For a more sustainable future

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FORD MOTOR COMPANY
SUSTAINABILITY REPORT 2006/7

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The full report, shown below, is online at: www.ford.com/go/sustainability.

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Our full Web report is structured according to our Business Principles, above, and includes additional sections, above right.

The discussion of each Principle is organized according to the categories at right.

- PROGRESS SINCE OUR LAST REPORT
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For a more sustainable future

Welcome to Ford Motor Company's 2006/7 Sustainability Report. This printed report covers the most material issues from our **full report on the Web**. These issues include mobility, climate change, human rights, vehicle safety and sustaining Ford, as well as our overall vision, strategy, challenges and opportunities.

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Letter from Alan Mulally and Bill Ford

These are challenging times, not only for our Company but for our planet and its inhabitants. The markets for our products are changing rapidly, and there is fierce competition everywhere we operate. Collectively, we face daunting global sustainability challenges, including climate change, depletion of natural resources, poverty, population growth, urbanization and congestion.

We see a clear relationship between our Company's challenges and these global sustainability challenges. For example, consumers are increasingly concerned about high fuel prices, energy security and climate change. Global competition for resources makes us vulnerable to rising prices for some of the key commodities we use to make our vehicles, including steel and petroleum-based materials.

With these great challenges comes great opportunity. The companies that make the high-quality products and services that consumers really value – and do so in ways that limit harm to the environment and maximize benefits to society – will be preferred in the marketplace. And the companies that provide mobility solutions to the world's burgeoning mega-cities will tap into vital and growing markets.

Despite the difficult year for our Company, we have progressed in the three key areas we outlined in our previous report: integrating sustainability issues into our operations, driving technological innovation and undertaking external dialogue and partnerships.

INTEGRATED STRATEGY

In April, we created a new position: Senior Vice President, Sustainability, Environment and Safety Engineering, responsible for setting strategy, establishing goals and integrating sustainability across the Company. Our progress in these areas will be reviewed regularly at meetings of our most senior executives. In addition, we will continue to work as a team to build on existing examples of integration, which include the following.

Our North American product development function includes sustainability and vehicle safety as "innovation pillars," used to guide the development of future products. For example, our product planning explicitly considers long-term emissions reductions that represent our contribution toward climate stabilization.

Our procurement organization works with our suppliers to help them align their practices with our Code of Basic Working Conditions. During 2006, the Code was revised to include additional commitments on community engagement, corruption, the environment and sustainability. Our clear stance on human rights also helped us take swift and decisive action when an instance of slave labor was discovered in our supply chain.

Our manufacturing operations have integrated sustainability goals and indicators into their scorecards to drive progress. For example, we have cut global energy use by 27 percent and water use by more than 25 percent since 2000.

TECHNOLOGICAL INNOVATION

As the pace of change accelerates, innovation is more important to our Company than ever.

Examples of Ford's innovations can be seen on the road today, including nearly 47,000 Ford Escape Hybrid and Mercury Mariner Hybrid vehicles. Globally, we have placed more than 5 million vehicles in service capable of running on renewably produced ethanol fuel. We are promoting the development of infrastructure in North America and Europe that will expand the use of these biofuels and help reduce our dependence on oil. We have built 4 million vehicles globally with electronic stability control systems. More than 1 million of those vehicles feature Ford's industry-exclusive AdvanceTrac® with Roll Stability Control™.

In the near future, you'll see more innovation. The 2008 Escape Hybrid will use seat upholstery made from 100 percent post-industrial material. New safety features will help drivers avoid collisions through technologies like lane departure warnings and assisted braking.

Looking further out, technologies in development include the Escape Hybrid E85 demonstration fleet, which combines hybrid technology with Flexifuel capability. This fleet joins test fleets of vehicles that run on hydrogen fuel cells and hydrogen internal-combustion engines.

And for a glimpse of what the future may hold, in early 2007 we demonstrated a driveable Ford Edge Plug-in Hybrid. This industry-first hybrid uses a plug-in lithium ion battery and a hydrogen fuel cell generator. The system, called HySeries

Drive™, powers the vehicle 25 miles each day on about $1.00 of electricity from the grid before switching to the hydrogen fuel cell to extend the range. For a commuter traveling 50 miles per day this translates to more than 80 miles per gallon, zero emissions and a 70 percent reduction in fuel cost.

EXTERNAL DIALOGUE AND PARTNERSHIPS
Partnerships extend our own capabilities and our ability to innovate.

We have partnered with our customers to help them offset greenhouse gas emissions from their vehicles. In the United States, we do this in partnership with TerraPass; in the UK, Land Rover is working with Climate Care to offset the emissions from the first three years that customers own their 2007 vehicles.

We have numerous partnerships aimed at addressing climate change and energy security issues. Most recently, Ford joined the United States Climate Action Partnership (USCAP), an alliance of major businesses and leading climate and environmental groups that have come together to develop an economy-wide, market-driven approach to reduce greenhouse gas emissions. In addition Ford is the only automotive member of the Chicago Climate Exchange, a voluntary initiative aimed at understanding the potential for carbon trading. We're working with the energy company BP to explore ways to reduce greenhouse gas emissions from fuels, increase energy security and seek alternatives to the current reliance on petroleum.

We're partnering with Northwestern University on nanotechnology approaches to structural materials that have the potential to improve vehicle fuel economy. And we are participating in the Prince of Wales International Business Leaders Forum to examine the influence of global poverty on our business and the roles we might play in alleviating it.

LOOKING AHEAD
The economic dimension of sustainability looms large for the Ford of 2007. We must return to profitability in order to continue to contribute to addressing global sustainability challenges.

ALAN MULALLY AND BILL FORD

In 2006, we lost $12.6 billion, largely due to restructuring costs, and took the painful but necessary actions of closing plants and significantly reducing our workforce. In this report, you will find a discussion of how we have tried to manage our downsizing in a responsible way. We are continuing to align our capacity with demand, accelerate the development of desirable new products and support our people through the transition so they can focus as a team on the challenges ahead. We also are continuing to implement the product actions needed so that our Company can contribute to climate stabilization.

In the coming year, you will see us moving to become more globally integrated and aligned to meet our goals. This approach will help us tackle both business and sustainability challenges, and provide a new generation of products with significantly less impact on the environment.

We continue to make dramatic improvements in vehicle quality. Our customers agree. In the 2007 J.D. Power Initial Quality Study Ford Motor Company vehicles earned 14 vehicle honors, more than any other automaker.

We are firmly convinced that we will come through the current crisis leaner but stronger, more nimble and more able to seize on the many opportunities presented by the world's expanding need for sustainable mobility.

Alan Mulally
President and CEO

William Clay Ford, Jr.
Executive Chairman

Materiality analysis

This report is intended to cover the sustainability issues we believe are most material to Ford. We define these issues as those that receive high scores on three criteria:

- HAVING SIGNIFICANT CURRENT OR POTENTIAL IMPACT ON THE COMPANY
- OF SIGNIFICANT CONCERN TO STAKEHOLDERS
- OVER WHICH FORD HAS A REASONABLE DEGREE OF CONTROL

Our intention is to cover the most material issues in this print report. Our full report on the Web covers additional issues, including elements and indicators identified by the Global Reporting Initiative (GRI).

To identify and prioritize material issues, we followed a three-step process.

- **Identification of material business issues**
  We developed a list of more than 500 issues, grouped into 15 topics, by reviewing Ford business documents as well as comments from employees, dealers and our major external stakeholders: customers, communities, suppliers, investors and NGOs. The documents included Ford policies and business strategy inputs, the Global Reporting Initiative G3 Guidelines, summaries of stakeholder engagement sessions, and reports from socially responsible and mainstream investors.

- **Prioritization of the issues**
  We noted the frequency with which issues were raised in the source documents and rated each issue as low, moderate or high for (1) current or potential impact on the Company in a three- to five-year timeframe, (2) degree of concern to stakeholders (by stakeholder group) and (3) Ford's degree of control over the issue. The ratings were averaged for Ford and stakeholders (with extra weight assigned to investors and multi-stakeholder inputs as they are key audiences of our reporting) to arrive at ratings for each issue. The issues and their ratings were then plotted on a "materiality matrix," found on the facing page. We consider the issues in the upper right sector to be the most material. None of the issues is unimportant; the position of each in the matrix simply represents our understanding of its relative importance to the Company and its stakeholders.

- **Review of the analysis**
  The draft matrix was reviewed and revised based on input gathered at an internal workshop of Ford employees representing a variety of functions and geographic regions. It was then reviewed and revised again based on a meeting of a Ceres stakeholder committee that included representatives of environmental NGOs and socially responsible investment organizations. See page 39 for further discussion of the stakeholder group's role.

USE OF THE ANALYSIS

We have used this analysis to identify issues to cover in our print and full Web reports, and we plan to use it as an input to our sustainability strategy development.

This analysis and the methods for conducting materiality analyses generally are works in progress. We improved the current analysis compared to the analysis for our 2004/5 report in several ways. First, we expanded the number of issues rated from 34 to 505, primarily by analyzing them at a more granular level. We added source documents - and in some cases, consultations - to better represent the views of our full range of stakeholders, including suppliers, dealers and communities, who were not well represented in our prior analysis. We also significantly strengthened the internal and external review of the draft matrix to subject it to more rigorous "reality testing."

But shortcomings remain. Sustainability issues are not discrete. Rather, they overlap and interconnect in a complex system that is difficult to capture in a list of issues. Analyzing issues by stakeholder group adds depth to our understanding of who is concerned about which issues and why, but in the process of placing them on a two-dimensional matrix, some of that nuance is lost. Finally, an element of subjectivity is inevitable.

We have participated with other companies and organizations in documenting current methods for materiality analysis with the expectation that this will help advance the practice.

WHAT IS MATERIALITY IN A SUSTAINABILITY REPORTING CONTEXT?

As sustainability reports have proliferated in number, size and scope, companies have been called upon by sustainability experts and others to focus their sustainability reporting on their most significant, or material, sustainability issues. For the purposes of this report, we consider material information to be that which is of greatest interest to, and which has the potential to affect the perception of, those stakeholders who wish to make informed decisions and judgments about the Company's commitment to environmental, social and economic progress. Thus, materiality as used in this sustainability report does not share the meaning of the concept for the purposes of financial reporting.

SOURCES OF FURTHER INFORMATION INCLUDE:

AccountAbility's "The Materiality Report"
www.accountability21.net
and the GRI reporting principles
www.globalreporting.org

CONTROL OR INFLUENCE OF ISSUES

Ratings of control or influence reflect Ford's contribution to an issue through its operations and product offerings. Factors that can reduce Ford's control or influence include, among other things, technology limitations, costs and consumer demand.

Setting the agenda for the print section of this report

Setting the agenda for the rest of the report at www.ford.com/go/sustainability and future reporting

••• **HIGH** level of control or influence

•• **MID** level of control or influence

• **LOW** level of control or influence

CONCERN TO STAKEHOLDERS

HIGH

MEDIUM

LOW

	Community Community engagement ••• Community impacts and contributions ••• ***Climate change*** Physical risks ••	***Climate change*** Low carbon strategy ••• Vehicle GHG emissions •• Fuel economy ••• Advanced cleaner technologies •• Clean/alternative fuels •• Public policy: GHG /fuel economy regulation •• Energy security • ***Mobility and emerging markets*** Products and services strategy ••• Role in emerging markets •• ***Safety*** Vehicle safety •• ***Ford financial viability*** Managing downsizing ••• Profitability level and timing •• Legacy and health care costs •• Other costs •• Competitive factors •• Product competitiveness ••• Risks • Quality ••• ***Human rights*** Supply chain practices ••• Other issues ••
Governance Shareholder concerns (resolutions) ••• ***Operations*** Hazardous pollutants ••• Land and nature ••• Other environmental issues: spills, nuisances, logistics ••• ***Mobility and emerging markets*** Emerging markets vehicle and road safety •• ***Product*** Noise ••	***Sustainability strategy*** Sustainability reporting ••• ***Public policy*** Political payments/contributions ••• ***Operations*** Environmental management ••• Environmental compliance ••• ***Product*** Life cycle assessment ••• In-vehicle air quality ••• ***Ford as employer*** Employees/labor practices/decent work ••• Diversity: equal opportunity ••• ***Product*** Marketing communications/demand creation/advertising ••• ***Mobility and emerging markets*** Congestion • ***Ford financial viability*** Future availability of fossil fuels •	***Sustainability strategy*** Sustainability vision and management ••• ***Governance*** Ethical business practices ••• ***Operations*** Energy use/oil consumption ••• Water use ••• GHG emissions ••• ***Product*** Tailpipe emissions •• Materials use ••• End of Life management •• Product compliance ••• ***Safety*** Workplace health and safety ••• ***Supply chain*** Supplier relationships ••
Product Labeling ••• Foreign v. domestic vehicles •	***Product*** Customer privacy ••• ***Supply chain*** Energy, materials, waste in supply chain •• ***Ford as employer*** Diversity: advertising practices ••	***Public policy*** Increasing and inconsistent global environment and safety regulations •• ***Operations*** Air emissions (other than GHGs) ••• Waste generation and management ••• ***Ford as employer*** Employee morale and teamwork ••• ***Ford financial viability*** Dealer relationships ••

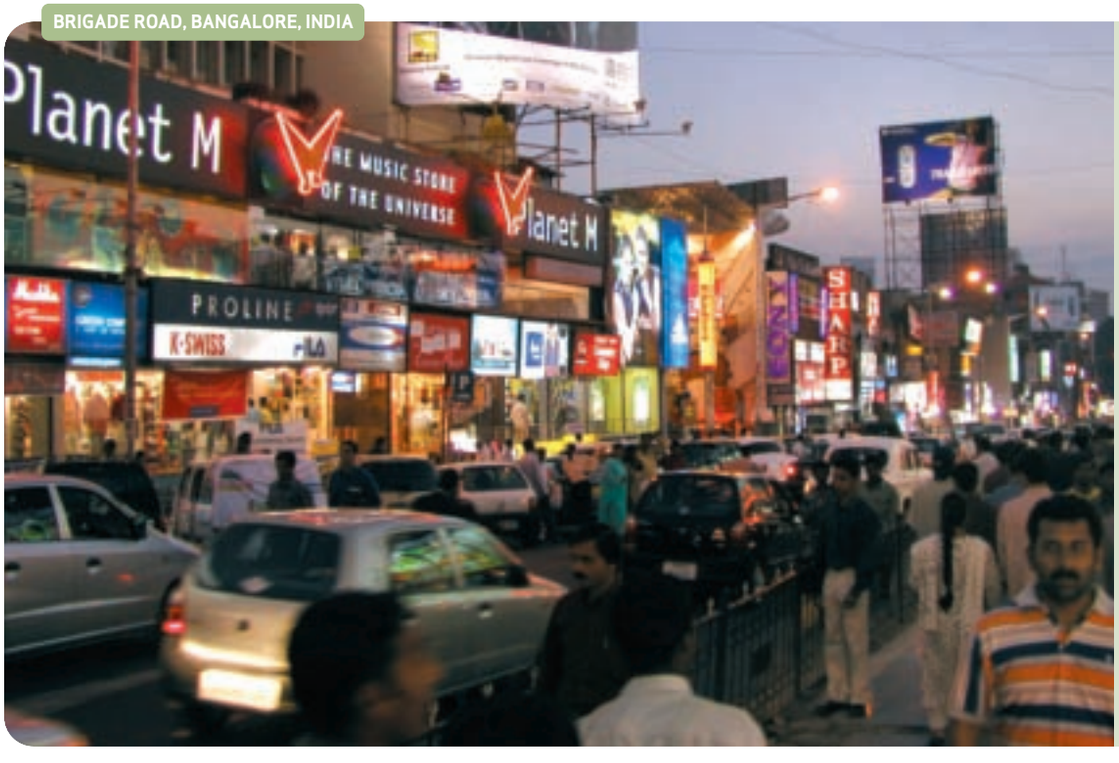
LOW MEDIUM HIGH

CURRENT OR POTENTIAL IMPACT ON COMPANY

Mobility

Several trends within our industry – and the global economy broadly – have led Ford to reexamine the concept of mobility and, with that, the products and services we offer. For example, as developing countries gain economic momentum, their citizens are seeking levels of personal mobility long enjoyed by people in the developed world. This poses opportunities and challenges for Ford, and for society more generally.

BRIGADE ROAD, BANGALORE, INDIA



If developing countries adopt the same unsustainable approaches to mobility that have been used in developed countries, it will further strain environmental and social systems. At the same time, meeting mobility needs in these markets will help improve economic opportunity and quality of life. For Ford, developing markets represent a significant business opportunity. However, economic and cultural differences between those markets and the developed markets we have traditionally served mean we need to fundamentally rethink how we meet their needs.

This section describes what Ford is doing to deepen our understanding of the future of mobility and develop new products, services and business models to effectively and profitably offer sustainable mobility solutions for all of our global customers.

ON THE WEB SITE
www.ford.com/go/sustainability

IN THE PRODUCTS AND CUSTOMERS SECTION
- Responding to changing markets
- Leading with products
- Advanced clean technologies
- Improving quality and customer satisfaction
- Nanotechnology
- The Piquette project

DEVELOPING SUSTAINABLE MOBILITY STRATEGIES FOR EMERGING MARKETS

Emerging markets are an important source of growth in the automotive industry. We have been focusing on three primary types of emerging markets:

1. **Developing countries** such as China, India and Brazil, where economies are growing rapidly. Developing countries are projected to account for the highest growth in demand for vehicles and personal mobility.

2. **Revitalizing economies** including countries such as Russia that are experiencing periods of high growth after prolonged periods of economic stagnation. Revitalizing economies also include areas within developed economies that have experienced decline but are undergoing economic renaissance.

3. **High-growth niches** within developed markets such as the United States and Europe, which overall show little growth in sales volume. Some of these niches include hybrid vehicles and other advanced clean technologies; smaller, more fuel-efficient vehicles; luxury vehicles; crossover vehicles; and vehicles that run on flexible or alternative fuels such as ethanol and biodiesel. Many of the high-growth segments in developed automotive markets reflect increased demand for more sustainable mobility solutions.

All of these types of emerging markets represent a significant business opportunity for Ford, and also offer us the chance to provide personal mobility options that improve environmental and social well-being. In developing countries and revitalizing economies, customers are actively seeking increased access to personal mobility. Meeting the needs of these customers will help them to improve their economic opportunity and quality of life. In developed markets, increased demand for hybrids and other advanced clean technologies enable us to bring to market technological innovations that not only reduce environmental impacts today, but also have the potential to improve the environmental performance of all our products over the long term.

Emerging markets also pose challenges. For example, the majority of potential consumers in developing countries survive on less than five dollars a day. As a result, Ford will need to develop new products, services and business models that are accessible to these consumers, and effectively and profitably meet their mobility needs.

More importantly, unless developing countries adopt more sustainable approaches to personal mobility than those used in developed countries, greenhouse gas emissions and traffic-related fatalities will continue to increase, and congestion will bring mobility in growing cities to a grinding halt.

200,000

units of additional capacity in China in 2006 for Ford (see page 8)

Ultimately, sustainable mobility solutions will be required across all markets. But the development of more sustainable options – whether for developing country markets or high-growth niches in the United States or Europe – requires a significant investment in new technologies and coordination between automotive companies, fuel and energy companies, governments and consumers.

To date, Ford is focusing efforts on:

- Expanding our product offerings in developing countries and revitalizing economies
- Taking a new approach to personal mobility in developing countries
- Developing advanced clean technologies that meet market needs and improve environmental performance

EXPANDING OUR PRODUCT OFFERINGS IN DEVELOPING COUNTRIES AND REVITALIZING ECONOMIES

We know that the highest growth in demand for vehicles will be in developing countries such as China and India. In response, we are increasing our production capacity in China, India and the rest of Asia, as well as launching new products in these and other developing markets to meet consumer needs and remain competitive.

Last year, we increased our production capacity in China to 200,000 units annually at the Changan Ford plant in Chongqing. This plant produces the Mazda 3 and Volvo S40, among other vehicles. We also completed a new assembly and engine plant in conjunction with Mazda in Nanjing, China. This plant will produce 160,000 vehicles annually at the outset and could increase to 200,000 annually.

FORD PLANT, CHINA

92%

increase in sales of Ford-brand vehicles in Russia in 2006

In India, we recently launched the Fusion, a small SUV, and the Fiesta sedan, with great customer feedback. In fact, Ford ranked second for Customer Satisfaction in India by J.D. Power Asia Pacific. In 2007, we will begin producing and selling the S-MAX multi-purpose vehicle and Volvo S40 in China. We have experienced rapid growth in some of these developing and revitalizing markets. Ford's share of the Turkish market increased to 17.1 percent – the fifth year in a row that the Ford brand has led the market in sales in Turkey. In Russia, sales of Ford-brand vehicles increased approximately 92 percent to 116,000 units in 2006. Our sales in the Asia Pacific region were up 9 percent in 2006, with the majority of the growth occurring in China and India. Sales in South America were up 14 percent in 2006, from 335,000 to 381,000 units sold.

This recent sales growth represents a significant achievement for the Company. 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 increasingly sustainable and tailored to the unique needs of these markets. Our sustainable mobility strategy is aimed at ensuring we do just that.

ADDITIONAL WEB CONTENT
www.ford.com/en/company/about/sustainability/2006–07/additional.htm

TAKING A NEW APPROACH TO PERSONAL MOBILITY IN DEVELOPING COUNTRIES

We believe that providing sustainable mobility solutions for customers in developing countries is one of the key business, social and environmental challenges of the 21st century.

Given our knowledge and experience, we also believe this is an area in which Ford may be able to have particular positive impact.

IDENTIFYING MEGA-TRENDS

Over the past year, Ford has undertaken an intensive research effort to identify and understand global "mega-trends" that we must respond to if we are to deliver sustainable mobility solutions.

The top five mega-trends, which are changing transportation and business realities across the globe, are as follows:

1	Climate change and greenhouse gas emissions
2	Rapid urbanization
3	Congestion associated with a rapid increase in vehicles and traffic in urban areas
4	Social inequality, including increasing income inequality and associated social issues
5	Shifting demographics, especially an increase in older populations in developed countries and an increase in younger populations in developing countries

These mega-trends are especially important in developing countries, where the negative impacts of a rapid increase in vehicles are outpacing the positive impacts of mobility in many areas. In fact, in many developing countries, these trends are combining in massive and rapidly growing urban conglomerations called "mega-cities," which are a primary focus of our efforts to develop sustainable mobility solutions in emerging markets.

MEGA-CITIES: THE ICON OF PERSONAL MOBILITY CHALLENGES

Mega-cities are urban areas with more than 10 million residents. There are already at least 25 mega-cities worldwide. Twenty are located in the developing world, as are seven of the nine most populous. By 2015, there are projected to be at least 35 mega-cities, with virtually all the growth in developing countries. Mega-cities often experience a wide range of social and environmental problems, many of them related to mobility.

35

mega-cities by 2015 with more than 10 million residents each

CONGESTION IN MUMBAI

All of the mega-trends we have identified, as well as other challenges to sustainable mobility, are at their worst in mega-cities, including paralyzing traffic congestion, air pollution, vehicle-related injuries and fatalities, and health problems. Furthermore, social inequality and the dislocation of families and communities are increasing as people move from rural areas to mega-cities seeking economic opportunities. Developing mega-city mobility strategies will require addressing the mobility needs of rural as well as urban residents, as many mega-city problems could be improved by developing new approaches to the transportation of people and goods between rural and urban areas, and by reducing the need for rural–urban migration.

NEW APPROACHES TO DEVELOPING MARKETS

We are exploring new strategies for developing country markets that take into consideration these economic, cultural and infrastructure characteristics. Central to our approach is the recognition that, because these markets are different than the ones Ford has historically served, we need to conduct extensive stakeholder engagement to help us understand the wants and needs of consumers in developing countries.

Additionally, we appreciate that it will require us to explore new types of business and partnership models to develop and bring to market successful mobility solutions in developing countries.

ADDITIONAL WEB CONTENT

www.ford.com/en/company/about/sustainability/2006–07/additional.htm

PARTNERSHIPS AS AVENUES FOR LEARNING AND ACTION

In our view, developing practical, broad-based sustainable mobility solutions will require the combined efforts of transportation companies, energy companies, governments and consumers. That is why partnerships have been a key element of Ford's sustainable mobility strategy.

For the past six years, Ford has been a sponsor and participant in the Sustainable Mobility project of the World Business Council for Sustainable Development (WBCSD). This project brings together the insights and viewpoints of a wide range of corporations and global thought leaders to develop a vision for sustainable mobility and to define the challenges and possible pathways for reaching this vision.

The WBCSD defines sustainable mobility broadly as the need for individuals and societies to move freely, gain access, communicate, trade and establish relationships, without sacrificing other essential human and ecological values. This broad definition and systems-thinking approach has guided our approach to meeting the challenges of providing sustainable mobility in developing countries.

In addition to our engagement with the WBCSD, Ford participates in a number of other initiatives aimed at developing more sustainable approaches to mobility in emerging markets. For example:

- **The World Resources Institute/EMBARQ project**, which is working to develop sustainable mobility solutions for urban areas in developing countries. Our first joint project is working to reduce vehicle emissions and traffic congestion in Istanbul, Turkey, by understanding mobility patterns, needs and opportunities.

- **The Global Road Safety Initiative**, a collaboration with multiple companies and governmental agencies that aims to reduce traffic-related fatalities through best-practice transfer and educational outreach.

- **Sustainable Mobility and Accessibility Research and Transformation (SMART)**, a joint project with the University of Michigan that uses a collaborative, systems-thinking approach to meet future mobility and accessibility needs in an ecologically sound and socially sustainable manner.

- **The Prince of Wales Forum**, a gathering of global businesses that aims to promote responsible business leadership and partnerships for social, economic and environmentally sustainable international development, particularly in new and emerging market economies. Ford has participated in the Forum's Business and Environment and Business and Poverty programs.

To help us identify how Ford can best contribute to the development of sustainable mobility solutions, we are integrating what we learn from our involvement in these partnerships with our own research on global trends and advanced technologies.

ADDITIONAL WEB CONTENT
www.ford.com/en/company/about/sustainability/2006–07/additional.htm

PLANS FOR THE FUTURE

Over the long term, we believe that successful and sustainable mobility may require radical redefinitions of traditional mobility products and vehicle transactions, and whole new categories of mobility services may evolve. Towards this end, Ford is developing a portfolio of new approaches to personal mobility, incorporating input from our global operations and sustainable mobility partners, which includes ideas for everything from advanced powertrains and fuels to closed-loop materials to new business models for approaching personal transportation.

In the coming year, we plan to identify in which developing markets we will initially pilot some of these new approaches to sustainable mobility. We recognize that having the trust and interest of local communities, governments and consumers in these markets will be critical to our ability to test and launch these new approaches. As a result, we intend to focus on locations where Ford already has a presence and has developed a strong reputation for ethical behavior, respecting human rights and contributing to the local community. We are working with the University of Michigan's joint Business and Environment program – the Erb Institute for Global Sustainable Enterprise – to develop a set of criteria for evaluating the best markets in which to pilot new approaches.

Once we have identified specific markets, we plan to undertake extensive research and stakeholder engagement with new and existing partners, community members and others to help us understand the mobility needs, opportunities and challenges in those locations. This input will help us develop new products, services and business models to better meet the needs of consumers in those and other developing countries.

"The overarching message of the future of mobility is connectivity – among technologies, modes and services, across government departments and among various industry sectors that can innovate (and benefit from) the development of a vital "New Mobility" industry. This isn't necessarily going to be easy, but in the case of New Mobility, even incremental changes that come from connecting the dots can have dramatic effects."
For more commentary visit www.ford.com/go/sustainability

SUSAN ZIELINSKI Managing Director, Sustainable Mobility and Accessibility Research and Transformation (SMART), University of Michigan in Ann Arbor

ISTANBUL, TURKEY

Technological innovation is central to Ford's strategy to develop sustainable mobility solutions that meet current and emerging market needs, and improve the environmental performance of our products, including their impact on climate change.

We believe that demand for clean, fuel-efficient vehicles will continue to increase, driven by concerns about energy security and climate change, along with consumers' growing interest in fuel economy. In response, we are developing and implementing new products and advanced technologies to both meet market demands and help contribute to climate stabilization. (See page 19 for further discussion of how Ford is using technology to help address climate change.)

IMPROVEMENTS IN OUR CURRENT FLEET

In the short term, we are working to better the fuel economy of our existing products through incremental improvements in internal-combustion technology, such as direct injection turbocharged gasoline engines and new transmission technologies. For example, the "Twin Force" Duratec, a 3.5-liter turbocharged gas engine with direct fuel injection, will deliver V-8 power and performance with better fuel economy. Powershift, a dual clutch system, will provide fuel economy comparable to a manual transmission with the driving ease and convenience of an automatic.

Several fuel-saving measures can be applied regardless of engine type, including reducing the vehicle's weight, decreasing tire rolling resistance and improving aerodynamics. We are using these approaches in current vehicles and those under development to the extent possible.

In addition, Ford's division in Europe recently announced plans to spend at least £1 billion (approximately $2 billion) developing a range of global environmental technologies in the UK for its Ford, Jaguar, Land Rover and Volvo brands. This is the largest commitment ever to the environment by an automaker in the UK. This work will be focused on implementing as many new technologies on as many production vehicles as possible in order to make a significant and near-term impact on carbon dioxide emissions. Specific technologies under development include next-generation aluminum lightweight vehicles; hybrid technologies; downsized direct-injection gasoline engines; advanced diesel engines; Powershift transmission and other new transmission technologies that will significantly reduce greenhouse gas emissions; and a range of technologies to encourage more fuel-efficient driving behavior, including information systems and fuel-efficient driving modes.

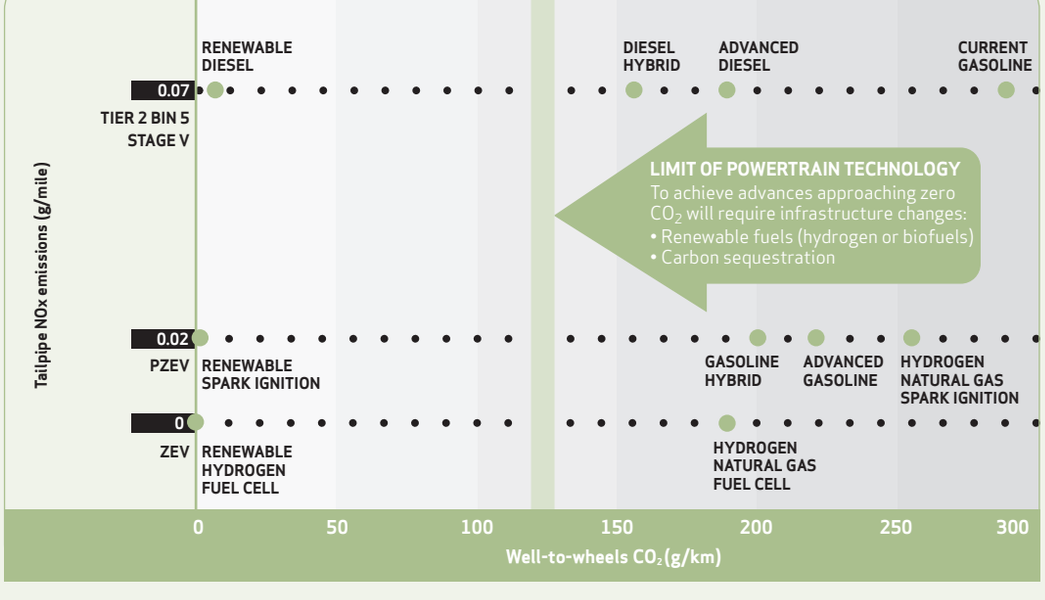
MEETING THE DEMANDS OF HIGH-GROWTH NICHE MARKETS

For the longer term, our Sustainable Mobility Group is coordinating the development of next-generation, advanced technologies to achieve breakthrough advances in fuel efficiency, emissions reduction and energy independence in areas such as hybrids, advanced clean diesels, biofueled vehicles, hydrogen internal-combustion engines and hydrogen fuel cell vehicles. We are also researching the viability of plug-in hybrids, though major hurdles remain in battery technology. We believe it is important to develop a variety of different engine and fuel technologies, as different technologies will be appropriate for different regions and driver operating conditions.

Further information about these technologies can be found in the table on the following pages and on the Web site.

ADDITIONAL WEB CONTENT
www.ford.com/en/company/about/sustainability/2006–07/additional.htm

DEVELOPING TECHNOLOGIES TO REDUCE VEHICLE EMISSIONS



Ford Focus

Mercury Mariner

Ford 2008 F-Series Super Duty

IMPROVING FUEL ECONOMY OF CURRENT VEHICLES

OVERVIEW

- Smaller cars and crossovers provide more fuel-efficient vehicle options
- Fuel economy can also be improved through refinements to engine technologies and transmissions, better aerodynamics and use of lightweight materials, low-rolling-resistance tires and other technologies

BENEFITS

- Provides more fuel-efficient vehicle options immediately
- No compromise in functionality, style or performance
- New transmission technology will significantly improve fuel economy
- Uses existing fuel and fueling infrastructure

KEY CHALLENGES

- Some technologies increase costs
- Smaller vehicles may not meet the capacity and hauling needs of some customers

ON THE ROAD

- In all of our global markets, we offer a variety of small vehicles including the Ford Focus, Ford Fiesta and Ford Ka
- In 2006, we introduced the Ford Fusion, Mercury Milan and Lincoln MKZ sedans and the Ford Edge and Lincoln MKX crossovers in North America. These vehicles provide much of the functionality of SUVs in a more fuel-efficient package
- In Europe, South America and Asia, we offer a smaller "B-car" vehicle
- In 2007, the Volvo S40 and V50 diesel models will have the Powershift dual clutch system

UNDER DEVELOPMENT

- We are improving fuel economy across our products globally
- In 2008, a redesigned Ford Focus sedan will be launched in North America
- We are developing more crossover vehicles
- We announced a new Ford "B-car" smaller sedan for North America

HYBRID ELECTRIC VEHICLES

OVERVIEW

- Ford's hybrids use both a gas and an electric engine to improve fuel efficiency
- The electric engine is recharged by capturing braking energy

BENEFITS

- The 2008 MY 2.3L Escape Hybrid has 89 percent better fuel economy in city driving when compared to the 3.0L V6 gasoline model which has similar engine performance. When compared to the 2.3L Escape I4 gasoline, the hybrid powertrain still offers a fuel economy improvement in city driving of 70 percent while offering superior power.
- Technology is available and on the road today
- Uses existing fuel and fueling infrastructure

KEY CHALLENGES

- There is a substantial purchase cost premium
- Battery technology needs to be improved to provide longer electric power range and reduce the size of battery storage
- Battery costs need to be reduced significantly to make hybrid electric vehicles more competitive with conventional vehicles

ON THE ROAD

- Ford has two hybrid vehicles on the road today: the Ford Escape and Mercury Mariner Hybrid compact SUVs
- In 2007, we will launch a hybrid version of the Mazda Tribute SUV
- In 2008, we will launch hybrid versions of the Ford Fusion and Mercury Milan sedans

UNDER DEVELOPMENT

- We are working on developing next-generation hybrid technology including plug-in hybrids and combining hybrid technologies with Flexifuel and diesel technology and hydrogen fuel cells

ADVANCED CLEAN DIESELS

OVERVIEW

- Clean diesel technologies utilize ultra-low sulfur diesel fuels and advancements in transmission and powertrain technologies to provide cleaner, more fuel-efficient vehicles

BENEFITS

- Diesel vehicles can increase fuel economy by up to 30 percent and reduce greenhouse gas emissions by approximately 20 percent
- Clean diesel fuel is widely available in the United States and Europe, and is becoming available in other regions

KEY CHALLENGES

- Consumers have lingering negative misperceptions about diesel vehicles, especially in the United States
- Fuel-quality improvements are required globally to take full advantage of advanced diesel technology
- Difficult to meet stringent U.S. emissions standards for air-quality pollutants, even with cleaner diesel fuels
- Incremental purchase price increase for consumers

ON THE ROAD

- Diesel vehicles are widely used globally – for example, they make up 50 percent of the total new vehicle fleet in Europe
- Ford's 2008 F-Series Super Duty pickup trucks will use the first of a new generation of cleaner, quieter, advanced diesel engines for the North American market
- In 2007, European Volvo V50 and S40 diesel models will be available with Powershift dual clutch technology, which improves fuel economy over conventional transmissions
- A diesel version of the Ford F-150 pickup truck has been announced
- Please see Global Product chart on the Web for details of diesel models and global availability

UNDER DEVELOPMENT

- Ford engineers are working on next-generation clean diesel technologies that will further reduce emissions from diesel vehicles

Ford F-150 Sport

H_2ICE Shuttle Bus

Ford Focus Fuel Cell

BIOFUELED VEHICLES

OVERVIEW

- Biofueled vehicles run on bio-ethanol, a gasoline equivalent, and biodiesel, a diesel equivalent. These fuels are currently derived from plant sugars

BENEFITS

- Requires relatively inexpensive changes to vehicle technology compared to other alternative fuels such as hydrogen
- Little increase in vehicle purchase cost or fuel costs compared to other alternative fuels such as hydrogen
- A renewable fuel source that reduces life cycle greenhouse gas emissions and, if produced locally, can increase energy independence

KEY CHALLENGES

- Full realization of environmental and economic benefits will require development of next-generation biofuels that can be produced more efficiently and utilize cellulosic and waste materials as feed stocks for fuel production
- Widespread use will require investment in biofuels transportation and fueling infrastructure

ON THE ROAD

- Ford has more than 5 million vehicles on the road capable of running on high blends of ethanol, mostly in Brazil and North America
- All of Ford's diesel vehicles can run on up to 5 percent biodiesel
- We have committed to producing 50 percent of our vehicles as Flexifuel capable in North America by 2012 if market demand and fueling infrastructure support it
- We are working to expand access to biofuels in the United States through partnerships with BP and VeraSun, including in the E85 ethanol corridor
- In Europe, we have multiple partnerships to increase availability of biofuels, including BioEthanol for Sustainable Transport, or BEST, and PROCURA
- Ford currently sells 14 Flexifuel vehicle models: the Ford Crown Victoria, Mercury Grand Marquis, Lincoln Town Car and Ford F-150 in North America; the Ford Mondeo, S-MAX, Galaxy, C-MAX and Focus, and the Volvo XC60 in Europe; and the Fiesta, EcoSport and Focus in Brazil

UNDER DEVELOPMENT

- We are supporting development of the next generation of biofuels and developing vehicles capable of utilizing cellulosic biofuels and other advanced biofuels. These fuels will continue to improve the environmental, climate change and energy security benefits of biofuels

HYDROGEN INTERNAL-COMBUSTION ENGINE (H_2ICE) VEHICLES

OVERVIEW

- These vehicles can burn hydrogen fuel in existing internal-combustion engine technology

BENEFITS

- Provides a near-zero emission vehicle (tailpipe)
- Provides a bridge from existing internal-combustion engine technology to hydrogen fuel cell vehicles
- Could drive development of hydrogen fuel infrastructure

KEY CHALLENGES

- Hydrogen ICE technology is not currently cost-competitive with traditional vehicles
- On-board hydrogen fuel storage limits passenger and cargo capacity
- Current hydrogen storage technology does not allow acceptable driving range between refuelings
- Hydrogen infrastructure is in its infancy
- Hydrogen must be made from renewable sources to provide a "well-to-wheels" emissions reduction

ON THE ROAD

- Ford has a fleet of 30 H_2ICE shuttle buses on the road today in Florida as part of that state's Hydrogen Highway initiative and in Canada as part of the national government's hydrogen advancement program

UNDER DEVELOPMENT

- Ford engineers are continuing to improve H_2ICE technologies and better understand hydrogen infrastructure challenges

HYDROGEN FUEL CELL VEHICLES

OVERVIEW

- Fuel cell vehicles use super-efficient energy production technologies and provide extremely low emissions

BENEFITS

- Provides a completely zero-emission vehicle (tailpipe emissions)
- Provides breakthrough reductions in fuel economy

KEY CHALLENGES

- Costs must be reduced by orders of magnitude to make this technology competitive
- See challenges listed for Hydrogen Internal-Combustion Engine vehicles

ON THE ROAD

- Ford has a fleet of 30 Focus Fuel Cell vehicles on the road today collecting real-world information on driving performance. We will accumulate 30,000 miles on each of the 30 FCVs over a three-year demonstration project

UNDER DEVELOPMENT

- Ford is working on next-generation fuel cell technologies including using nanotechnology to develop more efficient fuel cells and hydrogen storage

Climate Change

The growing weight of evidence holds that man-made greenhouse gas emissions are starting to influence the world's climate in ways that affect all parts of the globe. With the publication of the Intergovernmental Panel on Climate Change report in February 2007, the scientific consensus around the likelihood of climate change and the need for timely action has strengthened. Concerns about climate change – along with growing concerns over the use and availability of fossil carbon-based fuels – affect our operations, our customers, our investors and our communities.

WIND POWER AT DAGENHAM DIESEL CENTRE

ON THE WEB SITE
www.ford.com/go/sustainability

IN THE ENVIRONMENT SECTION

- Environmental management
- Greenhouse gas emissions/fuel economy
- Tailpipe emissions
- Materials
- Manufacturing energy use
- Water use
- VOCs
- Waste generation
- Land use
- Environmental compliance and remediation

CLIMATE CHANGE RISKS AND OPPORTUNITIES

The business climate is also changing. Since our last report, governments, companies, investors and consumers have tackled climate change in ways that present new risks and opportunities, and place the issue squarely on the agenda for global companies. This section summarizes current market, regulatory, investment, and physical risks and opportunities, while the following section summarizes our strategic response.

ADDITIONAL WEB CONTENT
www.ford.com/en/company/about/sustainability/2006–07/additional.htm

MARKETS

The United States, once a major producer and exporter of oil, has seen oil production decline at the same time that gasoline and other oil consumption has continued to grow, making the country steadily more dependent on imported oil and leading to concerns over energy security. (See box at right.) Coupled with the rapid rise in gasoline prices during 2005 and 2006, this has led to greater consumer interest in more fuel-efficient vehicles.

Concerns about fuel economy track fuel prices and drive buyers to shift from larger vehicles and light trucks to smaller vehicles, cars and crossovers. During 2006, small cars and crossover utility vehicles, which generally have better fuel economy than large cars and truck-based SUVs, were the fastest (and some of the only) growing segments of the U.S. market.

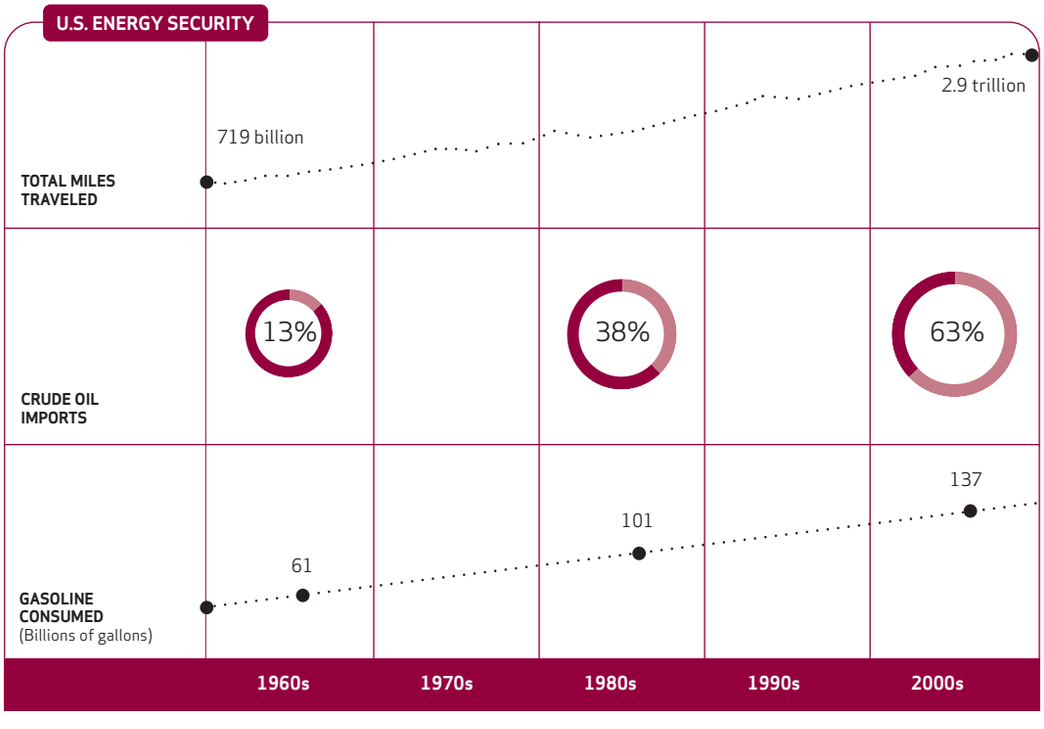
In Europe, where awareness of climate change and vehicle CO_2 emissions is relatively high and growing, already high fuel prices have also risen sharply in recent years. This has continued to reinforce interest in diesel-powered vehicles, which now account for around half of new vehicle sales in the EU, and other environmentally advanced vehicle technologies. The climate change issue is also linked to concerns about and actions to address congestion, particularly in city centers.

In the markets in which we operate in Asia, the rapid growth in vehicle sales is raising concern about emissions and congestion. A focus on energy independence is also growing along with the rapid rise in demand for energy.

In Brazil, consumers have embraced renewable ethanol as an economical, locally produced alternative to imported oil. This has come about via 30 years of coordinated effort between the government, consumers, fuel providers and automakers.

These market shifts and regional concerns are very significant to our Company. In North America, although our sales market share for cars increased in 2006, the shift away from SUVs and light trucks, our most profitable vehicles, contributed to our loss of revenue and overall market share. Elsewhere in the world, where our profitability is less dependent on large vehicles, we have been less affected. Everywhere we operate, the future financial health of our Company depends on our ability to predict market shifts of all kinds, including those resulting from consumer concerns over fuel prices, greenhouse gas (GHG) emissions and energy security, and our ability to be ready with the products and services our customers demand.

ADDITIONAL WEB CONTENT
www.ford.com/en/company/about/sustainability/2006–07/additional.htm



REGULATIONS

As a global automobile manufacturing company, regulations related to GHGs affect many areas of our business, including our manufacturing facilities and the emissions from our vehicles.

The GHG regulatory landscape is changing rapidly:

- In the United States, CO_2 emissions from vehicles have been regulated through Corporate Average Fuel Economy (CAFE)[1] requirements for more than 30 years. Unlike some of our competitors, Ford has complied with CAFE standards throughout the life of the program. New light truck CAFE standards were recently promulgated, and they are set to increase each year from 2005 through 2011. These will pose a significant challenge for companies like Ford that produce light trucks. California and several other states have adopted regulations limiting GHG emissions from motor vehicles, a move that both the automobile industry and the federal government believe is preempted by the federal CAFE law. The litigation over these regulations is discussed in more detail on page 21 and in our full Web report.

- In Europe, GHG emissions from manufacturing facilities are regulated through a combination of emission limits and market-based mechanisms. The EU Emission Trading Scheme regulations apply to 15 Ford Motor Company (including Premier Automotive Group) facilities in the UK, Belgium, Sweden, Spain and Germany. Ford anticipated the start of the EU Emission Trading Scheme and established internal business plans and objectives to maintain compliance with the new regulatory requirements. The EU has taken steps to propose stringent regulation of CO_2 emissions from vehicles, following the 2008 end of a voluntary reduction commitment by the European auto industry. The proposed regulation is planned to be effective from 2012.

- The Chinese government has introduced weight-based fuel consumption standards for passenger cars and trucks. The standards began with 2005 model year (MY) passenger vehicles and increase in stringency for 2008 MY vehicles. Proposed standards for commercial trucks start in 2008. All of Ford's product offerings comply with the appropriate 2005 MY standards and are fully expected to comply with the 2008 MY standards as well.

- Other countries in the Asia Pacific region have introduced stringent fuel economy requirements, including Japan (2010) and Korea (2006/2009).

We have established global roles, responsibilities, policies and procedures to help ensure compliance with emissions requirements and participate in trading initiatives worldwide.

The regulation of vehicle fuel economy and GHG emissions has a significant impact on our current and future product offerings. We expect regulation to increase in the future, and it is in the interest of our Company and society to reduce the uncertainty and increase the predictability of policy frameworks and market conditions around the issue of climate change. We are committed to being a constructive participant in the formulation of policies to reduce GHG emissions across the entire economy and promote energy security.

INVESTMENT COMMUNITY

Both mainstream investment analysts and those who practice "Socially Responsible Investing" (SRI) have begun to assess companies in the auto sector for their exposure to climate risks and their positioning to take advantage of opportunities created by the issue. The Carbon Disclosure Project, for example, provides investors with a standard set of disclosures about company responses to climate change. We have participated in the project since its inception and have submitted four publicly available reports (www.cdproject.net).

ADDITIONAL WEB CONTENT
www.ford.com/en/company/about/sustainability/2006–07/additional.htm

The feedback we receive from regular communications with mainstream investors suggests that their primary interest at this point is in our plans to return to profitability. However, these investors recognize, as we do, that the success of those plans is affected by growing carbon constraints and market shifts influenced by concerns over climate change. Our response to the issue is an additional – and increasingly important – element of our overall competitiveness. Thus, providing climate change-relevant information to investors and shaping our business strategy with climate change in mind are important elements of maintaining access to capital.

PHYSICAL RISKS

Extreme weather such as the severe hurricanes the United States experienced in the Gulf of Mexico in 2005 disrupts the production of natural gas, a fuel necessary for the manufacture of vehicles. Supply disruptions raise market rates and jeopardize the consistency of vehicle production. To minimize the risk of production interruptions, Ford has established firm delivery contracts with natural gas suppliers and installed propane tank farms at key manufacturing facilities as a source of backup fuel.

Although increased energy rates have a significant cost impact to the Company, they do increase awareness of energy conservation, its impact on the environment and the need for alternative energy solutions. Increased utility rates have prompted Ford Motor Company to revisit energy efficiency actions that previously did not meet our internal rate of return. These projects include the replacement or upgrade of heating, ventilating and cooling systems, lighting and vehicle painting systems.

HEIGHTENED RISK AND OPPORTUNITY

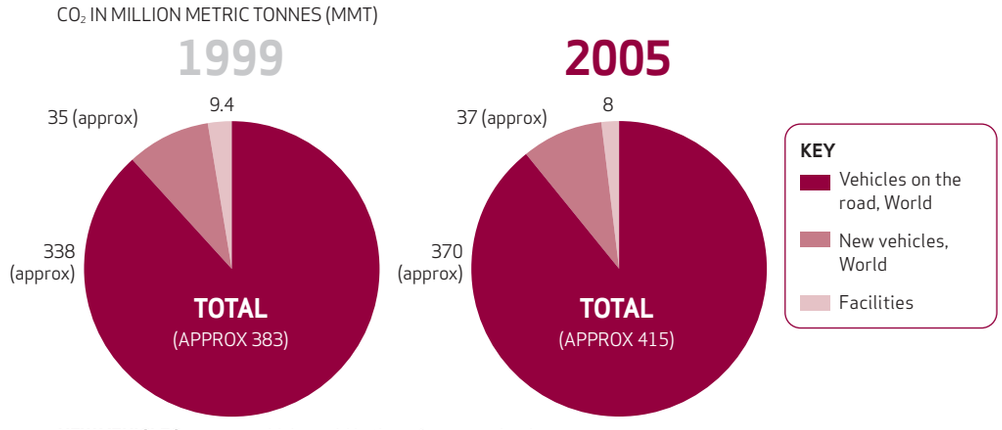
Altogether, this changing landscape presents significant risks for our Company, particularly in the short term due to market shifts and regulatory trends. In the longer term, the steps described below will put our Company in a good position to offer innovative products and services to serve the mobility needs of established and emerging markets. Also see the Mobility section.

FORD RESPONSE TO THE RISKS AND OPPORTUNITIES OF CLIMATE CHANGE

We take the issue of climate change seriously, and we have for some time.

- Ford was the first automaker to estimate its total GHG emissions from our facilities and Ford vehicles. We have updated that estimate for this year. (See box above right.)

ESTIMATE OF FORD'S CLIMATE CHANGE EMISSIONS



NEW VEHICLES are new vehicles sold in the reference calendar year.
VEHICLES ON THE ROAD represents Ford vehicles sold prior to the reference calendar year.
The increase of CO_2 from vehicles is primarily due to additional vehicles on the road and vehicle miles traveled (VMT).

In 2001, as part of an assessment of the impact of the climate change issue on our Company, we estimated the global greenhouse gas emissions from our facilities and Ford vehicles on the road to be approximately 400 million metric tonnes per year. We updated that estimate for this report. While the estimate has increased somewhat (primarily due to additional vehicles on the road and increased VMT), the result remains close to 400 million metric tonnes per year. This includes emissions from our facilities, emissions from current year vehicles and emissions from all Ford vehicles on the road. We have the most control over our facility emissions, which account for only about 2 percent of total life cycle vehicle CO_2 emissions, while we have the least control over the emissions of vehicles on the road, which account for about 90 percent of the total. More detail on the estimate is available on the Web. Because many assumptions are required to generate this figure, and we do not control all of the factors that influence its magnitude, we do not expect to use this estimate as an ongoing performance measure. We intend to continue to reduce our facility GHG emissions, improve the energy efficiency of our operations and the vehicles we sell, and closely track those results.

- We were the first U.S. automaker to offer a full hybrid vehicle, which was also the first hybrid from any automaker in the SUV segment.
- We have played a leading role in scientific research to establish the contribution of vehicles to climate change.
- We were the first in our industry to issue a standalone report on climate change, in late 2005. We continue to do comprehensive reporting on our GHG emissions.
- We were the first automaker to participate in carbon trading markets in North America and the UK.
- We were also the first to offset manufacturing emissions and offer customers an innovative way to offset emissions from use of their vehicle, as described in the Driver section on page 20.
- We were the first automotive company in the UK to install photovoltaics (solar panels) and onsite wind turbines to provide power to our manufacturing sites.

These "firsts" are backed up by a set of commitments covering our operations and products. (See box on this page.)

ADDITIONAL WEB CONTENT

www.ford.com/en/company/about/sustainability/2006–07/additional.htm

CLIMATE CHANGE-RELATED COMMITMENTS AND PROGRESS | KEY ✓ Achieved ❁ On track

COMMITMENT – PRODUCTS	TARGET	
European Automobile Manufacturers Association CO_2 commitment	EU new car fleet average of 140g/km by 2008; equivalent to 25% average CO_2 reduction compared with 1995[2]	❁
Australian Industrywide National Average CO_2 Emissions (NACE). Previously known as National Average Fuel Consumption (NAFC)	Voluntary target to achieve national average CO_2 emissions of 222 grams of CO_2 per km for light vehicles under 3.5 tonnes gross vehicle mass by 2010. Requires an overall reduction in average CO_2 emissions of 12% between 2002 and 2010	❁
Canadian Greenhouse Gas Memorandum of Understanding	Industry-wide voluntary agreement to reduce GHGs from the Canadian car and truck fleet by 5.3 megatonnes by 2010 compared to projected emissions	❁
COMMITMENT – OPERATIONS	**TARGET**	
Global manufacturing energy efficiency	Improve manufacturing energy efficiency globally by 1% year over year, following an improvement of more than 13% from 2000 to 2005. 2007 target is 3% improvement in global facility energy efficiency.	✓
UK Emissions Trading Scheme	UK operations to achieve 5% absolute reduction target over 2002–2006 timeframe based upon an average 1998–2000 baseline	✓
Chicago Climate Exchange	Reduce North American facility emissions by 6% between 2000 and 2010	❁
Greener Miles/Hybrid Offset	Voluntarily offset CO_2 emissions from manufacturing 2007 and 2008 MY hybrid electric vehicles	✓
Land Rover CO_2 Offset Programme	Voluntarily offset 2007 and 2008 CO_2 emissions from manufacturing facilities	❁
Alliance of Automotive Manufacturers	Reduce U.S. facility emissions by 10% per vehicle produced between 2002 and 2012	❁
Voluntary GHG Reporting	Voluntarily report facility CO_2 emissions to national emissions registries in Australia, Canada, Mexico and the United States	✓

[1] Fuel economy standards are functionally equivalent to CO_2 limits, because fuel economy is calculated by measuring the amount of CO_2 emitted by a vehicle.
[2] On track to achieve the target as of the 2003 checkpoint. Industry progress to date has already made a very significant contribution to the EU's overall efforts to address climate change. The industry has always said that the agreement represents one of the most challenging CO_2 reduction actions within the EU and that it is extremely ambitious, both technically and economically. Despite an increasingly adverse environment, Ford and the industry continue to work hard to move toward the 2008 target.

To plan and implement our strategic approach, we have established sustainability-related governance systems, which include a strong focus on fuel economy and CO_2 improvements. The strategic direction is provided by a senior executive forum, made up of vice president and executive stakeholders, who guide the development of the vision, policy and business goals.

A related executive planning team is responsible for developing detailed and specific policy, product and technical analyses to meet objectives. These teams base their plans on scientific data and promote actions that will achieve the Company's environmental ambitions, recognizing the need to use a holistic approach to effectively protect the environment. Metrics have been established and are reviewed regularly to ensure satisfactory progress.

The Environmental and Public Policy Committee of the Board of Directors is responsible for reviewing the Company's climate change strategy and actions. We have also developed strategic principles to guide our approach.

STRATEGIC RESPONSE

As the risks and opportunities posed by climate change have evolved, so has our approach to the issue. Our long-term strategy is to contribute to climate stabilization by:

- Continuously reducing the GHG emissions and energy usage of our operations
- Developing the flexibility and capability to market more lower-GHG-emissions products in line with evolving market conditions
- Working with industry partners, energy companies, consumer groups and policy makers to establish an effective and predictable market, policy and technological framework for reducing road transport GHG emissions

Operations

We have reduced our global operational energy use by 27 percent since 2000, as described in the Environment section of our full report on the Web. The U.S. Environmental Protection Agency recognized our energy conservation efforts with 2006 and 2007 Energy Star Partner of the Year awards, the first time an automaker has won in successive years.

Lower-GHG vehicles

We believe an integrated approach among all relevant stakeholders is needed to reduce GHG emissions from vehicles. Our shorthand for this, and the organizing framework for the discussion on the following pages, is "Vehicle + Fuel + Driver = GHG emissions." More recently, we have added government to the equation, recognizing the indispensable role of governments in coordinating actions across sectors, providing leadership in areas like infrastructure development to meet transportation demand and creating a harmonized legal and political framework that leverages market forces to lead to the desired result. The box on page 11 illustrates the respective roles of vehicle technologies and fuels in driving GHG emissions towards zero.

"We want to do our part in the effort to achieve climate stabilization. Market forces already indicate that we must continue to improve our fuel economy to stay competitive. We must all work together to ensure alignment among climate goals, market needs, and emerging policy and legislation."
For more commentary visit www.ford.com/go/sustainability

DERRICK KUZAK Group Vice President, Global Product Development

VEHICLE

Our product portfolio is the most important element of our strategy for contributing to a goal of climate stabilization.

ADDITIONAL WEB CONTENT
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Using this goal for guidance, we are exploring scenarios for the contribution needed by improvements to vehicle technologies. We have also worked closely with strategic partners to explore scenarios for the potential contributions of varying combinations of vehicle technologies and lower-carbon fuels. This analysis is being factored into our vehicle "cycle plan," which sets out the products and technologies we will make over the next five years as well as our longer-range product strategy and technology planning.

In the current to mid-term timeframe, we are improving the fuel economy and reducing the GHG emissions of the vehicles we offer by using a broad array of technologies, as discussed in the Advanced Clean Technologies section.

Over the past several years, our vehicle GHG emissions have improved significantly in Europe and modestly in the United States (see Data Overview on page 37). As seen in the box above right, our U.S. vehicles are competitive in fuel economy, ranking better than average in six of 11 categories, worse in four and the same in one.

At the portfolio level, the mix of vehicles we sell will continue to be dictated by the consumer's wants, but our move toward global product design and common platforms and technologies will help us offer greater fuel economy across a wide range of product designs.

A common global approach also allows us to leverage the intellectual and innovative capacity we have developed throughout the Company. For example, in 2006, Volvo announced the establishment of a new hybrid development center in Gothenburg, Sweden, complementing the expertise developed through the launch of Ford's North American hybrid vehicles. Also in 2006, we announced plans to invest £1 billion (approximately $2 billion) in developing environmental

FORD ESCAPE HYBRID

technologies in the UK. Over the next six years, Ford, Jaguar, Land Rover and Volvo will introduce more than 100 models and derivatives with improved fuel consumption and exhaust gases.

Our product plans for the longer term are shaped by a need for flexibility. We know that almost any scenario will call for reducing vehicle GHG emissions, but the future development of technologies, markets and political expectations are all uncertain.

Because of this, we are investing in a broad range of promising advanced powertrain technologies, including advanced gasoline engines; hybrids; diesel hybrids and other clean diesel technologies; biofueled vehicles; hydrogen internal-combustion engines; hydrogen fuel cell powertrains; and various combinations of these technologies, plus weight reductions. We are making steady progress in developing these technologies. For example, we have 30 fuel cell vehicles and 30 hydrogen internal-combustion engine vehicles on the road undergoing testing. Please see the Advanced Clean Technologies section on page 11 for more detail.

ADDITIONAL WEB CONTENT

www.ford.com/en/company/about/sustainability/2006–07/additional.htm

FUEL

The use of renewable fuels can reduce GHG emissions attributable to vehicle use. While current corn-based bio-ethanol production in the United States provides modest (approximately 20 to 30 percent) reduction in vehicle GHG emissions on a well-to-wheels basis, next-generation biofuels such as ligno-cellulosic bio-ethanol offer up to approximately 90 percent GHG reduction benefit.[1] Thus, building a substantial fleet of Flexifuel vehicles (FFVs) is a bridge to widespread use of lower-carbon biofuels in the future.

We have been a leader in developing and deploying affordable technology allowing vehicles to use renewable fuels. In Brazil, we have produced nearly 3 million vehicles with the ability to run on bio-ethanol. In the United States, we have produced more than 2 million FFVs since 1997 that can be fueled with either conventional gasoline or a blend of up to 85 percent bio-ethanol. We have committed to doubling the number of FFVs in our lineup by 2010. Assuming continuing incentives that encourage the manufacture, distribution and availability of renewable fuels and the production of Flexifuel vehicles, we stand ready to expand FFV output to 50 percent of total vehicle production by 2012.

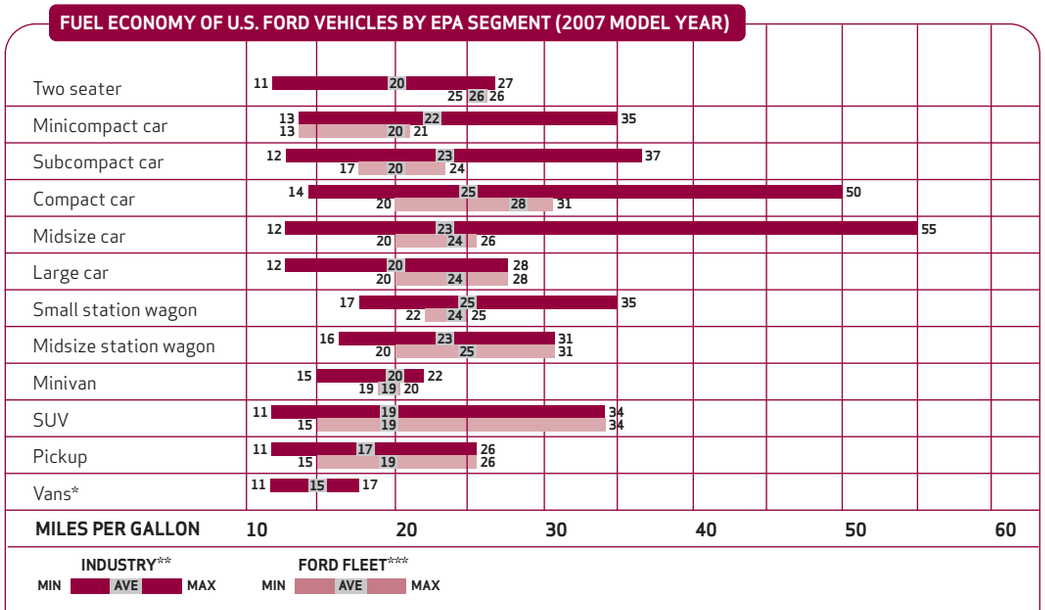
In Europe, Ford is an FFV market leader and pioneer. The Focus and C-MAX FFVs are presently on sale in 12 European markets, with more markets to come. Building upon the success of its FFVs, Ford of Europe has announced it will extend its FFV range by offering FFV versions of the new Mondeo, Galaxy and S-MAX in early 2008. Additionally Volvo presently markets three FFV vehicles (S40, V50 and C30) and has plans to introduce further derivatives in the next 12 months.

Through its range of alternative fuel vehicle technologies, and its range of low-CO_2 conventional vehicle technologies, such as its high-tech clean diesel technologies with among-best-in-class CO_2 performance, Ford is offering one of the broadest low-CO_2 vehicle portfolios in Europe today.

Alternative fuels pose a classic chicken-and-egg problem: automakers can produce a range of products to use fuels with varying carbon content, but the benefits are only realized if energy providers bring the fuels to market and consumers demand the vehicle and the fuel.

We are working with fuel producers to encourage development of E85 infrastructure in the United States through projects such as the Midwest Ethanol Fuel Corridor. Ford is also engaged in two pilot projects in Europe to test the potential large-scale introduction of bio-ethanol and FFVs.

FUEL ECONOMY OF U.S. FORD VEHICLES BY EPA SEGMENT (2007 MODEL YEAR)



* Due to a weight increase for the 2007 Model Year, the Ford Econoline Vans were not part of the CAFE calculation.
** EPA miles per gallon estimates were used to calculate the industry averages for all vehicles in each class.
***The Ford data are based on Corporate Average Fuel Economy (CAFE) test values adjusted downward by 15 percent to be equivalent to EPA estimates and better reflect real-world driving conditions for an average U.S. motorist.

[1] Ethanol: the Complete Lifecycle Picture, Office of Energy Efficiency and Renewable Energy, U.S. Department of Energy, March 2007

In the longer term, we believe that next-generation biofuels made from a variety of feedstocks, including agricultural wastes (particularly ligno-cellulosic material) will be an important part of the GHG emission reduction equation and will help address concerns about current-generation biofuels, including potential competition between food and fuel crops.

More details on our biofuels programs are available in the Advanced Clean Technology section of this report and our full Web report.

DRIVER

Paradoxically, the "driver" portion of the GHG emissions equation holds the potential for substantial reductions at minimal cost, but it is often overlooked. We focus on the driver because, ultimately, drivers decide which vehicles and fuels they will purchase and how those vehicles will be driven.

Since 2000, Ford has offered an "eco-driving" program through its German dealerships in partnership with the German Federation of Driving Instructor Associations and the German Road Safety Council. The program has documented the potential for up to a 25 percent improvement in fuel economy when drivers adopt conservation-minded driving and vehicle maintenance habits. During 2006, we built on this experience and rolled out a Web-based eco-driving program to all U.S. salaried employees. The eco-driving approach has also been incorporated into Driving Skills for Life, a teen driver education program (www.drivingskillsforlife.com). Eco-driving tips are available to the public at www.ford.com/en/goodWorks/environment/airAndClimate/ecoDrivingTips.htm.

ADDITIONAL WEB CONTENT

www.ford.com/en/company/about/sustainability/2006-07/additional.htm

We believe that our customers are concerned about vehicle GHG emissions and ready to help reduce them. As a complement to eco-driving, we are offering customers an innovative tool called carbon offsetting, which neutralizes the CO_2 emissions from one source by supporting projects that reduce emissions elsewhere by the same amount. Through our Greener Miles program, operated in partnership with TerraPass, Ford owners and customers can visit the program Web site (www.terrapass.com/ford), easily calculate the amount of GHGs created by driving their vehicle and learn more about climate change and how carbon offsetting works. They can offset, or neutralize, a year of their driving by purchasing a TerraPass customized to their vehicle and driving patterns. The proceeds – ranging from about $30 to $80 – are used to fund clean renewable energy production (like that from wind farms), which reduces GHG emissions by displacing coal-fired electricity from the power grid.

During 2006, the program's first year of operation, 23,000 people visited the site, one-third used the calculator and 361 purchased offsets. Together with offsets purchased by Ford to cover the manufacture of its 2007 MY hybrid vehicles, a total of 23,876 tonnes of GHG were avoided.

Our Land Rover brand has built upon the Greener Miles model by including three years' worth of carbon offsets in the purchase price of its vehicles in the UK. The program, developed and run in partnership with the NGO Climate Care, is part of an integrated approach that includes fuel economy improvements to the vehicles and offsets for all of Land Rover's manufacturing GHG emissions.

The offset cost of £85 to £165 (approximately $165 to $325) is included on the invoice to the customer and is clearly communicated by the dealer. This amount represents 45,000 miles (equivalent to three years' average driving). Land Rover tested the program with customers before its launch and found that they were prepared to play an active role.

The program, which began with the 2007 model year and will run for an initial three-year period, is projected to offset 2.5 million tonnes of CO_2 in total, including 600,000 tonnes related to manufacturing emissions and the balance to customer vehicle use. Following the success of the UK program, Land Rover is evaluating extension to other countries.

Land Rover selects offset projects in the areas of renewable energy, energy efficiency and technology change cooperatively with Climate Care, with consideration also given to the social and environmental benefits of the project. In March 2007, the first offset projects were announced, including providing run-of-river hydroelectric power to a remote area of Tajikistan and funding a wind farm in China.

MARKET, POLICY AND TECHNOLOGICAL FRAMEWORK

Addressing the linked issues of climate change and energy security requires an integrated approach – a partnership of all stakeholders, including the automotive industry, the fuel industry, government and consumers. It will also require the best thinking from all of these sectors.

Ford is involved in numerous partnerships and alliances with universities, coalitions, nongovernmental organizations and other companies to improve our understanding of climate change.

For example, Ford recently joined the United States Climate Action Partnership (USCAP), an alliance of major businesses and leading climate and environmental groups that have come together to develop an economy-wide, market-driven approach to reduce greenhouse gas emissions. The group believes that legislative action on the USCAP solutions-based proposal, entitled *A Call for Action*, would encourage innovation, enhance America's energy security, foster economic growth, improve our balance of trade and provide critically needed U.S. leadership on this vital global challenge.

We are also working closely with BP to explore vehicle and low-carbon fuel technologies. We are working with the World Resources Institute on the "EMBARQ" Istanbul project to reduce vehicle emissions and traffic congestion. We are a founding member of the Carbon Mitigation Initiative at Princeton University to study the fundamental scientific, environmental and technical issues related to carbon management. Our participation in these and other partnerships helps to formulate improved strategies for products and policies that will in turn help to address climate change and energy security.

We try to bring these perspectives to our participation in public policy development.

CLIMATE CHANGE PUBLIC POLICY

Everywhere we operate, we seek to be a constructive partner in developing policies that will be effective and efficient in reducing GHG emissions.

European policy

In 1999, ACEA (the European automobile manufacturers association) and the EU Commission signed an industry collective agreement in which the European automotive industry committed itself to voluntarily reduce the average fleet CO_2 emissions of its new cars sold in the EU. The target is 140 g CO_2/km by 2008, down from 185 g/km in 1995 as the reference year. Part of the agreement was to reach an interim target of 165–170 g/km in 2003, which was overachieved by the industry, but in the recent years, the progress has slowed down.

The auto industry's progress to date already represents a very significant contribution to the EU's overall efforts to address climate change. The industry has always said that the agreement represents one of the most challenging CO_2 reduction actions within the EU and that it is extremely ambitious, both technically and economically. Despite an increasingly adverse environment, Ford and the industry continue to work hard to move toward the 2008 target.

In February 2007, the EU Commission proposed its post-2008 CO_2 emissions reduction strategy for vehicles. Ford will continue to play its part to help further reduce CO_2 emissions from automotive sources; however, we believe the EU Commission's proposal focuses too much on vehicle technology, denying the fact that a broader range of means is available to reduce CO_2 emissions in a far more cost-effective way. We call on the Commission to adopt a more integrated approach than envisaged in the current proposal, as per the recommendations by the multi-stakeholder CARS21 High-Level Group. Involving all stakeholders – the auto industry, fuel suppliers, infrastructure providers, consumers and government – will result in larger and more cost-effective CO_2 emissions reductions from road transport.

U.S. Federal Policy

At the federal level, we believe that policies that put constraints on carbon need to include all sectors of the economy. They should encourage conservation and the introduction of lower-carbon and renewable-carbon fuels and energy sources, while increasing the demand for more energy-efficient products across all sectors at the lowest possible social cost and at a pace consistent with technology maturation, consumer demand and economic viability. Within the transportation sector, vehicles, fuels and fuel use must be addressed as a system. Policies need to encourage the use of biofuels and blends through favorable market signals and incentives, as well as encourage energy efficiency, carbon sequestration initiatives, offsets and credits across all phases of the energy value chain.

During 2006 and early 2007, we provided this perspective to policymakers in a variety of settings, stating our support for:

- Reduction programs based on upstream carbon trading systems that gradually reduce the limits on carbon introduced into the economy
- Market-driven incentives for advanced technology vehicles to increase their presence in the marketplace
- Working with the technical and safety experts at NHTSA to set standards at maximum feasible levels and to reform the CAFE system
- Specific federal policy measures to encourage ethanol infrastructure expansion as part of an integrated approach that includes support from fuel providers, fuel retailers and automakers

State level

In 2002, the California legislature passed a law directing the California Air Resources Board (CARB) to promulgate rules limiting greenhouse gas emissions from motor vehicles. In 2004, CARB voted to adopt a set of fleet average standards expressed in grams per mile of CO_2. Final rules incorporating these standards were adopted in 2005. The standards are set to take effect beginning with the 2009 model year and become increasingly stringent through the 2016 model year. Several other states, including New York, Connecticut, Massachusetts, Vermont, New Jersey, Pennsylvania, Rhode Island, Maine, Oregon, Washington and Maryland, have either adopted parallel regulations or are in the process of doing so.

Ford supports the reduction of vehicle CO_2 emissions and is working aggressively toward the development and implementation of real, market-based solutions. However, the entire automobile industry is united in opposition to the AB 1493 rules because they constitute state fuel economy standards. The federal CAFE law calls for a single, nationwide fuel economy program and prohibits individual states from adopting or enforcing regulations related to vehicle fuel economy standards. State-by-state regulation of fuel economy is unworkable because it raises the prospect of an unmanageable patchwork of state standards. Moreover, the AB 1493 regulations seek to impose a fuel economy task that is far more steep and severe than any that has ever been imposed in the history of CAFE. As time passes and the standards grow more stringent, many if not all manufacturers will have to severely restrict or eliminate sales of larger cars and trucks in order to maintain compliance. Even with our commitment to embrace innovative technologies, Ford would not be able to comply with these standards without restricting our product lineup over time.

In December 2004, the Alliance of Automobile Manufacturers filed an action in federal court in California seeking to overturn the AB 1493 regulations. Subsequently, similar cases were filed in Vermont and Rhode Island. All members of the Alliance (BMW, DCX, Ford, GM, Mazda, Mitsubishi, Porsche, Toyota and Volkswagen) supported taking this action. The Association of International Automobile Manufacturers (AIAM), whose membership includes Honda, Nissan, Aston Martin, Bosch, Delphi, Denso, Ferrari, Maserati, Hitachi, Hyundai, Isuzu, Toyota, Suzuki, Subaru, Renault, Peugeot, Mitsubishi and Kia, and the Japan Automobile Manufacturers Association, Inc. (JAMA) have since intervened in the litigation on the side of the Alliance. The legal argument being made by the automobile manufacturers in these cases is that state greenhouse gas regulations are functionally equivalent to fuel economy standards and therefore preempted by the federal CAFE law. The Vermont case went to trial in April/May of 2007, and a ruling in that case is expected in the summer of 2007. The California and Rhode Island cases are still pending. It is virtually certain that any ruling in these cases will be appealed by one side or the other, and thus it may be several years before the issue of federal preemption is fully resolved.

Human Rights

While Ford has long recognized the business and moral case for treating our employees and suppliers with dignity and respect, in 2000, human rights became a formal focus of our Company's sustainability agenda. At that time, we consulted with stakeholders, looked at the public's changing expectations for companies such as ours, and assessed the evolving landscape and competitive pressures in our industry. What we learned convinced us that developing explicit human rights policies and processes for our Company and suppliers was not only the right thing to do, but also a business imperative.

WORKING AT A FORD ASSEMBLY PLANT

Human rights refers to basic standards of treatment to which all people are entitled. It is a broad concept, with economic, social, cultural, political and civil dimensions. For Ford, this means ensuring that our products, no matter where they are made, are manufactured under conditions that demonstrate respect for the people who make them. It also means respecting the rights of people living in the communities around our facilities, and those of our suppliers, who may be affected by these operations.

ON THE WEB SITE
www.ford.com/go/sustainability

IN THE COMMUNITY SECTION

- Community impacts and engagement
- Investing in communities
- A tradition of giving
- Ford Volunteer Corps
- Human rights: complex and evolving challenges
- Human rights: summary findings of supplier assessments

HUMAN RIGHTS AT FORD

In 2003, following significant internal and external engagement, Ford adopted a Code of Basic Working Conditions, which articulates our commitments on key human and labor rights issues, and provides the foundation for our efforts in this area.

Since then, we have developed a range of processes to ensure that our own operations and those of our suppliers are adhering to the Code in practice, including integrating the Code and its supporting assessment process into Ford's Global Manufacturing Scorecard, a key tool we use to manage our manufacturing operations. This section provides information on key actions we took in 2006 to continue to integrate human rights into our operations, including:

- Revising our Code
- Assessing working conditions in Ford facilities and our supply chain
- Working with our suppliers to build their capacity on human rights
- Helping launch an industry-wide effort to address working conditions across the global supply chain

Additional information on Ford's approach to human rights is described on our Web site.

REVISING OUR CODE

In 2006, we revised our Code to include additional provisions that we felt were important to strengthen our efforts in this area, based on our experience implementing and assessing compliance with the Code. Specifically, we added commitments on "community engagement and indigenous populations," "bribery and corruption" and "environment and sustainability."

We also added explicit reference to – and our general endorsement of – several human rights frameworks and charters.

ADDITIONAL WEB CONTENT

www.ford.com/en/company/about/sustainability/2006–07/additional.htm

The revised Code reflects our increased understanding of the broad set of issues that fall under the umbrella of human rights. In particular, it seeks to articulate our commitments on several key issues that extend beyond the fenceline of our facilities and those of our suppliers – where we have focused the majority of our initial efforts on human rights – to include our impacts on the broader communities in which we operate. It is one of the key steps in our effort to take a more integrated approach to managing human rights and community issues. The revised Code was approved and was rolled out to employees and suppliers as a formal Policy Letter in 2007.

WORKING CONDITIONS IN FORD PLANTS

Following the adoption of our Code, our first step was to develop and implement a process for assessing our owned-and-operated facilities' compliance with the Code. Our next step was to expand that process to include majority- and minority-owned joint venture operations.

ADDITIONAL WEB CONTENT

www.ford.com/en/company/about/sustainability/2006–07/additional.htm

FORD FACILITY ASSESSMENT PROCESS

We have continued to refine the process for assessing Ford facilities' compliance with our Code since we conducted our first pilot assessment in late 2004.

Today, the process includes a questionnaire to be completed by facility management and a detailed review of documents related to the full range of working conditions issues (e.g., collective bargaining agreements, grievance procedure logs, employee hotline records, and health and safety audit reports). The findings of both of these serve as the basis for interviews with facility management.

Where procedures and/or documentation are lacking, or where we feel it would otherwise be valuable, the assessments also include facility visits. The findings of the assessments are initially shared with human rights organizations with which Ford works and then published on our Web site. We have sought the opinions of neutral third parties who have visited plants and/or reviewed the assessment process, and they have agreed that the process is robust and has integrity.

Since 2004, we have conducted a total of eight formal assessments of Ford facilities, three of which were in joint venture facilities. During 2006, we conducted assessments at our owned facility in Tamil Nadu, India, and at joint venture facilities in the Changan Ford plant in Chongqing, China, and Otosan Kocaeli, Turkey, in which Ford owns a 35 percent and 41 percent stake, respectively. The findings were generally consistent with those from previous assessments and confirmed that Ford's wholly and majority-owned facilities are operating in compliance with our Code. The full reports are available on our Web site.

ADDITIONAL WEB CONTENT

www.ford.com/en/company/about/sustainability/2006–07/additional.htm

NEXT STEPS

In 2007, we plan to conduct assessments in select Ford facilities in South Africa, Brazil and Russia. In addition to providing the usual insight into working conditions in these facilities, these assessments will give us our first opportunities to evaluate compliance with the new elements of our Code. For example, to better understand performance related to the added "community engagement and indigenous populations" element, we intend to engage with members of the local communities as part of planned site visits.

We are also taking steps to align the community engagement efforts related to our Code with our exploration of new approaches to personal mobility in developing countries. Specifically, we plan to conduct extensive stakeholder engagement with new and existing partners, community members and others to help us understand the mobility needs, opportunities and challenges in those locations.

WORKING CONDITIONS IN OUR SUPPLY CHAIN

Understanding and, where necessary, working with our suppliers to help improve working conditions in their facilities is another key focus of our human rights efforts. This is a major undertaking, as Ford has tens of thousands of supplier facilities globally. It is also a critical undertaking, as we have less control in suppliers' facilities than in our own, and sourcing is increasingly expanding to emerging economies.

The discovery in 2006 that pig iron made from slave labor in Brazil had found its way into our supply chain emphasized for us the complexity of this challenge. (Pig iron is used to make steel, one of the principal materials in automobiles.) When we learned of the situation, Ford immediately stopped sourcing from the site that was identified in the investigation and, subsequently, found a site in the United States for ongoing supply. We then identified all potential points of entry for pig iron in the Ford value chain and engaged with all relevant suppliers, seeking assurances from them that forced labor is not employed anywhere in their value chain. We also requested additional detail regarding their systems for safeguarding human rights throughout their operations. This situation underscored the importance of the major effort we have underway to assess, train and engage our suppliers on our Code and assist them in integrating the Code into their own policies and systems.

SETTING EXPECTATIONS FOR OUR SUPPLIERS

To reinforce our commitment to our Code, Ford's Global Terms and Conditions – our core contract covering all suppliers – reflects our specific working conditions requirements on the prohibition of the use of forced labor, child labor and physical disciplinary abuse. These requirements were added in January 2004 for production suppliers and in September 2005 for all others. We have provided a standard for these areas – the same as we use in our own facilities that supersedes local law if our standard is more stringent. The Global Terms and Conditions also prohibit any practice in violation of local laws.

ADDITIONAL WEB CONTENT

www.ford.com/en/company/about/sustainability/2006-07/additional.htm

SUPPLIER ASSESSMENT AND TRAINING PROGRAM

Over the past several years, we have developed and continued to refine a supplier assessment and training program. Assessments consist of a detailed questionnaire, document review, factory visits, and management and employee interviews, and are conducted with the assistance of external auditors. Since 2003, we have conducted nearly 400 assessments of existing and prospective suppliers in nine countries.

In 2006, we conducted assessments and training sessions in India, Turkey, Russia, Romania and China. We also conducted follow-up assessments in Mexico, where we had held training sessions the previous year. The findings from the assessments in 2006 were generally consistent with those we had previously conducted in China and Mexico. Namely, they identified a wide range of general health and safety issues, several wages and benefits issues, and a limited number of other types of noncompliance. (See data table on page 27.)

ADDITIONAL WEB CONTENT

www.ford.com/en/company/about/sustainability/2006-07/additional.htm

400

assessments of existing and prospective suppliers in nine countries since 2003

We continue to focus on the 17 countries we had previously identified as having higher risks of substandard working conditions (see chart at right.) Among those countries, locations are prioritized based on production and sourcing trends; sales trends; and relative perceived risk based on the input of human rights groups, companies' experience and other geopolitical analysis.

While we initially focused the bulk of our efforts on the assessment component, our experience has convinced us that while assessments are a useful tool as part of a larger program, they should not be our main emphasis. Rather, we have

AUTOALLIANCE PLANT IN RAYONG, THAILAND

learned that we can better understand the conditions of each facility – and help improve conditions where needed – when we engage with suppliers in a more interactive, collaborative way.

This process – focused on training and education – may mean that in some cases suppliers will be in noncompliance while they work to meet our standards. However, we continue to engage with cooperative suppliers to develop and implement appropriate corrective action plans. In this manner, we also have an opportunity to encourage change throughout the tiers of suppliers and affect positive change more broadly.

BUILDING SUPPLIER CAPACITY

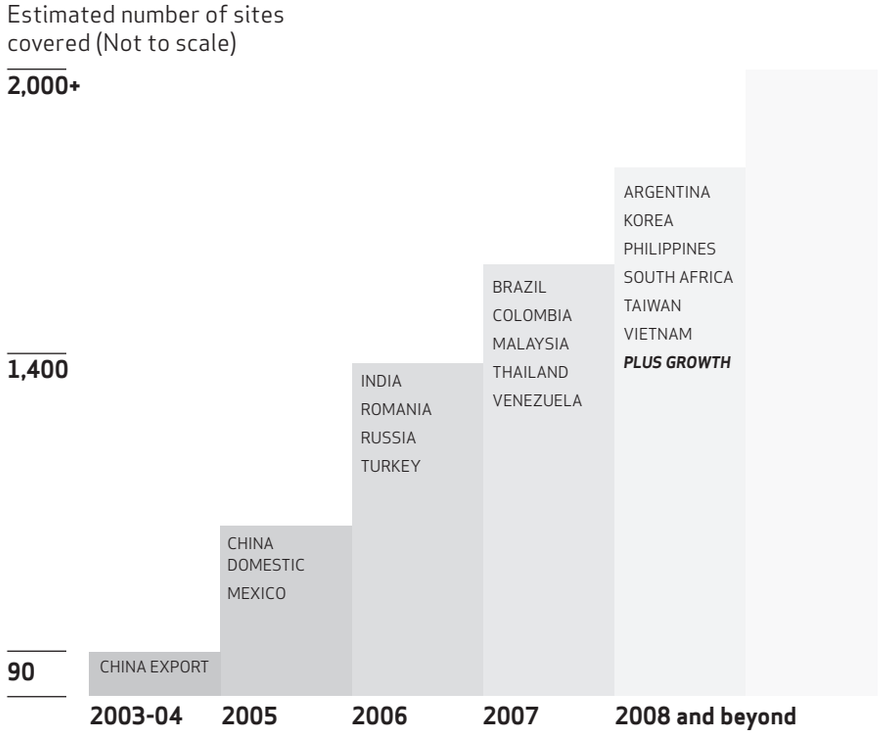
Our primary focus now is building capacity among suppliers by developing and conducting tailored training programs. The locally customized workshops emphasize interpretation and application of legal standards and international best practice rather than a simple review of labor law and expectations. The interaction with managers from the Human Resources, Health and Safety, Labor Affairs and Legal departments of participating companies allows for a two-way learning experience touching on the areas of interest for each company. Material for the training workshops is developed by Ford and typically delivered by the Automotive Industry Action Group, a member-based, nonprofit industry group that will be offering industry-wide working conditions training in select markets in 2007.

As of the end of 2006, 755 managers from 534 different supplier companies in nine countries had completed a full day of training. These suppliers have now moved on to the process of assessing their facilities for compliance with local law and Ford expectations, and completion of the final stage of the program, which is communication to both personnel and suppliers on the topic of working conditions expectations.

EXPANDING THE PROGRAM WITH OUR GLOBAL STRATEGIC SUPPLIERS

Over the last year, one of our central areas of focus has been to embed our supplier working conditions expectations into our new strategic supplier strategy – called the Aligned Business Framework – and to communicate these expectations to our suppliers. The Aligned Business Framework emphasizes longer-term, more collaborative relationships with a set of Global Strategic Suppliers. Through this approach, we also saw an opportunity to strengthen and expand the ways in which we engage with our suppliers on human rights.

EXPANDING OUR APPROACH



TAILORING OUR APPROACH

Laws, culture and customs vary in the different countries in which our suppliers are located. To ensure compliance with our Code of Basic Working Conditions in each of these countries, our practice is to:

- Build an understanding of the market by consulting with sourcing experts, our internal network and a network of NGOs with expertise in human rights
- Analyze local laws and compare them to our Code, using internal and NGO legal experts
- If local laws are absent or lacking, analyze international best practices to select a recommended approach
- Develop training materials tailored to the market
- Adapt our assessment approach for the market
- Conduct pilot assessments
- Evaluate assessment results to identify where issues are arising and get feedback on the assessment process
- Use the feedback to revise the assessment and training process

SUPPLY CHAIN PROFILE

PRODUCTION
(Anything that is part of the vehicle)

60+
Countries in which suppliers are located

30
Emerging markets in which suppliers are located

17
Emerging markets considered to have risks of substandard working conditions
These countries were identified as higher risk based on consultation with NGOs, other companies with human rights experience, local Ford operations, and various media and government reports.

107[1]
Ford manufacturing sites

2,000+
Supplier companies

7,500+
Supplier manufacturing sites

130,000
Parts currently being manufactured

250+
Production commodities to manage

NONPRODUCTION
(Anything that is not in the vehicle such as services, marketing, construction, computers, industrial materials, health care, machinery, trains)

9,000+
Supplier companies

500+
Nonproduction commodities

TOTAL GLOBAL BUY

$90+ billion

[1]As of year end 2006

As part of the Aligned Business Framework, Ford's Global Strategic Suppliers explicitly commit to manage and assure proper working conditions in their facilities and in their sub-tier suppliers' facilities. In addition to complying with Ford's Global Terms and Conditions, this means we expect suppliers to develop:

- Their own working conditions code (if they do not have one already), aligned with Ford's Code of Basic Working Conditions
- Internal training and compliance processes
- Training and compliance processes for their sub-tier suppliers

As a first step in rolling out this new program, we have distributed a questionnaire to Global Strategic Suppliers to help us understand how their policies, processes and programs align with Ford's Code. Initial findings suggest that few respondents already have consolidated processes driven by stand-alone codes. However, the majority have policies or programs in place to manage some or all elements of Ford's Code – and, indeed, some do have consolidated processes, including those that extend beyond their own operations into those of their supply chain.

Ford has committed to providing suppliers with a range of support and assistance based on our experience in this area. We have developed an in-depth resource guide to give suppliers information and background on human rights generally, and on the development of their own codes, specifically. We have also offered to share the training materials we have developed, as well as information on our compliance and training processes. Finally, we have committed to working with suppliers to help resolve issues and concerns, rather than to issue automatic exclusions.

We are particularly excited about this new phase, which represents a further shift from a top-down, compliance-focused approach to managing human rights issues in our supply chain to a more collaborative, in-depth one. In our view, it will help embed ownership of human rights issues throughout our value chain, and lead to the development of more robust, sustainable human rights programs.

MEASURING PERFORMANCE

The shift toward greater emphasis on tailored training and engagement versus assessments is inherently more qualitative than quantitative. This has meant a reevaluation of our approach to collecting and managing data. We have begun collecting new data on training. Additionally, as our systems mature, we are working to develop new indicators that are more reflective of performance, rather than just process. Finally, we have taken steps to better align the data we provide with that used elsewhere in the Company to ensure it is useful and accessible to people within our business. While we have made progress developing – and remain committed to – a data tracking and reporting system, we are also looking for ways to streamline the data collection process, targeting those indicators that are of highest value to us and our stakeholders. (See data table on page 27.)

NEXT STEPS

In 2007, we plan to launch supplier assessments and training programs in Brazil, Colombia, Malaysia, Thailand and Venezuela. In addition, as part of the working conditions efforts under the Aligned Business Framework, we plan to work with our Global Strategic Suppliers to assist them in developing their own codes and/or expanding their programs or processes, where needed, to ensure they meet Ford's working conditions expectations.

TAKING ACTION AS AN INDUSTRY

Despite the progress Ford has made implementing systems to ensure proper working conditions in our and our suppliers' facilities, we recognize that there are limitations to what Ford alone can do. The long-term sustainability of these efforts depends on the active participation of all parties in the value chain – from the original equipment manufacturers (OEMs) such as Ford, to the suppliers themselves, to the government agencies that set and enforce the regulations governing operations. Such collective action will not only minimize costs and increase efficiency for OEMs and suppliers alike, but also lead to further-reaching impact than individual companies taking steps in isolation.

"It is abundantly clear that the entire industry must work together to enhance working conditions and cascade these concepts through the supply chain. One of our roles as a tier one supplier of automotive parts is helping the second- and third-tier suppliers understand the need for, as well as the value of, better working conditions."
For more commentary visit www.ford.com/go/sustainability

DAVID DUESTERBERG Director, Health, Safety and Environment for Automotive Experience North America, Johnson Controls, Inc.

AUTOMOTIVE INDUSTRY ACTION GROUP INITIATIVE

In 2006, Ford was pleased to be among a group of major automakers and suppliers that announced the launch of a collaborative, industry-wide project focused on advancing a shared vision and promoting decent working conditions throughout our supply chains. The effort is coordinated by the Automotive Industry Action Group (AIAG) in partnership with Business for Social Responsibility (BSR), a nonprofit organization that works with companies to advance responsible business practices. BSR received a $185,000 grant from the U.S. State Department to help support the project. Ford has contributed an "executive on loan" – the global manager of our supply chain sustainability group – to AIAG to support the project and facilitate sharing what we have learned from working on these issues within our own operations.

PROGRESS AND PLANS

Project participants have established a set of guiding statements to create a shared industry voice on key working conditions issues. The statements cover the core elements of individual companies' codes and policies, joint codes created by other industries and key international standards. The elements include child labor, forced labor, freedom of association, harassment and discrimination, health and safety, wages and benefits, and working hours.

Another key objective of the project is to develop country-specific training sessions that can be delivered by the AIAG. The sessions will be particularly targeted toward suppliers that are shared by multiple automakers. The initial areas of focus will be China and Mexico, with plans to conduct the first sessions in those regions by mid-2007.

Going forward, project participants plan to explore other areas of cooperation, including developing training tailored to other regions. Additionally, they intend to engage with others in the industry to continue to expand membership in the effort.

WORKING CONDITIONS ASSESSMENT STATUS FOR SUPPLY CHAIN

Working Conditions Assessments (as of 12/31/06)	AMERICAS	ASIA	EUROPE	GLOBAL TOTAL
Total violations per region	784	2,544	201	3,529
Average violations per assessment	14.8	11.9	11.2	12.4
Assessments completed to date	53	214	18	285
Follow-up assessments completed to date (third party and/or internal)	32	99	0	131

Working Conditions Training (as of 12/31/06)	AMERICAS	ASIA	EUROPE	GLOBAL TOTAL
Training sessions completed to date	11	5	5	21
Total number of attending companies	245	146	143	534
Total number of trained managers	399	198	158	755

Americas: Mexico and Central America (Dominican Republic, Honduras, Nicaragua)
Asia: China, India
Europe: Romania, Russia, Turkey

While the general findings were consistent with previous years, 2006 saw an increase in the total number of issues identified. We believe that reflects the fact that Ford has become more skilled at identifying potentially at-risk facilities – and thus targeting them for assessments – rather than an actual decline in suppliers' performance.

Vehicle Safety

We are continuously enhancing the safety of our vehicles through the sharing of research and technologies across brands and regions.

FORD FOCUS CRASH TEST

Others have recognized the results of our efforts. In 2006, we again earned high marks for safety from the U.S. National Highway Traffic Safety Administration (NHTSA), the Insurance Institute for Highway Safety (IIHS) and the European New Car Assessment Programme (EuroNCAP).

Also, the volume of vehicles affected by safety-related recalls dropped, from more than 6 million units in 2005 to 1.7 million units in 2006.

ON THE WEB SITE
www.ford.com/go/sustainability

IN THE SAFETY SECTION

- Workplace health and safety management and performance
- Vehicle safety
  - Safety management
  - Advanced technologies
  - Partnerships
  - Volvo S80 case study

CONTEXT

Traffic safety is a growing public health challenge, particularly in developing countries. Worldwide, approximately 1.2 million people die each year in traffic accidents. The vast majority of those fatalities – more than 1 million – occur in countries with low- and middle-income economies.

The World Health Organization reports that traffic accidents were the ninth leading threat to global public health in 1990, but such accidents are expected to rise to the third leading threat by 2020. All of that projected increase is forecasted to take place in low- and middle-income countries; high-income countries are actually expected to see a decrease of 30 percent in traffic deaths between 2000 and 2020.

ADDITIONAL WEB CONTENT
www.who.int/world-health-day/2004/infomaterials/world_report/en/

This critical global challenge requires holistic solutions including infrastructure improvements, the modification of road user behavior and the enforcement of traffic laws, as well as continued improvements in vehicle safety.

We at Ford continue to take seriously our responsibility to build safe vehicles. Increasingly, we have also become more involved in finding new and innovative ways to modify road user behavior (for example, through new technologies and driver education efforts) and to encourage infrastructure and enforcement improvements in the communities in which we operate. This section details our latest efforts and achievements in all of these areas.

SAFETY MANAGEMENT

Our objective is to provide our customers with vehicles that achieve high levels of vehicle safety for a wide range of people over the broad spectrum of real-world conditions. Real-world safety data, research, regulatory requirements and voluntary agreements provide much of the input into our safety processes, including our Safety and Public Domain Design Guidelines, which are Ford's stringent internal targets that exceed regulatory requirements. Ford utilizes engineering analysis, extensive computer modeling and its crash-test facilities – including our state-of-the-art Safety Innovation Laboratory in Dearborn, Michigan and the Volvo Car Safety Centre in Gothenburg, Sweden – to evaluate the performance of vehicles and individual components. These evaluations help to confirm that our vehicles meet or exceed regulatory requirements and our even more stringent internal guidelines.

SINCE OUR LAST REPORT

- 18 Ford vehicles received five-star ratings for frontal and side impact from NHTSA in its 2007 U.S. New Car Assessment Program (NCAP) ratings.
- The IIHS awarded 22 Ford vehicles with "good" ratings for frontal offset performance in crash tests, and singled out three vehicles – the brand-new Ford Edge and Lincoln MKX, as well as the Volvo XC90 – as Top Safety Picks.
- Recent EuroNCAP assessments of the Ford Focus, S-MAX and Galaxy resulted in best-in-class ratings for adult and child occupant protection. Ford now has three of seven highest-rated vehicles ever tested by EuroNCAP. The Galaxy achieved the highest score possible for a right-hand-drive vehicle.
- In 2007, the Land Rover Freelander 2 received the EuroNCAP best-in-class rating for a small off-road vehicle for adult occupant protection. This vehicle is also among the highest-rated in its class for child occupant protection.

PEDESTRIAN SAFETY – THE JAGUAR XK150

In 2006, Jaguar received the Traffic Safety Achievement Award in the Automaker Category from the World Traffic Safety Symposium for the new Jaguar XK's Pedestrian Impact Safety System. Jaguar's award was due in large part to the 2006 XK's pyrotechnic deployable bonnet system – an all-new, industry-leading feature that was created to meet Phase One of the new European safety legislation on pedestrian safety and vehicle fronts.

The European standards are designed to help mitigate the severity of injuries to pedestrians in traffic accidents. In the 1980s, researchers at NHTSA in the United States observed a potential link between under-hood clearance and risk of head injury to pedestrians. In the unfortunate event of a pedestrian impact, the XK's unique deployable hood automatically "pops up" a few inches, to increase the space between the engine and the hood. This helps to isolate the pedestrian from hard points in the engine compartment and provides room for the hood to deform upon head impact, thus absorbing impact energy and helping to reduce head injury risk. An advanced sensing system is mounted in the front bumper to help discriminate between a pedestrian collision and any other possible front-end collision.

JAGUAR XK150

SAFETY PERFORMANCE

Vehicle safety is the product of complex interactions among the driver, the vehicle and the driving environment. We use the Haddon Safety Matrix (developed by William Haddon, a former NHTSA administrator and IIHS president) to take a holistic view of the factors that affect automotive safety. The Haddon Matrix looks at injuries in terms of causal and contributing factors, including human behavior, vehicle safety and environment. Each factor is then considered in the pre-crash, crash and post-crash phases.

HUMAN BEHAVIOR

The U.S. Department of Transportation reports that human factors cause or contribute to more than 90 percent of serious crashes. In the pre-crash stage, drivers can try to avoid crashes by practicing safe driving. Drivers can help reduce the risk of injury in the crash and post-crash phases by always properly using safety equipment such as safety belts. Ford Motor Company provides information, educational programs and technologies to assist in promoting safe driving practices.

Ford continued its commitment to educating young drivers about safer driving in 2006 and 2007 through Driving Skills for Life, our national education program for teens. This program earned Ford the 2007 Traffic Safety Achievement Award for Community Service from the World Traffic Safety Symposium at the 2007 New York Auto Show. (For more about the program, see the case study on page 31.)

To promote more effective child passenger safety practices in Latino communities around the United States, Ford Motor Company Fund helps to support *Corazón de Mi Vida*, a bilingual and bicultural educational program developed by the National Latino Children's Institute (NLCI) and NHTSA.

In addition, Ford continues to lead the industry in promoting safety belt use through its Beltminder™ system, an industry-first innovation that uses technology to influence the behavior of drivers and vehicle occupants by prompting them to buckle their safety belts. In the United States, and many regions outside of North America where regulations permit, Beltminder™ for the driver's seat is standard equipment on all Ford Motor Company vehicles.

An important element of our research into human behavior is VIRTTEX – our VIRtual Test Track EXperiment simulator. Ford has publicly released data from two major VIRTTEX studies – one on driver distraction and one on the effects of drowsy driving. The findings from these studies are being used to develop technologies that help drivers avoid crashes.

Ford also has been working to research and help improve driver behavior factors on a global basis. In China, for example, Ford is cooperating with the China Automotive Technology and Research Center and the Chinese Ministry of Public Security to launch a new project that aims to provide accurate and scientific data for research into road safety in China.

HADDON SAFETY MATRIX

	HUMAN BEHAVIOR	VEHICLE SAFETY	ENVIRONMENT
PRE-CRASH (ACCIDENT AVOIDANCE)	Research Education Advocacy	Crash avoidance Security	Road design for accident avoidance Traffic control
CRASH (OCCUPANT PROTECTION)	Technology and proper use	Crashworthiness	Road design for injury mitigation Research
POST-CRASH (INJURY MITIGATION)	Telematics	Automatic crash notification	Emergency medical services
EXAMPLES OF FORD ACTIONS (DETAILED IN THIS SECTION)	VIRTTEX Simulator Driving Skills for Life Beltminder™	Roll Stability Control™ Personal Safety System™ Safety Canopy™ Automatic crash notification	Global Road Safety Partnership

DRIVING SKILLS FOR LIFE

Established in 2003 by Ford, the Governors Highway Safety Association and a panel of safety experts, Driving Skills for Life is a program that helps youngsters develop the skills necessary for safe driving, beyond what they learn in standard driver education programs. This program earned Ford the 2007 Traffic Safety Achievement Award for Community Service from the World Traffic Safety Symposium.

Vehicle crashes are the number one killer of teenagers in America. According to the National Highway Traffic Safety Administration, nearly 7,000 teens die annually in automobile crashes in the United States. Studies demonstrate that crash rates decline considerably as young drivers gain experience. Driving Skills for Life helps young drivers improve their skills in four key areas that are factors in more than 60 percent of teen vehicle crashes: hazard recognition, vehicle handling, space management and speed management.

Driving Skills for Life provides outstanding learning tools, including a DVD, printed materials and a newly redesigned Web site (www.drivingskillsforlife.com) that features stunning graphics, upbeat music and interactive features (such as simulation games) that help young drivers improve their ability behind the wheel. The content was also upgraded in 2006 with information about eco-driving, car care tips and information for mature drivers.

Driving Skills for Life also reached up to 90,000 individuals through in-person events in 2006, including a four-day Summer Camp for new drivers, a ride-and-drive event for teens near Orlando, and displays and presentations at 14 conferences or other events.

Finally, 2006 also saw the release of a 30-minute documentary on Driving Skills for Life, which was made available to public television stations, including PBS, via satellite.

Driving Skills for Life opened its 2007 season in January with a ride-and-drive event in Sacramento, at which 300 students honed their driving skills on challenging driving courses under the supervision of a team of professional instructors. In February 2007, Ford partnered with KDKA-TV (the CBS affiliate in Pittsburgh) and Westfield Insurance to announce a new partnership to assist young drivers in Pittsburgh and western Pennsylvania called *Taking the Lead*, based on Driving Skills for Life. Furthermore, a Driving Skills for Life program was launched in Tazewell County, Illinois, in March. Tazewell County has lost 15 teens in car crashes in just over a year, and the Driving Skills for Life "Operation Teen Safe Driving" program is designed to be an intensive two-month immersion into teen safe-driving issues.

10,000TH FORD CRASH TEST

VEHICLE SAFETY

PRE-CRASH/ACCIDENT AVOIDANCE

A variety of new technologies, in addition to a vehicle's basic handling and braking capabilities, can help a driver avoid accidents.

One new Ford innovation is the next generation of adaptive headlamps. With a unique two-part optics package, the Adaptive Front Lighting System (AFLS) is an industry breakthrough that allows drivers to see better at night around curves in the road. Most cornering, or swivel, lighting systems are one-piece modules that turn as a single unit with the vehicle as it approaches a curve. In contrast, the AFLS incorporates two independent light sources: a high-output halogen projector for the main beam and a secondary row of light-emitting diodes that illuminates almost instantaneously, distributes the light beam evenly, and consumes less power than conventional lights. The AFLS is now available on the 2007 Lincoln MKX.

All-wheel drive (AWD) and four-wheel drive (4WD) can also help drivers negotiate difficult driving conditions by utilizing the available traction at both the front and rear wheels to help keep the vehicle moving during slippery or snowy conditions. Ford has been expanding its offerings of these important features and now offers AWD or 4WD on all SUVs and light trucks, including all Land Rovers. For 2007, AWD is also offered on the following passenger cars and crossovers: the Ford Five Hundred, Freestyle, Fusion and Edge; the Mercury Montego and Milan; the Lincoln MKZ and MKX; the Jaguar X-Type; and the Volvo S40, S60, S80, V50, V70 and XC70. AWD is also offered in Australia on the Ford Falcon and Territory.

Our industry-leading innovation known as Roll Stability Control™ (RSC) continues to give drivers more confidence in emergency situations. Ford and its global brands have built 4 million vehicles globally with electronic stability control systems. To date, more than 1 million of those vehicles feature AdvanceTrac® with Roll Stability Control™, which actively measures and helps control both yaw and roll movements. RSC was first introduced on the 2003 Volvo XC90 and is now standard equipment on the Ford Explorer, SportTrac, Expedition, Edge and new 2008 Escape, as well as E-series Wagons equipped with the 5.4L engine. It is also standard on the

Mercury Mountaineer, the new 2008 Mariner, Lincoln Navigator and Lincoln MKX. Ford is also developing the next-generation regenerative braking system for the 2009 Escape Hybrid and Mariner Hybrid to be compatible with RSC.

Ford has developed numerous additional innovations to help the driver avoid accidents, including several technologies that use forward-looking radar and vision sensors. For example, the new technologies available on the all-new 2007 Volvo S80 include Adaptive Cruise Control, Collision Warning with Brake Support, and the Blind Spot Information System, among others.

ADDITIONAL WEB CONTENT

www.ford.com/en/company/about/sustainability/2006–07/additional.htm

CRASH/OCCUPANT PROTECTION

Many factors influence a vehicle's crashworthiness, including the design of the vehicle's structure to absorb impact energy and the use of passive safety equipment such as air bags. To help protect drivers and passengers in the event of a crash, our newest technologies further enhance the performance of safety belts and air bags, and provide additional occupant protection in side crashes and rollovers.

The Ford Personal Safety System™ helps reduce the risk of injury to the driver and front passenger in the event of a moderate to severe frontal collision. The system is designed to adjust the deployment of the front air bags to enhance protection for front-seat occupants. It accomplishes this with the help of crash severity sensors, safety belt usage sensors, dual-stage driver and front-passenger air bags, a driver's seat position sensor and front outboard safety belt pretensioners. The Personal Safety System™ is standard on many Ford vehicles in the United States.

The 2007 Ford Explorer and Mercury Mountaineer are equipped with numerous standard advanced safety technologies to help meet our stringent internal requirements to enhance occupant protection. For example, in the event of a frontal crash, a variety of technologies work together as a system to engage innovative safety features in milliseconds to help protect the driver and passenger. In addition, side-impact air bags for the driver and front passenger, mounted in the outboard side of each front seat, enhance chest-area protection in the event of a side-impact crash and are standard on all models. Door armrests and door trim provide additional abdomen and lower torso cushion, and a four-inch-thick foam block inside each door helps to manage side-impact forces on the occupants' hips. The all-new 2007 Volvo S80 includes a long list of innovations in occupant protection, which are discussed in the case study on our Web site.

In Europe, Ford has been at the forefront of industry efforts to attempt to develop feasible and effective measures to help reduce pedestrian injuries and fatalities. This is discussed in the case study on page 29.

ADDITIONAL WEB CONTENT

www.ford.com/en/company/about/sustainability/2006–07/additional.htm

POST-CRASH/INJURY MITIGATION

One method of assisting emergency responders to reach the scene of a vehicle crash quickly is through in-vehicle emergency call systems, also called automatic crash notification. These systems enable a driver to summon assistance in an urgent situation either automatically (if, for example, an air bag deploys) or at the touch of a button. The Volvo On Call system – a GSM- and GPS-based emergency and assistance system – is currently sold in seven European countries, and Volvo is the first OEM to have the service working across borders in 13 European countries.

NEW SAFETY CERTIFICATION TEST LAB

DRIVING ENVIRONMENT

The driving environment includes physical infrastructure (roads, signs, traffic lights, etc.) and the condition and maintenance of that infrastructure. Increasingly, information technologies play a role in the driving environment – for example, by controlling the timing of traffic lights. All of these factors have an enormous influence on traffic safety.

Safety challenges related to the driving environment vary between countries and between developed and developing economies. Around the world, we work with government agencies and private-sector partners to promote road safety.

In late 2004, working in partnership with General Motors, Honda, Michelin, Renault, Shell and Toyota, we helped to found the Global Road Safety Initiative (GRSI). The purpose of the GRSI is to transfer best practices, with the objective of reducing accidents and building capacity in developing countries to manage road safety. Projects include educational outreach to increase safety belt and helmet usage rates and training aimed at improving roadway design. The participating companies have pledged $1 million each over five years to fund projects in China, ASEAN countries and Brazil.

In 2003, Volvo partnered with the Thailand Department of Highways and the Global Road Safety Partnership to establish the Thailand Accident Research Center (TARC). Thailand has the dubious distinction of having one of the highest traffic fatality rates in the world. TARC has two main objectives: first, to build a database of knowledge gleaned from local accident experience, and second, to provide policy makers with information to help them prioritize traffic safety solutions and ultimately reduce the number of accidents.

$65 million

investment in advanced vehicle testing technology

In Europe, Ford has also been taking a leadership role in two major accident research activities, in cooperation with public bodies. These include the German In-Depth Accident Study and the UK's Car Crash Injury Study. Ford sees these two different but complementary studies as key components of its policy of data-driven decision-making, both internally to ensure that our safety strategy is targeted at the most productive areas, and externally to help governments focus their rulemaking attention on genuine safety issues, where they can make a difference.

FUTURE TECHNOLOGIES

Engineers across the Ford Motor Company brands are creating technologies to help drivers avoid accidents and help protect occupants during a collision. Ford's state-of-the-art safety testing facility in Dearborn, Michigan, known as the Safety Innovation Laboratory, is helping to drive these innovations. The laboratory is part of a $65 million investment in advanced vehicle testing technology that is expected to deliver faster, more accurate and more efficient testing, in order to accelerate the introduction of new safety technologies to the marketplace.

FORWARD-LOOKING RADAR AND VISION SENSOR TECHNOLOGIES

Together with Volvo, Ford is developing a suite of accident avoidance features that use forward-looking radar and vision sensors. These features are being developed to help forewarn drivers of potentially dangerous situations, such as an unintended lane departure, following too closely to a car in front, or a pedestrian who might have walked into the path of a car. Several of these technologies are now available on the 2007 Volvo S80 and are detailed in the case study in the Web version of this report.

ADDITIONAL WEB CONTENT

www.ford.com/en/company/about/sustainability/2006–07/additional.htm

"Automakers can and should become more involved in improvement of road safety in the developing nations. We must work with local governments and NGOs to craft real solutions to their countries' mobility problems. We need to communicate responsible vehicle use. And we must take responsibility for the cars that we put on the road."
For more commentary visit www.ford.com/go/sustainability

INGRID SKOGSMO Director, Volvo Cars Safety Centre, Volvo Car Corporation, Gothenburg, Sweden, Chair of Global Road Safety Partnership

Driver Alert and Lane Departure Warning systems are among several advanced technologies being developed. Driver Alert aims to combat driver fatigue, which is a major traffic-safety problem throughout the world. This world-first innovation analyzes a car's progress on the road and alerts the driver before he or she falls asleep. Driver Alert uses a camera, sensors and a computer processor to monitor the vehicle's movements and assess whether it is being driven in a controlled or uncontrolled manner. This patented method is unique among vehicle manufacturers, and has been tested both on the road and in simulators with excellent results and very high dependability. Driver Alert is expected to be available on production vehicles in two years.

Lane Departure Warning uses a forward-looking camera to continuously monitor the road and keep track of where the car is in relation to the lane markings. If the driver loses concentration and the vehicle's wheels move outside the lane markings, a warning chime alerts the driver. Lane Departure Warning has been demonstrated on various concept vehicles but is not yet available on production models.

Sustaining Ford

To sustain our Company, meet our responsibilities and contribute to tackling global sustainability issues, we must operate at a profit. During 2006, we reported a $12.6 billion loss, primarily due to restructuring costs, and took a series of actions to restore the Company to profitability, including closing manufacturing facilities and reducing our workforce. In our full Web report and in Ford's financial publications, you will find more information on these actions. In this report, we focus on two key topics because of their broad interest to stakeholders and impact on the Company's financial health: managing downsizing and Ford's legacy health care costs.

KANSAS CITY ASSEMBLY PLANT

MANAGING DOWNSIZING

We are keenly aware of the interconnections between our Company and its employees, its business partners and the communities in which we operate.

Our investment in manufacturing facilities and our employment of hundreds of thousands of people has helped to build and sustain vibrant, stable communities. We value this contribution, so it is painful to restructure our North American operations. Because of our commitment to our employees and communities, it is critical that we handle the downsizing in a responsible way. Some of the steps we have taken to do this are detailed below.

WORK FORCE REDUCTION

Responding to continued deterioration in business conditions, in September 2006 we announced plans to speed up capacity and work force reductions, accelerating by four years the timing for completing our previously announced goal of reducing the number of our North American manufacturing employees by 25,000–30,000. As part of this reduction, we have announced plans to idle 16 North American manufacturing facilities, including seven vehicle assembly plants, by the end of 2012.

During 2006, all of our UAW-represented hourly employees were offered the opportunity to leave the Company. As an incentive, we offered these employees eight different voluntary packages to select from, including four traditional offers (such as early retirement) and four innovative programs designed to help employees' transition to new jobs requiring new skills.

For example, Ford is offering specialized support to employees who elect to separate from the Company to attend college. Pursuant to our Educational Opportunity Program, hourly U.S. employees with at least one year of service were eligible for up to $15,000 in tuition reimbursement per year for up to four years, paid directly to an approved college or vocational school. The program also offered a stipend and continued health insurance and other benefits.

ON THE WEB SITE
www.ford.com/go/sustainability

IN THE FINANCIAL HEALTH SECTION
- Ford Way Forward plan
- List of offers to hourly employees
- Socially Responsible Investor ratings and feedback

At each plant, we invited employees, schools and prospective employers to an Opportunity Fair as a way to match employees who were making decisions about leaving the Company with educational opportunities and prospective employers. We also offered training to employees in searching for jobs, relocating and weighing their options, such as further education.

Our approach was to communicate extensively – to employees directly, to plant management, to the national and local UAW leadership, who represent our hourly employees, and to the affected communities. Just over half of the employees accepting a buyout during the open enrollment period took one of the non-traditional packages.

In addition, costs related to salaried employees are planned to be reduced through the elimination of the equivalent of about 14,000 salaried-related positions, which represents approximately one-third of Ford's North American salaried work force. The reduction includes the equivalent of nearly 5,000 positions eliminated by the end of 2006. The additional reductions will be achieved through early retirements, voluntary separations and, if necessary, involuntary separations.

We tried to maintain open communication throughout the process and accommodate employee needs during this difficult time. All managers were informed of the Company's knowledge retention tools to ensure continuity and avoid the loss of critical knowledge and experience from exiting employees.

As our manufacturing facilities lose full-time employees, we may use temporary employees to fill in as needed. To prevent safety-related incidents and maintain high levels of product quality, we worked with the UAW joint committees on safety and quality to develop standardized training guidelines for temporary employees before they begin work. Through the first quarter of 2007, facilities using temporary employees have experienced unchanged or improved safety records.

FACILITY CLOSURES

Closing a facility – whether a manufacturing plant or an office building – presents a set of challenges that must be handled responsibly, from working with the host community to ensure a smooth transition to a new use for the property, to handling any needed environmental remediation and disposing of surplus fixtures and furniture.

When the decision is made to close a facility, environmental professionals assess the facility and surrounding land. This assessment reveals the environmental condition of the site and the actions needed to ensure that future use of the site will not pose any risk to human health or the environment.

Ford consults with real estate partners and representatives of the local community about potential uses for the property. In some cases, Ford redevelops the property itself; more often, it seeks a well-qualified developer to buy and convert it. Some properties remain in industrial use. In other cases, the surrounding communities have changed since the plant opened, and new uses, such as retail, commercial or residential, are possible and desirable.

LEGACY HEALTH CARE COSTS

We provide health care coverage to about 570,000 employees or retirees and their dependents in the United States alone.

In 2006, our health care expenses for U.S. employees, retirees and their dependents were $3.1 billion, with about $1.8 billion for post-retirement health care and the balance for active employee health care and other retiree expenses.

We are proud of our role in providing these benefits to individuals and families. However, the rising cost of health care coverage and our high proportion of retirees compared to more recent entrants to U.S. markets puts us at a competitive disadvantage. It is estimated that Ford's health care costs add about $1,200 to the cost of each vehicle built in the United States.

During 2005 and 2006, we took steps to have employees and retirees bear a higher portion of the costs of their health care benefits. Active salaried employees were asked to increase their health care contributions in both years. Salaried retirees have Company contributions capped at 2006 levels if they are under 65, while the Company contribution for salaried retirees aged 65 and over is capped at $1,800 per member per year (effective January 1, 2008).

For hourly employees, we successfully reached agreement with the UAW to reduce health care costs in 2006, primarily through modifications to the Company's hourly retiree health care plan. While these actions did result in substantial savings, we still expect our total health care costs to continue to increase. For 2007, our trend assumptions for U.S. health care costs include an initial trend rate of 6 percent, gradually declining to a steady-state trend rate of 5 percent reached in 2011. These assumptions include the effect of actions we are taking and expect to take to offset health care inflation, including eligibility management, employee education and wellness programs, competitive sourcing and appropriate employee cost sharing.

To promote the health of employees and the Company's financial health, we are focusing on creating a culture of health and wellness for our employees and their families. We are providing resources and tools to help them make sound choices about health care services and coverage, and help them understand the benefits of being a better health care consumer. We are also collaborating with communities and government agencies in projects aimed at improving the efficiency and effectiveness of the U.S. health care system. We hope that, over time, these actions will support the health of our current and retired employees and reduce our competitive disadvantage related to health care costs.

"About 1 billion of the world's 6.5 billion people currently have access to a car or truck, and international sales have the potential to double, if not triple, as more people seek similar access. But the F-150 is an unlikely source for any sizable world increase in market share. In most developing nations, such growth will evolve from a car that sells for $8,000, not $20,000."
For more commentary visit www.ford.com/go/sustainability

SEAN MCALINDEN Center for Automotive Research, Chief Economist and Vice President for Research

Letter from Sue Cischke

Earlier this year, I was named as Ford's *first Senior Vice President of Sustainability, Environment and Safety Engineering.* The creation of my position signals an even higher priority for these issues within Ford.

As part of the senior leadership team, I will be keeping sustainability at the top of the Company's agenda. My position may be a first in our industry, but it mirrors the elevation of sustainability issues – with climate change on the leading edge – in public awareness and policy making. We view sustainability as both an opportunity and a requirement.

We define sustainability as a business model that creates value consistent with the long-term preservation and enhancement of environmental, social and financial capital. This definition is far-reaching, including our actions in the communities in which we work and our influence throughout our value chain.

SUE CISCHKE
In April 2007, Sue Cischke was named Ford's first Senior Vice President of Sustainability, Environment and Safety Engineering.

Current challenges
In developing a sustainable business model for Ford, we have a number of challenges:

- **To continue to integrate all elements** of sustainability throughout all parts of the Company, working as a team, and developing a roadmap that lists our priorities and guides us through the key decisions we will need to make for the future. I will work closely with all functions at Ford, particularly our Product Development and Procurement teams, to ensure we take a systems approach to meeting our sustainability challenges.

- **To understand the technology** that will deliver our sustainability goals. For years, automakers improved on many aspects of automotive design – safety features, electronics, cargo and towing capabilities, for example. We also made steady progress on the fuel efficiency of powertrains, but most of those gains were offset by customer demands for more features in their cars and trucks. Now we're fundamentally rethinking our powertrains, with an expanding portfolio of options that includes hybrids, clean diesel, direct-injection turbocharged gasoline engines, biofuel and hydrogen-fueled vehicles, and various combinations of those technologies. We need to choose the right investments in the right technologies to meet the needs of our customers around the world, while addressing sustainability concerns and contributing to climate stabilization.

- **To leverage our alliances** with universities, NGOs and governments to help deliver our strategy. The scale of our challenge requires a change in our mindsets and the way we all do business. Not just Ford and not just the automotive industry. Even if every driver were to purchase a hybrid or even a hydrogen fuel cell vehicle, we would not stabilize greenhouse gas emissions. We are pleased to see growing recognition that responding to a range of daunting sustainability challenges will require all sectors of the economy and society to join forces and work towards common goals.

Going forward
Regular readers of this report may feel they've heard similar statements from Ford before – and that Ford hasn't always delivered on the goals it sets for itself. So what's different this time?

First, I would say that the real progress we've made already in integrating sustainability into our business systems is not always externally visible. This includes the establishment of our Sustainable Mobility Governance team, a senior-level team working to define our climate change strategy and delivering our sustainability strategy in the marketplace.

Second, we have delivered on some important commitments, including bringing the first hybrid SUV to market – one that remains the fuel economy leader even as others have been introduced.

Third, you may find us being more cautious in our public statements, but those statements will be anchored by our business plans. Our plans include introducing additional hybrids and other environmentally advanced vehicles that offer a flexible array of options so we can respond to changes in our markets.

You can be sure that at Ford, we will continue to push the frontiers of vehicle technology to effectively respond to sustainability challenges. It is the right thing to do and it is essential to the future of our Company.

Senior Vice President, Sustainability, Environment and Safety Engineering

Assurance

Assurance of sustainability reports is an evolving concept that encompasses several distinct approaches. Since our first corporate citizenship report, covering the year 1999, we have included external stakeholder perspectives as a way to introduce independent voices and viewpoints to the report.

For our 2004/5 report, we formalized this approach by working with Ceres and SustainAbility, an independent think tank and strategy consultancy, to create a Report Review Committee to assist in the development of the report and to increase its usability and relevance. Findings of the 13-member committee were published in the report.

For our 2005/6 report and the current report, Ceres convened stakeholder committees as described below. The committee reviewing this report met twice; once to review and comment on the materiality analysis, and once to review and comment on a nearly final draft of the report.

We have found these external reviews to be valuable and have tried to respond to the committees' recommendations. We believe we have made progress in several areas highlighted by the 2004/5 Report Review Committee. We have strengthened our reporting on sustainable mobility and human rights, and we continue to work to enhance our reporting against goals and coverage of public policy issues.

We view this kind of stakeholder assurance as distinct from third-party verification of data or other information in the report, which we have not sought. However, much of the data in this report have been reported to government agencies and verified internally or externally.

Ceres Stakeholder Team

Ford Motor Company engaged with Ceres and a team of external stakeholders to review this 2006/7 Sustainability Report. Ford Motor Company agreed to work with a stakeholder team that was selected for it by Ceres.

The Ceres stakeholder team is an independent group of individuals drawn primarily from the Ceres coalition and represents a range of constituencies that have expertise in environmental, social and governance issues.

In reviewing this report, the team considered whether the Company adequately reported on its sustainability performance and key impacts, including goals, targets, systems, data and initiatives. Through this review process, the Ceres stakeholder team provided extensive feedback to the Company, which was considered in the preparation of the final version of this report.

Ceres is a network of investors, environmentalists and other public interest groups that works with companies and investors to address sustainability challenges (see www.ceres.org for more information).

Data Overview

This table provides five-year performance data according to a set of key indicators. Additional data are available in our full Web report. This table, the additional data and the performance sections of the Web report are all organized by Ford's Business Principles. The Business Principles guide our conduct and day-to-day decision-making in major areas of sustainability performance.

We have made some modifications to the table of indicators for this report. For our next report, we will conduct a full review of our sustainability indicators to ensure that they are aligned with our strategy and help to drive progress. We are also reviewing our indicators in light of the revised Global Reporting Initiative Guidelines.

This report covers the year 2006 and early 2007. The data are primarily for 2006 (for operations) and for the 2006 and 2007 model years (for vehicles). The data cover all of Ford Motor Company's wholly and majority-owned operations globally, unless otherwise noted. Changes in the basis for reporting or reclassifications of data previously reported are noted below and in the detailed data charts of our Web report.

This report is aligned with the Global Reporting Initiative G3 Sustainability Reporting Guidelines released in October 2006, at a self-declared application level of A+. A complete index of GRI indicators is available in our Web report. More information on the Global Reporting Initiative and the application levels is available at www.globalreporting.org.

NOTES TO THE DATA

1. GQRS customer satisfaction/TGW
GQRS (Global Quality Research System) is a Ford-sponsored competitive research survey. GQRS is an early indicator of J.D. Power quality results. Year to date 2007 GQRS customer satisfaction and TGW are 75 and 1,458 respectively. See Products and Customers section in our Web report for a discussion of our efforts to improve quality.

2. Vehicle dependability
Data for 2002 are from the survey's predecessor the 'Vehicle Dependability Index' which measured 4 to 5 years of ownership.

3. U.S. fuel economy
See the Climate Change and Environment sections for a discussion of our Corporate Average Fuel Economy (CAFE) performance. For Model Year 2006 the CAFE of our cars and trucks declined 1.0 percent, as expected. Preliminary data for Model Year 2007 shows a 5.4 percent improvement in CAFE compared to 2006, with a 1.7 percent improvement for cars and a 5.2 percent improvement for trucks. Improvement is reflected by increasing miles per gallon. Due to a weight increase for the 2007 Model Year, the Econoline Vans were not part of the CAFE calculation.

4. U. S. fleet CO_2 emissions
See the Climate Change section for a discussion of our CO_2 emissions performance. Improvement is reflected by decreasing grams per mile.

5. European CO_2 performance
Official EU data. Jaguar performance did not improve compared to 2005 due to model mix. Land Rover performance did not improve compared to 2005 and 2004 due to model mix.

6. Worldwide facility energy and CO_2 emissions
Data have been adjusted to account for facilities that were closed, sold or new. This data does not include ACH.

7. Energy and CO_2 per vehicle
Energy consumption and CO_2 emissions per vehicle divides energy used or CO_2 emitted by the number of vehicles produced. Averaging energy and CO_2 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 stable-to-declining per-vehicle energy use and CO_2 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_2 emissions. These data do not include ACH.

8. North American Energy Efficiency Index
The Index 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 1% improvement in energy efficiency.

9. Ford Fund and corporate contributions
See the Community section in our Web report for a description of our charitable contributions.

10. Volunteer corps
The Volunteer corps was founded in 2005, and 2006 is the first year data are available. However, volunteerism and community service have long been a part of Ford's culture, and these efforts were formalized in 1997 with the creation of the 16-hour Community Service Program.

11. Recalls
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 TrafficSafety Administration.)

12. Top Safety Picks
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 IIHS issued Top Safety Picks.

As we attempt to balance frequently changing government and non-government test requirements with real-world safety, we have continued to assess the appropriate metrics for measuring our performance. We have chosen to present public domain safety ratings for all of our models, rather than a percentage of models tested receiving a particular star rating, in our full Web report.

13. Employee satisfaction
In 2006, the Pulse survey was changed to incorporate new dimensions. While there was no change to the number or content of the existing 55 core questions asked on Pulse, they were realigned into eight revised dimensions. These changes were made because the revised dimensions are: better focused on current business priorities; can be benchmarked externally – two revised dimensions (including the revised Employee Satisfaction Index) can be benchmarked externally, none of the prior 13 dimensions could be benchmarked outside the Company; provide a framework for more focused feedback and action planning.

14. Overall dealer attitude
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.

15. Shareholder return
Total shareholder return is from Bloomberg Total Return Analysis assuming dividends reinvested in Ford stock.

PRODUCTS AND CUSTOMERS

	2002	2003	2004	2005	2006
Initial quality study – J.D. Power and Associates (3 months in service), problems per hundred vehicles	143	136	127	129	131
GQRS things gone wrong (TGW) (3 months in service), total things gone wrong per 1,000 vehicles [1]	1,997	1,936	1,956	1,846	1,586
GQRS customer satisfaction (3 months in service), percent satisfied [1]	72	73	74	73	74
Vehicle dependability – J.D. Power and Associates (4–5 years of ownership), Ford Motor Company, U.S., problems/hundred [2]	354	287	275	231	225
Sales satisfaction with dealer/retailer, Ford brand, U.S., percent completely satisfied	75	77	78	80	81
Sales satisfaction with dealer/retailer, Ford brand, Europe, percent completely satisfied	65	69	72	74	76
Service satisfaction with dealer/retailer, Ford brand, U.S., percent completely satisfied	61	65	67	66	70
Service satisfaction with dealer/retailer, Ford brand, Europe, percent completely satisfied	51	54	57	58	59

ENVIRONMENT

	2002	2003	2004	2005	2006
Ford U.S. fleet fuel economy (higher mpg reflects improvement), combined car and truck, miles per gallon [3]	23.2	23.6	22.8	24.1	23.8
Ford U.S. fleet CO_2 emissions (lower grams per mile reflects improvement), combined car and truck, grams per mile [4]	381	375	387	368	371
European CO_2 performance (lower percentage reflects improvement), percent of 1995 base (1995 base = 100 percent) [5]					
Ford	83	82	80	78	78
Jaguar	79	77	63	62	66
Land Rover	86	87	86	88	89
Volvo	88	91	89	87	86
Worldwide facility energy consumption, trillion BTUs [6]	83.7	83.2	80.3	76.3	71.8
Worldwide facility energy consumption per vehicle, million BTUs [7]	12.8	13.4	12.7	12.1	11.8
Worldwide facility CO_2 emissions, million metric tonnes [6]	8.7	8.5	8.4	8.0	6.8
Worldwide facility CO_2 emissions per vehicle, metric tonnes [7]	1.32	1.37	1.33	1.26	1.13
North American Energy Efficiency Index (lower percentage reflects improvement), percent (2000 base = 100 percent) [8]	89.7	91.7	87.8	83.4	78.4

Energy use
2007 targets: 3% improvement in global facility energy efficiency. 3% improvement in North American facility energy efficiency.

COMMUNITY

	2002	2003	2004	2005	2006
Ford Motor Company Fund contributions, $ million [9]	84	78	78	80	58
Corporate contributions, $ million [9]	47	43	33	29	29
Volunteer corps, thousand volunteer hours [10]					80

SAFETY

	2002	2003	2004	2005	2006
VEHICLE					
U.S. safety recalls, number per calendar year [11]	16	16	21	16	11
U.S. units recalled, number of million units	2.3	3.4	5.0	6.0	1.7
IIHS Top Safety Picks, number of vehicles [12]				2	3
WORKPLACE					
Lost-time case rate (per 100 employees), Ford Motor Company	2.1	1.8	1.2	1.4	1.1
Severity rate (per 100 employees), days lost per 200,000 hours worked	31.9	31.5	23.5	23.2	14.5

QUALITY OF RELATIONSHIPS

	2002	2003	2004	2005	2006
Employee satisfaction, Pulse survey, overall, percent satisfied [13]	59	58	61	62	62
Overall dealer attitude, Ford, relative ranking on a scale of 1–100 percent (summer/winter score) [14]	58/61	64/67	67/69	70/72	70/64
Overall dealer attitude, Lincoln Mercury, relative ranking on a scale of 1–100 percent (summer/winter score) [14]	46/46	50/56	56/61	64/64	64/64

FINANCIAL HEALTH

	2002	2003	2004	2005	2006
Shareholder return – Bloomberg Total Return Analysis, percent [15]	-39	79	-6	-45	1
Net income/loss, $ billion	0.9	0.2	3.0	1.4	-12.6
Sales and revenue, $ billion	167.0	166.1	172.3	176.9	160.1

The full report is online at **www.ford.com/go/sustainability**

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YOUR FEEDBACK...

Preparing this report is a valuable opportunity for us to assess and improve upon our economic, environmental and social progress and performance. To continue to do so, we need your feedback. We welcome your opinion and perspective through several means:

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GRI REPORT SELF DECLARED

This report is checked to Application Level A+

Report Application Level	C	C+	B	B+	A	A+
Standard Disclosures — G3 Profile Disclosures (OUTPUT)	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
G3 Management Approach Disclosures (OUTPUT)	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
G3 Performance Indicators & Sector Supplement Performance Indicators (OUTPUT)	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Reponsibility.		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	

*Sector supplement in final version

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