



WHEREAS: Global action on climate change is accelerating. The Paris Agreement’s goal of keeping global temperature rise below 2 degrees Celsius is already shaping global, national, and local policy decisions.

Transportation accounts for more than 23 percent of global carbon dioxide emissions; this sector will need to deliver major emissions cuts for countries to achieve the Paris goal. (WEO 2017). In the U.S., a recent study¹ found that greenhouse gas (GHG) reductions beyond those achievable from current vehicle emission reduction standards will be necessary by 2025 to meet global climate goals.

Globally, governments are adopting transportation policies requiring significant fuel economy increases, and are beginning to promote low carbon vehicle technology standards. China will require 40 percent of cars sold by 2030 to be electric and intends to ban vehicles with internal combustion engines. Other countries and cities have announced, and California is considering, similar measures.

Automakers are announcing plans in line with this decarbonizing transportation market. Volvo committed that, by 2019, all new models will be electrified, with plans to sell 1 million electric vehicles (EVs) cumulatively by 2025. BMW committed to sell 100,000 electrified vehicles in 2017 and that 20 to 25 percent of its sales will be plug-in-hybrids or EVs by 2025. Ford will need to undertake aggressive action to compete successfully in this transition to low carbon transportation.

In 2012, the U.S. issued light duty vehicle rules strengthening GHG emission reduction standards and improving corporate average fuel economy standards (collectively “CAFE standards”). These rules are being challenged by Ford and other automakers.²

The proposed weakening of CAFÉ standards will lead to additional greenhouse gas emissions, regulatory uncertainty, and significant reputational risk for automakers. For example, a public campaign was recently launched demanding that Ford and other automakers end their advocacy for rollback of CAFÉ standards.³

Ford recently announced a significant reallocation of capital from cars to trucks and sport utility vehicles, a move that will increase fleetwide GHG emissions. Ford also announced an initiative to expand electric vehicle development, but has yet to specify sales targets, percentages of planned electric drive vehicles, etc.⁴ Coupled with lobbying to weaken CAFE standards, this new plan raises serious questions about whether the company will retreat in reducing fleetwide GHG emissions, especially through 2025, a critical window of opportunity for the industry to meet climate goals. This uncertainty exposes the company to reputational harm, public controversy, and the potential to quickly lose global competitiveness.

¹ <http://ns.umich.edu/new/releases/25157-beyond-epa-s-clean-power-decision-climate-action-window-could-close-as-early-as-2023>

² <http://www.autonews.com/article/20170206/OEM11/302069936/fields-cafe-claim-comes-with-an-asterisk>

³ <http://www.businessinsider.com/trump-change-epa-cafe-standards-car-companies-2017-3>

⁴ <http://www.foxnews.com/auto/2017/10/04/ford-to-stake-future-on-trucks-and-electrification.html>



AS YOU SOW

2018 Shareholder Resolution

Ford Motor Company

Request: Report on GHG emissions and CAFE standards

Ford's actions have created investor concern about the alignment of its fleet emissions with an increasingly low carbon global vehicle market.

BE IT RESOLVED: Shareholders request that Ford, with Board oversight, publish a report, at reasonable cost, describing whether and how our company's fleet GHG emissions through 2025 will increase given its planned change in fleet mix and industry's proposed weakening of CAFE standards or, conversely, how it plans to retain emissions consistent with, or better than, CAFE standards to ensure its products are sustainable in a rapidly decarbonizing vehicle market.