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Decarbonise Corporate Fleets

1. INTRODUCTION

The automotive industry is a core engine of European prosperity, innovation and growth. As the Automotive Action Plan notes, the sector is in full transition, experiencing structural changes at unprecedented speed and magnitude over the coming years and decades, driven by the accelerating shift to zero-emission mobility and the increasing integration of digital technologies. Future vehicles will be increasingly clean, connected and automated. Corporate fleets are at the heart of this transition.

Currently, there are almost 290 million vehicles on European roads. Only 6 million are zero-emission vehicles. Corporate vehicle registrations, i.e. vehicles purchased by legal entities and not by physical persons, make up around 60% of car registrations in the EU. In the case of vans, buses, coaches, and trucks, the whole market is effectively corporate, as almost none of those vehicles are registered in the name of private individuals. Hence, measures in the corporate segment can have a positive impact on the overall market.

The Regulations setting CO_2 standards for passenger cars and vans and for trucks represent an effective supply-side measure, setting progressively higher emission reduction targets for manufacturers.

From 2035 onwards, new cars and vans will be allowed for registration in the EU only if zero-emission[1]; for heavy-duty vehicles, the increasingly stringent targets culminate in a 90% CO_2 emissions reduction from 2040 onwards, while all new urban buses will have to be zero-emission as from 2035[2]. These measures should now be supplemented by appropriate stimulus to the demand for zero-emission vehicles, whereby support to corporate vehicles plays a key role.

Accelerating the uptake of zero-emission vehicles in corporate fleets can benefit the European automotive industry and help increase its competitiveness and resilience at this pivotal moment. It can also help with reducing transport emissions further due to the higher milage of corporate vehicles. Transport accounts for a quarter of EU's total greenhouse gas emissions and is a major contributor to air pollution. In urban areas, some of which have enacted increasingly tight low-emissions zones, the impact of zero-emissions vehicles on improving air quality is very pronounced. Hence, accelerating the uptake of zero-emission vehicles co-benefits pollution reduction and our citizens' health.

EU vehicle manufacturers generally have higher market shares in corporate vehicles than in private ones. An accelerated demand for zero-emission vehicles from corporate fleets can help regain growth and competitiveness of the European automotive sector, reduce overall cost of operations over the lifetime of the vehicle for fleet operators and help consumers by improving second-hand car market offerings and hence reducing the costs of zero-emission vehicles.

Such action therefore can make an important contribution to the industrial action plan on the automotive industry, while also contributing to the objectives of the Clean Industrial Deal, the European Green Deal, and the Compass for Competitiveness.

Any measure would need to take into account cost-efficient and fast reduction of emission as well as territorial dimensions and challenges in less developed regions and in (sub)urban, rural or remote areas including gaps in (recharging) infrastructure.

[1] Regulation (EU) 2019/631
[2] Regulation (EU) 2019/1242

This Communication presents an overview of the market for the companies and vehicles considered as corporate fleet and their challenges, opportunities and good practices that can help accelerate zero-emission vehicles update in corporate fleets with the view to achieving the 2035 zero-emission target. It also includes actions that Member States can take already today to increase the uptake ahead of the legislative proposal that the Commission is working on and which should be adopted by the end of the year. It can also serve as a blueprint and best practice example for our neighbourhood and partner countries.

2. WHAT ARE CORPORATE FLEETS?

The markets of corporate fleets, their actors and their business models vary substantially. Depending on the market segment, market actors can be very large, operating thousands of vehicles, or very small, operating just a few. Many actors are SMEs. But at the same time, only a few large companies control the majority of leasing operations, which are responsible for the vast majority of corporate vehicle registrations.

There is currently no definition in EU legislation of what entails a corporate fleet. For the purpose of this Communication, all vehicles registered by a legal entity (as opposed to a physical person) are considered corporate vehicles[3]. Thus, corporate fleets could be divided into five broad categories, covering cars, vans and heavy-duty vehicles (trucks, buses and coaches):

- **Company cars** – vehicles provided by an employer to an employee as a benefit in kind; their share in the total fleet varies significantly between Member States due to differences in their fiscal treatment and general employment rules and conditions. In many cases, the cars are procured through leasing.

- **Leasing** – companies leasing cars to other companies (large as well as SMEs) and private individuals, and leasing vans to other companies. This category overlaps with some of the others, as for example company cars and vehicles used in true fleets are often procured through leasing.

- **Rental** – companies renting cars to other companies or private individuals. While car rental is mostly touristic or business, van rental typically offers a logistics and mobility option for companies.

- **True fleets** – vehicles registered by companies and used for their own commercial activities, include different types of vehicles, entities, and business cases, such as:

    - Urban mobility service car fleets – taxis, ride-hailing, car sharing – excluding scheduled public transport;

    - Large fleets of logistics vans – last-mile and urban delivery fleets operated by postal services, e-commerce, large retailers etc.;

    - Service cars and vans – vehicles used to transport personnel and equipment, as well as to provide services operated by e.g. engineering or telecom companies for their repair works, or individual vehicles registered by service providers;

[3] With the exception of *inter alia* ambulances, fire trucks, etc.

- Buses and coaches – almost exclusively registered by legal entities, including urban buses which are mostly used by public authorities and entities subject to public procurement rules and to the mandatory targets for zero-emission vehicles under the Clean Vehicles Directive, while coaches are operated by both public and commercial entities as they drive peri-urban and interurban scheduled public transport, long-distance interurban passenger transport, as well as tourist services;

- Trucks – almost exclusively registered by legal entities, includes large logistics companies, freight buyers and others operating fleets of hundreds of trucks to micro- and SMEs operating a single truck.

- **Vehicles registered by manufacturers themselves** – e.g. salon and test vehicles; unlike other types of corporate fleets, these vehicles are more directly influenced by general market trends (including in private sales) than by other specific factors.

3. WHY ACTION IS NEEDED

The CO_2 standards for cars and vans as well as for heavy duty vehicles require a gradual increase in the registrations of zero-emission vehicles. Sales of battery-electric vehicles (BEVs) in the EU have been continually rising until the beginning of 2024. In 2023, the share of new battery-electric car sales reached 14.6%. This was spurred by better environmental awareness, expanded model offerings, and government incentives.

However, the growth curve required for compliance with the CO_2 standards by 2030 is steep. There was a slight decrease in sales in 2024, with registration shares of electric cars dropping by one percentage point to 13.6% on the EU market. Other zero-emission vehicles such as hydrogen fuel cell vehicles are still in very early market stage.

Several factors can explain the market developments in 2024. For example, there was a discontinuation of subsidies in some major markets at the end of 2023. The overall difficulties for general automotive sales, driven by the difficult economic context conditions in the EU, is also a likely factor.

In this context, corporate vehicle registrations play an important role, being responsible for about 60% of all new car registrations in the EU. Fleet operators, and particularly larger ones, are often in a better position to negotiate prices for vehicle purchase and may also benefit from various fiscal incentives - such as favourable tax depreciation rules - VAT deduction or favourable benefit-in-kind treatment. This is the case for example for car leasing, which is a consolidated market, dominated by a relatively small number of large operators that are responsible for around 3 million new vehicle registrations per year (approximately 30% of new car sales).[4]

Available data[5] suggests, however, that this potential is not fully activated at an average EU level: the zero-emissions vehicle share in corporate car fleets has been lagging behind the share in sales to private individuals in the past years. The respective shares for 2023 were 12.3% in

[4] There is a certain level of overlap between this and other categories of corporate fleets, as e.g. company cars or true fleets are often procured through leasing
[5] Dataforce (2024)

corporate compared to 14.1% in private this has narrowed slightly to 12.4% compared to 13.8% in 2024.

In 2024, the number of zero-emission light commercial vehicles (vans), buses, coaches, and trucks across the EU has continued to climb steadily compared with 2023, but with uneven situation. Van sales grew overall, and zero-emission van had a share of 6.1% of new registrations. The bus and coach segment has also continued its upward trend, with overall sales growing and electric buses accounting for 18.5% of all registrations, or more than one third of new urban buses. Although still a very small market overall, new sales of zero-emission trucks have recorded a growth of about 10% from 2023 levels, and recorded a registration share of 2.3% in new truck sales.

When looking at single Member State markets, large variations in the share of zero-emission vehicle registrations show up, also because of corporate fleets: for example, Germany saw BEV car sales dropping by 27% in 2024, while Belgium saw an increase of 37%, and the latter market action is largely driven by corporate car fleets following changes to the national taxation scheme. This underlines the need to look at all factors that influence the decisions of corporate fleet managers to purchase zero-emission vehicles, including model availability, model price, availability of recharging infrastructure, national taxation, other fiscal and non-fiscal incentives (e.g. urban access rights) and other regulatory requirements. For example, in the case of true fleets, operational requirements (e.g. the need to operate for long hours and distances with limited time to recharge), the availability of dedicated recharging infrastructure, and specific conditions such as the need to access low-emission zones or to comply with requirements to obtain a licence, often represent the main factors determining the choice of vehicle to be used.

4. CHALLENGES AND OPPORTUNITIES

In order to proceed with the suitable actions to boost the uptake of zero-emission vehicles towards 2035, it is important to take into account the fact that the **challenges** for decarbonised corporate fleets vary according to the use cases and their characteristics.

Leasing fleet operators are increasingly including zero-emission cars into their fleets. However, according to the sector, slowly changing customer preferences and perceived concerns about seamless recharging experience prevent a faster switch to zero-emission vehicles. Leasing fleet operators also point to high purchase prices and uncertainties about residual values of zero-emission vehicles and demand on the second-hand market, which can have an impact on the risk assessment of the companies . They also emphasise incentives of fiscal treatment of the leased vehicles, which on many occasions still favour the purchase of a conventional vehicle.

Rental fleet operators note persistent problems with offering zero-emission cars in large number for rent. They indicate that this is due to lack of customer interest, particularly on very short-term rental, uncertainties about residual value and customer demand for second-hand zero-emission vehicles, and a general lack of suitable fast-recharging infrastructure at rental hubs, for example at airports and other mobility hubs.

Customer preference, model availability and price, concerns about recharging infrastructure and fiscal treatment of the vehicles, and uncertainties about demand on the second-hand market are reported to be among the main factors influencing the choice of vehicles also for **van rental and leasing**.

Zero-emission **trucks** present a significantly higher purchase cost compared to conventional ones; the availability of fast recharging infrastructure is rapidly increasing, but operators often still hesitate to switch to electric options, especially for long-haul operations. Truck operators need to be able to install recharging infrastructure in their depot, to have access to infrastructure allowing sufficient recharging compatible with the truck's operational needs during the mandatory breaks. The average age of trucks in the EU is about 14 years, and the first owner typically operates the truck for 5 years. The used market for trucks is about double the size of the new market, with a clear dynamic of first use in North and Western Europe, while second or third-life is with users in Southern and Eastern Europe.

The consolidated actor structure of the **car leasing sector** and its significant overlaps with other types of corporate fleets would make initiatives targeting zero-emission leasing cars relatively straightforward to implement and potentially highly effective. Leasing can also represent a significant opportunity to overcome the barrier of high purchase costs preventing access to those vehicles for lower income users, and can support a wide second-hand market.

Short-rental cars are usually among the fastest to reach the second-hand market – often within one or two years. This provides an opportunity to rapidly increase the availability of zero-emission vehicles on the second-hand market through initiatives targeting this type of corporate fleet, especially if accompanied by measures supporting the purchase of zero-emission second-hand vehicles. Increasing the offer of zero-emission rental car options would offer significant benefits in terms of emission reductions, given their high yearly mileage.

A faster shift to zero-emission **rental and leasing vans** would present an opportunity to overcome the initial high purchase cost of electric vans and allow the decarbonisation of transport operations of many small and medium businesses. Given the relatively high yearly mileage of this type of vehicle, a faster shift to zero-emission would also bring significant benefits in terms of emission reductions.

In general, for **company cars**, it is the fiscal treatment that is the main lever determining the choice of vehicles, offering a significant opportunity to accelerate the shift to zero-emission vehicles through fiscal interventions.

As corporate fleets allow for aggregation and generally have predictable charging behaviour, they are highly relevant for bi-directional charging functionalities. By injecting electricity back into the grid, vehicle-to-grid (V2G) will generate incomes from these flexibility services.

5. GOOD PRACTICES AND PRIORITIES FOR ACTION

The Commission carried out an Open Public Consultation on Greening Corporate Fleets in 2024.[6] The Open Public Consultation covered cars, vans, trucks and coaches. 267 responses were received from various stakeholders – mainly businesses and business associations (72% of responses), followed by NGOs (11%), citizens (9%) and public authorities (3%). It showed a clear consensus about the desirability of a faster penetration of zero-emission vehicles in corporate fleets. The Open Public Consultation also confirmed the view that a higher share of zero-emission vehicles in corporate fleets would be beneficial in terms of GHG emissions reduction and built up of second-hand car markets, improving the affordability of zero-emission vehicles. But it also noted to ongoing problems and challenges, including higher

[6] OPC - Greening corporate fleets

purchase cost, risks related to residual values and lack of availability of vehicles (mostly heavy-duty).

The consultation clearly pointed out that costs (purchase, operational and total cost of ownership) are defining the purchase decisions of corporate vehicle fleet operators. Fiscal treatment (in income, corporate and vehicle registration tax, annual vehicle circulation tax and fiscal treatment of specific vehicles, e.g. company cars as benefit-in-kind) was widely regarded as a key factor across all types of fleets. Fiscal measures were consistently identified as the most effective way to achieve such a faster shift, across all types of corporate fleets.

Good practice example – Adjustments to the tax system

An example of how the tax system can be adjusted to increase the share of zero-emission corporate vehicles is Belgium, which has reformed its company car scheme as of 2021 to promote the adoption of zero-emissions vehicles and reduce the tax advantages for traditional internal combustion engine (ICE) vehicles and plug-in hybrid electric vehicles (PHEVs)[7]. The main levers were:

- changes to the tax deductibility of vehicle costs, progressively limiting the deductibility of all costs for non zero-emission vehicles, acquired between 1 July 2023 and 31 December 2025, to reach 0% by 2028 and the fuel expenses (petrol or diesel) of fuels used in a PHEV, acquired from 2023 onwards to 50%, while 100% deductibility remains for zero-emissions vehicles and for electricity usage;

- modification of the reference CO_2 emission values used to calculate the taxable benefit-in-kind for private use of company cars to reflect the decreasing average emissions of newly registered cars in Belgium.

While the reform is being gradually rolled-out, since 2024 Belgian sales of zero-emissions vehicles have drastically increased, roughly tripling over the course of two years and making Belgium the third biggest market in Europe for zero-emission vehicles, in total sales. Charging infrastructure expanded massively in Belgium in the past three years, even quicker than vehicle sales, with fast charging increased nearly 10-fold. **The Belgian example shows that a targeted focus to modification of existing fiscal measures can have a significant effect on the total market**.

Some Member States introduced accelerated depreciation measures as an incentive for the acquisition of electric vehicles. One of the good examples is Spain, where newly acquired clean vehicles and charging stations for such vehicles can be freely depreciated[8], if used for economic activities. The free depreciation is available for tax periods beginning on or after 1 January 2024 and applies to new investments that begin in the tax periods starting in 2024 and 2025[9].

[7] "Loi du 25 novembre 2021 organisant le verdissement fiscal et social de la mobilité" officially entered into force in January 2023.

[8] In 2023 the newly acquired electric vehicles could benefit from the accelerated depreciation with a doubled standard rate.

[9] Spain, Royal Decree Law 4/2024

Another example is Czechia, where clean vehicles acquired and put in use in the period from 1 January 2024 until 31 December 2028 can be depreciated in 2 years. The depreciation is limited to 60% of the acquisition price in the first 12 months and up to 40% for the next 12 months[10].

The outcomes of the Open Public Consultation are consistent with available information and market analysis showing that corporate vehicle taxation regimes are highly impactful. Experience shows that revisions to the taxation framework to ensure a more equal or favourable footing of zero-emission vehicles in corporate fleets, or introduction of other incentives such as malus or bonus/malus schemes providing more favourable treatment to lower emitting vehicles than to higher emitting ones, can result in a surge in new zero-emission corporate vehicle registrations.

In addition, the consultation pointed out special support schemes and operational incentives (exemptions from access restrictions, road charging, tolling or parking conditions as well as social leasing schemes including an Ecoscore, etc.) as effective, in particular for rental and leasing fleets, large logistics fleets, urban mobility fleets and company cars.

Good practice examples - taxi regulations for zero-emissions vehicles

There are several examples in Europe, where city or regional authorities have enacted dedicated regulations requiring zero-emissions operations by taxi fleets, to align with their climate and air quality plans.

Hamburg has set a specific goal for taxi operations: newly registered taxis should increasingly be zero-emission so that by 2030, the entire taxi fleet operating in Hamburg will follow suit. This will be achieved primarily through the licensing process, where taxi operators must demonstrate compliance before receiving or renewing their operating licenses. Hamburg is also providing financial support, such as subsidies for purchasing zero-emission vehicles and installing adequate charging or hydrogen-refuelling infrastructure.

In Amsterdam, all taxis operating in the restricted areas of the city centre are expected to be zero-emission by 2025, and after that date, new taxi permits will only be granted to zero-emission vehicles. By 2030, the city intends to extend this requirement to all taxis operating throughout the municipality. To help taxi operators transition, the local government offers subsidies and other forms of support, while also working to establish a robust charging and fuelling infrastructure, with a focus on expanding fast-charging points in high-demand locations like Amsterdam Central Station and Schiphol Airport.

The consultation also underlined the availability of recharging and refuelling infrastructure as a key influencing factor. While the mandatory targets set in the Alternative Fuels Infrastructure Regulation[11] will ensure a sufficient coverage across the Member States, and in particular along the TEN-T, the exact location, number and power outputs of individual recharging points at specific locations will be determined locally.

[10] Section 30a(1) of the Act. 1 of Act No. 586/1992 Coll., on Income Taxes, as amended
[11] Regulation (EU) 2023/1804

The availability of the right number and type of recharging points at some of these locations will be crucial to meet the specific requirements of certain types of corporate fleets; for example, taxi and ride-hailing fleets depend on publicly accessible recharging points in the urban areas where they operate, while rental car fleets operating at airports often require dedicated recharging infrastructure, but depend on the airport for their deployment. On the other hand, some fleets such as public transport bus fleets tend to rely exclusively on their own dedicated infrastructure, either at depots or for opportunity charging at bus stops.

Trucks use depot charging as the primary option, but especially for long-haul operations they need access to sufficiently fast charging infrastructure to meet their operational needs by recharging during the mandatory breaks. As announced in the Action Plan on Automotive, the Commission will work on a European Clean Corridor initiative to fast-track the deployment of HDV charging hubs along key logistics corridors in the TEN-T as critical infrastructure, by streamlining of permitting and leveraging financing to de-risk investments, linking to the provisions for specific grid priority areas under the Renewable Energy Directive. The initiative will bring together fleet operators, charge point operators, electricity grid operators and public authorities as appropriate in the context of the respective TEN-T corridor and thus serve as a useful platform for both raising awareness of needs of all involved actors as well as creating confidence among corporate fleet operators on the feasibility of seamless longer-distance operations.

Good practice examples – recharging points at airports

Zaventem Airport, in Brussels, has deployed 750 recharging points for passengers and staff in its parking areas The deployment of several hundred additional recharging points at Paris airports (Orly and Charles de Gaulle) has been announced by the end of 2025, covering more than 600 slow recharging points at the public parking areas as well as fast recharging points to meet the requirements of rental companies and taxi drivers, and ultra-fast chargers available for different users. Making sufficiently fast recharging options available to rental car fleets and taxis at locations such as airports or other mobility hubs is crucial to allow the transition of this type of fleet to electric vehicles; this can in turn contribute to making the overall operation of the airport more sustainable.

Good practice examples – island electrification in Greece

Astypalaia, a Greek island in the South Aegean, is undergoing a pioneering transformation into a “Smart & Sustainable Island” through an ambitious collaboration between the Greek government and Volkswagen Group. Initiated in 2020 and rolled out from early 2021, the pilot project aims to replace the island’s conventional fleet with electric vehicles alongside implementing e-scooters, e-bikes, and a new on-demand ride-sharing service utilising electric vehicles. Charging infrastructure, once sparse, has expanded considerably, while solar farms are being built to supply the growing number of EVs with clean energy. The initiative has garnered significant attention, demonstrating how smaller, diesel-reliant islands can shift toward renewable energy and carbon-neutral mobility. Astypalaia’s ongoing initiatives highlight its transition to sustainable tourism, offering a real-world example of how e-mobility, renewable energy, and modernized public transport can create a low-impact, future-focused travel destination.

6. WHAT CAN BE DONE TODAY

The automotive market needs demand strengthening now. There are several actions that can already be taken today by different actors at the European, national, regional and local level, to accelerate the transition to zero-emission vehicles in corporate fleets. These actions will complement and anticipate the legislative proposal that the Commission is preparing for end 2025 that will look at all policy options to increase the uptake of zero-emissions vehicles in corporate fleets.

6.1. Making zero-emission vehicles more attractive through fiscal policy

Currently, Member States are supporting the company car market with more than EUR 40 billion annually through subsidies or fiscal treatment (reductions or exemptions from registration tax, annual vehicle tax, etc.), with most of that amount used for conventional vehicles[12]. While the situation is varied across Member States, with state support ranging up to substantive amounts such as EUR 16 billion per year in Italy, some element of support is prevalent in most Member States.

At present, there are subsidies and fiscal regimes that do not support the switch of corporate fleets to zero-emission vehicles in quite a few Member States – in some the taxes or tax benefits are similar, so that the higher purchase price disincentives the zero-emission vehicles, whereas in some others higher tax benefit apply to purchasing and operating a conventional vehicle.

Changing these fiscal regimes can have a quick and decisive role in the transition to zero-emissions vehicles in corporate fleets, as the fiscal treatment of different vehicles is one of the main drivers influencing operators' choices. It can potentially offer the possible advantage of having lower public budgetary implications as compared to direct purchase subsidies, as this could entail a more targeted use of existing fiscal provisions in favour of zero-emission vehicles.

Action should be taken to make systems more favourable to zero-emission options, by either reducing comparative benefits for conventional vehicles or improving the treatment of zero-emission vehicles. The benefits of targeted changes to fiscal treatment of conventional corporate vehicles are highly visible in Belgium, as detailed in the example presented above. This can also be achieved in the field of VAT by modifying the VAT Directive in order to reduce the right to deduct input VAT for conventional vehicles. When revising such measures, it is important to include criteria to safeguard supply chain resilience and sustainability, such as for example rules of origin, circularity and sustainability criteria, as described in the Automotive Action Plan.

In this context, the Commission also recalls that EU State aid rules offer wide and flexible opportunities for Member States to support activities contributing to the uptake of zero-emission vehicles, including by reducing taxes for the purchase or leasing of such vehicles, as well as supporting the necessary recharging and refuelling infrastructure. The Commission is hence encouraging Member States to make use of such opportunities.

Such fiscal measures could be complemented by extended use of available options under the Eurovignette Directive whereby road usage instruments where zero-emission vehicles could be exempted and by using the revenue, such as road tolling or road charging, to support the

[12] Company car fossil fuel subsidies in Europe, T&E 2024

decarbonisation of the road transport sector, including through investing into recharging infrastructure. This is described further in the Automotive Action Plan.

When public authorities have measures in place favouring the provision of company cars (e.g. through taxation), the Commission invites them to ensure that these are formulated in a way that creates an incentive to choose zero-emission vehicles over conventional ones, and that criteria are included that ensure the sustainability and European supply chain resilience, in line with the Automotive Action Plan. The Commission also encourages public authorities to consider similar measures also for other types of corporate fleets, and to use part of the revenue raised from road usage instruments for public support infrastructure for recharging and refuelling. The Commission will also, as part of its green VAT initiative scheduled for 2026, consider a progressive removal of the VAT deduction related to conventional vehicles.

6.2. Possibilities at local level with urban mobility services' fleet

Urban mobility services' fleets, such as taxis, ride-hailing and car-sharing fleets, represent another type of corporate fleet with a strong link with local and urban mobility. They typically operate based on licences granted at local level, which set conditions for their operation. Many operators of these types of fleets have expressed their intention to play a positive role in the decarbonisation of road transport. Due to their business model, area of operation and operational requirements, the choice whether to switch to zero-emission vehicles is highly dependent on conditions set directly or indirectly by local authorities.

In particular, access to recharging infrastructure meeting the operational requirements of the urban mobility fleet is often identified as a key factor. This can take the form both of publicly accessible slow recharging points for overnight charging in the case of drivers who do not have a garage and rely on street parking, and of fast recharging points allowing a quick top up during short breaks in the daily operation. Another key element is the provision of operational incentives such as allowing zero-emission urban mobility service fleets to use dedicated lanes or providing easier access to parking. The existence of zero- and low-emission zones can represent a key factor accelerating this transition, as the need to access those areas will make the choice of a zero-emission vehicle significantly more attractive.

In addition to creating more favourable conditions for zero-emission vehicles in urban mobility fleets, local and regional authorities can play a more direct role in accelerating the transition by setting requirements for the share of zero-emission vehicles, including sustainability and supply chain resilience criteria, as a condition for the granting of licences and concession for their operation.

Public transport authorities and operators are at the forefront of the transition to zero-emission fleets. In 2024, every third new urban bus registered in the EU was battery electric, representing the highest share of new zero-emission vehicles in corporate fleets, but public authorities face budgetary constraints in the purchase of further zero-emission buses; it will be crucial to ensure that the right conditions are in place to allow them to keep investing in this solution in the coming years.

The Commission invites local and regional authorities to include requirements on the share of zero-emission vehicles in the licencing process for local private fleets such as taxi, ride-hailing and car-sharing fleets including criteria to ensure the sustainability and supply chain resilience in line with the Automotive Action Plan, to provide enabling conditions and ensure an appropriate offer of recharging infrastructure, and to envisage local incentives such as privileged access to parking spaces or use of dedicated lanes to make the services offered through zero-emission vehicles more attractive. The Commission also encourages national

authorities to support this effort by setting more favourable fiscal conditions for corporate zero-emission vehicles compared to corporate conventional vehicles, and by providing financial support and incentives for public transport authorities and operators switching to zero-emission buses.

6.3. Rental companies: airport trailblazers

Vehicles used in short (few days to few weeks) rentals, such as the ones from rental fleets at hubs such as airports and rail stations, can be particularly effective in reaching a high number of private drivers, increasing visibility of zero-emission solutions, offering an opportunity to try a new powertrain, and addressing existing user concerns such as range anxiety.

Furthermore, the presence of a fleet of electric rental vehicles at airports or other mobility hubs will encourage a faster deployment of public and private recharging infrastructure (e.g. in hotels, conference centres, touristic areas) in the area served by that airport, which in turn will further increase visibility and facilitate a faster uptake of zero-emission vehicles, while also promoting sustainable tourism.

On the other hand, the capacity of airport rental fleets to switch to zero-emission vehicles can be limited by local factors, such as availability of recharging infrastructure.

When switching to electric vehicles, meeting some of these operational requirements will require additional effort in the short term. The current fast turnaround between rentals cannot be ensured with slow charging only; to avoid significantly longer waiting times between rentals, the use of fast chargers will be required. It also seems likely that more vehicles would be returned with the battery less than completely full, due to the current comparatively limited availability of recharging infrastructure in the vicinity of the airport; more vehicles will therefore need to be recharged at the car rental facilities.

Companies operating large airport rental fleets will therefore require multiple fast or ultra-fast charging points, and an upgrading of their electricity grid connection to ensure the required power output; the need to upgrade the electricity grid connection will be even more relevant when multiple rental companies operate at the same facilities – as is the case at most airports. The deployment of recharging infrastructure at the airport facilities where the rental cars operate is usually not under the direct control of those companies but needs to be ensured through the airport.

A coordinated approach involving the airport and the different rental companies operating on its premises therefore represents a way forward to accelerate the deployment of recharging infrastructure and zero-emission vehicles in rental fleets.

By Q3 2025, the Commission will launch an initiative aimed at accelerating the deployment of zero-emission vehicles in selected airport rental fleets, based on voluntary commitments by the participating airports and the participating rental companies, to secure upgraded electricity grid connections and facilitate the deployment of recharging infrastructure used by rental companies on airport premises. In a second step, other mobility hubs like railway stations may be considered.

7. NEXT STEPS

Increasing the share of zero-emission vehicles in corporate fleets can bring significant benefits in terms of emission reductions, competitiveness for European OEMs and – if accompanied

with adequate policies[13]– also in terms of fairness of the climate transition. There are actions that can already be taken now on national, regional and local level for different types of corporate fleets and bring immediate benefits, but a legislative initiative can provide the necessary legal framework in the longer term across the whole automotive sector.

In the preparatory work for the legislative initiative to be presented by the end of 2025, the Commission will build on the outcomes of the Open Public Consultation on the overall problems and suitability of possible measures that the Commission carried out already in 2024.

In that consultation, no clear consensus emerged as regards the scope and type of measure for a possible European initiative. The results of the Open Public Consultation, as well as the outcomes of the Automotive Dialogues carried out in the last month, underline the relevance of an ongoing dialogue with relevant stakeholders. This is why, in addition to the Impact Assessment procedure for the proposal, the Commission will launch a **high-level dialogue** with relevant stakeholders, starting as of Q2 2025, to discuss relevant measures and options for action on corporate fleets, as well as market dynamics and needs. This will provide the possibility for further exchange and collaboration on activating all relevant actors at national and European level for an accelerated uptake of zero-emission vehicles in corporate fleets.

In the preparation of the **legislative initiative**, the Commission will look into different aspects, including the type of entities, vehicles and fleets to be prioritised, the level of ambition, the impact on air pollution, the territorial dimension, assessing technologies and the impact of mass and volumes on emissions as well as the need to ensure competitiveness while reducing reporting and administrative burdens for enterprises and especially SMEs – which represent the majority of actors for some types of corporate vehicles – in line with the priorities of the Competitiveness Compass.

It is important that the options take due account of regional and other specificities and acknowledge that any such measures must go hand in hand with appropriate incentives and the overall financial capacity for the roll-out of adequate recharging infrastructure.

Uptake of zero-emission vehicles in corporate fleets will be helped by other action to address the most effective use of purchase support at national level. In line with action announced in the Commission's Automotive Action Plan the Commission intends to work closely with Member States on fiscal regimes and incentives for company cars, including on alignment on possible approaches and common criteria (e.g. sustainability and resilience) for national incentives for corporate fleets. It is essential that Member States start, where relevant, swift action to create favourable fiscal conditions for zero-emission vehicles.

[13] Including fiscal and social policies in line with the Council Recommendation of 16 June 2022 on ensuring a fair transition towards climate neutrality.