

KEY SOLUTIONS CO₂ ASSESSMENT

CO₂ emissions from company car fleets across
Europe's major markets between 2008 and 2010



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This document contains "forward-looking statements"- that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include, without limitation: the level of demand and financial performance of the major industries we serve; the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks; strategic actions, including acquisitions and dispositions and our success in integrating acquired businesses; and numerous other matters of national, regional and global scale, including those of a political, economic, business and competitive nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

Introduction and key findings

Road transport currently constitutes about one fifth of the European Union's total emissions of carbon dioxide (CO₂)¹. As CO₂ output is fully correlated to fuel consumption, reducing CO₂ emissions is at the forefront of fleet managers' agenda, not only to help meet the EU's greenhouse emissions reduction target, but to lower their total cost of ownership (TCO). Today, fuel represents 21% of a company fleet car's TCO and we expect it to rise to 25% over the next three years. Reducing CO₂ emissions is therefore beneficial in the context of mitigating climate change, but also critical for companies to control their costs.

This report, produced by GE Capital's Key Solutions consultancy team, analyses the reduction in CO₂ emissions from new company cars in 11 European countries² between 2008 and 2010 focusing on:

- CO₂ emissions from new cars;
- the total CO₂ reduction achieved within the fleet industry;
- the savings resulting from reduced fuel consumption

Based on data collected across GE Capital EMEA's pan-European fleet, which in total accounts for approximately 250,000 cars, the Key Solutions team has calculated that **new company cars leased in 2010 produced 7.2% less CO₂ than in 2008**, leading to an **overall CO₂ reduction of nearly 1.3 million tonnes** across the markets considered.

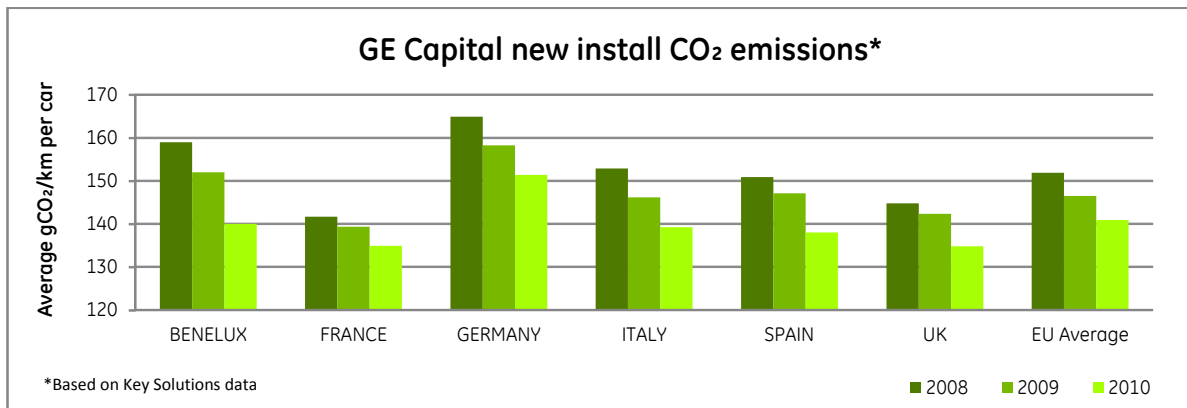
The report also includes a brief description of the major factors contributing to the reduction of CO₂ from passenger cars and highlights the key actions fleet managers shall take to reduce the carbon footprint and the fuel consumption of their fleets.

1 Source: European Climate Foundation - europeanclimate.org

2 Includes: Austria, Benelux, France, Germany, Italy, Portugal, Spain, Sweden and the UK.

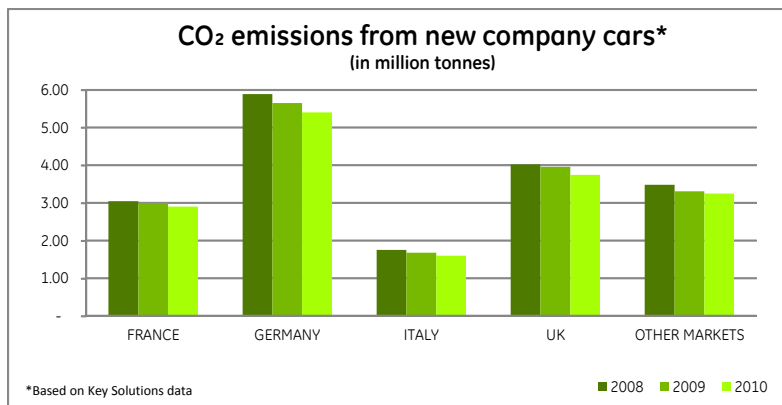
Reduction of CO₂ emissions from new company cars

The analysis of CO₂ emissions from new customer cars in each year between 2008 and 2010 in eleven European markets reveals that over the three year period, emissions have reduced by about 7.2%,¹ with the average CO₂ emission per car falling by 11gCO₂/Km (from 152gCO₂/km per car in 2008 to 141gCO₂/km in 2010).



When extrapolated to represent all new company cars across the markets considered, the findings reveal that company cars have reduced their CO₂ emissions by more than 1.28 million metric tonnes in 2010 compared to 2008 – over 1 million tonnes in France, Italy, Germany and the UK alone. The total carbon emissions saved is equivalent to the energy consumption of about 354,000 3-bed apartments in one year.²

The average number of new company cars installed each year between 2008 and 2010 was 3.43m across these markets.³



1 This number was calculated using the average number of new installs and the overall European average mileage of each new car across the three years. The averages were used so as to isolate the changes in CO₂ emissions and to negate the impact the financial crisis had on the industry. If averages had not been used, the reduction in new company cars' CO₂ would be much higher in those markets, due in large part to the financial crisis

2 Source: GE Capital, Key Solutions team.

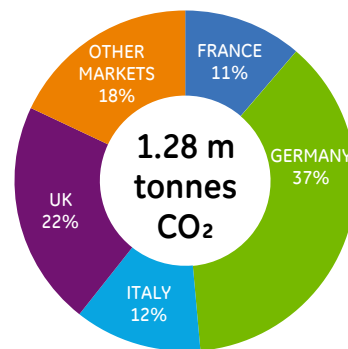
3 Source: Data Monitor

With almost 1 million new company cars hitting the road each year, Germany represents the largest European market, therefore producing the highest amount of CO₂ among the countries analysed in this paper.

The UK and France are the second and third largest markets for company cars, with approximately 800,000 and 650,000 new vehicles each year, respectively.

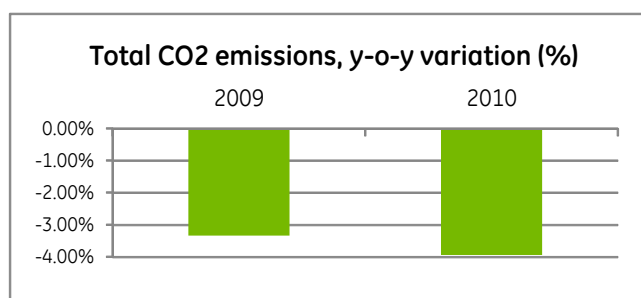
Total CO₂ reduction by country

Being by far the largest market, Germany also achieved the largest total reduction in CO₂ emissions, as the beneficial effects of new and more efficient cars were multiplied across a larger number of vehicles.



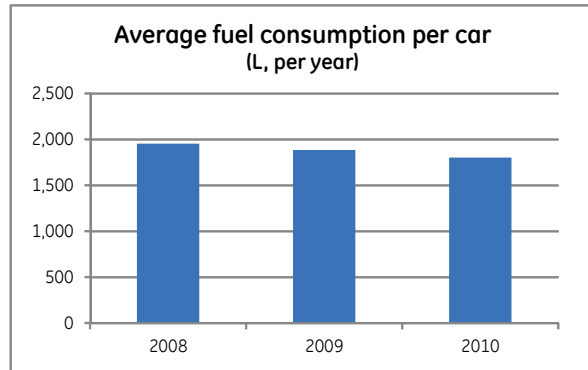
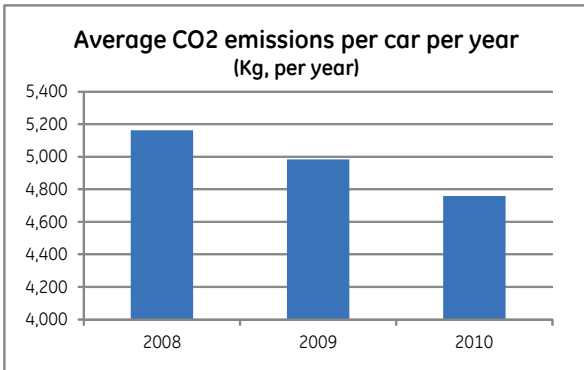
Year-over-year reduction

Despite some local variations, the reduction of CO₂ deriving by more efficient cars has been consistent across the three years, with the year over year reduction being constantly between 3 and 4 percent.



Savings from lower fuel consumption

Between 2008 and 2010, a company car would, on average, run about 34,170 Km per year¹. With this mileage, and given the CO₂ reduction from new company cars achieved during the same period, a new company car purchased in 2010 would produce 404.6Kg less CO₂ per year¹ than a company car installed in 2008, which is equivalent of 153.2 litres of fuel over 12 months.




During the same period, diesel cost on average €1.061 per litre², therefore each new company car installed in 2010 saved over €162 in fuel cost in the first year compared to a 2008 model.

Given these savings, renewing a 2008 company car fleet of 300 vehicles will save, at 2011 fuel prices³, about €160,000 over three years - not considering any further technological improvements achieved in the first part of 2011 nor any further rise in fuel prices over the next three years.


Savings per car²
(per year, at 2011 fuel price³)

- 405Kg CO₂
- €178 fuel



300 cars over 3 years
(assuming fuel price remains constant)

- 364 tonnes CO₂
- €160,000 fuel



1 Based on GE Capital's six main commercial platforms - including consolidated data from nine countries.
 2 Source: GE Capital, Key Solutions data.
 3 With average diesel price in 2011 being €1.164, each new car would save about €178.4 per year. Source: GE Capital, Key Solutions data.

Contributing factors to CO₂ reduction in new cars' emissions

Driven by technological advances, company car environmental policies, CO₂ related taxes and changes in driver behaviour, average carbon dioxide emissions have reduced significantly in the industry in recent years and are on course to meet European Union targets.

a. European regulations

The European Union is leading the way in greenhouse gases (GHG) emission reduction. Ambitious environmental targets are having a direct impact on the transport and automotive industry and are transforming the environmental policies of all EU nations. By 2015, CO₂ emissions from the 'average new car fleet' sold by each manufacturer within the EU must not exceed 130 g/km. Moreover, all passenger cars registered within the EU will have to comply with a CO₂ emissions limit of 95 g/Km CO₂ by 2020.

b. National fiscal policies and 'scrappage schemes'

With European Union legislation setting strict CO₂ emission reduction targets, governments have responded with wide-ranging measures to increase CO₂ emission taxation on passenger cars. For example, in Belgium, France and the UK, company car taxes are directly linked to CO₂ emissions, providing substantial financial incentives for fleet managers to implement green agendas. In the UK, company car taxes begin at 5% of the vehicle price for 'qualifying low emission cars' (QUALECS) emitting up to 75gCO₂/km, and at 10% for normal petrol and diesel cars generating up to 120gCO₂/km. The percentage rises in correlation with CO₂ emissions, reaching up to 35% of the car's sale price.

Countries	Registration tax linked to CO ₂ ?	Annual road tax linked to CO ₂ ?	Company taxes linked to CO ₂ ?	BIK linked to CO ₂ ? (Benefit in Kind)	Others
Belgium	✗	✗	✓	✓	✓
France	✓	✓	✓	✗	✓
Germany	✗	✓	✗	✗	✓
Italy	✗	✗	✗	✗	✓
Netherlands	✓	✓	✗	✓	✓
Portugal	✓	✓	✗	✗	✓
Spain	✓	✗	✗	✗	✓
UK	✗	✓	✓	✓	✓

Government subsidies for new cars (so-called "scrappage schemes") also played a role in reducing sales average CO₂/km by shifting demand to less expensive cars (which are typically smaller and pollute less), although these factors do not explain all of the progress: in fact at least half of reductions in 2009 were achieved through better drivetrain technology.

c. Technological advances

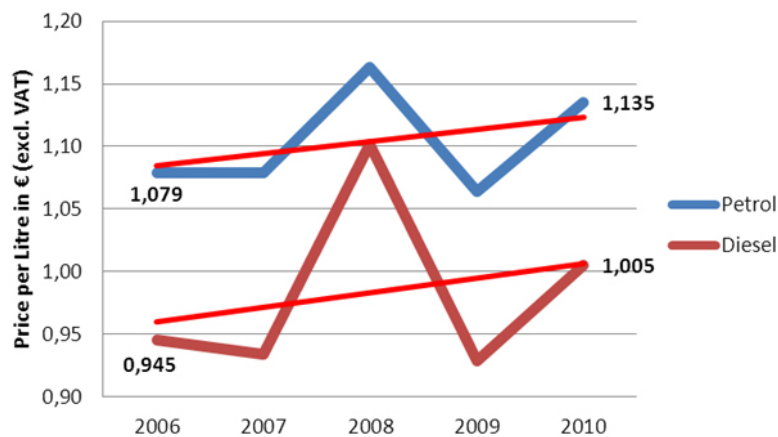
Car manufacturers are making major technical improvements. The car industry as a whole reduced its sales-weighted average emissions of CO₂/km by a record 5.1% in 2009. All 14 major manufacturers reduced emissions, ranging between 2 and 10%.¹

d. 'Greener' company car policies

As a result of financial incentives and growing corporate social responsibility, fleet consultancies are increasingly recommending customers on CO₂-capped car policies.

e. Raising fuel prices

Both petrol and diesel prices have increased significantly over the last few years making fuel-efficient cars incrementally more convenient over higher consumption vehicles. As a result, fleet managers have focused on fuel cost more than in the past.



(Source: GE Capital, Key Solutions data)

¹ Source: "How clean are Europe's cars? An analysis of carmaker progress towards EU CO₂ targets in 2009", Federation for Transport & Environment

Enhancing your fleet's 'green performance'

In light of the environmental and economic benefits deriving from a 'greener' fleet, every fleet manager should consider taking the following actions:

1. Analyse your current emissions

A detailed analysis of the current CO₂ emissions and fuel consumption by country and by business unit will identify the areas that need to be prioritised in order to get the best improvement.

2. Adopt a CO₂-capped car policy

Implement a CO₂-capped car policy reviewing the choice of company cars and focusing on the most efficient models available on the market (i.e. 'greenest performance', fuel type, duration). The car policy should find the best possible balance between cost efficiency, green performance and a high driver satisfaction.

3. Revisit the car policy every year

CO₂-capped car policies should be reviewed regularly, both in light of the results achieved and to take into account new and more fuel-efficient cars introduced by car makers.

4. Train employees to improve their driving style

A critical factor to optimise the usage of company cars is to influence the driver behaviour. It is estimated that an additional 5 to 10% benefit could be achieved through eco-driving programs for employees.



About GE Capital's Fleet Services division

One of the largest fleet services providers in the world, GE Capital offers unique financing solutions, exclusive consultancy services and advanced management tools that will transform your fleet.

GE Capital finances and manages over 1.5 million cars in Europe, Americas and Asia. As a top European provider for multinational companies, we serve over 80 large international fleets across 12 European countries.

For more information please visit our European website at www.gecapital.eu/fleet

How we can help make your fleet greener

Below are just some of the exclusive services and tools we provide to our customers.

Setting the right strategy

GE Capital's Key Solutions consultancy team can help customers shape a comprehensive green strategy that makes financial sense for their business, finding the best balance between lowering CO₂ emissions, reducing costs, increasing driver satisfaction and enhancing the overall fleet efficiency.

More on www.gecapital.eu/keysolutions

Eco-driving training for your employees

GE Capital's recently launched Clear Drive training programme helps drivers improve their driving style by learning driving techniques that reduce the CO₂ emissions of their cars. Clear Drive has been designed to improve driver behaviour through online tutorials, seasonal emails with useful eco tips as well as monitoring capabilities to track fuel consumption.

More on www.gecleardrive.com

Monitoring your fleet's green performance

With full access to iManage, a powerful and easy-to-use fleet management tool, customers can monitor costs and CO₂ performance, make year-on-year comparisons and benchmark different countries or business units against their targets. Data on CO₂ emissions can be analysed in detail and broken down by make, model, fuel type and many other criteria.

More on www.gecapital.eu/imanage

Implementing your green car policy

With iQuote fleet managers can implement car policies that take into account their CO₂ emission targets and make sure no new vehicles are ordered outside the CO₂ limits they have set for across different countries or business units.

More on www.gecapital.eu/iquote

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