

WEC Action Forum: Brief Business discussions among WEC members on a hot topic
Session #3: “Electrifying Corporate Fleets”
March 27th, 2023 - Summary

WHAT:

With electrification being taken as the most efficient way to decarbonize light and medium-duty vehicles, companies have started to implement strategies for their fleets. While this is possible in certain developed regions, some others, lacking the infrastructure, will stay with the combustion engine for longer or may use alternative technology. This WEC Action Forum’s discussion served WEC members wanting to electrify their fleets to learn from peers who operate in different jurisdictions and under various levels of infrastructure maturities. The event brought together industry leaders to share insights and best practices on how their companies electrify their corporate fleets on the ground.

WEC’s Action Forum served as platform for nineteen participants from WEC’s member companies to share insights and best practices on how their companies electrify corporate fleets on the ground.

SPEAKERS & MODERATOR

- **Lars Murawski** – Vice President, EHS & Sustainability, **Boehringer-Ingelheim**
- **Mitch Jackson**, Chief Sustainability Officer, **FedEx Corporation**
- **Moderator: Glenn Prickett**, President & CEO, **World Environment Center (WEC)**

KEY INSIGHTS AND MAJOR POINTS OF DISCUSSION:

1. **Corporate fleets are a major source of GHG-emissions in global companies.** Electrifying their fleets is a good opportunity for companies since the technology is available and has turned into mass production, and since the operating cost is low. Although the infrastructure is still under development and not satisfying in many regions, it is continuously expanded with government support. Thus, electrifying fleets is now a strategy with very low risk in many countries.
2. **A common approach in the various countries is rather difficult.** That is because companies have often set contracts with different vehicle manufacturers in the various countries, individuals who drive cars have brand preferences, and most importantly, the infrastructure varies between countries and within countries.
3. **Some global companies, operating tens of thousands of vehicles, have set up strategies to radically renew their fleets with EV’s.:** one company mentioned that by 2025 50% of acquisitions of own medium-duty delivery vehicles will be electric, which will make the entire fleet carbon neutral by 2040. Another company plans that by 2030 almost half of all cars used for sales/customer services or as benefit cars will be fully battery electric. This takes into account that some regions, e.g. Eastern Europe, the Midwest U.S. and many countries outside the U.S. and Europe are currently not suitable for a reliable use of EVs. If they develop their infrastructures more quickly than anticipated, a larger share of the global fleet can undergo that transition.
4. **One way that companies mandate the transition of their employees towards driving electric vehicles** is to deny the permission of any use of a combustion engine in certain regions and instead offer the use of either an EV or a free use of any public transport system for the employee. Bonus-malus systems, in which the employee pays cash for CO₂-emissions beyond a threshold (that can be offset) is another option.
5. **Replacing the light and medium duty vehicles first (and focusing on heavier vehicles later) is the most practical approach** not only for their current availability, but also because they are produced entirely within single automotive conglomerates. These can be faster with delivery and with latest technology compared to heavy-duty vehicles, where innovation cycles are longer and where modular manufacturing depends on parts from several suppliers. Other aspects also speak against electric heavy-duty vehicles, especially the large size of batteries needed to cover large distances and the environmental footprint of these batteries.
6. **The environmental footprint of producing the batteries can’t be ignored.** Questions remain about batteries’ environmental footprint, especially regarding the mining of critical minerals. Many participants are optimistic that technological progress will help, and that sourcing will become more sustainable. Still, companies must carefully examine the complete, lifecycle, environmental and social impacts of electric vehicles and their components, especially batteries and the energy sources of charging infrastructure.