



**BLUEPRINT FOR SUSTAINABILITY**

**DRIVING CHANGE**

 CLIMATE CHANGE

 WATER

 VEHICLE SAFETY

 SUPPLY CHAIN

 SUSTAINING FORD

 PERFORMANCE SUMMARY



William Clay Ford, Jr.  
Executive Chairman



Alan Mulally  
President and Chief Executive Officer

# Welcome

In the past few years we have restructured and revitalized Ford Motor Company under extremely challenging economic conditions. Throughout the global recession, we never lost sight of the environmental and social goals that are key elements of our business strategy. Indeed, our focus on those goals was an important factor in our financial recovery. By delivering cars that are greener, safer and smarter, we enhanced our competitiveness and built stronger relationships with our customers.

Our sustainability strategy covers a range of critical global issues, and we're making progress in addressing them. For example:

- We have committed to being a leader in fuel economy with every new product. Globally, we've introduced dozens of new vehicles that meet or beat their competitors for fuel economy.
- The average fuel economy of Ford's North American vehicle lineup improved by approximately 20 percent between 2005 and 2010, and we are on track to boost fuel economy by more than 35 percent by 2015. This also puts us on the path to meet or exceed our science-based global goal to do our share to stabilize atmospheric carbon-dioxide (CO<sub>2</sub>) concentrations.
- In 2010 we began delivering the first of five electric vehicles that will launch in North America by 2012 and Europe by 2013. We are making these innovative vehicles easy to live with and as affordable as possible, building them on our best-selling global vehicle platforms.
- Our vehicles continue to garner top safety ratings. The 2011 Ford Fiesta, for example, is the first car in its segment

to earn top crash-test ratings in each of the world's largest auto markets that perform safety testing – the U.S., China and Europe.

- During 2010 we updated our water strategy, in recognition of the importance of freshwater to communities and our own operations and the interconnections between the availability and quality of water and other issues like climate change. We have reduced our water use by 62 percent since 2000 and are assessing our water footprint.
- We are leading an industry-wide supply chain approach to ensure that all components used in our products are manufactured under conditions that demonstrate respect for the people who make them. We're also working with suppliers to promote environmentally sustainable practices and better understand impacts in our supply chain.

As challenging as the past few years have been, even greater challenges lie ahead. As the world's population grows, so will pressures on natural resources. Demand for automobiles will continue to expand – the Chinese automobile market grew by 30 percent in 2010 alone – along with congestion and demands on infrastructure.

We're expanding production to better serve these markets. We're also looking at how we can use information technologies and other innovations – along with innovative thinking – to help solve global challenges. We believe Ford is positioned to continue to thrive by providing great products and value to society that build a strong business and a better world.

# Sustaining Ford

Building upon our 2009 momentum, Ford's financial health improved dramatically in 2010 after several challenging years. Our full-year 2010 net income was our highest in more than a decade, as strong products and new investments fueled improvements in all of our global operations. Our financial results exceeded our expectations, accelerating our transition from a company working to fix the very fundamentals of our business to a company focused on delivering profitable growth for all.

By staying focused on our "ONE Ford" plan, we have been able to deliver a full range of vehicles with outstanding fuel economy and exciting new technology at affordable prices. At the same time, adhering to the ONE Ford plan has allowed us to advance our sustainability strategy – and simultaneously propel the Company forward.

## Sustainability Strategy

At Ford, sustainability is at the heart of our business. We have thoroughly linked our Company's economic health to the environmental health of our planet and to the broader social health of the communities in which we operate.

Our sustainability strategy is woven through our ONE Ford business strategy, which is delivering a range of fuel-efficient vehicles and a global product portfolio that is greener, safer and smarter. Our strategy also addresses a number of critical global issues, including the availability and affordability of fuel, the electrification of vehicles, the environmental impacts of CO<sub>2</sub> emissions, water scarcity and quality, mobility challenges, and human rights within our operations and supply chain.

Such issues pose tremendous challenges for automakers. But they also promise significant opportunities for Ford as we work toward innovative solutions. We have an opportunity to focus not only on our own balance sheet, but to make meaningful contributions toward economic growth, energy independence and environmental sustainability for all of our stakeholders.

## Mobility

For decades, we focused on how to sell more cars and trucks. Today, we are considering the consequences if *all* we do is sell more cars and trucks. It's simple math: as the Earth's population grows, so does its need for mobility, which is a critical enabler of economic growth and human potential.

There are some 800 million vehicles in the world today. By 2050, the number is projected to grow to 2 to 4 billion. While we are poised to capture our share of expanding markets, we also recognize that there are limits to growth. Those limits may include severe mobility challenges, ranging from CO<sub>2</sub> and other emissions to congestion.

As we look to the future, we're aiming to make mobility affordable in every sense of the word – economically, environmentally and socially – in congested urban locations as well as remote regions. Through partnerships and pilot projects, we're looking beyond the vehicle itself to explore new models of mobility that integrate a variety of transportation options. These new models will demonstrate how Ford can address unmet social needs while responding to the realities of mobility in the 21st century.



**More about Sustaining Ford**

[corporate.ford.com/go/sustainability](http://corporate.ford.com/go/sustainability)



We are boosting global production of smaller-sized vehicles and expanding our lineup of vehicles with affordable and advanced green technologies.

# Climate Change

Ford is committed to doing our share to reduce the potential for environmental, economic and social harm from climate change.

We have a comprehensive, science-based strategy to reduce greenhouse gas (GHG) emissions from our products and processes while working cooperatively with the public and private sectors. We have made major strides in implementing our strategy by providing outstanding fuel efficiency in products that our customers want and by reducing GHG emissions from our operations.

## Our Commitment

Our climate change strategy is based on doing our share to stabilize CO<sub>2</sub> concentrations in the atmosphere at 450 ppm, the level generally accepted to avoid the most serious effects of climate change. Our stabilization commitment includes the following:

- Each new or significantly refreshed vehicle will be the best in class, or among the best in class, for fuel economy.
- From our global portfolio of products, we will reduce GHG emissions enough to contribute to climate stabilization – even taking into account sales growth.
- We will reduce our facility CO<sub>2</sub> emissions by 30 percent by 2025 on a per-vehicle basis.

During 2010, we expanded the climate stabilization analysis that we had undertaken previously for the U.S. and Europe to the other regions where we operate. This analysis defines the emission reductions needed to meet our stabilization commitment and is embodied in our technology migration plan, which, in turn, drives our product plans globally.

## Our Progress

We are on track to meet our commitments. We are making progress by adding advanced technology to all our products and offering high-value, attractive models that are smaller, lighter and more fuel efficient, encouraging customers to shift their purchasing behavior. We also continue to invest in energy-efficiency improvements at our facilities worldwide and, during 2010, explored carbon emissions in our supply chain through multi-stakeholder projects.

Among recent and upcoming actions, we:

- Reduced CO<sub>2</sub> emissions from our 2010 model year U.S. and European new vehicles by 10.5 percent and 8.1 percent, respectively, compared to the 2006 model year.
- Reduced CO<sub>2</sub> emissions from our global operations by 5.6 percent on a per-vehicle basis, compared to 2009.
- Announced three more engines with our patented EcoBoost™ fuel-saving technology. By 2013, we expect to be producing approximately 1.5 million EcoBoost engines globally, about 200,000 more than originally expected.
- Offer four models in North America that provide 40 miles per gallon or better – compared to 2009, when our most fuel-efficient vehicle achieved 35 miles per gallon.
- Offer 18 models in Europe that achieve a CO<sub>2</sub> emission level of 130 grams per kilometer, and two that achieve less than 100 grams per kilometer.
- Announced the development of a solar energy system – one of the largest in Michigan – that will help power the production of fuel-efficient small cars, including the Focus Electric, at our Michigan Assembly Plant.

## Our Policies

Reducing emissions calls for partnership among all stakeholders and can only be achieved by significantly and continuously reducing GHG emissions in all sectors of the economy. In the transportation sector, this means improving vehicle fuel economy, developing lower-carbon fuels and



More about Climate Change

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## Global Technology Migration Path

2007 →	2011 →	2020 →
<p><b>NEAR TERM</b> Begin migration to advanced technology</p> <ul style="list-style-type: none"> <li>✓ Significant number of vehicles with EcoBoost engines</li> <li>✓ Electric power steering</li> <li>✓ Dual clutch and six-speed transmissions replace four- and five-speeds</li> <li>✓ Flexible-fuel vehicles</li> <li>✓ Additional hybrid applications</li> <li>✓ Increased unibody applications</li> <li>✓ Introduction of additional small vehicles</li> <li>✓ Battery management systems</li> <li>✓ Aerodynamics improvements</li> <li>✓ Stop/start systems (micro hybrids)</li> <li>✓ CNG/LPG-prepped engines available in select markets</li> </ul>	<p><b>MID TERM</b> Full implementation of known technology</p> <ul style="list-style-type: none"> <li>▪ EcoBoost engines available in nearly all vehicles</li> <li>▪ Electric power steering – high volume</li> <li>▪ Six-speed transmissions – high volume</li> <li>▪ Weight reduction of 250–750 lbs.</li> <li>▪ Engine displacement reductions facilitated by weight reductions</li> <li>▪ Additional aerodynamics improvements</li> <li>▪ Increased use of hybrids</li> <li>▪ Introduction of battery electric and plug-in hybrid vehicles</li> <li>▪ Vehicle capability to fully leverage available renewable fuels</li> <li>▪ Diesel use as market demands</li> <li>▪ Increased application of stop/start</li> </ul>	<p><b>LONG TERM</b> Continue leverage of hybrid technologies and deployment of alternative energy sources</p> <ul style="list-style-type: none"> <li>▪ Increased percentage of internal combustion engines using renewable fuels</li> <li>▪ Volume expansion of hybrid technologies</li> <li>▪ Continued leverage of plug-in hybrid and battery electric vehicles</li> <li>▪ Introduction of fuel cell vehicles</li> <li>▪ Clean electric/hydrogen fuels</li> <li>▪ Continued weight reductions through use of advanced materials</li> </ul> <p><b>Key:</b> ✓ Delivered</p>

providing price signals to encourage consumers to purchase more fuel-efficient vehicles.

We are committed to advocating for effective and appropriate climate change policy. We are promoting comprehensive, market-based policy approaches that will provide a coherent framework for GHG emission reductions, so that companies like ours can move forward in transforming their businesses with a clear understanding of their role in achieving reductions.

### An Electrifying Future

Ford foresees a future that includes a variety of electrified vehicles, something we call “Power of Choice.” Our comprehensive electrification strategy calls for electrifying global vehicle lines rather than creating unique electrified vehicle models. That way, our customers can choose from a variety of vehicle powertrains. The strategy also touches all aspects of the electrification ownership experience, seeking to make it engaging, empowering and easy to live with. By 2020, we expect 10 to 25 percent of Ford’s global sales to be electrified vehicles.

In late 2010, Ford delivered the initial units of our first all-electric vehicle – the Transit Connect Electric. In 2011, the Focus Electric, Ford’s global, all-electric car, will be sold in 19 pilot U.S. markets. In 2012, we will begin producing the C-MAX Hybrid, the C-MAX Energi Plug-In Hybrid and another next-generation hybrid. We plan to deliver the same suite of vehicles in Europe by 2013.

## Water

Water availability, quality and access have rapidly become critical global issues that extend well beyond environmental concerns. The need for clean water cuts across all social, environmental, economic and political boundaries.



Water conservation is an integral part of Ford’s sustainability strategy, alongside greenhouse gas reduction. Many key vehicle-manufacturing processes require water, and water is used at every point in our supply chain. Our water-related risks come not only from being a direct water consumer, but also from being a large purchaser of water-intensive materials, parts and components. We recognize that our long-term success is dependent upon thriving communities and ecosystems, both of which require water.

In this 2010 Sustainability Report, water is included for the first time among top sustainability concerns for our Company.

### Updating Our Strategy

At the end of 2010, we revised and updated our Ford Motor Company water strategy, which looks at our water use from both an environmental and a social perspective. To better understand our water impacts, we have undertaken an assessment of our water footprint throughout the lifecycle of our vehicles.

Ford recognizes water as a human rights issue – as in a “right to water.” Companies that underperform on water issues will face scrutiny over their impacts on people and the environment – especially those companies that operate in water-stressed areas. At Ford, we see water as a local issue that is directly influenced by availability, quality and economics. We are targeting facility water reductions based on local needs, while using a holistic company-wide approach.

### Cutting Our Water Use

In 2000, Ford made a commitment to decrease our water use, setting a target of 3 percent year-over-year reductions. Since then, our global manufacturing facilities have saved approximately 10.5 billion gallons of water – a 62 percent reduction – and water use per vehicle has decreased by 49 percent.

We are aiming for 2011 global water reductions of 5 percent per vehicle, compared to 2010. Moving forward, we will be setting internal year-over-year efficiency targets. And we will be requiring all plants to perform basic, low-cost water-reduction actions. In addition, we will be working to safeguard the quality of the water we use to protect the health of our workforce and local communities.



Since 2000, our global manufacturing facilities have reduced water use by 62 percent, and water use per vehicle dropped by 49 percent.

# Vehicle Safety and Driver-Assist Technologies

At Ford, vehicle safety is a critical part of our company identity and reputation. We build in safety from the very beginning of every product development process.

We remain an industry leader in safety, even as the major public domain ratings systems in the U.S. and Europe were revised – and made much tougher. In fact, Ford has the most top U.S. safety ratings of any automaker ever. This includes more “Top Safety Picks” from the Insurance Institute for Highway Safety (IIHS) than any other manufacturer in the six-year history of that crash-testing program, as well as more five-star ratings from the U.S. National Highway Traffic Safety Administration (NHTSA) than any other manufacturer during 30 years of government testing.

## Safety Highlights

Among our safety highlights for 2010:

- The 2011 Ford Fiesta was the first vehicle in its class to achieve an IIHS Top Safety Pick, and leads its segment in NHTSA’s New Car Assessment Program (NCAP) ratings. The Fiesta also earned a maximum five stars in the China NCAP ratings.
- The 2011 Ford Taurus is one of the safest-rated large sedans sold in America, with NCAP ratings among the industry leaders for frontal impact, five-star NCAP ratings for side impact, and an IIHS Top Safety Pick designation.
- The 2010 Ford C-MAX and Grand C-MAX earned five-star ratings in EuroNCAP assessments.

## Preventing Distracted Driving

Distracted driving remains an issue of significant concern to Ford. We have been working for years to provide teen driver education and appropriate technologies to help reduce the risk of crashes due to distracted driving.

In early 2011, the Ford Motor Company Fund invested \$1 million to expand our Ford Driving Skills for Life (FDSFL) teen driver education program from 9 to 15 states. The program includes a module on the importance of avoiding distracted driving.

Numerous studies show that voice-controlled telematics and multimedia devices offer benefits compared to hand-held devices. Ford’s award-winning SYNC® technology, powered by Microsoft®, provides a way for drivers to use cell phones and MP3 players through voice commands alone.

In 2010, Ford introduced the MyFord Touch™/MyLincoln Touch™ driver connect technology – an all-new, digital user interface designed to allow in-vehicle connectivity while helping drivers keep their eyes on the road and hands on the wheel.

## “Intelligent” Vehicles

In recent years, Ford has unveiled numerous safety technologies (such as Active City Stop) that rely on radar and cameras to warn the driver of impending danger and even support the driver in taking appropriate action if necessary. At the same time, we have been undertaking research – on our own and in partnership with others – that will allow cars to talk wirelessly with one another using advanced Wi-Fi signals, cellular technologies and global positioning systems. A Wi-Fi-based radio system, for example, allows 360 degrees of detection and can “look” around corners for potentially dangerous situations. Our full report contains a case study on these kinds of technologies, which represent the next frontier in vehicle and traffic safety.



The all-new 2011 Ford Explorer earned a Top Safety Pick designation from the IIHS.



# Supply Chain

Ford's suppliers are critical allies in helping us to achieve success in the marketplace and meet our sustainability goals. We maintain long-term relationships with our suppliers and seek alignment with them on sustainability-related issues such as greenhouse gas emissions and human rights.

The basis of our work with suppliers is the Ford Code of Basic Working Conditions. This Code was formally adopted in 2003 and applies to our own operations as well as our \$65 billion supply chain.

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

We take a three-pronged approach to engagement with suppliers on sustainability issues:

- **Building capability at individual supplier facilities:**  
We work with suppliers to encourage the management of sustainability issues. We conduct supplier training supported by assessments and remediation at individual factories.
- **Engagement with strategic suppliers:**  
Ford and our strategic production suppliers work together at the corporate level to align and enhance approaches to a range of sustainability issues.
- **Collaborating with peers in the automotive industry:**  
To achieve truly lasting change, we are leading work with our counterparts in the automotive industry, often through the Automotive Industry Action Group (AIAG), to develop common approaches to a full range of sustainability issues.

In 2010, Ford initiated a holistic risk assessment of direct and indirect raw material supply chains. Ford feels strongly that cooperation within industry, as well as with multiple stakeholders, will be required to effectively address the human rights and environmental impacts of mining and other raw material production processes.

## Accomplishments

In 2010, our human rights and environmental responsibility accomplishments in the supply chain included the following:

- Independently, Ford trained suppliers in Romania on systemic solutions to working conditions challenges and assessed 136 supplier factories around the world for compliance with Ford and legal requirements. Ford global totals now exceed 1,655 suppliers trained and 751 suppliers assessed.
- Together with other automakers through the AIAG, we trained 463 supplier companies in Turkey and Brazil. The industry total across five countries now exceeds 1,260 suppliers trained.
- We continued to work with our strategic suppliers to ensure that they have robust Codes of Conduct and supporting management systems and engage with their suppliers. This work also supports responsible purchasing practices in the raw material supply chain.
- We surveyed 35 suppliers regarding greenhouse gas emissions and achieved a 75 percent response rate. Eighty percent of respondents said they track their emissions, and 50 percent said they externally report their emissions.
- Through the AIAG, we helped to establish common industry guidance and a reporting format for greenhouse gas emissions, to be used by global automakers and Tier 1 suppliers.
- Finally, we expanded the scope of the AIAG's industry supplier training to include business ethics and environmental responsibility and helped to secure additional sponsorship by European-based automakers.



### More about Supply Chain

[corporate.ford.com/go/sustainability](http://corporate.ford.com/go/sustainability)



Ford ranked #1 in the Human Rights category in *Corporate Responsibility Magazine's* 100 Best Corporate Citizens list.

# Performance Overview

We define sustainability as a business model that creates value consistent with the long-term preservation and enhancement of environmental, social and financial capital. Below are some key indicators of our performance in these areas. See the full data set and notes at [corporate.ford.com/go/sustainability](http://corporate.ford.com/go/sustainability).

## FORD DATA 2010/11

► ECONOMY/QUALITY	2008	2009	2010
Global Quality Research System things gone wrong (3 months in service), total things gone wrong per 1,000 vehicles	1,287	1,206	1,140
Global Quality Research System customer satisfaction (3 months in service), percent satisfied	77	80	82
Sales satisfaction with dealer/retailer, Ford brand, U.S., net promoter score	84	82	84
Sales satisfaction with dealer/retailer, Ford brand, Europe, net promoter score	81	77	82
Service satisfaction with dealer/retailer, Ford brand, U.S., net promoter score	74	74	74
Service satisfaction with dealer/retailer, Ford brand, Europe, net promoter score	70	67	69
Shareholder return – Bloomberg total return analysis, percent	-66	337	68
Net income/loss, \$ billion	-14.7	2.7	6.6
Sales and revenue, \$ billion	146.3	116.3	129.0
► ENVIRONMENT	2008	2009	2010
Ford U.S. fleet fuel economy, combined car and truck, miles per gallon (higher mpg reflects improvement) <sup>1</sup>	26.0	27.1	26.9
Ford U.S. fleet CO <sub>2</sub> emissions, combined car and truck, grams per mile (lower grams per mile reflects improvement)	340	326	329
Ford Europe CO <sub>2</sub> tailpipe emissions per vehicle, grams per kilometer (based on production data for European markets)	146	139	n/a <sup>2</sup>
Worldwide facility energy consumption, billion kilowatt hours	17.9	15.1	16.1
Worldwide facility energy consumption per vehicle, kilowatt hours per vehicle	3,561	3,272	3,087
Worldwide facility CO <sub>2</sub> emissions, million metric tonnes	5.4	5.0	5.3
Worldwide facility CO <sub>2</sub> emissions per vehicle, metric tonnes	1.09	1.07	1.01
North American Energy Efficiency Index, percent (higher percentage reflects improvement)	11.7	18.3	14.4
► SOCIETY	2008	2009	2010
Employee satisfaction, Pulse survey, overall, percent satisfied	66	68	68
Overall dealer attitude, Ford, relative ranking on a scale of 1–100 percent (winter/summer score)	69/68	71/80	85/83
Overall dealer attitude, Lincoln Mercury, relative ranking on a scale of 1–100 percent (winter/summer score)	66/64	66/71	71/62
Ford Motor Company Fund contributions, \$ million	33	20	19
Corporate contributions, \$ million	16	9	10
Volunteer corps, thousand volunteer hours	100	100	112
Lost-time case rate (per 100 employees)	0.7	0.6	0.5
Lost-time case rate by region (per 100 employees)			
Americas	1.0	0.9	0.8
Asia Pacific and Africa	0.1	0.2	0.1
Europe	0.6	0.5	0.3
U.S. safety recalls, number per calendar year (including legacy vehicles on the road for 10+ years)	10	8	7
U.S. units recalled, number of million units (including legacy vehicles on the road for 10+ years)	1.6	4.5 <sup>3</sup>	0.6
IIHS Top Safety Picks, number of vehicles	n/a <sup>4</sup>	n/a <sup>4</sup>	11

<sup>1</sup> The decrease in year-over-year fuel economy is due to a shift in our mix of vehicles sold, including a longer model year for certain trucks and the removal of Volvo from the 2010 data.

<sup>2</sup> Data to be updated July 2011.

<sup>3</sup> All but 12,000 of the 4.5 million vehicles recalled were older models (1992–2003) that were equipped with faulty Texas Instruments speed control deactivation switches. Although the data show the majority of the vehicles equipped with these switches do not pose a significant safety risk, we recalled them to reassure customers and eliminate any future concerns.

<sup>4</sup> The IIHS has significantly changed its ratings system, such that data for 2010 are not comparable to data for previous years. Ford continues to be a leader in Top Safety Picks.

 For additional notes to accompany this data, go to the full report [corporate.ford.com/go/sustainability](http://corporate.ford.com/go/sustainability)

### Contact

Preparing this summary offers a valuable opportunity for us to assess and improve upon our progress and performance. To continue to do so, we need your feedback:

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