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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
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Ford Around the World

- ▼ Ford Asia Pacific Africa
- ▼ Ford of Europe
- ▼ Ford South America



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.¹



GEARING UP FOR GROWTH IN ASIA PACIFIC AFRICA

The Asia Pacific Africa 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.

Read more about [FORD ASIA PACIFIC AFRICA](#)



PROVIDING CONSUMER CHOICE IN SOUTH AMERICA

We continue to offer our customers in South America a wide range of choices, including the new generation Ford Fusion Hybrid. We are also adapting our global vehicles with advanced flex-fuel technology, enabling the use of locally produced ethanol.

Read more about [FORD SOUTH AMERICA](#)

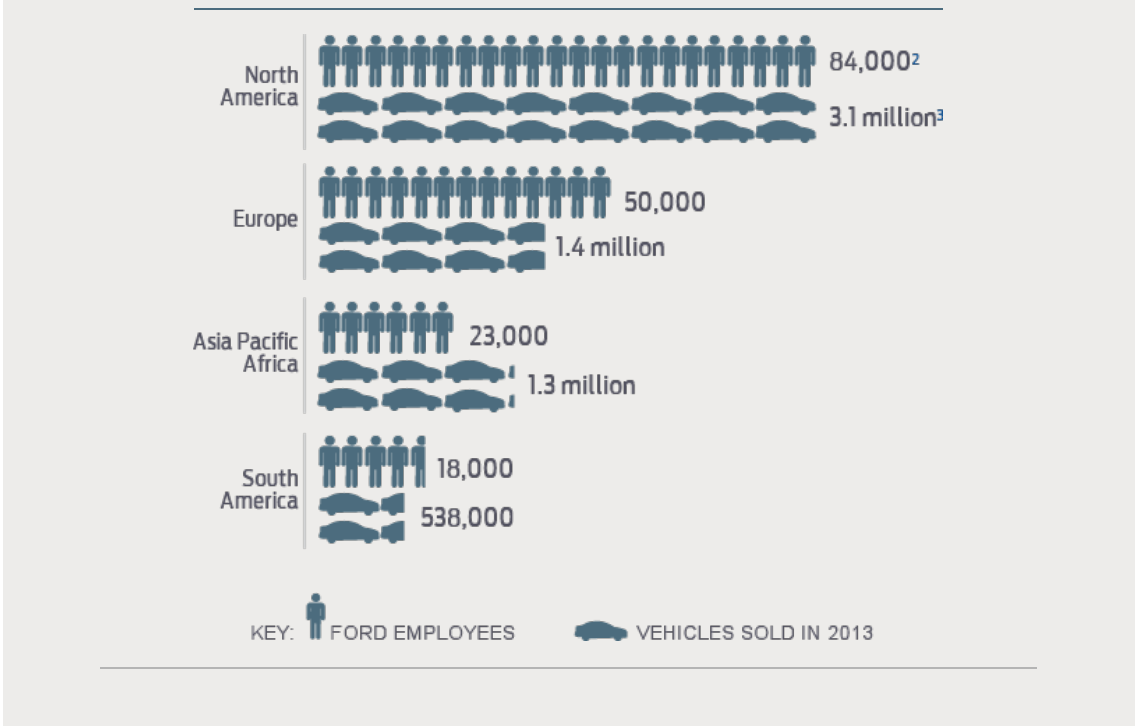


REDUCING EMISSIONS IN EUROPE

Ford offers one of the broadest low-carbon-dioxide (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.

Read more about [FORD OF EUROPE](#)

OUR REGIONS AT A GLANCE



1. 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.
2. Employment figures are as of year-end 2013 and do not include employees of Ford Motor Credit or our unconsolidated joint ventures.
3. Vehicle sales numbers are wholesales.



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Ford Asia Pacific Africa

Our Asia Pacific Africa (APA) region encompasses 11 markets – Australia, New Zealand, Japan, China, Taiwan, India, Thailand, Indonesia, the Philippines, Vietnam and South Africa – on three continents. The fastest-growing markets for automobiles are in rapidly developing countries like China and India. We expect 60 to 70 percent of our growth in the next 10 years to come from the Asia Pacific Africa region. Accordingly, we have increased (and are planning to increase further) our dealer networks and manufacturing capacity in the region. For example, we and our unconsolidated joint venture affiliates opened two new plants in China in 2013, and currently are building six additional plants in the region – four in China and two in India – all as part of our plan to reach production capacity of 2.7 million vehicles by mid-decade. These new state-of-the-art, highly-flexible manufacturing facilities will help us reach the goal of increasing worldwide sales to about 8 million vehicles per year by mid-decade.

2013 Performance Highlights

- Achieved record revenue, wholesales and market share in Asia Pacific Africa; full-year 2013 pre-tax profit at \$415 million, up \$492 million compared with 2012
- Launched eight new vehicles in the region
- Launched two new plants in China, building six new plants in China and India
- Made the fuel-efficient EcoBoost® engine available on 10 vehicles in APA
- Unveiled the all-new Ford Mustang
- Announced plan to expand research and engineering capability in China
- Invested more than US\$1.8 million in community projects to help build a better world
- Trained approximately 14,000 drivers through Ford Driving Skills for Life
- Adopted the 16-hour paid Community Service Leave policy in all Asia Pacific markets
- Plan to hire 6,000 new employees in 2014

Awards

- Asia Pacific Top 50 IDEAL™ Employers – Universum
- China Top 100 IDEAL™ Employers (2013 and 2014) – Universum
- China Best 100 Human Resource Management Award – 51job Inc. China
- Best Employee Engagement Program Award – 51job Inc. China
- Best CSR Program Award – 51job Inc. China
- China Top 10 Ideal Employer for 2014 Graduates – Nanjing University of Aeronautics and Astronautics Career Center
- Ford Lio Ho: Corporate Role Model, Friendly Workplace – Taoyuan County Government, Taiwan
- Ford Lio Ho: Excellent Enterprise Award – Green & Environmental Protection – Taoyuan County Government, Taiwan
- Advanced technology product in Vietnam for EcoBoost® Engine – Ministry of Science and Technology, Vietnam
- Golden Dragon Award, Vietnam's most prestigious business accolade — the Vietnam Economic Times Newspaper, Ministry of Planning and Investment, Ministry of Information and Communications, Vietnam Union of Scientific and Technology Associations, and the Vietnam Economic Association.
- Top Vietnam Service Brands Award (Green & Sustainable) – Ministry of Industry

& Trade, Vietnam

In addition:

- The Ford EcoSport was the most awarded vehicle in India, with 30 awards
- The Ford Figo was ranked highest in dependability in the Premium Compact Car segment in India by JD Power

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Welcome

“ Here in Asia Pacific Africa, we are at an exciting time of rapid growth. And we want sustainability to go hand in hand with growth.”

Dave Schoch, President, Ford Asia Pacific Africa



2013 was another year of records for Ford Asia Pacific Africa. We continued to make great progress in delivering our plan and our sustainability commitments related to our vehicles, our manufacturing sites and our engagement with local communities.

We achieved record market share in the region, with the successful launch of the Ford Kuga, Explorer, EcoSport, Fiesta, Mondeo, Focus ST, Fiesta ST and the refreshed Transit. Our full-year wholesale volume was up 30 percent to 1.34 million units. The Ford Focus was the best-selling nameplate in China for the second year in a row.

We opened the Changan Ford engine plant and Jiangling Motor Corporation Xiaolan Plant, and are building six new plants in China and India; we announced plans to expand our research and development facility in Nanjing, China, boosting the number of employees by more than 50 percent through 2018. We plan to add approximately 200 new employees each year, bringing the number of R&D employees in China to around 2,000 people.

On the environmental front, we have also made a big difference in 2013:

- We now offer 10 exciting vehicles in the region available with the EcoBoost® engine, up from four in 2012. The attractive combination of enhanced power and reduced emissions drove sales of EcoBoost vehicles up 250 percent in Asia Pacific Africa.
- We cut the amount of water used to make each vehicle by 15 percent in the region. Ford's Chennai Plant recycles 100 percent of its waste water, while Ford's Chongqing Assembly Plant 1 and Plant 2 (CAF1 and CAF2) in China both added advanced water treatment equipment to improve recycling. CAF1 recycled 93,000 tons of water in 2013 alone, and CAF2 reused 180,000 tons of water in vehicle production processes.
- We cut the energy used in our plants for producing each vehicle by more than 21 percent compared with 2011. All our plants have implemented the Energy Management Operating System, which helps us to do the same for less.

With the continuous support from the Ford Fund, we are bringing our Better World efforts to a new level. We offered free training to 14,000 new drivers through our Ford Driving Skills for Life program in Thailand, Indonesia, the Philippines, Vietnam, China, India, Taiwan and South Africa. We executed nine Operation Better World projects in India to help local people get better access to clean water, health care and education. We increased our support to green NGOs in China through the Conservation and Environmental Grants, China program, and Level Up!. During the Ford Global Week of Caring in September, 5,900 Ford employees and business partners across the region volunteered about 36,000 hours to work on more than 80 projects to help local communities.

Here in Asia Pacific Africa, we are at an exciting time of rapid growth. And we want sustainability to go hand in hand with growth. We are committed to continuing on our journey to build great products, a strong business and a better world, and deliver profitable and sustainable growth for all.

Dave Schoch
President, Ford Asia Pacific Africa



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Financial Health

Snapshot: Ford in Asia Pacific

\$6.7 billion

Total Asia Pacific Africa investment by 2015¹

4

New plants under construction in China

2

New plants under construction in India

50

New Ford vehicles and powertrains to region by 2015

15

New cars and SUVs to China by 2015

6,000

New hires in region for 2014

49 million

Anticipated annual vehicle sales in the Asia Pacific Africa region by 2020

Related links

This Report

- [Financial Health](#)
- [Focus on Asia](#)
- [Case Study: Saving Lives in Rural India](#)
- [Case Study: A Comprehensive Talent Management Strategy in Asia Pacific](#)

Asia offers tremendous opportunities for our company. The fastest-growing markets for automobiles are in rapidly developing countries, especially China and India. China will remain the largest car market in the world for the foreseeable future, and India is projected to be the third-largest market in the world for the coming decade. By 2020, annual vehicle sales in the Asia Pacific Africa region will likely reach 49 million vehicles, with about 32 million of them in China.²

We estimate that 60 to 70 percent of Ford's growth in the next 10 years will come from this part of the world. Today, one in every five vehicles we sell globally is in Asia Pacific. By 2020, it will be one in three. Between now and the end of the decade, there will be a total driving age population of 2 billion in Asia Pacific, including 1.15 billion in China and 500 million in India, with their average annual income beyond the vehicle ownership threshold level (equal to approximately \$5,000 per capita GDP³).

To keep pace with this enormous growth, we are building new plants and expanding existing ones, hiring workers, growing our dealer networks, and further developing our supply chain across China, India and Thailand.

We are investing \$6.7 billion in Asia Pacific and currently employ some 23,000 people

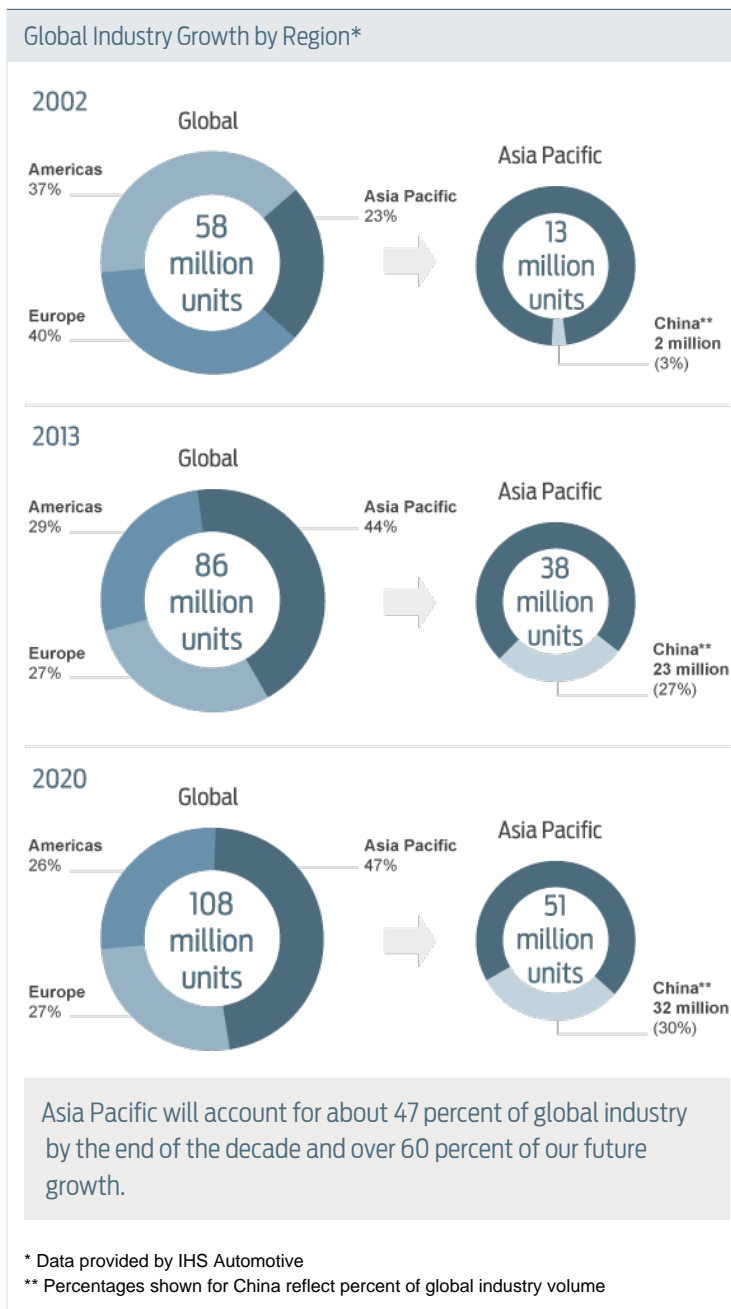
in our wholly owned and consolidated joint ventures in the region. We are building or have recently opened 10 new plants in Asia Pacific – seven in China, two in India and one in Thailand. By 2015 we'll have the capacity to produce 2.7 million vehicles in the region.

In 2014, we will open our Changan Ford Automobile (CAF) Chongqing #3 Assembly Plant and CAF Chongqing Transmission Plant in Chongqing, China – our largest manufacturing concentration outside of Michigan.

To fuel all of this growth, we plan to hire about 6,000 employees in Asia Pacific in 2014, the majority of them hourly. We also have announced plans to expand our research and development facility in China, where we now have our regional headquarters, boosting the number of employees by more than 50 percent through 2018. We plan to add approximately 200 new employees each year, bringing the number of research and development employees to around 2,000 people.

Our strategy in Asia Pacific continues to be to grow aggressively with an expanding portfolio of global products with manufacturing hubs in China, India and Thailand.

Our market share in the region was a record 3.5 percent for 2013, up by 0.7 percentage points compared with 2012. The improvement was driven by China, where our market share for the full year rose to a record 4.1 percent, up by 0.9 percentage points compared with 2012.

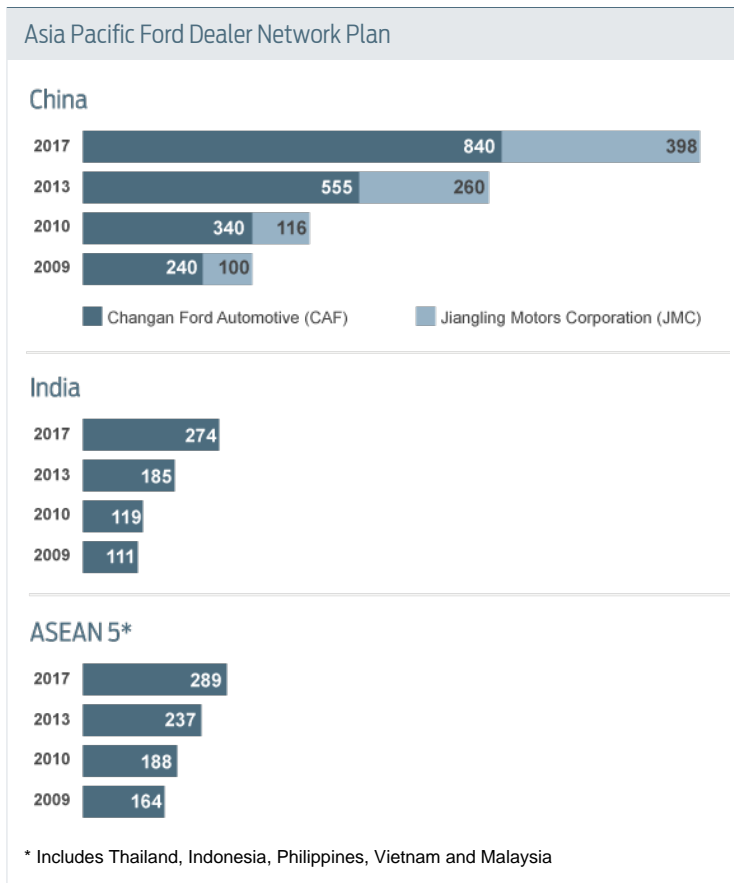


In China, we manufacture and sell passenger vehicles through our joint venture Changan Ford Automotive (CAF), in which we have a 50 percent stake. Commercial vehicles like the Ford Transit are manufactured and sold through Jiangling Motors

Corporation (JMC). Ford owns a 32 percent stake in JMC.

In 2013, we added about 100 dealers in China, bringing the total number of Ford dealers in China to over 600. This doesn't include new Lincoln dealers in China, which we are in the process of recruiting. We will be bringing the Lincoln portfolio to China in the second half of 2014 to tap into the luxury car segment in one of the world's most important auto markets.

In India, meanwhile, the number of dealers is projected to grow by 22 percent between 2013 and 2015. India is becoming a global export hub for Ford.



Small cars account for 57 percent of our Asia Pacific Africa industry sales volume and are anticipated to continue to benefit from favorable government policies. According to industry consultancy IHS Automotive, the Ford Focus was the best-selling nameplate in China in 2012 and 2013. The Ford Focus sold 403,640 wholesales in China in 2013, up 36 percent from 296,360 wholesales in 2012. We have continued this success with the introduction of the all-new Ford EcoSport in 2013. The EcoSport is based on Ford's global B-car platform, like the Fiesta, and was developed from a previous-generation model that has proved extremely popular in South America since its launch in 2003.

At the same time, we know that our long-term success in these developing and revitalizing economies will depend on our offering new types of mobility solutions that are sustainable and tailored to the unique needs of these markets. Our [Blueprint for Mobility](#) is aimed at ensuring we do just that. During 2012, for example, we kicked off a novel project in the region of Chennai, where we have manufacturing operations. The project, called SUMURR (Sustainable Urban Mobility with Uncompromised Rural Reach), made use of a Ford Endeavour that was designed to handle difficult terrain and traverse areas previously unreachable by four-wheeled vehicles. Medical professionals traveled in the Endeavour to reach their patients and to transport those patients to clinics. The health care teams also could use their laptops and cell phones to connect – via a wireless connection – to doctors and medical records. In all, 41 pregnant women delivered healthy babies thanks in large part to the Ford pilot project. SUMURR ultimately reached another 3,100 people as our partners traveled to 54 villages to build community awareness on issues of maternal and child health. Following the success of the pilot, we're exploring similar programs in other parts of rural India and in other countries where we have manufacturing operations. Ford invested about \$250,000 directly in the project, plus significantly more in terms of the time and expertise of our staff.

For a discussion of our global economic impact and financial health, please see the [Financial Health](#) section, including a [Focus on Asia](#), and more about our [SUMURR project](#). You can also read more about our talent attraction strategy in the People section [Case Study: A Comprehensive Talent Management Strategy in Asia-Pacific](#).

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1. In U.S. dollars for the time period of 1995 through 2015.
 2. IHS Automotive
 3. In 2005 constant dollars at the purchasing power parity exchange rate.

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Climate Change and the Environment

At Ford, we have been working for many years to reduce the environmental impacts of our vehicles and operations.

For example, we are doing our part to prevent or reduce the potential for environmental, economic and social harm due to climate change. We have a science-based strategy to reduce greenhouse gas (GHG) emissions from our products and operations that focuses on doing our share to stabilize carbon dioxide (CO₂) concentrations in the atmosphere. We are on track to meet the central elements of our strategy: For each of our new or significantly refreshed vehicles, we will continue to offer a powertrain with leading fuel economy, and we are reducing GHG emissions across our global product portfolio.

We're delivering on this commitment in our Asia Pacific Africa (APA) region by introducing small cars, fuel-efficient gasoline engines and alternative-fueled vehicles. In China, we have announced that Ford will bring 20 new engines and transmissions to the country and improve fuel economy by up to 20 percent (compared to 2010) by 2015.

In Asia Pacific Africa, we are launching more vehicles equipped with the EcoBoost® engine in response to growing consumer demand for more fuel-efficient vehicles. We will offer EcoBoost engines in 20 vehicles in Asia Pacific Africa by mid-decade, a five-fold increase from 2012. In 2013, EcoBoost was available in 10 vehicles in the region. The 1.0L I-3 EcoBoost was introduced in the region for the first time on the Ford Fiesta, available in Australia, China, New Zealand, Taiwan and ASEAN, and on the Ford EcoSport, available in Australia, China, India and New Zealand. Also in 2013, the 1.5L I-4 EcoBoost was available on the new Mondeo in China, making it the first vehicle at Ford to include the newly introduced 1.5L EcoBoost engine. We also offer the 1.6L and 2.0L I-4 EcoBoost variants on the Edge, Kuga, Mondeo, Falcon, Focus ST and Fiesta ST. In March 2014, Ford's joint venture, Changan Ford Automobile Co., Ltd. (CAF), began producing 1.0L EcoBoost engines at a new engine plant in Chongqing to power the Ford Fiesta and EcoSport vehicles built for China.

The fuel-efficient EcoBoost engines are being well received by our customers in the Asia Pacific Africa region. In 2013, sales of EcoBoost-equipped vehicles in the region rose by 250 percent compared to 2012. Seventy-seven percent of the Ford Mondeos and 90 percent of the Ford Edges sold in China are equipped with EcoBoost engines.

In China, Ford will upgrade its entire powertrain portfolio with 20 advanced engines and transmissions to support its aggressive plan to introduce 15 new vehicles to China by mid-decade. These advanced, fuel-efficient technologies – including turbocharging, direct injection, twin independent variable camshaft timing (Ti-VCT) and six-speed transmissions – will deliver more than a 20 percent improvement in fuel economy to Ford's passenger vehicle fleet in China by 2015, which represents a key part of Ford's near-term sustainability goals in China.

In India, we are also continuing to introduce vehicles with excellent fuel economy. In 2013, we introduced the all-new Ford EcoSport with a 1.0L EcoBoost, the first vehicle in India to have this technology. We also continue to offer the Ford Fiesta – powered by TDCi diesel powertrain developed for India – that delivers class-leading fuel economy and reduced CO₂ emissions. This builds on fuel economy leadership established with the Ford Figo, launched in March 2010, which has two engine options: a best-in-class, fuel-efficient 1.4L TDCi diesel and a very competitive 1.2L gasoline engine. In Australia, we introduced the 1.0L EcoBoost on the Fiesta and all-new EcoSport. We also offer EcoBoost versions of the Ford Mondeo, Falcon, Fiesta ST, Focus ST and Kuga. Also in Australia, we offer our EcoLPi liquid-injection liquefied petroleum gas (LPG) system for the Falcon, providing customers with the most advanced LPG technology on the market. The Falcon EcoLPi fuel system improves fuel economy by 12 to 15 percent, while also improving power by approximately 27 percent over the prior LPG Falcon model.

Related links

This Report

- [Climate Change and the Environment](#)
- [Asia Pacific Policy](#)

As a technology leader in biofuels, Ford will continue to develop and introduce flex-fuel vehicles that meet market needs throughout the APA region. All current Ford models are compatible with ethanol blends of 10 percent (E10), with the Ford Focus and Ford Escape compatible with ethanol blends of 20 percent (E20).

We are also addressing non-CO₂ tailpipe emissions in the region. Since 2010, our new gasoline-fueled passenger vehicles have been designed to comply with China IV requirements (based on Euro 4 standards). China began implementing more recent European standards (Euro 5) in Beijing in 2013. Korea and Taiwan have adopted very stringent U.S.-based standards for gasoline vehicles and European-based standards for diesel vehicles. Japan, which has unique standards and test procedures, began implementing more stringent standards in 2009. Ford is working to comply with all of these standards using a variety of approaches, including on-board diagnostics and after-treatment technologies.

In terms of facility-based emissions, we monitor greenhouse gas emissions at our plants, and we were the first automaker in China to voluntarily report greenhouse gas emissions at our plants. In 2013, Ford became the first automaker to join the voluntary Greenhouse Gas Reporting Program in India, a joint effort between the World Resources Institute, The Energy and Resources Institute and the Confederation of Indian Industry. One way we're reducing greenhouse gas emissions is by bringing new technology into the plants, such as the "3-Wet High Solids" paint process, which allows multiple coats of paint to be applied without having to bake each one dry first. This saves an enormous amount of energy in the drying process, reduces CO₂ emissions and cuts the amount of waste chemicals produced. The Chongqing 2 Plant, Jiangling Motor Corporation Xiaolan Plant, India Chennai Plant and Ford Motor Thailand Plants used this and other initiatives to reduce the carbon footprint of their manufacturing. Ford's upcoming new integrated facility in Sanand, Gujarat, in northwest India will employ the most efficient and environmentally friendly technologies, including Ford's rotational dip technology and the 3-Wet process, dramatically improving paint quality, depth and durability, as well as significantly reducing volatile organic compound emissions, CO₂ emissions and waste.

For a discussion of our global climate change impacts, policies and commitments, please see the [Climate Change and Environment](#) section.



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Vehicle Safety

At Ford, we design and manufacture vehicles that achieve high levels of vehicle safety for a wide range of people over a broad spectrum of real-world conditions.

In our Asia Pacific Africa region, the Ford Kuga and EcoSport have received five-star ratings in the China New Car Assessment Program (C-NCAP) testing. The Fiesta also received a five-star rating in the inaugural ASEAN NCAP. And the Kuga earned a five-star rating in the Australasian NCAP.

We have developed an array of programs and technologies that help to encourage safer behavior on the roadways for both experienced and novice drivers. For example, Ford Driving Skills for Life (DSFL), Ford's driver education program, demonstrates our commitment to help new drivers to improve their driving skills. In our Asia Pacific Africa markets, Ford DSFL is aimed at novice drivers of all ages. In this region the program places equal emphasis on safe driving and eco-driving, as customers are interested in both. Approximately 14,000 drivers in this region were trained in 2013. In 2014, we will continue the program in mainland China, India, Taiwan, Thailand, Indonesia, Vietnam and the Philippines, as well as expand to Malaysia and Myanmar, to train another 15,000 people. More than 77,000 people have been trained in the Asia Pacific region since the program began.

The Ford DSFL training addresses the local driving environment and specific needs of drivers in each Asian market. In China, for example, Ford DSFL added a segment on the use of child safety seats after a new regulation went into effect there. In Indonesia, Thailand and several other Asia countries, sessions were added tailored for female drivers. In Vietnam, Ford DSFL launched a "No Honking" campaign to reduce the adverse effects on road safety of the prevalent and inappropriate use of vehicle horns. Ford DSFL also launched campaigns in India and China inviting drivers to "pledge to drive safe;" this campaign will expand into more countries in 2013. (See the [Pete Hardigan](#) voice for more about Ford DSFL in Asia Pacific Africa.)

In 2013, we also rolled out the Future of Safety Tour with an event in the Philippines to promote road safety among consumers and encouraging safe driving. In addition, we demonstrated Ford's advanced technologies to highlight our commitment to safety.

See the [Vehicle Safety and Driver Assist Technologies](#) section for more on our vehicle safety technologies and activities.

Related links

This Report

- [Vehicle Safety and Driver Assist Technologies](#)
- [Case Study: Public Domain Ratings](#)

External Websites

- [Global NCAP](#)
- [C-NCAP](#)



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Supply Chain

The automotive supply chain is one of the most complicated of any industry. Automakers like us rely on thousands of suppliers to provide the materials, parts and services necessary to make our final products. In today's economic environment, achieving lower costs, improving quality and meeting sustainability goals require an unprecedented level of cooperation with suppliers, as well as strong supplier relationships. Ford and its suppliers must work jointly to deliver great products, have a strong business and make a better world.

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. The Code addresses workplace issues such as working hours, child labor and forced labor, as well as nondiscrimination, freedom of association, health and safety, the environment and other issues.

We work to ensure that Ford and our suppliers have management systems in place to mitigate potential risks, ensure continuity of supply and improve the overall sustainability of the complex global automotive supply chain. Our aim is to leverage our supply chain – and our industry – to make a positive impact in the markets in which we do business.

We take a three-pronged approach to creating a sustainable supply chain and managing sustainability issues throughout our supply chain:

- Building strong relationships with suppliers and engaging strategic suppliers,
- Developing shared commitment and supplier capability, and
- Working on cross-industry initiatives.

In 2013, we held joint industry trainings through the Automotive Industry Action Group (AIAG) in Brazil, Mexico, South Africa and Turkey. We also held trainings in Romania in conjunction with CSR Europe. More than 230 Ford suppliers attended these classroom sessions. These trainings included both in-person classroom training sessions and e-learning trainings.

To date, we have conducted approximately 145 training sessions globally, attended by nearly 2,100 supplier companies. (This figure includes dedicated Ford supplier training sessions conducted with the AIAG as well as industry training sessions in which Ford participated along with the AIAG and other automakers.) Because attendees are required to subsequently cascade the training and expectations to the entire factory population and suppliers, these trainings indirectly reach even more companies and individuals. Through this cascading process, the training of suppliers globally since the inception of the program has impacted more than 2,900 supplier representatives, who in turn have cascaded the training information to nearly 25,000 supplier managers and more than 485,000 individual workers as well as over 100,000 sub-tier supplier companies.

Suppliers trained in 2013 have now moved on to the process of self-assessing their facilities for compliance with local law and Ford expectations and communicating expectations to their own workers and their suppliers.

In 2014, we plan to conduct additional supplier training sessions in conjunction with either AIAG or CSR in Brazil, China, India, Mexico, Russia and Turkey. Where possible, these courses will be open to any interested company; thus Tier 1 suppliers will have the option of asking their own suppliers to attend. The intent is, once again, to increase the scope of impact of the training sessions, and push human rights and working conditions expectations further down the supply chain.

For a discussion of our global commitment to supply chain sustainability and detail on

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the status of our working conditions assessments, please see the [Supply Chain](#) section.

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Water

At Ford, we have focused on reducing our water impacts since 2000 when we first began setting year-over-year reduction targets as part of our Global Water Management Initiative. Our efforts around water have evolved over the years; we have moved beyond merely reducing the water footprint of our own facilities to working more holistically outside our corporate walls, addressing water concerns in our supply chain and our broader communities.

We are conducting water assessments to help us gain a better understanding of our internal water usage. As of early 2014, we have conducted assessments at 12 global sites including Changan Assembly 2 in China and AutoAlliance in Thailand, and continue to add new plants for assessment each year. We are in the process of evaluating the results to determine what measures can feasibly be taken to reduce water and save our company money at the same time.

Ford has successfully implemented many water-saving initiatives across our plants to shrink our water footprint. For example, we have implemented a membrane biological reactor and reverse-osmosis process to recycle water from our on-site wastewater treatment plants in a number of our global production facilities that are located in more arid regions. This allows us to avoid using high-quality water suitable for human consumption in our manufacturing processes. By doing so at plants in Chihuahua and Hermosillo, Mexico; Pretoria, South Africa; Chennai, India; and Chongqing, China, we have been able to reuse more than 976,000 cubic meters of water, which means we have not had to withdraw that water from the environment.

In Pretoria, for example, our \$2.5 million on-site wastewater treatment plant at the Silverton Assembly Plant is increasing the amount of water that can be reused by up to 15 percent. In the Chennai Assembly Plant we have been able to recycle 100 percent of our industrial waste water back into the process by using a three-stage reverse-osmosis technique and mechanical evaporation. And two assembly plants in Chongqing, China, added advanced water treatment equipment to improve recycling. One plant recycles an average of 100,000 gallons daily while the other recycles an average of 65,000 gallons daily.

We continue to replicate new technologies, including a process known as “dry-machining” that lubricates cutting tools with a fine spray of oil, rather than the conventional “wet-machining” that required large amounts of metal-working fluids and water to cool and lubricate the tools. For a typical production line, dry-machining – also known as Minimum Quantity Lubrication, or MQL– can save more than 280,000 gallons of water per year. We currently have the capability in six plants around the world including Changan Ford Engine Plant– and this number will nearly double in the next few years.

We’re also investing in water stewardship projects around the world, especially in areas where access to potable water is limited. As we expand into new markets in more water-stressed regions, we are increasing our engagement with local communities on water issues. In 2013, we increased our focus on water-related projects by funding a number of projects, including ones that provide clean drinking water facilities in disadvantaged parts of China and India. For example, in India we piloted an initiative to provide safe drinking water to the community around our upcoming manufacturing facility in Sanand Gujarat in partnership with Ahmedabad-based nongovernmental organization, Saath Charitable Trust. The first phase of the initiative will ensure safe drinking water for close to 1,500 children between the age of three to six years, covering 18 villages in Sanand with the aim to progressively expand to 70 villages.

Our Ford Motor Company Volunteer Corps, meanwhile, is placing a priority on water-based community projects during our Global Week of Caring and Accelerated Action Days. In 2013, the Ford Fund supported several water-related projects in Asia Pacific

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Africa, including in Australia, China, India, Malaysia, South Africa and Thailand. Projects ranged from cleaning up waterways and coastlines to providing new water pumps that will bring clean water to schools.

For a discussion of our global commitment to water issues, please see the [Water](#) section.

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Community

Ford Motor Company has a long legacy of compassion. More than 100 years after the company began, we continue to touch lives. Our commitment to supporting local communities through charitable contributions and volunteer efforts has remained unwavering.

As we continue to expand our business in new markets across the globe, we are also expanding our community investment and volunteering efforts internationally. In 2013, we continued to expand our global reach through our Operation Better World program. Launched in 2012, Operation Better World is a coordinated, strategic approach to how Ford engages with communities everywhere that we do business. In 2013, we expanded the program from India and China to South America, Mexico and Europe. Through this program, the Ford Fund cooperates with nongovernmental organization partners in four key areas: education, auto safety, community needs and sustainability (with a focus on water). The Ford Fund works to ensure that programs meet local community needs, align with the One Ford business plan, have a measurable impact and, where possible, can be replicated in other markets. This grassroots engagement in the community is implemented and led by the local Ford teams in each region.

Throughout the Asia Pacific Africa region, Ford has made a positive impact on communities and the environment through Operation Better World initiatives such as the annual Conservation and Environment Grants China program, Level Up!, the Global Week of Caring and the Ford Driving Skills for Life program, which teaches drivers about fuel efficiency as well as safety (as discussed in the [Vehicle Safety](#) section).

Conservation and Environment Grants, China (CEGC) is the company's flagship philanthropic program in China, focused on supporting grassroots environmental/sustainability nongovernmental organization (NGO) leaders and their organizations. Over the past 14 years, Ford of China has awarded RMB 16.1 million (U.S. \$2.6 million) in grants to 325 grassroots environmental leaders and NGOs. In 2013, Ford Fund investment allowed Ford of China to expand the CEGC program, linking it to employee volunteerism and to rewarding environmental NGOs that bring environmental protection and participation into the everyday lives of people in communities, allowing communities to become leaders in their own environmental protection.

In 2012, Ford Fund with Ford of China launched the Level Up! initiative, designed to build the organizational capacity of over 100 grassroots environmental NGOs in China. Through this program, over 70 percent of environmental groups in Beijing, Shanghai and Kunming are undergoing significant organizational change and development. Efforts include workshops and training for grassroots environmental leaders, coaching and mentoring projects, capacity-building, training and development, and assistance in building grassroots support networks for more than 100 NGOs.

Ford's Global Week of Caring is one of the cornerstone programs of the Ford Volunteer Corps. It includes a week of volunteer events across all of Ford's operating regions. Activities in 2013, our eighth year, included building temporary shelters for homeless children in China, providing clean drinking water facilities in disadvantaged parts of India and South Africa, participating in environmental restoration activities in Australia, as well as a range of community, education and environmental projects around the world. While it is difficult to measure the larger positive impact of these actions, we know, for example, that by building wells in India and South Africa through our Global Week of Caring projects, we have enabled girls in local villages, who would otherwise have to walk miles to gather water for their families, to attend school instead. Our [People](#) section contains a full list of our Global Week of Caring and other volunteerism efforts in the Asia Pacific Africa region and elsewhere.

In early 2014, we also announced the Happy Schools program at the Jaipur Literature

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Festival in India. The Happy Schools program aims to improve access to holistic education in primary schools by addressing gaps in academic support, health and nutrition. Ford will partner with NGOs working in the field of education to collectively conceptualize and design a social intervention model that will address the identified gaps. In the initial phase, a pilot model will be created and implemented in select government primary schools in close proximity to Ford's areas of operations — Tamil Nadu, Gujarat and Haryana.

For a discussion of our global commitment to our stakeholders, please see the [People](#) section.



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Ford of Europe

Ford of Europe is responsible for producing, selling and servicing Ford-brand vehicles in 50 individual markets, and employs approximately 50,000 employees at its wholly owned facilities, or approximately 67,000 people when joint ventures and unconsolidated businesses are included. Ford of Europe operations include a Ford Customer Service Division and 22 manufacturing facilities (13 wholly owned or consolidated joint venture facilities and nine unconsolidated joint venture facilities), as well as Ford Motor Credit Company. The first Ford cars were shipped to Europe in 1903 – the same year Ford Motor Company was founded. European production started in 1911.

2013 Performance Highlights

- 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.
- The Ford Focus 1.0L EcoBoost® has become the first non-hybrid gasoline family car in Europe to break the 100 g/km carbon dioxide (CO₂) barrier. The Focus 99 g/km, extends to 13 the line-up of vehicles that deliver CO₂ emissions of less than 100 g/km, and also is Ford's most fuel-efficient family gasoline car ever – returning 4.3 l/100 km (65.7 mpg)¹.
- We achieved 10 percent of the planned 25 percent manufacturing energy savings throughout Europe.
- In the 2013 European New Car Assessment Program (Euro NCAP) assessments, the Ford Tourneo Connect earned a five-star safety rating. In addition, the vehicle received the Euro NCAP's Best in Class recognition for the highest safety performance scores in the vehicle segment.
- Ford has an industry-leading total of seven Euro NCAP Advanced rewards, for our Lane-Keeping Aid, Active City Stop, Forward Alert, Lane-Keeping Alert, MyKey®, Emergency Assistance and Driver Alert technologies.
- In late 2013, we launched Ford Driving Skills for Life (DSFL) for the first time in Europe. Ford will invest €1.5 million in the first year of this program alone to provide free hands-on training to 5,000 young drivers in the U.K., Germany, France, Spain and Italy, and to thousands more through our online program, The Academy.

Awards

- Our 1.0L EcoBoost engine was named International Engine of the Year in 2012 and 2013 by a panel of auto journalists.
- This engine was also awarded with the Paul Pietsch Award 2013 for technological innovation by a panel of all 31 editors-in-chief of *Auto Motor & Sport* and all partner magazines around the world.
- This engine has earned another major accolade: the Society of Motor Manufacturers and Traders Award for Automotive Innovation 2013.
- The Ford Fiesta with 1.0L EcoBoost was named Clean City Car of the Year 2013 in Belgium.
- In Italy we were presented with the Campus Mentis⁺ Company Award in recognition of our contribution to education and social responsibility through Ford DSFL. The award honors innovative education projects that engage young Italians.
- In Germany in early 2013, we received an Engagement of the Year 2012 award from the state of North Rhine-Westphalia. This award honors Ford's Community Involvement Program in Germany as a role model for corporate citizenship.

1. The declared fuel consumption and CO₂ emissions are measured according to the technical requirements and specifications of the European Regulations (EC) 715/2007 and (EC) 692/2008 as last amended. Fuel consumption and CO₂ emissions are specified for a vehicle variant and not for a single car. The applied standard test procedure enables comparison between different vehicle types and different manufacturers. In addition to the fuel efficiency of a car, driving behavior as well as other nontechnical factors play a role in determining a car's fuel consumption and CO₂ emissions. CO₂ is the main greenhouse gas responsible for global warming. Results in miles per gallon (mpg) also correspond to this European drive cycle and are stated in imperial gallons. The results may differ from fuel economy figures in other regions of the world due to the different drive cycles and regulations used in those markets.



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Welcome

“For us, sustainability is not just the right thing to do but a core part of our business strategy.”

Stephen Odell, Executive Vice President, Ford Motor Company, and President, Ford of Europe, Middle East and Africa



Sustainability is a key priority as we continue to build toward creating a profitably growing business in Europe. This is perhaps most evident in the surge of new vehicles we are launching both now and in the next few years. This year alone we will launch 10 new vehicles in Europe.

These new vehicles are being launched with some of the most fuel-efficient engine technology in the industry – especially our advanced EcoBoost® gasoline engines, which offer leading fuel economy, while also delivering a fun and engaging driving experience.

Ford's fuel-efficient 1.0L EcoBoost engine – voted International Engine of the Year in both 2012 and 2013 – is already available on eight Ford nameplates, from the Fiesta to the Grand C MAX, and will be available in three further vehicles by the end of 2014. With the arrival of the new Ford Focus later this year, we also will introduce a new fuel-efficient 1.5L EcoBoost engine, which directly benefits from the advanced combustion technologies pioneered by the 1.0L EcoBoost.

We started our electrification journey in Europe in 2013 with the Focus Electric. This will be joined in the market this year by the C MAX Energi plug-in hybrid and the Mondeo Hybrid, bringing the proven Ford “powersplit” hybrid technology to Europe for the first time. In our manufacturing facilities, we have implemented a new energy management operating system, which will enable us to reach energy savings in assembly of about 25 percent on a per-vehicle basis by 2016. This will help us to reduce both our carbon-dioxide footprint and our energy costs.

We also remain actively involved in the communities around all of our Ford sites in Europe. In so doing, we contribute to positive social and economic development, benefiting both our employees and other community members.

For us, sustainability is not just the right thing to do but a core part of our business strategy. With smart and sustainable manufacturing solutions and an exciting selection of technologically advanced, fuel-efficient vehicles, we are putting in place the foundations that ensure our long-term business success in Europe.

Stephen Odell

Executive Vice President, Ford Motor Company, and President, Ford of Europe, Middle East and Africa



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Financial Health

In Europe, we are in the process of implementing our transformation plan as announced in late 2012. Our actions are designed to increase cost efficiencies, address manufacturing overcapacity, accelerate product development and introduction, and strengthen our brand. The Europe transformation plan continues to progress well and the business unit remains on track to achieve profitability in 2015. Read more about our [European market](#).

We know that our long-term success will depend on our offering new types of mobility solutions that are increasingly sustainable and tailored to the unique needs of different regional markets. In 2013, along with Schaeffler, we demonstrated the Fiesta-based eWheelDrive car, a driveable research vehicle that could lead to improvements in urban mobility and parking by making possible smaller, more agile cars. Powered by independent electric motors in each of the rear wheels, eWheelDrive technology offers space under the hood that in conventional cars is occupied by the engine and transmission, and in electric cars by a central motor. This technology could in the future support the development of a four-person car that only occupies the space of a two-person car today. At the same time, eWheelDrive steering system designs could enable vehicles to move sideways into parking spaces – a potential breakthrough as cities become more populated and congested. Read more about our [sustainable mobility strategy](#).

For a discussion of our global economic impact and financial health, please see the [Financial Health](#) section.

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Climate Change and the Environment

At Ford, we have been working for many years to reduce the environmental impacts of our vehicles and operations.

For example, we are doing our part to prevent or reduce the potential for environmental, economic and social harm due to climate change. We have a science-based strategy to reduce greenhouse gas (GHG) emissions from our products and operations that focuses on doing our share to stabilize carbon dioxide (CO₂) concentrations in the atmosphere. We are on track to meet the central elements of our strategy: For each of our new or significantly refreshed vehicles, we will continue to offer a powertrain with leading fuel economy and we are reducing GHG emissions across our global product portfolio.

Vehicles

Ford offers one of the broadest low-CO₂ vehicle portfolios in Europe. Our efforts to improve fuel efficiency are paying off. Preliminary data shows that we have reduced the average CO₂ emissions of our European car fleet by around 18 percent between the 2007 and 2013 calendar years.¹

EcoBoost® Engines and EOnetic Technology

In Europe, we are doubling production capacity at our Cologne, Germany, engine plant to more than 1,000 engines a day. This is in response to robust demand for the 1.0L EcoBoost engine, which was named International Engine of the Year in 2012 and 2013 by a panel of auto journalists. The Cologne plant has also begun production of the 1.0L EcoBoost for the North American market.

We offer three EcoBoost gasoline engines in Europe: the 2.0L, 1.6L and 1.0L. EcoBoost engines use turbocharging and direct-injection technology to produce levels of performance that are usually associated with larger-capacity engines. The 1.0L EcoBoost, for example, offers the power of a traditional 1.6L gasoline engine but with a CO₂ level as low as 99 g/km. In Europe, the 1.0L EcoBoost is available in the Ford Fiesta, B MAX, EcoSport, Focus, C MAX, Grand C MAX, Transit and Tourneo Connect; it also will be offered in the Transit Courier, Tourneo Courier and Mondeo. In early 2014, the Ford Focus became the first non-hybrid gasoline family car in Europe to break the 100 g/km CO₂ barrier when equipped with the revised 100 PS version of the 1.0L EcoBoost engine.

We offer three EOnetic vehicles, ultra-low-CO₂ versions of selected Ford diesel vehicles that leverage several advanced, fuel-saving technologies. In early 2014, for example, the Ford Fiesta EOnetic has been updated to reach CO₂ emissions of 85 g/km offering fuel economy of 3.3L/100 km. This model includes a range of Ford technology features, including revised gear ratios; a special aeropack to improve aerodynamics (comprising undershield wheel deflectors and low rolling resistance tires); a variable oil pump; a more efficient air conditioner, cooling fan and alternator; as well as friction and combustion improvements in the engine. It also features Auto Start-Stop, smart regenerative charging, EcoMode and a shift indicator light. In addition, the Focus EOnetic is available offering a fuel economy of 3.4L/100 km and just 88 g/km CO₂.

Electrification

In the summer of 2013, Ford added its first all-electric passenger car to the successful Focus lineup in Europe by introducing the Ford Focus Electric. In 2014, based on our success with electrified vehicles in North America, we will introduce further electrified vehicles in Europe, including the C MAX Energi and the Mondeo Hybrid.

In Germany, Ford is working with 12 other partners on the colognE-mobil project, using a fleet of electrified vehicles – including Focus Electrics and C MAX Energi plug-in hybrids – to conduct road testing. This program is part of a much larger

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research effort in several German cities that is partly funded by the German government and involves multiple automakers, utility companies, universities and technology partners. Now in its second phase, the project focuses on charging infrastructure improvements; the use of renewable power, electric carsharing and e-cabs; networking effectively with public transport; and public perception and safety.

We believe these kinds of collaborative efforts across sectors are essential for ensuring customer-focused products that provide the right value. They also help to ensure that the infrastructure is in place to support these types of vehicles.

Eco-Driving Information and Training

Ford has demonstrated that drivers who practice “eco-driving” can improve their fuel economy by an average of 24 percent. Eco-driving tips are available to the public on Ford’s website, and online training is available through the Ford Driving Skills for Life (DSFL) program. In addition, a Web-based eco-driving program has been available to all U.S. salaried Ford employees since 2006.

Ford began work on the eco-driving concept in 2000, when we first offered an eco-driving program through our German dealerships, in partnership with the German Federation of Driving Instructor Associations and the German Road Safety Council. That program, which continues today, trains drivers in smarter and greener driving skills, and vehicle maintenance habits. It uses specially trained and certified instructors to run programs for several target groups, including fleet drivers and customers. By the end of 2013 more than 17,000 German drivers had been “eco-trained” through this program.

In 2013, Ford continued to support the ECOWILL project, which stands for Eco-Widespread Implementation for Learner Drivers and Licensed Drivers. Ford has been the only automotive industry member active in this project since it began in 2010. This project, which concluded as scheduled in April 2013, was based on the premise that eco-driving can reduce CO₂ from motoring and improve road safety without making it less fun to drive. ECOWILL succeeded in meeting two primary goals:

- A mass roll-out of high-quality/standardized short duration eco-driving trainings. Ford operates one-hour courses with professional driving instructors as part of this goal, and
- Promoting the education and testing of eco-driving for learner drivers in regular driving school under the leadership of EFA, the European driving school association.

Thanks to this project, approximately 32,000 new drivers were “eco-trained,” and more than 10,000 already-licensed drivers received this training. The project resulted in many benefits that will continue on after its formal conclusion. For example, the eco-driving training developed through this program was added to driver training programs required in all European countries. ECOWILL also influenced the creation of many national eco-driving and road safety initiatives and resulted in a successful eco-driving coaching methodology that can be used in other programs.

From 2010 to 2013, Ford also contributed to a European research project called eCoMove. Through this project, Ford and 32 partner organizations developed and tested vehicle-to-driver communications technologies focused on reducing CO₂ emissions from road transport by reducing inefficiencies in driver behavior. In field tests, the new technologies resulted in a 15 percent improvement in fuel economy and CO₂ emissions. As part of this project, Ford tested an accelerator pedal that provides tactile feedback to the driver and an associated dashboard display that coaches drivers on more fuel efficient driving behavior. The system provides drivers with information about approaching road conditions that can help drivers make more efficient driving choices, such as slowing down earlier and more slowly. The system also helps drivers time their speed to reach traffic lights when they will be green to avoid unnecessary stopping and accelerating. This new driver assistance system leverages existing Ford technologies including traffic sign recognition, advanced map information, and car-to-car and car-to-infrastructure communications to help drivers prepare for or avoid road congestion and changes in topography.

Sustainable Manufacturing

In early 2012, Ford of Europe announced our five-year sustainable manufacturing strategies for water, landfill waste and emissions. The ambitious targets embedded in these strategies would see the average Ford vehicle using 30 percent less water and creating 70 percent less waste to landfill in manufacturing over the next five years. We also plan to reduce the amount of energy it takes to manufacture a vehicle by 25 percent before 2016.

Through early 2014, we have achieved 10 percent of the planned 25 percent energy savings throughout Europe. These savings have been accomplished through the introduction of an Energy Management Operating System (EMOS). Plant Energy Teams have been created at all Ford production facilities in Europe to implement

EMOS. In our plant in Cologne alone, about 50 gigawatt hours have been saved since the beginning of EMOS. A new heat recovery systems installed in the paintshop in 2013, where car bodies are dried at temperatures of up to 150 degrees Celsius, has reduced energy consumption by 2,600-megawatt hours and saved about €100,000. A data documentation pilot project has also been launched at our Cologne plant with similar monitoring schemes being introduced in Valencia, Bridgend and Saarlouis. It enables energy consumption comparisons to be made not only with other Ford locations, but also with the competition. Other projects aimed at saving energy include compressed air dryers, which remove the moisture from the compressed air, improving paint quality. These replace previous dryers dating back to 1986, saving about 210,000 euros per year.

For a discussion of our global climate change impact and commitments, please see the [Climate Change and Environment](#) section. For a discussion of our global commitment to water issues, please see the [Water](#) section.

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1. 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.



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Vehicle Safety

At Ford, we design and manufacture vehicles that achieve high levels of vehicle safety for a wide range of people over a broad spectrum of real-world conditions.

In the 2013 European New Car Assessment Program (NCAP) assessments, the Ford Tourneo Connect earned a five-star safety rating. In addition, the vehicle received the Euro NCAP's Best in Class recognition for the highest safety performance scores in the vehicle segment. The Ford Transit Custom and Tourneo Custom were the first van and "kombi" (i.e., multipurpose vehicle), respectively, to achieve five-star ratings in the Euro NCAP heavy vehicle assessment. The Transit also received Euro NCAP's Best in Class recognition for the highest safety performance score in its segment.

Ford has an industry-leading total of seven Euro NCAP Advanced rewards, for our Lane-Keeping Aid, Active City Stop, Forward Alert, Lane-Keeping Alert, MyKey®, Emergency Assistance and Driver Alert technologies.

Encouraging Safer Driving

Driver behavior is a key contributing factor in many vehicle crashes.¹ We at Ford have developed and support an array of programs and technologies that help to encourage safer behavior on the roadways, for both experienced and novice drivers.

In late 2013, we launched Ford Driving Skills For Life (DSFL) for the first time in Europe. Ford will invest €1.5 million in the first year of this program alone to provide free hands-on training to 5,000 young drivers in the U.K., Germany, France, Spain and Italy, and to thousands more online through The Academy. In 2014, Ford DSFL will be launched in several additional European countries.

Collaborative Research

In order to progress from current technologies to our long-term vision of connected and automated vehicles, we are conducting collaborative research with a variety of public, private and academic entities.

In Europe, we are contributing to the European harmonization and standardization of wireless communication systems and applications within the framework of the DRIVE C2X project, which is co-funded by the European Commission. DRIVE C2X is the acronym for "DRIVing implementation and Evaluation of C2X communication technology in Europe" (C2X refers to "car-to-car and car-to-infrastructure" communication). This project kicked off in January 2011 and is planned to run until mid-2014. It brings together more than 40 stakeholders, such as vehicle manufacturers, suppliers, universities and public authorities from all over Europe. Within the framework of DRIVE C2X, field operational tests in a real-world environment have been conducted over the course of six to nine months in seven test sites across Europe.

One of these test sites is located in Frankfurt/Main, Germany, and is closely linked to a national research initiative called Safe Intelligent Mobility – Test Field Germany, or sim™ for short. Ford contributed to this joint project, which brought together relevant stakeholders of the German automotive industry and concluded successfully in June 2013. sim™ was one of the world's first large-scale field operational tests of cooperative systems. Over six months, 120 vehicles from six automakers were driven more than 1.6 million kilometers. Ford contributed with 20 Ford S MAX vehicles equipped with innovative vehicle-to-infrastructure technology. Within sim™, 500 drivers tested and validated more than 20 functions targeting traffic safety, efficiency and comfort. Ford led the development of the Emergency Electronic Brake Light warning functionality. The project was supported in part by the German government.

Also in Europe, we have been one of 29 partners in the Accident Avoidance by Active

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- [Case Study: Public Domain Ratings](#)

External Websites

- [Global NCAP](#)
- [EuroNCAP](#)

Intervention of Intelligent Vehicles (interact!Ve) research project, led by the Ford European Research Center in Aachen, Germany. This consortium sought to support the development and implementation of accident avoidance systems, and consisted of seven automotive manufacturers, six suppliers, 14 research institutes and three other stakeholders. The European Commission covered more than half of the €30 million budget. During the 42-month duration of interact!Ve, the partners tested the performance of prototype safety systems through active intervention, including automated braking and steering in critical situations, with the aim of avoiding collisions or at least mitigating impact severity in accidents. The final event of Interact!Ve in November 2013 took place in Aachen and at Ford's Lommel Proving Ground, with live vehicle demonstrations.

See the [Vehicle Safety and Driver Assist Technologies](#) section for more on our vehicle safety technologies and activities.

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1. U.S. Department of Transportation, National Highway Traffic Safety Administration, *National Motor Vehicle Crash Causation Survey: Report to Congress* (Washington, DC: U.S. DOT, July 2008).



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Supply Chain

The automotive supply chain is one of the most complicated of any industry. Automakers like us rely on thousands of suppliers to provide the materials, parts and services necessary to make our final products. In today's economic environment, achieving lower costs, improving quality and meeting sustainability goals require an unprecedented level of cooperation with suppliers, as well as strong supplier relationships. Ford and its suppliers must work jointly to deliver great products, have a strong business and make a better world.

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. The Code addresses workplace issues such as working hours, child labor and forced labor, as well as nondiscrimination, freedom of association, health and safety, the environment and other issues.

We work to ensure that Ford and our suppliers have management systems in place to mitigate potential risks, ensure continuity of supply and improve the overall sustainability of the complex global automotive supply chain. Our aim is to leverage our supply chain – and our industry – to make a positive impact in the markets in which we do business.

We take a three-pronged approach to creating a sustainable supply chain and managing sustainability issues throughout our supply chain:

- Building strong relationships with suppliers and engaging strategic suppliers
- Developing shared commitment and supplier capability
- Working on cross-industry initiatives

In 2013, we held joint industry trainings through the Automotive Industry Action Group (AIAG) in Brazil, Mexico, South Africa and Turkey. We also held trainings in Romania in conjunction with CSR Europe. More than 230 Ford suppliers attended these classroom sessions. These trainings included both in-person classroom training sessions and e-learning trainings.

To date, we have conducted approximately 145 training sessions globally, attended by nearly 2,100 supplier companies. (This figure includes dedicated Ford supplier training sessions conducted with the AIAG as well as industry training sessions in which Ford participated along with the AIAG and other automakers.) Because attendees are required to subsequently cascade the training and expectations to the entire factory population and suppliers, these trainings indirectly reach even more companies and individuals. Through this cascading process, the training of suppliers globally since the inception of the program has impacted more than 2,900 supplier representatives, who in turn have cascaded the training information to nearly 25,000 supplier managers and more than 485,000 individual workers as well as over 100,000 sub-tier supplier companies.

Suppliers trained in 2013 have now moved on to the process of self-assessing their facilities for compliance with local law and Ford expectations, and communicating expectations to their own workers and their suppliers.

In 2014 we plan to conduct additional supplier training sessions in conjunction with either AIAG or CSR in Brazil, China, India, Mexico, Russia and Turkey. Where possible, these courses will be open to any interested company; thus Tier 1 suppliers will have the option of asking their own suppliers to attend. The intent is, once again, to increase the scope of impact of the training sessions, and push human rights and working conditions expectations further down the supply chain.

For a discussion of our global commitment to supply chain sustainability and detail on

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the status of our working conditions assessments, please see the [Supply Chain](#) section.

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Workplace

Our employees are crucial to delivering our vision of building great products that contribute to a better world.

We completed the planned closures of two manufacturing facilities in the U.K. in 2013, and we will close our Genk, Belgium, manufacturing facility at the end of 2014.

We recognize the impact our actions have on many employees and their families, and we have been working together with all stakeholders as we make these difficult changes to our business in Europe. In total, 6,200 positions or about 13 percent of Ford's European work force are affected by the plant closures in 2013 and 2014, including the salaried head-count reduction equivalent of 400 positions in late 2012. Wherever possible, we have been achieving employee reductions through enhanced employee separation programs and, with regard to our U.K. facilities, voluntary means and redeployment to other Ford locations. Read more about our [European market](#).

Communities

Ford Motor Company has a long legacy of compassion. More than 100 years after the company began, we continue to touch lives. Our commitment to supporting local communities through strategic investments and volunteer efforts has remained unwavering.

As we continue to expand our business in new markets across the globe, we are also expanding our community investment and volunteering efforts internationally. In 2013 we continued to expand our global reach through our Operation Better World program. Launched in 2012, Operation Better World is a coordinated, strategic approach to how Ford engages with communities everywhere that we do business. In 2013, we expanded the program from India and China to South America, Mexico and Europe. Through this initiative, Ford Fund works with nongovernmental organization (NGO) partners in four key areas: education, auto safety, community needs and sustainability (with a focus on water). The Ford Fund works to ensure that programs meet local community needs, align with the One Ford business plan, have a measurable impact and, where possible, can be replicated in other markets. This grassroots engagement in the community is implemented and led by the local Ford teams in each region.

Throughout Europe, Ford has made a positive impact on communities and the environment through Operation Better World initiatives such as the Community Involvement Program, Global Week of Caring and the Ford Driving Skills for Life (DSFL) program, which teaches drivers about fuel efficiency as well as safety (as discussed in the [Vehicle Safety](#) section).

In 2000, Ford in Germany launched the Community Involvement Program, which connects Ford employees to opportunities for volunteering in the community. As of year-end 2013, nearly 11,000 Ford employees had volunteered through this program, working on some 1,400 projects and dedicating more than 175,000 working hours. In the record year 2013 alone, we supported approximately 145 volunteering and community projects through this volunteering program. This is a all-time high within 13 years of engagement. Also a record: 960 employees each contributed up to 16 hours of their time, funded by Ford, totaling 15,000 hours and more than ever before. We also provided five Ford Transit vans to support 74 additional community projects. The vans were driven a total of 61,000 km.

In Germany in early 2013, Ford received an "Engagement of the Year 2012" award from the state of North Rhine-Westphalia. This award honors Ford's Community Involvement Program in Germany as a role model for corporate citizenship. The prize money was donated to the nonprofit school project Gandhi Award in Cologne, which

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aims to foster and reward diversity at schools, conflict management and volunteering. Ford actively supports Gandhi Award activities, for the first time in Cologne in July 2013.

Also in 2013, Ford of Europe volunteers went out into the community as part of the Ford Global Week of Caring. Our [People](#) section contains a full list of our [Global Week of Caring and other volunteerism efforts in Europe and elsewhere](#).

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Ford South America

Ford's principal markets in South America include Brazil and Argentina; we were the fourth-largest automaker in both markets in 2013. Brazil's economy and demographics – with growing per-capita income, low vehicle ownership rates and a young population – have helped its automotive market to more than double since 2002. These favorable factors are expected to continue to contribute to growth in vehicle sales in Brazil.

2013 Performance Highlights

In the past year:

- We introduced global products, such as the Ford Focus, with additional global products to come.
- We continued 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.
- Ford Argentina celebrated its 100th anniversary. Over our 100 years of continued presence in the country, Ford has established a lasting bond with the Argentinians by offering high-quality, innovative products. We have contributed to the community's development with steady investment, quality job generation and long-term, sustainable development through our education programs.
- The new Ford Fiesta received an "A" rating for fuel efficiency in the [new Brazilian fuel-efficiency Labeling system](#).
- We were the first automaker to participate in Campus Party Brazil, the biggest technology festival in Brazil.

Awards

- The new Focus was the most recognized product of the year, collecting awards from automotive press associations in Brazil, Argentina and Latin America, as well as Brazilian television journalists. The awards included "Best Mercosur Car of 2014" by Motorpress magazine.
- The Ford Fusion Hybrid was named "Car of the Year" in Brazil by readers of EXAME magazine, one of the main technology-oriented publications in Brazil.
- The new Ford Ranger was recognized in Brazil by Jornal do Carro (Best Medium Pickup), Carro magazine (Best Cars – Pickup), Best Cars website (Best Medium/Large Pickup) and as best purchase by Quatro Rodas and Autoesporte (one of the most recognized auto magazines).
- Steven Armstrong, Ford South America president, was selected "Executive of the Year" by Autoesporte magazine.
- Ford of Venezuela built the highest-quality vehicles among all Ford facilities around the world, according to the 2013 second-quarter customer satisfaction survey conducted by the Global Quality Research System (GQRS). This research compares quality data between Ford facilities globally, and reflects that vehicles produced in the Valencia plant have a satisfaction level of 91 percent. That means that for every 10 cars produced, nine customers are very satisfied with the product they bought. This fact puts the quality of Venezuelan vehicles at the top of the ranking when compared to the rest of Ford facilities.
- For the ninth-consecutive year, Selecciones magazine (a Readers' Digest publication) honored Ford with its "Trusted Brand" award. The award is based on a poll in which consumers chose their favorite brands.



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“ Every year, Ford has made important sustainability progress. Our South America region, for example, consistently advances in line with our One Ford plan, which is enabling us to offer consumers a lineup of vehicles consisting entirely of global products by 2015.”

Stephen Armstrong, President, Ford South America



We are all responsible for creating the world we want for ourselves, and for future generations. So we must ask ourselves, what are we doing to make the world a better place?

That question is pertinent not just for individuals, but for organizations, since organizations can contribute significantly to sustainable development.

Every year, Ford has made important sustainability progress. Our South America region, for example, advances in line with our One Ford plan, which is enabling us to offer consumers a lineup of vehicles consisting entirely of global products by 2015. Consumers will benefit from models that meet global standards for technology, safety, comfort and design. These vehicles also meet high environmental standards, as evidenced by their excellent performance in tests performed by CONPET/Inmetro, a Brazilian program that measures the efficiency of vehicles' fuel consumption.

We are also improving the sustainability of our production processes. The modernization of Ford plants in South America has resulted in several environmental benefits, such as reductions in water and energy consumption. The new paint process used in the production of the Ford Fiesta in Sao Bernardo, for example, uses fewer solvents and has fewer potentially harmful emissions.

Ford South America's implementation of our global One Ford strategy has also allowed us to demonstrate the capability of local engineering, with the development of a second global product at the Ford Development Center in Brazil. Our engineers work as a team, contributing ideas and solutions that allow Ford to be recognized as an innovative brand in our region.

Because the health and well-being of our employees is also important to our business, we launched a health program called Viva Bem that benefits all of our employees in South America. Viva Bem focuses on four pillars of health: movement, nutrition, health promotion and zero dependency.

Ford South America also continues to support initiatives that seek to promote the well-being of the communities in which we operate. It is rewarding to see the difference our employees can make by donating their time and skills to programs aimed at creating a more equal society. We have opened the doors of our plants to disadvantaged students, for example, so they can gain firsthand experience with the automotive industry. And we support institutions that provide basic items, such as food, clothing and medicine, to improve the lives of the needy.

Last year, our Ford South America Operations continued to deliver major achievements, and we will do our best to ensure we are recognized, more and more, as an efficient company with a truly sustainable future.

Best regards,

Stephen Armstrong
President, Ford South America



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Financial Health

In 2013, Ford's automotive pre-tax profit was the highest in more than a decade, with about break-even results in South America. Our South American pre-tax profits were substantially lower than a year ago, in part due to higher costs and unfavorable exchange. However, our 2013 market share for South America increased slightly compared to 2012. Brazil and Argentina are our highest-volume South American markets; our market shares for these two countries are shown in the table below.

South American Market Share

Major Markets	2013 Combined Car and Truck Market Share (%)	Percentage Points Better/(Worse) than 2012 (%)
Total South America	9.3	0.3
Brazil	9.4	0.3
Argentina	12.6	0.3

In South America, we are investing in global platforms to deliver global products, with 18 product actions (i.e., new or remodeled products) in 2013. Our strategy is focused on improving both quality and customer experience. In 2013, Ford South America began offering versions of our global small and midsize vehicles, including Fiesta- and Focus-sized small cars and utilities, and Fusion- and Mondeo-sized midsize cars and utilities, as well as compact pickups and commercial vans.

Brazil is the world's fourth-largest auto market and is a critical piece of Ford's global strategy. Going forward, we are making our largest-ever five-year investment in our Brazil operations, committing \$2.07 billion (USD) or R\$4.5 billion by 2015 to accelerate the delivery of more fuel-efficient, high-quality vehicles and offer a lineup that consists of 100 percent global products. Other investments include:

- \$1.2 billion to increase the capacity of our Camaçari Plant, develop a new global vehicle (the Ford EcoSport), and modernize our Troller Plant, and R\$400 million (\$184 million) to build the first engine plant in the Northeast of Brazil.
- \$230 million in modernization and expansion of the Taubaté Engine and Transmission Plant.
- \$308 million from 2007 to 2013 in heavy truck operations, including production of the extra-heavy-duty Cargo truck.
- \$368 million for production of the new Fiesta hatchback global vehicle in São Bernardo do Campo.
- \$34 million to produce the Fiesta sedan in the Valencia Assembly Plant.
- \$200 million (including \$60 million invested in supply chain development to improve local parts sourcing) to produce the new Focus, creating 300 new jobs.

We implemented several exciting product launches in South America in 2013, including the Fusion flex-fuel, the new Fiesta hatch and sedan, the new Focus, the new Kuga, the Fusion Hybrid and the new global line of Cargo (Cargo 2042 and Cargo 2842) trucks for the heavy-duty segment. In 2014 we also began production of two F-series trucks, the F-350 and F-400.

We know that our long-term success in the developing and revitalizing economies of South America will depend on our company offering new types of mobility solutions that are increasingly sustainable and tailored to the unique needs of these markets. The section on our [sustainable mobility strategy](#) describes how we are aiming to do just that.

For a discussion of our global economic impact and financial health, please see the

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Climate Change and the Environment

At Ford, we have been working for many years to reduce the environmental impacts of our vehicles and operations.

For example, we are doing our part to prevent or reduce the potential for environmental, economic and social harm due to climate change. We have a science-based strategy to reduce greenhouse gas (GHG) emissions from our products and operations that focuses on doing our share to stabilize carbon dioxide (CO₂) concentrations in the atmosphere. We are on track to meet the central elements of our strategy: For each of our new or significantly refreshed vehicles, we will continue to offer a powertrain with leading fuel economy, and we are reducing GHG emissions across our global product portfolio.

In South America, we are improving fuel economy by introducing some of the efficient engine and transmission technologies currently used in North America, and by offering technologies compatible with the widespread use of biofuels in Brazil. We offer our EcoBoost® engine on the Ford Mondeo in Argentina and the Ford Fusion in Brazil.

We are continuing to implement the new, more-efficient Sigma engine, which improves efficiency compared to current engines through reduced internal friction and improved electronic throttle controls. We have also improved the gearing ratios, aerodynamics and rolling resistance of our South American models, further increasing fuel economy. In Brazil, our Ford EcoSport, a B-Segment SUV, is a fuel-economy leader in its segment. In 2013 in Brazil, we launched the new Ford Fiesta, which received an "A" rating for fuel efficiency in the [new Brazilian fuel-efficiency labeling system](#). Ford also received a Seal of Excellence award for the Fusion Hybrid and the 2014 Fiesta 1.6L TIVC in Brazil. These awards are given to vehicles in the top 20 percent for fuel economy, regardless of vehicle segment or type.

Over the past few years, we have successfully implemented a large number of fuel-efficiency technologies in our B- and C-sized vehicle segments, which make up approximately 80 percent of the Brazilian market. These include twin independent variable cam timing engines and direct-injection engines, Battery Management Systems, smart alternator systems and dual-clutch automatic transmissions.

Aligned with our global standards and the Brazilian New Automotive Regime (Inovar-Auto) – a federal government measure that aims to stimulate investment in the Brazilian auto industry – Ford Brazil is focusing on achieving fuel-efficiency targets and investing in engineering. Also in Brazil, newly introduced fuel economy and CO₂ emission [regulations](#) will speed up the introduction of new fuel-efficiency technologies.

Ford is also using recycled and/or natural material in our vehicles in South America. All vehicles locally produced use 5 to 7 kg of recycled PET plastic in the form of carpets, ceiling linings, wheel boxes and acoustic blanket carpeting. And, the instrument panel of the new Cargo trucks is made with sisal natural fiber.

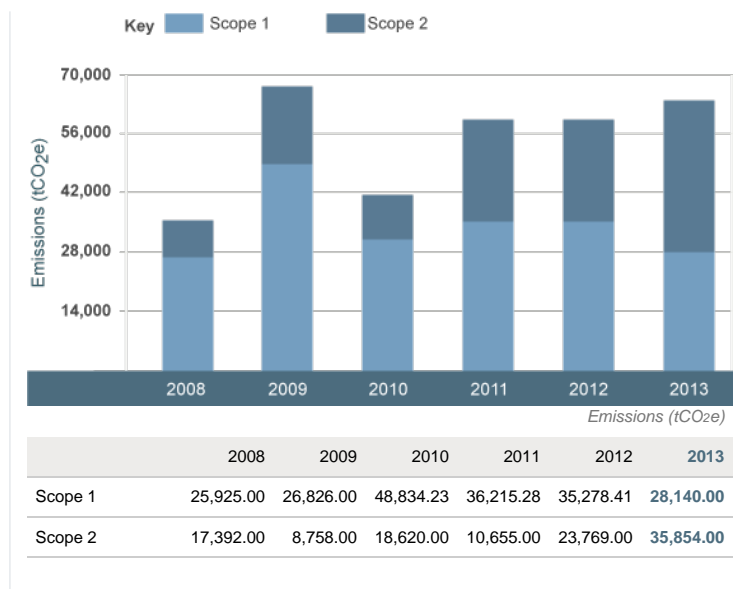
We are the first automobile company in Brazil to voluntarily report our facilities' GHG emissions to the Brazilian Greenhouse Gas Protocol. As a participant and one of the founders of the Protocol, we have conducted an inventory of our facility emissions and have set reduction goals. The results of the inventory can be seen in the graph below. While our reported GHG emissions per unit of production for 2013 showed an increase of approximately 3% from 2012, this can be explained mainly due to the 2013 electricity CO₂ emission factor (Scope 2) increase of 40% from 2013. While production increased by approximately 17%, indirect electricity consumption increased by less than 7% and direct energy consumption increased by less than 1%.

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- [Climate Change and the Environment](#)
- [South American Policy](#)

Historical Emissions by Scope



We are also strengthening our environmental management systems in our facilities. In 2013 our Valencia Plant was successfully audited for compliance with ISO 14001:2004. Valencia also received an Instituto Municipal del Ambiente certification, which confirms our compliance with Venezuelan environmental legislation. In Venezuela, our environmental management is supported by an Environment Cross-Functional Team, a group of employees who undertake sustainability initiatives and educate other employees. We have also reduced volatile organic compound emissions and water pollution as a result of the introduction of paint robots to the production process. At São Bernardo do Campo, we completed a high-bay lighting retrofit project, which improves the work environment and saves energy.

Recycling at our plants is also a priority. As a result, solid waste at our Valencia Plant facility has been reduced by 20 percent in the last three years. In Argentina, many materials used in the production process are recycled. For example, vegetable oil used in the kitchens is used for biodiesel, and the profit is donated to a neighborhood dining hall for children. Unused office paper and bottle lids are donated to the Garrahan Children's Hospital Foundation. Plastic PET containers are recycled to benefit the Forest Bank Foundation, a nonprofit organization focused on restoration, conservation and wise management of native species in Chaco and Formosa. Through this initiative, Ford Argentina contributed to the preservation of 150,000 square meters of forest in the Impenetrable Chaqueño area, which will become the new La Fidelidad National Park.

Other initiatives include an environmental education program for public and private school students and a restoration and landscape project, among others. Hosted by Ford Camaçari, students visit the Environmental Education Center and participate in activities and talks related to permaculture. At São Bernardo do Campo, employees participated in a restoration and landscape project. Over 1,700 seedlings of native Atlantic forest species were planted, returning an important stretch of riparian vegetation to the city.

For a discussion of our global environmental impact, climate change impact, policy and commitments please see the [Climate Change and Environment](#) section.



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Vehicle Safety

At Ford, we design and manufacture vehicles that achieve high levels of vehicle safety for a wide range of people over a broad spectrum of real-world conditions.

In the most recent Latin NCAP,¹ the new Ford EcoSport and Focus both received five stars for adult protection. The EcoSport and Focus are the first vehicles produced in South America to earn a five-star ranking from the international safety rating organization.

The new EcoSport brings advanced systems for both passive and active protection, to prevent accidents and ensure that the vehicle is in control under various driving conditions. The EcoSport comes with front airbags as standard, offers curtain side airbags as optional and is the only vehicle in its category capable of having child seats installed according to the ISOFIX standard. (ISOFIX is the global standard for child safety seat attachment points.)

The Focus is recognized for its advanced design security and vehicle dynamics. In addition to an ultra-rigid safety cell protected by crumple zones, its arsenal includes dual airbags, front seatbelts with a pretensioned limiter and anti-lock brakes with electronic brake distribution and cornering brake control.

As part of our Traffic Safety and Environmental Care program, Ford Argentina organized two campaigns for customers, so they could check their safety features before going on summer and winter holidays. Special stands were located in visible locations around Buenos Aires. The stands were equipped with the mechanical materials needed, and trained technicians attended to the customers who took their vehicles for a free diagnosis. The mechanical checkup included suspension monitoring, brakes and emissions as well as proper performance of lights and the replacement of windshield wiper fluid. These actions are part of Ford Argentina's commitment to our customers' safety and accident prevention. In addition, several safety awareness conferences were held in public places.

See the [Vehicle Safety and Driver Assist Technologies](#) section for more on our vehicle safety technologies and activities.

1. Several public and private agencies around the world perform crash testing of vehicles and publish safety ratings, however these rating systems are relatively new in South America. Recently, New Car Assessment Programs (NCAPs) are being launched in regions where they have not existed in the past. This is partly due to a new nonprofit organization based in London called [Global NCAP](#) that is promoting the establishment of NCAPs around the world. Global NCAP developed a [Latin NCAP](#) system, which is now providing ratings on vehicles in South and Central America.

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- [Vehicle Safety and Driver Assist Technologies](#)
- [Case Study: Public Domain Ratings](#)

External Websites

- [Global NCAP](#)
- [Latin NCAP](#)



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Supply Chain

The automotive supply chain is one of the most complicated of any industry. Automakers like us rely on thousands of suppliers to provide the materials, parts and services necessary to make our final products. In today's economic environment, achieving lower costs, improving quality and meeting sustainability goals require an unprecedented level of cooperation with suppliers, as well as strong supplier relationships. Ford and our suppliers must work jointly to deliver great products, have a strong business and build a better world.

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. The Code addresses workplace issues such as working hours, child labor and forced labor, as well as nondiscrimination, freedom of association, health and safety, the environment and other issues.

We work to ensure that Ford and our suppliers have management systems in place to mitigate potential risks, ensure continuity of supply and improve the overall sustainability of the complex global automotive supply chain. Our aim is to leverage our supply chain – and our industry – to make a positive impact in the markets in which we do business.

We take a three-pronged approach to creating a sustainable supply chain and managing sustainability issues throughout our supply chain:

- Building strong relationships with suppliers and engaging strategic suppliers
- Developing shared commitment and supplier capability
- Working on cross-industry initiatives

In 2013, we held joint industry trainings through the Automotive Industry Action Group (AIAG) in Brazil, Mexico, South Africa and Turkey. We also held trainings in Romania in conjunction with CSR Europe. These trainings included both in-person classroom training sessions and e-learning trainings. More than 230 Ford suppliers attended the classroom sessions.

To date, we have conducted approximately 145 training sessions globally, attended by nearly 2,100 supplier companies. (This figure includes dedicated Ford supplier training sessions conducted with the AIAG as well as industry training sessions in which Ford participated along with the AIAG and other automakers.) Because attendees are required to subsequently cascade the training and expectations to the entire factory population and suppliers, these trainings indirectly reach even more companies and individuals. Through this cascading process, the training of suppliers globally since the inception of the program has impacted more than 2,900 supplier representatives, who in turn have cascaded the training information to nearly 25,000 supplier managers and more than 485,000 individual workers as well as over 100,000 sub-tier supplier companies.

Suppliers trained in 2013 have now moved on to the process of self-assessing their facilities for compliance with local law and Ford expectations, as well as communicating expectations to their own workers and their suppliers.

In 2014 we plan to conduct additional supplier training sessions in conjunction with either the AIAG or CSR in Brazil, China, India, Mexico, Russia and Turkey. Where possible, these courses will be open to any interested company; thus Tier 1 suppliers will have the option of asking their own suppliers to attend. The intent is, once again, to increase the scope of impact of the training sessions and push human rights and working conditions expectations further down the supply chain.

For a discussion of our global commitment to supply chain sustainability and detail on

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the status of our working conditions assessments, please see the [Supply Chain](#) section.

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Water

At Ford, we have focused on reducing our water use since 2000, when we first began setting year-over-year reduction targets as part of our Global Water Management Initiative. In Brazil over the last five years, we achieved a 23 percent reduction in absolute water consumption and 16 percent reduction per vehicle produced, representing a total of 307 million liters of water saved. Our efforts around water have evolved over the years; we have moved beyond merely reducing the water footprint of our own facilities to working more holistically outside our corporate walls, addressing water concerns in our supply chain and our broader communities.

We are conducting water assessment pilot projects to help us gain a better understanding of our usage. As of early 2014, we have conducted assessments at 12 global sites, including Pacheco Stamping and Assembly in Argentina, and we continue to add new plants for assessment each year. We are in the process of evaluating the results to determine what measures can feasibly be taken to reduce water and save our company money at the same time.

For a discussion of our global commitment to water issues, please see the [Water](#) section.

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People

Here at Ford, our employees are the drivers behind our successes, including our planned launch of 23 new or significantly refreshed vehicles for 2014 – the most aggressive launch schedule in our history. As we continue to witness surging global demand for our products, we rely ever more deeply on the skills and talents of our dedicated work force of some 181,000 individuals.

Workplace

Wellness

In late 2013 we launched “Programa Viva Bem,” with the goal of improving the quality of life of Ford and non-Ford employees and their relatives.

The program is based on four pillars: movement, nutrition, health promotion and zero dependence. The aim of Viva Bem is to provide information and foster a healthy lifestyle.

This program reduces absenteeism while reflecting positively on Ford’s social commitment. It also reinforces the image of Ford South America as an employer with a quality-of-life orientation and as an overall great place to work

Training

Our company’s future success is dependent upon technically trained professionals. Therefore it is critical that we develop a pipeline of such professionals and that we create opportunities for students to become more engaged in the fields of science, technology, engineering and math (STEM). During 2013, a few of the educational programs that were available for employees, or to develop the next generation of employees, included the following:

- In Brazil, Ford and Instituto Mauá de Tecnologia signed a technical cooperation agreement for product development and engineering education, creating new partnership opportunities for research and technology development.
- In Venezuela, an online English program, English for Everybody, was launched, with the objective of providing a flexible learning tool for all employees to learn or improve their English skills. In addition, specialized courses were offered to cover the English development needs of particular employees.
- In order to improve the professional and personal development of employees at the Valencia Plant, 341 workers participated in 16 different courses and workshops, such as finance for non-finance personnel, effective communications, effective presentations, and advanced and intermediate Microsoft Excel.
- In Venezuela, a number of online and in-person training sessions were offered, on safety, legal and health matters to provide employees with tools that allow them to maintain and improve their working conditions. Employee participation in these sessions was high, with 93 percent attendance out of 1,322 employees invited.
- In Argentina, a new classroom for seventh-year students was opened at the Henry Ford Technical School, and the school’s facilities were renovated with cutting-edge technology. In addition, an open science fair took place at the school for the local community. The Henry Ford Technical School was founded in 1965 by Ford Argentina with the aim of contributing to society by providing technical education, which is key to local industry development. The school is located inside the Pacheco Plant and has educated 43 classes of technicians since its founding. Many of the graduates are Ford Argentina’s employees.
- Alongside the Henry Ford Technical School is CENS 451, a high school for adults who have not completed their education. This school offers classes in the

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afternoons and evenings to accommodate work schedules.

- During the past 14 years, between 20 and 30 advanced students from a school in the same district as the Pacheco Plant have worked as trainees in different areas of the plant, in order to gain professional experience.
- We offer guided tours of our Pacheco Plant to educational institutions, so that students can see some of our production processes. In 2013, more than 2,000 visitors from 70 different schools and universities took guided tours.

Diversity

If we want to continue delivering market-leading features and technologies that will appeal to an increasingly diverse customer base, we must reflect that diversity ourselves. Serving a global customer base requires employees with different viewpoints and perspectives, all working together as members of a skilled and motivated team.

At Ford, we are focusing on women as a key demographic as we launch our biggest product expansion in our history – 23 new or significantly refreshed vehicles to market in 2014. We especially need talented women to develop and market our vehicles if we want to reach this demographic. In Brazil, for example, female engineers and technicians are playing a key role in designing and engineering our global platforms. Also, in Brazil and Argentina, Ford celebrated International Women's Day. In Argentina, a special gift was sent to key female influencers, media journalists and celebrities. Ford Brazil and Venezuela paid tribute to female employees by highlighting their work in key areas of new projects.

For a discussion of our global commitment to our stakeholders, please see the [People](#) section.

Communities

Ford Motor Company has a long legacy of compassion. More than 100 years after the company began, we continue to touch lives. Our commitment to supporting local communities through charitable contributions and volunteer efforts has remained unwavering.

As we continue to expand our business in new markets across the globe, we are also expanding our community investment and volunteering efforts internationally. In 2013, we continued to expand our global reach through our Operation Better World program. Launched in 2012, Operation Better World is a coordinated, strategic approach to how Ford engages with communities everywhere we do business. In 2013, we expanded the program from India and China to South America, Mexico and Europe.

Through this program, the Ford Fund cooperates with nongovernmental organization partners in four key areas: education, auto safety, community needs and sustainability (with a focus on water). The Ford Fund works to ensure that programs meet local community needs, align with the One Ford business plan, have a measurable impact and, where possible, can be replicated in other markets. This grassroots engagement in the community is implemented and led by the local Ford teams in each region.

Through employee-led initiatives, as well initiatives like the Global Week of Caring and the Henry Ford Environmental Awards, Ford has made a positive impact on communities and environmental issues throughout South America.

During 2013, employee-led initiatives included the following:

- Ford employees at the São Bernardo do Campo Plant, São Paulo state, provided Easter treats for underprivileged children in kindergartens and orphanages in the region. Around 150 Easter eggs were distributed at three institutions.
- In celebration of Mother's Day, Ford Brazil's employees at the São Bernardo do Campo Plant collected disposable diapers for children in need. In Venezuela, 50 baskets with essential baby supplies were taken to the Maternidad del Sur hospital for underprivileged young mothers.
- Ford's employees at São Bernardo do Campo held a "22nd Friends Meeting," which brought together about 130 people to celebrate the friendship born between professionals from different areas and different teams from the company. The event promoted interaction among employees and collected donations for the institution CAJEC, which supports children and adolescents with cancer.
- Tatuí Proving Ground (TPG) hosted the TPG first bike tour, led by a local team, in which the employees and service providers had the opportunity to ride through the grounds of the plant. The event reinforced the importance of employee health, but also contributed to the community as over 80 toys were collected for donation to many underprivileged children. As the BIKE TOUR took place on

December 1, World AIDS Day, the event also included a lecture delivered by Dr. Luiz Carlos Saladini, the medical coordinator of the Proving Ground.

- The Henry Ford Environmental Award is a prestigious award that has been granted for 11 years to recognize exceptional projects and initiatives that prioritize environmental protection. “Californian Red Earthworm: Integral Eco-Farms” was the project that received the award on 2013.
- Ford volunteers at Valencia helped to create a magical Christmas for sick children. Wearing Santa’s uniforms, they first took a walk through the plant’s administrative building and delivered Christmas wishes to all employees. Then, they visited the oncology unit of the Carabobo Hospital and donated presents to more than 160 children and adolescents with cancer.
- Ford employees in Venezuela donated medicine, diapers and other disposable hygiene products to support the Fundación Martins program. This institution supports disabled children and adolescents.
- Ford of Venezuela, together with the local basketball team Trotamundos de Carabobo, sponsored a basketball championship in which underprivileged children from the Valencia community had the opportunity to learn from professional players on the court. The initiative was supported by the Children’s Basketball Federation of Venezuela.
- Since 1968, Ford Argentina has developed – along with its dealers – the Education for a New Tomorrow Program, an educational program for rural schools. The program’s main objective is to help local communities by opening or reopening schools by providing safe and drinkable water, electricity, low-cost maintenance design, security and comfort solutions and eco-friendly facilities. All materials used in the design and building are recycled and recyclable, and energy is provided by renewable sources, such as the installation of hot water systems using solar collectors, among other eco-friendly options. Since the renewal of the program in 2002, Ford Argentina and its dealers –which work as school sponsors – have succeeded in reopening 20 schools. In 2013, two new schools were opened in the northern region of Argentina.
- During the month of June, a special day was dedicated for employees to donate blood. More than 20 volunteers participated.
- Many hourly employees at the Pacheco Plant raised funds and received donations for rural schools from different regions of the country. During 2013, these groups managed to travel more than 45,000 kilometers in 53 trips organized during weekends. The schools that received these donations belonged to vulnerable communities located in the provinces of Salta, Formosa, Gran Chaco, Santiago del Estero and Entre Ríos.
- Ford Argentina Trucks has prepared a Cargo truck for donation campaigns. The truck was designed to carry donations along with Si! Foundation, a nonprofit organization that helps people living in the streets in vulnerable places of all over the country.

Global Week of Caring

In 2013, Ford South America participated in the eighth Global Week of Caring, an initiative that encourages employees to take part in community projects worldwide:

- The volunteer actions began with the presence of Odontomóvel, a mobile dental office, in Tatuí, where the Ford Proving Ground is located. The dental office, which is installed on a Ford Cargo 815 chassis, performed more than 50 free procedures to the local population. The Ford Citizenship Committee also collected about 600 kg of food, donated to Recanto do Bom Velhinho, a nursing home, as part of Global Week of Caring.
- In Camaçari, Bahia, employees from the Ford Industrial Complex delivered oral hygiene kits to the Emanuel Childcare Institute.
- At the Taubaté plant, Ford workers carried out a professional development forum for about 50 students from the Juvenile Guard, an institute that prepares adolescents from 15 to 17 years of age for the Brazilian job market. Ford employees presented lectures on subjects such as communication, behavior and self-development, as well as providing career testimonials.
- In Venezuela at the Valencia Plant, a group of volunteers visited a retirement home called Mi Viejo Antonio and took essential products such as medicines, food, mattresses, pillows and disposable hygiene products to support the institution, with cares for underprivileged elderly citizens.
- In Argentina, volunteers from different areas of the company built houses along with the nonprofit organization Habitat for Humanity.

Explore a [full list](#) of our Global Week of Caring and other volunteerism efforts in South America.