



Sound governance and management systems enable a company to operate in a transparent and accountable way and provide effective oversight of operations. High ethical standards – formalized in company policies and demonstrated by managers at all levels – help a company translate its aspirations into action.

Related Links

This Report:

- [Materiality Analysis](#)
- [Public Policy Positions](#)

The concept of governance has expanded beyond its traditional focus on fiduciary responsibility to shareholders to a broader focus on a company's impact on the world and its responsibilities to diverse stakeholders. At Ford, this is reflected in our development and integration of sustainability structures, processes and management systems into the core business.

Assessing Materiality

In our latest materiality analysis, completed in early 2011 for this report, a number of topics relating to governance and accountability were identified as issues of importance to Ford and our stakeholders.

Ethical business practices were identified, for example, to be of high potential impact on Ford and of medium concern to stakeholders. Also, issues related to Ford's "sustainability strategy, vision, governance and management" were identified to be of high potential impact on the Company and medium concern to stakeholders. The governance aspect of this item was newly added this year, reflecting growing investor and NGO interest in integrating sustainability into business processes.

The materiality analysis found that the issue of human rights and working conditions in Ford operations was of lower concern to stakeholders than in previous years, perhaps because our human rights code has been integrated into our overall governance. These issues are now discussed in this Governance section, rather than a separate human rights section. (The issue of human rights in our supply chain remains of high importance to stakeholders, and is discussed in the new [Supply Chain](#) section.)

Finally, several public policy issues were identified in the analysis, including the following:

- **Sustainable raw materials.** This topic, which is new for this year, includes issues around conflict minerals and rare earth metals, as well as the overall impact of raw materials extraction on the environment, communities, geopolitics and Ford's costs. This set of issues was judged to be of high potential impact on Ford and high concern to stakeholders.
- **Greenhouse gas (GHG) and fuel economy regulation.** Regulations related to GHG emissions and fuel economy were judged to be of continued high potential impact on the Company and high concern to stakeholders.
- **Global environmental regulations.** Changing environmental and safety regulations in general were judged to be of high potential impact on Ford and medium concern to stakeholders.
- **Political payments and contributions.** Political contributions were judged to be of medium potential impact on the Company and medium concern to stakeholders. The analysis found that stakeholders, including shareholders, are increasingly interested in transparency around corporate participation in the political process and various forms of corporate political donations.

Based on this assessment, we included discussion of these issues in this web report.



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In 2010, we developed and implemented “digital participation guidelines,” to guide employees’ interactions in social media such as Facebook and Twitter. In addition, we established an online training that helps employees understand how to adhere to these guidelines.

We also have taken part in policy discussions around “conflict minerals.” We met with the U.S. Securities and Exchange Commission to discuss substantive issues relating to the implementation of a new law requiring companies to report annually on their use of conflict minerals. And, we are piloting the implementation phase of the Organisation for Economic Co-operation and Development’s Framework for Due Diligence regarding conflict minerals. See the [Public Policy](#) section for more on these issues.

In 2010 and early 2011, Ford received a number of recognitions for our corporate responsibility work, our reporting and our governance practices. For example, Ford was ranked second out of 350 of the largest U.S. companies in the latest Maplecroft Climate Innovation Index, which rates company performance in climate-related innovation and carbon management. See the [Awards and Recognitions](#) page for additional awards received.

This section of the report discusses Ford’s [overall and sustainability governance](#), including how we address human rights and other ethical issues and its [management of key sustainability issues](#).

Related Links

This Report:

- [2010 Awards and Recognition](#)
- [Public Policy](#)

External Websites:

- [U.S. Securities and Exchange Commission](#)
- [Organisation for Economic Co-operation and Development](#)



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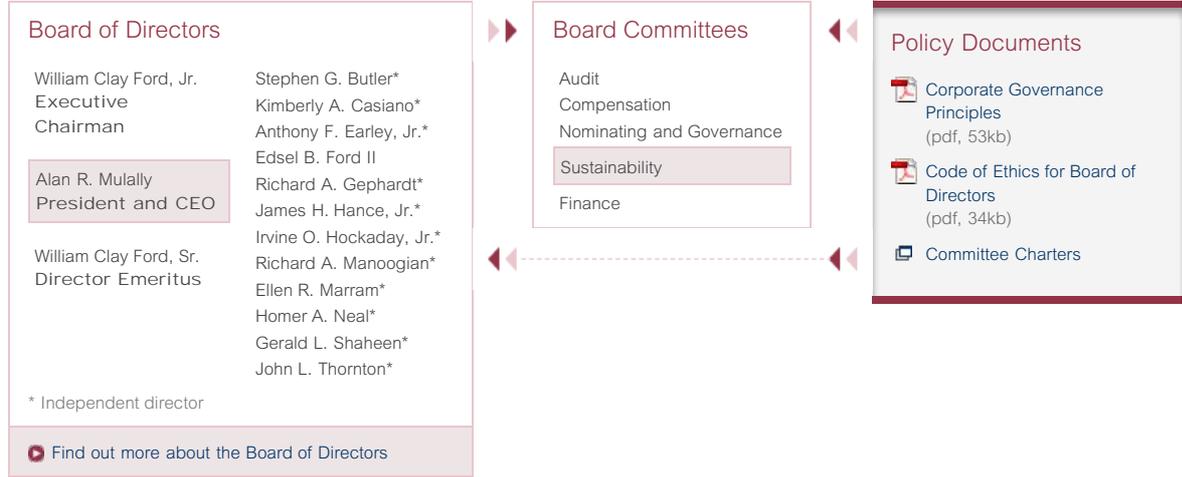
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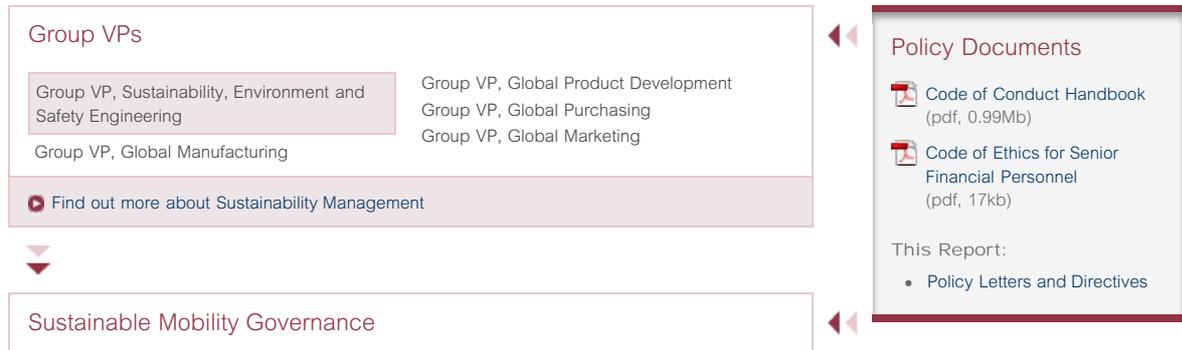
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Board-Level Governance



Sustainability Management



Key Business Processes

Business Plan Review	Ford Production System
Global Product Development System	ISO 14001 Certification
Special Attention Review	Order-to-Delivery



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2010 Awards and Recognition

In 2010 and early 2011, Ford received a number of awards and recognitions for our corporate responsibility and sustainability efforts and governance practices.

In 2011, for example, Ford was honored (for the second year in a row) as one of the World's Most Ethical Companies by the Ethisphere Institute. Ford was one of only 100 companies on this list, and the only automaker. Ford was chosen for this distinction from a field of thousands of companies in more than 100 countries and 36 industries. To be included, a company must receive high ranks in seven key areas: corporate citizenship and responsibility; corporate governance; innovation that contributes to the public well-being; industry leadership; executive leadership and tone from the top; legal, regulatory and reputation track record; and internal systems and ethics/compliance program.

Ford's 2009/10 Sustainability Report was a finalist in the 2010 Ceres/Association of Chartered Certified Accountants (ACCA) North American Awards for Sustainability Reporting. These rankings acknowledge best practices in the reporting and disclosure of sustainability performance.

In 2011, *Corporate Responsibility Magazine* ranked Ford 63rd in their "100 Best Corporate Citizens" list, which reviews large-cap companies headquartered in the United States. (In 2010 Ford ranked 88th.) We remain the only automotive company in the top 100. Within this overall ranking, Ford was ranked first in the area of human rights, 11th in philanthropy and 14th in environment.

In 2010, Ford was included in the Dow Jones Sustainability Index North America and the FTSE4Good Index, based on favorable evaluations of our sustainability programs and performance.

In 2010, for the second year running, Ford was the only automaker to be listed among *Newsweek* magazine's "Green Rankings." This list rates America's 500 largest companies on environmental impact, environmental policies and performance, and reputation among CEOs, social responsibility professionals, academics and other environmental experts. Ford was ranked 82nd in the complete list of 500 companies and ninth in the sector category of consumer products and cars.

Also in 2010, Ford was ranked second out of 350 of the largest U.S. companies on the latest Maplecroft Climate Innovation Index. Only GE ranked ahead of us. This index evaluates and rates company performance in climate-related innovation and carbon management.

Ford also won the "Business Turnaround of the Year for Companies with More Than 2,500 Employees" at the 2010 American Business Awards. The award recognizes the Company's efforts to turn the corner in 2009 in the face of a global economic and financial crisis. The award was judged by more than 200 business leaders from across the country.

In late 2010, the NASDAQ OMX CRD Global Sustainability Index (QCRD) expanded from 50 to 100 companies, and Ford was among the companies included in the expanded list. The QCRD is compiled by CRD Analytics, which evaluated more than 3,000 global companies on 200 environmental, social, financial and governance performance metrics and chose the top 100 from among them.

Finally, in late 2010 Ford was named Nielsen Automotive Green Marketer of the Year by The Nielsen Company. The honor was given in recognition of Ford's efforts to shape consumer awareness of environmental concerns – in particular via our marketing of the Ford Fiesta and the Ford Fusion hybrid.

Related Links

- External Websites:
- [Ethisphere Institute](#)
 - [Ceres](#)
 - [Corporate Responsibility Magazine](#)
 - [Dow Jones Sustainability Index](#)
 - [FTSE4Good Index](#)
 - [Newsweek's Green Rankings](#)
 - [Maplecroft Climate Innovation Index](#)
 - [American Business Awards](#)



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Sustainability Governance

Upholding high standards of corporate governance is key to maintaining the trust of investors and other stakeholders. In this section, we discuss governance by our Board of Directors, how we set and communicate standards to employees and other personnel, how we encourage and enforce ethical business practices, our commitment to the U.N. Global Compact, how we are integrating sustainability into our organizational structures and business processes, and our approach to sustainability reporting – a key element of our commitment to transparency.

- [Corporate Governance – Board of Directors](#)
- [Policy Letters and Directives](#)
- [Commitment to Human Rights and the UN Global Compact](#)
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Corporate Governance – Board of Directors

Ford corporate governance principles, code of ethics and charters for each Board committee – all publicly available in the corporate governance section of the Ford website – set the framework for Ford’s Board of Directors.

Ford’s Board addresses significant business issues as a full group and through five committees: Audit, Compensation, Finance, Nominating and Governance, and Sustainability. In July 2008, the former Environment and Public Policy Committee was renamed the Sustainability Committee, reflecting the evolution of its responsibilities and the Company’s challenges and opportunities. The principal functions of the Sustainability Committee are as follows:

- Assist management in the formulation and implementation of policies, principles and practices to foster the sustainable growth of the Company on a worldwide basis. "Sustainable growth" means the ability to meet the needs of current customers while taking into account the needs of future generations. "Sustainable growth" also encompasses a business model that creates value consistent with the long-term preservation and enhancement of financial, environmental and social capital.
- Assist management in the formulation and implementation of policies, principles and practices to permit the Company to respond to evolving public sentiment and government regulation in the area of motor vehicle and stationary source emissions, especially in the area of greenhouse gas emissions, fuel economy and carbon dioxide regulation.
- Assist management in setting strategy, establishing goals and integrating sustainability into daily business activities across the Company.
- Review on a continuing basis new and innovative technologies that will permit the Company to achieve sustainable growth and Company actions to protect those technologies.
- Review on a continuing basis partnerships and relationships, both current and proposed, with customers and others that support the Company’s sustainable growth.
- Review on a continuing basis the Company’s communication and marketing strategies relating to sustainable growth.

During 2010, seven Directors served on the Sustainability Committee, which is chaired by Dr. Homer Neal, an independent director. Ford’s Board of Directors met 10 times and the Sustainability Committee met four times.

The Board’s Nominating and Governance Committee considers several qualifications when considering candidates for the Board. Among the most important qualities directors should possess are the highest personal and professional ethical standards, integrity and values. They should be committed to representing the long-term interests of all shareholders. Directors must also have practical wisdom, mature judgment and objectivity. Ford recognizes the value of diversity and we endeavor to have a diverse Board, with experience in business, government, education and technology, and in areas that are relevant to the Company’s global activities.

Under New York Stock Exchange (NYSE) Listed Company rules, a majority of our directors must be independent directors. The NYSE rules also provide that no director can qualify as independent unless the Board affirmatively determines that the director has no material relationship with the listed company. Ford’s standards in determining whether or not a director has a material relationship with the Company are contained in the Company’s Corporate Governance Principles. Based on Ford’s standards, 10 of the Company’s current 13 Directors are independent. Two of Ford’s Directors are women, one Director is African-American and one Director is Hispanic.

Each Board member participates in an annual assessment of the effectiveness of the Board and the Committees on which he or she serves. We have established a procedure for shareholders to submit accounting and other concerns to independent directors and to send other communications to the Board.

For more information on Ford corporate governance practices, including the principles and policies that govern the conduct of the Board and the members of the Board, please [see our website](#).

Related Links

This Report:

- [Governance and Management Structures](#)

Corporate.ford.com:

- [Corporate Governance](#)
- [Board of Directors](#)
- [Corporate Governance Policies](#)



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Policy Letters and Directives

Policy Letters establish a framework of broad, basic principles within which the Company conducts its business globally. Corporate Directives provide more in-depth information on narrower topics than Policy Letters, and therefore may only apply to a particular segment of the business, or specific activities. In addition to Policy Letters and Directives, numerous descriptions of business practices, handbooks, guidelines and statements of business standards govern the conduct of employees globally.

The following are Ford standards with particular relevance to sustainability.

Human Rights

Ford's commitment to human rights is embodied in our [Code of Basic Working Conditions \(CBWC\)](#), which forms the foundation of our own operations and supply chain and our collaboration with others in the industry. The CBWC articulates our commitments on key human and labor rights issues. In effect since 2003, it was more formally adopted as a Policy Letter in 2007.

The CBWC is based on fundamental elements of internationally recognized labor standards, including the Universal Declaration of Human Rights, International Labour Organization Covenants, the Organisation for Economic Co-operation and Development's Guidelines for Multinational Enterprises, the United Nations' Global Compact Principles, the Global Sullivan Principles, and standards of the Fair Labor Association and International Metalworkers' Federation. Ford encourages businesses throughout our supply chain to adopt and enforce similar policies, and seeks to identify and do business with organizations that conduct their businesses to standards that are consistent with the CBWC.

The CBWC covers workplace issues such as working hours, child labor and forced labor. It also reflects our increasingly integrated approach to managing human rights and community issues by articulating our commitments on several key issues that extend beyond the fences of our facilities, including community engagement and indigenous populations, bribery and corruption, and environment and sustainability. We actively promote and assess implementation in [our own operations](#) and in our [supply chain](#).

We encourage employees who have a good-faith belief that there may have been a violation of this Code to report it through established channels, which vary by region, or to Ford's Office of the General Counsel. These reports are then forwarded to the Manager of Human Rights, who takes action to clarify, validate and correct the situation, if necessary. No retaliatory actions are taken against employees who report concerns about violations of the CBWC.

We are continually looking to improve the Code, and we welcomed the opportunity in 2010 to comment on the guiding principles for the implementation of the "protect, respect and remedy" framework designed by John Ruggie, Special Representative to the United Nations Secretary General on business and human rights at the international level. Ford is eager to implement many of these recommendations, and we are using the principles to benchmark our own strategies.

Another way we can continue to lead in human rights business practices is to go beyond compliance and focus on critical issues that impact our business. "Women Connect" is a U.S. State Department project managed by the Secretary of State's Office of Global Women's Issues. "Women Connect" is focused on women's empowerment and providing women living in small communities access to digital information, business resources, health services (including food and water) and education. The State Department believes this project can successfully create actionable, on-the-ground initiatives to increase access to mobile connectivity and services to women living on less than \$2 per day. Through this project, Ford plans to provide technology to strengthen local capacities and expand best practices.

Diversity

We are committed to equal opportunity in all aspects of our business and to fostering diversity in our workforce. Our Policy Letter and related Directives address equal opportunity and require that there be no disparate treatment because of race, religion, color, age, sex, national origin, disability, gender identity, sexual orientation or veteran status, and/or other factors that may be covered by local law. We recognize that diversity in our workforce is a valuable asset, and we strive to provide an inclusive work environment in which different ideas, perspectives and beliefs are respected.

Bribery and Corruption

Our Policy Letters and Directives govern integrity within Ford and state that it is our policy to comply fully with the laws of each country in which we do business. Further, no employee may

Related Links

This Report:

- [Code of Basic Working Conditions](#)
- [Supporting a Great Place to Work](#)
- [Human Rights in the Supply Chain: Ford's Global Working Conditions Program](#)
- [Public Policy](#)
- [Ethical Business Practices](#)
- [Vehicle Safety and Driver-Assist Technologies](#)
- [Customer Satisfaction and Quality](#)
- [Workplace Health and Safety](#)
- [Case Study: Social Media Guidelines](#)

Corporate.ford.com:

- [Code of Conduct Handbook](#)

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agree to, make or solicit, for their benefit or that of the Company, any improper payments or other improper benefits, directly or indirectly, to or from any government or government agency official, legislator or other government employee or person purporting to represent government agencies. Employees and contract personnel must immediately report through the Company reporting system any requests or solicitations for an improper payment, except in countries where mandatory reporting is restricted.

Political Contributions

Ford's Policy Letter on governmental relationships covers issues relating to public policy and political contributions. These issues are discussed in depth in our [Public Policy](#) section.

Customer Satisfaction and Safety

Ford has several policy statements aimed at increasing the quality of our products and promoting the safety of our customers. Our Policy Letter on quality sets the foundation for a process that emphasizes the importance of quality in everything we do and notes that the customer defines quality. It establishes a Quality Operating System and the use of metrics and data to make decisions. Our Policy Letter on vehicle safety sets forth Ford's commitment to design and build vehicles that meet or exceed applicable laws and regulations, and to advance the state of the art in safety wherever practicable. We strive for continuous improvement in vehicle safety, which applies to accident avoidance attributes as well as occupant protection systems. This policy requires that we will be demonstrably active and responsible in all areas of automotive safety, including vehicle design and manufacture, operator behavior and the highway environment.

Environment and Employee Health and Safety

Our policies on health, safety and the environment make clear that sustainable economic development is important to the future welfare of Ford and society in general. Protection of employee health and safety and the environment are important considerations in the business decisions we make. These factors are integral parts of the planning process. Our products, services, processes and facilities are planned and operated to incorporate objectives and targets and are periodically reviewed to minimize to the extent practical the creation of waste, pollution and any adverse impact on employee health, safety or the environment. Protection of health, safety and the environment is a Company-wide responsibility of employees at all levels.

Privacy

The trust and confidence of our customers are important to Ford Motor Company and essential to building long-term relationships and delivering excellent products and personalized services. The Company recognizes that customers, employees and others have concerns about privacy and expect us to protect and handle personal information responsibly.

Ford is committed to implementing responsible privacy and data-handling practices. The Company's Policy Letters and related Directives are designed to ensure the continuing trust and confidence of individuals who entrust us with personal information.

Social Media Interactions

The recent proliferation of social media – such as Facebook, Twitter and LinkedIn, as well as blogs and other Web-based discussion forums – has led us to examine our policies relating to employees' use of these technologies. We encourage responsible employee participation in social media, and have developed "digital participation guidelines" for employees. (Guidelines provide guidance on how Policy Letters and Directives apply in a given area.) In addition, we have online training that helps employees understand how to adhere to these guidelines. For more, see the [case study on social media](#).



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Code of Basic Working Conditions

This Code of Basic Working Conditions represents the commitment of Ford and its worldwide subsidiaries. The diverse group of men and women who work for Ford are our most important resource. In recognition of their contributions, we have developed policies and programs designed to ensure that our employees enjoy the protection afforded by the principles articulated today in this Code. While these principles are not new to Ford, they are vitally important to what we stand for as a company. Consequently, we have chosen to summarize them here in an expression of our global commitment.

While this Code of Conduct serves to detail, specifically, our standards for labor and environmental standards throughout our global operations, it also stands as a general endorsement of the following human rights frameworks and charters:

- The UN Universal Declaration of Human Rights
- The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy
- OECD Guidelines for Multinational Enterprises
- The Global Sullivan Principles of Social Responsibility

The diverse universe in which Ford operates requires that a Code such as this be general in nature. In certain situations, local legal requirements, collective bargaining agreements and agreements freely entered into by employees may supersede portions of this Code. Nevertheless, we believe this Code affirms important, universal values that serve as the cornerstone of our relationship with employees.

Child Labor

We will not use child labor. In no event will we employ any person below the age of 15, unless this is part of a government-authorized job training or apprenticeship program that would clearly be beneficial to the persons participating.

Compensation

We will promote our employees' material well-being by providing compensation and benefits that are competitive and comply with applicable law.

Forced Labor

We will not use forced labor, regardless of its form. We will not tolerate physically abusive disciplinary practices.

Freedom of Association and Collective Bargaining

We recognize and respect our employees' right to associate freely and bargain collectively. We will work constructively with recognized representatives to promote the interests of our employees. In locations where employees are not represented by unions, we will seek to provide opportunities for employee concerns to be heard.

Harassment and Discrimination

We will not tolerate harassment or discrimination on the basis of sex, race, color, creed, religion, age, ethnic or national origin, marital/parental status, pregnancy, disability, sexual orientation or veteran status.

Health and Safety

We will provide and maintain for all employees a safe and healthy working environment that meets or exceeds applicable standards for occupational safety and health.

Work Hours

We will comply with applicable law regulating hours of work.

Community Engagement and Indigenous Populations

We shall consider indigenous peoples among our primary stakeholders in all projects we consider undertaking. We will openly and honestly engage all recognized members of our stakeholder

Related Links

External Websites:

- [UN Universal Declaration of Human Rights](#)
- [ILO Tripartite Declaration of Principles](#)
- [OECD Guidelines for Multinational Enterprises](#)
- [Global Sullivan Principles of Social Responsibility](#)

community who have an interest in our activities.

Bribery and Corruption

We will under no circumstances tolerate the giving or receiving of undue reward to influence the behavior of another individual, organization, politician or government body, so as to acquire a commercial advantage; this extends to all of our regional operations, regardless of whether bribery is officially tolerated and condoned by local custom.

Environment and Sustainability

We will conduct business in an environmentally friendly and responsible manner. We will seek to reduce and minimize the environmental impact of all of our operations in the short term, as we seek to become an environmentally restorative and truly sustainable company in the long term.



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Case Study: Social Media Guidelines

Ten years ago, Facebook, Twitter and YouTube hadn't yet been invented, and blogging was just beginning to gain popularity. Today, these and other social media outlets are ubiquitous in the daily lives of millions around the world, and are credited with everything from reconnecting long-lost friends to helping bring down dictators.

At Ford, we've worked to harness the power of social media to communicate better with our customers. A number of our recent product launches, for example, have utilized innovative social media campaigns. (See the [Economy](#) section for more on these.) And some of our employees – such as Sue Cischke, Ford's Group Vice President for Sustainability, Environment and Safety Engineering – publish blog posts periodically to reach out to consumers.

Of course, our employees are also using social media in less-official ways. They may be active on Facebook, Twitter, Flickr, LinkedIn or YouTube; have a personal blog; or take part in online discussion forums on topics of interest to them. Through all of these media, they may participate in discussions on issues related to Ford – perhaps about a particular vehicle or technology, or about aspects of their jobs.

Traditionally, companies like Ford have communicated to the public more formally with messages from the marketing or advertising departments. Having employees involved in social media is a much more open, personal and un-edited approach, which offers both risks and rewards. The risks are that employees will misrepresent the Company or its products, reveal confidential competitive information or behave in a way that is contrary to the firm's corporate values. The rewards, however, are that customers gain a more personal, "insider" view of the Company and ultimately feel more connected and loyal to it.

To help ensure that we minimize the risks and maximize the potential rewards, we have developed a set of "digital participation guidelines" for our employees. A version of the guidelines is [available publicly](#). We also use online training to educate our nonmanufacturing workforce on the guidelines and how they affect their use of social media.

Completed in 2010, the guidelines encourage employees to use social media in a responsible way. They advise employees to be mindful that online communications require the same kind of ethical behavior and honesty that we expect in other external communications.

Specifically, the guidelines emphasize several key points. For example, if a discussion relates to Ford or the automotive industry, employees are expected to be honest about the fact they work for Ford. At the same time, employees need to make clear their opinions are their own and they are not official spokespeople for the Company. Conversations should remain respectful and in good taste, just as would be expected in any other medium. Employees should use good judgment in not revealing confidential Company information, including financial information. And finally, employees should always remember that whatever they say or write is there for *all* to see, permanently.

With these guidelines in place, we feel confident that our employees' online interactions will represent us well, and will only help to strengthen our already positive reputation and deepen our connections with customers.

Related Links

This Report:

- [Building Customer Awareness: Social Media](#)

External Websites:

- [Ford's Social Media Guidelines](#)

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Commitment to Human Rights and the UN Global Compact

In early 2008, Ford joined the United Nations Global Compact (UNGC), a framework for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, the environment and anti-corruption. This action reinforces our commitment to outstanding performance and transparency in these areas. We also actively participate by invitation in both the Human Rights and Supply Chain Sustainability Advisory Groups convened by the Global Compact. In addition, we have signed the UNGC's CEO Water Mandate and the CEO Statement of Support for the Women's Empowerment Principles.

This sustainability report serves as our annual Communication on Progress to the UNGC. Please see the [UNGC index](#) for a guide to where the principles are addressed in this report.

Related Links

This Report:

- [Supporting a Great Place to Work](#)
- [Human Rights in the Supply Chain: Ford's Global Working Conditions Program](#)
- [Policy Letters and Directives](#)

The 10 Principles of the U.N. Global Compact

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labor Standards

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labor;
- Principle 5: the effective abolition of child labor; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



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Ethical Business Practices

Our Corporate Compliance Office has a comprehensive program in place to guide compliance with Ford Policy Letters and Directives as well as key legal requirements. The Corporate Compliance Office is part of Ford's Office of the General Counsel. Our compliance program is overseen by a senior management compliance committee and the Audit Committee of the Board of Directors. The compliance program includes a variety of activities. The program raises awareness of the Company's commitment to ethical practices, defines corporate practices through Policy Letters and Directives, ensures an infrastructure that allows for the reporting of Policy violations or business-related legal violations through a number of avenues worldwide, oversees the investigation of such reports, conducts risk assessments, and provides training and education on key legal and ethical risk areas.

Our Policy Letters and Directives formally establish expectations for our employees and others working on behalf of the Company, and our Code of Conduct Handbook is the fundamental tool for communicating these expectations.

The Code of Conduct Handbook, our chief ethical guidance document, is a compilation of the most important and relevant Policy Letters, Directives and standards for Ford employees. It is available in 14 languages. The online version, available to Company personnel, includes active links to the original source documents, thus providing a single source for the relevant information. The Code of Conduct Handbook underwent a major revision in 2007 to make it easier to understand and use as a reference manual.

The Handbook outlines requirements for our employees and those working on behalf of the Company and provides background resources for a wide range of business-related situations, including:

- The workplace environment
- Gifts, favors and conflicts of interest
- Use of Company assets and data safeguarding
- Integrity of financial records
- Product quality, safety and environmental matters
- Intellectual property
- Working with governments (political activities)
- Competition and antitrust laws
- International business practices

All salaried employees and most contract personnel around the world are required to certify that they have reviewed the new Handbook.

To reinforce information contained in the Code of Conduct Handbook, we introduced a new mandatory online training course in 2009 for our global employees and other targeted personnel. The course focuses on ethics, conflicts of interest, gifts and favors – topics on which we have long provided employee training – as well as touching on additional issues that have global applicability. In the 12 months since the new online training was introduced in May 2009, more than 82,000 individuals, approximately 90 percent of those invited, completed the new training course.

In furtherance of our commitment to business ethics and compliance, every year we roll out new mandatory online compliance training on important risk areas. Not only do these courses increase awareness, they also help our employees worldwide understand and access resources that enable responsible behavior and enhance regulatory compliance. Recent courses covered the topics of social media, mutual respect, and health and safety.

Another component of our compliance program is an infrastructure that encourages and allows for the reporting of any potential violations of our Policy Letters and Directives, and any violations of laws related to the business. Our non-manufacturing workforce and contract personnel are regularly reminded of their responsibility to report any known or suspected violation of the law or a Company Policy Letter. There are many ways for individuals to report such violations, including direct communications to a member of one of the control groups – such as the General Auditors' Office or the Office of the General Counsel – as well as telephone tip lines and email. All of our plants have posters describing how our manufacturing workforce can centrally report.

We assess compliance with our ethical standards through regular legal audits that cover a range of topics relating to legal requirements and internal policies. These are in addition to audits regularly conducted by other parts of the Company on issues such as workplace health and safety.

Related Links

- This Report:
- [Policy Letters and Directives](#)
- Corporate.ford.com:
- [Code of Conduct Handbook](#)



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Reporting and Transparency

External reporting is a fundamental element of accountability. Sustainability reporting not only demonstrates transparency but, in our view, is the basis of organizational learning, demonstrates our values, and both reflects and drives outstanding economic, environmental and social performance. The following are central elements of our reporting strategy.

Materiality

Over the last several years, Ford has sought to increase the materiality and responsiveness to stakeholders of its sustainability reporting. A key part of our reporting strategy has been the development of a materiality analysis process, which has been a critical tool in helping shape the content of this report. The analysis is updated every other year, most recently in early 2011 for this report. We use the analysis to focus our reporting on those issues determined to be most material to the Company over a three- to five-year time horizon. Our coverage of these issues is found in the [Material Issues](#) section of this report. Other sections of the report provide information on a broad range of sustainability issues of importance to Ford and our stakeholders, including detailed performance data, case studies, stakeholder interviews and other supporting information.

Assurance

Please see the [Assurance](#) section for discussion of our approach to third-party review of this report and data assurance.

External Guidelines

This report is aligned with the Global Reporting Initiative (GRI) G3 Guidelines at the [self-checked A application level](#). Ford has supported and participated in the development of the GRI Guidelines since their inception.

This report also serves to disclose how we are implementing the United Nations Global Compact (UNGC). An index cross-referencing the Compact and relevant sections of this report can be found on the [UNGC Index](#) page.

Targeted Reporting

Linked with our efforts to increase the materiality of our reporting, Ford has also taken steps to produce more targeted audience-, location- and subject-specific sustainability communications.

Also, several Ford facilities, brands and country operations produce their own reports detailing the sustainability issues they face within their particular regions or operations. Several of our country operations, such as Ford China, and local facilities produce public reports. We have also provided input to the Ceres Facility Reporting Project.

Benchmarking and External Feedback

Ford seeks formal and informal feedback on our Sustainability Report from a number of organizations with expertise in reporting, in addition to the Ceres Stakeholder Review Committee. Other feedback we received can be found in [Downloads](#).

Ford's 2009/10 Sustainability Report was a finalist in the 2010 Ceres/Association of Chartered Certified Accountants (ACCA) North American Awards for Sustainability Reporting. The report was recognized for its identification of the material sustainability issues affecting the Company and its disclosure of the greenhouse gas emissions of our fleet, among other features. (See www.ceres.org.) Our 2008/9 report took second place in this award in 2009, and our 2007/8 report was the co-winner in 2008. Our 2004/5 report placed in the top five.

Related Links

This Report:

- [Material Issues](#)
- [Assurance](#)
- [GRI Index](#)
- [UNGC Index](#)
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External Websites:

- [Global Reporting Initiative](#)
- [United Nations Global Compact](#)
- [Ceres](#)



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Sustainability Governance and Integration

Our goal is to fully integrate sustainability issues into our core business structures and processes, rather than manage them separately. As we build capacity in this area and move toward that goal, however, we recognize that it is also important to establish some sustainability-specific structures and processes.

Structures for Managing Sustainability

The following are the primary structures we use to manage and embed accountability for sustainability within Ford.

- **Board and Executive-Level Responsibility:** Ford's governance of sustainability issues builds on a strong foundation of Board of Director and senior management accountability for the Company's environmental, social and economic performance. At the Board level, the Sustainability Committee has primary responsibility for reviewing strategic sustainability issues, though some of those issues are also addressed in other committees and by the Board as a whole. Within management, the Group Vice President of Sustainability, Environment and Safety Engineering has primary responsibility for sustainability issues and oversees the Sustainable Business Strategies, Environmental Policy, and Safety groups, as well as having dotted-line oversight over the Sustainable Mobility Technology group (which is formally part of the Product Development function).
- **Dedicated Sustainability Function:** Ford's Sustainability & Environmental Vehicle Matters office coordinates corporate-wide sustainability strategy and activities, including leading the Company's corporate-level sustainability reporting and stakeholder engagement and integrating sustainability throughout the Company.
- **Integration into Core Functions:** Numerous functions within the Company have responsibility for some or multiple aspects of sustainability. For example, the Workplace Health and Safety Office, the Environmental Quality Office and the Human Resources Department each manage specific issues that fall under the umbrella of sustainability. As Ford works to embed sustainability more deeply across all functions, groups such as Product Development, Purchasing, Manufacturing and Land are taking on an increasing role in the Company's sustainability efforts. For example, Product Development is taking the lead on the Company's sustainable mobility efforts; Global Purchasing is managing sustainability issues in the supply chain, including assessment and training programs associated with our Code of Basic Working Conditions; and Ford Land and Manufacturing personnel are implementing energy efficiency and water reduction efforts in our buildings and plant facilities. In addition, our Marketing function is involved via the "Go Green" Dealership Sustainability Program; our Information Technology group is implementing a PC power management program to help us decrease energy consumption; and our Communications department has helped us transition to the use of office paper with post-consumer recycled content.
- **Issue-Specific Structures:** Ford has also developed structures to address specific global sustainability issues facing the Company. For example, we have established a Sustainable Mobility Governance Forum – a senior-level team led by the Group Vice President of Sustainability, Environment and Safety Engineering – responsible for defining our climate change strategy and delivering our sustainability strategy in the marketplace. The Group's strategic direction is provided by a senior executive forum, including Vice President and executive stakeholders, which guides the development of the vision, policy and business goals.

Key Process for Integrating Sustainability

We believe that integrating sustainability considerations into our existing systems and processes – rather than creating new systems and processes – is the most effective way to embed sustainability into our business. The following are some examples of how we are doing this.

- **Business Plan Development, Business Plan Review and Compensation:** As part of the annual business planning process, Ford's business units develop scorecards to track their performance. Metrics from these scorecards are part of the performance assessment of managers at various levels of the Company and affect their compensation. Executive compensation is affected by the Company's performance in a range of areas, including sustainability. Sustainability issues are a formal part of Ford's weekly Business Plan Review (BPR) meetings, one of the key management processes used within the Company. At these regular, frequent meetings, convened by Ford's CEO, members of the Company's top leadership team review sales, financial, manufacturing and other information to help them manage global operations and identify issues that are critical to the future of the Company. Each unit also provides an update on performance relative to their individual scorecards. To help us manage corporate-wide sustainability issues, Ford has developed a sustainability

Related Links

This Report:

- Letter from Sue Cischke
- Governance and Management Structures
- Code of Basic Working Conditions
- Policy Letters and Directives
- Sustainability Management

Corporate.ford.com:

- Corporate Governance
- Board of Directors
- Corporate Governance Policies

External Websites:

- ISO 14001

scorecard, which is reviewed alongside other units' scorecards at the BPR meetings. Also, functions including Manufacturing, Product Development and Purchasing have integrated sustainability-specific indicators into their overall scorecards.

- **Special Attention Review and Automotive Strategy Meetings:** Ford's CEO also convenes regular Special Attention Review and Automotive Strategy meetings to look in depth at issues identified as potential concerns on any unit's scorecard. Sustainability issues have been covered at these meetings, including, in 2010, global energy trends, U.S. energy security, industry developments and Ford's electrification strategy.
- **Corporate Policy Letters and Directives:** Ford maintains a comprehensive set of Policy Letters, Directives and other corporate standards that govern all Company activities. Several of these relate to aspects of sustainability. For example, in 2003 Ford adopted a Code of Basic Working Conditions, the implementation of which is supported by a robust assessment and training process. The Code of Basic Working Conditions was updated in 2006, and in 2007 it was approved and formally adopted as a corporate Policy Letter #24.
- **Management Systems:** Ford uses a variety of systems and processes to manage the different aspects of our business, several of which govern or incorporate sustainability issues. For example, all Ford manufacturing facilities and our Product Development function are certified to ISO 14001, the leading global system standard for managing environmental issues. We have also asked our preferred "Q1" suppliers of production parts to certify their facilities to ISO 14001. In another example, Ford's Purchasing function has integrated assessments of working conditions into its broader process for evaluating suppliers on issues such as quality, cost and delivery (see our new [Supply Chain](#) section for more).



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Sustainability Management

This section describes our systems for managing sustainability within two of our major business functions – Product Development and Manufacturing. (Our systems for supply chain management, which have been addressed in this section in previous reports, are discussed in the new [Supply Chain](#) section this year.) This section also discusses our approach to U.S. public policy issues.

Stakeholder engagement is also vital to our ability to serve our customers and the local and global communities in which we operate. Our stakeholder engagement activities are detailed in the [Society](#) section of this report.

Related Links

This Report:

- [Supply Chain](#)
- [Society](#)

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Product Development

The development of our new products starts with an understanding of the consumer: who they are, how they live and what they want in a vehicle. Next, comes the identification of advanced technologies and breakthrough ideas by our Research Labs and our Advanced Product Strategy, Advanced Marketing and Advanced Design groups. These and other groups work within an annual planning process to assess the latest developments in technologies and consumer trends to identify the best new technologies and anticipate the needs and desires of the marketplace. Our product cycle plan defines timing for new or updated vehicles, and the associated technology applications. Product development engineers, designers and product marketing teams work together to finalize a vehicle concept. Once the business case is approved, our vehicle programs are brought to market using our Global Product Development System, or GPDS.

The GPDS, launched in 2005, merges the best product-creation methods from all of Ford Motor Company's global operations and is refreshed continually with the latest lessons learned as we develop new products. The GPDS provides a common set of milestones and metrics for the development of all vehicle programs across our regional business groups, which increases efficiency and quality. As a part of this system, we require all vehicles to meet specific competitive and performance targets at every milestone along the product's development path. These targets consider a wide range of environmental performance criteria, such as fuel economy, recycled materials and substances of concern. For example, our product CO₂ emission reduction goal, coupled with a commitment to class-leading fuel economy, has been translated into fuel economy targets for each new vehicle.

Related Links

This Report:

- [Delivering New Products](#)



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Manufacturing

The Ford Production System (FPS) is a continuously improving, lean, flexible and disciplined common global production system that encompasses a set of principles and processes to drive a lean manufacturing environment. Key elements of the system include effective work groups, zero waste/zero defects, aligning global capacity with global market demand, optimizing production throughput and using total cost to drive performance.

Each principle has a set of guidelines, or "measurables," that help us to meet or exceed objectives. The measurables are deployed and tracked for every manufacturing location using the SQDCMME Scorecard, which keeps focus on the vital components of a sustainable business: Safety, Quality, Delivery, Cost, Morale, Maintenance, and Environment. For example, each manufacturing location has specific environmental targets.

Many processes have been put into place to support the FPS and the Scorecard, including SQDCMME metrics, internal process confirmations and FPS Best Practices. The Scorecard is reviewed regularly by management, and progress against SQDCMME targets is a factor in the performance reviews of all managers in the manufacturing chain of command, from site-level managers to Ford's CEO. Each Manufacturing employee has an annual performance review that is based on objectives that are derived from the Scorecard. Manufacturing's Scorecard objectives are cascaded through each organization down to the plant-floor-level employee at the beginning of each year, to create alignment on objectives and measures of performance throughout the Manufacturing organization.

Manufacturing is integrated with Product Development in the Global Product Development System (GPDS). Beginning early in a program, the GPDS includes deliverables for Manufacturing that drive a consistent and reliable process through the implementation of such requirements as efficient die construction practices, standard and current bill of process, manufacturing design specifications, modularity and complexity. The standard bill of process allows us to confirm that our operations include all of our global best practices, as well as effective failure mode avoidance and successful process quality control. Manufacturing Engineering utilizes computer-aided, or "virtual," design for manufacturing, which is aligned with the GPDS milestones, to improve the efficiency and quality of vehicle assembly.

Manufacturing works within the Global Quality Operating System (QOS) to develop, measure and continuously improve robust processes. This work starts early in the product development cycle to ensure that our manufacturing facilities are able to achieve the metrics outlined on the Scorecard. By following the disciplined processes and deliverables of the GPDS, the FPS and the QOS, we are able to continue defect prevention and reduce "things gone wrong" and warranty spending using global design rules and the manufacturing standard bill of process.

Related Links

- This Report:
- [Operations](#)
 - [Delivering New Products](#)
 - [Customer Satisfaction and Quality](#)



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Public Policy

Every day, government officials around the world make decisions that impact Ford. As a global automotive company, it is important that we have a voice in policies that affect our business in the countries in which we operate, and that Ford be recognized as a credible, leading source of information as those policies are formulated. Across a range of issues – including manufacturing, climate change, energy security, health care reform, human rights, trade, education and vehicle safety, among others – we strive to shape policies that are economically, environmentally and socially sustainable for Ford and for the world. Informed policy makes for better policy, whether at the international, national, regional, state or local level.

In this section, we have expanded our reporting this year in response to stakeholder feedback. We're including more detail on Ford's approach to public policy participation and our positions on key U.S. policy issues. In the future we will consider expanding even further to address our positions on policy issues of importance in other regions of the world. (The Ford policies discussed in this section are outlined in our Code of Conduct Handbook, which applies to Ford globally.)

Related Links

- Corporate.ford.com:
- [Code of Conduct Handbook](#)



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Participation in the Policy-Making Process

Ford seeks to be an active participant in the political process in a manner that is transparent and related to our business interests. On issues of highest priority for us, we stay in regular contact with legislators and regulatory officials in our major markets, to share with them our interests and perspectives and offer expert input into the policy-making process. Our Government Affairs office oversees these lobbying activities.

Membership in Coalitions and Associations

Ford belongs to a broad range of partnerships and coalitions, as well as industry and trade associations (such as the Alliance of Automobile Manufacturers), that lobby in the legislative and regulatory realms on behalf of their members. Working with others in these types of organizations enables Ford to better leverage our resources on issues of importance to us and to develop and promote policies that have potentially far-reaching benefits for industry and society.

Of course, we do not always agree with each and every position taken by these organizations. In cases where we don't agree, we have to determine if, on balance, we agree with enough of the organization's positions that we should continue to engage with them. And, we always reserve the right to speak with our own voice and make our own positions clear, even when they may not align with the positions of associations to which we belong.

Ford Policy on Political Contributions

Ford Motor Company does not make contributions to political candidates or political organizations nor otherwise employ Company resources for the purpose of helping elect candidates to public office, even when permitted by law. Nor do we take positions for partisan political purposes – that is, specifically for the purpose of advancing the interest of a political party or candidate for public office. These policies remain unchanged, notwithstanding the U.S. Supreme Court's January 2010 decision that loosened restrictions on corporate independent expenditures.

With proper executive approval, Ford may contribute to support or oppose a U.S. state or local ballot proposal, if such contributions are permitted by law and if the issue is of significant interest or importance to the Company. Information with respect to contributions made in connection with ballot questions and referenda is publicly available through the appropriate local or state reporting authorities.

We do encourage employees to participate in political and governmental affairs and recognize that Company efforts and programs to encourage employee participation must respect fully the right of employees to use personal time as they choose and decide the extent and direction of their political activities. The Ford Motor Company Civic Action Fund (the "Ford PAC"), which is supported by voluntary donations from Ford employees, gives campaign contributions to national, state and local political candidates from both major political parties in the United States. The Company pays the solicitation and administrative expenses of the Fund, which are minimal, as permitted by law. All contributions made to the Ford PAC and all distributions from the Ford PAC are in compliance with Federal Election Commission (FEC) and applicable state regulations. A list of the Ford PAC's contributions made during 2010 can be found at the [FEC website](#).

Decisions about political contributions by the Ford PAC are made by Ford's Governmental Affairs office, in accordance with business objectives that support our competitiveness in the global automotive industry. Ford PAC contributions are used to support issues directly related to manufacturing and Ford business objectives. All Ford PAC candidate contributions in excess of \$3,000 must be approved by the Ford PAC Political Contributions Committee, an eight-member, cross-functional group of Ford employees representing a range of organizational levels.

Ford complies fully with all laws and rules governing our employees' interactions with officials at all levels of government (federal, state and local). Furthermore, all of our contact and dealings with government officials must not only comply with all applicable laws, but also with our global corporate Policies and Code of Conduct. Note that under federal law, foreign nationals are prohibited from making contributions in connection with any U.S. election and are thus not eligible to join the Ford PAC.

Related Links

Corporate.ford.com:

- [Code of Conduct Handbook](#)

External Websites:

- [Alliance of Automobile Manufacturers](#)
- [Federal Election Commission](#)



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Public Policy Positions

This section summarizes Ford's positions on key public policy issues currently under discussion in the U.S.

The one important topic not addressed here is [climate change policy](#); see the Climate Change section for a discussion of that issue. That section also addresses policy issues relating to mid-level ethanol blends and upstream emissions associated with vehicle electrification.

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- ▾ Non-CO₂ Tailpipe Emissions
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- ▾ Manufacturing Policy
- ▾ Health Care Reform
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- ▾ Electrification

Sustainable Raw Materials

Recently, public awareness has grown around sustainability concerns associated with certain raw materials. So-called "conflict minerals" are one serious concern; these include tantalum, tin, tungsten and gold mined in the Democratic Republic of the Congo and nine bordering countries. Profits from mining activities in these areas are being used to fund armed conflict in the region. Another area of concern is "rare earth elements" (REEs) – a suite of mined materials that are widely used in consumer and automotive electronics. China currently produces 95 percent of the world's supply of REEs, and concerns have been raised about the future availability of these materials as well as sustainability aspects related to their mining.

In the U.S., the financial regulatory reform bill passed by Congress in 2010 included a provision relating to conflict minerals. This provision requires many manufacturers to report to the Securities and Exchange Commission (SEC) annually on whether their products contain metals derived from certain conflict minerals and if those metals are necessary for the functionality and production of their products.

Ford is well positioned to begin work on the issue of conflict minerals in the supply chain. We have an established mechanism for engagement with our suppliers on the topic of policy and management systems through our strategic supplier framework, the Aligned Business Framework, in addition to full integration of explicit human rights terms in all of our contracts with suppliers.

Ford has worked with companies such as Microsoft, GE and Hewlett Packard as well as investors like the Interfaith Center on Corporate Responsibility and NGOs to issue multi-stakeholder comments on the regulations, in particular on substantive issues regarding implementation. Representatives from Ford also met with the SEC to discuss issues relating to procedure and implementation within the automotive supply chain. Finally, in March 2011 we issued a formal comment letter stating our position.

We remain active on this issue in other venues as well. For instance, we are piloting the implementation phase of the Organisation for Economic Co-operation and Development's Framework for Due Diligence regarding conflict minerals.

Regarding rare earth elements, legislation is pending in Congress that would encourage domestic production of REEs. Ford has provided information and support to the relevant U.S. House committee on this issue via the American Automotive Policy Council, to educate committee staff on the industry's interests and positions on REEs.

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Non-CO₂ Tailpipe Emissions

In the U.S., the U.S. Environmental Protection Agency (EPA) and the California Air Resources Board (CARB) regulate smog-forming tailpipe emissions, including hydrocarbons, nitrogen oxides,

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This Report:

- Climate Change Policy and Partnerships
- Sustainable Raw Materials
- Non-CO₂ Tailpipe Emissions
- Eliminating Undesirable Materials
- Steps to Reduce Health Care Costs
- Vehicle Safety and Driver-Assist Technologies
- Human Rights in the Supply Chain: Ford's Global Working Conditions Program
- Investing in Communities
- Electrification: A Closer Look

External Websites:

- U.S. Securities and Exchange Commission
- U.S. Environmental Protection Agency
- California Air Resources Board
- U.S. Department of Energy
- President's Export Council
- United Nations Global Compact
- Society of Automotive Engineers

carbon monoxide and particulate matter. Both the EPA and California are in the process of developing the next generation of emissions standards ("Tier 3" and "Low Emission Vehicle III," respectively). CARB is also in the process of revising its future Zero Emission Vehicle regulations, with the intent of integrating them into its programs for smog-forming and greenhouse gas emissions.

We are working with the agencies through their regulatory processes to help develop rules that are both effective and feasible. In setting tailpipe emission regulations, consideration of other vehicle rules such as fuel economy/greenhouse gas standards and safety standards must be taken into account to ensure that the total package of requirements is workable.

Ford continues to oppose technology mandates that seek to impose quotas or limits on the production or sale of vehicles with specified powertrain technologies. Regulatory efforts to dictate market outcomes, or to pick technology "winners" and "losers," have never produced a successful outcome. Manufacturers need the flexibility to build the kinds of vehicles that the marketplace demands based on consumer preferences and other external factors. Emissions standards should be performance-based and should be designed to enable manufacturers to introduce vehicles with an array of different technologies.

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Undesirable Chemicals

The European Union's REACH program (Registration, Evaluation, Authorization, and restriction of Chemicals) regulates and seeks to phase out chemicals of concern. More and more countries are adopting similar regulations. Turkey and Romania adopted their own versions of REACH in 2009; China adopted its own version in October 2010. South Korea and Japan will soon adopt REACH-like regulations to manage their chemicals. In the U.S., the U.S. Senate and House both proposed bills in 2010 to overhaul the Toxic Substances Control Act. The state of California is planning to promulgate regulations implementing a "green chemistry" law in 2011. In January 2009, the United Nations implemented regulations requiring a globally harmonized system of classification and labeling of chemicals.

We believe that regulatory requirements for the phase-out of undesirable chemicals need to be prioritized and implemented in a workable manner. Government and industry resource constraints mean that not all chemicals of concern can be addressed at once. Moreover, manufacturers and suppliers need adequate lead-time to identify replacement substances that are more environmentally friendly than the ones they replace, and also to design and engineer components that incorporate these new substances. Ford will continue to work with regulatory agencies to help develop rules that target the highest-priority chemicals first, and that drive steady progress toward the elimination of chemicals of concern in an effective and efficient manner.

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Manufacturing Policy

Manufacturing is essential to local, regional and national economies. Manufacturing provides jobs and tax revenue, creates new products and technologies and promotes overall prosperity. When factories are closed, jobs are lost and the tax revenues that support hospitals, social services, local schools and public universities are reduced.

About 70 percent of all the research and development investment in the U.S. comes from manufacturing. We believe that a strong manufacturing base – with its attendant focus on engineering, science and technology innovations – is important not only for national prosperity but for energy independence, energy security, national defense and sustainability.

A strong manufacturing policy is needed in the U.S.. The government should implement policies that:

- Create a framework that allows companies to compete fairly and freely
- Encourage research and development and investment in the future
- Allow access to competitive capital and create a stable, predictable and globally competitive regulatory environment and tax regime
- Leverage the power of free enterprise and American ingenuity to create growth and prosperity

The Department of Energy's (DOE) Advanced Technology Vehicle Manufacturing Incentive Program is a great example of how successful government-industry partnerships can work to achieve public policy goals. The program provides access to competitive capital while leveraging American ingenuity to invest in the production of more fuel-efficient vehicles. This program was authorized in 2007 and funded in 2008, and Ford is one of the recipients of these competitively awarded green loans.

Strong free trade policies – enabling market access and prohibiting currency manipulation – also must be part of this equation. At Ford, we believe an export-driven strategy is critical to achieving our shared goals of economic growth, job creation and a sustainable future. That's why Ford President and CEO Alan Mulally is proud to serve as a member of the President's Export Council. Also important are education policies that help to foster a skilled U.S. workforce. These types of policies are discussed later in this section.

Health Care Reform

In the U.S., national health care reform was the topic of intensive Congressional and public debate, culminating in the passage of national health care legislation in March 2010. We are encouraged that the new law includes provisions that are aligned with the three key areas (listed below) that we believe must be addressed in order to maximize the value of health care service (a combination of quality, appropriateness and costs).

- **Wellness and Prevention** – As a country, we must focus on wellness and prevention, and make sure that employers can offer creative incentives that work to engage people in healthy behaviors.
- **Health Information Technology** – We need a national technology infrastructure that allows the consolidation of a patient's medical records, so that the most appropriate care is given wherever treatment is provided. To accomplish this, we need electronic medical records at every doctor's office and hospital, and they all need to be connected. We also need tools to improve the accuracy and safety of prescription drug dispensing, such as electronic prescribing.
- **Understanding What Works** – By studying the cost and quality of health care and its effect on health status, we can deliver more effective care. New innovations in technology and drugs are key drivers of cost increases. Therefore, before new innovations are widely implemented, they must be compared to the standard practice to really know whether and how much additional value they bring.

For more on this topic, see the [Economy](#) section.

Vehicle Safety

At Ford, safety is one of the key principles that inform and guide our every design and engineering effort. We are committed to continuous improvement in vehicle safety; we are also actively involved in driver education and efforts to promote safer roadways. Ford will continue working with governments and the public to help further reduce auto accident and fatality rates, which reached historic lows in 2009.

Part of this commitment to safety is Ford's open and transparent approach to quickly addressing customer questions and vehicle safety issues. Ford supports the Transportation Recall Enhancement, Accountability and Documentation (TREAD) Act, which opened even more transparency and information sharing between the government and the auto industry.

Ford believes driver distraction is a serious issue, which is why we were the first automaker to support legislation for a national ban on handheld texting while driving. Reflecting this public position, Ford recently clarified its employee policy to explicitly ban all handheld usage of electronics while driving. This is aligned with research showing that manually operating electronic devices that can divert drivers' eyes from the road (not merely talking on cell phones) substantially increases crash risk. We also support a more rapid transition to voice-controlled technologies, such as SYNC, that this same research shows can help reduce this risk.

Ford is a leader in the cooperative effort with governments and automakers globally to develop intelligent vehicles that in the future could "talk" to each other through advanced Wi-Fi technologies, to help reduce crashes and traffic congestion. Ford is aggressively accelerating its commitment to intelligent vehicles – known as vehicle-to-vehicle communications – becoming the first automaker to build prototype vehicles for demonstrations across the United States, doubling its intelligent vehicle investment in 2011 and dedicating even more scientists to developing this technology. We also support efforts to harmonize technology standards around the world to help deliver the technology as quickly and affordably as possible.

Ford strongly supports maximum graduated driver licensing (GDL) in North America as a means of achieving reductions in crashes, injuries and fatalities by new teenage drivers. GDL is a system designed to delay full licensing while allowing beginners to obtain initial experience under lower-risk conditions. There are three basic stages to GDL: a minimum supervised learner's period; an intermediate license (once the driving test is passed) that limits unsupervised driving in high-risk situations; and a full-privilege driver license upon completion of the first two stages. The Company encourages all states to adopt maximum GDL programs and urges all driver license programs to incorporate maximum GDL requirements, including information on safety belt use and impaired driving. Ford complements GDLs with its Driving Skills for Life teen safe driving program and MyKey® technology that helps parents encourage their teens to drive more safely. MyKey features programmable speed and audio volume limits and a "no belts, no tunes" feature to encourage the use of seat belts, which are still the number-one lifesaving device.

Finally, Ford supports the enforcement of existing laws relating to driving under the influence (DUI) of alcohol and drugs, as well as the use of alcohol ignition interlocks (sometimes called "alcolocks") for DUI offenders.

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

Human Rights

Ford is committed to respecting human rights everywhere we operate, because it's the right thing to do and it strengthens our business in the long run. We are a leader in addressing human rights and working conditions in the auto industry.

In 2008, Ford joined the United Nations Global Compact, a framework for businesses committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, the environment and anti-corruption.

And for several years, Ford has worked with leaders of the U.S. Department of State's human rights programs and the U.S. Department of Labor to explore how to encourage multinational companies to act as a positive force in protecting human rights in global trade, both through work in their own supply chains and through advocacy. We have also consulted with these agencies on how the U.S. government can encourage the protection of human rights through its purchasing practices.

At present, several U.S. states (including California, Ohio, Texas and Hawaii) are considering bills to prevent human trafficking. And, the U.S. House of Representatives is conducting a special subcommittee review on women's rights. Ford supports the underlying goals of human rights legislation, and where appropriate, Ford is participating in sector-specific initiatives and with international organizations to systematically evaluate supply chains to determine the most effective measures to combat human rights violations.

For more on our commitment to human rights, see [Human Rights in the Supply Chain](#).

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International Trade

As a global automaker, Ford has a strong interest in issues relating to international trade. With manufacturing facilities in 21 countries, sales in almost 90 countries and a global supply chain that moves parts worldwide, we are a strong supporter of trade liberalization. In fact, free trade is foundational to our business model.

Ford has supported every free trade agreement (FTA) ratified by the U.S. government since the United States first began free trade negotiations in the mid-1960s. We support pending agreements with Panama and Colombia, and applaud the outlines of the revised U.S.-Korea Free Trade Agreement that were announced in December 2010. We also support the negotiation of a comprehensive, high-standard and commercially meaningful trade agreement with the Trans-Pacific Partnership countries.

Beyond the current FTA debate, we believe a new approach to trade is required that puts U.S. manufacturing at the forefront. Given the importance of manufacturing to the U.S. economy, Ford supports a manufacturing-driven trade strategy that:

- Drives innovation and delivers economic opportunity to its citizenry by maintaining a vibrant manufacturing sector as its cornerstone
- Enables U.S. manufacturing to compete on a level playing field against the best competition from around the globe

Finally, we believe the elimination of trade-distorting policies such as currency intervention and manipulation must be considered a key component of any trade initiative. Currency manipulation provides foreign automakers with an export subsidy of several thousand dollars per vehicle, while at the same time acting as the ultimate nontariff barrier, protecting their market from imports. Ford believes the market should set currency exchange rates – not governments.

Massive intervention by the Japanese government in 2003 and 2004 to weaken the value of the yen vis-à-vis the dollar helped to fuel one of the largest bilateral trade deficits in U.S. history. The Japanese intervened again in 2010. The Korean government, having benefitted from exports driven by a weakened Korean currency over the past year, is now also engaging in currency manipulation to support export industries. Korea must end this unfair and disruptive trade practice.

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Education

Ford understands that global competitiveness depends on the ability of our K-12 educational systems and post-secondary institutions to prepare a 21st century workforce. With baby boomers beginning to retire in large numbers, and many high-skilled jobs going unfilled, improving the quality and performance of our schools has become an urgent issue facing communities large and small across the country. Within these communities, too many students are disconnected and unsuccessful in schools that struggle to be as engaging and relevant as they need to be. Add to that the considerable anxiety being generated by an economy in transition – from industrial- to knowledge-based – and education emerges as a critical factor in securing financial health and

prosperity for individuals, communities and the nation.

Ford recognizes the importance of these issues and supports public policies and initiatives that are designed to mobilize educators, employers and community leaders to bring communities together to transform the entire educational system. These programs provide students with real-world learning opportunities that help them:

- Develop essential higher-order skills, such as: critical thinking, problem solving, communication, innovation and creativity
- Make connections between the academic subjects taught in the classroom and their application in the real world
- Make meaningful connections to higher education
- Build more sustainable communities by involving local business and community organizations to create service-based academic projects that make learning more applicable to real-world situations and positively impact the community

By helping communities address this most critical challenge, Ford continues its long tradition of leading and supporting educational initiatives that empower students, strengthen communities, and benefit the American economy. See the [Investing in Communities](#) section for more information on the programs we support.

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Electrification

We stand at an exciting moment in automotive history – the introduction and growth of hybrids, plug-in hybrids and pure battery electric vehicles. As these advance technology vehicles emerge onto our highways and roads, manufacturers must work together, and with governments as appropriate, to set standards for certain technical aspects of these new vehicles, to enable the market for them to proceed forward smoothly.

Consider, for example: When we go to a gas station, we take for granted that the pump nozzle is a size that will work with our vehicle. Early on, a standard size and configuration had to be developed and agreed to across all automobile and gasoline pump manufacturers, so that drivers could have a hassle-free experience when they went to fill up. As demand for and availability of plug-in electric vehicles continues to rise, it's similarly important that consistent standards be put in place regarding the technical aspects of these vehicles.

In North America, the Society of Automotive Engineers, with Ford's participation, successfully aligned all original equipment manufacturers (OEMs) on a standard charge connector and communication protocol that will enable all plug-in vehicles to use common charge points. This will be a key enabler for adoption in North America; the same connector is under consideration in Europe and China. Further standardization initiatives that will be helpful include fast-charge standards (for DC charging) and vehicle-to-grid standards. Global commonality for these systems will also be needed. Ford is also working with other OEMs and suppliers to provide a common database of charge point locations for display within vehicles' navigation systems. In addition, Ford and the industry are working collaboratively with the Obama administration and the U.S. Congress to address the challenges associated with the widespread deployment and commercialization of electric-drive vehicles.

See our [Electrification](#) case study for more information about our collaborative approach to encouraging the development of electric vehicles.

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