



**VIA ELECTRONIC TRANSMISSION**

Mr. Brian Adams  
Executive Director, Climate Rights International



January 11, 2024

Dear Mr. Adams:

Thank you for your letter to Ford Motor Company (Ford) regarding the summary of findings in the upcoming report on the environmental and human rights impacts of the nickel industry in Indonesia. At Ford, we are committed to respecting human rights everywhere we operate and throughout our entire value chain.

We are making breakthrough electric vehicles (EVs) with unprecedented value for our customers. They are powerful, quiet, connected, and, of course, Built Ford Tough. The benefits go beyond mobility—the fully-electric F-150 Lightning can export electricity to power a jobsite, a campsite, or even your entire home when the power goes out. As we take leadership of the EV revolution, we are committed to responsibly sourcing our raw materials.

Ford has a long history and commitment to respecting human rights and the environment, as demonstrated by our global leadership on this topic. This commitment stems from our purpose of helping to build a better world and continues to guide our decision-making and actions both today and in the future. We are shaping the future of mobility – one that’s inclusive, equitable and sustainable. And we are transforming our company keenly focused on people and the planet. We recognize we have a long way to go, but we are definitively on **the road to better**.

We adopted our first Human Rights Policy in 2003, applying it to not only our business but also extending it to our suppliers. Today, our policy, [We Are Committed to Protecting Human Rights and the Environment \(“Corporate Policy”\)](#) reinforces our commitment to human rights and the environment and explicitly requires our suppliers to adopt and enforce similar policies and extend them to their own supply chain.

We also require that our suppliers follow our [Supplier Code of Conduct](#) (“Supplier Code”), which is aligned with our Corporate Policy. To verify supplier compliance, we conduct due diligence by first assessing risk of our supply chain, then conducting environmental and

social responsibility audits, requiring compliance reporting, training of our employees and suppliers, and conducting third-party validation of policies.

We are proud to be recognized for our longstanding commitment and leadership in Human Rights. In 2022, the [Corporate Human Rights Benchmark](#) named Ford the top automotive company for the second time in a row, ranking Ford number 6 out of the 127 companies assessed. Additionally, [Lead the Charge](#) recognized Ford in 2023 as the leading automotive manufacturer for Human Rights & Responsible Sourcing and second overall for the entire benchmark of automotive companies.

Our response below provides additional details on the actions we take to assess our risk and conduct due diligence to identify and prevent human rights and environment issues in our business. Due to contractual responsibilities, we are unable to share our suppliers or their value chain information.

## **FORD MAPPING AND AUDITING EV BATTERY SUPPLY CHAIN**

We have been mapping and auditing our EV battery supply chain since 2021 with RCS Global and expanded the scope in 2022 to include plug-in hybrid electric (PHEV) supply chains. We focus on the raw material supply chains for nickel, lithium, cobalt and graphite. As of end of 2022, we conducted 30 supplier audits along four select battery supply chains at all tiers through to the mine sites. These initial audits identified and mapped 120 suppliers, including mine sites in Australia, Chile, the Democratic Republic of the Congo, Finland, Indonesia, Russia and Turkey. In early 2023, along with our suppliers, we also underwent a responsible sourcing audit of our nickel, lithium and cobalt OECD due diligence management systems. No critical risks were identified during the audits. We will publicly provide an update for 2023 results of our supply chain auditing program with the release of our 2024 Integrated Sustainability and Financial Report in April.

Our collaboration with RCS Global is strengthening our responsible sourcing capacity and driving continual improvements in transparency and responsibility in our raw material supply chains. We also provide our suppliers with the tools and training to support their continual improvement. Suppliers who do not meet Ford standards are required to demonstrate improvement under a Corrective Action Plan that is closely monitored by Ford.

We are also proud to be the first U.S. automaker to join the Initiative for Responsible Mining Assurance (IRMA), which works to advance responsible mining practices, including third-party verification and community engagement. As part of the process to source IRMA certified mined material, suppliers must substantially meet 40 critical requirements and have corrective action plans to indicate how they will fully meet the requirements within a specific time period to claim an IRMA achievement level. These critical requirements relate to the areas of business integrity, planning and managing for positive legacies, social responsibility, and environmental responsibility.

## **ESG EXPECTATIONS WITH DIRECT SOURCING OF CRITICAL RAW MATERIALS**

Ford is taking an important first step to secure raw materials directly from mining companies, and we are building a new EV supply chain that is geographically diverse. We are working to ensure that these battery materials meet our ESG standards and expectations that are aligned with our Corporate Policy and our Supplier Code.

We conduct ESG due diligence throughout the entire sourcing process, including raw materials and battery mineral processing suppliers. Prior to any commitments, we conduct desk-based due diligence of potential suppliers to understand their public commitments to respecting human rights, protecting the environment and being a good community partner.

In our agreements with suppliers, we require alignment with and performance that reflects Ford's ESG expectations and meets the expectations of our Supplier Code of Conduct. We request our suppliers to source raw mined materials from supply chain companies that commit to and/or are certified by IRMA or equivalent. We also request processing facilities to apply similar independent or third-party standards from RMI that demonstrate their actions toward responsible sourcing. Finally, we require supply chain transparency to the raw materials as we work toward compliance with various current and upcoming global due diligence laws. This includes information related to the source of raw materials, due diligence conducted during the mining/processing of raw materials, and carbon footprint.

After we complete sourcing from a supplier, our due diligence work continues. We will work with them to ensure their actions meet our ESG requirements, which may include review of their alignment with our policies, insight into their management and risk assessment processes, independent audits, and transparency into their supply chain.

## **NICKEL FROM HUAYOU COBALT AND PT VALE**

In 2023, Ford announced an agreement for a three-way collaboration with Huayou Cobalt and PT Vale to advance more sustainable nickel production in Pomalaa located in Southwest Sulawesi, Indonesia. Site preparations and construction has started, and commercial operations will begin in 2026. By establishing this framework to directly source nickel, we can reflect our ESG expectations and set the right ESG standards as we scale. We are embedding ESG expectations into the agreement in alignment with Ford's policy and Supplier Code of Conduct.


## **CARBON NEUTRALITY BY 2050 INCLUDING SUPPLIERS**

To reach carbon neutrality no later than 2050, we aim to reduce GHG emissions across the life cycle of our vehicles, driving energy efficiency and conservation in our facilities and manufacturing processes, and partnering with our suppliers to reduce their environmental impacts. Our Supplier Code requires Ford suppliers (and their subcontractors) to establish science-based GHG reduction targets, action plans, and transparent reporting mechanisms. All our suppliers around the world were required to submit their GHG reduction targets by the end of 2022. We will use this information to develop a joint roadmap on our path toward carbon

neutrality. Our target is to have all direct suppliers for European products to be Scope 1 and Scope 2 carbon neutral by 2035.

In 2022, we joined two supply chain initiatives that will help us achieve our climate goals: the First Movers Coalition, a global initiative to harness purchasing power and supply chains to create early markets for innovative clean technologies; and Manufacture 2030, which is designed to help suppliers measure, manage, and reduce carbon emissions. The move builds on Ford's requirements that suppliers establish science-based GHG reduction targets, action plans, and transparent reporting mechanisms to minimize their impact on climate change.

## CONCLUSION

We appreciate the opportunity to respond with information on Ford's commitment to responsibly source raw materials. We are working in a way that puts Ford in a position to help make EVs more accessible for millions and to do it in a way that helps better protect people and the planet. For more information about the Road to Better and Ford's commitment to building a more sustainable, inclusive and equitable transportation future please see our [2023 Integrated Sustainability and Financial Report](#) and our [2023 Human Rights Progress Report](#), or visit [sustainability.ford.com](https://sustainability.ford.com). Should you have any questions or comments regarding our response, please contact Rebecca Shelby, Director of ESG EV Battery Materials 

Sincerely,

*Mary Wroten*

Mary Wroten  
Global Director of Sustainability and ESG  
Ford Motor Company