



Go Further

SUSTAINABILITY REPORT 2013/14

Year in Review	Our Blueprint for Sustainability	Financial Health	Climate Change and the Environment	Water	Vehicle Safety	Supply Chain	People	Ford Around the World
----------------	----------------------------------	------------------	------------------------------------	-------	----------------	--------------	--------	-----------------------

Year in Review

Letter from William Clay Ford, Jr.

Q&A with Alan Mulally

Letter from Robert Brown

Performance Summary

Ford's Goals, Commitments and Status

Map of Our Year

Assurance

About This Report



# Year in Review

Welcome to the 15<sup>th</sup> annual nonfinancial report of Ford Motor Company. During 2013, Ford Motor Company celebrated the 150<sup>th</sup> anniversary of the birth of Henry Ford and the 100<sup>th</sup> anniversary of his moving automotive assembly line. And 2014 will mark the 100<sup>th</sup> anniversary of the \$5-a-day wage. These technological and social innovations changed the world. Today, our sustainability work is history inspired, while thinking forward.

Read more [ABOUT THIS REPORT](#)



**WILLIAM CLAY FORD, JR.**

"Henry Ford would be very comfortable in today's business environment, and, like the company he founded, would embrace the challenge of translating his vision of attainable mobility in a responsible and sustainable way for the future."



**ALAN MULALLY**

"We are working to serve our customers with the freshest lineup, and that commitment gives us the opportunity to continuously improve our quality, fuel efficiency, safety, smart design and value."



**ROBERT BROWN**

"Our approach to sustainability has served us well as we have grown and expanded. As we introduce new products, build new world-class facilities and expand existing operations, we are leveraging our accumulated experience and best practices."



## OUR SUSTAINABILITY JOURNEY

For nearly 15 years, we have made steady progress in addressing key issues including climate change and human rights. Read about our sustainability-related highlights from 2013, month by month.

Discover the [MAP OF OUR YEAR](#)

## KEY PERFORMANCE DATA



In 2013, we improved the average fuel economy of our U.S. truck fleet by 3 percent compared to 2012.



In 2011, we announced a goal to reduce the amount of water used to make each vehicle by 30 percent globally from 2009 to 2015. We have achieved this goal – two years ahead of schedule.

See a summary of [OUR KEY PERFORMANCE DATA](#)



### OUR GOALS AND COMMITMENTS

We have set goals, commitments and targets for many of our material issues and other important performance areas.



### ASSURANCE

We invited stakeholders to review our reporting and provide feedback.



Go Further

SUSTAINABILITY REPORT 2013/14

Year in Review	Our Blueprint for Sustainability	Financial Health	Climate Change and the Environment	Water	Vehicle Safety	Supply Chain	People	Ford Around the World
----------------	----------------------------------	------------------	------------------------------------	-------	----------------	--------------	--------	-----------------------

Year in Review

- > Letter from William Clay Ford, Jr.
- Q&A with Alan Mulally
- Letter from Robert Brown
- Performance Summary
- Ford's Goals, Commitments and Status
- Map of Our Year
- Assurance
- About This Report

## Letter from William Clay Ford, Jr.

When it was founded in 1903, Ford Motor Company was what we would now think of as a start-up. The dawn of the 20<sup>th</sup> century was a time of revolutionary change in how people and things got around – and how far they could go. Cutting-edge ideas such as ethanol-fueled and electric cars were generated and tried at an astonishing pace. Some succeeded; others failed. What set Ford apart and enabled it to grow and prosper was continuous improvement and innovation: the moving assembly line, the \$5-a-day wage, the affordable automobile.



We are once again in a time of rapid change in our industry. The future is coming at us fast, offering many exciting possibilities as well as potential bumps in the road. How do we navigate the rapid technological changes that are reshaping our industry and the fast pace of growth that is reshaping our company? How do we move quickly enough to capture opportunities and influence the future of mobility? The answer: by staying true to our heritage of innovation, our principles and our One Ford plan while looking ahead not just five years but 20 or even 50 years from now.

### Our Principles

In 2000, at the dawn of the 21<sup>st</sup> century, I addressed the national Ceres Conference in San Francisco to announce that our company would follow the Ceres Principles, a 10-point code of corporate environmental conduct. By endorsing these principles, we pledged to go beyond the requirements of the law to preserve and protect the environment, and human health and safety.

My announcement was greeted with alarm in some quarters and skepticism in others. Some felt that our commitment to sustainability would harm our business results; others believed it was an empty gesture that would not change how we operated. But in the years that followed, sustainability became a core element of our business plan. Our company ultimately prospered as we reduced our environmental impact and implemented a global code of conduct to ensure sound and respectful working conditions for people throughout our own operations and our supply chain.

Today our commitment to sustainability is helping us achieve our vision of building great products, a strong business and a better world. In 2013 record profits in North America and Asia Pacific Africa helped us achieve one of the best years in the history of our company. In 2014 we were recognized as one of the world's most ethical companies by the Ethisphere Institute, a leading think tank dedicated to the advancement of best practices in business ethics and sustainability. It was our fifth year in a row of positive net income, and fifth year in a row of being recognized as an ethical company by the Ethisphere Institute.

### Our Plan

Our One Ford plan is the overall strategy that guides our operations. The central focus of this plan is serving customers in all markets around the world with a full family of vehicles: small, medium and large cars, utilities and trucks. In every region in which we compete, our vehicles offer the best quality, fuel efficiency, safety, smart design and value.

Our ongoing commitment to reducing the environmental impact of our vehicles is documented in our Blueprint for Sustainability, a systematic plan to improve fuel efficiency and reduce CO<sub>2</sub> emissions. This plan provides our road map, consistent with One Ford, for addressing the critical issues of climate change and fuel economy. It outlines our near-term, mid-term and long-term product plans, as well as the technology we will use to reach them, through 2020.

### Our Progress

Our One Ford plan continues to create outstanding results. In 2013 our global sales increased by about 12 percent as customers took delivery of some 6.3 million new Ford and Lincoln vehicles. In 2014 we will launch the most new products in our history – 23 new or significantly refreshed vehicles to customers around the world. That includes 16 launches in North America, which is triple the number of products we launched in

North America in the previous year. To support these product launches we will continue our largest manufacturing expansion in the last 50 years. We have increased capacity or added production in seven of our North American plants and are opening two new plants in Asia and one in South America in 2014.

As part of our commitment to leading fuel economy, our EcoBoost® engines – which use turbocharging and direct injection to deliver up to 20 percent better fuel economy without sacrificing performance – are now available on 90 percent of Ford vehicles. Expanded availability in high-volume nameplates helps make fuel economy more affordable for hundreds of thousands of drivers. We will offer fuel-efficient EcoBoost® engines in 18 North American nameplates in 2014, up from 11 in 2012 and seven in 2011.

At the turn of the 20<sup>th</sup> century it was far from certain whether electric or gasoline-powered vehicles would claim the market for automobiles, but in the end it was gasoline that dominated for the whole of that century. Today, thanks to advances in technology, that competition has been renewed.

In the U.S., in the early part of the 21<sup>st</sup> century, we now offer six electrified vehicles. We sold about 85,000 hybrids, plug-in hybrids and all-electric vehicles in 2013, the first full year all six vehicles were available in dealer showrooms. We began offering the all-electric Ford Focus Electric in Europe in 2013 and we will introduce a hybrid Mondeo and the C-MAX Energi plug-in hybrid in 2014.

Henry Ford understood the importance of a stable, thriving supply chain. Beginning in the 1920s, he established a network of 25 small, rural, water-powered factories so farmers could make auto parts during part of the year and farm the rest of the year, providing more income for farmers and a more diverse supply base for Ford.

In 2000, Ford was the first automaker to take on the issue of human rights in the automotive supply chain, not because we were under public pressure to do so but because it was the right thing to do for our business and communities around the world. We continue to work with our suppliers and lead industry efforts to promote sustainability in all aspects across the entire supply base. In 2014, we will mark a milestone by completing our first report on conflict minerals in our raw materials supply chain.

In 2000, I also announced a focus on water conservation. Between 2000 and 2013, we cut our water use by 61 percent, or more than 10 billion gallons. More recently, we recognized a human right to water and developed a comprehensive water strategy based on the CEO Water Mandate that we signed in 2014. The strategy seeks to continue to cut our own use of water while addressing water issues in our supply chain and in the communities in which we operate.

Looking further ahead, we also want to be a leader in wireless automotive communication technology, in line with our Blueprint for Mobility, which maps out a step-by-step plan to achieve an integrated, sustainable transportation system by mid-century. It outlines a future of connected cars that communicate with each other and the world around them to make driving safer, ease traffic congestion and sustain the environment.

In 2013 we began testing a Ford Fusion Hybrid automated research vehicle in conjunction with the University of Michigan and State Farm to study automated driving and other advanced technologies. In 2014 we announced new projects with the Massachusetts Institute of Technology and Stanford University to research and develop solutions to some of the technical challenges surrounding automated driving. All of these projects build on a decade of automated driving research at Ford and represent a vital step toward our vision for the future of mobility.

We don't know exactly what forms future mobility systems will take, but they will likely involve collaborative networks in which vehicles and infrastructure "talk" to each other to share the information needed for efficient, safe transportation, particularly in congested urban areas. Technology – both hardware and software – will be the enabler of this future.

## Looking Ahead by Looking Back

During 2013, Ford Motor Company celebrated the 150<sup>th</sup> anniversary of the birth of Henry Ford. We also noted the 100<sup>th</sup> anniversary of his moving automotive assembly line. And 2014 will mark the 100<sup>th</sup> anniversary of the \$5-a-day wage, my great-grandfather's choice to share profits with workers in a way that effectively doubled their salaries. His technological and social innovations changed the world, driving down the cost of automobiles and helping to create a middle class that could afford to buy the products they themselves made and who gained a degree of mobility unknown to earlier generations. I think Henry Ford would be very comfortable in today's business environment, and, like the company he founded, would embrace the challenge of translating his vision of attainable mobility in a responsible and sustainable way for the future.



**William Clay Ford, Jr.**  
Executive Chairman



Go Further

SUSTAINABILITY REPORT 2013/14

Year in Review	Our Blueprint for Sustainability	Financial Health	Climate Change and the Environment	Water	Vehicle Safety	Supply Chain	People	Ford Around the World
----------------	----------------------------------	------------------	------------------------------------	-------	----------------	--------------	--------	-----------------------

Year in Review

Letter from William Clay Ford, Jr.

> Q&A with Alan Mulally

Letter from Robert Brown

Performance Summary

Ford's Goals, Commitments and Status

Map of Our Year

Assurance

About This Report

## Q&A with Alan Mulally

**Q: Ford is growing faster than ever in terms of new product introductions. How does Ford's "Blueprint for Sustainability" guide this work?**

A: Our One Ford plan continues to deliver. An important part of our One Ford plan is accelerating development of new products our customers want and value. We are working to serve customers in all markets with a full family of vehicles – small, medium and large cars; utilities and trucks – each delivering top quality, fuel efficiency, safety, smart design and value. In support of that goal, we are introducing 23 new or significantly refreshed vehicles in 2014, double the number of launches in 2013.

Our commitment to serving customers with fuel-efficient vehicles and addressing the critical issue of climate change are part of our Blueprint for Sustainability. One of our company's core values is contributing to building a better world everywhere Ford operates, and our commitment to sustainability is a key part of that contribution. The Blueprint laid the foundation for our "power of choice" strategy, offering customers the power to choose a fuel-efficient vehicle that best fits their needs. We offer customers a full lineup of powertrain options, including gas, diesel, hybrid, plug-in hybrid and full battery electric vehicles. Our fuel-efficient EcoBoost® engine technology is equipped on more than 2 million Ford vehicles on the road today!

**Ford is growing rapidly in emerging markets. What are some of the opportunities you see in places like China and India?**

We are very excited to be growing profitably so we can better serve customers in all markets, including China and India. We had a record year in our Asia Pacific region, with wholesale volume increasing 30 percent in 2013, and 2014 is off to a strong start. Our strong global performance was led by Focus, which was the best-selling nameplate in the world in 2013. Focus was joined by Fiesta to give Ford two of the top five best-selling nameplates worldwide. To continue fulfilling our commitment to global growth we aim to boost our sales to nearly 8 million vehicles by the middle of this decade. We also are planning to make a full third of our sales in Asia and Africa by 2020.

**What new product directions are you especially excited about?**

We are working to serve our customers with the freshest lineup, and that commitment gives us the opportunity to continuously improve our quality, fuel efficiency, safety, smart design and value. The all-new Ford F-150 – with its use of advanced materials like high-strength steel in the frame and high-strength, military-grade aluminum alloy in the body – is a fantastic example of how we are innovating to deliver on our Blueprint for Sustainability.

**What role have Ford employees played in Ford's turnaround, and what role do they play in taking the company into the future?**

We are so proud of what we have accomplished. Ford always has attracted the best and the brightest, and our progress shows the power of a skilled and motivated team working together. We remain fully committed to implementing our One Ford plan and holding ourselves and each other accountable for our expected behaviors, which include respecting, listening to, helping and appreciating one another. The future of Ford is very bright because we are building on a strong foundation.

**Are you concerned that young people – the so-called millennials – are showing less interest in car ownership than previous generations?**

People everywhere appreciate the freedom that comes with mobility, and that is why we are accelerating the implementation of Henry Ford's compelling vision of opening the highways to all mankind. Part of that vision means exploring new models of transportation – including car sharing and multi-mode transportation – that might appeal more to millennials. It will take creativity to solve the challenge of global gridlock, and we are innovating to be part of the solution.



Alan

**Alan R. Mulally**  
President and Chief Executive Officer

[Home](#) > [Year in Review](#) > **Q&A with Alan Mulally**

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Go Further

SUSTAINABILITY REPORT 2013/14

Year in Review	Our Blueprint for Sustainability	Financial Health	Climate Change and the Environment	Water	Vehicle Safety	Supply Chain	People	Ford Around the World
----------------	----------------------------------	------------------	------------------------------------	-------	----------------	--------------	--------	-----------------------

### Year in Review

Letter from William Clay Ford, Jr.

Q&A with Alan Mulally

> **Letter from Robert Brown**

Performance Summary

Ford's Goals, Commitments and Status

Map of Our Year

Assurance

About This Report

## Letter from Robert Brown

The companies that thrive in the 21st century will be those that best align their business with key global sustainability challenges. At Ford, sustainability is an integral part of the One Ford plan that drives our business. A key theme of my work at Ford is making sure that sustainability remains at the heart of our strategy and that we take the practical steps needed to continue to integrate sustainability into our business processes. Two recent examples bring our integration strategy to life.

The first example is how we're managing sustainability during an unprecedented global expansion. As we introduce new products, build new world-class facilities and expand existing operations, we are leveraging our accumulated experience and best practices. We are developing centers of excellence in Asia Pacific and other regions, and better linking people who have sustainability responsibilities throughout the company. Our centers of excellence provide input to practical targets associated with specific time frames. Ford's science-based [climate goal](#) is to contribute to stabilizing carbon dioxide (CO<sub>2</sub>) concentrations in the atmosphere at a level that avoids the most serious consequences of climate change.

Second, the reinvention of the 2015 Ford F-150 pickup truck demonstrates our integrated approach and how capability and efficiency do not have to be mutually exclusive. The redesign of the F-150 was driven by the needs of our loyal customers for a tough and capable next-generation truck. At the same time, the new F-150 is a step forward in our Blueprint for Sustainability. We took one of our largest vehicles and went to great lengths to deliver improved capability while reducing weight to enhance efficiency and performance, setting a new industry standard in the process. We accomplished this through new applications of high-strength steel and aluminum alloys, which not only reduce weight but also improve the dent resistance and overall durability of the truck body. The materials were rigorously tested and analyzed for durability, overall performance and [lifecycle environmental impact](#). For a closer look at the new F-150, please see [Case Study: The Future of Pickup Trucks](#).

Below are some additional sustainability highlights.

### Financial Health

Ford has delivered five successive years of positive net income, driven in part by our sustainability strategy and our commitment to great products that are high quality, green, safe and smart. That's why last year's sustainability report was introduced by Bob Shanks, our Chief Financial Officer. When he emphasized the importance of sustainability to the company's financial health, it got people's attention. This report was introduced by John Fleming, executive vice president, Global Manufacturing and Labor Affairs, with a focus on water strategy.

### Climate Change

We continue to implement our [Sustainable Technologies and Alternative Fuels Plan](#), although the energy landscape has changed significantly since we launched it. In particular, unconventional oil and gas development in North America has increased supplies and eased energy costs in the region. This may have contributed to a dip in our overall U.S. average fleet fuel economy in 2013. Despite improvements in both our truck and car fuel economy, more trucks were purchased, which drove down the overall average.

To help customers meet their own fuel economy goals, we developed a very sophisticated analytical application that provides in-depth [information to fleet buyers](#). The analytical application provides data about choices available, life cycle ownership costs, the timing of costs and savings, and the amount of CO<sub>2</sub> emissions they can avoid by choosing efficient and alternative fuel vehicles.

### Water

In early 2014, Ford endorsed the United Nations CEO Water Mandate, and we have built our comprehensive



water strategy around its core elements. The strategy reflects our integrated approach. It focuses on using water efficiently in our operations. It also includes working with our supply chain and engaging with stakeholders and policy makers. We integrate our volunteer and grant-making programs, directing their efforts to address water challenges in the communities in which we operate.

Reflecting the importance of the water issue to Ford, a cross-functional team from across Ford divisions – including our Environmental Quality Office and our Manufacturing, Purchasing, Research and Community Relations functions – reviews water issues in a holistic way, while our Board of Directors reviews our water-related progress yearly.

## Vehicle Safety

We seek to make advanced safety and driver assist features available on widely available products. For example, our Rear View Camera, which transmits an image of what is behind the vehicle when it is shifted in reverse, is available on every Ford and Lincoln vehicle in North America. In Europe, it is offered on the Ford Focus, B-MAX, C-MAX, S-MAX and Kuga.

We also know that safety involves more than technology. That's why our Driving Skills for Life program is now operating in 16 countries. While in some countries the program is aimed mainly at young, novice drivers, in others we encourage the participation of new drivers of all ages.

## Supply Chain

Ford has long understood our reliance on the sustainability of our [supply chain](#). We have been a leader in promoting sound working conditions and environmental management across the automotive supply base. These efforts are managed by and integrated into our Purchasing function.

In 2013, we continued to advance our efforts to ensure the minerals in our products are sourced responsibly. We assessed the presence of these minerals through the many tiers of our supply chain. We also collaborate with other automakers and other industries to encourage mineral smelters and refiners to become certified conflict free.

In summary, it is an exciting time in our industry and our company. Our approach to sustainability has served us well as we have grown and expanded. And I expect that our integrated systemic approach to sustainability will provide the platform for addressing future issues like automated vehicles, urban congestion and mobility for today's underserved. Many opportunities are before us, and I welcome your feedback on our performance.



**Robert Brown**

Vice President, Sustainability, Environment and Safety Engineering





Go Further

# SUSTAINABILITY REPORT 2013/14



## Year in Review

Letter from William Clay Ford, Jr.

Q&A with Alan Mulally

Letter from Robert Brown

### > Performance Summary

Ford's Goals, Commitments and Status

Map of Our Year

Assurance

About This Report

## Performance Summary

Below is a summary of our key performance data. Please also see the [Year in Review](#) for discussion of data parameters, as well as the data sections in the [Financial Health](#), [Climate Change and the Environment](#), [Supply Chain](#), [Water](#), [Vehicle Safety and Driver Assist Technologies](#), and [People](#) sections for additional indicators, five-year trends and notes on data assurance.

### On this page

- ↓ Financial Health
- ↓ Climate Change and the Environment
- ↓ Water
- ↓ Vehicle Safety
- ↓ Supply Chain
- ↓ People

## Financial Health

	2011	2012	2013
Global Quality Research System "things gone wrong" (3 months in service), total "things gone wrong" per 1,000 vehicles <sup>1</sup>	1,447	1,373	<b>1,388</b>
Global Quality Research System customer satisfaction (3 months in service), percent satisfied <sup>2</sup>	68	72	<b>72</b>
Sales satisfaction with dealer/retailer, Ford brand, U.S., net promoter score	85.0	87.0	<b>88.0</b>
Sales satisfaction with dealer/retailer, Ford brand, Europe, net promoter score	82.0	86.5	<b>86.5</b>
Service satisfaction with dealer/retailer, Ford brand, U.S., net promoter score	75.0	78.0	<b>77.0</b>
Service satisfaction with dealer/retailer, Ford brand, Europe, net promoter score <sup>3</sup>	64.0	71.5	<b>72.5</b>
Shareholder return – Bloomberg total return analysis, percent	(36)	23	<b>22</b>
Net income/loss, \$ billion	20.2	5.7	<b>7.2</b>
Sales and revenue, \$ billion	136	133.6 <sup>4</sup>	<b>146.9</b>

[↑ back to top](#)

## Climate Change and the Environment

	2011	2012	2013
Ford U.S. fleet fuel economy, combined car and truck, miles per gallon (higher mpg reflects improvement)	27.8	30.0	<b>29.5<sup>5</sup></b>
Ford U.S. fleet CO <sub>2</sub> emissions, combined car and truck, grams per mile (lower grams per mile reflects improvement)	318	297	<b>302</b>
Ford Europe CO <sub>2</sub> tailpipe emissions per vehicle, grams per kilometer (based on production data for European markets)	130	116 <sup>6</sup>	<b>NA<sup>7</sup></b>
Worldwide facility energy consumption, billion kilowatt hours	15.5	14.2	<b>15.0</b>
Worldwide facility energy consumption per vehicle, kilowatt hours per vehicle	2,778	2,539	<b>2,442</b>
Worldwide facility CO <sub>2</sub> emissions, million metric tons	5.1	4.79	<b>4.82</b>
Worldwide facility CO <sub>2</sub> emissions per vehicle, metric tons	0.91	0.86	<b>0.78</b>
Energy Efficiency Index, percent (higher percentage reflects improvement) <sup>8</sup>	2.6	6.4	<b>17.0</b>

[↑ back to top](#)

Water			
	2011	2012	2013
Global water use, million cubic meters <sup>9</sup>	25.6	23.7	<b>24.9</b>
Global water use per vehicle produced, cubic meters <sup>9</sup>	4.7	4.2	<b>4.0</b>

[↑ back to top](#)

Vehicle Safety			
	2011	2012	2013
U.S. safety recalls, number per calendar year (including legacy vehicles on the road for 10+ years)	13	24	<b>16</b>
U.S. units recalled, number of units (including legacy vehicles on the road for 10+ years)	3,339,000	1,399,000	<b>1,188,000</b>
IIHS Top Safety Picks by model year, percent of Ford Motor Company vehicles tested receiving the honor	52	75	<b>93</b>

[↑ back to top](#)

Supply Chain			
	2011	2012	2013
Number of individuals trained in working conditions requirements and sustainability management systems	2,414	2,760	<b>2,920</b>
Assessments to date <sup>10</sup>	834	811	<b>915</b>
Training cascade to workforce, individuals trained	372,998	430,257	<b>488,472</b>

[↑ back to top](#)

People			
	2011	2012	2013
Employee satisfaction, Pulse survey, overall, percent satisfied	69	71	<b>75</b>
Overall dealer attitude, Ford, relative ranking on a scale of 1–100 percent (winter/summer score)	84/82	84/83	<b>84/85</b>
Overall dealer attitude, Lincoln <sup>11</sup> , relative ranking on a scale of 1–100 percent (winter/summer score)	61/64	68/67	<b>76/78</b>
Ford Motor Company Fund contributions, \$ million	20	21.6	<b>26.3</b>
Corporate contributions, \$ million	10	8.5	<b>11.4</b>
Volunteer Corps, thousand volunteer hours	110	115	<b>150</b>
Lost-time case rate (per 100 employees)			
Americas	0.9	0.8	<b>0.7</b>
Asia Pacific Africa	0.1	0.1	<b>0.1</b>
Europe	0.3	0.4	<b>0.3</b>

[↑ back to top](#)

1. The Global Quality Research System (GQRS) is a Ford-sponsored competitive research survey. The GQRS is a good indicator of other quality results. For the 2011 model year, we began reporting global GQRS TGW data. In previous years we had reported only North American region GQRS TGW data. In addition, we changed the GQRS survey to include additional questions on vehicle entertainment and information systems. Therefore, the 2011 results are not comparable to previous years.
2. The Global Quality Research System (GQRS) is a Ford-sponsored competitive research survey. The GQRS is a good indicator of other quality results. For the 2011 model year, we began reporting global GQRS Customer Satisfaction data. In previous years, we had reported only North American region GQRS Customer Satisfaction data. In addition, we changed the GQRS survey to include additional questions on vehicle entertainment and information systems. Therefore, 2011 results are not comparable to previous years.
3. European sales and service satisfaction with dealers and retailers are net promoter scores based on 24 European markets, including Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, Romania, Russian Federation, Slovenia, Spain, Sweden, Switzerland, Turkey and the United Kingdom.
4. Revenues for 2012 were restated due to a retroactive accounting policy change.
5. In 2013, we improved the average fuel economy of our U.S. car fleet by 2 percent, and of our U.S. truck fleet by 3 percent compared to 2012. However, our combined corporate average fuel economy decreased by 1.7 percent in 2013 due to increased customer demand for trucks over cars.
6. For 2012, final official data from the European Commission (EC) were published in November 2013 for passenger cars (vehicle category M1). For passenger cars, only 65 percent of the best-CO<sub>2</sub>-performing fleet vehicles is accounted in this data as part of the EC's phase-in plan. Improvement is reflected in decreasing grams per kilometer. These figures are based on production data for European markets. European and

U.S. fleet CO<sub>2</sub> emissions are not directly comparable because they are calculated in different units and because they are assessed based on different drive cycles. In 2009, we switched from reporting European vehicle CO<sub>2</sub> emissions as a percent of a 1995 base to reporting actual fleet average CO<sub>2</sub> emissions, to parallel our reporting for other regions.

7. No data are yet available for 2013. Official 2013 data will be published by the European Commission in the fourth quarter of 2014.
8. The energy efficiency index is a normalized indicator of energy used in our manufacturing facilities per vehicle produced based on a calculation that adjusts for typical variances in weather and vehicle production. The Index is set at 100 for the baseline year to simplify tracking annual improvements. In 2012, we expanded our energy efficiency to include global energy use data. In previous years, it only included energy use at North American facilities. In 2012, we also reset the baseline year to 2011. A year 2000 baseline was used through 2006; the baseline was reset to year 2010 starting in 2011. The year 2012 improvement indexed against the year 2011 baseline was 6.4, indicating a 6.4 percent improvement in global energy efficiency per vehicle from 2011 to 2012. Higher percentage reflects improvement.
9. In 2013, we restated some historical data to account for divestiture of a facility.
10. In 2013, the training and assessment data was updated to reflect a consistent calculation methodology; however, certain figures may be slightly lower than 2012.
11. Ford stopped production of Mercury with the 2011 model year. Beginning in 2011, the dealer satisfaction data for Lincoln dealers no longer include Mercury dealers.



Go Further

SUSTAINABILITY REPORT 2013/14



Year in Review

Letter from William Clay Ford, Jr.

Q&A with Alan Mulally

Letter from Robert Brown

Performance Summary

> Ford's Goals, Commitments and Status

Map of Our Year

Assurance

About This Report

# Ford's Goals, Commitments and Status

This table summarizes Ford's goals, commitments, targets and progress in our material issue areas and other important performance areas. Please see the data sections for our complete data reporting and data notes.

### On this page

- ↓ Financial Health
- ↓ Climate Change and the Environment
- ↓ Water
- ↓ Vehicle Safety
- ↓ Supply Chain
- ↓ Health and Safety

Key: ✓ Achieved ➔ On Track ⇨ In Process ✗ Not on Track

## Financial Health<sup>1</sup>

Goal/Commitment	2013 Progress	Status
In 2012, we created a suite of new near-, mid- and long-term goals under our "Blueprint for Mobility."	Continued to explore what transportation will look like in 2025 and beyond, and identified the types of technologies, business models and partnerships needed to get us there.	⇨

### Related Links

- ➔ [Our Blueprint for Mobility](#)

1. Our Financial Health goals have been re-aligned to correspond with our Mid-Decade Outlook, details of which can be found on Slide 14 of our [2013 Update and 2014 Outlook presentation](#) dated December 18, 2013.

[↑ back to top](#)

Key: ✓ Achieved ➔ On Track ⇨ In Process ✗ Not on Track

## Climate Change and the Environment

Goal/Commitment	2013 Progress	Status
-----------------	---------------	--------

### Climate Change – Products

Do our share to stabilize carbon dioxide (CO <sub>2</sub> ) concentrations in the atmosphere at 450 ppm, the level generally accepted as that which avoids the most serious effects of climate change.	Reduced fleet-average fuel economy from our U.S. car fleet by 2 percent and our U.S. truck fleet by 3 percent in 2013 compared with 2012. <sup>2</sup>	➔
	Reduced fleet-average CO <sub>2</sub> emissions of European vehicles by 18 percent from the 2007 to 2013 calendar years.	

### Related Links

- ➔ [Data: Fuel Economy and CO<sub>2</sub> Emissions](#)
- ➔ [Climate Change](#)
- ➔ [Vehicle Fuel Economy and CO<sub>2</sub> Progress and Performance](#)
- ➔ [Vehicle – Results](#)

For each of our new or significantly refreshed vehicles, we will continue to offer a powertrain with leading fuel economy.	Followed through on this commitment with vehicles introduced in all our regions, and will continue to do so in future product launches.	➔
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### Related Links

- ➔ [Vehicle Fuel Economy and CO<sub>2</sub> Progress and Performance](#)

## Climate Change – Manufacturing

Reduce global facility CO <sub>2</sub> emissions per vehicle by 30 percent by 2025 compared to a 2010 baseline.	Reduced 2013 CO <sub>2</sub> emissions by 9 percent per vehicle produced compared to 2012.	➔
<b>Related Links</b> <a href="#">➔ Data: Worldwide Facility CO<sub>2</sub> Emissions per Vehicle</a> <a href="#">➔ Operational Energy and Greenhouse Gas Emissions – Performance</a>		
Reduce facility energy use per vehicle globally by 25 percent between 2011 and 2016, adjusted for weather and production.	Reduced average energy consumed per vehicle produced by 4 percent compared to 2012.	➔
<b>Related Links</b> <a href="#">➔ Data: Worldwide Facility CO<sub>2</sub> Emissions per Vehicle</a> <a href="#">➔ Operational Energy and Greenhouse Gas Emissions – Performance</a>		

## Environment – Products

Increase the use of recycled, renewable and lightweight materials.	Since 2011, all vehicles produced in North America have soy foam seating.	➔
Use soy foam seat cushions and backs on 100 percent of Ford vehicles manufactured in North America.	Since 2012, all new and redesigned vehicles launched in North America meet our goal to use at least 25 percent recycled content seat fabrics.	
Use at least 25 percent recycled content in seat fabrics on all new and redesigned vehicles sold in North America.	Continued to develop sustainable materials strategy requiring recycled plastics and textile materials for many applications globally. Continued to implement strategic principles for expanding the use of recycled and renewable materials that seek to reduce total lifecycle impacts.	
<b>Related Links</b> <a href="#">➔ Choosing More Sustainable Materials</a>		
Increase the use of allergy-tested and air-quality-friendly interior materials.	Continued to implement specification for low-emissions and allergy-free materials, which is being migrated across product lines.	➔
<b>Related Links</b> <a href="#">➔ Improving Vehicle Interior Environmental Quality and Choosing Allergy-Tested Materials</a>		

## Environment – Manufacturing

Reduce water use.	<a href="#">(See Water section of Goals Table.)</a>	
Reduce CO <sub>2</sub> emissions.	<a href="#">(See Climate Change section of Goals Table.)</a>	
Reduce waste sent to landfill by 40 percent on a per-vehicle basis between 2011 and 2016 globally.	Reduced waste to landfill per vehicle produced by 14 percent compared to 2012.	➔
<b>Related Links</b> <a href="#">➔ Data: Waste to Landfill per Vehicle</a> <a href="#">➔ Waste Management</a>		
Maintain volatile organic compound (VOC) emissions from painting at North American assembly plants at 23 grams/square meter or less.	Achieved 2013 VOC emissions at North American assembly plants of 16.8 grams/square meter.	➔
<b>Related Links</b> <a href="#">➔ Data: North America Volatile Organic Compounds Released by Assembly Facilities</a> <a href="#">➔ Non-CO<sub>2</sub>, Facility-Related Emissions</a>		

2. However, our combined U.S. corporate average fuel economy declined by 1.7 percent in 2013 due to increased customer demand for trucks over cars.

[↑ back to top](#)

**Key:** ✓ Achieved ➔ On Track 🔄 In Process ✗ Not on Track

Water		
Goal/Commitment	2013 Progress	Status
Cut the amount of water used to make each vehicle by 30 percent globally by 2015, compared to 2009.	Achieved this goal two years ahead of schedule. We will be updating our global manufacturing water strategy in 2014 and setting a new long-term target. Our target for 2014 is a reduction of 2 percent per vehicle produced from 2013.	✓
<b>Related Links</b> <a href="#">➔ Data: Water</a> <a href="#">➔ Progress in Reducing Water Use</a>		

**Key:** ✓ Achieved ➡ On Track 🔄 In Process ✗ Not on Track

## Vehicle Safety

Goal/Commitment	2013 Progress	Status
Design and manufacture vehicles that achieve high levels of performance in real-world safety and in public domain crash-testing programs and that offer innovative safety and driver assist technologies.	<p>For the 2014 model year, earned the highest possible Overall Vehicle Score of five stars in the New Car Assessment Program (NCAP) of the U.S. National Highway Traffic Safety Administration (NHTSA) for nine Ford Motor Company vehicles.</p> <p>For the 2013 Insurance Institute for Highway Safety (IIHS) awards, earned Top Safety Picks for 13 Ford Motor Company vehicles. Three of the 13 also earned Top Safety Pick+ designations.</p> <p>In the 2013 Euro NCAP assessments, earned a five-star safety rating for the Ford Tourneo Connect.</p> <p>Expanded the availability of Lane-Keeping System, a driver assist feature, in North America. See the Safety and Driver Assist Technologies section for information on our other technologies.</p> <p><b>Related Links</b></p> <ul style="list-style-type: none"> <li>➔ <a href="#">Data: Vehicle Safety</a></li> <li>➔ <a href="#">Highlights</a></li> </ul>	➡
Meet or exceed all regulatory requirements for safety.	<p>Continue to meet this goal every year. Ford's internal Safety Design Guidelines and other internal standards go beyond stringent regulatory requirements. Ford often establishes internal standards on emerging issues long before public domain or regulatory standards are adopted.</p> <p><b>Related Links</b></p> <ul style="list-style-type: none"> <li>➔ <a href="#">Data: Vehicle Safety</a></li> <li>➔ <a href="#">How We Manage Vehicle Safety</a></li> </ul>	➡
Provide information, educational programs and advanced technologies to assist in promoting safe driving practices.	<p>Continued to invest in Ford Driving Skills for Life (DSFL), launching the program in Europe for the first time in 2013. In the U.S., Ford DSFL focuses on teen drivers through five signature programs. In 2013 the Ford DSFL U.S. National Tour reached out to more teens, parents and educators than ever before and included nearly 30 days of hands-on training. In our Asia Pacific markets, Ford DSFL is aimed at novice drivers of all ages. Approximately 14,000 drivers in this region were trained in 2013. On the technology side, MyKey, Ford's innovative technology designed to help parents encourage their teenagers to drive more safely, is now in more than 6 million Ford and Lincoln vehicles on the road in the U.S. and is available on nearly all Ford Motor Company retail vehicles in North America.</p> <p><b>Related Links</b></p> <ul style="list-style-type: none"> <li>➔ <a href="#">Encouraging Safer Driving</a></li> </ul>	➡
Play a leadership role in vehicle safety and driver assist research and innovation.	<p>In December 2013, unveiled a Ford Fusion Hybrid automated research vehicle that will enable us to further test current and future sensing systems and driver assist technologies.</p> <p>Continued to collaborate with other automotive companies on precompetitive safety projects to enhance the safety of the driving experience and develop future technologies, such as through the U.S. Council for Automotive Research.</p> <p>And, continued to collaborate with university partners on a wide range of research projects, including research into advanced safety technologies. In 2013, awarded 28 new University Research Program grants to 19 universities around the globe.</p> <p><b>Related Links</b></p> <ul style="list-style-type: none"> <li>➔ <a href="#">Occupant Protection Technologies</a></li> </ul>	➡
Play a leadership role in research and development relating to "connected vehicles."	<p>Continued to participate in several multi-stakeholder research projects relating to connected vehicles, including the Crash Avoidance Metrics Partnership and the Vehicle Infrastructure Integration Consortium in the U.S., and DRIVE C2X, Safe Intelligent Mobility – Test Field Germany, and interactiVe in Europe.</p> <p><b>Related Links</b></p> <ul style="list-style-type: none"> <li>➔ <a href="#">Accident Avoidance and Driver Assist Technologies</a></li> </ul>	➡

Key: Achieved On Track In Process Not on Track

## Supply Chain

Goal/Commitment	2013 Progress	Status
Encourage key production suppliers to: introduce codes of conduct aligned with international standards and Ford's Code of Human Rights, Basic Working Conditions and Corporate Responsibility; develop robust management and compliance systems to support their codes; and extend these expectations to their own suppliers.	<p>Approximately 80 percent of our Production Aligned Business Framework (ABF) suppliers have demonstrated that they have codes of conduct in place that are aligned with international standards.</p> <p>Approximately 45 percent of our ABF production suppliers have demonstrated that they have met all three Ford milestones – that is, they have aligned codes of conduct in place supported by robust management systems governing their own operations and their supply chain.</p> <p><b>Related Links</b></p> <ul style="list-style-type: none"> <li>→ <a href="#">Going Further with Our ABF Suppliers</a></li> </ul>	
Help suppliers build their capacity to manage supply chain sustainability issues through factory-level and management training on working conditions, human rights, ethical business practices and environmental responsibility; require participating suppliers to cascade training information to their own employees and suppliers.	<p>In 2013, trained more than 230 Ford suppliers in Brazil, Mexico, Turkey, Romania, and South Africa.<sup>3</sup> The global total of Ford suppliers trained since program inception is nearly 2,100<sup>4</sup>.</p> <p>By having training cascaded by participating suppliers, have impacted more than 2,900 supplier representatives, nearly 25,000 supplier managers, more than 485,000 individual workers, and more than 100,000 sub-tier supplier companies since the program's inception.</p> <p><b>Related Links</b></p> <ul style="list-style-type: none"> <li>→ <a href="#">Building Supplier Capability through Localized Training and Collaboration</a></li> <li>→ <a href="#">Data: Working Conditions Training and Assessment Status for Supply Chain</a></li> </ul>	
Assess Tier 1 suppliers for compliance with local laws and Ford's supply chain sustainability expectations.	<p>Since 2003, have conducted more than 900 third-party audits of existing and prospective Tier 1 suppliers in 21 countries.</p> <p><b>Related Links</b></p> <ul style="list-style-type: none"> <li>→ <a href="#">Assessing Suppliers</a></li> <li>→ <a href="#">Data: Working Conditions Training and Assessment Status for Supply Chain</a></li> </ul>	
Work collaboratively across the industry to facilitate development of an industry-wide approach to key supply chain sustainability issues, including working conditions, human rights and raw materials sustainability.	<p>We are an active member of the AIAG, the auto industry's primary organization for supply chain issues. We chair six AIAG committees: Corporate Responsibility Steering Committee, Working Conditions Oversight, Chemicals Management and Reporting, Greenhouse Gases, Environmental Sustainability Advisory group and Healthcare Value Task Force. We are active members of several organizations seeking to find effective solutions to the issue of conflict minerals including the Public Private Alliance for Responsible Minerals Trade and the Conflict Free Sourcing Initiative. We are a founding member of the UN Global Compact Advisory Group on Supply Chain Sustainability. Also, we helped found the CSR Europe Automotive Working Group on Supply Chain Sustainability in 2011.</p> <p><b>Related Links</b></p> <ul style="list-style-type: none"> <li>→ <a href="#">Industry and Cross-Industry Collaboration</a></li> </ul>	
Better understand the carbon footprint of Ford's supply chain to inform the development of a broad-based carbon management approach for our supply chain.	<p>Surveyed 145 suppliers in 2013 (up from 135 in 2012, 128 in 2011 and 35 in 2010) regarding greenhouse gas emissions, and achieved an 89 percent voluntary response rate.</p> <p><b>Related Links</b></p> <ul style="list-style-type: none"> <li>→ <a href="#">Supplier Greenhouse Gas Emissions</a></li> </ul>	
Source at least 10 percent of U.S. purchases from minority- and women-owned businesses annually.	<p>Purchased \$6.5 billion in goods and services from approximately 250 minority-owned suppliers and \$1.8 billion in goods and services from more than 150 women-owned businesses, our fourth-consecutive year of improvement.</p> <p><b>Related Links</b></p> <ul style="list-style-type: none"> <li>→ <a href="#">Supplier Diversity Development</a></li> <li>→ <a href="#">Data: Engagement and Community</a></li> </ul>	

3. Trainings in Brazil, Mexico, Turkey and South Africa were joint industry trainings coordinated through AIAG. Trainings in Romania were held in conjunction with CSR Europe.

4. This figure includes suppliers trained in Ford-led and joint industry trainings.

[↑ back to top](#)

**Key:** ✓ Achieved ➡ On Track ⇨ In Process ✗ Not on Track

## Health and Safety

Goal/Commitment	2013 Progress	Status
<b>Safety</b>		
Fatalities target is always zero.	<p>In 2013, for the third time in Ford's history, did not have an employee work-related fatality during the calendar year. Tragically, we experienced three fatalities among contractors – one in Chicago, one in India and one in Russia.</p> <p><b>Related Links</b></p> <ul style="list-style-type: none"><li>➔ <a href="#">Data: Workplace Safety</a></li><li>➔ <a href="#">Workplace Health and Safety</a></li></ul>	✗
Serious injuries target is zero; overall goal is to attain industry competitive lost-time and DART levels and drive continuous improvement; specific targets are set by business units yearly for five years into the future.	<p>Our safety record improved compared to 2012. A major safety indicator – the lost-time case rate – was at 0.44, a nearly 14 percent improvement from the 2012 rate of 0.51. We experienced 131 serious injuries among our direct and joint venture employees, compared to 139 the previous year.</p> <p><b>Related Links</b></p> <ul style="list-style-type: none"><li>➔ <a href="#">Data: Workplace Safety</a></li><li>➔ <a href="#">Workplace Health and Safety</a></li></ul>	⇨
<b>Health</b>		
Maintain or improve employee personal health status through participation in health risk appraisal and health promotion programs.	<p>Had active personal health promotion programs in place in most regions. Deployed common global metrics and developed plans to implement them in remaining countries. Employee participation in health-risk appraisals is a core component of U.S. health benefit program. In 2013, more than 80 percent of salaried employees and retirees met the objectives of this program and increased their awareness of personal health improvement opportunities.</p> <p><b>Related Links</b></p> <ul style="list-style-type: none"><li>➔ <a href="#">Health as a Strategic Advantage</a></li></ul>	➡

[↑ back to top](#)





Go Further

SUSTAINABILITY REPORT 2013/14

- Year in Review
- Our Blueprint for Sustainability
- Financial Health
- Climate Change and the Environment
- Water
- Vehicle Safety
- Supply Chain
- People
- Ford Around the World

### Year in Review

Letter from William Clay Ford, Jr.

Q&A with Alan Mulally

Letter from Robert Brown

Performance Summary

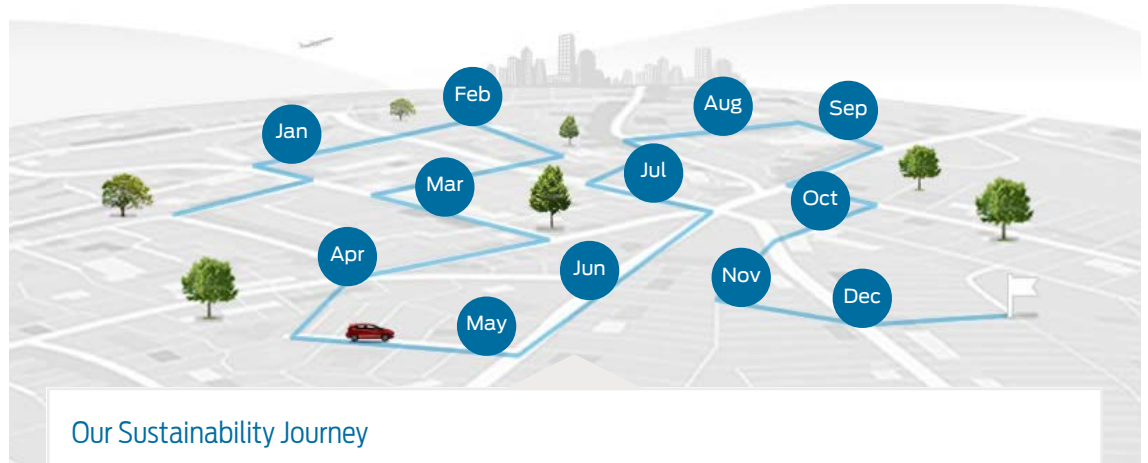
Ford's Goals, Commitments and Status

#### > Map of Our Year

Assurance

About This Report

## Map of Our Year



### Our Sustainability Journey

Click on the months to see Ford's sustainability-related highlights for 2013.

#### January

##### Record Profits

Reported total company full-year pre-tax profit of \$8 billion for 2012, our third year in a row of \$8 billion or more in pre-tax profits.

##### Diversity Efforts Recognized

Named one of America's Top Organizations for Multicultural Business Opportunities by Diversity Business magazine; Ford has been on this list since 2001.

##### Double Dividend

Announced we would double our dividend.

#### February

##### New Waste Reduction Goal

Announced new global waste goal: a 40 percent reduction in waste sent to landfill per vehicle produced between 2011 and 2016 – equal to just 13.4 pounds per vehicle worldwide.

#### March

##### Ethics Award

Honored for the fourth year in a row by the Ethisphere Institute as one of the World's 100 Most Ethical Companies.

## April

### New Hires

Announced we would hire an additional 2,000 hourly workers at our Kansas City Assembly Plant to help meet demand for our F-150 truck.

### Expanding Environmentally-Friendly Painting

Announced plans to expand industry-leading 3-Wet paint capacity by 50 percent in 2013 by adding the environmentally friendly process to four more plants on three continents.

## May

### Water Futuring

Conducted a "water futuring" workshop to examine "what if" scenarios about water in the years ahead and better understand the long-term implications of water scarcity on Ford's operations.

## June

### Cutting Energy Use

Announced that we reduced the amount of energy used per vehicle produced by 22 percent in the past six years; also announced plans to reduce usage another 25 percent on a per-vehicle basis by 2016.

### Green Brands Honor

Moved up 13 spots to No. 2 on Interbrand's list of Best Global Green Brands.

## July

### Founder's Birthday

Marked the 150<sup>th</sup> anniversary of the birth of Henry Ford.

### Expanding GHG Reporting

Became the first automaker to sign on to voluntary greenhouse gas reporting program for all industries in India, adding to the voluntary reporting we already do in the United States, China, Canada, Mexico, Brazil and Argentina.

### Salaried Hires

Announced we will hire an additional 800 salaried employees for a total of more than 3,000 salaried employees in the U.S. in 2013 – our largest hiring initiative in more than a decade.

## August

### Hybrid Sales

Delivered our best August electrified vehicle sales ever with more than 8,292 sales, up 288 percent over the same period a year ago. Ford's plug-in hybrids, Fusion Energi and C MAX Energi, delivered their best sales month year-to-date, with 600 and 621 units sold, respectively.

## September

### EcoBoost® Milestone

2 millionth EcoBoost® produced.

### Driver Education in Europe

Launched Ford Driving Skills for Life in Europe. Ford

### Recharging Employees

Introduced an electric vehicle charging program at nearly all of our U.S. and Canadian facilities, which will allow employees with electric vehicles to commute to and from work entirely on electricity.

will invest €1.5 million in the first year of this program alone to provide free, hands-on training in the U.K., Germany, France, Spain and Italy.

## October

### Expanding Water-Saving Machining Process

Added our water-saving near-dry machining capability to six plants globally – a number that will nearly double in the next few years.

## November

### Plant-Based Interior Fabrics

Unveiled a Ford Fusion Energi plug-in hybrid vehicle with Coca-Cola's PlantBottle Technology in interior fabrics; the first time this technology has been applied beyond packaging.

### LatinNCAP

In the Latin New Car Assessment Program, received the maximum five stars for adult protection for the new Ford EcoSport and Focus.

## December

### Global Launches

Announced plans to launch 23 new or significantly refreshed vehicles globally in 2014, open three more manufacturing facilities and add more than 5,000 jobs in the U.S.

### Automated Research

Revealed a Ford Fusion Hybrid automated research vehicle that will be used to make progress on future automated driving and other advanced technologies.

### EuroNCAP Results

In the 2013 European New Car Assessment Program, earned the maximum five-star safety rating for the Ford Tourneo Connect – the first compact "people mover" to be awarded this rating.



Go Further

SUSTAINABILITY REPORT 2013/14



Year in Review

Letter from William Clay Ford, Jr.

Q&A with Alan Mulally

Letter from Robert Brown

Performance Summary

Ford's Goals, Commitments and Status

Map of Our Year

> Assurance

About This Report

# Assurance

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

The Committee reviewed past reports and the outline for this 2013/14 Sustainability Report. The Committee met once by teleconference, and some members provided input to Ceres outside of the meeting.

The Committee provided a range of suggestions to improve Ford's reporting and materiality analysis. Major points of feedback and Ford's responses are shown below.<sup>1</sup> Other Committee recommendations will be considered for future reporting.

Reporting Recommendations	Response
<p><b>Highlight progress against goals.</b> Given the large quantity of information presented in the report, some of which does not change from year to year, stakeholders recommend opening each section of the report with highlights that describe "what's new" relative to the previous year's report and where specific progress has been made. Ford should use the report for "storytelling" as a means to provide context at the global and business unit levels, highlight its most innovative and cutting-edge programs, candidly discuss key success and challenges, and demonstrate recent impact.</p>	<p>In this year's Sustainability Report we have designed the landing page of each material issue section to include a summary of key progress points. Also new since the last report, these landing pages will highlight our most innovative programs. We continue to provide a "<a href="#">Map of Our Year</a>" and use case studies throughout the report to provide context and additional detail related to our most innovative programs, as well as our challenges.</p>
<p><b>Enhance financial reporting disclosures.</b> Stakeholders appreciate that Ford has highlighted "green" and the emphasis on sustainability as a pillar of Ford's business strategy in financial reports, but expect to see additional discussion of key risks and opportunities, as well as realized business value, associated with material issues in Ford's investor communications as well as in the Sustainability Report. Ford should be moving toward demonstrating to investors and capital market players, through its reporting, how sustainability is creating business value.</p>	<p>This Sustainability Report is our main vehicle for communicating the business value of our sustainability strategy and performance. We have included a section on financial performance in our Sustainability Report for the past nine years and outline the business benefits of addressing each of our material issues. We also discuss climate-related risks and opportunities in the <a href="#">Climate Change</a> section of this report. The 2013 Ford Annual Report includes a section on "Better World," which highlights several of our key areas of sustainability focus again this year. For the launch of our 2012/13 report, our chief financial officer and our global director, Sustainability and Vehicle Environmental Matters, conducted a briefing on highlights of the report for investors and other interested stakeholders. Ford's executive vice president, Global Manufacturing and global director, Sustainability and Vehicle Environmental Matters conducted a similar briefing about this report.</p>
<p><b>Commit to existing 2022–2025 fuel efficiency/GHG standards.</b> In light of the reality that some automakers might push for a weakening of the 54.5 mpg fuel efficiency standard for model years 2022–2025 when the standard undergoes a mandatory midterm review, stakeholders encourage Ford to demonstrate its commitment to the current standard and to remaining on the 450 ppm glide paths, based on the fact that the goal is readily achievable using existing technology.</p>	<p>Ford continues to be committed to contributing our share toward stabilization on the 450 ppm glide path, and our actions and positions are consistent in delivering to those levels. Ford continues to support the One National Program for greenhouse gas (GHG) emissions and fuel economy. Given the timeframe of the regulation, the midterm review is the focal point to assess the feasibility of the 2022–2025 standards and ensure that there is alignment with market and business realities. Ford believes a range of fuel-efficient vehicles is the best way to reduce carbon dioxide emissions consistent with delivering our share to the 450 ppm glide path, while still meeting the various needs of our customers.</p>
<p><b>Support the CA Low Carbon Fuel Standard.</b> Stakeholders urge Ford to join General Motors in publicly expressing its support for the California Low Carbon Fuel Standard (LCFS). The LCFS is an important policy that will help lead the nation toward greater reductions in the carbon footprint of the transportation sector, while also creating significant economic opportunities. Support for this standard is a natural fit with Ford's interest in reducing the carbon profile of its vehicles.</p>	<p>We are committed to working with all key stakeholders to promote climate change policy that helps to match vehicle technology, fuel technology and availability, and consumer demand to effectively reduce transportation sector emissions and reach climate stabilization goals. The LCFS is one way to address the fossil carbon content of transportation fuels. We welcome, and have worked to promote, comprehensive market-based policy approaches, rooted in science, that provide a coherent and effective framework for GHG emission reductions and improved and low-carbon fuels, and that give companies a clear understanding of their integral role in achieving overall societal transportation sustainability goals.</p>

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**Reconsider position on zero emission vehicle (ZEV) policy.** Stakeholders ask Ford to reconsider its support for the Alliance of Automobile Manufacturers position regarding ZEV policy in California and elsewhere in light of the Alliance's efforts to impede program implementation in California and potential adoption elsewhere. Endorsing the Alliance's position seems to be at odds with Ford's statements that electric vehicles are a core element of the company's Sustainable Technologies and Alternative Fuels Plan.

Ford continues to be committed to contributing our share toward stabilization on the 450 ppm glide path. Our planned product actions include increasing levels of electrified vehicles up to and beyond 2025, consistent with our Sustainable Technologies and Alternative Fuels plans.

Ford will support the Alliance of Automobile Manufacturers' positions that are consistent with our plans stated above. In addition, it is a Ford priority to work collaboratively with all stakeholders in support of appropriate regulation and to foster key electrification enablers (including customer information, comprehensive policy alignment, infrastructure and market readiness planning) that will allow Ford to deliver our share to the common goal of GHG reductions that are necessary to mitigate the consequences of adverse climate change.

We discuss our policy positions related to alternative fuel vehicles in the [Climate Change](#) section of this report.

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**Continue active engagement on conflict minerals.** Stakeholders appreciate the due diligence process graphic in last year's report and Ford's articulation of the actions it is taking in its direct and indirect operations. Stakeholders look forward to seeing the results of Ford's compliance with new SEC disclosure rules while also (1) emphasizing the need for Ford to support diplomatic engagement in the Great Lakes region of Africa, and (2) strongly encouraging Ford to comment positively on the forthcoming European Union directive that would establish a certification scheme to prevent the sale of conflict minerals in Europe.

In this year's Sustainability Report we have continued to expand coverage of our work with suppliers to ensure responsible sourcing of raw materials, including conflict minerals. This year's report also includes [an interview with our in-house expert](#) on our work addressing [conflict minerals](#).

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**Set expectations for supply chain GHG goals.** Ford notes that it encourages suppliers to set their own GHG reduction goals. However, most of the supplier targets remain intensity based, rather than absolute. Stakeholders strongly encourage Ford to set a time-bound goal, such as 2020, for shifting from encouragement to requirement, at least among ABF suppliers, with an expectation that the goals will be in absolute terms and that they, along with Ford, will push similar expectations down the supply chain. Stakeholders also encourage Ford to expand requirements beyond GHG reduction goals to include other key issues such as water use and energy efficiency.

In this year's Sustainability Report we discuss how we expanded our survey of supplier GHG emissions in 2013 to 145 suppliers, which accounted for approximately 50 percent of our 2012 purchases of \$90 billion. We also expanded the GHG survey to include non-production as well as production suppliers. We will continue to expand the number of suppliers we survey in 2014. We also began to survey our suppliers on water use in 2014, using the CDP Water program.

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**Expand and disclose employee engagement goals.** Ford refers to its employees as its most valuable resource, but this does not come through clearly in the People section of the report. Stakeholders know that Ford is doing good work to engage with its employees; now is the time to back that up with firm, time-bound goals and related key performance indicators that go beyond health and safety measures. This is an opportunity for Ford to leverage employee engagement to drive sustainability initiatives and innovation, and to leverage its sustainability initiatives to engage employees as key partners and innovators.

A current priority of the sustainability group at Ford is developing a network of employees involved in sustainability, aimed at further integrating sustainability into the global organization. We do not have specific goals and metrics related to employee engagement but have worked to expand the employee data provided in this report.

This report also includes [commentary from the President of the Ford Motor Company Fund and Community Services](#), who discusses the importance of employee engagement in our work in the community.

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**Expand and disclose human rights-related measures.** Stakeholders thank Ford for its disclosure of information related to global working conditions training and assessments. As next steps, stakeholders would like to see Ford provide additional, narrative information describing common violations and the specific strategies employed to address them, and set time-bound goals for the number of training sessions and participants (including managers), by region.

In this year's Sustainability Report we continued to report on common findings from the supplier assessments we undertook in 2013. We also report our process for dealing with any violations we find. Going forward, we set a goal to expand supplier audits to at least 25 percent of our production suppliers for high-priority countries in each of our major operating regions.

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## Data Assurance

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

- Financial data were audited for disclosure in the Ford Annual Report on Form 10-K.
- Sixty-one percent of Ford's global facility GHG emissions are third-party verified. All of Ford's North American GHG emissions data since 1998 are externally verified by The Financial Industry Regulatory Authority, the auditors of the NASDAQ stock exchange, as part of membership in the Chicago Climate Exchange. In addition, all of our European facilities impacted by the mandatory EU Emissions Trading Scheme (EU-ETS) are third-party verified. All EU-ETS verification statements are provided to Ford, by facility, from Lucideon (formerly CICS) for UK facilities, Lloyds for Spain, Intechica for Germany and SGS for Belgium. North American facilities are verified against the Climate Registry's General Reporting Protocol. European facilities are verified against the EU-ETS rules and guidelines.
- Ford voluntarily reports facility carbon dioxide emissions to national emissions

registries or other authorities in the U.S., Canada, Mexico, Argentina, Australia, Brazil, China and Taiwan.

- Various environmental data are reported to regulatory authorities.
- Ford's facility environmental data are managed using our Global Emissions Manager database, which provides a globally consistent approach to measurement and monitoring.

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

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1. This synopsis draws from a summary of the stakeholder engagement process prepared by Ceres; however, it does not cover every point raised and was not reviewed by the participating stakeholders.



Go Further

SUSTAINABILITY REPORT 2013/14



Year in Review

Letter from William Clay Ford, Jr.

Q&A with Alan Mulally

Letter from Robert Brown

Performance Summary

Ford's Goals, Commitments and Status

Map of Our Year

Assurance

> About This Report

# About This Report

At Ford, we see reporting as an ongoing, evolving process, not an annual exercise. We expect our reporting to evolve further and invite your feedback on this Report, and our approach to reporting, at [sustaina@ford.com](mailto:sustaina@ford.com).

This Report covers the year 2013 and early 2014. The data are primarily for 2013 (for operations) and for the 2013 and 2014 model years (for vehicles). In addition to this full online Report, we publish an eight-page [summary report](#) for use by employees, customers and other stakeholders. Our most recent previous report was released in June 2013.

Data in this Report are subject to various forms of [assurance](#) as noted in the data tables. The summary report was reviewed by Ford's top executives and the Sustainability Committee of the Board of Directors. A Ceres [stakeholder committee](#), which included representatives of environmental groups and socially responsible investors, reviewed the outline for the full report.

This Report is aligned with the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines at a self-declared application level of "A." See the [GRI Index](#) for a complete listing of the GRI indicators. We have begun the process of transitioning to the GRI G4 Guidelines. More information on the GRI and the application levels can be found on the [GRI website](#).

Although this is not formally an "integrated report" – one that combines financial and sustainability reporting – we have expanded on our longstanding practice of reporting on Ford's financial health and its interrelationships with our sustainability performance (see, for example, the [value chain](#) infographic, which includes examples of value creation at each stage).

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

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

Further information about our reporting approach can be found in the [Reporting and Transparency](#) section of this report.