



ON THE MOVE

Transcript BNP Paribas podcast

On the Move #6: How are companies developing their electric vehicle fleets?

Ingrid Pautrat, Global Head of EV offer, Arval BNP Paribas

Journalist Nathalie Croisé [N.C.] Hello and welcome to “On the Move”, the podcast in which BNP Paribas experts unravel the challenges of sustainable mobility. Ingrid Pautrat is my guest for this episode. Hello!

Ingrid Pautrat, Global Head of EV offer, Arval BNP Paribas [I.P.] Hello, Nathalie.

[N.C.] Hello Ingrid. You're in charge of electric vehicles at Arval, the BNP Paribas Group mobility solutions specialist. Together we're going to discuss the development of company electric vehicle fleets. It's a subject that will certainly be at the centre of discussions at the forthcoming Paris Motor Show. As I said, you head up the transition to electric vehicles at Arval. Before we talk about these electric vehicle fleets, it's important to know what we're referring to. What do we mean when we talk about electric vehicles?

[I.P.] That's a very good question. To answer it very simply, without going into the technical details, there are three categories of electric vehicles. The first is the hybrid electric vehicle. This is a vehicle that has both an internal combustion engine and an electric motor with a small battery that is only recharged when the car is slowing down and braking. The second type of electric vehicle is the PHEV: Plug-In Electric Vehicle - Hybrid Electric Vehicle. In addition to the hybrid electric vehicle, this type of car can also be recharged using a charging cable. The third category is the BEV: Battery Electric Vehicle. This is a vehicle that is powered solely by an electric motor, has a number of batteries, a very long range and is recharged using a recharging cable that draws electricity from the grid.

[N.C.] So it's important to understand what these vehicles are because they have related issues. You talked about the range and the weight of the vehicle. Now let's move on to the subject of the podcast: how do these electric vehicles fit into corporate fleets today?

[I.P.] Well, obviously they're becoming more and more common in fleets, supported by environmental policies and tax incentives. There are tax reductions on vehicles, purchase subsidies, VAT benefits, but also a growing awareness of the environmental and economic impact.

The penetration rate of electric vehicles, and especially battery electric vehicles, the third category I mentioned, is growing year on year. In Europe today, more than one in three vehicles sold is an electric vehicle. And at Arval, we have a fleet of 1,700,000 electric vehicles - a little more - and of those 1,700,000 vehicles, more than 509,000 are electrified, of which 206,000 are battery electric vehicles. So that's still a growth - you'll see it's significant - of over 65% compared to 2023. And for BEVs and EVs in general, we're looking at almost 40% growth compared to 2023. So that just shows you how much the trend is growing in terms of electric vehicle penetration in fleets.

[N.C.] That's really accelerating. Ingrid Pautrat, you've started to talk about the advantages of electric vehicles and you've mentioned some of them. What can we say about the advantages of electric vehicle fleets for companies?

[I.P.] Well, there are several, of course. I'll mention four or five, the most important ones for me. So the first advantage, as you know, is that companies today have decarbonisation targets that are by Europe, with an ambition to reduce all greenhouse gas emissions by 55% by 2030 and targeting climate neutrality by 2050, through the Green Pact. Of course, electric vehicles make a huge contribution to this reduction within companies. So that's the first benefit.

Secondly, companies today still enjoy tax benefits when they buy an electric vehicle, when they lease one, but also when they use one. So, it's a non-negotiable advantage for them to take advantage of these opportunities now.

Thirdly, the cost of using an electric vehicle is lower than the cost of using a combustion engine vehicle. So, there are savings for companies here too. Electricity costs are lower than fuel costs, and the maintenance costs of electric cars are much lower than those of internal combustion engines. For example, you don't need to put oil in the car. You don't have to change the timing belt. So there's a whole range of costs that significantly reduce the impact on companies when they're in use.

The fourth point that, to me, is important is the positive image impact. Today's younger generations are very sensitive to this, as are our customers and partners. As you know, there are more and more companies, especially large ones, that have set themselves CSR targets. Image in the eyes of customers and partners is very important, as is that of employees. So it's inevitable; it matters today. Being in a company that has a green impact on the ecology and the planet is important for employees. And the last point, and I think it's important, you know there are more and more countries with EPZs and particularly, in France.

[N.C.] Environmental zones.

[I.P.] Thank you! Environmental Protection Zones. And so for a company, if you want your salesman to be able to get to the heart of a city, the car has to be able to get him there. And in that respect, the electric vehicle is a great help.

[N.C.] So we've seen a lot of benefits. Of course, there are still challenges to overcome, because these electric vehicles also have to be integrated into the company fleet. What are the main challenges?

[I.P.] Well, there are a number of challenges. You have to be aware that the cost of an electric vehicle is higher than that of an internal combustion vehicle. The initial purchase cost is higher. So that is a real challenge for companies. They have to look at the electric vehicle not in terms of the financing associated with the purchase, but in terms of the total financing - what we call the TCO, the total cost of ownership of the car. What I wanted to clarify a little bit earlier is that the cost of using

an electric vehicle is lower, so the final equation is positive, but that's something that has to be taken into account by the company at the outset.

Secondly, it's not that easy to convince your employees to switch to an electric vehicle. So there's a real need for companies to drive change among their employees and salespeople. And why "change management"? Because at the end of the day, the way the cars are used and driven, changes more-or-less, but the issue is mainly about charging the car. You drive your internal combustion car to the local petrol station and in five minutes it's full. The electric car is different. You have to charge it. And charging takes time.

So, if companies want to make it easier for their employees to use their cars, they need to provide charging points, and they also need to think about providing charging points for their employees at home. Because the best time to charge your electric car is when you're not using it – so when you're sleeping at home, teleworking or working in the office - because it takes a while to charge.

That's the second challenge for companies. The third challenge that companies face is the management of charging time. Schedules need to be reviewed. If a company has a lot of salespeople on the road, it needs to build charging time into the salespeople's schedules, especially if the trips are long.

For short journeys it's not a problem - electric cars now have a range of 500, 600 kilometres - but for long journeys you have to take into account the recharging time, which is getting faster and faster. With superchargers and the network that's being developed in all countries, it's getting faster and faster.

The fourth point for companies is regulatory uncertainty, subsidies, grants: it's not stable, it comes and goes. There was a lot of it in the beginning, but it tends to diminish depending on the country, and that's an uncertainty for companies. Will it last? So that's the fourth challenge companies are facing.

The fifth challenge is that people can't charge an electric vehicle in public places in the same way that you can refuel your car. In other words, you can't charge your electric vehicle with a common credit card. You need a card issued by an MSP (Mobility Service Provider), which gives you access to the largest network of charging points. The "Carte Bleue" – or payment card - is not currently accepted at all public charging points. This is another facility that companies must make available to their sales staff or employees.

[N.C.] And I imagine there's also a question of image for companies.

[I.P.] Of course, image is very important for companies, and young employees, particularly, are very sensitive to that. But it's also very important for employees. It's important to customers and partners. So, yes, image is essential.

[N.C.] We're going to go into all these challenges in detail - and also get back to your customers, the types of customers, because it's also important to talk about them. But since you're talking about charging infrastructure, how is Arval meeting these challenges, particularly in terms of infrastructure?

[I.P.] We've already observed the situation, we now have a few years' experience with electric vehicles, and on the Arval side we've realised that we need to support and advise our customers. So, we listen to them, we observe their behaviour and we offer them the most appropriate solutions in terms of their needs. This obviously includes electric vehicles, but it doesn't stop there. We also offer solutions for electric bicycles and car sharing. So that's the first point: advice.

Another point I mentioned was the cost of buying an electric vehicle. It's true that electric vehicles are more expensive. So in order to help our customers manage their finances more effectively, we have included in our catalogues Asian brands that offer cheaper electric vehicles. In particular, we have BYD, Hyundai and Kia, which make it possible to offer a more accessible vehicle to all companies.

The third point is charging, because indicators show that 80% of charging takes place between home and the office, and only 20% in public areas. For this part, Arval provides facilities. We help companies to equip their staff and office car parks with charging stations. Through Arval, they can lease these charging points or finance them through the BNP Paribas Group, with the support of our Leasing Solutions colleagues. And because it's just as important on public roads, we've created a card, Arval Energie, which gives our drivers access to more than 600,000 charging points in Europe. What's more, the number is growing as the network expands. With a single card, they have access to more than 600,000 charging points in Europe.

[N.C.] So, Ingrid Pautrat, we've obviously talked not only about infrastructure but also about vehicles, and it was important to know what you offer. Do you have a particular type of customer who is, let's say, more inclined towards electric vehicles?

[I.P.] Well, obviously, a few years ago, with the Green Pact, and in particular electricity neutrality, large companies set themselves CSR targets. And so, to meet these targets, they have to electrify their fleets. So the big companies, the multinationals, are obviously the first companies that have moved into this energy transition. The second type of company that has really embraced this technology is the public sector and local authorities. As you can imagine, they need to set an example and demonstrate the impact of their image, so they're the second type.

From a geographical point of view, the Nordic countries have been moving towards electric vehicles for a number of years. There are also countries like the Netherlands, the UK, Belgium and Germany. These are the countries where there was, and still is, quite a lot of government support, so these countries really moved towards electric vehicles a few years ago. There are other countries where things are a bit more complicated, such as Italy and Spain. Again, it's local policies that don't really facilitate the transition to electric vehicles. We don't have a huge amount of government support and we don't have a huge network of public charging infrastructure. So it's a bit more complicated in those countries.

[N.C.] So that's very good, because we've opened up more on the subject of Europe, we're not just talking about France, but are we seeing an acceleration of electric vehicles across Europe, even though there are restrictions?

[I.P.] Yes, a clear acceleration. As I said, more than one in three vehicles sold in Europe today is electric. So yes, there is a clear acceleration. As I also told you at Arval, we have seen an increase of more than 60% in the number of electric vehicles in one year, and the penetration rate of orders for electric vehicles is now over 40% at Arval, while the figure for pure battery electric vehicles is over 23%.

[N.C.] Perhaps we could also talk about the use of vehicles. You said earlier that sometimes we need to support employees. What can we do, what do you see in terms of vehicle use, what feedback do you get?

[I.P.] Well, satisfaction is really high. Overall, customers are very positive about the use of electric vehicles, although there are some challenges, as I mentioned, in terms of infrastructure, employee

support... But at the end of the day, once drivers have got to grips with the electric vehicle, very few of them will go back because there are so many benefits: there's less noise, the electric vehicle is more pleasant to use, the environmental impact is inevitably much better, so it's a virtuous circle. And then there's the impact on CO2 emissions for companies. So the return on investment for customers is really positive. It also improves their image.

[N.C.] So we've had very positive feedback from customers. Ingrid Pautrat, what is your vision for the future of electric vehicle fleets in companies?

[I.P.] Well, for me, the future will be green, of course. As I said, most users of electric vehicles would never go back. The regulations require carbon neutrality by 2050. We're not going back on that either. So the future is inevitably going to be green. History is being written. Step by step, we are removing the fear of using electric vehicles by providing support for our customers, by making our fleets greener; thanks to the recharging infrastructure that is being developed more and more on the public network; thanks also to the technologies that are improving and allowing greater autonomy for electric vehicles and making it easier to recharge electric vehicles. Little by little, we're getting there!

[N.C.] That's a nice conclusion. Thank you, Ingrid Pautrat, Director of the transition to electric vehicles at Arval, BNP Paribas Group, and see you next time on the On the Move podcast. We'll talk more about sustainable mobility.

[I.P.] Thank you, Nathalie.

