How does Ford integrate social and environmental sustainability into its business decisions and operations?

Viera: At Ford we are truly committed to supporting positive change and reducing the environmental impact of our products and facilities. A big part of this work has been reducing our greenhouse gas emissions and energy use across all our operations. So far, we’ve made significant progress. In 2011, we successfully reduced CO\textsubscript{2} emissions from global operations by 8 percent on a per-vehicle basis compared to the baseline year of 2010. Likewise, the amount of electricity used to produce each vehicle in Ford’s manufacturing facilities has been reduced by about 800 kilowatt-hours – from 3,576 kwh in 2006 to 2,778 kwh in 2011. By comparison, average households in states like California, New York, Illinois and Michigan use between 562 kwh and 799 kwh monthly. We’ve done this by investing in energy-saving practices and equipment. We plan to further reduce usage another 25 percent on a per-vehicle basis by 2016, a key goal as global energy use is being projected to soar 53 percent between 2008 and 2035.

And yet, environmental progress is not our only goal. Ford affects a broad range of stakeholders – employees, dealers, investors, and communities – and we felt it important to revise our “Code of Human Rights, Basic Working Conditions and Corporate Responsibility”. The Code now applies not only to Ford itself, but to its $75 billion supply chain as well. The code deals with subjects such as working hours and conditions, nondiscrimination and other health, safety and environmental issues. Nearly 400 suppliers around the world were trained in 2011 through both Ford-led and joint industry programs.

We are also working with responsible investor groups like ICCR on such social & labor issues as safe working conditions, conflict minerals and human trafficking risks in our company’s supply chain.

In 2008, Ford and ICCR reached a historic agreement in which the company set itself the goal of reducing by at least 30 percent the greenhouse gas (GHG) emissions from its new vehicle fleet by 2020. How has Ford been making progress towards that goal?

Niemann: To meet the climate change goals emerging from the agreement, we focused in the near term on implementing the most cost-effective fuel-efficiency technologies possible across a large volume of our vehicles, as well as on introducing new products that offer improved fuel efficiency without compromising style or performance. We are concentrating on affordable and near-term sustainable technology solutions that can be used not for hundreds or thousands of cars – but for millions of cars, because that is how Ford can truly make a difference. And that strategy is paying off, for both Ford and our customers.

Ford and ICCR have a long history of engagement that dates back to the early 1970s. How has that relationship changed over time?

Berdish: When Ford began speaking out on environmental and social issues more than 30 years ago, ICCR was a welcome voice of encouragement among many that were doubtful. They cheered us on when we made progress, and challenged us to move faster and do better when we didn’t. Thanks in large part to the work done by ICCR, today the idea that businesses can do well by doing good is widely acknowledged.
Specifically, for the 2011 model year, our fleet CO₂ emissions decreased by about 3 percent relative to our 2010 model year, and improved 9 percent compared to the 2007 model year. Preliminary data for the 2012 model year project that the Corporate Average Fuel Economy (CAFE) values will improve for cars and stay about the same for the truck fleet, compared to the 2011 model year. On an overall fleet basis, preliminary estimates indicate a 2012 CAFE improvement of 7.6 percent compared to 2011.

In Europe, we reduced the average CO₂ emissions of our car fleet by 8.5 percent between 2006 and 2010. We have achieved this through the introduction of a variety of innovations, such as advanced common rail diesel engines available across the European model range – including the ECOncetic Technology range of low-CO₂ vehicles and the introduction of EcoBoost direct-injection, turbocharged gasoline engines.

Our showpiece is the EcoBoost® engine, which uses gasoline turbocharged direct-injection technology to improve vehicle fuel efficiency. EcoBoost engines deliver 10 to 20 percent better fuel economy, and 15 percent fewer carbon dioxide emissions than larger-displacement engines. Because EcoBoost is affordable and can be applied to existing gasoline engines, we can implement it across our vehicle fleet, bringing fuel-efficiency benefits to a wide range of our customers. We are on track to equip as much as 80 percent of our global lineup and 90 percent of our North American lineup with EcoBoost engines by 2013. That’s about 1.5 million engines.

By 2013, we will have introduced 62 new or significantly upgraded engines, transmissions and transaxles globally to help us improve fuel economy and reduce carbon dioxide emissions across our global fleet. By the end of 2012, we will have delivered 50 of the 62 planned new or significantly updated powertrains, or approximately 81 percent of our planned introductions.

How is Ford adapting its business model to climate change realities? Is it making significant or innovative investments in green tech?

Niemann: With a 108 MPGe city EPA rating, the 2013 C-MAX Energi is Ford’s first production plug-in hybrid vehicle and part of the company’s first dedicated line of hybrids. C-MAX Energi achieves up to 21 miles in all-electric mode, meaning at least one leg of the average work commute – reportedly 20 miles each way – could be completed each day solely on electric battery charge, allowing customers to save gas as they face traffic congestion during their commute.

The C-MAX Energi is America’s most efficient utility vehicle, a symbol of how Ford gives customers the power to choose leading fuel-efficiency across our lineup as gas prices spiral to upwards of $5 a gallon in some parts of the country. The C-MAX Energi’s leading range also means customers can spend more time on the road and more money on their priorities instead of at the pump. Ford’s other electrified vehicles include:

- Focus Electric: Production began late 2011;
- C-MAX hybrid;
- All-new Fusion hybrid;
- Fusion Energi plug-in hybrid

Beyond environmental risk, such as that posed by climate change, how is Ford managing human rights risks, such as the risk of conflict minerals in its supply chain?

Berdish: As your readers know, in the U.S., a new law passed by Congress and signed by President Obama in 2010 – the Dodd-Frank Wall Street Reform and Consumer Protection Act – included a provision relating to conflict minerals. That provision requires manufacturers like Ford to report to the Securities and Exchange Commission (SEC) annually on whether their products contain metals derived from conflict minerals, and if those metals are necessary to the functionality and production of their products. Columbite-tantalite, cassiterite, wolframite and gold ores – which are refined into tantalum, tin, tungsten and gold, respectively – are considered to be conflict minerals.

Ford is concerned with the potential connection between the automotive industry and conflict in the DRC (Congo) region and is working with multiple stakeholders, including its peers in the automotive industry, to address these supply chain concerns. A multilateral approach will be required. We intend to require suppliers to use only metals that have been procured through a validated supply chain, so as to ensure that they have not, at any point, financed conflict. The processes to support validation are in development by local governments, industry groups, international organizations and NGOs, with support from governments outside of Central Africa. While these processes are being developed and implemented, Ford is taking action to educate ourselves and our suppliers, initiate automotive industry activity and begin the necessary due diligence. The steps we follow are:

- Establish strong corporate management systems.
- Identify and assess risk in the supply chain.
- Design and implement a strategy to respond to identified risks.
- Third-party audit of smelters/refiners’ due diligence practices.
- Report annually on supply chain due diligence.

What challenges and opportunities lay ahead for the company?

Viera: At this point, Ford and many other companies are working to adjust to economic conditions such as those taking place in Europe. We are confident, however, that consumers will continue to seek out fuel efficient vehicles, and we are committed to continuing to provide best-in-class options to meet this growing demand.