="list-style-type: none"> <li>• Fuel economy tradeoffs required to comply with increasingly stringent emissions and safety standards</li> <li>• Cost-effectiveness of incremental technologies</li> </ul>
<p><b>E85 Flex Fuel</b></p> <p>Over 5 million E85 FFVs on the road today in the United States but fewer than 800 E85 stations</p>	<ul style="list-style-type: none"> <li>• Promotes energy security and fuel diversity</li> <li>• Agricultural-based renewable fuel</li> <li>• Offers fuel flexibility for customers</li> <li>• Little or no incremental cost to customers</li> </ul>	<ul style="list-style-type: none"> <li>• Limited fueling infrastructure</li> <li>• Customer acceptance of fuel</li> <li>• Fuel system components more expensive than gasoline</li> </ul>
<p><b>Advanced technology diesel</b></p> <p>All Ford diesel applications can use 5% biodiesel blends. Low NOx levels may be achieved with urea co-fueling</p>	<ul style="list-style-type: none"> <li>• Significant increase in fuel economy (20–30%)</li> <li>• Higher performance, less noise and odor</li> <li>• Improved emissions</li> <li>• Ample refueling infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Lingering public perception</li> <li>• Meeting stringent U.S. emission standards</li> <li>• Fuel-quality improvements (low sulfur, cetane)</li> <li>• Higher incremental cost</li> </ul>
<p><b>Hybrid electric</b></p> <p>Wide variety of hybrid technologies exists across the industry (mild to full). Hybrids currently represent slightly more than 1% of total U.S. vehicle sales</p>	<ul style="list-style-type: none"> <li>• Significant increases in fuel economy</li> <li>• Uses existing fueling infrastructure</li> <li>• Can achieve near-zero emission levels</li> <li>• Full-hybrid technology is most effective in city and stop-and-go driving</li> </ul>	<ul style="list-style-type: none"> <li>• Incremental cost for hybrid option</li> <li>• Component supply base</li> <li>• Application to broader vehicle segments (i.e., trucks, larger SUVs)</li> <li>• Customer acceptance/value</li> </ul>

### Hydrogen internal-combustion (H<sub>2</sub>ICE)

Ford is a leader in the design and development of hydrogen-fueled internal-combustion engines. Ford's first E-450 shuttle bus will be delivered in 2006 for fleet use and field testing/experience.

- Bridge technology toward fuel cells
- Near-zero emission levels
- Accelerates resolution of key barriers to fuel cell success
- Drives development of hydrogen fuel infrastructure
- On-board hydrogen fuel storage
- Limited driving range
- Hydrogen infrastructure is in its infancy
- Lack of uniform codes and standards

---

### Fuel cell

U.S. Department of Energy demonstration projects are underway. Commercial readiness not expected before 2015 (concurrent with the timeline for fuel cell commercialization reported by the U.S. Department of Energy)

- Zero Emission Vehicle (ZEV)
  - Breakthrough performance in energy efficiency
  - Hydrogen can be derived from multiple sources
  - Promotes long-term renewable fuel vision
  - Extremely high cost of technology
  - On-board hydrogen fuel storage
  - Hydrogen infrastructure is in its infancy
  - Lack of uniform codes and standards
  - Sourcing hydrogen from renewable energy
-

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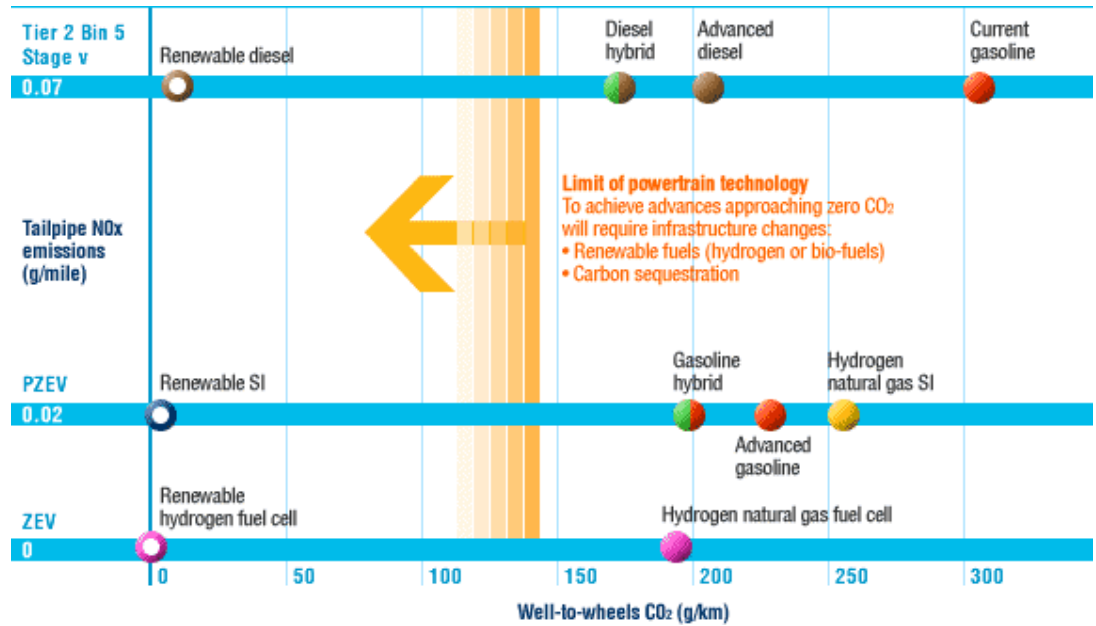
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In the United States, we are actively promoting the use of renewable fuels, particularly E85 fuel (a mix of 85 percent bioethanol and gasoline). We have joined with GM and DaimlerChrysler in calling for the nation to obtain 25 percent of its energy from renewable sources by 2025.

More than 1.6 million Ford flex fuel vehicles (FFVs) capable of running on E85 or gasoline were on the road in mid-2006. With the introduction of four new 2006 models that have the E85 option, the Company will produce up to 250,000 more ethanol-capable vehicles by the end of 2006.

Ford is also promoting wider availability of the fuel by entering into a partnership with VeraSun, the second largest ethanol producer in the United States, to assist in funding of retail fuel outlets for the nation's first "Ethanol Corridor" across Missouri and Illinois. The Corridor, which will increase the E85 infrastructure in these states by about a third, will allow a flex fuel vehicle driver to travel from Kansas City, Missouri to Chicago, Illinois using only E85 fuel.

In Europe, Volvo has established a partnership with the city of Gothenburg, Sweden, the Västra Götaland Regional Authority and the Volvo Group to promote use of natural gas, and biogas in particular. In western Sweden, the project has resulted in a network of 19 filling stations, 3,000 cars and 114 buses powered by natural gas, 40 percent of which is derived from renewable sources.

Working closely with the Swedish Flexi-Fuel Buyers' Consortium, Ford was the first manufacturer to offer bioethanol-powered vehicles in a European market. Since its introduction in 2001, Ford has sold over 22,000 Focus flexible fuel vehicles (FFV) in Sweden. More than 80 percent of all Focus and Focus C-MAX vehicles sold in Sweden are FFVs, while about 80 percent of all the environmentally friendly cars sold in Sweden were Focus FFVs.

Ford is one of two car companies supporting the Bioethanol for Sustainable Transport (BEST) Project in Europe. This project has seen the introduction of bioethanol fuels and FFVs into a number of European countries (UK, Netherlands, Ireland and Spain, and a demonstration program in Italy).

An example of a BEST project is the Somerset Biofuel Project, formed to put a fleet of bioethanol-powered Ford Focus FFVs on the roads of the UK. The vehicles are operated by Somerset County Council, Wessex Water, Avon and Somerset Constabulary and Wessex Grain. The county of Somerset has seen the introduction of bioethanol fuel, with Morrisons, a major supermarket, distributing E85 through five fueling stations. Wessex Grain plans to produce bioethanol from locally grown wheat in 2007. In addition to these BEST projects, Ford has introduced the Focus FFV in Germany and France and is working to promote a favorable market opportunity for bioethanol in a number of other European countries.

We continue to analyze how fuels, lubricants and vehicle technologies work together as a system to improve the fuel efficiency of our products.

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Ford is developing a range of advanced safety technologies, discussed in more detail in the [Safety](#) section. Among these are AdvanceTrac™, our electronic stability control system that helps drivers maintain control of their vehicles in emergency situations, and Roll Stability Control™, which builds on AdvanceTrac™ technology to anticipate and help prevent rollover accidents.

Ford also is developing the next generation of road and vehicle safety technologies. For example, Ford is working with the U.S. Department of Transportation (DOT), state Departments of Transportation and other car manufacturers to assess the viability of a standardized, national Vehicle Infrastructure Integration (VII) system. A VII system would use wireless communications to enable vehicles to communicate with each other and with the roadway infrastructure. A VII system could enhance safety and mobility and reduce congestion. For example, it could alert drivers to icy road conditions, approaching emergency vehicles or vehicles ahead that brake suddenly, thereby reducing accidents and saving lives. A VII system also could improve traffic flow by monitoring congestion, roadside incidents and bad weather. It also could reroute traffic, changing the timing of traffic signals and providing real-time information to drivers as needed.


Ford and its partners are planning a field operation test fleet. A national deployment decision is targeted for 2009, and an affirmative decision to move ahead with the technology could support an initial production vehicle launch by 2011 or 2012.

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## Promoting Road Safety in Emerging Economies

**Promoting Road Safety in Emerging Economies** | [Global Road Safety Initiative](#) | [Thailand Accident Research Center](#)

Vehicle design and features, driver behavior and environmental factors such as road conditions all influence traffic safety. Ford uses comprehensive global safety design guidelines to help ensure that its vehicles in all markets provide a high level of safety, and we are continually developing and deploying new safety technologies. We also are working through partnerships to have a positive impact on driver and environmental factors (see [Safety Model](#)).

The WBCSD study highlighted the fact that as the benefits of motorized mobility spread to developing countries, so does the human toll from road accidents. The rate of fatalities and injuries is much higher in developing countries. On a global basis, the World Health Organization estimates that some 1.2 million traffic fatalities occur annually. This number could increase to 2 million in four years if present trends continue. Most of this increase will occur in emerging economies: by 2020, road deaths are expected to fall by 30 percent in the industrialized nations, but increase by 80 percent in the rest of the world.<sup>1</sup> To help address the concern of increasing numbers of injuries and fatalities in developing markets, Ford has implemented core safety requirements in those global markets that include safety features such as safety belts in all seating positions and three-point belts in the outboard positions, even if not required by local law.

The rate of pedestrian fatalities and injuries is also much higher outside the United States, particularly in developing countries. Ford has been working to develop feasible and effective measures for pedestrian protection. Phase 1 of a European directive on this issue is now in effect, and Ford is again playing an active role with other industry partners, working with the European Commission to help define feasible requirements for Phase 2, which will come into effect in 2010.

<sup>1</sup> World Health Organization World Report on Traffic Injury Prevention at [www.who.int/world-health-day/2004](http://www.who.int/world-health-day/2004)

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[Promoting Road Safety in Emerging Economies](#) | [Global Road Safety Initiative](#) | [Thailand Accident Research Center](#)

Several companies that participated in the WBCSD project, including Ford, General Motors, Honda, Michelin, Renault, Shell and Toyota, launched the Global Road Safety Initiative in 2004. The purpose of the initiative is to transfer best practices, with the objective of reducing accidents and building capacity in developing countries to manage road safety. Projects include educational outreach to increase rates of seat belt and helmet usage and training aimed at improving roadway design.

The first focus of the initiative is China, where both the number and rate of traffic accidents are high and growing. The participating companies have pledged \$1 million each over five years to fund projects in China, ASEAN countries and possibly Brazil. The projects are being implemented through the Global Road Safety Partnership, an existing organization founded by partners including the World Bank and national governmental aid organizations. Ford is taking an active role in the Partnership through membership on the Board as well as involvement in project execution. The projects will rely on delivery through local organizations to build local capacity so that they can continue in a sustainable fashion after the project period.

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Another road safety partnership, in its third year of implementation, is the Thailand Accident Research Center (TARC). In Thailand, approximately 25,000 people die in traffic accidents each year. This gives the country the dubious distinction of having one of the highest traffic fatality rates in the world.

TARC, a Volvo Car Corporation initiative, builds on the Volvo Traffic Accident Research Team's 30-plus years of experience in Sweden. Volvo partnered with the Thailand Department of Highways and the Global Road Safety Partnership in forming a research center. Volvo has donated substantial in-kind expertise to the project, along with a specially equipped accident investigation vehicle to carry out in-depth, on-the-scene research into actual accidents.

TARC has two main objectives: to build a database of knowledge gleaned from local accident experience, and to provide decision makers with information to help them prioritize traffic safety solutions and ultimately reduce the number of accidents.

Also in Thailand, in 2004, Ford and its dealers undertook a joint driver education campaign focused on road safety and driving tips. Customers were invited to Ford dealerships to participate in the course. Ford Thailand also co-sponsored a road safety training campaign with the Red Cross, as well as a road safety education campaign.


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## New Mobility Models

**New Mobility Models** | [EMBARQ Istanbul](#) | [SunFleet Car Pool](#) | [Sustainable Mobility and Accessibility Project](#)

To improve patterns of mobility, we must understand how they function as complex systems and be ready to offer innovative, tailored approaches that take into account human needs for the transportation of people and goods, institutional factors and technological opportunities. We are beginning to think about how our business might evolve if we conceived of our Company as a provider of mobility solutions rather than a manufacturer of cars and trucks. In addition, we are joining with others to learn about mobility issues and pilot location-specific solutions.


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The "EMBARQ" Istanbul project – a program designed to reduce vehicle emissions and traffic congestion in Istanbul, Turkey – officially kicked off in July 2006 when the Istanbul Metropolitan Municipality signed a memorandum of understanding with EMBARQ, the World Resources Institute (WRI) Center for Sustainable Transport. EMBARQ fosters government-business-civil society partnerships whose members are committed to solving transportation-related problems. It identifies, tests, evaluates and implements financially, socially and environmentally sound solutions to local transport concerns within a three- to five-year time horizon ([www.embarq.wri.org](http://www.embarq.wri.org)).

The Shell Foundation founded EMBARQ in 2002 in partnership with the World Resources Institute; Ford became a sponsor in Istanbul two years later. This year, the Caterpillar Foundation joined Shell and Ford as sponsors, while BP and Shell Turkey signed on as project partners.

Istanbul is the only city in the world that spans two continents: Europe and Asia. Its long history, stunning views along the Bosphorus Straits, multi-ethnic cultural background and 40 percent contribution to the nation's GDP make the city a destination for tourists and business travelers from around the world. At the same time, many people from Turkey's rural areas are moving to Istanbul in search of work. As a result, the number of vehicles in Istanbul is increasing by 600 a day, polluting the air and snarling roads.

Ford has committed a manager to work full time at the WRI as a Ford Visiting Fellow and director of the EMBARQ Istanbul project. Sibel Bulay Koyluoglu, a Turkish native, is based in Istanbul, where she works with city environmental protection and transportation departments on emissions and congestion issues.

This year, EMBARQ is developing an emissions inventory to quantify Istanbul's transport-based emissions and identify key pollutants and their sources. A series of pilot projects will evaluate the effectiveness of various powertrain and fuel combinations in reducing greenhouse gas and tailpipe emissions.

WRI/EMBARQ is also developing a conceptual model for a Bus Rapid Transit (BRT) system corridor for Istanbul. BRT buses run in dedicated corridors, attracting up to tens of thousands of riders per hour. WRI/EMBARQ will also attempt to build community support for sustainable transport through public outreach.

The EMBARQ Istanbul project is expected to provide Ford Motor Company with valuable insight into the mobility challenges unique to the urban environment and the roles we might play to address them.

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- **External Web Sites**
  - [EMBARQ](#)

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## New Mobility Models


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Since 2001, Volvo has been operating the SunFleet Carsharing car pool in Sweden in cooperation with Hertz. It is the only car-sharing service in Europe exclusively using environmentally friendly cars, including Volvo bifuel models and electric hybrid, bioethanol and methane-driven cars. SunFleet provides companies, communities and organizations easily accessible, shared personal transportation close to their workplaces or homes. Members of the car pool pay only a subscription and the running costs of the car.


Twenty-four companies, organizations and public bodies, with a total of 1,300 users, were subscribers to the SunFleet car pool in 2004, up 175 percent compared with 2003. More than 1,100 journeys per month are completed in SunFleet cars.

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Ford and the University of Michigan are leading a project to address the challenges of meeting future mobility and accessibility needs in an ecologically sound and socially sustainable manner.

The project takes a systems view of the entire mobility question in the context of some of the pressing concerns of the day, including energy, carbon dioxide, livable communities, congestion, urban sprawl and others. By harnessing the emerging science of complex adaptive systems, the researchers hope to uncover a small set of variables and critical processes ("tipping points") that control and guide the evolution of such systems toward or against sustainable access and mobility.

This initiative, co-sponsored by Ford, the National Science Foundation, and the University of Michigan's Center for Advancing Research and Solutions for Society, includes graduate seminars, senior executive programs, workshops, speaker series and faculty research projects focusing on complexity, mobility and sustainability. Three dozen University of Michigan professors, deans and external scholars are participating in the initiative.

The project is devoted to an open-minded exploration of potential sustainable mobility concepts that might emerge in practice in the future. This includes consideration of new powertrain technologies, greater integration of public and private transportation, and changes in urban planning and development and concomitant changes in transportation systems.

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## Climate Change

**In December 2005, Ford issued the auto industry's first climate change report. This report describes how Ford views the business challenges associated with climate change; how concerns about GHGs are linked to other factors affecting our business; the steps we are taking to manage the risks and capture opportunities associated with the issue; and the market, policy, social and technological enablers required to achieve significant changes in our industry's carbon footprint. The intent of the report was to help investors, policy makers and consumers better understand the business implications of climate change for automotive companies.**

*The San Diego Environmental Foundation's Ecocenter, founded by a donation from Ford Motor Company, has over 10,000 visiting middle school students per year. The students then tour Pearson Ford Fuels which has received international recognition as the fuel station of the future. More information can be found at [www.sdecocenter.org](http://www.sdecocenter.org).*

For information about progress in reducing GHG emissions from our products and facilities, please see the [Environment](#) section. The [Mobility](#) section describes research and development and other initiatives to develop innovative technologies that achieve higher fuel economy and lower GHG emissions. The [Products and Customers](#) section discusses how we are helping our customers wring more miles from a gallon of fuel and offset GHG emissions associated with their driving.

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## Human Rights


**In 2000, Ford held a summit with representatives of a broad range of stakeholder groups. The dialogue identified human rights as a key sustainability issue for multinational companies, such as Ford, with complex supply chains.**

During a tour of the Bridgewater Interiors, Warren, Michigan, an employee describes his job to his Plant Manager and Ford's Vice President of Global Purchasing. Bridgewater Interiors earned the largest contract ever awarded to a minority-owned firm by Ford.

Frankly we were surprised – human rights has not been a primary issue for the auto industry. However, an emphasis on basic standards of human rights for all people resonated with our heritage. We also recognized that, as the world globalizes, all companies will need to manage effectively the relationships between their operations, their employees and the broader communities on which they depend. By developing human rights policies and processes for our Company and our suppliers, and encouraging dialogue within our industry, we at Ford can stay ahead of this rapidly evolving issue and preserve our license to operate.

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## Why Human Rights? Why Ford?

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It is essential to our concept of sustainability that we ensure that our products, no matter where they are made, are manufactured under conditions that demonstrate respect for the people who make them.

Human rights refers to basic standards of treatment to which all people are entitled. It is a broad concept, with economic, social, cultural, political and civil dimensions. Following Ford's 2000 stakeholder dialogue and extensive internal and external engagement, we concluded that Ford's initial human rights focus should be on our own facilities' working conditions and those of our suppliers. Potential human rights issues in the workplace include child labor, forced labor, discrimination, health and safety, hours worked, compensation and freedom of association, among others.

Ford has long understood that if a company values its employees and treats them with respect, those employees in turn are an asset to the company and the broader community. This does not negate the need for tough decisions as business conditions change, but it does require consistently treating employees with fairness and dignity. As our Company evolves, we are applying this understanding in new ways and new places.

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Both our production processes and our relationships with suppliers are changing in response to three broad trends that set the context for our human rights-related work.

First, in Ford's early days, the Company was vertically integrated; we owned and operated every aspect of the manufacturing process, from power generation and steel production through final vehicle assembly. Now, for the most part, our role is to develop and design products, manufacture bodies, powertrains and some parts, and assemble and market the final product. We rely on a vast network of suppliers to provide many of the parts, components and entire assemblies that we use in our vehicles. We have essentially moved from vertical integration to virtual integration.

Second, our markets are global. Most of the growth in automobile sales is expected to occur in emerging markets. To serve those markets efficiently and affordably, we must build local and regional supply bases.

Third, competition in our industry has intensified with the inclusion of automakers that utilize or are based in markets with lower production costs. We must also find ways to lower our costs. Expanding our sourcing to emerging markets is one strategy that we, and most other global manufacturers, are using.

These trends mean that, increasingly, the people who make our products are spread out all over the globe and are connected to us through complex supplier relationships.

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This situation poses inherent challenges. We have less control over working conditions in our suppliers' factories than in our own. The legal structures governing working conditions, and the level of legal enforcement, vary widely among the countries in which we operate.

In addition, the expectations of our customers and other stakeholders are rising. In today's Internet-linked world – in which news can travel halfway around the globe in a matter of seconds – consumers know which companies value people. Any company that produces or buys goods and services without concern for working conditions faces risks to its reputation.

So, we are taking responsible steps to protect our business, our reputation, and, most importantly, our people. We have developed consistent language and processes to better ensure that all workers – whether they are contract workers or direct employees of Ford, our joint-venture partners or our suppliers – work in conditions that meet basic standards of human rights.

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## Why Human Rights? Why Ford?


[Why Human Rights? Why Ford?](#) | [Changing Production Patterns](#) | [Changing Challenges](#) | **The Business Benefits of Addressing Working Conditions**

Business benefits flow from ensuring a consistent emphasis on working conditions throughout our supply chain. More than a century of experience has shown us that people are most likely to excel in an environment that aims for excellence. A safe workplace in which people are treated with respect promotes increased quality, productivity, employee retention and morale. It can also decrease turnover rates, reject rates, rework and health care costs. Our experience is that a supplier company's efforts to address working conditions, environmental and other sustainability issues are indicators of its management's leadership capabilities.

Our commitment to human rights in the workplace can also help Ford and our suppliers to become "employers of choice" in highly competitive markets. The positive changes resulting from our focus on working conditions will directly or indirectly affect potential customers in the communities in which we and our suppliers operate. We hope this will help make Ford a vehicle of choice for these potential customers.

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## Taking The First Steps

In May 2003, at the Centennial shareholders' meeting, Ford announced the adoption of a Code of Basic Working Conditions – the "[Code](#)." The Code was written and developed by a cross-functional Ford team with assistance from Business for Social Responsibility, a nonprofit organization that has been a partner to Ford in the development and implementation of our Business Principles. The Code is based on the fundamental elements of internationally recognized labor standards, including the Universal Declaration of Human Rights, the International Labor Organization Covenants, the UN Global Compact Principles, the Global Sullivan Principles, the standards of the Fair Labor Association and the International Metalworkers Federation. The Code was reviewed by leading human rights experts, including the Interfaith Center on Corporate Responsibility, Human Rights First, the Prince of Wales International Business Leaders Forum, Amnesty International, Human Rights Watch, and faculty from Columbia University and George Washington University.

Simultaneous to adopting this Code, we began to develop processes to assess compliance with our Code and management's capacity to implement it at Ford facilities and those of our suppliers.

### Related Links

- **In This Report**
  - [Code of Basic Working Conditions](#)
- **External Web Sites**
  - [Business for Social Responsibility](#)

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## Code of Basic Working Conditions

This Code of Basic Working Conditions represents the commitment of Ford and its worldwide subsidiaries. The diverse group of men and women who work for Ford are our most important resource. In recognition of their contributions, we have developed policies and programs designed to ensure that our employees enjoy the protection afforded by the principles articulated today in this Code. While these principles are not new to Ford, they are vitally important to what we stand for as a company. Consequently, we have chosen to summarize them here in an expression of our global commitment.

This Code reflects our thorough review of labor standards espoused by various groups worldwide, including those outlined by the International Labor Organization. This Code, however, is intended to represent a statement of our own high standards.

The diverse universe in which Ford operates requires that a code such as this be general in nature. In certain situations, local legal requirements, collective bargaining agreements and agreements freely entered into by employees may supersede portions of this Code.

Nevertheless, we believe this Code affirms important, universal values that serve as the cornerstone of our relationship with employees.

### Child labor

We will not use child labor. In no event will we employ any person below the age of 15, unless this is part of a government-authorized job training or apprenticeship program that would be clearly beneficial to the persons participating.

### Compensation

We will promote our employees' material well-being by providing compensation and benefits that are competitive and comply with applicable law.

### Forced labor

We will not use forced labor, regardless of its form. We will not tolerate physically abusive disciplinary practices.

### Freedom of association and collective bargaining

We recognize and respect our employees' right to associate freely and bargain collectively. We will work constructively with recognized representatives to promote the interests of our employees. In locations where employees are not represented by unions, we will seek to provide opportunities for employee concerns to be heard.

### Harassment and discrimination

We will not tolerate harassment or discrimination on the basis of sex, race, color, creed, religion, age, ethnic or national origin, marital/parental status, disability, sexual orientation or veteran status.

### Health and safety

We will provide and maintain for all employees a safe and healthy working environment that meets or exceeds applicable standards for occupational safety and health.

### Work hours

We will comply with applicable law regulating hours of work.

### Responsibility and implementation


We will communicate this Code of Basic Working Conditions to all employees. As appropriate under local practice, we will seek the support and assistance of unions and employee representatives in this effort. We will encourage our business partners throughout our value chain to adopt and enforce similar policies. We will seek to

### Related Links

#### External Web Sites

- [International Labor Organization](#)

### Downloads

-  [Code of Basic Working Conditions](#)  
PDF format, 49 Kb

identify and utilize business partners who aspire in the conduct of their business to standards that are consistent with this Code.

Employees with a good-faith belief that there may have been a violation of this Code should report it through established channels, if known, or to the Office of the General Counsel at [fordlaw@ford.com](mailto:fordlaw@ford.com). No retaliatory actions will be taken against any employee who makes such a report or cooperates in an investigation of such a violation reported by someone else.

**Verification**

We will, as appropriate, seek the assistance of independent third parties to verify our compliance with this Code.

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## Working Conditions in Ford Plants

**Working Conditions in Ford Plants** | [Ford Facility Pilot Assessment Process](#) | [Lessons Learned](#) | [Next Steps](#) | [Connecting With Communities](#)









In September 2004, we conducted a pilot assessment at the Michigan Truck Plant to analyze that facility's level of compliance with the new Code of Basic Working Conditions. Over the next four months, we conducted assessments at four additional Ford locations:


- Hermosillo, Mexico
- Broadmeadows, Australia
- Pacheco, Argentina
- Ford Lio Ho, Taiwan (joint venture, 70 percent Ford ownership)

In 2006 we will be conducting assessments in Turkey (Otosan Koaceli), India (Tamil Nadu) and China (ChangAn).


The sites were selected cooperatively by representatives from several of Ford's global offices. The representatives sought sites that were located in particular regional "hot spots," would address specific emerging issues (and plant impacts), and would involve a wide representation of plant employees. They also took into account the views of thought leaders, non-governmental organizations and human rights activists.

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-  [Michigan Truck Human Rights Assessment](#)  
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-  [Broad Meadows Human Rights Assessment](#)  
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The Code assessments were carried out by teams of assessors composed of representatives of Ford management, plant management, the employee union and independent human rights experts. Representatives of the Interfaith Center on Corporate Responsibility ([www.iccr.org](http://www.iccr.org)) served as the third-party human rights expert for the five initial assessments.

The first step in the Michigan Truck Plant assessment was for facility management to fill out a questionnaire developed by Ford and third-party experts. The answers subsequently served as the basis for discussion between management and the assessment team. The assessment process also included a review of documents covering the full range of working conditions issues, including collective bargaining agreements, grievance procedure logs, employee hotline records, health and safety audit reports and casual overtime agreements (covering non-union employees). The assessment team also visited the Michigan Truck facility to observe working conditions, inspect documents and interview plant management.

This first assessment showed the Michigan Truck Plant to be in compliance with the Code of Basic Working Conditions. In addition, the records routinely kept, including those used to document compliance with the collective bargaining agreement, provided complete documentation relative to issues covered by our Code.

On the recommendation of the assessment team and with the concurrence of other NGO human rights experts who have advised us, we adjusted our process for the remaining plants following the Michigan Truck visit. Because of the existing Ford procedures and documentation in place, site visits were not considered value-added. The team also recommended extending the assessments to minority-owned joint-venture plants, because practices and documentation were less comprehensive at those locations.

The remaining four assessments revealed, as at the Michigan Truck Plant, that the facilities operated in compliance with the Code of Basic Working Conditions. [Full reports of the five assessments](#) are available on this Web site. Most of the plants have found the reports to be useful tools for engagement and have shared them with interested community groups and NGOs.

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## Working Conditions in Ford Plants


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Through the assessment process, we gained valuable insights into working conditions at Ford facilities:

- Ford policies and directives and collective bargaining agreements have internal and external credibility and ensure that Ford's wholly and majority-owned facilities consistently achieve compliance with our Code.
- Existing data and audit procedures have been sufficient to validate compliance with our Code.
- Relevant data have been accessible, without the need for a site visit.
- Neutral third parties who visited plants and/or reviewed the assessment process have agreed that the process is robust and has integrity.
- Key external stakeholders and human rights advocates have stated that they do not have major concerns regarding the working conditions at Ford's wholly and majority-owned and -operated facilities.
- While our policies and verification procedures are sound, there are opportunities to improve performance in several areas, including better representation of women in manufacturing leadership positions.

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## Working Conditions in Ford Plants


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We are following up on issues identified in the assessments as opportunities for improvement and leadership, including the representation of women in manufacturing management.

We will utilize current processes like SHARP, the Safety and Health Assessment Review Process, to learn more about issues that may exist in some of our joint-venture plants. We want to understand how our joint ventures are handling areas such as health and safety performance, work hours and compensation, and sourcing practices. Since beginning this effort, we have communicated our expectations to our joint-venture partners. With the assessments of our owned-and-operated facilities to help set the context, we plan to develop work plans for joint ventures in China and Turkey that will include communications with the respective Boards of Directors and completion of an informal, internal assessment of working conditions. We also plan to share the results with our stakeholders. A facility visit and local engagement are included as part of our forward planning. We are also integrating working conditions assessments, along with community engagement and facility-specific reporting, into the Ford production system, as described in this section.

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Our impacts – and our commitment to making a positive contribution to human rights and other social issues – extend beyond the fence line of our facilities to local and global communities. Beginning in 2001 and building on a long tradition of community involvement, we developed and piloted a community impact assessment process. This process engages plant management, employee unions, community representatives and other key stakeholders in identifying positive and negative impacts of plant operations and developing focused strategies for improving the net impacts on the community. The process also culminates in a public report on the facility's impacts and performance.

Both the working conditions and community impact assessments are being integrated into the Ford Production System (FPS), one of our foundation business systems used to organize and manage production at our manufacturing plants worldwide. The FPS provides a rating for each facility's performance in a range of areas, including productivity, environment, health and safety, and community engagement. To receive an FPS rating of nine or higher (out of 10), each facility must prepare a report that follows the Ceres Facility Reporting Initiative format. So, we have added a self-assessment of the facility's compliance with our Code of Basic Working Conditions to the basic Ceres format.


The integration into FPS signals that Ford facilities are expected to engage constructively with employees and other stakeholders, ensure excellent working conditions and develop mutually beneficial relationships with the communities in which they operate.

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- **External Web Sites**
  - [Ceres](#)

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## Working Conditions in Our Supply Chain

Our supply chain is one of the largest and most complex in the world.

To reinforce our commitment to the Code of Basic Working Conditions, we added language to our core contract covering all production suppliers – the Ford Global Terms and Conditions – to reflect our specific working conditions requirements on the prohibition of the use of forced labor, child labor and physical disciplinary abuse. This was done in January 2004 for production suppliers and for non-production suppliers (all others) in September 2005. We have provided a standard for these areas – the same as we use in our own facilities – that supersedes local law if our standard is more stringent. The new Global Terms and Conditions also prohibit any practice in violation of local laws. In addition, they serve to:

- Set the expectation that suppliers will work toward alignment with our Code in their own operations and their respective supply chains in the areas of harassment and discrimination, health and safety, wages and benefits, freedom of association and working hours
- Make clear Ford's right to perform third-party site assessments to evaluate supplier performance
- Communicate that Ford can terminate the relationship for noncompliance or for failure to address the noncompliance in a timely manner
- Alert suppliers that repeated failures to comply may be subject to debits of the suppliers' payables

Internally at Ford, we created a new position of Director of Supply Chain Sustainability, reporting directly to the Senior Vice President of Global Purchasing. This signals our intention to make sustainability considerations, including working conditions, an integral part of our purchasing processes and strategy.

To learn how well our Code is working in practice in our supply chain, we launched pilot assessment and training processes beginning in late 2003.

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- **In This Report**
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  - [Automotive Supply Chain Relationships](#)
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## Supply Chain Profile

### Production (Anything that is part of the vehicle)

**60+** Countries in which suppliers are located

**30** Emerging markets in which suppliers are located

**17** Emerging markets considered to have risks of substandard working conditions  
*These countries were identified as higher risk based on consultation with NGOs, other companies with human rights experience, local Ford operations and various media and government reports.*

**110** Ford manufacturing sites

**2,000+** Supplier companies

**7,500+** Supplier manufacturing sites

**130,000** Parts currently being manufactured

**250+** Production commodities to manage


### Nonproduction (Anything that is not in the vehicle such as services, marketing, construction, computers, industrial materials, health care, machinery, trains)

**9,000+** Supplier companies

**500+** Nonproduction commodities

### TOTAL GLOBAL BUY

**\$90+** billion

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## Automotive Supply Chain Relationships

Ford's relationships with suppliers typically span multiple years, due to the capital investments inherent in heavy manufacturing and the complexity of the items being made. Lengthy development timelines for our products and daily ongoing production (versus episodic production cycles in some other industries) also contribute to long-term relationships with suppliers. Stability in these relationships is an advantage in addressing working conditions, because we can invest in learning and capacity-building with our suppliers, helping to support positive change in society as part of doing business in emerging markets.


However, these long-term relationships can have disadvantages as well. Suppliers might perform well early in the relationship, but let things slip as time goes on. In addition, it can be difficult and risky to separate ourselves from existing suppliers, due to the large amount of tooling and capital investment and the complex nature of moving business in a just-in-time production environment.

We can make a positive impact in the markets in which we do business by working with suppliers to identify systems that contribute to compliance with local law and Ford's expectations. This is best achieved through a comprehensive training effort in these markets. Cooperation and communication are key. Face-to-face interaction with plant management allows us to help suppliers identify opportunities for continuous improvement as well as to develop corrective actions for existing problems. Periodic plant assessments are an important part of this effort. Information resulting from assessments serves to inform the training and provide an opportunity to measure the impact of training efforts.

This process – focused on training and education – may mean that in some cases suppliers will be in noncompliance while they work to meet our standards. However, we continue to engage with cooperative suppliers to affect positive change. In this manner, we also have an opportunity to encourage change throughout the tiers of suppliers. By encouraging our Tier 1 suppliers (suppliers sourcing to our assembly plants) to communicate our expectations to the sub-tiers, the impact of our efforts can be magnified. Other options, including plant assessments, do not allow for impact beyond Tier 1 suppliers.

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## Pilot Supplier Assessment and Results

**Pilot Supplier Assessment and Results** | [China Export Sourcing Process](#) | [A Supplier's View](#)

Between November 2003 and May 2006, Ford conducted more than 100 third-party assessments of existing and prospective suppliers to Ford Motor Company brands to determine compliance with our Code of Basic Working Conditions. Based on input from NGOs, consultants and other companies, we selected SGS and Interek Testing Services as our third-party assessors. Both organizations have automotive experience with QS 9000 and ISO 14001, as well as extensive experience providing working conditions assessments in other industries.

During 2003 and 2004, our pilot assessments focused only on prospective export production suppliers in China, with a goal of developing an efficient and effective assessment process to expand into other parts of our supply chain. In 2005, we have conducted additional pilot assessments of existing suppliers in Mexico. In 2006 we are continuing this work in Russia and Romania. The results of those assessments have been used to inform and customize supplier training, which is now the primary focus of our efforts to help suppliers build their capacity to improve working conditions.

This learning process is especially useful in developing an effective approach to the Code issues for which we do not prescribe a simple, universal standard (i.e., for harassment and discrimination, health and safety, wages and benefits, freedom of association and working hours). In these areas, we incorporate recommended approaches into our training process. This helps to reinforce the expectation that suppliers will align their practices with ours and provides practical assistance to help them do so.

The pilot assessment process was and continues to be part of the China export sourcing process. First, we ask potential suppliers a set of initial screening questions regarding working conditions. Those companies that proceed to the supplier short list (based on a range of qualifications, including a screen against our Code), then receive a third-party assessment of working conditions that includes:

- A review of employee documents, such as timekeeping records and wage records
- A plant inspection
- Management interviews
- Separate confidential on-site interviews with randomly selected workers

In order to proceed to a sourcing decision, the company must prepare and agree to implement a corrective action plan for any Code violations found. A company can be added as a Ford supplier upon confirmation of the required corrective actions.

The process for existing suppliers is very similar to the prospective assessment process except for the absence of initial screening questions, since suppliers have been sourced already.

The number of assessments conducted and the results of the assessments is shown in the [performance data](#).

In the more than 160 assessments of existing suppliers and prospective suppliers in China and Mexico, we found:

- No evidence of forced labor or physical disciplinary abuse
- A wide range of general health and safety issues, including inadequate emergency systems
- In some cases, a lack of appropriate timekeeping systems, and thus a failure to pay correct overtime wages
- In some cases, a failure to pay the correct local minimum wage or overtime or to provide the correct social insurance (in China)
- A general need to clearly define policy on harassment and discrimination
- One case of underage workers and a few cases of young workers doing


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hazardous work

- Freedom of association has been difficult to verify given conditions in both countries. While all suppliers have either union representatives or a grievance process, we believe there may be issues we have not been able to identify with our assessment process

In the future, as we expand to other countries and have more extensive data, we plan to report more specific data to measure our progress.

Suppliers have been, for the most part, cooperative, have agreed to remediation plans, and have made progress in corrective actions. Some facilities in both regions of our current experience can be considered best-in-class worldwide.

We know that the assessment process has had an impact on conditions at supplier facilities. Facilities that did not have fire exits before the assessment now have them. Workers at one facility no longer live in a dormitory above a warehouse full of hazardous chemicals. Workers are now provided the required wage and social insurance benefits, including paid time off and maternity leave. Facilities have now provided the proper personal protection and safety equipment for workers. These real-world changes reinforce the benefits of the assessment process.

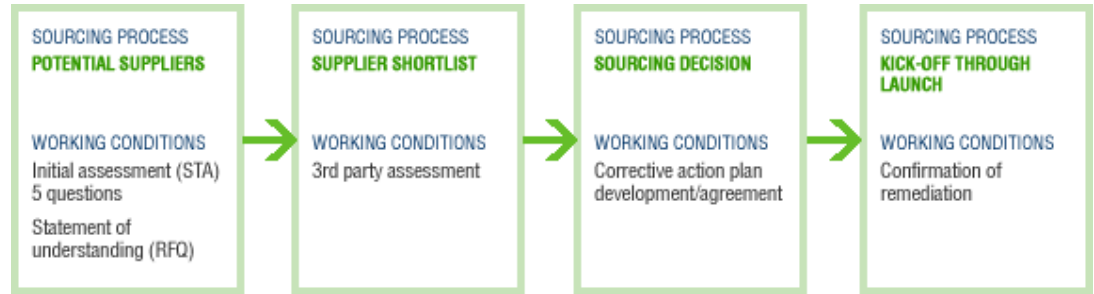
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## Pilot Supplier Assessment and Results

[Pilot Supplier Assessment and Results](#) | [China Export Sourcing Process](#) | **A Supplier's View**

“ Sonavox began to cooperate with Ford when the automaker entered the China market. We have a good relationship with Ford, one we hope will be even further developed in the future. Through this long-term partnership, we have been working together to achieve qualification as a Ford export supplier.


When we began the working conditions assessment, frankly speaking, it took a while to appreciate. But the third-party assessment proved to be a huge benefit for Sonavox, helping us to identify the areas where we could improve. Now that we have a better understanding of Ford's requirements, our two companies can cooperate more closely. Despite the costs for participating in the evaluation, it was ultimately extremely worthwhile.

We have received working condition assessments from other client companies. Each assessment was slightly different. We believe that Ford's evaluation was the most comprehensive. However, there is still room for improvement through cooperation of other OEMs, suppliers and government.

A company has an obligation to do good things for society. Ford does this. But Ford has also gone a step beyond, requiring its global suppliers to act responsibly, too. In my view, this is a positive thing. Social responsibility can and should be the basis of cooperation between companies like ours. We think that joining with Ford in this way will help build our relationship as well as our business. ”

### Daniel Yang

CEO of Sonavox, a supplier of electronic components to Chinese and overseas markets.

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## Building Capacity

**Building Capacity** | [Training and Verification Process](#)

### Pilot supplier training

In addition to the pilot assessments, we initiated training with more than 200 managers from supplier companies in China during 2004. Conducted in association with Business for Social Responsibility, these sessions sought to help prospective suppliers understand Ford's expectations and legal requirements for working conditions, so they are able to assess their own practices and correct any shortcomings.

During the second quarter of 2005, we launched an expanded training and verification program for our suppliers in Mexico based on the learning from our training initiative in China. In Mexico, we worked with the Automotive Industry Action Group (AIAG) to develop a training program targeted at plant management, including Human Resources and Health and Safety managers. AIAG is a not-for-profit association of companies involved in the automotive industry. The organization has more than 20 years of experience in delivering training for suppliers and other automotive companies.

The [expanded training program](#) consists of:


- A daylong interactive workshop with Ford trainers and other automotive suppliers to develop and confirm an understanding of Ford expectations, local labor law, best practices and management systems
- The preparation by each supplier of a work plan indicating how the supplier will train its employees and its suppliers
- Documentation of the training cascade

The workshops emphasize interpretation and application of legal standards and international best practice rather than a simple review of labor law and expectations. The interaction with managers from the Human Resources, Health and Safety, Labor Affairs and Legal departments of participating companies allows for a two-way learning experience touching on the areas of interest for each company.

As of April 2006, more than 345 managers from 245 different supplier companies in Mexico had completed a full day of training and moved on to the process of assessing their facilities for compliance with local law and Ford expectations, as communicated in the Global Terms and Conditions and our Code of Basic Working Conditions.

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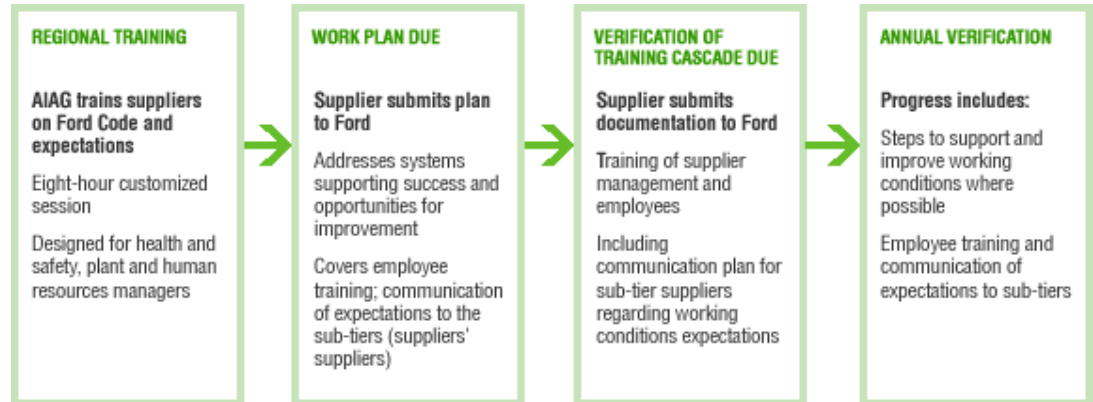
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## Lessons Learned

By conducting the assessments and training, we have learned some valuable lessons that we are building into our future approach.

For example, the assessment and training approaches each have distinct advantages and disadvantages. The assessments provide valuable information on which areas of Code compliance are problematic in the region being assessed, and why. This information has been critical in the development of training sessions customized to country-specific conditions. It also provides the basis for identifying outstanding suppliers and for correcting specific deficiencies.

However, assessments are limited in their effectiveness as a primary tool of engagement with suppliers. The assessment process can place undue emphasis on "passing the test" rather than on building the capacity to manage working conditions issues effectively on an ongoing basis. It can also introduce an adversarial element into our relationships with suppliers.

The training approach we have developed, on the other hand, is geared toward building each supplier's capacity and providing a basis for ongoing engagement and cooperation. Training is an enabler for lasting change within supplier facilities that is generated and wholly owned by plant management and employees. However, the training approach does not provide a point-in-time check on compliance with our Code.

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  - The Long Term
  - Rev. David M. Schilling, Interfaith Center on Corporate Responsibility

## Focus for 2005 and 2006

### Focus for 2005 and 2006 | [Expanding Our Approach](#)

Based on our pilot program experience and counsel from key outside advisers and NGOs, we have elected to combine the training and assessment approaches, to secure the benefits of both in working with suppliers on Code-related issues.

During the latter half of 2005, we continued to focus on our existing production purchases in Mexico and new export suppliers from China, and expanded to local existing Chinese suppliers supporting Chinese domestic production. As we [expand the program](#) to additional markets, we will train 100 percent of our current and new suppliers and conduct sample assessments to verify the performance of higher-risk suppliers and learn more about issues specific to the local markets. This will allow us to focus our resources most effectively on building relationships with our suppliers and encouraging them to align their practices – and those of their suppliers – with our Code, while also promoting compliance with changing laws and regulations.

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## Focus for 2005 and 2006

### Focus for 2005 and 2006 | Expanding Our Approach



### Related Links

- In This Report
  - [Code of Basic Working Conditions](#)

### Tailoring our approach

Laws, culture and customs vary in the different countries in which our suppliers are located. To ensure compliance with our Code of Basic Working Conditions in each of these countries, our practice is to:

- Build an understanding of the market by consulting with sourcing experts, our internal network and a network of NGOs with expertise in human rights
- Analyze local laws and compare them to our Code, using internal and NGO legal experts
- If local laws are absent or lacking, analyze international best practices to select a recommended approach
- Develop training materials tailored to the market
- Adapt our assessment approach for the market
- Conduct pilot assessments
- Evaluate assessment results to identify where issues are arising and get feedback on the assessment process
- Use the feedback to revise the assessment and training process

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## The Long Term

- Rev. David M. Schilling, Interfaith Center on Corporate Responsibility


## The Long Term

An individual automaker conducting training and compliance assessments of supplier operations can only do so much. In the long run, a more sustainable system would rely first on the suppliers themselves having robust processes to establish compliance, conduct assessments and correct any deficiencies found. Ultimately, government agencies should be primarily responsible for ensuring compliance with their regulations. Until that time, we believe that major automakers and suppliers should work together to communicate expectations about working conditions and to verify that checks and balances are in place to ensure suppliers' alignment with expectations. This type of cooperation could minimize confusion and the cost of multiple sets of expectations and verification processes. Building such a system will take time, cooperation and shared learning among the various players. We have taken some steps in this direction.

We have engaged with many of our key suppliers at a corporate level. In April 2005, Bill Ford and our senior management led a session with our top 100 suppliers that focused on Ford's sustainability agenda and how suppliers can contribute. Ford's approach to human rights in the supply chain was one of the topics discussed. We are also working with the Automotive Industry Action Group (AIAG) to convene interested parties within the automotive industry to discuss common requirements as they pertain to working conditions and to explore the opportunity for industry collaboration. It is our hope that convening interested parties could result in an industry working group that would be able to combine resources and experience to generate common standards, tools and training for the automotive industry.

### Related Links

- External Web Sites
  - [AIAG](#)

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## Rev. David M. Schilling, Interfaith Center on Corporate Responsibility

**"It can't be just one auto company working alone; it must be a joint, international effort. We need to set a wide table – including automakers from the United States, Japan, Korea, Italy, France and Germany – to leverage any meaningful influence."**



**Rev. David M. Schilling**  
 Director of Global Corporate Accountability Programs. Interfaith Center on Corporate Responsibility.

“ The concept of human rights has been percolating within the business community for quite some time. But the global economy has only recently propelled human rights toward the top of the corporate responsibility agenda. Increasingly companies are contracting suppliers in scores of countries. As a company's sphere of influence grows, it becomes harder to ignore basic work condition violations.

Ford is now well placed to position itself as a leader in promoting and protecting human rights across its supply chain. Ford has put forth some very thoughtful plans showing real due diligence, particularly in the approach toward China. What's encouraging about Ford is that it has integrated human rights within its systems, embedding it in its business from the beginning, rather than as an add-on. While we see some wonderful opportunities for Ford in the human rights domain, the challenges facing the Company are legion. An institution as large as Ford doesn't change quickly.

We'd like to see Ford stay the course with its human rights plan, even during tough economic times. We also recognize that the auto industry needs to come together to develop minimum standards and auditing protocols, similar to the movement in the apparel industry. It can't be just one auto company working alone; it must be a joint, international effort. We need to set a wide table – including automakers from the United States, Japan, Korea, Italy, France and Germany – to leverage any meaningful influence.

The ICCR first worked with Ford about 20 years ago regarding Mexico's maquiladoras. In truth, it wasn't a particularly positive experience. But Ford has changed dramatically over the last two decades. In recent years, the Company has become open, receptive and willing to roll up its sleeves to advance human rights. Ford has made major strides in opening up what might have been considered an internal and isolated culture to the light of day.

There are, of course, some human rights issues that we at ICCR would like Ford to address more aggressively. For example, Ford could play a significant leadership role in supporting the draft United Nations Human Rights Norms for business. At the same time, we are pleased with the intent and commitment Ford has already shown toward improving human rights in its own operations and its supply chain worldwide. ”

**Rev. David M. Schilling**

Director of Global Corporate Accountability Programs. Interfaith Center on Corporate Responsibility, a 30-year-old international coalition of 275 faith-based institutional investors including denominations, religious communities, pension funds, health care corporations, foundations and dioceses with combined portfolios worth an estimated \$100 billion.

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## Accountability


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#### Principles

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## Accountability

### About This Principle

**We will be honest and open and model the highest standards of corporate integrity.**

We will achieve this by:


- Being responsive to stakeholders' concerns on the impact of our operations, products and services through public disclosure and regular reporting
- Making accurate and forthright statements, competing ethically, avoiding conflicts of interest and having zero tolerance for the offer, payment, solicitation or acceptance of bribes

### Progress Since Our Last Report

Our products, performance and actions affect society economically, environmentally and socially. As a result, we must be accountable for our actions and meet the high aspirations that we, and society, set for the Company. We believe that accountability in this context encompasses principled decision making, systematic engagement of stakeholders and increased transparency. Holding ourselves to the highest standards of corporate conduct will strengthen our Company and establish relationships of mutual trust with our stakeholders.

During 2005 and early 2006, we achieved the following:

- Moved ahead on key commitments, including completing the rollout of our Code of Basic Working Conditions to all of our suppliers, further developing our climate change strategy and discussing it in an industry-first report on the business implications of climate change
- Continued development of a sustainable business model and began its integration into our business systems
- Continued our stakeholder engagement efforts on a number of important issues, including convening a Report Review Committee to advise us on our 2004/5 Sustainability Report
- Implemented elements of our sustainability reporting strategy, including a materiality analysis and Report Review Committee

 Stakeholder input has been critical in shaping our approach to human rights and working conditions in our facilities, such as the Dearborn Truck Plant that opened in 2004.

### Have Your Say

Please share your thoughts on our report – all responses will be aggregated to provide valuable feedback on our efforts to date and help prioritize improvements for the future.

[Send your feedback](#)

### Related Links




#### In This Report

- [Code of Basic Working Conditions](#)
- [Working Conditions in Our Supply Chain](#)
- [Climate Change](#)
- [HIV/AIDS](#)
- [Materiality Analysis](#)

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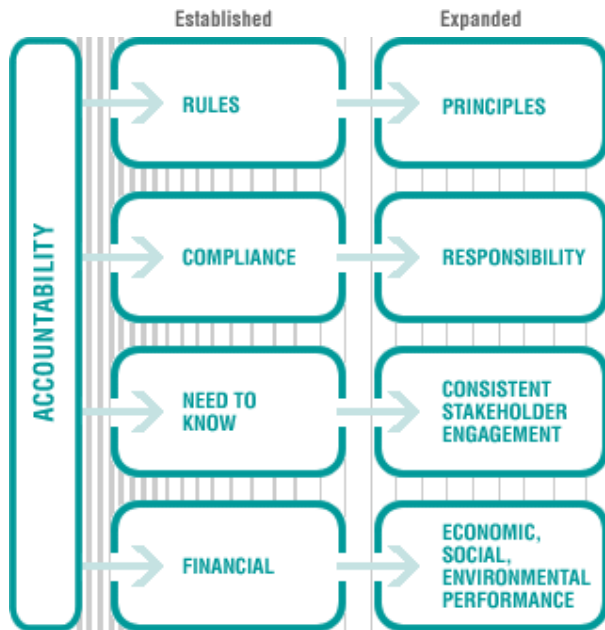
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## Elements of Accountability

Some elements of accountability are well established through legal requirements and traditional governance practices. Other aspects are expanding in response to regulatory and legislative changes, greater societal expectations for all corporations and our expanded internal expectations for the Company (see the figure below).

Underlying all of these elements of accountability are several concepts:

- **Relevance:** We must focus our efforts on issues that are most relevant to our business success and our stakeholders' concerns.
- **Delivery:** We need to follow through with what we say we will do and strive for consistency in our communications and actions.
- **Transparency:** We must actively communicate our performance in a balanced and straightforward manner.



Society's concept of corporate accountability is expanding in response to a number of factors.


Although established accountability mechanisms remain an important foundation, we see expanding expectations for accountability emerging in four major areas shown in this graphic.

## Accountability


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## Sustainability Governance

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## Sustainability Governance

Our governance of sustainability issues builds on a strong foundation of Board of Directors and senior management accountability for the Company's environmental, social and economic performance. We maintain a comprehensive set of policies, directives and standards, including our Standards of Corporate Conduct, that govern all Company activities.

### Board of Directors

Our Board of Directors addresses significant business issues, including those related to sustainability, as a full group and through five committees: Audit, Compensation, Environmental and Public Policy, Finance, and Nominating and Governance.

Seven Directors serve on the Environmental and Public Policy Committee, which is chaired by Bill Ford. The Committee reviews environmental, public policy and sustainability issues facing the Company around the world.

Corporate governance principles, a code of ethics and charters for each committee set the governance framework for the Board of Directors. We have established a procedure for shareholders to submit accounting and other concerns to independent directors and to send other communications to the Board.

### Executive Management

The Strategy and Business Governance group, composed of our top executives, guides our corporate direction, establishes strategic priorities and regularly reviews issues of importance to the Company's sustainability commitments.

In early 2005, we established a new cross-functional high-level governance structure to explore the implications of sustainable mobility and plan Ford's future offerings of products and services. The sustainable mobility governance structure is integrated with a vice president-level climate change task force and a supporting climate change steering team, and both report to the Office of the Chairman and Chief Executive.

### Related Links

#### In This Report

- [Sustainable Mobility Governance](#)
- [Policy Letters and Directives](#)

#### Ford.com

- [Standards of Corporate Conduct](#)
- [Corporate Governance Policies](#)
- [Corporate Governance Contact Information](#)


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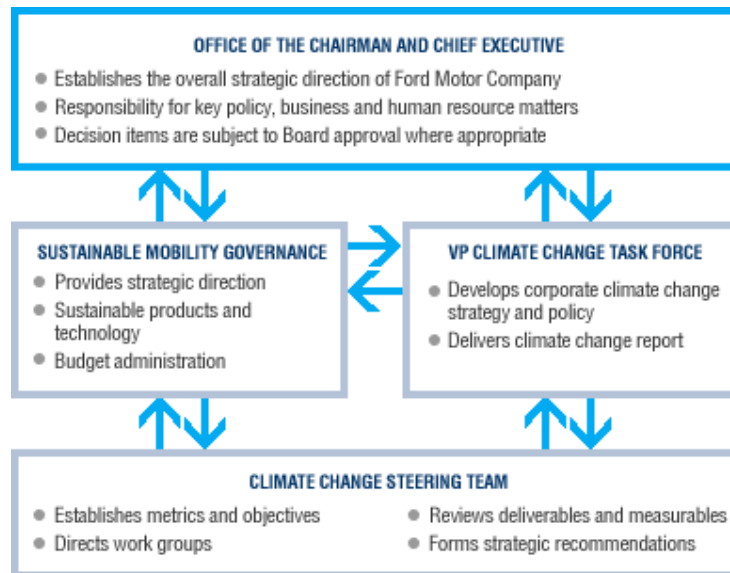
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## Sustainable Mobility Governance

We have established a cross-functional high-level governance structure to explore the implications of sustainable mobility and plan Ford's future offerings of products and services. The sustainable mobility governance structure is integrated with the climate change task force and steering teams, and both report to the Office of the Chairman and Chief Executive.



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## Policy Letters and Directives

Ford has had in place, for many years, a comprehensive set of policies and directives that communicate to employees worldwide our expectations relative to legal and internal Company requirements.

Policy Letters reflect broad, basic principles offering a framework within which the Company conducts its business globally. They are signed by the Chief Executive Officer.

Corporate Directives typically deal with narrower topics than Policy Letters and may only apply to a particular segment of the business or an organization and, therefore, are often more limited than Policy Letters in their applicability. Corporate Directives may be signed by a Company Officer other than the Chief Executive Officer.

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

Standards with particular relevance to sustainability include:

### Human Rights

Our [Code of Basic Working Conditions](#) covers a number of issues including child labor, forced labor, working conditions and others.

### Diversity

We are committed to the goal of equal opportunity in all aspects of our business and to the affirmative actions required to make that goal a reality. The pursuit of equal opportunity not only is right and appropriate, but is also sound business practice. Our Policy Letter addresses equal opportunity and affirmative action. Disparate treatment on the basis of race, religion, color, age, sex, national origin, disability, gender orientation, sexual orientation or veteran status is contrary to the spirit and intent of our nondiscrimination policies.

### Bribery and Corruption

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

Administrative and management level employees and contract personnel are required to participate in periodic training that includes information on their responsibility to report any known or suspected violation of the law or Company policy. There are many different ways for individuals to report known or suspected violations, including telephone tip lines, e-mail and Company intranet sites.

### Political Contributions

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

### Related Links

- **In This Report**
  - [Human Rights](#)
  - [Dimensions of Diversity](#)
  - [Vehicle Safety](#)
  - [Environment](#)
  - [Workplace Safety](#)

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The Ford Motor Company Civic Action Fund, supported by voluntary donations from Ford employees, gives campaign contributions to national, state and local political candidates from both major political parties in the United States. A list of contributions made during 2005 can be found at [www.fec.gov](http://www.fec.gov).

### **Customer Satisfaction and Safety**

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

### **Environment and Employee Health**

Our Policy Letter on environment makes clear that sustainable economic development is important to the future welfare of Ford and society in general. Protection of employee health and the environment are important considerations in business decision making and early, integral parts of the planning process. Our products, services, processes and facilities are planned and operated to incorporate objectives and targets, which are periodically reviewed so as to minimize to the extent practical the creation of waste, pollution and any adverse impact on employee health or the environment. Protection of health and the environment is a Companywide responsibility of employees at all levels.

### **Privacy**

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

Ford is committed to implementing responsible consumer privacy and data-handling practices. The Company has developed internal privacy and security standards, policies and procedures designed to ensure the continuing trust and confidence of individuals that entrust us with personal information. The Company continues to develop global policy that articulates our commitment to implementing responsible privacy and data-handling practices.


### **Advertising**

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

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## Principled Decision Making

### Integrating Sustainability

We have approached the vitally important task of integrating sustainability into our business systems from three angles.

One angle has been issue-driven. For example, participants in our 2000 stakeholder forum identified climate change and human rights as key corporate citizenship and sustainability issues for Ford. We took a number of steps to respond to these issues, including convening a vice president-level task force to map climate change actions across the organization. This was followed by formation of the [Sustainable Mobility Group](#) to oversee implementation of actions identified, including recognition of a goal of climate stabilization in our product planning process.

As described in the [Human Rights](#) section, we have developed a Code of Basic Working Conditions that applies to our operations, joint ventures and suppliers. We have also developed training and assessment programs to ensure Code implementation. This work has been led and is owned by our purchasing group, a mainstream business function.

The second angle we have pursued to integrate sustainability is by analyzing our business systems and opportunities to build sustainability considerations into them. For example, we have used our scorecard process to connect our Business Principles to our systems for tracking progress and rewarding employees (see [Integrating Our Business Principles](#)).

The third angle has been building capacity and understanding of sustainability throughout the organization. Members of our Sustainability Learning Community meet regularly and share ideas on integrating sustainability in their own jobs and in Ford's overall strategic intent. The community now numbers more than 300 people from functions ranging from product planning to finance, strategy and environmental management. External engagement is also an important element of building our understanding.

During 2005 and early 2006, these strands have come together. The Report Review Committee, composed of external stakeholders, provided useful and challenging feedback on Ford's direction. The Sustainability Learning Community developed proposals for new, sustainability-driven approaches to the business. And in terms of our business processes, our research and learning became part of our strategic planning process, affecting both the analysis of the Company's positioning and the options available moving forward. Ultimately, we expect this work to result in an operational roadmap, metrics, milestones and aligned purpose.

### Ethics and External Standards

While compliance with all legal requirements is the foundation of accountability, strong ethics and prevention (anticipating and planning for problems to reduce risk) are essential elements of corporate responsibility.

This approach means conducting comprehensive assessments to identify potential compliance issues, as well as areas where adherence to internal or external voluntary standards that go beyond legal requirements could mitigate potential risks or maximize opportunities. Based on this philosophy, we were among the first major companies to certify our operations to the ISO 14001 environmental management standard and to endorse the Coalition for Environmentally Responsible Economies (Ceres) Principles. In addition, Ford is a signatory to the Global Sullivan Principles and the Business Charter for Sustainable Development.

To help our employees worldwide understand and access resources that enable responsible behavior and enhance regulatory compliance, we created Web-based legal resources. All salaried employees are required to participate in online training on our Code of Conduct and selected substantive policies such as anti-harassment and refraining from soliciting or receiving improper payments or benefits. They may also access information on internal and external requirements and report suspected violations of the law or Company policy.

### Related Links

- **In This Report**
  - [Managing Environmental Performance](#)
- **External Web Sites**
  - [Ceres](#)
  - [Global Sullivan Principles](#)
  - [Business Charter for Sustainable Development](#)




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## Stakeholder Engagement

Stakeholder engagement is vital to our ability to serve our customers and the local and global communities in which we operate. It is also a critical tool in tuning into signals about changes in the world and the marketplace that may present risks and opportunities.

We engage with stakeholders in a variety of ways, some of which are described in the [Community](#) and [Quality of Relationships](#) sections:

- Creation of forums specifically to gather stakeholder input on our activities, challenges and performance, most recently through the Report Review Committee that reviewed and commented on our 2004/5 report. This and other engagements have been critical in shaping our sustainability strategy
- Development and implementation of a process for engagement to better understand and address our most local impacts as a community member, described in the Community section
- Value-creating partnerships with organizations in other sectors that share our goals, e.g. joint promotion of the Escape Hybrid with the [Sierra Club](#) and creation of a carbon offset program with [Terrapass](#)
- Engagement with rating and ranking organizations in the investment community, which provides insight into external perspectives on some important issues and our relative performance in addressing them. We have described some of the feedback from these agencies in the [Financial Health](#) section
- Dialogue and, in many cases, ongoing cooperation with organizations that have filed shareholder resolutions on environmental and social issues
- Consultation with organizations that have implemented campaigns targeting Ford

These engagements have focused on several issues:

- **Climate Change:** Climate change is an issue that requires engagement, cooperation and collaboration across all sectors of society. The business implications of climate, our approach to the issue and our engagement with other businesses, academics, NGOs, shareholder activists and campaigners are described in our climate change report.
- **Human Rights:** Stakeholder input has been critical to the development and testing of our approach to human rights and working conditions in our facilities and those of our suppliers, discussed in the Human Rights section.
- **HIV/AIDS:** In 2003, St. Joseph Health System and other shareholder proponents submitted a shareholder proposal requesting a reporting of our policies and actions to address the global HIV/AIDS pandemic. The proposal was ultimately withdrawn, given the Company's commitment to address HIV/AIDS in our facilities and to report on our performance. We solicited the involvement of St. Joseph Health System in the process of developing and implementing our approach to HIV/AIDS. In 2004, we issued a report on HIV/AIDS, its impact on the Company, and our policies and practices related to the disease.

### Related Links

- In This Report
  - [Community](#)
  - [Financial Health](#)

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## Reporting and Transparency

In 2004, we reviewed our reporting strategy, taking a broad look at our communications with internal and external stakeholders. The review resulted in a reporting strategy aimed at increasing the materiality of our reporting and its responsiveness to stakeholders, reflected in several changes. The report was renamed the Sustainability Report to better reflect its emphasis on the business case for Ford's approach to environmental and social issues.

The report is more tightly focused on Ford's overall vision, strategy, challenges and opportunities related to sustainability and the Company's most material issues.

We conducted a [materiality analysis](#) to focus the content of the print report on our most significant issues.

To advise on the report's thoroughness and transparency and to monitor expectations, Ford established a Report Review Committee made up of 13 external stakeholders to participate in the development of the report.

For this, our 2005/6 report, we have updated our Web report and issued a very brief summary. We have also expanded our internal communications, including development of an internal Web site to serve our growing Sustainability Learning Community, and are developing audience- and issue-specific communications. For our 2006/7 edition, our reporting strategy calls for a complete updating and issuance of a print report focused on our most material issues.

We believe these changes make the report more valuable within the Company and to our stakeholders. We will continue to monitor feedback and adjust our approach in the future.

This report was produced in accordance with the Global Reporting Initiative's 2002 Guidelines. We supported and participated in the development of the GRI G3 process that will result in updated guidelines in 2006, including submitting detailed comments on the draft guidelines.

Volvo published a sustainability report in 2005, and several of our country operations and local facilities also produce [public reports](#).

### Related Links

- **In This Report**
  - [Previous reports](#)
  - [Materiality Analysis](#)
- **External Web Sites**
  - [Global Reporting Initiative](#)

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## SustainAbility Review of 2004/5 Report

We requested a review of our 2004/5 Corporate Citizenship Report by SustainAbility, according to the SustainAbility/United Nations Environment Program (UNEP) benchmarking methodology. The review included the following overall impressions:

- *Our Route to Sustainability* is a step change in Ford's reporting practices, providing focus and depth on the most pressing issues the Company faces
- The CEO statement presents a revolutionary vision that captures the true meaning of sustainability
- Business Principles have the potential to become an unprecedented and integrated management system for sustainable development and business performance

Strengths identified included:

- The report thoroughly identified issues in the value chain
- The reporting framework using Business Principles (Web version) effectively brings all facets of Ford's sustainability development work together
- The report clearly describes the governance structures for addressing climate change and sustainable mobility, and connects the issues to strategy and core business
- Ford creates a realistic and balanced picture of the complexity of policy issues related to climate change
- Ford boldly reports on the tension between managing to Wall Street and managing to the SRI community and provides an exemplary reporting pilot on community impact
- The report clearly explains that Ford deeply understands that its reporting strategy links to its broader commitment and performance, as demonstrated by involvement of the Report Review Committee in shaping the report

Opportunities for improvement included:

- Highlight region-specific sustainability issues
- Provide a better description of the Company's road map to success, including long-range goals and milestones to achieve them
- Provide more evidence of the business implications of progress on sustainable development issues
- Include sustainable mobility and climate change goals, a plan to reach these goals, and effective performance indicators to elevate credibility
- Provide greater context for the economic impact of the value chain – what it means for the Company and its stakeholders
- Include greater indication of how the Company is responding to shortcomings in performance trends
- Provide more information on the systems Ford uses to manage and prioritize financial tradeoffs tied to sustainable development issues
- Systematically report on indicators and goals for measuring progress toward material issues and Business Principles
- Elaborate on the impact across communities, business units, geographies, employees and governments, and increase the connection between sustainable development investment, sustainable development performance and financial performance
- Expand human rights reporting beyond working conditions

### Related Links

- **External Web Sites**
  - [SustainAbility](#)




## Accountability


- [About This Principle and Our Progress](#)
- [Elements of Accountability](#)
- [Sustainability Governance](#)
- [Principled Decision Making](#)
- [Stakeholder Engagement](#)
- [Reporting and Transparency](#)

## Memberships

- [Integrating Our Business Principles](#)

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## Memberships

Ford is a member of a number of organizations that allow it to access the expertise of others in the auto industry, other industries, government and nongovernmental organizations. We participate in many activities with these organizations, including pre-competitive research, policy analysis and advocacy.

Some of our major memberships include:

- [The Alliance of Automobile Manufacturers \(U.S.\)](#)
- [Automotive Trade Policy Council \(U.S.\)](#)
- [Business for Social Responsibility \(BSR\)](#)
- [Coalition for Environmentally Responsible Economies \(Ceres\)](#)
- [Coalition for Vehicle Choice \(U.S.\)](#)
- [Council for International Business](#)
- [European Automobile Manufacturer's Association \(ACEA\)](#)
- [Japan Business Council](#)
- [National Association of Manufacturers \(U.S.\)](#)
- [Prince of Wales International Business Leaders Forum](#)
- [World Business Council for Sustainable Development \(WBCSD\)](#)
- [Other business councils around the world](#)

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## Integrating Our Business Principles

- Integrating Sustainability

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## Integrating Our Business Principles

During 2003, Ford's business groups were charged with reflecting the Business Principles – adopted in 2002 – in their business plans and scorecards for 2004 and beyond. This was a key step toward integrating the Principles into our most fundamental business processes.

We develop new scorecards each year. Senior management members of the Strategy and Business Governance group set corporate direction and strategic priorities, establish goals and allocate resources, which in turn set the parameters for business operation plans. Each business plan is translated into a scorecard, which establishes priorities, targets and metrics.


On a single page, our scorecards define the key priorities, success drivers, targets and responsibilities for achieving business results and provide managers with progress indicators.

For example, the North American manufacturing scorecard, known in shorthand as SQDCME, includes targets and progress indicators that align with the Business Principles:


Scorecard Element	Business Principle
<b>Safety</b>	<b>Safety</b>
<b>Quality</b>	<b>Products and Customers</b>
<b>Delivery of products</b>	<b>Products and Customers</b>
<b>Cost</b>	<b>Financial Health</b>
<b>Morale</b>	<b>Quality of Relationships, Community</b>
<b>Environment</b>	<b>Environment</b>

## Accountability

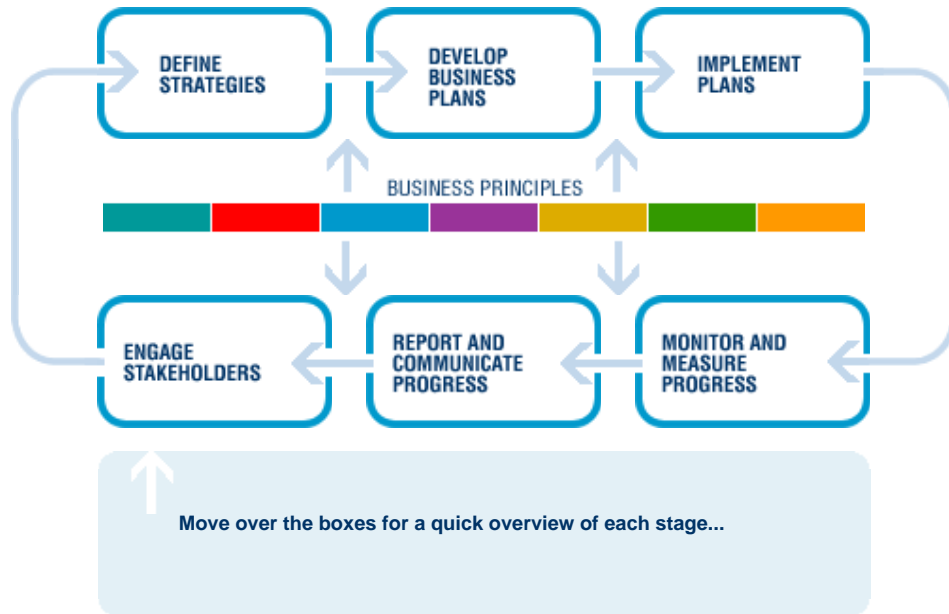
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## Integrating Sustainability





## Products and Customers

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## Products and Customers

**About This Principle**  
We will offer excellent products and services.

 The award-winning Ford Focus designed for recycling, with environmentally responsible emissions, superb passenger space and low ownership costs.

We will achieve this by:

- Focusing on customer satisfaction and loyalty and keeping our promises
- Using our understanding of the market to anticipate customer needs
- Delivering innovative products and services that offer high value in terms of function, price, quality, safety and environmental performance

### Progress Since Our Last Report

Around the world, our markets are changing. High fuel prices are accelerating interest in vehicles with good fuel economy. Markets are expanding in rapidly growing economies and remain highly competitive everywhere we operate. To meet and anticipate our customers' needs, we are focusing on:

- Introducing new products. For example, in North America we will introduce seven all-new products in 2006 (for 2007 model year), as well as five noteworthy vehicle revisions.
- Raising the bar on quality. In J.D. Power's Initial Quality Study, our 2005 U.S. vehicles continued a positive trend by improving 2 percent compared to 2004.
- Speeding up the time to market for new vehicles by implementing new prototyping technologies, shared architectures and technologies, and flexible manufacturing. By the end of the decade, 75 percent of our North American and all of our European plants will be flexible and able to produce multiple vehicle models.
- Expanding the range of products available in high-growth markets.
- Developing and introducing products with better environmental performance.

### Have Your Say

Please share your thoughts on our report – all responses will be aggregated to provide valuable feedback on our efforts to date and help prioritize improvements for the future.


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## Changing Markets

Our markets are changing in several fundamental ways, posing challenges to established ways of doing business and presenting new opportunities to meet the needs of customers. For example, the growth in demand for automobiles is slowing in established markets in North America, Europe and Japan, while developing markets, particularly in Asia, are projected to account for more than 90 percent of the total sales growth over the next decade (see [Challenges Facing the Automotive Industry](#)).

Ford is well-poised to take advantage of the rapid growth in Asian markets. In China, production at the Changan Ford Mazda Chongqing assembly plant has grown 10-fold since the facility came online in 2003. And the Changan Ford Mazda partnership will have additional production capacity by 2007, when a new vehicle assembly plant in Nanjing, China, is completed. Fueled by increased production capacity and new products, sales continue to be strong for the Ford brand in China. In the first half of 2006, sales of Ford brand vehicles in China showed a 101.8 percent increase over the same period in 2005; these record-setting sales came in well above the industry growth rate.

The continued rise in fuel prices has been a key driver of shifts in markets globally. The price of gasoline increased 37 percent in the United States in the year ending in June 2006, on top of a 48 percent increase in the previous two-year period (i.e., June 2003–June 2005)<sup>1</sup>. Gas prices are expected to remain high, and volatile, as the oil markets respond to rising demand and geopolitical events.

These increases are accelerating the trend away from large SUVs and toward "crossovers" and sedans. Crossover utility vehicles (CUVs) are SUV-like vehicles built on car platforms. They offer the cargo- and people-hauling capabilities of SUVs while delivering a car-like ride and handling and better fuel economy. They also provide easier entry and exit for the aging U.S. population, as they are slightly lower to the ground than SUVs. In April of this year, total sales of CUVs in the United States surpassed that of SUVs for the first time. Sales of sedans and coupes are also on the increase. The share of car sales in the American market (as compared to SUVs, pickups, minivans and the like) increased in 2005 for the first time since 1992.



*2007 Ford Edge CUV: With a 250-horsepower V-6 paired with a wide-ratio 6-speed automatic transmission, the 2007 Ford Edge delivers a projected 24 miles per gallon on the highway.*

Hybrid vehicles are another rapidly growing segment of the market. Through September 2005, hybrid vehicles accounted for 1.3 percent of the U.S. market. During this period, Ford vehicle registrations accounted for about 7 percent of the hybrid market. A J.D. Power and Associates report said the hybrid market is expected to grow to 3 percent of U.S. sales, or 535,000 units, by 2011.

Consumer attitudes also appear to be evolving in the United States, with fuel economy rising rapidly in importance, along with concern for energy security and a desire to affect the world positively through consumer choices. Interest in vehicles with better fuel and emissions performance is on the rise, reflecting individual customer concerns about fuel costs, energy security, climate change and air pollution. In August 2005, an

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 [Ford Report on the Business Impact of Climate Change](#)  
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R.L. Polk poll found that 55 percent of respondents will change the type of vehicle they drive when they buy again. In addition, the poll found that 84 percent of respondents would consider buying or leasing a hybrid vehicle.

Fleet customers are also interested in improved fuel economy and environmental performance, so they can demonstrate their corporate responsibility commitment and cut vehicle operating costs. Fuel economy has also emerged as a quality and customer satisfaction issue.

In Europe, a new generation of diesel vehicles offers fuel economy benefits along with high performance and sharply lower emissions than earlier generations of diesel technology. Diesels continue to increase in popularity, claiming over half the market by early 2005.

We at Ford anticipated the direction of these shifts, if not their rapid pace. In the United States we are introducing new cars and crossovers that address the changing face of the auto business and use technologies to boost fuel economy, including continuously variable transmissions, six-speed transmissions and variable-valve timing. As discussed below, Ford will introduce two new CUVs in 2006 – the Ford Edge and Lincoln Aviator – bringing to seven the number of CUVs throughout all of its brands. Among its current fleet, Ford has 25 vehicles that get 25 mpg or better.

As part of our overall strategy on climate change, our Chairman committed to increase customer awareness of this issue. Ford, in partnership with Terrapass, announced in April the Greener Miles™ program, which allows customers to neutralize the climate impact of their driving. Through this program, consumers can calculate the amount of greenhouse gases they emit in a year of driving and then purchase an offset. The proceeds fund renewable energy projects that reduce emissions by the same amount. In addition, Ford's ongoing commitment to improve the energy efficiency of our manufacturing plants has reduced carbon dioxide emissions by more than 15 percent since 2000. And Ford is going a step further in the case of the 2007 model year Escape and Mariner Hybrid. We are funding projects (such as wind energy) that will reduce greenhouse gas emissions by the same amount required to build these hybrids.

In Europe, we are working with a technology partner, PSA Peugeot Citroën, to continue to expand and refine our diesel vehicle offerings and introduce new emission-control technologies.

More information on the fuel economy of our current vehicles can be found [here](#) in the environment section, while advanced technologies under development are discussed [here](#) in the mobility section.

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### Vehicle Sales by Segment in U.S.

Segment	<i>percent</i>					
	2000 Industry	2000 Ford*	2000 Ford Motor Company**	2005 Industry	2005 Ford*	2005 Ford Motor Company**
Cars	49.7	38.0	40.0	44.0	31.5	32.8
Minivans	7.7	6.3	6.0	6.2	2.9	2.7
Full-size vans	2.3	4.7	4.4	2.0	6.0	5.7
Crossover SUVs	3.0	1.1	1.2	12.7	9.3	10.3
Truck-based SUVs	16.7	19.6	19.5	13.9	15.0	15.4
Compact pickups	6.0	8.2	7.8	3.9	4.1	3.8
Full-size pickups	12.4	21.8	20.8	14.5	30.7	28.8
Medium-heavy trucks	2.2	0.3	0.3	2.8	0.5	0.5

\* Ford, Lincoln, Mercury


\*\* includes Premier Automotive Group (Volvo, Jaguar, Land Rover, Aston Martin); excludes Mazda

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<sup>1</sup> Data from [http://www.eia.doe.gov/oil\\_gas/petroleum/data\\_publications/wrgp/mogas\\_history.html](http://www.eia.doe.gov/oil_gas/petroleum/data_publications/wrgp/mogas_history.html).

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## Leading with Products

High-quality, desirable, affordable products are the foundation of our business. In North America, we plan to introduce seven new vehicles in 2006 (for the 2007 model year).

The new introductions include two all-new vehicles for the fast-growing CUV market – the Ford Edge and Lincoln MKX. The Edge offers a bold design, a 265-horsepower V-6 engine, and a fuel-efficient 6-speed transmission. The Lincoln MKX brings American luxury to the crossover segment, with features such as adaptive headlamps, heated and cooled front seats, a panoramic glass roof and DVD-based navigation.

Also new this year is the Ford Shelby GT500, the most powerful production Mustang ever. The supercharged 5.4-liter V8 produces 500 horsepower, delivering the heritage and legend of the Shelby name with the modern performance and engineering capability of Ford's Special Vehicle Team.

In addition, all-new versions of the Ford Explorer Sport Trac, Ford Expedition EL, Lincoln Navigator and Lincoln Navigator L are being introduced for 2007 model year. The two new Navigators bring more refinement, more capability and more style to the luxury SUV market, while the new Expedition EL features an additional 24 cubic feet of cargo capacity.

In Europe, we launched new versions of the S-MAX, Galaxy and Transit. The S-MAX and Galaxy were developed with a goal of measurably improving their sustainability (see [Ford of Europe Rates Sustainability of Vehicles](#)).

In addition, the all-new Ford Ranger made its world debut in Thailand in March 2006 at the Bangkok International Motor Show. The new Ranger aims to set a new standard in the industry in terms of engine performance, fuel economy, passenger comfort, safety features, drivability, towing capacity and affordability.

All told, Ford Motor Company now offers 12 vehicles in North America that are rated at 30 mpg highway or better by the EPA. This fuel efficiency is achieved in part by Ford's leadership in 6-speed transmissions. Ford already has more than a million vehicles on the road with 6-speed transmissions, and is offering the transmissions on five additional models for 2007.

In addition, Ford's all-new 3.5-liter V-6 engine debuts this model year. This new engine was designed with the future in mind – it is capable of super-clean PZEV emissions, hybrids, direct-injection and turbocharging. Mated with the new 6-speed automatic, it delivers up to a 7% improvement in highway fuel economy. It will eventually power one in five Ford Motor Company vehicles in North America.

Additional product highlights:

- Safety is now standard on more vehicles than ever, including standard side air bags and side air curtains for the Ford Fusion, Five Hundred, Freestyle, Edge, Expedition and Expedition EL; Mercury Milan and Montego; and Lincoln MKX, Navigator and Navigator L.
- Ford leads the industry in delivering all-wheel and four-wheel drive capability in line with a growing trend among buyers. Ford will offer 28 vehicles with all-wheel drive by the end of this year. AWD is particularly popular among customers who are leaving the SUV segment but do not want to sacrifice security and traction performance.
- The Mercury brand continues to successfully carve out a unique position in the market. It has been repositioned as the "metro cool" brand, aimed at savvy individualists. Already, nearly 50 percent of Mercury Milan and Mariner customers are "conquest sales" – buyers who normally do not consider Ford, Lincoln or Mercury.
- Ford has doubled the number of vehicles offering DVD-based navigation systems, quadrupled the number of vehicles available with SIRIUS satellite radio, and this year is offering audio input jacks for MP3 players on 12 vehicles.

## Related Links




- **Ford.com**
  - [Ford Freestyle](#)
  - [Mercury Mariner](#)
  - [Ford Escape Hybrid](#)
  - [Ford Five Hundred](#)
  - [Mercury Montego](#)
  - [Ford GT](#)
  - [Ford Mustang](#)
  - [Ford Focus](#)
  - [Ford Escape](#)
  - [Ford F-Series Super Duty models](#)
  - [Ford Freestyle](#)
  - [Ford Fusion](#)
  - [Mercury Milan](#)
  - [Lincoln Zephyr](#)
  - [Mercury Mariner Hybrid](#)
  - [Ford Explorer](#)
  - [Mercury Mountaineer](#)
  - [Lincoln Mark LT pickup truck](#)
  - [Focus \(Europe\)](#)
  - [Jaguar XK](#)
  - [Land Rover Discovery 3](#)
  - [Land Rover LR3](#)
  - [Range Rover Sport](#)
  - [Ikon Sedan \(India\)](#)
  - [Fusion Crossover \(India\)](#)
  - [Mondeo \(China\)](#)





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## Quality is Our Number One Priority

Through an intense Companywide focus, we continue to improve the quality of our products. Both internal and external measures of quality are showing progress. Customer perception, however, has not yet recognized this improvement.

In the United States, between 2001 and 2005, Ford Motor Company's internal "things gone wrong" measure improved by 21 percent, in line with the improvement of 20 percent on J.D. Power's Initial Quality Survey. Ford Motor Company customer satisfaction improved by 5 percentage points during this period. In 2005, the number of Ford, Lincoln and Mercury safety recalls compared to 2004 decreased by 29 percent, though the number of affected units increased. We are maintaining high levels of satisfaction with Ford Division sales and service. Satisfaction with Ford Division sales and service in 2005 showed improvement of 12 and 14 percentage points, respectively, compared to 2001.

Ford Europe's sales and service satisfaction over the same period improved by 18 and 9 percentage points, respectively, while the number of recalls remained constant. Our "things gone wrong" measure improved by 9 percent.

Owner loyalty (customers disposing of a Ford product and buying a new one) increased for Ford Europe to 50 percent, and declined slightly to 45.2 percent in the United States in 2005 compared to 2004. In a R.L. Polk & Co. study of owner loyalty on 2006 model year vehicles, Ford products led five out of 14 categories.

The high quality of Ford vehicles was also recognized through several awards. Ford vehicles won six awards in the 2005 Autbytel Editor's Choice Awards, including SUV of the Year (Land Rover LR3), Hybrid of the Year (Ford Escape Hybrid), Best Car for the Environment (Ford Escape Hybrid) and Most Improved New Car (Ford Mustang). In addition, the Mercury Mariner Hybrid this year was the first vehicle to be honored by Green Car Journal as "Green Car of the Year."

We have secured these improvements using a three-part quality management system. Our Quality Leadership Initiative provides a governance framework for quality improvement programs. Our Quality Operating System spells out procedures that must be followed in our manufacturing processes. Consumer Driven 6-Sigma helps us solve problems, drive out waste and improve product quality through a disciplined process.

Since we adopted the Consumer Driven 6-Sigma approach in 2000, people at all levels of the Company have carried out 18,437 projects aimed at improving product quality and eliminating waste, resulting in a contribution of at least 40 percent in quality improvements on "things gone wrong" and \$3.37 billion in savings worldwide. During 2005 alone, these projects contributed approximately 42 percent in quality improvements for "things gone wrong" and \$1.039 billion in savings. During 2005, we focused on accelerating quality and waste elimination projects by:

- Linking all 6-Sigma efforts, projects and resources to delivering the organization's key business plan objectives
- Applying Design for 6-Sigma to the product creation process and "lean manufacturing" principles to global operations through 6-Sigma Kaizen methodologies

Each of our brands operates customer support programs, which help our retail and fleet customers access the information and assistance they need during the time they own a Ford Motor Company vehicle.

The perception of Ford quality lags the real improvements we have made. While we have made progress, the auto industry as a whole is also getting better. To improve customer perception and continue our progress, we will maintain an intense focus on quality and communicate these gains to customers.

**Related Links**


- **External Web Sites**
  - [J. D. Power and Associates](#)
  - [R.L. Polk & Co.](#)

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## Bringing Products to Market Efficiently

Our model for developing and building products is changing. Ford's new "Way Forward" – our plan to streamline product development and bring more new products to market faster – uses new prototyping technology, common vehicle architectures and shared technologies.

In June, for example, Ford unveiled one of the industry's most advanced test tracks – the Dearborn Development Center – as part of an effort to shave more than a year off the time it takes to bring new vehicles to its customers. The new center is a \$43 million transformation of the Company's 365-acre proving grounds site. It includes new test tracks and special surfaces that simulate roads throughout the United States and Europe.

New technologies are also helping us speed time to market. A few years ago, Ford learned of two experimental technologies at American universities – Selective Laser Sintering and 3D Printing Sand – that were capable of producing prototype parts without expensive tooling. With Ford's help, those processes are now at the forefront of rapid prototyping technologies, helping the Company dramatically slash costs, improve time to market and better handle frequent product changes.

Since the two technologies were first used in mid-2005, they have revolutionized Ford's product creation process and saved the Company millions of dollars. Five years ago, Ford would spend hundreds of thousands of dollars on a disposable prototype tool for a die-cast part, and then wait a year to get the tooling to make the part. With these new technologies, a prototype part can be produced within days of receiving a computer-aided design (CAD) drawing. Soon, other automakers will be able to use the technology, but because Ford did the development legwork, the Company will have at least a year's advantage.

In another example of efficiency in product development, four distinct vehicles – the Volvo S40 (small sedan), Volvo V50 (small wagon), Focus C-MAX (multipurpose vehicle) and Mazda3/Axela (sedan and hatchback) – are all based on the same architecture. The Ford Fusion, Mercury Milan and Lincoln Zephyr share architecture with the Mazda6 that is planned to be used in several additional new vehicles.

This approach reduces engineering and materials costs, helps us develop new products faster and improves quality. It also allows our designers and developers to concentrate on creating vehicles with distinct personalities, realizing the potential for scale and flexibility while maintaining differentiation.

Complementing this product development strategy is the investment we are making in flexible manufacturing. Flexible manufacturing reduces costs and lets us shift production at an individual plant from model to model to address customer demand quickly. Shared vehicle architecture facilitates flexible manufacturing and vice versa. The Dearborn Truck Plant at the Ford Rouge Center, for example, will be capable of producing nine vehicle models. By 2008, 82 percent of our North American assembly plants will be capable of flexible manufacturing. By the end of the decade, more than 90 percent of our North American and all of our European plants will be flexible.

### Related Links

- **Ford.com**
  - [Volvo S40](#)
  - [Volvo V50](#)
  - [Focus C-MAX](#)
  - [Mazda3/Axela](#)
  - [Ford Fusion](#)
  - [Mercury Milan](#)
  - [Lincoln Zephyr](#)
  - [Mazda6](#)

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## A Look at Ford Motor Credit Company

To date, our corporate citizenship and sustainability reporting has focused on our automotive sector – the part of the business that designs and builds vehicles. The other major part of our business is Ford Motor Credit Company (“Ford Motor Credit”), a wholly owned subsidiary that began operations in 1959. Ford Motor Credit offers a wide variety of automotive financial services to automotive dealers and customers in 36 countries throughout the world.

Ford Motor Credit North America does business in every state in the United States and all provinces in Canada through a network of branches that originate business and service centers that support dealerships and consumers after the sale.

Outside the United States, FCE Bank plc (“FCE”) is Ford Motor Credit’s largest operation. FCE does business in the United Kingdom, Germany and most other European countries. Ford Motor Credit also operates in the Asia Pacific and Latin American regions. As part of Ford Motor Credit’s Asia Pacific operations, Ford Automotive Finance (China) Limited (FAFC) began lending to consumers in 2005.

Ford Motor Credit’s primary financial products fall into three categories:

- **Retail financing** – purchasing retail installment sales contracts and retail leases from dealers, and offering financing to commercial customers, primarily vehicle leasing companies and fleet purchasers, to purchase or lease vehicle fleets
- **Wholesale financing** – making loans to dealers to finance the purchase of vehicle inventory, also known as floorplan financing
- **Other financing** – making loans to dealers for working capital, improvements to dealership facilities, and the acquisition and refinancing of dealership real estate

Ford Motor Credit works on a number of issues of interest to its stakeholders, including:

- **Hurricane relief:** Ford Motor Credit donated vehicles, offered payment deferrals to customers living in federal disaster areas and supported a nationwide telethon by donating use of eight call centers in North America. More than 800 Ford Motor Credit service center employees also volunteered their time to staff phone lines in the effort to raise money for hurricane relief. Within days of each storm, Ford Motor Credit’s American Road Services Company field staff began to assess damage to insured vehicle inventory and issued checks to affected dealerships.
- **Consumer education:** Continuing Ford Motor Credit’s long-time support of consumer education, the Company has joined with other lenders to form AWARE (Americans Well-informed on Automobile Retailing Economics, [www.autofinancing101.org](http://www.autofinancing101.org)), a collaborative effort to increase consumer understanding of the auto financing system. Ford Motor Credit’s participation extends its longstanding support of financial education for consumers through such organizations as Jump\$tart, Junior Achievement and its own Credit Drives America program. By educating consumers about auto financing and how to make informed decisions, AWARE works to ensure that financing remains available and affordable to a broad spectrum of consumers.
- **Identity theft:** Ford Motor Credit is taking aim against identity theft, in partnership with other financial institutions, as a founding member of the Identity Theft Assistance Center (ITAC). Formed in 2004, ITAC is a non-profit industry consortium that helps consumers. Member institutions collaborate to protect their customers from fraud and to help them recover if they are ID theft victims. After resolving issues at the member institution, customers are referred to ITAC, which helps them identify suspicious activity in their credit reports, notifies affected creditors, places fraud alerts with credit bureaus and shares information with law enforcement authorities.

### Related Links


- **External Web Sites**
  - [Ford Credit](#)
  - [Ford Financial](#)

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## Ford Escape Doing Taxi Duty in Big Cities

Next time you hail a taxicab in San Francisco, New York City or Chicago, you might just catch a ride in a Ford Escape Hybrid. In June 2006, Ford launched a nationwide tour to promote the use of its environmentally friendly, gas-electric SUVs in taxi fleets. The Ford Hybrid Taxi National Tour will visit eight U.S. cities.



Already, a number of major U.S. cities have jumped on the hybrid bandwagon. San Francisco was the first: In early 2005, two taxi-company fleets in that city became the first in the nation to use hybrid SUVs as taxis. San Francisco's Yellow Cab Cooperative bought 10 hybrids, while Luxor Cabs purchased five. The vehicles of choice for both companies? The Ford Escape Hybrid.

Then in November of last year, New York's first mini-fleet of six hybrid taxis – again, Ford Escape Hybrids – took to the streets. The New York fleet is a result of the Clean Air Taxi Act, a law passed by the New York City Council that required the Taxi and Limousine Commission to approve at least one model of hybrid gas-electric vehicle for use as a New York City taxicab. New York cab drivers ultimately could choose from among seven gas-electric hybrid models. Ford was the natural first choice of the drivers, however; Ford's Crown Victoria accounts for 90 percent of New York taxis at present.

As approximately 2,000 of New York's 13,000 taxicabs are due for retirement in the coming year, the City Taxi and Limousine Commission is encouraging taxicab owners to switch to hybrids. The city is offering discounted medallions, or licenses, specifically for hybrids in order to encourage the transition to the environmentally friendly vehicles.

In Chicago, city officials hope to make the city the "greenest" in the country by 2007 by, in part, requiring commercial fleets of 50 vehicles or more to include at least one hybrid. To help jump-start their efforts, Ford presented the city with a one-year loan of an Escape Hybrid taxi for evaluation. The donation will aid the city's Department of Consumer Services to assess the performance of hybrids as fleet vehicles.

Ford – and now many enthusiastic cab drivers – believe the Escape Hybrid is a "no-brainer" for taxi use. It offers a comfortable ride and generous passenger and cargo space. The two-wheel drive version achieves 36 mpg in city driving and up to 500 miles or more on a single tank of gas. It is particularly well suited for city driving, as the gasoline engine shuts off at 25 mph or less and the battery mode takes over. By conserving fuel, the Escape's hybrid engines will help cab drivers reduce driving expenses. Each New York taxi averages nearly 100,000 miles of driving annually. With the Escape Hybrid, fuel savings for drivers and operators could reach into the thousands of dollars per year. The Escape Hybrid also delivers ultra-clean emissions, which is a boon to big cities seeking ways to meet clean-air targets.



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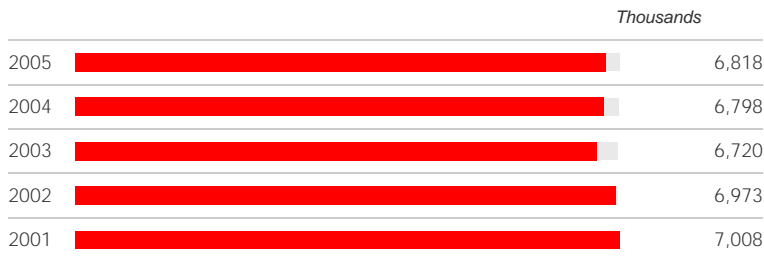
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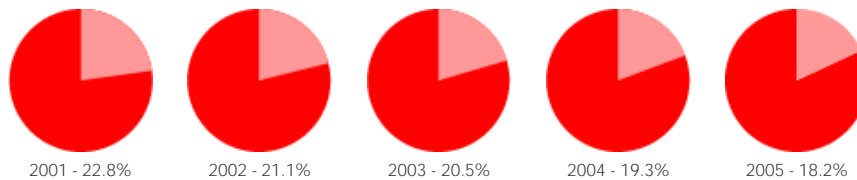
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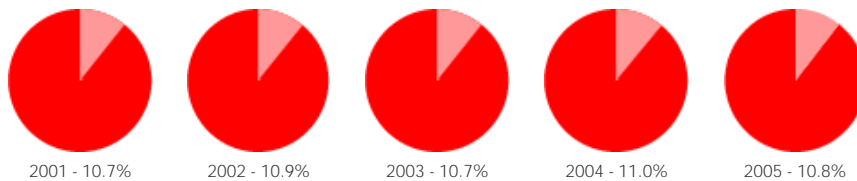
### A Summary of Vehicle Unit Sales



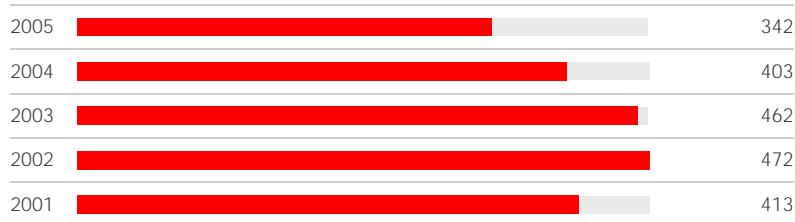
### B Ford Motor Company Market Share – United States



### C Ford Motor Company Market Share – Europe



### D U.S. Utility Patents Issued to Ford and Subsidiaries

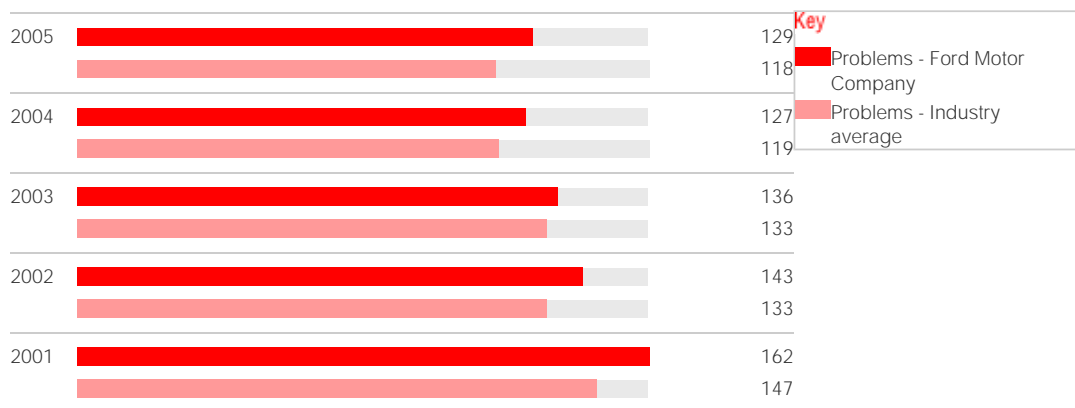


[See notes to the data](#)

**E**  
**Initial Quality Study – J.D. Power and Associates (3 months in service)**

Ford Motor Company U.S.

*Problems per hundred vehicles*

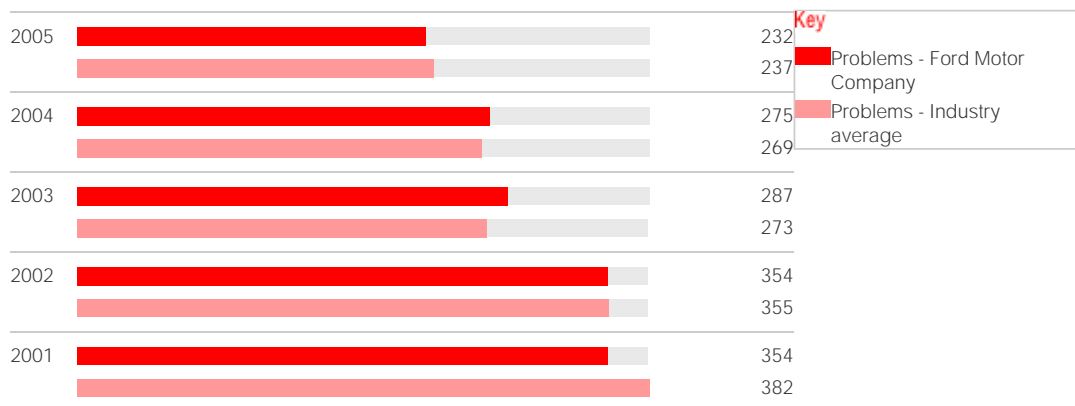


[See notes to the data](#)

**F**  
**Vehicle Dependability Index – J.D. Power and Associates (3 years of ownership)**

Ford Motor Company U.S.

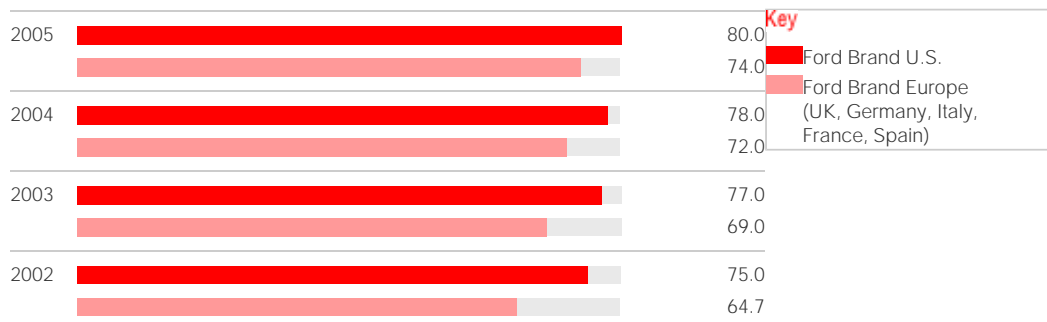
*Problems per hundred vehicles*



[See notes to the data](#)

**G**  
**Sales Satisfaction with Dealer/Retailer**

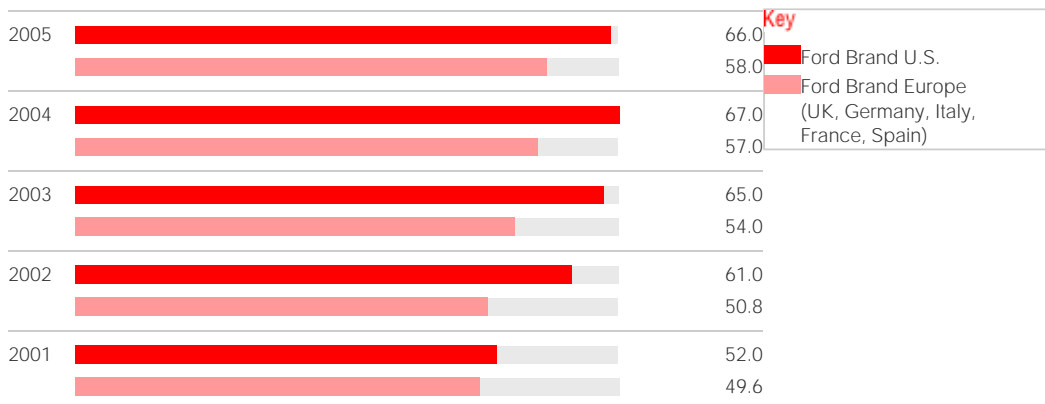
*Percent completely satisfied*





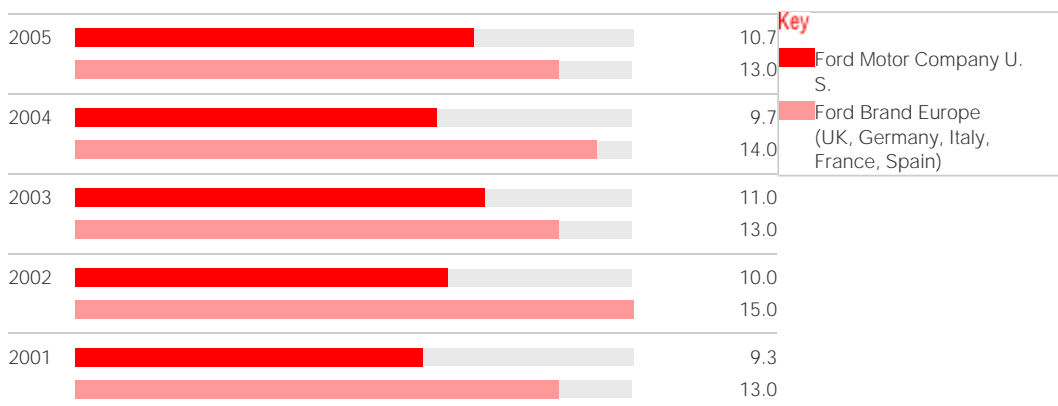
**H**  
**Service Satisfaction with Dealer/Retailer**

*Percent completely satisfied*



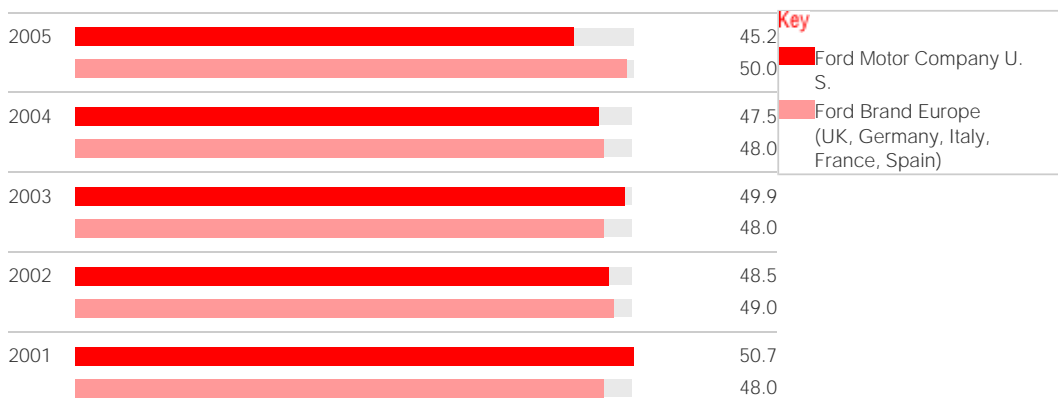
**I**  
**First-time Ford Buyers (Owners who Acquired a New Vehicle for the First Time)**

*Percent of first-time buyers*



**J**  
**Owner Loyalty (Customers Disposing of a Ford Motor Company Product and Acquiring Another)**

*Percent loyal to corporation*



**NOTES TO THE DATA**

**Chart D**

Utility patents are patents that cover the useful features of an invention and these are measures of technological innovation. We have generated a large number of patents related to the operation of our business and expect this portfolio to continue to grow as we actively pursue additional technological innovation. The average age for patents in our active patent portfolio is five years.

**Chart E**

See [Products & Customers](#) section for a discussion of our efforts to improve quality.



**Chart F**

Data for 2001–2002 are from the survey's predecessor the 'Vehicle Dependability Index' which measured 4 to 5 years of ownership.



## Products and Customers

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### Viewing This Data

Would you prefer to view the data as charts?

[See data charts](#)

### A Summary of Vehicle Unit Sales

Thousands

2001	2002	2003	2004	2005
7,008	6,973	6,720	6,798	6,818

### B Ford Motor Company Market Share – United States

Percent

2001	2002	2003	2004	2005
22.8	21.1	20.5	19.3	18.2

### C Ford Motor Company Market Share – Europe

Percent

2001	2002	2003	2004	2005
10.7	10.9	10.7	10.9	10.8

### D U.S. Utility Patents Issued to Ford and Subsidiaries

2001	2002	2003	2004	2005
413	472	462	403	342

[See notes to the data](#)

### E Initial Quality Study – J.D. Power and Associates (3 months in service)

Ford Motor Company U.S.

Problems per hundred vehicles

	2001	2002	2003	2004	2005
Problems - Ford Motor Company	162	143	136	127	129
Problems - Industry average	147	133	133	119	118

[See notes to the data](#)

**F**  
**Vehicle Dependability Index – J.D. Power and Associates (3 years of ownership)**

Ford Motor Company U.S.

*Problems per hundred vehicles*

	2001	2002	2003	2004	2005
Problems - Ford Motor Company	354	354	287	275	232
Problems - Industry average	382	355	273	269	237

[See notes to the data](#)

**G**  
**Sales Satisfaction with Dealer/Retailer**

*Percent completely satisfied*

	2001	2002	2003	2004	2005
Ford Brand U.S.	68.0	75.0	77.0	78.0	80.0
Ford Brand Europe (UK, Germany, Italy, France, Spain)	56.9	64.7	69.0	72.0	74.0

**H**  
**Service Satisfaction with Dealer/Retailer**

*Percent completely satisfied*

	2001	2002	2003	2004	2005
Ford Brand U.S.	52.0	61.0	65.0	67.0	66.0
Ford Brand Europe (UK, Germany, Italy, France, Spain)	49.6	50.8	54.0	57.0	58.0

**I**  
**First-time Ford Buyers (Owners who Acquired a New Vehicle for the First Time)**

*Percent of first-time buyers*

	2001	2002	2003	2004	2005
Ford Motor Company U.S.	9.3	10.0	11.0	9.7	10.7
Ford Brand Europe (UK, Germany, Italy, France, Spain)	13.0	15.0	13.0	14.0	13.0

**J**  
**Owner Loyalty (Customers Disposing of a Ford Motor Company Product and Acquiring Another)**

*Percent loyal to corporation*

	2001	2002	2003	2004	2005
Ford Motor Company U.S.	50.7	48.5	49.9	47.5	45.2
Ford Brand Europe (UK, Germany, Italy, France, Spain)	48.0	49.0	48.0	48.0	50.0

**NOTES TO THE DATA**

**Table D**

Utility patents are patents that cover the useful features of an invention and these are measures of technological innovation. We have generated a large number of patents related to the operation of our business and expect this portfolio to continue to grow as we actively pursue additional technological innovation. The average age for patents in our active patent portfolio is five years.

**Table E**

See [Products & Customers](#) section for a discussion of our efforts to improve quality.

**Table F**

Data for 2001–2002 are from the survey's predecessor the 'Vehicle Dependability Index' which measured 4 to 5 years of ownership.

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## Environment

**About This Principle**  
**We will respect the natural environment and help preserve it for future generations.**

▲ *The Ford Rouge Center features the world's largest "living roof," planted with low-growing vegetation to cool the building and absorb rainwater and carbon dioxide.*

We will achieve this by:

- Working to provide effective environmental solutions
- Working to continuously reduce the environmental impacts of our business in line with our commitment to sustainable development
- Measuring, understanding and responsibly managing our resource use, especially materials of concern and nonrenewable resources
- Working to eliminate waste

### Progress Since Our Last Report

In July 2005, we introduced our second hybrid vehicle, the Mercury Mariner Hybrid, a year ahead of schedule due to the popularity of its sibling, the Escape Hybrid. The Ford Fusion Hybrid, Mercury Milan Hybrid and Mazda Tribute Hybrid will join these models by the 2008 calendar year.

We are also renewing our commitment to flexible fuel vehicles, which can use up to 85 percent renewable ethanol fuel, by adding flexible fuel models and partnering with energy providers to expand the number of fueling stations that offer ethanol.

The average fleet fuel consumption of our vehicles sold in Europe and North America has continued to improve. However, we project a slight decline in the average fuel economy of our 2006 model year U.S. light trucks, due largely to short production runs and early 2007 model year introductions of some relatively higher fuel economy models.

For the 2006 model year, Ford has 12 U.S. models that achieve 30 miles per gallon or better (based on EPA highway fuel economy estimates) and several of our vehicles were recognized in the U.S. Environmental Protection Agency (EPA) and Department of Energy Fuel Economy Guide for best-in-class fuel economy ([www.fueleconomy.gov](http://www.fueleconomy.gov)). According to the Guide:

- The Ford Focus Station Wagon is the best midsize station wagon
- The Ford Ranger and Mazda B2300 are the best standard pickup trucks
- The Ford Escape Hybrid is the best sport utility vehicle

The American Council for an Energy-Efficient Economy rates as "superior" or "better than average" for environmental performance the vehicles listed above, as well as the Ford Freestyle, Mazda 3, Mazda MX-5, Mazda Tribute, Ford Escape, Mercury Mariner, and Volvo V50 and V70. (See [www.greencars.com](http://www.greencars.com).)

The European Ford Focus C-MAX diesel version, which uses a particulate filter, was rated the best compact van from an environmental point of view by [Ökotrend](#). The Ford Focus 1.6 TDCi was rated the third-best compact car according to Ökotrend and second-best family car according to the [VCD](#) (Verkehrsclub Deutschland).

The average emissions of smog-forming pollutants from our U.S. 2005 model year light-duty fleet were 34 percent lower than the 2004 model year and 55 percent lower

### Related Links

- **Ford.com**
  - [Ford Escape Hybrid](#)
  - [Mercury Mariner](#)
  - [Ford Focus Station Wagon](#)
  - [Ford Ranger](#)
  - [Mazda B2300](#)
  - [Ford Five Hundred](#)
  - [Mercury Montego](#)
  - [Ford E-150 Econoline](#)
  - [Ford F-150](#)
  - [Ford Freestyle](#)
  - [Mazda 3](#)
  - [Mazda MX-5 Miata](#)
  - [Mazda Tribute](#)
  - [Volvo V70](#)
  - [Ford Focus C-MAX Diesel](#)

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than the 2001 model year.

We have strengthened the management of environmental impacts across our supply chain using the ISO 14001 framework. All of our manufacturing facilities and nearly all of our major suppliers' facilities have attained third-party certification to the standard.

Ford of Europe has developed unique management tools – a Product Sustainability Index and a Manufacturing Sustainability Index that have been used to improve performance of recently introduced products.



We continue to improve the environmental performance of our facilities (see table below). In early 2006, the U.S. EPA and U.S. Department of Energy named Ford a 2006 Energy Star Partner of the Year award winner in the category of Leadership in Energy Management,

recognizing Ford's achievements in reducing the amount of energy used to manufacture vehicles and support our facilities. These achievements include exceeding a five-year goal to improve energy efficiency by 18 percent and developing and deploying an innovative system to use paint fumes for fuel. At one of our plants, a geothermal system uses water from two abandoned limestone quarries to cool process tooling and temper plant indoor air.

**Five-year progress – manufacturing performance**

Indicator	% change 2001–2005	Trend	Target met?
Global energy use	15	↗	Yes
Global water use	(15.5)	↗	NA
Global CO <sub>2</sub> emissions	13	↗	NA
North American VOC emissions	(25.0)	↗	Yes

↗ = improving performance




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## Managing Environmental Performance

All Ford manufacturing facilities and our product-development function are certified to ISO 14001, the leading global standard for managing environmental issues. In addition, we have asked our preferred "Q1" suppliers of production parts to certify their facilities. These commitments bring our most significant potential environmental impacts under one comprehensive environmental management system.

Ford of Europe has developed a sustainability framework and measurement system designed to help Ford of Europe's management to track whether its new products and its production plants are moving toward the goal of sustainability. A "product sustainability index" (PSI) and a "manufacturing sustainability index" have been established for these two major functions. Each index, in turn, is made up of several key indicators. Indices are also under study for "responsible employer" and "responsible external business" (focusing on supply chain and stakeholder engagement).

Starting in 2002, Ford of Europe applied the PSI in product development and used it to assess and improve new vehicles before their introduction. Consequently, both the all-new Ford S-MAX and Galaxy – as the first PSI-managed vehicles to reach the market – show improved performance when compared to the previous models in all three sustainability areas: environmental, social and economic performance (see [Ford of Europe Rates Sustainability of Vehicles](#)). This was certified by an independent, external review panel according to ISO 14040 (a global standard for lifecycle assessment).

### Manufacturing

During 2005, we began implementing an environmental operating system (EOS) at our North American assembly plants. As a counterpart to our Quality Operating System (QOS), the EOS provides a standardized, streamlined approach to maintaining compliance with all legal and Ford internal requirements. The EOS drives compliance responsibility to the operations level by assigning compliance-related tasks to the appropriate personnel and tracking their completion.

The EOS is integrated with other key management systems at the plant level, including ISO 14001 and the Ford Production System (FPS). EOS provides information, standardized tools and processes to support ISO 14001's requirement to identify and manage compliance issues. FPS, which sets expectations across the full range of manufacturing performance areas, requires plants to complete implementation of the EOS to attain a high rating.

### Product Development

In the Global Product Development System, environmental objectives – including targets for fuel economy, vehicle emissions, use of recycled materials and recyclability – are defined at the outset of the design process for every new Ford vehicle. We track our progress toward those targets throughout the product-development process. The targets, broken down from a vehicle level to a supplier or component level, enter into each contractual agreement signed between Ford and its suppliers.

To support this effort, Ford's Design for Environment (DfE) is one tool that bridges the gap between product development and environmental management. DfE uses simplified lifecycle assessments and costings, substance restrictions, checklists and other tools to identify and reduce significant impacts.

Ford of Europe's Product Sustainability Index is broadening this classical DfE to further dimensions of sustainability to improve a vehicle's environmental, social and economic performance (see [Ford of Europe Rates Sustainability of Vehicles](#)).

### Suppliers

ISO 14001 certification is expected of Q1 non-production supplier facilities if the supplier has a manufacturing site or a non-manufacturing site with significant environmental impacts that ships products to Ford.

### Related Links

- In This Report**
  - [Integrating Our Business Principles](#)
  - [Suppliers](#)
- External Web Sites**
  - [ISO 14001](#)

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By mid-2005, 99.5 percent of Q1 production suppliers had ISO 14001 certification. Suppliers who did not meet the deadline are not eligible for Q1 status, which is a prerequisite for consideration for future Ford business. We also encourage our suppliers to extend the benefits of improved environmental performance by implementing similar requirements for environmental management systems in their own supply base.


---

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## Our Environmental Aspects

As part of our commitment to comprehensive environmental management using the ISO 14001 framework, we have analyzed environmental aspects (a term used in the ISO 14001 framework to denote elements of an organization's activities, products or services that can interact with the environment) and potential environmental impacts (any change to the environment, whether adverse or beneficial, wholly or partially resulting from an organization's activities, products or services). Local facilities use corporate lists of environmental aspects and potential impacts to identify and amplify those aspects that apply to their operations. At the corporate and facility level, environmental control plans spell out how the aspects will be managed to reduce any potential negative impacts and increase the opportunities for positive effects, for example, through habitat restoration. Some of the potential for impact on the environment occurs not at our own facilities, but at those of our suppliers and, in turn, our suppliers' suppliers (see [value chain diagram](#)).

### Quantifying Environmental Burdens

To quantify the aspects and the environmental burdens associated with them, we have analyzed resource use and emissions throughout the lifecycle of many of our products. These analyses have been done in our research labs, with the European recycling group and in cooperation with others in the industry. The stages of a vehicle's lifecycle include material production, part fabrication, vehicle assembly, vehicle operation (including fuel production), maintenance and repair, and end of life (disposal/recycling). While estimates vary depending upon the specifics of the vehicle analyzed, one cooperative, multi-industry analysis of a typical family sedan (a spark-ignited, gasoline-powered, Taurus-class family sedan weighing 1,532 kg) found that during its lifecycle:

- 961 GJ of energy are consumed
- 21,000 kg of hydrocarbon are consumed
- 60,000 kg of CO<sub>2</sub> are emitted

In that study, it was assumed that the vehicle was driven a total of 120,000 miles at an average metro-highway fuel efficiency of 22.8 mpg. The study also found that:

- Vehicle operation consumes 86% of the lifecycle energy
- Vehicle operation generates 87% of the lifecycle CO<sub>2</sub>
- Vehicle production generates 65% of the particulates and 34% of the lifecycle sulfur dioxide

This is consistent with a recent review of lifecycle studies, in which it was found that the operational stage generally accounts for 80 to 90 percent of the total energy consumption and carbon dioxide emissions of conventional gasoline-powered vehicles, depending on the vehicle's material composition, average fuel efficiency and lifetime drive distance.

For example, a recent ISO 14040-reviewed Life Cycle Assessment study of Ford Galaxy and S-MAX confirmed the high-use phase share for these impact categories. Other impact categories are dominated mainly by the mining and material production phase.

### Life Cycle Impact Assessment Results – Ford Galaxy and S-MAX Variants

Select impact category >

### Related Links

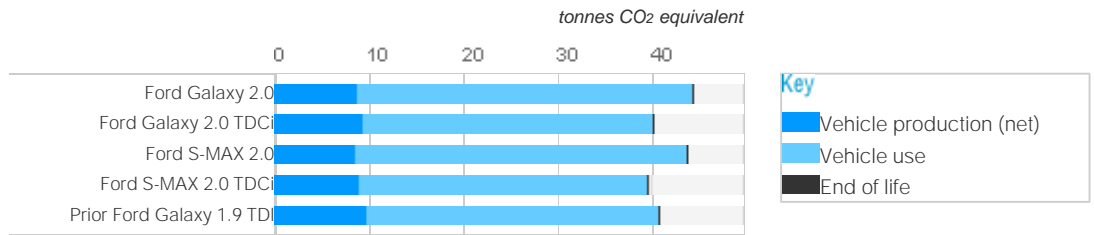
#### External Web Sites

- [ISO 14001](#)

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### Precautionary Principle

The precautionary principle is the idea that if the consequences of an action are unknown, but are judged to have some potential for major or irreversible negative consequences, then it is better to avoid that action. We do not formally apply the precautionary principle to decision making across all of our activities. However, there are instances where it has influenced our thinking. For example, in addressing climate change as a business issue, we have employed the precautionary principle. The climate appears to be changing, the changes appear to be outside natural variation and the potential consequences could be serious, so we have addressed climate change as a strategic business issue (see our [special report on climate change and our business](#)).



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## Ford of Europe Rates Sustainability of Vehicles

What impact does a new vehicle have on air quality over its life time? How much noise will it make when it passes people standing on the street? Ford of Europe engineers considered in detail these and a wide range of other sustainability issues when developing the all-new Ford Galaxy and S-MAX models.

Using a new tool, called the Product Sustainability Index (PSI), Ford is taking a leading role within the automotive industry by addressing the environmental, social and economic impact of its vehicles from the earliest stages of their development.

Ford's PSI tracks eight product attributes identified as key sustainability elements of a vehicle. These are: lifecycle global warming potential (mainly carbon dioxide emissions), lifecycle air quality potential (other air emissions), the use of sustainable materials (recycled and renewable materials), vehicle interior air quality (including [TUV allergy certification](#)), exterior noise impact (drive-by noise), safety (for occupants and pedestrians), mobility capability (seat and luggage capacity relative to vehicle size) and lifecycle ownership costs (full costs for the customer over the first three years).

These metrics echo the multi-dimensional nature of sustainability and Ford's holistic approach. In an external study, conducted by independent experts in the area of lifecycle science and sustainability, Professor Dr Hunkeler (formerly of the Universities of Vanderbilt in Nashville, USA and Lausanne, Switzerland) and Professor Dr Kloeffer (University of Mainz, Germany), Ford's PSI has been evaluated as a step which aims to provide a full sustainability assessment and as being compliant with ISO 14040, the international Lifecycle Assessment standard.

The PSI provides a basis for permanent evaluation and improved sustainability performance for new generations of vehicles. Consequently, both the all-new Ford S-MAX and Galaxy show improved performance when compared to the previous Galaxy model in all three sustainability areas: environmental, social and economic performance.

For instance, more recycled and renewable materials have been used and lifecycle air emissions have been significantly reduced, while, at the same time, safety performance has been improved and lifecycle cost of ownership has been reduced.

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• [Environmental Remediation](#)


• [Performance Data](#)

## Performance Review

This section reports on our progress according to the categories in our Corporate Environmental Control Plan, a key ISO 14001 document that we use to identify and manage significant environmental aspects of our business. The categories include:

- [Greenhouse Gas Emissions/Fuel Economy](#)
- [Tailpipe Emissions](#)
- [Materials](#)
- [Facility Energy Use](#)
- [Water Use](#)
- [VOCs](#)
- [Waste Generation](#)
- [Land Use](#)

In addition, a section on "green buildings" discusses how we are designing and operating buildings for improved performance across several environmental aspects and "environmental compliance" and "environmental remediation" summarize these topics.

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### Greenhouse Gas Emissions/ Fuel Economy

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## Greenhouse Gas Emissions/Fuel Economy

Our current fuel economy performance is discussed below. We are also aggressively pursuing the development of new technologies, including additional hybrids, advanced diesel engines, hydrogen-fueled internal combustion engines, fuel cell vehicles and biofueled vehicles, discussed in the [mobility section](#). Our climate change strategy and participation in public policy processes related to climate change and fuel economy are discussed in the [climate change report](#).

### Fuel economy performance – United States

Our 2006 vehicle lineup includes the Ford Escape Hybrid, the Ford Ranger, the Ford Focus Wagon and the Ford Five Hundred, which are respectively the most fuel-efficient SUV, pickup truck, station wagon and all-wheel-drive large car on the market. The V-8 2006 Ford Explorer delivers up to 11 percent improved highway fuel economy over previous models. The fuel economy of all of our vehicles sold in the United States, compared to the competition, is summarized in the [chart](#) below.

We continue to add features that boost the fuel economy of our vehicles. The Ford Fusion, Mercury Milan and Lincoln Zephyr mid-size sedans, for example, use six-speed transmissions and variable cam timing to improve fuel economy.

During 2005, we launched our second hybrid vehicle, the Mercury Mariner Hybrid. In 2006, we will introduce several additional "crossovers" in North America – vehicles that combine the features of cars and SUVs while generally achieving better fuel economy than traditional SUVs.

For model year 2005, the Corporate Average Fuel Economy (CAFE) of our cars and trucks improved 5.7 percent. Our model year 2006 CAFE is expected to remain approximately the same for cars and decline by approximately 3 percent for trucks, compared to 2005. We expect our domestic cars and import cars to exceed the federal government's standard, while our light trucks will be slightly below the increased 2006 model year standard, due largely to model year length variations. A model year typically ranges from July to May. One of our trucks with higher fuel economy, the Ford Escape, had an unusually long 2005 model year, while one of our trucks with lower fuel economy has a long 2006 model year. These kinds of model year timing shifts account for much of the variation in CAFE data. The shortfall in the light truck fleet CAFE will be covered with credits earned in previous model years when we were above the standard.

### Fuel economy performance – Europe

In Europe, we have reduced the average CO<sub>2</sub> emissions of the vehicles we sell by 12 to 38 percent depending on the brand, compared with a 1995 base. We have achieved these reductions by introducing a variety of innovations, from the advanced common-rail diesel engines available on many of our vehicles to the lightweight materials in the all-aluminum body of the Jaguar XJ.

These reductions reflect progress toward the goal of a voluntary agreement between the European automotive industry (represented by its association, ACEA) and the EU Commission. The agreement committed ACEA members to voluntarily reduce the average fleet CO<sub>2</sub> emissions of its new cars sold in the EU. The target is 140 grams of CO<sub>2</sub> per kilometer by 2008, down from 185 grams per kilometer in 1995, which translates to an average CO<sub>2</sub> reduction of some 24 percent.

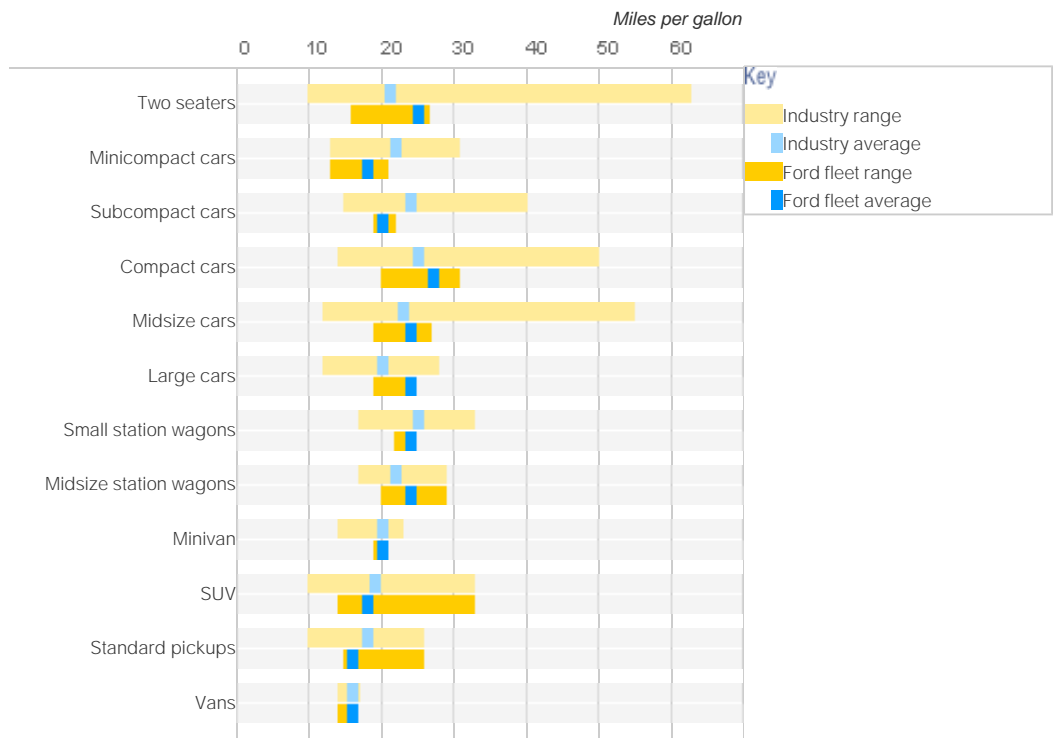
Achieving the 2008 target will be challenging. The agreement is extremely ambitious, both technically and economically. ACEA members are functioning in an uncertain operating environment and must respond to competing demands, such as technological developments and their market acceptance; the EU macro economy; geopolitics; customer demands; fuel supplies; new and partly contradicting regulations; and other public policy measures. Despite these challenges, Ford and the industry remain committed to further reduce fuel consumption and the average level of CO<sub>2</sub> emissions of the new car fleet.

### Related Links

- In This Report
  - [Mobility](#)

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## Tailpipe Emissions (other than greenhouse gases)

We continue to cut smog-forming (non-CO<sub>2</sub>) tailpipe emissions from our vehicles. In the United States, for example, tailpipe emissions from our 2005 model year cars and light trucks were 34 percent lower than the 2004 model year.

The new mid-size cars from Ford and Lincoln/Mercury are examples of this trend towards lower emissions. The standard four-cylinder (Duratec 23 I-4) with automatic transmission used on the Fusion and Milan is rated as a Partial Zero Emissions Vehicle (PZEV) in states that have adopted California's emissions regulations. In addition, the six-cylinder Duratec 30 V-6 option is the cleanest Duratec 30 ever produced, qualifying for Ultra Low Emissions Vehicle (ULEV) II tailpipe emissions in those states and Tier 2, Bin 5 elsewhere.

The 2006 Ford Explorer's V-6 single-overhead-cam, 4.0-liter engine reduced smog-forming emissions by 74 percent compared to the previous model year.

The Ford Focus sold in California (and states that have adopted the California regulations) and the Escape Hybrid are also Partial Zero Emission Vehicles (PZEVs). PZEV emissions are the levels at which a power plant would emit in order to generate the electricity to recharge an electric vehicle. These PZEVs:

- Meet California's Super Ultra-Low Emission Vehicle exhaust emissions standard (SULEV II, which is equivalent to the EPA's Tier 2, Bin 2 standards). In practical terms, this means these vehicles emit about the same number of smog-forming emissions in more than 1,000 miles of driving as a new lawn mower operating for about 30 minutes
- Produce virtually no fuel system evaporative emissions

Information about the performance of all Ford vehicles sold in the United States can be found at <http://www.epa.gov/greenvehicles/index.htm>.

These clean vehicles respond to a major shift in the regulation of tailpipe emissions in our two biggest markets – the United States and the European Union.

In Europe, Stage IV standards cut allowable gasoline and diesel emissions roughly in half beginning in 2005. All Ford diesels are now certified to the new limits and contain full on-board emissions diagnostic capability – technology that automatically monitors the performance of the vehicles' emissions control systems. For example, in October 2005, Ford of Europe began offering a new Euro Stage IV emissions compatible version of the Mondeo 2.2-liter, 155 PS Duratorq TDCi model in selected European markets. This new version of the high-performance engine met the Euro Stage IV standard through detailed changes to the engine and its fuel injection system that not only cut emissions but also improved its performance.

In the United States, we began phasing in the stringent Tier 2 EPA regulations with our 2004 and 2005 vehicles. These regulations closely align with California's LEV II emissions standards. When fully phased in, the Tier 2 regulations result in compliance flexibility by allowing manufacturers to choose from a range of emissions levels, or "Bins," ranging from Bin 1 (the lowest level, with zero emissions from the vehicle) to Bin 11 (the highest level allowed). Under Tier 2, all passenger car and small truck fleets must achieve fleet average NO<sub>x</sub> emissions equivalent to Bin 5 by the 2007 model year. The Tier 2 program coordinates the introduction of cleaner fuels with more stringent vehicle tailpipe emissions standards and will achieve substantial reductions in emissions from cars and light trucks that are close to zero.

On a similar timeframe (i.e., by the 2005 to 2007 model years), California's separate standards will tighten under their Low-Emission Vehicle (LEV) II program.

We supported the EPA's development of the comprehensive Tier 2 emissions program. Because this program was designed for states outside of California and will produce clean-air benefits equivalent to California's LEV II approach, Tier 2 is more cost-effective and flexible than the California approach and we do not support the state-by-state adoption of the California standards.

### Related Links

- **In This Report**
  - [Reducing Vehicle Emissions](#)
- **External Web Sites**
  - [EPA](#)

### Downloads

-  [Ford Report on the Business Impact of Climate Change](#)  
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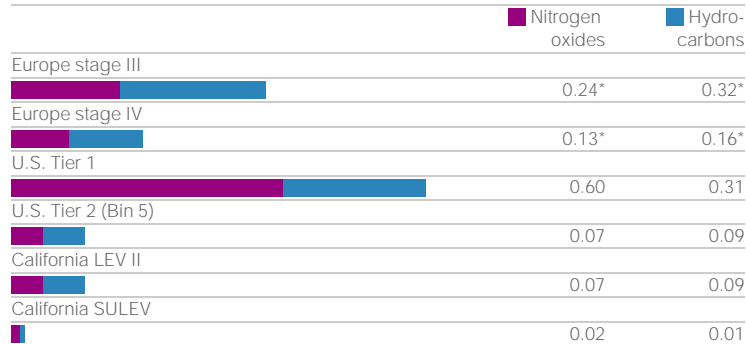
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## Emissions Regulations

### Emissions Regulations in the U.S. and Europe

Figures in grams per mile



\* Gasoline standard

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## Materials

Managing materials for sustainability presents a range of challenges that we are tackling cooperatively with our suppliers. It also opens up intriguing new possibilities for developing and choosing materials that improve, rather than degrade, the environment. Among the aspects of sustainable materials management are:


- [Closing loops](#) in our production systems so that wastes become resources
- Developing and [choosing more sustainable materials](#), including renewable and recycled materials
- Eliminating or reducing [undesirable materials](#)
- Planning for the "[end of life](#)" of the vehicle and its eventual treatment, recycling and disposal
- Analyzing how [material choices](#) affect vehicle performance in terms of handling, safety, fuel economy and other areas

Our targets for materials management address many of these areas and include:

- Reducing the weight of components
- Increasing the use of recycled and renewable materials
- Marking polymeric parts
- Reporting materials and substances used to the International Materials Data System (IMDS)
- Eliminating or reducing the use of restricted or allergenic substances

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- **External Web Sites**
  - [IMDS](#)

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## Closing Loops

**Closing Loops** | [Cradle to Cradle Solution for Shipping Parts](#)

Many materials are used and many wastes are produced throughout our complex value chain. Among these wastes are high-value materials. We are exploring ways to use wastes we generate as raw materials (see "[Cradle to Cradle Solution for Shipping Parts](#)").

### Related Links

- **In This Report**
- [Our Value Chain and its Impacts](#)

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## Cradle to Cradle Solution for Shipping Parts

### [Closing Loops](#) | **Cradle to Cradle Solution for Shipping Parts**

Ford's material planning and logistics engineers faced a challenge at the Livonia (Michigan) transmission plant. Cardboard fibers from overseas shipping containers were creating quality concerns in a plant that required a super-clean operation. An interim solution, repacking parts shipped in cardboard into reusable containers at a logistics supplier's plant, solved the immediate problem but was costly and inefficient.

The logistics team began a 6-Sigma project in cooperation with the Georgia Institute of Technology through a unique Ford-Georgia Tech collaborative research program on sustainability and strategic decision making for product/process design and manufacturing operations. Georgia Tech completed a triple bottom line analysis evaluating several options for shipping high-volume parts that mate four-wheel drive capability to a vehicle's transmission. The analysis considered costs, ergonomics, and a lifecycle assessment using the ECO indicator 99 methodology, which helps to quantify environmental impacts such as: wastes, emissions, energy use and raw materials. The results of the analysis helped the team to choose an innovative solution that met their design goals.


The team proposed to ship components from China to the Livonia plant in a specially designed polypropylene shipping container that is then used as a raw material to make vehicle splash shields. The container design improved ergonomics by disassembling for easier unloading and improved part density by 25 percent, which translates to a 20 percent reduction (projected) in shipping costs. The system underwent two "ocean trials" – real-world shipment of parts using the proposed system. Following some minor design changes, the team is conducting a third ocean trial before planned production deployment at the end of 2006.

Initially, the system will provide only a fraction of the millions of pounds of plastic used in splash shields; however use of the containers is expected to expand as it is adopted by other overseas suppliers. The team hopes to eventually replace the conventional polypropylene with bioplastic.


Two additional projects to replicate this process are now underway through the Georgia Tech partnership: designing similar systems for a high-volume speaker and a cap for the V8 camshaft bearing.

Cost improvement	20 percent
Environmental improvement	7 percent

Based on Georgia Institute of Technology assessment

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## Choosing More Sustainable Materials

Materials can be more or less sustainable based on a number of factors, including the origin of the material – virgin, renewable or reclaimed – and the resources used and emissions produced throughout its lifecycle. We use Design for Environment and other tools to analyze the properties of materials used in our products and manufacturing and to identify better choices. For example:

- Vehicles in North America typically are composed of about 25 percent post-consumer recycled material by weight, primarily due to the extensive use of steel and aluminum with recycled content. Ford has concentrated its efforts to develop new uses for recycled materials in the nonmetallic portions of the vehicle, which typically use virgin materials. For example, the nonmetallic portion of the Ford Escape includes approximately 5 percent post-consumer recycled materials by weight. While the amount of recycled content in each vehicle varies, we are continuously increasing the amount of recycled material used in each vehicle line.

- All of Ford's European vehicles use recycled polymers and renewable parts, as these can be seen as contributing to a sustainable material supply. Depending on the model, the European Ford vehicles contain up to 4 percent (20 kilograms) recycled and renewable materials, not including metals. Throughout the development of all Ford of Europe vehicle programs, Ford and supplier engineers work in cross-functional Recycling Program Attribute Teams toward targets for the introduction of recycled content and other design for environment aspects.

One example of the use of renewable parts is the door insert of the Ford Mondeo, which is reinforced by fibers from the kenaf plant, replacing more energy-intensive glass fibers while providing additional crash safety and weight benefits. Other natural fibers are used in insulation and panels. The wheel arch liner of the Ford Focus C-MAX and the Ford Focus are composed entirely of recycled material. In total, Ford of Europe vehicles used more than 16,000 tons of recycled polymers in panels, housings, insulations, etc. in 2005.

- After two years of development, Volvo Cars has started a pilot program that is producing floor trays made completely from flax, instead of from the traditional polyester. The cellulose tray is easy to break down for composting and provides better noise reduction. The tray's natural materials can also be used to make hard components such as central consoles and pillar panels. Using bio-based products reduces the need to transport materials, since many agricultural products are made locally. Bio-based products can also be easier to manufacture, can help reduce agricultural waste and can improve biodegradability and the ability to recycle. Lower-density natural fiber can also reduce the weight of material used in a car by up to 30 percent, contributing to lower fuel consumption and less pollution.
- Ford South America is developing new materials with a goal to replace virgin material parts with more sustainable options while cutting costs and weight. Researchers are testing recycled polypropylene and PET (polyethylene terephthalate) plastic materials in various combinations with renewable sisal fibers, sugar-cane fiber and wood powder. Several materials have been developed and are undergoing performance testing. Initial testing of some of the materials is very promising, with the new materials showing equal or better properties than the virgin materials.
- We have expanded the use of renewable, canola- or rapeseed-based oils in our manufacturing plants globally. Currently 12 Ford plants are using these products. These materials are replacing many traditional petroleum-based oils for part machining as well as machine lubrication. The canola-based oils provide equal or better performance than petroleum-based oils, while reducing cost and energy consumption and improving worker safety. Bio-based oils could ultimately replace more than 200 petroleum-based oil applications.

### Related Links

- **Ford.com**
  - [Ford Escape](#)
  - [Ford Mondeo](#)
  - [Focus C-MAX](#)
  - [Ford Focus](#)

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Across all brands, Ford has launched nearly 1,200 parts containing recycled polymers including air filters, headlamps, heater and air conditioner housings, timing belt covers, wheel arch liners, fans and shrouds, radiator end tanks, carpet, air

deflectors and battery covers.



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## Eliminating Undesirable Materials

For more than 20 years, our Restricted Substance Management Standard has spelled out materials to be avoided or eliminated in Ford operations and the parts and materials provided by suppliers. This and [other tools](#) are helping us ensure compliance with European regulations that will ban the use of hexavalent chromium and other substances beginning in 2007.

Hexavalent chromium – "hex chrome" for short – is a corrosion coating (used, for example, on nuts, bolts and brackets in cars and trucks) that the United States Occupational Safety and Health Administration lists as a potential lung carcinogen. We are not waiting for global regulations banning the use of hex chrome to take effect: we are phasing out its use worldwide. Replacement coatings have been thoroughly tested to ensure that they meet Ford's performance requirements. Ford of Europe phased out the use of lead wheel weights in new and serviced vehicles in mid-2005.

In another example, Ford has decreased the use of mercury-containing components, which can pose problems at the end of a vehicle's life. In 2001, we eliminated mercury-containing switches, which accounted for more than 99 percent of the mercury used in our U.S. vehicles. Since that time, we have continued to focus on mercury reduction by eliminating mercury use in high-end instrument clusters. The remaining mercury-containing components still used by Ford are high-intensity discharge headlamps and flat-panel displays. Ford will continue to phase out these mercury-containing components as substitutes become technically and economically feasible.

To deal with mercury switches in vehicles still on the road, Ford and other U.S. automakers agreed in March 2006 to participate in a National Mercury Switch Recovery Program. Developed through a multi-stakeholder process, the goal of the voluntary program is to prevent mercury in auto switches from entering the environment after the vehicles are retired. Although the agreement has not yet been finalized, vehicle manufacturers have agreed to several commitments including: to provide information, education, and outreach regarding switch removal; to collect, transport, and recycle the switches; and to establish a database to track the rate of switch recovery and program performance. The program is slated to continue until 2017 based on estimates that 90 percent of the vehicles containing mercury switches would be retired by that time.

Ford of Europe has pioneered the development of allergy-friendly vehicle interiors in response to customer concerns. Ford of Europe now offers four vehicles certified by the German TÜV organization to minimize the allergy risk to the lowest possible level: the Focus C-MAX, European Ford Focus, Ford S-MAX and Galaxy. The TÜV Rheinland Group ([www.tuv.com](http://www.tuv.com)), an authoritative industry body that controls and approves quality standards, tested more than 100 materials and components for harmful substances and allergy causing potential. All components likely to have direct and prolonged skin contact such as the steering wheel and seat covers, floor mats and seat belts were also dermatologically tested. The four vehicles also earned the British Allergy Foundation's "Seal of Approval," further confirming that the vehicles are "allergy friendly."

Ford is the only manufacturer to offer vehicles that have received the TÜV certification and plans to get as many existing and future models as possible certified according to the TÜV criteria.

### Related Links

- [Ford.com](#)
- [Focus C-MAX](#)

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## End of Life

Automobiles are one of the most highly recycled consumer products around the world. All vehicles contain parts and materials – particularly iron, steel and aluminum – that can be recovered at the end of their useful lives. In North America, about 95 percent of vehicles that go out of registration are processed by a dismantler or scrap metal recycling facility, with 82 to 84 percent of the vehicle by weight recovered for reuse, remanufacturing or recycling.


In theory, end-of-life vehicles are nearly 100 percent recyclable. In practice, however, the cost in energy and labor to recover the final fractions often exceeds the value of the materials, and recent, independently reviewed environmental studies suggest that such efforts also offer no value to the environment. Ford focuses on increasing the economically viable and environmentally sound recycling percentage through a number of means: selection of materials, labelling, and providing information to dismantlers on materials and methods for treatment.

In the EU, automakers are required to take back vehicles (that they put on the market) at the end of their lives, ensuring that they are dismantled in an environmentally responsible manner. Since 2002, Ford has been at the forefront of providing return networks in the EU Member States that have established regulations. In 2005, in continuation of these efforts, Ford was the first major manufacturer in the UK to put in place a comprehensive plan that meets the European Commission End-of-Life Vehicles directive. Ford and Cartakeback Limited, a subsidiary of the UK Shredders consortium, are working in partnership to develop a network of take-back and treatment facilities throughout the UK. These facilities will be available to the last owner of a qualifying vehicle that has reached the end of its life.


Ford has also participated in research into alternative treatments for end-of-life vehicles. Together with other European automotive manufacturers, a fully ISO 14040-compliant [LCA study](#) has been finalized showing that – from a purely environmental point of view – there is no difference between energy recovery and material recycling of the automotive shredder residue – the materials remaining after recovery of metals.

### Related Links

- External Web Sites
  - [CarTakeBack](#)

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## Analyzing Material Choices

Automobiles are complex systems. Choices about materials have implications throughout the value chain and can influence safety, fuel economy and performance. We use tools such as Design for Environment, lifecycle assessment (LCA) and lifecycle costing (LCC) to help make beneficial choices.

For example, Ford is intensively applying simplified lifecycle assessment and costing to review the performance of its existing European vehicles and to evaluate future technologies. The most recent example is the use of LCA and LCC in the context of the Product Sustainability Index (PSI) for Ford Galaxy and S-MAX. The external ISO 14040 review panel confirmed the high standard of the LCA and LCC studies done.


Ford is also involved in design for environment research, for example, via a European project called [Sustainable Electrical & Electronic System for the Automotive Sector](#) (SEES). SEES is looking for an optimization of electronic systems from a holistic, lifecycle perspective.

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  - [Our Environmental Aspects](#)

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## Materials Management Information Tools


To manage materials across the vehicle lifecycle, Ford has developed a comprehensive set of processes and system tools called Enterprise Materials Management. These tools include the Global Material Approval Process (GMAP), which handles all materials processed in Ford's plants, and International Materials Data System, developed by seven auto manufacturers in 1997 to handle the tracking, review and reporting of all vehicle components and service parts from all suppliers ([www.mdssystem.com](http://www.mdssystem.com)). IMDS now has 16 automotive companies as official members. IMDS is a Web-based system used internationally by suppliers to report on the materials contained in parts for our vehicles. We have cooperated with other automakers to align reporting requirements for restricted substances and to analyze the data provided. This helps us identify materials of concern, such as hexavalent chromium, and target them for elimination.

To further help our suppliers manage their material/substance data, Ford developed and launched the Global Materials Integration & Reporting Supplier Portal, in which reportable parts are listed and their reporting and certification status is posted. Every supplier can monitor their reporting status and understand which parts are required to be reported. This two-way communication greatly clarifies the reporting task and saves time and money for Ford and its suppliers.

For nondimensional materials (such as paint and adhesive) that are directly shipped to Ford plants, Ford piloted and launched another electronic tool aimed at simplifying the material approval process. The GMAP e-1291 process allows suppliers to use electronic transactions to send in their Material Safety Data Sheets and composition data. Internally, Ford approvers will also communicate their decisions of approval or rejection electronically. This new process saves time and ensures better-quality data to comply with government regulations and Ford policies.

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  - [Materials](#)

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## Facility Energy Use

In 2001, Ford's global manufacturing operations set out to reduce energy use by 2005 by 14 percent from 2000 levels, on a production-normalized basis. By the end of 2005, we had reduced production-normalized energy use by 12 percent. Total energy use declined by more than 13 percent globally during the same period.



In early 2006, the U.S. Environmental Protection Agency and the U.S. Department of Energy named Ford a 2006 Energy Star Partner of the Year award winner in the category of Leadership in Energy Management, recognizing Ford's achievements in reducing the amount of energy used to manufacture vehicles and support our facilities. These achievements include exceeding a five-year goal to improve energy efficiency by 18 percent and developing and deploying an innovative system to use [paint fumes for fuel](#). The award also recognized a geothermal system at one of our plants that uses water from two abandoned limestone quarries to cool process tooling and temper plant indoor air (see [Lima's cool solution](#)).

### Energy efficiency

Ford has made extensive use of performance contracting in achieving energy savings. Under a performance contract, a third party provides energy conservation expertise and finances and often constructs energy saving improvements at a facility. The performance contractor is paid for out of energy cost savings. After a set period, all savings accrue to the facility. At the Auto Alliance International facility in Michigan, for example, improvements including replacement of light fixtures, reuse of heated paint booth air and a new energy management system will save an estimated \$26.4 million over the six-year life of the performance contract. Each year, it will also save:

- 64,000 metric tons of CO<sub>2</sub>
- 18,200 gallons of water
- 32 percent of NO<sub>x</sub> emissions

Another tool helping facilities in the United States save energy is the 2005 completion of a central, Web-based system that allows users real-time access to their electricity and natural gas consumption data. By linking utility meters to the on-line system, facility managers have immediate feedback on the energy use impacts of operational decisions. This feedback used to be delayed at least a month.

Other energy-saving improvements implemented globally have included the installation of large-scale networked heating, ventilation and air conditioning systems, air compressor controls and energy-efficient production tooling. Data-driven processes and automated systems further drove efficiency improvements at manufacturing, corporate, and research and engineering facilities.

### Renewable energy use

Globally, renewable or "green" power supplies 3 percent of Ford's energy needs. In the United States, we use hydropower, landfill gas, waste gases or other sources to supply 5 percent of our energy needs.

In the UK, construction was completed in 2004 on London's first wind power park, at Ford's Dagenham complex. The wind turbines provide 100 percent of the electricity requirements of our new Dagenham Diesel Centre. This is equivalent to the electricity needs of more than 2,000 homes.

In late 2005, we announced plans to pilot carbon-neutral manufacturing for our hybrid vehicles. We will offset the greenhouse gas emissions associated with the manufacturing of these vehicles by purchasing carbon offset credits, many of which will fund renewable energy projects (see our [Greener Miles](#)™ joint program with TerraPass).

### Related Links

- **In This Report**
  - [Greener Miles™](#)
- **External Web Sites**
  - [U.S. Green Building Council](#)

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## Lima's Cool Solution

When it's hot outside, a newly renovated section of the Lima Engine Plant stays comfortably cool, thanks to an innovative geothermal project that uses 40-degree quarry water to chill the plant's air.


Water from a pair of 85-foot-deep quarries on the Ohio plant property is pumped into the facility through two circulation loops. A pump house ferries cold reservoir water up to one of several heat exchangers in the plant. Warmer water from the plant's cooling system transfers its heat to the quarry water. Because the two water supplies circulate in separate paths and never mix, the purity of the quarry water is maintained.

The warmed quarry water is then returned to the quarry, sprayed over the surface to encourage evaporation and minimize heat. Meanwhile, the plant water is pumped back to the plant, through more than 3,500 feet of pipe, and then re-cooled.


The Lima plant will begin manufacturing the new aluminum Duratec 35 V-6 engine in the summer of 2006. Aluminum engine components react and perform better when the ambient temperature remains constant. Ford engineers hope to apply the cooling system to the other half of the plant, which produces the cast-iron 3.0L V-6 Vulcan engine and the AJ35 V-8 Lincoln LS engine.

Installing the environmentally friendly project cost \$300,000 less than a traditional cooling system. Moreover, Ford expects the new application to save another \$300,000 and millions of gallons of water annually.

This project earned the 2005 Ohio Governor's Award for Excellence in Energy and the Design-Build Institute's 2005 national award.

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## A Look at Logistics

Managing logistics (the transportation of parts and vehicles) requires more than getting things from point A to point B. Logistics managers are key partners in ensuring that our factories have the parts and materials needed for efficient operation without maintaining excess inventory. They also try to minimize costs, fuel use and the environmental impacts of packaging and protect the quality of shipped items. An example of an innovative approach to optimize these factors for sustainability is the development of a closed-loop packaging system (see [Cradle to Cradle Solution for Shipping Parts](#)).

In 2004, our climate change task force studied Ford's logistics energy use and greenhouse gas emissions. The purpose was to learn about the contribution of transportation emissions to Ford's environmental footprint and how that contribution might be reduced.

The review found that, over the previous five years, Ford's North American operations cut fuel use and CO<sub>2</sub> emissions from truck transportation by 15 percent. Logistics is managed centrally in North America, so the network can be optimized and efficiencies identified across all plants and suppliers. CO<sub>2</sub> reductions have been achieved through a series of measures, including:

- Co-mingling multiple suppliers' freight to maximize the use of space on each truck
- Utilizing simulation tools and route analysis to maximize transportation efficiency based on supplier proximity to the assembly plant and minimize circuitous network miles traveled
- Coordinating with our product developers to ensure that the vehicles fit efficiently on the trucks we use to transport them

We have also initiated a network design project that will help to cut the amount of time transportation carriers wait at our plants to deliver their loads.

Within our North American plants, we are eliminating propane- and conventional battery-powered vehicles such as forklifts with fast-charge battery units located where the vehicles are stationed. This improves air quality, reduces the number of batteries required by 60 percent, and cuts non-value-added trips to battery charging stations. For example, during a single shift, forklift and tow motor drivers were traveling 26 miles back and forth to the battery rooms – using energy without accomplishing any work. The new technology is projected to save \$5 million per year when fully implemented in mid-2006.

In Europe, we are gathering data from major plants to document fuel use and CO<sub>2</sub> emissions attributable to incoming and outgoing logistics. We have made improvements in our European operations by:

- In Turkey, using river barges instead of trucks for vehicle transportation, and trains rather than trucks for taking material to our assembly plant. We used one train each day in lieu of 30 trucks during 2004.
- Minimizing pollution in the Ford-owned truck fleet. We use the latest version of diesel engines and instruct truck fleet drivers in economical driving to reduce fuel consumption. The objective for 2005 is to reduce the average Transport Operations fleet fuel consumption by 7.5 percent and greenhouse gas emissions by 10 percent.

It is difficult to predict if emissions from logistics operations will continue to decrease. Rising energy prices add to incentives to manage transportation for efficiency, and these efforts will continue. But other factors are also at work:


- As our value chain becomes more global and complex, parts, components and vehicles may travel greater distances, increasing fuel use and emissions.
- We have made great strides in encouraging suppliers to provide parts in reusable, rather than disposable, packaging. While this has all but eliminated a waste stream from our factories, in some cases it requires an extra truck trip to ship the containers back to the supplier.

### Related Links


- [Ford.com](#)
  - [Rouge Renovation](#)

### Downloads

-  [Ford Report on the Business Impact of Climate Change](#)  
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- "Supplier parks" (the co-location of suppliers' facilities with our own) are an innovation that improves quality, cuts manufacturing time and facilitates troubleshooting. It also cuts the inbound transport emissions to our facilities, because, for larger components, shipping the parts requires fewer trucks than shipping assemblies. For example, at our Cologne, Germany, plant, three trucks per day are required to ship parts for instrument panels to the supplier, while 10 trucks per day would be needed to ship the panels themselves. Very frequently the larger assemblies are transported from the supplier park to the point of fit via a conveyor belt, without additional CO<sub>2</sub> emissions.

We will continue to examine the issues involved in our logistics operations with an eye toward balancing the many potentially competing factors that affect fuel use and CO<sub>2</sub> emissions.

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## Water Use

In 2000, Ford launched a water-reduction initiative and set a target of 3 percent year-over-year reduction in water use. Since then, the Company has reduced its water consumption by 18 percent worldwide. This totals more than 5 billion gallons (19 million cubic meters) and has saved upwards of \$7.5 million.

When the initiative began, many facilities had little ability to track their water usage. Ford engineers developed a patented Water Estimation Tool (WET), a software program that helps facilities to predict their water usage. They then paired WET with WILD (Water Ideas to Lessen Demand), a list of practical ideas for reducing water usage depending on where and when usage is the greatest. Our facilities made good progress for several years, meeting or exceeding a 3 percent year-over-year water reduction goal that applied to all facilities. In 2005, global water use rose slightly, due largely to production growth in the Asia-Pacific region. To encourage continued progress, Ford environmental engineers are developing "single-point lessons" that document practices demonstrated to save water. Implementation of the single-point lessons is mandatory and included in business plans.

Ford facilities have used these tools and innovative engineering to cut water use. For example:

- Ford's assembly plant in Hermosillo, Mexico is doubling its production of vehicles while cutting water use. This unusual feat is being accomplished through the addition of innovative water treatment systems that allow extensive recycling of water within the plant.

An extended drought and population growth has created a severe water shortage in the Sonoran Desert where the plant is located. The Hermosillo plant had responded to the shortage by cutting water usage by 65 percent over an eight-year period. But when the plant was selected to build the new Ford Fusion, Mercury Milan and Lincoln Zephyr sedans, water use was projected to double along with production.

To accommodate the growth in production without increasing water use, the Hermosillo plant installed a novel biological water treatment system called a Membrane Biological Reactor similar to one installed at our Chennai Plant in India. The system uses an ultrafiltration membrane process followed by reverse osmosis to make 75 percent of the plant's wastewater suitable for high-quality reuse within the plant's processes. Water treated through the biological treatment process can also be used for irrigation, so in total 80 percent of the wastewater discharge can be recycled, cutting potable water use by 40 percent and exceeding the plant's original commitment to keep potable water use at the same level as the plant expanded its production.

- A pilot project at a Ford plant in Saarlouis, Germany, could lead to new water-saving techniques at Ford facilities worldwide. Launched in March 2005, the one-year test is aimed at eliminating industrial wastewater. The project, which combines several state-of-the-art water treatment technologies, is designed to more effectively cleanse the wastewater resulting from the plant's vehicle painting operation. Wastewater goes through a regular treatment facility before undergoing the new three-step cleaning process.

The first step – a biological stage – decomposes the wastewater's degradable substances. This is followed by nanofiltration and reverse osmosis, which together separate the waste particles from the wastewater stream. Once cleaned, the water can be re-circulated into the production process.

The ultimate goal is to eliminate wastewater from the paint operation and considerably limit the need for fresh water at the Saarlouis plant, where the Focus and the Focus C-MAX are built. The new treatment system, which represents just one component of Ford's water conservation commitment, has the potential to significantly reduce the environmental impact of auto manufacturing.

- The Kansas City Assembly Plant has implemented leak detection practices as well as a total fluids program that monitors and manages cooling tower water use.

While production at the plant (which produces the F-150, Escape and Escape Hybrid, among other models) has increased 30 percent, water use decreased from 490 to 364 million gallons over the past four years, and total plant savings topped \$120,000. Savings include both the cost of purchasing water and the cost of its subsequent treatment once the water is used.

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## Volatile Organic Compounds

Over five years, Ford's North American operations cut volatile organic compound (VOC) emissions associated with the painting process (by far the largest sources of VOC emissions) by 25 percent. In 2005, these operations emitted 26 grams per square meter of surface coated, beating their target of 29 grams per square meter. Because the control equipment used to reduce VOC emissions consumes significant amounts of energy, we have worked to identify [innovative approaches to painting operations](#) that meet cost, quality and production goals while allowing us to reduce energy use significantly and maintain environmental compliance.


As one element of this approach, Ford developed an innovative Fumes-to-Fuel system in partnership with Detroit Edison. Initially tested at the Ford Rouge Center, the system concentrates fumes containing VOC emissions from solvent-based paint for use as fuel to generate electricity. The Rouge test fed the concentrated fumes into a fuel cell.

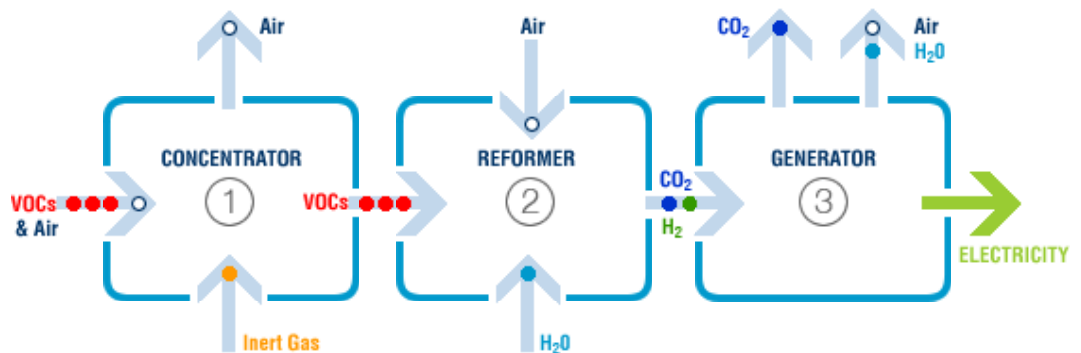
### Related Links

#### External Web Sites

- [Detroit Edison](#)

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-  [Any color you like: the paint shop](#)  
PDF format, 169 Kb




### Generating electricity from paint fumes


Move over the numbers above to see what happens at each stage.

A production-scale plant has been installed as a pilot project at Ford's Michigan Truck Plant. This pilot represents the final test of the system before full-scale implementation by the end of the decade. The Michigan Truck pilot uses a specially designed Stirling Cycle Engine that is currently more cost-effective than a fuel cell. The engine produces about 50 kilowatts of electricity to help power the facility. The only byproducts of the system, which cuts electrical usage by one-third to one-half, are small amounts of water vapor, CO<sub>2</sub> and nitrogen oxides. The Stirling Engine also produces heat during combustion, which may be another useful source of energy in the future.

A larger-scale version of the fuel cell Fumes-to-Fuel system is being installed in Oakville, Ontario, with support from the Canadian Government. That system will be operational in 2008.

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## Waste Generation

For several years, we have been working with waste service providers to document and reduce our waste streams. In 2006, we will be switching over to the European waste classification system, which is a good fit for our waste streams and will allow improved benchmarking and comparison. Waste generation and management data collected in 2006 will help our facilities continue to develop new methods of reducing and better managing waste.

Outside London, the Dagenham Engine Plant developed a process, in cooperation with a service provider, to squeeze the oil and fluids out of an oily waste stream, recycle the oil and turn the solids into brickettes, which are used by the steel-making industry. The project has saved about \$1.2 million by avoiding the costs of landfilling the waste, or about \$2 per engine manufactured. In effect, one of the most expensive waste streams at Dagenham has been partially converted into a revenue stream.

Building on this success, Dagenham managers have submitted plans to local authorities to build a composting and gasification facility that will convert all remaining nonrecyclable waste from the plant and the surrounding community into fuel for the Engine Plant. The planned facility will divert 90,000 tonnes of waste from landfilling and provide 10.5 megawatts of renewable energy to the plant, complementing the wind power already installed at the site.

Other waste reduction projects include:

- Implementation of a minimum-quantity lubrication system for machining at the Livonia Transmission Plant. An industry first in North America for high-volume powertrain production, the system uses a precisely dosed oil mist in place of multiple gallons of metal-working fluid. The metal chips created during the machining process are removed from the work zone by a vacuum extraction system and subsequently recycled. The system results in a cleaner work environment, reduction of the machining fluid waste and increased metal recovery. It also extends the life of the machining equipment and saves money compared to traditional processes.
- Ford's Sharonville, Ohio transmission plant provides an incentive to its waste management contractor to achieve at least 5 percent waste reduction each year. The Sharonville plant recycles dozens of waste materials. For example, the plant recently began recovering shot blast pellets, the small steel balls used to take edges off of metal parts, in addition to the steel dust created by shot blasting.
- The Michigan Truck Plant has run tests using paint waste as a filler in a liquid sound-deadening material that helps keep vehicle interiors quiet.

### Related Links

- **External Web Sites**
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  - [Federal Highway Administration](#)

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## Land Use

Our activities have the potential to affect land use, nature and biodiversity, directly and indirectly. We own land that is used for manufacturing operations and administration. The construction and operation of these facilities have direct impacts on land. The extent of these impacts depends on the size of each facility and whether it is a greenfield site (involving new construction) or brownfield site (one previously used for industrial purposes).


The most significant potential impacts on land and biodiversity are indirect, occurring elsewhere in our value chain or arising from the use of our vehicles. Indirect impacts include the extraction of raw materials to make vehicle parts, habitat fragmentation from road construction, localized pollution from vehicles and the potential effects of climate change on biodiversity.

To better understand our direct impacts on land and biodiversity, we compared our plant locations with a list of global "biodiversity hotspots" developed by Conservation International, a Washington, D.C.-based environmental organization. We found that 16 of our facilities are located in hotspots. (Some of the hotspots are quite large; for example, the Mediterranean Basin hotspot comprises 2.4 million square kilometers.) Many of these facilities have programs in place for onsite conservation, remediation and cooperation with local nongovernmental organizations (NGOs) focused on biodiversity conservation. We plan to examine the biodiversity practices of these facilities in greater detail in the future and to report on their efforts to conserve biodiversity.

Many of our facilities have taken steps to improve biodiversity and wildlife habitat on their lands.

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- **In This Report**
  - [Global Operations](#)
- **External Web Sites**
  - [Conservation International](#)

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## Creating Wildlife Habitat

Seventeen of Ford's global facilities have been certified as wildlife habitat sites by the Wildlife Habitat Council (WHC), a nonprofit organization dedicated to increasing the quality and amount of wildlife habitat on corporate, private and public lands. The Norfolk Assembly plant was recognized by the WHC with the International Habitat Conservation Award for its "no-mow" zones, new native species plantings and stormwater management system. WHC also recertified the wildlife habitat creation and preservation programs at 10 other Ford facilities. The WHC certification program recognizes outstanding wildlife habitat management and environmental education efforts at corporate sites and offers third-party validation of the benefits of such programs. Certification requirements are strict and must be periodically renewed.


Ford facility wildlife habitats range in size from five to more than 100 acres and include ecosystems as diverse as wetlands, woodlands, prairies, meadows and forests. They provide habitat for dozens of native plant and wildlife species and are developed and maintained by Ford employees, often in partnership with local civic and education groups. Many of the facilities have built nature trails, erected bird and bat houses, and planted wildflower gardens in addition to establishing wildlife habitats. They have also developed community education programs to encourage broader understanding of the importance of corporate wildlife sanctuaries.

The Ford facilities receiving WHC certification are:


- Norfolk Assembly Plant (Norfolk, Virginia, USA)
- Kansas City Assembly Plant (Kansas City, Missouri, USA)
- Michigan Proving Ground (Romeo, Michigan, USA)
- Romeo Engine Plant (Romeo, Michigan, USA)
- Arizona Proving Ground (Yucca, Arizona, USA)
- Premier Automotive Group North American Headquarters (Irvine, California, USA)
- Windsor Casting Plant (Windsor, Ontario, Canada)
- Ford Rouge Center, Fairlane Business Park and Henry Ford II World Center Headquarters (Dearborn, Michigan, USA)

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- **In This Report**
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  - [Wildlife Habitat Council](#)

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## Incorporating Green Space

The Kocaeli, Turkey, plant operated by Ford Otosan (a joint venture between Ford and the Turkish company Koc Holding) was designed from the planning stage to be a responsible new addition to the local area. There was some initial unease about building the plant because of an existing stand of trees at the site, so planners took these into account, and not a single tree was felled. Instead, 400 trees were relocated during the construction, and Ford has since created a park onsite. Gonul Park totals more than 11 acres (45,000 square meters) and was developed in coordination with the Forestry and Soil Erosion Prevention Foundation, a Turkish NGO. The Gonul Park project involved the planting of 2,400 trees and nearly 17,000 shrubs. With its large grassy area in the middle, the park is used as a recreation area for plant personnel.

During the major earthquake of 1999 in Turkey, a huge section of land within plant boundaries slid into the sea, resulting in the creation of a freshwater lake. It is the only freshwater lake in the region, and it has become a haven for wildlife. More than 15 bird species use it as a stop-off on their migration route. There are plans to build an educational center near the lake for children and open it to the public.

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  - [EMBARO Istanbul](#)

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## Green Buildings

New construction and renovation of existing buildings offers the opportunity to take a holistic approach to managing the environmental features of the building, from energy and water use to material choices and land use.

The [Ford Rouge Center](#) is our best-known green building project, incorporating the world's largest living roof, among a host of other features. Less well-known is that we take a comprehensive approach to incorporating sustainable features in new construction and existing buildings.

Ford Land is responsible for the planning, engineering, construction and management of corporate, commercial and industrial facilities for Ford Motor Company. In this work we are committed to the sustainable design of delightful and productive facilities and landscapes using basic principles of resource effectiveness, lifecycle assessment, health, safety and performance.

Ford Land has developed partnerships to help educate and exchange information on the concepts of sustainable design with our professional service providers and employees within Ford Land and has provided training on site selection, water efficiencies, energy-use reductions, sustainable materials and resources and indoor environmental quality.

We have also been active participants in the U.S. Green Building Council (USGBC), the nation's foremost coalition of leaders from across the building industry working to promote buildings that are environmentally responsible, profitable and healthy places to live and work. USGBC sponsors the Leadership in Energy and Environmental Design (LEED) program through which buildings can be recognized for their approach to sustainable design and construction.

Two Ford facilities are LEED-certified and several others are seeking certification (see [table](#)). Building on these successes, Ford Land is committed to adopting, on all future projects, the LEED criteria in order to identify sustainable opportunities specific to each site and facility design. Ford Land's ongoing environmental strategy is to help promote the continued use and standardization of sustainable design and construction practices across the industry.

### Related Links

- **Ford.com**
  - [Ford Rouge Center](#)
- **External Web Sites**
  - [U.S. Green Building Council LEED Program](#)
  - [Fairlane Green](#)



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## LEED Certification

Two Ford facilities are LEED-certified and several others are seeking certification:

Facility	Certification
<a href="#">Premier Automotive Group Headquarters</a> Irvine, California	LEED Certified November 2001
<a href="#">Ford Rouge Visitor Center</a> Dearborn, Michigan	LEED Gold June 2003
<a href="#">Ford Product Review Center</a> Dearborn, Michigan	LEED Certified July 2006
<a href="#">Fairlane Green Phase I</a> Allen Park, Michigan	LEED Gold August 2006
<a href="#">Research and Innovation Center</a> Dearborn, Michigan	LEED Registered

1 LEED Registered means currently seeking certification

### Premier Automotive Group North American Headquarters

As a testament to sustainable design and its positive effects on the environment, the 240,000 square foot commercial office building and design center utilizes reclaimed water for irrigation as well as an exterior water feature. The one-acre living roof contributes to the building's overall reduction in energy consumption and provides an appealing view for workers in the office tower. Vertical landscaping installed around portions of the building perimeter provides a safe habitat and nesting place for native species. The vertical landscaping also serves to screen the adjacent parking area/ highway and creates an exterior dining space adjacent to the cafeteria.

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### Ford Rouge Visitor Center

A variety of innovative energy technologies are showcased at Ford Rouge's Visitor Center, opened in 2004. Green design features include vertical landscaping over 75 percent of the building's façade to provide a layer of natural insulation on exterior walls, a 12,500-gallon cistern that collects and recycles rainwater and a photovoltaic solar power system. In addition, more than 50 percent of the building's materials contain recycled content. An internal greywater system in conjunction with waterless urinals reduces the need for municipally supplied water. Energy costs are nearly one-third less than in a comparable conventional building.

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### Ford Product Review Center, Dearborn, Michigan

While product innovation will be the main attraction, Ford's new Product Review Center (PRC) at the Dearborn Proving Ground includes several building innovations. The assembly room has windows on three sides to maximize visibility of the proving grounds and newly installed steering and handling course as well as provide daylight for the visitors. The PRC also reuses water to cool heat pumps and irrigate surrounding landscaping.

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### Fairlane Green

In mid-2005, Ford announced plans for a new retail and recreation center in Michigan using environmentally and socially responsible development precepts. Built on the 243-acre site of Ford's recently closed Allen Park Clay Mine Landfill, Fairlane Green is the largest landfill redevelopment project in Michigan and the largest under construction in the U.S. for retail use. Nearly two-thirds of the site will be natural green space, including a 43-acre park and 3.5 miles of trails.

The 405,000-square-foot Phase I is now open and boasts the country's first LEED Gold certification for a core and shell retail development. Environmentally sustainable features include:

- Irrigation from stormwater detention ponds rather than potable municipal water supplies
- Bio-swales and wetland-type detention ponds to manage stormwater runoff and create natural habitat for birds and other wildlife
- Green screens (climbing plants that grow next to exterior walls), hedgerows and prairie-style landscaping to green the site and provide wildlife habitat

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- Reduced energy consumption through white reflective roofing and high-efficiency heating and cooling equipment

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### **Ford Research and Innovation Center**

This is the first Ford facility to be registered for the LEED for Existing Building (EB) program which highlights sustainable efforts in the operations and maintenance of a facility. LEED EB focuses on programs such as building recycling and waste stream management, energy performance measurements, documenting sustainable building cost impacts, sustainable cleaning products and materials as well as overall the indoor environmental quality of a facility.

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## Environmental Compliance

### Manufacturing Plant Notices of Violation


Ford received four notices of violation (NOV) from government agencies in 2005. All four NOVs were received in the United States. The issuance of an NOV is an allegation of noncompliance with anything from a minor paperwork requirement to a permit limit, and does not mean that the Company was in noncompliance or received a penalty.

### Offsite Spills


In 2005, offsite spills occurred at three Ford manufacturing facilities, two in the United States and one in England. Less than 120 gallons of material was spilled.

### Fines and Penalties Paid

In 2005, Ford paid approximately \$31,000 in fines, penalties and associated costs globally pertaining to environmental matters in our facilities. We paid no fines in 2004 related to mobile source matters. In September 2005 we paid the state of New York \$226,000 in fines related to mobile source matters. Some of these fines were attributable to NOVs received in previous years.

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### Kingsford, Michigan

In October 2004, Ford Motor Company and the Kingsford Products Company reached a judicial settlement with the Michigan Department of Environmental Quality and the Michigan Attorney General, to resolve historic environmental contamination in the Kingsford-Breitung Township area in Dickinson County, Michigan. The settlement builds on the work the companies have already undertaken and calls for them to provide methane monitoring, vapor control systems and annual inspections for structures within the area. The companies will also cap former waste disposal areas, extract and treat contaminated groundwater, develop and implement a comprehensive remedial action plan and reimburse the state for any future response activity costs. To date, Ford and Kingsford Products have reimbursed the state \$1.4 million in past response activity costs incurred at this facility.

Ford opened a car and glider parts manufacturing facility in Kingsford in the 1920s, and subsequently operated a wood chemical distillation plant to make use of wood scraps from the manufacturing facility. The Kingsford Products Company's predecessor, Kingsford Chemical Company, subsequently purchased the Ford chemical plant, and operated it from 1951 to 1961. From the 1920s until 1961, both companies disposed of wood chemical distillation waste into pits in this area. Methane from the decomposing waste and other industrial chemicals in the pits have entered the soils, groundwater and the Menominee River.


### Ringwood Mines Landfill Site

Ford Motor Company has stepped up and agreed to address concerns that have been raised related to Ford's prior disposal activities at the Ringwood Mines Landfill Site, including the adequacy of the prior investigation and cleanup of waste disposed by Ford. In September 2004, Ford Motor Company entered into an Administrative Order on Consent and Settlement Agreement (AOC) with the U.S. Environmental Protection Agency (EPA) regarding additional environmental activities at the Ringwood Site. EPA also requested the Borough of Ringwood's assistance in completing work at the Site, and EPA issued a Unilateral Administrative Order against the Borough regarding the Ringwood Site. Ford is conducting work at the Site pursuant to the AOC, all under the direction of EPA and the New Jersey Department of Environmental Protection.


Although the Ringwood Site has been used for decades for the legal and illegal disposal of wastes of all types by the Borough of Ringwood and other parties, Ford only used the Site to dispose of waste materials (primarily cardboard and wood wastes and paint sludge from the former Mahwah Assembly Plant) from 1967 to the middle of 1971. Ford previously participated in investigative activities at the Site. Ford is committed to addressing issues related to its prior waste disposal activities at the Site.

### Edison Assembly Plant Concrete Disposal

During demolition of our Edison Assembly Plant, we discovered very low levels of contaminants in the concrete slab. The concrete was crushed and reused as fill material at several different off-site locations. The New Jersey Department of Environmental Protection ("DEP") now asserts that some of these locations may not have been authorized to receive the waste. We are fully cooperating with the DEP to resolve this matter, and continue to negotiate a resolution.

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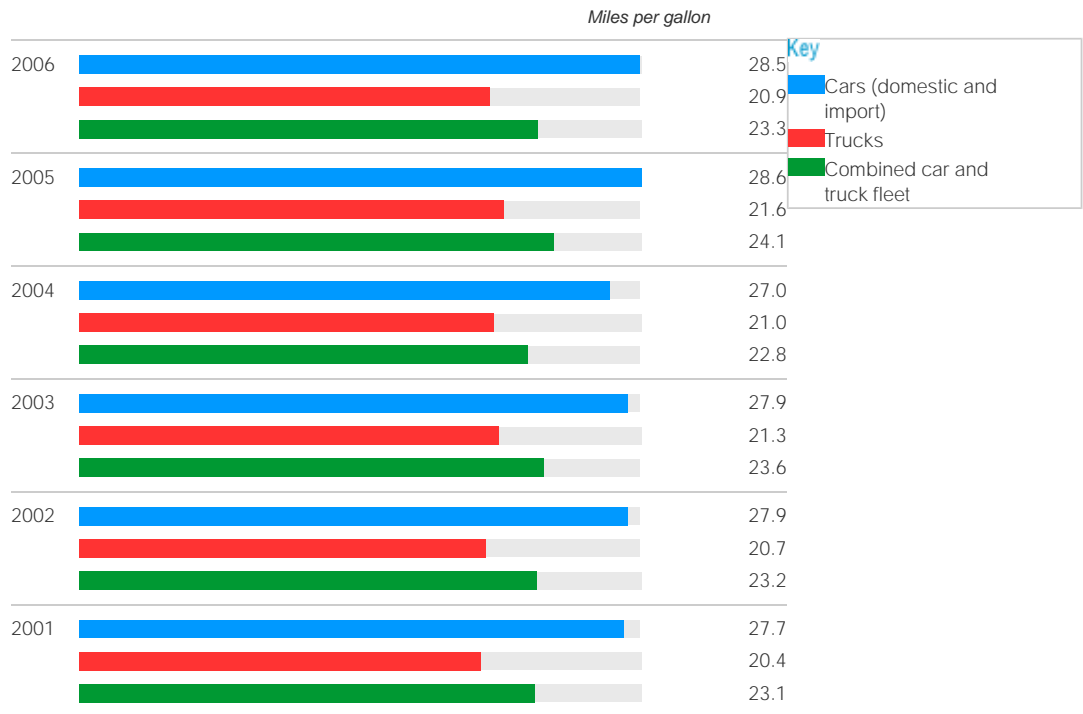
 [See data tables](#)

### Charts on This Page

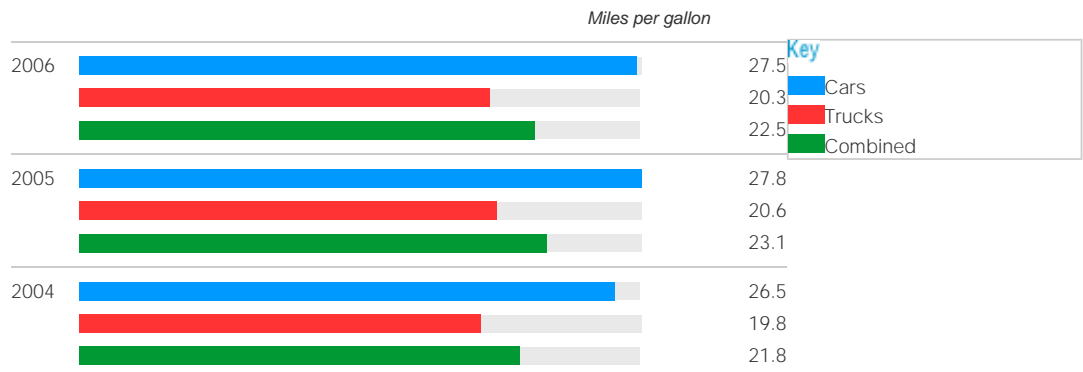
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- D [European CO<sub>2</sub> Performance, Passenger Vehicles – Percent of 1995 Base](#)


### A Ford U.S. Corporate Average Fuel Economy – with FFVs

2006 is a preliminary estimate



### B Ford U.S. Corporate Average Fuel Economy – without FFVs



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		20.1
		22.5

[See notes to the data](#)

### C Ford U.S. CO<sub>2</sub> Tailpipe Emissions per Vehicle

2006 is a preliminary estimate

	<i>Grams per mile</i>
2006	373
2005	368
2004	387
2003	375
2002	381
2001	383

### D European CO<sub>2</sub> Performance, Passenger Vehicles – Percent of 1995 Base

1995 base = 100 percent

NA - Not available

	<i>Percent</i>
ACEA - average of European manufacturers	
2005	NA
2004	87
2003	88
2002	89
2001	NA
Ford	
2005	78
2004	80
2003	82
2002	83
2001	86
Jaguar	
2005	62
2004	63
2003	77
2002	79
2001	85
Land Rover	
2005	88
2004	86
2003	87
2002	86
2001	87
Volvo	

2005		87
2004		89
2003		91
2002		88
2001		89

[See notes to the data](#)

---

#### NOTES TO THE DATA

##### Charts A and B

See the [Climate Change Report](#) and [Environment](#) section for a discussion of CAFE. For model year 2005, the CAFE of our cars and trucks improved 5.7 percent. The 2005 CAFE status improvement is due to the inclusion of the new fuel efficient Escape Hybrid, Mercury Mariner, Ford Freestyle, Ford Five Hundred and Mercury Montego. Our model year 2006 CAFE is expected to remain approximately the same for cars and decline by approximately 3 percent for trucks, compared to 2005.

##### Chart D

Official EU data

---

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## Vehicle Fuel Economy and CO<sub>2</sub> Emissions

### Tables on This Page

- A [Ford U.S. Corporate Average Fuel Economy – with FFVs](#)
- B [Ford U.S. Corporate Average Fuel Economy – without FFVs](#)
- C [Ford U.S. CO<sub>2</sub> Tailpipe Emissions per Vehicle \(Combined Car and Truck Fleet Average CO<sub>2</sub> Emissions\)](#)
- D [European CO<sub>2</sub> Performance, Passenger Vehicles – Percent of 1995 Base](#)

### Viewing This Data

Would you prefer to view the data as charts?

 [See data charts](#)

### A Ford U.S. Corporate Average Fuel Economy – with FFVs

2006 is a preliminary estimate

	<i>Miles per gallon</i>					
	2001	2002	2003	2004	2005	2006
Cars (domestic and import)	27.7	27.9	27.9	27.0	28.6	28.5
Trucks	20.4	20.7	21.3	21.0	21.6	20.9
Combined car and truck fleet	23.1	23.2	23.6	22.8	24.1	23.3

[See notes to the data](#)

### B Ford U.S. Corporate Average Fuel Economy – without FFVs

	<i>Miles per gallon</i>			
	2003	2004	2005	2006
Cars	27.2	26.5	27.8	27.5
Trucks	20.1	19.8	20.6	20.3
Combined	22.5	21.8	23.1	22.5

[See notes to the data](#)

### C Ford U.S. CO<sub>2</sub> Tailpipe Emissions per Vehicle

2006 is a preliminary estimate

	<i>Grams per mile</i>					
	2001	2002	2003	2004	2005	2006
	383	381	375	387	368	373

### D European CO<sub>2</sub> Performance, Passenger Vehicles – Percent of 1995 Base

1995 base = 100 percent

NA - Not available

	<i>Percent</i>				
	2001	2002	2003	2004	2005
ACEA - average of European manufacturers	NA	89	88	87	NA
Ford	86	83	82	80	78
Jaguar	85	79	77	63	62
Land Rover	87	86	87	86	88
Volvo	89	88	91	89	87

[See notes to the data](#)

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## NOTES TO THE DATA

### Charts A and B

See the [Climate Change Report](#) and [Environment](#) section for a discussion of CAFE. For model year 2005, the CAFE of our cars and trucks improved 5.7 percent. The 2005 CAFE status improvement is due to the inclusion of the new fuel efficient Escape Hybrid, Mercury Mariner, Ford Freestyle, Ford Five Hundred and Mercury Montego. Our model year 2006 CAFE is expected to remain approximately the same for cars and decline by approximately 3 percent for trucks, compared to 2005.

### Chart D

Official EU data


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## Facility Energy Use and CO2 Emissions

### Viewing This Data

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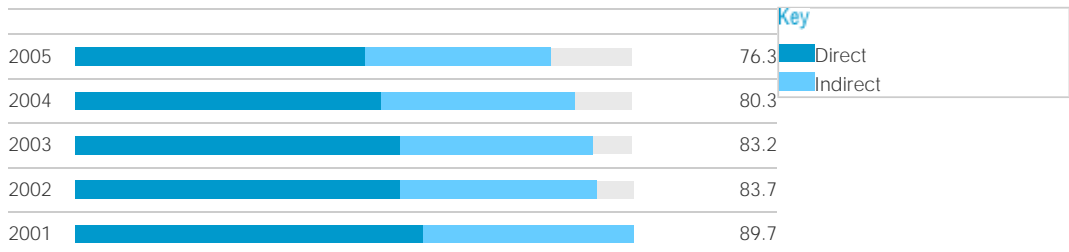
 [See data tables](#)

### Charts on This Page

- A [Worldwide Facility Energy Consumption](#)
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- C [Worldwide Facility CO2 Emissions](#)
- D [Worldwide Facility CO2 Emissions per Vehicle](#)
- E [Energy Efficiency Index](#)

### A Worldwide Facility Energy Consumption

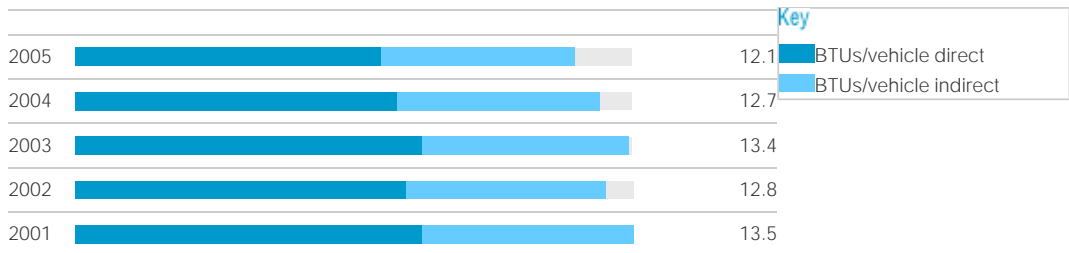
Trillion British Thermal Units



[See notes to the data](#)

### B Worldwide Facility Energy Consumption per Vehicle

Million British Thermal Units per vehicle

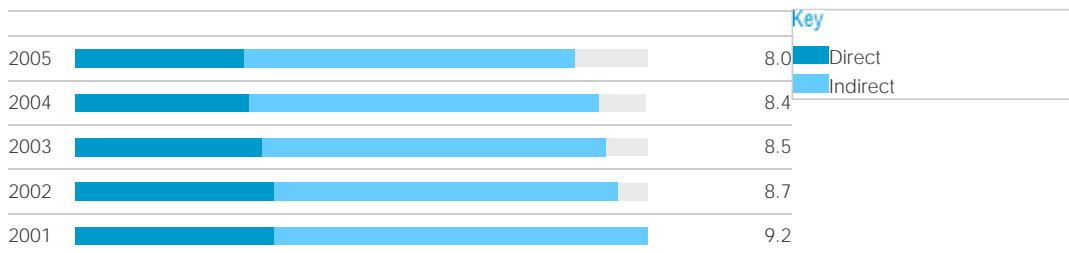


[See notes to the data](#)


### C Worldwide Facility CO2 Emissions

Target: Various regions are developing mandatory targets, and this makes it difficult to set a global corporate target for greenhouse gas emissions. Voluntary manufacturing greenhouse gas emission targets apply (see [Commitments and Requirements](#)). Our energy efficiency index target also has the effect of driving reductions in CO2 emissions.

Million metric tonnes



[See notes to the data](#)

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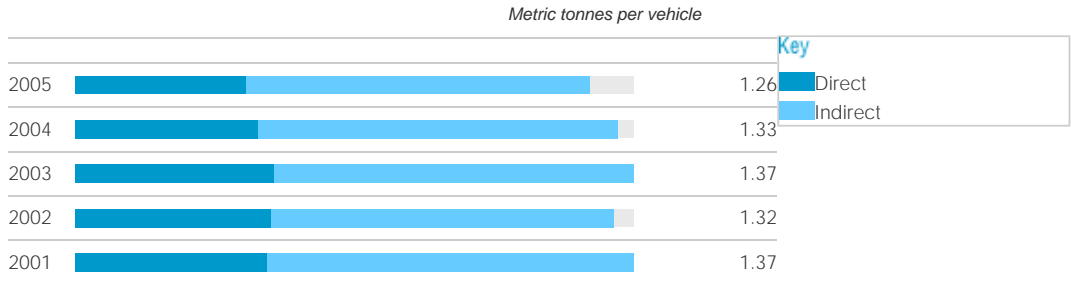
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**D**  
**Worldwide Facility CO<sub>2</sub> Emissions per Vehicle**

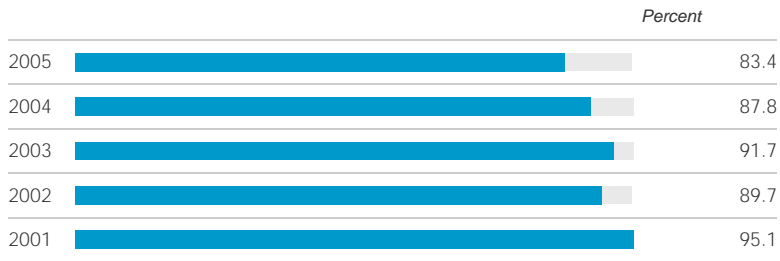
Target: Various regions are developing mandatory targets, and this makes it difficult to set a global corporate target for greenhouse gas emissions. Voluntary manufacturing greenhouse gas emission targets apply (see [Commitments and Requirements](#)). Our energy efficiency index target also has the effect of driving reductions in CO<sub>2</sub> emissions.



[See notes to the data](#)

**E**  
**Energy Efficiency Index**

Target: 1 percent year-over-year improvement



[See notes to the data](#)

**NOTES TO THE DATA**

**Charts A–D**

Energy consumption and CO<sub>2</sub> emissions per vehicle divides energy used or CO<sub>2</sub> emitted by the number of vehicles produced. Direct energy and emissions are those associated with the generation of electricity, heat or steam by sources owned or controlled by Ford Motor Company. Indirect energy and emissions are those associated with the generation of electricity, heat or steam purchased or imported by Ford Motor Company. CO<sub>2</sub> emissions were calculated consistent with the World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol. Data have been adjusted to account for facilities that were closed, sold, or new.

**Charts B and D**

Averaging energy and CO<sub>2</sub> emissions by the number of vehicles produced yields a somewhat imperfect indicator of production efficiency. When the number of vehicles produced declines, as it has since 2000, per-vehicle energy use tends to rise because a portion of the resources used by a facility is required for base facility operations, regardless of the number of vehicles produced. We believe that stable-to-declining per-vehicle energy use and CO<sub>2</sub> emissions indicate that more efficient production since 2000 is offsetting the tendency of these indicators to rise during periods of declining production. This interpretation is reinforced by our energy efficiency index, which focuses on production energy efficiency, and which has been steadily improving. Our energy efficiency index target also has the effect of driving reductions in CO<sub>2</sub> emissions.

**Charts E**

The index is "production normalized" based on an engineering calculation that adjusts for fixed and variable portions of energy use and production to track production energy efficiency. The index was set at 100 for the year 2000 to simplify tracking against our target of improving our energy efficiency by 14 percent globally by 2005, equal to 85 percent.

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## Facility Energy Use and CO2 Emissions

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- D [Worldwide Facility CO2 Emissions per Vehicle](#)
- E [Energy Efficiency Index](#)

### Viewing This Data

Would you prefer to view the data as charts?

 [See data charts](#)

### A Worldwide Facility Energy Consumption

*Trillion British Thermal Units*

	2001	2002	2003	2004	2005
Direct	55.9	52.2	52.3	49.2	46.7
Indirect	33.8	31.5	30.9	31.1	29.6

[See notes to the data](#)

### B Worldwide Facility Energy Consumption per Vehicle

*Million British Thermal Units per vehicle*

	2001	2002	2003	2004	2005
BTUs/vehicle direct	8.4	8.0	8.4	7.8	7.4
BTUs/vehicle indirect	5.1	4.8	5.0	4.9	4.7

[See notes to the data](#)

### C Worldwide Facility CO2 Emissions

Target: Various regions are developing mandatory targets, and this makes it difficult to set a global corporate target for greenhouse gas emissions. Voluntary manufacturing greenhouse gas emission targets apply (see [Commitments and Requirements](#)). Our energy efficiency index target also has the effect of driving reductions in CO2 emissions.

*Million metric tonnes*

	2001	2002	2003	2004	2005
Direct	3.2	3.2	3.0	2.8	2.7
Indirect	6.0	5.5	5.5	5.6	5.3

[See notes to the data](#)

### D Worldwide Facility CO2 Emissions per Vehicle

Target: Various regions are developing mandatory targets, and this makes it difficult to set a global corporate target for greenhouse gas emissions. Voluntary manufacturing greenhouse gas emission targets apply (see [Commitments and Requirements](#)). Our energy efficiency index target also has the effect of driving reductions in CO2 emissions.


*Metric tonnes per vehicle*

	2001	2002	2003	2004	2005
Direct	0.47	0.48	0.49	0.45	0.42
Indirect	0.90	0.84	0.88	0.88	0.84

[See notes to the data](#)

### E Energy Efficiency Index

Target: 1 percent year-over-year improvement

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				<i>Percent</i>
2001	2002	2003	2004	2005
95.1	89.7	91.7	87.8	83.4

[See notes to the data](#)

---

#### **NOTES TO THE DATA**

##### **Tables A–D**

Energy consumption and CO<sub>2</sub> emissions per vehicle divides energy used or CO<sub>2</sub> emitted by the number of vehicles produced. Direct energy and emissions are those associated with the generation of electricity, heat or steam by sources owned or controlled by Ford Motor Company. Indirect energy and emissions are those associated with the generation of electricity, heat or steam purchased or imported by Ford Motor Company. CO<sub>2</sub> emissions were calculated consistent with the World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol. Data have been adjusted to account for facilities that were closed, sold, or new.

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Averaging energy and CO<sub>2</sub> emissions by the number of vehicles produced yields a somewhat imperfect indicator of production efficiency. When the number of vehicles produced declines, as it has since 2000, per-vehicle energy use tends to rise because a portion of the resources used by a facility is required for base facility operations, regardless of the number of vehicles produced. We believe that stable-to-declining per-vehicle energy use and CO<sub>2</sub> emissions indicate that more efficient production since 2000 is offsetting the tendency of these indicators to rise during periods of declining production. This interpretation is reinforced by our energy efficiency index, which focuses on production energy efficiency, and which has been steadily improving. Our energy efficiency index target also has the effect of driving reductions in CO<sub>2</sub> emissions.

##### **Table E**

The index is "production normalized" based on an engineering calculation that adjusts for fixed and variable portions of energy use and production to track production energy efficiency. The index was set at 100 for the year 2000 to simplify tracking against our target of improving our energy efficiency by 14 percent globally by 2005, equal to 85 percent.

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## Materials

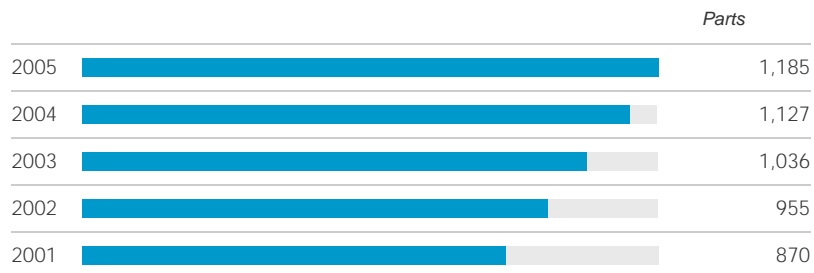
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## Materials

### Charts on This Page

A [Cumulative Number of Parts Launched Containing Recycled Non-Metallic Materials](#)

### A Cumulative Number of Parts Launched Containing Recycled Non-Metallic Materials



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## Materials

### Tables on This Page

- A [Cumulative Number of Parts Launched Containing Recycled Non-Metallic Materials](#)

### A Cumulative Number of Parts Launched Containing Recycled Non-Metallic Materials

						<i>Parts</i>
	2000	2001	2002	2003	2004	2005
	790	870	955	1,036	1,127	1,185

### Viewing This Data

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## Water Use

### Charts on This Page

- A [Global Manufacturing Water Use](#)
- B [Global Water Use By Source](#)

### Viewing This Data

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### A Global Manufacturing Water Use

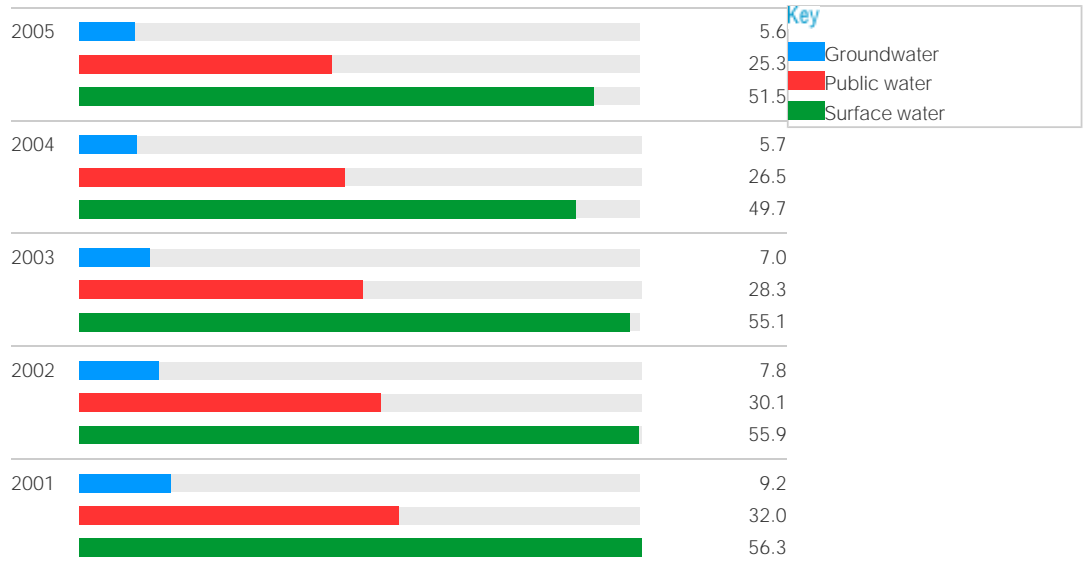
Million cubic meters



[See notes to the data](#)

### B Global Water Use by Source

Million cubic meters



### NOTES TO THE DATA

#### Chart A

Includes all global manufacturing facilities with greater than 50 percent Ford ownership that consumed more than 30,000 cubic meters in calendar year 2000. Data have been adjusted to account for facilities that were closed, sold or new.

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## Water Use

### Tables on This Page

- A [Global Manufacturing Water Use](#)
- B [Global Water Use By Source](#)

### A Global Manufacturing Water Use

*Million cubic meters*

	2001	2002	2003	2004	2005
	97.5	93.8	90.4	82.0	82.4

[See notes to the data](#)

### B Global Water Use by Source

*Million cubic meters*

	2001	2002	2003	2004	2005
Groundwater	9.2	7.8	7.0	5.7	5.6
Public water	32.0	30.1	28.3	26.5	25.3
Surface water	56.3	55.9	55.1	49.7	51.5

### NOTES TO THE DATA

#### Table A

Includes all global manufacturing facilities with greater than 50 percent Ford ownership that consumed more than 30,000 cubic meters in calendar year 2000. Data have been adjusted to account for facilities that were closed, sold or new.


### Viewing This Data

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## Waste

In 2006, we will be switching over to the European waste classification system, which is a good fit for our waste streams and will allow improved benchmarking and comparison. Waste generation and management data collected in 2006 will help our facilities continue to develop new methods of reducing and better managing waste. We plan to report on this data in future reports.

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## Other Emissions

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- E [Ford Canada NPRI Releases per Vehicle](#)
- F [Australia National Pollutant Inventory Releases \(Total Air Emissions\)](#)
- G [Ford U.S. Average NOx Emissions](#)
- H [Ford U.S. Average NMOG Emissions](#)
- I [Ford U.S. Average Vehicle Emissions](#)

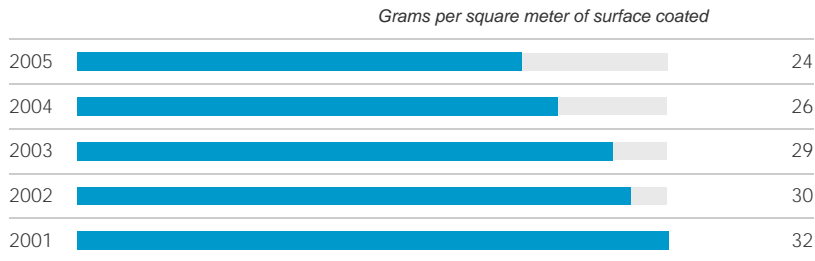
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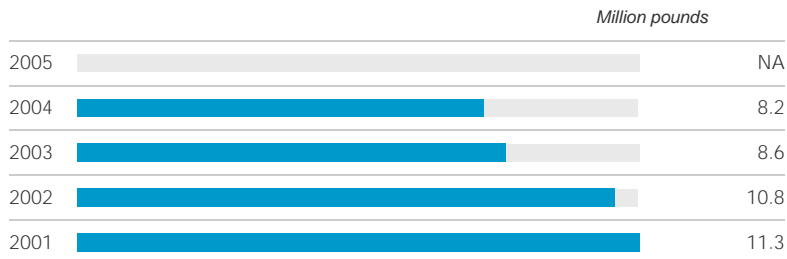
 [See data tables](#)

### A North America Volatile Organic Compounds Released by Assembly Facilities

2005 target = 27

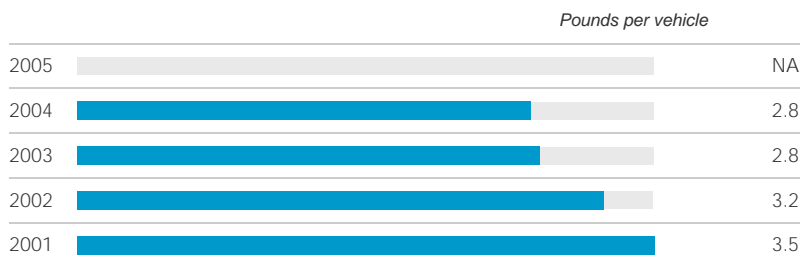


### B Ford U.S. TRI Releases




[See notes to the data](#)


### C Ford U.S. TRI Releases per Vehicle



[See notes to the data](#)

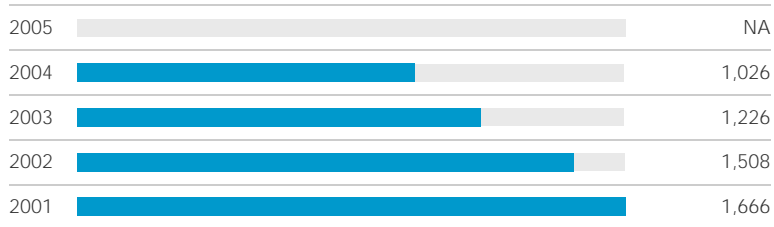
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**D**  
**Ford Canada NPRI Releases**

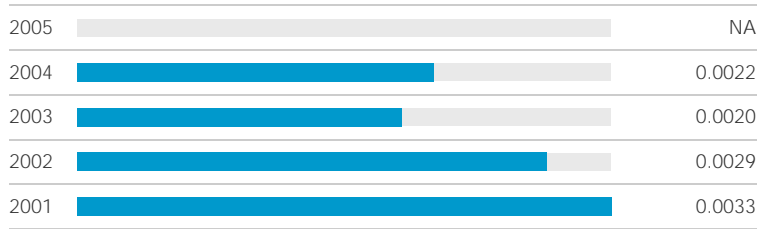
*Metric tonnes*



[See notes to the data](#)

**E**  
**Ford Canada NPRI Releases per Vehicle**

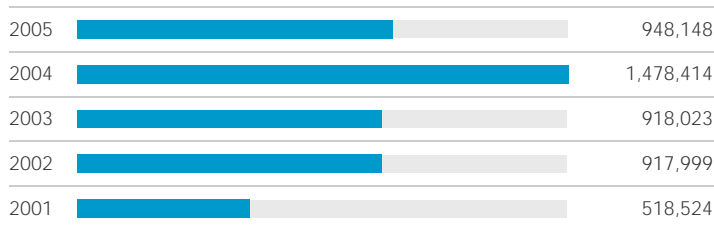
*Metric tonnes per vehicle*



[See notes to the data](#)

**F**  
**Australia National Pollutant Inventory Releases (Total Air Emissions)**

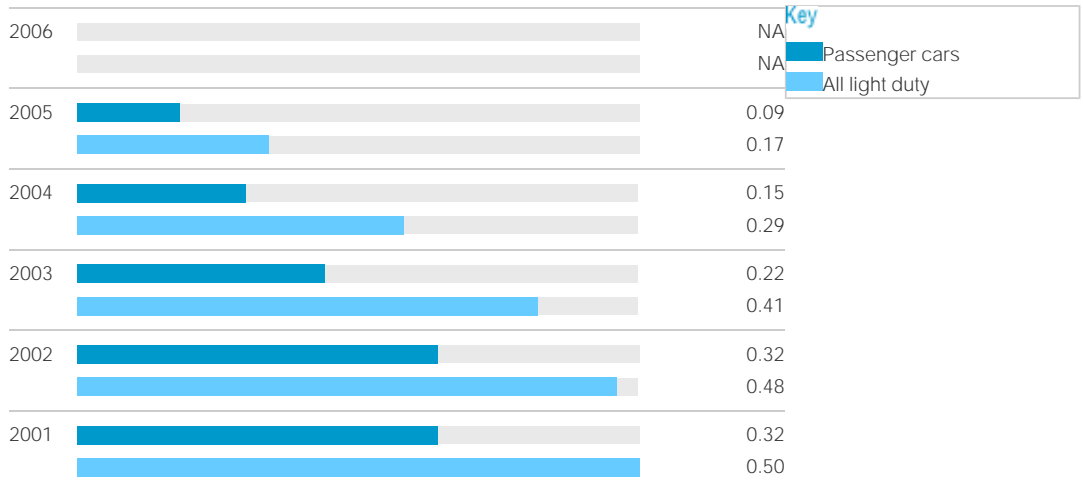
*Kilograms per year*



[See notes to the data](#)

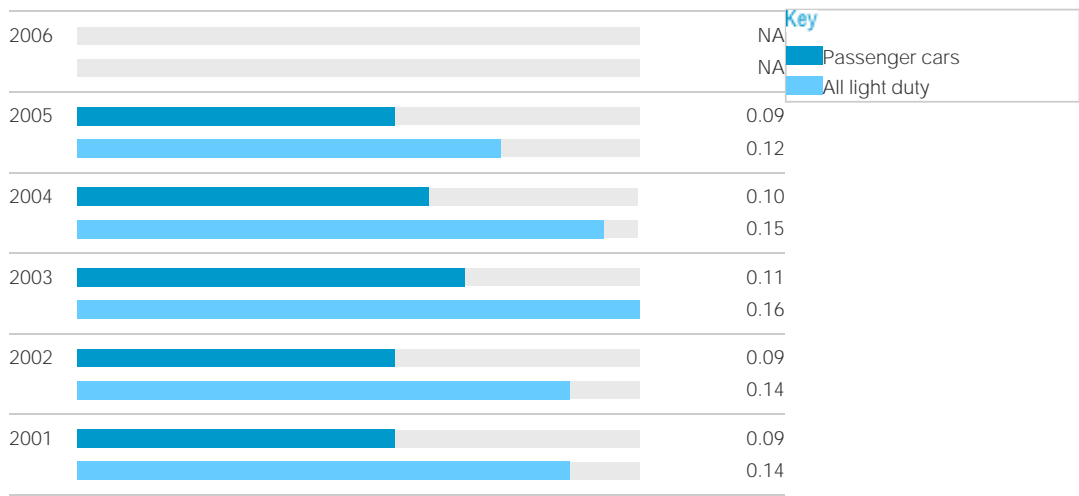
**G**  
**Ford U.S. Average NOx Emissions**

*Grams per mile*

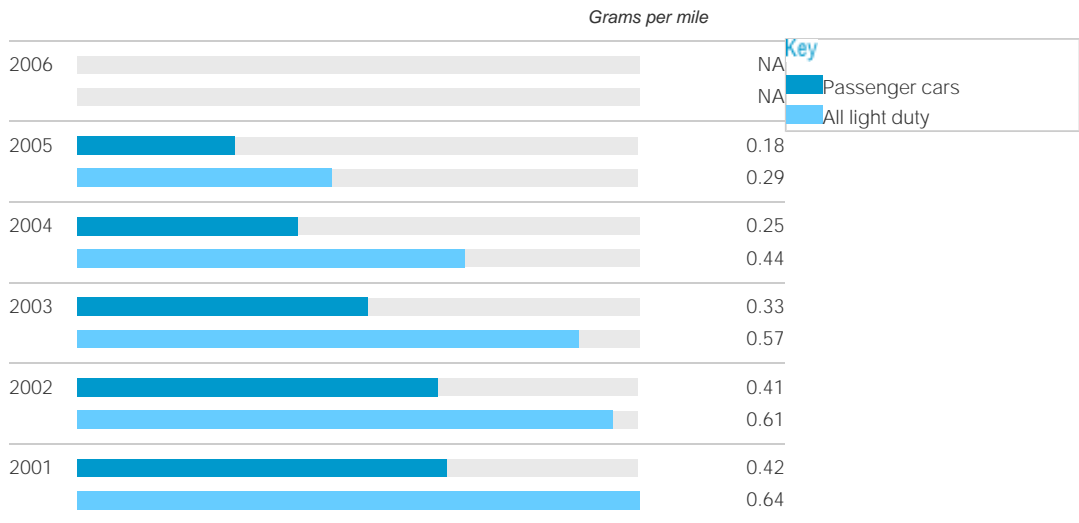


**H**  
**Ford U.S. Average NMOG Emissions**

*Grams per mile*



**I**  
**Ford U.S. Average Vehicle Emissions**



[See notes to the data](#)

**NOTES TO THE DATA**

**Charts B–F**

Releases reported under the U.S. Toxics Release Inventory, Canadian National Pollutant Release Inventory and Australian National Pollutant Inventory are all in accordance with the law, and many of them are subject to permits. Data are the most recent reported to authorities.

**Chart I**

Average vehicle emissions are the smog-forming pollutants from vehicle tailpipes, characterized as the sum of [(NMOG + NOx emissions) x volume] for all products in the fleet.

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### Viewing This Data

Would you prefer to view the data as charts?

 [See data charts](#)

### A North America Volatile Organic Compounds Released by Assembly Facilities

2005 target = 27

*Grams per square meter of surface coated*

	2001	2002	2003	2004	2005
	32	30	29	26	24

### B Ford U.S. TRI Releases

*Million pounds*

	2001	2002	2003	2004	2005
	11.3	10.8	8.6	8.2	NA

[See notes to the data](#)

### C Ford U.S. TRI Releases per Vehicle

*Pounds per vehicle*

	2001	2002	2003	2004	2005
	3.5	3.2	2.8	2.8	NA

[See notes to the data](#)

### D Ford Canada NPRI Releases

*Metric tonnes*

	2001	2002	2003	2004	2005
	1,666	1,508	1,226	1,026	NA


[See notes to the data](#)

### E Ford Canada NPRI Releases per Vehicle

*Metric tonnes per vehicle*

	2001	2002	2003	2004	2005
	0.0033	0.0029	0.0020	0.0022	NA

[See notes to the data](#)

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**F**  
**Australia National Pollutant Inventory Releases (Total Air Emissions)**

*Kilograms per year*

	2001	2002	2003	2004	2005	2006
	518,524	917,999	918,023	1,478,414	948,148	

[See notes to the data](#)

**G**  
**Ford U.S. Average NOx Emissions**

*Grams per mile*

	2001	2002	2003	2004	2005	2006
Passenger cars	0.32	0.32	0.22	0.15	0.09	NA
All light duty	0.50	0.48	0.41	0.29	0.17	NA

**H**  
**Ford U.S. Average NMOG Emissions**

*Grams per mile*

	2001	2002	2003	2004	2005	2006
Passenger cars	0.09	0.09	0.11	0.10	0.09	NA
All light duty	0.14	0.14	0.16	0.15	0.12	NA

**I**  
**Ford U.S. Average Vehicle Emissions**

*Grams per mile*

	2001	2002	2003	2004	2005	2006
Passenger cars	0.42	0.41	0.33	0.25	0.18	NA
All light duty	0.64	0.61	0.57	0.44	0.29	NA

[See notes to the data](#)

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**NOTES TO THE DATA**

**Tables B–F**

Releases reported under the U.S. Toxics Release Inventory, Canadian National Pollutant Release Inventory and Australian National Pollutant Inventory are all in accordance with the law, and many of them are subject to permits. Data are the most recent reported to authorities.

**Table I**


Average vehicle emissions are the smog-forming pollutants from vehicle tailpipes, characterized as the sum of [(NMOG + NOx emissions) x volume] for all products in the fleet.

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## Community

### About This Principle

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

 In May 2005, over 500 Ford employees, plus numerous local high school students, participated in the 7th Annual Rouge River Clean-Up corporate community service event in Dearborn, Michigan.

We will achieve this by:

- Respecting and supporting, in line with the legitimate role of business, the basic human rights of all people within our businesses and throughout our entire value chain
- Being sensitive to and engaging in the cultures of the communities in which we participate
- Making responsible and mutually beneficial investment in the communities we serve

### Have Your Say

Please share your thoughts on our report – all responses will be aggregated to provide valuable feedback on our efforts to date and help prioritize improvements for the future.

[Send your feedback](#)

### Progress Since Our Last Report

Our most immediate impacts are on the communities in which we operate. Our manufacturing facilities, dealerships and employees have a long history of community involvement and investment. Early in 2005, we formed the Ford Volunteer Corps to facilitate and help institutionalize employee involvement in meeting community challenges. In its first year, more than 100,000 employees and 100,000 retirees worldwide participated in volunteer efforts ranging from disaster to education support. Two primary areas of focus were relief for the victims of Hurricane Katrina and those affected by the December 2004 tsunami. Ford volunteers also raised thousands of dollars to help the victims of the Pakistani earthquake.

During 2004 and early 2005, we continued pilots of a systematic approach to community investment and engagement – one that will help point the way toward stronger and healthier community relationships – and integrated that approach into a fundamental business system.

We make charitable contributions through the Ford Motor Company Fund ("Ford Fund"). In 2005, we supported hundreds of community partners through charitable contributions totaling \$79.8 million. Combined with corporate giving by Ford Motor Company, total grants approached \$109 million.

We continued a major focus on implementation of our Code of Basic Working Conditions, which addresses human rights issues in our workplaces and those of our suppliers (see [Human Rights](#)). Building on established business processes, we assessed implementation of the Code at a sample of our facilities and those of suppliers in China. Based on results of the assessments, we developed and piloted a training program for suppliers and mapped an approach to expanding the assessment and training programs in countries considered at risk for working conditions issues.

Ford's commitment to volunteerism was recognized by Michigan Gov. Jennifer M. Granholm, who presented us with the 2005 Outstanding Corporate Citizenship Award, one of nine Governor's Service Awards. Over 11,000 Ford employees from Southeast Michigan volunteered some 86,000 hours at more than 130 nonprofit organizations. Ford's 16-hour volunteer program allows salaried employees to take two days each year to perform volunteer work.




### Related Links

- **In This Report**
  - [Human Rights](#)
  - [Global Operations](#)
- **Ford.com**
  - [Ford Fund](#)

Ford was also named the most responsible corporate citizen among automotive companies in Britain, according to Business in the Community's 2006 "Companies that Count" survey. Business in the Community (BITC), which represents more than 750 companies, ranks companies in five major performance areas. BITC recognized Ford for outstanding performance related to management of the environment, marketplace and workplace.

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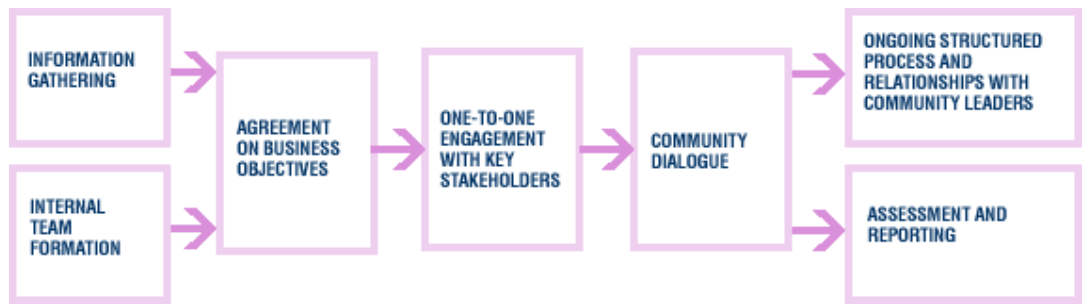
## Community Investment Model

Henry Ford understood the potential for companies to create wealth, not only for shareholders, but for communities and entire classes of people. This understanding is reflected in our commitment – outlined in our [Business Principles](#) – to make mutually beneficial investments in the markets in which we operate.

We are building and testing a new model of corporate community investment that includes traditional areas of philanthropy and volunteerism, as well as new commercial–community relationships.

**Related Links**

- **External Web Sites**
- [Auto Alliance International](#)



This "Community Impact Assessment and Engagement" model provides:

- An in-depth review of the Company's impacts and relationships in certain communities in which we do business
- A detailed picture of how we are working in the community and our performance against our Business Principles
- The capacity to analyze and report on the social, environmental and economic issues facing us in the communities in which we operate and to identify the issues most relevant to our business
- A description of how we are dealing with the many context-dependent local and regional issues that cannot be measured in global terms

By understanding the perspectives of those who are affected by our operations, we can develop more focused strategies for improving our net impacts on the community. This process also helps us access new sources of innovation, use resources more effectively and strengthen the communities in which we do business.

We are a company that focuses on gathering and using the best data available. The Community Impact Assessment and Engagement model uses data gathering and analysis to support joint decision making by the community and the Company, thereby helping put community relationships on a more equal footing with more measurable business imperatives.

In early 2005, the Auto Alliance International (AAI) facility, a joint venture of Ford and Mazda in Flat Rock, Michigan, completed a community impact assessment pilot and issued a report – "[Connecting with Downriver](#)". Part of the pilot involved working with Ceres to test the reporting format of the Facility Reporting Initiative, which was refined using input from AAI and other interested parties and moved on to pilot testing as a component of the Global Reporting Initiative.

The community impact assessment is being integrated into the Ford Production System (FPS), one of our foundation business systems used to organize and manage production at our manufacturing plants worldwide. The FPS provides a rating for each facility's performance in a range of areas, including productivity, environment, health and safety, and community engagement. To receive an FPS rating of nine or higher (out of 10), each facility must complete a community impact assessment and prepare a report that follows the Ceres Facility Reporting Initiative format.

The integration into FPS signals that Ford facilities are expected to engage constructively with employees and other stakeholders and develop mutually beneficial



relationships with the communities in which they operate.




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## A Tradition of Giving

As we create and test new models to meet our commitments under our community-related Business Principle, we build on a long tradition of investing in the communities in which we do business.

Our employees, our dealers and our suppliers have volunteered time and donated goods and money in support of a wide variety of charitable programs and initiatives. In the United States and several other countries, salaried employees in work groups can donate 16 hours of their time, paid for by Ford, to nonprofit organizations. In early 2005, the Ford Volunteer Corps was formed to facilitate the voluntary efforts of our employees and local facilities. The first focus for the Corps was [responding to the Asian tsunami disaster](#).

Forty-one Community Relations Committees (CRCs), managed by our employees who live and work in the communities where we operate, help us understand local needs and give a helping hand where and when it is most needed.

Ford also is the sponsor of a unique Environmental and Conservation Grants program that provides grants to local nonprofit environmental and conservation organizations throughout Europe, Central and South America, the Caribbean, Asia and the Middle East. The aim of the program is to encourage a wide range of projects that support, preserve or restore the local environment, heritage and natural resources.

Since its launch in 1983, tens of thousands of groups and individuals across 34 European countries and 26 countries outside Europe have participated in the program. The grants are selected by independent panels of local experts who evaluate the applications, often numbering in the hundreds. For example:

- The 2005 program focused on water resources protection and awarded organizations and individuals making significant and exemplary contribution to water resources protection
- Ford employees and Ford Fund are major supporters of the United Way in the United States, giving over \$17 million in 2005 to support numerous community-based social service organizations

### Related Links

- **External Web Sites**
  - [The United Way](#)

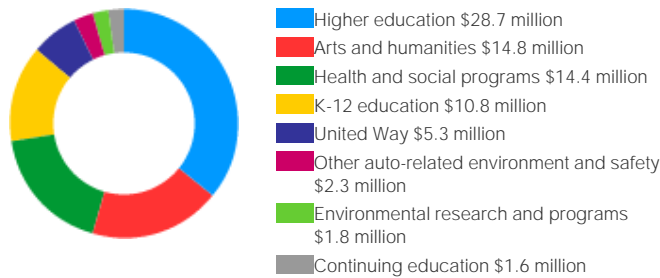
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## Ford Fund

Ford Motor Company Fund ("Ford Fund") is a not-for-profit corporation that was organized in 1949. Made possible by Ford Motor Company profits, Ford Fund makes contributions to qualified U.S. not-for-profit organizations that enhance and improve opportunities for those who live in communities where Ford operates.

During 2005, Ford Fund contributed \$79.8 million to a variety of organizations. Combined with corporate giving, Ford's grants in 2005 approached \$109 million.

Ford Fund supports organizations in three strategic areas: education, community development and auto-related environment and safety (see examples below and [Performance data](#)). Ford Fund's 2005 Annual Report is available at [www.ford.com/go/fordfund](http://www.ford.com/go/fordfund).



### Education (\$41.1 million)

Education is Ford Fund's highest priority. These grants support innovation and technology development, and foster partnerships with organizations and institutions that expand access to education and promote diversity and inclusion.

For example, Ford Partnership for Advanced Studies (Ford PAS) is an academically rigorous, standards-based program that introduces students to the concepts and skills necessary for future success. The program combines classroom learning with hands-on activities that cover three core elements: rigorous academic content, interpersonal and employability skills, and business concepts. Partnering organizations help prepare Ford PAS students for higher education and their eventual careers by engaging the community to support the learning that is taking place in the classroom by bringing real-world knowledge and expertise to the table.

At the university level, the Ford Advanced Education Program, launched in 1999, works through partnerships with 32 colleges and universities to increase diversity in engineering and business education. In addition, the program encourages higher education institutions to get involved at key points along the education roadway, with the goal of enabling more students to complete high school and succeed in college.

In 2005, more than 1 million elementary and middle school students benefited from lessons in Hispanic heritage, thanks to Ford Fund's participation in the Newspapers in Education (NIE) program. The Ford NIE Hispanic Heritage and Culture program involved a partnership with newspapers in 19 cities. Teachers received bilingual educational guides for use in lessons on important Hispanic Americans, historic events in Hispanic literature and the art of storytelling. Students submitted artwork and essays about a Hispanic person they admired to compete in a first-ever national award. Ford Fund also sponsored NIE programs on African American leaders and rural occupations.

### Community Development (\$34.6 million)

Ford Fund supports a variety of programs nationally that encourage community involvement and focus on youth, community development, diversity education and cultural exhibitions.

For example, Ford Fund sponsored a major traveling exhibition called "Retratos: 2,000 Years of Latin American Portraits," which brought together works from the pre-

### Related Links

- **Ford.com**
  - [Ford Fund](#)
- **External Web Sites**
  - [Sally Ride Science Festivals](#)
  - [U.S. Hispanic Chamber of Commerce Foundation](#)
  - [Retratos: 2,000 Years of Latin American Portraits](#)
  - [Seeds of Peace](#)
  - [Driving Skills for Life](#)
  - [Corazón De Mi Vida](#)
  - [Princeton Carbon Mitigation Initiative](#)
  - [Wildlife Habitat Council](#)
  - [Tread Lightly!](#)
  - [America Recycles Day](#)

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Columbian age through the present. At each stop, the exhibit was accompanied by innovative educational initiatives and community outreach programs, including hands-on workshops and family days. A Web site ([www.retratos.org](http://www.retratos.org)) provided additional images and content.

In June 2005, ground was broken for the new Gettysburg Museum and Visitor Center in Pennsylvania. The facility's Ford Education Center will host on-site educational activities and Web-based distance learning, helping visitors understand how the actions that occurred at Gettysburg forever changed the direction of America.

In November 2005, the Muhammad Ali Center opened in the fighter's hometown of Louisville, Kentucky, thanks in part to support from the Ford Fund. Ford Fund supported the educational component of the center that focuses on values such as conflict resolution, confidence, conviction and respect.

**Auto-Related Environment and Safety (\$4.1 million)**

These grants focus on topics relevant to the environmental effects and safety issues related to vehicle production and use.

Ford Fund supports [Driving Skills for Life](#), a safe driving curriculum and training program aimed at teens (see [www.drivingskillsforlife.com](http://www.drivingskillsforlife.com)), and Corazón De Mi Vida ("You Are the Center of My Life"), a bilingual initiative in the United States to educate Latino families, childcare providers and the community about child passenger safety and safety belts.

Among the environmental programs Ford Fund supports are the Princeton Carbon Mitigation Initiative, Wildlife Habitat Council, Tread Lightly! and America Recycles Day.

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## Ford Mobilizes for Katrina Relief


In the days and months following Hurricane Katrina, Ford Motor Company, Ford Fund and company employees donated more than \$6.5 million to assist those affected by the devastating storm. The efforts were varied and extensive, ranging from contributions of cash and goods to hours of volunteer time.

Ford donated some 275 vehicles and sent a mobile command center unit to hard-hit St. Bernard Parish, Louisiana, to facilitate communications among law enforcement agencies. The 40-foot-long Mobile Emergency Operations Trailer, fitted with generators, radios and other electronic equipment, also served as the St. Bernard Parish sheriff's office.


Dozens of Ford employees donated their time to work in the damaged areas, while others partnered with organizations like Habitat for Humanity to help provide shelter for families who fled their homes.

On Sept. 9, as part of a nationwide telethon, more than 1,300 Ford volunteers staffed phones in 18 call centers across the United States to accept donations for hurricane relief efforts through the Salvation Army and American Red Cross. The Ford volunteers collected nearly \$1.5 million toward the cause.

Ford, which was recognized by the U.S. Chamber of Commerce for its Katrina-related assistance, also deferred payments for Ford Motor Credit customers in the affected areas.

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## Volunteer Corps Takes On Tsunami Relief

Volunteerism and community service have long been an integral part of the Ford culture. In order to better channel and institutionalize Ford's spirit of giving and community service, the Company announced in February 2005 the creation of the Ford Volunteer Corps, an umbrella organization under which Ford employees around the world can volunteer for corporate citizenship projects within their communities. The Corps will incorporate some existing volunteer programs and involve deep partnerships with numerous community organizations. All Ford employees and retirees are eligible and encouraged to participate.

The Volunteer Corps' first major project was to partner with Habitat for Humanity International to build homes in the areas hit hardest by the tsunami in Thailand, Sri Lanka and Indonesia. The first group of 24 Ford volunteers made the 11-hour bus trip from Bangkok to the fishing village of Khao Lak on Mar. 27. Since then, Ford has sent 25 volunteers a week to the village. More than 400 volunteers have given over 25,000 hours to this effort, which has continued into 2006. In India, the Corps teamed with the Confederation of Indian Industry to "adopt" a fishing village, Panaiyur Periya Kuppam, and its 255 families, who are located 100 km from our plant near Chennai. Corps volunteers have also participated in other projects in the United States and around the world in areas such as education and literacy, the environment, homeless and housing, youth and children, crisis support, disability, seniors, and arts and culture.

Encouraging volunteerism isn't just altruistic – it makes good business sense. Ensuring strong communities and presenting Ford as a responsible global citizen is important to our ability to build and sell cars. It can help us attract and retain bright, caring employees and meet the expectations of socially responsible investors. Employee participation in volunteer programs also helps to develop the leadership and teamwork that are vital to our success.

### Related Links

- **External Web Sites**
  - [Habitat for Humanity International](#)

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## Ford of India Recognized for Corporate Excellence

The 2005 Secretary of State's Awards for Corporate Excellence, given to American companies that operate overseas, highlight the important role that U.S. companies play in advancing good corporate governance around the world. Ford of India was one of 10 finalist companies selected from a record number of 60 nominations submitted by American embassies around the globe.


Ford was recognized for a number of contributions in India, including its work with the fishing village of Panaiyur Periya Kuppam following the tsunami of 2004. Ford also was cited for its distribution of emergency relief and provisions to victims of the Orissa flood and Gujarat earthquake.

The Company was recognized for setting up and equipping a center that provides free health care to over 50 villages. The Primary Health Center has treated over 200,000 patients since it opened in 1999. Ford also made an endowment of two ambulances for use in the city of Chennai, where Ford has an assembly plant.

In addition, the nomination highlighted Ford's responsible environmental protection practices and its contribution to overall growth and development of the local economy.

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## HIV/AIDS

Addressing the HIV/AIDS pandemic is both a moral and business imperative. In countries where the disease is prevalent or spreading, and where people lack access to the needed health care, HIV/AIDS poses threats to our workforce and the communities in which we operate.

In 1999, we began to develop a blueprint for a comprehensive approach to HIV/AIDS in our operations in South Africa, a country where more than 5 million people are infected with the virus. Building on that experience, we adopted a global HIV/AIDS policy in 2003. Its key principles are non-discrimination in hiring and employment; safe and healthy work environment; confidentiality and privacy; prevention; and care and support.

To provide further guidance in implementing the policy, we have also developed HIV/AIDS Program Guidelines. An important element of our approach is that each country operation implementing the program assesses its local needs, often with the help of local NGOs or other experts, and tailors a culturally appropriate program based on the policy and guidance. Ford's Executive Physician, International Clinical Operations, reviews country program plans.

In early 2004, Ford launched an HIV/AIDS Workplace and Community Initiative expanding our programs to additional countries including China, India, Thailand and Russia. We selected these countries based on the prevalence of infection (India, for example, is second only to South Africa in the number of people infected) and its rate of spread, our business presence and our market opportunity.

Ford's China, India and Thailand locations began implementing the Initiative and by early 2006 were close to completing the employee training process and offering voluntary counseling and testing onsite. Educational materials and condoms are distributed to the workforce in these locations.

In Russia, Ford operations started their HIV/AIDS Initiative and are making progress on developing training materials, and conducting educator and medical personnel training. They will launch voluntary counseling and testing in mid-2006.

During 2005, Ford South Africa revitalized its initiative, involving the local senior management during a World AIDS Day event in which 860 employees were tested (100 percent of management have been tested). The event also included industrial theaters, promotional t-shirts and guest speakers to promote the women's program.

During 2005 and early 2006, we will expand the HIV/AIDS Workplace and Community Initiative to incorporate other countries.

Ford of Brazil has delivered HIV/AIDS awareness training to their workforce in all manufacturing locations, and continues to provide educational material through their wellness program called "Viva Bem". The program has also included free condom distribution to employees, and voluntary counseling and testing during the year or during the promotional campaign every 12 months.

Ford of Mexico is participating with an innovative partnership model between the governments of the United States and Mexico, a group of multi-national companies and NGO's for their HIV/AIDS program implementation in all Mexican facilities by end of 2006.

Ford was the first automaker to issue a detailed report on the effects of HIV/AIDS on the Company using the guidelines of the Global Reporting Initiative. The full report, issued in late 2004, is available [here](#).

### HIV/AIDS by numbers:

- More than 38 million infected
- 2.1 million lives lost to AIDS
- 4.1 million new infections in 2005
- 8.3 million people living with HIV in Asia; more than two-thirds of them in India
- 1.1 million people living with HIV in China
- One in three pregnant women attending public antenatal clinics in South Africa were living with HIV
- Nearly 5 percent of females aged 15 to 24 are infected with HIV
- Globally, only 20 percent of people who need antiretroviral treatment receive it
- Only 9 percent of pregnant women receive treatment for preventing mother-to-child HIV transmission

*Estimates from Joint United Nations Programme on HIV/AIDS*

### Related Links

- **In This Report**
  - [Health as a Strategic Advantage](#)
- **Ford.com**
  - [First Automaker to report on effects of HIV / AIDS – press release](#)
  - [Global Reporting Initiative – HIV / AIDS Program](#)
- **External Web Sites**
  - [Joint United Nations Programme on HIV/AIDS](#)



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## Economic Contribution of the Auto Industry

The auto industry is a major contributor to national and global economies. In the United States, total spending on new vehicles represents 4 percent of GDP – or over \$500 billion. The industry employs millions of people in relatively well-paying jobs. In the United States, for example, auto industry employees' compensation is 48 percent higher than the average.

In the United States in 2006, approximately 1.1 million people worked directly for automakers and parts suppliers. Direct auto manufacturer, dealer and supplier employment totals about 2 percent of U.S. employment. No other single industry is more linked to U.S. manufacturing or generates more retail business and employment.

Indirectly, the auto industry supports jobs and economic benefits through related employment at dealers, suppliers and service shops and through the expenditures of people employed by those industries. In India, for example, the "multiplier effect" of the auto industry has been estimated at 12 to 35 jobs in backward and forward linkages for each person employed directly in the auto industry. In the United States in 2005, the auto industry purchased over \$220 billion of auto parts, supporting hundreds of thousands of jobs in the automotive supplier and commodity industries.

Motor vehicles and auto parts represent the single largest export sector in the United States, with over \$87 billion worth exported in 2005. The auto industry also leads U.S. manufacturing industries in the level of research and development investment spending over \$17 billion in the United States in 2005.

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### Ford in the Community

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## Ford in the Community

Ford's respect for, and responsibilities to, the communities we serve where we operate are a high priority. Click on the links below for information on specific projects.

[Environmentally Responsible School](#) >

[Saving the Mustangs](#) >


[Volvo Encourages Student Leaders](#) >

### Related Links

- **In This Report**
  - [Volunteer Corps Takes On Tsunami Relief](#)
  - [Dealers Train Youth](#)

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## Environmentally Responsible School

In June 2005, Ford revealed the \$100,000 "green" renovation of the Escalante Elementary School in Salt Lake City, Utah, to students, parents, teachers and elected officials. A new outdoor classroom, water conservation system, wildlife habitat, vegetable garden and soccer field are part of the eco-responsible makeover the school received as the national winner of Ford's Radical Renovation: School Edition contest.

Ford worked with National Geographic, one of the most respected environmental brands in the world, and the National Park Foundation to create the Radical contest as a fresh approach to elementary school environmental education.

The Escalante Elementary School entry identified the school's biggest problem – the seepage of artesian spring water on the soccer field, which renders the field unusable about 70 percent of the school year – and created a solution to conserve and redirect the water. The new drainage system not only allows the students to play year-round on their soccer field, but also helps to counteract Utah's six-year drought.

To reach students and teachers across the country, Ford and National Geographic developed an environmentally focused lesson plan, which included a teacher guide and collateral classroom material. The lesson plan was available nationwide and suggested fun ways for students to think about their daily life to find ways of improving the environment around them. Teachers were supplied with an entertaining and educational, step-by-step plan to teach students about realizing potential solutions.


This initiative was a spin-off of a major Ford commitment. Since 2000, Ford has worked closely with the National Park Foundation and the National Park Service to help preserve the environmental and cultural resources of our National Parks. Ford has donated electric and Escape Hybrid vehicles to National Parks across America. Ford restored a fleet of 33 historic red buses to run on cleaner-burning propane fuel in Glacier National Park. Ford also placed more than 140 college-aged "interpreters" and 25 Master's- and PhD-level "scholars" in parks to promote the use of alternative transportation and work in unison with National Park Service staff.

### Related Links

- **External Web Sites**
  - [Escalante Elementary School](#)
  - [National Geographic](#)
  - [National Park Foundation](#)
  - [National Park Service](#)

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## Saving the Mustangs



When dozens of wild mustangs appeared destined for the slaughterhouse, Ford intervened with funds to rescue them and a pledge to help thousands of other feral horses facing a similar threat. Working with the Bureau of Land Management and the U.S. Department of the Interior, the automaker launched the "Save the Mustangs" fundraising drive in the spring of 2005.

Ford initially saved 52 wild horses, then expanded its financial commitment to care for and transport some 2,000 mustangs to the safety of ranches, wildlife preserves and Native American reservations.

The wellbeing of the horses – long an iconic symbol of the American West – had reached a crisis point after Congress approved legislation in late 2004 permitting the sale of thousands of mustangs that had once roamed free. The new law meant wild horses could be killed for use as dog food and exported meat. About 37,000 mustangs and burros graze the lands of America's Western states.

For the automaker, the campaign seemed a natural fit. Ford's Mustang achieved legendary status in its own right following the vehicle's 1964 launch. (In point of fact, the prototype Mustang was named after the American P-51 fighter plane, although the sports car was ultimately introduced bearing the wild horse insignia.) The wild mustang is a great symbol for our Company and is a national treasure that is well worth fighting for.

### Related Links

- External Web Sites
  - [Save The Mustangs](http://www.savethemustangs.org)

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## Volvo Encourages Student Leaders


What do three groups of students from South Africa, South Korea and southern Rhode Island have in common? All three launched innovative environmental projects that garnered top prizes in the Volvo Adventure 2005 awards.

The project, a joint venture run by the Volvo Group, Volvo Car Corporation and the United Nations Environment Programme, honors young people who develop pro-environmental projects online. The goal of the program is to increase the environmental expertise of tomorrow's decision-makers and consumers.


The three best teams were awarded grants of \$10,000, \$6,000 and \$4,000, respectively.

The Ladysmith Enviro Club from South Africa, which earned the top prize, increased the use of low-energy bulbs in their town of Ladysmith to reduce energy consumption and carbon dioxide emissions. The team of 16-year-olds replaced more than 4,000 bulbs with low-energy equivalents in homes, schools and bed and breakfasts to lower energy consumption by about 1,584,000 kWh.

The South Korean students, meanwhile, worked to improve water quality in the polluted Gwangju River, while the middle schoolers from Westerly, Rhode Island, recycled more than 11 tons of electronic waste.

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## Performance Data

### Viewing This Data

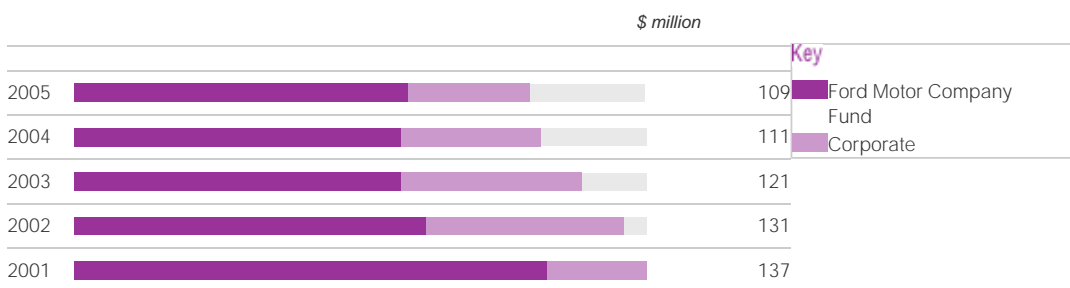
Would you prefer to view the data as text tables?

 [See data tables](#)

### Charts on This Page

- A [Charitable Contributions](#)
- B [Working Conditions Assessment Status for Supply Chain](#)

#### A Charitable Contributions



[See notes to the data](#)

#### B Working Conditions Assessment Status for Supply Chain

Process Step	China	Mexico
Assessed and sourced	95	61
Assessed and not sourced	18	0
3rd-party assessments completed	113	40
Ford communicated identified issues to supplier	113	40
Request corrective action plan (CAP) development	113	40
Ford and supplier agree on CAP	99	30
Ford and supplier negotiating CAP	14	10
CAP verified closed by 3rd party or Ford personnel	12	6
Suppliers not needing follow-up	17	6
Scheduled for follow-up in the next 6 months*	27	20
Number of issues identified	1,320	420
Number of issues agreed by supplier and Ford Motor Company	1,302	400
Open issues to be agreed	18	20
Average number of issues per site	11.6	10

\* Some issues take 6–12 months to be correctly resolved by the supplier.

[See notes to the data](#)

### NOTES TO THE DATA

#### Chart A

See the [Community](#) section for a description of our charitable contributions.

#### Chart B

This chart is as of June 2005. See Human Rights section for a discussion of our [working conditions assessments in the supply chain](#).

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### A Charitable Contributions

\$ million

	2001	2002	2003	2004	2005
Ford Motor Company Fund	113	84	78	78	80
Corporate	24	47	43	33	29

[See notes to the data](#)

### B Working Conditions Assessment Status for Supply Chain

Process Step	China	Mexico
Assessed and sourced	95	61
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[See notes to the data](#)

### NOTES TO THE DATA

#### Chart A

See the [Community](#) section for a description of our charitable contributions.

#### Table B

This chart is as of June 2005. See Human Rights section for a discussion of our [working conditions assessments in the supply chain](#).

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## Safety

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## Safety

### About This Principle

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

*Key injury rates have dropped by nearly 90 percent since we introduced our Safety Leadership Initiative (SLI) to improve safety at our workplaces, such as the Cologne Assembly Plant where the one millionth Ford Fiesta rolled off the production line.*

We will achieve this by:

- Striving to create a safe and healthy workplace
- Striving to continuously reduce the risk of accidents, injuries and fatalities involving our products
- Striving to protect people and property

### Progress Since Our Last Report

Our progress in implementing the Safety Principle is discussed in the following sections that address safety at our facilities and plant communities and the safety of our vehicles.

[Workplace Safety](#) >

[Vehicle Safety](#) >

### Have Your Say

Please share your thoughts on our report – all responses will be aggregated to provide valuable feedback on our efforts to date and help prioritize improvements for the future.

[Send your feedback](#)




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## Workplace Safety

### Progress Since Our Last Report

In 1999, Ford began a Safety Leadership Initiative (SLI) aimed at making our workplaces safer. In the seven years since, we have seen dramatic results, with key injury rates dropping to nearly a tenth of their previous levels.

We continue to make progress in our safety performance:

- Since 2001, global lost-time case rates and severity rates have decreased 35 percent and 44 percent respectively.
- During 2005, 27 Ford plants globally experienced zero lost time cases, compared to 16 plants in 2004 and only one plant in 2002.

However, two key safety indicators – our lost-time and severity rates – increased slightly in 2005. Regrettably, we had two fatalities of Ford employees resulting from accidents on public roads in South America. A new safe driving policy was approved in March 2006.

We have also begun to implement a strategic approach to managing health and wellness issues.

We manage health and safety according to the framework shown [here](#). The key elements of the model include systematic leadership, safe conditions, safe acts and relationship management.


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## Safety Framework

We organize our health and safety programs using the framework below. Click on the column headers to learn more about how we address each topic.

A SAFE WORKPLACE =			
SYSTEMATIC LEADERSHIP +	SAFE CONDITIONS +	SAFE ACTS +	RELATIONSHIP MANAGEMENT
=	=	=	=
Governance	Design	Awareness	Internal Relationships
+ Evaluation	+ Maintenance	+ Training & Competency	+ External Relationships
+ Accountability	+ Operating Systems	+ Motivation & Compliance	+ Effective Communication
	+ Workplace Environment Controls		

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## Systematic Leadership



The "leadership" in our Safety Leadership Initiative reflects our view that leaders at all levels achieve the safety results they expect and demand. When leaders demonstrate zero tolerance for unsafe actions and conditions, everyone develops a zero-injury mindset. We seek to build safety leaders at all levels in the organization.

We consider systematic leadership to have three components: governance, evaluation and accountability.

### Governance

We have comprehensive governance systems for health and safety management. Our overarching Occupational Health and Safety (OHS) policy is established through a corporate policy letter and directives. In addition, global OHS standards cover diverse health and safety topics like eye protection, robots and robotics, and contractor safety management.

The most efficient and cost-effective way to reduce safety and ergonomic risks in the manufacturing process is to engineer them out up-front. That's the purpose of our global manufacturing engineering OHS Forum, which includes representatives of all the Ford brands and most of our manufacturing sites. The Forum defines engineering processes and tools that are deployed during the design and engineering of manufacturing processes to minimize safety risks.

We review safety performance regularly, beginning with plant-level and regional OHS committees, extending to our Safety Leadership Initiative team and concluding with the highest levels of the organization, including the Board of Directors and Office of the Chairman and Chief Executive.

### Evaluation

Health and safety specialists conduct Safety and Health Assessment Review Process (SHARP) audits at our manufacturing facilities as an integral part of our Ford Production System. We also conduct unannounced audits, as well as audits of special high-risk areas. Facility staff undergo quarterly SHARP self-assessments and internal audits. Any significant incidents are reported weekly on a global basis so plant managers at other facilities can learn from the incident and take preventive action.

Non-manufacturing sites conduct yearly self-assessments of their OHS risks and performance. At the end of 2005, we instituted a program in which our general auditors, in the course of routine audits, review the self-assessments or conduct their own assessment using the same methodology. This allows us to cover a much broader range of workplaces, since our primary OHS focus is on higher-risk manufacturing sites.

We also conduct a safety culture survey to assess attitudes toward health and safety. The results of this survey, combined with audit results and routine gathering and sharing of performance data, provide a comprehensive picture of health and safety performance trends, as well as early warning of conditions that could lead to a decline in performance.


### Accountability

We establish accountability for health and safety performance through our business planning and scorecard processes, which set targets and assign responsibility for meeting those targets. Business Operation and plant managers are responsible for


the health and safety in the operations they manage, which is a significant factor in their compensation. In addition, safety performance is included in the scorecards of salaried employees as appropriate, including those of the CEO and Executive Vice President, where it affects annual bonus and merit awards.

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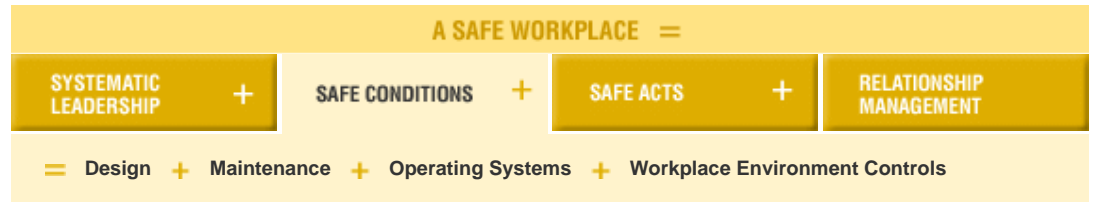
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## Safe Conditions



A safe workplace is a product of the design and maintenance of the facility and its equipment, effective work processes and appropriate safeguards for potentially hazardous conditions. We use a variety of processes and programs to assess and manage risks. When potential hazards cannot be addressed through engineering, we use personal protective equipment and procedural controls to help prevent accidents and exposures.

We use internal and external benchmarking to continue to improve health and safety. Internal benchmarking helps us learn from plants that have demonstrated exemplary results and share the key leadership attributes that drive OHS excellence. External benchmarking on injury performance serves to challenge our facilities to achieve best-in-class performance and document effective injury performance and management processes.

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## Safe Acts



Even the best-designed workplace is only as safe as the behavior of the people who work there. We raise awareness of safety issues and reinforce it consistently with employees via regular communication at work group meetings and training for managers, supervisors and engineers who design equipment.

Our President's Health & Safety Award recognizes facilities with outstanding safety innovations and results, thereby encouraging others to follow suit. The award is given in two categories – performance and innovations. To win a performance award, facilities must meet or exceed the corporate health and safety objective for a 10 percent reduction in lost-time case rate, a 50 percent reduction in serious injuries and zero fatalities in a major business component. Innovation awardees are selected by a panel of judges based on documentation of continuing health and safety improvements. In 2005, 37 awards were given to facilities around the world. Two special recognition awards honoring individuals were also given – the President's Special Recognition Award and the Roman Krygier Award for Health & Safety Leadership.

### Ford Plants Reporting Zero Days Lost Due to Work-Related Injuries

#### North America

- Cuautitlan Assembly Plant (Mexico)
- Denver HVC (HVC – parts distribution for dealers) (Colorado)
- Evansville HVC (Indiana)
- Hartford High Velocity Center (Connecticut)
- Hermosillo Stamping and Assembly (Mexico)
- Houston High Velocity Center (Texas)
- Kansas City HVC (Missouri)
- National Parts Sales (Michigan)
- Santa Fe General Office Bldg (Mexico)
- Washington DC HVC (District of Columbia)
- Woodhaven Forging (Michigan)

#### South America

- Tatui Proving Ground (Brazil)
- Taubate Engine (Brazil)


#### Europe

- Valencia Engine 1 & 2 (Spain)
- Valencia Parts Distribution Center


#### Asia-Pacific

- Australia R&E / Product Research
- AutoAlliance (Thailand) Co., Ltd.
- Customer Service Division (South Africa)
- Ford Australia Support Operations
- Ford Malaysia Sdn Bhd
- Ford Philippines
- Ford South Africa Customer Service Division
- Ford Vietnam, Ltd.
- JMC Transit Plant, Nanchang (China)
- Lio Ho Assembly (Taiwan)
- Nanjing Assembly Plant (China)
- Nanjing Engine (China)

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## Relationship Management



We know that to manage health and safety effectively we must maintain good relationships with all stakeholders at our plants. Our unions globally share our commitment to a safe working environment and have been our partners at every step of the Safety Leadership Initiative and other health and safety programs. We also maintain important external relationships with regulatory agencies, professional organizations and suppliers. The formal partnership among the UAW, U.S. Occupational Safety and Health Administration (OSHA) (federal and state plans) and Ford is a visible example.

We use multiple communication channels to reinforce safety messages, from our internal video broadcast system to messages from senior executives. In addition to regular safety talks, we periodically hold safety stand-downs that shut production at our plants to focus attention on a safety message. We can communicate nearly instantaneously with health and safety specialists worldwide, alerting those at similar facilities when an accident occurs so that they can take appropriate preventive action.

### Related Links

- **External Web Sites**
  - [UAW](#)
  - [U.S. Occupational Safety and Health Administration \(OSHA\)](#)

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## Health as a Strategic Advantage

We have many programs and processes to ensure that our working environment does not damage the health of our people. A natural extension of this idea is to seek to enhance the health of our workforce, their families and the communities in which we operate. Good health contributes to well-being, longevity and productivity, among other benefits. And since families tend to share health habits, good and bad, promoting health among our employees can contribute to healthier communities.

In the United States, where total health care cost is a major issue to the Company, there is increased emphasis on health and wellness programs. Less well recognized is that we provide health benefits to our employees and their families in varying forms in many other countries. We are working to ensure that all of these programs are designed and administered in a way that delivers optimum health results.

In addition, we are developing a comprehensive global health strategy to ensure that our efforts are targeted at local health priorities and that our people receive quality health care when they need it. Working together with employees to identify and modify their personal health risk factors is a core element of the strategy. We are also working to leverage our global strengths by improving the way we share and coordinate our health promotion programs.

Elements of health and wellness programs include health screenings, education and promotional campaigns. For example, Ford of Brazil implemented a "Programa Viva Bem" that included a series of campaigns on weight control, stress management, alcohol/drug/tobacco abuse, nutrition, diabetes prevention, breast cancer prevention and other topics. The program challenged employees to set and attain goals in the different areas, earning points that could be redeemed for prizes.

Ford of Mexico developed programs at its facilities targeting similar issues.

Health strategies vary by region. In our Asia-Pacific region, the focus has been on developing preparedness plans for avian influenza. The plans address business continuity and protection of the health and safety of employees in the event of an outbreak. Lessons learned from the Asia-Pacific planning are being deployed in Europe and North America.

Our efforts on [HIV and AIDS](#) prevention and management – a global health priority – are detailed in a separate section.

### Related Links

#### In This Report

- [Health Care Costs Affect Our Competitiveness](#)




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## Vehicle Safety

### Progress Since Our Last Report

We are continuously improving our vehicle safety processes – including sharing research and technologies across brands and regions – resulting in new innovations and continuous improvements in the safety and performance of our vehicles.

Others have recognized some of the results of our efforts. For example, the Ford Five Hundred, 2005 Mercury Montego, 2006 Ford Explorer and 2007 Ford Sport Trac joined a long list of Ford Motor Company vehicles that have received five-star ratings from the U.S. National Highway Traffic Safety Administration (NHTSA) for driver and passenger protection in the NHTSA's frontal testing. The 2006 Five Hundred and Montego were among only five vehicles industry-wide and the only large sedans to receive the new "Top Safety Pick - Gold" award by the Insurance Institute for Highway Safety (IIHS). In addition, 100 percent of Ford vehicles tested by the NHTSA received four or five stars (out of five) for frontal crash test performance (see [Performance Data](#)).

In Europe, the Focus achieved Ford's first five-star rating in the European New Car Assessment Program (EuroNCAP), while the Focus C-MAX won a "best pick" in the Folksam whiplash assessment. The Focus C-MAX achieved the best-ever performance for a C-segment (mid-size) vehicle and was the first vehicle to achieve 100 percent occupant protection for adults and children in the EuroNCAP.

### Related Links

- Ford.com**
  - [Ford F-150](#)
  - [Ford Freestyle](#)
  - [Volvo S80](#)
  - [Ford Focus](#)
  - [Focus C-MAX](#)
- External Web Sites**
  - [U.S. National Highway Traffic Safety Administration \(NHTSA\)](#)
  - [Insurance Institute for Highway Safety \(IIHS\)](#)
  - [European New Car Assessment Program \(EuroNCAP\)](#)


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## Safety Management

Our objective is to provide our customers with vehicles that achieve high levels of vehicle safety for a wide range of people over the broad spectrum of real-world conditions.

Real-world safety data, regulatory requirements, voluntary agreements and research provide input into our safety processes, including our Safety Design Guidelines, which represent stretch targets that exceed regulatory requirements. Ford utilizes engineering analysis, extensive computer modeling and its crash test facilities – including our state-of-the-art Safety Innovation Laboratory in Dearborn, Michigan – to evaluate vehicles and individual components. These evaluations help to confirm that vehicles meet or exceed regulatory requirements and our more stringent internal guidelines.

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## Global Technical Regulations

Two systems of vehicle regulation currently predominate: the United Nations Economic Commission for Europe (UN/ECE) Regulations, based on a 1958 Agreement, and the U.S. Federal Motor Vehicle Safety Standards (FMVSS) system. A limited number of countries (including Canada and Mexico) make use of regulatory protocols similar to those of the United States. The members of the European Union (EU) and the European Economic Commission employ a common set of directives that increasingly mirror the UN/ECE Regulations.

When countries apply different regulations and legislation – often to meet the same overall objectives – vehicle manufacturers modify their vehicles to meet the different regulations of the various markets. These modifications sometimes increase vehicle complexity and come at a cost to the consumer, yet often provide no additional real-world safety benefit.

Recognizing the potential benefits of harmonizing world vehicle regulations, the United States proposed an agreement to create a system to harmonize competing national and regional systems. The end result was the "1998 Agreement Concerning the Establishing of Global Technical Regulations for Wheeled Vehicles, Equipment and Parts which can be Fitted and/or be Used on Wheeled Vehicles" ("the 1998 Agreement"). The 1998 Agreement has the backing of all the world's major automotive-producing countries. Currently 27 nations are signatories to the Agreement, including the United States, Japan, Canada, Russia, South Korea, South Africa, Turkey, Romania, Azerbaijan, India and a number of EU Member States. Both the 1958 and 1998 Agreements are administered by UN/ECE Working Party 29. By signing the 1998 Agreement, countries have begun engaging in the development of Global Technical Regulations (GTRs).

In 2004, the first GTR was agreed to by the member nations. It concerns standards for door locks and door retention components. A second GTR concerning the test cycle for motorcycle emissions was approved in 2005. Other safety-related GTRs are under consideration and include lighting, braking, head restraints, glazing, tires, and pedestrian protection. Ford Motor Company has actively participated in the GTR development process.

### Related Links

#### • External Web Sites

- [United Nations Economic Commission for Europe \(UN/ECE\)](#)
- [The 1998 Agreement](#)

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## Safety Model

Vehicle safety is the product of complex interactions among the road user, the vehicle and the driving environment. We use the Haddon Safety Matrix (developed by William Haddon, a former NHTSA administrator and IIHS president) to take a holistic view of the factors that determine a high level of automotive safety. The Haddon Matrix looks at injuries in terms of causal and contributing factors, including human behavior, vehicle safety and environment. Each factor is then considered in the pre-crash, crash and post-crash phases. In the pre-crash phase, the focus is to help avoid the crash. In the crash and post-crash phases, the objective is to help reduce the risk of injury to occupants during and after a collision.

### Related Links

- **External Web Sites**
  - [U.S. National Highway Traffic Safety Administration \(NHTSA\)](#)
  - [Insurance Institute for Highway Safety \(IIHS\)](#)

### Haddon Safety Matrix

Click on the column headers for information and examples of our activities in each area.

	 HUMAN BEHAVIOR	 VEHICLE SAFETY	 ENVIRONMENT
<b>Pre-crash</b> (accident avoidance)	<ul style="list-style-type: none"> <li>• Research</li> <li>• Education</li> <li>• Advocacy</li> </ul>	<ul style="list-style-type: none"> <li>• Crash avoidance</li> <li>• Security</li> </ul>	<ul style="list-style-type: none"> <li>• Road design for accident avoidance</li> <li>• Traffic control</li> </ul>
<b>Crash</b> (occupant protection)	<ul style="list-style-type: none"> <li>• Technology and proper use</li> </ul>	<ul style="list-style-type: none"> <li>• Crashworthiness</li> </ul>	<ul style="list-style-type: none"> <li>• Road design for injury mitigation</li> <li>• Research</li> </ul>
<b>Post-crash</b> (injury mitigation)	<ul style="list-style-type: none"> <li>• Telematics</li> </ul>	<ul style="list-style-type: none"> <li>• Automatic crash notification</li> </ul>	<ul style="list-style-type: none"> <li>• Emergency medical services</li> </ul>
<b>Example of Ford actions</b> (detailed in this section)	<ul style="list-style-type: none"> <li>• VIRTTEX Simulator</li> <li>• Driving Skills for Life</li> <li>• Beltminder™</li> </ul>	<ul style="list-style-type: none"> <li>• Roll Stability Control™</li> <li>• Personal Safety System™</li> <li>• Safety Canopy™</li> <li>• Automatic crash notification</li> </ul>	<ul style="list-style-type: none"> <li>• Global Road Safety Partnership</li> </ul>


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## Human Behavior

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The U.S. Department of Transportation reports that human factors cause or contribute to more than 90 percent of serious crashes. In the pre-crash stage, drivers can try to avoid crashes by practicing safe driving. In the crash and post-crash phases, drivers can help reduce the risk of injury by properly using safety equipment such as safety belts. We help by providing information, education and technologies to assist in promoting safe driving practices.

Ford Motor Company is continuing its commitment to safety in 2006 by assisting young drivers through Driving Skills for Life, our national, web-based educational program. Established in 2003 by Ford, the Governors Highway Safety Association and a panel of safety experts, the program helps youngsters to develop the skills necessary for safe driving, beyond what they learn in standard driver education programs.

Vehicle crashes are the No. 1 killer of teenagers in America. Such crashes accounted for 5,896 deaths of teenagers in 2004 (the most recent year for which data are available). Studies demonstrate that crash rates decline considerably as young drivers gain experience. Driving Skills for Life helps young drivers improve their skills in four key areas that are factors in more than 60 percent of teen vehicle crashes: hazard recognition, vehicle handling, space management and speed management.

The program provides excellent learning tools, including a website ([www.drivingskillsforlife.com](http://www.drivingskillsforlife.com)) that features stunning graphics, upbeat music and interactive features (such as simulation games) that help young drivers improve their ability behind the wheel while offering an opportunity to win prizes. In addition, the program includes an in-depth DVD and printed materials. There is no charge for the DVD or materials, which can be used not only by young drivers, but also by educators and parents in school or community settings. The printed items are also available in Spanish.

In 2005, the Driving Skills for Life program offered "ride and drive" events for teenagers in Washington, DC; San Antonio, Texas; and Irvine, California. Similar events are scheduled for 2006 in Orlando, Detroit, and other locations to be announced.

New for 2006 are a 30-minute documentary on Driving Skills for Life, to be broadcast this year on public television stations, including PBS, and enhanced curriculum on the website, notably on the importance of eco-driving to personal safety and the environment. Also, in August a four-day "Summer Camp" for newly licensed drivers will be held at the Ford Motor Company Michigan Proving Grounds. The Summer Camp is free to all participants, and includes both in-depth instructional training as well as hands-on experience on road courses.

Ford continues to lead the industry in promoting safety belt use through its innovative BeltMinder™ system, which uses technology to influence the behavior of drivers and vehicle occupants by prompting them to buckle their safety belts. In the United States – and many regions outside of North America where regulations permit – BeltMinder for the driver's seat is standard equipment on all Ford Motor Company vehicles. Ford has continued to expand the availability of BeltMinder for the front passenger seat in its vehicles, including the Explorer, Escape, Mariner, Freestar, Monterey, Focus, Crown Victoria, Grand Marquis, Town Car, Freestyle, Five Hundred, Montego, Mustang, Fusion, Milan, Zephyr and LS. In Europe, the Volvo S40 has BeltMinder for the rear seats as well. The NHTSA has requested that the rest of the industry adopt systems similar to Ford's BeltMinder, and Euro NCAP offers points for manufacturers who offer a BeltMinder-type system. Ford Motor Company has agreed to license this proprietary technology to other vehicle manufacturers at no cost.

Another important element of our efforts to study and develop ways to influence driver behavior is VIRTTEX – our VIRTual Test Track EXperiment simulator. In April 2005, Ford's industry-leading efforts were recognized with an award from the World Traffic

### Related Links

- External Web Sites
  - [Driving Skills for Life](#)



Safety Symposium for the VIRTTEX driving lab. VIRTTEX has been used extensively to study how future vehicles should alert drivers to potentially dangerous situations such as: an unintended lane departure, following too close to a car in front, or a pedestrian who might be walking into the path of a car. These situations and others are all being addressed by researchers in the VIRTTEX lab.

Ford also used the VIRTTEX lab for two major studies – one on driver distraction and another on the effects of drowsy driving. Ford engineers study everyday driving tasks – such as changing the radio station or dialing a cell phone – with real drivers, to see how these actions affect driver performance. Some of the results were surprising. For example, teenaged drivers – often thought of as tech-savvy multi-taskers – were much less competent than older drivers at performing multiple tasks while driving a car. Also, pit stops and bathroom breaks might not be very helpful to drowsy drivers. We found that, even after pulling off the road for a short walk, tired drivers quickly slipped back into their drowsy state. We also found that drowsy drivers started to experience significant fatigue after about three hours behind the wheel.

VIRTTEX has made Ford the industry leader in using simulation to address real world problems in automotive human factors and safety. We look forward to learning more through our research in this simulator.

Ford has also been working to influence driver behavior on a global basis. For example, since March 2005, Ford Philippines has been setting aside \$20 for every Ford and Mazda vehicle sold in the Philippines for its road safety programs in that country. The fund is used to educate drivers and promote road safety in the Philippines through training programs, research and studies on various aspects of road safety, and other road safety projects. The fund has also made possible the R.I.D. E. program (Responsibility in Driver Education) – a series of road safety talks. After being successfully rolled out in 13 schools and 7 Ford corporate accounts and among Ford employees, the 2006 R.I.D.E. program will be expanded to include pre-school and elementary students and a train-the-trainer program for teachers. The fund has also made possible another road-safety first in the Philippines – giving child safety seats to Ford and Mazda customers.

In addition, during the annual Ford Day event in the Philippines this year (a customer event highlighting road safety), the Ford Road Safety Youth Council (RSYC) was launched. The RSYC, composed of 15 students from schools in the metro area, will spearhead road safety activities that will intensify awareness of road safety among their peers, eventually encouraging other young people to participate in Ford's drive to create a safer world.

Ford Vietnam is also very active in road safety education among its employees, dealer network, international communities, and schoolchildren. The more prominent projects in 2005 included a Road Safety Workshop with the American Chamber of Commerce, BP and Asia Injury, and co-sponsorship with BP of the Australia Chamber of Commerce's Community Award for Road Safety, to encourage foreign direct-invested companies in road safety activities. In addition, Ford Vietnam sponsored a Road Safety Education Month for schoolchildren; a TV game show during National Road Safety Month; and a "Road Safety News" program on the national TV channel. Ford Vietnam also produced a short film of Ford technical guidelines for safe driving.

In Thailand, Ford undertook a joint campaign with its dealers on a road safety education program. Customers were invited to a Ford dealership to participate in the course. The instructor was a well-known motoring journalist and columnist. Ford Thailand also co-sponsored a road safety training campaign with the Red Cross, as well as a road safety education campaign and University Safe Drive.

In addition, Ford has been a leading contributor to the EU's "RESPONSE" project. RESPONSE is developing a code of practice aimed at ensuring that new technology Advanced Driver-Assistance Systems (ADASs) are designed to be safe, considering the complex interaction of drivers and vehicle systems in multiple traffic situations.



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## Vehicle Safety Technologies and Recent Applications

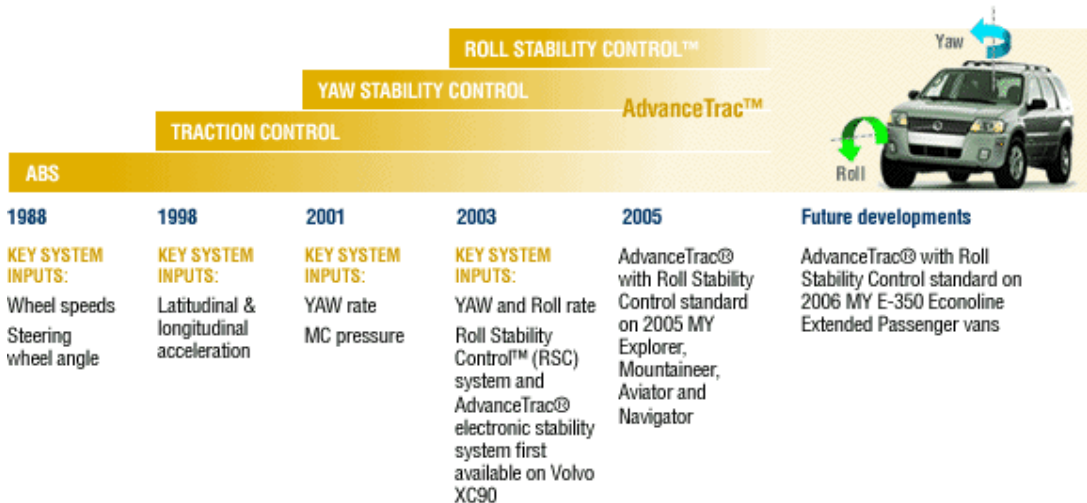
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### Accident Avoidance – Pre-Crash

A variety of new technologies, in addition to the vehicle's basic handling and braking capabilities, can help a driver avoid accidents.

The all-new new Volvo S80, for example, includes a long list of innovations to help the driver avoid accidents, like Adaptive Cruise Control and Volvo's Blind Spot Information System, which uses a camera in the outer mirror to detect when something is entering a blind spot. In addition, Volvo's new Collision Warning with Brake Support is designed to sense an impending collision and alert the driver to help avoid or reduce the severity of a crash. The system also supports driver-initiated braking by pre-charging the brakes and preparing for panic brake application.

In 2004 and 2005, Ford expanded the availability of its industry-leading Roll Stability Control™ (RSC) system, which, combined with our AdvanceTrac® electronic stability system, can give a driver more confidence in an emergency situation (see figure below). The RSC system uses two gyroscopic sensors to detect when a driver corners too fast or swerves sharply to avoid an obstacle. It then applies pressure to the brake (s) on the wheel(s) on the outside of the turn. This induces understeer and helps bring the inside wheels firmly to the ground, thus reducing the likelihood of a rollover event. Roll Stability Control was first introduced on the 2003 Volvo XC90, and was expanded to include the 2004 Lincoln Navigator and Aviator. For the 2005 model year, it was provided for the first time on the Explorer and Mountaineer as standard equipment and it is optional on Expedition. For the 2006 model year, Ford's 12- and 15-passenger E-series vans provide RSC as standard equipment.



In critical situations, the driver needs to focus fully on the traffic and on his or her own driving. Under these conditions, information not relevant to actual driving may suddenly present a distraction. Volvo Cars' Intelligent Driver-Information System (IDIS) helps the driver to screen out irrelevant information in certain critical situations. For example, the system can delay incoming calls to the integrated telephone until the situation is calmer. The system continually monitors driver activity and prioritizes the information flow on that basis. Launched in 2003, IDIS has been standard in the Volvo S40 and V50 in most markets since 2004.

All-wheel drive (AWD) and four-wheel drive (4WD) can help drivers negotiate difficult driving conditions. Ford offers AWD and 4WD on all SUVs and light trucks. In 2005, AWD was also offered on the following passenger cars: the Ford Five Hundred and Freestyle, Mercury Montego, Jaguar X-Type and S-Type, and the Volvo S40, S60, S80, V50, and V70. AWD is also offered in Australia on the Ford Falcon and Territory.

### Occupant Protection – Crash

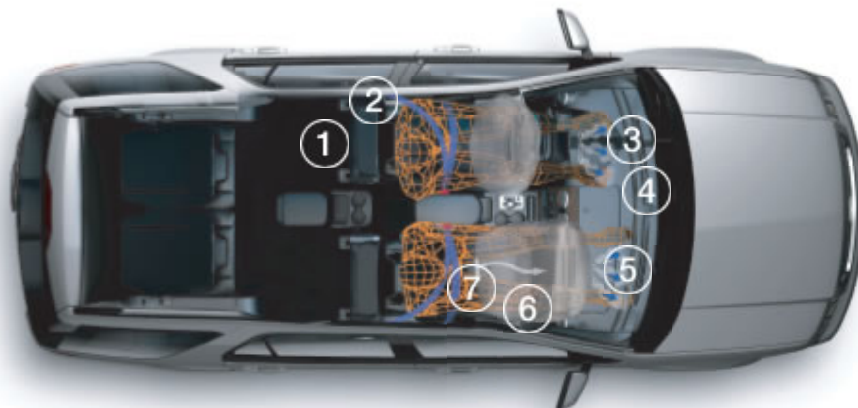
Many factors influence a vehicle's crashworthiness, including the design of the vehicle's structure to absorb impact energy and the use of passive safety equipment such as air bags. To help protect drivers and passengers in the event of a crash, our newest technologies further enhance the performance of safety belts and air bags, and provide additional occupant protection in side crashes and rollovers.

For example, passive safety innovations in the new Volvo S80 include sophisticated crash energy absorption systems in the structure, the next generation of "WHIPS" whiplash mitigation, new Side Impact Protection System (SIPS) air bags with separate chambers to help protect chest and hips, and new designs for pedestrian safety. Real-life accident research shows that SIPS, first introduced in 1991, reduces injuries in severe accidents by more than 50 percent. Similarly, the WHIPS system, introduced in the first generation of the S80 in 1998, helps cut the risk of long-term soft tissue neck injury (whiplash) by more than 50 percent.

The Ford Personal Safety System™ helps reduce the risk of injury to the driver and front passenger in the event of a moderate to severe frontal collision. The system is designed to adjust the deployment of the front air bags to enhance protection for front-seat occupants. It does this with the help of crash severity sensors, seat belt usage sensors, dual-stage driver and front-passenger air bags, a driver's seat position sensor and front outboard safety belt pretensioners. The Personal Safety System™ is standard on many Ford vehicles in the United States.

In addition, Ford has taken advanced safety technologies to a new level on the 2006 Ford Explorer and Mercury Mountaineer, which offer 10 standard advanced safety technologies – more than any other vehicle in its class. For starters, the Explorer/Mountaineer's Intelligent Safety System includes two new sensors. One sensor estimates the driver's size by his or her distance from the steering wheel; another (the patented Five-Level Passenger Sensing System) detects whether the passenger seat is empty or occupied by a child or a small, medium, or large adult. In the event of a frontal crash, a variety of technologies work to engage innovative safety features to help protect the driver and passenger in milliseconds.

In addition, the 2006 Ford Explorer/Mountaineer comes equipped with new features to help further protect occupants during a rollover or side-impact event. New side-impact air bags for the driver and front passenger, mounted in the outboard side of each front seat, further enhance chest-area protection and are standard on all models. New door armrests and door trim also provide additional abdomen and lower torso cushion, and a four-inch-thick foam block inside each door helps to manage side-impact forces on the occupants' hips.



**Intelligent Safety System – 2006 model year Ford Explorer and Mercury Mountaineer**



Building on Ford's Personal Safety System, this innovative technology uses information from sophisticated vehicle sensors to determine crash severity, occupant size, position and seat belt status.

**Click on the numbers above to investigate the safety features.**


In Europe, Ford has been at the forefront of industry efforts to attempt to develop feasible and effective measures to help address pedestrian injuries and fatalities, via the design of vehicle fronts. Phase 1 of a European Directive on this issue is now in force, and Ford is again playing an active role with other industry partners, working with the European Commission to define workable requirements for Phase 2, which are projected to be effective in 2010. Ford's Jaguar brand was one of the first manufacturers to meet the Phase 1 requirements, and in fact received an award for its "pedestrian deployable bonnet" design. The Jaguar XK was awarded the Engineering and Technology Award in December 2005 at the prestigious Prince Michael International Road Safety Awards in London.

#### **Injury Mitigation – Post-Crash**


One method of assisting emergency responders to reach the scene of a vehicle crash quickly is through in-vehicle emergency call systems, also called automatic crash notification. These systems enable a driver to summon assistance in an urgent situation either automatically (if, for example, an air bag deploys) or at the touch of a button. As of 2006, the Volvo On Call system, a GSM- and GPS-based emergency and assistance system, is sold in seven European countries, and Volvo is the first OEM to have the service working across borders in 14 countries. The infrastructure will be fully installed and running in the UK, Sweden, France, Italy, The Netherlands, Belgium and Luxemburg, and the service will be available in seven more countries: Germany, Switzerland, Austria, Denmark, Norway, Spain and Portugal. Over the next few years, Volvo will offer the Volvo On Call service to other markets as well. Volvo's On Call is the first factory-installed system that includes theft and tracking notification.

In late 2004, Ford, via its membership in the European Automobile Manufacturers Association (ACEA), signed a memorandum of understanding regarding the development of a pan-European, in-vehicle emergency call system dubbed "eCall." The purpose of the MOU is to promote the development and implementation of eCall systems throughout Europe, to improve the number of vehicles reached by emergency responders within a short period of time. The European Commission has stated that cars should be equipped with eCall equipment beginning in 2009. Volvo's On Call system thus meets this requirement three years ahead of schedule.

<ul style="list-style-type: none"><li>• <b>Safety</b><ul style="list-style-type: none"><li>• About This Principle and Our Progress</li><li>• Workplace Safety</li><li>• Vehicle Safety<ul style="list-style-type: none"><li>◦ Safety Management</li><li>◦ Safety Model</li></ul></li><li>• Human Behavior</li><li>• Vehicle Safety</li><li>• <b>Driving Environment</b><ul style="list-style-type: none"><li>◦ How Are We Doing?</li><li>◦ Safety Innovations</li><li>◦ Future Technologies</li></ul></li><li>• Performance Data</li></ul></li></ul>	<h2>Driving Environment</h2> <p><a href="#">&lt; back to Safety Model overview</a></p> <p>The driving environment includes physical infrastructure (roads, signs, traffic lights, etc.), and the condition and maintenance of that infrastructure. Increasingly, information technologies play a role in the driving environment, for example, by controlling the timing of traffic lights. All of these factors have an enormous influence on traffic safety.</p> <p>Safety challenges related to the driving environment vary between countries and between developed and emerging economies. Around the world, we cooperate with government agencies and private sector partners to promote road safety. In late 2004, we helped to found the Global Road Safety Initiative. This project, and Volvo's Thailand Accident Research Center, are described in the <a href="#">mobility</a> section of the report.</p> <p>Ford has been taking a leadership role in two major accident research activities, in cooperation with public bodies. These activities include the German In-Depth Accident Study and the UK's Car Crash Injury Study. Ford sees these two different but complementary studies as a key component of its policy of data-driven decision-making, both internally to ensure that our safety strategy is targeted at the most productive areas, and externally to help governments focus their rulemaking attention on genuine safety issues, where they can make a difference.</p>	<h3>Related Links</h3> <ul style="list-style-type: none"><li>• <b>In This Report</b><ul style="list-style-type: none"><li>◦ <a href="#">Volvo's Thailand Accident Research Center</a></li><li>◦ <a href="#">Global Road Safety Initiative</a></li></ul></li><li>• <b>External Web Sites</b><ul style="list-style-type: none"><li>◦ <a href="#">World Health Day 2004</a></li><li>◦ <a href="#">German In-Depth Accident Study</a></li><li>◦ <a href="#">UK's Car Crash injury Study</a></li></ul></li></ul>
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In addition, several of our research projects use information technologies to help integrate driver behavior, vehicle technology and road infrastructure to prevent accidents and improve responses to them.

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## How Are We Doing?

Ford vehicles continue to receive high marks for safety. Some examples include:

- The 2006 Ford 500/Montego received the first ever IIHS "Top Safety Pick – Gold" award, the only large sedan to win the award in the 2006 model year.
- Three vehicles introduced in 2005 – the Ford Five Hundred/Mercury Montego and Ford Freestyle – received five-star ratings from NHTSA in both the full-frontal impact test and the side-impact test. These Ford vehicles were the only 2005 model passenger cars tested to achieve five-star side impact performance without the optional side air bags.
- The 2005 Ford Five Hundred and Mercury Montego earned the Insurance Institute for Highway Safety's highest technical safety rating of "Good" and a "Best Pick" designation for offset frontal crash performance.
- Ford's all-new 2007 Ford Sport Trac earned five stars in both frontal and side crash ratings for drivers and passengers. The current 2006 Ford Explorer also earned five stars in both frontal and side crash ratings for drivers and passengers.
- In Europe the Focus C-MAX was awarded Best Pick in the Folksam whiplash assessment.
- The all-new Focus was Ford's first five-star Euro NCAP vehicle, achieving the best-ever vehicle performance in the C-segment at the time of assessment. It was also the first vehicle to achieve 100 percent occupant protection for adult and child assessments based on test dummy measurements.

The Ford Crown Victoria is the vehicle of choice for law enforcement departments around the United States and Ford is committed to the continuous improvement of its products. In response to concerns about the unique risk to police officers of fire-related injuries that can occur in the face of high-speed, high-energy rear crashes, Ford began offering a fire suppression system as a factory option on 2005 Crown Victoria Police Interceptors (CVPIs). Ford developed this fire suppression system in cooperation with Aerojet, a supplier for the U.S. military. The Ford system uses advanced electronics and on-board sensors to measure post-impact vehicle movement to determine the optimal time for the deployment of fire suppression material. The system is integrated into the Police Interceptor's structure and electrical architecture.

In October 2004, an Illinois jury returned a verdict in a class-action lawsuit in favor of Ford, following findings by NHTSA that the CVPI exceeds existing safety regulations. The CVPI with side air bags also has earned NHTSA's highest crashworthiness rating (five star for frontal and side), received the best rollover rating possible (five star) and exceeds next-generation fuel system standards. (See [www.cvpi.com](http://www.cvpi.com) for more information.)

**Related Links**

- **Ford.com**
  - [Ford Five Hundred](#)
  - [Mercury Montego](#)
  - [Lincoln Town Car](#)
  - [Volvo S80](#)
  - [Focus C-MAX](#)
  - [Crown Victoria Police Interceptors](#)
- **External Web Sites**
  - [NHTSA](#)
  - [CVPI](#)

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## Rollover Crashes and Roof Strength

Unlike front and side crashes, which can vary greatly in severity from minor to major, rollovers, by definition, tend to be very severe crashes because of the energy required to roll a vehicle over. Due to their severity, rollovers account for about one-third of all crash fatalities, even though they account for less than 10 percent of all crashes. More importantly, greater than 70 percent of rollover fatalities involve people not wearing safety belts. Safety belts are extremely effective in reducing the risk of serious and fatal injuries in these crashes. Real-world data indicate that more than 90 percent of safety-belted occupants in rollovers escape without a serious injury, and the NHTSA estimates that safety belts are 74-80 percent effective in preventing fatalities in rollovers.

Recently, attention has focused on whether there is a relationship between roof strength and occupant safety in rollovers. Due to the severe nature of rollover crashes, there is often roof deformation or crush in those crashes involving a serious injury or fatality. When there is roof deformation present and a serious injury or fatality, the common misconception is to assume that the deformation caused the injury or fatality.

Ford Motor Company has conducted extensive research and testing to examine the purported relationship between roof strength/deformation and injury in rollovers. Real-world accident data and laboratory testing have demonstrated that increasing roof strength levels beyond the current NHTSA requirements, by itself, does not significantly enhance safety in rollovers. Rollover crash testing comparing vehicles with production roofs to vehicles with reinforced, roll-caged roofs has demonstrated that the injurious forces acting on safety-belted crash test dummies occur before there is any significant roof deformation in the vehicles with production roofs. Furthermore, these forces also occur in roll-caged vehicles. There is no meaningful difference between them.

How do we explain these results? The rotational forces acting on belted occupants in rollovers can result in the occupant's head being close to, or in contact with, the roof before the roof contacts the ground. When the roof strikes the ground, the occupant's head simultaneously strikes the ground (with the roof sheet metal in between), resulting in a potentially injurious impact. The injury from this impact occurs prior to significant deformation of the roof. Other vehicle manufacturers and numerous researchers have conducted similar testing and their findings are consistent with Ford's.


Ford is a leader in researching and developing technologies, including our Roll Stability Control system, to help reduce the risk of rollovers, as well as systems to help further enhance occupant protection should a rollover occur. We are conducting research into advanced safety belt systems that may have the potential to further reduce occupant motion in rollovers. We also continue to evolve the design of our rollover-deploying side air curtains, known as the Safety Canopy™, to help further reduce the chance of being ejected in a rollover. As safety belt and ejection reduction technologies progress, there may be the potential in the future to further reduce the risk of injury in rollovers by combining these technologies with revised roof and vehicle structures.

**Related Links**

- External Web Sites
  - [NHTSA](#)

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## Enhancing Impact Crash Compatibility

### Voluntary Industry Agreement to Enhance Front-to-Front and Front-to-Side Impact Crash Compatibility

In December 2003, the Alliance of Automobile Manufacturers, of which Ford Motor Company is a member, announced historic voluntary industry agreements to further improve the collision compatibility of light trucks and passenger cars. The agreements aim to enhance occupant safety in front-to-front impact and front-to-side impact collisions between the two styles of vehicles.

The front-to-front compatibility agreement requires that the primary and secondary energy-absorbing front-crash structures of light trucks be better aligned with the bumper zones of passenger cars. These requirements help reduce the potential for structural over-ride (i.e., misalignment of the energy-absorbing parts) between light trucks and passenger cars in a head-on collision. Ford was the first manufacturer to introduce the BlockerBeam™ (in the 2000 Excursion), which is aimed at engaging the energy-absorbing front-end structures of passenger cars in head-on collisions. In the 2005 model year, more than 50 percent of all light trucks produced by Ford Motor Company met the requirements of this voluntary agreement. By the 2010 model year, all of the applicable light trucks produced by Ford will meet the agreement.

The front-to-side voluntary agreement consists of head protection requirements that will help further protect occupants in a side collision in which the striking vehicle is a larger/taller vehicle such as an SUV or pickup truck. These types of crashes pose an increased risk of head injury to occupants in the struck vehicle, as compared to side crashes in which a smaller/shorter vehicle is the striking object. This voluntary agreement goes beyond the current U.S. side-impact regulation, which envisions that the striking vehicle is a passenger car.


Ford vehicles will meet the voluntary front-to-side impact agreement by providing head-protecting side air bags, such as side air curtains or seat-mounted combination head/chest side air bags. In the 1999 model year, Ford was the first domestic automobile manufacturer to offer side air bags designed to enhance head protection (front seat-mounted head/chest side air bags). The 2002-1/2 Ford Explorer and Mercury Mountaineer were the first vehicles in the industry to offer side air curtains that activate in both rollovers and side impacts. (That technology is known as our Safety Canopy™.) Today, nearly all of our products offer side air bags which include enhanced head protection, and nearly all of our SUVs offer the Safety Canopy for enhanced head protection in both rollovers and side impacts. Most of our side air bag systems already meet the stringent requirements of the voluntary agreement. By Sept. 1, 2009, all vehicles covered by the agreement will meet the requirements.

### Related Links

- **External Web Sites**
  - [Alliance of Automobile Manufacturers](#)

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## Safety Innovations

Engineers across the Ford Motor Company brands are creating intelligent active safety technologies that help drivers avoid accidents, as well as passive safety technologies that help protect occupants at the point of a collision. Ford's state-of-the-art safety testing facility in Dearborn, Michigan, known as the Safety Innovation Laboratory, is helping to drive these innovations. The laboratory is part of a \$65 million investment in advanced vehicle testing technology that is expected to deliver faster, more accurate, and more efficient testing results, in order to help bring new safety technologies to the market even faster.

Volvo's Blind Spot Information System (BLIS) is a good example of the type of innovations Ford is developing. Introduced in 2004, BLIS is a side visibility aid that continually monitors a vehicle's blind spot and helps to alert the driver to vehicles approaching alongside. Despite large glass surfaces and effective door mirrors, a car's blind spot continues to present a challenge when changing lanes and overtaking. With BLIS, digital cameras in each of the door mirrors take a continuous series of pictures toward the rear of the vehicle and compare the images to detect another vehicle in the monitored zones. The driver is alerted via the illumination of a lamp in the doorpost beside the mirror in question. Active at speeds of 10 km/h and higher, the system responds to moving vehicles of most types, from motorcycles up.

New systems like Lane Departure Warning are being designed to help reduce crashes caused when drivers are fatigued or distracted. This innovative system uses a camera in the rear-view mirror to continuously monitor the road and keep track of where the car is in relation to the lane markings. If the driver loses concentration and the wheels move outside the lane markings, a warning buzzer alerts the driver. Lane Departure Warning has been demonstrated on various concept vehicles, but is not yet available on production models.

Another recent Ford innovation is the next generation of adaptive headlamps. With a unique two-part optics package, the Adaptive Front Lighting System (AFS) is an industry breakthrough that will allow drivers to see better around curves in the road. Current cornering – or swivel – lighting systems are made up of one-piece modules that turn as a single unit with the vehicle as it approaches a curve. In contrast, AFS incorporates two independent light sources: a high-output halogen projector for the main beam and a secondary row of light emitting diodes (LEDs) that illuminates almost instantaneously, distributes the light beam evenly, and consumes less power than conventional lights. The system allows drivers to take corners and curves more safely – and to consume less energy while doing so. AFS was unveiled on a concept vehicle at the 2006 North American International Auto Show and is available on the 2007 model year Lincoln MKX.

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## Future Technologies

Ford Motor Company is involved with a number of partners in the development of future technologies that can further enhance the safety of the driving experience.

For example, 11 years ago, Ford and GM together launched the Crash Avoidance Metrics Partnership (CAMP). Within CAMP, the Vehicle Safety Communications (VSC) Consortium, which includes Ford, General Motors, Toyota, DaimlerChrysler and Honda, is working with the U.S. Department of Transportation on two major projects to develop safety applications that utilize vehicle communications. CAMP VSC members are working together to develop a communication system for vehicles to "talk" to each other and to the roadway. This would be analogous to wireless internet (WiFi) or cellular telephone for cars. CAMP VSC successfully completed a project that demonstrated the basic feasibility of this technology. They will be evaluating the following applications in a follow-on project:

1. **Cooperative Intersection Collision Avoidance System: Violation Warning**  
As a vehicle approaches a traffic light, it would receive a message from the traffic light with the signal phase (red, yellow or green) and the amount of time until the signal changes. The vehicle would use this information, together with the vehicle position and speed, to decide if a warning or some other countermeasure (such as brake assist) is appropriate.
2. **Vehicle-to-Vehicle Communications for Safety Applications, such as Electronic Emergency Brake Lights**  
When a driver applies the brakes, the brake lights are illuminated. However, there is currently no way to distinguish hard braking from light or moderate braking. Further, often only the vehicle directly behind the braking vehicle is able to see the brake lights. If a vehicle performing hard braking could send a message to other vehicles, then all of the vehicles nearby could receive this message. Then, those vehicles affected could warn the driver, activate the brake assist or even start automatic braking.

Also, Ford is participating in a Vehicle Infrastructure Integration National Coalition (VIINC) to deploy enabling wireless technologies to support the above safety applications as well as mobility and commercial applications (e.g., e-payment for parking, tolling and gasoline purchases).

Under a \$56 million cooperative agreement, the U.S. Department of Transportation and six OEMs are evaluating a national strategy to implement vehicle-to-roadway and vehicle-to-vehicle communications to support safety, commercial and consumer services. In this partnership, the Government would fund the roadside infrastructure and the OEMs will provide the wireless on-board equipment. A special Dedicated Short Range Communications (DSRC) radio has been developed for this purpose, and the Federal Communications Commission has allocated bandwidth for its operation. The U.S. Department of Transportation has proposed installing 250,000 DSRC roadside transceivers nationwide by 2010 to support the deployment of vehicle transceivers by OEMs. Projects are underway at the VIINC to demonstrate system feasibility by early 2007.

In addition, Ford is a board member of the ComCARE Alliance, a nonprofit organization that encourages the establishment of wireless communication networks, infrastructure and technologies that enable emergency communications between the motoring public and public safety agencies. The Alliance is a coalition of the medical community; public health and safety officials; automobile, telematics and technology companies; safety groups and others.

At the second annual Telematics Update Awards program in 2004, Harris County, Texas, was recognized by the ComCARE Alliance with the Safety in Action award for the ECN Safety Pilot – Stage II. This was a pilot project of Ford Motor Company's Enhanced-Automatic Crash Notification (ECN) system that was run by Harris County Texas 911, Ford, Roadside Telematics, and Cross Country Automotive Services. It delivered vehicle location, crash data and the occupant's voice from Harris County Police Car crashes to the correct 911 dispatch center and sent the occupant's medical information to the responding EMS vehicle. This system is designed to help reduce first responder response time and to help improve medical care at the scene of an accident by forewarning the EMS crew with potentially helpful medical

### Related Links

- **External Web Sites**
  - [U.S. Department of Transportation](#)
  - [ComCARE Alliance](#)

information.

In 2004, ComCARE made substantial progress on the development of an Emergency Provider Access Directory (EPAD) – a comprehensive directory of telephone numbers, addresses and other contact information for all federal, state and local emergency response agencies in the United States. The development of EPAD will enhance the ability of Ford's existing and future automatic crash notification systems to help occupants after a crash.

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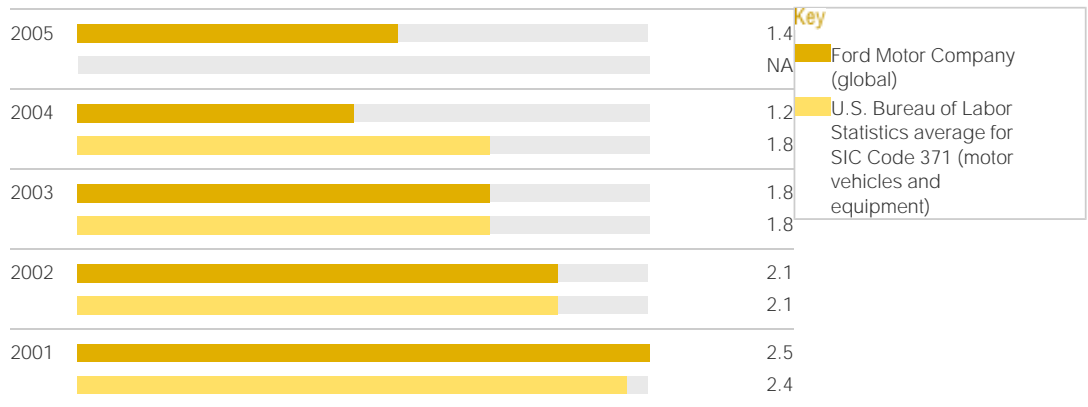
### Charts on This Page

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- B [Lost-time Case Rate by Region \(per 100 Employees\)](#)
- C [Global Severity Rate \(per 100 Employees\)](#)
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- E [Workplace Health and Safety Violations](#)
- F [Global Fatalities](#)

#### A Global Lost-time Case Rate (per 100 Employees)

NA - Not available

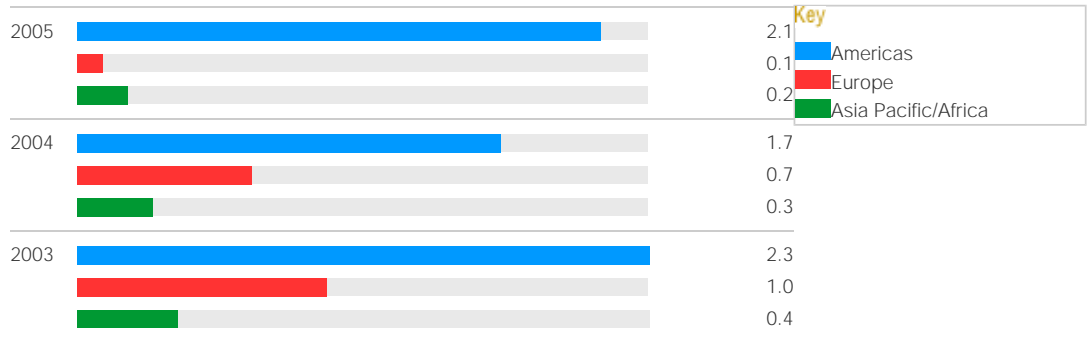
Cases with one or more days away from work per 200,000 hours



[See notes to the data](#)

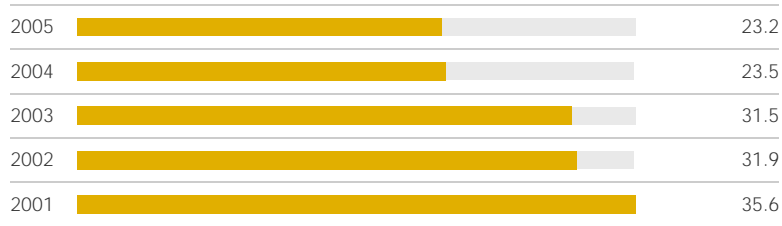
#### B Lost-time Case Rate by Region (per 100 Employees)

Cases with one or more days away from work per 200,000 hours



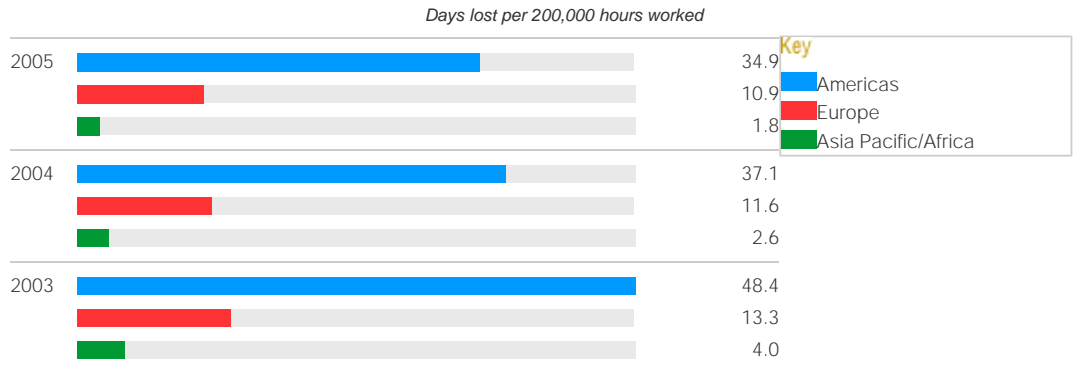
#### C Global Severity Rate (per 100 Employees)

Days lost per 200,000 hours worked

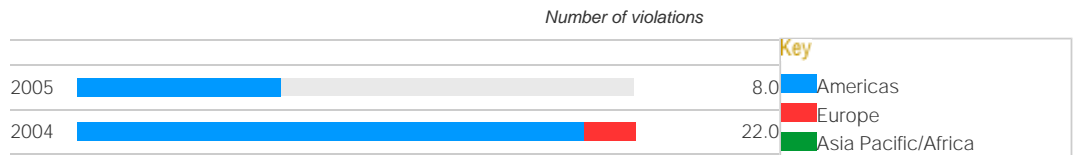


[See notes to the data](#)

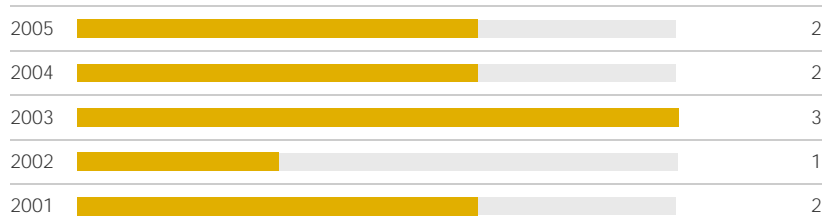
**D**  
Severity Rate by Region (per 100 Employees)



**E**  
Workplace Health and Safety Violations



**F**  
Global Fatalities



**NOTES TO THE DATA**

**Chart A**


2004 is the most recent Bureau of Labor statistics data available.

**Chart C**

Year end 2003 severity data for Canadian locations was corrected after extensive record reviews completed in the first half of 2004.

## Safety

- About This Principle and Our Progress
- Workplace Safety
- Vehicle Safety
- Performance Data
- **Workplace Safety**
- Vehicle Safety

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## Workplace Safety

### Tables on This Page

- A [Global Lost-time Case Rate \(per 100 Employees\)](#)
- B [Global Lost-time Case Rate \(by Region\)](#)
- C [Global Severity Rate \(per 100 Employees\)](#)
- D [Global Severity Rate \(by Region\)](#)
- E [Workplace Health and Safety Violations](#)
- F [Global Fatalities](#)

### Viewing This Data

Would you prefer to view the data as charts?

 [See data charts](#)

### A Global Lost-time Case Rate (per 100 Employees)

NA - Not available

*Cases with one or more days away from work per 200,000 hours*

	2001	2002	2003	2004	2005
Ford Motor Company (global)	2.5	2.1	1.8	1.2	1.4
U.S. Bureau of Labor Statistics average for SIC Code 371 (motor vehicles and equipment)	2.4	2.1	1.8	1.8	NA

[See notes to the data](#)

### B Lost-time Case Rate by Region (per 100 Employees)

*Cases with one or more days away from work per 200,000 hours*

	2003	2004	2005
Americas	2.3	1.7	2.1
Europe	1.0	0.7	0.1
Asia Pacific/Africa	0.4	0.3	0.2

### C Global Severity Rate (per 100 Employees)

*Days lost per 200,000 hours worked*

	2001	2002	2003	2004	2005
	35.6	31.9	31.5	23.5	23.2

[See notes to the data](#)

### D Severity Rate by Region (per 100 Employees)

*Days lost per 200,000 hours worked*

	2003	2004	2005
Americas	48.4	37.1	34.9
Europe	13.3	11.6	10.9
Asia Pacific/Africa	4.0	2.6	1.8

### E Workplace Health and Safety Violations

*Number of violations*

	2004	2005
Americas	20.0	8.0
Europe	2.0	0.0
Asia Pacific/Africa	0.0	0.0

**F**  
**Global Fatalities**

2001	2002	2003	2004	2005
2	1	3	2	2

---

**NOTES TO THE DATA**

**Table A**

2004 is the most recent Bureau of Labor statistics data available.

**Table C**

Year end 2003 severity data for Canadian locations was corrected after extensive record reviews completed in the first half of 2004.

---

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    - Workplace Safety
    - **Vehicle Safety**

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## Vehicle Safety

### Charts on This Page

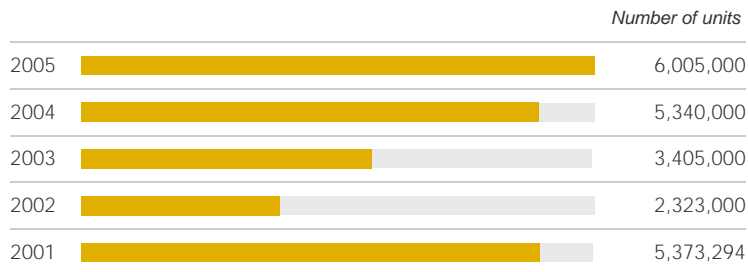
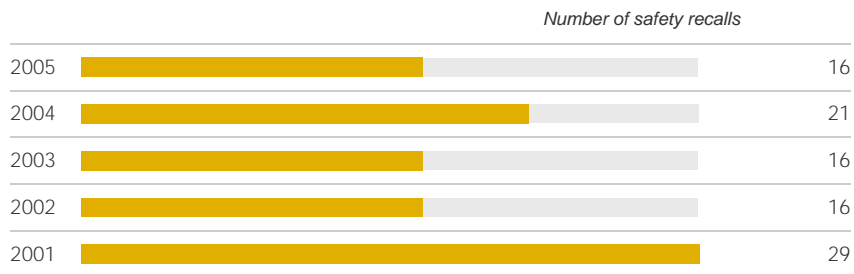
- A [Ford Safety Recalls](#)
- B [2005 Public Domain Ratings of Ford Motor Company Products](#)

### Viewing This Data

Would you prefer to view the data as text tables?





[See data tables](#)

### A Ford Safety Recalls



[See notes to the data](#)

### B 2006 Public Domain Ratings of Ford Motor Company Products

<b>E Series 150</b>  <a href="#">Visit Web site</a>	NCAP Star Rating: Full Frontal Impact Driver Passenger <b>★★★★★</b>
<b>Escape / Tribute / Mariner / Hybrid</b>  <a href="#">Visit Escape Web site</a>	NCAP Star Rating: Full Frontal Impact Driver Passenger <b>★★★★★</b> NCAP Star Rating: Side Impact Front <b>★★★★★</b> Rear <b>★★★★★</b> NCAP Rollover Resistance Rating <b>★★★★</b> IIHS Offset Frontal Rating <b>Acceptable</b>
 <a href="#">Visit Tribute Web site</a>	
	

[Visit Mariner Hybrid Web site](#)

**F150 Super Crew**



NCAP Star Rating: Full Frontal Impact

Driver  
Passenger



[Visit Web site](#)

**F150 Super / Reg Cab**



NCAP Star Rating: Full Frontal Impact

Driver  
Passenger



NCAP Star Rating: Side Impact

Front  
Rear



NCAP Rollover Resistance Rating



IIHS Offset Frontal Rating

Good

[Visit Web site](#)

**Ford 500 / Mercury Montego**



NCAP Star Rating: Full Frontal Impact

Driver  
Passenger



NCAP Star Rating: Side Impact

Front  
Rear



NCAP Rollover Resistance Rating



IIHS Offset Frontal Rating

Good

[Visit Ford 500 Web site](#)



[Visit Mercury Montego Web site](#)

**Ford Crown Victoria / Grand Marquis**



NCAP Star Rating: Full Frontal Impact

Driver  
Passenger



NCAP Star Rating: Side Impact

Front  
Rear



NCAP Rollover Resistance Rating



IIHS Offset Frontal Rating

Good

[Visit Crown Victoria Web site](#)



[Visit Grand Marquis Web site](#)

**Ford Expedition**



NCAP Star Rating: Full Frontal Impact

Driver  
Passenger



NCAP Rollover Resistance Rating

4x2  
4x4



[Visit Web site](#)

**Ford Explorer / Mountaineer, 4dr**



NCAP Star Rating: Full Frontal Impact

Driver  
**2004 rating:**  
Passenger



NCAP Star Rating: Side Impact

Front  
Rear



NCAP Rollover Resistance Rating



IIHS Offset Frontal Rating

Good

[Visit Explorer Web site](#)



[Visit Mountaineer Web site](#)

**NEW MODEL  
NEW MODEL  
Ford Explorer Sport Trac (2007 MY)**



NCAP Star Rating: Full Frontal Impact

Driver  
Passenger



NCAP Star Rating: Side Impact

Front  
Rear



[Visit Explorer Sport Trac Web site](#)

**Ford Focus 2 dr**[Visit Web site](#)

NCAP Star Rating: Full Frontal Impact

Driver  
Passenger

NCAP Star Rating: Side Impact

Front  
Rear

NCAP Rollover Resistance Rating

**Ford Focus 4 dr**[Visit Web site](#)

NCAP Star Rating: Full Frontal Impact

Driver  
Passenger

NCAP Star Rating: Side Impact

Front  
Rear

NCAP Rollover Resistance Rating



IIHS Offset Frontal Rating

Good

**Ford Freestar /  
Mercury Monterey**[Visit Freestar Web site](#)

NCAP Star Rating: Full Frontal Impact

Driver  
Passenger

NCAP Star Rating: Side Impact

Front  
Rear

NCAP Rollover Resistance Rating



IIHS Offset Frontal Rating

Good

[Visit Monterey Web site](#)**Ford Freestyle**[Visit Web site](#)

NCAP Star Rating: Full Frontal Impact

Driver  
Passenger

NCAP Star Rating: Side Impact

Front  
Rear

IIHS Offset Frontal Rating

Good

[Visit Web site](#)**NEW MODEL****Ford Fusion / Mercury  
Milan / Lincoln Zephyr**[Visit Ford Fusion Web site](#)

NCAP Star Rating: Full Frontal Impact

Driver  
Passenger  
(with side airbag)

NCAP Star Rating: Side Impact

Front  
Rear

NCAP Rollover Resistance Rating



IIHS Offset Frontal Rating

Good

[Visit Mercury Milan Web site](#)[Visit Lincoln Zephyr Web site](#)**Ford Mustang coupe**[Visit Web site](#)

NCAP Star Rating: Full Frontal Impact

Driver  
Passenger

NCAP Star Rating: Side Impact

Front  
Rear

NCAP Rollover Resistance Rating

**Ford Ranger  
Extended Cab /  
Mazda B**[Visit Ranger Web site](#)

NCAP Star Rating: Full Frontal Impact

Driver  
Passenger

NCAP Star Rating: Side Impact

Front



NCAP Rollover Resistance Rating

4x4  
4x2[Visit Mazda B Web site](#)



**Ford Ranger Reg. Cab / Mazda B**



[Visit Ranger Web site](#)



[Visit Mazda B Web site](#)

NCAP Star Rating: Full Frontal Impact	Driver Passenger	★★★★★
NCAP Star Rating: Side Impact	Front	★★★★★
NCAP Rollover Resistance Rating	4x4	★★★
	4x2	★★★
IIHS Offset Frontal Rating		Acceptable

**Ford Taurus / Mercury Sable**



[Visit Taurus Web site](#)



[Visit Sable Web site](#)

NCAP Star Rating: Full Frontal Impact	Driver Passenger	★★★★★
NCAP Star Rating: Side Impact	Front	★★★★★
	Rear	★★★
NCAP Rollover Resistance Rating		★★★★★
IIHS Offset Frontal Rating		Good

**Ford Thunderbird**



[Visit Web site](#)

NCAP Star Rating: Full Frontal Impact	Driver Passenger	★★★★★
NCAP Star Rating: Side Impact	Front	★★★★★
NCAP Rollover Resistance Rating		★★★★★

**Jaguar S Type**



[Visit Web site](#)

NCAP Star Rating: Side Impact	Front	★★★★★
	Rear	★★★★★
NCAP Rollover Resistance Rating		★★★★★

**Jaguar X Type**



[Visit Web site](#)

NCAP Star Rating: Side Impact	Front	★★★★★
	Rear	★★★★★
NCAP Rollover Resistance Rating		★★★★★
IIHS Offset Frontal Rating		Good

**Lincoln LS**



[Visit Web site](#)

NCAP Star Rating: Full Frontal Impact	Driver Passenger	★★★★★
NCAP Star Rating: Side Impact	Front	★★★★★
	Rear	★★★★★
NCAP Rollover Resistance Rating		★★★★★
IIHS Offset Frontal Rating		Good

**Lincoln Navigator**



[Visit Web site](#)

NCAP Star Rating: Full Frontal Impact	Driver Passenger	★★★★★
---------------------------------------	------------------	-------

**Lincoln Town Car**



[Visit Web site](#)

NCAP Star Rating: Full Frontal Impact	Driver Passenger	★★★★★
NCAP Star Rating: Side Impact	Front	★★★★★
	Rear	★★★★★
NCAP Rollover Resistance Rating		★★★★★
IIHS Offset Frontal Rating		Good

**Volvo S40**



[Visit Web site](#)

NCAP Star Rating: Full Frontal Impact	Driver Passenger	★★★★★
NCAP Star Rating: Side Impact	Front	★★★★★
	Rear	★★★★★
NCAP Rollover Resistance Rating		★★★★★
IIHS Offset Frontal Rating		Good

**Volvo S60**



[Visit Web site](#)

NCAP Star Rating: Full Frontal Impact	Driver Passenger	★★★★★
NCAP Star Rating: Side Impact	Front	★★★★★
	Rear	★★★★★
NCAP Rollover Resistance Rating		★★★★★
IIHS Offset Frontal Rating		Good

**Volvo S80**

NCAP Star Rating: Full Frontal Impact

Driver  
Passenger

NCAP Star Rating: Side Impact

Front  
Rear

NCAP Rollover Resistance Rating



IIHS Offset Frontal Rating

Good

[Visit Web site](#)**Volvo XC90**

NCAP Star Rating: Side Impact

Front  
Rear

NCAP Rollover Resistance Rating



IIHS Offset Frontal Rating

Good

[Visit Web site](#)[See notes to the data](#)**U.S. New Car Assessment Program**

Government star ratings are part of the New Car Assessment Program (NCAP) of the U.S. National Highway Traffic Safety Administration (NHTSA). In NHTSA's tests, vehicles with belted front-seat test dummies are crashed into a fixed barrier at 35 mph, which is equivalent to a head-on collision between two similar vehicle, each moving at 35 mph. Since the test is designed to reflect a crash between two similar vehicles, one can meaningfully compare vehicles from the same weight class (within +/- 250 lbs) when looking at frontal crash test ratings.

Instruments measure the force of the impact to each test dummy's head, chest and legs. NHTSA uses the readings from these instruments to estimate the chance that a real occupant would sustain a serious injury in the tested crash. A serious injury is defined as one that requires immediate hospitalization and may be life-threatening.

What do the stars mean?

★★★★★ = 10 percent or less chance of serious injury.

★★★★ = 11 percent to 20 percent chance of serious injury.

★★★ = 21 percent to 35 percent chance of serious injury.

★★ = 36 percent to 45 percent chance of serious injury.

★ = 46 percent or greater chance of serious injury.

For more information, go to [www.nhtsa.dot.gov](http://www.nhtsa.dot.gov).

**IIHS Frontal Offset Evaluation**

In the 40 mph offset test of the Insurance Institute for Highway Safety (IIHS), 40 percent of the total width of a vehicle strikes a barrier on the driver's side. The forces in the test are similar to those involved in a frontal offset crash between two vehicles of the same weight, each going just less than 40 mph. Test results can be compared only among vehicles of similar weight. Like full-width crash test results, the results of offset tests cannot be used to compare vehicle performance across weight classes.

Based on a vehicle's performance in three areas evaluated in the frontal offset crash tested - structural performance, injury measures and restraints/dummy kinematics - the IIHS assigns a vehicle an overall crashworthiness measure of Good, Acceptable, Marginal or Poor. For more information, go to [www.iihs.org](http://www.iihs.org).

**NOTES TO THE DATA****Chart A**

Recalls are by calendar year rather than model year. A single recall may affect several vehicle lines and/or several model years. The same vehicle may have multiple recalls. (Source: U.S. National Highway Traffic Safety Administration.)

**Chart B**

As we attempt to balance frequently changing government and non-government test requirements with real-world safety, we have continued to assess the appropriate metrics for measuring our performance. For the first time this year we have chosen to present public domain safety ratings for all of our models, rather than a percentage of models tested receiving a particular star rating.

\* No Data – the instruments used to record the rating data malfunctioned.

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- Performance Data
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- **Vehicle Safety**

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## Vehicle Safety

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- B [2005 Public Domain Ratings of Ford Motor Company Products](#)

#### A Ford Safety Recalls

Number of safety recalls


2001	2002	2003	2004	2005
29	16	16	21	16

Number of units


2001	2002	2003	2004	2005
5,373,294	2,323,000	3,405,000	5,340,000	6,005,000

[See notes to the data](#)

#### B 2006 Public Domain Ratings of Ford Motor Company Products

<b>E Series 150</b>	NCAP Star Rating: Full Frontal Impact	Driver Passenger	★★★★★ ★★★★★
			

[Visit Web site](#)

<b>Escape / Tribute / Mariner / Hybrid</b>	NCAP Star Rating: Full Frontal Impact	Driver Passenger	★★★★★ ★★★★★
	NCAP Star Rating: Side Impact	Front Rear	★★★★★ ★★★★★
	NCAP Rollover Resistance Rating		★★★★
	IIHS Offset Frontal Rating		Acceptable
			


[Visit Escape Web site](#)



[Visit Tribute Web site](#)



[Visit Mariner Hybrid Web site](#)

<b>F150 Super Crew</b>	NCAP Star Rating: Full Frontal Impact	Driver Passenger	★★★★★ ★★★★★
			

[Visit Web site](#)

#### Viewing This Data

Would you prefer to view the data as charts?

[See data charts](#)

**F150 Super / Reg Cab**[Visit Web site](#)

NCAP Star Rating: Full Frontal Impact

Driver  
Passenger

NCAP Star Rating: Side Impact

Front  
Rear

NCAP Rollover Resistance Rating



IIHS Offset Frontal Rating

Good

**Ford 500 / Mercury Montego**[Visit Ford 500 Web site](#)

NCAP Star Rating: Full Frontal Impact

Driver  
Passenger

NCAP Star Rating: Side Impact

Front  
Rear

NCAP Rollover Resistance Rating



IIHS Offset Frontal Rating

Good

[Visit Mercury Montego Web site](#)**Ford Crown Victoria / Grand Marquis**[Visit Crown Victoria Web site](#)

NCAP Star Rating: Full Frontal Impact

Driver  
Passenger

NCAP Star Rating: Side Impact

Front  
Rear

NCAP Rollover Resistance Rating



IIHS Offset Frontal Rating

Good

[Visit Grand Marquis Web site](#)**Ford Expedition**[Visit Web site](#)

NCAP Star Rating: Full Frontal Impact

Driver  
Passenger

NCAP Rollover Resistance Rating

4x2  
4x4**Ford Explorer / Mountaineer, 4dr**[Visit Explorer Web site](#)

NCAP Star Rating: Full Frontal Impact

Driver  
**2004 rating:**  
Passenger

NCAP Star Rating: Side Impact

Front  
Rear

NCAP Rollover Resistance Rating



IIHS Offset Frontal Rating

Good

[Visit Mountaineer Web site](#)**NEW MODEL  
Ford Explorer Sport Trac (2007 MY)**[Visit Explorer Sport Trac Web site](#)

NCAP Star Rating: Full Frontal Impact

Driver  
Passenger

NCAP Star Rating: Side Impact

Front  
Rear**Ford Focus 2 dr**[Visit Web site](#)

NCAP Star Rating: Full Frontal Impact

Driver  
Passenger

NCAP Star Rating: Side Impact

Front  
Rear

NCAP Rollover Resistance Rating

**Ford Focus 4 dr**[Visit Web site](#)

NCAP Star Rating: Full Frontal Impact

Driver  
Passenger

NCAP Star Rating: Side Impact

Front  
Rear

NCAP Rollover Resistance Rating



IIHS Offset Frontal Rating

Good

**Ford Freestar / Mercury Monterey**



[Visit Freestar Web site](#)



[Visit Monterey Web site](#)

NCAP Star Rating: Full Frontal Impact	Driver Passenger	★★★★★
NCAP Star Rating: Side Impact	Front	★★★★★
	Rear	★★★★★
NCAP Rollover Resistance Rating		★★★★★
IIHS Offset Frontal Rating		Good

**Ford Freestyle**



[Visit Web site](#)

NCAP Star Rating: Full Frontal Impact	Driver Passenger	★★★★★
NCAP Star Rating: Side Impact	Front	★★★★★
	Rear	★★★★★
IIHS Offset Frontal Rating		Good

**NEW MODEL**  
**Ford Fusion / Mercury Milan / Lincoln Zephyr**



[Visit Ford Fusion Web site](#)



[Visit Mercury Milan Web site](#)



[Visit Lincoln Zephyr Web site](#)

NCAP Star Rating: Full Frontal Impact	Driver Passenger (with side airbag)	★★★★★
NCAP Star Rating: Side Impact	Front	★★★★★
	Rear	★★★★★
NCAP Rollover Resistance Rating		★★★★★
IIHS Offset Frontal Rating		Good

**Ford Mustang coupe**



[Visit Web site](#)

NCAP Star Rating: Full Frontal Impact	Driver Passenger	★★★★★
NCAP Star Rating: Side Impact	Front	★★★★★
	Rear	No Data*
NCAP Rollover Resistance Rating		★★★★★

**Ford Ranger Extended Cab / Mazda B**



[Visit Ranger Web site](#)



[Visit Mazda B Web site](#)

NCAP Star Rating: Full Frontal Impact	Driver Passenger	★★★★★
NCAP Star Rating: Side Impact	Front	★★★★★
NCAP Rollover Resistance Rating	4x4	★★
	4x2	★★★

**Ford Ranger Reg. Cab / Mazda B**



[Visit Ranger Web site](#)



[Visit Mazda B Web site](#)

NCAP Star Rating: Full Frontal Impact	Driver Passenger	★★★★★
NCAP Star Rating: Side Impact	Front	★★★★★
NCAP Rollover Resistance Rating	4x4	★★
	4x2	★★★
IIHS Offset Frontal Rating		Acceptable

**Ford Taurus / Mercury Sable**



[Visit Taurus Web site](#)

NCAP Star Rating: Full Frontal Impact

Driver  
Passenger

★★★★★  
★★★★★

NCAP Star Rating: Side Impact

Front  
Rear

★★★★  
★★★★

NCAP Rollover Resistance Rating

★★★★★

IIHS Offset Frontal Rating

Good



[Visit Sable Web site](#)

**Ford Thunderbird**



[Visit Web site](#)

NCAP Star Rating: Full Frontal Impact

Driver  
Passenger

★★★★★  
★★★★★

NCAP Star Rating: Side Impact

Front

★★★★★

NCAP Rollover Resistance Rating

★★★★★

**Jaguar S Type**



[Visit Web site](#)

NCAP Star Rating: Side Impact

Front  
Rear

★★★★★  
★★★★★

NCAP Rollover Resistance Rating

★★★★★

**Jaguar X Type**



[Visit Web site](#)

NCAP Star Rating: Side Impact

Front  
Rear

★★★★★  
★★★★★

NCAP Rollover Resistance Rating

★★★★★

IIHS Offset Frontal Rating

Good

**Lincoln LS**



[Visit Web site](#)

NCAP Star Rating: Full Frontal Impact

Driver  
Passenger

★★★★★  
★★★★★

NCAP Star Rating: Side Impact

Front  
Rear

★★★★★  
★★★★★

NCAP Rollover Resistance Rating

★★★★★

IIHS Offset Frontal Rating

Good

**Lincoln Navigator**



[Visit Web site](#)

NCAP Star Rating: Full Frontal Impact

Driver  
Passenger

★★★★★  
★★★★★

**Lincoln Town Car**



[Visit Web site](#)

NCAP Star Rating: Full Frontal Impact

Driver  
Passenger

★★★★★  
★★★★★

NCAP Star Rating: Side Impact

Front  
Rear

★★★★★  
★★★★★

NCAP Rollover Resistance Rating

★★★★★

IIHS Offset Frontal Rating

Good

**Volvo S40**



[Visit Web site](#)

NCAP Star Rating: Full Frontal Impact

Driver  
Passenger

★★★★★  
★★★★★

NCAP Star Rating: Side Impact

Front  
Rear

★★★★★  
★★★★★

NCAP Rollover Resistance Rating

★★★★★

IIHS Offset Frontal Rating

Good

**Volvo S60**



[Visit Web site](#)

NCAP Star Rating: Full Frontal Impact

Driver  
Passenger

★★★★★  
★★★★★

NCAP Star Rating: Side Impact

Front  
Rear

★★★★★  
★★★★★

NCAP Rollover Resistance Rating

★★★★★

IIHS Offset Frontal Rating

Good

**Volvo S80**



[Visit Web site](#)

NCAP Star Rating: Full Frontal Impact

Driver  
Passenger

★★★★★  
★★★★★

NCAP Star Rating: Side Impact

Front  
Rear

★★★★★  
★★★★★

NCAP Rollover Resistance Rating

★★★★★

IIHS Offset Frontal Rating

Good

**Volvo XC90**



[Visit Web site](#)

NCAP Star Rating: Side Impact

Front  
Rear

★★★★★  
★★★★★

NCAP Rollover Resistance Rating

★★★★★

IIHS Offset Frontal Rating

Good

[See notes to the data](#)

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## U.S. New Car Assessment Program

Government star ratings are part of the New Car Assessment Program (NCAP) of the U.S. National Highway Traffic Safety Administration (NHTSA). In NHTSA's tests, vehicles with belted front-seat test dummies are crashed into a fixed barrier at 35 mph, which is equivalent to a head-on collision between two similar vehicles, each moving at 35 mph. Since the test is designed to reflect a crash between two similar vehicles, one can meaningfully compare vehicles from the same weight class (within +/- 250 lbs) when looking at frontal crash test ratings.

Instruments measure the force of the impact to each test dummy's head, chest and legs. NHTSA uses the readings from these instruments to estimate the chance that a real occupant would sustain a serious injury in the tested crash. A serious injury is defined as one that requires immediate hospitalization and may be life-threatening.

What do the stars mean?

- ★★★★★ = 10 percent or less chance of serious injury.
- ★★★★☆ = 11 percent to 20 percent chance of serious injury.
- ★★★☆☆ = 21 percent to 35 percent chance of serious injury.
- ★★☆☆\* = 36 percent to 45 percent chance of serious injury.
- ★☆☆\*\* = 46 percent or greater chance of serious injury.

For more information, go to [www.nhtsa.dot.gov](http://www.nhtsa.dot.gov).

## IIHS Frontal Offset Evaluation

In the 40 mph offset test of the Insurance Institute for Highway Safety (IIHS), 40 percent of the total width of a vehicle strikes a barrier on the driver's side. The forces in the test are similar to those involved in a frontal offset crash between two vehicles of the same weight, each going just less than 40 mph. Test results can be compared only among vehicles of similar weight. Like full-width crash test results, the results of offset tests cannot be used to compare vehicle performance across weight classes.

Based on a vehicle's performance in three areas evaluated in the frontal offset crash tested - structural performance, injury measures and restraints/dummy kinematics - the IIHS assigns a vehicle an overall crashworthiness measure of Good, Acceptable, Marginal or Poor. For more information, go to [www.iihs.org](http://www.iihs.org).

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## NOTES TO THE DATA

### Table A

Recalls are by calendar year rather than model year. A single recall may affect several vehicle lines and/or several model years. The same vehicle may have multiple recalls. (Source: U.S. National Highway Traffic Safety Administration.)

### Table B

As we attempt to balance frequently changing government and non-government test requirements with real-world safety, we have continued to assess the appropriate metrics for measuring our performance. For the first time this year we have chosen to present public domain safety ratings for all of our models, rather than a percentage of models tested receiving a particular star rating.

\* No Data – the instruments used to record the rating data malfunctioned.

---

## Quality of Relationships

### About This Principle and Our Progress

- Who Are Our Stakeholders?
- Employees
- Dealers
- Suppliers
- Society
- Dimensions of Diversity
- Performance Data

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## Quality of Relationships

### About This Principle

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

▲ *New product introductions like the Escape Hybrid, which went on sale in late summer 2004 as the world's first hybrid SUV, will be of mutual benefit to Ford and its dealers, and will help strengthen our relationships with them.*

We will achieve this by:

- Building and maintaining a caring culture of partnership and mutual benefit
- Developing individual and team skills so employees can reach their full potential and contribute to the success of the Ford Motor Company
- Creating a business climate that encourages innovation, learning and exceptional performance
- Actively pursuing the benefits derived from a diverse workforce, as well as those from the diversity of perspectives provided by our stakeholders

### Have Your Say

Please share your thoughts on our report – all responses will be aggregated to provide valuable feedback on our efforts to date and help prioritize improvements for the future.

[Send your feedback](#)

### Progress Since Our Last Report

We have vital, sustained relationships with many stakeholders. The quality of these relationships contributes to our ability to achieve our goals and succeed in the marketplace.

Among our salaried employees, overall job satisfaction for 2005 rose by one percentage point compared to 2004. Our comprehensive Pulse survey showed improvement in most performance areas and a decline only in training and development.

We are working closely with our suppliers to implement programs to improve quality, find cost efficiencies and align our social and environmental practices.

More than 99 percent of our preferred production suppliers have met our request to attain ISO 14001 environmental management certification for facilities supplying Ford.

In September 2005, we completed the integration of our [Code of Basic Working Conditions](#) into the contract terms and conditions that cover all suppliers. We have piloted an approach to training and assessing Code implementation by suppliers in several emerging markets and planned the rollout to additional countries.

We are strengthening our relationship with our dealers through open dialogue on key issues such as new products, vehicle quality and customer satisfaction.

Finally, we continue to make progress in embracing and fostering the diversity of our employees, customers and business partners, and we have been recognized for our achievements in these areas.



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### Who Are Our Stakeholders?

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## Who Are Our Stakeholders?


Our stakeholders – those who affect Ford or are affected by us – are numerous. A closer look, however, shows that we have sustained, interdependent relationships with several distinct categories of stakeholders: our employees, customers, dealers, suppliers, investors and communities. Also important is our relationship to "society," including government, nongovernmental organizations (NGOs) and academia.

Our forums for communicating and engaging with these stakeholders are summarized in the table below. Please see the [Products and Customers](#) section for discussion of our relationships with customers and the [Community](#) section for information on how we engage with the communities in which we do business.


Stakeholder	Communication Forums
<a href="#">COMMUNITIES / SOCIETY</a> 275 production, distribution, customer support and research facilities worldwide – including manufacturing facilities in 23 countries on six continents	Community Relations Committees Interactions with governments Membership in associations NGO dialogues Community Impact Assessments
<a href="#">INVESTORS</a> 1.8 billion shares	Investment community forums Quarterly earnings communications Annual Shareholders Meeting Annual Report Proxy Statement S.E.C. Filings (e.g., 10-K, 10-Q, 8-K)
<a href="#">CUSTOMERS</a> 6.8 million vehicles	Consumer Insight process Customer care programs Dealer interactions
<a href="#">SUPPLIERS</a> 2,000+ production suppliers 9,000+ nonproduction suppliers Over \$90 billion annual buy	International Supplier Advisory Council Executive champion program Top supplier meetings Supplier quality roundtables Supplier Sustainability Forum Supplier Diversity Development
<a href="#">DEALERS</a> 18,332 dealers	Intranet communications Brand sales and service representatives Brand Dealer Councils Dealer roundtables President's Circle Advertising and public service announcements
<a href="#">EMPLOYEES</a> 300,000 employees	Town Hall meetings Labor-management committees Pulse survey Union representation Intranet surveys and chats Executive Council on Diversity Local Diversity Councils Employee Resource Groups

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## Employees

Our employees are our most valuable resource. We invest in their development, and they invest their time, talent and energy in the success of Ford Motor Company.

Approximately 250,000 Ford Motor Company employees belong to labor unions worldwide. Joint labor-management committees are set up at each plant to give employees an opportunity to influence working conditions and practices. For example, the Ford European Works Council provides for employee input into a range of issues.

Substantially all of the hourly employees in our automotive operations in the United States are represented by unions and covered by collective bargaining agreements. Approximately 2 percent of our U.S. salaried employees are represented by unions. Most hourly employees and many nonmanagement salaried employees of our subsidiaries outside of the United States also are represented by unions.

Policy and procedures involving information, consultation and negotiations with employees over changes in the reporting organization's operations (e.g., reorganization, plant shutdown, employee transfers and reductions) are all handled as part of the National Collective Bargaining Agreement with the UAW in North America or with the European Works Council.

In 2005, we negotiated new Ford collective bargaining agreements with labor unions in Argentina, Brazil, Canada, France, Mexico, New Zealand, South Africa, Spain, Taiwan, Thailand and Vietnam. We also negotiated new collective bargaining agreements to cover employees at our Aston Martin (UK), Land Rover (UK) and Volvo (Belgium and Sweden) affiliates.

In 2006, we are or will be negotiating new collective bargaining agreements with labor unions in Argentina, Australia, Belgium, Brazil, France, Germany, Mexico, Russia, Taiwan, Thailand, United Kingdom and Vietnam. We will also negotiate new collective bargaining agreements at our Jaguar (UK) and Volvo (Sweden) affiliates.

We remain concerned about the rapidly rising cost of providing health care to our active and retired employees in the United States. Although we are proud of providing excellent benefits for employees, [controlling health care costs](#) is critical to our competitiveness.

In 2005, business conditions forced us to suspend contributions to U.S. employees' 401(k) retirement plans. Contributions had initially been suspended early in 2002, but were reinstated in 2004 until we were forced to halt them again last year.

### Employee Satisfaction

In 2005, 69 percent of our salaried employees participated in the annual Pulse survey, which provides feedback on employees' overall satisfaction with the Company, their jobs, diversity and other aspects of workplace satisfaction. The 2004 participation rate was 68 percent.

The Pulse survey includes a total of 55 items, eight of which make up what we call the Employee Satisfaction Index (ESI). Sixty-five percent of employees gave favorable ratings on the ESI in 2005, up one percentage point from 2004. Compared to 2004, almost 84 percent of the 55 items improved, 5 percent declined and about 11 percent remained the same.

Among the areas showing improvement were employees' satisfaction with workplace stress, reward and recognition, workload, supervision, teamwork, empowerment, diversity, and overall satisfaction with job and Company. Remaining stable at a high level of favorability was employee satisfaction with actions being taken to improve quality. The training and development performance area was the only one showing a decline.

For nine years, Ford's employees, retirees, dealers, suppliers, family members and friends have come together to provide major support for the [Juvenile Diabetes Research Foundation International](#) (JDRF).

Ford is JDRF's top corporate sponsor and only international sponsor, earning JDRF's President's Award for five years running.


Ford's participation began in 1998 with the formation of the Ford Global Walk Team. In 2005, more than 25,000 people joined teams in the United States, the UK, Australia, Brazil, Canada, Denmark, France, Germany, Malaysia and Spain, raising more than \$3.2 million through a variety of activities including walkathons, dunk tanks, open houses and raffles. The funds raised by these volunteers have totaled more than \$17 million since the program's inception.

### Related Links


- **In This Report**
  - ▾ [Employee Satisfaction, Pulse Survey](#)
- **External Web Sites**
  - ▾ [UAW](#)

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## Dealers

Our dealers are the face of Ford to our customers and communities. They are key employers and contributors to local economies. Ford and Lincoln Mercury dealers in the United States alone employ 242,000 people, with a payroll of almost \$9.0 billion and tax payments of more than \$825 million.

We are working to expand our network of dealers in markets where we have growth opportunities. In China, for example, we have been increasing our dealerships at the rate of about one a week. In South America, we have made a targeted effort to re-establish Ford by rebuilding our dealer network there. And in Russia, the opening of a new parts depot in 2005 was a clear signal to dealers that we are committed to their markets and their business.

Dealers are an important part of our product-led strategy. Our new product introductions will be of mutual benefit to Ford and its dealers, and will help strengthen our relationships (see [Products and Customers](#) section).

Each brand has an active Dealer Council that meets several times each year, providing a forum for dealers to voice their concerns, their needs and ways in which we could work more productively together. Dealer advisory committees are also important and provide input into future product offerings.

Through these various methods of interaction, Ford management has had the opportunity to meet with, and hear from, the majority of the dealers in their respective franchises.

The feedback gathered through these interactions has helped us develop various programs, change policies and enhance processes to improve customer handling and other significant elements of the dealers' business.

We measure dealer satisfaction within all of our brands and regions through various methods. Day-to-day interaction with our dealers, ongoing meetings with our Dealer Councils and input from third-party surveys assist us in assessing the state of our important relationship with our dealers. Dealer Attitude Survey results for 2005 reflect an improving trend for overall satisfaction among Ford, Lincoln and Mercury dealers, with Ford dealer satisfaction at a 10-year high.

Ford annually recognizes outstanding dealer contributions to the community through its "Salute To Dealers" program. The program was established in 2001 to demonstrate our commitment to dealers who provide outstanding products and services, and improve the lives of those in need. Dealers from all eight of our brands representing more than 6,000 dealership franchises nationally are eligible to be nominated. Ford Motor Company is very proud of the contributions made by the dealers who are nominated for this award and the 48 men and women who have been selected as "Salute To Dealers" honorees over the past six years. Considering the high quality and community spirit of our dealer body, this is a tribute to their hard work and dedication to make the world a better place.

### Related Links

- **External Web Sites**
  - [Salute to Dealers](#)



Our 2006 "Salute To Dealer" honorees include:

- **Fred Beans, Fred Beans Family of Dealerships, Doylestown, PA**  
 Fred Beans mixes the old-fashioned values of hard work, honesty and kindness to make a lasting impact on his community and beyond. He supports local organizations such as the James A. Michener Art Museum, Central Bucks Family YMCA and Heritage Conservancy. After Hurricane Katrina, Fred pledged to furnish a badly needed new daycare center in the Bay-Waveland, Mississippi, community. The advocate of healthy living also promotes lifestyle programs in the workplace.
- **Jay Cimino, Phil Long Dealerships, Colorado Springs, CO**  
 Jay Cimino is a champion for youth and gives back to the community with zeal. The Phil Long Community Fund is helping develop the 10th "Fantasy Playground" since 1996 while "Operation Home Support" helps solve transportation problems for military families. In addition to providing millions of dollars for hundreds of initiatives throughout the Front Range, Jay has established projects such as new playgrounds and scholarships in his hometown of Trinidad, Colorado.
- **Marcelle Fortier Citron, Hub City Ford, Lafayette, LA**  
 All her life, Marcelle Fortier Citron has been driven to provide for the underprivileged in her community, modeling Mother Teresa's wise words, "Do small things with great love." Among her many good works, Marcelle founded FoodNet, a food bank that has made a substantial impact on hunger in the Acadiana area; Faith House, a shelter for abused women and children; and Project RX, a free prescription drug program for the needy.
- **Robert J. Grappone, Grappone Automotive Group, Concord, NH**  
 Bob Grappone's attitude is, "If you've got it, share it." He works closely with the Easter Seals to battle autism and supports Concord Hospital and the Salvation Army. He has also given generously to build much-needed meeting, athletic and entertainment facilities in the greater Concord area. He and his wife Beverly tackled a health care crisis, leading a campaign for the New Hampshire Technical Institute to expand its nursing program and provide scholarships.
- **Mac Haik, Mac Haik Automotive Group, Houston, TX**  
 Mac Haik knows he has had a blessed life. After losing his father at a young age, he went on to become a professional football player and successful businessman. Eager to give back, Mac focuses many of his efforts on young people and health care, particularly safety, education, drug prevention and counseling. Among the many beneficiaries of his generosity are Texas Children's Hospital, Krause Children's Residential Treatment Center, Second Baptist Church and disaster relief.
- **David Kimmerle, Sanderson Ford Inc., Glendale, AZ**  
 David Kimmerle is passionate about kids, so he and his wife Sue spend part of each day working to provide a safe haven, quality foundation and opportunities for local youths. The father of six raises awareness of the West Valley Child Crisis Center while his Operation Santa Claus collects and distributes toys, clothes and food to groups that care for the less fortunate. David raised funds to improve the local YMCA and has sponsored the 4H Club/Future Farmers of America for 15 years.
- **David J. Long Jr., Long Motor Company, Princeton, NJ**  
 As a young man, Dave Long thought he would teach or serve with the Peace Corps. As a businessman, he's able to help by donating time, cars and money to programs such as the Institute for Children with Cancer and Blood Disorders. He worked with the local Red Cross chapter on "Safe School Initiative" to bring life-saving training to inner-city youths. Dave also helps guide the Princeton HealthCare System Foundation in its plan to relocate and grow to better serve the community.
- **Alton F. Owen Sr., Owen Ford, Jarratt, VA**  
 Alton Owen is a respected leader who integrates his passion for family, church,

government and business into a life of service. The former nine-term mayor recruited quality health care for his rural community and worked to improve the poor employment and industrial situation. The longtime member of the Jarratt Ruritan Club service group also raises money for volunteer rescue squads and fire departments, Red Cross and American Cancer Society, and established scholarships for High Hills Baptist Church.

- **Sam H. Pack, Sam Pack's Five Star Ford, Carrollton, TX**


Motivated by a sense of responsibility, Sam Pack frequently lends his time, talent and treasure to a diverse group of causes as he strives to live by the Rotary Club creed of "service above self." He is a major supporter of the Episcopal Diocese of Dallas' "Onward" growth campaign and local "Christmas is for Kids" program. Sam also reached out to help hurricane victims and supports Holy Angels in Shreveport, Louisiana, which serves people with developmental disabilities.

More information about "Salute To Dealers" and the honorees is available at [www.salutetodealers.com](http://www.salutetodealers.com).



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## Suppliers

Suppliers are an integral part of our business, and our success is interdependent with theirs. We rely on more than 2,000 production suppliers to provide many of the parts that are assembled into Ford vehicles. Another 9,000 suppliers provide a wide range of nonproduction goods and services, from production equipment to computers to advertising.

### Environmental Management and Human Rights

It is important that our suppliers share our commitment to environmental and social performance.

In September 2005, we added language to our core contract covering all nonproduction suppliers to reflect our specific [Code of Basic Working conditions](#) requirements prohibiting the use of forced labor, child labor and physical disciplinary abuse. We did the same for production suppliers in January 2004. By building this language into the Ford Global Terms and Conditions, the Code now applies to all Ford suppliers. We have conducted training and assessments of suppliers in China and Mexico, and developed an approach to ensuring alignment with our Code throughout our supply chain (see [Human Rights](#) section).

Mid-2003 was the deadline for Ford's Q1 (preferred) production suppliers to attain ISO 14001 environmental management certification of manufacturing facilities that ship products to Ford. ISO 14001 certification is expected of Q1 nonproduction suppliers if the supplier site is a manufacturing site or a nonmanufacturing site with significant environmental impact. We worked with General Motors and DaimlerChrysler, which adopted similar requirements, to communicate consistently with suppliers and monitor progress.

By 2005, 99.5 percent of Q1 production suppliers had ISO 14001 certification. Suppliers that did not meet the deadline are not eligible for Q1 status, which is a prerequisite for consideration for future Ford business. We also encourage our suppliers to extend the benefits of improved environmental performance by implementing similar requirements for environmental management systems in their own supply base.

In the United Kingdom, Jaguar and Land Rover received a prestigious Business Commitment to the Environment Major Commendation award for Sustainability in the Automotive Supply Chain for 2005. BCE is recognized as the country's highest environmental prize. The submission was based on a project to provide environmental and sustainability support to Jaguar and Land Rover's supply chain, predominantly in England's West Midlands region. The partnership between JLR and Coventry City Council's Environmental Advice Services team is celebrating its 10th anniversary in 2006.

### Working Together for a Sustainable Future

Ford and its suppliers must work jointly to deliver great products, to have a strong business and to make a better future. In order to achieve our vision, together we must focus on reducing costs and improving quality throughout our supply chain. In today's economic environment, achieving lower costs and improving quality will require an unprecedented level of cooperation and strong supplier relationships. Key efforts are under way that are aimed at the areas of the business most essential to building better relationships, these include:

- Adhering to Ford Supplier Relationship Values
- Deploying a single common global product creation process that encompasses aggressive execution of product plans with minimal variances
- Enhanced process stability, commonality and reusability
- Improving communication by providing real-time performance data to the supply base
- Providing suppliers greater access to senior management in small group settings
- Establishing organizational stability models in Manufacturing, Product Development and Purchasing

### Related Links

#### In This Report

- [Managing Environmental Performance](#)
- [Human Rights](#)
- [Code of Basic Working Conditions](#)

### Downloads

-  [Ford Report on the Business Impact of Climate Change](#)  
PDF format, 335 Kb

- Continuing to improve release stability and production predictability through implementation of order fulfillment

Ford also plans to engage the supply base in discussions on process stability, incoming quality and corporate citizenship, and involve suppliers on coalitions to create awareness of industry issues.

To provide a venue for ongoing collaboration between Ford and suppliers that are demonstrating leadership in sustainability, we created the Ford Supplier Sustainability Forum (successor to the Supplier Environmental Forum). The Forum's mission is to:

- Foster communication and information-sharing among participants
- Provide an opportunity for open dialogue between Ford and its suppliers
- Identify areas for collaboration, share best practices, explore common emerging issues and generate actions to address issues that deliver business value
- Advocate for the implementation of actions at our companies and our supply chains

During 2004 and 2005, Forum members focused on global water scarcity; climate change; materials; and working conditions in the automotive supply chain and, specifically, the creation of Corporate Codes of Conduct.

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## Supplier Environmental Leadership

For several years, Ford has recognized supplier companies that demonstrate leadership in environmental and social performance. In 2004, the Environmental Leadership and Social Responsibility Awards were combined into one award, the Corporate Responsibility Award. The new category encompasses the original criteria and better reflects our strategy to foster excellence in both social and environmental performance. Suppliers must meet several criteria including ISO 14001 certification at all manufacturing sites, full acceptance of Ford Motor Company's Global Terms and Conditions, and demonstration of overall sustainability leadership by incorporating environmental and social considerations into their business.


Two companies shared the Corporate Responsibility Award for 2005: [Wallenius Wilhelmsen Logistics](#) and [Wexford Sand Company](#).

### Related Links

- **In This Report**
  - [Managing Environmental Performance](#)
- **External Web Sites**
  - [Wallenius Wilhelmsen Logistics](#)
  - [Wexford Sand Company](#)

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## Society

We engage regularly with "society," as represented by government officials, NGOs, academia, and other organizations and individuals. Examples of these engagements can be found in the [Accountability](#) section, the "[key topics](#)" sections and throughout this report.

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## Dimensions of Diversity

Ford values the many dimensions of diversity: culture, ethnicity, race, gender, nationality, age, disability, religion, marital status, sexual orientation, gender orientation, education, life experience, opinions and beliefs. We believe diversity is a competitive advantage, helping the Company to be more innovative and focused on individuals in the workplace and marketplace.

We have received more than 200 awards over five years from publications and organizations that recognize the value we place on diversity. In 2004 and 2005, we were recognized by Diversity Inc. magazine, the Minority Business Development Agency of the U.S. Department of Commerce, the United States Hispanic Chamber of Commerce, the National Minority Supplier Development Council, the American Legion, the Australian Equal Opportunity for Women in the Workplace Agency and the German business magazine CAPITAL.

Some of the ways we are achieving a healthy and diverse company are summarized below.

### Workplace

Ford Motor Company has a history of diversity and inclusiveness, dating back to its early days when Henry Ford was among the first to establish a company with employees who represented the communities it served.

Today, Ford supports 10 Employee Resource Groups in the United States representing African-Americans, Hispanics, Asian-Indians, Chinese, Middle Eastern employees, disabled employees, working parents, gay, lesbian, bisexual and transgendered employees, female professionals and employees of multiple religious faiths. The Resource Groups help us better understand the consumer needs and wants of individuals of diverse backgrounds. In addition, the Resource Groups frequently volunteer within their communities. Many of the groups have chapters around the world.

At Ford, we have made diversity and inclusion a priority in our Company. For example, we have more minority and female board-appointed officers than any other company in the automotive industry.

Our efforts include an Executive Council on Diversity that has been in place since 1995 – comprised of senior leaders from each of our major organizations – as well as partnerships with local diversity councils and programs that promote flexibility and worklife integration. With a strong commitment from the top, we are constantly searching for ways to expand our dialogue on diversity and inclusion to sustain the momentum.

Our leaders understand the importance of ensuring that a message of diversity and inclusion is communicated in ongoing forums such as PDCs, town hall meetings and newsletters. Therefore, we've continued with our Diversity and Worklife Summit, an annual event since 1999. The goals of the Summit are to share information and best practices about diversity and worklife; promote dialogue on diversity, inclusion and worklife; celebrate successes; and recognize employees who have contributed to the Company's success in building a diverse and inclusive culture that drives business results. The event started with one week of activities and at the request of employees has been extended to a full month. Ford affiliates in Europe, Asia-Pacific, Africa, South America, Mexico, Canada and the United States were recognized in 2005 for their efforts in leading and cultivating a diverse and inclusive workplace and community.

In 2005, the Multicultural Alliance (now called the Multicultural Forum), a task force comprised of Ford executives, continued to ensure that Ford's diversity strategies are meeting their goals with employees, customers and other key stakeholders.

In a global organization operating in a global marketplace, support for diversity takes many forms:

- Ford Motor Indonesia and Ford Credit adjusted daily work schedules during Ramadan to enable employees to enjoy "breaking fast" with their friends and

### A snapshot of diversity at Ford :

- More than 200 awards over 5 years
- 10 Employee Resource Groups
- An Executive Council on Diversity
- An annual Diversity and Worklife Summit
- A Multicultural Forum
- A Multilanguage Asian-American Web site and a Spanish Web site
- 377 U.S. dealerships minority owned

### Related Links

- **External Web Sites**
  - [Diversity Inc. magazine](#)
  - [Minority Business Development Agency of the U.S. Department of Commerce](#)
  - [United States Hispanic Chamber of Commerce](#)
  - [National Minority Supplier Development Council](#)
  - [American Legion](#)
  - [Australian Equal Opportunity for Women in the Workplace Agency](#)
  - [Ford Asian-American Web site](#)
  - [Ford Spanish Web site – Ford's MI Negocio \(My Business\)](#)

family. Ramadan, the holy month of fasting, is the most social time of the Islamic calendar and during this period Muslims must not eat or drink from sunrise to sunset.

- Ford Australia developed an Indigenous Employment Program that led to employment of more than 30 indigenous people. The organization Diversity @ Work recognized Ford Australia with a corporate award for the initiative.
- Ford of Germany established a Turkish Resource Group to support employees and marketing and sales initiatives. In addition, a Women's Marketing Panel has become an integral part of the product development process. Ford of Germany also has a model program for advancement of employees with physical restraints.
- Jaguar and Land Rover have won recognition for their work on realizing the economic potential and business benefit that women at all levels contribute to the workforce.

### **Customers and Business Partners**

Our customers are increasingly diverse across all dimensions. Our "Insight" program helps dealers better understand and serve minority customers. The program includes Web-based cultural training, in-dealership workshops and assistance in developing comprehensive multicultural strategies.

As part of our diversity efforts, we recently launched a new multilanguage Asian-American Web site. Meanwhile, our integrated Spanish Web site – Ford's "Mi Negocio" (My Business) – is one of the most comprehensive of its kind in the auto industry, offering a one-stop resource and outreach services in key Hispanic markets.

Ford continues to lead other automakers in its percentage of minority-owned dealerships – with 377 or 7.6 percent of our 4,973 U.S. dealerships. Ford was the first automaker to launch a postgraduate training program aimed at helping minorities gain the necessary skills to become future dealership owners. Minorities who have dedicated themselves to a career in automotive retailing often are eligible for funding from Ford. Through our Dealer Development Investment Program, Ford will fund up to 90 percent of an eligible candidate's investment capital – the seed money that's needed to purchase a dealership.

Our Supplier Diversity Development Office works with individuals, organizations and communities, creating opportunities for businesses owned by minorities and women. In 2005, we purchased \$3.7 billion in goods and services from almost 300 minority-owned suppliers – more than the revenue of some Fortune 500 companies. We also purchased \$825 million in goods and services from over 400 women-owned businesses. Financial commitments like these have earned us a seat at the "Billion Dollar Roundtable," an exclusive group of companies that have spent at least \$1 billion annually with diverse suppliers.

We encourage similar actions in our supply chain. In 2005, more than 500 of our largest suppliers purchased more than \$1.9 billion from minority- and women-owned enterprises in support of Ford business.

### **Awards**

- Winner of the 2005 Corporation of the Year award from the United States Hispanic Chamber of Commerce
- Recognized for leadership in supplier diversity by the Minority Business Development Agency of the U.S. Department of Commerce
- Ranked No. 2 in the nation for supplier diversity by Diversity Inc. magazine
- Finalist for the 2005 Corporation of the Year award from the National Minority Supplier Development Council




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## Ford of Britain Recognized for Diversity Programs

A British business group recently commended Ford's UK operation for its diversity programs. Business in the Community, which works to improve the way that business impacts on society, recognized Ford at a mid-2005 awards ceremony for its excellence in implementing initiatives on inclusivity.

Ford launched its "Dignity at Work" diversity policy and training program two years ago. About 20 percent of Ford's 14,000 employees in Britain participate in the training every year, helping to increase awareness of diversity-related issues by 10 percent.

Highlights of Ford of Britain's diversity program include:

- Increased retention of women employees, from 6.5 percent of the workforce in 2001 to 9.1 percent in 2004
- A return rate of 97 percent of women from maternity leave. Ford of Britain's female employees are entitled to full pay for 52 weeks while on maternity leave
- Assisting 500,000 disabled customers through an automobile program that Ford helped launch in 1977.

Ford sees these kinds of programs not as a fashionable corporate initiative but as a business imperative. To attract new customers we need to understand all motorists' needs in today's diverse society. This improves our business, gives Ford the competitive edge and is the right thing to do.

The Prince of Wales is the president of Business in the Community.

### Related Links

- **External Web Sites**
  - [BITC](#)

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### Charts on This Page

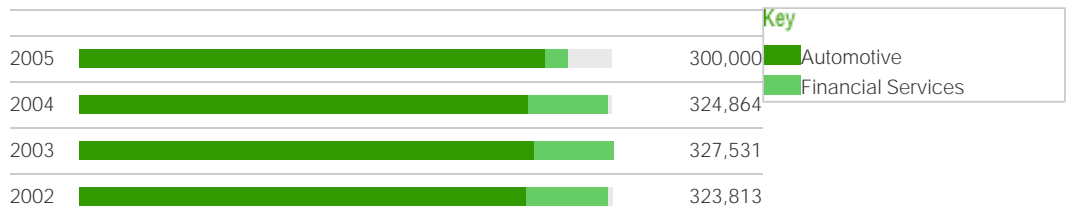
- A [Average Number of People Employed by Business Unit](#)
- B [Total Average Hourly Labor Costs](#)
- C [Total Purchases from Minority-owned Businesses – United States](#)
- D [U.S. Employment of Minority-group Personnel and Women at Year-end](#)
- E [Employee Satisfaction, Pulse Survey](#)

### Viewing This Data

Would you prefer to view the data as text tables?

 [See data tables](#)

### A Average Number of People Employed by Business Unit



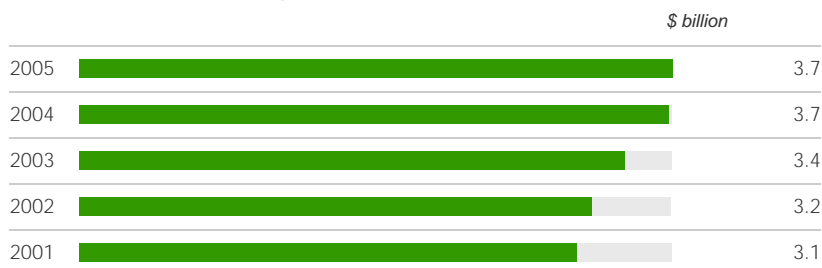
[See notes to the data](#)

### B Total Average Hourly Labor Costs



[See notes to the data](#)

### C Total Purchases from Minority-owned Businesses – United States



[See notes to the data](#)

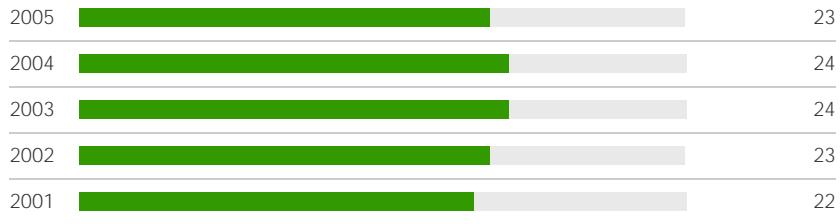
### D U.S. Employment of Minority-group Personnel and Women at Year-end

Percent

Minority-group personnel - total



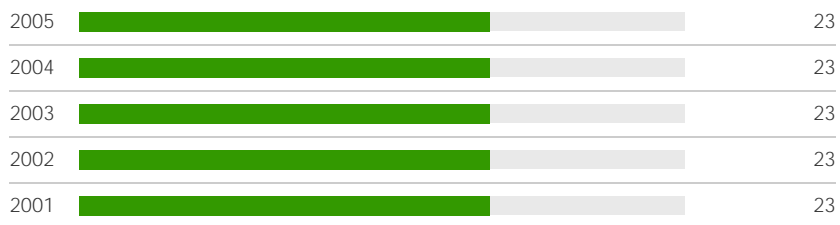
Minority-group personnel - salaried



Minority-group personnel - hourly



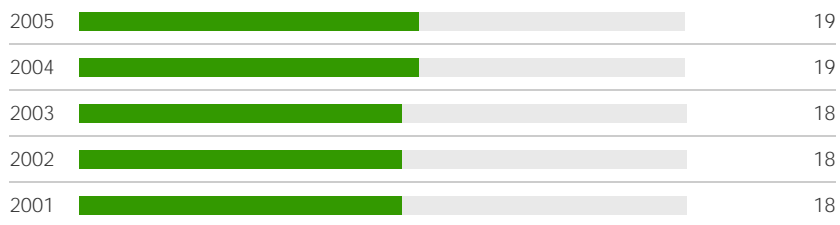
Women - total



Women - salaried



Women - hourly



**E**  
Employee Satisfaction, Pulse Survey

Percent satisfied

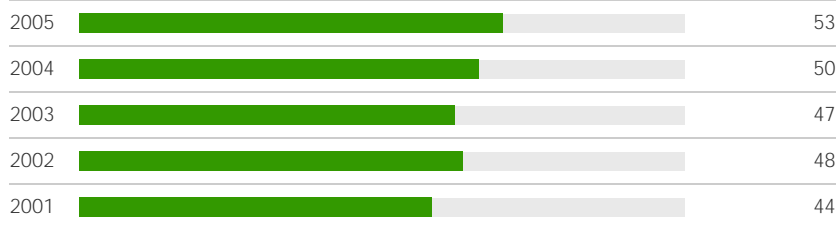
#### Employee Satisfaction Index



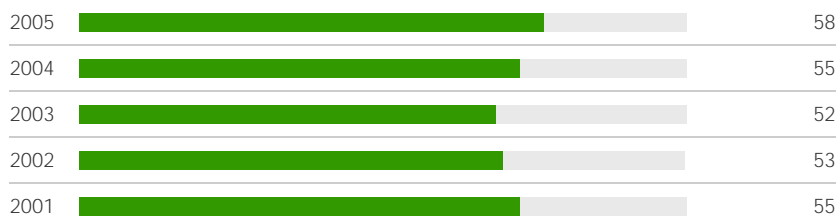
#### Workload



#### Stress



#### Reward and recognition



#### Diversity



#### NOTES TO THE DATA

##### Chart A

From December 31, 2004 to December 31, 2005, the number of people we employed decreased approximately 8 percent. This decrease primarily reflects the sale of Hertz, partially offset by the formation of Automotive Components Holding, LLC (ACH) which employs approximately 17,700 Ford hourly workers who were previously assigned to Visteon Corporation and approximately 2,500 Visteon employees. Not included in these employment data are approximately 5,000 Visteon salaried workers leased to ACH.

##### Chart B

Total average hourly labor costs reflect earnings and benefits per hour worked for hourly employees.

##### Chart C

In 2003, we expanded our reporting to include purchases from non-minority women-owned businesses. This accounted for \$0.2 billion in 2003 and is not included in data for prior years.

## Quality of Relationships

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## Performance Data

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### Tables on This Page

- A [Average Number of People Employed by Business Unit](#)
- B [Total Average Hourly Labor Costs](#)
- C [Total Purchases from Minority-owned Businesses – United States](#)
- D [U.S. Employment of Minority-group Personnel and Women at Year-end](#)
- E [Employee Satisfaction, Pulse Survey](#)

### Viewing This Data

Would you prefer to view the data as charts?

 [See data charts](#)

### A Average Number of People Employed by Business Unit

	2002	2003	2004	2005
Automotive	273,923	278,909	276,029	286,000
Financial Services	49,890	48,622	48,835	14,000

[See notes to the data](#)

### B Total Average Hourly Labor Costs

	2001	2002	2003	2004	2005
	47.7	52.6	61.4	62.9	64.9

\$

[See notes to the data](#)

### C Total Purchases from Minority-owned Businesses – United States

	2001	2002	2003	2004	2005
	3.1	3.2	3.4	3.7	3.7

\$ billion

[See notes to the data](#)

### D U.S. Employment of Minority-group Personnel and Women at Year-end

	2001	2002	2003	2004	2005
Minority-group personnel - total	25	25	25	25	25
Minority-group personnel - salaried	22	23	24	24	23
Minority-group personnel - hourly	26	26	26	26	26
Women - total	23	23	23	23	23
Women - salaried	33	34	33	33	31
Women - hourly	18	18	18	19	19

Percent

### E Employee Satisfaction, Pulse Survey

	2001	2002	2003	2004	2005
Employee Satisfaction Index	64	61	61	64	65
Workload	55	54	54	57	59
Stress	44	48	47	50	53
Reward and recognition	55	53	52	55	58
Diversity	75	73	71	74	76

Percent satisfied



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**NOTES TO THE DATA****Table A**

From December 31, 2004 to December 31, 2005, the number of people we employed decreased approximately 8 percent. This decrease primarily reflects the sale of Hertz, partially offset by the formation of Automotive Components Holding, LLC (ACH) which employs approximately 17,700 Ford hourly workers who were previously assigned to Visteon Corporation and approximately 2,500 Visteon employees. Not included in these employment data are approximately 5,000 Visteon salaried workers leased to ACH.

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## Financial Health

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## Financial Health

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

*The 'Way Forward', our business improvement plan for our North American automotive operations, shows a renewed commitment to bold design, improved safety and technological innovation, as seen in the 2007 Ford Edge, rated the "crossover of the year."*

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We will achieve this by:

- Striving to create value for our shareholders that is sustainable over the long term
- Seeking enhanced stakeholder loyalty as a route to competitive advantage and long-term growth

### Progress Since Our Last Report

Globally, Ford Motor Company was solidly profitable in 2005. In parts of the world where the car market is growing sharply, so are we. Ford's share of the Turkish market increased by 1.5 percentage points to 17.0 percent – the fourth year in a row that the Ford brand has led the market in sales in Turkey. In Russia, sales of Ford-brand vehicles increased approximately 54 percent to 60,500 units in 2005. Our sales in Asia Pacific were up 14 percent in 2005, with the majority of the growth occurring in China and South Africa.

Unfortunately, our North American automotive operations lost money in 2005. Commodity prices remained high, competition from around the world intensified, and rising fuel prices caused demand for SUVs to drop sooner and faster than we had anticipated. Our worldwide 2005 income before taxes was \$2.0 billion, compared to \$4.8 billion in 2004.

We are taking actions to address these challenges through the "[Way Forward](#)" plan described in this section.

We received favorable rankings in several socially responsible investment indices and continue to benefit from the constructive feedback from the rating organizations on our performance and our approach to sustainability.

### Have Your Say

Please share your thoughts on our report – all responses will be aggregated to provide valuable feedback on our efforts to date and help prioritize improvements for the future.

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## A Challenging Business

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## A Challenging Business Environment

The conditions we confronted in 2005 represented a turning point in our industry unlike anything we've experienced in the last 50 years. The automotive business has shifted, completely and permanently, to full-scale global competition. The days of unlimited, inexpensive gasoline appear to be gone forever.

We took a number of important steps in 2005 to address issues in our North American market. To strengthen our balance sheet and cut costs, we sold The Hertz Corporation and restructured our agreement with Visteon, our largest parts supplier. We reached an agreement with the UAW that will help us [reduce health care costs](#) in a reasonable way. We began a major rationalization of our supply base, identifying key suppliers with which to form partnerships that will provide for more stable relationships. But the challenges we face require additional, bold steps.

Anticipating little growth in the overall volume of vehicles sold in North America for the foreseeable future, we expect more manufacturers to offer an increasing number of products. In order to stabilize and grow our North American market share in this increasingly competitive environment, we are implementing a business improvement plan for our North American automotive operations that we refer to as our Way Forward plan. This plan includes:

- A renewed commitment to bold design, improved safety and technological innovation to differentiate Ford Motor Company and its products in the marketplace.
- New product investments using Ford's global architectures and scale to deliver more new products faster, including more crossovers, hybrid vehicles and new small cars, as well as increased spending to strengthen Ford's truck leadership and launch products in new segments to reach more customers.
- More clarity for the Ford, Lincoln and Mercury brands, with a sharper focus on the customer and a clear point of view that will appeal to more buyers.
- Pricing that is clear, credible and simple, which will further improve residual values.
- North American capacity realigned to match demand. We intend to idle 14 manufacturing facilities in North America by 2012, including seven assembly plants. Associated with these plant idlings, we intend to reduce our manufacturing employment by about 25,000 to 30,000 people during the same period. By 2008, our North American assembly capacity will have been reduced by 1.2 million units, or 26 percent, resulting in significant cost savings.
- Salary-related costs will be cut by 10 percent in North America, including elimination of the equivalent of 4,000 salaried positions by the end of the first quarter of 2006. The Company's officer ranks were also reduced by 12 percent during the same period.
- Material cost reductions, excluding special items, of at least \$6 billion are planned by 2010<sup>1</sup>.
- A new low-cost manufacturing site in North America is planned for the future.

We announced the Way Forward plan in January 2006, and idled the St. Louis Assembly Plant before the end of the first quarter. During the first quarter, we recognized a \$1.75 billion pre-tax charge for costs associated with the permanent idling of unionized workers in the United States and Canada. In July 2006 we announced plans to accelerate the Way Forward efforts. Details of additional actions taken will be announced in September 2006.

Details of our financial performance, including information on key economic trends and risk factors affecting the automotive industry, are available in our Annual Report to Shareholders and our Annual Report on Form 10-K, as well as our Quarterly Reports on Form 10-Q. For the most recent financial information and reports visit <http://www.ford.com/en/company/investorInformation/default.htm>.

Our Annual Report on Form 10-K and updates in our Quarterly Reports on Form 10-Q also include information on significant pending legal proceedings related to product liability, environmental and other legal matters, and discuss the governmental standards and regulations applicable to our products and facilities – relating to safety,

## Related Links

- [Ford.com](#)
- [Investor Information](#)

corporate average fuel economy (CAFE), greenhouse gas emissions, conventional emission control and others – that could significantly affect our financial results. These reports also set forth the risk factors that accompany an investment in Ford Motor Company.

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<sup>1</sup> At constant volume, mix and exchange, and net of new product content and regulatory changes.

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## Challenges Facing the Automotive Industry

### Globalization

Ford now serves customers in markets like China that were closed to global companies only a few years ago. We compete with a growing number of companies from all regions of the world. Our supply base, and that of our competitors, is also increasingly global.

### Growth patterns

The world's largest markets for automobiles (North America, the European Union (EU) and Japan) are maturing and growth is slowing. Developing markets, particularly in Asia, are projected to account for more than 90 percent of the total sales growth over the next decade.

### Production capacity

Auto manufacturing plants have high fixed costs and therefore run most efficiently and profitably when they operate close to capacity. Yet in 2004, according to CSM Worldwide, an automotive research firm, the estimated automotive industry global production capacity for light vehicles (about 75 million units) significantly exceeded the actual global production of cars and trucks (about 60 million units).

### Market segmentation

The old math in the auto industry held that the way to operate profitably was to make a few very popular vehicles that sold by the hundreds of thousands. More recently, makes and models have proliferated, creating more specialized vehicles, most of which sell in smaller numbers. Automakers must compete in more segments and operate profitably while selling fewer vehicles per segment.

### Pressure on margins

Overcapacity and the proliferation of new products are keeping purchase prices low. In the United States and in many European countries, prices for similar vehicles have declined in real terms in the last several years. This is good news for consumers. However, these pressures have led to average returns on sales for the "Big Three" auto companies of less than 2 percent for the past 10 years.

### Oil prices and energy security

Oil prices are rising and appear increasingly volatile. Many countries dependent on oil imports are also concerned about the security of oil supplies. These factors underscore the importance of improving fuel economy and developing alternative fuels.

### Commodity prices

Prices have been rising sharply for some commodities we use extensively, including steel and resins, at a time when it is difficult to pass cost increases along to customers.

### Competition is growing in the light truck market

Detroit's automakers historically have dominated the profitable market for light trucks, particularly SUVs and pickup trucks. These segments, however, have attracted a growing number of competitors. At the same time, consumers are turning away from large SUVs toward smaller vehicles and "crossover utility vehicles."

### "Legacy" social costs

In the United States, employers are the first line for providing social services such as health care insurance and retirement income. Detroit's automakers have been among the nation's largest employers for decades. Collectively, Ford, General Motors (GM) and DaimlerChrysler have over 800,000 retired employees, equal to the population of the State of Delaware. In contrast, automakers that began production in the United States relatively recently have very few retirees. The cost to the "Big Three" automakers of pension benefits to their retirees is over \$11 billion annually. Detroit

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automakers are heavily affected by the rising costs of providing health care in the United States, spending more per vehicle on health care coverage than they do on steel. Ford's [health care costs](#) are expected to continue to rise.

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## Investor Rankings

We see increasing evidence that strong performance on sustainability issues will deliver improved financial results in the long term and provide a proxy for the overall quality of a firm's management. By taking advantage of business opportunities and minimizing the risks related to environmental and social trends, we can deliver increased shareholder value.

In 2005, we were included in the Dow Jones Sustainability Index and the FTSE4Good Index, based on favorable evaluations of our sustainability programs and performance.

The UK's Business in the Community, in its Corporate Responsibility Index, ranked Ford first in its sector and 59th overall.

These rankings and the evaluations behind them are important for understanding our own position relative to the rest of the industry and better understanding our strengths and weaknesses. We intend to continually improve our position on the leading indices evaluating sustainability and social responsibility.

### Related Links

- **Ford.com**
  - [Investor Information](#)
- **External Web Sites**
  - [Dow Jones Sustainability Index](#)
  - [FTSE4Good](#)
  - [BITC](#)



FTSE4Good



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## Feedback from SAM Research


For the fourth year in a row, Ford was selected as a member of the Dow Jones Sustainability Index. Sustainable Asset Management (SAM), the research provider behind the Index, noted:


“ Ford has successfully executed its sustainability strategy and has achieved high scores in all three dimensions. The Company’s capabilities in mitigating the challenges in economic criteria are among the best in the industry. This is underlined by a particularly strong performance in customer relationship and brand management. In the environmental dimension, Ford scores a very good result in terms of performance. The Company has made solid progress in reducing the environmental impact from production over the past years. Additionally, Ford is introducing new technologies to cut emissions and improve fuel economy of its car and truck fleet. Ford seems to be the only auto company doing serious development work with four of the most promising advanced fuel technologies: clean diesels, gasoline-electric hybrids, hydrogen-powered internal-combustion engines and fuel cell vehicles. Moreover, in the social dimension, the Company has also achieved an above average score, whereas the global sourcing concept stands out as belonging to the best in the industry. ”

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## Health Care Costs Affect Our Competitiveness

As a provider of health care coverage to more than 600,000 employees, retirees and their dependents, primarily in the United States, we have experienced significant health care cost inflation in the last few years. In 2005, our health care expenses for U.S. employees, retirees and their dependents were \$3.5 billion, with about \$2.4 billion for postretirement health care and the balance for active employee health care. In 2005, prescription drugs continued to represent approximately one-third of our total health care expense.

Although we have taken measures to have employees and retirees bear a higher portion of the costs of their health care benefits, we expect our health care costs to continue to increase. For 2006, our trend assumptions for U.S. health care costs include an initial trend rate of 7 percent, gradually declining to a steady state trend rate of 5 percent reached in 2011. These assumptions include the effect of actions we are taking and expect to take to offset health care inflation, including eligibility management, employee education and wellness programs, competitive sourcing and appropriate employee cost sharing.

The present rate of health care cost increase in the United States is unsustainable. Long-term, national solutions are needed, but any meaningful solutions for the health care system can only be formulated through a collaborative effort by all stakeholders (businesses/employers, labor, consumers, health care providers, insurers and the Government). Employers must play a major role in discussion and formulation of public policy solutions as employer-provided health care coverage is, and will likely continue to be, the foundation of the health care system in the United States.

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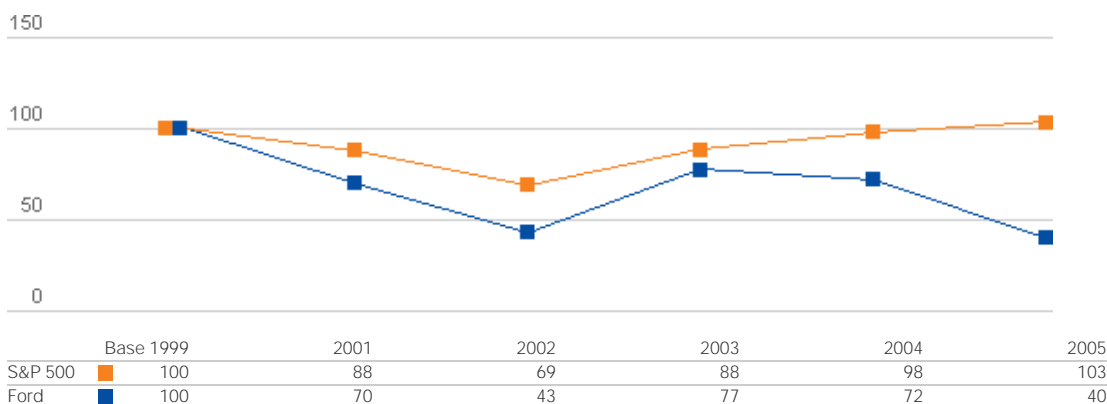
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## Performance Data

### Charts on This Page

- A [Cumulative Shareholder Return](#)
- B [Selected Financial Performance Indicators](#)
- C [Profile of Ford Investors](#)
- D [Worldwide Taxes Paid](#)

#### A Cumulative Shareholder Return



#### B Selected Financial Performance Indicators

Indicator	2001	2002	2003	2004	2005
Annual revenue (\$ billion)	160.7	162.3	164.3	171.7	177.1
Income/(loss) from continuing operations (\$ billion) <sup>1</sup>	(5.3)	0.4	0.9	3.6	2.2
Net income/(loss) (\$ billion)	(5.5)	(1.0)	0.5	3.5	2.0
Stock price range (per share) (\$)	14.70–31.42	6.90–18.23	6.58–17.33	12.61–17.34	7.57–14.75
Diluted per share amount of income/(loss) from continuing operations (\$)	(2.93)	0.15	0.50	1.8	1.14
Diluted per share amount of net income/(loss) (\$)	(3.02)	(0.54)	0.27	1.73	1.05
Cash dividends per share (\$)	1.05	0.40	0.40	0.40	0.40
Earnings retained for use in business (\$ billion)	10.5	8.7	8.4	11.2	12.5
Automotive gross cash (\$ billion) <sup>1</sup>	17.7	25.3	25.9	23.6	25.1
Shareholder return (percent) <sup>2</sup>	(30)	(39)	79	(6)	(45)

[See notes to the data](#)

#### C Profile of Ford Investors

Investor	2001	2002	2003	2004	2005
Institutional investors:	44	38	37	41	46
Top 15	16	15	17	22	27
Others	28	23	20	19	19
Employees and Management	20	21	22	21	19
Individuals <sup>3</sup>	36	41	41	38	35

[See notes to the data](#)

#### D Worldwide Taxes Paid

Percent

	2001	2002 <sup>4</sup>	2003 <sup>4</sup>	2004 <sup>4</sup>	2005
U.S. (Federal, State and Local)	1,239	1,383	834	1,141	1,214
Non U.S.	1,937	1,260	2,238	2,356	2,301
Total	3,176	2,643	3,072	3,497	3,515

[See notes to the data](#)

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#### NOTES TO THE DATA

##### Chart B

- 1 Automotive gross cash includes cash and cash equivalents, marketable and loaned securities and assets contained in a short-term Voluntary Employee Beneficiary Association (VEBA) trust.
- 2 Total Shareholder Return is from Bloomberg Total Return Analysis assuming dividends reinvested in Ford stock.

##### Chart C

- 3 The ownership by individuals includes shares owned by the Ford family and by Ford employees and management outside of the Company savings plans.


##### Chart D

- 4 Excludes Federal refunds. Prior year foreign tax has been restated in order to include foreign indirect tax that was not properly recorded in earlier years.
-

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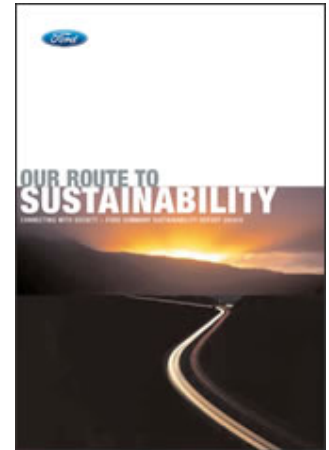
Ford's 2005/6 Sustainability Report is available as a summary printed document and online. The online version contains additional information and data.

Contact us on [sustaina@ford.com](mailto:sustaina@ford.com) for a bound copy of the summary print report.

Alternatively you can print out your own copy. To print the summary report download and open this Acrobat PDF file:

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[2000 Report](#)



[1999 Report](#)

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Accountability | **Products and Customers** | Environment | Community | Safety | Quality of Relationships | Financial Health

## External Survey

Thank you for taking the time to share your feedback on the Ford Motor Company Sustainability Report. Please be assured that your response will be anonymous and completely confidential. All responses will be aggregated to provide valuable feedback on our efforts to date and help prioritize improvements for the future.

For customer service issues or complaints please call 800-392-3673 or go to [www.customersaskford.com](http://www.customersaskford.com).

## Readership

- 1 **How did you read the Sustainability Report?**
  - Printed copy
  - Online / Web version
  - Both print and online/Web
  
- 2 **Approximately how much of the Sustainability Report have you read?**
  - All of it (100%)
  - Most of it (>75%)
  - A fair amount (~50%)
  - Just a little (<25%)
  
- 3 **What was your primary reason for reading Ford Motor Company's Sustainability Report? Please be as specific as possible.**

## Report Evaluation

	Extremely informative	Very informative	Informative	Somewhat informative	Not at all informative	Did not read
<b>1 Which of the following sections of the Sustainability Report did you find most informative?</b> <small>(Please only rank sections that you have read)</small>						
a Bill Ford – Setting the Vision						
b Principle sections (e.g., Accountability, Products and Customers, Environment, etc.)						
c Key topics (e.g., climate change, human rights, mobility)						
d Ford Forum						
e Performance data						
<b>2 Thinking about the Sustainability Report overall, how satisfied are you with each of the following?</b>						
a Breadth of information provided						
b Usefulness of the information						
c Clarity of design and presentation						
d Degree of candor and transparency						
e The report overall						



- 3 What suggestions do you have for improving Ford Motor Company's Sustainability Report? Please be as specific as possible.
  
- 4 What information would you like to see included in the next report? Please be as specific as possible.

### Ford Motor Company Evaluation

- |   |                            |                       |                                   |                           |                             |                   |
|---|----------------------------|-----------------------|-----------------------------------|---------------------------|-----------------------------|-------------------|
| <p>1 How important do you believe sustainability efforts are to the success of Ford Motor Company?</p>  | <p>Extremely important</p> | <p>Very important</p> | <p>Important</p>                  | <p>Somewhat important</p> | <p>Not at all important</p> | <p>Don't know</p> |
| <p>2 What do you believe are the most critical environmental, social or economic issues facing Ford Motor Company? Please be as specific as possible.</p>   |                            |                       |                                   |                           |                             |                   |
| <p>3 Please indicate how strongly you agree or disagree with each of the following statements about Ford Motor Company:</p> <p>Ford Motor Company is an environmentally responsible company</p> <p>Ford Motor Company is taking the lead in sharing information</p> <p>Ford Motor Company is a company that I trust</p> <p>My opinion of Ford Motor Company has improved as a result of the Company's corporate citizenship efforts</p> | <p>Strongly agree</p>      | <p>Somewhat agree</p> | <p>Neither agree nor disagree</p> | <p>Somewhat disagree</p>  | <p>Strongly disagree</p>    |                   |

### General Classification Information

- |  |                      |
|--|----------------------|
| <p>1 Are you a Ford Motor Company employee?</p>  | <p>Yes</p> <p>No</p> |
| <p>2 Have you read three or more sustainability reports or similar documents from other companies?</p> | <p>Yes</p> <p>No</p> |

Thank you again for your time and assistance.

