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Decarbonising Corporate Fleets

A win-win for investors

ShareAction»

About ShareAction

ShareAction is a NGO working globally to define the highest standards for responsible investment and drive change until these standards are adopted worldwide. We mobilise investors to take action to improve labour standards, tackle climate change and address pressing global health issues. Over 15 years, ShareAction has used its powerful toolkit of research, corporate campaigns, policy advocacy and public mobilisation to drive responsibility into the heart of mainstream investment. Our vision is a world where the financial system serves our planet and its people.

Visit shareaction.org or follow us [@ShareAction](https://twitter.com/ShareAction) to find out more.

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Executive Summary

Decarbonising fleets is low risk, but high in rewards for investors



With nothing to lose, but much to gain, corporate fleets should be a key engagement focus for investors.

For investors with holdings in companies with large fleets, switching to electric vehicles can benefit these holdings directly, as well as other parts of an investor's portfolio.

The direct opportunity:

Fully electric vehicle fleets are cheaper than their internal combustion engine counterparts.¹ This means corporates with large fleets can reduce emissions and benefit their business.

The indirect opportunity:

Corporate fleet switching to fully electric vehicles also has positive supply-side effects, benefitting the environment and the economy:

- It increases demand for electric vehicles produced by car makers and lowers their risk of fines linked to the EU's CO2 standards
- It increases demand for battery production, benefitting battery makers directly, and through falling costs, the whole EV value chain indirectly
- It supports players involved in mineral mining and, more importantly, battery recycling, mitigating the risk of critical shortages in raw materials and tackling social issues early on
- It supports players involved in the roll-out of charging infrastructure, also reducing a major barrier to EV adoption by consumers



This report leads on from our 2019 investor briefing "Electric Vehicle Fleets: An Impact Opportunity for Investors".¹

¹ <https://shareaction.org/wp-content/uploads/2019/12/EV-Briefing-for-investors.pdf>

Corporate fleet decarbonisation helps align investor portfolios with 1.5C pathways

Globally, fleet vehicles are responsible for close to two-thirds of all emissions from road transport.ⁱⁱ

It is vital to reduce these emissions to zero by 2050 in order to achieve global, and European, climate goals. This can be done by switching fleets from polluting internal combustion engine vehicles to fully electric vehicles.

But the importance of fleet decarbonisation goes beyond direct emissions reductions. Electrifying fleets can help accelerate the overall transition of road transport to net zero, by:

- **Reducing the costs of fully electric vehicles:** Higher demand for fully electric vehicles due to corporate fleet switching increases the speed at which fully electric vehicles reach the same cost as internal combustion engine cars,ⁱⁱⁱ due to an improvement in battery production, and hence a fall in cost, and improved economies of scale.
- **Building out charging infrastructure:** An accelerated fleet conversion to fully electric vehicles will double global charging infrastructure compared to a slow transition scenario for fleets,^{iv} helping overcome a key hurdle to fully electric vehicle penetration.



These factors accelerate the global demand and roll-out of fully electric vehicles, reducing emissions across all road transport faster.

What can investors do?

Investors can use their influence as active owners of companies with large fleets by engaging with them on their electrification.

Companies with large fleets should ensure they transition to 100 percent zero emission vehicles by 2030. Ideally, corporates should make their commitment through initiatives such as EV100, which allow progress to be verified and have the additional benefit of sending a demand signal to build wider momentum.

The report highlights the following targets based on the expertise of the Climate Group² in accelerating corporate fleet conversion and their strategic position in supporting the EU Commission's proposal on car CO2 standards (and consequent alignment with 1.5C pathways).

² <https://www.theclimategroup.org/>

The Climate Group is running the EV100 initiative, bringing together forward-looking companies committed to accelerating the transition to electric vehicles.^v To date, 111 companies have joined EV100, including companies in the energy, delivery and retail sectors.

The findings of this report are applicable to fleets around the world. The corporate fleet targets below have a focus on German and French fleets due to the importance of their strategic support for the EU Commission's proposal for 100 percent emissions reduction of new passenger cars.

German and French engagement targets

Company	Country	Anchor company?	Fleet size	EV100 commitment
Allianz	Germany	Yes	N/D	
AXA	France		N/D	
Bayer AG	Germany	Yes	N/D	
Bouygues	France	Yes	27000 ^{vi}	
Carrefour	France	Yes	3750	
Ceconomy AG	Germany		N/D	
Continental AG	Germany		N/D	
Danone	France		N/D	
Deutsche Telekom	German	Yes	39503 ^{vii}	
Engie	France	Yes	N/D	
Hermes GmbH (Otto Group)	Germany	Yes	N/D	
Orange SA	France		17550 ^{viii}	
Sanofi	France		N/D	
SAP	Germany	Yes	N/D	
Veolia Groupe	France		40500 ^{ix}	

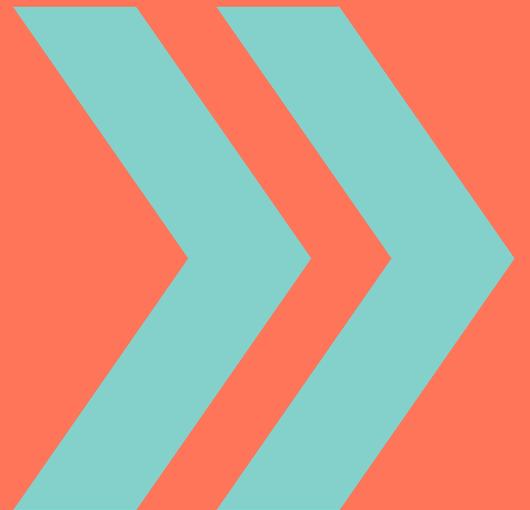
Key:

N/D: not disclosed

Red: no commitment

Introduction

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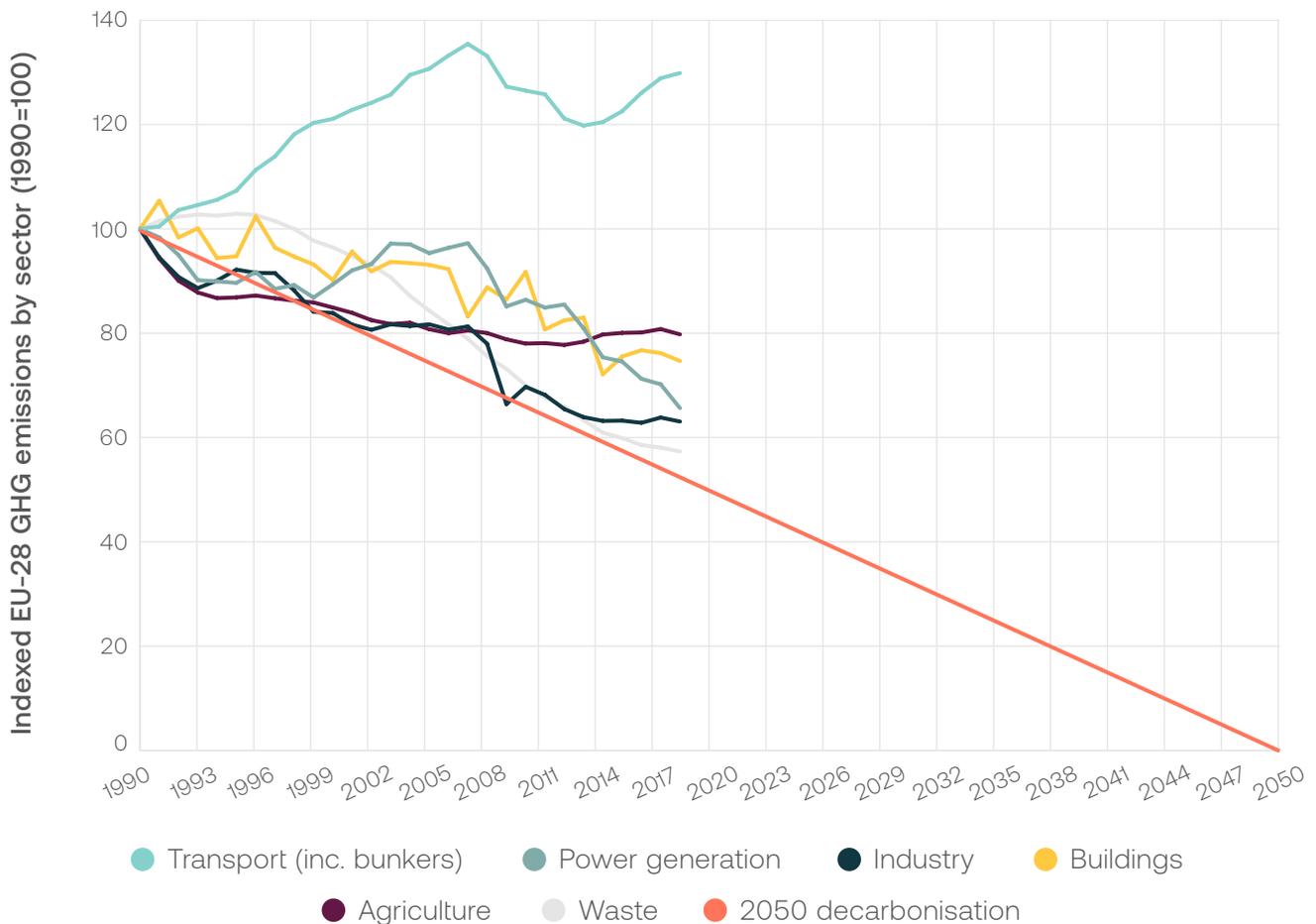
Introduction

Transport emissions need to get to zero

Transport is responsible for over 24 percent of global CO₂ emissions from fossil fuel combustion, out of which road vehicles account for up to three quarters.^x Hence, in order to achieve global net zero ambitions, road transport needs to decarbonise fully by 2050, if not sooner.

Europe, as one of the largest global contributors to emissions from transport, has a key role to play in realising net zero across the sector. In fact, transport represents Europe's biggest source of emissions at around 28 percent, and is the only sector where emissions have risen since 1990 (Figure 1).^{xi}

Figure 1: EU greenhouse gas emissions (GHG) by sector compared to a net zero by 2050 trajectory



Source: Transport & Environment (2020)

Key definitions to know^{xii}

- ▶ ICE: internal combustion engine vehicles are vehicles that use the combustion of fuels, such as petrol or diesel, within a motor
- ▶ EV: the term stands for “electric vehicles” and refers to several different car types (as described below) that make use of electricity mainly in the form of a battery
- ▶ BEV/Fully electric: battery electric vehicles are cars that run on a battery only, meaning they do not have a traditional motor burning fossil, or other, fuels
- ▶ PHEV/HEV/hybrids: (plug-in) hybrid electric vehicles are cars that have both a traditional internal combustion engine motor and a battery, which can be externally charged, and hence can be driven fully electric for a small range of kilometers (fewer than a fully electric vehicle) and otherwise by burning combustion fuels
- ▶ FCEV: fuel cell electric vehicles are cars powered by a fuel cell, that produces electricity when fed with oxygen and a suitable fuel; the fuel is often hydrogen
- ▶ ZEV: the term stands for “zero emission vehicles” and includes fully electric cars and fuel cell electric vehicles but not PHEVs (which do emit CO₂ when driven using their internal combustion engine motor)

Corporate fleets have a key role to play in the transition

Fully electric fleets are needed for net zero goals

Fleet vehicles are responsible for close to two-thirds of global emissions from road transport.^{xiii} It is vital to reduce their emissions to zero by 2050 in order to achieve global, and European, climate goals. This can be achieved by switching from polluting ICE vehicles to fully electric fleets.

Given that the average lifespan of an ICE is around 15 years or longer, and all transport needs to be zero emission by 2050, all fleets need to be fully electric by 2030, or 2035 at the latest.^{xiv} The EU’s most recent Fit for 55 legislative package supports 100 percent zero emissions vehicles by 2035.^{xv}

But the importance of fleet decarbonisation goes beyond direct emissions reductions. Electrifying fleets can help accelerate the overall transition of road transport and has significant social benefits.

Fleets have a systemic role to play in the decarbonisation of road transport

As a collective, corporates with large fleets have significant leverage to accelerate the roll-out of electric vehicles.

Fleets make up 20 percent of light and heavy-duty vehicles on European roads.^{xvi} But they cause half of the emissions from European road transport,^{xvii} as corporate vehicles tend to be larger and are driven for longer distances than private vehicles.

The switch away from ICE vehicles is a massive demand driver for electric cars. This switch in fleets directly reduces emissions, as polluting fleets are replaced with zero emission vehicles, and has a positive knock-on effect on overall road transport decarbonisation.

By reducing the costs of BEVs for all

Higher demand for fully electric vehicles due to corporate fleet switching increases the speed at which BEVs reach price parity with ICE cars. Price parity is reached when the sales price of a fully electric car will be similar to that of an engine powered one.^{xviii} Without accelerated fleet conversion, price parity is likely to be reached by about 2025.^{xix}

The main difference in price arises from the cost of the batteries in electric vehicles. With each doubling in volumes of battery demand, their cost falls by 18 to 20 percent.^{xx} Switching all fleets to BEVs would mean electric vehicles become cheaper faster, undercutting the cost of their polluting counterparts.

This makes electric vehicles more attractive to all consumers, accelerating the global roll-out of fully electric vehicles and reducing emissions at a higher rate.

By building out charging infrastructure for all

Forecasts by the Climate Group show that an accelerated fleet conversion to fully electric vehicles will double global charging infrastructure compared to a slow transition scenario for fleets.^{xxi} This meets corporates' own needs for charging, but also benefits other drivers.

With charging concerns being a main hurdle for the adoption of BEVs, fleets can help accelerate charging infrastructure build-out.

By making electric vehicles more accessible

As fleets tend to have a faster turnover than private vehicles,^{xxii} they tend to influence the second-hand autos market much more.

A quicker transition from ICE to fully electric fleets is estimated to increase the size of the used EV market by 40 percent in 2030 and 70 percent in 2040.^{xxiii} This would allow for faster road transport decarbonisation as switching to a second-hand BEV is more affordable.

As the Climate Group puts it^{xxiv}:

“ This significant increase in used EVs would improve availability and affordability for individuals and organisations, especially those without ready access to finance. A strong secondary market can also bolster the residual value of EVs, helping to reduce the cost of leasing. In turn, this will help to unlock a wider transition to electrified road transport.



ESG info: Reducing health risks from ICEs^{xxv}

Electric vehicles significantly reduce air pollution compared to ICEs.

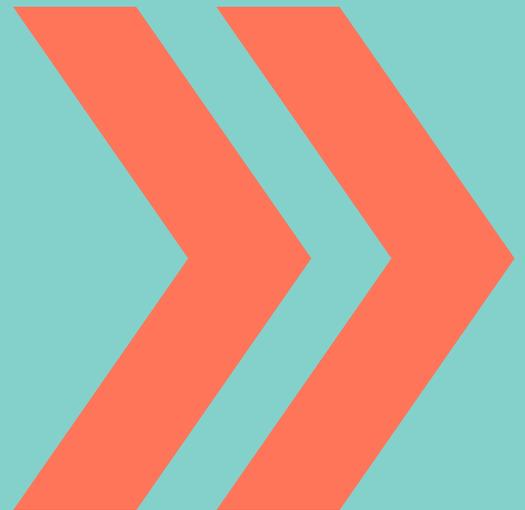
Every year tens of thousands of Europeans die prematurely from air pollution caused by ICE vehicles through tailpipe emissions and brake and tyre particles. EVs reduce particle pollution by up to 42 percent compared to ICEs, and immediately eliminate all toxic emissions from tailpipe pollution.

Research by Transport & Environment also shows that contrary to some misconceptions^{xxvi} EVs reduce particle pollution and do not cause an increase. Increased pollution from tyres due to the heavier weight of EVs can, and is, mitigated through special tires designed for that purpose, while particle pollution from brakes is mitigated through a process called “regenerative braking”.

Overall, the transition to EVs comes with health benefits. But we should not be complacent in introducing better and more stringent regulation on the particle pollution from brakes and tyres for all vehicles.

Win-win for investors

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Win-win for investors

Portfolio impact – an overview

The decarbonisation of corporate fleets has multiple positive benefits for investors' portfolios.

A “win” for holdings in corporates with large fleets

Fully electric vehicle fleets are cheaper than their ICE counterparts on a total cost of ownership basis.^{xxvii} This means corporates with large fleets can reduce emissions and benefit their business.

A “win” for holdings in the BEV supply chain

Corporate fleet switching to BEVs also has positive supply-side effects, benefitting the environment and economy. Increased demand for BEVs supports the economics of battery and car manufacturers, while accelerating the overall transition to emission-free mobility.

It can further help manage risks that the transition to e-mobility is posing across investors' holdings, e.g., increasingly more stringent EU regulation on CO2 for cars, insecure mineral supply, and the slow roll-out of charging infrastructure.

While the transition to BEVs is inevitable, corporate fleet decarbonisation early on can help mitigate such risks.

The “win-win”

For investors with holdings in companies with large fleets, switching to electric vehicles can benefit these holdings directly as well as other parts of an investor's portfolio; all while reducing emissions and aligning with the Paris Agreement.



With nothing to lose, but much to gain, corporate fleets should be a key engagement focus for investors.

Figure 2: Sectors standing to benefit from fleet conversion



Demand side - corporate fleets “win”:

Corporates with large fleets tend to be found in the following sectors:

- Postal/Logistics
- Delivery
- Retail
- Leasing
- Car sharing/rental
- Insurance
- Utilities
- Telecommunications
- Chemicals



Supply-side – cross-portfolio “wins”:

Companies within the BEV supply chain stand to benefit from fleet conversion:

- Battery makers
- Car manufacturers
- EV parts manufacturers
- Companies involved in mineral mining and battery recycling
- Companies involved in charging infrastructure

Demand side “win”

» Corporate fleets: Total Cost of Ownership^{xxviii}

It is already financially beneficial for companies with large corporate fleets to switch to fully electric vehicles.

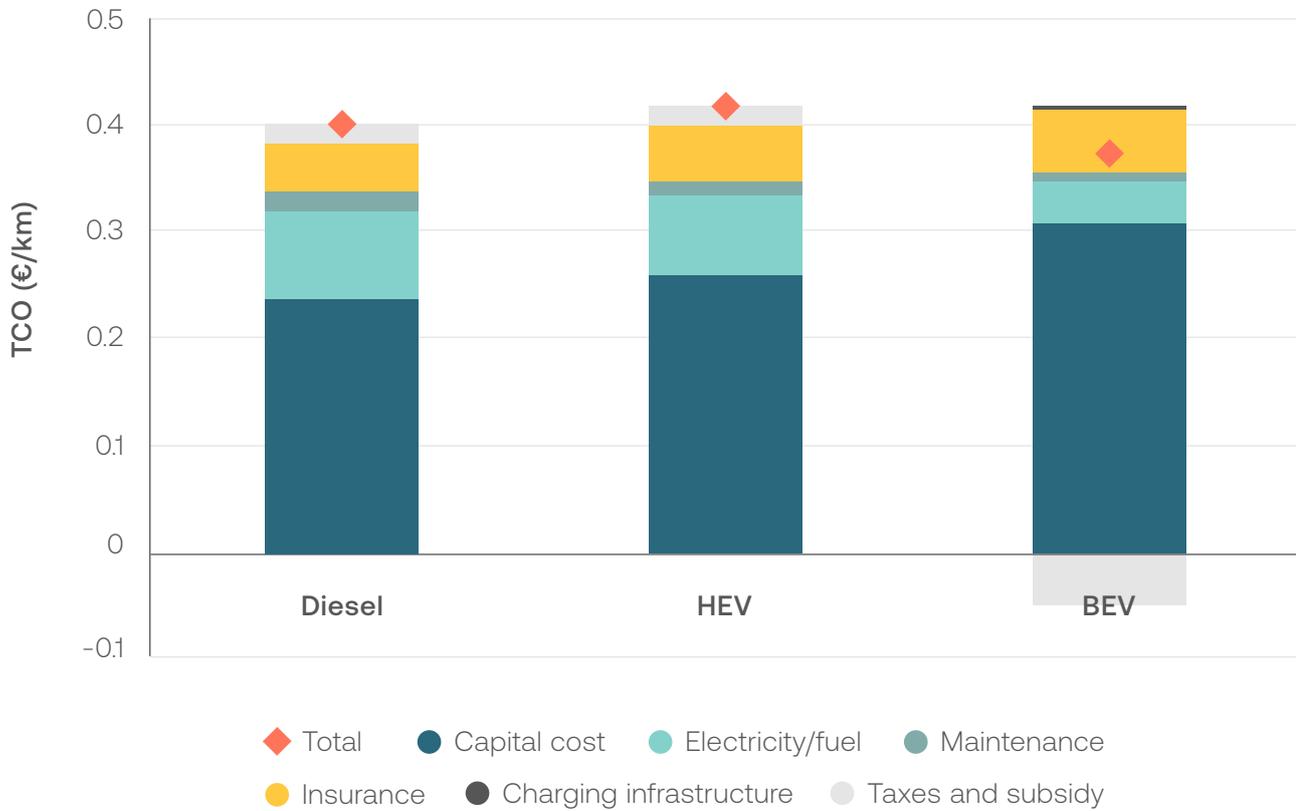
The total cost of ownership (TCO) for a car takes into consideration not only the purchase price of a vehicle but also its operating costs, taxes, subsidies, financing costs and residual value.^{xxix} While electric vehicles are currently more expensive to purchase, they have significantly lower electricity/fuel costs and benefit from government incentives.

Consequently, on average within the EU, the TCO for a BEV is already 11 percent lower than that of a hybrid electric vehicle and 7 percent lower than that of a diesel car today (Figure 3).

And as the costs of BEVs will continue to fall with decreasing battery prices, their TCO compared to ICEs is only going to improve.

Corporates with large fleets can save money by electrifying and decarbonising them. It is as much a financial as an environmental benefit.

Figure 3: Total cost of ownership for large EU corporate fleets



Source: Transport & Environment, 2021

Supply-side “win”

As fleets make up 20 percent of light and heavy-duty vehicles on European roads,^{xxx} their switch to electric vehicles is a tailwind to the supply-side value chain for BEVs.

» Battery makers

With large proportion of vehicles on the road being corporate-owned, their switch to BEVs is one key demand driver battery makers would benefit from. Their electrification would also have knock-on effects on the costs of batteries, with each doubling in volumes of battery demand, their costs fall by 18 to 20 percent.^{xxxii}

The main difference in costs between BEVs and ICEs comes from the cost of batteries, replacing the traditional motor of the car.^{xxxiii} While the total cost of ownership of a BEV is already competitive with fossil-fuel powered vehicles, the upfront difference in purchase price represents a critical hurdle for many consumers.^{xxxiii}

Levelling the playing field between BEVs and ICEs regarding purchase price would drive up demand for electric vehicles – and battery manufacturers. Consequently, the demand effect from corporate fleets would go beyond its initial impact by creating a positive feedback loop between increasing demand and falling costs, which battery makers are at the heart of.

» Car manufacturers

A) Better economics

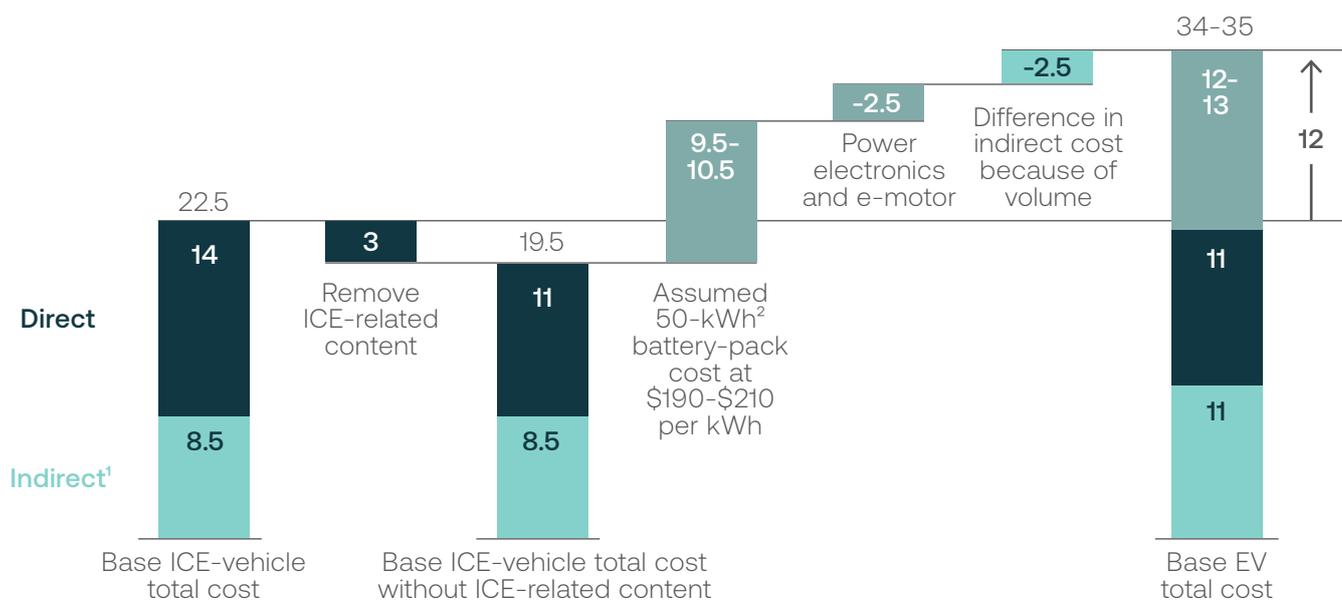
A significant increase in BEV demand from corporate fleets could make the transition away from ICEs more economic for car manufacturers for two reasons.

Electric vehicles currently have lower margins than ICEs. Research by McKinsey shows that car manufacturers “stand to lose money on almost every EV sold”.^{xxxiv}

With increased BEV demand, car makers can harness economies of scale in production. They can also benefit from falling battery costs, resulting from the dynamics described under “battery makers” above.

This reduces the main differences in costs between the production of ICEs and BEVs (Figure 4), improving the outlook of an EV-based business model for car manufacturers.

Figure 4: Cost difference ICE vs EV



1 Includes average incentive cost of \$2,000
 2 Kilowatt-hour; includes battery-management system

B) Regulatory risk mitigation

Corporate fleet switching to BEVs can help mitigate regulatory risks to car manufacturers and their supply chain

Under EU regulation, car makers must reach stringent CO2 targets for new passenger cars or face heavy fines.^{xxxv} As the latest EU Commission's proposal calls for a 55 percent emissions reduction by 2030 and 100 percent by 2035,^{xxxvi} car manufacturers must transition their portfolios to zero emissions vehicles. According to analysis by Transport & Environment, this should only include BEVs.



Myth buster: Why should all new cars sold after 2030 only be BEVs?^{xxxvii}

The 2030 ICE phase out date:

Emissions from passenger transport need to be zero by 2050. The average lifespan of a car is around 15 years and often exceeds this. This means all new cars sold from 2030 ideally, and 2035 at the latest, need to be zero emission, steadily replacing traditional, emitting cars sold before 2030. The last generation of ICE vehicles would then be retired by 2050 reducing emissions from passenger road transport to zero.

No PHEVs:

Plug-in hybrids still have an internal combustion engine (in addition to their battery), which in use emits CO2. In fact, PHEVs cause up to 12 times more emissions than under official values,^{xxxviii} and are not the low-emission alternative to fully electric vehicles some advocate for. As they cause emissions, and passenger road transport needs to be emissions-free by 2050, PHEVs need to face a similar phase out to other ICE cars by 2030 for all the same reasons. PHEVs are not a feasible mode of transport in a carbon neutral future.

While not explicitly mentioned in this report, other cars called "hybrids", that only use a battery to support the efficiency of their internal combustion engine, are not counted as electric vehicles as part of this report's assessment, as they are in fact ICE cars and therefore fall under the ICE phase out assessment.

For further information, see Transport & Environment's report on hybrids.³

3 <https://www.transportenvironment.org/publications/plug-hybrids-europe-heading-new-dieselgate>

No alternative or synthetic fuels/e-fuels:

Alternative and synthetic fuels refer to liquid fuels, which require energy, and sometimes CO₂, as an input, and can be used in an internal combustion engine.^{xxxix} A well-known example of such a fuel would be hydrogen. As the oil and gas industry is facing the demise of fossil-fuel engines, they are increasingly asking for preferential treatment of such fuels as part of the upcoming CO₂ standards. This is not aligned with net zero goals, as car manufacturers a) cannot control which fuel is used to drive the car, b) will potentially delay timely investments in actual zero emission vehicles, and c) will face a higher-cost compliance pathway. Models show fully electric vehicles to be the cheapest and most environmentally friendly option for net zero. Hence, strategies based on alternative fuels are to be strongly discouraged.

A note on hydrogen fuel cell vehicles:

Hydrogen fuel cell cars count as ZEVs as they do not burn any CO₂, however, they are far less efficient in using energy than fully electric vehicles, more costly and face a lower technical maturity.^{xl} Compared to fully electric vehicles, they are therefore currently an inferior choice in meeting climate targets.

While non-compliance poses a significant financial risk to auto manufacturers, BEVs produced also need to be sold. Corporate fleets are in an advantageous position to be among the first to pick up BEV supply.

Companies with large corporate fleets already have a financial incentive to switch to BEVs due to the lower total cost of ownership.^{xli} And, as opposed to private consumers, such considerations are more important than the differences in upfront costs between BEVs and ICE vehicles.^{xlii} This makes corporate fleet conversion the perfect lever to kick-start large-scale BEV demand.

Consequently, corporate fleet electrification could make it easier for car manufacturers to meet the EU's targets and avoid the risk of fines. This would also have positive effects on their supply chain, e.g., for car parts.



ESG info: Just Transition

While the electromobility transition is unlikely to affect the total number of jobs in the automotive sector, the transition will result in major labour shifts. These shifts will happen between job types, sectors and regions.^{xiii} McKinsey estimates that demand for workers with existing skillsets will fall by 30 percent.^{xiv}

For example, electric cars have simpler assembly processes compared with ICEs. This will require fewer assembly workers and will affect jobs at current powertrain suppliers. Simultaneously, new skills will be needed in software and analytics.^{xiv}

Corporates should also aim to ensure the transition to e-mobility does not unfairly impact their workers, for example, by increasing workers' personal costs or limiting their job security. For a green and just transition, this labour shift will require thorough reskilling and retraining programmes for all existing workers (including drivers and assembly workers) and coordination between industries and politics.

Just Transition considerations are also relevant for the EV supply chain outside of Europe. A particular focus on mining can be found in the info box further down in this report.

While this report focuses on the acceleration of e-mobility to ensure 1.5C aligned global emissions reductions, in their engagements with relevant companies, investors should ensure the transition to EVs is fair for all workers and communities.



Mining and material recycling companies

There is a risk that demand for key raw materials needed to manufacture BEVs will outstrip projected mining supply in 2026.^{xvi} Early demand signals from corporate fleets can help the supply-side to adjust in time.

An acceleration in the demand for EVs will increase demand for commodities such as lithium, nickel and cobalt that are found in EV batteries.^{xvii}

While known lithium reserves far exceed demand even in 2030, the infrastructure for extraction and recycling is forecasted to severely lag demand if investments do not ramp up adequately.^{xviii} Battery recycling in particular will have a key role to play and needs to scale up to meet the demand for electric cars.^{xix} Delays could affect the whole production chain for BEVs and all stakeholders involved.

What is needed is a clear demand signal today to ensure these investments. Due to the scale and beneficial economics, corporate fleet conversion can send this signal now before the rest of the market follows.



ESG info: Environmental and social considerations of mineral mining

Investors should be aware of the ESG considerations that go along with mining for these materials.

Due to the locations of mines, there is a high risk of human rights violations.ⁱ For example, recent research found that out of 19 companies producing minerals in South America, 14 were the subject of human rights allegations.ⁱⁱ

ShareAction's 2018 report on fleets also highlighted some of these issuesⁱⁱⁱ: "Countries such as Bolivia and Argentina with large lithium reserves have weak workforce standards relative to developed countries. Cobalt production is particularly high risk. In the Democratic Republic of Congo (DRC), home to the world's largest cobalt reserves, 20% of extraction is performed by independent artisanal miners at risk of human rights violations and child labour."

There are also other important environmental and social considerations linked to the water intensity of mining, environmental pollution and health risks to local communities.ⁱⁱⁱⁱ

Workers involved in the mining value chain are at risk of being left behind in the transition to EVs. As per the Just Transition info box above, investors have a role to play to ensure workers and communities are not unfairly impacted.

While this report focuses on the acceleration of e-mobility to ensure 1.5C aligned global emissions reductions, in their engagements with relevant companies, investors should also consider the following aspects:

- A focus on recycling of existing materials over new mining
- Human rights assessments for holdings involved in mining
- Consideration of other ESG risks, such as water intensity, environmental pollution, and stakeholder (local communities, workers etc.) involvement

» Companies involved in charging infrastructure

Everyone invested in the transition to electric vehicles is affected by the practicality of charging.

In its latest proposal, the EU Commission is planning to expand European charging infrastructure to 16.3 million stations by 2050.^{lv}

However, the (perceived) lack of charging infrastructure represents a major hurdle for the roll-out of BEVs.^{lv} This affects all players in the space, from corporate fleets to car manufacturers, battery makers and auto parts manufacturers - to name the most prominent ones.

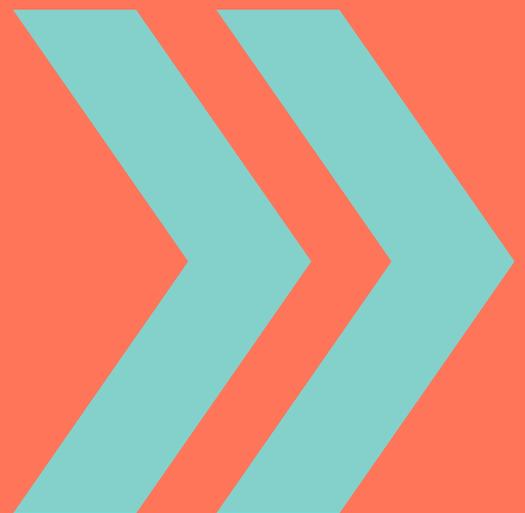
Corporate fleet electrification can help mitigate these concerns.

Corporate fleets must meet their own need for charging. Consequently, forecasts by the Climate Group predict that an accelerated fleet conversion to fully electric vehicles will double global charging infrastructure compared to a slow transition scenario for fleets.^{lv}



What can companies and investors do?

3



What can companies and investors do?

Companies with large fleets should ensure their timely transition to 100 percent zero emission vehicles by 2030 at the latest. A fully electric fleet is cheaper, complies with upcoming regulation, and has positive benefits for the wider transition; by driving up demand for BEVs, by driving down their costs, and by increasing necessary charging infrastructure.

Corporates with large fleets should commit to 100 percent zero emission vehicles by 2030, and ideally cement their commitment through initiatives such as EV100.

Investors should engage with such corporates on a commitment. Engagement could include an EV100 ask.

By backing companies through an EV100 ask, investors can benefit from an economical and verifiable alignment with the Paris Agreement, and the combined demand-side signal of the EV100 coalition, which provides wider benefits to their whole portfolio and society.

About EV100[™]:

EV100 is a global initiative, led by the Climate Group, bringing together forward-looking companies committed to making EVs the new normal by 2030.

Members publicly commit to the following by 2030:

- Electrifying owned/leased fleets (100% < 3.5t / 50% 3.5 – 7.5t) (core commitment)
- Installing charging at all relevant sites for staff and/or customers (recommended)
- Requiring EVs in service contracts (recommended)

To date, 111 companies have joined EV100, including companies in the energy, delivery and retail sectors. Under the initiative, well over 5 million vehicles will be EVs by 2030.

As a corporate member of EV100, companies can send a strong signal to investors, customers, policymakers and auto-manufactures about their level of commitment to EVs and sustainability. The initiative enables like-minded companies to share best practice and maximise their collective voice when engaging with governments and other stakeholders that are essential to the EV transition.



ESG info: Road transport decarbonisation beyond EVs

This report advocates for a shift away from ICEs to BEVs for corporate fleets. While this switch is inevitable to fully decarbonise road transport, we should also focus on overall reducing demand for cars. This saves emissions and resources. Curbing vehicle use by increasingly shifting towards alternative modes of transport, such as rail, cycling and public transport, is estimated to reduce transport emissions by 40 percent.^{lviii}

For initiatives ShareAction advocates for, this means: “EV100 focuses on catalysing the shift to electric road transport as a crucial building block within a broader 21st century low-carbon transport system. While our initiative is primarily framed around electro-mobility, we encourage companies to also consider integrated mobility solutions with other low-carbon transport modes such as walking, cycling and public transport.”^{lix}



Corporate fleets

4



Corporate fleets: engagement targets for investors

A spotlight on Germany and France

The findings of this report are applicable to fleets around the world. The corporate fleet targets below have a focus on German and French fleets due to the importance of their strategic support for the EU Commission's proposal at this stage.

In July, the EU Commission released a proposal for a 100 percent emissions reduction of new passenger cars sold by 2035.^{lx} European e-mobility will be disproportionately influenced by two European elections – the German election on 26 September 2021^{lxi} and the French election in spring 2022.^{lxii}

A fast transition to electric vehicles, as shown in this report, is beneficial to companies and investors.

Strong support from influential companies with large corporate fleets, particularly in Germany and France, for the EU Commission's proposal ahead of the elections and proposal ratification will help drive the transition.

Rationale for highlighting these companies

The following targets have been picked by the Climate Group's EV100 team, based on their expertise in accelerating the corporate fleet transition.

They have been selected based on their sector, fleet size, company size, and influence in the national corporate landscape (e.g., brand recognition, green policy advocacy).

Engagement targets

Explanation of terms:

- Fleet size: How many vehicles does the company have in its fleet?
- Anchor company: Is the company of symbolic importance for the corporate fleet transition, in particular in their sector and region?
- EV100 commitment: Does the company have a commitment to 100 percent zero emissions vehicles and verifies its commitment through the EV100 initiative?

German and French engagement targets

Company	Country	Anchor company?	Fleet size	EV100 commitment
Allianz	Germany	Yes	N/D	
AXA	France		N/D	
Bayer AG	Germany	Yes	N/D	
Bouygues	France	Yes	27000 ^{lxiii}	
Carrefour	France	Yes	3750	
Ceconomy AG	Germany		N/D	
Continental AG	Germany		N/D	
Danone	France		N/D	
Deutsche Telekom	German	Yes	39503 ^{lxiv}	
Engie	France	Yes	N/D	
Hermes GmbH (Otto Group)	Germany	Yes	N/D	
Orange SA	France		17550 ^{lxv}	
Sanofi	France		N/D	
SAP	Germany	Yes	N/D	
Veolia Groupe	France		40500 ^{lxvi}	

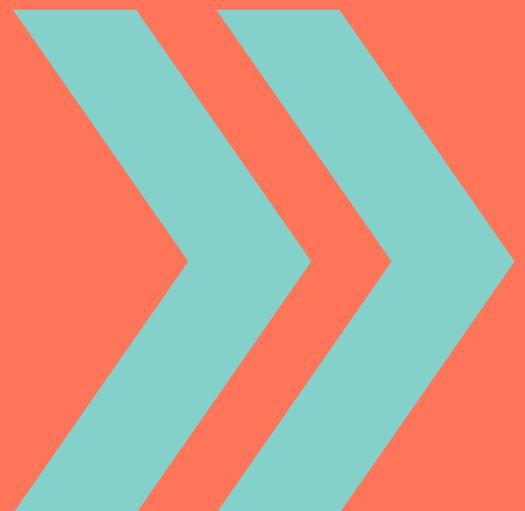
Key:

N/D: not disclosed

Red: no commitment

Next steps

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Next steps

Investors should engage with relevant holdings on committing to 100 percent zero emission fleets by 2030 and making an EV100 ask.

The list above gives investors a starting point for impactful company targets. But the asks apply to all companies across regions with large corporate fleets. These are common in the following industries:

- Postal/Logistics
- Delivery
- Retail
- Leasing
- Car sharing/rental
- Insurance
- Utilities
- Telecommunications
- Chemicals

Engagement ask: We are asking [COMPANY NAME] to consider joining the EV100 initiative to cement their commitment to a 100 percent zero emission fleet by 2030.

Tracking outcome: The company joins the EV100 initiative and delivers on its commitment under it.

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