The Benefits Of Carbon Footprint Reduction

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Introduction

Environmental, social and governance (ESG) initiatives are a priority for many businesses.

As a result, many fleet operators are turning towards a mixed fleet of internal combustion (ICE) and electric vehicles (EVs) in order to reduce their carbon footprint.

The move represents a growing global push towards sustainability. In the U.S., the government aims to reduce greenhouse gas emissions by more than 50% from 2005 levels by 2030.[1] As part of the initiative, a network of more than 500,000 charging stations[2] will be installed across the nation.

In the UK, the Automated and Electric Vehicles Act[3] looks to phase out fossil fuels by 2040. China — the world's second-largest economy — endeavors to follow suit by 2060.[4]

WEX is committed to modernizing fleet mobility to align with a shift in how transportation will be observed in the near future.

This eBook will examine how your fleet can contribute to a clean carbon footprint and how increasing your sustainability efforts can benefit your business.

Why sustainability matters

Carbon dioxide (CO_2) emissions from fuel reached a new record in 2021, with 36.3 billion tons released globally.[5] As a result, the transportation industry has surpassed power plants as the leading source of greenhouse gas emissions. In the U.S. alone, 1.9 billion tons of CO_2 are emitted annually.[6] The second quarter of 2022 alone saw EU economies produce 905 million tons of CO_2-equivalents, an increase of 3% from the same period in 2021.[7]

Companies can address these concerns and align with sustainability initiatives and a shifting customer ideology by electrifying their fleets.

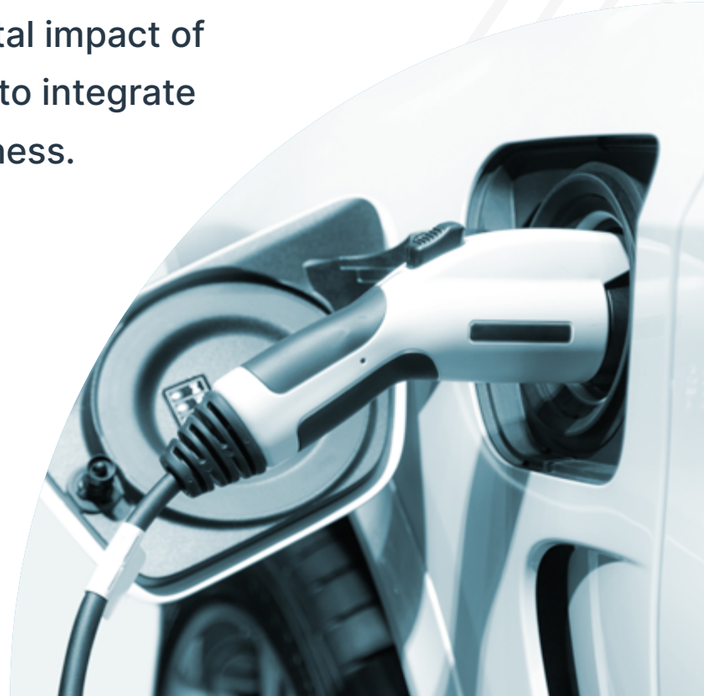
Adding even one EV to your fleet represents a significant participation in sustainability efforts. Benefits include:

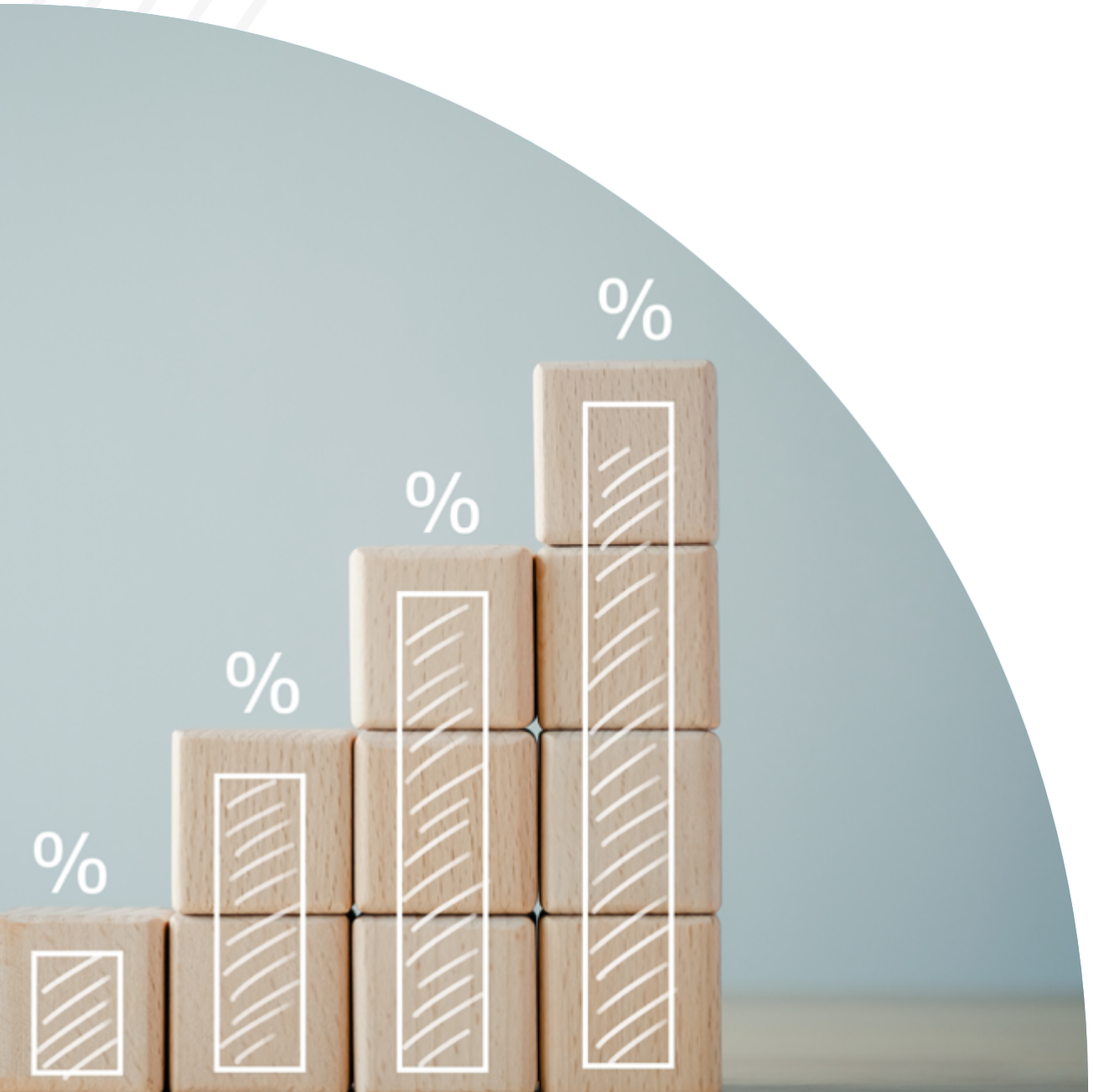
- A contribution to improved air quality in your community.
- Opportunities for federal or city grants and tax incentives to help with the transition.
- Lowered CO_2 emissions on roadways.

As many as

83%

of commercial fleet operators[8] cite the environmental impact of EVs as a top reason to integrate them into their business.





Carbon reduction benefits

Increase revenue

Participation in initiatives that reduce your carbon footprint can also impact your bottom line.

Here are some of the benefits associated with the gradual electrification of your fleet:

- Differentiating yourself amongst competitors in the marketplace and showcasing support for EVs will resonate with an increasingly green consumer base.
- Providing climate leadership will encourage employees to create new products and services that further a commitment to sustainability efforts.
- Selling power stored in EV batteries back to your local grid during periods of peak demand (known as “vehicle to grid” or V2G service) provides an additional source of revenue.

Lower operational costs

A reduction in fuel spend alone offers financial incentives for implementing EVs into your business.

In addition to lower operational costs, increased subsidies supporting your country's sustainability efforts often offer financial incentives and rebates for each vehicle purchased.

Utility rebate programs are an additional source of savings that vary depending on where your business resides.

One study (Geotab and Enterprise Fleet Management) identified that the near-term electrification of even 13% of a surveyed 91,252 vehicle fleet could result in a total potential savings of $33 million and 194,000 tons of tailpipe CO_2 emissions over four years.[10]

Estimates indicate that by 2030, fleet EVs will have a

15-25%

less total cost of ownership (TCO) than traditional ICE vehicles.[9]

Give back to the grid

As we've discussed, EVs possess bi-directional charging capabilities that can provide additional revenue and lessen the maximum load on the energy grid.

But are you aware that vehicle to everything (V2X) charging could also help power your facilities, tools and equipment?

As the number of EVs in commercial and government fleets increases, demand on power grids will grow. Adopting vehicle to grid (V2G) and V2X early will save energy expenses as you charge outside of peak consumption periods or sell excess energy back into the grid, raising your revenue in kind.

The idle advantage: Charging your fleet at night while your EVs are docked allows you to take advantage of lowered energy consumption costs.

Engage stakeholders

A commitment to environmentally supportive causes is a good way to motivate, attract and retain staff.

Support for Environmental, Social and Governance (ESG) initiatives is an effective workforce strategy, and one that offers a series of tertiary benefits that aren't often considered among the reasons to implement EVs.

By demonstrating to investors that you are measuring, disclosing and managing climate risks, you'll be sending a message that resonates positively throughout your business:

- Organizations with the highest employee satisfaction had ESG scores 14% higher than the global average, likely due to their strong environmental performance.[11]
- 76% of consumers say they will stop buying from companies that poorly treat the environment, employees, or the community in which they operate.[12]
- A McKinsey study found that ESG propositions had a positive impact on equity returns 63% of the time.[13]

Mitigate risks

Some fleet managers are now adding EVs to reduce the risk of possible future regulations that impose even loftier fines related to excess carbon consumption. Globally, Uruguay and Switzerland currently have the highest carbon taxes,[15] with equivalents of $137 and $130 USD per metric ton of CO2-equivalent, respectively.

And while countries like Poland and Ukraine are on the opposite end of the spectrum ($1 USD equivalent per metric ton), nations will start to implement regulations as they become carbon neutral.

Research indicates that putting a price on carbon-based fuels can be an effective way of reducing greenhouse gas emissions and pollution levels across the globe.[14]

WEX

At WEX, we believe that the world's best businesses will thrive over the long run by responsibly leveraging their people and the planet. We are building on our long history of innovation in fleet efficiency to help drive innovation in the EV space, using our business model to support sustainable fleet solutions.

Here's how WEX is helping operators reduce their carbon footprint:

- By providing charging solutions to integrate with our fuel offerings.
- By aiding in EV transition planning, as well as providing insight into identifying areas of opportunity to begin electrification.
- By offering tools to successfully manage a mixed fleet, including connectivity, via our WEX Telematics and advanced GPS location tracking services.

WEX is proud to support ESG initiatives and aid fleet operators in navigating the electric frontier.

To take advantage of solutions designed to support you on your journey toward an electric future, contact WEX today.

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