

THE McLAREN GROUP
CORPORATE SOCIAL
RESPONSIBILITY POLICY
2010/11



Introduction

The McLaren Group is a diverse organisation, covering the six companies of the McLaren family, with our high-technology racing and automotive businesses at its core. Our passion for excellence and innovation is second-to-none, but we also believe that we should seek to minimise our impact upon the environment.

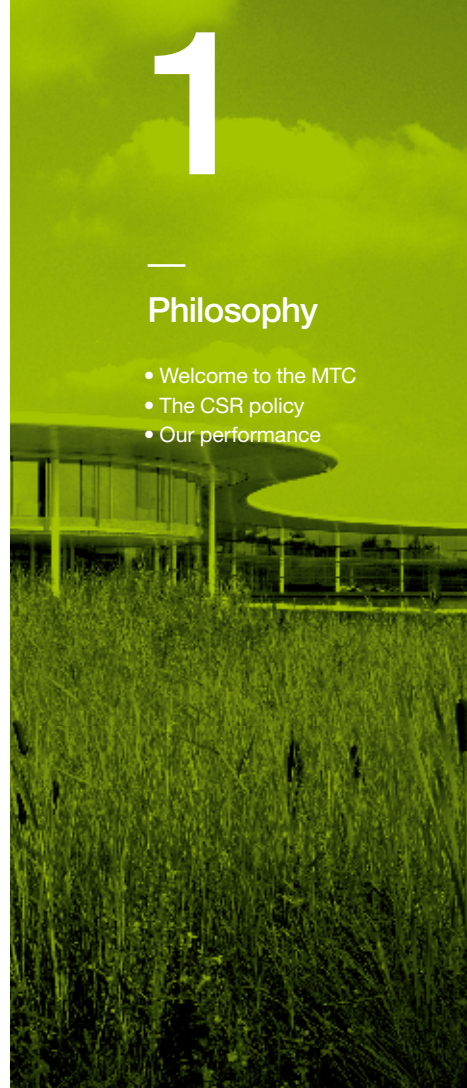
Designed to work in harmony with nature, the McLaren Technology Centre (MTC) near Woking also embodies the culture and values of the McLaren Group and is the hub from which we have implemented a range of measures

aimed at reducing our carbon footprint. The guiding philosophy of the MTC has always been to give our people the best possible environment in which to work; somewhere that would motivate and inspire them. To achieve this, we went far beyond the existing best practice.

The McLaren Group is committed to the elevation of CSR values among its staff, customers and stakeholders, and responsibility towards the environment is a key part of the Group's philosophy. It is one that we approach with the same commitment and dedication we apply across all our businesses.



Martin Whitmarsh
CEO
McLaren Group



1

Philosophy

- Welcome to the MTC
- The CSR policy
- Our performance

2

Conservation

- Energy efficiency
- Waste management
- Carbon emissions

3

People

- The community
- Good neighbours
- Natural design
- Charity

4

Innovation

- Applying our technologies in complementary sectors

5

The future

- How we plan to reach the next level



1

Philosophy

The philosophy behind our CSR strategy is simple. Starting with the premise that our main business is motor racing, a sport which impacts upon the environment, the McLaren Group aims to be at the forefront of any moves to reduce these impacts.

Under this CSR strategy, we will implement policies which reduce pollution in all forms – in particular energy consumption and CO₂ emissions – ensure good resource and waste management practice, and maintain controls over recycling and noise.



The Policy

Aspirations are the baseline against which progress can be measured. But targets must be defined if action is to be effective. At McLaren, we are concentrating our CSR efforts in three distinct areas: conservation, people and innovation. The core objectives are set out below:

Conserving the environment

- Reducing pollution in all its forms, in particular energy consumption and CO₂ emissions, ensuring good resource and waste management practice, and maintaining tight controls over recycling and noise
- Applying the government's ISO14001 certification standard, bringing environmental management system conformity and complying with legal requirements
- Promoting and sustaining biodiversity at the MTC

Connecting with people

- Ensuring the McLaren Group remains an employer of choice
- Implementing good health and safety practices, particularly through the provision of facilities which promote healthy lifestyle choices
- Encouraging dialogue between employees and management, and seeking employee views and ideas
- Supporting charities and projects aligned with our CSR objectives
- Being a considerate neighbour with local authorities and stakeholders



McLaren contributed to Great Britain's Winter Olympics gold medal success in Vancouver

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Creating opportunity through innovation

- Applying the McLaren Group's CSR principles to other areas of product development
- Training employees to bring a spirit of innovation to their thinking, helping them discover a more creative and fulfilling career path
- Promoting McLaren's CSR policies more widely among our suppliers and customers. Requesting our CSR requirements be taken into account by other businesses along the supply chain

Our performance

The three-step CSR programme would be a daunting prospect for many companies, however, we are fortunate to be able to draw upon a range of talents and resources.

A great deal has been achieved to date, and we are pushing even harder to achieve further success in this area.

- The MTC's original landscape brief included planting around 100,000 trees and shrubs
- We run a comprehensive physio facility for our staff
- McLaren Applied Technologies helped design the bobsleigh used by Amy Williams, Britain's Olympic gold medal winner

13,000kWh

Units of electricity saved per year by replacing kerb lights with a more efficient bespoke in-house design

18%

The target reduction in CO₂ emission levels by 2012

Heat created by electricity generation is captured by the CHP system and used to keep the building warm

2

Conservation

Energy efficiency

The MTC is a contemporary building with energy efficiency built into its design and an ongoing process of implementing further efficiency projects. Many of the building's systems have been modified to incorporate new technology.

The McLaren Group is applying for Carbon Trust Standard recognition – a prized indicator of an organisation's carbon footprint performance. For this purpose, we have implemented a number of new initiatives:

- The MTC has been configured for optimal electrical usage efficiency; systems have been programmed to automatically switch off air conditioning and lighting in unoccupied areas, saving over 1,300,000kWh of electricity usage per year.
- Interior halogen lights have been replaced by more energy-efficient LED and metal halide bulbs
- Kerb lighting along the VIP entrance road has been replaced by a bespoke in-house design, saving 13,000kWh of

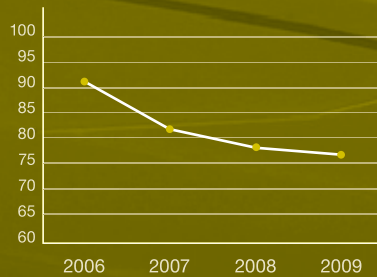
- electricity per year and reducing the frequency of lamp replacement
- Our combined heat and power (CHP) system captures heat created as a by-product of electricity generation and uses it in other processes, such as heating the building or generating chilled water through an absorption chiller. This is critical for the operation of many of our key processes, such as the wind tunnel and data centres
- The control strategies for the chilled water plant have been optimised to use the minimum amount of energy necessary, saving over 900,000kWh of electricity usage per year
- The build-up of heat within the MTC complex is dissipated through a series of lakes surrounding the building. The major lake acts as a heat sink, reducing the number of cooling towers needed
- Heated water usage is strictly controlled by adjustable sensor ranges
- The wall of glazing stretching the full width of the MTC frontage and the use of skylights maximise the natural light

- streaming into the building.
 - The canopy around the edge of the roof is designed to reduce solar gain.
 - Rain water is captured from the roof and car park using a syphonic drainage system which tops up the lakes and MTC cooling system. Contaminants are filtered through hydrocarbon interceptors and a system of reed beds.
 - Pollution is contained and reduced by (a) reviews of manufacturing processes, and (b) analysis of, and improvements in, emission levels, materials consumption, waste disposal, packaging and compliance with ISO 14001 certification standards.
 - Future projects include replacing the underwater lake lamps, car park lighting and the famous McLaren sign with low-powered LED technology.
- Thanks to measures such as these, the McLaren Group is on target to meet its original five-year projection of an 18 per cent reduction in CO₂ emission levels between 2008 and 2012.

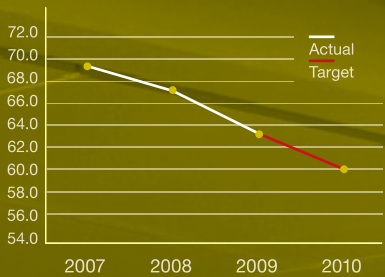


By encouraging use of laptops instead of desk computers, we save around 30mWh – or 60 tonnes of CO₂ – every year

CO₂ per £M turnover



CO₂ emissions (kg/per employee day)



Carbon emissions

The McLaren Group has prioritised its carbon-reduction strategies and is currently implementing several on-going initiatives across its companies, including the following:

- Favouring sea freight over air freight where possible for racing operations
 - Adopting flexible transportation timings between locations
 - Converting all transporters to super-efficient Mercedes-Benz BLUETEC diesel engine technology
 - Adopting a more energy-saving rather than comfort-focused orientation within the MTC
 - Using the 'free' cooling provided by natural air ventilation of the MTC – which saves 56 tonnes of CO₂ per year
 - The vast majority of company fleet cars used by McLaren Group staff are Mercedes-Benz A- and B-class diesels with low g/km ratings
 - Encouraging use of laptops rather than desk computers (131 watts power drain is reduced to 39)
- We are working towards Energy Performance Certification and Display Energy Certification (operational performance) for the MTC.

Waste management

Last year, the McLaren Group produced around 1,072 tonnes of general waste (excluding trackside and Absolute Taste operations) in two main categories: General (including packaging and textiles) and Hazardous (paint waste to epoxy-based products). Disposing of this has an impact on the environment, so best-practice waste management is a priority.

After a review identified that under one-fifth of the 783,405kg of general waste generated was being recycled, the McLaren Group committed to a fully integrated waste management plan from 2005, including: changing business practices; segregation of waste at source; and ensuring adequate waste storage facilities. The long-term objective is zero waste to landfill.

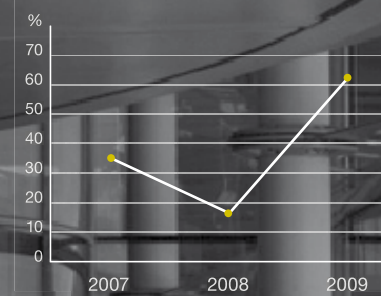
In its first year, the programme achieved a 100 per cent recycling target of the 65,500kg of waste wood

generated by the Group. This was chipped and delivered to Slough Heat and Power, where it is used as part of Biomass fuel.

By 2009, the McLaren Group generated 792,735kg of waste, and recycled 100 per cent of its general waste streams (wood, paper, cardboard and metal), accounting for over 60% of the total general waste.

The Group also generated 343,400 litres of hazardous waste in 49

Percentage of waste recycled



different hazardous waste streams. Of those streams, 34 are now recycled 100 per cent via processes including solvent, thinner and oil recovery; compaction, gas liquid separation and pyrolysis. Seven streams are recycled up to 96 per cent and the remaining eight are 100 per cent disposed via chemical and bacterial treatment.

In 2010, our focus is upon textile and carbon fibre streams, both of which present their own challenges. For the recycling of textiles, including team clothing, the main issue is one of brand protection. For carbon fibre recycling to be improved, this will require further changes to our manufacturing process and on-site preparation.

Of the 1,072 tonnes of waste generated by the McLaren Group last year, just 168 tonnes (15.5 per cent) went to landfill. If successfully implemented, these new processes will remove a further 100 tonnes of waste from landfill to recycling.

3

People

The McLaren Community

The McLaren Group regularly seeks the views and ideas of employees, involving them in the decision-making process of its CSR policies. This has fostered a team spirit through an improved understanding of the business.

Comprehensive staff

training, especially in the area of leadership, is a priority and we have a range of engaging programmes based on five main themes:

- 1) growing our internal talent – courses on topics ranging from influencing skills to managing your career
- 2) investing in our future – a trainee technician scheme emphasising practical experience and including

taught modules, leading to a BTEC National Certificate in Motor Sport Engineering.

- 3) development days – opportunities for mass participation in the development of our people
- 4) team development
- 5) networking opportunities – offering all new entrants the chance to gain a unique insight into each business within the Group



Our fitness and wellbeing centre offers services such as dietary advice, health checks and fitness programmes



McLaren maintains a professional health, safety and wellbeing profile within its companies, implementing best practice for staff through a range of measures, such as:

- (a) providing services and facilities which promote healthy lifestyle choices.
- (b) ensuring that everyone is well briefed on health and safety issues.
- (c) providing a fitness and wellbeing centre, offering occupational health services such as dietary advice, health checks and fitness rehabilitation programmes.

Our health and safety routines in the grand prix paddock are often emulated by other F1 teams with

our encouragement and assistance when required.

McLaren's motor racing mentoring programme has a wide-ranging brief to help youngsters take their first steps in the sport. This includes a managed programme for young people aged between 12-21. Several times a year, a selected few are brought to the MTC for full physical, biomechanical and technical tuition.

McLaren also reaches out to other racing categories, such as Formula 2 and GP2, providing support and assistance to the development of both drivers and engineers.

50Ha

The size of the land surrounding the MTC, much of which has been transformed into a public-access park



It took just two weeks for otters to settle after McLaren volunteers had built an otter habitat



The wet meadow land around the MTC is home to many frogs, toads, grass snakes and dragonflies

Good neighbours

An over-riding concern is to ensure the McLaren Group is viewed as a considerate neighbour. Much of the 50-hectare site has been transformed into a public-access park; responsible land management has encouraged the return of animal, bird and insect species, along with plants not seen in the area for years, including exotic orchids.

Natural design

- Bonsey's Common, McLaren-owned land that borders Horsell Common, is of high nature conservancy interest. Our design template featured parkland tree groupings of semi-mature horse chestnut and small-leaved lime and shaws, with mixed native trees in proportions that mirror local woodlands
- McLaren's development of its surroundings has encouraged the re-emergence of the healthy wildlife domain – the traditional wet meadow section bordering the River Bourne is home to butterflies and other insects, along with frogs, toads, grass snakes, six species of dragonfly and ground-nesting birds such as skylarks and meadow pipits
- McLaren volunteers constructed an otter habitat on the banks of the River Bourne. Environmental experts predicted otters would return within a year, but the intended inhabitants arrived in two weeks
- We work with a local college on an apprenticeship programme, investing in future manufacturing skills that otherwise may be lost for our community
- McLaren supports existing partnerships with organisations such as the Horsell Common Preservation Society and consults local authorities such as Woking Borough Council
- McLaren's relationship with its local community is an overwhelmingly positive one

Charity

The McLaren Group is committed to helping three important charities in the local Surrey area:

The White Lodge offers a range of activities, opportunities and services for disabled people of all ages, and for their families and carers across Surrey and surrounding area.

The Surrey Care Trust helps those with limited skills and qualifications to improve their prospects through innovative training courses.

The Woking Hospice offers palliative care and support for patients and their families living locally.

We also aim to help loyal McLaren fans in the local community, especially those suffering through illness or other unfortunate circumstances.

We have developed and implemented new criteria to identify further charities and other projects that align with the McLaren Group's CSR objectives.

4

Innovation

McLaren employee training schemes emphasise technical innovation – a vital ingredient for individuals working at the cutting edge of technological advance. Here are some of our latest achievements

Shared technology

- The telemetry that monitors an F1 car has been applied in medical monitoring equipment; in the medical, biotech and pharmaceutical fields, patients can be remotely monitored in real time; sensors collect data such as ECG readings, and monitor motion, temperature, blood oxygen and respiratory activity



The telemetry used to monitor an F1 car can also be used to monitor patients remotely and collect medical data

McLaren contributed to the development of a solar probe that could provide vital information on the long-term future of the earth's climate

- Smart systems used for performance management in racing have been applied to realise breakthroughs in performance for Team GB cycling, rowing, sailing and canoeing. By collecting data in real time from athletes (and the equipment they are competing with) coaches are better able to identify areas of advantage and improvement to thereby realise the full potential of their athletes

- Software capable of analysing every possible permutation of an F1 race and predicting which strategic option is best to take is being used to help businesses

manage their logistics effectively, in real time through simulation of future outcomes. The most recent application of this innovative approach has been the optimisation of ground movement of aircraft traffic

- McLaren's advance composites know-how aided the construction of a solar probe that could provide vital information on the long-term future of the earth's climate

The McLaren Group encourages external engagement and the cross-pollination of innovative ideas within the CSR remit. It is our belief that any idea which helps one company reduce its carbon footprint should be shared by all.



5

The future



While the McLaren Group is rightly proud of the measures we have implemented since 2007, and the success we have had in reaching our preliminary targets, we recognise there is still some way to go

The carbon emissions data presented for the McLaren Group have been for Scope 1 (generated directly by our business) and Scope 2 (generated remotely).

Our Scope 1 emissions are generated from gas burned on site at MTC, and from company-owned vehicles (trucks and pool cars). Scope 2 emissions are from electricity used on site, where the carbon is generated at a remote power station.

We are currently working closely with experts to establish our Scope 3 footprint (emissions attributable to business travel and freight carriage), but have

already made savings in this area, for example by using sea freight rather than air to send equipment to 'long haul' races.

We have commissioned a state-of-the-art 'Race Operations' suite, where engineers can monitor trackside performance from the MTC near Woking, reducing the number of staff required to fly out to grands prix.

Over the coming year, emissions from suppliers (eg. production processes, delivery logistics) will also be scrutinised, with the aim of identifying areas where these too can be reduced.

www.mclaren.com/csr

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