



Attainable

Pioneering



Cultivating



History Inspired Thinking Forward



Global



Strategic

Inventive



Delivering

Sustainability Report Summary 2013/14



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corporate.ford.com/go/sustainability

Welcome

When it was founded in 1903, Ford Motor Company was what we would now think of as a start-up. The dawn of the 20th 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.

Today our commitment to sustainability is helping us achieve our vision of building great products, a strong business and a better world, and our One Ford plan continues to deliver. 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 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 our fifth year in a row of being recognized as an ethical company by the Ethisphere Institute.

During 2013, Ford Motor Company celebrated the 150th anniversary of the birth of Henry Ford. We also noted the 100th anniversary of his moving automotive assembly line. And 2014 will mark the 100th anniversary of the \$5-a-day wage, Henry Ford's choice to share profits with workers in a way that effectively doubled their salaries.

Year in Review

Our One Ford business strategy and our sustainability strategy are intrinsically linked.

The goal of One Ford is to create an exciting and viable company with profitable growth for all, and we measure success through the satisfaction of our key stakeholders. The output of One Ford is:

- **Great Products**, defined as those that are high quality, green, safe and smart;
- **Strong Business**, based on a balanced portfolio of products and global presence; and
- **Better World**, accomplished through our sustainability strategy, which aims to create value consistent with the long-term preservation and enhancement of environmental, social and financial capital.

Through the disciplined implementation of One Ford, we have strengthened our

performance in all of these areas, expanding our global presence and our portfolio of exciting, fuel-efficient products while reducing the impacts of our manufacturing operations.

We focus our efforts on the areas we have identified as the most material from a sustainability point of view: financial health, climate change, water, vehicle safety and supply chain. We also focus on people – our employees, dealers and those who live in our communities – as they are essential to everything we do.

Our approach is to integrate sustainability issues into our business processes and manage them like other key business issues. We have a comprehensive set of goals and targets related to key sustainability issues, and in 2013 we strengthened the processes for embedding accountability to these goals and targets across the company. We

continue to identify emerging sustainability-related challenges and opportunities and to mobilize resources within the company to address them, which helps Ford to remain competitive in a changing world.

Our goals and progress in each of our key areas are described in this summary and in more detail in our full report online. Among our highlights in 2013 and early 2014, we:

- Built our 2 millionth EcoBoost® engine.
- Sold 6.3 million Ford vehicles around the world – 16 vehicles every 60 seconds.
- Pushed forward on programs to develop a strong pipeline of employees in the science, technology, engineering and math (STEM) fields.
- Made record profit-sharing payments to approximately 47,000 eligible U.S. hourly employees.

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. We 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

Alan Mulally
President and Chief Executive Officer



About Ford

- Revealed our Ford Fusion Hybrid automated research vehicle to help us develop new automated driving and other advanced technologies.
- Reached our per-vehicle water reduction goal two years ahead of schedule.
- Sold nearly 2.5 times as many electrified vehicles in 2013 as in 2012.
- Advanced our efforts to eliminate conflict minerals from our products and supply chain.
- Expanded our survey of supplier greenhouse gas emissions and began to survey our suppliers on their water use.
- Endorsed the CEO Water Mandate.
- For the 2014 model year, earned five stars in the U.S. New Car Assessment Program for nine Ford Motor Company vehicles.

Ford Motor Company is a global automotive industry leader based in Dearborn, Michigan. As of year-end 2013 we had about 181,000 employees and 65 plants worldwide. We manufacture or distribute automobiles on six continents under the Ford and Lincoln brands. We also provide financial services through Ford Motor Credit.

For more information regarding Ford and our products worldwide, please visit corporate.ford.com. Also, please explore our Web-based sustainability report to learn more about our strategy, goals and performance across the full range of our material issues.



SEE OUR FULL REPORT
corporate.ford.com/go/sustainability



Strategic

After World War II, Henry Ford II hired 10 young former Air Force officers who had gained fame for the management systems they created to aid the decision making of top generals. Dubbed the "Whiz Kids," the team developed an integrated financial and corporate management system that revolutionized Ford's approach to business organization. Today, Ford has continued to advance effective management practices by integrating sustainability goals and governance issues into our overall business management systems.



Global

Even a century ago, our company was thinking globally. We sold our first Model Ts in China in 1913. Today, we have 65 plants worldwide and distribution across six continents. Our globalized platforms – and vehicles such as the Ford Fiesta, Focus, C-MAX, Escape/Kuga and Fusion – have created a clear and consistent identity for Ford in the world marketplace, while reducing our costs and improving manufacturing efficiency.

Financial Health

The F-150 and the Mustang: two iconic Ford vehicles with storied legacies.

The descendant of our first true pickup back in 1925, the Ford F-Series (including the F-150) has been the best-selling truck in America for 37 years running. The Mustang, the original “pony car” of the 20th century and arguably the heart and soul of the Ford brand, celebrated its 50th anniversary in early 2014.

Yet even with these classics, we are revamping and adapting technologies and tools to stay ahead of customer interests, all while building in elements that make the vehicles – and indeed our own company – more sustainable. The 2015 F-150 is the first pickup made with a high-strength steel frame and an aluminum-alloy body, resulting in a weight reduction of up to 700 pounds.

The new 2015 Mustang will offer buyers the choice of a turbocharged 2.3L EcoBoost® engine, delivering more horsepower and torque with less fuel.

These are just two of many innovations as we stay true to our One Ford plan. At the center of that plan is the priority to accelerate new product development.

Nowhere is that acceleration more evident than in our 2014 global product launch schedule of 23 new or significantly refreshed vehicles – the most in a single year in more than a century. To support our aggressive growth strategy, we are adding jobs in key regions and building new facilities.

This growth comes on the heels of one of our company’s best years ever. We reported 2013 full-year, pre-tax profit of \$8.6 billion¹ (excluding special items), driven by the highest Automotive pre-tax profit in more than a decade and continued solid profit from Ford Credit.

1. For additional information, see Ford Motor Company’s Annual Report on Form 10-K for the year ended December 31, 2013, on our website at www.corporate.ford.com.

Read online about

- [Our work on sustainable mobility](#) • [Our growth in Asia](#) • [Our manufacturing plant investments](#)



People

Our employees are the reason for our success.

As we continue to witness surging global demand for our products, we rely ever more deeply on the critical skills and talents of our dedicated workforce of some 181,000 individuals. We’re focused on working together as a skilled and motivated team – the essence of Ford – while providing a safe, respectful and inclusive environment.

To fuel our aggressive growth, we are hiring in North America and Asia Pacific and are exploring new strategies to develop a pipeline of future talent, especially in technical fields.

In North America, we created approximately 14,000 jobs during 2012 and 2013 as part of

our largest hiring initiative since the beginning of the new millennium. We expect to hire more than 6,000 employees in Asia Pacific in 2014, the vast majority of them hourly employees. Although we have grown in U.S. and Asian markets, we have had to realign our business in Europe, ultimately resulting in three plant closures. And, we have announced plans to exit manufacturing in Australia by October 2016.

As part of our One Ford commitment to build a better world, we support our communities through strategic investments and volunteer efforts. In 2013, Ford contributed \$37.7 million, and 25,000 Ford employees and retirees volunteered more than 150,000 hours in our communities of operation.



Cultivating

In the early 1900s, Ford formalized efforts to cultivate a tolerant workplace and to actively hire and adapt our workplace for disabled individuals. Today, we emphasize diversity and inclusion as part of our One Ford behaviors and regularly exceed our goal of sourcing at least 10 percent of U.S. supply chain purchases from minority- and women-owned businesses, winning third-party recognition for our efforts.

Read online about

- [Relationships with dealers](#) • [Interactions with customers](#) • [Commitment to diversity](#)



Climate Change and Environment

We have strategies and goals to minimize our environmental impacts, including greenhouse gas emissions from our products and facilities.

Ford's science-based climate goal is to contribute to stabilizing carbon dioxide (CO₂) concentrations in the atmosphere at a level that avoids the most serious consequences of climate change. We also work to reduce the footprint of our vehicles and operations across a range of other environmental issues. Our climate change and environment plans include the following:

- We will reduce our facilities' CO₂ emissions by 30 percent per vehicle produced by 2025 compared to a 2010 baseline;
- We will reduce waste sent to landfill by 40 percent per vehicle produced between 2011 and 2016 globally; and

- For each of our new or significantly refreshed vehicles, we will continue to offer a powertrain with leading fuel economy.

In 2013 in the U.S., we improved the average fuel economy of our car fleet by 2 percent and of our truck fleet by 3 percent compared to 2012. However, our combined corporate average fuel economy declined by 1.7 percent in 2013 due to increased customer demand for trucks versus cars. We reduced the average CO₂ emissions of our European car fleet by around 18 percent between the 2007 and 2013 calendar years.² We decreased CO₂ emissions from our facilities per vehicle produced by 9 percent, and we reduced waste to landfill per vehicle produced by 14 percent compared to 2012. We also continue to reduce emissions of volatile organic compounds from our operations and find new ways to use sustainable materials in our vehicles.

2. The final 2013 calendar-year fleet-wide CO₂ emissions data for our European fleet will be available in November 2014. For all years, these data do not include Volvo.

Inventive

Henry Ford believed in a partnership between industry and agriculture, each using the products of the other. He invented uses for agricultural materials, including soybean oil in plastic body panels and wheat-straw-reinforced steering wheels. We are continuing this thinking today. For example, in the armrest of the 2014 Lincoln MKX, Ford introduced the first-ever automotive application of a new, cellulose-reinforced plastic, which replaces fiberglass reinforcement with fibers from sustainably produced trees.



Read online about

- [Climate change strategy](#)
- [Plan for sustainable vehicle technologies and alternative powertrains](#)
- [Our vehicle electrification strategy](#)
- [Greening our products](#)
- [Greening our operations](#)



Delivering

In the 1990s, the local lake supplying water to the community of Hermosillo, Mexico, and to Ford's manufacturing facility there dried up, after a prolonged drought in the already water-stressed region. Ford responded by reducing our use of municipal water by 40 percent. We later added cutting-edge water conservation technologies, such as biological membrane reactors, to remain "water neutral" even while increasing production by 60 percent. We are now delivering the technologies and lessons learned from Hermosillo to other operations globally.



Water

Water scarcity and water quality degradation rank among the biggest threats facing our planet.

Here at Ford, we have worked to reduce water use in our facilities for many years, and in 2000 we began setting year-over-year reduction targets. Between 2000 and 2013, we reduced our total global water use by 61 percent, or more than 10 billion gallons.

Over the last decade, we have moved beyond merely reducing the water footprint within our own operations to working more holistically outside our corporate walls. In 2014, we published our corporate water strategy, which builds upon our 2011 water strategy for our manufacturing operations. The corporate water strategy is designed to effect substantial, sustainable and

measurable impacts within our own facilities, across our supply chain and in the communities where we operate. We believe that business has a key role to play in finding sustainable solutions to current and future global water challenges and that our broad reach enables large-scale positive impact.

Our corporate water strategy aligns with the core elements of the United Nations CEO Water Mandate, which Ford endorsed in April 2014.

In 2011, we announced a goal of reducing 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. We will be updating our global manufacturing water strategy in 2014 and setting a new long-term target.

Read online about

- [Our progress in reducing water use](#)
- [Our water strategy](#)

Vehicle Safety and Driver Assist Technologies

In the automotive industry, driver assist technologies are advancing quickly, providing drivers with more assistance in certain situations.

At Ford, these technologies include, among others, Lane Keeping System, Forward Collision Warning, Active Park Assist and Adaptive Cruise Control, all of which are available on select Ford vehicles in North America and Europe. Driver assist technologies are building the foundation for a future of automated driving while always keeping the driver in control. Through research and partnerships, we are also developing vehicles that use advanced Wi-Fi to “talk” to each other and to roadway infrastructure, in order to provide more awareness of the environment around the vehicle. We believe that automated, connected vehicles have the potential to

help make driving safer, ease traffic congestion and reduce emissions.

We continue to receive high marks in key public and private vehicle safety evaluations. For the 2014 model year, nine Ford Motor company vehicles earned the highest possible Overall Vehicle Score of five stars in the U.S. New Car Assessment Program. In the most recent Latin New Car Assessment Program, the new Ford EcoSport and Focus both received five stars for adult occupant protection.

We also remain committed to educating teens and other novice drivers through Ford Driving Skills for Life (Ford DSFL), our flagship program aimed at teaching skills that are not typically included in standard drivers’ education. Ford DSFL is active in 16 countries around the globe.

 **Read online about**

- [Ford MyKey®](#) • [Collaborative safety research](#) • [Electric vehicle safety](#) • [Combatting distracted driving](#)



Attainable

In 1954, Ford performed its first vehicle crash test, well before these tests were required by law. In 2014, we performed our 20,000th crash test. Today, as back then, we work to make advanced safety technologies attainable for all our customers, by offering many of our advanced safety features as standard equipment on a wide array of vehicles, not just our luxury models.

Supply Chain

Ford’s suppliers are critical allies in helping us to achieve success in the marketplace and meet our sustainability goals.

The basis of our work with suppliers is the Ford Code of Human Rights, Basic Working Conditions and Corporate Responsibility, which applies to our own operations as well as our \$100 billion supply chain.

We take a three-pronged approach to supply chain sustainability:

- Engaging strategic production suppliers through discussion, training and contractual agreements to align approaches on a range of sustainability issues;
- Building supplier commitment and capability to manage sustainability in their own operations and supply chains by conducting supplier training, assessments and remediation; and

- Collaborating within the automotive industry to develop common approaches to sustainability issues.

In 2013, we trained 231 Ford suppliers in Brazil, Mexico, Turkey, Romania and South Africa through joint industry trainings, bringing the total of trained supplier companies to nearly 2,100 globally. We work systematically with our strategic suppliers to ensure that they have robust codes of conduct and management systems and that they share similar expectations with their own suppliers.

Also in 2013, we continued to work with our suppliers to ensure responsible sourcing of raw materials, including addressing conflict minerals. To better understand environmental impacts in our supply chain, we surveyed 145 suppliers about their greenhouse gas emissions.



Pioneering

In 1914, Henry Ford offered employees \$5 per day, more than doubling the wage most workers earned, and shortened the work day from 9 to 8 hours. These actions, which were ultimately followed by many other manufacturing companies, improved conditions for many workers and helped build the American middle class. Ford Motor Company continues to be a pioneer on social issues. For example, we were the first automaker to implement a code of working conditions to support human rights in our own operations and those of our suppliers.

 **Read online about**

- [Our work to eliminate conflict minerals and human rights abuses in our raw materials supply chain](#)
- [Actions to address rare earth elements used in our vehicles](#) • [Efforts to promote supplier environmental responsibility](#)

Ford Around the World

Around the world, Ford aims to deliver profitable growth for all.

In all of our regions, we are taking actions to reduce the environmental impact of our products and facilities, support positive social change and ensure economic viability for long-term growth. Through the end of 2013, our business was organized into four regional segments: North America, South America, Europe and Asia Pacific Africa.³

3. In 2014, we realigned our regional operating structure to create a new business unit – Middle East and Africa. In future years, we plan to begin reporting based on this new regional structure.

Europe

 **50,000⁴** employees  **1.4 million⁵** vehicles sold

Despite the company's financial progress, the business environment in Europe remains challenging. In response, we are implementing a European transformation plan, including actions to increase cost efficiencies, address manufacturing overcapacity, accelerate product development and introduction, and strengthen our brand. We are on track to achieve profitability in the region in 2015.

Ford offers one of the broadest low-CO₂ vehicle portfolios in Europe, including our ECONetic lineup of low-CO₂ vehicles with diesel powertrains, as well as vehicles powered by our advanced EcoBoost[®] gasoline engines. We began offering the all-electric Ford Focus Electric in Europe in 2013, and we will launch the C-MAX Energi plug-in hybrid and a hybrid version of the Mondeo in 2014.

Our global vision emerges from a deep understanding of what drives people in local markets.

North America

 **84,000** employees  **3.1 million** vehicles sold



DISCOVER MORE ABOUT OUR GLOBAL ORGANIZATION BY VISITING OUR WEBSITE:
<http://corporate.ford.com/our-company/operations-worldwide>

4. All employment figures are as of year-end 2013 and do not include employees of Ford Motor Credit or our unconsolidated joint ventures.

5. All vehicle sales numbers are wholesales.

Asia Pacific Africa

 **23,000** employees  **1.3 million** vehicles sold

The Asia Pacific Africa (APA) region is our fastest-growing market. China and India, in particular, are expected to continue to experience rapid and substantial growth in the next 10 years. In 2013, we introduced eight new vehicles in the region.

We are responding to consumer demand for greater fuel efficiency in APA with the launch of more EcoBoost-equipped vehicles. In 2013, the fuel-efficient EcoBoost engine became available on 10 vehicles in the region. We will offer EcoBoost in 20 vehicles by mid-decade, a fivefold increase from 2012.

Throughout the APA region, Ford has made a positive impact on communities and the environment through initiatives such as the Global Week of Caring, the annual Conservation and Environmental Grants Program and the Ford Driving Skills for Life program, which teaches drivers about fuel efficiency as well as safety. Ford DSFL is now in its seventh year training licensed drivers in the region. More than 77,000 people have been trained since the program began there.

South America

 **18,000** employees  **538,000** vehicles sold

Brazil and Argentina are our highest-volume markets in South America. We are currently making our largest-ever five-year investment in the region, committing \$2.07 billion by 2015 to accelerate the delivery of more fuel-efficient, high-quality vehicles. In 2013, we introduced several products in the region, including the Ford Focus and the Cargo extra-heavy-duty commercial truck. We continue to offer our customers in South America a wide range of choices, including the new generation Fusion Hybrid. We are also adapting our global vehicles with advanced flex-fuel technology, enabling the use of locally produced ethanol.

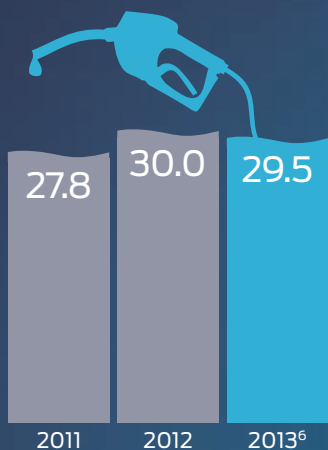
Conscious of our role in the community, Ford South America participates in the Global Week of Caring, and employees have formed a Ford Citizenship Committee, which is committed to improving the lives of people in the region.

2013 Highlights

We always strive to improve our sustainability performance.

Fuel Economy

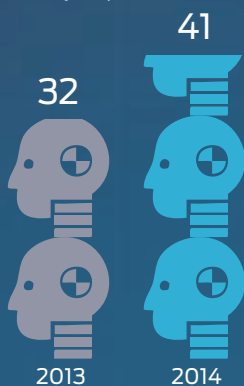
U.S. Corporate Average Fuel Economy, Combined Car and Truck Fleet (miles per gallon)



DECLINED ↓

Vehicle Safety

U.S. New Car Assessment Program (NCAP) Five-Star Overall Vehicle Scores (percent of Ford Motor Company vehicles tested that achieved five stars, by model year)⁷



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Income

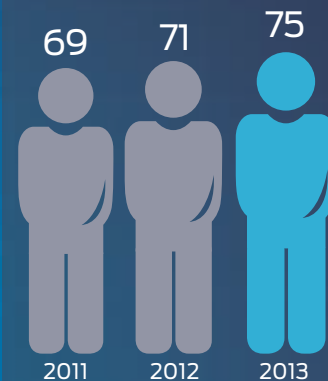
Net Income (\$ billion)



IMPROVED ↑

Employee Satisfaction

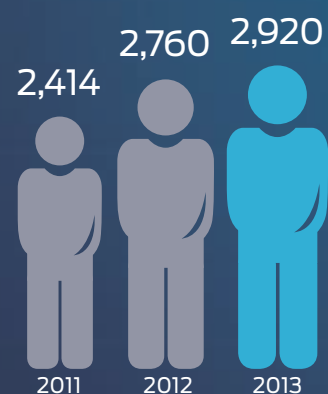
Pulse Survey Employee Satisfaction Index (percent satisfied)



IMPROVED ↑

Supply Chain

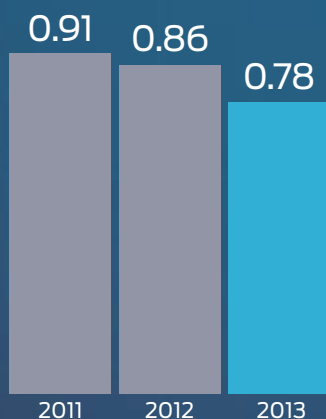
Total Suppliers' Managers Trained in Sustainability Management



IMPROVED ↑

CO₂ Emissions

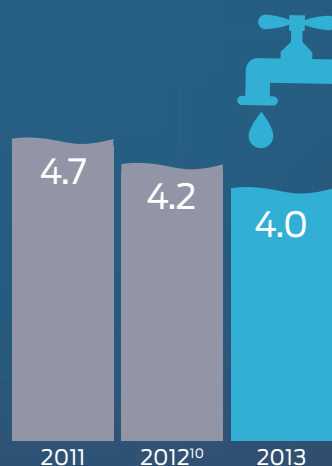
Worldwide Facility CO₂ Emissions per Vehicle⁹ (metric tons)



IMPROVED ↑

Water Use

Global Water Use per Vehicle Produced (cubic meters)



IMPROVED ↑

Contact

Preparing this summary offers a valuable opportunity for us to assess and improve upon our progress and performance. To continue to do so, we need your feedback.

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6. The average fuel economy of our car and truck fleets both improved compared to 2012. However, our combined corporate average fuel economy declined due to increased customer demand for trucks versus cars.

7. Beginning with the 2011 model year, the National Highway Traffic Safety Administration significantly changed NCAP. We began reporting against the new system for the 2013 model year.

8. Net income in 2011 was increased by a one-time, favorable item of \$12.4 billion reflecting the release of almost all of the valuation allowance against our net deferred tax assets, which occurred in the fourth quarter of 2011.

9. For 2013, national electricity factors were updated in accordance with internationally published GHG reporting protocols. 2012 data were corrected and restated.

10. In 2013, we restated 2012 data to account for divestiture of a facility.



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