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# Sustainability 2011/12

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## Year in Review

Read our Executive Messages from

William Clay Ford, Jr.

Alan Mulally

Robert Brown

Welcome to the 13th annual nonfinancial report of Ford Motor Company. Our vision for our sustainability reporting is that it is the basis of organizational learning. It demonstrates our values, and both reflects and drives outstanding economic, environmental and social performance.

This section of our report provides information about this report and an overview of our sustainability performance in 2011. It includes perspectives on sustainability at Ford from our [Chairman](#), our [CEO](#), and our new [vice president for Sustainability, Environment and Safety Engineering](#); a summary of [2011 performance data](#); our [goals and commitments](#); a ["map of our year"](#); and discussion of [assurance](#) of this report.

### About This Report

For this year's report, we did a major reorganization of the content, grouping it into the areas that we have identified as the most [material](#) from a sustainability point of view: financial health, climate change, water, vehicle safety and supply chain. We also report on "people" – our employees and communities – as they are essential to everything we do. In addition, the section called ["Blueprint for Sustainability"](#) discusses the foundation for our sustainability performance – our strategy, governance and management systems.

We also publish an eight-page [summary](#) (pdf, 4.98Mb) of this full web-based report for use by employees, customers and other stakeholders. Our most recent previous report was released in June 2011.

We see reporting as an ongoing, evolving process, not an annual exercise. Further information about our reporting approach can be found in the [Reporting and Transparency](#) section. Although this is not formally an "integrated report" – one that combines financial and sustainability reporting – we have expanded on our longstanding practice of reporting on Ford's financial health and its interrelationships with our sustainability performance. We expect our reporting to evolve further and invite your feedback on this report, and our approach to reporting, at [sustaina@ford.com](mailto:sustaina@ford.com).

### Map of Our Year



See Ford's sustainability-related highlights for 2011 – from announcing strong 2010 full year financial performance and market share gains in January to beginning production of the Ford Focus Electric in December.

### New Vice President for Sustainability



In 2012, Robert Brown replaced Sue Cischke as Ford's vice president for Sustainability, Environment and Safety Engineering.

### Stakeholder Review



We implemented feedback from a stakeholder committee, convened by Ceres, that reviewed the plan for this report.

Data in this report are subject to various forms of assurance as noted in the data tables. The summary report was reviewed by Ford's top executives and the Sustainability Committee of the Board of Directors. A [Ceres stakeholder committee](#), which included representatives of environmental groups and socially responsible investors, reviewed the outline for the full report.

This report is aligned with the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines, released in October 2006, at a self-declared application level of "A." See the [GRI Index](#) for a complete listing of the GRI indicators. More information on the GRI and the application levels can be found on the [GRI website](#).

This report also serves as Ford's annual United Nations Global Compact (UNGC) "Communication on Progress," as it includes discussion of Ford's implementation of the 10 principles of the UNGC and support for broad U.N. development goals. Please see the [UNGC Index](#) for information on where the UNGC principles are covered in this report.

This report covers the year 2011 and early 2012. The data are primarily for 2011 (for operations) and for the 2011 and 2012 model years (for vehicles).

Consistent with the GRI Guidelines' guidance on boundary setting, the data in this report cover all of Ford Motor Company's wholly and majority-owned operations globally, unless otherwise noted. Data measurement techniques, the bases of calculations, changes in the basis for reporting or reclassifications of data previously reported are noted in the data charts.



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## William Clay Ford, Jr.

"By taking a long-term view, and working to add value for all of our stakeholders, current and future, we have been successful in extremely difficult conditions. What we have learned and achieved has given us confidence as we look ahead."



As we build on three years of improved operating profits, it is clear we have emerged stronger than ever from one of the most challenging periods in the history of Ford Motor Company. Even during the most difficult economic times, we continued to invest in making vehicles that are higher in quality, safer, more fuel efficient and technologically advanced. Our unwavering commitment to improving our products throughout the recession is proof that sustainability is fully integrated into our business strategy.

In this report you will read about our [ONE Ford plan](#), which has helped us return to profitability while transforming our Company in some very fundamental ways. We are not slowing the pace of this progress. In fact, we're accelerating ahead.

Ford is a different company than we were a few years ago. We now operate as a single global organization, drawing on the talents of our employees around the world to design and build vehicles that are truly global, and expanding our presence in rapidly growing markets. By mid-decade, five vehicle architectures will comprise about 75 percent of Ford sales worldwide. Already today, the Fiesta, Focus, the all-new Fusion, the Escape SUV and the compact Transit Connect van are global Ford models, sold in multiple regions with only minor variations tailored to specific local markets.

This approach provides unprecedented economies of scale and an opportunity to offer customers worldwide new technologies and product features that were historically reserved for premium vehicles. The global approach is also behind the rapid transformation of our vehicle fleet into a leader in fuel economy and other attributes our customers value. And it's helping keep us on track to meet our goal to reduce carbon dioxide (CO<sub>2</sub>) emissions from our vehicles in every region in order to address the climate change issue. For example, through the use of our EcoBoost® turbocharged, direct-injection gas engines and other features spelled out in our [Sustainable Technologies and Alternative Fuels plan](#), we have improved the fuel economy of our U.S. vehicles by nearly 17 percent since 2006.

Global platforms are also behind the launch of the Ford Focus all-electric vehicle in early 2012 in the U.S. and late 2012 in Europe. By the end of 2012 we will introduce the C-MAX Hybrid and C-MAX Energi plug-in hybrid in the U.S., followed by the Fusion Energi in 2013. By 2013, we will triple our production capacity for electrified vehicles in North America compared to 2011. This includes hybrids, plug-in hybrids and pure battery electric vehicles, with most sales coming from hybrid-electric vehicles.

With our unprecedented launch of new electrified vehicles, nearly one-third of Ford's vehicle lines in the U.S. will feature a model with 40 mpg or more in 2012 – a claim no other full-line automaker can match. This is part of Ford's strategy to offer customers a number of powertrain options – both conventional gasoline technologies and electrified options – within existing vehicle lines. We call this the "Power of Choice," and it's an important part of our vision to further evolve our fleet and our

company.

We've also made considerable progress in our manufacturing operations. Between 2000 and 2010, for example, our manufacturing facilities worldwide reduced overall energy use by more than 40 percent, decreased CO<sub>2</sub> emissions by 48 percent and cut water use by 60 percent. These more-efficient facilities have saved us money and helped us further strengthen our balance sheet.

In 2012, we were recognized by the U.S. Environmental Protection Agency for our efforts to reduce CO<sub>2</sub> at our manufacturing facilities. Our plan sets us on a course to reduce greenhouse gas emissions by 30 percent per vehicle manufactured between 2010 and 2025 – on top of the more than 30 percent reduction we achieved from 2000 to 2010.

Even as we find ways to address longstanding sustainability issues, new challenges have emerged. I have often stated that our goal is to make mobility affordable in every sense of the word – economically, environmentally and socially. But several global trends threaten this vision.

Right now, there are about 1 billion vehicles on the road worldwide. With more people and greater prosperity, that number could grow to 4 billion by mid-century. If we don't change the current transportation model, the increase in these vehicles could present a serious sustainability challenge and could undermine attempts to ensure access to mobility for all those who need it.

To address this issue, we will once again need new technologies, as well as new ways of looking at the world. To begin with, we need to view the automobile as one element of a much broader transportation ecosystem, and look for new ways to optimize the entire system. We need vehicles that can communicate with each other, and with the world around them, to make driving safer and more efficient. In today's increasingly mobile society, developing ways to safely integrate communications technology into the driving experience has become a top priority.

Ford entered the wireless communications arena in 2007 with our SYNC® system, which was developed in partnership with Microsoft. Our Ford Evos Concept vehicle, which we introduced last year, explores the next level of connection. It uses Internet cloud technology to help provide drivers with a more personalized and seamless connection to the outside world.

Looking even further into the future, we have outlined our [Blueprint for Mobility](#). This plan, which we announced in early 2012, is our vision of what sustainable transportation will look like in 2025 and beyond, as well as the near-, mid- and long-term steps we must take to get there. We believe a truly sustainable long-term solution will require a global transportation network that enables wireless communication among vehicles and infrastructure. This system would use real-time data to enhance personal mobility on a massive scale, bringing all modes of travel into a single network that links together public and personal transportation. Pedestrian walkways, bicycles, buses, airplanes, trains, automobiles – in our vision of the future everything would be fully integrated to save time, conserve resources and lower emissions.

The mobility challenge is not the only one that lies ahead for our Company and our industry. Global economic conditions remain volatile. Energy and commodity costs are rising once again. The world is looking for business leadership and accountability on issues ranging from the availability of water to human rights and corporate governance, and we are actively involved in all of these areas.

Whatever challenges we face in the future, sustainability will remain a central element of our business strategy. By taking a long-term view, and working to add value for all of our stakeholders, current and future, we have been successful in extremely difficult conditions. What we have learned and achieved has given us confidence as we look ahead. Building on the solid foundation we have established, Ford Motor Company will go further, continuing to deliver Great Products, a Strong Business and a Better World.



William Clay Ford, Jr.  
Executive Chairman



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# Message from Alan Mulally

Watch our video introducing Sustainability at Ford



[▶ Play Video](#)

“Our goal is to create an exciting, viable, profitably growing company for the good of all of us. We’re continuing to do that by making a full family of best-in-class vehicles, in terms of quality, and fuel efficiency, and safety and really smart design – like SYNC® and MyFord® – and of course the very best value by using our scale worldwide.”

Alan R. Mulally  
 President and Chief Executive Officer  
 June 2012

[Download transcript of Alan's video](#)  
 (pdf, 82kb)



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## Robert Brown

"A decade ago, a 'great' product – one that led in the marketplace – wasn't necessarily a green one. Now, in an era of volatile fuel prices, consumers expect outstanding fuel economy as a given."



Dear readers,

I am pleased to offer my perspective as Ford's new vice president for Sustainability, Environment and Safety Engineering. Before taking on this role, I held a similar position in Ford's European operations. My predecessor, Sue Cischke, very ably defined and developed Ford's sustainability approach. During her tenure, sustainability moved from the periphery to the center of our strategy for succeeding in the marketplace and helping to address global challenges.

Our [strategy](#) is based on our One Ford plan, the outcomes of which we define as Great Products, Strong Business and Better World. Like everything in the sustainability arena, these three outcomes are inextricably linked and interconnected.

In a fiercely competitive global automotive market, it's not enough to make good products. They have to be great. They have to leverage the latest technology, offer outstanding quality and reliability and excite the imagination of consumers. And they have to do this against the backdrop of varying regulations, infrastructure and consumer preferences around the world. We think our global vehicles – such as the Ford Fiesta and the Ford Focus – are doing just that. Great products lead to profitable growth and a strong business that continues to invest in innovation and the development of more outstanding products. This, in turn, sets the stage for Ford to contribute to a better world by reducing the footprint of our products and operations. We also contribute by generating employment and economic development and by joining with others to support strong communities and tackle a wide range of sustainability issues. Below I dig a little deeper into how sustainability fits into each of these areas.

## Great Products

At Ford, we define *great products* as those that are high quality, green, safe and smart. That's what consumers expect of us in markets all over the world. Over the past few years we have been working to deliver these attributes through our One Ford plan, which is transforming Ford into a company that not only has global presence, but global products. At the same time, the [quality](#) of our vehicles has steadily improved to a top-tier position.

## Green

A decade ago, a "great" product – one that led in the marketplace – wasn't necessarily a green one. Now, in an era of volatile fuel prices, consumers expect outstanding fuel economy as a given. We have steadily cut the carbon footprint of the vehicles we produce, and we have measurably reduced their environmental footprint in myriad other ways, too. The following are among the steps we are taking.

- Implementing our Blueprint for Sustainability's technology and fuels plan, which sets out dozens of improvements that add up to substantial gains in fuel economy. For example, we are deploying 1.5 million EcoBoost™ engines globally by 2013; these engines deliver a 10 to 20 percent improvement in fuel economy over conventional petrol engines. In addition, we are bringing to market a range of hybrid, all-electric and plug-in electric versions of popular global vehicles, including the Focus and Fusion. The electric vehicles we offer cost less to operate than conventional vehicles, and electricity can be made from a variety of fuels, which helps to address energy security concerns.
- Increasing the amount of renewable and recycled materials we use to make our vehicles. For example, all of our vehicles manufactured in North America have soy foam seat cushions and backs, a technology pioneered by Ford. We try to incorporate renewable and recycled materials in a thoughtful way, using analytical tools to ensure that, for a given application at a given manufacturing location, the alternative material delivers real environmental benefits.
- Continuing to reduce tailpipe (non-CO<sub>2</sub>) emissions. Vehicles today are many times cleaner, in terms of emissions, than those of a few decades ago. But we are committed to making them cleaner still, while responding to tightening regulatory requirements, including California LEV III, Euro Stage VI and China Stage IV. Our improvements help to safeguard air quality and protect human health in congested urban areas.
- Reducing our manufacturing footprint, including energy and water use and greenhouse gas emissions. During 2011 and early 2012, we set new targets for cutting water, energy use and greenhouse gas emissions in our operations. We have developed a comprehensive water strategy that focuses our efforts in the areas of greatest water use and vulnerability to shortages.

## Safe

We are developing new safety and driver assist technologies at a rapid rate. Technologies currently in use in our vehicles can help drivers maintain a safe following distance to the vehicle ahead of them, alert drivers to objects behind them while backing up and alert them if they're drifting out of a lane, among other things. Many additional technologies are on the drawing board. These types of technologies are making driving new vehicles safer than ever. Already, our vehicles have earned a number of safety distinctions. For example,

- To date in the U.S., Ford has earned more "Top Safety Picks" from the Insurance Institute for Highway Safety – a total of 78<sup>1</sup> – than any other manufacturer in the seven-year history of that crash-testing program.
- The new European Ford Ranger, designed by engineers in Ford of Australia, is the first and only pick-up to achieve a five-star rating in the European New Car Assessment Program (EuroNCAP). It scored 89 percent for overall safety – the best score ever earned by a pick-up and one of the highest scores recorded by EuroNCAP for any type of vehicle. Moreover, the new Ranger achieved the highest rating (81 percent) of any vehicle ever tested by EuroNCAP for pedestrian protection.
- The Ford Focus now has an industry-leading total of four EuroNCAP "Advanced Awards" for offering Lane Keeping Aid, Active City Stop, Forward Alert and Driver Alert technologies.
- Our available rear-seat inflatable safety belts, which are an automotive industry exclusive, have won numerous [awards](#).

Of course, sustainability challenges relating to vehicle safety go beyond the vehicles themselves. Encouraging safer driving is also essential, and we are doing that through our Ford Driving Skills for Life (FDSFL) program. FDSFL focuses on teen drivers in the U.S. and new drivers in other regions. The program has reached 50,000 people across Asia and Africa, with another 12,000 expected in 2012. In the U.S., 35,000 drivers participated in 2011 alone.

## Smart

In many ways, cars these days are rolling computers. The technology onboard a vehicle helps us achieve all of our sustainability goals by monitoring and optimizing fuel use, alerting drivers to hazards, controlling passive safety technology – the list goes on. In addition, next-generation connected vehicles will open up new possibilities for vehicle-to-vehicle communications, which will enable safer roadways and reduce congestion, along with all the social and environmental costs related to it.

## Strong Business

The success of our products allows us to continue to invest in innovation and product development – supporting a strong business in the present and for the future. A strong business is also one that looks ahead to the changes that will be needed to respond to a rapidly evolving global marketplace. We know that as the global population grows and standards of living rise, new modes of mobility will be needed in urban and rural areas alike. Designing and delivering innovative vehicles will continue to be important. But to contribute to solutions, we will also draw on other capabilities of our business, including our expertise in information technology and vehicle connectivity.

In early 2012, we set out our thinking on these topics in our [Blueprint for Mobility](#), which outlines a series of steps we will take to contribute to developing and implementing new models of mobility that reduce environmental impacts and meet social needs.

## Better World

From volunteering in our communities to greening our products and operations, many of the actions we routinely take across our company result in a better world.

In addition, a key part of our responsibility as sustainability leaders is to scan the horizon to identify sustainability risks and opportunities and respond effectively in a way that demonstrates leadership. A good example of this is the work we have done in the past decade to promote human rights and environmental responsibility in our [supply chain](#). During 2011 we continued this work. Internally, we revised and renamed Policy Letter 24. This Policy is now named the Code of Human Rights, Basic Working Conditions, and Corporate Responsibility, reflecting its broad scope and applicability to our own operations and our supply chain. Externally, we have led efforts by the Automotive Industry Action Group to develop a comprehensive, industry-wide approach to social and environmental responsibility in the automotive supply chain.

We also developed a partnership with the U.S. Department of State, an Indian nongovernmental organization and an Indian government agency to conduct a pilot project aimed at improving health care for pregnant women in remote villages in India. The project, called Sustainable Urban Mobility with Uncompromised Rural Reach, demonstrates how we use our vehicles and connected technologies to contribute to a better world by addressing critical social needs, such as health care.

Building a sustainable future for all will require the continued integration of sustainability into our business, collaboration across sectors and the development of partnerships to achieve shared goals. It also requires continuing engagement with, and feedback from, our stakeholders. We hope you find this report interesting and informative, and we welcome your feedback.

Sincerely,



Robert Brown  
Vice President, Sustainability, Environment and Safety Engineering

- 
1. Historic totals include all brands and entities owned and controlled by the manufacturer during the 2006–2012 calendar years, including Ford, Lincoln, Mercury and – through the 2010 model year – Volvo. Totals do not include Mazda.



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## Performance Summary

Below is a summary of our key performance data. Please also see the [Year in Review](#) for discussion of data parameters, as well as the data sections in the [Financial Health](#), [Climate Change and the Environment](#), [Supply Chain](#), [Water](#), [Vehicle Safety and Driver Assist Technologies](#), and [People](#) sections for additional indicators, five-year trends and notes on data assurance.

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## Financial Health

|   | 2009 | 2010 | 2011 |
|---|------|------|------|
| Global Quality Research System "things gone wrong" (3 months in service), total "things gone wrong" per 1,000 vehicles <sup>1</sup> | n/a  | n/a  | 1447 |
| Global Quality Research System customer satisfaction (3 months in service), percent satisfied <sup>2</sup>                          | n/a  | n/a  | 68   |
| Sales satisfaction with dealer/retailer, Ford brand, U.S., net promoter score   | 82   | 84   | 85   |
| Sales satisfaction with dealer/retailer, Ford brand, Europe, net promoter score   | 77   | 79   | 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   | 67   | 59   | 64   |
| Shareholder return – Bloomberg total return analysis, percent   | 337  | 68   | -36  |
| Net income/loss, \$ billion   | 2.7  | 6.6  | 20.2 |
| Sales and revenue, \$ billion   | 116  | 129  | 136  |

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## Climate Change and the Environment

|   | 2009  | 2010  | 2011             |
|---|-------|-------|------------------|
| Ford U.S. fleet fuel economy, combined car and truck, miles per gallon (higher mpg reflects improvement)                        | 27.1  | 26.9  | 27.8             |
| Ford U.S. fleet CO <sub>2</sub> emissions, combined car and truck, grams per mile (lower grams per mile reflects improvement)   | 326   | 329   | 318              |
| Ford Europe CO <sub>2</sub> tailpipe emissions per vehicle, grams per kilometer (based on production data for European markets) | 139   | 128   | n/a              |
| Worldwide facility energy consumption, billion kilowatt hours   | 15.1  | 16.1  | 15.5             |
| Worldwide facility energy consumption per vehicle, kilowatt hours per vehicle   | 3,272 | 3,087 | 2,778            |
| Worldwide facility CO <sub>2</sub> emissions, million metric tons   | 5.0   | 5.2   | 5.1              |
| Worldwide facility CO <sub>2</sub> emissions per vehicle, metric tons   | 1.07  | 1.01  | 0.91             |
| North American Energy Efficiency Index, percent (higher percentage reflects improvement)  | 18.3  | 14.4  | 2.6 <sup>3</sup> |

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## Water

|   | 2009 | 2010 | 2011 |
|---|------|------|------|
| Global water use, million cubic meters              | 24.1 | 26.2 | 26.8 |
| Global water use per vehicle produced, cubic meters | 5.7  | 5.1  | 4.7  |

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## Vehicle Safety

|   | 2009      | 2010    | 2011      |
|---|-----------|---------|-----------|
| U.S. safety recalls, number per calendar year (including legacy vehicles on the road for 10+ years) | 8         | 7       | 13        |
| U.S. units recalled, number of million units (including legacy vehicles on the road for 10+ years)  | 4,522,000 | 551,000 | 3,339,000 |
| IIHS Top Safety Picks by model year, percent of Ford Motor Company Vehicles receiving the honor     | n/a       | n/a     | 524       |

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## Supply Chain

|  | 2009    | 2010    | 2011    |
|--|---------|---------|---------|
| Number of individuals trained in working conditions requirements and sustainability management systems | 1,773   | 2,149   | 2,414   |
| Assessments to date  | 615     | 751     | 834     |
| Training cascade to workforce, individuals trained   | 183,052 | 318,593 | 372,998 |

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## People

|  | 2009  | 2010  | 2011  |
|--|-------|-------|-------|
| Employee satisfaction, Pulse survey, overall, percent satisfied  | 68    | 68    | 69    |
| Overall dealer attitude, Ford, relative ranking on a scale of 1–100 percent (winter/summer score)            | 71/80 | 85/83 | 84/82 |
| Overall dealer attitude, Lincoln Mercury, relative ranking on a scale of 1–100 percent (winter/summer score) | 66/71 | 62/71 | 61/64 |
| Ford Motor Company Fund contributions, \$ million  | 20    | 19    | 20    |
| Corporate contributions, \$ million  | 9     | 10    | 10    |
| Volunteer Corps, thousand volunteer hours  | 100   | 112   | 110   |
| Lost-time case rate (per 100 employees)  |       |       |       |
| Americas   | 0.9   | 0.8   | 0.9   |
| Asia Pacific and Africa  | 0.2   | 0.1   | 0.1   |
| Europe   | 0.5   | 0.3   | 0.3   |

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1. The Global Quality Research System (GQRS) is a Ford-sponsored competitive research survey. The GQRS is a good indicator of other quality results. For the 2011 model year, we began reporting global GQRS TGW data. In previous years we had reported only North American region GQRS TGW data. In addition, we changed the GQRS survey to include additional questions on vehicle entertainment and information systems. Therefore, the 2011 results are not comparable to previous years.
2. The Global Quality Research System (GQRS) is a Ford-sponsored competitive research survey. The GQRS is a good indicator of other quality results. For the 2011 model year, we began reporting global GQRS Customer Satisfaction data. In previous years, we had reported only North American region GQRS Customer Satisfaction data. In addition, we changed the GQRS survey to include additional questions on vehicle entertainment and information systems. Therefore, 2011 results are not comparable to previous years.
3. The North American Energy Efficiency Index is a normalized indicator of energy used per vehicle produced based on a calculation that adjusts for typical variances in weather and vehicle production. The Index is set at 100 for the baseline year to simplify tracking against our annual 3 percent energy-efficiency target. A year 2000 baseline was used through 2006; the baseline was reset to year 2010 starting in 2011. The year 2011 improvement indexed against the year 2010 baseline was 2.6, indicating a 2.6 percent improvement in energy efficiency from 2011 to 2010. Higher percentage reflects improvement.
4. In 2012, this figure rose to 75 percent.



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## Ford's Goals, Commitments and Status

This table summarizes Ford's goals, commitments, targets and progress in our material issue areas and other important performance areas. Please see the data sections for our complete data reporting and data notes.

KEY ON TRACK IN PROCESS NOT ON TRACK

### Financial Health

| Goal/Commitment   | 2011 Progress  | On Track? |
|---|--|-----------|
| Execute our "ONE Ford" transformational plan to create a leaner, more-efficient global enterprise.  | <ul style="list-style-type: none"> <li>Continued to strengthen our balance sheet in 2011, a milestone year. Increased Automotive gross cash, reduced debt and improved liquidity. Announced 2011 profit sharing and resumption of quarterly dividends.</li> </ul>  |           |
| Achieve profitability in 2012.  | <ul style="list-style-type: none"> <li>For 2011, reported full-year pre-tax operating profit of \$8.8 billion – our third year in a row of improved annual operating profits.</li> </ul>   |           |
| Align capacity to demand.   | <ul style="list-style-type: none"> <li>Continued to globalize vehicle platforms that can be adapted to meet specific regional needs and to produce the vehicles that customers want. Retooled facilities that previously built large trucks and SUVs to instead manufacture smaller, more energy-efficient vehicles.</li> </ul>  |           |
| Reverse the trend of losing money on small-car production in the U.S.   | <ul style="list-style-type: none"> <li>Boosted production of smaller-sized vehicles in North America. Improved costs to competitive levels. Enhanced revenues through class-leading fuel economy, safety performance and quality.</li> </ul>   |           |
| Set new goals under "Blueprint for Mobility" in early 2012.   | <ul style="list-style-type: none"> <li>In this Blueprint, analyzed what transportation will look like in 2025 and beyond, and identified the types of technologies, business models and partnerships needed to get us there.</li> </ul>  |           |
| <b>Quality</b>  |  |           |
| Overall goal: Deliver best-in-the-world quality; strive to be best in class in every phase of vehicle development, from design to pre-delivery. | <ul style="list-style-type: none"> <li>We had mixed-quality performance in 2011. "Things gone wrong" (TGW) degraded in North America but improved in all our other regions. Global warranty spending improved overall but had mixed results on a region-by-region basis. Customer satisfaction improved or remained steady in all our operating regions.</li> </ul>  |           |
| Continue to reduce "things gone wrong" (TGW) and warranty spending.   | <ul style="list-style-type: none"> <li>In 2011, saw full-year "things gone wrong" (TGW) degrade slightly in North America, due to new entertainment and communication technologies and transmission issues. TGW improved in our Europe, Asia Pacific and Africa and South America regions by 4 percent, 44 percent, and 29 percent respectively.</li> <li>Global warranty spending decreased by 4 percent in 2011 compared to 2010. Warranty spending increased in North America and Asia Pacific and Africa from 2010 to 2011 by 14 percent and 8 percent respectively but decreased in Europe and South America by 21 percent and 1 percent respectively.</li> </ul> |           |
| Continue to improve customer satisfaction with our vehicles and sales and service divisions.  | <ul style="list-style-type: none"> <li>Overall, saw customer satisfaction remain unchanged in the U.S. and increase by 3 percent in Europe.</li> <li>Sales satisfaction improved in both the U.S. and Europe.</li> <li>Service satisfaction remained the same in the U.S. and improved in</li> </ul>   |           |

Europe.

## Climate Change and the Environment

| Goal/Commitment  | 2011 Progress  | On Track? |
|--|--|-----------|
| Climate Change - Products  |  |           |
| Do our share to stabilize carbon dioxide (CO <sub>2</sub> ) concentrations in the atmosphere at 450 ppm, the level that many scientists, businesses and government agencies believe may avoid the most serious effects of climate change.  | Reduced fleet-average CO <sub>2</sub> emissions from our 2011 model year for U.S. new vehicles by 9 percent compared to the 2007 model year. Reduced fleet-average CO <sub>2</sub> emissions for European vehicles by 8.5 percent from the 2006 to 2010 calendar years.  |           |
| Ensure that every all-new or redesigned vehicle we introduce will be best in class or among the best in class for fuel economy in its segment.   | Followed through on this commitment with vehicles introduced in all our regions, and will continue to do so in future product launches.  |           |
| Climate Change - Manufacturing   |  |           |
| Continuously improve energy efficiency including a specific goal to improve North America manufacturing energy efficiency 3 percent from 2010 to 2011.   | Met commitment to improve facility energy-efficiency emissions by 3 percent in 2011 vs. 2010. In fact, improved global facility energy efficiency by 10 percent in 2011 vs. 2010. Improved energy efficiency in North America by 2.6 percent compared to 2010 baseline.  |           |
| Reduce global facility CO <sub>2</sub> emissions per vehicle by 30 percent by 2025 compared to a 2010 baseline.  | Reduced 2011 CO <sub>2</sub> emissions by 8 percent per vehicle compared to 2010.  |           |
| Reduce average facility energy use per vehicle globally by 25 percent between 2011 and 2016.   | New goal in 2011   |           |
| Environment - Products   |  |           |
| Expand use of the Product Sustainability Index (PSI) and Design for Sustainability principles in product development.  | <ul style="list-style-type: none"> <li>● Ford Fiesta, introduced in North America in 2011, designed using PSI.</li> <li>● 2012 Ford Focus designed using PSI.</li> </ul>   |           |
| <p>Increase the use of recycled, renewable and lightweight materials.</p> <p>Use soy foam seat cushions and backs on 100 percent of Ford vehicles manufactured in North America.</p> <p>Use at least 25 percent recycled content in seat fabrics on all new and redesigned vehicles sold in North America.</p> | <ul style="list-style-type: none"> <li>● Expanded use of soy foam seating; introduced soy foam head restraints. From 2011 on, all vehicles produced in North America have soy foam seating.</li> <li>● Expanded use of recycled-content fabrics for seats and headliners.</li> <li>● Continued to develop strategy requiring recycled plastics and textile materials for many applications in North America.</li> <li>● Developed strategic principles for expanding the use of recycled and renewable materials that seek to minimize total lifecycle impacts.</li> </ul> |           |
| Increase the use of and certification for allergy-tested and air-quality-friendly interior materials.  | Established global design guidelines for allergy-free materials and in-vehicle air filtration that are being migrated across product lines.  |           |
| Environment - Manufacturing  |  |           |
| Reduce water use.  | (See <a href="#">Water</a> section of Goals Table.)  |           |
| Reduce CO <sub>2</sub> emissions.  | (See <a href="#">Climate Change</a> section of Goals Table.)   |           |
| Reduce landfill disposal, with 2011 and 2012 targets of 10 percent reduction per vehicle per year.   | Reduced landfill disposal in 2011 by more than 19 percent per vehicle compared to 2010.  |           |
| In 2012, maintain VOC emissions from painting at North American Assembly plants at 23 grams/square meter or less.  | Achieved 2011 VOC emissions at North American Assembly plants of 20.4 grams/square meter.  |           |

## Water

| Goal/Commitment   | 2011 Progress   | On Track? |
|---|---|-----------|
| Cut the amount of water used to make each vehicle by 30 percent globally by 2015, compared to 2009. | <ul style="list-style-type: none"> <li>● Reduced water use per vehicle by 8 percent from 2010 to 2011. Developed additional year-over-year water-efficiency targets, including a 2012 target of a 5 percent water-use reduction per vehicle.</li> </ul> |           |

## Vehicle Safety

| Goal/Commitment  | 2011 Progress   | On Track?   |
|--|---|---|
| Design and manufacture vehicles that achieve high levels of performance in public domain testing and offer innovative safety and driver assist technologies.   | <ul style="list-style-type: none"> <li>Remained an industry leader in public domain evaluations. Since the Insurance Institute for Highway Safety (IIHS) first began awarding Top Safety Picks, Ford Motor Company has earned more than any other manufacturer, with a total of 78.<sup>1</sup></li> <li>Received an industry-leading total of four EuroNCAP Advanced Awards for the Ford Focus, for offering Lane Keeping Aid, Active City Stop, Forward Alert and Driver Alert technologies.</li> <li>For the new European Ford Ranger, achieved a five-star rating in the EuroNCAP assessment – the first and only pick-up to do so. Moreover, the Ranger achieved the highest rating of any vehicle ever tested by EuroNCAP for pedestrian protection.</li> <li>Continued to provide innovative safety and driver assist features, including rear-seat inflatable safety belts, Blind Spot Information System, Lane Keeping System and Curve Control, among many others.</li> </ul> |    |
| Meet or exceed all regulatory requirements for safety.   | Continue to meet this goal every year. Ford's internal Safety Design Guidelines and other internal standards go beyond stringent regulatory requirements. Ford often establishes internal standards on emerging issues long before public domain or regulatory standards are adopted.   |    |
| Provide information, educational programs and advanced technologies to assist in promoting safe driving practices.   | Continued to invest in Ford Driving Skills for Life (FDSFL) program, focusing on teen drivers in the U.S. and first-time drivers of all ages in our Asia Pacific markets. The program includes modules on avoiding distracted driving. Offered an upgraded MyKey® system, allowing parents to program a key for their teenagers that can limit certain features (such as maximum speed and audio volume), lock out the radio when the safety belt is not buckled and invoke a Do Not Disturb feature, sending incoming phone calls and text messages to a synced phone's mailbox. For the 2012 model year, MyKey is available on nearly all Ford Motor Company retail vehicles in North America, and its availability has expanded to other regions.  |    |
| Play a leadership role in vehicle safety research.   | Continued involvement in interactiVe, a research project in Europe with 29 partner organizations that seeks to support the development and implementation of accident avoidance systems. Maintained major research alliances with the Massachusetts Institute of Technology, the University of Michigan, Northwestern University and more than 100 universities worldwide; safety is a central thrust of this work.   |    |
| Play a leadership role in research and development relating to connected vehicles.   | Continued to take part in collaborative, active-safety research in Europe known as Safe Intelligent Mobility – Test Field Germany (sim <sup>TD</sup> ) to investigate vehicle-to-vehicle and vehicle-to-infrastructure communications in a large-scale field operational test. Contributed to the European harmonization and standardization of wireless communication systems and applications within the framework of the DRIVING implementation and Evaluation of C2X communication technology (DRIVE C2X). Continued to take part in collaborative research in the U.S. via the Crash Avoidance Metrics Partnership (CAMP) and Vehicle Infrastructure Integration Consortium (VIIC).  |  |
| <p>1. <sup>1</sup>*Historic totals include all brands and entities owned and controlled by the manufacturer during the 2006–2012 calendar years. For Ford Motor Company this includes Ford, Lincoln, Mercury and – through 2010 model year – Volvo. Totals do not include Mazda.</p> |   |   |

## Supply Chain

| Goal/Commitment  | 2011 Progress   | On Track?   |
|--|---|---|
| Overall goal: Leverage Ford's complex, global supply chain to make a positive impact in the markets in which we do business. | <ul style="list-style-type: none"> <li>As part of this approach, have held supplier trainings on working conditions and related sustainability issues.</li> <li>Since 2003, have conducted more than 830 third-party audits of existing and prospective Tier 1 suppliers in 20 countries.</li> <li>Continued to collaborate with key production suppliers to align policies and practices. Twenty percent of our strategic suppliers have met all three Ford milestones: they have codes of conduct in place that are aligned with international standards and supported by robust management systems governing their own operations and their supply chain.</li> </ul> |  |
| Facilitate development of an industry-wide approach to   | <ul style="list-style-type: none"> <li>In 2011, together with other automakers through the AIAG, trained</li> </ul>   |   |

|  |   |   |
|--|---|---|
| <p>ensuring sound working conditions and respect for human rights in the supply chain.</p>   | <p>387 supplier companies in India, Mexico, Turkey and Brazil. Of these, 111 were Ford suppliers.</p> <ul style="list-style-type: none"> <li>Through these and prior-year trainings and subsequent cascading processes in these four countries, have impacted more than 208,500 workers and 52,000 Tier 2 suppliers.</li> <li>Since program inception across all countries trained, now exceed 1,750 Ford suppliers trained, total, with more than 373,000 workers and 76,500 Tier 2 suppliers impacted.</li> </ul> |   |
| <p>Better understand the carbon footprint of Ford's supply chain to inform the development of a broad-based carbon management approach for our supply chain.</p> | <ul style="list-style-type: none"> <li>Surveyed 128 suppliers, up from 35 in 2010, regarding greenhouse gas emissions, and achieved an 86 percent voluntary response rate.</li> </ul>   |  |

## Health & Safety

| Goal/Commitment  | 2011 Progress  | On Track?  |
|--|--|--|
| Health   |  |  |
| <p>Improve focus on employee personal health through access to health risk appraisal and health promotion programs.</p>  | <ul style="list-style-type: none"> <li>Have active personal health promotion programs in place in most regions. Deployed common global metrics and developed plans to implement them in remaining countries. Employee participation in health-risk appraisals now included as a core component of U.S. health benefit programs.</li> </ul>   |   |
| Safety   |  |  |
| <p>Fatalities target is always zero.</p>   | <ul style="list-style-type: none"> <li>In 2011, for the first time in Ford's history, did not have an employee work-related fatality during the calendar year. Tragically, however, experienced two contractor fatalities – one in Brazil and another in Russia.</li> </ul>  |   |
| <p>Serious injuries target is zero; overall goal is to attain industry competitive lost-time and DART levels and drive continuous improvement; specific targets are set by business units yearly for five years into the future.</p> | <ul style="list-style-type: none"> <li>Saw slight deterioration in a major safety indicator – the lost-time case rate – from 0.54 in 2010 to 0.57 in 2011. Experienced 143 serious injuries among our direct employees, compared to 111 the previous year. However, were back on track with serious injuries and lost-time/DART performance in the first quarter of 2012.</li> </ul> |  |



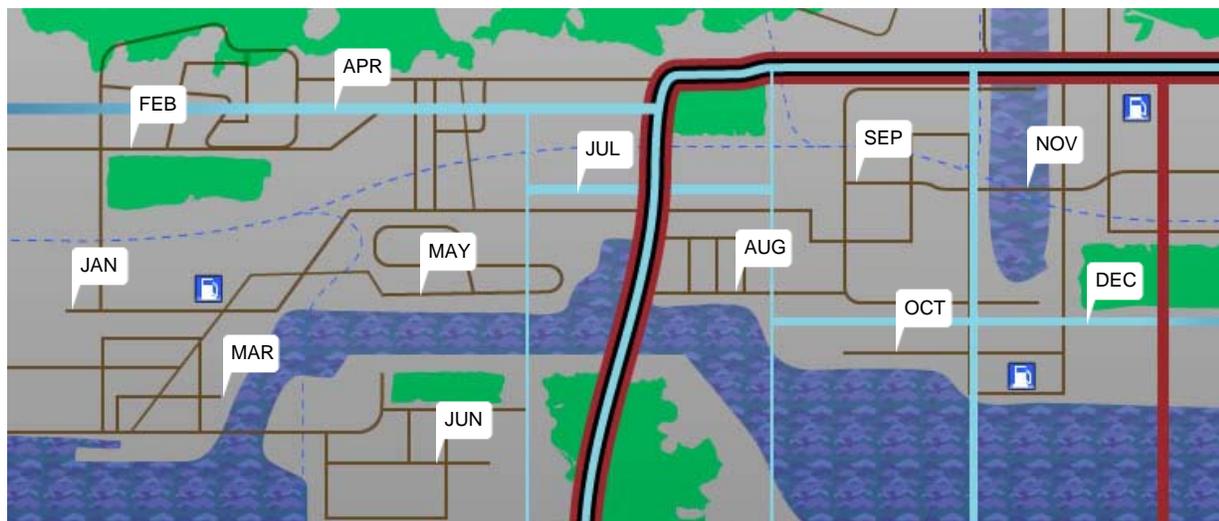
Go Further

# Sustainability 2011/12

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## Map of Our Year



### View Our Sustainability Journey

Click on the white icons to see Ford's sustainability-related highlights for 2011 – from announcing strong 2010 full year financial performance and market share gains in January to beginning production of the Ford Focus Electric in December.

#### Community Giving

In 2011, contributed a total of nearly \$30 million, slightly above the 2010 figure. Of that amount, \$19.9 million was in the form of grants awarded by Ford Motor Company Fund; the remainder was direct corporate giving.

#### Employee Volunteerism

During 2011, some 25,000 Ford employees and retirees in 45 countries and 19 states provided more than 110,000 hours of work on more than 1,200 community service projects – the equivalent of \$2.35 million of in-kind corporate contributions.

#### Working with Dealers

In 2011, continued to right-size our dealer network to current and expected U.S. demand, particularly in some of our largest metropolitan areas.

#### Top Safety Picks

In 2011, earned Top Safety Picks from the Insurance Institute for Highway Safety for 12 Ford Motor Company vehicles.

#### Driver Education

In 2011 in the U.S., saw 35,000 teen drivers take part in Ford Driving Skills for Life.

### January

#### Strong Financials

Announced strong financial results delivered in 2010, enabling great progress in reducing debt and strengthening our balance sheet. Ended 2010 with Automotive gross cash exceeding our debt by \$1.4 billion, an improvement of more than \$10 billion compared to year-end 2009.

#### Market Gains

Announced that Ford full-year sales increased 19 percent in 2010, while market share increased for the second year in a row – for the first time since 1993.

#### Auto Show Award

Earned Truck of the Year honor for the all-new Ford Explorer at Detroit's North American International Auto Show.

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## February

### Lighting Retrofit

Kicked off a lighting efficiency retrofit at global headquarters, expected to enable an energy reduction of 18.2 million kilowatt hours.

### Driver Education

Invested another \$1 million to expand Ford Driving Skills for Life – our teen driver education program – to 15 states.

### Salute to Dealers

Recognized six dealer principals with awards for their unparalleled generosity and commitment to their communities.

### Ford Fiesta Safety

Saw Fiesta become 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.

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## March

### Ethics Award

Honored for the second year in a row by the Ethisphere Institute as one of the World's 100 Most Ethical Companies.

### Human Rights Honor

Ranked #1 in the Human Rights category in *Corporate Responsibility Officer* magazine's 100 Best Corporate Citizens list.

### Sales Milestone

For only the second time in more than a decade, surpassed General Motors in monthly sales in the U.S.

### Flexible

**Manufacturing**  
Began production of the all-new global Ford Focus, built for North American customers in a completely transformed Michigan Assembly Plant. With a \$550 million investment, the plant features an environmentally friendly workplace with flexible manufacturing capability and a specially trained staff motivated to deliver the fuel-efficient vehicle to the marketplace.

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## April

### Reporting Award

Named a finalist in the Ceres/Association of Chartered Certified Accountants North America Awards for Sustainability Reporting, for our 2009-10 Sustainability Report.

### Vehicle Sales

Sold 12,593 Ford Explorers during April 2011, up 138 percent compared to April 2010. For the fourth-straight month, the Explorer continues to be the fastest-turning vehicle in the showroom.

### First Quarter Earnings

Completed additional debt reduction action with a \$3 billion redemption of our Trust Preferred securities while increasing our liquidity by \$2.8 billion. Announced investment of \$400 million and retention of 3,750 full-time jobs at the Kansas City Assembly Plant for a new vehicle to be built at the facility.

### Global Development

Signed a Memorandum of Understanding with Sollers to form a 50:50-owned joint venture to expand production and distribution of Ford vehicles in Russia. Remained the top-selling automaker in Canada, reporting an 8.6 percent year-over-year sales increase.

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## May

### Advanced Technology

Announced development of a car seat that can monitor a driver's heartbeat, opening the door to a wealth of health, convenience and even life-saving potential. A joint project undertaken by experts from Ford's European Research and Innovation Centre in Aachen, Germany, and RWTH Aachen University, the seat uses six embedded

### Community Involvement

As part of its longstanding commitment to Hispanic arts and culture, Ford Motor Company Fund and Community Services supported "American Sabor: Latinos in U.S. Popular Music," a traveling Smithsonian exhibit on view at Sacramento Public Library in Sacramento, California.

### Global Products

Introduced the 2011 Fiesta to China, to strengthen our product lineup in that country. The 2011 Fiesta offers world-class safety in a small car by leveraging Ford's global engineering tools and advanced safety technologies. More than 50 percent of the body structure is constructed with high-strength steel. These components add rigidity and save weight, increasing

### Sales Improvements

Announced that Ford's U.S. retail sales were up 19 percent versus May 2010, and we gained retail market share for the 19th time in the last 20 months.

sensors to detect electrical impulses generated by the heart.

structural efficiency while also helping to maximize fuel efficiency. Safety is also enhanced by an array of features including six airbags, ABS and a rear parking sensor.

## June

### Fun Technology

Began offering access to an on-demand weekly fantasy baseball update through Ford SYNC®, the company's award-winning, hands-free in-vehicle connectivity system. Available through SYNC's Traffic, Directions and Information Services, you can now get a list of weekly hitting and pitching leaders using simple voice commands.

### Electrifying News

Announced that Ford is tripling production capacity of our electrified vehicle lineup through 2013, further boosting volumes of our all-new C-MAX Hybrid and C-MAX Energi Plug-in Hybrid, which begin production next year. We will grow our electrified vehicle production capacity to more than 100,000 annually by 2013 thanks to increasing consumer appetites for green vehicles and desires for stylish new Focus-sized vehicles.

### Sustainability Reporting

Released our 12th annual Sustainability Report, giving the public a comprehensive look at our progress on environmental and social issues. The 2010/2011 report, titled "Blueprint for Sustainability: Driving Change," provides updates on the Company's progress in five key areas, including sustaining Ford, climate change, water use, vehicle safety and driver assist technologies, and supply chain.

### Community Involvement

Forgotten Harvest and Gleaners Community Food Bank of Southeastern Michigan partnered with Ford Motor Company Fund, the Charter One Foundation and other corporate and community donors to provide 2 million meals to hungry southeast Michigan children over the summer through the "Hunger Free Summer" campaign. During the 10-week campaign, donations were matched dollar for dollar, up to \$50,000 by Ford Motor Company Fund and Community Services.

## July

### CEO of the Year

CEO Alan Mulally lauded as *Chief Executive* magazine's 2011 CEO of the Year.

### Class-Leading Fuel Economy

For the all-new Ford Explorer with the 2.0L EcoBoost® engine, received an official EPA fuel economy rating of 28 mpg in highway driving, the best in its class.

### "Cool Car"

At the Gathering of Eagles charity auction July 28, during EAA 2011 AirVenture Oshkosh, unveiled and sold the truly unique "Blue Angels" edition 2012 Mustang GT. The custom rear spoiler's vertical tailfins, the "screaming yellow" gloss accents, and inclusion of the Blue Angels script and crest all are drawn from Navy aircraft.

### Tire Recycling

Announced that Ford will source environmentally friendly seals and gaskets made by Recycled Polymeric Materials (RPM). The gaskets and seals are derived from 25 percent post-consumer, recycled tires and 17 percent bio-renewable content made from soy. More than 2.2 million pounds of rubber from recycled tires has been made into RPM seals and gaskets and more than 210,000 used tires have been recycled.

## August

### Solar Power

Teamed with SunPower Corp. to offer an industry-first solar panel system that allows Focus Electric and C-MAX Energi owners to "Drive Green for Life" by providing customers with enough clean, renewable energy to offset the electricity used to charge the car. These high-efficiency solar panels generate approximately 50 percent more electricity than

### Engine of Change

Announced that the Ford F-150 with the powerful and fuel-efficient 3.5L twin-turbo V6 EcoBoost® engine is outselling all other competitive six-cylinder trucks combined. According to J.D. Power and Associates, the V6 EcoBoost and the 3.7L, 302-horsepower V6 (another new engine introduced for the F-150) accounted for a 79.5 percent market share of V6 full-sized

### Innovative Partnership

Announced that we will equally collaborate with Toyota on the development of an advanced new hybrid system for light truck and SUV customers. Signed a memorandum of understanding on the product development collaboration, with the formal agreement expected by next year.

### Eco Innovation

With Lear, introduced a new head restraint foam that replaces 25 percent of the polyol with soy. Seventy-five percent of Ford's North American vehicles feature bio-foam in the head restraints. All Ford Motor Company vehicles built in North America use bio-foam in the seat cushions and backs, resulting in a significant reduction of petroleum-based foam and

conventional panels.

trucks sold in July.

greener Ford products.

## September

### Global Week of Caring

Held our sixth-annual Global Week of Caring, a weeklong series of volunteer events around the world coordinated by the Ford Volunteer Corps. During one week in early September, more than 12,100 Ford employees on six continents in 45 countries and 19 states contributed more than 55,100 hours of their time to over 244 volunteer projects touching 1.5 million lives.

### Breaking Ground

Broke ground on a new, state-of-the-art manufacturing facility in Sanand, Gujarat, India. The new facility will create 5,000 jobs.

### Military Honors

Awarded the Employer Support Freedom Award – the U.S. Department of Defense's highest recognition given to companies for support of employees serving in the National Guard and Reserve.

### Expanding Renewables

Announced a new, castor-oil-based bio-foam dashboard material to be used on the Ford Focus in the U.S. The foam was developed in partnership with supplier BASF.

## October

### Adding Jobs

As part of a new labor agreement, pledged to add 12,000 hourly jobs in the U.S. by 2015 – 5,740 more than we previously announced to be added by year-end 2012.

### Ford Ranger

For the new European Ford Ranger, earned a five-star rating in the EuroNCAP assessment – the first and only pickup to do so.

### Safety Award

Won the "Breakthrough Product Award" from Popular Mechanics magazine for our available rear-seat inflatable safety belts.

### Engine Debut

Revealed that the 1.0L I-4 EcoBoost® engine will make its North American debut on the all-new Ford Escape, which is expected to deliver best-in-class fuel economy.

## November

### Product News

Debuted the all-new Ford Escape at the Los Angeles Auto Show. The 2013 Escape offers versatility and value and includes clever features designed to make life easier. Thanks to EcoBoost® engine technology, it also offers superior fuel economy.

### Eco Awareness

Entered into an exclusive collaboration with SHFT.com, the award-winning multimedia platform founded by actor and filmmaker Adrian Grenier and producer Peter Glatzer. Ford found that 46 percent of Americans do not know the difference between a hybrid, plug-in hybrid and electric vehicle; through our collaboration with SHFT.com and our "power of choice" philosophy, we aim to inspire people to make smarter environmental decisions.

### Reducing Distracted Driving

To help give parents peace of mind, added a feature to our MyKey® technology to block incoming phone calls and deter text messages when teens are behind the wheel. Available on all 2011 vehicles with SYNC with MyFord Touch®, Do Not Disturb will be available as a feature parents can control through MyKey beginning with the Explorer in early 2012.

### Driver Assistance Technology

Introduced an innovative Lane Keeping System with three features designed to help drivers stay in control. Driver Alert can notify drivers with a coffee cup light on the instrument cluster if it detects signs of drowsiness. Lane Keeping Alert warns the driver by vibrating the steering wheel and sounding a chime. And Lane Keeping Aid warns the driver by applying torque at the steering wheel to direct the vehicle back into the lane.

## December

### Sales Milestone

For the Ford brand, surpassed the 2 million mark for U.S. vehicles sales, making it the best-selling brand in America.

### Financial Progress

Announced the reinstatement of a quarterly stock dividend of 5 cents per share.

### Profit Sharing

Distributed profit-sharing payments to approximately 41,600 eligible U.S. hourly employees.

### Electric Production

Began production of the new Ford Focus Electric, the first five-passenger, all-electric car to achieve more than 100 MPGe (miles per gallon equivalent).

## Water Reductions



Set a new water-reduction target of 30 percent per vehicle by 2015.

[Home](#) > [Year in Review](#) > [Map of Our Year](#)



Go Further

# Sustainability 2011/12

|                |                                  |                  |                                    |       |                |              |        |                       |
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## Assurance

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

In reviewing Ford's reporting, the Committee considered whether the Company adequately reported on its sustainability performance and key impacts, including goals, targets, systems, data and initiatives. The Committee met once by teleconference to review and comment on the report plan.

The Committee made suggestions based on its review of previous reports and the outline for this report. Major points of feedback and Ford's responses are shown below.<sup>1</sup>

### Related Links

#### External Websites

- [Ceres](#)



| Recommendation   | Response   |
|--|--|
| Sustainability – Taking a Systems-thinking Approach: Many sustainability issues are interconnected and overlap. Ford should demonstrate in its report how its sustainability strategy is built on recognition of the interconnected nature of many sustainability issues; how it balances the complexities of these issues; and how these issues might impact Ford's corporate strategy, as well as vehicle and sustainability goals.  | Ford takes a systems approach to many key issues, including climate change and mobility. The issues of water and supply chain were elevated to key material issue status in part because they cut across environmental, community, human rights and other issues. In this report, we have tried to strengthen discussion of these interconnections and the systematic approach we take to understanding and managing them. |
| Sustainability Governance and Strategy: Stakeholders were pleased to see clear linkages between the sustainability strategy and the Company's business plan. The group encouraged Ford to more clearly demonstrate ROI on sustainability initiatives and strengthen the business case for sustainability. The Company should also consider how it could further communicate sustainability risk and opportunities to the mainstream investor community, by including key ESG metrics in its 10-K and other investor communications. Finally, the group would like Ford to provide a clearer description of how executive compensation is linked to sustainability performance. | For this report, we created a strategy section to show the connection of our ONE Ford business plan to our sustainability strategy. In our executive messages and in the sections on the material issues we discuss the risks and opportunities posed by the issues. We also added some further detail to the discussion in the Governance section of how sustainability performance and compensation are linked.          |
| Public Policy: Stakeholders strongly encouraged Ford to increase disclosure regarding its public policy positions, participation in industry associations and political contributions. In the absence of comprehensive national climate policy, opportunities for support at the state and local level may still exist. Stakeholders suggested Ford seek out these opportunities and continue working to align its public policy with its sustainability strategy.   | We continue to expand coverage of our engagement on public policy issues. In particular, in the current report we include additional information on our public policy activities in the various global regions in which we work.   |
| Supply Chain Sustainability: Continued progress and leadership in supply chain sustainability was identified as a major opportunity for Ford. Stakeholders look for Ford to continue advancing industry supply chain initiatives and evolving its own approach, based on learning from other sectors and internationally recognized frameworks such as the Guiding Principles on Business and Human Rights. The group looks to Ford to support SEC rules on conflict minerals when published and to discourage unnecessary lawsuits.   | In this report, we discuss Ford's three-pronged approach to engaging with suppliers and encouraging a joint industry approach to supply chain sustainability. We also discuss our work with the Organisation for Economic Co-operation and Development and others to develop effective ways to eliminate conflict minerals in the global automotive supply chain.  |
| Water: Stakeholders were pleased to see that Ford intends to sign the CEO Water Mandate, as well as set a 2015 water goal. The group would like Ford to provide greater detail around how it prioritizes water-stressed regions, and noted a leadership opportunity for Ford spearheading, or participating in, efforts to manage water issues beyond its fence line.  | The Water section, which was new in our previous report, has been expanded in the current report to provide more insight into Ford's holistic and integrated approach to the issue. We have also provided results of our analysis of water availability.   |
| Diversity, Inclusion and Employee Engagement: The group  | This year's report includes new umbrella language in the reorganized   |

|  |  |
|--|--|
| <p>noted the value of a strong workforce to Ford and the materiality of how Ford engages its employees and creates an inclusive and innovative culture. Ford should increase disclosure in all these areas, demonstrating how it is managing these issues to gain competitive advantage.</p>   | <p>People section around the importance of diversity and inclusion and directs readers to Ford.com for a history of diversity at the Company. The new language addresses the importance of a diverse workforce in terms of meeting diverse customer needs. In addition, the report features a discussion of the Company's new "Go Further" campaign, which is designed, in part, to better engage employees in Ford's delivery of innovative products.</p>   |
| <p>Goals, Metrics and Impact: Stakeholders noted Ford's new water goal and the intent to develop new operational goals. Ford should make those goals public, medium- and long-term, quantitative and measurable and ensure they cover not only environmental issues, but also key issues such as diversity, human rights and supply chain. The group also suggested providing additional context (e.g., total number of suppliers, year-on-year data) when reporting on existing goals; and revisiting and strengthening some goals (e.g., vehicle greenhouse gas goal). Ford should also consider how it can supplement its reporting with more discussion of the outcome and impact of its efforts, including candid descriptions of challenges preventing the achievement of goals and targets.</p> | <p>Ford has adopted new mid-term targets for water and energy use, facility greenhouse gas emissions and landfill disposal. Context around these is provided in the relevant sections of the report. We provide extensive discussion of our product greenhouse gas emission goal and progress toward it. We also revised and simplified the <a href="#">goals table</a>.</p>   |
| <p>Report Format: Overall, stakeholders were pleased with the reorganization of the material issues section of Ford's sustainability report this year and encouraged Ford to consolidate and streamline content, where feasible. The goals and data tables were noted as useful, but could be strengthened (see specific Goals bullet). Stakeholders suggest Ford add an option to its Toolbox that provides readers an opportunity to share direct feedback on the report.</p>  | <p>This year's report has been organized around the material issues to emphasize their importance and make information about them more readily accessible. In the course of reorganizing the content, We inventoried all existing content and streamlined report content as possible. For example, we reduced the number of major sections from 12 last year to nine this year. We also reduced or eliminated content as possible, focusing especially on reducing content that is available in other Ford communications such as financial reports. The contact link appears on every page of the report.</p> |

Other Committee recommendations will be considered for future reporting.

## Data Assurance

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

- Financial data were audited for disclosure in the Ford Annual Report on Form 10-K.
- Nearly two-thirds of Ford's global facility greenhouse gas (GHG) emissions are third-party verified. All of Ford's North American GHG emissions data from 1998 to 2010 were externally verified by FINRA, the auditors of the NASDAQ stock exchange, as part of membership in the Chicago Climate Exchange. In 2011, Ford became a Climate Registered member of The Climate Registry. All of Ford's North American GHG emissions are now also verified under The Climate Registry. The Climate Registry is a nonprofit collaboration among North American states, provinces, territories and Native Sovereign Nations that sets consistent and transparent standards to calculate, verify and publicly report greenhouse gas emissions into a single registry. In addition, all emissions data covered by the EU Emission Trading Scheme (EU-ETS) and voluntary UK Climate Change Agreements are third-party verified. All EU-ETS verification statements are provided to Ford by facility from BSI for UK facilities, Lloyds for Spain and the Flemish Verification Office for Belgium. North American facilities are verified against the World Resources Institute's GHG Protocol. European facilities are verified against the EU-ETS rules and guidelines.
- Ford voluntarily reports facility CO<sub>2</sub> emissions to national emissions registries or other authorities in Argentina, Australia, Brazil, Canada, China, the Philippines, Taiwan and the U.S.
- Various environmental data are reported to regulatory authorities.
- Ford's facility environmental data are managed using the Global Emissions Manager database, which provides a globally consistent approach to measurement and monitoring.

The kind of assurance used for each data set is noted in the data charts.

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1. This summary draws from a summary of the stakeholder engagement process prepared by Ceres; however, it does not cover every point raised and was not reviewed by the participating stakeholders.