



# Greening corporate fleets: an industrial and social policy for Europe

T&E position paper on the European Commission public consultation

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May 2024

## Summary

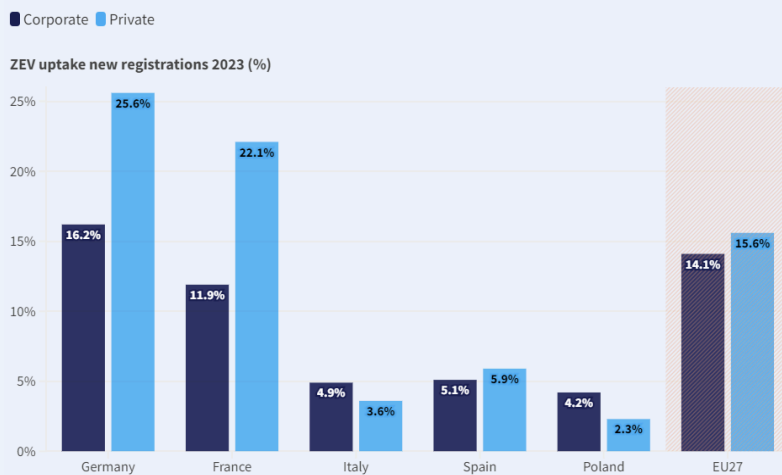
With the new CO<sub>2</sub> emission standards for cars, vans, and trucks set in stone, Europe's automotive industry is on a pathway towards 100% zero-emission vehicles (ZEV). **Creating strong demand over the coming years across the Union will be key in making this transition successful.**

In February 2024, the European Commission opened a public consultation on Greening Corporate Fleets and if the EU should set mandatory ZEV targets for this market. Large fleets present a huge opportunity to boost demand for made-in-EU ZEVs, generate investments in the EU's battery supply chain, and accelerate the much needed emission cuts in the transport sector in a socially fair manner.

Today 60% of new cars are registered by companies, of which the majority are owned by large corporations. Also most new vans and trucks are purchased by big fleets. Large companies - who have better access to capital and benefit from corporate tax breaks - should lead Europe's transition to zero-emission transport.

**But, looking at cars, companies are actually lagging behind the private market in the shift to ZEVs. Current national incentives are clearly not sufficient to make the corporate car market the ZEV leader it is supposed to be.** Especially in the two biggest markets, Germany and France, companies are not doing their fair share hereby putting the costs of the transition on households.

### Uptake of zero emission cars in the biggest corporate markets



Source: Dataforce (2024): New registrations from 2023

Note: The chart shows the five largest countries in terms of corporate registrations

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While still a nascent market, we see a risk for a two-speed Europe on zero-emission truck uptake. In 2023, Germany and the Netherlands alone accounted for 60% of all ZE truck sales, despite representing only 30% of new registrations. A well-functioning internal market is indispensable to incentivise investment and innovation in Europe. **In order to accelerate electrification of large corporate fleets across the whole EU, binding ZEV targets on the largest fleets are necessary.**

### Regulate smartly, generate many benefits

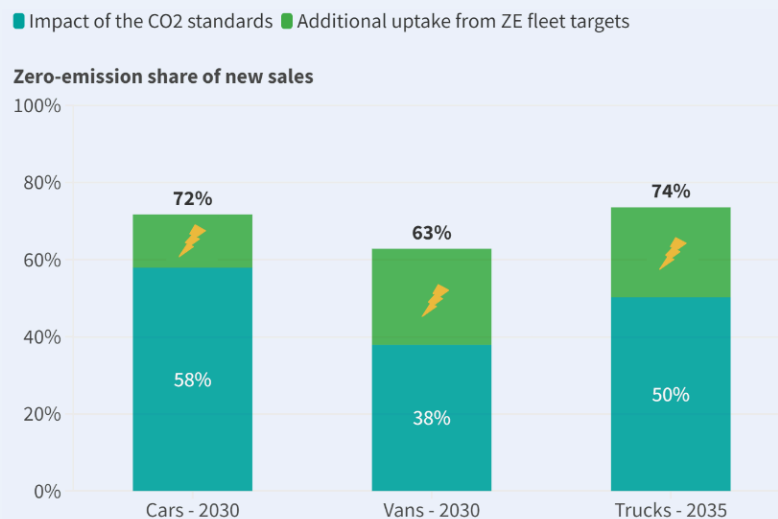
Setting binding EU fleet targets can be done in a simple and straightforward way by focusing on the very biggest players: companies with more than 100 cars (incl. leasing) represent 34% of all new registrations. For vans, large corporate fleets make up only 5% of companies, while accounting for 40% of all new sales. Looking at trucks, large fleets represent 21% of companies while owning 74% of new vehicles.

Our analysis in this briefing shows that EU electrification targets for large fleets can bring the following benefits:

- **Boost uptake of ZEVs:** ZEV uptake would increase to 72% for cars by 2030. Depending on the fleet sizes included in the scope, ZEV uptake could increase up to 63% for vans (by 2030) and up to 74% for trucks (by 2035). EU fleet targets would create investment certainty for car, van, and truck manufacturers to scale up production and supply chains, whilst supporting them in implementation, i.e. meeting their CO<sub>2</sub> standards.
- **Cut road transport emissions:** road transport emissions will be reduced significantly, with fleet targets delivering up to 14% (2030) and 24% (2040) of the required additional savings that are necessary to meet the EU climate targets. Without new measures, the bloc and its

member states are currently off track for their legally binding 2030 targets under the Effort Sharing Regulation (ESR), and far off from a new economy-wide -90% net target for 2040.

- **Increase uptake of affordable ZEVs:** accelerating electrification of large fleets can bring 8.2 million additional affordable ZEVs on the used car market by 2035. It will also benefit smaller freight companies, as larger fleets will absorb some of the initially higher purchase costs of zero-emission vans and trucks.



### Policy recommendations

The Greening Corporate Fleets public consultation should only be a first step. Given its large potential, the next European Commission should, as part of its Political Guidelines, **commit to presenting a Corporate Fleets Regulation within the first 100 days** of its new mandate. This regulation could be proposed as a replacement of the Clean Vehicles Directive (CVD).

This Corporate Fleets Regulation should be simple and effective:

- **Cars and vans:** set binding 100% zero-emission purchase targets by 2030 for large car fleets (as of 100 vehicles, including leasing companies) and large van fleets. This should be combined with a fleet target, requiring fleets to make their entire stock zero emission by 2035.
- **Trucks and coaches:** set binding stock targets requiring big truck and coach fleets to largely replace their existing fleets with zero-emission vehicles by 2040 (e.g. 90% ZEV stock target). To help fleets ramp-up ZEV ownership, an intermediate 100% ZEV purchase target should be introduced by 2035, with some flexibility for companies to choose their own ramp-up pace.
- **Extend the scope to big shippers and freight forwarders (vans and trucks):** the binding ZEV targets should also apply to companies that operate or contract vehicles, if their turnover

surpasses €50 million. Mostly relying on subcontractors to move their goods, these big players should help carriers in their transition.

- **Promote made-in-EU:** include a made-in-Europe clause requiring member states to exclude non-EU made ZEVs from corporate tax breaks and other incentives for zero-emission corporate vehicles (as done in the Net-Zero Industry Act). This should kick-in when a specific non-EU country accounts for a certain percentage of EU sales and provided that the price difference is not more than a certain threshold.

## Table of contents

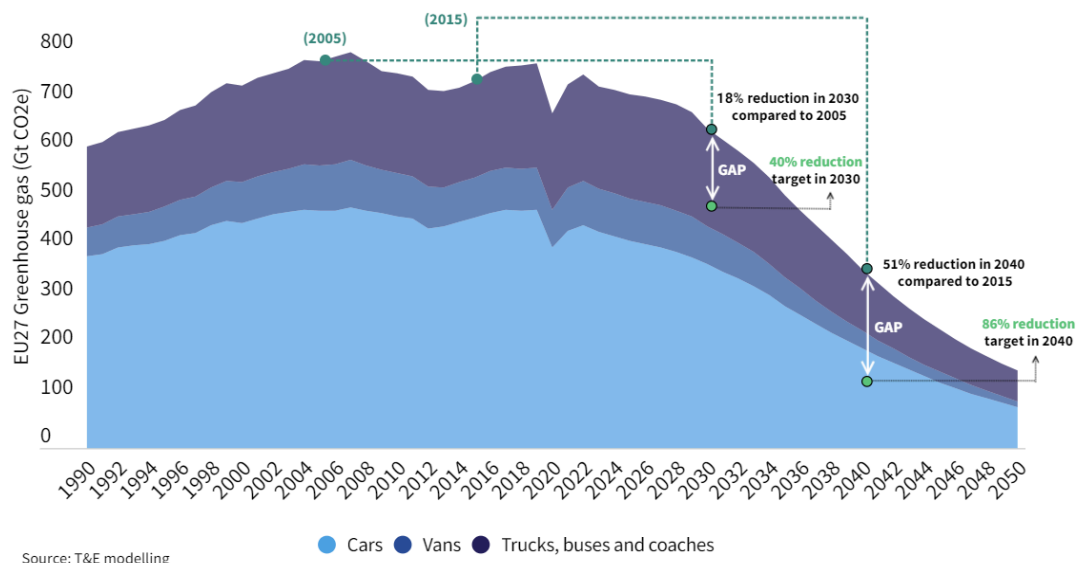
Summary	1
<b>1. Introduction: why EU action on fleets is smart climate, industrial and social policy</b>	<b>6</b>
1.1. Climate policy: Fit for 55 measures are not sufficient for 2030	6
1.2. Industrial policy: a demand instrument for the EU automotive sector	7
Infobox 1 - A made-in-EU clause	7
1.3. Social policy: a social Green Deal	7
<b>2. Five reasons for mandatory EU fleet targets</b>	<b>8</b>
#1: Current national fiscal incentives are not sufficient	8
#2: Voluntary targets don't work	9
Infobox 2 - The French fleet law	10
#3: Protect the internal market and avoid creating a two-speed Europe	11
#4: Investment certainty for the automotive industry	11
#5: Charging infrastructure scale up	12
<b>3. Which fleet categories should be regulated, and what would be the effects?</b>	<b>12</b>
3.1. Corporate car fleets	12
3.1.1. How is the corporate cars market structured?	12
3.1.2. Which categories and size of fleets should be covered?	13
3.1.3. What impact can purchase targets for corporate car fleets achieve?	14
Infobox 3 - Corporate car focus: leasing companies	17
3.2. Truck fleets	18
3.2.1. Which categories and size of fleets should be covered?	18
Infobox 4 - California's zero-emission truck fleet law	19
3.2.2. What impact can ZEV targets for large truck fleets achieve?	20
3.2.2.1. Stock renewal targets by 2040	20
3.2.2.2. Purchase targets by 2035	21
Infobox 5 - Scope: don't forget about the coaches	24
3.3. Corporate van fleets	24
3.3.1. Which categories and size of fleets should be covered?	25
3.3.2. What impact can purchase targets for van fleets achieve?	25
<b>4. Conclusions</b>	<b>27</b>
<b>5. Policy recommendations</b>	<b>28</b>

# 1. Introduction: why EU action on fleets is smart climate, industrial and social policy

## 1.1. Climate policy: Fit for 55 measures are not sufficient for 2030

Today, road transport accounts for over a quarter of the EU's greenhouse gas (GHG) emissions. With industry and other sectors reducing their emissions, its relative share will increase to almost 30% by 2030.<sup>1</sup> A recent European Commission analysis of member states National Energy and Climate Plans (NECPs) shows that the sectors under the Effort Sharing Regulation (ESR) - including domestic transport - are not on track to meet the 2030 climate targets.<sup>2</sup>

Our estimations (Figure 1) find that EU road transport will be the 'problem child' of the ESR. Where the aggregated ESR sectors are required to reduce emissions by 40% by 2030, road transport is on a track that will deliver just -18%.<sup>3</sup> By 2040, the Commission's Impact Assessment projects that road transport emissions need to decrease by -86% (vs 2015) to do their fair share towards an economy-wide minus 90% net target.<sup>4</sup> T&E finds that current measures will only deliver -51%. These include the savings delivered by the latest CO<sub>2</sub> emission standards for light-duty (LDVs) and heavy-duty vehicles (HDVs).<sup>5</sup> **Additional measures are therefore needed to decarbonise road transport and ensure that the EU and its member states meet both their 2030 and 2040 climate targets.**<sup>6</sup>



Source: T&E modelling

Note: The graph shows the 40% reduction target in 2030 compared to 2005. The reason for using this baseline year is due to the fact that road transport falls under the ESR targets. The figures do not include the ETS2 effect.

Figure 1. Road transport emissions until 2050

<sup>1</sup> Transport & Environment (2024). The State of European Transport. An overview of the EU's largest climate problem. [Link](#).

<sup>2</sup> Not including domestic aviation.

<sup>3</sup> European Commission (2023). The Commission calls on Member States to improve their National Energy and Climate Plans to ensure collective achievement of the EU's 2030 targets. [Link](#).

<sup>4</sup> European Commission (2024). Impact Assessment on a 2040 Climate Target. [Link](#).

<sup>5</sup> Transport & Environment (2024). EU reaches deal on near phase-out of diesel trucks. [Link](#).

<sup>6</sup> Transport & Environment (2024). The State of European Transport 2024. An overview of the EU's largest climate problem. [Link](#).

In February 2024, the European Commission opened a public consultation on Greening Corporate Fleets, which looks into ways to accelerate the uptake of zero-emission vehicles (ZEV) in corporate fleets (cars, vans, trucks, and coaches). T&E welcomes this consultation because, as detailed in this paper, **action on large corporate fleets has the potential to accelerate ZEV uptake and further close the gap in reaching the EU's climate targets.**

## **1.2. Industrial policy: a demand instrument for the EU automotive sector**

**Greening corporate fleets is also a smart industrial policy.** It can contribute to achieve the goal of the Net-Zero Industry Act (NZIA), which is to boost production of clean tech in Europe.<sup>7</sup> With the new CO<sub>2</sub> standards for LDVs and HDVs agreed, vehicle manufacturers will further accelerate their transition towards ZEVs. A growing and steady demand is therefore key. Large corporate fleets are the biggest part of the market: companies with more than 100 cars (incl. leasing) represent 34% of all new registrations. For vans, large corporate fleets make up only 5% of companies, while accounting for 55% of all new sales. Looking at trucks, large fleets represent 21% of companies while owning 74% of new vehicles.

Given their importance, setting binding ZEV targets for large fleets would give certainty to manufacturers and the broader e-mobility industry (e.g. battery factories) to continue to ramp up production and investments in the EU. **This stimulus, however, cannot be sufficiently achieved by member states alone. An EU demand instrument is necessary.** Moreover, by also introducing - as part of an EU Corporate Fleets Regulation - a made-in-EU clause (Infobox 1), this initiative can further boost local manufacturing and investments.

### **Infobox 1 - A made-in-EU clause**

As part of an EU regulation that sets binding ZEV targets for corporate fleets, the Commission should include a made-in-EU clause, using the framework of the sustainability and resilience clause under the new NZIA. With this clause, the EC should require member states to exclude non-EU made ZEVs from corporate tax breaks or other incentives for corporate ZEVs. However, this should only apply if non-EU country production accounts for a large majority of EU sales (e.g. a third) and when the price difference is not above a certain threshold, in order to avoid unreasonable pricing.

## **1.3. Social policy: a social Green Deal**

Action on corporate fleets can help to **shape the EU's climate agenda in a socially just way.** Large corporate fleets have the financial capacity and responsibility to drive the ZEV transition. Pushing

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<sup>7</sup> European Commission (2023). The Net-Zero Industry Act. [Link](#).

them to lead will increase supply and bring down ZEV purchasing costs for households and smaller freight companies.

This social angle is particularly important for cars: corporate cars have a much shorter ownership period than private (3 to 4 years compared to 10 or more), and thus enter the used car market much faster. Today, almost 8 out of 10 EU citizens buy their car on the used car market. As our analysis in this briefing shows, **EU action on fleets can increase supply of second-hand ZEVs by an additional 8.2 Mn by 2035 (Figure 8).**

Also for the freight sector, EU targets for large fleets have a social benefit. Whilst from a total cost of ownership (TCO) perspective zero-emission (ZE) vans are now cheaper to own and operate, and ZE trucks will soon be as well, purchasing prices remain a barrier for small companies. In leading the transition, large fleets can absorb some of the costs of scaling up ZEV production, with small and medium enterprises (SMEs) transitioning in a second stage benefiting from economies of scale that allow purchase prices to decrease and TCO to improve.<sup>8,9</sup>

## 2. Five reasons for mandatory EU fleet targets

The public consultation asks which measures (purchase targets, incentives, voluntary schemes, etc.) are most effective to accelerate electrification of corporate fleets, and at what level (EU, national, or local) this should happen. There are **five key reasons why an EU-level regulation setting mandatory ZEV targets for corporate fleets is necessary.**

### #1: Current national fiscal incentives are not sufficient

Last year, 60% of new cars were corporate and this segment keeps growing, up from 50% in 2015. As corporate cars drive twice as much compared to private, their climate impact is much higher (accounting for 74% of new car emissions) (Figure 2).

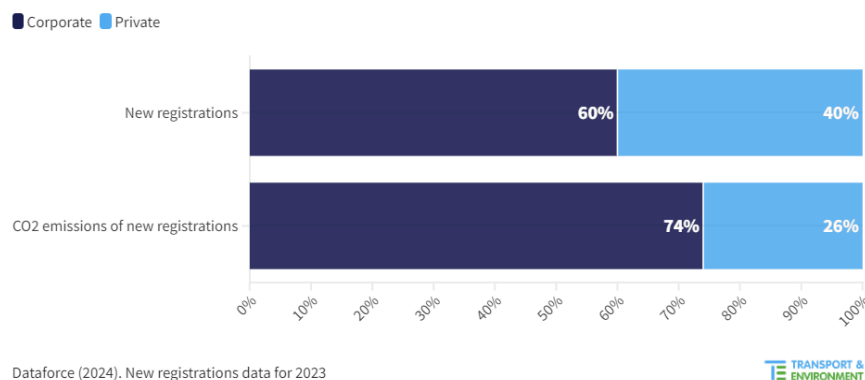


Figure 2. Share of new car registrations and CO<sub>2</sub> emissions

<sup>8</sup> Transport & Environment (2022). E-vans: Cheaper, greener, and in demand. [Link](#).

<sup>9</sup> Transport & Environment (2023). Cheaper, stronger, further: by 2035, all new electric freight trucks will beat diesel. [Link](#).



Given their impact and financial muscle, as well as generous tax cuts to the tune of €26 billion per year, companies should be leading the electrification effort.<sup>10,11</sup> **However, across the EU, corporate cars are lagging behind private households.** In the EU's two biggest car markets (Germany and France) the gap is even bigger (Figure 3). Only in nine member states company cars are substantially ahead of the private market.<sup>12</sup>

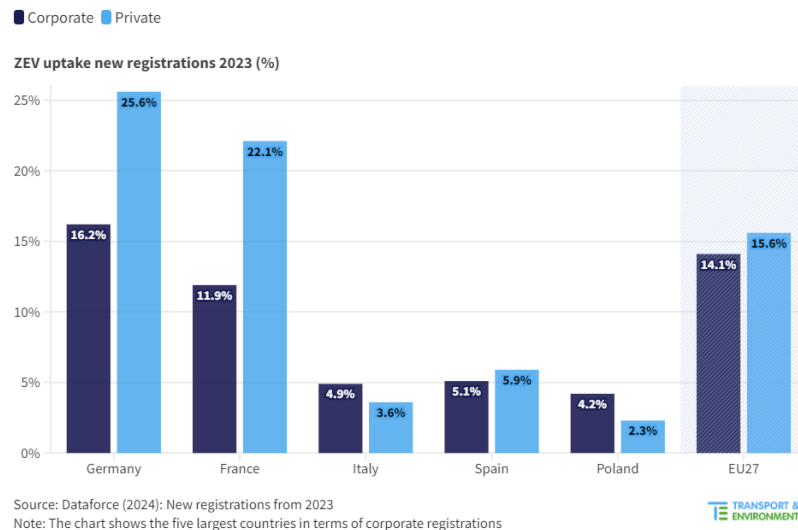


Figure 3. Uptake of ZE cars in the biggest corporate markets

**The fact that the corporate sector, which is more responsive to the TCO of vehicles, is lagging behind private households, shows there is clear market failure and that the current national incentives do not suffice.**

## #2: Voluntary targets don't work

In 2019, France introduced the *Loi d'orientation des mobilités (LOM)*, a mobility law that sets electrification targets for large fleets ( $\geq 100$  cars and vans), including leasing companies. A recent T&E report found that in 2023, **60% of French companies did not comply with the law.** Significantly, large corporate fleets only achieved 8% electrification compared to 22% for private households - further highlighting the market failure visible in ZEV uptake. The absence of penalties for failing to comply, makes this law voluntary and therefore ineffective. This is why a review is currently being discussed (Infobox 2).<sup>13</sup>

<sup>10</sup> Transport & Environment (2020). Company cars: how European governments are subsidising pollution and climate change. [Link](#).

<sup>11</sup> This is based on data from seven EU countries: Germany, France, Italy, Spain, Poland, The Netherlands and Belgium.

<sup>12</sup> Ahead of the market means ZEV registrations in the corporate channel are 50% higher than private.

<sup>13</sup> Transport & Environment (2024). Transition to electric vehicles in the corporate segment: France's largest companies still not playing the game. [Link](#).

## Infobox 2 - The French fleet law

**What is this about?** In 2019, the French government introduced the *Loi d'orientation des mobilités*. This law sets non-binding electrification targets for private and public fleets of LDVs, meaning both cars and vans.

**Which fleets are in the scope?** Private companies who own or lease more than 100 vehicles (cars and vans). In practice this means large corporates and leasing companies.<sup>14</sup> This scope covers only 3% of companies but 70% of new corporate vehicle registrations. This large share of new registrations is explained by the market size of the major leasing companies.

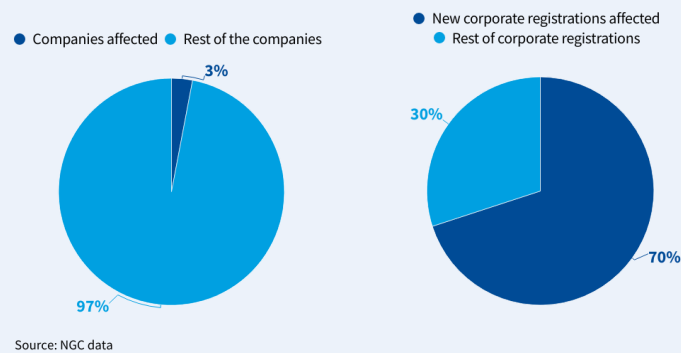


Figure 4. French LOM: companies and corporate vehicle registrations affected

**What are the targets?** As of 2022, private companies under the scope must purchase an increasing percentage of new ZEVs or plug-in hybrids: 10% in 2022-2023, 20% in 2024-2026, 40% in 2027-2029, and 70% from 2030.

**France is reviewing and improving the law:** T&E analysis found that in 2022, 66% of large corporate fleets (with  $\geq 100$  LDVs) did not meet the target of 10%. In 2023, 60% still failed to comply.<sup>15</sup> This is because the law does not include penalties for non-compliance. The share of new ZEVs registered by and/or leased to companies managing a fleet of more than 100 LDVs was 8% in 2023, almost three times lower than households (22%). A proposal to reform the law has been tabled by a Member of Parliament, Damien Adam, and could be adopted in 2024.<sup>16</sup> The proposal calls for the following: exclude PHEVs from the scope, increase targets, and make them binding by introducing penalties for non-compliance.

**What can the EU learn from this?** The French experience shows that setting electrification targets for large corporate fleets is perfectly possible, but non-binding targets do not work. For cars, the EU should copy France's approach in targeting the largest fleets and leasing companies. The Commission should however avoid repeating the mistakes France made. An EU law must thus exclude PHEVs, set ambitious targets that are ahead of the market, and include penalties for non-compliance.

<sup>14</sup> Also public entities (with  $\geq 20$  LDVs) are regulated by the law.

<sup>15</sup> Transport & Environment (2024). Transition to electric vehicles in the corporate segment: France's largest companies still not playing the game. [Link](#).

<sup>16</sup> Assemblée Nationale (2024). Proposition de loi n°2126. [Link](#).

### #3: Protect the internal market and avoid creating a two-speed Europe

Today company car electrification is mostly driven by car taxation. T&E analysis shows that countries with a bigger tax differential between electric and fossil fueled cars have a higher uptake of electric company cars.<sup>17</sup> As a consequence we see the creation of a two-speed Europe between electric company car leaders (e.g. Belgium, Netherlands, Portugal, Austria, Slovenia), representing 13% of the new car market, and countries that have failed to introduce strong incentives (e.g. Germany, France, Ireland, Denmark, Spain), representing more than half of new registrations (55%).

Whilst still a nascent market, the same trend is visible for zero-emission trucks (ZETs). Last year, two countries (Germany and the Netherlands) accounted for 60% of EU ZET sales, despite representing only 30% of new truck registrations.<sup>18</sup> This is because financial support to promote ZET purchases differs widely across member states.<sup>19,20</sup> For example, incentives in the Netherlands cover 40-60% of the price differential with a diesel truck, whereas in Italy they cover only up to €14,000.<sup>21,22</sup> As a result, 7% of new truck sales in the Netherlands are zero-emission, versus 0.25% in Italy.

The growing patchwork of different national and local carrots and sticks to promote the uptake of ZEVs is also difficult to navigate for businesses with operations in multiple EU countries. Without common EU targets, there is a risk that the current market fragmentation will increase further and deprive many companies, company car drivers, and EU citizens (via the used car market) to benefit from ZEVs which have lower operating costs and would help households save money.

### #4: Investment certainty for the automotive industry

Given the importance of large corporate fleets in new registrations, ZEV targets will create investment certainty for the automotive industry and support them in meeting their CO<sub>2</sub> emission targets. EU corporate ZEV targets would - compared to a mix of different national measures - bring more predictability for legacy manufacturers, as well as new entrants, to ramp-up ZEV production and invest in battery supply chains in Europe. It would also help manufacturers who have set voluntary targets that go beyond legal obligations - e.g. Volvo Cars and Stellantis (100% electric cars by 2030) and

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<sup>17</sup> Transport & Environment (2023). Car taxes: Europe's powerful tool to accelerate uptake of electric cars. [Link](#).

<sup>18</sup> ACEA (2024). New commercial vehicle registrations: vans +14.6%, trucks +16.3%, buses +19.4% in 2023. [Link](#).

<sup>19</sup> ACEA (2023). Electric commercial vehicles: Tax benefits and purchase incentives (2023). [Link](#).

<sup>20</sup> Transport & Environment (2022). How to buy an electric truck. [Link](#).

<sup>21</sup> Netherlands Enterprise Agency (2024). Purchase subsidy for Zero-Emission Trucks (AanZET). [Link](#).

Ministero delle Imprese e del Made in Italy (2022). Nuovi incentivi per auto e moto elettriche, ibride e a basse emissioni. [Link](#).

<sup>22</sup> Global Commercial Vehicle Drive to Zero (2024). Global MoU Policy Tracker: The Netherlands. [Link](#).

truckmakers such as Daimler and Volvo (respectively 60% and 70% ZEV sales by 2030) - in meeting them.<sup>23,24,25</sup>

## #5: Charging infrastructure scale up

Whilst the Alternative Fuels Infrastructure Regulation (AFIR) and the Energy Performance of Buildings Directive (EPBD) ensure a backbone charging infrastructure deployment, stronger demand via EU fleet targets will further stimulate its development. Importantly, ZEV targets will ensure that companies increase investments in charging infrastructure at their depots and logistic hubs while at the same time bring more predictability for the power industry in planning grid upgrades.

## 3. Which fleet categories should be regulated, and what would be the effects?

The consultation asks stakeholders which **categories** and **sizes** of fleets would have the highest **impact** in terms of emission savings, ZEV uptake, and other parameters (e.g. build up of a second-hand ZEV market). This section models the impacts of different policy options for cars, vans, and trucks.<sup>26</sup>

### 3.1. Corporate car fleets

#### 3.1.1. How is the corporate cars market structured?

T&E purchased data from Dataforce to get a better understanding of the corporate cars market in Europe and how it is structured (Figure 5). Dataforce collects registration data from twenty seven countries but only has leasing data from eleven EU member states.<sup>27</sup> In their registration system, they split the market in the following categories:

- **Leasing & long term rental:** these are cars owned or managed by leasing companies. They purchase the car from the carmaker and lease them to companies who use them as company cars or other business activities. As can be seen in Figure 5, leasing companies have by far the biggest corporate market share (43%).<sup>28</sup>

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<sup>23</sup> Stellantis (2024). Carbon Net Zero Strategy - Vehicles. [Link](#).

<sup>24</sup> Transport & Environment (2021). Commitments but no plans: How European policymakers can make or break the transition to zero-emission cars. [Link](#).

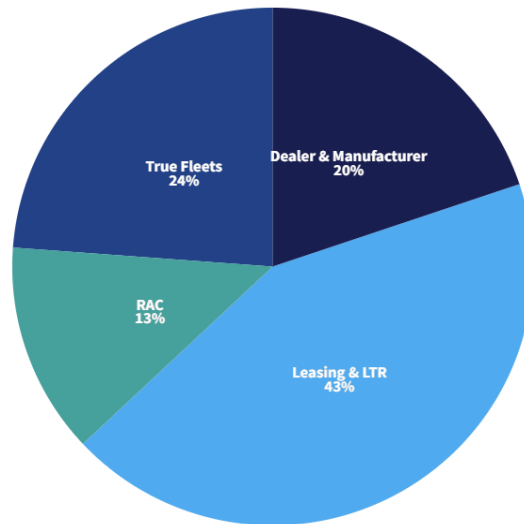
<sup>25</sup> Transport & Environment (2023). Ready or not: Who are the frontrunners in the global race to clean up trucks? [Link](#).

<sup>26</sup> In the consultation the Commission refers to “lorries”. Seeing as no specific definition is given, in this briefing we use the broader term “trucks”.

<sup>27</sup> Belgium, Czech Republic, Denmark, France, Italy, Latvia, Lithuania, Netherlands, Poland, Slovakia, Spain.

<sup>28</sup> These numbers are even on the conservative side as Dataforce does not include certain leasing agreements such as financial leasing. Looking for example at data from the French and Dutch leasing association, the share of leasing in the corporate market goes up (65% and 71%).

- **True Fleets:** cars mainly bought and owned by business i.e. companies who are not leasing but purchasing the cars themselves.
- **Dealer & Manufacturer:** vehicles registered by carmakers and dealerships. Examples are dealership cars to be sold, showroom cars or cars for their own employees.
- **Rent a car (RAC):** all registrations made by rental car companies such as Sixt or Hertz.



Source: Dataforce (2024) New registrations data for 2023  
 Note: Aggregate data for the eleven European countries with available leasing data



Figure 5. Cars: corporate car market segmentation

### 3.1.2. Which categories and size of fleets should be covered?

The public consultation segments the market in different categories. Below, we link these categories to the registration system we described earlier and list them in order of importance.

- **Car leasing:** as explained above by far the largest category. This segment should be prioritised when defining the scope for an EU fleets regulation.
- **Company cars:** these are cars owned by leasing companies or corporates. This means they fall in the categories leasing and true fleets.
- **Cars registered by vehicle manufacturers themselves:** this is explained above.
- **Rental cars (RAC):** this is explained above.
- **Urban mobility service fleets (taxis, ride-hailing, car sharing, ...):** we have no specific data for this market segment but they are a rather small share. Still, these types of cars can indirectly have a larger effect in terms of accelerating electrification as they have a high

concentration in cities, are used by many different people (i.e. higher visibility) and their mileage is up to five times higher than average private cars.<sup>29</sup>

- **Other corporate fleets:** these cars are included in the categories mentioned above.

Their importance in reducing GHG emissions and accelerating electrification depends on the **size** of each segment. This we discuss and model in the section below.

### 3.1.3. What impact can purchase targets for corporate car fleets achieve?

In order to understand the potential of this market and their players, T&E modelled the effects for the following **two scenarios below**. Our business as usual scenario is the uptake of ZEVs under the latest car CO<sub>2</sub> emission standards:

- **Scenario 1:** the European Commission sets mandatory purchase targets of 100% ZEV (new registrations) by 2030 for **all new corporate registrations i.e. all categories mentioned above**.
- **Scenario 2:** the European Commission sets mandatory purchase targets of 100% ZEV (new registrations) by 2030 for **companies that directly or indirectly manage a fleet of more than one hundred cars**. Translating this to the categories in the public consultation (question E.83), this means the following fleets fall within the scope:
  - True fleets, RAC or dealers & manufacturers who own or lease more than 100 cars.
  - The entire fleet of leasing companies who own or manage more than 100 cars, regardless if they lease this vehicle to a large or smaller fleet (e.g. with less than 100 cars). If they lease the cars to fleets with more than 100 cars, both parties are responsible for meeting the target. For their leases to companies below this threshold, the leasing company has to meet the target, not the user company.

This is a replication of *the French Fleets Law* (Infobox 2). Based on market data from NGC Database and adjusted to Europe with available country data, **the scope in Scenario 2 would capture 57% of all new corporate registrations in the EU**.

**The results (Figures 6, 7 and 8) confirm the large potential of EU action on fleets in terms of GHG emission savings, uptake of ZEVs, and increasing the market uptake of used ZEVs.**

**Logically Scenario 1 will lead to the highest savings and uptake of ZEVs:**

- The uptake of ZE cars (new registrations) in 2030 would increase (relatively) by 24 p.p. from 58% to 82%.

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<sup>29</sup> Transport & Environment (2021). Europe's giant 'taxi' company: is Uber part of the problem or the solution? [Link](#).

- GHG emissions will be reduced by 30.6 MtCO<sub>2</sub>e in 2030 and 22.9 MtCO<sub>2</sub>e in 2040. This means they deliver 37% (2030) and 17% (2040) of the required savings to close the emissions gap for meeting the climate targets in 2030 (i.e. ESR targets of -40%) and 2040 (i.e. -86%).
- The number of additional used ZEVs compared to the CO<sub>2</sub> standards scenario will be 3.1 Mn in 2035 (14.6 Mn cumulative by 2035), which is a relative increase of 23%.

**However, also Scenario 2 - where the number of affected companies and regulatory burden is much lower - brings large benefits:**

- The uptake of ZE cars (new registrations) in 2030 would increase from 58% to 72% (Figure 6). This 72% is in line with announcements of EU carmakers (75%).<sup>30</sup>

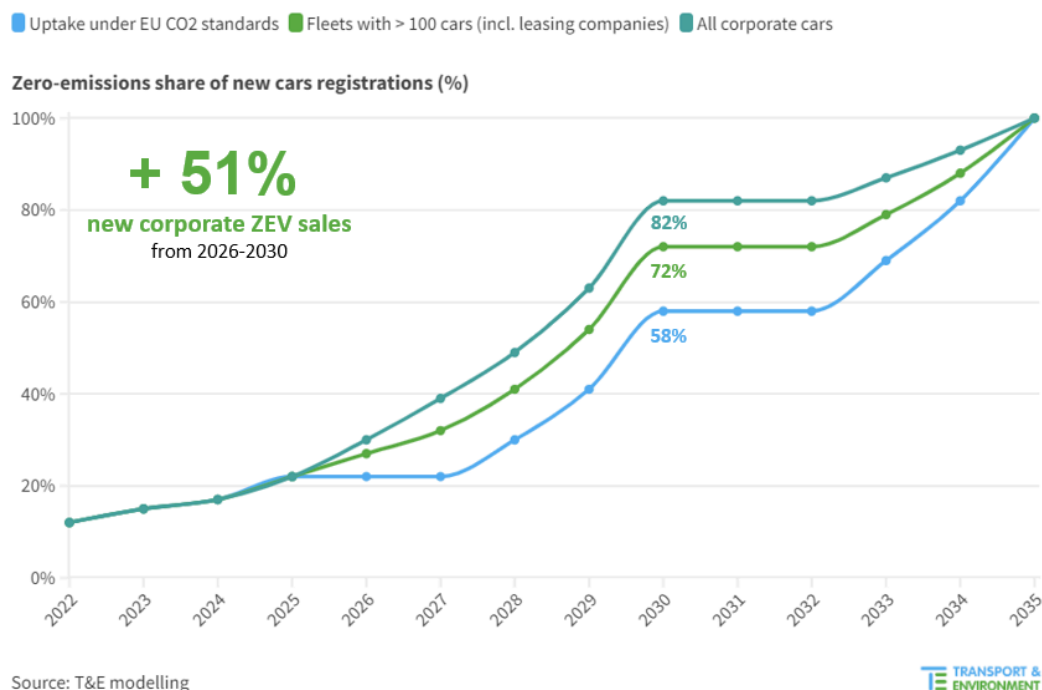
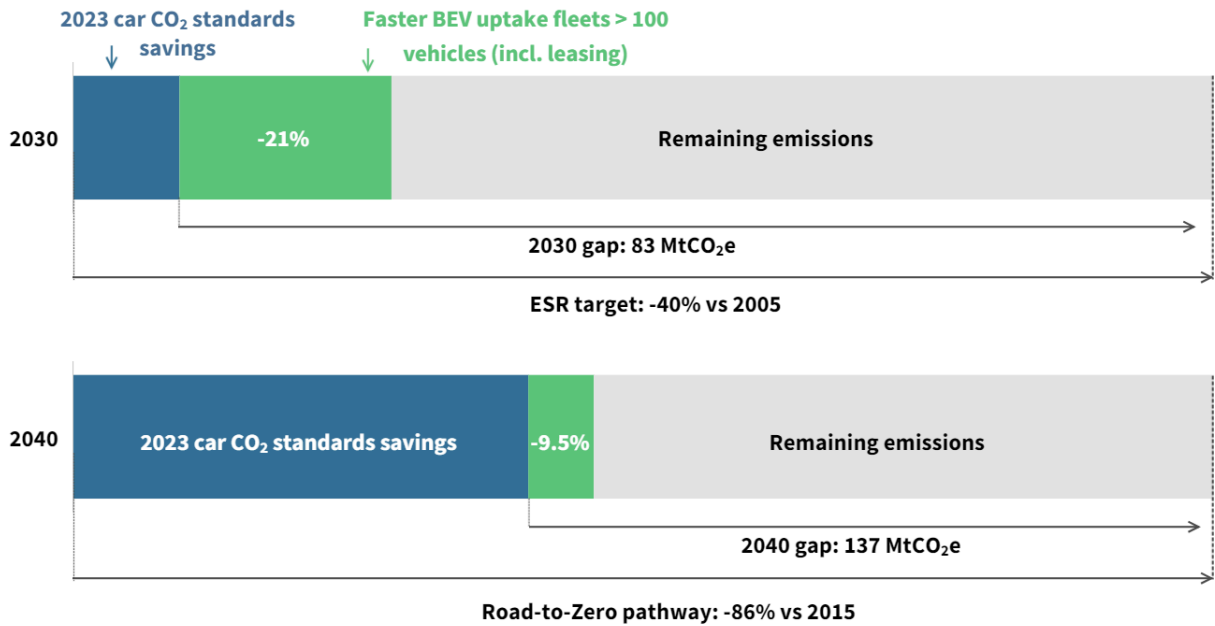


Figure 6. Cars: ZEV uptake with targets for corporate fleets

- GHG emissions will be reduced by 17.3 MtCO<sub>2</sub>e in 2030 and 13.1 MtCO<sub>2</sub>e in 2040. This means they deliver 21% (2030) and 9% (2040) of the required savings to close the emissions gap for cars (Figure 7). Looking at 2030 specifically, the fleet targets deliver double as much savings compared to the 2023 car CO<sub>2</sub> emission standards.

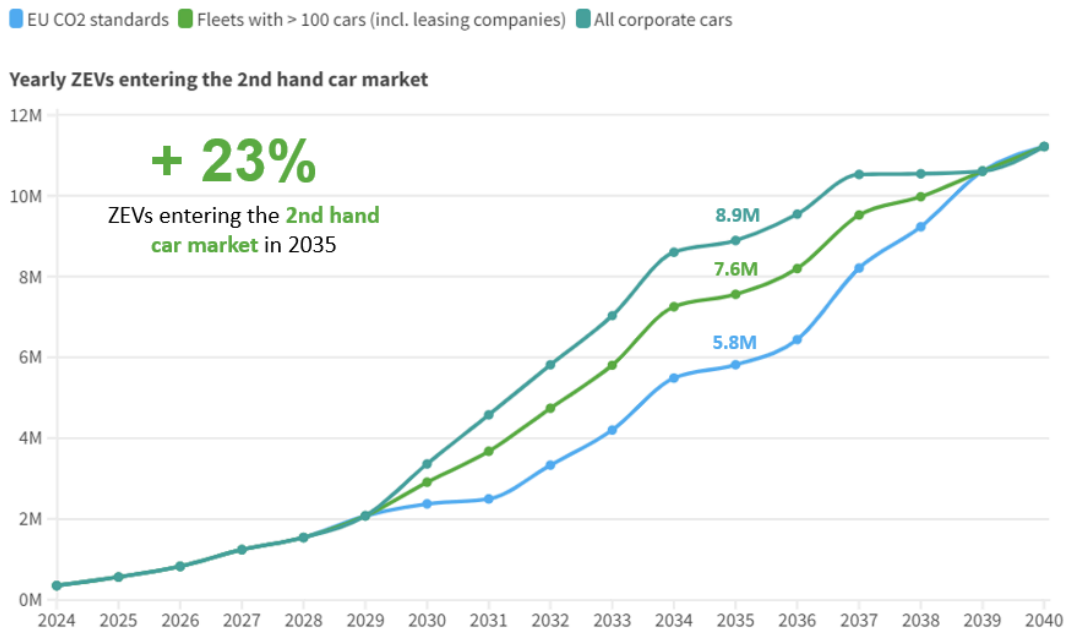
<sup>30</sup> Transport & Environment. The race to electrify. [Link](#).



The Effort Sharing Regulation (ESR) target for the EU economy as a whole is a 40% reduction in emissions in 2030 compared to 2005. The European Commission's impact assessment for the 2040 target mentions an emission reduction of 86% for road transport in 2040. In both 2030 and 2040, we assume that all sectors contribute equally to the effort to meet the climate targets.  
**Source:** T&E modelling and T&E's car decarbonisation roadmap (March 2024)

Figure 7. Cars: CO<sub>2</sub> savings with ZEV targets for large corporate fleets

- The additional number of used ZEVs compared to the CO<sub>2</sub> standards scenario will be 1.8 Mn in 2035 (8.2 Mn cumulative by 2035), which is a relative increase of 23% ZEVs entering the 2nd hand car market in 2035 (Figure 8).



Source: T&E modelling



Figure 8. Cars: Additional ZEVs entering the 2nd hand car market for large corporate fleets



## Infobox 3 - Corporate car focus: leasing companies

### Why do we need mandatory EU electrification targets for leasing companies?

As previously described, leasing companies are by far the largest player in the corporate cars market. Moreover it is rather straightforward to regulate this sector. A small number of players dominate the market. The top seven companies (who are owned by carmakers or banks) account for 61% of the leasing market.<sup>31</sup>



Due to their size, leasing companies have a big purchasing power over carmakers and influence the cars that companies are ordering (e.g. via their pricing strategies and consultancy for clients). These leasing companies are not only large, but they are extremely profitable, with profit margins of 12%-50% for the top seven.<sup>32</sup>

### Leasing sector refuses to move

Leasing companies should lead the transition to ZE cars but, at the moment, they are not doing their fair share and need a regulatory push:

- Contrary to their own claims of ‘driving the transition to clean mobility’, the leasing sector is not leading the market (11.7% ZEV vs 12%, private households).<sup>33,34</sup>
- Ayvens aside, none of the other top companies has set a ZEV target that is ahead of the market.<sup>35</sup>
- Contrary to carmakers all leasing companies refuse to set a phase out date for leasing fossil fuel cars.<sup>36</sup>
- Leasing companies are not willing to share data on their ZEV performance in EU markets.
- Our recent investigative research shows that in France - the biggest market for leasing giants such as Arval and Ayvens - leasing companies are actively pushing clients towards petrol or plug-in hybrid cars instead of advising them to go electric.<sup>37</sup>

<sup>31</sup> Transport & Environment (2023). Stuck in the fossil age. Are car leasing companies in the EU green leaders or greenwashing? [Link](#).

<sup>32</sup> Transport & Environment (2023). Leasing companies: Profits increased by 60% in five years but electrification is slow. [Link](#).

<sup>33</sup> Leaseurope (2021). Ambitious plans for electric vehicles in Europe. [Link](#).

<sup>34</sup> Based on Dataforce for the eleven European countries with available leasing data.

<sup>35</sup> See *supra* footnote 25.

<sup>36</sup> See *supra* footnote 25.

<sup>37</sup> Transport & Environment (2023). Undercover investigation: Leasing companies push customers to opt for fossil and hybrid cars in France. [Link](#).

## 3.2. Truck fleets

### 3.2.1. Which categories and size of fleets should be covered?

For the truck segment, the focus on corporate registrations is evident. Virtually all new trucks are purchased and owned by companies. But the haulier market is made up of many very small companies, owning only one or a handful of trucks. Indeed, 79% of EU transport operators own less than 10 trucks. The public consultation therefore divides the truck market into two categories: (1) large logistics fleets with  $\geq 10$  trucks, and (2) other corporate fleets with  $\geq 2$  trucks.

T&E analysis of data from seven EU countries shows that large truck fleets ( $\geq 10$ , as per the consultation's definition) represent 21% of companies, but 74% of all new registrations and 72% of all trucks currently on the road (Figure 9). The concentration becomes even clearer when zooming in on companies with  $\geq 20$  trucks. Representing only 9% of companies, these fleets buy 58% of all new trucks and own 56% of all truck stock in the EU.

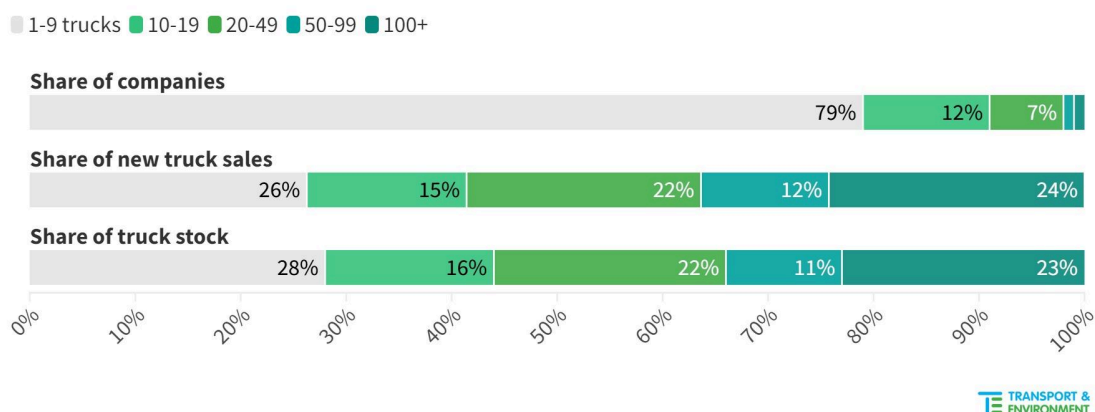


Figure 9. Truck fleet ownership

However, by focusing only on fleet owners, **the Commission is overlooking a key market player: large shippers and freight forwarders.** Big household name companies often own only a few or no trucks at all, instead relying on transport operators to move their goods by freight. Indeed, most road freight operations are not performed by firms moving their own goods (10%), but rather by companies transporting goods on behalf of others (90%).<sup>38</sup> A lot of these shippers and freight forwarders have set bold climate objectives though, spanning not just their scope 1 and 2, but also their scope 3 emissions.<sup>39</sup> These targets can only be achieved if they help their subcontractors move towards ZE vehicles. Progress on their scope 3 emissions will soon be trackable. As of the financial year 2024, the

<sup>38</sup> Eurostat (2023). Road freight transport by type of operation and type of transport. [Link](#).

<sup>39</sup> Scope 1 entails the direct emissions from sources that are controlled or owned by a company, such as on-site fuel combustion for its operations. Scope 2 covers indirect emissions originating from a company's energy use, e.g. associated with purchased electricity, heating, and cooling. Finally, scope 3 refers to other indirect emissions, including those in the upstream and downstream value chain, such as supply chain and product lifecycle emissions.

Corporate Sustainability Reporting Directive (CSRD) mandates large companies to report their transition plans and scope 3 emissions.<sup>40</sup> Given their importance and wider financial margins, **the Commission should extend the scope of the regulation to shippers and freight forwarders.**

This is precisely what California has done. Under their Advanced Clean Fleets (ACF) regulation, companies with  $\geq$  \$50 million in revenue are also subject to zero-emission targets, even if they own just one truck (Infobox 4).<sup>41</sup> This definition brings ACF coverage to roughly 300,000 trucks controlled by just 1,170 private entities.<sup>42</sup> By applying a broad ownership definition, California ensures that big shippers and freight forwarders do their fair share and play a supportive role in the ZE transition of hauliers. The EU should follow suit. For example, a turnover threshold could be set at €50 million, based on the EU's definition of large companies that should follow sustainability reporting requirements.<sup>43</sup>

### **Infobox 4 - California's zero-emission truck fleet law**

In 2023, California confirmed its position as a global climate trendsetter by approving the Advanced Clean Fleets (ACF) regulation, requiring public and private fleets to buy an increasing share of ZEVs.

**What scope?** ACF introduces 100% ZEV purchase targets for drayage fleets (2024), federal and 'high priority' fleets (2024), and state and local government fleets (2027). Priority fleets are those that own, operate, or control  $\geq$  50 trucks or have  $\geq$  \$50 million revenue (with  $\geq$  1 truck). Importantly, ACF requires drayage and priority fleets to fully decarbonise their existing vehicle stock. Drayage fleets must be fully ZEV by 2035, whereas priority fleets can choose two pathways: either companies remove polluting vehicles as soon as they reach 18 years or 800,000 miles, or they can opt to phase-in ZEVs more flexibly at their own pace, as long as intermediate 3-year targets are met and a 100% ZEV stock is achieved by 2042.

**What benefits?** The ACF is expected to have significant positive effects by 2050:

- *ZEV uptake:* 650,000 new ZEVs on California's road;
- *GHG emissions savings:* -327 million metric tonnes CO<sub>2</sub> and \$26.5 billion in health benefits;
- *Fleet cost savings:* net cost savings of \$48 billion to fleets.<sup>44</sup>

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<sup>40</sup> Large European companies subject to the Non-Financial Reporting Directive (more than 500 employees) will have to report in 2025 (on 2024 data). Companies with more than 250 employees and annual turnover above €50 million will follow in 2026 (based on 2025 data), and European listed SMEs in 2027 (based on 2026 data) with a two years opt-out clause. Non-EU companies with significant business in the EU (annual turnover of above €150 million in the EU) will have to report from 2029 (on 2028 data). The CSRD leaves the disclosure of the sustainability information subject to companies' materiality assessment, meaning that they will evaluate which indicators to report on according to their activities' relevance. For transition plans and scope 3 GHG emissions the Directive foresees a binding "comply or explain" approach, whereby companies must provide an explanation if the information is deemed not material.

<sup>41</sup> CARB (2023). Advanced Clean Fleets Regulation Summary. [Link](#).

<sup>42</sup> Based on a survey carried out under Advanced Clean Trucks Regulation. See: CARB (2021). Large Entity Reporting. [Link](#).

<sup>43</sup> CSRD defines large companies as those meeting two of the following three criteria: more than €50 million net turnover, more than €25 million balance sheet total, and 250 or more employees.

<sup>44</sup> California Air Resource Board (2023). Advanced Clean Fleets Regulation Summary. [Link](#).

## 3.2.2. What impact can ZEV targets for large truck fleets achieve?

### 3.2.2.1. Stock renewal targets by 2040

Trucks are different from cars as they have a longer ownership period (8.4 years, compared to 5 years or less for cars).<sup>45</sup> This means that a purchase target for company cars in 2030 will in practice almost automatically translate into a stock target five years later, given their typical renewal rate. The new LDV CO<sub>2</sub> standards also set a target of 100% ZEV sales from 2035, which ensures that by this date all new vehicles purchased by fleets will be zero emission. Still, a 2035 stock target for LDVs - combined with a 100% 2030 purchase target - remains important as it will provide additional guarantee that companies will follow this cycle and completely renew their fleets by 2035.

This process is not automatic for trucks, where manufacturers only have to reduce the average emissions across their new sales by -90% by 2040, meaning a significant amount of diesel vehicles will still be present in fleets in 2040 and 2050. Legislating large fleets only through a purchase target (i.e. 100% ZEV as of 2035) means that diesel trucks bought before that date (e.g. in 2034) are likely still to be running in the fleet post 2040. For trucks, stock targets are therefore the needed tool to impact fleet renewal. T&E proposes **stock targets** requiring big fleets to **largely replace their fleets with ZEVs by 2040**. For example, the target could be set at 90%, meaning by 2040 90% of the vehicles in a large truck fleet need to be zero-emission. As Figure 10 shows, complementing the HDV CO<sub>2</sub> standards with ambitious stock renewal targets on large truck fleets would ensure a near to complete decarbonisation of the sector by 2050.

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<sup>45</sup> A Dataforce (2024) survey of German fleet owners carried out on behalf of T&E shows that, on average, trucks drive 77.000km each year and stay for 8.4 years in fleets. Company cars, on the other hand, tend to drive 27.000 km and stay for up to 4 years in their fleets. See: Transport & Environment (2020). Company cars: How European governments are subsidising pollution and climate change. [Link](#).

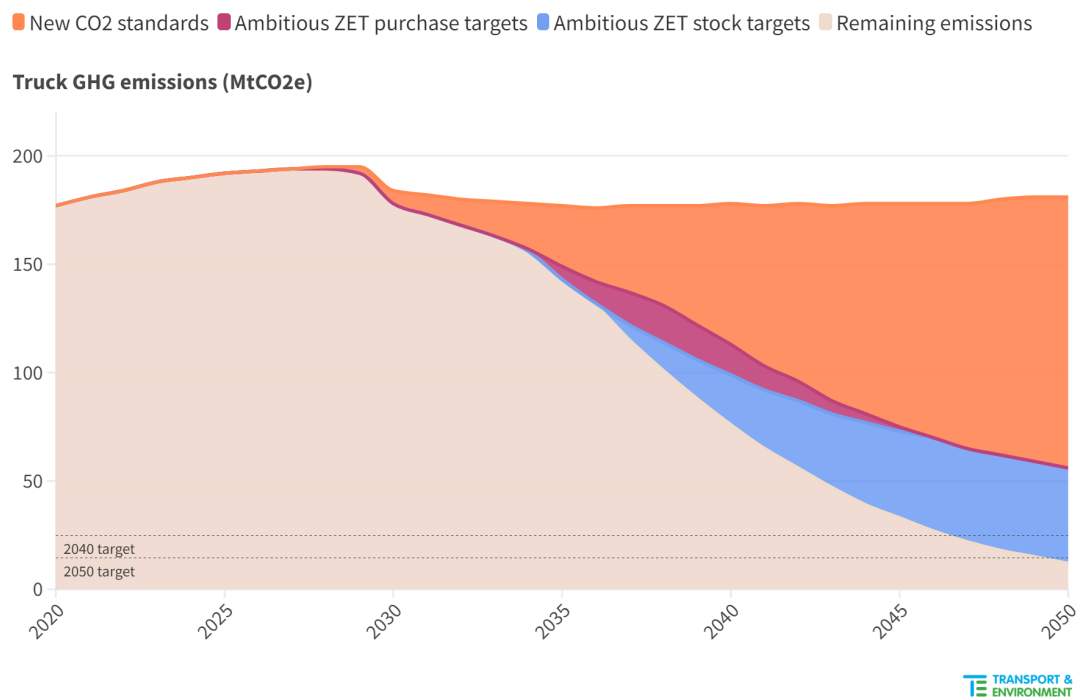


Figure 10. Trucks: Emissions reductions with ZEV fleet targets

### 3.2.2.2. Purchase targets by 2035

However, to help companies achieve a fully ZEV fleet stock, an intermediate target of **100% ZEV purchases by 2035** should be introduced to ensure they gradually ramp-up their ZEV ownership. Both purchase (2035) and stock (2040) targets are in the economic interest of the sector, as research has shown that by 2035 new ZETs will be cheaper to own and run than diesel trucks, while driving as far and carrying as much.<sup>46</sup>

The purchase target will be important to give certainty to all market players. Fleet owners will be able to plan and quickly scale up ZEV purchases leading up to the 2035-2040 interval, instead of waiting until right before the stock target comes into effect in 2040. Truckmakers will be given confidence to boost their supply whilst not being under severe pressure in the late 2030s (see further detail below), as ZEV purchases will be spread out by fleets across the decade. Beyond contributing to reach the EU's climate targets (Figure 10), purchase targets also support EU manufacturers and help European industry remain competitive vis-à-vis the US and China who will continue ramping up their ZEV productions. Finally, with increasing ZEV build up, private charging will be stimulated and the power industry will be given certainty to plan timely grid upgrades.

Following the example of California's fleet law, which gives regulated fleets two possible compliance pathways (see Infobox 4), companies should also be given a more flexible compliance option. That would allow them to phase-in an increasing share of ZEVs in their fleet at the pace that works best for

<sup>46</sup> Transport & Environment (2023). Cheaper, stronger, further: by 2035, all new electric freight trucks will beat diesel. Link.

their own specific operations, while still committing to a plan that guarantees achievement of the 2040 stock target.

To understand the potential impacts of the intermediate ZEV purchase targets, T&E analysed data from 7 EU countries and modelled five different scenarios, varying in the sizes of fleets covered, the distribution of targets between different fleet sizes (larger fleets were given higher targets), and the ambition level of an intermediate 2030 target (Figure 11).<sup>47</sup> We then compared those scenarios to the guaranteed (i.e. CO<sub>2</sub> standards trajectory) and projected supply of zero-emission trucks.

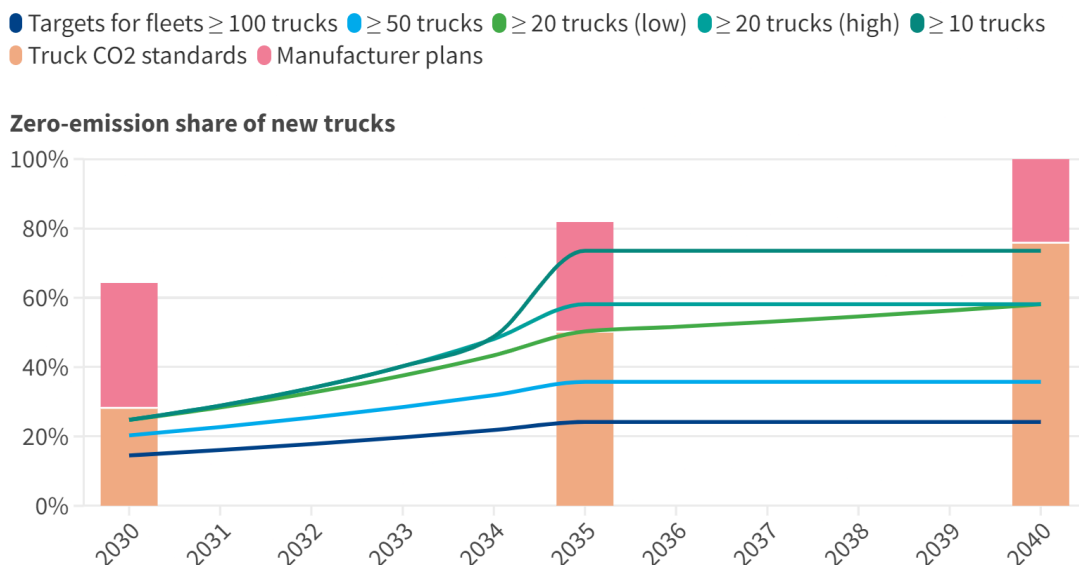


Figure 11. Trucks: ZEV uptake with ZEV targets for large fleets

In all scenarios, ZEV purchase targets on large truck fleets have a double effect. First, **they provide a guaranteed market for the zero-emission trucks produced**, giving manufacturers certainty that their production will be absorbed and that they won't risk fines under the HDV CO<sub>2</sub> standards. The new CO<sub>2</sub> standards require truck manufacturers to steeply increase ZEV supply over the next few years: from 1.5% ZE sales in 2023 to 28% in 2030 (orange bars on Figure 11).<sup>48,49</sup> The three most ambitious scenarios modelled ensure that 25% of new trucks in 2030 will be absorbed by large companies required to buy ZEVs. As the CO<sub>2</sub> standards require at least 28% of sales to be zero-emission in 2030, this still ensures some guaranteed supply for smaller fleets or SMEs outside the scope of the fleets regulation. The higher the size threshold for fleets to be regulated, the less this guaranteed demand effect will provide investment certainty to manufacturers, especially in 2035 and 2040. Under the

<sup>47</sup> Belgium, France, Germany, Ireland, Italy, Poland, Spain.

<sup>48</sup> ACEA (2024). New commercial vehicle registrations: vans +14.6%, trucks +16.3%, buses +19.4% in 2023. [Link](#).

<sup>49</sup> Under the HDV CO<sub>2</sub> standards, manufacturers have to reduce the average emissions across their new sales by -45% by 2030, -65% by 2035, and -90% by 2040. Assuming minimal compliance, this guarantees a ZEV sales share of approximately 28% in 2030, 50% in 2035, and 76% in 2040.

lowest ambition scenario ( $\geq 100$  trucks), only around half of truckmakers' ZEV sales under the CO<sub>2</sub> standards would be absorbed in 2030 and 2035.

Secondly, **ZEV purchase targets can give confidence to manufacturers to overachieve on the CO<sub>2</sub> standards.** This is also what many truckmakers have committed to do. Indeed, manufacturers are planning to ramp-up ZEV supply faster than required under the new EU law. In talks with the German government, they have shown industrial plans that would lead to an EU-wide 64% ZEV sales share in 2030.<sup>50</sup> Based on other public announcements by manufacturers, T&E estimates that the industry's announced plans would deliver an 82% ZEV sale share in 2035, reaching 100% in 2040 (pink bars on Figure 11 above).<sup>51</sup> Depending on its scope, a ZEV purchase target on large truck fleets could absorb between 23-39% of the industry planned supply for 2030, and 30-90% of planned supply in 2035. The more ambitious the scope of the target, the more manufacturers would thus be provided with the investment certainty needed to execute these industrial scale-up plans.

Depending on its scope, ZEV purchase targets on the EU's largest truck fleets could - compared to the savings delivered by the agreed HDV CO<sub>2</sub> emission standards - bring up to 6 MtCO<sub>2</sub>e in 2035 and up to 14 MtCO<sub>2</sub>e in 2040 additional GHG savings. This translates into 16% of the savings needed to close the 2040 emissions gap. Whilst significant, these results can be considered conservative estimates for a few reasons. First, the modelling does not account for the impact of ZEV stock targets which, based on preliminary T&E analysis, could deliver over 20 MtCO<sub>2</sub>e savings in 2040 relative to ZEV purchase targets. Second, it does not account for the ZEV purchasing behaviour of market players outside the targets' scope (e.g. small fleets and SMEs). Third, the results do not account for overachievement of manufacturers who, with demand certainty, could execute their more ambitious industrial plans. Compared to the CO<sub>2</sub> standards, these plans alone would increase CO<sub>2</sub> savings by 13 MtCO<sub>2</sub>e in 2030 and 44 MtCO<sub>2</sub>e in 2040. Finally, the results do not cover the role of large shippers and freight forwarders, whose inclusion in fleet targets is key and would certainly increase the impact of fleet targets.

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<sup>50</sup> See NOW GmbH (2023). Market development of climate-friendly technologies in heavy road freight transport. [Link](#). Note the aggregated share from the Cleanroom talks is 63%, but in T&E's modelling also ZEV targets for uncertified vehicles are included, which makes the modelling end up at 64% in figure 11 above.

<sup>51</sup> Industry 2040 plans are based on ACEA's fossil-free 2040 announcement, which is interpreted to be a 100% ZE target. Please see: ACEA (2020). All new trucks sold must be fossil free by 2040, agree truck makers and climate researchers. [Link](#). This assumption is further supported by key truckmakers, such as Daimler and Scania, who have publicly announced to reach 100% ZE sales at the latest by 2040. Please see "Eurotransport (2022). Scania ab 2040 nur noch elektrisch. [Link](#); and "Daimler (2019). Daimler Trucks & Buses targets completely CO<sub>2</sub>-neutral fleet of new vehicles by 2039 in key regions. [Link](#)." 2035 targets are assumed to be the midpoint between 2030 and 2040 targets, since manufacturers have not announced 2035 targets.



## Infobox 5 - Scope: don't forget about the coaches

**Big and slow.** Coaches represent 6% of sales and 6% of fleet emissions from all HDVs.<sup>52</sup> However, when compared to the urban bus segment, coach electrification is underperforming: coaches are electrifying at less than one-tenth the pace of city buses (3.6% vs 36% ZEV sales share in 2023).<sup>53</sup>

**CO<sub>2</sub> standards give a push.** The new HDV CO<sub>2</sub> standards extend the regulation's scope to coaches - a welcome development. However, whilst following the same CO<sub>2</sub> emission targets as trucks, coaches are grouped with city buses as far as overall compliance with the standards is concerned. We can thus expect manufacturers to overperform on rapidly electrifying city buses, using the resulting emission credits to meet their overall CO<sub>2</sub> targets while still underperforming on coach targets specifically. Fleet targets can send a strong signal and ensure that ZE coach sales start accelerating.

**Include coaches in EU fleet targets.** Whilst most vehicle categories in the consultation are also covered by the Clean Vehicles Directive (CVD), coaches are not due to the limited role of public procurement in this segment. To ensure that coaches keep up to pace with other HDV segments, we call on the Commission to **introduce 100% ZEV purchase targets by 2035 and 100% ZEV stock targets by 2040 for companies that own or move large coach fleets.**

### 3.3. Corporate van fleets

Vans represent 10% of road vehicles, but 80% of commercial vehicle sales.<sup>54</sup> While battery electric vans are already the cheapest option for buyers, their uptake has lagged behind cars due to weaker emissions standards.<sup>55</sup> Despite having the same electrification point in 2018, vans are electrifying at half the speed of cars (7.4% ZE van sales vs 14.6% for cars).<sup>56,57</sup> Activity from vans grew by 31% between 2000 and 2019, and is projected to grow by another 30% by 2050.<sup>58</sup> In terms of emissions, vans are the fastest growing sector in road transport. An acceleration in ZE van uptake is thus urgently needed.

<sup>52</sup> Transport & Environment (2023). Why all new freight trucks and buses need to be zero-emission by 2035. [Link](#).

<sup>53</sup> Wim Chatrou (2024). City bus registration data; ACEA (2024). New commercial vehicle registrations: vans +14.6%, trucks +16.3%, buses +19.4% in 2023. [Link](#).

<sup>54</sup> ACEA (2023). Fact sheet: Vans. [Link](#).

<sup>55</sup> From 2020, new vans could emit no more than 147 g CO<sub>2</sub>/km, while cars had a 95 g CO<sub>2</sub>/km limit. The target for 2025 is set at 153,9 g CO<sub>2</sub>/km for vans vs. 93,6 g CO<sub>2</sub>/km for cars. By 2030, van manufacturers have to reduce their average emissions from new sales by -50%, whereas car manufacturers have to reach -55%.

<sup>56</sup> ACEA (2024). New commercial vehicle registrations: vans +14.6%, trucks +16.3%, buses +19.4% in 2023. [Link](#). Note: ACEA data is for electrically-chargeable vehicles, but plug-in hybrid van sales are negligible.

<sup>57</sup> ACEA (2024). New car registrations: +13.9% in 2023; battery electric 14.6% market share. [Link](#).

<sup>58</sup> Transport & Environment (2024). State of European Transport 2024. [Link](#).



### 3.3.1. Which categories and size of fleets should be covered?

The consultation segments the corporate vans market into three categories: (1) van rental and leasing, (2) large fleets with  $\geq 10$  logistics vans, and (3) other corporate fleets with  $\geq 2$  vans. Corporate vans represent 65% of all new van registrations.<sup>59</sup> T&E therefore suggests simplifying this categorisation by looking at just two criteria: is it a corporate registration, and if so, what is the fleet size?

T&E finds that large corporate fleets (with  $\geq 10$  vans as per the consultation's definition) make up only 5% of companies, while being responsible for 40% of all new van sales (62% of corporate registrations). Fleets of  $\geq 20$  vans represent an even smaller share of companies, just 2%, while purchasing 33% of new vans (51% of corporate registrations). A third of new sales (51% of corporate registrations) could therefore be greened if the EU were to set a ZEV purchase target on the very largest van fleet owners (Figure 12).

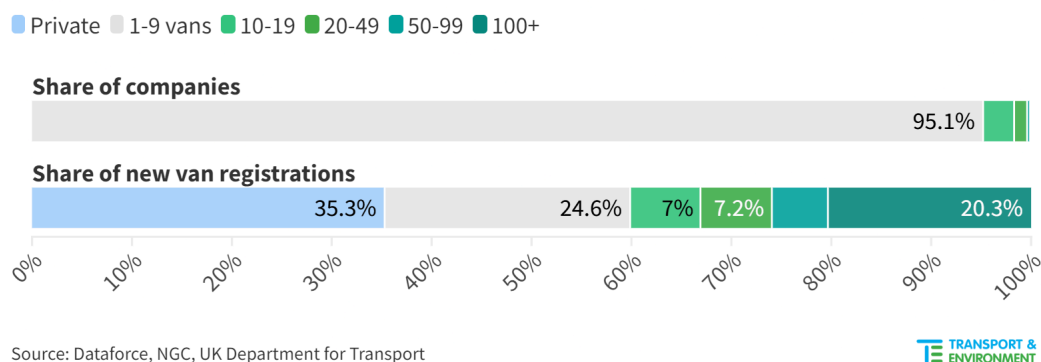


Figure 12. Van fleet ownership

As for truck fleets, **shippers and freight forwarders should also be covered** by the ZEV targets for van fleets, given their importance and relative financial strength in the market.

### 3.3.2. What impact can purchase targets for van fleets achieve?

To understand the effects of a 100% ZEV purchase target on the EU's largest van fleets by 2030 in terms of ZEV uptake and emission reductions, T&E analysed data from France (the largest EU van market). We modelled a 100% target for 2030, the same as for corporate car fleets, as the TCO of ZE vans is already lower than diesel vehicles today.<sup>60</sup>

Focusing on large corporate van fleets, T&E modelled four scenarios: companies with  $\geq 10$  vans,  $\geq 20$  vans,  $\geq 50$  vans, and  $\geq 100$  vans. We compared the impact of each of these scenarios on ZEV uptake to the business as usual scenario, i.e. the uptake delivered through the LDV CO<sub>2</sub> standards.

<sup>59</sup> Dataforce (2023). Light duty vehicle registrations.

<sup>60</sup> Transport & Environment (2022). E-vans: Cheaper, greener, and in demand. [Link](#).

**The results underline the potential of EU action on large van fleets to accelerate ZEV uptake.**

Purchase targets for fleets as of  $\geq 10$  vans would increase ZE sales in 2030 from 38% under business as usual to at least 63%. In other words, 66% more ZEVs would be sold in 2030. A target on fleets  $\geq 20$  vans would increase sales to 58%, delivering a 53% increase compared to business as usual (Figure 13).

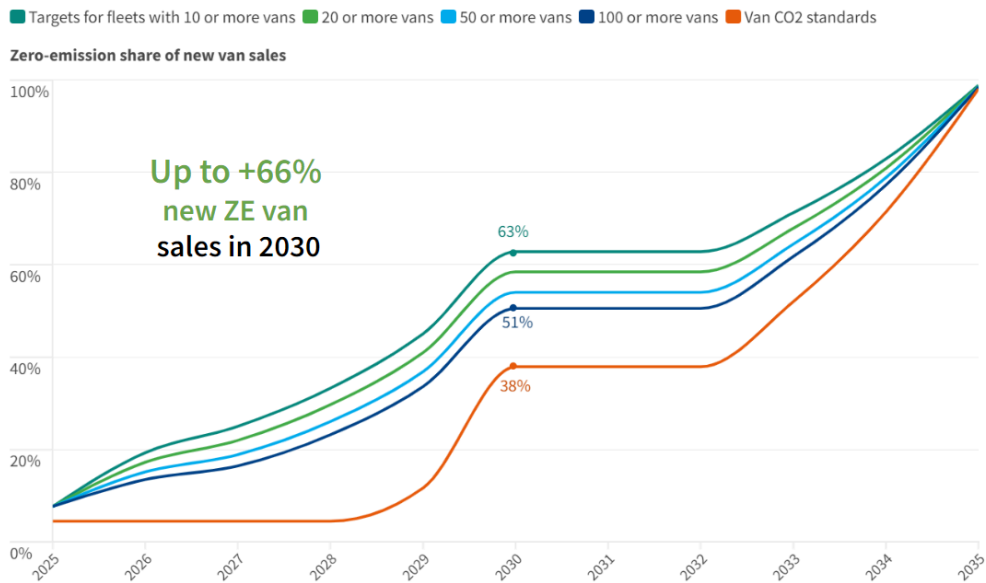
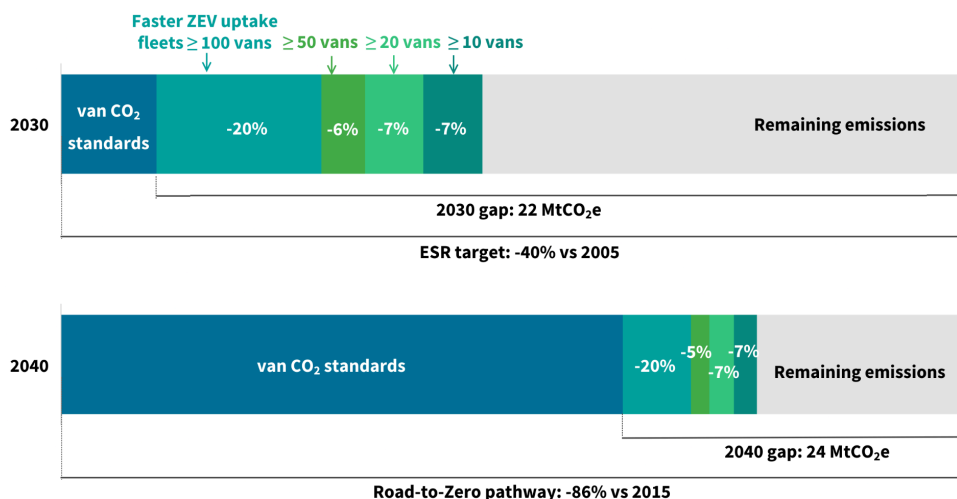


Figure 13. Vans: ZEV uptake with ZEV targets for large corporate fleets

**As more ZEVs are sold, GHG emissions also reduce.** A 100% ZEV purchase target on the EU’s largest van fleets would deliver up to 9 MtCO<sub>2</sub>e additional CO<sub>2</sub> savings in 2030 and up to 9 MtCO<sub>2</sub>e in 2040 - or respectively up to 40% and 39% of the savings needed to close the emission gaps to the EU’s 2030 and 2040 targets for road transport (Figure 14).



The European Commission's impact assessment for the 2040 target mentions an emission reduction of 86% for road transport in 2040. The Effort Sharing Regulation (ESR) target for the EU economy as a whole is a 40% reduction in emissions in 2030 compared to 2005. In both 2030 and 2040, we assume that all sectors contribute equally to the effort to meet the climate targets.

Figure 14. Vans: CO<sub>2</sub> savings with ZEV targets for large corporate fleets

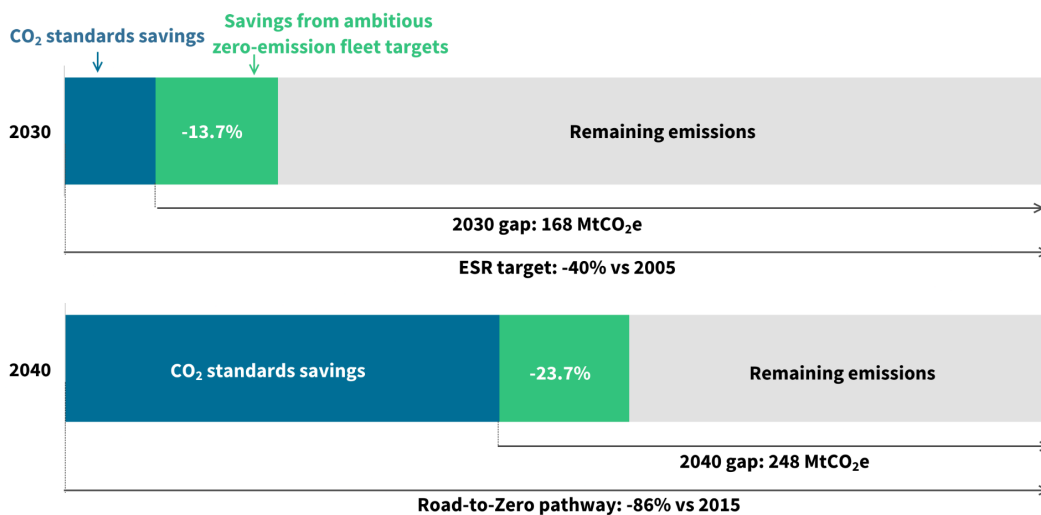
## 4. Conclusions

In order to meet the Green Deal and 2040 climate targets, transport electrification needs to accelerate. The new CO<sub>2</sub> emission standards for cars, vans and trucks are an important first step but will not bring sufficient savings on their own. **Additional measures are needed.**

Large companies not only have the responsibility but also the financial capacity to lead this transition. But looking for example at cars, the corporate sector is not doing so. By focusing exclusively on large fleets, the European Commission has the opportunity to **design the Green Deal in a socially just way**, creating a market of affordable used electric cars for households and supporting smaller freight companies in their transition to ZEVs.

T&E analysis in this briefing finds that ZE targets for large car, van, and truck fleets can help to **absorb manufacturers' supply** and - depending on fleet sizes included in the scope - can even **accelerate ZEV uptake** for each of these vehicle segments in the next decade. Under the most ambitious scenarios modelled, introducing ZEV targets would increase the share of ZE car registrations in 2030 from 58% to 72%. ZEV uptake could go up from 38% to 63% for vans (2030) and from 50% to 74% for trucks (2035).

Introducing ZEV purchase targets for large corporate car and van fleets and ZEV stock targets for big truck fleets can bring a **substantial contribution in reducing road transport emissions**. The most ambitious scenario would deliver 14% (2030) and 24% (2040) of the needed savings (Figure 15) to close the emissions gap for meeting the climate targets in 2030 (i.e. -40% ESR target) and 2040 (i.e. -86%).<sup>61</sup>



The Effort Sharing Regulation (ESR) target for the EU economy as a whole is a 40% reduction in emissions in 2030 compared to 2005. The European Commission's impact assessment for the 2040 target mentions an emission reduction of 86% for road transport in 2040. In both 2030 and 2040, we assume that all sectors contribute equally to the effort to meet the climate targets. Savings from zero-emission fleet targets refer to ZE purchase targets for fleets above 100 vehicles including leasing for cars, and above 10 vehicles for vans and trucks; and preliminary modelling of ZE stock targets for large truck fleets.  
**Source:** T&E modelling and T&E's car decarbonisation roadmap (April 2024)

Figure 15. Total CO<sub>2</sub> savings with ZEV purchase targets for large fleets

<sup>61</sup> 2040 are based on preliminary modelling of the impacts of ZEV stock targets for large truck fleets.

## 5. Policy recommendations

The public consultation is an important first step. However, in order to fully untap the electrification potential of large fleets, the next European Commission has to take action. This means, **as part of its Political Guidelines for the next term, commit to presenting a Corporate Fleets Regulation within the first 100 days of the new mandate.**

As part of this Regulation, the Commission should propose the following:

- For cars and vans: **set 100% binding ZEV purchase targets by 2030 for large car fleets (as of 100 vehicles incl. leasing companies) and large van fleets.** These should be combined with a 100% zero-emission vehicle fleet target by 2035 in order to ensure that fleets do not delay their renewal. Under the Climate Group's *EV100* umbrella, companies such as IKEA and Unilever have already embraced this by committing to a 100% ZEV fleet stock target for cars and vans (2030).<sup>62</sup>
- For trucks and coaches: set **binding stock targets requiring big truck and coach fleets to largely replace their fleets with zero-emission vehicles by 2040** (e.g. 90% ZEV stock target). California already does this, with its fleet law requiring regulated fleets to gradually reach a 100% ZEV fleet at the latest by 2042.<sup>63</sup> Ambitious companies under the *EV100+* umbrella have also committed to transition both their new trucks and stock to 100% ZEVs by 2040.<sup>64</sup> To help companies achieve this stock target, and to ensure a continuous and gradual ZEV uptake, an intermediate deadline should be set in 2035, from which date onwards all new purchases already need to be 100%. Fleets should be given the option to choose a more flexible option that allows them to phase-in an increasing share of ZEVs at the pace that works best for their specific operations, while still committing to a plan that guarantees achievement of the 2040 stock target.
- **Extend the scope to big shippers and freight forwarders:** for van and truck fleets, a dual target should be set covering not only large fleets but also big shippers and freight forwarders (with a turnover above €50 million). Such a broader definition ensures that shippers and freight forwarders, who often rely mostly on subcontractors to move their goods rather than owning many (or any) vans or trucks themselves, are responsible to help their carriers' transition.
- Introduce a **made-in-EU-clause** requiring member states to exclude non-EU made ZEVs from corporate tax breaks and other incentives for zero-emission corporate vehicles (as done in NZIA). This should kick-in when a specific non-EU country accounts for a certain percentage of EU sales, and provided that the price difference is not more than a certain threshold.

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<sup>62</sup> The Climate Group (2024). Making electric transport the new normal by 2030. Link.

<sup>63</sup> CARB (2023). Advanced Clean Fleets Regulation Summary. Link.

<sup>64</sup> The Climate Group (2024). Creating a market for medium and heavy-duty zero-emission vehicles. Link.

**This regulation can be proposed as a replacement of the Clean Vehicles Directive (CVD) of which - with the latest CO<sub>2</sub> standards for light and heavy-duty vehicles - the targets have become obsolete.** When doing so, the vehicle categories that fall under the current CVD should be integrated in this Fleet Regulation and their targets should be reviewed. This means: only zero-emission vehicles and increase targets so that they are substantially ahead of the CO<sub>2</sub> emissions standards for vehicle makers.

Finally, whilst providing harmonised targets at the EU level, the Corporate Fleets Regulation should also allow Member States the possibility to adopt more ambitious policies.

## Further information

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