

## **Supplement for Sustainability Report (March 27, 2014):**

Ford releases its annual Sustainability Report each year in June. In an effort to provide clarification and increased transparency, this supplement is offered. Information is organized in the same sections as the current Sustainability Report ([www.ford.com/go/sustainability](http://www.ford.com/go/sustainability)).

### **Our Blueprint for Sustainability**

- **Governance**

- 1. **Sustainability Management**

- **Environmental Management**

- *Compliance requirements for facilities:*

- In its Policy Letter 17, Ford requires all its facilities to comply with the applicable environmental laws and regulations, and in many instances imposes stricter requirements of its own. Ford facilities are regularly audited to ensure compliance. In 2010, Ford completed the full global implementation of an Environmental Operating System (EOS). As a counterpart to our Quality Operating System, the EOS provides a standardized, streamlined approach to maintaining compliance with all legal, third-party and Ford internal requirements, including government regulations, ISO 14001 and Ford's own environmental policies and business plan objectives and targets. The EOS drives compliance responsibility to the operations level by assigning compliance-related tasks to the appropriate personnel and tracking the completion of those tasks. The system also standardizes tracking and reporting systems, which simplifies compliance, reporting and analysis at all levels of the Company. This system allows us to manage an ever-increasing range of external regulations and internal performance objectives more effectively and with fewer resources.

Verification:

ISO 14001: All Ford facilities are third-party certified to ISO 14001. The certificates are available on our Sustainability Report website.

Greenhouse gases: Over two-thirds of Ford's global facility greenhouse gas (GHG) emissions are third-party verified. From 1998-2010, all of Ford's North America GHG emissions data were externally verified by FINRA, the auditors of the NASDAQ stock exchange, as part of our membership in the Chicago Climate Exchange. Beginning in 2011, all of Ford's North American GHG emissions are now also verified under The Climate Registry, a nonprofit collaboration among North American states, provinces, territories and Native Sovereign Nations that sets consistent and transparent standards to calculate, verify and publicly report greenhouse gas emissions into a single registry. In addition, all emissions data covered by the EU Emission Trading Scheme (EU-ETS) and voluntary UK Climate Change Agreements are third-party verified. All EU-ETS verification statements are provided to Ford by facility from BSI for UK facilities, Lloyds for Spain and the Flemish Verification Office for Belgium. North American facilities are verified against The Climate

Registry's General Reporting Protocol. European facilities are verified against the EU-ETS rules and guidelines.

Relevant certificates are available on our Sustainability Report website.

- *Global committees and teams for each metric (water, waste, energy/CO2/ VOC, Toxics/Materials):*

Ford has established global, cross-functional teams to develop strategies and monitor progress for the following environmental metrics: water use, waste generation, energy use/CO2 emissions, Volatile Organic Compound (VOC) emissions from painting in assembly operations, and toxics/materials reduction.

- *Environmental training efforts:*

The Company has a Code of Conduct Handbook which outlines the Company's policies on many topics, including conflict of interest, bribery, and many other topics, including environmental matters. Web-based training on many of these topics is available and employees are required to take many of these courses.

The Company's Environmental Quality Office offers many training courses specifically addressing environmental topics associated with Ford's manufacturing facilities. These include Ford's Environmental Operating System, the Company's environmental computer applications and databases, and regulatory information, among others.

- *Best Practice Replication:*

Each global region of Ford Motor Company (North America, South America, Europe, and Asia Pacific) presents an annual Environmental Leadership Award to a facility in recognition of an outstanding environmental project. The award is presented at the annual environmental workshop in each region. Finalists for the regional award make presentations prior to the award presentation, so all attendees are able to learn of best practices.

In addition, as part of the Ford Production System (FPS), work group leaders in each plant are trained on the Environmental Operating System (EOS) and encouraged to submit process improvement ideas.

## Climate Change and the Environment

- **Greening our Operations**

- 1. Operational Energy and Greenhouse Gas Emissions**

- *Renewable Energy:*

Renewable energy includes solar, wind, geothermal, hydro, and biomass. Direct renewable energy is directly installed onsite either through a self-install project or a Power Purchase Agreement. Indirect renewable energy is purchased indirectly through the utility's supply. Ford used 23,650 kWh of direct renewable energy and 936,291 kWh of indirect renewable energy in

2012, which is enough electricity to power seven assembly plants for one year.

**2. Non-CO2 Facility-Related Emissions**

Total Emissions:

This includes Volatile Organic Compound (VOC) emissions from assembly plant painting operations, United States Toxic Release Inventory (TRI) emissions, Canada National Pollutant Release Inventory (NPRI) emissions, and Australia National Pollutant Inventory (NPI) emissions.

	2011 (million kilograms)	2012* (million kilograms)
total emissions	23031	18563

\*2012 Australia NPI data calculated using 2011 data pro-rated for 2012 production.

**3. Waste Management**

Waste Generation and Recycling:

Waste does not include episodic waste, e.g., construction debris, etc.

	2012	2013
Total waste including scrap metal (million kg)	1651	1632
Recycled waste including scrap metal (million kg)	1562	1554
Percent of waste recycled	94.6	95.2

Paint Solvent Recycling:

Solvents are extensively used in vehicle painting. Spent solvents are sent off-site, where the solvent is separated from the paint solids. The recovered solvents are then returned to the assembly plant for reuse, resulting in a closed loop process.

Soy Foam:

Since 2002, our researchers have pioneered the research and development of soy-based polyurethane foams for automotive applications. The use of soy foam reduces CO<sub>2</sub> emissions, decreases dependency on petroleum oil and increases the utilization of renewable agricultural commodities. Soy foam also offers the

potential for cost savings as well as insulation from petroleum product price swings.

In 2007, Ford was the world's first automaker to implement this innovative technology (on the seat cushions and seat backs of the 2008 Ford Mustang), and we have since migrated its use across all of our vehicle lines produced in North America. As of 2011, all Ford Motor Company vehicles built in North America have soy foam in their seat cushions and backs. In addition, 75 percent of headrests produced in North America have soy foam, and the headliner on the Ford Escape is made from sustainable bio-based foam.

Ford currently has soy foam seats in more than 8 million vehicles on the road, which reduces petroleum oil usage by more than 5 million pounds annually. Lifecycle analyses that compare soy foams with traditional petroleum-based foams show a net decrease of 5.5 pounds of CO<sub>2</sub> per pound of soy oil used. Ford's use of soy foam reduces our annual CO<sub>2</sub> emissions by 20 million pounds – the annual equivalent of emissions from more than 1,500 typical American households. We continue to investigate new applications for soy foam, such as for underhood and energy-absorbing foams.

#### **4. Green Buildings**

- *Facility Sustainability Initiatives:*

Ford has a global process to integrate sustainability initiatives in all major programs and existing facilities to maintain environmental compliance, and sustain environmental leadership. This program supports near-, mid- and long-term environmental business plan objectives. Best practices that result in substantial sustainability impact will be identified to be mandatory in all new major programs/new facilities with senior leadership support. Each facility receives a scorecard and a target.

Ford piloted the Leadership in Energy & Environmental Design (LEED) Existing Building (LEED-EB) certification process on Corporate Crossings, an office building that Ford developed in 1999 in Dearborn, Michigan. In 2011 we achieved LEED-EB Silver Certification for this building, the first Ford Motor Company building certified under the LEED-EB program. We are now in the process of seeking LEED Existing Building Operations and Maintenance (LEED-EBOM) certification for our Research and Innovation Center (RIC) in Dearborn. In March 2013, RIC entered the "performance period" of the certification process. During this period, actual building performance is measured for at least three months; after all of the changes we are making to the building and its operation to obtain certification credits are implemented. These changes include energy-efficiency technology upgrades, operational policies and staff training.

Based on these experiences, Ford has evaluated certifying the balance of our portfolio of commercial office buildings through the USGBC's LEED for Existing Buildings: Operations and Maintenance Volume program. We are initially planning to seek certification on 25 buildings in Dearborn, MI through this program. We hope to complete this certification process in 2015. The LEED

Volume Program was designed by the USGBC to meet industry needs for a streamlined approach to certifying similar buildings and spaces. The program, through the use of prototype standards, allows organizations to simplify the LEED documentation for multiple buildings or spaces of a similar type or management.

## Water

- **Progress in Reducing Water Use**

Wastewater discharge standards:

Ford has a global internal standard which sets forth the minimum water quality requirements for discharges of process wastewaters to surface waters, municipal collection systems, and for use as on-site irrigation.

Volunteer Corp activities summary with respect to environment:

The Ford Volunteer Corps was formed in 2005 by Executive Chairman Bill Ford in response to the devastating Indian Ocean tsunami. Since then the program has expanded and unified the company's extensive global network of volunteer and community service activities. Ford Volunteer Corps recruits employees, retirees and dealers across six continents to support initiatives that help build stronger communities. In 2012, 25,000 Ford employees participated in 1,350 projects in 29 countries – the equivalent of a \$3 million investment. Their work touched more than 1.5 million lives. We call it MODEL Teams, and like the Ford Model T of yesteryear, this model is drawing a lot of attention and making a difference in people's lives.

Ford volunteers are busy throughout the year, but on four Ford Accelerated Action Days MODEL Teams of employees in the U.S. focus on specific, urgent community needs identified by nonprofit agency partners. These four days concentrate on children and families, hunger relief, community building and the environment. Ford Fund provides grants for many of the projects to cover the hammers and rakes, nails and paint, plants, food and other materials needed to complete the projects. The year's major focus is Ford Global Week of Caring in September. Ford volunteers have repaired schools in Australia and South Africa, helped out at orphanages in India, served meals at a homeless shelter in Canada, created clean water projects in China and Indonesia, and worked on environmental conservation projects in the United Kingdom. Ford Volunteer Corps also organizes collection drives to Go Further in support of communities and people in need. Ford employees collect diapers and baby formula, winter coats and jackets, and stages an annual Green Days collection of unused electronic equipment for environmentally safe disposal.

Ford employees have worked on many volunteer projects focused on water. Some of these are listed below.

China	In arid southwest China, as part of their Sustainable Water Series, 60 Nanjing employees teamed up with The Amity Foundation and helped eight (8) families build individual water cellars to capture
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	water in the rainy season to use during the dry season. Also, a one day activity was organized to raise awareness of water conservation & demonstrate Ford's focus on sustainable development. These projects were funded by the Ford Motor Company Fund and 60 Ford volunteers worked on them.
China	Ford Shanghai Information Tower employee volunteers traveled in three commercial buses to the East Beach near Shanghai and picked up litter and conducted general clean-up of the landscape. This project was funded by the Ford Motor Company Fund and 84 Ford volunteers worked on it.
Indonesia	Ford employees worked with the poor residents of Rawa Burung in Tangerang to build a clean water shelter and install a machine that processes salt water into clean, fresh potable water. The new system, a Water for Humanity project, now provides water to 5,000 area residents. This project was funded by the Ford Motor Company Fund.
Philippines	250 families, living in the Jose Rizal Gawad Kalinga Village, now have four new deep well units that replaced five non-functioning units. Ford volunteers helped construct the water collection stations. These projects were funded by the Ford Motor Company Fund.
South Africa	A 200 liter solar geyser was installed by a local contractor, assisted by Ford employees, at a shelter in Pretoria. Orphaned and abandoned children, 4 months to 18 years old who have AIDS are cared for at this facility. The new system replaced a coal and wood burning stove previously used for cooking and water heating. This project was funded by the Ford Motor Company Fund.
Thailand	500 liter water tanks, water cooling systems including pumps, pipes, etc., and buildings to house the systems were built by Ford volunteers working with Habitat for Humanity Thailand. The communities, Tasit, Pluakdaeng, Lahan, and Nong Sue Chang are located far from water supply facilities, and needed water tanks to reserve natural water for using/drinking. This project was funded by the Ford Motor Company Fund.
Germany	Ford Werke Niehl, VOME Body Framing employees restored the fountains at the famous Cologne Rheinpark, built in 1957. The group re-created and manufactured the 14 missing fountains. Another 10 Ford volunteers helped clean the fountains and the surrounding park.
India	Employees participated in a program at the DNA School, Thoraipakkam, focusing on water sustainability, which featured a Street Theater presentation by Ford employees and an awareness campaign for the local residents.
India	Sanitation and water purification treatment facilities were installed at 7 villages around Ford India Limited by thirty Ford volunteers.
South Africa	Silverton Assembly volunteers cleaned up debris & invasive species at The Moreleta Spruit (river/wetland) that starts and ends in Pretoria.
South Africa	Silverton Assembly employees installed a solar geyser at the ablution facility erected in 2011.

Spain	Volunteers removed extensive floating debris clogging the shoreline of Lake Albufera.
United Kingdom	Dunton Technical Centre volunteers worked with the Essex Wildlife Trust, the county's leading conservation charity, on projects to re-grow new coastal marsh areas on the Essex coast, aiming to show how wildlife can flourish alongside profitable farming.
United Kingdom	Dunton Technical Centre employees worked in the marshes of Hornchurch Country Park, containing the largest freshwater reed bed in London, on a variety of tasks including: pulling invasive Himalayan Balsam from along the banks of the River Ingrebourne and removing litter brought in by high rainfall.
Cambodia	Ford and its dealer partner, RMA Cambodia, are investing USD 12,500 to build a series of 13 new water wells in seven villages across the two southern provinces. The Takeo province cites nearly 800 families whose water supplies are both unsafe and not meeting their daily volume demands. Meanwhile the province of Kampong Speu, surrounding the Cambodian capital of Phnom Penh, has more than 200 families who, during the dry season, have no access to potable water whatsoever. Once constructed, the 13 water wells - eight in Takeo and five in Kampong Speu - will supply the nearly 1,000 families with the water they need to quench their thirst, to water their crops and to build healthier, happier lives.
India	Ford's Sanand plant project team and its construction suppliers celebrated World Environment Day on June 5 by planting 280 saplings around the 460-acre plant site in Gujarat and used the occasion to reiterate Ford's long-term commitment to environmental protection and sustainable manufacturing. Ford India, which has seen steady progress in construction of its US\$ 1 billion plant in Sanand, is working with its plant project team and suppliers to follow Ford's global environmental management practices to build a world-class manufacturing facility. When completed, the plant will have the capacity to produce an additional 240,000 new Ford vehicles and 270,000 engines per year. Keeping the hot, dry, and windy climate during June in Sanand in mind, the team planted Neem trees, a local native and shady species suited to the conditions. Ford is applying several environmentally-friendly practices at the Sanand integrated manufacturing facility. Some of the latest technologies include Minimum Quantity Lubricant (MQL) processes in the Engine Plant and 3-Wet application of High Solids Solvent-Borne paint in the assembly plant. In addition, Ford is installing advanced wastewater treatment systems – such as Ultra-Filtration, Reverse Osmosis, and Membrane Biological Reactor – to be able to re-use all of the wastewater discharged from the operations. This treated wastewater will be routed back to manufacturing processes and the surplus used for landscape irrigation. The Sanand site will also have a unique rainwater harvesting system. To compensate the capacity of the site to retain and absorb rainwater, three retention ponds over 25,000 cubic metre capacity with rainwater wells drilled to a depth of 20 metres are now under construction. This scheme will allow control of surplus rainwater runoff and will sustain rainwater feeding

the aquifer.

## Supply Chain

### - Supply Chain Environmental Management

#### Supply Chain: Supply Chain Environmental Management

- Restricted Substance Management Standard:  
Ford has a Restricted Substance Management Standard, updated annually, which informs suppliers to Ford Motor Company, and Ford personnel, of restrictions pertaining to certain substances. By regulation or by Ford direction, these substances shall be restricted in or excluded from parts, materials, equipment, packaging, office supplies, machinery and/or tooling, supplied to and/or manufactured by Ford or intended for use in Ford products. This Standard supplements but does not supersede the responsibility of each supplier to comply with laws and regulations for the receiving Ford locations.
- Supplier Terms and Conditions:  
Ford's Supplier Terms and Conditions specify that Ford expects its suppliers to comply with all applicable laws and regulations, including environmental laws and regulations.
- CDP Water:  
Ford will be building on its success with CDP Supply Chain by requiring select suppliers to complete CDP Water.

## Miscellaneous

#### Computer Audio/Video Conference and Digital Worker:

Ford employees have access to a computer-based audio/video conference tool, enabling them to have meetings and share information without traveling. The Company also has a program called "Digital Worker" which provides employees with easy to use IT Office Productivity and Communication Tools, with appropriate learning and support resources to increase employees capability to easily connect with co-workers globally. Through instructor-led and self-taught courses, employees are able to achieve certification at increasing "Digital Worker" levels. These initiatives help reduce business travel using lower environmental impact technologies.

#### EV charging stations at work:

In March 2014, Ford will begin installing electric vehicle charging stations in a total of 60 facilities in North America. Employees can access four hours of free charging per day. The Company has requested that employees install the MyFord Mobile smartphone app, which will collect driving information that can be used in future electric vehicle design.