

**THE SOCIETY OF MOTOR
MANUFACTURERS AND TRADERS**
2011 SUSTAINABILITY REPORT
12th Edition - 2010 Data



THE SOCIETY OF
MOTOR MANUFACTURERS
AND TRADERS LIMITED

SMMT, the 'S' symbol and the 'Driving the motor industry' brandline are trademarks of SMMT Ltd.

FOREWORD

SMMT's 12th Sustainability Report is more focused, more efficient and has more of an eye on the future than ever before – reflecting perfectly the progressive, forward-thinking excellence that UK automotive is exploiting now and will hone as we move towards an even more sustainable future.

This report looks back at achievements in 2010, but scratch below the surface at www.smmt.co.uk/sustainability and you'll find a host of resources that highlight the economic, social and environmental credentials of automotive companies in the UK reinforced with up-to-date case studies of sustainability in action.

With an eye on the future, industry has collectively embraced the need to develop the next generation of automotive employees using training and apprenticeships to maintain the high levels of expertise the UK is famed for around the world. With over 14,500 apprentices starting automotive placements during 2009/2010, greater levels of government engagement and industry-wide schemes such as 'See Inside Manufacturing' taking off, the UK is well placed to capitalise on the manufacturing-led economic recovery.

Over the years, industry has intensified its efforts to increase efficiency, cut emissions and reduce waste at every stage in the life-cycle of a vehicle. From the introduction of renewable energy generation at its manufacturing sites and encouraging retailers to make efficient use of energy to ongoing leaps forward in reducing CO₂ emissions and educating motorists, UK automotive is continually innovating to maintain its efficiency and environmental awareness, a point proved by the reductions in each of our 'per vehicle' environmental indicators.

New technologies and the ongoing refinement of conventional engines are the key to a low carbon future and importantly, a core strength of the UK, attracting international investment to the country and acting as a key driver in the UK's export potential. Our expertise, engineering skills and R&D capabilities are world renowned and throughout the report you'll see examples of global companies investing in UK automotive to drive their low carbon activities. The job creation, supply chain spend and international demand for the products produced here all contribute to our country's economic stability and future prospects.

2010 was a year when UK manufacturing got back on track after the economic uncertainty of 2009. Now, with productivity increasing and a host of investment announcements bringing enhanced certainty to industry, 2011 can be seen as a fresh base from which to build the next generation of UK automotive.

Paul Everitt,
SMMT Chief Executive



UK AUTOMOTIVE – KEY FACTS

- The UK produces over one million cars and commercial vehicles and more than two million engines each year.
- The automotive sector accounts for over 10% of total UK exports, with an average value of more than £25bn (based on last five years).
- The UK automotive sector exports to over 100 markets worldwide.
- The UK automotive sector had the fourth highest R&D spend in Europe and represented a fifth of core global R&D activity in 2010⁽¹⁾.
- The automotive industry employs over 700,000 people from manufacturing to retailing and contributes £8.5bn added value to the economy.
- In 2010, the UK exported 78% of the vehicles it manufactured.
- Average new car CO₂ emissions have fallen 20.3% in the last 10 years to 144.2g/km.

SMMT
DRIVING THE
MOTOR INDUSTRY 

**THE SOCIETY OF MOTOR
MANUFACTURERS AND TRADERS
MOTOR INDUSTRY FACTS 2011**

The UK is home to:

- Seven volume car manufacturers and a number of high luxury marques.
- Eight commercial vehicle (CV) manufacturers.
- The largest number of specialist sports car manufacturers in the world and 18 of the world's top 20 suppliers have a base here.
- Eight Formula One teams, supported by more than 300 specialist motorsport companies, employing nearly 50,000 people in motorsport valley.
- The motor industry in the UK has a strong future and is at the heart of the low carbon agenda, investing in R&D that will deliver ever cleaner, safer and more fuel-efficient cars.

IN SUMMARY

		2009	2010	Percentage change 2010 on 2009	
Number of signatories	(AS)	18	18	0.0	●
ECONOMICAL PERFORMANCE					
Automotive manufacturing sector turnover	(£ billion)	41	49	19.5	●
Expenditure on business R&D	(£ billion)	1.2	1.3	8.3	●
Total number of cars and CVs produced	(million) (UK) (WI)	1.09	1.39	27.8	●
Total new cars and CV registrations	(million) (UK) (WI)	2.22	2.30	3.7	●
Signatories combined turnover	(£ billion) (AS)	41.2	42.3	2.7	●
Total number of vehicles produced	(million) (AS)	1.02	1.30	27.4	●
ENVIRONMENTAL PERFORMANCE					
Production inputs					
Total combined energy use	(GWh) (AS)	3,765	4,659	23.7	●
Energy used per vehicle produced	(MWh/unit) (VMs)	2.8	2.6	-8.0	●
Total combined water use	(000m ³) (AS)	4,758	5,468	14.9	●
Water use per vehicle produced	(m ³ /unit) (VMs)	3.5	3.2	-8.0	●
Material output					
Total combined CO ₂ equivalents	(tonnes) (AS)	1,217,072	1,480,433	21.6	●
CO ₂ equivalents per vehicle produced	(tonnes/unit) (VMs)	0.9	0.8	-10.5	●
Volatile Organic Compounds emissions (cars)	(g/m ²) (VMs)	38	36	-5.6	●
Volatile Organic Compounds emissions (vans)	(g/m ²) (VMs)	62	64	3.2	●
Total combined waste to landfill	(tonnes) (AS)	16,954	18,302	8.0	●
Waste to landfill per vehicle produced	(kg/unit) (VMs)	10.8	8.8	-18.5	●
Vehicle use					
Average new car CO ₂ emissions	(g/km) (AC)	149.5	144.2	-3.5	●
SOCIAL PERFORMANCE					
Number of jobs dependent on the sector	('000) (WI)	736	737	0.1	●
Combined number of employees	(AS)	65,003	67,791	4.3	●
Number of lost-time incidents	(AS)	284	198	-30.8	●
Number of training days per employee	(AS)	3.4	2.9	-13.8	●
Number of new apprentices in the sector	(WI)	13,345	14,530	8.9	●

(WI) Whole industry data, (AC) All car sales in the UK, (AS) All signatories, (VMs) UK vehicle manufacturer signatories (cars)

Economic performance

- All economic indicators rose in 2010 compared to 2009: turnover (20%), R&D investment (8%), production (28%- WI) and registrations (4%) were all up.

Environmental performance

- Average new car CO₂ emissions fell 3.5% to 144.2g/km, more than double the annual average reduction rate over the past decade.
- Relative environmental production metrics improved: energy use (8%), CO₂ emissions (11%), waste to landfill (19%) and water use (8%) per vehicle all improved.
- Increased vehicle production (27% VMs) meant total CO₂ emissions (22%), energy use (24%), water consumption (15%) and waste (8%) rose.
- VOCs from manufacturing cars fell by nearly 6% and from vans increased slightly (3%), mainly due to production changes at one plant.

Social performance

- The combined number of employees for all signatories climbed by 4%. Jobs dependent on the sector saw a slight increase of 0.1%.
- The significant drop in lost time incidents (30%) in 2010 reflects industry's safe and progressive working environment.
- The number of training days dropped by 14%, returning to pre-recession levels. Train to Gain supported higher training levels during the recession, while government funding cuts and the return to full production levels impacted in 2010.
- The number of new apprentices in the automotive sector increased by 9%.

BUSINESS PERFORMANCE, R&D AND INVESTMENT

Attracting investment, promoting growth and stimulating an export-led recovery

- £49bn annual turnover, up 20%
- £10bn value added to economy
- £29bn exports; vehicles exported up 31%

The automotive sector represents 6.7%⁽²⁾ of UK turnover and 2.6%⁽²⁾ of gross value added. The sector bounced back from recession in 2010 but still has some way to go to recover fully. Tough competition, notably from the Far East, and much tighter environmental regulations pose significant challenges. The industry is working with government and other stakeholders in an effort to ensure the UK remains a competitive and attractive place to design, develop, build and use vehicles of all types.

The automotive sector in the UK

UK automotive turnover is estimated to have improved after the recession, recovering from £41 billion in 2009 to £49 billion⁽²⁾ in 2010 (pre-recession levels over £50 billion). The sector added some £10 billion to the UK economy in 2010, on par with pre-recession figures, as exports picked up sharply.

The value of UK exports rose to £29 billion in 2010⁽²⁾, just ahead of the 2008 peak. The automotive sector represented almost 11% of all UK trade in goods in 2010⁽²⁾. Approximately four out of five vehicles produced in the UK are exported and increased sales of premium products to markets such as China and the US helped lift the UK automotive sector's performance.

The number of automotive jobs stabilised in 2010 at just below 740,000⁽²⁾. Jobs in manufacturing dipped below 150,000, but other direct jobs related to supply and in-use activities rose.

The UK has attracted significant automotive investment (visit www.smmt.co.uk/investment) recently and the devaluation of sterling has supported the sector.

To attract and retain global players to the automotive industry in the UK there needs to be a flexible and skilled labour force and the UK's tax regime has to be internationally competitive.

Table 1 – UK vehicle registrations and production data, volumes in '000s

'000s	2010	2009	2008	2007	% ch 10 v 09	% ch 10 v 08	% ch 10 v 07
Car output	1,270	999	1,447	1,535	27.1%	-12.2%	-17.2%
CV output	123	91	203	216	35.7%	-39.4%	-43.0%
New car registrations	2,031	1,995	2,132	2,404	1.8%	-4.7%	-15.5%
New CV registrations	261	225	351	392	15.6%	-25.8%	-33.6%

UK production

The UK is the fourth largest vehicle manufacturer in Europe. In 2007 the UK produced 1.75 million new cars and commercial vehicles (CVs). **The global recession saw UK output drop to just 1.09 million units in 2009, before partially recovering to almost 1.4 million units in 2010, a rise of 27.8%.** Output is forecast to continue to grow and move above pre-recession levels, although this is reliant upon sustained growth in the global marketplace, notably outside the EU.

Export focus to growth

In 2010, 77.9% of all vehicles produced in the UK were destined for export (Table 2). Of the 1.27m cars produced in the UK almost one million units (78.7%) were exported. **The total number of vehicles produced for export rose by 30.9% in 2010, compared with growth for the home market of 18.0%.** Exports continued to rise in 2011.

BUSINESS PERFORMANCE, R&D AND INVESTMENT

Table 2 - Exports of UK-built cars, by destination, 2007-2010

	2007	2008	2009	2010
All (millions)	1.321	1.257	0.839	1.035
EU 27 (%)	65.3%	60.3%	71.3%	64.6%
US	8.5%	8.5%	9.5%	9.1%
Russia	8.6%	13.8%	3.8%	4.9%
China	1.0%	1.4%	2.3%	4.2%
Other	16.6%	16.0%	13.1%	17.2%

The past two years have seen a number of high-profile announcements regarding investment in the UK automotive sector. These have amounted to the creation of 7,400 new jobs, the safeguarding of over 12,000 jobs and investments in production expansion and new models worth over £3.9 billion.

New investment to support growth

The automotive industry is truly global and attracting inward investment to the UK remains a high priority for industry and government.

The UK must demonstrate that it is a competitive and attractive place to invest and as part of this, government should work to minimise the regulatory burden and reporting requirements.

Development of a suitably skilled and flexible workforce is a top priority achieved through investment in training and apprenticeship schemes.

2011 investment announcements

Key	Manufacturer	Site	Key announcement/investment.
1	Aston Martin	Gaydon	To build new city car, the Cygnet. The four-door Rapide sports cars to commence production in the second half of 2012
2	BMW	Oxford, Birmingham and Swindon	<ul style="list-style-type: none"> Oxford, Birmingham and Swindon – £500 million investment in new facilities and equipment at all three sites Oxford – To build next generation MINI, alongside other derivatives of the brand
3	CPP Global Holdings	Coventry	New Jensen to be designed, developed and built at the facility
4	GKN Driveline	Woking	Investing £5 million by acquiring 25% of EVO Electric, a pioneer in advanced electric drive solutions
5	Jaguar Land Rover	Solihull and Halewood	<ul style="list-style-type: none"> Solihull - £490 million investment to build C-X75 all-hybrid supercar; creating over 100 highly-skilled jobs Halewood – £2 billion investment to build new Range Rover Evoque
6	McLaren Automotive	Woking	McLaren MP4-12C high-performance sports car
7	MG	Longbridge	The new MG6 GT sports fastback will be designed, engineered and assembled
8	Nissan	Sunderland	<ul style="list-style-type: none"> £192 million investment to design, engineer and build the new Qashqai in the UK £420 million investment for the production of the Nissan LEAF from 2013
9	Opel/Vauxhall	Luton	Production of the next generation Opel/Vauxhall Vivaro light commercial vehicle
10	Optare	Elmet, Yorkshire	New manufacturing facility is the first new bus assembly plant to open in the UK in 40 years
11	Tata Motors	Coventry	Tata to increase investment in Tata Motors European Technical Centre (TMETC) by 40%
12	The Schaeffler Group	Llanelli, South Wales	Several million euros invested into its engine components manufacturing plant – 230 jobs safeguarded

New vehicle registrations

The 2008 recession caused a sharp decline in new vehicle demand. The car market was supported by the general reduction in VAT, low interest rates and the Scrappage Incentive Scheme (SIS) but demand remained weak. The market is heavily reliant on a stable economic setting and is expected to recover once consumer confidence returns.

The CV market fell more sharply than the car market. However, with businesses and operators returning to more usual replacement cycles, the market is showing a strong and sustained recovery - albeit from a low base.

Parc

In 2010 SMMT's Motorparc database (the total number of vehicles in use) showed there were 35.48 million vehicles on UK roads. This was 0.7% or a quarter of a million vehicles more than the 2009 level and almost on par with the 2008 record of 35.54 million units. The car parc in 2010 was a record 31.26 million units.

The net volume of parc and the age profile will be determined by the number of new vehicles entering the market place and the greater reliability and longevity of vehicles.

A growing and potentially older parc has important resource implications for the demands on the road infrastructure, but also emissions from the fleet of vehicles in use. Newer vehicles are typically more efficient, less polluting and safer than the vehicles they replace, so a speeding up of the replacement cycle could provide environmental and social benefits.

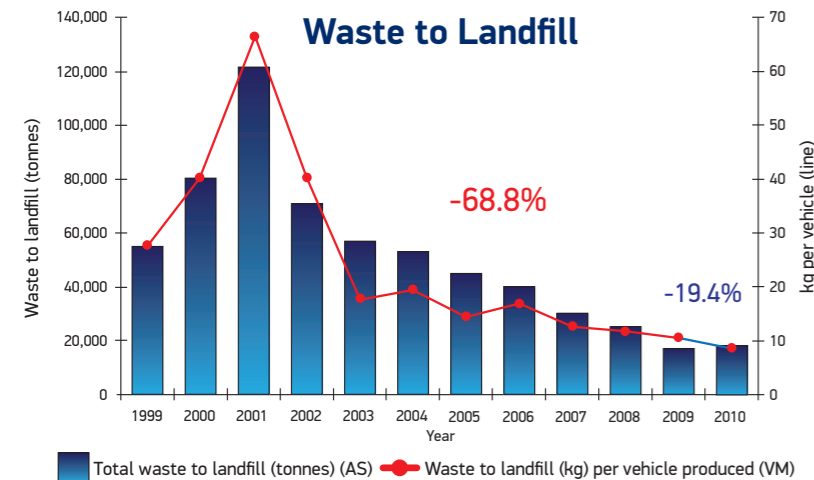
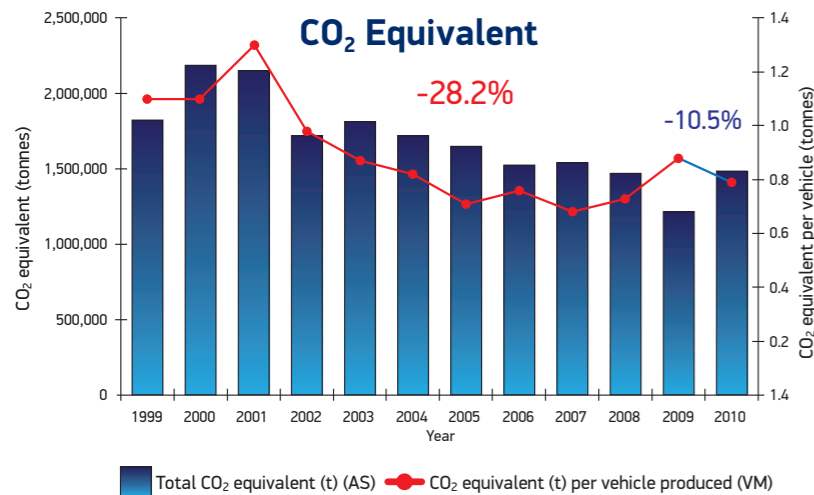


Registrations up 4%, but still 20% below pre-recession levels

ENERGY AND RESOURCE EFFICIENCY

Growing a sustainable, low carbon industry

- Per vehicle manufacturing indicators improved: energy use (8%), CO₂ output (11%), waste (fell 19%).
- Automotive plants produced enough renewable energy to power up to 9,000 households, saving approximately 19,000t CO₂ in the year.
- Dealer Energy Efficiency Guide research showed how automotive retailers could reduce energy use and save up to £10,000 per year.
- 3.5% reduction in new car tailpipe CO₂ to 144g/km, twice the average rate of improvement in the last decade.
- Over a third of a million environmental advice labels for used cars issued by the end of 2010.
- 90,000 tonnes more end-of-life vehicles recovered in 2009.



Industry performance

Since SMMT sustainability reporting began in 1999, vehicle manufacturers have made great strides in reducing the environmental impact of manufacturing processes and making more efficient use of natural resources. Despite an inherent link between production volumes and resource consumption, the automotive industry has managed to improve energy efficiency considerably and apply a closed loop approach to materials management.

In 2010 the adverse effects of lower production volumes faded away, allowing manufacturers to get back to the improving pre-recession trends. Energy use and CO₂ output per manufactured vehicle reduced by 8% and 10.5% respectively in 2010.

Signatories also reduced waste to landfill per vehicle by 69% since 1999 and by 20% in 2010. These improvements were achieved by increasing segregation at source and successful application of the waste hierarchy approach - prevent, reduce, reuse, recycle and recover.

Increased production volumes combined with continued use of water-saving technologies resulted in an 8% drop in water use per vehicle produced in 2010.

Industry continues to minimise emissions of Volatile Organic Compounds (VOCs), which arise from vehicle painting. VOCs are potentially one of the most significant environmental issues in automotive manufacturing. They can be a precursor of summer smog and minimising them can be energy intensive. VOC emissions from building cars and vans varied slightly over the year, they were, respectively, 40% and 29% below the legal limit in 2010.



Improving energy efficiency in dealerships

The industry has also been looking at the broader footprint of its operations and in 2010, focused on dealerships as the next step in the sustainability agenda. As a result SMMT, in association with the RMI and Carbon Trust, published a Dealer Energy Efficiency Guide, which explains how best to reduce energy use and improve business profits.

Audits of a sample of dealerships across England and Scotland identified that an average dealership could save up to £10,000 a year by cutting its energy use - £4,000 of which could be saved from zero cost actions. This initiative illustrates the ongoing support that the automotive industry provides dealers to improve efficiency and reduce their environmental impact.

BMW Energy efficient showrooms

BMW UK has tasked its dealer network to improve its environmental standards in line with BREEAM (Building Research Establishment Environmental Assessment Method). A team of specialists assessed the level of development each dealer required to make the grade by looking at four main areas: heat, electricity, operational conditions and air systems within a building. Areas included increasing insulation and installing low energy lighting, right through to photovoltaic solar panels on the roof, groundwater heat pumps, wind turbines and heat recovery technology.

Leyland Leading the way in recycling and reducing waste

In 2010 Leyland Trucks received the Green Business Award for Waste Reduction and Recycling. This recognises the most innovative, ambitious and effective initiatives for achieving environmental sustainability and implementing smart business practices.

Leyland competed against Coca-Cola, Fisher Scientific UK, Egger UK, Johnson Tiles and Lenzing Fibers and was recognised for its multi-year journey to become the first commercial vehicle manufacturer in Europe to achieve zero waste to landfill, through the detailed identification of waste streams, waste segregation at the point of use and identification of recycling methods.



All data and graphs are available online for 2010 performance in energy, CO₂, water, VOC and waste to landfill and recycling.

ENERGY AND RESOURCE EFFICIENCY

Renewable energy

In 2010 signatories to the sustainability report produced 36,636MWh of renewable energy, enough to power up to 9,000 households and saving around 19,000t CO₂ each year.

Vehicle manufacturers have explored various sources of renewable energy from wind and solar power to biomass. Positive outcomes have encouraged manufacturers to explore renewables further, although the lack of government support (eg recent cuts to Feed-in Tariffs) and insufficient funds risk slowing the progress in this area.

Nissan

10 recycled wind turbines installed in 2005 produce 8% of the plant's electricity requirements, which translates to a CO₂ reduction of nearly 19,000 tonnes since their installation.

Ford

The Dagenham Diesel Centre has four wind turbines capable of producing 100% of its electricity requirements. Additionally, solar/photovoltaic panels cover 25,000m² of the roof at the Bridgend Engine Plant. Both generate enough power enough for 1,820 homes, saving 5,000 tonnes of CO₂ each year.

Honda

The UK manufacturing site in Swindon is investigating the future possibility of generating carbon neutral electricity and heat from virgin biomass. The very high yielding grass energy crop *Miscanthus x giganteus* (Elephant grass) would be purpose grown on land unsuitable for the growing of conventional food crops.



Toyota

The car manufacturing site at Burnaston is home to a large scale solar panel array that would cover almost four and a half football pitches.

It is capable of supplying enough energy to make 150 million cups of tea and save up to 2,000 tonnes of CO₂ emissions a year.

End-of-Life Vehicles (ELVs)

The UK automotive industry is not only committed to sustainable production, but also sustainability at the end of the product's life. Since 2006, manufacturers' networks have met their annual target of 85% reuse, recycling or recovery by weight of end-of-life vehicles. The amount of material recovered rose by more than 90,000t⁽³⁾ in 2009 as the number of ELVs captured in the UK rose by 117,000⁽³⁾ against previous year, not least due to the Scrappage Incentive Scheme (SIS). (Further detail is on the SMMT website.)

Jaguar Land Rover Range Rover Evoque uses natural and recycled materials

Using recycled materials results in a 66% lower energy demand and 54% lower carbon footprint during production. Each Range Rover Evoque has replaced virgin and man-made materials with 16kg of recycled plastic and 21kg of natural material. Trim is also made with 100% recycled polyester. The recycled material is primarily sourced from post-consumer waste, so that each car uses the equivalent of 40 full-size bottles achieving a 77% lower carbon footprint for these components.



Vehicle performance

Surface transport CO₂ emissions fell by almost 4%⁽²⁾ in 2009 as a result of the efficiency of new cars and CVs, a reduction in distance travelled.

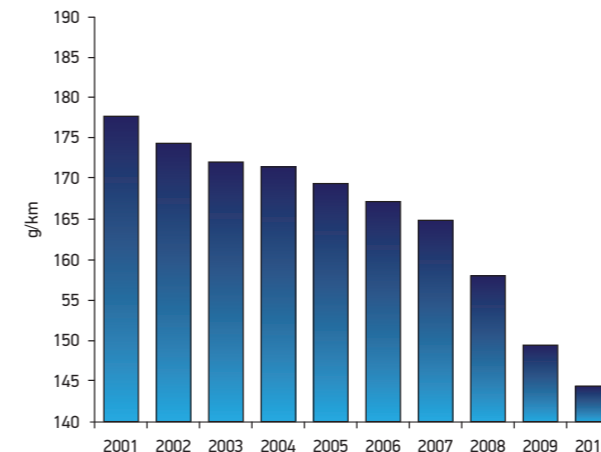
Car and van CO₂ emissions fell by 3% and HGV emissions fell by around 9%⁽⁴⁾. Preliminary assessments of 2010 data suggest that car emissions have fallen further, as distance travelled fell by 2%⁽⁵⁾, uptake of biofuels hit 3.1%⁽⁶⁾ and average new car CO₂ improved by 3.5%.

Average new car CO₂ emissions have fallen every year since records began. **In 2010, average new car CO₂ emissions fell by 3.5% and have declined by 20.3% since 2000.** In 2010, over half of the new car market was below 140g/km and the sub-100g/km market doubled. This progress has been made thanks to significant investments in low carbon technologies and consumer preference shifting towards such vehicles, aided by government policies.

In 2010 there was also a record market share for alternatively fuelled vehicles and diesel cars (which are more fuel-efficient than their petrol equivalents). In the coming years, the marketplace will see the introduction of highly innovative products with significant growth expected in electric, hybrid and other alternatively fuelled vehicles.

Despite some concern that a shift in the market mix after the Scrappage Incentive Scheme might slow, or even reverse, progress made on reducing average new car CO₂ emissions, monthly data shows that this did not happen and that emissions continue to fall. However, the pace did moderate marginally in the second half of 2010, when the SIS ended.

Average new car CO₂ emissions 2001-2010



Bentley Continental range adds FlexFuel technology

Bentley extended its pioneering FlexFuel technology across the Continental model range. As a result, over half of Bentley's production volume in 2010 was biofuel compatible. This technology offers the possibility of up to a 70% reduction in net CO₂ emissions on a 'well to wheel' basis.

Further information on vehicle environmental performance (alternative fuels, diesel, alternative powertrain) can be found in SMMT's New Car CO₂ report 2010.



Mercedes-Benz Points way to cleaner future

In 2010, Mercedes-Benz revealed the latest evolution of its R&D into hydrogen powered fuel cell vehicles with the B-Class F-Cell. The F-Cell's electric motor uses energy generated by a state-of-the-art fuel cell converted from hydrogen, with water vapour the only emission. Mercedes also began a three-year trial of the Fuso Canter Eco Hybrid light truck in London.

Peugeot Citroën PSA Peugeot Citroën commits to green materials

Since 2008, the Group has deployed an ambitious plan to increase the proportion of green materials, in a vehicle's total polymers (excluding tyres) to 20% by weight by 2011 and to 30% by 2015. This is very ambitious considering the average of 6% in 2007 and the materials considered green: recycled plastics, natural and bio-sourced materials such as polymers made from renewable instead of petrochemical feedstocks.

Vauxhall Electric van on the way

In 2010, Vauxhall's Vivaro e-Concept made its debut. It is an extended-range electric van capable of up to 250 miles. The Vivaro's 111kWh lithium ion batteries supply 370Nm of torque, enabling over 60 miles pure electric driving range with the range extender enabling the vehicle to be driven up to 250 miles.



Volkswagen Golf blue-e-motion wins inaugural RAC Future Car Challenge

A Golf blue-e-motion prototype electric car (the production version of the Golf blue-e-motion is scheduled to be introduced to the market in late 2013) was the overall winner of the inaugural RAC Future Car Challenge in 2010. The car also won its category, 'Most Economic and Environment Friendly Regular Passenger Electric Vehicle'. Over 60 entrants travelled the 57 miles from Brighton to in London with the aim of consuming as little energy as possible.

Informing customers

Building on the successful introduction of the new car fuel economy label, the used car fuel economy label was launched in November 2009. By the end of 2010, Over a third of a million used car labels had been displayed at the 1,300 dealers actively engaged in the scheme. An average of 17,000 labels were downloaded per month during 2010⁽⁸⁾.

The colour coded new car CO₂ label has been almost universally adopted. 94% of dealers were displaying it at the last count in 2009⁽⁷⁾.

Fuel Economy - Used Cars	Reg No.
<p>CO₂ emission figure (g/km)</p>	<p>g/km</p>
<p>Fuel cost (estimated) for 12,000 miles</p> <p>A fuel cost figure indicates to the consumer a guide price for comparison purposes. This figure is calculated by using the combined drive cycle (town centre and motorway) and average fuel price. Re-calculated annually, the cost per litre as at Mar 2010 is as follows - petrol 112p, diesel 113p, LPG 62p.</p> <p>VED for 12 months</p> <p>Vehicle excise duty (VED) or road tax varies according to the CO₂ emissions and fuel type of the vehicle.</p>	
<p>Environmental Information</p> <p>A guide on fuel economy and CO₂ emissions which contains data for all new passenger car models is available at any point of sale free of charge. In addition to the fuel efficiency of a car, driving behaviour as well as other non-technical factors play a role in determining a car's fuel consumption and CO₂ emissions. CO₂ is the main greenhouse gas responsible for global warming.</p>	

Industry agrees Best Practice Principles for environmental claims

The Best Practice Principles were created and launched by SMMT with the LowCVP and ISBA (Incorporated Society of British Advertisers) in July 2010.

The principles are used by marketers and consumers to ensure that marketing claims are legal, decent, honest and truthful; that consumers can access information to make good purchasing decisions; and that environmental claims are:

- specific
- not misleading
- capable of substantiation.

For more information, visit the SMMT website at www.smmt.co.uk

Investing in skills, a dynamic workforce and communities

- Investing in people to support future growth, build expertise and strengthen competitiveness.
- 14,500 of the best apprenticeships in manufacturing, including 6,000 advanced apprenticeships.
- Encouraging young people to make careers in engineering and manufacturing.

Although employment in the sector is still below pre-recession levels, **the number of automotive jobs stabilised in 2010 at just below 740,000⁽⁹⁾**. Jobs in manufacturing dipped below 150,000, but other jobs related to supply and in-use activities rose.

The number of employees reported for 2010 by signatories increased by 4.3% on the 2009 level, demonstrating that industry is recruiting again.

In 2009-10, relatively steady employment levels were coupled with a low turnover rate, 4.1% in 2010, the lowest level since SMMT records began. High staff retention levels are a testimony to the safe and attractive work environment created by vehicle manufacturers for their employees.

In 2010 the number of lost time accidents dropped by 30.3% to 3.4 lost time accidents per 1,000 employees.

While the number of training days per employee in 2010 dropped 13.8% on 2009, reaching 2.9 days per employee, it is still broadly in line with pre-2008 levels. In 2009, when vehicle production was low, the time was used to train employees.

Caterpillar Opens training academy

During 2010 a partnership was formed between Caterpillar's Building Construction Products (BCPD division and the Birmingham Metropolitan College to establish an Apprentice Training Academy at the Leicester facility. The Academy will train over 675 apprenticeships for Caterpillar and other employers over an initial period of three years, making a major contribution to BCPD's future skills needs and promoting manufacturing and engineering careers in the East Midlands.

Apprenticeships are a key channel for the automotive industry to recruit and train its workforce. In year 2009-2010, 14,530⁽¹⁰⁾ apprentices started their placements in the automotive sector, of which over 6,000 were Advanced apprenticeships (NVQ Level 3).

The Sector Skills Council for Science, Engineering and Manufacturing Technologies (Semta) has supported large and small automotive companies to train in excess of 25,000 employees on recognised qualifications.

National data for 2008 showed that GVA per employee for automotive in the Semta footprint was very high at £61,100 per employee, compared to an average of only £35,000 across the whole economy.

To aid vehicle manufacturing's already significant investments in its workforce, industry looks to government to create the right environment to support further investment in training and skills. A good example of flexible government support was the 'Train to Gain' scheme, which helped businesses of all sizes throughout the supply chain to up-skill their workforce during the recession.



To continue the targeted support to the industry as it recovers and plays an active role in economic growth and job creation, continued support for up-skilling in the supply chain is essential and provisions need to be made in consultation with employers.

In late 2010, the automotive industry started discussions with government on opening up sites across the UK to young people and their influencers to encourage more of them to join the sector and better understand the opportunities available. The automotive industry was the first sector to pioneer the 'See Inside Manufacturing' initiative. For more information, see www.automotivecouncil.co.uk/see-inside-manufacturing



GKN Being green at home and at work with GKN

GKN Structures in Telford has been educating its 630 assembly workers in environmental awareness. This includes how to be greener at home and at work and the result has seen an improvement in waste segregation of up to 30% in production areas. The training tackles issues of how to recycle in all rooms of their home and not just the kitchen and also saving money on energy bills. With rising energy and fuel prices, the workforce has taken a keen interest and this is reflected in recycling rates at work as well as GKN's energy bills. The training has also seen the increase in people cycling to work and car sharing to reduce travel carbon emissions.

FUTURE VISION

Growing the UK motor industry

- The Automotive Council sets out the future vision of the UK industry.
- Government and industry work collaboratively to grow the technology capabilities and readiness levels, and create a technology roadmap for commercial and off-highway vehicles.
- EU van CO₂ targets are coming and a truck CO₂ strategy is being developed.
- Government has introduced a consumer incentive to encourage the purchase of electric cars.

Sustaining the supply chain

The strength and capability of the automotive supply chain is a crucial factor in driving growth and attracting inward investment – a point reinforced by the publication of the Automotive Council study *Growing the Automotive Supply Chain*. There is genuine interest and commitment from global vehicle manufacturers (OEMs) to source more components in the UK which would stimulate employment levels and reduce carbon footprint. At the same time, the global transition to low and ultra-low carbon technologies and fuels provides the UK supply chain with new opportunities.

In responding to these needs, SMMT hosted a number of 'Meet the Buyer' events. These events are designed to match OEM sourcing demand to local suppliers and help to retain and build supply chain relationships in the UK.

Other Automotive Council reports are available at www.automotivecouncil.co.uk/what-we-do/reports/

- *Automotive Technology and Manufacturer Readiness Levels*.
- *Automotive Technologies: The UK's current capability (including sticky technologies)*.
- *Commercial vehicle and off-highway vehicle roadmap*.

In 2010, EU Van CO₂ targets were agreed and industry then began working with UK and EU regulators to consider the way forward for a truck CO₂ strategy.

Government's Plug-In Car Grant began in January 2011, offering 25% off the list-price of new plug-in cars, up to a maximum £5,000.

TSB ultra-low carbon vehicle demonstrator programme

TSB provided funding for a series of ultra-low carbon vehicle trials from late 2009, continuing until mid-2012. Preliminary data collected from drivers of the 340 vehicles in the nationwide programme is below. The trial covers 19,782 charging events and 110,389 individual journeys covering 677,209 miles.

- 95% of private drivers found that electric vehicles were no more difficult to use than the car they usually drove.
- Users made little or no change to their daily driving habits after switching from conventional to low carbon vehicles.
- After three months, about a quarter of users expected an EV to perform better than their normal car, up from around 15% before the trial.
- Range anxiety fell by 35% from 100% of private drivers being more concerned about reaching their destination with an EV than they would with their normal car. This is in part due to the increased understanding of vehicle capabilities, driving techniques and journey planning.
- Users also gained more confidence over the three months, with an 8% increase in users allowing their batteries to drop below 50% before plugging in.

See www.innovateuk.org/ourstrategyinnovationplatforms/lowcarbonvehicles.ashx for more information.

TSB drives sustainable innovation

The Technology Strategy Board (TSB) is a public body that brings together businesses to drive innovation with an emphasis on sustainability. TSB has created Integrated Delivery Programme to coordinate the UK's low carbon vehicle activity from initial strategic research through collaborative research and development, leading to the production of demonstration vehicles.

REFERENCES AND ONLINE CONTENT

References and detailed data on the automotive industry performance can be found at www.smmmt.co.uk/sustainability

1. Department for Business Innovation and Skills (BIS) 2010 R&D Scoreboard
2. Office for National Statistics
3. Department for Business Innovation and Skills (BIS)
4. DECC; 2009 UK final GHG emissions data
5. Department for Transport; 2010 statistics
6. DfT statistics published for 2009/10
7. LowCVP data
8. Vehicle Certification Agency
9. Office for National Statistics
10. The Institute of the Motor Industry; Automotive Apprenticeship Annual benchmark Reports- 2009/2010

Signatories to this report

Bentley Motors Limited	Bentley
BMW Group including Rolls-Royce Motor Cars Limited	BMW, MINI, Rolls-Royce
Caterpillar	Caterpillar, Perkins
Chrysler UK Limited	Chrysler
Ford Motor Company Limited	Ford
General Motors UK Limited	Vauxhall, Chevrolet
GKN Driveline Limited	GKN
Honda of the UK Manufacturing Limited	Honda
IBC Vehicles Limited	Vauxhall, Renault, Nissan Commercial Vehicles
Jaguar Cars	Jaguar
Land Rover	Land Rover
Leyland Trucks	DAF Trucks
Mercedes-Benz UK Limited	Mercedes-Benz, smart
Nissan Motor Manufacturing (UK) Limited and Nissan Technology Centre Group	Nissan
PSA Peugeot Citroën Automobiles UK Limited	Peugeot, Citroën
Toyota (GB) plc and Toyota Motor Manufacturing (UK) Limited	Toyota, Lexus
Volkswagen Group (UK) Limited	Audi, SEAT, Škoda, Volkswagen Passenger Cars, Volkswagen Commercial Vehicles
Volvo Cars UK Limited	Volvo

Brands

Disclaimer

This publication contains general information and, although SMMT endeavours to ensure that the content is accurate and up-to-date at the date of publication, no representation or warranty, express or implied, is made as to its accuracy or completeness and therefore the information in this publication should not be relied upon. Readers should always seek appropriate advice from a suitably qualified expert before taking, or refraining from taking, any action. The contents of this publication should not be construed as advice or guidance and SMMT disclaims liability for any loss, howsoever caused, arising directly or indirectly from reliance on the information in this publication.



THE SOCIETY OF
MOTOR MANUFACTURERS
AND TRADERS LIMITED

www.smmt.co.uk

SMMT, the 'S' symbol and the 'Driving the motor industry' brandline are trademarks of SMMT Ltd.

