



LeasePlan



LeasePlan  
Sustainability  
Report  
2018/19

Delivering *What's next* in mobility

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View the LeasePlan Sustainability Report 2018/19 at:  
[www.leaseplan.com/corporate](http://www.leaseplan.com/corporate)  
(Revised on Nov 6)

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# Scorecard



# Scorecard

Our sustainability strategy responds to the changes taking place in our industry and the world around us. For each pillar of our strategy we have developed targets and indicators which are summarised in our scorecard.

## PILLAR 1

### Shaping the future of low-emission mobility

#### Achieving net zero tailpipe emissions from our total fleet by 2030

Millions of tonnes of CO<sub>2</sub> tailpipe emissions from total fleet (Scope 3)



Average CO<sub>2</sub> g/km per vehicle total fleet<sup>3</sup>



New EV<sup>4</sup> orders (Q2 2019)



Percentage of EVs in our fleet<sup>5</sup>



#### Transition our employee fleet to BEVs by 2021 in every market ready to support them

Share of BEVs in employee fleet across all markets



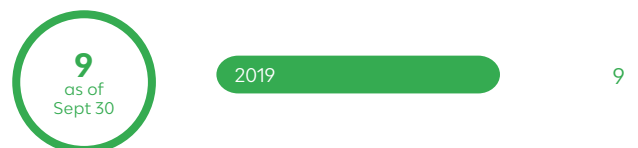
Average CO<sub>2</sub> g/km per vehicle employee fleet



Thousands of tonnes of CO<sub>2</sub> tailpipe emissions offset to zero in employee fleet (Scope 1)



Average number of employee BEVs per charger at LP offices



1. Carbon Disclosure Project submission 2018  
 2. Based on an assessment of the available dataset. We continue to enhance the dataset, which may lead to retroactive adjustments  
 3. Carbon Disclosure Project submission 2018 based on overall fleet. The total for passenger vehicles was 122 g/km. The figures reported include vehicles tested by either NEDC or the WLTP. The WLTP replaced the NEDC to determine levels of pollutants and CO<sub>2</sub> emissions in September 2018 for passenger cars, and September 2019 for LCVs  
 4. New orders of Battery Electric Vehicles and Plug-in Hybrid Electric Vehicles, excluding USA  
 5. Electric Vehicles in fleet are defined as Battery Electric Vehicles and Plug-in Hybrid Electric Vehicles

## PILLAR 2

## Strengthening our contribution to societal wellbeing

## Diversity

Percentage of female employees at top three layers



## Driver safety

Bodily injury rate<sup>7</sup>

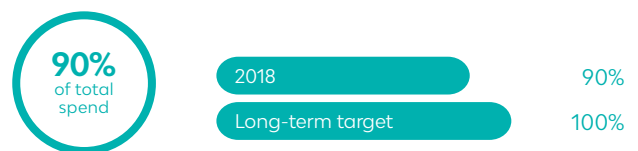
## Employee engagement

Global employee engagement plus score



## Suppliers

Percentage of spend covered by Supplier Code of Conduct



## PILLAR 3

## Reducing our own environmental impact

Total CO<sub>2</sub> emissions kg/m<sup>2</sup> from LP buildings<sup>8</sup>Renewable energy share of total from LP buildings<sup>8</sup>Reduce energy use (kWh) per m<sup>2</sup> from LP buildings<sup>8</sup>

EcoVadis score



6. KPI for layers A, B and C of the organisation, as defined by the Talent to the Top Charter, to which we are a signatory

7. Percentage of vehicle accidents that result in bodily injuries based on data from 10 European countries.

In 2020 LeasePlan will capture this data from at least 20 countries.

8. Based on data from 22 entities. LeasePlan aims to eventually capture this data from all its entities.

The Scope 2 CO<sub>2</sub> emissions of these 22 countries was 11,294 tonnes



# Letter from our CEO

## Letter from our CEO

Dear stakeholder,

There can be no more doubt about the urgent need for action to tackle human-made climate change. The United Nations has warned that unless we drastically reduce our CO<sub>2</sub> emissions and reach net zero by 2050, global warming will exceed 1.5 degrees, with far-reaching consequences for all life on earth.

This is the biggest challenge we face as humanity, and as road transport accounts for around 20% of global CO<sub>2</sub> emissions, we're determined to play our part. That's why we support the goal of carbon neutrality by 2050. But we also think we can do better. We want to achieve zero tailpipe emissions from our entire fleet of 1.8 million vehicles by 2030, starting with our employees' vehicles.

These are ambitious goals, which is why we've decided to publish this, our first-ever Sustainability Report. We want to tell our customers, regulators and other stakeholders how our electric vehicle (EV) journey is going and *What's next* in zero emission mobility. Having set ambitious targets, we already have a lot to show, and a clear idea of how we're going to deliver in the years ahead.

For example, in March we launched LeasePlan's first Green Bond Framework, to help us finance and refinance BEVs in our fleet. The EUR 500 million bond attracted more than EUR 3.5 billion of demand from hundreds of investors. It's a clear signal that the financial markets support our sustainability strategy and are an important partner in the fight against climate change.

Meanwhile, in our markets, we're sharpening our EV propositions and have created a multi-year roadmap for implementation. We're targeting customers in 12 EV-ready countries with attractive EV propositions based on high-quality services and 'full package' solutions, which include options for workplace and home charging and 24/7 assistance. We're also working with automakers to help make these cars more affordable to our customers. Over 5% of our new vehicle orders are now EVs – a big increase on last year.

Internally, we're also making steady progress in the EV transition of our employee fleet to EVs in markets that are 'EV ready'. This has meant adjusting our mobility policies, installing charging facilities at several of our offices, and incentivising our people where possible. In the meantime, we continue to offset 100% of CO<sub>2</sub> from our employees' vehicles.

But we're not stopping there. We also work with all audiences to help them have a better understanding of the benefits of EV adoption. We're training our consultants worldwide to become EV experts, and have organised dozens of EV events for our customers and published multiple insights and guides, such as our popular Sustainable Fleet Benchmark, to help businesses make informed decisions about electric driving.

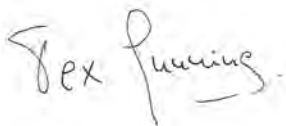


Delivering on zero mobility also means helping to shape long-term policies and incentives to support EV technology and adoption. Today, LeasePlan is at the heart of the global conversation on sustainable mobility through influential forums such as the Climate Group's EV100 initiative, the World Economic Forum's Climate Leaders' Group and the World Business Council for Sustainable Development. Together, we're pressuring policymakers at the national and supernational level to implement a level playing field for EV incentives and to create a comprehensive public charging infrastructure.

Our zero emission mobility activities are only one part of our sustainability efforts at LeasePlan. This report contains many examples of how we're also acting as a responsible business in the community and in the workplace. For example, I'm particularly proud of our new strategy for Diversity & Inclusion, which establishes clear actions and targets for gender equality. As part of the Talent to the Top initiative, our diversity performance will be externally monitored on an annual basis.

For my own part, I'm delighted to be leading such a great company at such an exciting time in its history. I'd like to thank our customers, suppliers and investors for their ongoing trust in us and for their cooperation. I look forward to working with them in the future, as we continue to lead the transition to *What's next* in sustainable mobility.

Sincerely,



**Tex Gunning**

**CEO, LeasePlan Corporation N.V.  
Amsterdam, the Netherlands**





# The world around us

The automotive landscape is undergoing a rapid and far-reaching transformation. Change is being driven by ever growing demands for safer, more efficient and cleaner vehicles, as well as new technologies and consumer trends.

## The world around us

**Our strategy is to deliver *What's Next* in sustainable mobility in a rapidly changing landscape.**

The UN's Intergovernmental Panel on Climate Change has pointed to the need for 'rapid, far-reaching and unprecedented changes' to limit global warming to 1.5 degrees. To achieve this, it estimates global net human-caused emissions of CO<sub>2</sub> will need to fall by about 45% from 2010 levels by 2030, and reach net zero by around 2050.

Many in the business community stand ready to support this goal. In an open letter ahead of the Climate Change Conference (COP24) in Katowice in November 2018, the World Economic Forum's Alliance of CEO Climate Leaders, of which LeasePlan is a member, called on governments to implement better carbon pricing mechanisms, take steps to stimulate low-carbon finance and investments, and create policy tools to influence demand for low-carbon solutions.

As the fastest-growing contributor to human-caused CO<sub>2</sub> emissions worldwide, the transport sector is a major focus area. Road transport in the EU alone accounts for around 21% of all carbon emissions<sup>9</sup>. It is also responsible for high levels of pollution, principally nitrogen oxides and particulate matter, that impact public health in urban areas. Around half the vehicles on the road in the EU are registered to corporate organisations, making businesses key actors in the transition to low- or zero- emission mobility.

### Accelerating zero emission mobility

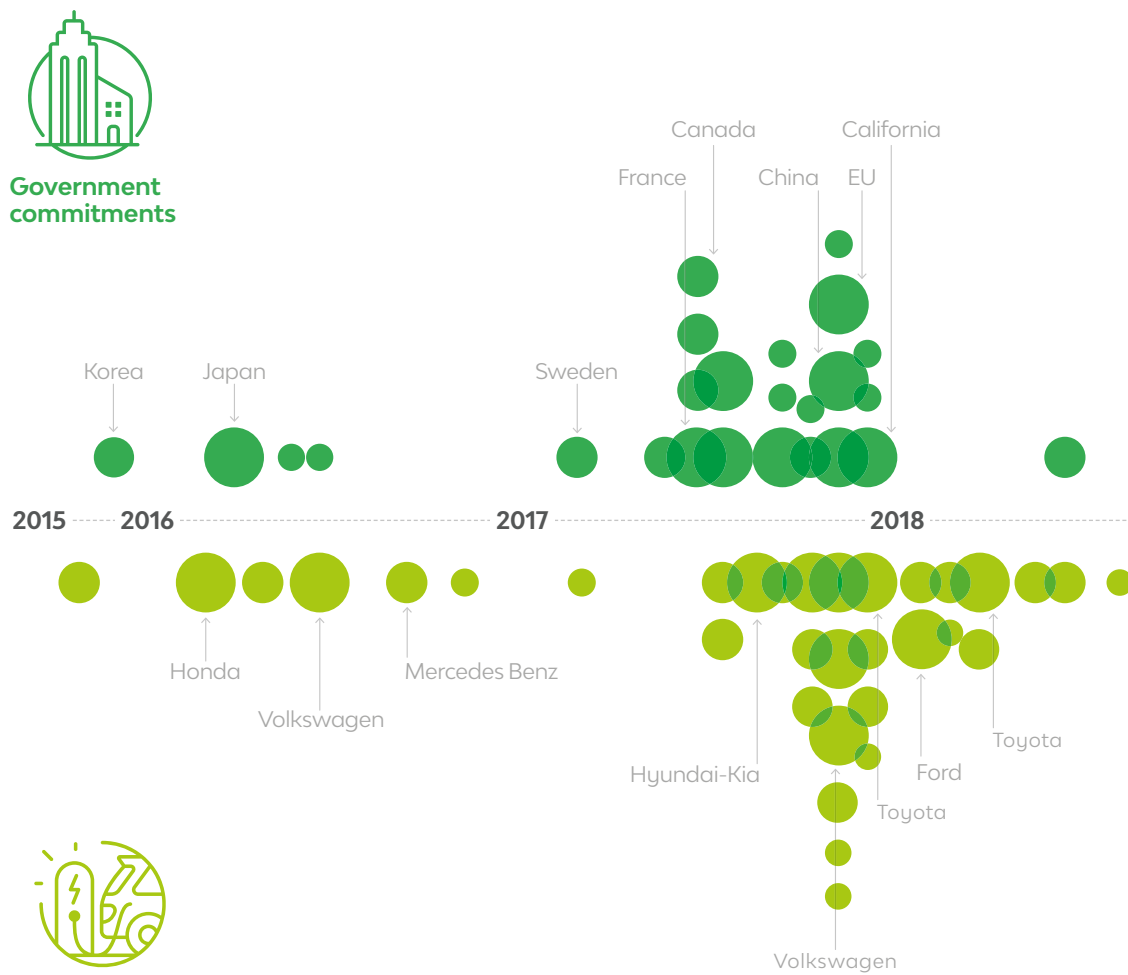
A recent report aimed at policymakers entitled *The Ambition Loop* shows that businesses can act decisively on climate change, provided they are supported by clear public policies and incentives. The report, published jointly by the United Nations Global Compact, the We Mean Business coalition and the World Resources Institute, shows how effective government policies and guidelines can successfully spur businesses into action.

According to the report, some 20 automakers and nearly 20 countries have set targets for electric vehicles (EVs) in the past three years. This has led the number of EVs on the road to more than double since 2015 and increase six-fold since 2013, with an estimated 3 million vehicles in 2017 and 4 million by September 2018.

9. European Commission 2016

## Timeline of announced government and business targets related to EVs

The growing number and momentum of government and private sector EV commitments is evident over the past three years, during which 20 automakers and nearly 20 countries set EV targets.



### Governments with a GDP (2017) of:

- Less than US\$400 billion

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- Between US\$400 billion and US\$2 trillion

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- Greater than US\$2 trillion

### Original equipment manufacturers (OEMs) with annual sales volume (2017) of:

- Less than 400,000 vehicles

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- Between 400,000 vehicles and 4 million vehicles

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- Greater than 4 million vehicles

Source: The Ambition Loop (2018) – United Nations Global Compact, the We Mean Business coalition and the World Resources Institute. Originally sourced from IEA Global EV Outlook 2018 and WRI desktop research. Data reflected includes country and company announcements from 2015 through May 2018

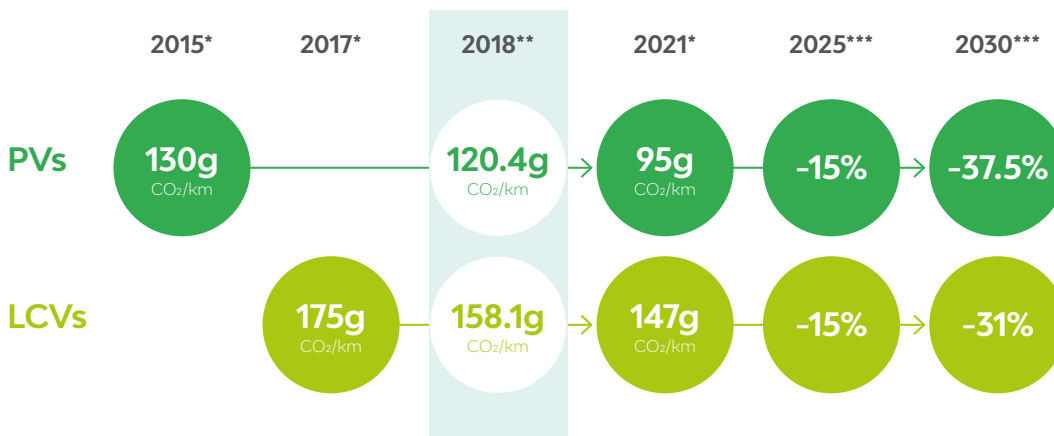
## Road emissions are falling

In the European Union (EU), policies designed to reduce carbon, local pollutants and congestion levels have led to great improvements since the Kyoto Protocol of 1992. Significantly, automakers have developed new powertrains that have considerably lower emissions of both CO<sub>2</sub> and particulate matter, helping to tackle climate change and poor urban air quality.

In 2009, the EU set mandatory fleet-wide average emission reduction targets of 130g CO<sub>2</sub>/km for new passenger vehicles (PVs) by 2015, which manufacturers achieved in 2013, two years ahead of schedule. Similarly, a 2011 EU target to reduce fleet-wide average CO<sub>2</sub> emissions for new Light Commercial Vehicles (LCVs) to no more than 175g CO<sub>2</sub>/km was reached in 2013, four years ahead of schedule.

Automakers are now preparing for stricter targets. Earlier this year, the EU adopted tougher CO<sub>2</sub> emission performance standards for both new PVs and LCVs. From 2021, the EU fleet-wide average emission target for new PVs will be 95g CO<sub>2</sub>/km, while the average emission target for LCVs will be 147g of CO<sub>2</sub> per kilometre. The EU Parliament and the council has also agreed that, by 2030, emissions from new PVs will have to be 37.5% lower and emissions from new LCVs 31% lower, compared to 2021 levels.

## EU CO<sub>2</sub> emissions targets are getting tougher



\* Mandatory EU emissions reduction targets from this date

Baselines for 2021 use Worldwide Harmonised Light Vehicle Test Procedure (WLTP) achieved in 2013

\*\* Current emissions estimated by the European Environment Agency

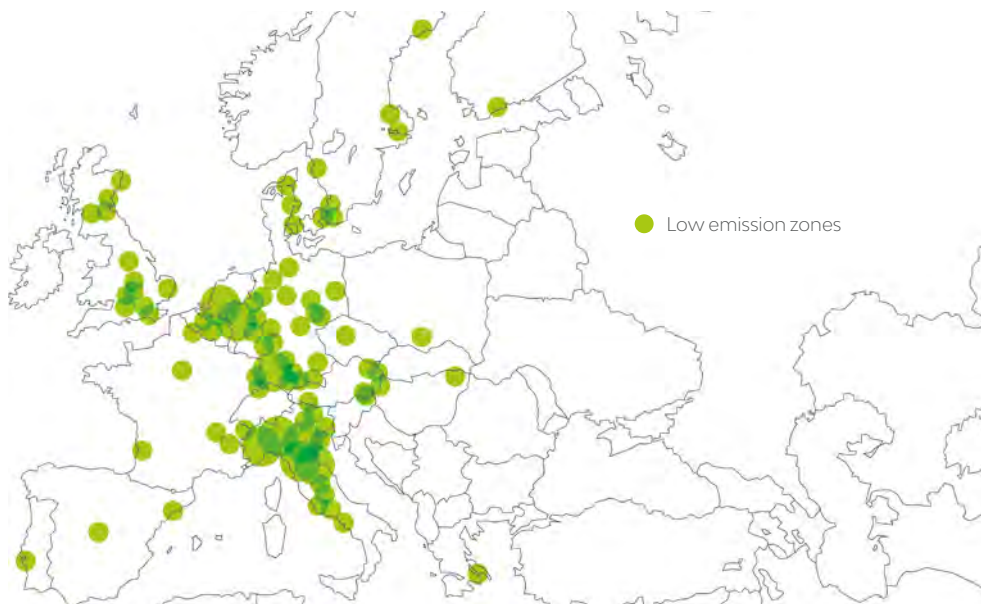
\*\*\* Reductions from 2021 baseline

## More low-emission zones

In parallel to this activity at supernational level, actions are taking place at municipal level to curb dangerous levels of pollutants and ease traffic congestion. In the absence of national legislation, a growing number of local authorities are creating Low Emission Zones (LEZs) to meet the obligations of the EU Ambient Air Quality Directive. By 2019, there were already more than 250 European cities with some form of LEZ in place<sup>10</sup>, with many more expected in the years to come.

LEZs restrict the access of certain vehicles or impose a surcharge on drivers every time they enter a defined area. Restrictions can be based on fuel, vehicle type or year of registration, but are mostly set by the European emission standards for engine types. In the vast majority of cases, Euro 5 standards or higher are allowed access (all new vehicles are Euro 6). However, this is likely to change over time as regulations become more stringent. LEZs are of growing significance to business drivers, particularly those offering last-mile delivery services in LCVs.

## LEZs are multiplying across Europe



Source: the Low Emission Zone data has been provided by [www.urbanaccessregulations.eu](http://www.urbanaccessregulations.eu). The [www.urbanaccessregulations.eu](http://www.urbanaccessregulations.eu) website provides all the information drivers and vehicle operators need on low-emission zones and other access regulations.

## EV market tipping point

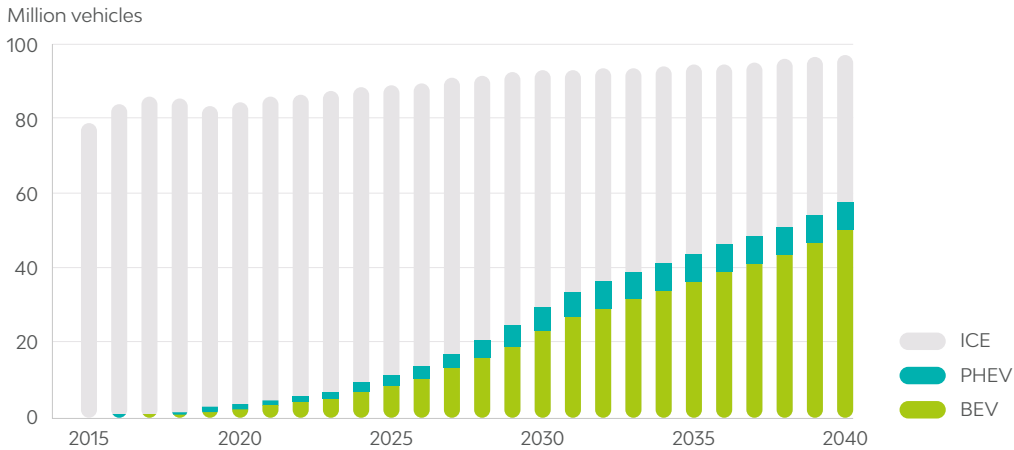
BEVs and plug-in hybrids are well placed to tackle the combined challenges of climate change and poor urban air quality, and allow business, automakers and drivers to significantly reduce or eliminate their emissions. Their adoption is also rising rapidly, and in the case of BEVs, the market is believed to be fast approaching a tipping point.

An estimated 2 million EVs were sold worldwide in 2018. This is a comparatively small part of the market, but a major increase on the few thousand sold in 2010. This growth trend is expected to continue in the decades ahead, with annual passenger EV sales forecast to reach some 10 million in 2025, 28 million in 2030 and 56 million by 2040<sup>11</sup>. Some of the fastest growth in EV adoption is likely to take place in markets in which LeasePlan is active.

10. [www.urbanaccessregulations.eu](http://www.urbanaccessregulations.eu)

11. *Electric Vehicle Outlook 2019 BloombergNEF*

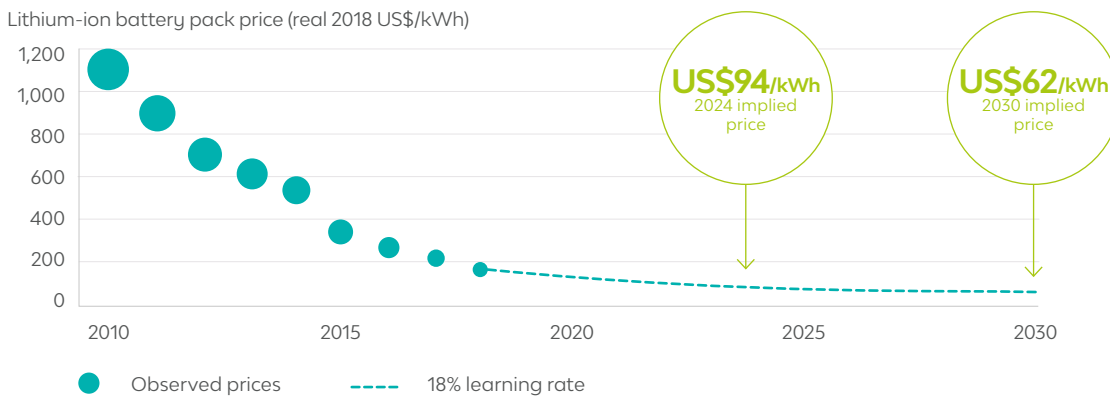
## Global EV sales are expected to significantly increase



Source: BloombergNEF. Data current as of January 1, 2019

Several factors are driving EV adoption, especially the fall in total cost of ownership, which is already lower than diesel equivalents in some European markets, with other markets expected soon. EVs are generally forecast to reach price parity with internal combustion engine (ICE) vehicles across most segments by the mid-2020s<sup>12</sup>, albeit with some geographic variations. While the European playing field for tax benefits and other incentives is uneven, costs will decline largely thanks to continued growth of global battery manufacturing capacity and falling lithium-ion battery pack prices, which are expected to continue.

## EV battery costs are falling

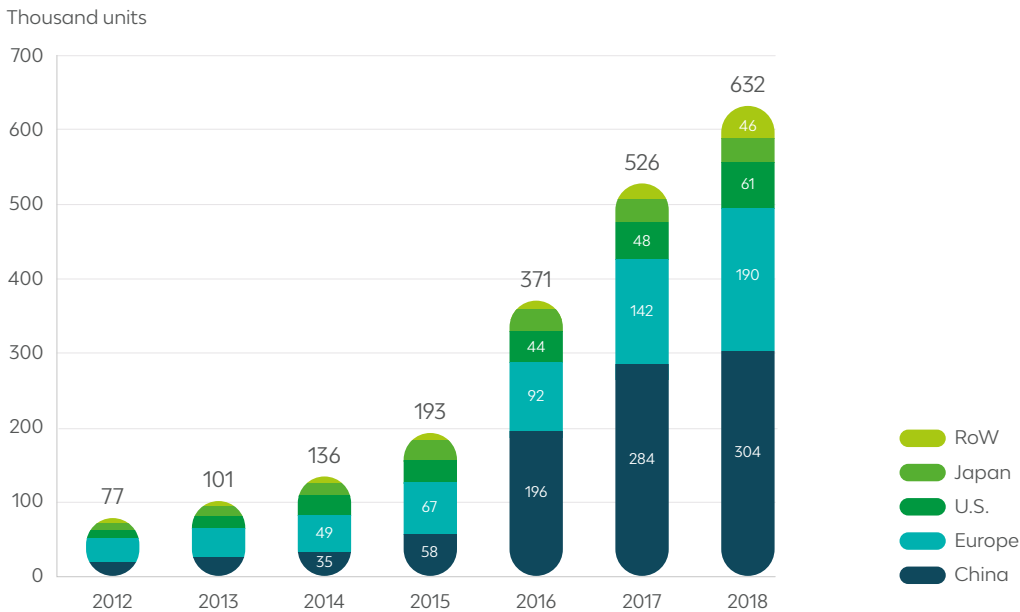


Source: BloombergNEF. 2019 update

At the same time, public charging infrastructure has expanded rapidly, although its widespread availability remains an important hurdle for comprehensive EV adoption, particularly among drivers without access to home or workplace charging. A combination of potential solutions is starting to emerge, such as ultra-fast chargers, wireless charging and battery swapping, but making these feasible and accessible to all types of drivers must be a strong focus for policymakers and operators in the years ahead.

12. Electric Vehicle Outlook 2019 BloombergNEF

## Public charging infrastructure has grown significantly

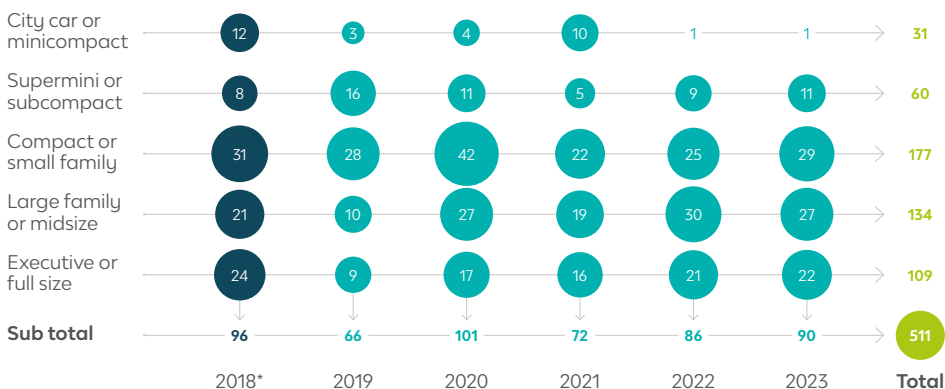


Source: BloombergNEF. Data current as of January 1, 2019

Another factor broadening the appeal of EVs is the wide range of models that is now available. Most major automakers already offer EV models and are expected to have low-emission vehicles across most categories in the next few years. As well as the advantages they offer in terms of emissions, design, connectivity, interior space and access to LEZs, the next generation of EVs promises to be safer, faster to charge and capable of travelling longer distances on a single charge.

## Automakers are set to launch 100s of new EV models

Existing and newly launched EV models by vehicle segments, number of launches



\* Cars actually produced in 2018. All subsequent year numbers are estimates by segment  
Source: IHS Markit; McKinsey analysis

For these reasons, we believe the future of zero emission mobility is closer than many people think. As our customers look to operate more responsibly and sustainably across their entire value chains, we will help them transition to lower and zero emission alternative vehicles.

# INSIGHTS

## Assessing EV readiness

In 2018, we analysed the preparedness of 22 European countries for the transition to EVs. The result of this research was the LeasePlan EV Readiness Index 2019, which we published ahead of this year's World Economic Forum (WEF) in Davos.

The analysis was based on the four factors shown in the left-hand column in the chart below. These factors were assessed based on the KPIs in the right-hand column.

Category	Weighting	KPIs	Max. points per KPI
1. Maturity of electric vehicle market	32%	# EVs registered in 2018 / total population	5
		Market share of EVs from all vehicles registered in 2018	5
		Share of full electric (BEV) in the sales of EVs	2
2. Maturity of charging infrastructure	26%	# available public charge plugs / total population	5
		# public charge plug per EV registered	2
		% of fast chargers (>22KW) of total charging plugs	3
3. Government incentives	21%	Score of all government incentives currently in place	5
		Score of benefit-in-kind taxation benefits for EV drivers	3
4. LeasePlan maturity	21%	Score of EV facilitation and provision of end-to-end EV services by the LeasePlan country organisation	5
		% of EVs in total orders 2018 and expected for 2019, split between full-electric and plug-in hybrid	3



The countries included in the LeasePlan EV Readiness Index 2019 are listed in the chart below.

The index found that under present-day conditions the EV readiness of our markets varies considerably, with Norway, Netherlands, Sweden and Austria the clear frontrunners.

Although some of the remaining countries showed improved preparedness compared to the previous year, not all countries are getting ready for the EV transition at the same pace, and some will require more time to make the transition. This generally reflects a lack of action by policymakers on key EV enablers, such as charging infrastructure, purchase subsidies, registration tax benefits, ownership tax benefits, company tax benefits and VAT benefits.

LeasePlan uses the results of the Index to help guide the transition to zero emission mobility.

## LeasePlan EV Readiness Index 2019\*

Country	EV maturity	Charging maturity	Government incentives	LeasePlan maturity	Total score
Norway	12	7	7	8	
Netherlands	9	8	8	8	
Sweden	9	6	7	7	
Austria	7	6	9	6	
Finland	7	6	6	7	
Germany	7	5	8	5	
United Kingdom	5	6	7	7	
Portugal	7	5	5	7	
Belgium	7	5	5	6	
Luxembourg	7	6	5	5	
Ireland	7	5	8	3	
France	7	5	4	6	
Switzerland	8	6	3	5	
Denmark	6	6	1	7	
Spain	4	4	6	6	
Hungary	5	5	6	3	
Italy	5	4	3	5	
Romania	2	4	5	1	
Slovakia	2	5	4	1	
Czech Republic	4	5	1	1	
Greece	2	2	4	2	
Poland	3	3	2	1	

\*As of January 2019

# Inaugural Green Bond drives zero emission ambition

## LeasePlan's first-ever Green Bond is a new front in our strategy to speed up the transition to electric driving and help tackle climate change.

An industry first, the Green Bond is a EUR 500 million five-year fixed rate note issued in March 2019, the proceeds of which will only be used to finance the purchase of Battery Electric Vehicles (BEVs).

The successful bond attracted EUR 3.5 billion of demand through the participation of around 260 investors, including many responsible investment-orientated investors\*. The level of demand was a clear indication of the support from Europe's institutional investor base for LeasePlan's sustainability strategy to achieve net zero emissions from its total fleet.

*"We're very proud to have introduced this new way of funding our BEV ambitions," says Yolanda Paulissen, Chief Strategic Finance and Investor Relations Office. "The Green Bond enables us to tap new investment pools and further expand our diversified funding platform, while allowing our customers to make sustainable mobility choices."*

By helping us expand our BEV fleet growth, LeasePlan's Green Bond supports the achievement of the United Nations Sustainable Development Goals 'Good Health and Well-Being' (SDG 3), 'Industry, Innovation and Infrastructure' (SDG 9), 'Sustainable Cities and Communities' (SDG 11) and 'Climate Action' (SDG 13). LeasePlan's Green Bond framework is also aligned with the Green Bond Principles\*\* under the 'clean transportation' category.



\* As defined by the United Nations - supported Principles for Responsible Investment (PRI)

\*\* The Battery Electric Vehicles acquired under the LeasePlan Green Bond Framework, being 'zero tailpipe emissions vehicles', are also recognised as contributing substantially to Climate Mitigation under the developing 'EU Taxonomy of environmentally-sustainable economic activities' ([www.ec.europa.eu/info/sites/info/files/business\\_economy\\_euro/banking\\_and\\_finance/documents/190618-sustainable-finance-teg-report-taxonomy\\_en.pdf](http://www.ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/190618-sustainable-finance-teg-report-taxonomy_en.pdf)). The Taxonomy is anticipated to form the basis for future green bond issuances aligned with the expected EU Green Bond Standard currently under development.

# Our sustainability strategy



## Statement from our CRO



Dear reader,

At LeasePlan we want to build a future-proof company that balances the needs of people, planet and profit. With entities in 32 countries, employing 7,500+ employees, serving tens of thousands of clients and managing a fleet in excess of 1.8 million vehicles, we have a clear responsibility to be mindful of our impact.

To this end, since launching our strategy a year ago, we have put sustainability at the heart of our business and have begun integrating it into everything we do. Next to our ambitions for zero emission mobility, we have introduced targets and policies that contribute to societal wellbeing and the reduction of our overall environmental impact. These are areas our countries have addressed over the years, but never as part of a structured and globally coordinated approach.

This Sustainability Report 2018/19 is our first stick in the ground in this journey. It shows our stakeholders where we are today and where we're heading. It includes the targets we've set for our performance and how we monitor our progress. It also explains how we are focusing our efforts on the topics that matter the most for our stakeholders.

We're proud of our achievements so far, but we know there's still much work to do. For example, we are working hard on collecting and consolidating our data for all material topics to help us validate our progress. Having top quality data at our finger tips is key in our ambition to adopt best practice standards in sustainability reporting in 2020. The same is true for the clear governance structures and the processes we have in place to ensure we remain focused on delivering on our ambitions in the years ahead.

Set on a clear path, LeasePlanners will continue to prove that sustainability is a topic close to their hearts. This report represents a new way of looking at the world around us, at our business partners and wider society, and, ultimately, at ourselves. I take this opportunity to thank everyone who has helped drive forward our sustainability agenda in the past year, and I look forward to working with you in the year ahead as we make progress on our goals.

A handwritten signature in black ink that reads "Franca Vossen".

**Franca Vossen**

**CRO and MB member responsible for CSR**

## Sustainability strategy

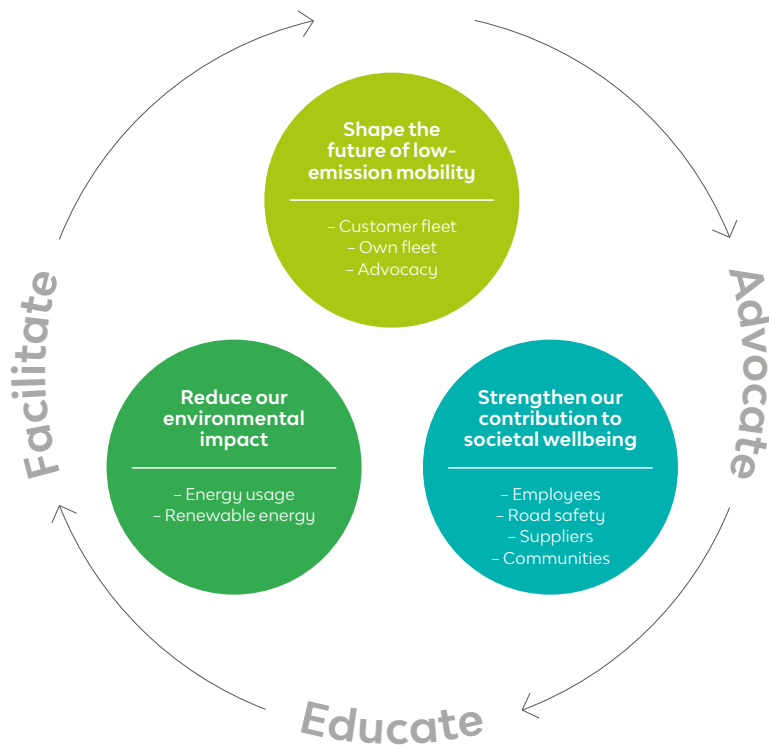
**Our commitment to sustainability is not an optional add-on to our business activities but a vital enabler of our overall strategy.**

To deliver on our sustainability targets, we have formulated a comprehensive strategy that responds to the changes taking place in our industry and the world around us, and which is aligned to the broad interests of our stakeholders.

Launched at the end of 2017, the strategy is based on three priority areas:

1. Shaping the future of low-emission mobility
2. Strengthening our contribution to societal wellbeing
3. Reducing our own environmental impact

Each area has been further substantiated by workstreams, each of which has an owner from the business. They set baselines, develop action plans, set targets and define KPIs. Our strategic process is underpinned by clear governance, consistent reporting and an open dialogue with stakeholders to determine the topics that are most material to our business (also see Materiality on [page 51](#)).



A close-up photograph of a white Tesla electric car parked at a charging station. The car's front end is visible, showing the headlight and the charging port. The charging station is a concrete pillar with a silver Tesla charging cable attached. The background is a blurred green landscape, suggesting an outdoor setting.

# 1. Shaping the future of low-emission mobility

**We are committed to taking a leadership role in our industry's transition from internal combustion engines to alternative powertrains in support of the Paris Agreement and climate-related Sustainable Development Goals.**

This means promoting cleaner, low-emission vehicles and the infrastructure required to make them a viable option for our customers and employees. It also requires us to design services and technology-enabled tools that help managers get the most out of their fleets while reducing harmful emissions. In shaping the future of low-emission mobility, we have defined three goals and focus areas:

1. Achieve net zero tailpipe emissions across our entire global fleet by 2030
2. Transition our employee vehicles to BEVs by 2021 or as soon as local conditions allow
3. Publicly advocate the implementation of policies that encourage the adoption of low-emission mobility

## 1.1 Net zero tailpipe emissions from total fleet by 2030

As a Founding Partner of the EV100, we have set ourselves the goal of achieving net zero tailpipe emissions from our total fleet by 2030. We will do this by facilitating the uptake of low and zero emission vehicles in our customers' fleets.

### Scorecard

#### Achieving net zero tailpipe emissions from our total fleet by 2030

Millions of tonnes of CO<sub>2</sub> tailpipe emissions from total fleet (Scope 3)



New EV<sup>16</sup> orders (Q2 2019)



Average CO<sub>2</sub> g/km per vehicle total fleet<sup>15</sup>



Percentage of EVs in our fleet<sup>17</sup>



Our focus is to make low-emission mobility an attractive proposition for our customers. We believe that achieving zero emissions is realistic as the EV market will develop rapidly in the years ahead as efforts to combat climate change intensify and costs of ownership continue to fall.

13. Carbon Disclosure Project submission 2018

14. Based on an assessment of the available dataset. We continue to enhance the dataset, which may lead to retroactive adjustments

15. Carbon Disclosure Project submission 2018 based on overall fleet. The total for passenger vehicles was 122 g/km. The figures reported include vehicles tested by either NEDC or the WLTP. The WLTP replaced the NEDC to determine levels of pollutants and CO<sub>2</sub> emissions in September 2018 for passenger cars, and September 2019 for LCVs

16. New orders of Battery Electric Vehicles and Plug-in Hybrid Electric Vehicles, excluding USA

17. Electric Vehicles in fleet are defined as Battery Electric Vehicles and Plug-in Hybrid Electric Vehicles

To drive this transition, we are targeting customers in 12 EV-ready countries with low-emission value propositions. These are based on high-quality operational services, and include 'full package' solutions with charging options. We are also partnering with automakers to make sure we can offer low-emission vehicles at a competitive price, while looking to address challenges around the residual value of low-emission vehicles.

## Roadmap to net zero

Our transition roadmap can be broadly divided into three stages that correspond to anticipated developments in the overall EV market.

### 1. 2017-2020: Walk the talk

Through our strategic partnerships, we build compelling EV propositions, including charging services, in EV-ready countries. We work closely with automakers to maximise the number of EVs in our fleet and stimulate demand via events, marketing campaigns and consultancy services for our customers.

### 2. 2020-2025: Accelerate

As automakers ramp up EV production volumes, new models reach the market across all segments. Total costs of ownership become competitive in most markets as battery costs fall. Government incentives and new low-emission zones spur growing customer demand for EV fleets. There is now a full EV product line-up available at an acceptable cost, while the availability of charging infrastructure at home, workplace and in public places is being ramped up, including ultra-fast highway-charging. During this period, we expect to see EVs accounting for a majority of our new orders in EV-ready markets, while less mature markets show signs of high growth, but from a low base.

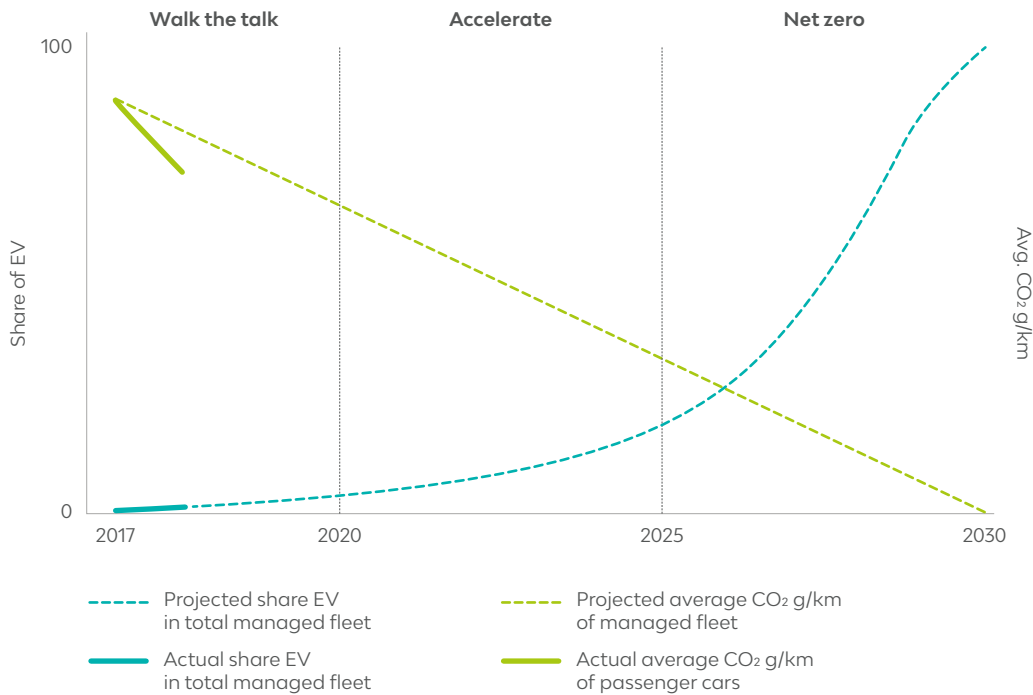
### 3. 2025-2030: Net zero

Most major automakers now have a full line-up of EVs. Developments in battery technology have greatly reduced 'range anxiety' and supply is sufficient to meet demand. Government legislation is also strongly incentivising adoption. As a result, the total cost of ownership of EVs is lower than for ICEs in most markets. Infrastructure in EV-ready markets is mature enough to charge EVs at all times necessary. The first of our mature markets will reach zero emissions by the beginning of the period, while less mature markets catch up.





## Projecting our transition to zero emission mobility



Source: LeasePlan

## Progress 2018-19

We have begun providing end-to-end EV solutions for our customers in 12 countries, and have established the processes and IT platforms necessary to facilitate EV fleet management.

Key features of our EV proposition include:

- Partnerships with automakers to offer EVs at attractive rates
- Products and services for workplace charging, home charging, charging in public areas and destination charging
- Consultancy services for business case impact, vehicle selection and transition planning
- A 24/7 helpdesk and answers to driver FAQs on EVs and charging
- Tutorials about all aspects of EV driving
- New digital products and services to support EV driving

We have also introduced the possibility of carbon-neutral contracts through our partnership with Land Life Company. Under the partnership, LeasePlan can help customers offset their fleet emissions through an innovative reforestation programme. Land Life Company is a leader in the sustainable and technology-driven reforestation of degraded land in the EU and US.

## New orders of EVs

The composition of our fleet is rapidly changing. EVs<sup>18</sup> accounted for 5.7% of all our new vehicle orders in Q2 2019.

## Other activities

To give our customers and drivers a better understanding of EV advantages and requirements, LeasePlan has launched a series of educational initiatives. We organised client events, visits and pilot programmes to help clients start their electric journeys. We also published a wide range of information about EVs through online and offline channels. These included whitepapers on electric LCV adoption, and our Sustainable Fleet Benchmark, which offers insights into how organisations are adopting low-emission fleets.

In early 2019 we successfully issued our first-ever Green Bond, a EUR 500 million five-year fixed rate note. An industry first, the proceeds from the Green Bond will only be used to finance or refinance the purchase of Battery Electric Vehicles (BEVs), speeding up the transition to electric driving and helping to tackle climate change (also see [page 16](#) of this report).

18. New orders of Battery Electric Vehicles and Plug-in Hybrid Electric Vehicles, excluding USA

# Raising EV awareness in France

**LeasePlan France has deployed an ambitious 'Start Electric' strategy to support the local transition to electric driving.**

The plan will position LeasePlan as a leader in sustainable fleet management by raising EV awareness among business customers, and making sure commercial and consultancy teams are ready to meet growing demand.

Start Electric France allows customers to test drive the latest EV models, familiarise themselves with charging solutions and learn more about EV fleet strategies. It reinforces LeasePlan's commitment to achieving net zero emissions from its total fleet, and helps start credible discussions with customers about their own targets and ambitions.

*"We've developed a very good understanding of the roadblocks that big companies face when switching to EVs, and how to best help them begin their transitions," says Olivier Debuquoy, EV consultant. "Cost of ownership is still the first challenge, but that gap is steadily closing and business interest is on the rise."*

Increased government incentives and rising competition between local automakers bringing more EV models onto the market are likely to fuel further demand in 2020, Olivier explains. *"If 2019 was the time when most of the automotive industry joined us on the starting grid, we think that 2020 will definitely be the start of the race!"*

As part of Start Electric France, the team has also organised numerous e-learnings and training sessions for employees, along with test drives and talks by representatives of many automakers. To demonstrate its new service offering, 22 new EV chargers were installed at its head offices at the beginning of the year, and another four at the CarNext.com delivery store in Venissieux.



*The Start Electric France initiative is raising EV awareness among LeasePlan's business customers, drivers and employees.*

## 1.2 Transition own fleet to BEVs by 2021

We intend to ‘walk the talk’ on BEV adoption by transitioning our own employee fleet to BEVs by 2021. During the transition, we will offset our global employee fleet’s CO<sub>2</sub> tailpipe emissions to zero.

### Scorecard

Transition our employee fleet to BEVs by 2021 in every market ready to support them

Share of BEVs in employee fleet across all markets



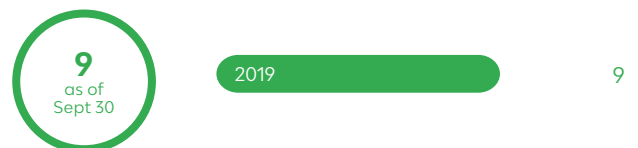
Thousands of tonnes of CO<sub>2</sub> tailpipe emissions offset to zero in employee fleet (Scope 1)



Average CO<sub>2</sub> g/km per vehicle employee fleet



Average number of employee BEVs per charger at LP offices



Knowing how to help fleet managers make their journeys towards a zero emission mobility future begins by having a deep understanding of the challenges they may face. That is why we set ourselves the ambitious goal of transitioning our own employee fleet to BEVs by 2021. This approach enables us to lead by example, while learning how to help our customers have a smooth transition.

## Strategic implementation

In evaluating the EV readiness<sup>19</sup> of our 32 countries from an employee fleet perspective, we estimate 13 LeasePlan countries are ready to allow full BEV adoption across the local employee fleet by 2021. Combined, these countries represent approximately 64% or 1,800 of LeasePlan's total employee fleet. The remaining countries will move at a slightly slower pace, making the final transition to EVs as soon as market readiness permits.

### EV-ready markets

The markets we consider to be more EV-ready are: Norway, Netherlands, Sweden, Austria, Finland, Germany, United Kingdom, Portugal, Belgium, Luxembourg, Ireland, France, and Switzerland. We have begun rolling out transition plans in these markets led by dedicated EV ambassadors. It is worth noting that even less mature countries are adding BEVs to their fleet.

In each case, we have started with communication to explain our mission. We are now adjusting our local mobility policies to ensure EV orders replace ICE orders at the appropriate rate.

In addition, we are:

- Arranging for charging facilities near our offices and at employees' homes
- Partnering with automotive suppliers to ensure the best deals are available
- Carefully managing costs to ensure parity with ICEs where possible.

Approximately 36% of our employee fleet is located in countries with lower levels of EV maturity. To help speed up the transition in these markets, we are implementing local and group-wide actions to significantly reduce fleet emissions until such time as the EV transition can be fully made. These include partnerships with automakers and, where appropriate, EV advocacy in local governmental discussions.

### Offsetting to zero

In 2017, we began offsetting the CO<sub>2</sub> emissions of our global employee fleet with the support of the Land Life Company. A total of 8.83 tonnes was offset in 2017, while 8.26 tonnes was offset in 2018.

Although we strive for zero tailpipe emissions from our fleet, we acknowledge that until a full transition to EVs can be completed, emissions will be generated that will need to be offset.

19. Based on results of the LeasePlan EV Readiness Index 2019

## Netherlands walks the talk in EV transition

**LeasePlan Netherlands has embarked on a decisive strategy to transition its entire employee fleet to EVs as fast as possible, and well ahead of LeasePlan's 2021 goal.**

In less than two years, EVs already account for nearly 90% of its employee fleet, an achievement the team are hugely proud of.

*"We understood that if we wanted our customers to start their EV journeys, then we had to set a strong example ourselves,"* explains Erik Henstra, Managing Director of LeasePlan Netherlands. *"So we decided to accelerate our transition as much as possible. As the largest leasing company in the Netherlands, we also feel it's our responsibility to show the way forward."*

Their strategy has involved the rapid phasing out of new non-EV orders, and large-scale changes to the mobility policy. Car categories and terms were also adjusted to give employees a wide selection of EV models to choose from, while home chargers were installed at employee homes wherever possible, and more were made available at local offices.

The transition was not without its challenges, and not all employees were initially supportive. LeasePlan went to great lengths to provide support and greater comfort levels, especially to those whose work required them to travel long distances by car.

Erik believes the transition has been an invaluable experience that helps LeasePlan Netherlands to advise customers on their own EV plans. Looking ahead to its 100% EV future, LeasePlan Netherlands has begun plans to bring leased e-bikes to the market in 2020.



*A big part of LeasePlan Netherlands' employee transition strategy has been to make more charging facilities available at local offices.*

## 1.3 Advocating change in our industry

**We use our scale, expertise and broad geographic presence to be at the heart of the discussion on the transition to low-emission mobility.**

Tackling climate- and air-quality related automotive emissions requires a cross-sector effort from government, NGOs and the private sector, acting together to address challenges in several areas. A focus in our sustainability strategy is therefore to work with key stakeholder groups – automakers, policymakers, consumers and mobility companies – to advocate the implementation of consistent, cost-effective, long-term policies and incentives that support the adoption of low-emission technologies.

Our global advocacy programmes and initiatives include:

### EV100

Organised by The Climate Group, the EV100 global business initiative is designed to fast-track the uptake of electric vehicles and infrastructure among large global corporations. LeasePlan is a founding partner of EV100, which was launched around the UN General Assembly in 2017, and is the initiative's only automotive company. EV100 is the only initiative of its kind to encourage global business commitments on electric transport, with members committing to transition their petrol and diesel fleets to electric vehicle fleets by 2030.

### The Zero Emission Vehicle (ZEV) Challenge

In 2019, LeasePlan became a founding partner of the Zero Emission Vehicle (ZEV) Challenge, a new global coalition organised by The Climate Group and the C40 Cities Climate Leadership Group. The ZEV Challenge brings together states, regions, cities, businesses and NGOs to send a clear signal to the automotive industry about increasing demand for EVs. Partners develop and advocate policies and solutions to spark mass EV adoption. In its first year, over 60 states and cities and businesses have committed to the targets.

They represent a population of over 237 million, while the businesses account for a combined revenue of over half a trillion US dollars. As a founding partner, LeasePlan uses its policy influence and customer relationships to accelerate adoption among some of the world's largest businesses.

### World Economic Forum (WEF)

Global leaders representing more than 1,800 organisations gather each year at the World Economic Forum's Annual Meeting in Davos, Switzerland, to exchange ideas, tackle the big issues of the day, and plan for a better future.

LeasePlan has been present at the WEF since 2018 where it supports discussions on the transition to low-emission mobility. In that same year, LeasePlan CEO Tex Gunning was designated Automotive Sector Champion for the WEF's Alliance of CEO Climate Leaders.

LeasePlan aims to bring the latest market research and insights to the WEF. In 2018, we published our first Sustainable Fleet Benchmark ahead of the event to help raise awareness around the adoption of sustainable fleet management practices. In 2019, we published our new EV Readiness Index to help global corporations with international fleets identify the most suitable markets to begin their transitions to low-emission mobility.

In 2019, LeasePlan participated in various sessions at the WEF Annual Meeting in Davos. LeasePlan CEO Tex Gunning joined panel discussions on 'Building a Clean Mobility Future' and 'Electric Vehicle Future: The Power of Fleets' to help explore conditions, strategies, and policies for accelerating EV adoption. We also hosted a private dinner for business leaders to discuss strategies for last-mile delivery that address concerns around air quality, climate change and congestion.

LeasePlan CEO Tex Gunning continues to participate in the Alliance of CEO Climate Leaders to discuss the current state of the climate action agenda and agree focus areas and deliverables for the UN 2019 Climate Summit.

## World Business Council for Sustainable Development

The World Business Council for Sustainable Development (WBCSD) comprises almost 200 forward-thinking global companies that are committed to advancing the sustainability agenda. LeasePlan joined the WBCSD in 2018 to explore innovative solutions for low-emission mobility together with partners in the network. Together with the other WBCSD members, LeasePlan has developed the Corporate EV Adoption Guide. This brings together practical experiences and expertise in EV fleet transitions from a wide range of perspectives and presents them in an easy to navigate online guide.

## The United Nations Climate Change Conference

The annual conferences of the United Nations Framework Convention on Climate Change (UNFCCC) serve as the formal meeting of the Conference of the Parties (COP). The COP is the decision-making body that assesses progress made in dealing with climate change. In the mid-1990s it negotiated the Kyoto Protocol to establish legally binding obligations for developed countries to reduce their greenhouse gas emissions, and the Paris Agreement in 2015, to limit global temperature rises.

LeasePlan announced the launch of its electric vehicle pilot programme for corporate companies in 2017 at COP23 in Bonn, Germany. Ahead of the 2018 COP24 in Katowice, Poland, LeasePlan was a signatory of an open letter by the WEF's Alliance of CEO Climate Leaders, calling on governments to implement effective carbon pricing mechanisms; stimulate low-carbon finance and investments through coherent policies; and develop policy tools to educate and influence societal demand.



*LeasePlan CEO Tex Gunning addresses the World Economic Forum (WEF) in Davos, as part of a panel discussion on zero emission mobility.*



# Portugal embraces its zero emissions future

**EV adoption in Portugal is growing rapidly thanks in part to government policies and tax incentives that promote electric driving among local businesses and public bodies.**

Despite continued obstacles, such as the insufficient availability of public charging infrastructure, LeasePlan Portugal's largest customers are reporting an ever-stronger interest in EVs for their fleets.

*"We see a massive opportunity for EVs in Portugal," says António Oliveira Martins, Managing Director, LeasePlan Portugal. "In fact, we think the entire Car-as-a-Service industry here is going to benefit from the switch to zero emission mobility."*

LeasePlan Portugal launched its EV strategy in 2010 when the first electric models reached the market. Its focus then was to acquaint customers with the options and help them make better informed EV decisions for their fleets. It organised EV events, presentations, test drives, competitions and published numerous guides and whitepapers.

*"Portugal's become an early EV adopter within Europe, despite being a relatively small country," António explains. "We're very proud that LeasePlan is on the frontline of this change and is a reference point in the market. It is because of how seriously we've taken our commitments."*

António says LeasePlan Portugal recently updated its EV strategy to increase the appeal of its EV offer. The strategy includes offering integrated charging solutions, establishing strategic partnerships, and creating special deals for smaller businesses.



*LeasePlan Portugal Managing Director António Oliveira Martins speaks at the 'Towards Zero Emissions in 2030' conference organised by LeasePlan.*

## 2. Strengthening our contribution to societal wellbeing



**We are committed to strengthening our contribution to societal wellbeing. This includes areas such as diversity and inclusion in the workplace, the professional development of our people, the responsible management of suppliers and customers, safety programmes for our drivers, voluntary community initiatives, and charitable fundraising.**

Our contribution is focused on the following objectives:

1. Making sure we offer our employees a safe, healthy and non-discriminatory environment where they can grow their talent
2. Helping improve driver safety in customer and employee fleets
3. Ensuring our suppliers and customers act in accordance with our high ethical standards and all applicable laws
4. Engaging with the communities in which we operate and having a positive impact

## Scorecard

### Diversity

Percentage of female employees at top three layers



### Driver safety

Bodily injury rate<sup>21</sup>



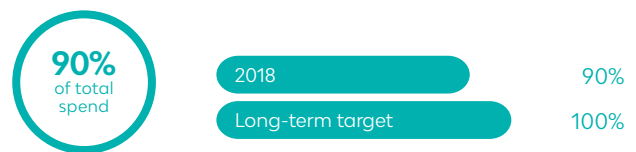
### Employee engagement

Global employee engagement plus score



### Suppliers

Percentage of spend covered by Supplier Code of Conduct



## Values and ethics

As one of the world's largest Car-as-a-Service companies and an employer of over 7,500 people, we have a responsibility to apply high standards in our personal conduct and day-to-day business decisions. We therefore work to ensure our values and ethics are embedded in our behaviour, processes and actions.

Our values and ethics are defined by the LeasePlan Code of Conduct ([www.leaseplan.com/corporate/site-services/code-of-conduct](http://www.leaseplan.com/corporate/site-services/code-of-conduct)), which also explains the way we deal with each other, customers, suppliers, society at large, government authorities, regulators, investors and business partners. The core values we uphold are Commitment, Expertise, Passion and Respect, which we apply to everything we do.

## Human rights

We recognise that human rights are fundamental and universal. We aim to respect human rights, as described in the United Nations' Universal Declaration of Human Rights and the principles of the International Labour Organization. We therefore avoid being complicit in human rights abuses of any kind, and condemn the use of forced labour, compulsory labour and child labour. Respect for human rights is also a key feature of our Supplier Code of Conduct ([www.leaseplan.com/corporate/news-and-media/download-centre](http://www.leaseplan.com/corporate/news-and-media/download-centre)).

20. KPI for layers A, B and C of the organisation, as defined by the Talent to the Top Charter, to which we are a signatory

21. Percentage of vehicle accidents that result in bodily injuries based on data from 10 European countries.

In 2020 LeasePlan will capture this data from at least 20 countries.

## 2.1 Employees

**At LeasePlan we believe ‘you cannot grow a business, you can only grow people who can grow the business’.**

We drive success by giving our people opportunities to develop their potential and creating a tolerant and inclusive environment in which they can thrive. The LeasePlan People Strategy helps us achieve this by establishing solid global foundations for best practices in personal and professional development, talent and performance management, competency frameworks and job family modelling.

Our People Strategy is based on four pillars:

- 1. Strengthen our leadership:** develop a highly effective leadership culture, with a pipeline of great people to meet our future needs.
- 2. Personal growth:** build the digital skills and competencies we will need across the organisation in the years ahead.
- 3. Effective compensation and benefits:** create a high degree of ownership and responsibility by recognising and rewarding excellent performance.
- 4. Talent management:** help our people reach their full potential by developing a digital and pro-active mindset, and offering them the opportunities and support to reach the next level in their careers.

Our aim is to develop a fact-based way of working in which people can take responsibility for their careers and are empowered to be innovative and creative. To achieve this we recently established a new global performance management process based on clear ownership and transparency. This process, which is entirely cloud-based, enables us to have ongoing and meaningful discussions with our employees, and to better align their goals with those of our overall business.

Using our performance management system as a foundation, we are also helping our people develop the skills and competencies they need to thrive in today's highly competitive and disruptive digital environment. In this context, we are also taking decisive steps to accelerate re-skilling and upskilling across our organisation globally. For example, we recently invested in a widely recognised external service that provides access to more than 13,000 high-quality online courses, including certified courses taught by industry experts in software, creative and business skills. This service is available to all our employees around the world, in multiple languages, and can be accessed from any wireless device.

At the same time, we have continued to expand our ‘Leadership Journeys’ programme. This has now reached some 1,300 employees worldwide, helping them to have a better understanding of themselves, their colleagues, and what is required of them to deliver *What's next*. Our Leadership Journeys are instrumental to our ambition to develop a highly effective leadership culture by empowering our leaders to make an impact, while building a pipeline of great people to meet our needs in the future.

## Employee base

Our global employee base totalled 7,557<sup>22</sup> at the end of June 2019. Of this number, approximately 52% were male and 48% were female. For layers A, B, C, the gender distribution is approximately 70.5% and 29.5% for men and women respectively.

While LeasePlan has a relatively strong balance of gender diversity, we recognise there is still considerable room for us to improve. We are determined to take strong steps to improve our diversity and inclusion in the years ahead and have developed a comprehensive strategy that will help us achieve this (see Diversity & inclusion below).

## Engagement

Employee engagement has been a constant and important focus throughout our transformation process, and in June 2019 we conducted our annual Global Engagement and Integrity Survey.

Our overall global engagement plus score has risen from 66% in 2018 to 79.5% in 2019. In addition, more LeasePlan employees took the time to share their views this year, with the response rate increasing by 7% to 87%.

Beyond the headline figure, some areas showed significant improvement, such as leadership performance, which rose from 69% last year to 77% this year. Other areas (goals and strategy, organisational capability) showed smaller rises but also improved.

In addition, most of our employees:

- Support our organisational goals (86.9%)
- Feel their opinions matter (71.7%)
- Feel goals are clear (78.4%)
- Feel they are a good fit for the organisation (83.1%)
- Feel positive about direct managers (82.3%)

Areas requiring more attention:

- Opportunities to grow and develop professionally (57.1%)
- Actions taken quickly after decisions have been made (47.4%)
- Cooperation between different teams/departments (45.3%)

Following the publication of the results, managers across LeasePlan arranged meetings with their teams to discuss the results, identify opportunities for improving engagement and to develop an action plan.

## Diversity & inclusion

We are committed to building a culture in which everyone can be themselves and where everyone has an equal chance to make their journey count, regardless of race, nationality, gender, age or sexual orientation. We also believe that a diverse workforce, including one that is gender diverse, contributes to a well-balanced decision-making process and the proper functioning of our organisation. Fresh ideas, different perspectives and valuable experiences all help us to make better decisions and meet our customers' demand for innovative services.

Having recently updated our Diversity & Inclusion (D&I) policy, we have developed a comprehensive D&I strategy to facilitate the recruitment of employees from diverse backgrounds, feedback training for non-biased behaviour, and D&I communication. The strategy is based on three pillars, and we are in the process of defining actions and targets as outlined in the table on [page 36](#).

To help us implement the strategy, we are rolling out a number of initiatives under the umbrella of '*None of us is as smart as all of us*'. These include a global D&I governance structure comprising local teams from across the business to help drive local implementation; dedicated trainings, e-learning, awards and communication activities designed to instil a diverse culture; and online and offline platforms to share best practices and ideas.

## Diversity & inclusion strategic pillars

Pillar	Priorities	Targets
<b>1. Enforce a diverse global talent</b>	<ul style="list-style-type: none"> <li>• Gender balance at all levels, including senior leadership</li> <li>• More diverse talent in recruitment</li> <li>• Regular talent reviews to boost under-represented groups</li> <li>• Globally structured approach to talent development</li> <li>• More mentors with regular career discussions for diverse talent</li> <li>• More opportunities for international mobility</li> <li>• More opportunities and experiences for diverse talent through assignments, trainings and presentations</li> <li>• Competency scorecards to detect biased decisions</li> <li>• Internal job vacancies open and advertised to all LP employees</li> </ul>	30% women in top management <sup>23</sup> 50% women in all roles <sup>24</sup> +2% improvement in gender diversity hiring <sup>25</sup>
<b>2. Use skills and flexibility to inspire</b>	<ul style="list-style-type: none"> <li>• Increase flexible working arrangements, such as working from home, part-time working and flexible hours</li> <li>• Improve mobility through relocations and international assignments, virtual teams and locations, and 'location-free' positions</li> </ul>	Flexible working in all sites <sup>26</sup> Partner with Corporate Affairs to enhance employer branding <sup>27</sup>
<b>3. Create an inclusive culture</b>	<ul style="list-style-type: none"> <li>• Improve focus through Engagement Survey feedback</li> <li>• Create activity calendar to increase awareness and sensibility</li> <li>• Ensure all policies are non-discriminatory and support equal opportunities</li> <li>• Celebrate diversity (i.e. affinity groups, speakers, festival celebrations, language teaching etc.)</li> <li>• Provide diversity and inclusion e-learning to all employees</li> </ul>	Training programme for LP Leaders Cascade culture to all staff Follow up on all feedback given

## External monitoring

In March 2019, we joined the Talent to the Top (*Talent naar de Top*) initiative, a non-profit foundation that provides advice and training on gender and cultural diversity, including cross-company mentoring. By signing their Charter, we have joined a network of companies and committed to actively working to reach D&I targets, for which our progress will be monitored and reported on an annual basis.

23. Talent to the Top Charter KPI

24. Baseline industry benchmark for fleet management

25. Achieve by April 2020, compared to April 2019

26. Phased deployment where needed

27. For example, job postings and social media posts on how LP supports flexible work environment/ employee involvement in posting

# Sustainable community development in India

**Since 2006, volunteers from LeasePlan India have supported a wide range of initiatives managed by local NGOs dedicated to sustainable community development and empowerment.**

For the past two years, much of LeasePlan India's community focus has been on two schools located near its office in Gurugram. Despite being located in the heart of the city, the two schools lacked basic infrastructure, such as drinking water, clean toilets, tables and chairs, which resulted in fewer admissions and higher dropout rates.

Since the start of the programme, LeasePlan volunteers have worked alongside local schoolchildren to help them improve their school infrastructure and protect the surrounding natural environment. Typical activities included planting trees and vegetable gardens, helping to build and repair school facilities, and raising funds through bake sales and donations.

Since the start of the programme, employees have built toilets, repainted the school buildings, and contributed to providing water coolers to the schools, thereby giving access to clean drinking water to over 200 schoolchildren. They have also made the schools part of their tree plantation drives, which have resulted in more than 1,500 trees being planted.

*"Community engagement is very important to everyone here at LeasePlan India," explains Sahil Chopra, Manager. "Every visit to one of the schools has been a humbling experience for us. It makes us appreciate our own good fortune, and motivates us to do more for the community. All our people are given one paid day each year to support any external charity of their choosing, and this makes us very proud to work for LeasePlan."*



*School children and volunteers from LeasePlan India join forces to improve a school's infrastructure and the surrounding environment.*

## 2.2 Driver safety

**Beyond our commitment to maintaining our vehicles to the highest standards, our aim is to make our customer and employee fleets among the safest in the industry.**

More than 1.35 million people die in road traffic accidents each year, according to the World Health Organization (WHO)'s Global status report on road safety 2018. Traffic injuries are now the leading killer of people between the ages of 5 and 29. This burden is disproportionately borne by pedestrians, cyclists and motorcyclists, especially those in developing countries.

The 2030 Agenda for Sustainable Development has set a target (goal 3.6) to halve the global number of deaths and injuries from road traffic accidents by 2020. A further target (goal 11.2) includes a focus on safe, sustainable transport systems to improve road safety, with special attention on children and vulnerable groups.

Our aim is to contribute to these goals by helping to make our customer and employee fleets among the safest in the industry. To achieve this, we are monitoring the portion of vehicle accidents that result in bodily injuries to our drivers or to third parties. In 2018, the Bodily Injury Rate (BIR) was 1.2% based on data from 10 European countries. In 2020, we intend to capture this data from at least 20 countries.

All vehicle accidents, from minor scratches all the way to severe damage, are reported as 'damage events' to LeasePlan from its insured fleet. Approximately 45% of the global serviced fleet is insured via LeasePlan. The portion of insured vehicles that report a 'damage event' is expressed as the Accident Frequency Rate (AFR). In 2018, the AFR averaged 68% for the customer fleet.

One of the most effective ways in which LeasePlan can help to improve safety among its customer and employee fleets is by implementing a dedicated programme to help change and improve driver behaviours, thereby demonstrably reducing their AFR. .



*LeasePlan Brazil raises awareness around safety by experimenting with augmented reality to simulate the effects of drunk driving.*



## Implementing Active Prevention

Our dedicated programme to help customers measurably lower their fleet's AFR is called Active Prevention. This programme is part of our 3D Coverage insurance proposition, which is available across all countries, and is based on a five-step approach tailored to the circumstances of each customer.

### Our five-step approach

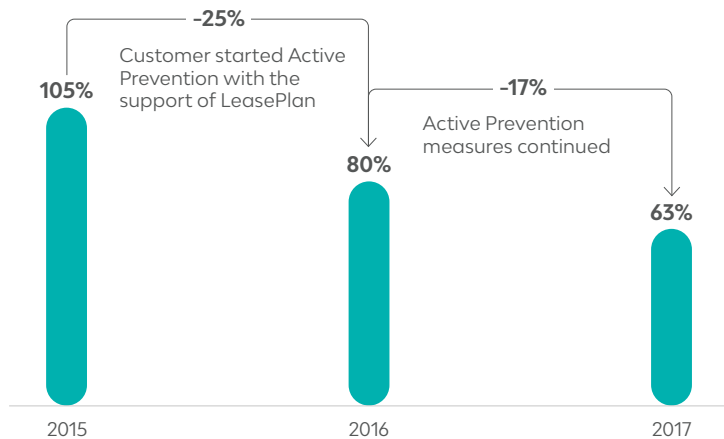
1. Ensuring management buy-in	2. Collect relevant data	3. Perform root cause analysis	4. Propose preventative actions	5. Annual renewal / Bonus-Malus
Set up governance	Claims statistics	Benchmarking	Driver awareness	Fewer accidents
Agree safety KPIs		Potential risk factors	Driver feedback	
Reporting structure			Incentives & penalties	Lower premium at renewal & prevention of indirect cost
			Technologies	
			Training	

The Active Prevention programme includes the setting-up of a dedicated Safety Board at client level to establish targets and monitor progress; collecting and processing quantitative and qualitative data to help understand the root causes of accidents; and using claims data to benchmark accident frequency levels and identify high risk areas. This process allows us to define a set of bespoke preventive measures that can help our customers reduce their AFR.

### Preventative actions

Awareness	Feedback	Incentives & penalties	Technology	Training
<p><b>Workshops</b> Action plans on an organisation or departmental level</p> <p><b>Communication</b> Presentations, newsletters, videos</p>	<p><b>Driver coaching</b> Based on risk profile and behaviour</p> <p><b>Performance review</b> With line manager</p> <p><b>Driver report</b> Accidents, fines, fuel consumption</p> <p><b>Instant driver feedback</b> App, telematics</p> <p><b>External feedback</b> 1-800 How's my driving</p> <p><b>Vehicle inspection</b></p>	<p><b>Incentive programme</b> Rewards for improved behaviour</p> <p><b>Penalties</b> For example, pass-on deductible to drivers if KPIs are not met</p> <p><b>Gamification</b> Rewards for best drivers</p>	<p><b>Vehicle safety options</b> Park distance control, Lane assist, Alarm, ABS</p> <p><b>Smart technologies</b> Driver Distraction Solution, telematics, Nauto</p>	<p><b>Online training</b></p> <p><b>On-road training</b></p>

A LeasePlan customer pilot study demonstrated that accident frequency rates fell on average by 42% between 2015-2017 following the implementation of the Active Prevention programme, as shown in the graph below.



With Active Prevention customers not only increase safety for their drivers, over time, they also benefit from lower insurance premiums, fuel costs, CO<sub>2</sub> emissions and increased business continuity. A structured insurance renewal discussion is a key element of the programme, so that customers receive tangible benefits once the accident frequency is reduced.

Active Prevention is currently being promoted among large international customers.

## Distracted driving

A significant portion of car accidents are linked to phone use behind the wheel. A number of LeasePlan countries have therefore launched driver safety campaigns among customers and employees to discourage drivers from using their mobile phones while driving.

Driver safety apps can warn drivers against improper, unsafe hand-held phone use, and encourage safer, more responsible driving habits. We believe this is a smart way to reduce distractions for drivers, which also offers insights for fleet managers through online reporting.

## Telematics

In-vehicle telematics enables the analysis of certain data relating to mileage, fuel use and maintenance. This can help us reduce fuel use and manage maintenance costs in our fleet more efficiently. In 2019, LeasePlan had over 204,600 vehicles equipped with telematic devices.

## Diversity & inclusion frontrunners in Mexico

**Following a rigorous evaluation process, in 2018 LeasePlan Mexico retained its Gold-level certificate for its Diversity & Inclusion (D&I) best practices by specialist accreditation company BAS International Certification.**

LeasePlan originally received this recognition in 2016, when it became the first-ever company in Mexico to achieve Gold-level accreditation for D&I practices.

The certification requires companies to have robust D&I policies in place; demonstrate unbiased recruitment and selection processes; guarantee fair remuneration and benefits practices; create D&I awareness and training; and have mechanisms to prevent and sanction discrimination.

To support its activities, LeasePlan Mexico has created a dedicated D&I Committee, which coordinates initiatives, reviews progress and helps towards the sharing of best practices from other companies in the LeasePlan organisation. The Committee also has an open mandate to address any D&I-related issues that arise in recruitment, performance management and attrition.

*"We've committed to creating a culture of equal opportunities for everyone," says Regina Granados, CEO at LPMX. "We are immensely proud of this achievement, which encourages us to continue promoting our values. We want to make LeasePlan Mexico an even better place to work."*



*LeasePlan Mexico employees proudly display their Gold-level certificate for Diversity & Inclusion best practices.*

## LeasePlan Bank goes back to school

**For the second year running, LeasePlan Bank joined a nationwide initiative to help Dutch school children learn to manage money responsibly.**

Enthusiastic LeasePlan employees volunteered to be guest lecturers to some 225 students aged between 9 and 12 at primary schools in their neighbourhoods.

The 'Bank for the Classroom' programme aims to help children become more financially aware at an early age as a basis for greater financial self-reliance later in life. It is a collaboration between 17 Dutch banks and the initiative was rolled out to some 120,000 children in 2019.

Under this year's theme of 'Are you a hero with money?' our guest teachers gave a Cash Quiz which included an instructive online money game to help children find out what 'money personality' they have. Do they spend or save? Do they compare the different prices of things?

*"Volunteering as a guest teacher was a great experience!" said Kevin Wetzel, Marketing Manager at LeasePlan Bank. "The kids really enjoyed playing the quiz and they were very keen to learn more about money and my job at LeasePlan Bank. I would definitely encourage my colleagues to participate in this programme next year."*



*LeasePlan volunteers brought the 'Bank for the Classroom' initiative to some 225 Dutch school children in 2019.*

## 2.3 Suppliers and customers

**Conducting our business according to high ethical standards is vital to winning and retaining the trust placed in us by our stakeholders. We expect our suppliers to reflect the values and behaviours that apply within our organisation by conducting their own business activities in an ethical manner.**

The LeasePlan Supplier Code of Conduct (SCoC), which was updated in 2018, establishes the minimum standards we expect our suppliers to adhere to with regards to corporate responsibility and customer focus. The Code cannot address every conceivable situation our suppliers may face, but it does outline the main principles of ethical business conduct that we expect suppliers to abide by when working with, for, or on behalf of LeasePlan. Our Supplier Code of Conduct is focused on the following specific areas:

- Honesty and trust
- Respect for the law
- Human rights
- Responsibility to employees
- Environmental sustainability
- Confidentiality and intellectual property
- Privacy of individuals and data protection
- Fair competition
- Conflicts of interest
- Bribery prevention

The Supplier Code of Conduct is imbedded in our contractual agreements, covering currently 90% of our spend, and targeting 100% over time.

### Screening and monitoring

We aim to establish ongoing dialogues with our key suppliers, so as to gain a better understanding of their sustainability targets and ambition, and to identify areas of potential collaboration.

Our current supplier compliance monitoring is limited to anti-money laundering schemes and sanctions using Lexis Nexis. By 2020, we intend to implement an Environmental Social Governance (ESG) screening of key suppliers to gain deeper insights into their activities, assess their level of ESG maturity and shape our next steps accordingly. We also intend to develop supplier evaluation modules embedded in our new digital procurement roadmap. This will include tools to monitor adherence to our Supplier Code of Conduct during the supplier selection process.

## Customer satisfaction

Customer satisfaction is one of our key objectives and as such is a main focus for all LeasePlan employees. We measure on a regular basis the satisfaction of both customers and drivers. For drivers, we have regular surveys in place that allow us to understand how service is delivered on an individual basis. We also analyse satisfaction trends to get a more in-depth view of company performance and areas of improvement. In addition, we recently invested in enhancing our ability to monitor and respond to feedback on social media. During 2019, we developed a new Voice of the Customer programme with the target of increasing response levels from customers and drivers. All customer feedback is aggregated at a global level, enabling us to establish annual improvement plans across the company.

## Customer screening

As a responsible company, LeasePlan will only do business with companies that live up to our ethical standards in their own operations. We are investigating how we can make ESG screening a part of the customer onboarding process.



## 2.4 Communities

Every year, LeasePlan and its employees across 32 countries actively support a wide range of local social and community initiatives.

As a responsible company and member of the community, we organise a variety of activities at a local level including volunteering, staff donations and fundraisings in support of multiple social causes. These range from helping the homeless and underprivileged, to supporting cancer research and children in need. We usually coordinate these activities through established charities.

### Coordinating our efforts globally

More recently, we have begun planning a number of global community programmes to scale our impact around areas that are close to the heart of LeasePlan employees, including low-emission mobility, social inclusion and minimising environmental impact. These plans are still at an early stage, but may include a new volunteering programme whereby employees take paid leave to support select charities.



*LeasePlanners reach the finish line at a marathon in Belgium.*

## Community pride and purpose in the USA

**Every year, LeasePlan USA and its employees support nine selected charities through volunteering, fund raising and donations.**

All the charities are active in the local community, focusing mainly on helping vulnerable or disadvantaged children, or on environmental protection.

*"Every charity we work for is chosen annually by dedicated committees at our offices near Atlanta and Chicago, as part of the country's 'LeasePlan Cares' initiative,"* says Alanna Mohone, SVP Human Resources at LeasePlan USA.

*"Our people really appreciate working for a company that has strong values. In fact, we'd like everyone to donate some time to community work, even if it's just a couple of hours. For us, doing the right thing translates to strong engagement levels and great morale."*

As Alanna explains, LeasePlan USA encourages its 530 employees to be actively involved in charitable work, offering up to two fully paid days to any employee volunteering for a LeasePlan charity or a registered charity of their choice.

*"At a country level, LeasePlan USA centrally supports Ronald McDonald House Charities. This group of charities provide temporary homes at little or no cost to families that have travelled far to get treatment for their seriously ill or injured children,"* says Alanna.



*LeasePlanners ready for action at a Bearings Bike Shop event in June. The Bearings Bike Shop charity works with children from disadvantaged backgrounds to help them eliminate negative influences in their lives, while learning essential skills that will be critical to their success as adults.*



# 3. Reducing our own environmental impact

We understand that the resources we use across our operations have an impact on the environment. We are therefore developing policies, plans and targets to reduce our environmental impact. In 2019, we developed clear guidelines to help us standardise our sustainability activities across the company.

## Scorecard

### Total CO<sub>2</sub> emissions kg/m<sup>2</sup> from LP buildings<sup>28</sup>



### Renewable energy share of total from LP buildings<sup>28</sup>



### Reduce energy use (kWh) per m<sup>2</sup> from LP buildings<sup>28</sup>



### EcoVadis score



The guidelines cover the following areas:

- **New buildings & office refurbishment:** Make sustainability part of the decision making criteria.
- **Energy supply:** Record usage and select renewable alternatives.
- **Appliances:** Choose more energy-efficient options, and ensure their proper use and disposal.
- **Lighting:** Replace with LED or T5 tubes and ensure lights are only used when needed.
- **Heating & air conditioning:** Select more energy-efficient options and take greater care in their use.
- **Waste:** Reduce the use of disposable products and recycle and reuse waste where possible.
- **Procuring products & services:** Make sustainability part of the decision making process.

We have also begun to globally assess our energy consumption with a view to establishing accurate baseline metrics and transitioning to suppliers of renewable energy wherever possible.

We have also established the following group-wide targets:

- Reduce average energy usage in LP buildings by 10% between 2019 and 2022 compared to 2018 levels
- Increase the share of renewable energy used by 10% between 2019 and 2022 compared to 2018 levels

To achieve these targets, we have begun monitoring and assessing our electricity use in kwh per annum relative to our building space in square metres, and the overall share of energy consumption that comes from renewable sources. We are still in the process of completing this picture and aim to have full insight for our next CDP submission in 2020.

<sup>28</sup>. Based on data from 22 entities. LeasePlan aims to eventually capture this data from all its entities. The Scope 2 CO<sub>2</sub> emissions of these 22 countries was 11,294 tonnes

# Charting our journey

As we implement our sustainability strategy, it is vital we have a deep understanding of our impact in each area, and that we keep our stakeholders and external regulators well informed of our progress.

## Charting our journey

We are preparing the groundwork to monitor our performance and to report on non-financial indicators in accordance with leading standards and guidelines.

### Non-financial disclosure

We are committed to transparency towards our stakeholders, with our activities focused on three main areas:

- 1 Managing sustainability at LeasePlan globally:** we have developed a clear governance structure to make sure sustainability is addressed at all layers of our organisation
- 2 Target setting and monitoring:** for each value stream we have set baseline targets, KPIs and action plans
- 3 Disclosure and reporting:** enhance our sustainability disclosure and gradually adopt best practices in reporting, including General Reporting Initiative (GRI), Task Force on Climate-Related Financial Disclosures (TCFD), Integrated Reporting, and our participation in the Carbon Disclosure Project (CDP)

### Sustainable Development Goals (SDGs)

The UN Sustainable Development Goals address the most important economic, social, environmental and governance challenges of our time. We believe business can play a key role in achieving these goals by conducting responsible business operations, introducing new business models, and investing in innovation and new market opportunities.

The most significant and relevant SDGs that we can address are shown below. We will chart our journey to implementing these goals in the relevant non-financial disclosures.



## Determining materiality

**By assessing materiality, we can understand the topics that our stakeholders deem relevant, where we can have the most impact and how we can enhance our existing efforts.**

In late 2018, we conducted a formal materiality exercise with our key stakeholders – employees worldwide, suppliers and international clients – to validate our sustainability agenda and ensure we appropriately address the topics our stakeholders deem most relevant.

The materiality process broadly comprised three steps:

### Step 1: Identifying relevant topics

We assessed the non-financial topics most relevant to our sector by first creating a long list of over 300 possible material topics. This process took into account various frameworks, input from our customers, supply chain partners and our strategy. The primary goal of this exercise was to make sure no topics were overlooked. We then shortlisted a selection of these topics, which we validated via internal consultation.

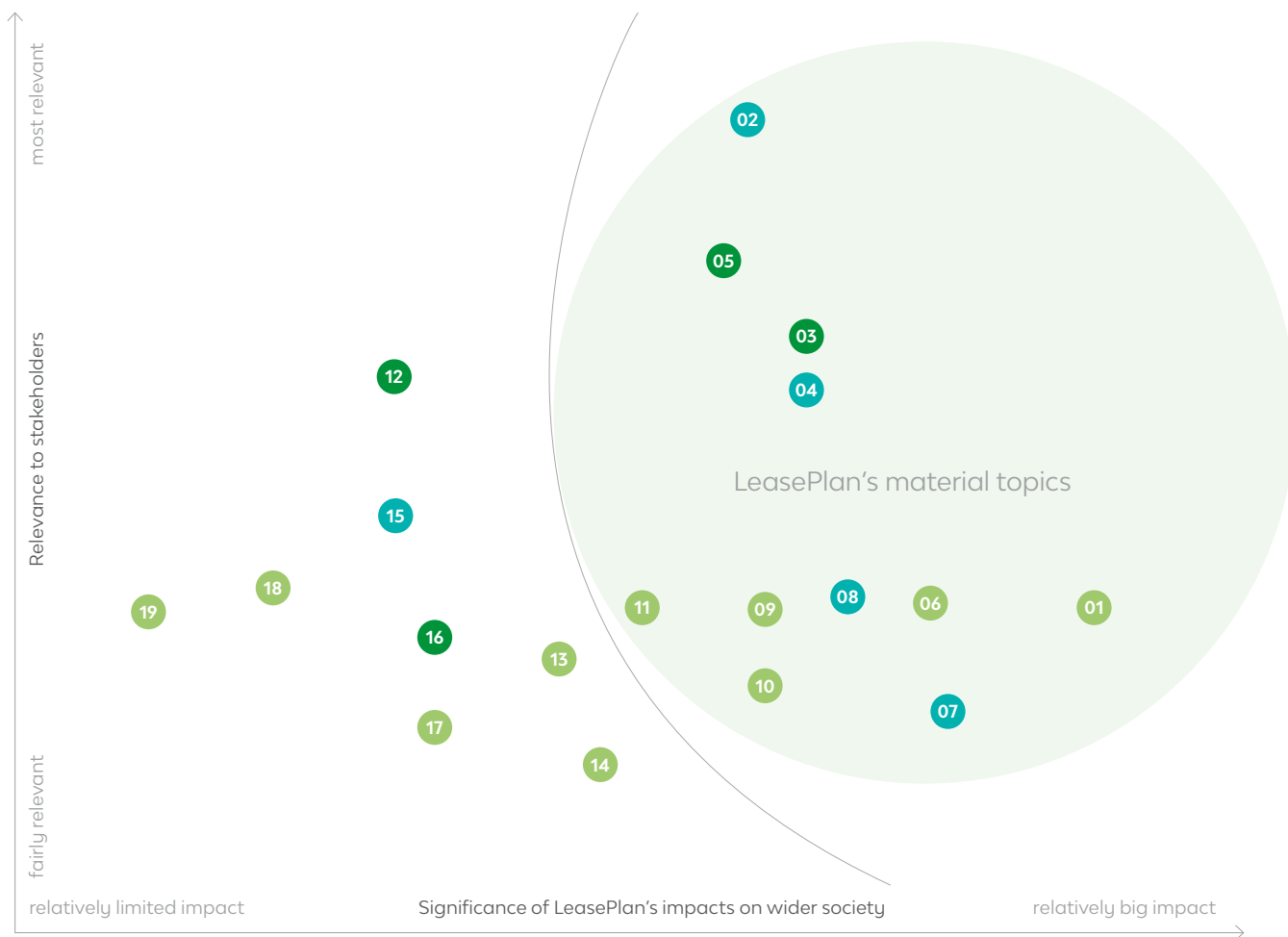
### Step 2: Determine priorities

A list of identified topics and definitions was presented to our key stakeholder groups via online survey, including 70 suppliers, 1,000 customers and all LeasePlan employees. A total of 303 stakeholders completed the survey and we determined the most relevant topics for LeasePlan on this basis. The CSR Steering Committee has looked at the topics and determined where LeasePlan can have the biggest impact on the wider society

### Step 3: Creation and final validation

The final results of the materiality exercise were presented in the final LeasePlan materiality matrix. This will form the basis for the implementation of relevant policies, target setting and KPI definition, and helps us monitor and report on progress.

## Materiality matrix LeasePlan



### Topics

- 01 Sustainable products & services
- 02 Customer satisfaction
- 03 Privacy & data security
- 04 Product differentiation & innovation
- 05 Business ethics & integrity
- 06 Educate customers
- 07 Sustainable growth
- 08 Co-creation through strategic partnerships
- 09 Road safety

### Topics

- 10 Sustainable procurement
- 11 Reducing climate impact
- 12 Human rights
- 13 Talent management & development
- 14 Diverse & inclusive workforce
- 15 Digital services
- 16 Responsible risk management
- 17 Societal wellbeing
- 18 Occupational health & safety
- 19 Corporate culture & engagement

### Key

- Economic sustainability - making our company future proof
- Social & environmental sustainability
- Business ethics & governance

The shaded materiality circle within the matrix shows the 11 highest scoring topics that will be addressed in our reporting going forward. It should be noted that, as topics are positioned relative to one another, all 19 topics are considered to be highly relevant to LeasePlan and are addressed as such.

Our materiality exercise has made us aware of topics, such as privacy & data security and product differentiation & innovation, which are currently addressed elsewhere in the organisation, and need to be incorporated into our CSR agenda.

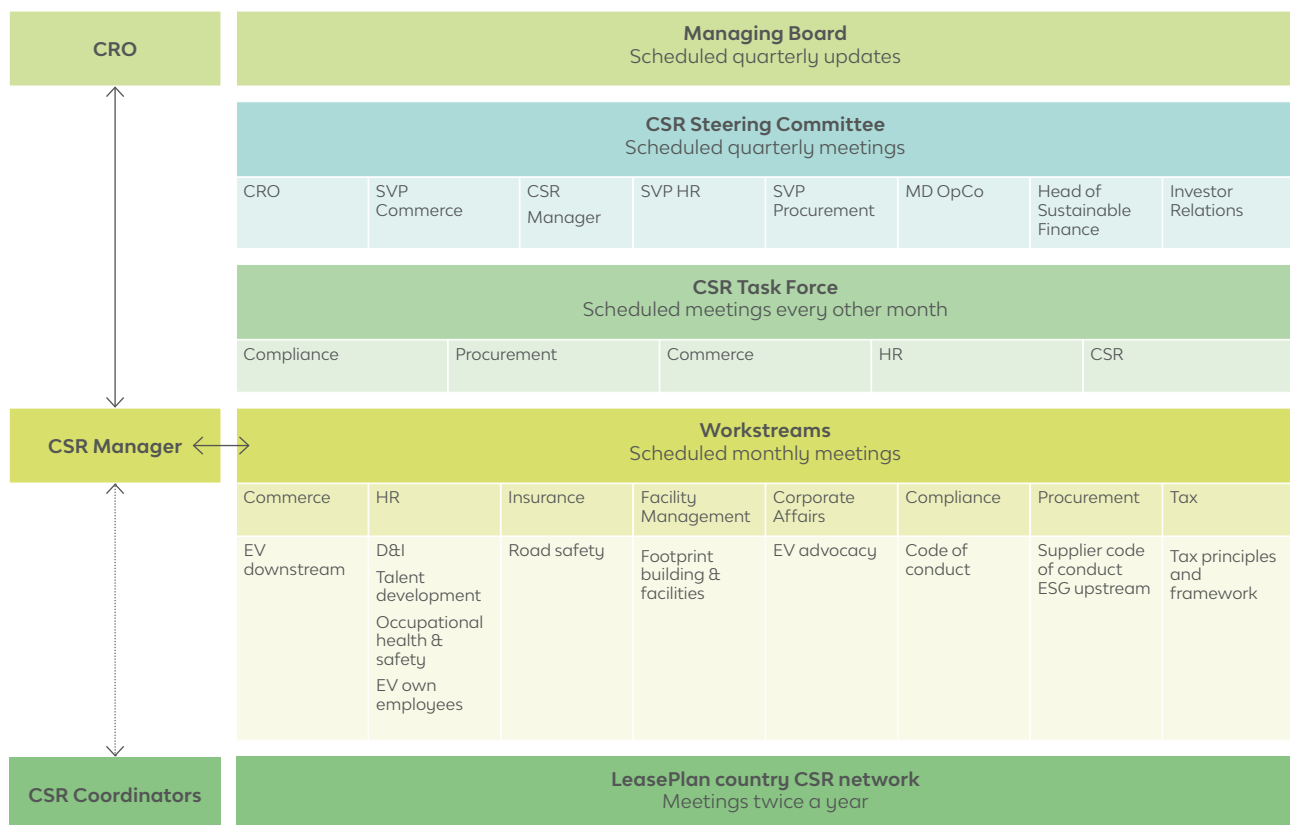
Looking ahead, the results of LeasePlan's materiality exercise will be used as part of our adoption of the Global Reporting Initiative (GRI) framework. To that end we are currently assessing the availability and quality of data we are able to source in each area.

## Governance and management

To help guide and monitor all areas of our sustainability activities, we operate a dedicated Corporate Social Responsibility (CSR) governance structure, which reports to the Managing Board.

LeasePlan's CSR governance structure is responsible for coordinating the roll-out of our sustainability strategy for low-emission mobility, societal wellbeing and reducing environmental impact, and for making sure that material topics are adequately addressed. It supports various business areas in defining action plans, monitors progress and reports on agreed reporting indicators and KPIs. It also interacts with key stakeholder groups to remain informed about their expectations.

### CSR governance structure



- The **CSR Manager** supervises the implementation of the sustainability strategy and coordinates the activities across the group. He or she reports to the Chief Risk Officer (CRO), the member of the Managing Board responsible for CSR. CSR is also a recurring item on the Managing Board's agenda. The position is supported by a global network of local CSR coordinators and workstream leaders.
- Strategic direction and overall guidance are provided by the cross-functional **CSR Steering Committee**, which comprises directors and Senior Vice Presidents and is chaired by the Chief Risk Officer. Meetings are scheduled on a quarterly basis or as required. This committee also oversees and manages proceeds from the Green Bond Framework.
- A cross-functional **CSR Task Force** comprising senior managers oversees the implementation of the strategy and meets six times a year.
- The 12 **Workstreams** drive the focus areas of the strategy in more detail, helping to define action plans, timelines, targets and KPIs for each. All workstreams have a business owner and meet with the CSR manager on a monthly basis.
- The **global network of coordinators** drives implementation in each country and comprises either a local go-to person or a team of people that bear responsibility for their own domain (e.g. HR or Commerce). The CSR Manager interacts closely with the network via an online platform and bi-annual calls to review progress, and exchange ideas and best practices.





## Disclosure, reporting and regulatory requirements

**We comply with all regulatory requirements and are committed to adopting and maintaining best practices in our non-financial disclosure.**

In 2018 we took the important step of conducting a materiality exercise with our external stakeholders, which is a requirement of the Global Reporting Initiative (GRI) framework. These are the most widely adopted global standards for non-financial reporting, and are used by 93% of the world's largest 250 corporations<sup>29</sup>. At LeasePlan, we intend to start applying GRI standards over the course of 2020. To that end, we have begun setting up central reporting on topics such as carbon footprint, fleet electrification, diversity and talent development. This has required us to create baseline inventories, define ambition levels and develop action plans on both a central and local level.

Our maturing reporting activities have also improved the level and depth of our contributions to the Carbon Disclosure Project (CDP), in which we have participated since 2010. Our involvement in CDP has also enabled us to improve our disclosures to EcoVadis, the sustainability ratings and scorecard company that helps procurement teams monitor CSR and ESG practices in the supply chain.

Looking ahead, we want to substantiate our support for the international business declaration in support of the Task Force on Climate-related Financial Disclosures (TCFD), which we expressed in 2017. Set up two years ago by the G20's Financial Stability Board, the TCFD developed a set of recommendations for companies to disclose information on how they oversee and manage climate-related risks and opportunities, as well as the material risks and opportunities to which they are exposed. LeasePlan is currently assessing its overall exposure to climate-related risks and opportunities, with a view to quantifying the associated financial impact.

### Developing regulatory requirements

In addition to the expectations of our stakeholders, as a licensed bank and Public Interest Entity (PIE), LeasePlan is also subject to various regulatory requirements relating to sustainability. For example, the EU Banking Reform Package includes various provisions relating to environmental, social and governance (ESG) aspects, while both the Dutch Central Bank (DNB) and Financial Services Authority (AFM) have included sustainability in their supervisory priorities for disclosure. Furthermore, the DNB is currently engaged in a dialogue with the financial sector to update its supervisory frameworks for the incorporation of climate-related risks. Finally, as part of the European Commission's Action Plan on Financing Sustainable Growth, the EC has published draft legislation to take ESG considerations and preferences into account.

29. KPMG Survey of Corporate Responsibility Reporting 2017

## Glossary

**AFM** The *Autoriteit Financiële Markten* is the Financial Services Authority of the Netherlands ([www.afm.nl](http://www.afm.nl))

**AFR** The Accident Frequency Rate represents the portion of vehicles from LeasePlan's insured fleet that have reported a 'damage event' to LeasePlan. These range from minor scratches all the way to severe damage.

**BEV** Battery electric vehicle. Only BEVs are included within the scope of LeasePlan's Green Bond Framework

**BIR** The Bodily Injury Rate represents the portion of vehicle accidents from LeasePlan's insured fleet that result in bodily injuries to drivers or third parties

**CaaS** Car-as-a-Service

**CDP** Carbon Disclosure Project ([www.cdp.net](http://www.cdp.net))

**DNB** *De Nederlandsche Bank* is the central bank of the Netherlands ([www.dnb.nl](http://www.dnb.nl))

**ESG** Environmental, Social and Governance

**EV** Electric vehicle. LeasePlan defines EVs as battery electric vehicles and plug-in hybrid electric vehicles

**FMC** Fleet management company

**GRI** Global Reporting Initiative ([www.globalreporting.org](http://www.globalreporting.org))

**ICE** Internal combustion engine

**LCV** Light commercial vehicle

**NEDC** New European Driving Cycle is the old emissions test, prior to the introduction of WLTP in September 2018

**OEM** Original equipment manufacturer (of vehicles)

**PHEV** Plug-in hybrid electric vehicle

**SCoC** Supplier Code of Conduct ([www.leaseplan.com/corporate/news-and-media/download-centre](http://www.leaseplan.com/corporate/news-and-media/download-centre))

**SDG** Sustainable Development Goal ([www.sustainabledevelopment.un.org](http://www.sustainabledevelopment.un.org))

**TCFD** Task Force on Climate-related Financial Disclosures ([www.fsb-tcfd.org](http://www.fsb-tcfd.org))

**WEF** World Economic Forum ([www.weforum.org](http://www.weforum.org))


**WLTP** The Worldwide Harmonised Light Vehicle Test Procedure laboratory test is being used to measure fuel consumption and CO<sub>2</sub> emissions from passenger cars since September 2018



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