



EUROPEAN
RENTAL
ASSOCIATION

EU-Green Deal Impact on Asset Finance & Rental

*Peter-Jan Bentein,
Dutch Leasing Association*



Please react on Twitter, @era_rental, #eraconvention2021



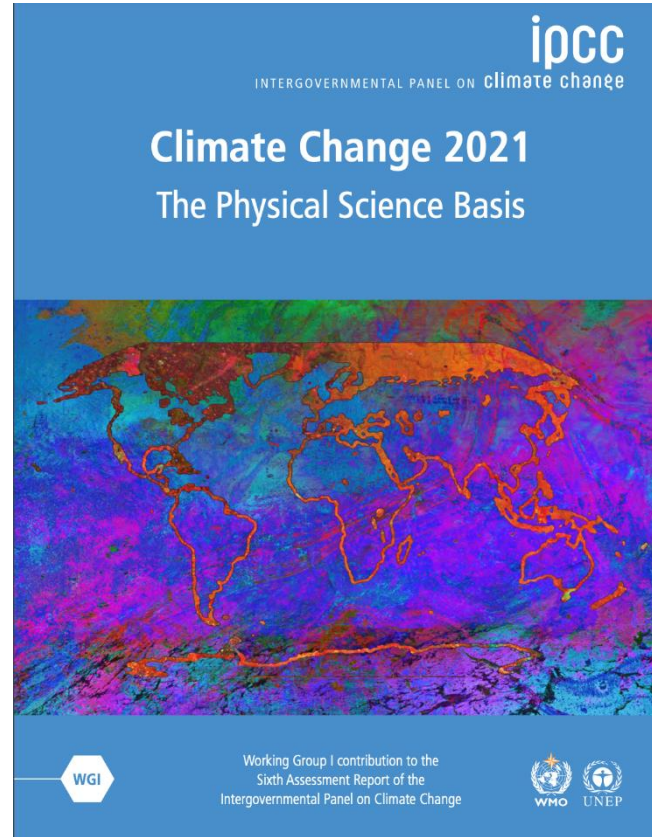
EU-Green Deal Impact on Asset Finance & Rental

Peter-Jan Bentein
Secretary-General
NVL - Dutch Leasing Association



6th IPCC report published August 2021

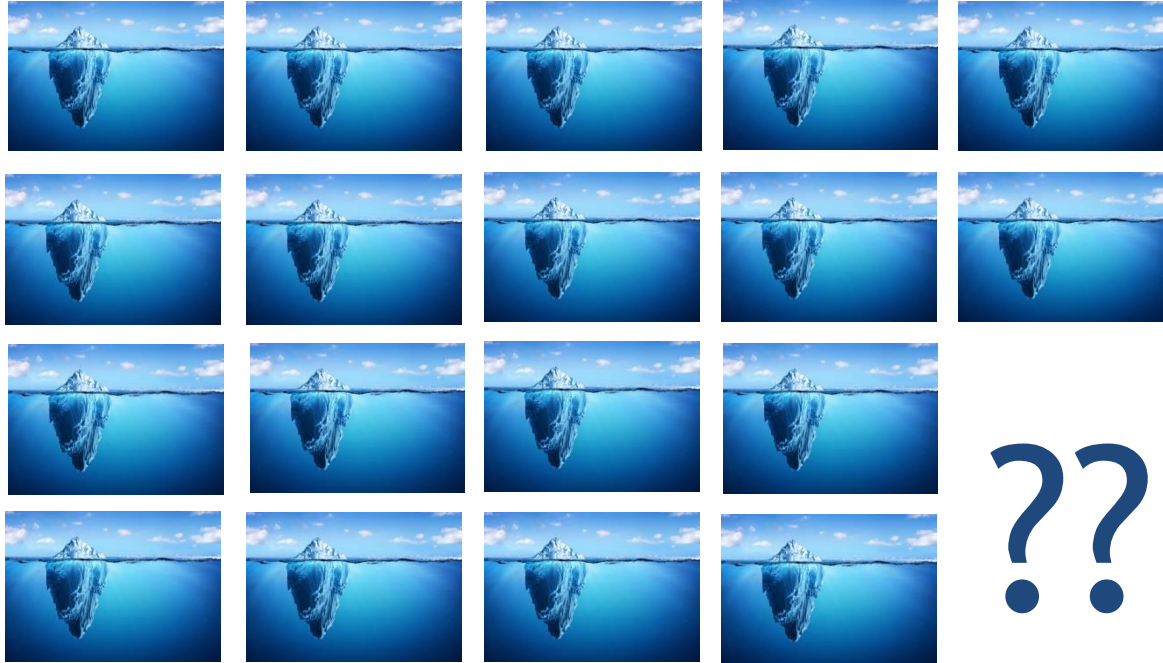
150
1300
3949



Some say icebergs will disappear due to global warming...



...Others say that global warming is to produce much more icebergs in the near future.



Just an example...



EU Nitrate Directive (1991)

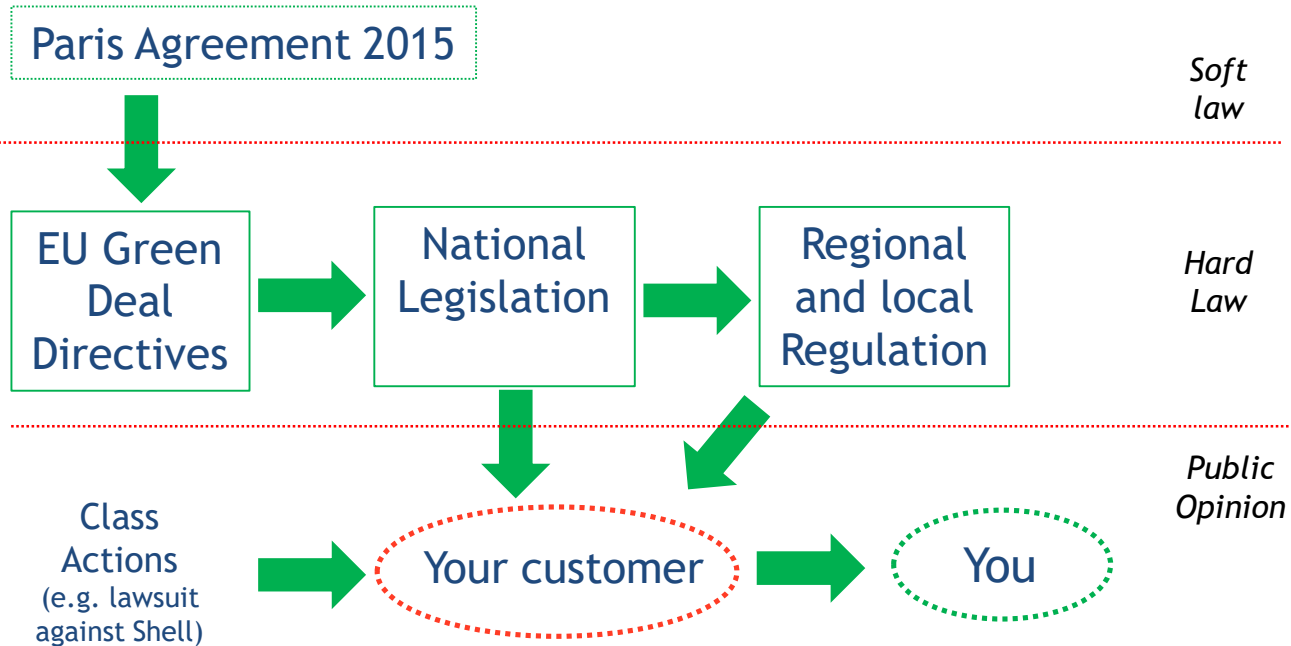
Huge impact now on:

- Building permits
- Building process
- Building development

Questions for you

- Electrical or hybrid car?
- Environmental or tax reasons?
- Other cars available in your household?
- Traveling by plane?

EU-Green Deal will have a (in)direct impact on your customer and lessors



European Climate Law: the goals

(in effect 20 July 2021)

‘Legislative Train’ (>12.000 pages)

- EU climate neutral by 2050 (first of all continents)
- CO2 emission reduction target of 55% in 2030 (before: 40%, compared to 1990)
- >€270bln available for supporting initiatives (partly via green EU bonds)

Fit-for-55 Package: actions (i)

(in effect 1 January 2023 subject to approval)

- Building blocks (13)
 - Application of emissions trading to new sectors and a tightening of the existing EU Emissions Trading System
 - Increased use of renewable energy
 - Greater energy efficiency
 - A faster roll-out of low emission transport modes and the infrastructure and fuels to support them
 - An alignment of taxation policies with the European Green Deal objectives
 - Measures to prevent carbon leakage
 - Tools to preserve and grow our natural carbon sinks

Fit-for-55 Package: actions (ii)

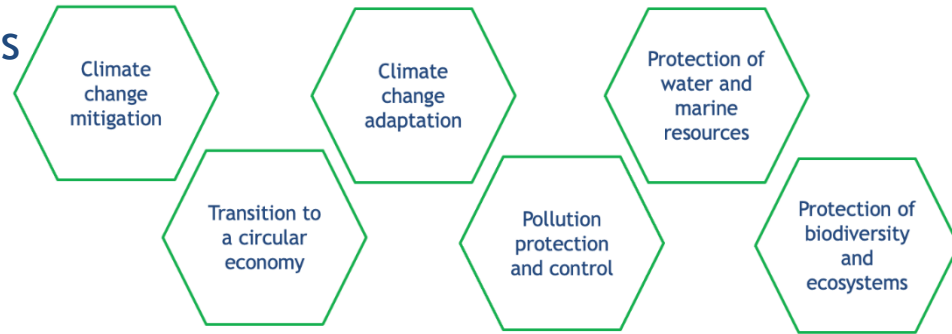
(in effect 1 January 2023 subject to approval)

- Existing and New Legislation:
 - Renewable Energy Directive (RED)
 - Effort Sharing Regulation (ESR)
 - Energy Efficiency Directive (EED)
 - Regulation on the inclusion of greenhouse gas emissions and removals from Land Use, Land Use Change and Forestry (LULUCF)
 - Alternative Fuels Infrastructure Regulation (AFID)
 - Regulation setting CO2 emission performance standards for new cars and vans
 - ReFuelEU Aviation Initiative
 - FuelEU Maritime Initiative
 - Climate Social Fund
 - EU Forest Strategy
 - Carbon Border Adjustment Mechanism

EU-Taxonomy on Sustainable Activities

- Defines what is ‘sustainable’ and what is not

- 6 Objectives



- 3 Conclusions

- ✓ Substantially contribute to one of the objectives
- ✓ Do not significantly harm
- ✓ Comply with minimum safeguards

Corporate Sustainability Reporting Directive (2021)

Non financial Reporting will be extended with ESG items:
Environmental, Social, Governance (as from 2023 in full effect)

- Scope extended (app. 50.000 companies)
- ‘Double materiality’: inward & outward impact
- Alignment with EU sustainability targets

Criteria: (2/3)

- Turnover >40mln
- Total assets >20mln
- Fte >250

Expected: Sustainable Corporate Governance Directive

EU-Green Deal impact on Governments Legislation and Budgets

National Government
Regional Government
Local Government (Municipalities)



- New Legislation
- New Requirements

Example:

Low Emission Zones



- Incentives
- Subsidies

Example:

'Low/Zero Emission'
Construction Sites

Impact for Manufacturers

- R&D for New Generation Assets: Acceleration needed throughout the total product range
- Power Train Strategy: (bio-)diesel, LNG, electric power, hydrogen fuel cell,... → choices to be made
- Production capacity?
- Will other Continents apply same rules?
- Will Manufacturers comply?

Impact on customers in Construction and Logistics: transition to accelerate

- Each party in the value chain will feel the pressure to comply
- Investments will increase → financing need
- ‘Use, not own’-trend → expected increase of short term asset rental demand and/or pay-per-use models

Impact on Rental Industry (i)

- Front runner?
- Availability of 'green' assets?
- Investment level to increase → finance need
- Impact on price levels by supply&demand effect

Impact on Rental Industry (ii)

- Residual Values of existing fleet?
- Residual Values of ‘new/green’ fleet?
- What is your ‘green commitment’?
- ... and how can you prove it?

Thank you for your attention!