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## Overview

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Our vision for our sustainability reporting is that it is the basis of organizational learning.



This is the eleventh annual nonfinancial report of Ford Motor Company. Our vision for our sustainability reporting is that it is the basis of organizational learning. It demonstrates our values, and both reflects and drives outstanding economic, environmental and social performance. Our most recent previous report was released in June of 2009.

We try to focus our reporting on Ford's most important sustainability issues and those of most interest to report users and our stakeholders. We have formalized this approach through a structured [materiality analysis](#), which has been used to identify our most material sustainability issues. The issues that rated highest in potential impact on the Company and concern to stakeholders are covered in the [Material Issues](#) section of this Web report.

Comprehensive information on a range of other significant issues is included in this report in the [Governance](#), [Economy](#), [Environment](#) and [Society](#) sections. We are also publishing an eight-page summary of this report for use by employees, customers and other stakeholders.

Data in the report are subject to various forms of assurance. Draft and near-final versions of the print report were reviewed by a [Ceres stakeholder committee](#) that included representatives of environmental groups and socially responsible investors.

We see reporting as an ongoing, evolving process, not an annual exercise. Further information about our reporting approach can be found in the [Reporting and Transparency](#) section of this report. We expect our reporting to evolve further and invite your feedback on this report, and our approach to reporting, at [sustaina@ford.com](mailto:sustaina@ford.com).

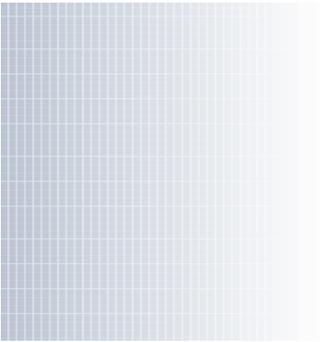
### In This Section

This section of our Web report includes our [Chairman's](#) and our [CEO's](#) perspectives on sustainability at Ford, a summary of [2009 performance data](#) and discussion of [assurance](#) of this report.

### The Fine Print

This report covers the year 2009 and early 2010. The data are primarily for 2009 (for operations) and for the 2009 and 2010 model years (for vehicles).

This report is aligned with the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines, released in October 2006, at a self-checked application level of "A." See the [GRI Index](#)



for a complete index of GRI indicators. More information on the GRI and the application levels can be found on the [GRI Web site](#).

Consistent with the GRI Guidelines' guidance on boundary setting, the data in this report cover all of Ford Motor Company's wholly and majority-owned operations globally, unless otherwise noted. Data measurement techniques, the bases of calculations, changes in the basis for reporting or reclassifications of data previously reported are noted in the data charts. This report also serves as Ford's annual United Nations Global Compact (UNGC) "Communication on Progress," providing discussion on Ford's implementation of the 10 principles of the UN Global Compact and support for broad UN development goals. Please see the [UNGC Index](#) for information on where the UNGC principles are covered in this report.

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## Letter from William Clay Ford, Jr.



"Creating a strong business and building a better world are not conflicting goals – they are both essential ingredients for long-term success."

William Clay Ford, Jr.  
*Executive Chairman and Chairman of the Board*

As we begin the second decade of the 21st century, the automotive industry finds itself at the intersection of three critical global issues: economic growth, energy independence and environmental sustainability. There are concerns about employment and growth, the availability and affordability of fuel, and the impact of carbon dioxide (CO<sub>2</sub>) emissions on our climate.

I am optimistic about the possibilities that lie ahead for our Company despite these challenges – in fact, because of them. I think this is one of the most exciting times in our industry since mass automobile production began more than a century ago. In response to the issues confronting us, some of the most fundamental and enduring elements of the automobile are being radically transformed by new technologies. The companies that lead these changes will create new "green" jobs and profits while reducing fuel use and CO<sub>2</sub> emissions, benefiting both the economy and the environment.

This is the strategy Ford Motor Company is pursuing.

In the 20th century, Ford changed the world by applying innovative technology aimed at improving the lives of its customers on a massive scale. That is our heritage going all the way back to the Model T, and it still drives our efforts today.

Like all automakers, Ford was adversely impacted by the extraordinarily difficult economic conditions we faced over the last several years. We knew we had to do more than just cut costs – we had to transform our Company and our products. Our goal was to be green, global and high-tech.

We focused on growing our business by being a leader in the application of technology that makes our customers' lives better. That includes developing breakthrough technologies to address the critical global issues that impact us all.

To do that we followed the path laid out by our ONE Ford plan and created a single global product development organization to maximize economies of scale. That allows us to fully leverage our research and development resources so that we can introduce new technology at a lower cost and a faster pace. A lot of this new technology is aimed at improving convenience and safety, such as our SYNC® communications technology or our rear-seat inflatable seat belt. But the majority of these efforts are aimed at fuel economy leadership.

We are committed to being a leader in fuel economy in every product segment in which we compete. In keeping with our heritage as a company, we introduce new technology on a large scale. Examples of this include our EcoBoost™ engine technology and advanced transmissions.

In addition to these near-term fuel-efficiency actions, we also are working on a full complement of technologies including fuel cells, biofuel and clean diesel engines. But it appears that the most immediate and dramatic improvements in the next few years and beyond could come from electric vehicles.

In 2009 we announced an aggressive plan to bring pure battery electric vehicles, next-generation hybrid and plug-in hybrid vehicles to market more quickly and affordably. Our plan includes introducing five new vehicles in the next three years that will use advanced lithium-ion battery technology.

This year we will offer the battery-powered Ford Transit Connect Electric commercial van vehicle for fleet customers. In 2011 we will introduce a battery-powered passenger vehicle based on the next-generation Ford Focus. Three other vehicles, including two next-generation hybrids and a plug-in hybrid, will launch in North America in 2012 and Europe in 2013.

In total, we are investing nearly a billion dollars to build electric vehicles, and the battery packs that power them. That investment will allow us to bring our battery system design and development in-house so that it can become a core competency for us in the 21st century.

All of our new product investments are dependent on our being a profitable company. I am pleased to report that this is another area in which we have made tremendous progress.

Last year we continued our ongoing transformation in the face of the global economic crisis. By borrowing all we could ahead of the credit collapse and dramatically cutting our costs, we avoided a government bailout. We then went on to achieve one of the greatest financial turnarounds in corporate history, achieving our first full year of positive net income since 2005.

Our outstanding progress confirmed that we are headed in the right direction, but we know our journey is far from over. We are now fighting our way back to prosperity. We continue to aggressively search for new ways, both big and small, to improve our economic and environmental sustainability. Often the actions we take accomplish both goals.

For example, we recently initiated a program that turns off laptop and desktop computers from a central location during off hours. We estimate this program will reduce our carbon footprint by 16,000–25,000 metric tons a year and save us \$1.2 million annually.

We are moving forward in other areas as well. Our continuing progress and leadership in product quality, durability and safety has been confirmed by a number of outside observers and organizations. That includes being ranked among the leaders in the J.D. Power and Associates' 2009 Initial Quality Study, which also marked the eighth year in a row that our quality has improved.

We were especially pleased to be recognized in 2010 as one of the world's most ethical companies by the Ethisphere Institute, a leading business ethics think tank. This award is based on an extensive review of companies' social responsibility efforts, corporate governance and business practices. We were among 100 global companies chosen from a field of thousands of companies in more than 100 countries and 36 industries, and we were the only automaker to receive the honor. Ford was also the only automaker to be listed on *Newsweek* magazine's 2009 "Green Rankings" of America's 500 largest companies.

Creating a strong business and building a better world are not conflicting goals – they are both essential ingredients for long-term success. Perhaps the most gratifying measure of our continued progress is our growing market share around the world. That is proof that we are delivering products that our customers want and value, which is the most basic and essential element of our ongoing success.

In a fiercely competitive global economy there is no room for complacency. We are determined to keep moving forward and will continue to share our progress with you in this report.



William Clay Ford, Jr.  
Executive Chairman  
June 2010



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## Letter from Alan Mulally

"We are providing affordable fuel economy for millions of customers by introducing fuel-saving technologies across a wide range of vehicles."

Alan Mulally  
President and Chief Executive Officer



Since our last report was published, the most immediate concern for many companies has been ensuring their economic sustainability amid the worst business environment in generations. By continuing to follow the ONE Ford plan we put in place three years ago, Ford Motor Company successfully weathered the economic storm. During 2009, our Company posted our first full year of positive net income since 2005. And we expect to be profitable in 2010. Our market share grew in North America, Europe and South America, while sales increased in the rapidly growing Asia Pacific and Africa region.

These results, which demonstrate that our business strategy is working, enable us to continue to invest in the development of a full range of vehicles with the best quality, fuel efficiency, safety, smart design and value. A balanced portfolio of best-in-class vehicles will, in turn, enable us to continue moving forward toward our goal of profitable growth.

In these challenging times, we remain completely focused on the four points of our ONE Ford plan – aggressively restructure the business, accelerate development of vehicles people want and need, finance our plan and improve our balance sheet, and work together as one team worldwide leveraging our global assets.

By following our plan, we are building great products, a strong business and a better world.

### Continuing Commitment

Along with improvements in our operating results, we continue to make significant progress on a number of the sustainability issues we have identified as top priorities, including improved fuel economy and reduced vehicle greenhouse gas emissions.

In 2007 we launched our "blueprint for sustainability" plan, a series of near-, mid- and long-term product actions that address climate change and energy security and affordability issues. The goal of this plan is to reduce the carbon dioxide (CO<sub>2</sub>) emissions of our U.S. and European vehicles by 30 percent by 2020 relative to the 2006 model year. The plan also commits us to being the best or among the best in fuel economy for every vehicle segment in which we compete.

I am happy to report that we are on track to meet or exceed these goals. We are providing affordable fuel economy for millions of customers by introducing fuel-saving technologies across a wide range of vehicles.

According to a report published by the U.S. Environmental Protection Agency (EPA) in November 2009, our overall fuel economy has improved more than any other major automaker since 2004. The EPA rated Ford's combined car and truck fuel economy improvement in the United States at nearly 20 percent, almost double the next-closest competitor.

To help bring advanced fuel-saving technologies to market quickly and affordably, we created a single global product development organization in 2007. This allows us to fully leverage our resources and maximize economies of scale so that we can provide affordable fuel economy for millions of customers across a wide range of vehicles. Along with investments in flexible manufacturing and technologies that help us bring vehicles to market faster, this organization helps us adapt quickly and effectively to changes in consumer preferences and regulatory environments.

It also allows us to tailor global vehicles to local needs and wants.

Our approach is not to pursue every possible solution. Our roadmap allows us to reduce emissions and fossil fuel use in the near term while ensuring we are ready with new technologies as they mature in the mid- and long-term.

As part of our commitment to protecting human rights and implementing the principles of the United Nations Global Compact, we continue to work in our operations and with business partners, other automakers and governments to promote a common approach to protecting human rights in our plants and supply chain. Our leadership was recently recognized when Corporate Responsibility Officer magazine ranked Ford's human rights efforts first among companies on its "100 Best Corporate Citizens" list.

Other priorities we are addressing include vehicle safety and corporate governance. The details of our accomplishments and challenges in these and other high-priority areas can be found in this report.

## Emerging Issues and Opportunities

As a global community, we have the opportunity to forge a compelling vision and to contribute collectively to addressing the issues Bill Ford identified in his letter for this report: economic growth, energy independence and environmental sustainability.

Issues of this magnitude require working together on a grand scale. I see two key enablers of progress in these areas: technologies and innovation will provide the solutions, while collaborative partnerships and a systems approach will help us implement them.

For example, over the next three years, we will introduce five new vehicles that are the focal point of our aggressive plan to bring pure battery electric, next-generation hybrid and plug-in hybrid vehicles to market more quickly and affordably. These vehicles will use advanced lithium-ion battery technology.

Vehicle electrification relies on deploying new infrastructure while linking existing elements into smart systems facilitated by information and communication technologies. This calls for unprecedented collaboration and joint action by automakers, utility companies, governments and transportation organizations. Ford has been working with a dozen utility companies and several U.S. cities to explore key issues and solutions to electrification and mobility challenges.

In another collaboration, we recently announced that we will implement the Microsoft Hohm™ energy management application for Ford electric vehicles. Hohm will help owners determine when and how to most efficiently and affordably recharge battery electric vehicles and plug-in hybrid vehicles. It also should help utility companies manage the added demands of electric vehicles on the electric grid to reap the greatest efficiency and CO<sub>2</sub> reduction. This collaboration builds on our successful partnership to develop the award-winning SYNC® technology now found in 2 million Ford automobiles. SYNC is one of the Ford innovations that recently prompted Fast Company magazine to call Ford "America's most surprising consumer-electronics company."

These efforts show that our leadership in connected cars is more than a clever way to deliver entertainment and communication to our customers – it provides the vital platform for future innovation in electrification and sustainable mobility.

We are working collaboratively on other issues as well. For example, Ford Motor Company is taking a leadership position in joining the Carbon Disclosure Project's (CDP) Water Disclosure program, which will establish a water disclosure protocol for companies around the world and promote conservation and stewardship. We are also learning more about carbon emissions in our supply chain by participating in the CDP's Supply Chain Initiative and by road testing the World Resources Institute/World Business Council on Sustainable Development's Scope 3 reporting protocol. Ford is the only automaker participating in these initiatives.

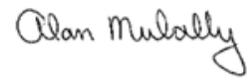
## Looking Ahead

We believe that great companies are driven by purpose as well as profit. Our intense focus on improving our cost structure, strengthening our balance sheet and delivering great products will continue going forward. So will our efforts to be a good neighbor locally and a trusted corporate citizen globally.

Ford has a proud heritage of improving people's lives and making their world a better place. We want to build on this heritage by being recognized as a trusted partner and operating responsibly and sustainably wherever we do business. Our Company has been through some tough times, but we have learned from these challenges. We have emerged leaner, stronger and more focused. We know there are more – and probably different – challenges ahead. We also know that the successful companies of the 21st century will be those that understand global sustainability issues and offer viable solutions. Through a decade of work and a disciplined reinvention of our Company,

we have built sustainability into our business model.

With the support of our stakeholders we are creating an exciting and viable company with profitable growth for all.



Alan R. Mulally  
President and Chief Executive Officer  
June 2010

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## Letter from Sue Cischke

"The companies that make the most progress in addressing sustainability issues are those that integrate sustainability goals and considerations into their most basic business processes. That integration is now well established at Ford."

Sue Cischke  
Group Vice President, Sustainability, Environment and Safety Engineering



The theme for our report this year is "Blueprint for Sustainability: The Future at Work." So what do we think is working?

We are implementing the blueprint and meeting or surpassing our key sustainability goals, including our goal to reduce the carbon dioxide (CO<sub>2</sub>) emissions of our new vehicles in the United States and Europe by 30 percent by 2020, compared to a 2006 model year baseline. Our new vehicles are winning numerous awards, and their quality is second to none. We have taken a leadership stance for road safety by being the first automaker to call for a ban on handheld text messaging while driving.

We're also making progress in reducing our environmental footprint and addressing our material sustainability issues, from human rights to mobility. In each of these areas, we're leveraging the enablers of progress: integration, innovation and collaboration.

### Driving Steady Progress

The companies that make the most progress in addressing sustainability issues are those that integrate sustainability goals and considerations into their most basic business processes. That integration is now well established at Ford and is thoroughly described in the [Governance](#) section.

For this report, I'd like to discuss some results we're seeing from that integration. Throughout our Company, we're addressing risks, reducing negative impacts and seizing opportunities for improvement. We're finding these opportunities because we're looking for them systematically – in our products, of course (which are discussed throughout this report) – but also in our operations and value chain.

### Operations

Every Ford plant has targets for reducing its environmental footprint, and managers are accountable for those targets. Since 2005, we have accomplished the following:

- Reduced global energy consumption by 23 percent
- Reduced CO<sub>2</sub> emissions from our facilities by 39 percent
- Cut water use by 49 percent

In addition, in 2006 we adopted the European waste classification system, which has allowed improved benchmarking while we've developed new methods of reducing and better managing waste. Since that time, we have reduced waste to landfill by more than 35 percent.

These results are due to innovative thinking by our plant managers and environmental specialists. For example, we use renewable energy at several plants, including geothermal cooling at the Lima (Ohio) Engine Plant and solar arrays at Valencia (Spain) and Bridgend (England). Ford's Dagenham Diesel Centre in the UK was the first automotive plant in the world to obtain all of its electrical power needs from two on-site wind turbines. At our Genk plant in Belgium, two wind turbines spun into action producing 'green' electricity in October 2009. A third wind turbine will be added to our Dagenham plant in 2010, increasing production of clean wind power at the site by 70 percent.

Our Dearborn (Michigan) Truck plant is covered by one of the world's largest living roofs, a 10.4-acre garden that saves energy and soaks up rainwater. It is one of dozens of pioneering green features at the site.

## Value Chain

Increasingly, value chain relationships are about more than economic value. They also reflect suppliers' and customers' mutual interest in aligning their social and environmental values. In our supply chain, for example, we insist that our suppliers align their practices with our Code of Basic Working Conditions, which covers human rights issues in the workplace. We have also worked with suppliers to develop innovative materials for use in our vehicles, like soy-foam seats and recycled fabric for seat covers. We are deepening our engagement with key suppliers around a full range of sustainability issues.

We are pleased to offer our customers a wide range of vehicles that use less fuel. We're also helping them to wring the most out of the fuel they do use: from our pioneering "eco-driving" training in Germany to eco-driving tips on our Web site and in our online drivers' training classes, we're helping customers learn how to drive efficiently. We're also using innovative technologies to coach them in efficient driving. Our hybrids feature SmartGauge™ with EcoGuide, a display that provides drivers with feedback on how well they are maximizing fuel economy, and a similar system is being offered on vehicles in Europe. We recently announced that our next-generation navigation and communication system – MyFord Touch™ – will include EcoGuide to help drivers plan the most fuel-efficient driving route.

We are also encouraging our dealers – who are independent businesspeople – to reduce their carbon footprints by launching a voluntary initiative that includes an energy assessment as well as guidance on tax credits, incentives and the selection of energy-efficient products to help dealers go greener.

Elsewhere in our value chain, our logistics managers are working to document the carbon footprint involved with moving parts and finished vehicles between plants and to market. This work also helps identify ways to reduce that footprint. For example, we reduced inland road-based transport within Spain by 29 percent by expanding from three sea ports of entry to six ports.

## Collaboration

Many sustainability challenges can only be successfully addressed by collaborating with the auto industry, governments, academics, NGOs and others to seek solutions to important challenges. For example, during 2009 and early 2010, we:

- Became a founding responder of the Carbon Disclosure Project's Water Disclosure program, which will help the Company assess water use and water-related risks. This is part of our development of a comprehensive strategy that is looking at water issues related to our facilities, the communities in which we operate and our supply chain.
- Announced participation in pilot efforts to measure the carbon footprint of our supply chain.
- Continued cooperation with more than a dozen utilities and other organizations to test our plug-in hybrid electric vehicles and explore issues involved with integrating electric vehicles with electric utilities.
- Announced a partnership to offer the Microsoft Hohm™ energy management application for Ford electric vehicles. Hohm will improve the affordability of electric vehicles by helping owners determine when and how to most efficiently and economically recharge battery electric vehicles and plug-in hybrid vehicles.
- Continued participation in the U.S. Climate Action Partnership, supporting a comprehensive approach to U.S. climate change policy.

These are only a few of the many collaborations that inform and multiply the impact of our own efforts.

Although a lot is working at Ford right now, we have many challenges ahead of us in recovering from the worst recession in decades. And as a society, we've only begun to tackle the most daunting global sustainability challenges. We are pleased that our efforts are showing results, and we will work to continue – and in fact accelerate – the pace of progress.



Sue Cischke  
Group Vice President, Sustainability, Environment and Safety Engineering  
June 2010



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## Performance Summary

Below is a summary of our key performance data. Please also see the [Overview](#) for discussion of data parameters and the [Economy](#), [Environment](#) and [Society](#) data sections for additional indicators, five-year trends and notes on data assurance.

### Economy

	2007	2008	2009
GQRS things gone wrong (TGW) (three months in service), total things gone wrong per 1,000 vehicles <sup>1</sup>	1,405	1,206	1,107
GQRS customer satisfaction (three months in service), percent satisfied <sup>1</sup>	76	77	84
Sales satisfaction with dealer/retailer, Ford brand, U.S., net promoter score	82	84	82
Sales satisfaction with dealer/retailer, Ford brand, Europe, net promoter score	80	81	77
Service satisfaction with dealer/retailer, Ford brand, U.S., net promoter score <sup>2</sup>	72	74	74
Service satisfaction with dealer/retailer, Ford brand, Europe, net promoter score <sup>2</sup>	68	70	67
Shareholder return, percent	-10	-66	337
Net income/loss, \$ billion	-2.7	-14.7	2.7
Sales and revenue, \$ billion	172.5	146.3	118.3

#### NOTES TO THE DATA

1. The Global Quality Research System (GQRS) is a Ford-sponsored competitive research survey. The GQRS is a good indicator of other quality results.
2. Prior to 2008, only warranty repair visits were measured. Starting in 2009, customer-paid repair and maintenance visits are also included. These additions have had a small negative impact on the 2009 score. The improvement from 2004 is significant.

### Environment

	2007	2008	2009
Ford U.S. fleet fuel economy, combined car and truck, miles per gallon (higher mpg reflects improvement) <sup>1</sup>	25.3	26.0	27.1
Ford U.S. fleet CO <sub>2</sub> emissions, combined car and truck, grams per mile (lower grams per mile reflects improvement) <sup>2</sup>	352	340	326
Ford Europe CO <sub>2</sub> tailpipe emissions per vehicle, grams per kilometer (based on production data for European markets) <sup>3</sup>			
Ford	149	146	139
Volvo	190	182	173
Worldwide facility energy consumption, trillion BTUs <sup>4</sup>	65.6	61.0	51.5
Worldwide facility energy consumption per vehicle, million BTUs <sup>5</sup>	10.8	12.2	11.2
Worldwide facility CO <sub>2</sub> emissions, million metric tons <sup>4</sup>	6.1	5.4	4.9
Worldwide facility CO <sub>2</sub> emissions per vehicle, metric tons <sup>5</sup>	1.01	1.09	1.05
North American Energy Efficiency Index, percent (2000 base = 100 percent) (lower percentage reflects improvement) <sup>6</sup>	74.4	69.9	65.3

#### NOTES TO THE DATA

1. For the 2009 model year, the Corporate Average Fuel Economy (CAFE) of our cars and trucks increased by 4.2 percent relative to 2008. Preliminary data for the 2010 model year show a 3.2 percent improvement in CAFE for cars and a slight decline of 2.4 percent in CAFE for trucks as compared to 2009. For more information, please see [Fuel Economy and Greenhouse Gas Emissions](#).
2. Improvement is reflected in decreasing grams per mile.
3. Improvement is reflected in decreasing grams per kilometer. European and U.S. fleet CO<sub>2</sub> emissions are not directly comparable because they are calculated in different units and because they are assessed based on different drive cycles. In 2009, we switched from reporting European vehicle CO<sub>2</sub> emissions as a percent of a 1995 base to reporting actual fleet average CO<sub>2</sub> emissions, to parallel our reporting for other regions.
4. Data have been adjusted to account for facilities that were closed, sold or new. This data does not include Automotive Components Holdings (ACH) facilities.
5. Energy consumption and CO<sub>2</sub> emissions per vehicle divides energy used or CO<sub>2</sub> emitted by the number of vehicles produced. Averaging energy and CO<sub>2</sub> emissions by the number of vehicles produced yields a somewhat imperfect indicator of production efficiency. When the number of vehicles produced declines, as it has since 2000, per-vehicle energy use tends to rise because a portion of the resources used by a facility is required for base facility operations, regardless of the number of vehicles produced.  
  
We believe that the long-term trend of declining per-vehicle energy use and CO<sub>2</sub> emissions indicate that more efficient production since 2000 is offsetting the tendency of these indicators to rise during periods of declining production. This interpretation is reinforced by our Energy Efficiency Index, which focuses on production energy efficiency and which has been steadily improving. Our Energy Efficiency Index target also has the effect of driving reductions in CO<sub>2</sub> emissions. These data do not include ACH facilities.
6. The Index, which covers energy use in North America, is "normalized" based on an engineering calculation that adjusts for typical variances in weather and vehicle production. The Index was set at 100 for the year 2000 to simplify tracking against our target of 3 percent improvement in energy efficiency.

## Society

	2007	2008	2009
Employee satisfaction, Pulse survey, overall, percent satisfied	64	66	68
Overall dealer attitude, Ford, relative ranking on a scale of 1–100 percent (summer/winter score) <sup>1</sup>	69/64	68/69	80/71
Overall dealer attitude, Lincoln Mercury, relative ranking on a scale of 1–100 percent (summer/winter score) <sup>1</sup>	66/64	64/66	71/66
Ford Motor Company Fund contributions, \$ million	37	33	20
Corporate contributions, \$ million	17	16	9
Volunteer corps, thousand volunteer hours	86	100	100
Lost-time case rate (per 100 employees), Ford Motor Company <sup>2</sup>	0.9	0.7	0.6
Lost-time case rate by region (per 100 employees), Ford Motor Company			
Americas	1.2	1.0	0.9
Asia Pacific and Africa	0.1	0.1	0.2
Europe	0.7	0.6	0.5
U.S. safety recalls, number per calendar year <sup>3</sup>	15	10	8
U.S. units recalled, number of million units	5.5	1.6	4.5 <sup>4</sup>
IIHS Top Safety Picks, number of vehicles <sup>5</sup>	6	14	19

### NOTES TO THE DATA

1. Overall dealer attitude is measured by the National Automobile Dealer Association (NADA) Dealer Attitude Survey. Scores are for the summer and winter respectively of the year noted.
2. 2008 are the most recent Bureau of Labor statistics data available.
3. Recalls are by calendar year rather than model year. A single recall may affect several vehicle lines and/or several model years. The same vehicle may have multiple recalls. (Source: U.S. National Highway Traffic Safety Administration.)
4. All but 12,000 of the 4.5 million vehicles recalled in 2009 are older models (1992–2003) that were equipped with faulty Texas Instruments speed control deactivation switches. Although the data shows the majority of the vehicles equipped with these switches do not pose a significant safety risk, we recalled them to reassure customers and eliminate any future concerns.
5. To earn a Top Safety Pick from the Insurance Institute for Highway Safety (IIHS), a vehicle must receive a rating of "good" in offset frontal impact, side impact and rear impact evaluations, and offer electronic stability control. Top Safety Picks are the best vehicle choices for safety within size categories. 2005 (2006 Model Year) was the first year the IIHS issued Top Safety Picks. For 2010, vehicles will also be expected to earn a "good" rating in roof strength tests.



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## Ford's Goals, Commitments, and Status

This table summarizes Ford's goals, commitments, targets and progress in our material issue areas and other important performance areas.

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### Sustaining Ford

Goal/Commitment	2009 Progress	On Track?
Execute our "ONE Ford" transformational plan to create a leaner, more-efficient global enterprise.	Offered 42,000 hourly employees two opportunities to accept buyout and early retirement offers. Worked with the UAW to restructure health care coverage for current and future retirees.	
Achieve profitability in 2011.	Posted the first full year of positive net income since 2005. Based on our improving performance, the gradually strengthening economy and our present assumptions, expect to deliver solid profits for 2010 with positive Automotive operating-related cash flow.	
Align capacity to demand.	Continued to globalize vehicle platforms that can be adapted to meet specific regional needs and to produce the vehicles that customers want.	
Reverse the trend of losing money on small car production in the United States.	Continued to increase the production of smaller-sized vehicles in North America and globally. Improving costs to competitive levels. Enhancing revenues through class-leading fuel economy, safety performance and quality.	

### Climate Change

Goal/Commitment	2009 Progress	On Track?
Products		
Reduce CO <sub>2</sub> emissions of our U.S. and EU new products by 30 percent by 2020, relative to a 2006 model year baseline.	Continued fuel economy improvements. Accelerated our electrification strategy. Worked to develop climate policies.	
Ensure that every all-new or redesigned vehicle we introduce will be best in class or among the best in class for fuel economy in its segment.	Followed through on this commitment with vehicles introduced in both the United States and Europe, and we will continue to do so in future product launches.	
Australian Industry-wide National Average CO <sub>2</sub> Emissions (NACE) <sup>1</sup> : Voluntary target to achieve industry-wide, national average CO <sub>2</sub> emissions of 222 g/km for light vehicles under 3.5 metric tons gross vehicle mass by 2010; requires an overall reduction in average CO <sub>2</sub> emissions of 12 percent between 2002 and 2010.	Met this goal in 2009. Industry is working on a new target for Australia for 2015 and 2020.	
Canadian Greenhouse Gas Memorandum of Understanding: Industry-wide voluntary agreement to reduce greenhouse gases (GHGs) from the Canadian car and truck fleet by 5.3 megatonnes by 2010 compared to projected emissions.	Met the first target in 2007. On track to meet the 2010 target.	
Manufacturing		
Continuous improvement in energy efficiency; 2009 goal is a 3 percent improvement.	Met commitment to reduce facilities emissions by 3 percent in 2009 vs. 2008. Improved energy efficiency in North America by 4.6 percent; improved it globally by 8 percent.	

EU Emission Trading Scheme: Ensure compliance with Trading Scheme requirements, including third-party verification.	Continued to comply with the Trading Scheme requirements.	
Chicago Climate Exchange: Reduce Ford's North American facility CO <sub>2</sub> emissions by 6 percent between 2000 and 2010 as verified by third-party auditors.	Achieved this goal.	
Alliance of Automotive Manufacturers: Reduce industry-wide U.S. facility GHG emissions by 10 percent per vehicle produced between 2002 and 2012.	On track to meet this commitment.	
Voluntarily report GHG emissions.	Continued to voluntarily report facility CO <sub>2</sub> emissions to national emissions registries in Australia, Canada, Mexico, the Philippines and the United States, as well as in Chongqing, China. In 2009, added voluntary reporting in Brazil and for all of China.	

1. Previously known as National Average Fuel Consumption (NAFC)

## Mobility

Goal/Commitment	2009 Progress	On Track?
Develop partnerships and projects to explore solutions to urban mobility challenges.	Continued to catalyze and conduct dialogues with key regional stakeholders, exploring sustainable mobility projects in Atlanta, Georgia; Richmond, Virginia; Seattle, Washington; Portland, Oregon; and Los Angeles, California.	

## Human Rights

Goal/Commitment	2009 Progress	On Track?
Ford Facilities		
Maintain and demonstrate compliance with Ford's Code of Basic Working Conditions.	Completed assessments at Ford-owned plants in Canada, Venezuela, Brazil and Romania, as well as joint-venture plants in Thailand and China.	
Supply Chain		
Overall goal: Leverage Ford's complex, global supply chain to make a positive impact in the markets in which we do business.  Target: Build capability/assess suppliers in 17 priority countries by 2009.	Through year-end 2009, trained 1,773 managers at 1,478 supplier companies and assessed more than 600 suppliers in 17 priority countries.	
Align policies and practices with key production suppliers to protect working conditions.	Enabled 24 suppliers to complete Phase 1 (aligned code); 11 suppliers to complete Phase 2 (internal training and compliance management systems); and 7 suppliers to complete Phase 3 (extension of expectations to suppliers with supporting management systems). Held two meetings (in Dearborn, Michigan, and Cologne, Germany) attended by senior management in support of alignment implementation with our Aligned Business Framework (ABF) suppliers. Made e-learning course on responsible working conditions for procurement and supply chain managers available to ABF suppliers through the Automotive Industry Action Group (AIAG).	
Facilitate development of an industry-wide approach to ensuring sound working conditions in the supply chain.	Worked with the AIAG to provide facility-level training to automotive suppliers since 2007: <ul style="list-style-type: none"> <li>China: Trained 461 Tier 1 suppliers; information cascaded to 33,507 people at the Tier 1 supplier level and to more than 3,148 Tier 2 suppliers.</li> <li>Mexico: Trained 494 Tier 1 suppliers; information cascaded to 75,544 people at the Tier 1 supplier level and to more than 10,462 Tier 2 suppliers.</li> </ul> <p>In 2009, aligned approach and tool development with OEMs at AIAG and developed e-learning on responsible working conditions for supply chain managers. E-learning launched March 2010. Also with other OEMs at AIAG, began development of customized training programs on responsible working conditions for automotive suppliers in Brazil, India and Turkey. Training to be rolled out in 2010.</p>	

## Vehicle Safety

Goal/Commitment	2009 Progress	On Track?
Design and manufacture vehicles that achieve high levels of vehicle safety for a wide range of people over the broad spectrum of real-world conditions.	Continued to achieve high public domain ratings, and remain an industry leader in automotive safety. Nearly all vehicles available with side air bags (the Safety Canopy®). Made electronic stability control or Roll Stability Control™ standard on 84 percent of our 2011 model year North American nameplates. Made SYNC®, which allows drivers to use cell phones and MP3 players more safely, available on nearly every Ford, Lincoln and Mercury vehicle. Offered radar-based accident avoidance features such as Rearview Camera with Guidelines and Volvo's City Safety. Introduced the first automotive inflatable safety belts.	
Meet or exceed all regulatory requirements for safety.	Continue to meet this goal every year. Ford's internal Safety Design Guidelines and Public Domain Guidelines go beyond basic regulatory requirements.	
Provide information, educational programs and advanced technologies to assist in promoting safe driving practices.	Supported the Schumer bill, which would ban handheld texting while driving. Included modules on avoiding distracted driving in our Driving Skills for Life program. Offered MyKey®, allowing parents to program a key for their teenagers that limits certain features, such as top speed and audio volume. Offered a variety of SYNC safety features.	
Play a leadership role in accident research.	Joined with 29 partner organizations to take part in "interactIVe," a European research project that seeks to support the development and implementation of active safety systems. Maintained major research alliances with the Massachusetts Institute of Technology, the University of Michigan, Northwestern University and more than 100 universities worldwide; safety is a central thrust of this work.	

## Other Important Issues

### Environment (non-climate)

Goal/Commitment	2009 Progress	On Track?
Products		
Expand use of the Product Sustainability Index (PSI) and Design for Sustainability principles in product development.	Designed the 2009 Ford Fiesta using the PSI.	
Increase the use of recycled, renewable and lightweight materials.	Expanded the use of soy foam seating. Introduced a soy foam headliner. Introduced wheat-grass-reinforced plastics. Expanded the use of recycled-content fabrics for seats and headliners. Continued to develop strategy requiring recycled plastics and textile materials for many applications in North America.	
Increase the use of and certification for allergen-free and air-quality-friendly interior materials.	Established global design guidelines for allergy-free materials and in-vehicle air filtration that are being migrated across product lines.	
Reduce the use of substances of concern.	As of 2009, all Ford, Lincoln and Mercury vehicles in the United States are mercury-free with the exception of the Lincoln Town Car, which uses mercury in its high-intensity discharge headlamps. Have eliminated the use of lead wheel weights in North America and Europe.	
Manufacturing		
Goal: Reduce water use. 2009 and 2010 targets: 6 percent reduction per year.	Exceeded the 2009 water-reduction target of 6 percent from 2008 by 10.6 percentage points.	
Goal: Reduce landfill disposal. 2009 and 2010 targets: 10 percent reduction per year.	Exceeded the 2009 landfill disposal target of 10 percent reduction from 2008 by 10.6 percentage points.	
Expand the use of fumes-to-fuel technology in painting facilities and reduce volatile organic compound (VOC) emissions.	Did not expand the use of fumes-to-fuel in 2009. However, did reduce VOC emissions from 24 grams per square meter painted to 21 grams per square meter.	
Develop a comprehensive water strategy addressing environmental and social impacts of water use. Expand the use of new and innovative water- and emissions-reduction technologies.	Became a founding responder of the Carbon Disclosure Project's Water Disclosure, which launched in late 2009 to help institutional investors better understand the business risks and opportunities associated with water scarcity and related issues.	

Expanded our use of minimum quantity lubricant parts machining, which reduces energy and water use and helps to eliminate waste.

## Workplace Health and Safety

Goal/Commitment	2009 Progress	On Track?
Safety		
Fatalities target is always zero.	Experienced three employee fatalities and one contractor fatality during 2009.	
Serious injuries target is zero; objective is to be competitive with industry by 2010.	Reduced total from 172 to 128. Failed to reach aggressive 50 percent reduction target. Have active interventions in place in all regions.	
Overall goal is to obtain competitive DART levels and drive continuous improvement; specific targets are set by business units yearly for five years into the future.	Continued the strong continuous improvement trend on overall injury rates in 2009. In early 2010, saw marked improvement in serious injury rate globally.	
Health		
Improve focus on employee personal health through access to health risk appraisal and health promotion programs.	Have active personal health promotion programs in place in most regions. Deployed common global metrics and developed plans to implement in remaining countries.	

## Quality

Goal/Commitment	2009 Progress	On Track?
Become global quality leader; strive to be best in class in every phase of vehicle development, from design to pre-delivery.	According to internal and external measures, are making significant quality strides. Initial quality of Ford Motor Company vehicles has surpassed Honda and is in a statistical tie for first place with Toyota.	
Launch new small global cars with the industry's best quality ever, at fewer than 800 "things gone wrong" (TGW) per 1,000 vehicles in the first 90 days of ownership. Continue to improve initial quality and long-term durability by reducing TGW and warranty costs in every vehicle program.	Decreased TGW for sixth straight year. As of the first quarter 2010, had the lowest TGW of any full-line manufacturer, at 1107 per 1000 vehicles. Global warranty spending per unit declined 3 percent in 2009, compared to 2008 (excluding Volvo). Global warranty costs dropped by \$0.8 billion, or 40 percent, over the 24 months from year-end 2007 to year-end 2009. Have plans in place to achieve another 9 percent improvement in warranty spending by 2014.	
Continue to improve customer satisfaction with our vehicles and sales and service divisions.	Increased overall customer satisfaction with Ford, Lincoln and Mercury vehicles and with sales and service in the United States, but saw these measures decline slightly in Europe. Decreased sales satisfaction in the United States and Europe. Service satisfaction remained steady in the United States and declined slightly in Europe.	



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Assurance

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## Assurance

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

In reviewing this report, the Committee considered whether the Company adequately reported on its sustainability performance and key impacts, including goals, targets, systems, data and initiatives. The Committee met twice: once to review and comment on the report plan, and once to review and comment on a nearly final draft of the material issues sections of the report.

In this report, we have responded to several suggestions the Committee made during reviews of previous reports. In addition, the Committee raised a number of questions and made suggestions for improvements to the report, including:

- Strengthen the discussion of links between environmental performance, fuel economy and economic performance.
- Expand disclosure about public policy and political contributions, including how Ford deals with conflicts between the public policy positions of organizations of which it is a member and Ford's own positions.
- Discuss how Ford's 2020 climate change goal may change as a result of new regulations and scientific data and/or expansion to other regions.
- Expand discussion of the Low Carbon Fuel Standard.
- Discuss human rights impacts in metal mining.
- Comment on potential electromagnetic interference in vehicle safety systems.
- Expand disclosure of water strategy and performance.
- Articulate goals in the supply chain in the next report.

We were able to at least partially address most of these recommendations. For example, we:

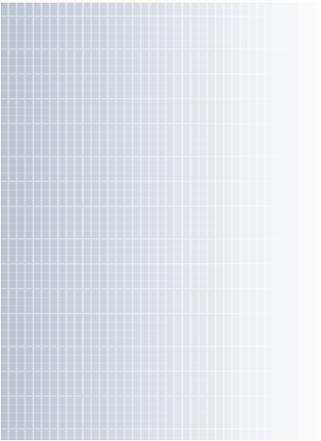
- Created a separate [public policy](#) section that includes expanded discussion of Ford's public policy stances and policies on political contributions; however, we were not able to expand the data provided on political contributions for this report.
- Created a separate discussion on low-carbon fuels in the climate change section. We state how our product CO<sub>2</sub> goal is under constant review but disagree with the Committee's view that the goal, which is based on the science of climate stabilization, should routinely be changed based on regulatory developments.
- Added discussion of how we are assessing potential human rights issues related to the [raw materials used in electric vehicles](#) and how Ford monitors potential issues with [electromagnetic interference](#) in our vehicles.
- Discussed development of our [water strategy](#) and Ford's participation in the Carbon Disclosure Project's Water Disclosure program.

Other Committee recommendations will be considered for future reporting.

### Data assurance

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

- Financial data were audited for disclosure in the Ford Annual Report on Form 10-K.



More than two-thirds of Ford's global facility greenhouse gas (GHG) emissions are third-party verified. All of Ford's North American GHG emissions data since 1998 have been externally verified by FINRA, the auditors of the NASDAQ stock exchange, as part of membership in the Chicago Climate Exchange. 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 Flemish Verification Office for Belgium. North American facilities are verified against the World Resources Institute's GHG Protocol. European facilities are verified against the EU-ETS rules and guidelines.

- Ford voluntarily reports facility CO<sub>2</sub> emissions to national emissions registries in Australia, Canada, China, Mexico, the Philippines and the United States.
- Various environmental data are reported to regulatory authorities.
- Ford's facility environmental data are managed using the Global Emissions Manager database, which provides a globally consistent approach to measurement and monitoring.