TRANSPORT & ENVIRONMENT

T&E 2023 ANNUAL REPORT

At times it felt like the story of 2023 was an endless tale of climate backlash and green fatigue. The battle over London's ultra low emissions zone (ULEZ) became part of the UK's culture war, a coalition of EU politicians sought to derail the phase-out of fossil cars, and the heat pump 'debacle' almost brought down the German government. Meanwhile, right-wing parties are on the march across Europe. The real story, though, is one of remarkable resilience and optimism.

The year started with the German government's minor coalition partner, the libertarian Free Democrats (the FDP), launching an attack on the EU's 2022 agreement to phase out combustion cars. T&E swung into action in Brussels and its national offices to protect the deal. For a moment it seemed as if the support for 100% electric vehicles in 2035 would unravel. It didn't.

EU lawmakers also supported the world's most ambitious truck CO2 standards, voted on a nature restoration law and completely overhauled the EU's economic and industrial policies to support the bloc's decarbonisation goals. The EU also announced the world's most ambitious fuels laws for aviation and shipping, which means for the first time ever these sectors will have to invest in a minimum volume of green fuels.

As oil and gas companies continue to push fake solutions like LNG and dodgy biofuels, T&E was holding the line. Last year also saw the launch of our leasing campaign, where T&E shone a light on these unknown giants of the auto world, to push them to move faster on electrification. Our campaigning against greenwashing reached an all time high in 2023, as T&E continued to call out EU lawmakers for including polluting sectors such as aviation and shipping in the EU taxonomy, its trademark list of sustainable investments.

In 2023, T&E continued the pivot towards its national offices, and strengthened its ties with its members in the EU and the UK. Decarbonising our transport system and resisting backlash needs to be fought on the national level as much as the EU level, and it will only happen through those that understand the regulatory and societal background best. The technologies are there to green our transport system. What is key now is to show why the rapid transition benefits everyone.

Contents

Cars

T&E successfully fought off rearguard actions in the EU and the UK against the phase-out of polluting vehicles.

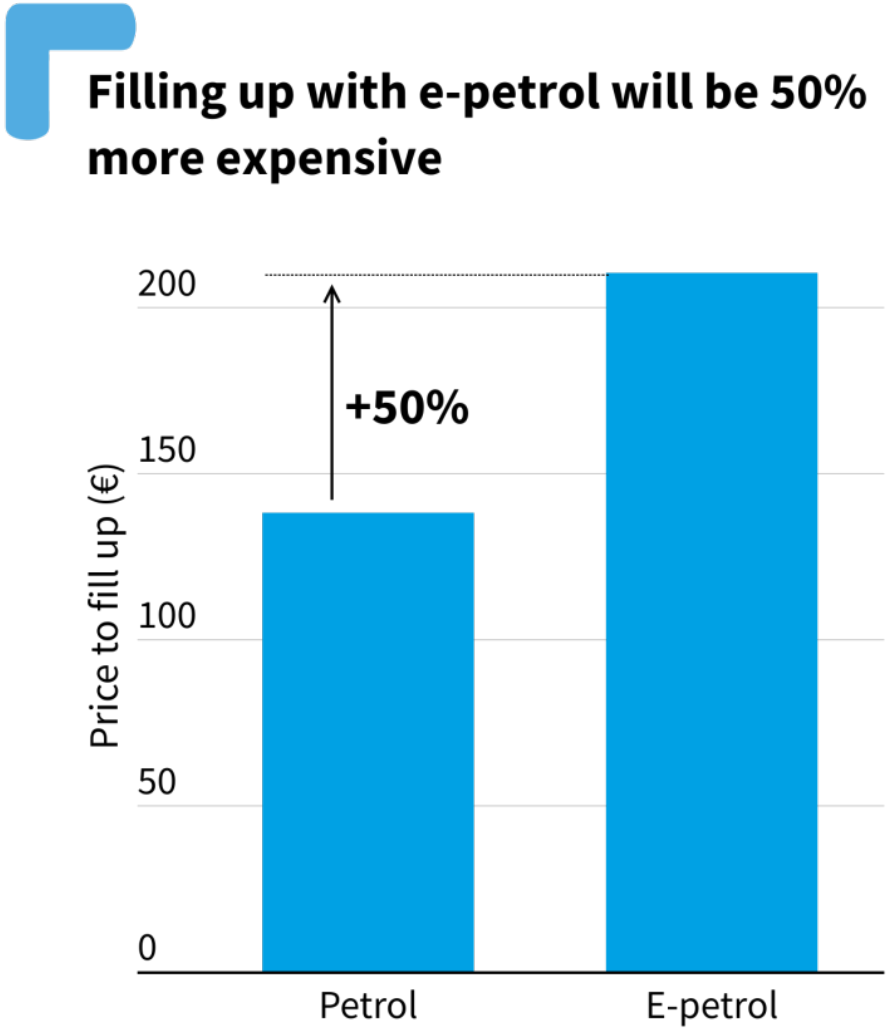
A deal is a deal

If T&E's cars work in 2023 was a film it would be The Empire Strikes Back. Still smarting from recent defeats, different factions of the automotive industry were determined to undo progress towards cleaning up their business. T&E was well prepared for the war of attrition that followed on three key laws.

Chief among them was Europe's law to phase out the sales of combustion engine cars by 2035. EU lawmakers reached a deal in March that the European Commission would make a proposal for registering "after 2035" vehicles running on "CO2 neutral fuels". Either Germany's liberal FDP party had not understood what its coalition government had signed up to, or it needed to make a political football of the issue to try and boost its flagging polling numbers. The Liberals triggered a mini-crisis in EU lawmaking by threatening that Germany would abstain and thereby block the final rubberstamping of the law.

T&E swung into action in Brussels, Berlin, and indeed in the other big capitals, to apply maximum pressure on progressive lawmakers to defend the combustion engine phase-out. As reporters scrambled to find out more about these synthetic fuels that had suddenly become a political story, T&E worked overtime to brief them on the scientific findings that e-fuels for cars would be massively inefficient, scarce and expensive. We produced new analysis that showed the FDP's support for e-fuels in new cars could leave the average German driver paying €210 to fill up their tank. The exorbitant cost would mean only wealthy drivers could afford synthetic fuel – while pushing some drivers who purchase combustion engines certified as running on e-fuels to circumvent the rules and buy fossil petrol instead.

The crisis ended with the Commission agreeing to make a proposal to allow cars running on climate neutral fuels to be registered within the Euro 6 vehicle type approval rules. Now, one year later, the exact criteria for climate neutral e-fuels still needs to be decided. (T&E is seeking to shape the debate on that too.) But as T&E noted at the time of the deal, e-fuels for cars remain an expensive and massively inefficient diversion from the transformation facing Europe's car industry.



"Dither and delay" tactics

While the saga over the EU's phase-out of combustion engines was coming to an end, the UK government was having second thoughts about its own pledge to ditch polluting cars. Under a previous Prime Minister in 2020, the UK had announced the end of the sale of new petrol and diesel cars by 2030. The target would be largely delivered though the proposed zero emission vehicle (ZEV) mandate, which was consulted on from 2021. But new prime minister Rishi Sunak seemed to be having second thoughts about the phase-out date and the ZEV mandate. T&E called out the "dither and delay" manoeuvres of the government last summer. We quantified the cost to the economy and the additional emissions of the possible watering down of the target. T&E also coordinated a public letter with other NGOs that scrutinised claims that the ZEV mandate would "bankrupt the British people". It highlighted that electric cars are cheaper to run than petrol and diesel vehicles, upfront costs are expected to fall significantly over the next three to four years, and most people buy their cars through the second-hand market so most will not be affected by a ban directly. While in the end the government delayed the deadline to 2035, it kept the annual ZEV sales targets that carmakers will have to meet.

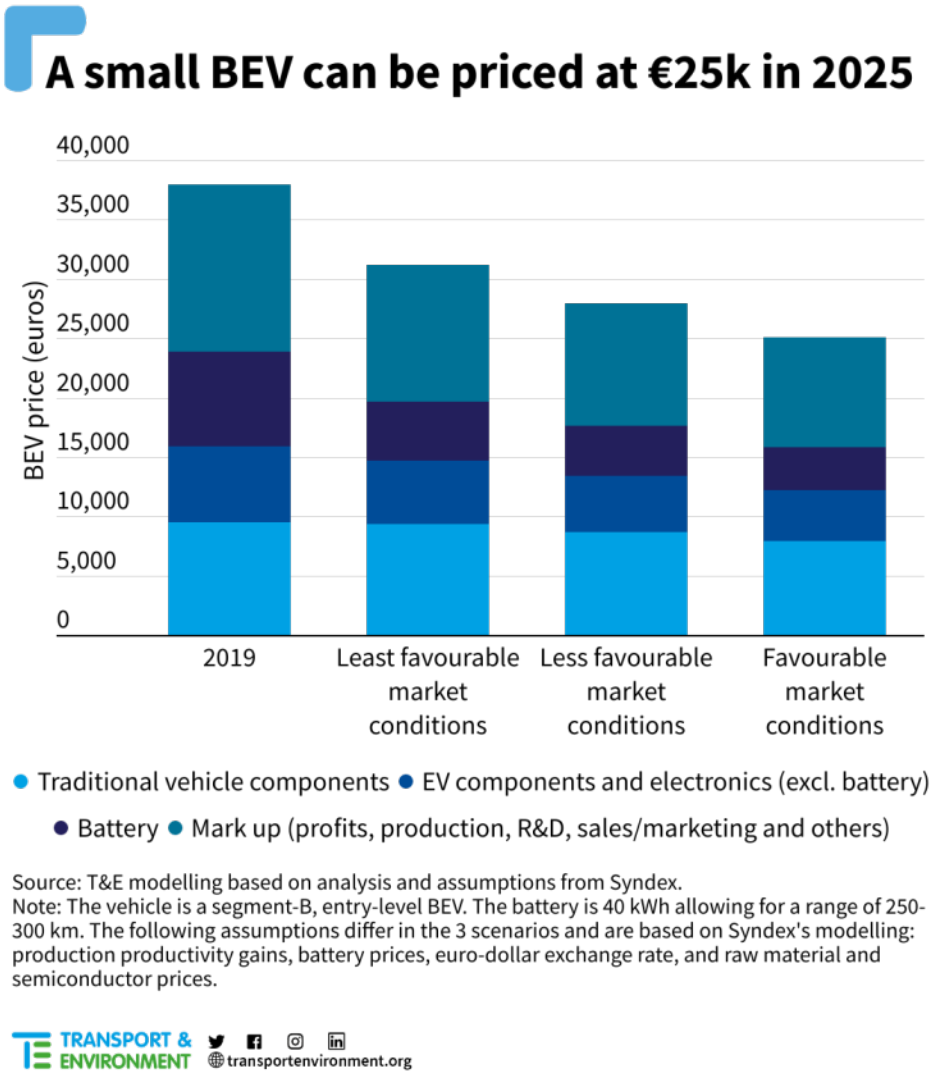
Euro 7: profits before public health

The third and most disgraceful episode was the complete watering down of plans to tighten EU air pollution limits for vehicles. T&E modelling showed that robust 'Euro 7' rules could reduce NO2 pollution from road transport by around 50% by 2035. Predictably, carmakers said tighter pollution limits would cost them too much to comply with, but a T&E analysis showed European car manufacturers were making record profits and paying out unprecedented amounts to CEOs and shareholders. Together, the big five OEMs had more than doubled their annual profits since 2019 to €64 billion. Another T&E report found the same companies had also been hiking the prices of small cars far above inflation – yet they claimed €200 'Euro 7' pollution fixes would make cars unaffordable.

Meanwhile an investigation by major European newspapers reported how the car industry had mounted a lobbying campaign based on misinformation. Emails and minutes revealed extensive lobbying – with inflated claims over costs and veiled threats to governments that investments could be diverted elsewhere. The aim was to weaken the original plans for Euro 7, which would have prevented 35,000 premature deaths. Ultimately the Commission proposed the emission limits recommended by industry, against the advice of its own experts. EU governments and the European Parliament weakened that even further and – just seven years after Dieselgate – agreed to leave limits on toxic NOx and the mass of particles emitted from new petrol cars untouched. But carmakers would not have the last word on air quality legislation: T&E teamed up with the Clean Cities Coalition and other NGOs to tighten limits under the Ambient Air Quality Directive. The groups won support for a proposal that would compel countries in breach of the limits to actually take action, such as setting up low and zero-emission zones.

Smaller, cheaper, better

But when not fighting the combustion engine industry, T&E had the opportunity to look at the car of the future. Compact EVs could be made in Europe for €25,000 while still being profitable, our research showed. The availability of smaller, more affordable electric cars could be a game changer for the mass adoption of EVs and will be crucial if European carmakers are to hold off the challenge of Chinese companies surging into Europe. YouGov polling for T&E found one-quarter of new car buyers already intended to buy an electric car in the next year. And when given the option of a small €25,000 electric car, the share of new car buyers willing to buy a battery electric model increased to 35%. This would equate to an additional 1 million EVs being sold in Europe annually, replacing combustion equivalents.



Source: T&E modelling based on analysis and assumptions from Syndex.
Note: The vehicle is a segment-B, entry-level BEV. The battery is 40 kWh allowing for a range of 250-300 km. The following assumptions differ in the 3 scenarios and are based on Syndex's modelling: production productivity gains, battery prices, euro-dollar exchange rate, and raw material and semiconductor prices.

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Social leasing

Smaller cars could also reduce demand for critical metals by almost a quarter, another report found. (This was just one of a suite of new research conducted by T&E's new Batteries and Supply Chains team. Read more about their busy year in the Batteries section.) Meanwhile, the importance of cheap, compact EVs was underscored by T&E's groundbreaking social leasing report in France. It found that between 2024 and 2030, around 900,000 low-income households could benefit from the French government's planned social leasing scheme, while paying just €70 to €200 per month, depending on the size of the vehicle. The study's policy recommendations proved hugely influential in shaping the terms of the eventual programme.

'Emptied Spain'

T&E Spain produced the most comprehensive assessment of the country's charging network to date. It found that while Spain is on track to meet its EU targets for EV charger, its less populated provinces are trailing behind. Half of the Spanish territory – the so-called "emptied Spain" – only has 15% of the chargers. It called on the government to follow the example of Germany and the Netherlands and develop a national plan for the deployment of charging infrastructure up until 2030.

Pulling the plug on PHEVs

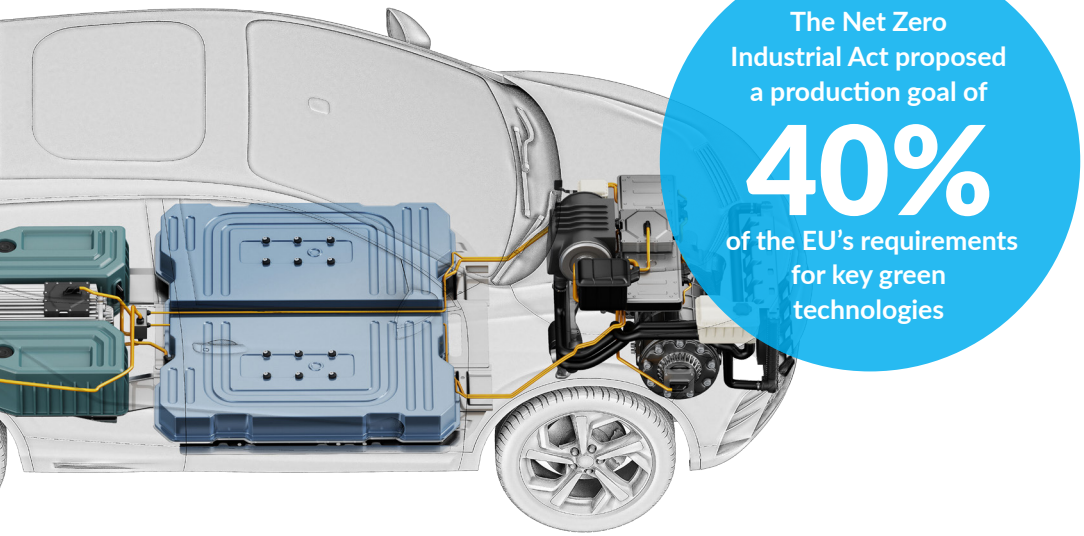
Finally, in 2023 T&E put to bed the idea that plug-in hybrid cars were cleaning up their act. Some in the car industry hoped to present the newest generation of PHEVs as a climate solution long after their predecessor vehicles had been discredited. But tests by T&E on new models indicated they pollute significantly more than claimed on city and commuter routes. It confirmed beyond doubt that lawmakers should base taxes for PHEVs on their actual pollution and stop subsidising their sale. Since the report's publication, the remaining European countries have stopped subsidising the purchase of new PHEVs.

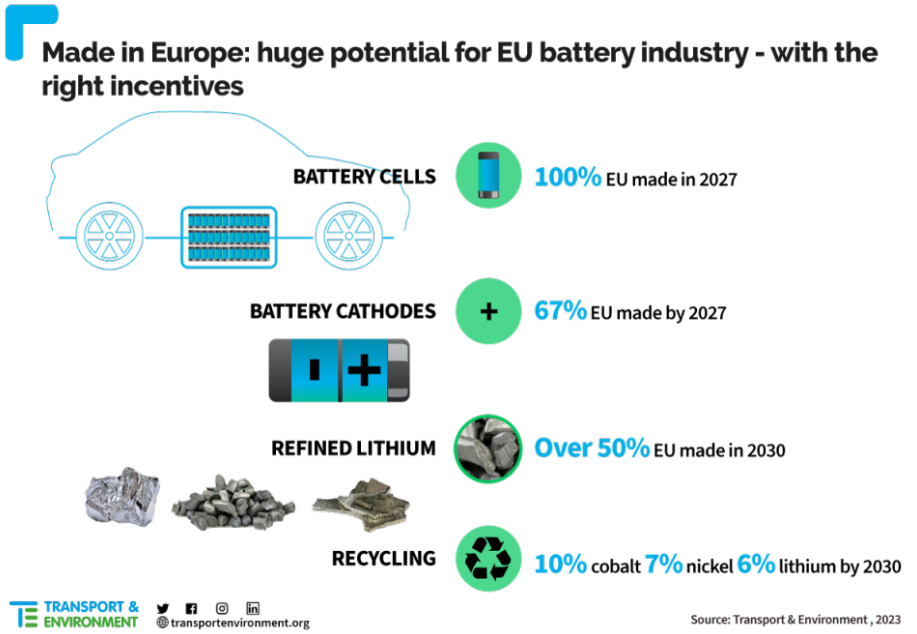
Batteries

T&E's new Batteries and Supply Chains team swung into action with research highlighting the need for industrial strategy, security of supplies, responsible sourcing, and efficiency.

In the race to catch up with China's EV supply chain, America's Inflation Reduction Act (IRA) finally jolted the United States and Europe into action. The Biden Administration set the pace in 2022 and Europe spent 2023 battling to keep up. T&E's new Batteries and Supply Chains team was formed to cajole Europe into action so that the continent would not remain dependent on other regions' supply chains while also ensuring a future for its manufacturing base. Another core objective is to ensure that Europe's soourcing of battery metals and its whole value chain are sustainable and responsible.

The first step was to dispel the myth that Europe would always rely on others: it could, in fact, end its reliance on China for lithium-ion battery cells by 2027. T&E analysis published in January showed the continent was on track to produce enough Li-ion cells to fully meet domestic demand for electric vehicles and energy storage – but it risked losing some promised investments in its EU supply chain unless it could counter the IRA subsidies. China's dominance of battery components and metals processing could also be cut. Though, again, production and refining projects slated for the EU were also being put in limbo as companies were being tempted by the US state aid.

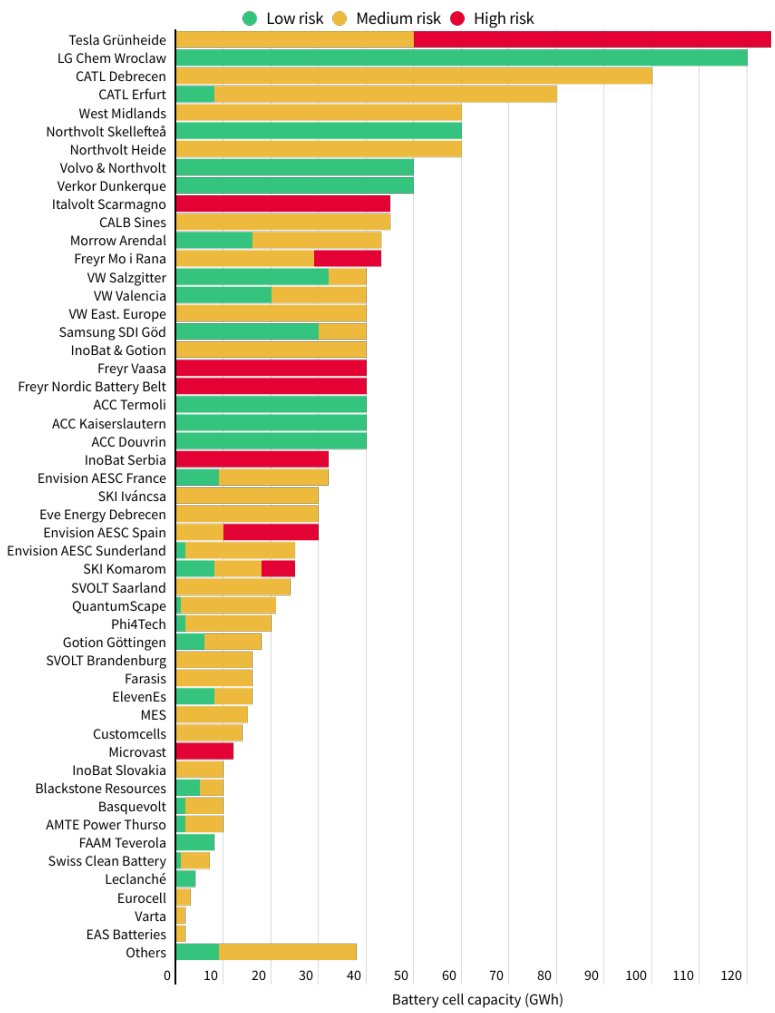




Investments at risk

T&E also produced the most comprehensive assessment of battery plants built or planned for Europe. We assessed the risk to each of the 50 gigafactory projects and found that more than two-thirds of Li-ion battery production capacity slated for Europe was at risk of being delayed, scaled down or cancelled. Manufacturing capacity equivalent to 18 million electric cars – 1.2 TWh – was at a high or medium risk of being disrupted or lost. Without this, Europe would not be able to satisfy its future battery demand and would need to import from foreign rivals. T&E called on the EU to mirror the US IRA – not just in size but also in its focus on truly green technologies and its simplicity for companies to access.

Risk assessment of European gigafactory plans



Source: T&E analysis, company reports

In March, the EU response to the IRA arrived in the form of two laws: the Critical Raw Materials Act aimed to help the bloc secure the supply of metals it would need, while the Net Zero Industrial Act would try to ensure the technologies needed for the EU's green transition would be made in Europe. The Net Zero Industrial Act proposed a production goal of 40% of the EU's requirements for key green technologies – such as batteries – being made domestically in 2030. According to the Critical Raw Materials Act, by 2030, the EU should be able to process at least 40% of 'strategic' metals required. There was also a target to obtain 15% of metals from recycling – to help to scale up the bloc's capacity to capture scrap from battery factories and end-of-life products.

But T&E was concerned about the certification schemes for extraction projects. With 14 other NGOs, we wrote to lawmakers to stress the importance of such schemes having multi-stakeholder governance. And under no circumstances could certification schemes be considered a substitute for European companies actually doing due dilligence about how sustainably sourced the metals are.

Civil society was also worried about industry-led mining standards. More than 35 community groups, unions, and NGOs including T&E wrote a public letter to four major mining organisations – ICMM, the Mining Association of Canada, The Copper Mark, and the World Gold Council – about an industry-led effort to develop a new mining sector audit and certification scheme.

Increasing batteries' advantage over engines

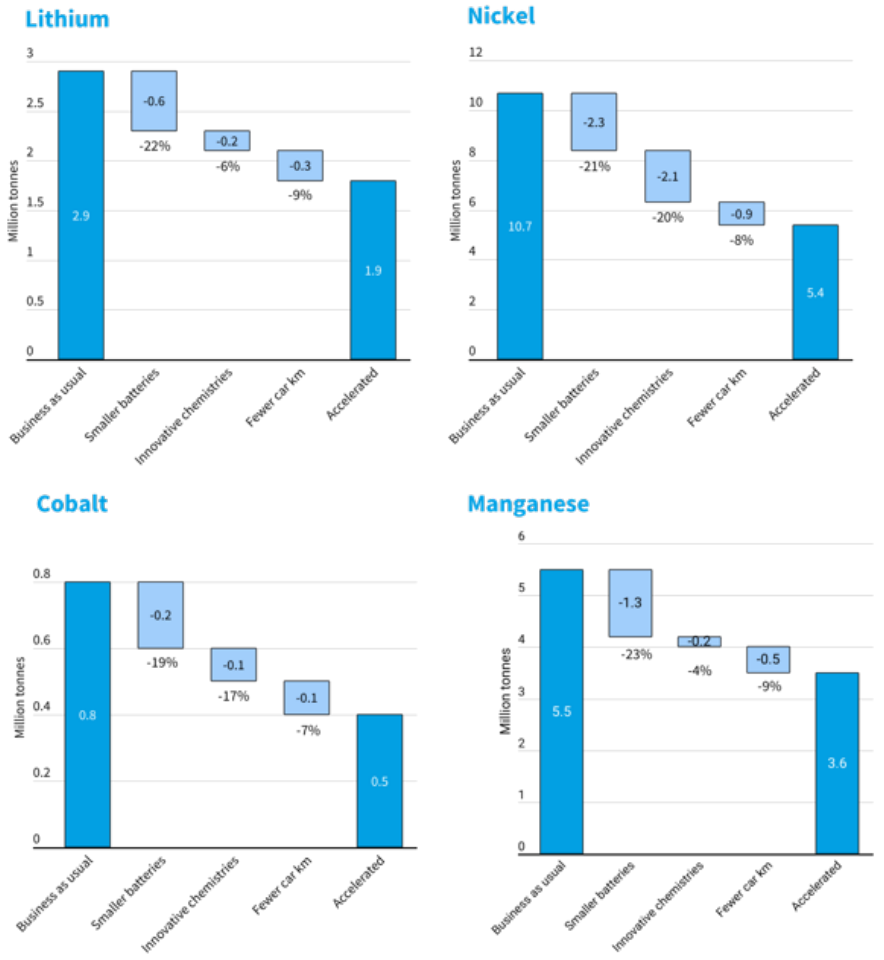
Before the summer, the European Parliament passed a groundbreaking law which would help kickstart Europe's battery recycling industry. For the first time, the EU Batteries Regulation set recycling targets that would extend the climate advantage of EVs over combustion engines even further: from 2027 battery-makers will need to recover 90% of nickel and cobalt used, rising to 95% in 2031. They would also need to recover 50% of lithium used in 2027, rising to 80% in 2031.

The law also put in place environmental protections throughout the entire life cycle of batteries – including the sourcing of raw materials, production and recycling. T&E successfully campaigned for a requirement on battery manufacturers which want to sell in Europe to have to report the product's entire carbon footprint, from mining to production to recycling. That data will then be used to set a maximum CO2 limit for batteries to apply from the end of 2027, ensuring that companies make them using clean energy instead of fossil fuels. The law also requires battery-makers to identify, prevent and address a wide range of issues, spanning water pollution to community rights.

Smaller is better

But more needs to be done to address the growth in demand for battery raw materials in Europe, which will increase rapidly between now and 2050. A T&E report published in July found the region can significantly curb the expected consumption of key metals for EVs. Cutting battery sizes, improving chemistries and reducing private car journeys could reduce expected consumption 36-49% by 2050. Reducing battery and car sizes is the single most effective measure governments and carmakers can take to reduce metals demand (by up to 23%). T&E called for a Europe-wide strategy to shift to smaller, more affordable and resource light electric vehicles than the large SUV models coming to market today. National measures should include tax incentives for smaller models, while at EU level, battery efficiency standards and requirements on automakers to produce more entry-level models are needed.

How Europe can curb demand for battery metals
Cumulative raw material demand until 2050

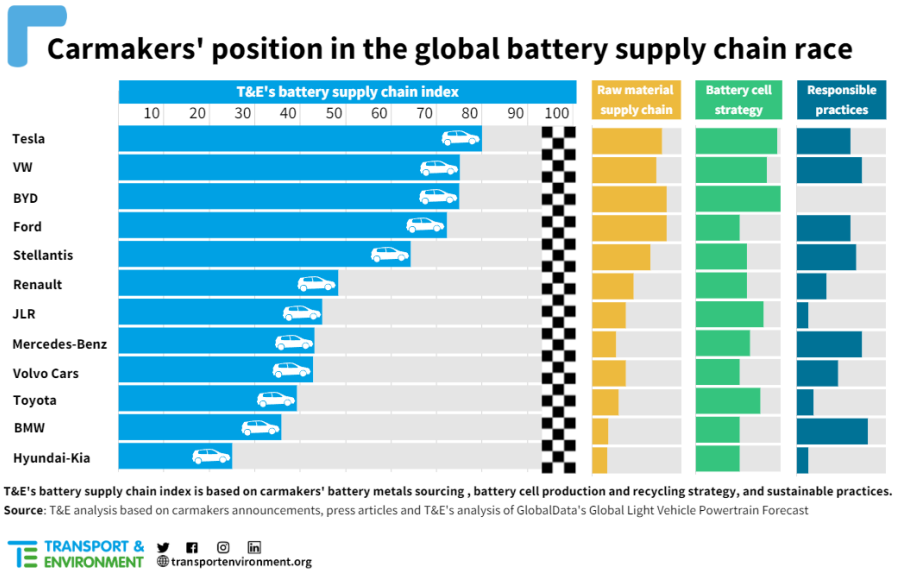


Notes: Percentages are shown relative to the Business as usual scenario. Due to rounding, the numbers may not add up to the exact total shown.
Source: T&E analysis

Remining also offers a way to reduce some of the demand for new extraction. Governments and companies are increasingly exploring the option which takes mine waste as a source material to extract minerals, metals, or other materials of economic value. Together with NGOs Earthworks and Earthjustice, T&E published a briefing outlining the potential and pitfalls for sourcing energy transition metals. It made recommendations for safe remining practices, as well as highlighting the associated risks of remining. Preliminary data shows promising potential: in Europe, for example, remined cobalt could power more than 185,000 EVs. However, significant knowledge gaps remain regarding the availability of metals at mine waste sites.

The global battery supply chain race

But EU manufacturers also need to work harder to obtain enough raw materials for the translation. A T&E ranking found carmakers in the European market have secured less than a fifth (16%) of the key battery metals they will need until 2030. Only Tesla and BYD are doing enough to guarantee supplies of cobalt, lithium and nickel to meet their 2030 sales goals. T&E said there was a clear disconnect between carmakers' electric vehicle goals and their critical mineral strategies. It called on CEOs and investors to engage further upstream in their supply chains.



However, German manufacturers – BMW, Mercedes-Benz and Volkswagen – scored the highest for responsible supply chain practices. Based on the traceability of raw materials, low-carbon processes and protections for human rights and indigenous rights, this is an important metric for consumers and investors. In a separate ranking, Volkswagen, Stellantis and Mercedes-Benz were the most resilient to supply chain shocks – an important metric as EU trade tensions with China increase. T&E said the car industry should support the onshoring of refining, cathode production and other components, which can help scale up green tech in Europe while boosting supply security.

Road freight

A campaign for the EU to get serious about truck CO2 emissions had the desired effect.

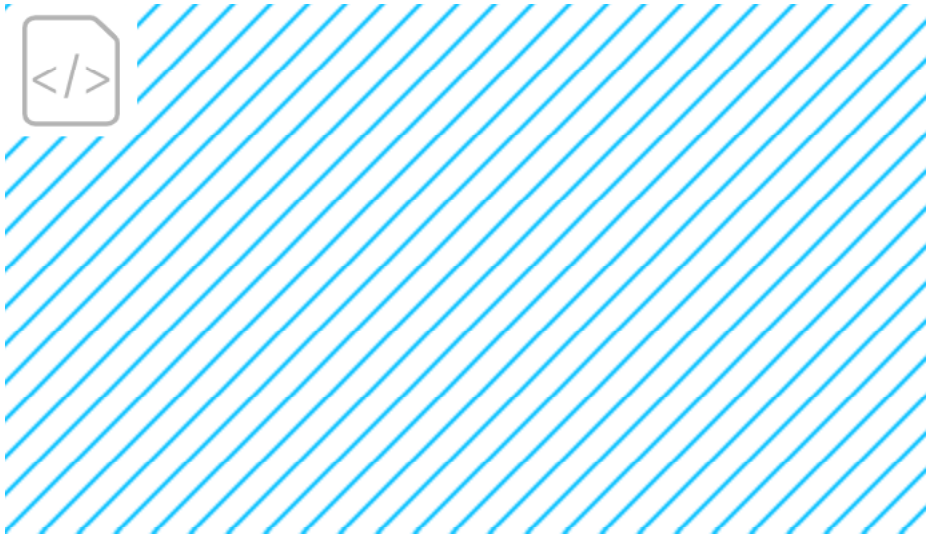
The ‘Your Heavy Duty’ campaign

You would think that heavy-duty vehicles being responsible for over a quarter of road transport emissions – despite making up just 2% of the vehicles – would make them a prime target for climate action. But the unglamorous world of trucking has escaped the public’s attention for decades and, as a result, the sector has avoided stringent climate targets. T&E set out to remove that obstacle to progress on truck CO2 emissions in 2023 by launching the ‘Your Heavy Duty’ campaign.

Your Heavy Duty set out to raise awareness of the major role trucks play in decarbonising our road transport sector. The aim was to show the European Parliament and EU countries why they should vote for higher CO2 standards for truckmakers. It placed particular emphasis on explaining how everyone will benefit. Hauliers and freight buyers could show climate-conscious customers and investors that they wanted to shift to zero-emission trucks in their fleets. In a letter to lawmakers, 41 global companies – including Nike, Heineken and PepsiCo – called for higher EU targets to help them meet their own green commitments.

The invisible killer on Europe’s roads

Drivers and workers would also benefit from safer and healthier equipment to work with. Citizens would breathe cleaner air. Extending the CO2 standards to urban delivery, garbage and construction trucks would save as much nitrogen oxides by 2050 as getting 16 million polluting cars off the road. A powerful video, shot by Your Heavy Duty in several member states, demonstrated to lawmakers that the public do care when they learn about the impact of polluting trucks on their health.



The first challenge was the EU Commission’s proposal for new CO2 standards for heavy-duty vehicles, which stopped short of phasing out the sale of polluting trucks but went further than many in the fossil fuel industry expected. Under the draft law, the average emissions of new trucks sold in 2040 would need to be reduced by 90% (compared to 2019/2020 levels). While the headline target became the focus of attention for the oil industry and interest groups which wanted to defend the combustion engine, T&E concentrated on securing ambitious emissions reductions in the years leading up to it. Truckmakers would have to reduce the average CO2 emissions of their new vehicles by 45% in 2030 and 65% in 2035, under the proposal.

The infrastructure question

To avoid a cave in to the fossil industry, T&E set about reassuring lawmakers that ambitious emissions targets would be perfectly achievable by the trucking sector. Chief among lawmakers' concerns was the infrastructure question: would there be enough charging facilities for zero-emission trucks? In March, EU governments and MEPs agreed new public charging infrastructure targets for trucks: EU member states would need to provide public chargers every 60 km along the EU's primary motorways (3,600 kW capacity) and every 100 km on secondary motorways (at least 1,500 kW) in each direction of travel. Within days of the deal, T&E had crunched the numbers and was able to demonstrate that there will be more than enough charging available to meet the Commission's draft CO2 targets.

But there were also questions about wait times for truck drivers as they recharged: wouldn't this slow down hauliers? Here My Heavy Duty played a crucial role in educating sceptical lawmakers, journalists and the public about how the already mandatory rest stops for drivers provided adequate time to charge up. Electric trucks would be able to drive as far in a day, while carrying as much as diesel rigs.

Under the draft law, the average emissions of new trucks sold in 2040 would need to be reduced by

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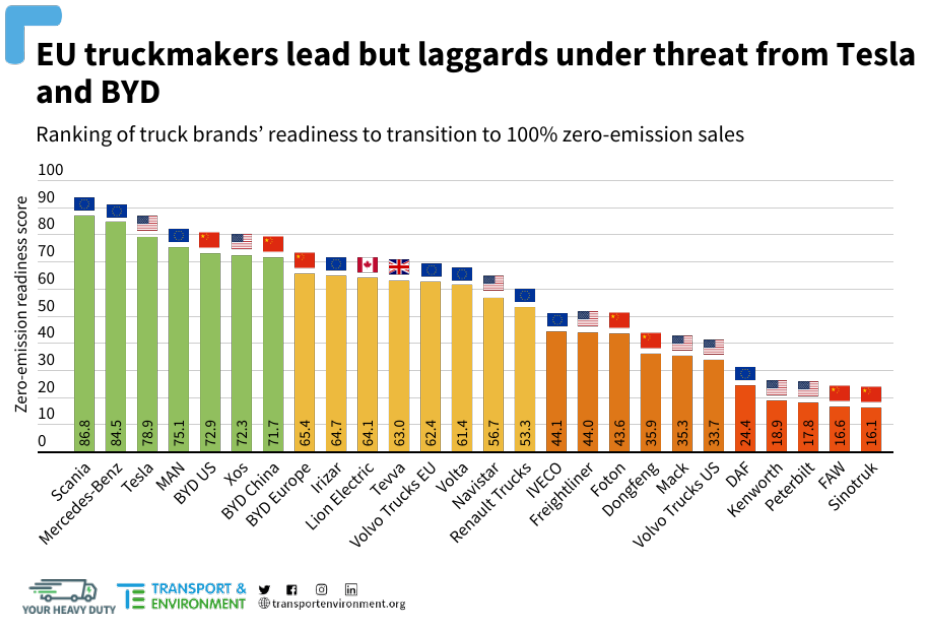
Slow transition, high costs

European lawmakers were also following developments in the car market, where Tesla and Chinese EV-makers had gained a considerable lead in electric technology. The growing sales of foreign rivals in the European car market was a powerful lesson for the truck business: a slow transition would cost European OEMs market share and jobs. In June, T&E published a ranking of truckmakers that showed Scania, Mercedes-Benz, MAN were the only EU brands on track to decarbonise. The four other major European truck manufacturers lagged far behind and risked losing out to Tesla and BYD – unless ambitious EU truck CO2 standards required them to catch up.



As EU governments and MEPs prepared to vote on the Commission's proposals, T&E and the Boston Consulting Group published an analysis that showed European truckmakers could lose 11% of the EU market to international electric rivals by 2035. That would mean losing market share equivalent to that of trucking giants Scania or IVECO to the likes of Tesla and BYD. The Your Heavy Duty campaign vividly demonstrated the threat to European industry in a stunt outside the European Parliament: an EU truck being squeezed on both sides by competition from China and the US. The message to lawmakers was clear: tighter CO2 standards would help European truckmakers better prepare for international competition.

The campaigning had the desired effect: EU governments resisted any watering down of the Commission's proposal. Ministers even said no to a loophole for diesel trucks running on alternative fuels such as synthetic fuels and biofuels. But while the European Parliament also stuck with the proposed targets, it voted by a very narrow majority to allow trucks running on alternative fuels to be counted as climate neutral. T&E vowed to keep up the pressure ahead of negotiations between the two institutions on the final law in 2024.

Progress in Britain

In the UK, the fight to decarbonise heavy-duty vehicles looked very different. There the government had already pledged to end sales of diesel lorries in 2035 (up to 26 tonnes) and 2040. But, almost two years later, the UK still had not set out a detailed plan to enable the transition to zero-emission trucks. A study by T&E UK aimed to get the ball rolling. It found that battery electric trucks could start delivering more of the UK's goods much earlier than previously thought. The study, commissioned from industry experts Element Energy, shows that electric trucks can already start to replace diesel trucks for most uses in the next few years. The paper provided eight recommendations to governments – including interim ZEV mandates – which were endorsed by a high profile stakeholder group that T&E had assembled.

Meanwhile, T&E's work to remove another barrier to zero-emission trucks started to come to fruition. The EU Commission proposed increasing the weight limits for zero-emission trucks to help accelerate the uptake of electric and hydrogen trucks. The new limits would ensure clean trucks would not have to sacrifice cargo weight on long-haul routes, which require bigger batteries. Electric or hydrogen trucks could weigh up to 2 tonnes more.

Boston Consulting Group published an analysis that showed European truckmakers could lose

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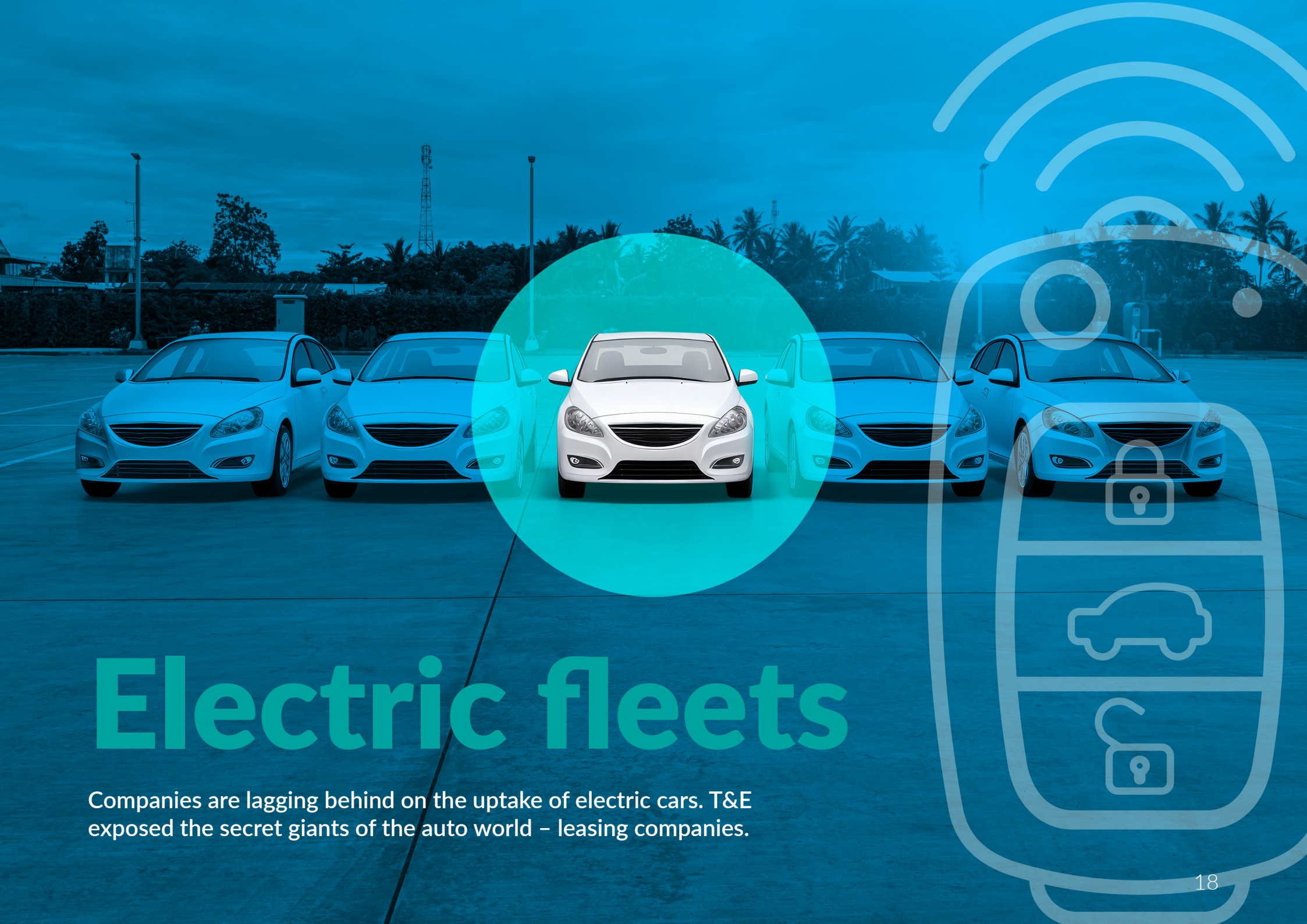


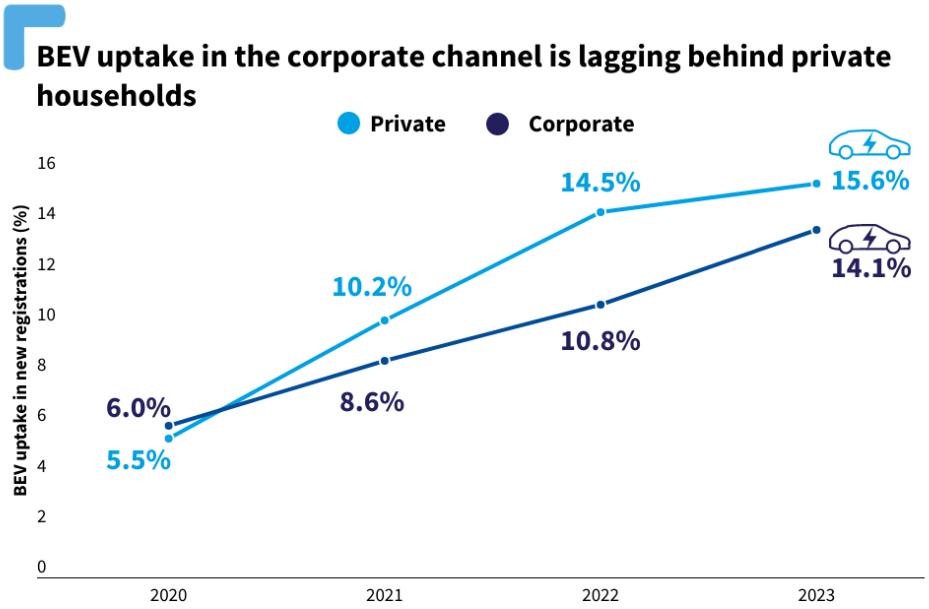
Electric fleets

Companies are lagging behind on the uptake of electric cars. T&E exposed the secret giants of the auto world – leasing companies.

Europe's company car problem

Corporate fleets are Europe's biggest car market. They account for 60% of new sales and – given their high mileage – are responsible for 73% of emissions of new cars. Electrifying corporate cars would rapidly accelerate electrification and transport emission savings in Europe.

But Europe is currently missing out on this big opportunity. The EU's largest automotive market is lagging behind on electrification and companies are not doing their fair share. In 2023, 14.1% of new corporate cars were battery electric vehicles (BEV) compared to 15.6% for the private market. T&E's work in 2023 sought to shed light on this.



Source: Dataforce (2024). New passenger car registrations 2023.

Companies should lead the transition to electric vehicles. They have the financial muscle to make investments in a technology that – at least still for now – has higher upfront cost. Moreover, corporate cars are enjoying generous tax cuts. Earlier research commissioned by T&E shows that tax benefits for company cars – e.g. VAT deductions or write-off depreciations – are costing EU taxpayers about 26 Bn euros per year.

To date, corporate fleets have not been subject to climate regulation. But, in 2023 the European Commission opened a public consultation on corporate fleets. This is the first step towards a possible EU legislation setting EV targets for companies cars and the leasing sector.

T&E published a comprehensive briefing on the impact of such a regulation. Setting binding targets for all new corporate cars to be battery electric by 2030 would lead to rapid electrification and emission savings

- **CO2 emissions cuts:** Emissions of cars could be reduced by an additional 30MtCO2e for the year 2030. Cumulative this is 83 MtCO2e more compared to current EU policies.
- **Accelerate the uptake of electric cars:** 11 million additional battery electric cars will be on our roads by 2030, replacing polluting diesel and petrol cars.
- **Faster supply of affordable second-hand electric cars:** Today almost 8 out of 10 EU citizens buy their car second-hand. Given their much shorter ownership period (three to four years), electrifying corporate cars can rapidly accelerate the supply of affordable second-hand BEVs. A binding EU fleet target will bring 12.5 million additional second -hand BEVs on the market by 2035.

T&E organised a letter signed by several major industry stakeholders (incl. Renault Group, Volvo Cars, IKEA) and the European Consumer Association (BEUC) calling on the European Commission to come forward with a public consultation for EU action on electrifying fleets. Moreover our Executive Director William Todts and the President of BEUC Monique wrote a joint op-ed that was covered by Euractiv.

French fleet law – the first of its kind in Europe

Countries such as France have already started tackling the problem, through taxation and a fleet law. The government has come forward with a reform of the company car tax law, increasing taxation rates for diesel, petrol and plug-in hybrid cars. In part due to T&E's ranking of France's top 100 car fleets, a member of parliament has tabled a revision of the French fleet law. As part of this revision, EV targets for fleets have been increased (from 80% to 95%) and at the same time made binding.

T&E unmasks the secret giants of the auto world – leasing companies

Leasing firms are the secret giants of the car world. Half of all new cars are leased and their market share is forecasted to reach 70% in 2030. They have a critical role in determining how quickly we achieve the switch to electric cars. But, to date, they had received very little scrutiny. In 2023, T&E changed that.

A small number of leasing companies dominate the leasing sector. The top seven companies are Volkswagen Financial Services, ALD | LeasePlan, Arval, Leasys, Alphabet, Athlon and Mobilize Financial Services. They are owned by large carmakers (Volkswagen, Stellantis, Mercedes-Benz, BMW and Renault) and banks (BNP Paribas, Société Générale and Crédit Agricole). Together they account for more than 30% of all new cars in the EU. T&E launched a campaign in October targeted at those seven leasing giants.

FleetEurope published an op-ed by Stef Cornelis (T&E Programme Dir Electric Fleets) on T&E's campaign. We also posted two videos on LinkedIn in front of the HQs of BNP Paribas (owner of Arval leasing) calling them to commit to a ICE phase-out.

The **T&E greenwashing report** was the official start of our campaign. T&E called out leasing companies for their weak ambition on climate. On the day of the launch of the report, T&E set up two 'mobile' billboards in Paris, targeted at France's biggest leasing companies – Arval and ALD/LeasePlan. The billboards represented the leasing companies as dinosaurs stuck in the fossil age, not wanting to move to the electric era. There were digital versions of the billboards which we used on social media, the website and for digital adverts targeted at employees of the leasing companies and the banks.

A few days after the launch of the report, we published two animated videos of dinosaurs on social media. These were once again 'spoof' advertisements, that would point out the damage caused by leasing companies if they do not accelerate the transition to electromobility.

The **second report of our campaign was an undercover investigation**. Using mystery calls we analyzed the sales strategies of leasing companies in France and Germany. Our research showed that especially in France, leasing companies – contrary to their green leadership claims – are steering consumers towards petrol, diesel and plug-in hybrid vehicles. As part of this report, T&E also created a 3-minute video explaining the results of the investigation and also recreating scenes from the mystery calls.

The **third report of our campaign** was a study commissioned by T&E looking into the profits of leasing companies. The analysis of Profundo showed that leasing firms are making huge profits which puts them into a position to invest and lead the transition to EVs.

The fourth report was in-house analysis focusing on the impact of the leasing sector on the 2nd hand car market. In this consumer-focused story, we analysed how many more affordable EVs would enter the used car market if leasing companies would go faster on electric.

Our **final output** was a joint letter with NGOs and consumer organizations to the CEOs of the seven largest leasing companies. In this letter twenty organizations across Europe asked CEOs to commit to a phase out latest by 2028.

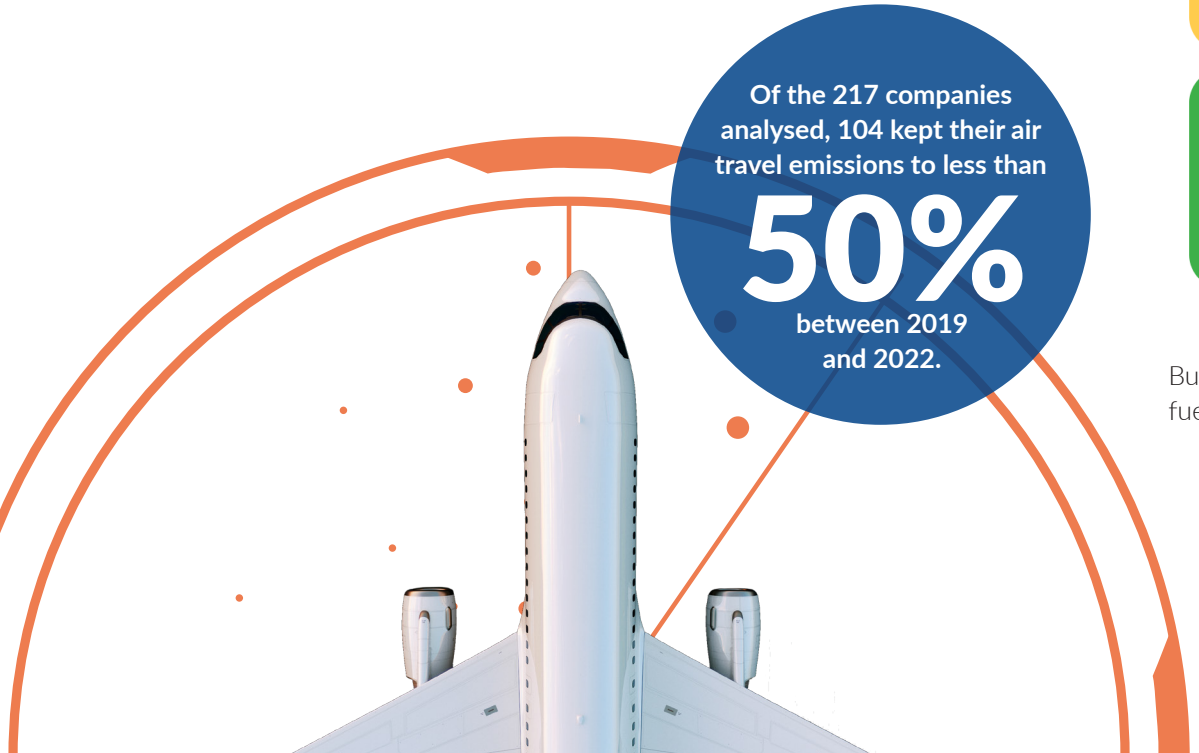
Aviation

Green fuels will significantly reduce aviation's climate impact. But will it be enough?

Largest green fuel mandate in the world signed into law

In April 2023, EU negotiators came to an agreement on a green fuels mandate for aviation. The law, known as **RefuelEU**, stipulates that, from 2025, all flights departing from an EU airport will be obliged to uplift a minimum share of SAF, starting at 2% in 2025. In 2030, the percentage will rise to 6%, and gradually to 70% by 2050. This law will help kickstart Europe's green fuel industry and will give certainty to investors that SAFs are a key technology to decarbonise the sector. T&E's reaction to the deal was picked up in media across Europe and internationally.

Since the arrival of the law, sustainable aviation fuels have drawn attention the world over, including by many companies seeking to reduce the impact of their business flying. T&E published a comprehensive guide for companies looking to purchase SAFs – with recommendations on which SAF to buy, how to enter agreements with producers and/or airlines. But the main advice given to companies is that flying less for work is, by far, the best way to reduce corporate travel emissions.



SAF sustainability per type of feedstock

Unsustainable
Questionably sustainable
Sustainable (with demand management)

Crop-based biofuels

Limited amounts available.

Compete directly with existing agricultural land, high indirect land use change (ILUC) effects.

Used Cooking Oils (UCOs) and Animal fats

Very limited quantities.

Animal fats have many competing uses which can result in ILUC and displacement of emissions.

Significant fraud risks due to regulatory incentives that inadvertently encourage fraudulent practices

Advanced biofuels

Limited quantities.

Some feedstocks can cause displacement effects as they have competing uses.

Lower fraud risks than with UCOs and animal fats but additional efforts and rules will need to be defined to develop clear chains of custody and avoid potential fraud cases.

E-kerosene

The only fuel that has the potential to be sustainably scaled up to meet the demand of the sector.

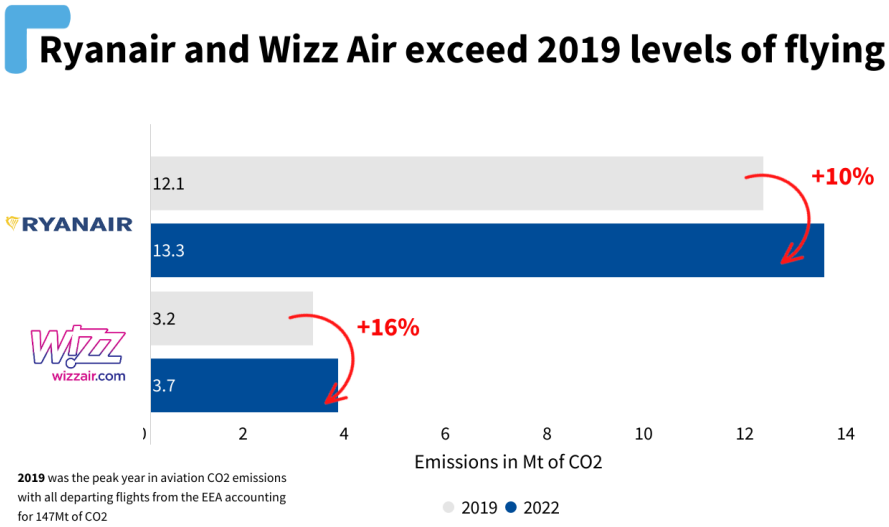
Energy intensive production process, so demand management is needed.

A reliable chain of custody will need to be developed to avoid potential fraud cases.

But T&E's work has shown that the sector cannot solely rely on the use of green fuels to get to zero, especially as the sector plans to grow.

Quick rebound to pre-COVID levels of flying

In April 2023, T&E analysed European airlines CO_2 emissions reports, and revealed that **Ryanair and Wizz Air** reached record pollution levels – exceeding their 2019 levels of flying. Ryanair was once again Europe's top polluting airline in 2022, emitting 13.3 million tonnes of CO_2.



Although some airlines are quickly rebounding, an analysis by the Travel Smart campaign (T&E's corporate travel branch of work) found that business flying is not yet rebounding to pre-COVID levels. Indeed, we found that half of global companies have cut their business flights in two since Covid. Of the 217 companies analysed, 104 kept their air travel emissions to less than 50% between 2019 and 2022. Among those having reduced their flying the most are technology giant SAP (-86%), pharmaceutical company Pfizer (-78%) and consulting group PwC (-76%). This analysis showed once again the feasibility of a shift towards less flying, more rail travel and the increased use of virtual meetings.

Cutting business travel will be key to get us to zero

For the critical decade until 2030, the best way to reduce aviation emissions is to fly less, as the timing for scale-up of sustainable fuels and zero-emissions aircraft is currently post-2030, and offsetting cannot substitute for reducing emissions. This is the mission of our Travel Smart Campaign, working with businesses to encourage them to reduce business flying. For the second year in a row, the campaign published its ranking **of over 300 companies**, on their efforts to reduce business travel emissions. The picture was bleak, as we found that 85% of companies have no plans to reduce corporate flights. Throughout the year, the campaign worked with companies to ensure they improved their targets or reporting. The campaign published a small analysis of the top 25 flyers in the ranking – including companies like Microsoft, SAP, Volkswagen and KPMG – and found that if they set 50% reduction targets, this would go half the way towards achieving the global target of -50% in corporate air travel emissions by 2025.

Addressing aviation's full climate impact

Aviation's non-CO_2 effects have long been known but have escaped any form of regulation. In 2023, this began to change… albeit slowly.

Non-CO_2 was integrated in the EU's revised carbon market rules (ETS). T&E formulated a set of recommendations on how the ETS could encompass non-CO_2 effects and was active in the media to counter calls from the industry to delay action on non-CO_2 emissions and deflect attention from the issue. As part of the ETS, airlines will be required to report their non-CO_2 emissions as of 2026 for the first time.

Similarly, non-CO_2 effects were mentioned in the final EU SAF mandate text. ReFuelEU opened the door to regulating the quality of the fuel to ensure it has lower aromatic concentrations and sulfur content. Before the final vote, T&E hosted a webinar to present some preliminary results of the negative impact of fuel combustion in airports on air quality and causing health issues. T&E's work in 2024 will continue to pursue this avenue.

Under-regulated and under-taxed: the economics of the sector need to change

It comes as no surprise that the aviation sector has been under-taxed and under-regulated for decades, giving the industry no incentive to invest in sustainable technologies and making flying artificially cheap to bump up demand. If this privileged tax status continues, traffic and emissions are expected to grow even further.

T&E exposed this problem of under-taxation with its Tax Gap report. This provided an overview of the state of play of aviation pricing in Europe, shining light on the (too) few taxation instruments in place at EU level and at national level. The report found that **every hour European governments lose out on €4 million in aviation taxes**. In total, European governments lost out on €34.2 billion in revenue in 2022 due to very low levels of taxation in the aviation sector. Indeed, the sector pays no kerosene taxation, little to no ticket taxes or VAT and a carbon price on intra-European flights only. But if these unjustified tax exemptions are left unaddressed they could rise in value by 38% in the next three years.

T&E shone light on another example of the sector benefiting from substantial financial exemptions. For years, the aviation industry lobbied hard to ensure its polluting planes get a green investment label, as part of the **EU's taxonomy for sustainable investments**. It is a tool that should set the 'gold standard' for guiding ethical, sustainable investment, yet aviation is one of the sectors under consideration. The draft criteria recommended in 2022 for aviation would allow green investments to flow into 'efficient' aircraft – even though they fly exclusively on fossil fuels.

In February, T&E collaborated with the Financial Times on analysis that demonstrated that EU investment classification rules (taxonomy) for aviation would greenwash 90% of Airbus' new aircraft orders. We also showed the impact of the EU taxonomy on airlines. Currently, the majority of Europe's airlines' fleets don't qualify as "best in class". But their future planes will. 100% of order books by Ryanair, easyJet and Wizz Air could be considered "best in class", as they plan to buy new generation, more efficient aircraft in the years to come. We called for the criteria to be changed to focus on true green solutions, zero-emission aircraft and e-fuels.

How expensive will the future of aviation be?

Hydrogen aircraft hold a promising future – but there is currently no regulation that legislates their uptake nor investment in their production. That's why their cost is still very high. A T&E study showed that the total cost of deploying hydrogen aircraft for intra-European aviation would be €299 billion by 2050. The development of **hydrogen aircraft** would only represent 5% of the cost (€15 billion).

But we found that this high cost can be cushioned. Indeed, hydrogen jets could be cheaper to run than fossil fuel planes from 2035 provided kerosene is taxed adequately. In 2035, running planes on hydrogen could be 8% more expensive than using kerosene. But with a tax on fossil jet fuel and a price on carbon, hydrogen planes could become 2% cheaper to operate than their kerosene counterparts. That's why T&E called for adequate pricing measures and regulation, as they are key to the deployment of green technologies like hydrogen planes.

T&E's aviation work in 2023 was plentiful and touched upon many aspects of decarbonisation: taxation, green fuels, hydrogen planes and demand. Policy work was combined with communications and campaigning to keep the sector accountable and to continue raising awareness of aviation's impact on our planet.

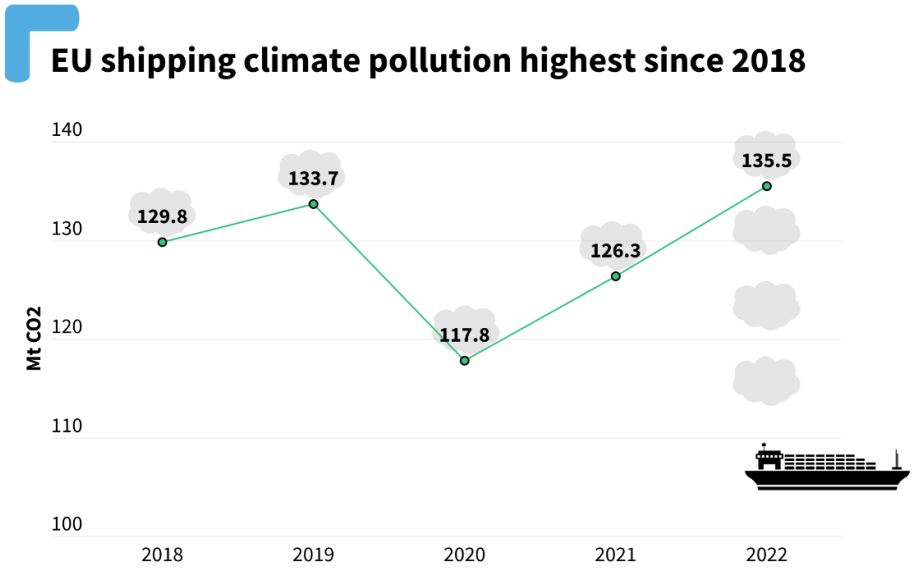
Shipping

Shipping gets greener but beware of fake solutions

From the beginning of 2024, all ships entering and leaving Europe's ports will be regulated under the EU's carbon market (ETS). But, more importantly, 2023 saw the EU agree to the world's first green shipping fuel requirement. Ships will be required to increasingly switch to sustainable fuels and at least 2% of the bloc's shipping fuels will need to come from e-fuels derived from renewable electricity by 2034.

This marks the beginning of the end of dirty fuels in shipping and represents years of T&E advocacy work, where at times it seemed unlikely the shipping industry could even be regulated at all. While 2% may seem small, this is a considerable improvement on what has come before and can kickstart investments in green fuels.

Nevertheless, we need to move quicker. As T&E's analysis showed, shipping emissions are back to record highs. The speed of change is too slow and shipping



Finally, to highlight the growing prevalence of greenwashed cruise experiences, T&E launched a mock

100%

green cruise.

Tackling LNG

By 2030, almost a quarter of Europe's ships could be running on fossil gas (LNG). The industry, along with European politicians, are promoting the fuel as an alternative to heavily polluting fuel oil. However, as T&E has shown, ships running on fossil gas not only lock the industry into a fossil fuel future, they are also a poor climate solution. Thanks to methane leaks, they are often worse than the fuels they replace.

For this reason, T&E continued its tracking of methane emissions as it was joined by television crews from national television channels: RTVE (Spain), Rai (Italy), France 5 and Arte to monitor methane leaks. T&E's national offices were busy showing the real climate cost of LNG.

Cruise ships

Cruise ships are heavily polluting and a luxury. T&E, along with local European NGOs, has led the way in raising awareness of their environmental impact.

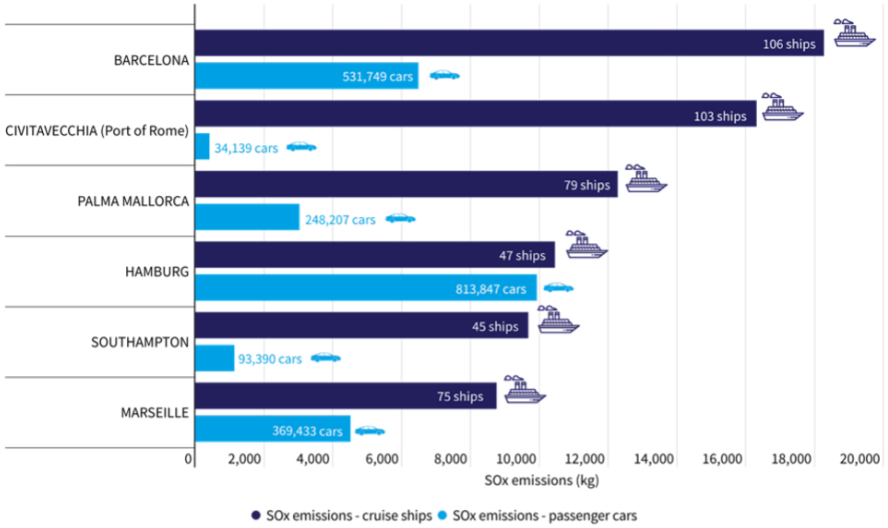
T&E's research showing that Europe's luxury cruise ships emit as much toxic sulphur as 1bn cars hit global newspaper headlines, TV and radio. Barcelona was Europe's most polluted port last year followed by Civitavecchia and Piraeus. In Barcelona, cruise ships emitted almost three times more SOx than all the cars in the city.

While

2%

may seem small, this is a considerable improvement on what has come before and can kickstart investments in green fuels.

Cruise ships polluted more than all the cars circulating in key port cities



Source: Transport & Environment (2023)

Finally, to highlight the growing prevalence of greenwashed cruise experiences, T&E launched a mock 100% green cruise. T&E set up digital ads on Google and Twitter to redirect potential customers looking for a green cruise.

Global action

Shipping is a global business. It is crucial that Europe and other industrialised nations lead by example. Another disappointing IMO conference in June left the industry with fuzzy targets, instead of a clear commitment to end the use of fossil fuels. Nevertheless, T&E and other NGOs are making a strong case for global action. In one paper, we showed that global shipping can halve emissions without impacting trade. In the coming years, T&E will continue its efforts to export Europe's climate ambitions to the rest of the shipping world.

Energy

Europe is still too dependent on oil. Growing numbers of electric cars will eventually cut Europe's oil demand, but emissions from cars and trucks keep increasing while planes and ships are thirsty for even more oil. Renewable electricity is key to cutting emissions so managing limited supplies will be key.

Oil dependence continues

T&E's New oil map showed that far from cutting demand for oil, Europe is simply replacing Russian oil barrel for barrel.The EU is importing more oil from traditional partners like the US and Saudi Arabia, as well as less traditional suppliers like Brazil and Angola. This contrasts with the average reduction in EU gas usage observed since 2022, following the adoption of a European plan for reducing gas demand.

Fake solutions

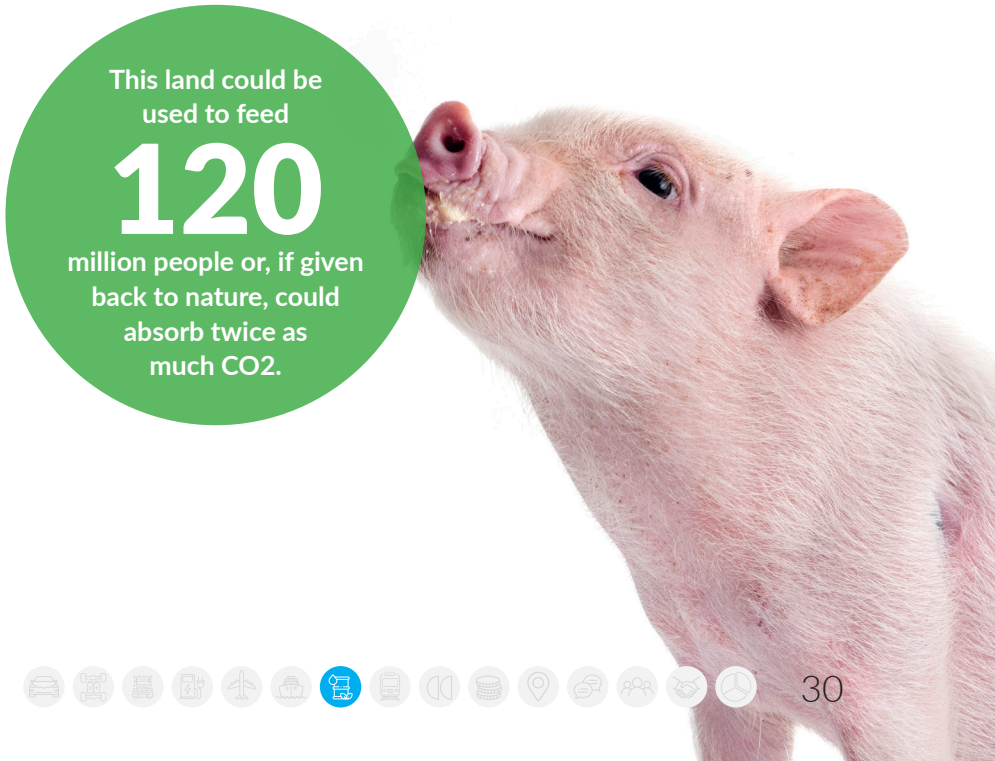
The oil industry is often seen as integral to the transition to green energy. They have certainly pitched themselves as so. But early in the year, T&E showed that despite oil companies making a big noise around green hydrogen investments, in fact, they are investing eight times more in biofuels.

While ditching oil is important, as T&E has shown over the years, crop biofuels are not the answer. High deforestation crops like palm and soy are by far the worst, but what about the others? T&E's study looked at how the land could be better used. We found that Europe wastes land the size of Ireland on biofuels which bring almost no climate benefits. This land could be used to feed 120 million people or, if given back to nature, could absorb twice as much CO2. Using an area equivalent to just 2.5% of this land for solar panels would produce the same amount of energy.

T&E continued its fight in 2023 to phase-out palm and soy as soon as possible. T&E's analysis showed that the EU's hesitancy to end the use of palm and soy oil in biofuels is putting over 630,000 hectares of forest and peatland at risk. As the Commission continues to kick its decision on soy down the road, this battle will continue into 2024.

From unsustainable biofuels crops to dubious waste?

It appears that pigs do fly. Use of animal fat biodiesel has doubled in the past decade and is 40 times higher than it was in 2006. However, there is not enough to go around. Nearly half of all European animal fats already go into biodiesel, despite being used extensively in the pet food, soaps and cosmetics industries. With the burning of animal fat biofuels set to triple by 2030, there will not be enough to scale it up sustainably.



Europe has a used cooking oil problem. Europe currently imports four-fifths of the used cooking oil that it uses as fuel for cars, trucks and planes, with the vast majority (60%) of these imports coming from China. Greater transparency and stricter verification measures are needed to avoid used cooking oil (UCO) becoming a backdoor for palm oil.

Oil lobby

Oil companies still have too much power over decision-making. T&E uncovered how a European research group, Concawe, created by the oil industry in the 60s, contributed to successful lobbying against the strengthening of worker protection against benzene, a toxic pollutant strongly linked to cancer.

It appears that pigs do fly. Use of animal fat biodiesel has doubled in the past decade and is

40

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Rail

Making rail more accessible to citizens and businesses.

2023 saw the birth of our rail programme with several actions aiming to make rail more affordable and accessible to European citizens, including families, and businesses seeking to reduce their corporate travel emissions.

Cheaper train tickets are possible

It comes as no surprise that rail travel can be prohibitively expensive for many Europeans – especially for night trains. T&E, in collaboration with rail group Back on Track, showed that high rail pricing is not inevitable and can be changed for the better. Our modeling found that a solo traveler on a return trip from Amsterdam to Madrid could save up to €65 on their night train tickets, or 20% of the departing price. The study also looks at price reduction for families of four. For the routes Berlin to Naples or Brussels to Vienna, a family of four could save up to €167 and €139 respectively. Two easy fixes to VAT and track access charges – the toll paid by rail operators to use the rail infrastructure – could have a significant impact on ticket prices.

Our infographics were used on social media (LinkedIn, Twitter, Facebook and Instagram) and were the best performing asset on LinkedIn we have ever seen. The image garnered 258,540 impressions and 2,635 reactions on LinkedIn.

Our modeling found that a solo traveler on a return trip from Amsterdam to Madrid could save up to

€65

on their night train tickets

Better ticketing information

An important barrier to the democratization of international train travel is ticketing. The EU Commission has claimed for years that it wants to facilitate a modal shift to rail. But the clock is ticking. The EU's Multimodal Digital Mobility Services Regulation (MDMS), would be the piece of legislation that solves all ills. It seeks to create one single ticket for European train travel. Having all the tickets in one booking would improve passengers' experience. Delays and cancellations would be announced faster and rerouting and reimbursement would be made easier.

T&E was very active on this legislation in 2023. We contributed to the set up of a coalition named "Friends of MDMS" bringing together 9 organizations from the travel industry (EU Travel Tech, ECTAA), consumers organizations (BEUC, European Passenger Federation), NGOs (Europe on Rail, T&E), rail industry (Allrail) and business traveler representatives (GBTA, BT4Europe). T&E spoke at an event at the European Parliament and two events at the UK Mission to the EU.

We published four statements on the MDMS ticketing initiative: a letter to Timmermans from Friends of MDMS, an open letter on the MDMS and cross-border travel involving T&E members, T&E and GBTA initiated a letter on MDMS from 70+ companies including IKEA and Unilever and finally T&E published an op-ed calling the EC to legislate on better ticketing.

Rail travel for business

This year also saw the start of the cooperation between the Travel Smart Campaign and our rail team. As businesses seek to reduce corporate travel emissions, too few of them are shifting from air to rail. The Travel Smart campaign launched a "Rail first" steam of work. We published an overview of corporate rail policies, and found that 27 companies have set up internal policies to shift from air to rail out of the 322 companies from the whole ranking. Out of the 27 companies, 7 have scored better than the others and were identified as frontrunners.

We are working closely with companies helping them to address rail in their internal travel policies.

We contributed to the set up of a coalition named "Friends of MDMS" bringing together

9

organizations from the travel industry

Clean Cities

Clean Cities: upholding city leadership amidst growing culture wars

T&E's Clean Cities Campaign continued to grow its presence and impact across Europe in 2023 amidst an increasingly difficult environment. The network has grown to a total of 100 partners in 20 countries, making it the leading coalition for zero-emission urban transport in Europe. Despite growing culture wars fought over the role of cars in cities — culminating in the violent debate around the expansion of London's Ultra-Low Emission Zone — the Clean Cities coalition successfully defended effective policies and secured new measures for liveable, healthy and climate-friendly cities. This was made possible by the campaign's unique strategy, combining a Europe-wide network of citizens and diverse civil society groups with powerful campaigns and story-telling, as well as cutting edge research and surgical advocacy work.

The highlights of the work in 2023 included the following:

Defending one of Europe's most successful clean air policies

Measures to reduce the number of (very) polluting cars in European cities were among the hottest political issues in 2023. Plans to expand London's Ultra-Low Emission Zone to almost the entire metropolitan area — making it the world's largest scheme — sparked opposition from lobby groups and extremist voices, some of which went as far as threatening politicians and campaigners. The local Clean Cities coalition came out in favour of the policy in mainstream media, mapped illegal levels of air pollution and published proposals for effective and fair solutions. Eventually, the zone was expanded in August 2023, and data shows harmful pollution emissions have so far been reduced by 26 per cent.

Similar discussions took place in Warsaw, one of Europe's most polluted cities. The local Clean Cities coalition published modelling highlighting the clean air benefits of a low-emission zone, coordinated an open letter signed by 30 local businesses and rallied citizens at critical city council sessions. This not only attracted a lot of media coverage, but also helped convince the mayor of the Polish capital to announce plans for the city's first ever low-emission zone. It has since been voted for by the city council and is set to be introduced in the summer of 2024.

Progress was even swifter in Bulgaria's capital of Sofia, where Clean Cities partners Za Zemiata had been campaigning for years, which led to the start of the city's new low-emission zone in December 2023. In France, Clean Cities and local partner Respire published a white paper on fair and effective low-emission zones, which triggered a debate in national media and with public authorities. In parallel, we launched a campaign to advocate for a levy on pollution caused by e-commerce deliveries, and the idea was supported by the French Senate. In Brussels, Belgium, Clean Cities and local partner BRAL hosted a workshop for civil servants focusing on how to implement the new traffic plans, which reduced car traffic in the centre by more than 25%.

Mobilising citizens for safe infrastructure and affordable public transport

Measures for safe walking and cycling also came under pressure in several large cities in 2023. Politicians from Spain, Belgium, France and Germany pledged to suspend or even reverse plans for better walking and cycling infrastructure. Clean Cities coordinated strong local mobilisations to oppose these plans, with over 2,000 people taking part in street actions in Milan following a series of fatal cyclist accidents. Our manifesto of 10 priorities for safe cycling was used by the city to develop the new local bike strategy. At the national level, our campaign for investments in cycling infrastructure helped preserve a 10 million euro budget.

In Spain, a powerful campaign highlighting the need to 'reconquer' urban space was launched and put the issue high on the agenda in the local elections of May 2023. When bikes and bus lanes came under attack from several newly elected mayors, Clean Cities rallied 3,000 people in the streets to protest against these ideas.

In the middle of the ongoing cost of living crisis, affordable public and shared transport also remained a critical issue for the daily mobility of city dwellers in Europe. Clean Cities 'Win Win' briefing reviewed the top 5 fast and fair solutions for cleaning up urban transport, and later ranked 42 European cities on the provision of shared, zero-emission transport services ranging from bike and car sharing to electric buses and charging infrastructure for electric vehicles. The research was featured in over 200 media articles across 17 countries, and sparked a debate in and with many cities.

The network also supported the establishment of a new coalition of active travel campaigners in Marseille, 'MarsMob'. The group held their first ever 'pyjama party' protest against the plans to close the city's metro system at 21h30 in order to save money. In London, our #ThisIsAwkward campaign returned last autumn with a new report examining the current state of secure cycle parking and spotlighting the long waiting list of 60,000 Londoners and unfair costs. This led to a public commitment from the Mayor to provide more parking.

Taking the 'Streets For Kids' campaign to the next level

The campaign for child-friendly cities and safe school routes once more allowed Clean Cities to connect with new audiences and foster a positive vision that surpasses political divisions. The network broke the record with over 780 actions in 17 countries during 2023. This took the total number of events since 2022 to more than 1,330. In Milan, for instance, the work led to a city-wide programme for child-friendly squares, with 87 applications from over 250 schools. As a result of our work, another 60 school street plans were promised by other Italian mayors, and in Spain and Italy 10 new school streets were put in place. We also started a new pop-up campaign for school streets in Manchester.

The impact of this campaign went far beyond the local level: Austria started implementing its new national school streets law adopted in 2022, and Clean Cities presented best practice examples from Europe at a government conference in Vienna. The campaign was also invited to present 'Streets for Kids' at the EU's official High Level Group on Road Safety, arousing interest among national transport ministries.

Surgical policy changes at EU level

As a European coalition, it remains Clean Cities' ambition to drive change across the whole of the continent. This is why the campaign continued its EU-level work, securing several important legislative changes: In December 2023, political leaders agreed on revised rules for Trans-European Transport Networks (TEN-T) which require all 424 large cities on the network to adopt a Sustainable Urban Mobility Plan (SUMP) by 2027. This is the most far-reaching, binding requirement the EU has ever set for urban transport. It responds to demands raised by T&E and Clean Cities in an open letter in 2021 and to proposals we submitted to the European Parliament over the past two years.

Clean Cities' efforts for stricter clean air laws also bore fruit: Clean Cities published its modelling report 'How low can cities go?' to demonstrate that pollution levels

recommended by the World Health Organization are within reach if low- and zero-emission zones are rolled out. This contributed to the political agreement on the EU's Ambient Air Quality Directive that was reached in early 2024. It foresees cutting by at least half the legal limits for the main pollutants. It also requires cities to set up more air quality sampling points and to assess the need for low- and zero-emission zones.

Finally, the campaign also continued its work on the EU's official Expert Group on Urban Mobility (EGUM). Throughout 2023, the team provided input into recommendations to the European Commission, focusing on low- and zero-emission zones. These recommendations will be adopted in 2024 and impact the political agenda of the next European Commission.

Overall, the work of Clean Cities made measurably contributed to upholding city leadership on urban transport despite an increasingly difficult environment, and thereby laid the groundwork for further successful work in 2024.

Sustainable finance

Europe is no longer out in front when it comes to green technologies. China and the US are outpacing the EU when it comes to green investments. This is putting the continent's future industry and green transition at risk.

Keeping up with Americans and the Chinese

Following the US' introduction of its Inflation Reduction Act, Europe has been grappling with how it can compete. The EU Commission originally launched its Green Deal Industrial Plan (GDIP), which T&E welcomed. By focusing on the regulatory environment for clean technologies, financing, skills and trade, the GDIP was seen as a building block towards an ambitious green industrial policy at the EU level.

T&E warned however that the EU's Net Zero Industry Act (NZIA), which covers the regulatory and skills pillars of the GDIP, is not yet fit for purpose. It lacks focus on key strategic technologies and appropriate resources to truly speed up and scale up the manufacturing of clean technologies across Europe. Still, by setting domestic clean production targets and integrating sustainability and resilience criteria in public procurement, it is a step towards building a greener EU industrial strategy.

To be effective, Europe's response should mirror the United States' IRA in focus, simplicity and visibility, said T&E. But lack of financing is critical. Ultimately, national governments decided to gut even the meager STEP platform, agreeing to cut this down to just €1.5 billion and to only target military technologies as part of the European Defence Fund.

2024 will be a defining year for the future of EU climate finance. There is much work to do for the EU to fill the climate investment gap and steer the continent towards a greener future. The climate challenge is an investment challenge, and T&E will be stepping up its interventions in this crucial field.

Science-based taxonomy

A year on from the EU passing its ill-fated Taxonomy of green investments, T&E showed that 1 in 3 activities labelled green are actually bad for the planet. A coalition of experts and NGOs, including T&E, launched its Independent Science-Based Taxonomy. Banks, investors and insurers will be able to check if their investments are truly green and aligned with science.

Four environmental NGOs also took the European Commission to court to stop the EU labelling fossil gas as 'sustainable' in its sustainable finance rulebook. A hearing at the General Court could be held in the second half of 2024 with a judgement to be released in 2025.

Transparency, please

This was the year in which technical work on corporate sustainability reporting gained more and more political relevance. Major push back driven by national and corporate interests started appearing and influencing the process. In a coalition with other civil society organisations, T&E advocated to preserve the initial ambition of the first set of European Sustainability Reporting Standards (ESRS).

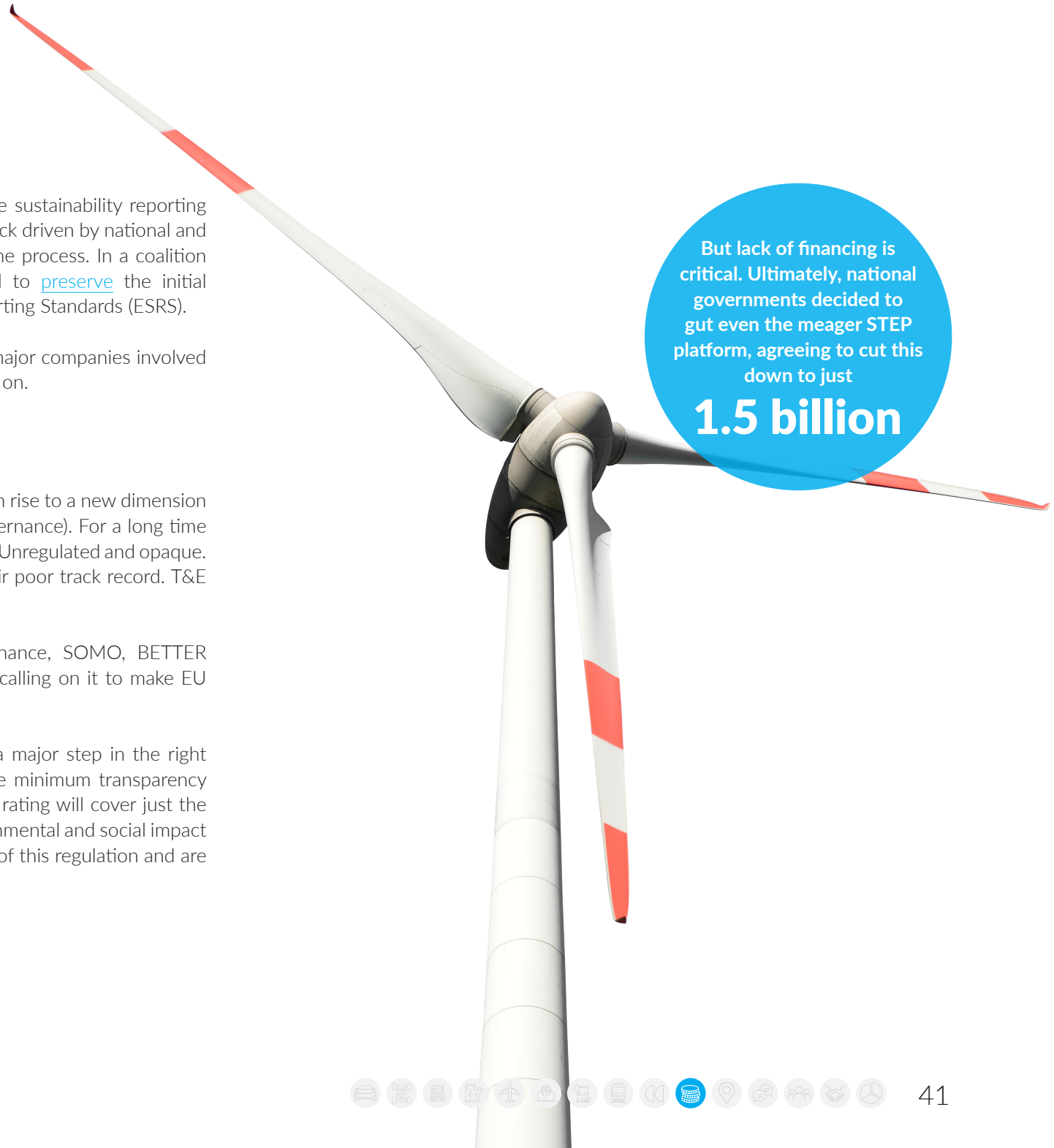
T&E led the drafting of the sectoral requirements that major companies involved in the sectors such as road transport, will have to report on.

ESG

The increasing popularity of sustainable finance has given rise to a new dimension of business enterprise: ESG (Environmental, Social, Governance). For a long time the ESG ratings landscape has looked like the Wild West. Unregulated and opaque. Major polluters are getting high ESG scores despite their poor track record. T&E spent the year showing what needs to be improved.

A coalition led by T&E, including WWF, Reclaim Finance, SOMO, BETTER FINANCE and Frank Bold wrote to the EU Parliament calling on it to make EU ESG ratings truly sustainable.

In the end EU negotiators reached a deal which was a major step in the right direction. Importantly, negotiators managed to preserve minimum transparency requirements, such as a clear indication of whether the rating will cover just the company's exposure to E, S and G risks, or also its environmental and social impact on the world. These provisions represent the backbone of this regulation and are crucial for creating rules that have a meaningful impact.



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1.5 billion

National Offices

The European Green Deal (EGD) was the regulatory kick off for Europe's transition to a green economy. But the job is far from done. Putting on paper and into a long-term vision is not the same as delivering it. To ensure the Green Deal gets implemented and becomes a reality, not only in the mind of Brussels legislators but ensuring that individual countries follow suit, T&E's network of national offices continue to play an instrumental role in influencing policy and regulations that ensures progress towards a zero emission transport system nationally. Our National Offices network now counts **27 transport and communication experts**, working from our offices in Berlin, London, Madrid, Paris and Rome. In Warsaw we continued the close collaboration with our member organisation FPPE.

By 2030 more than half of Europe's car sales are expected to be fully electric, but that will only happen if both legislators and the public at large support the transition with the speed and commitment needed. Alongside our members, T&E continues to place ourselves at the heart of the national debate and 2023 was no exception. In the UK we finally got the ZEV (Zero Emission Vehicle) mandate over the decision making line. To get the ZEV mandate agreed by the UK Parliament marked the end of a multiyear long programme of work to make the case, responding to consultations, playing in briefings to policy makers at key moments and then mobilising a range of NGO and industry voices to keep it on track when it looked like inter-departmental arguments would derail it at the last moment.

In France, T&E worked closely with allies to ensure adoption of a social leasing programme for electric vehicles that would cap prices at €100/month for low-income households. This is a key step ensuring that EVs become accessible to all. T&E together with allies put together a proposal for delivering a social leasing programme that would support both low-income households and industry. Our proposal accelerated and shaped the public debate. The paper outlined an eight-step plan for implementing a comprehensive social leasing programme that addresses consumer expectations, the issue of government funding and how to develop a supply of suitable electric vehicles. Inspired by the work happening in France, T&E also raised the debate on social leasing in other member states. In Spain, we launched a study on the implementation of social leasing, which marks a key step towards ensuring policy that ensures a green and socially just transition.

In Italy, where only 4 out of 100 new cars sold are electric, T&E helped shape the debate by collaborating with with the Presa Diretta (one of the most popular journalism programme on national public TV) to launch an investigation on the electric car in Italy; the investigation came at the heart of the negotiations on CO2 standards in Italy and was extremely impactful in the public debate. Our national office in Rome has also worked hard to counter the Italian strategy of opposing the 2035 phase-out date and promoting biofuels, producing a report on these fuels that has had considerable media and political impact (e.g. being widely picked up as the opening content of Corriere della Sera in its DataRoom column).

In Germany, we advanced the debate on the climate impact of road construction and launched a groundbreaking study showing how the models used by the Ministry of transport massively underestimated the climate impact of road construction. The study concluded that if the Ministry of Transport were to calculate honestly, thousands of kilometers of motorway and federal roads would not be allowed to be built.

T&E experts were invited to give testimony on truck CO2 road toll at the German Bundestag

Fiscal policy continues to be a key driver to ensure acceleration of BEV uptake nationally (see also chapter on electric fleets). Following the launch of the Good tax guide in 2022, T&E has established itself as a leading advocate on how to use smart fiscal policy nationally to accelerate the transition to BEVs. In France, a new fleet law was tabled. The new law will strengthen the fleet mandate to get 100% BEVs in 2032, rule PHEVs out of the fleet mandate as of 2025, associate strong sanctions to non-reporting or not meeting the objectives. This law proposal mentions T&E in its official description. In Italy, we built a broad coalition of stakeholders calling for a green revision of taxation on corporate fleets.

Following progress from 2022 where we added shipping expertise to our team in France and UK, we note solid progress on getting the debate on global shipping emission into the national debate. In France, we were prominently participating in Sur le Front, a documentary on cargo pollution that was viewed by 1,15 million people and repeated several times on prime time TV. This documentary contributed to the emergence of a debate on fuel pollution from cargo, in addition to the usual media cover on cruising. In the UK we launched an energy dashboard showing T&Es estimates of both current shipping emissions and future energy usage. It helped raise the debate within the UK and emissions from shipping is now well established as a key topic to decarbonise transport in the UK.

We also added capacity across the network, notably strengthening our team with dedicated communications expertise in all countries. Working within a broad coalition made up of T&E members, industry and other experts continues to be a key part of how we achieve impact through our national offices. In 2023 a number of joint letters, events and conferences were initiated and attended by T&Es national experts. One example of this is the work on e-charging infrastructure roll-out in Spain. We organized an event in collaboration with financial newspaper Cinco días uniting government officials from Spain, Germany, UK as well as progressive businesses to conclude that Spain urgently needs to adopt an e-charging infrastructure Masterplan. An interactive e-charging map and report were developed across several T&E teams to help shape the debate.

Our shipping team film a documentary with France 2 on methane links from a container ship.
© France 2.

In Italy, we brought together decision makers from the UK and Italy to discuss the benefits of green taxation for corporate fleets, which are a strategic driver to fuel a second-hand market of clean vehicles. In Germany, T&E experts were invited to give testimony on truck CO2 road toll at the German Bundestag (Parliament) and the office organised a number of high level events with decision makers.

In 2023 we are also particularly proud of being able to add capacity to support our members in Ukraine by hiring a Ukrainian expert in Brussels. Our work will help establish a foundation for the rebuilding and reconstruction of a postwar Ukrainian road map for a future proof, robust, resilient, low-carbon transportation system.

Sur le Front, a documentary on cargo pollution that was viewed by

1,15 million

people and repeated several times on prime time TV

Communications output

239	PRESS RELEASES
119	PUBLICATIONS
52	OPINION PIECES
11	BULLETINS
54	EMAIL ALERTS
11	T&E EVENTS
51	SOCIAL MEDIA VIDEOS
807	TWEETS
299	LINKEDIN POSTS
198	INSTAGRAM POSTS

Communications impact

10% MEDIA HITS **21696**	MEDIA HITS DE **1563**	MEDIA HITS FR **1372**	MEDIA HITS ES **2054**	MEDIA HITS IT **1716**	MEDIA HITS UK **2844**
LANGUAGES **46**	COUNTRIES **122**	1% ESTIMATED MEDIA VIEWS **1592683770**	73% EVENT ATTENDEES **1225**	15% BULLETIN READERS **7554**	3% EMAIL ALERT SUBSCRIBERS **10493**

Communications impact

8% WEBSITE USERS **344148**	1% WEBSITE VISITS **501825**	45% LINKEDIN FOLLOWERS **29062**	4% TWITTER FOLLOWERS **33322**	58% LINKEDIN ENGAGEMENT **23786**	29% TWITTER ENGAGEMENTS **24812**
73% LINKEDIN IMPRESSIONS **1954626**	15% TWITTER IMPRESSIONS **2326485**	35% INSTAGRAM FOLLOWERS **1776**	2% FACEBOOK FOLLOWERS **13269**	Additionally, Iin 2023, the French and UK offices launched their social media channels with Twitter and LinkedIn in France and Twitter, Linkedin and Bluesky in the UK. The teams have found success with the French office now focusing on LinkedIn growth and Twitter and Bluesky proving to be especially relevant for UK audiences. A stakeholder mapping has been conducted in Germany to develop a targeted (social) media presence in 2024 and a plan is underway in the Spanish office to determine the way forward.	

People

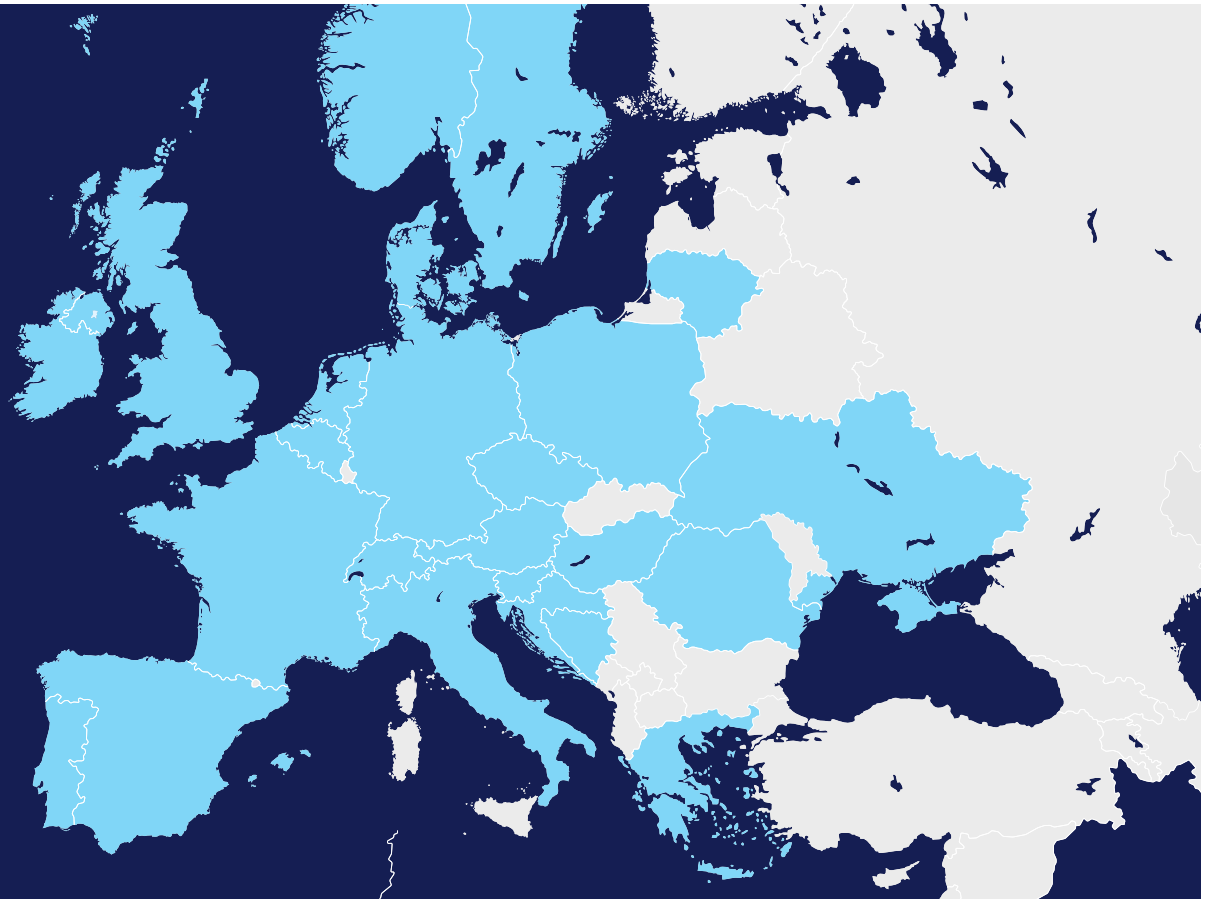
T&E now has over 120 staff members across its offices in Brussels, Germany, France, UK, Italy, Spain and Poland.

Click here to see the list of current T&E staff members.

Our members

51
members

24
countries



Our members

Austria	Belgium	Belgium	Belgium	Belgium	Bosnia
Bosnia	Croatia	Czech Republic	Denmark	France	France
France	Germany	Germany	Germany	Germany	Greece
Hungary	Ireland	Ireland	Italy	Italy	Italy

Lithuania

Lithuania

Netherlands

Netherlands

Norway

Poland

Poland

Poland

Poland

Portugal

Portugal

Portugal

Romania

Romania

Slovenia

Spain

Spain

Spain

Sweden

Sweden

Switzerland

Switzerland

United Kingdom

United Kingdom

United Kingdom

Ukraine

Ukraine

Ukraine

Our supporters

BELLONA

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ECF
EUROPEAN CYCLISTS' FEDERATION

FONDAZIONE PER LO SVILUPPO SOSTENIBILE
Sustainable Development Foundation

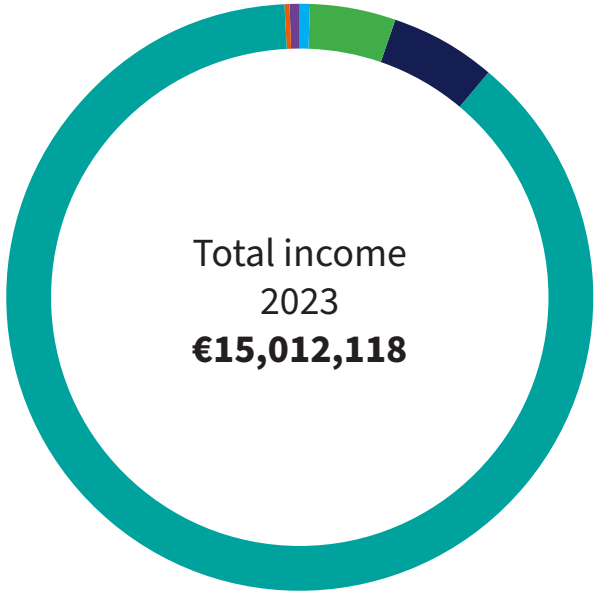
GENITORI ANTISMOG

HACAN

uecna
European Union Against Aircraft Nuisances

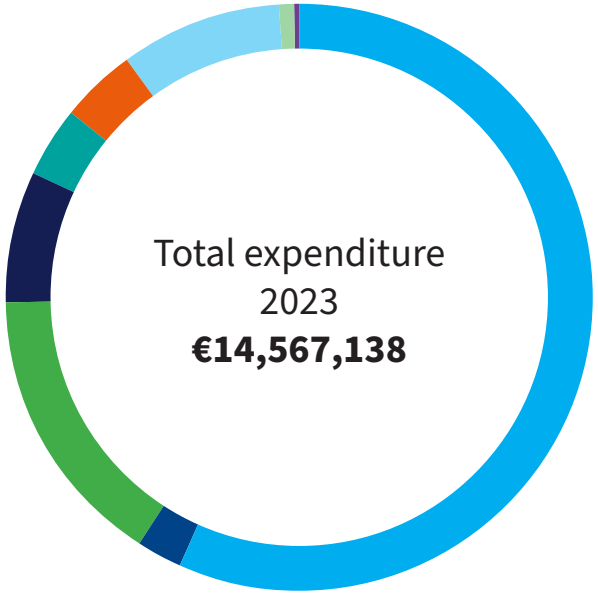
WWF

Funders and finances



Membership fees	97,252
EC Grants	700,000
Governments	898,879
Private - Foundations	13,217,328
Financial income	48,373
Other misc. Income	50,287
	€15,012,118

Personnel	8,265,598
Travel and subsistence	393,719
Research and consultancy	2,250,695
Transfer to T&E members	1,031,576
Subcontracting	566,221
Direct project costs	630,296
Office costs	1,296,206
Depreciation and provisions	98,094
Financial costs	34,363
Income taxes	370
	€14,567,138



Who we are and what we stand for

Established in 1990, Transport & Environment (T&E) is Europe's leading NGO campaigning for cleaner, safer transport. Our job is to research, debate and campaign with the facts available.

Our goal is simple but hard: to minimise transport's harmful impacts on the environment and health, while maximising efficiency of resources, including energy and land, without forgetting to guarantee safety and sufficent access for all.

TRANSPORT & ENVIRONMENT

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