

The Society of Motor Manufacturers and Traders Ltd

Meeting the Challenge of Sustainability in the Automotive Sector

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Presentation Outline

- Sector Profile and Market Overview
- Sustainable Development
 - Competing Pressures
 - Developing a Vision of Sustainable Mobility
 - The Sectoral Approach
 - Annual Sustainability Report



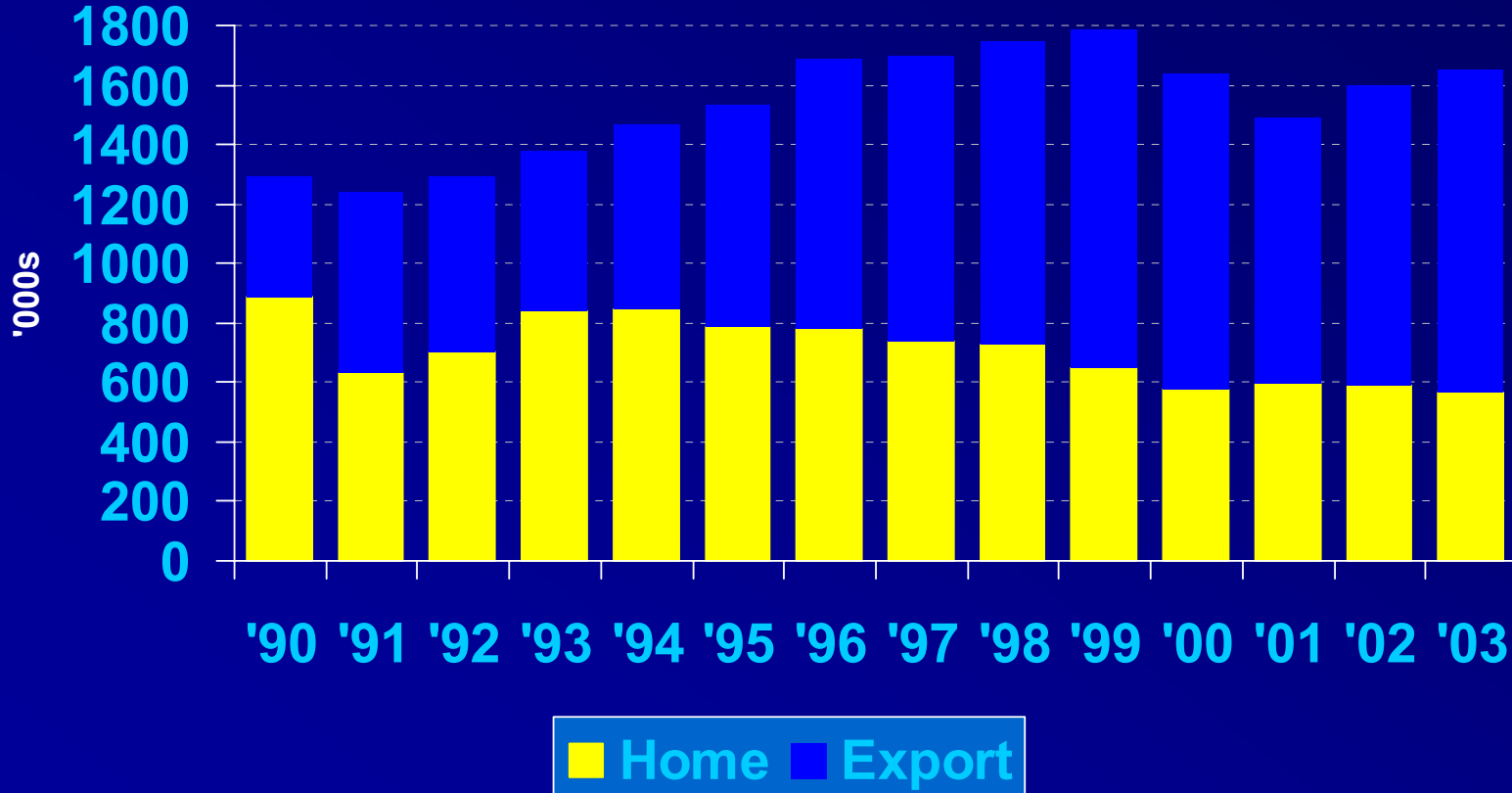
Sector Profile

- Sector Turnover: £44.1bn
- Share of total UK manufacturing: 9.3%
- Employment directly dependant on the sector: 827,000
- Percentage of total UK export: 9.9%
- Contribution to UK GDP: 3.5%
- No. of cars and light CVs on the road: 31.1m



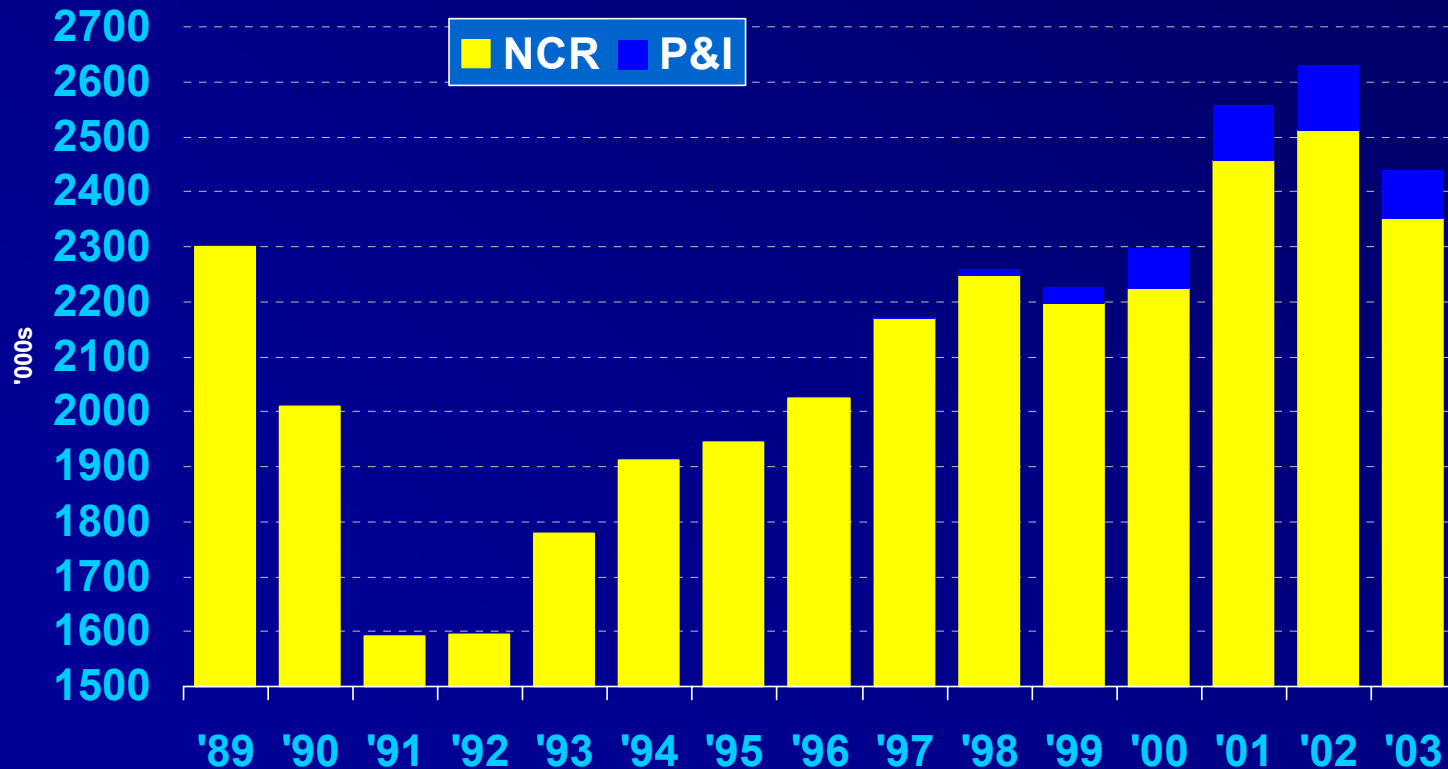
UK New Car Production

- Production expected to climb after restructuring in 1999-2001
- Exports key to growth

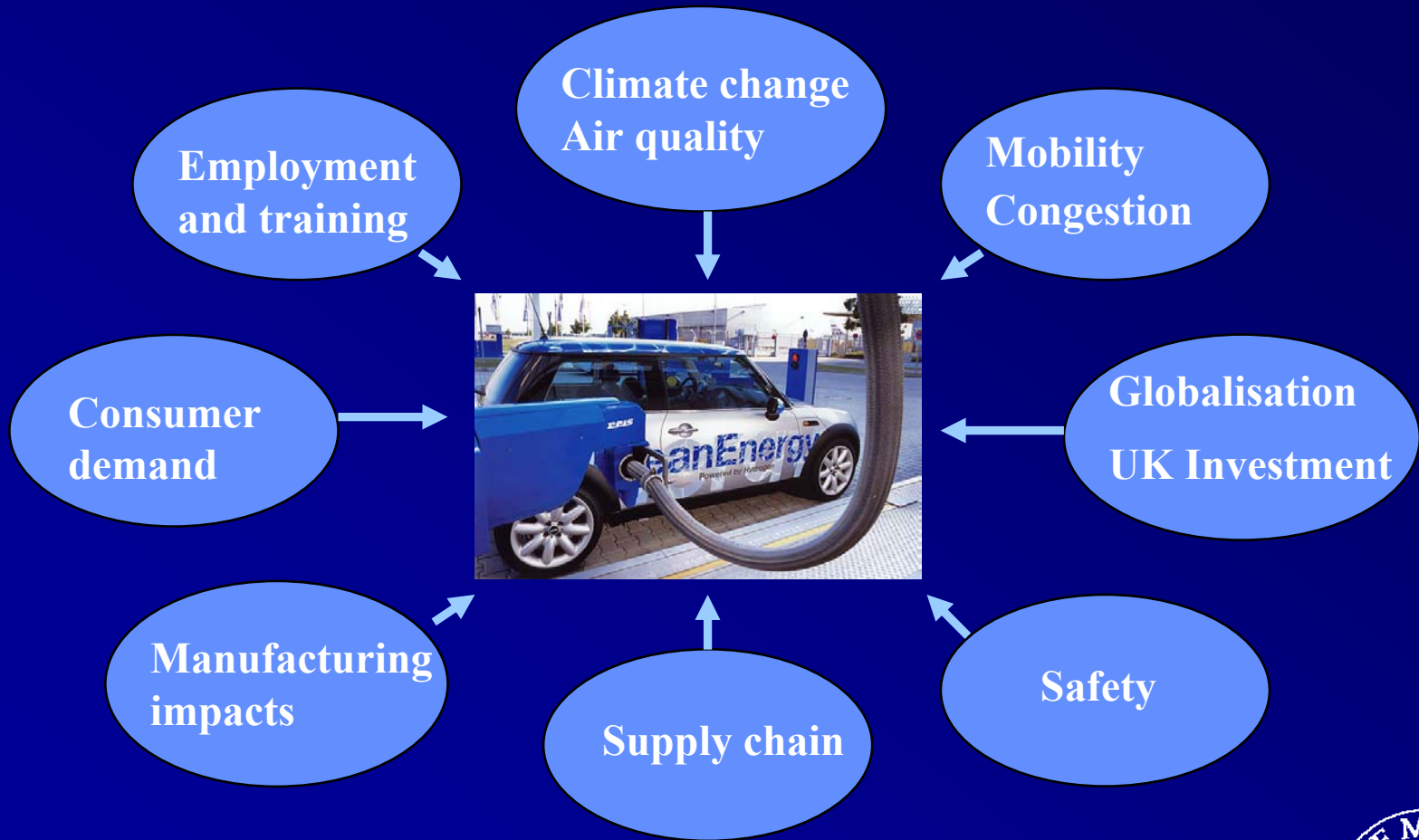


Market – UK New Car registration

2002 - a record year !



Competing Pressures



What is ‘sustainability’?

- Defined by the UK Government as *‘ensuring a better quality of life for everyone, now and for generations to come’*
- Defined in SMMT’s sustainability strategy as *‘balancing economic progress with environmental care and social responsibility’*



The Sustainability Challenge

There are three key messages for business:

1. There is recognition by all parties that development, or progress, is essential to sustainability;
2. New technologies are needed which are significantly better/more efficient (probably by a factor of 10) at delivering the services people need in terms of the demands on the earth's resources;
3. This requires innovation which business is best placed to deliver.



Developing a Vision for Sustainable Mobility

- Based upon
 - The three pillars
 - Life cycle: design, manufacture, use and disposal
- Main themes
 - Economic development and efficiency
 - CO₂ and climate change (low carbon transport)
 - Resource utilisation and environmental management (manufacturing operations and product)
 - Employment and the community
 - The supply chain
 - Responsible product use



The Sectoral Approach

- 2000: Sustainability Strategy launched by 11 signatories
- 2002: supported by 18 signatories (>50% sector's turnover)
- Outline industry's commitment
- Includes a commitment to report annually on progress
- Provides a strategic framework and reporting platform



The Sectoral Approach

- Why?
 - Government support
 - Facilitated process (Strategic framework and platform for reporting and target setting)
 - A tool
 - to respond to a global trend and stakeholder expectations (resourceful and forward thinking, access to global expertise and low cost)
 - to develop and communicate an integrated vision (e.g. sector's views and actions on the development of a low carbon transport)
 - to assess and measure individual and collective progress
 - to identify areas for improvement



The Sectoral Approach – who is involved?

- SMMT member companies (signatories)

e.g.



- SMMT – managed by the Environment Group
- Aimed at
 - Policy makers (EU and UK)
 - A variety of stakeholders
 - Members



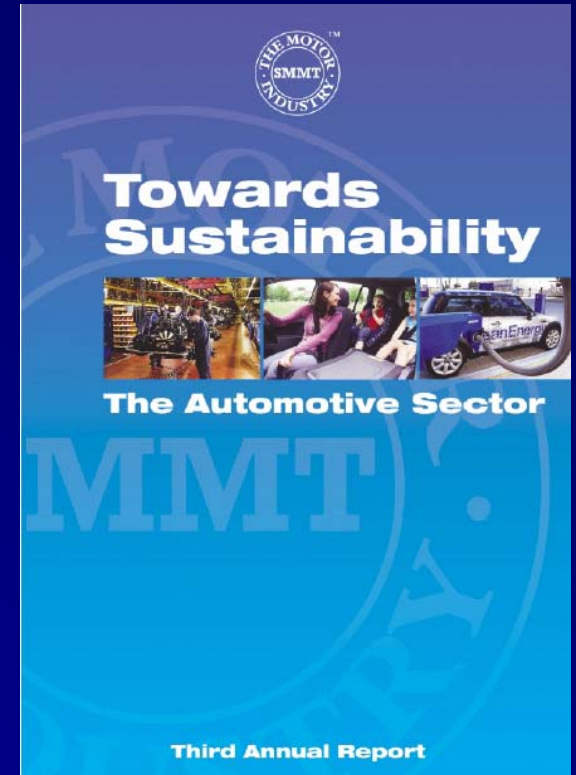
Annual Sustainability Programmes

- 2001 - Best practice programme on sector-level sustainability reporting;
- 2002 - Best practice programme on integrating SD into the automotive supply chain;
- 2003 - Producer responsibility and responsible product use
 - A 10/20 years vision on sustainable mobility
 - ‘Sustainable Motoring Guide’



Annual Sustainability Report

- Outlines the industry's economic, social and environmental performance (product and operations);
- Reporting aligned with GRI and conducted according to an agreed set of indicators;
- Third Annual Sustainability Report
 - Development of Vision and Objectives;
 - Review of Strategy;
 - Further Commitments;
 - Stakeholder Dialogue;
 - Sustainability Performance.



Lessons Learnt

- Supply chain plays an important role in the SD transition;
- But engaging the supply chain is challenging– OEMs have more convincing power than sectoral organisations;
- Top-down approach seems best for the UK automotive sector;
- Maintain engagement is crucial - feedback from stakeholders very positive;
- Signatories: commitment and progress maintained despite difficult economic conditions;
- Sustainability is a long term goal - there is still much more to do.

