


An aerial photograph of a dense green forest. A dark asphalt road with white dashed lines winds through the trees. A small white car is visible on the road. The image is partially covered by a purple and teal graphic overlay at the bottom.

Transport

SUSTAINABILITY GUIDE



At AIB, sustainability forms a key pillar of our business strategy. As a financial institution at the heart of the Irish economy, we recognise that the scale and impact of our business confers on us a responsibility and role across the economy and society. We have committed to do more to help ensure a greener tomorrow, by backing those building it today.

AIB has a target to achieve Net Zero in our own operations by 2030 and an ambition that green / transition lending will account for 70% of overall new lending by 2030 with a target to achieve Net Zero in our financed emissions by 2040 for our lending portfolio (2050 including agriculture).

To support our customer base on their own sustainability journey, AIB is releasing a series of sector specific sustainability guides. These guides aim to provide practical tips and information which can be used by businesses to transition their operations to a more sustainable footing.

This series has been produced in partnership with Mabbett®, a leading environmental consulting and engineering firm. To view the full series of guides, please visit **www.aib.ie/business**

TRANSPORT – SUSTAINABILITY GUIDE

In a global context, the transport sector is one of the world's key emissions drivers. In the most recent Intergovernmental Panel on Climate Change (IPCC) report in 2019, it was noted that transport accounted for 15% of total GHG emissions, with average annual emissions remaining on a rough growth trajectory of 2% since 2010.

In Ireland, the transport sector accounts for around 18% of total national emissions. Despite significant improvements in vehicle efficiency since 1990, the sector has seen its emissions increase by 112.2% during this period, driven by strong economic growth and subsequent increased car and commercial vehicle use.

Despite increasing concerns for climate impact in recent years, the growth in emissions has not stagnated with the Environmental Protection Agency (EPA) reporting an increase of 6.1% in Irish transport emissions in 2021. Although growing rapidly, the EPA reported 47,000 battery electric vehicles (BEV) and plug-in hybrid electric vehicles (PHEV) on Irish roads at the end of 2021, representing less than 5% of the 2030 policy target of 945,000 vehicles. Assuming a target of approx. 945,000 electric vehicles by 2030 can be met, emissions from the sector could decrease by as much as 28%¹.

Irish National policy on climate change is largely underpinned by the **Climate Action and Low Carbon Development Act 2015**, which gives scope to the National Policy Position of achieving transition to a “competitive, low carbon, climate-resilient and environmentally sustainable economy by 2050”. The Irish government has a number of supporting policy measures designed to help Ireland achieve climate commitments on transport.

MEASURES INTRODUCED BY THE IRISH GOVERNMENT TO SUPPORT THE TRANSPORT SECTOR IN ACHIEVING CARBON REDUCTION INCLUDE:

Basing the vehicle registration and motor tax system on CO² emissions rather than engine size;

A carbon tax introduced on transport fuels;

A Biofuels Obligation Scheme which requires mineral oil suppliers to ensure that, from the 1 January 2020, 12.36% of motor fuels placed on the market are produced from renewable sources;

Financial supports for those purchasing electric vehicles;

The introduction of EU Regulations on CO² Emissions Performance Standards for cars and vans and

Establishment of the Greener HGV Programme

This guide looks at key areas for consideration in a business with a significant transport / logistic function, including:

- **FLEET EFFICIENCY MEASURES;**
- **COMBUSTION ENGINE ALTERNATIVES;**
- **ALTERNATIVE FUELS; AND**
- **SOCIAL SUSTAINABILITY**

Each section has a number of recommendations that can be incorporated into your business to reduce fossil fuel usage and the overall environmental and social impact of operations.

FLEET EFFICIENCY MEASURES

VEHICLE EFFICIENCY

Choosing the right vehicle is key to both your business operation and environmental commitments. While more sustainable technologies are being developed, current offerings on the market may not always be financially viable or practicable. However, there are steps which can be taken to ensure that you are as efficient as possible with existing options:

EFFICIENCY OPTIONS

Engine efficiency – ensure only vehicles with excellent fuel economy and low CO² emissions are acquired

Appropriate vehicle sizes – larger, heavier vehicles will generally be less fuel efficient, so consider vehicle size and aim for the smallest appropriate vehicle for the operation.

Speed limiters – speed limiters can improve fuel efficiency.

Stop start functionality – the use of stop start technology reduces fuel consumption which results from idling².



CASE STUDY

Zellwood Ltd is one of Ireland's leading logistics and contract management solution providers, specialising in chilled goods distribution for large grocery retailers throughout Ireland.

Since 2020, Zellwood has invested significantly in its' fleet efficiency. Prior to the purchase of new vehicles, consideration was given not only to fuel consumption, but also to spec changes with a view to reducing air resistance and also maximising tyre economies. These initiatives have been extremely successful, reducing L/100KM across the fleet by 12%.

FUEL MANAGEMENT

Excellent fuel management is considered best practice. Monitoring operational fuel usage is a fundamental step in establishing baseline data which will enable corrective actions to be implemented.

Businesses can track their fuel consumption through fuel card invoices and/or staff expenses claims, while larger companies may well have their own fuel depots from which fuel usage can be monitored.

The use of telematics software is quickly becoming the most precise and effective way of collating data relating to fuel use within vehicle fleets, providing information to operators on everything from location and speed to engine diagnostics and even driver behaviour. Even where fleet tracking technology exists, it is still good practice to record mileage every time a vehicle is refuelled so that overall L/100KMs can be factored into company fuel performance.³

This process is typically enacted by using fuel cards, making them a popular choice for tracking and understanding fuel use in many businesses.



KEY PERFORMANCE INDICATORS & FUEL BUDGET MANAGEMENT

You can't improve what you can't measure. Most fleet managers aim to *control expenses and maximize profitability*. Unfortunately, many fleet managers don't have a way to accurately track expenses.

Because there are *so many costs associated with fleets*, manually calculating expenses is an uphill battle. Not only is it difficult to ensure accuracy, but by the time you reconcile your budget, you've already fallen behind.

Fleet management software allows you to track expenses in real-time. By managing your fleet with software, you can view expenses on a line item level and *automatically calculate your true total cost of ownership (TCO)*.

Monitoring costs with configurable fleet reports allows you to confirm trends across your fleet and take necessary action for improvement.

When setting fleet management KPIs for expense management, you can create broad targets, such as cutting fleet expenses by 10%, or track specific benchmarks such as:

- Total cost per kilometre
- Parts and labour costs
- Fuel expenses
- Taxes and registration
- Optimal vehicle replacement

MAINTENANCE MANAGEMENT & DOWNTIME PREVENTION

Developing fleet management KPIs for maintenance helps ensure your vehicles are serviced quickly to keep your fleet productive. Prioritising maintenance productivity reduces downtime and maximizes efficiency.

When determining *maintenance benchmarks for a productive fleet*, first consider measuring repair turnover rate. Monitoring your technician efficiency ensures your vehicles are getting in and out of the shop quickly and avoiding downtime.

You should also *track issues by vehicle*. Are there certain vehicles that experience frequent oil leaks or other issues? Comprehensively tracking vehicle health allows you to spot recurring issues and trends across your vehicles

To avoid recurring issues, fleet managers should take a proactive approach to maintenance. Adhering to a *preventative maintenance schedule* helps identify and repair issues before they compound and cause downtime.

To stay on top of preventative maintenance, consider setting a fleet management KPI to measure how well you're following service schedules. This should be an easy target to hit if you've set up *automatic service reminders*.

OPTIMAL VEHICLE REPLACEMENT TARGETS

We've discussed both expense and maintenance management. These two aspects of your fleet management plan can help you make one of the more challenging decisions for your fleet: *vehicle replacement*.

Determining the best time to replace vehicles is complex. You want to get the most out of your assets, but there comes a point of diminishing returns with every vehicle. At some point, maintenance expenses outweigh the cost of a new vehicle.

Leveraging software to monitor vehicle health and expenses can help identify optimal replacement windows. For example, with *Fleetio's Optimal Replacement Analysis Tool*, fleet managers can take a strategic approach to replacement and estimate replacement windows based on a variety of factors.

With this analysis, you can centre your fleet management KPIs to target lengthening asset lifespan and create a target to replace vehicles at optimal times to avoid spending more money in the long run.



FUEL COSTS

Fuel keeps your fleet running – literally. Fuel is one of the largest ongoing costs for fleets, and while unavoidable, *fuel costs can be managed*. Monitoring fuel consumption and expenses in a centralised software allows you to develop strategies for improvement.

When setting fleet management KPIs surrounding fuel, fleet managers should target fuel efficiency. This involves both monitoring fuel consumption trends as well as improving routes and driver behaviour.

Tracking fuel consumption is time-consuming if you're trying to keep up with paper receipts and manual data entry. *Having drivers input fuel entries into fleet management software* saves time and allows you to view fuel costs in real time. For further efficiency and access to additional fuel data, fleets can *integrate their fuel cards with software packages*.

Fleet managers can also hit their target fleet KPIs by optimising routes. Are some vehicles driving longer distances than others? Balancing asset utilisation and streamlining routes can improve performance and fuel efficiency across your fleet and even help you save on fuel expenses.

COMPLIANCE AND INSPECTIONS

To maintain fleet compliance, commercial fleets must complete daily *Driver Vehicle Inspection Reports (DVIR)*. Keeping a log of completed DVIRs is critical to passing a Commercial Vehicle Roadworthiness (CVR) test or a roadside inspection.

While paper inspection forms are unorganised and inefficient, drivers can now complete electronic DVIRs (eDVIR) with a *mobile fleet management app*. Drivers can upload inspection results in real time to inform managers of vehicle issues and keep a complete record of eDVIRs to prove compliance.

Creating a fleet management KPI to target thorough inspections is one of the best ways to maintain compliance. Monitoring completion rates in fleet management software ensures your drivers are keeping up with compliance and keeps you informed of any vehicles that require maintenance.

SAFETY AND DRIVER BEHAVIOUR

Safety is a fleet manager's top priority, and just like costs and maintenance, safety can be measured. Setting fleet management KPIs surrounding *safety and driver behaviour* allows you to ensure your vehicles, your drivers and the public at large are safe on the roadways.

Consider creating fleet management KPIs for the number of incidents each quarter. While this number should be as close to zero as possible, sometimes accidents are unavoidable (but hopefully never your driver's fault).

Fleet managers can also *monitor driver behaviour* with *telematics tools* to identify harsh braking and speeding. Training drivers regularly on safe driving habits and creating safety procedures can ensure your team is taking safety seriously. Not only does this decrease liability, but it can also help avoid fines and violations.

DRIVER TRAINING

Poor driving behaviours such as speeding, aggressive driving, frequent or sudden braking and idling are strongly associated with inefficient fuel consumption and can lead to increased costs on fuel, maintenance and also insurance liabilities. Incorporating driver training into a sustainable fleet management strategy can go a long way to avoiding these outcomes. **The Freight Transport Association of Ireland (FTAI)** offers eco-driver training, which can help drivers adopt new behaviours to help business reduce fuel spend, lower transport related carbon emissions and improve safety. These types of training courses are generally based on the principles of eco-driving techniques which encourages drivers to:

Drive smoothly – anticipate situations and other road users as far ahead as possible to avoid unnecessary braking and acceleration. Maintain a greater distance from the vehicle in front, so that you can regulate your speed when necessary without using the brakes.

Step off the accelerator – when slowing down or driving downhill, remain in gear but take your foot off the accelerator as early as possible. In most situations and for most vehicles, this will activate the fuel cut-off switch, reducing fuel flow to virtually zero.

Shift up early – when accelerating, shift to higher gear early, usually by around 2,000–2,500 revs per minute (RPM). Skip gears when appropriate.

Avoid excessive speed – high speeds greatly increase fuel consumption.

TARGETS AND INCENTIVES

To see improvements and encourage long-term adoption of fuel-efficient driving, fleet managers should follow up on monitoring and / or eco-driving training by engaging with staff in a number of ways.

Identify drivers who need support – Vehicles or drivers should be ranked by their performance, so you can identify exceptional fuel consumption (L/100km) (e.g., 20% below the manufacturer's estimate or against the fleet average) by vehicle make, model or driver.

- For drivers in the bottom quartile, you should ask questions to identify any reasons for the poor performance and discuss actions. Poor L/100km might be due to mechanical problems or different duty cycles, such as more frequent stopping and starting or heavier loads.
- Help, advice, information and appealing to a driver's pride in his or her work are often more effective than disciplinary action. Suggestions could include carrying out any necessary vehicle repairs, reviewing equipment required to be carried, potentially removing excess weight in a vehicle, and avoiding excessive speeds.
- Accurate and continual monitoring of fuel use allows you to identify drivers who will benefit most from attending an eco-driving training course, and track their improvement after training.

Set targets – Individual, team or department targets can be set relative to the manufacturer's L/100KM (e.g., 15% below the manufacturer's L/100KM) or against historic performance, or by cent per kilometre. See below for more information on setting up a communication programme. You can share information with managers or directly with drivers.

Produce a driver league table and reminders – producing a monthly or quarterly league table of drivers' L/100KMs can reward and encourage fuel-efficient driving through healthy competition. A league table, plus periodic reminders about the principles, or top tips, are effective ways to embed the principles of eco-driving training.

Offer incentives – incentive schemes, which identify and reward the most efficient drivers, can be an inexpensive way to promote fuel efficient driving.

- Individual or team bonuses, vouchers, donations to a chosen charity or team social fund can also motivate improvements and may be funded through savings on fuel costs.

For more information and case studies, see [advising fuel efficient driving techniques for your fleet](#).

COMMUNICATING WITH STAFF

It's helpful to think about how fuel economy information is shared with staff to maximise engagement.

As a starting point, it's helpful to share information on fuel costs, including the total spend on fuel by the business, by department, and individually. Key indicators to report on are L/100KM, cent per kilometre for each vehicle, and averages across groups of vehicles or teams. Information on the variation in L/100KM across the business might also prompt discussion and engagement.

If targets are being introduced, drivers should be aware how targets have been set and given advice (i.e., driving tips) on how they can meet the targets or be offered training.

Information can be shared via intranet, email and text as well as team briefings and scheme policy documents.

TELEMATICS

Fleet tracking software, also known as telematics, provide exceptional data on fleet performance across a range of variables. Using advanced diagnostics, fleet operators are able identify trends relating to fuel efficiency and inform action for improvement. Data can typically reflect accurate technical details on fuel use, speed, braking patterns, load, and engine performance. Outlay costs will vary, depending on size of fleet, but can be significant when factoring in the purchase of the appropriate hardware, installation and setup in individual vehicles, software, and monthly subscription fees, as well as potential staff training and resourcing. As a tool for correcting inefficiencies and reducing the carbon intensity of a transport fleet, telematics can be an important investment which ultimately save the business money in the long-term.



CASE STUDY

Established in 1979, **Dungarvan Transport** is Waterford's largest transport company and delivers quality logistics services throughout Ireland. The business operates a significant fleet of over 50 trucks and 120 trailers, with 70 full-time staff on the books. The introduction of a telematics software package has seen significant efficiencies in maintenance costs achieved in the business with fuel consumption volumes reducing by 5%.



THE GREENER HGV PROGRAMME

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Government of Ireland

Thomson
2040

THE GREENER HGV PROGRAMME

The Greener HGV Programme is an initiative established and delivered by the Irish Government, Cubo and the 3 Counties Energy Agency through The Climate Action Fund. The programme provides funding opportunities for Irish Fleet companies to avail of a 30% technology software & hardware grant.

The combined use of innovative telematics technology and driver training can help companies lower their fuel spend and improve their carbon footprint.

The programme anticipates that the typical HGV fleet with vehicles covering 50,000 miles per year, could save as much as €17,000 per vehicle through the programme and its recommended technology which covers Tracking, Fuel, Remote Tachograph Downloads and Compliance, Live Footage Cameras and Driver Cameras and Driver Awareness Panels⁴.

ALTERNATIVES TO INTERNAL COMBUSTION ENGINE

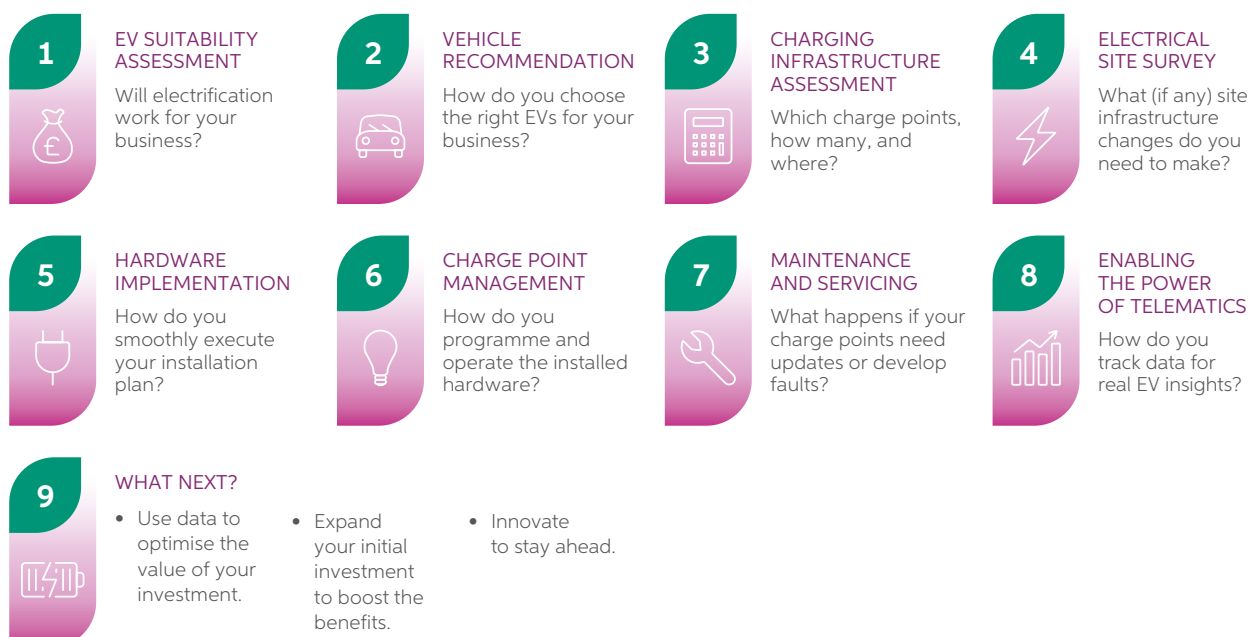
With more and more businesses committing to Net Zero objectives aligned with 2030 and 2050 time-frames, finding an alternative to internal combustion engines within their asset portfolio, will become of increasing importance. Different options have emerged over the last few decades including electrification and hydrogen fuel cell batteries, whilst alternative fuels such HVO and biogas have offered lower emission fuel alternatives for internal combustion engines (ICEs). Significant barriers remain with regards to electrification of heavy-duty and medium-duty vehicles (HDVs and MDVs); however, technological advances are happening at a rapid rate.

The use of electric vehicles is growing within the logistics sector too, especially with delivery agents who can rely on small, localised route planning and local hubs for charging. Minimising charge downtime is a primary concern for fleet managers wanting to maximise productivity, which can make electrification of the heavy goods industry particularly challenging. However, recent developments at companies like **Volvo** and **Scania** are showing that disruption can be minimised through smart planning and charging protocols.

A recent article on **Volvo's** heavy duty electric truck, which has a load capacity of 44 tonnes, reported that the vehicle was able to operate 24/7, carrying full loads over three different shifts, completing 14km loops, without any downtime. This was achieved using a small 40kw charger, which allowed recharges to happen during loading times, meaning that the battery never dropped below 50%⁵. **Scania** has also launched battery powered electric (BEV) and plug-in hybrid (PHEV) trucks for urban operations, in recent times. These trucks can offer 29 tonne carrying capacity and a range of 250km when fully charged (60 km for the hybrid option). From 2023, the company will also have heavier BEV trucks suited for regional transport available which are capable of carrying 40 tonnes gross weight for four hours or 60 tonnes for three hours⁶.

A point of contention with the electric vehicle industry revolves around embodied carbon stemming from the manufacture of batteries. The production phase of battery manufacturing currently has a larger carbon impact than the manufacturing of conventional ICE vehicles, with the climate benefit of electric powered vehicles realised over the usage phase; however, this is entirely contingent on the average grid intensity of the respective region. This is why de-carbonisation of the power sector is a key objective in achieving sustainable transport. Companies like **Tesla** are improving the production phase emissions of battery manufacture, with carbon neutral plants in Nevada now showing it is possible to produce at scale with renewable energy.

Steps for Electrifying your business Fleet are below:



⁵ <https://thedriven.io/2022/09/23/range-doesnt-matter-electric-trucks-that-work-24-7-on-a-small-40kw-charger/>

⁶ https://www.scania.com/group/en/home/newsroom/news/2021/Scania_commitment_to_electrification_our_initiatives_so_far.html

ALTERNATIVE FUELS

Until the wide scale economic disruption caused by the covid pandemic and political conflict in Ukraine, **global biofuel production had reached a record 154 billion litres per annum**, with output expected to grow by 25% by 2024. Growth has stalled significantly as a result of market volatility in fuel prices, with The International Energy Agency revising growth to closer to 20%⁷.

Some operators are now using hydro-treated vegetable oil as a diesel replacement. This fully renewable raw material coming from waste vegetable oils can help achieve a 90% emissions reduction compared to conventional fuels and could offer a short-term solution for vehicle fleets seeking to decarbonise whilst electric vehicle infrastructure comes up to meet requirements.⁸



CASE STUDY

BWG is a leading Irish wholesale and retail group, who own and operate well-known brands such as SPAR, EUROSPAR, LONDIS, MACE and XL. The company has recently launched a fleet of bio-gas fuelled 26 tonne refrigerated trucks, which will reduce transport related carbon emissions by 90%, which equates to 1,000 tonnes of CO2 annually. BWG has also invested in compressed natural gas (CNG) trucks and currently boasts the largest such fleet in Ireland, which they hope to grow to 50 by 2025. Cleverly, BWG Foods contributes non-consumable food waste from its distribution operations to produce bio-gas fuel for its new vehicles, making this a truly circular solution that is unique in Ireland.

AVOIDING TRANSPORT

Reducing kilometres on the road, whilst glaringly obvious, is perhaps the most effective way of reducing transport emissions. Route optimisation software, which will be part of most telematics products, can help reduce unnecessary kilometres and idling during peak times in congested areas. The practice of avoiding unnecessary kilometres can be further enhanced through smart load optimisation strategies and software products which ensure that load capacity is optimised, reducing potential for further loads, kilometres on the road and emissions.

Careful evaluation of how products are loaded and fitted together to maximise fill rate, can be done via 3D load optimisation software. Often reviewing packaging designs to reduce filler materials and air, helps optimise the load capacity, lowering potential emissions, whilst reducing packaging.

Another key concept in the sustainable utilisation of transport is ensuring that empty loads are reduced as far as possible. Empty running of truck and van fleets adds unnecessary costs to business operations, increased traffic on roads and increased emissions across the industry.

Collaborative approaches across the supply chain help ensure that spare capacity within trucks and vans is fully utilised. Use of apps like <https://www.shiply.com/> can be a way of maximising load space.



SOCIAL SUSTAINABILITY

Social sustainability assesses a company's engagement with, and impact on, its workers, customers, suppliers, and the local community. Organisations can positively contribute to fairness in society, investing in fair and equal opportunities and conditions for employees, people working in the supply chain, and local communities.

The benefits of improving social sustainability in your company:

- Enhanced business reputation.
- Attracting employees who value working for a socially and environmentally conscious employer.
- Attracting customers who may be more willing to support socially and environmentally progressive business compared to those who are less so.

KEY SOCIAL SUSTAINABILITY AREAS FOR CONSIDERATION

WORKFORCE

Staff development – providing regular training and support to staff to improve their confidence and sense of value in the team. Staff who feel valued and included are more likely to perform well and foster company loyalty. This can reduce costs associated with staff turnover and low productivity.

Health & safety – supporting health, safety and wellbeing makes your company a safe, welcoming and desirable place to work.

Equality – promoting equality in the workforce with diversity and inclusivity policies.

SUPPLIERS

Labour – preventing abuses within the supply chain such as labour rights, including modern slavery.

Fair trade practices – uphold standards of fair trade and social equality.

CUSTOMER AND COMMUNITY

Equality – preventing social injustices and promoting equality and inclusion within customer base.

Community engagement – contributing to the local community, such as investing in local projects or funding educational initiatives,

CASE STUDY



FoodCloud is an Irish social enterprise whose aim is to reduce the environmental, social and economic impact of food waste by redistributing surplus food to charities and community groups. Since 2013, they have redistributed over 140 million meals both in Ireland and internationally.

Find out more here: <https://food.cloud/>

RESOURCES & SUPPORTS

AIB GREEN LIVING WEBPAGE

Provides detail on the various supports available to businesses seeking to transition to a more sustainable footing.

<https://aib.ie/green-living/green-business>

FREIGHT TRANSPORT ASSOCIATION OF IRELAND (FTA IRELAND)

Is a multi-modal representative trade association for the freight, distribution, Passenger and logistics sector. They support, shape and stand up for efficient and sustainable logistics.

<https://www.ftai.ie/>

GREENER HGV PROGRAMME

Greener HGV Programme brings real fuel savings by subsidising the use of innovative technology and driver training for Irish Fleet companies.

https://www.greenerhgv.ie/benefits?utm_source=AIB&utm_medium=HGV

SEAI

Provides a range of supports for businesses to help them cut down on energy costs, meet energy saving targets, and make significant savings.

<https://www.seai.ie/business-and-public-sector/small-and-medium-business/supports/financial-supports/>

THE CARBON TRUST

Provides advice and support to businesses looking to improve their environmental performance.

<https://www.carbontrust.com/>

FORESIGHT

Foresight has opened a Dublin office and launched the AIB Foresight SME Impact Fund. AIB has committed €30m to the fund, which will provide €2m to €5m equity investments to smaller companies across Ireland that will support transition to a low carbon economy.

Please contact Barclay Clibborn, Principal of the Fund, on bclibborn@foresightgroup.eu for any queries.

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