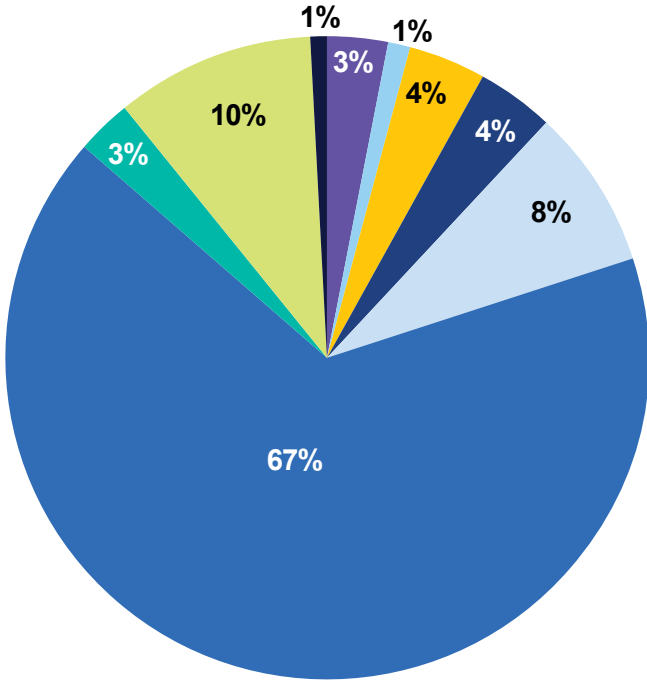




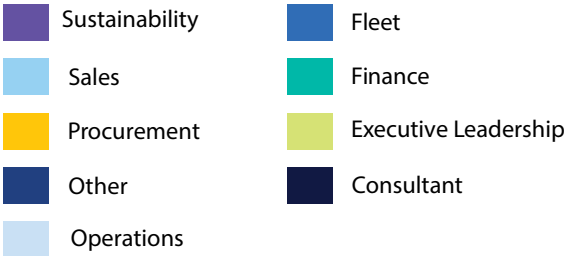
# 2023 Environmental Sustainability Benchmark

Our third annual Sustainability Benchmark Report offers a unique perspective on the evolving sustainability expectations and priorities within fleet management. Ninety-four of our clients participated in our survey representing a range of industries, fleet sizes and functional roles. Our report reveals insights from our rich customer base covering everything from sustainability stages, tactics and motivations to public and private charging, reimbursement, stakeholder makeup and vehicle choice.

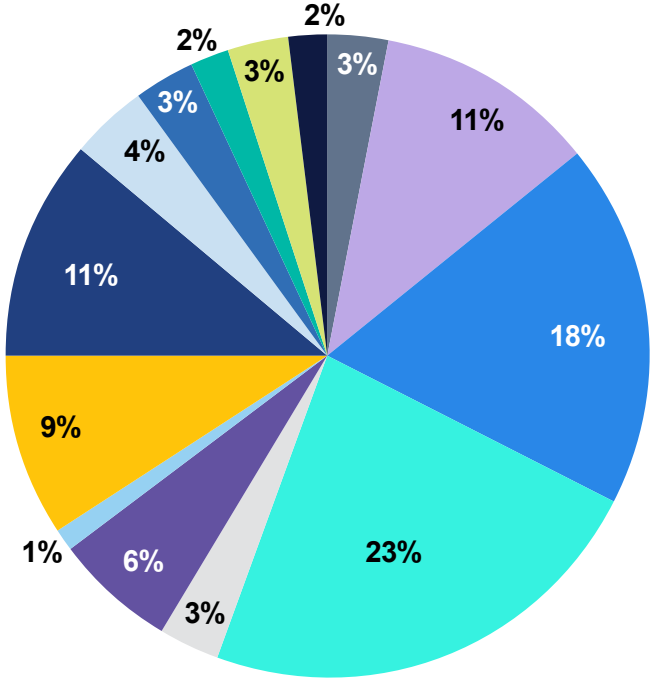
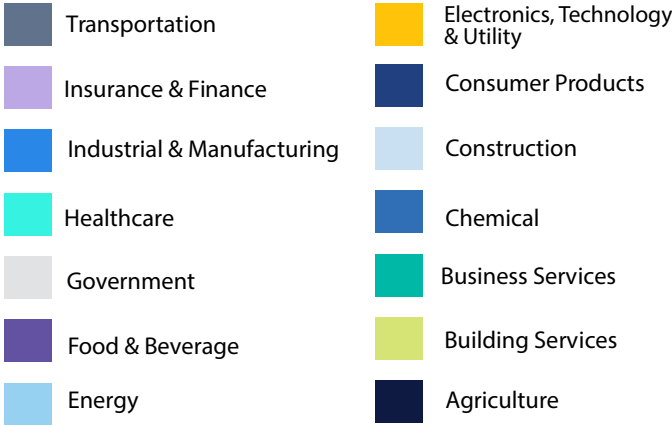
# Survey Demographics



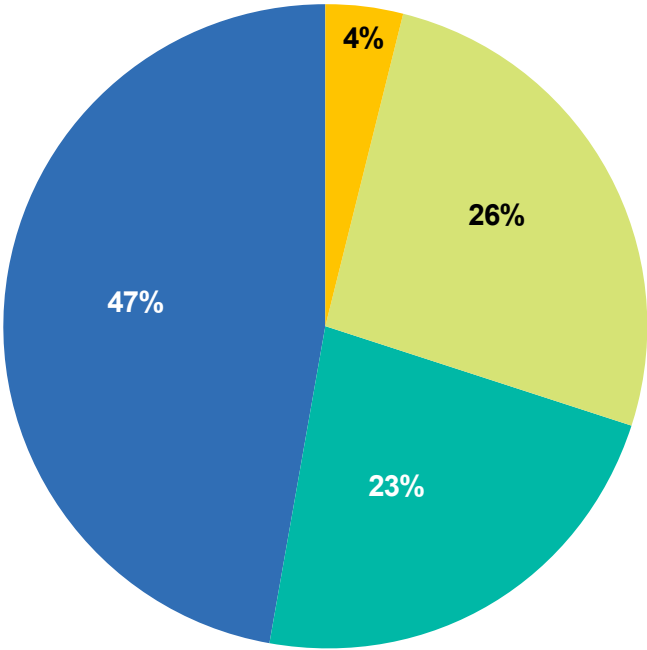
## Function



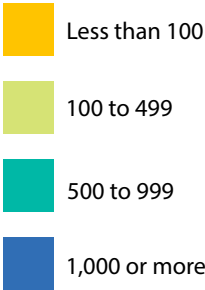
## Industry



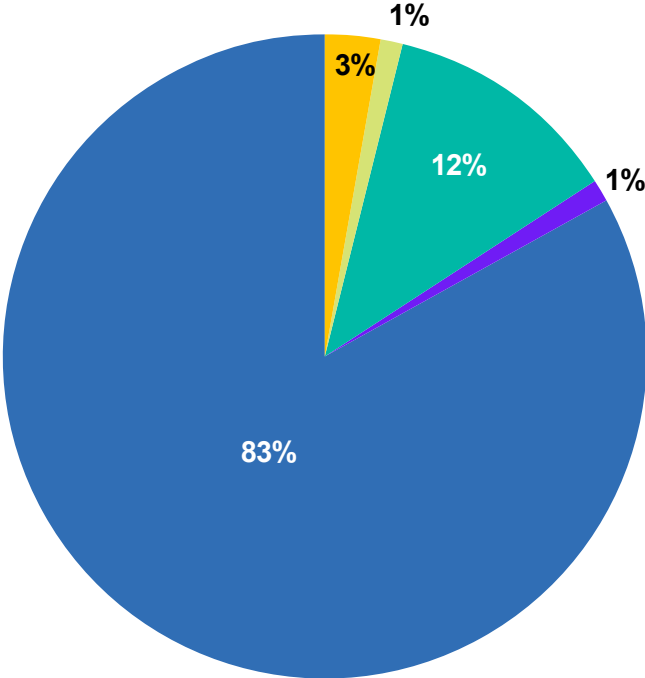
# Survey Demographics



## Fleet Size



## Location



# Sustainability Goals for Fleets

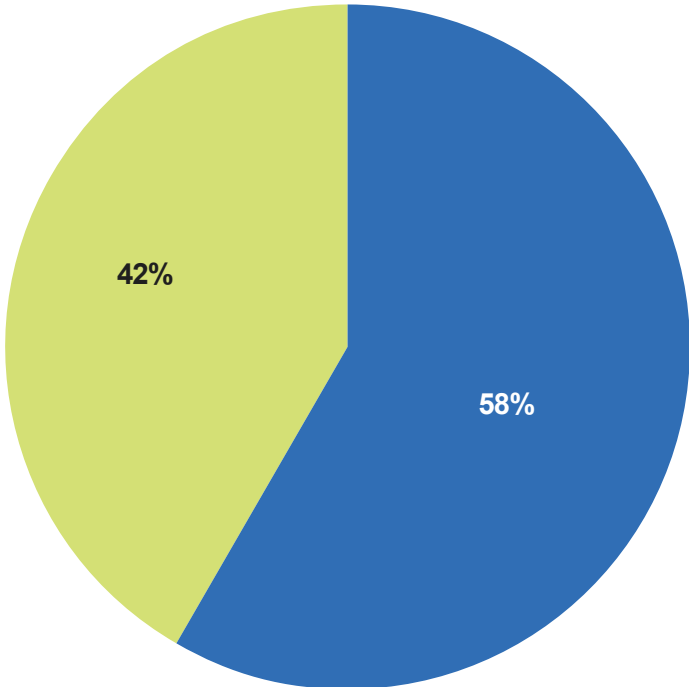
We asked our respondents whether they have a sustainability-related goal for their fleets and if so, what they are.

**58%** of our clients are marching towards a sustainability goal. And of those respondents,

**29%** are also responsible for lowering emissions on a reimbursed vehicle fleet as well. If you also manage a reimbursed fleet, or must lower emissions for those drivers, expect some additional effort to tackle that data.

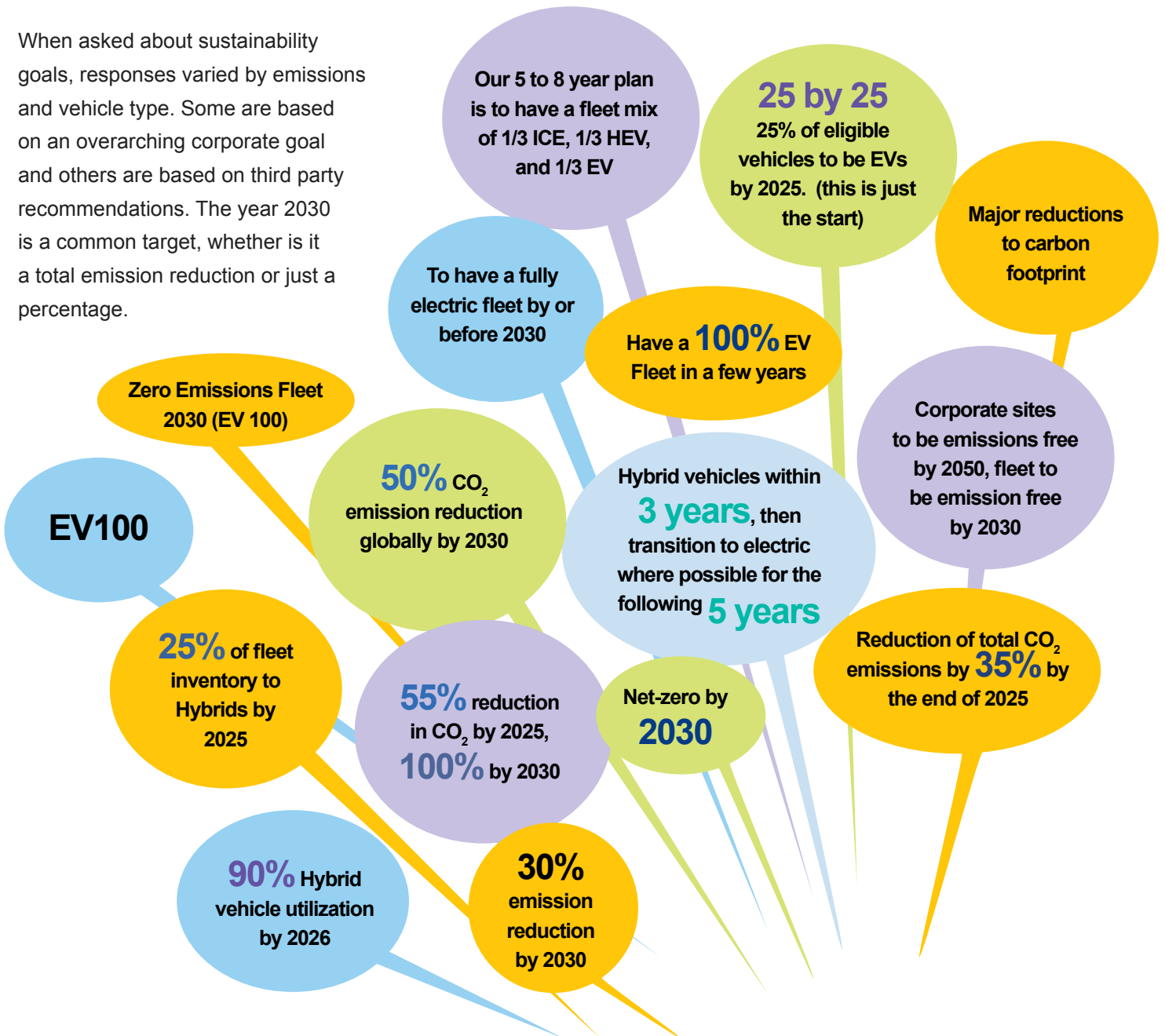
Do you have a sustainability-related goal for your fleet?

- Yes
- No



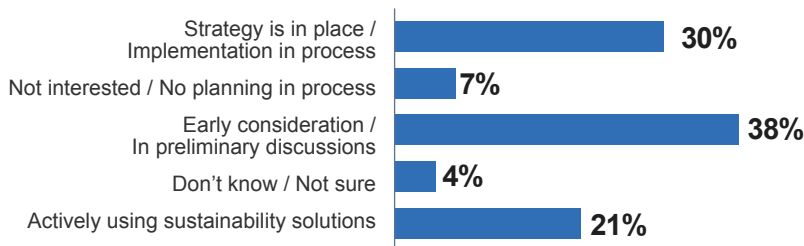
# Sustainability Goals for Fleets

When asked about sustainability goals, responses varied by emissions and vehicle type. Some are based on an overarching corporate goal and others are based on third party recommendations. The year 2030 is a common target, whether is it a total emission reduction or just a percentage.



# Eighty-nine percent of fleets are working towards a more sustainable future

## Stages of Sustainability Strategy



It is encouraging and exciting to see a significant shift over the past three years. In both 2021 and 2022, the percentage of fleets actively using sustainability solutions was 14% and 15% respectively. However, this year, we saw a healthy jump to 21%.

The shift is also significant for fleets in the process of implementing sustainability solutions. In 2021 and 2022, we saw the percentages at 24% and 25%. But this year, it jumped to 30%. We believe the increasing number of fleets at the latter stages of developing sustainability solutions depicts how seriously businesses are taking their impact on the environment.

## How is sustainable business better business?

**56%** of employees are more inclined to stay with a company if they have a strong sustainability record – meaning sustainability has implications for keeping your best people.

(GetSmarter)

**89%** of companies with a strong environmental record outperform the market.

(Deutsche Bank)

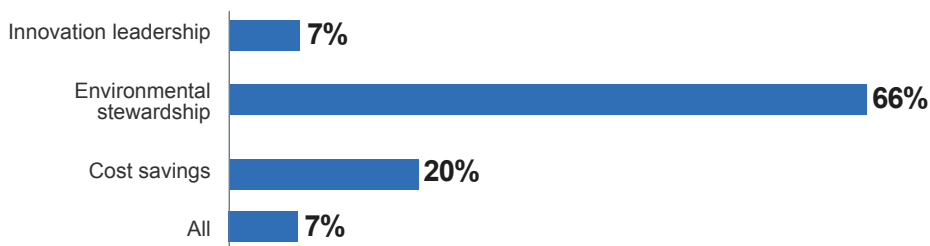
**90%** of studies on Environmental, Social and Governance factors (ESG) show that brands with higher ESG scores have a lower cost of capital.

(Harvard Business Review)

# Environmental stewardship continues to be the top motivator but cost savings is of increasing concern



## Sustainability Motivations 2023



Over the past three years, we have noticed an interesting shift in corporate motivation to improve sustainability. While innovation leadership has remained unchanged for the most part, environmental stewardship decreased from 83% in 2021 to 77% in 2022 and again this year to 66%. At the same time, cost savings as a motivation has increased from 7% in 2021 to 15% in 2022 and now 20% for 2023. In today’s inflationary environment, it is not surprising that more and more companies are focused on cost savings.

EV options - while offering cost savings – can definitely have higher acquisition costs as well as other upfront costs because of the required infrastructure. However, we estimate conservatively that fleets can expect a 30% reduction in maintenance costs and a 50% reduction in fuel costs. So, while long term, absolutely, sustainable solutions will be more cost-effective, that’s not always the case upfront and different strategies will have different short and long term financial impacts.

### Deloitte on why companies’ finance organizations should institute a sustainability command center

“Organizations shouldn’t incorporate sustainability just to meet reporting requirements or public expectations, although those are important. Driving sustainability is the right thing to do, both for business and the world. And if sustainability measures can be a catalyst for better, more efficient, more profitable, and more equitable organization, then that can be good for everyone. A sustainability command center can offer a real opportunity for finance to lead the way in sustainability; by building sustainable, cross-functional practices on the inside, finance may be able to help achieve more than what they ever thought possible.”

# Although electric vehicles are a top choice, modifying driver behavior is a viable option

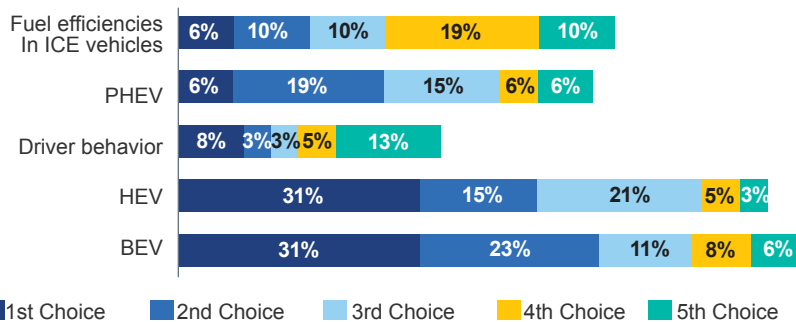


We asked our respondents to review some of the most common sustainability tactics and select any they are using or considering. We then asked them to rank those same tactics. Since 2021, BEVs, Hybrids and PHEVs have been the top choices.

In this year’s results, telematics and driver behavior re-emerge as preferred options. So for companies unable to make the switch to electric vehicles, using telematics data to optimize routes and monitor and modify driver behavior is an impactful alternative.

It is also worth noting that telematics is an excellent tool to inform electrification strategy by helping determine which ICE vehicles in your fleet are suitable to be replaced with EVs via utilization and duration data.

## Tactics Deep dive



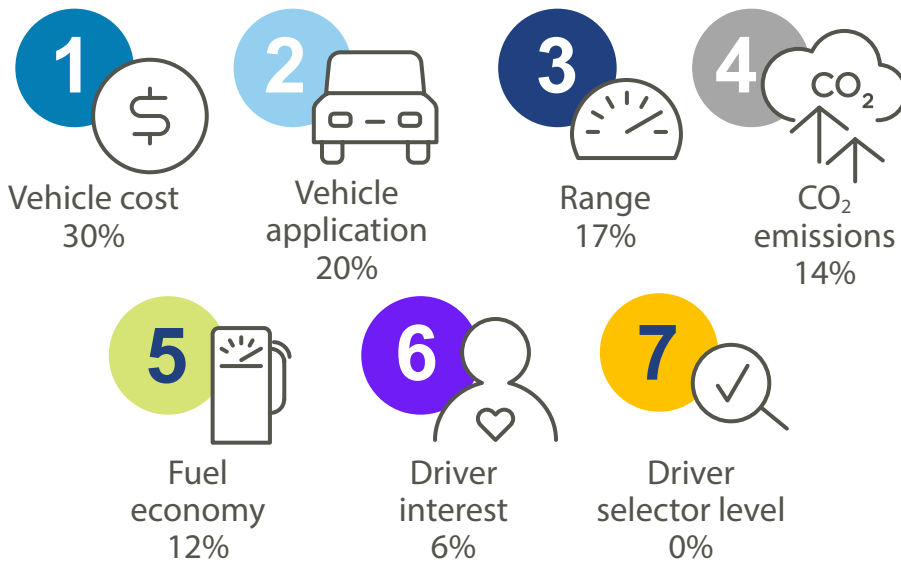
According to Acumen Research and Consulting, “The vehicle telematics market has seen substantial growth and is likely to continue on its upward trend.”

## Automotive Telematics Market Statistics

- The global automotive telematics market revenue is projected to reach USD \$48.6 Billion in 2022, with a CAGR of 17.3% from 2023 to 2032
- The North America region is expected to witness substantial growth, with a CAGR of over 18% between 2023 and 2032
- OEM was the dominant channel type in 2022, representing more than 60% of the market
- Embedded connectivity contributed USD \$28.6 billion to the market in 2022



# Cost is a driving factor when selecting vehicles



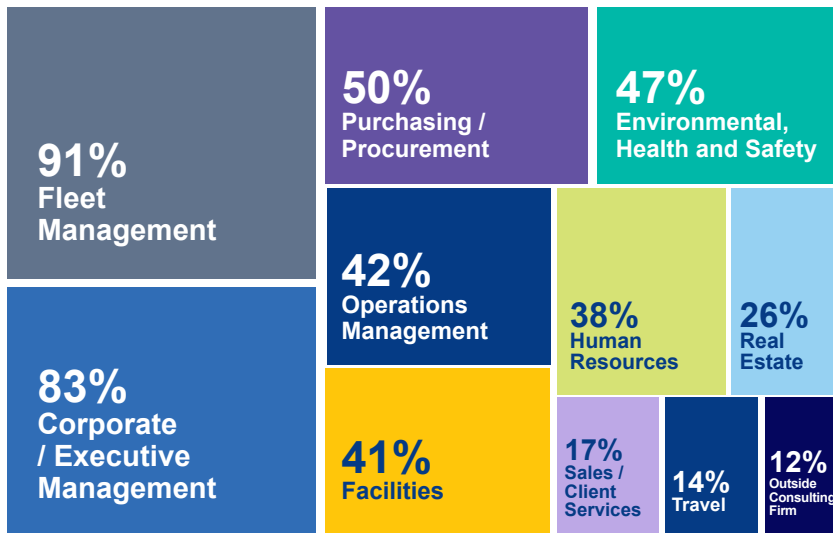
We asked our respondents to rank the criteria they use when they are choosing a sustainable vehicle. Over the past three years these categories have remained nearly even. However, it is very interesting to note one shift from 2022 to 2023. At the same time cost becomes much more important coming in at 30%, CO<sub>2</sub> emissions has declined in importance. We mentioned the inflationary economic environment when we were looking at sustainability goals and it is also a sound assumption that rising costs all around are impacting companies' vehicle selection decisions.

## The EV vs ICE Cost Conundrum

The cost of battery electric vehicles (BEV) versus internal combustion engine (ICE) vehicles is a complex interplay of short-term and long-term factors.

In the short term, BEVs can cost more than their ICE counterparts, although this gap is steadily narrowing with advancements in battery technology and economies of scale. Government incentives in many regions also help offset these initial costs. EVs offer significant cost advantages over the long term. Electricity, as a fuel source, is generally cheaper than gasoline or diesel, and EVs benefit from fewer moving parts, which can result in reduced maintenance costs. With long-term operational and regulatory factors, the total cost of ownership can tilt in favor of EVs for many fleets.

# Stakeholder support is key for successful change management



Fleet electrification represents a significant change in operations. Resistance to change can be one of the largest barriers to the success of any initiative. When stakeholders understand and support the change, the transition becomes smoother. Since 2021, we have seen consistent responses with stakeholders who play the most significant roles being fleet management, human resources, environment, health and safety as well as procurement, operations and real estate.

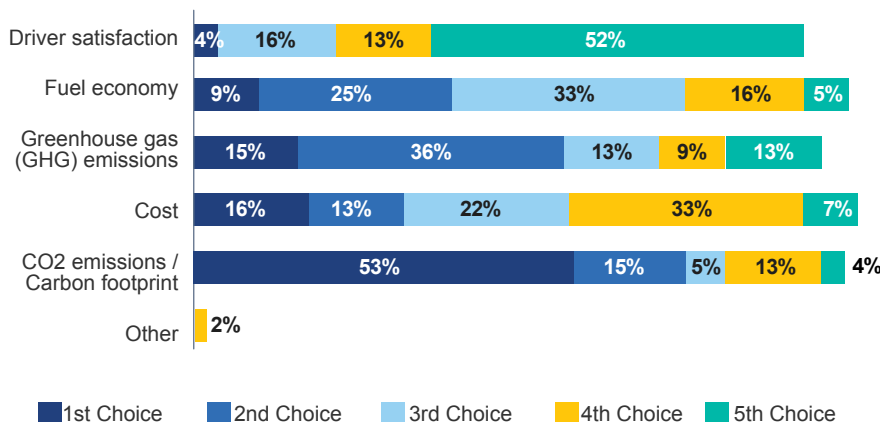
For an initiative as transformative as fleet electrification, short-term success is just the start. Stakeholder buy-in ensures continued support, helping the organization adapt, grow, and reap benefits over the long term. When employees and other internal stakeholders see that an initiative has widespread support, it can boost morale, foster a culture of innovation, and further align the team with the company's broader sustainability goals.

## Don't Miss the Wheels EV Stakeholder Guide

Our guide offers insights and strategies for collaborating with various stakeholders crucial to the electrification journey, ensuring successful adoption of BEVs while meeting sustainability goals. It explores the motivations, challenges, and engagement tactics for different stakeholder groups, emphasizing effective communication and alignment for successful fleet electrification.

# CO<sub>2</sub> and greenhouse gas emissions are top metrics companies share with stakeholders

## Information Required to Report Out



We asked respondents to select and rank the sustainability data they are expected to share or report out on. The data remained fairly consistent between 2021 and 2022. However, this year we see a real shift towards CO<sub>2</sub> emissions and an added choice – greenhouse gas emissions. Sixty-eight percent of respondents rank these two metrics as most important. Interestingly, cost, fuel economy and driver satisfaction saw significant dips.

These trends point towards the fact that there’s growing societal and consumer awareness about the impacts of climate change, leading to increased demand for corporate transparency and accountability. Shareholders and investors are increasingly viewing environmental responsibility as indicative of a company’s long-term viability, making such disclosures an important component of investor relations.

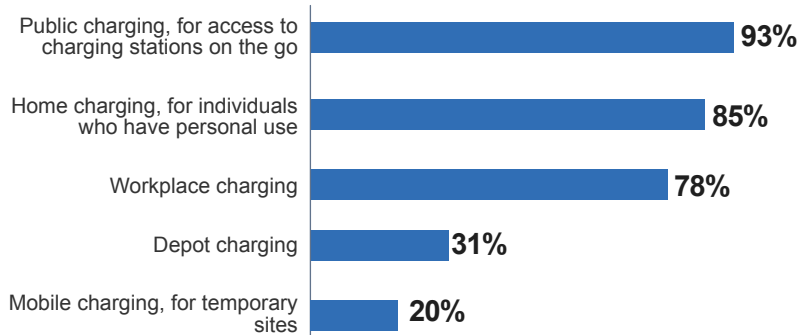
## The Securities and Exchange Commission’s Proposed Rule Changes

In March of 2022, the Securities and Exchange Commission proposed rule changes, “that would require registrants to include certain climate-related disclosures in their registration statements and periodic reports, including information about climate-related risks that are reasonably likely to have a material impact on their business...The required information about climate-related risks also would include disclosure of a registrant’s greenhouse gas emissions, which have become a commonly used metric to assess a registrant’s exposure to such risks.”

The SEC’s latest timeline calls for finalization in October of 2023.

# Home, public and workplace charging all key ingredients for a successful solution

## Types of Charging Solutions Anticipated?



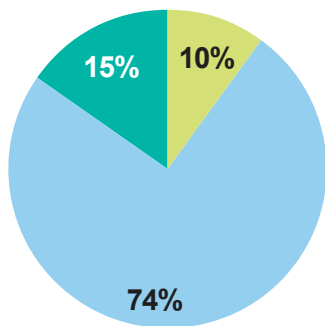
We introduced this question in 2022 wanting to understand the types of charging solutions respondents might need for their fleets. The response data remains consistent: the key ingredients for keeping electrified fleets productive are home, public and workplace charging solutions. All three of these solutions ranked slightly higher this year with workplace charging increasing from 68% to 78% reflecting employers' increasing commitment to supporting EV drivers.

## Prioritizing Fleets in the Journey Towards Electrification

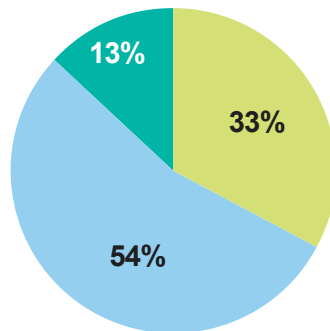
The Ceres Corporate Electric Vehicle Alliance, a nonprofit organization composed of 31 top fleet operators and other businesses, in 2022 joined the NAFA Fleet Management Association to urge the Federal Highway Administration (FHA) to prioritize fleets and their specific EV charging needs. Because Alliance members intend to purchase over 330,000 zero emission vehicles (ZEVs) during the next five years for the U.S. market, they emphasized the need for, "strategically placed, cost-effective, and interoperable public EV charging infrastructure".

# More and more fleets are covering the cost of at-home charging

Home Charger

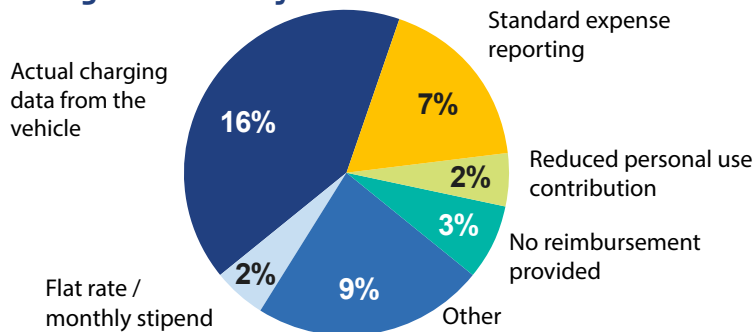


Home Charger Installation



■ Yes, Full   
 ■ Yes, Partially   
 ■ No

Reimbursing for Electricity



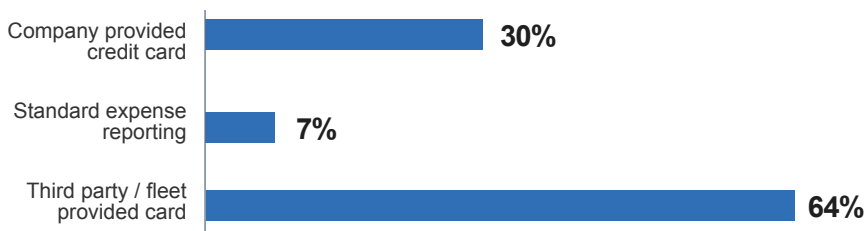
## At-Home Charging Best Practices

At-home charging is one of the most affordable and convenient ways to charge an EV. You will be able to satisfy the majority of your charging needs by ensuring your vehicle has a full charge before hitting the road. Regardless of whether you have a Level 1 or Level 2 charger, a BEV or PHEV, we provide you with some of the best practices to follow in our [‘Electric Vehicles 101: Home Charging for the Electric Vehicle \(EV\) Operator.’](#)

When we look at a year over year comparison from 2022 to 2023, we see both an increase in companies covering the cost both partially and in full for the home charger as well as home charger installation. It is clear companies are recognizing their employees’ need support to make the switch to electric vehicles.

# Public charging solutions

## Payment Solutions for Public Charging



A third party fleet provided card is gaining popularity year over year. Between 2021 and 2022, its ranking doubled and this year it is up even more. This increase is not surprising given the progression companies are making in their electrification journeys. After all, most companies provide their fleet drivers with third party fuel cards for their ICE vehicles. It makes sense that BEV drivers have comparable benefits.

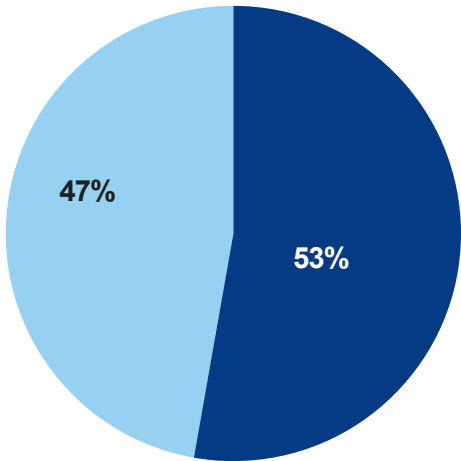
Using charging data is emerging as a best practice and employees are going to expect support of their organization in the electrification process. Asking employees to supply their own charger, or pay for installation themselves, will not be looked upon favorably.

## Federal Support for Public Charging

According to a report entitled, “The 2030 National Charging Network: Estimating U.S. Light-Duty Demand for Electric Vehicle Charging Infrastructure” by the National Renewable Energy Laboratory (NREL), “Significant investments are being made in U.S. charging infrastructure for PEVs. At the forefront of these investments is the federal government’s commitment to invest up to \$7.5 billion into publicly accessible PEV charging infrastructure through the Bipartisan Infrastructure Law.’

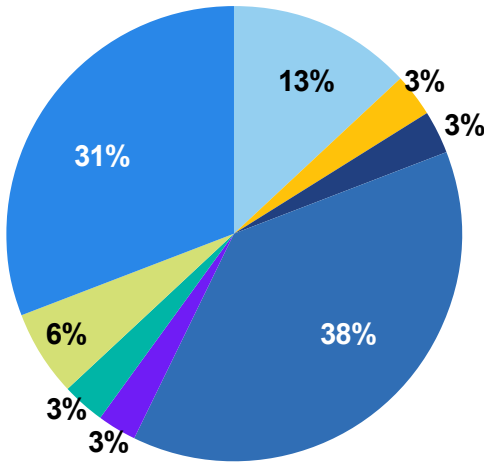
# Facilities and Real Estate are the top departments involved in at work charging solutions

Team or Business Unit Exploring Adding Charging to Your Facilities?



No Yes

Team or Business Unit

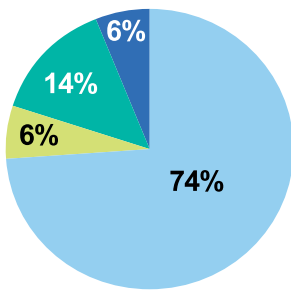


Sustainability Operations Fleet Facilities & Fleet  
 Procurement Multiple BU's Facilities & Procurement Facilities

In 2022, we asked our respondents if they have a team in place to add charging stations to their workplaces and more than half said 'yes'. This year the data has remained constant with a slight uptick in the number of companies responding in the affirmative from 53% to 47%. We also wanted to know what parts of their businesses are involved in the process. Again, the data is very consistent this year. The two departments most involved in these decisions are facilities and real estate; however, it is also clear that input from many parts of an organization is required to see workplace charging projects to completion.

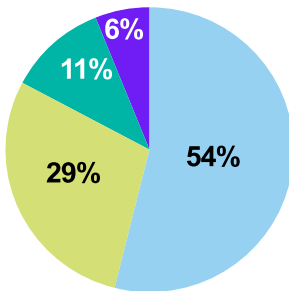
# Depot Charging

Vehicles to charge at single location



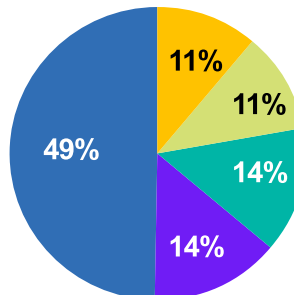
- 1 - 10
- 11 - 25
- 26 - 50
- 50+

How many locations to electrify?



- 1 - 10
- 11 - 50
- 51 - 100
- 100+

Lease or Own at Charging Locations?



- Own
- Other
- Lease whole site
- Lease shared site
- Both Lease & Own

Of those who have a need for depot charging, the vast majority have less than ten vehicles at a given site. When planning for depot installations, you'll want to consider the future total EVs at a site so you can plan for needed power now, even if it may be a few years before all vehicles are electrified.

Almost 50% percent of clients own and 36% lease or lease in some capacity whether it is leasing a shared site or leasing and owning. If you haven't yet, we strongly recommend engaging with your real estate and facilities groups to align early in the process on what the fleet will need as we move forward with electrification.

## Thinking Ahead is Key

We recommend early forward planning to allow for approvals and lead times. Utilities tell customers to consult with them "early and often" when planning depot sites to make sure there is sufficient power available for their needs. The site may be impacted by other companies in proximity who are also electrifying their fleet.

Understand your infrastructure and charging requirements and have a plan for sufficient power and chargers before ordering vehicles. If you need more power from a utility, the process can take up to 18 – 24 months or more in some cases. Other equipment such as transformers, panel boards and electrical switch gear also have extended lead times.

Operationally you should think about whether you have enough space on site for parking, loading and moving vehicles and trailers around which may dictate whereabouts you can put the chargers, and this could impact the cost of the project if the chargers need to be located further away from the source of power.



# Conclusion

The broad-brush results of our third annual sustainability benchmark report reflect the year-by-year progression and evolution of electrification in the fleet management space. Our clients are showing they are further into the stages of planning and execution of their sustainability plans. They are also more concerned with cost than ever before. Fortunately, sustainability and cost controls can be achieved at the same time. We predict the focus for now and some time to come will be on accomplishing both goals in tandem.



## Electric Vehicle Resources

EVs may take a little getting used to, both for the company providing them and for the people driving them. Our EV Resource Center has a number of resources to help ensure you have the information needed to make informed discussions including:

- EV Stakeholder Guide
- Driver Resources
- EV Readiness Index
- Policy Considerations
- Key Terms and Definitions
- Range and Charging Detail

Ready to embark on a new fleet sustainability initiative?

Please reach out to a member of your Wheels Account Team or email [info@wheels.com](mailto:info@wheels.com).