
Great
expectation

Introduction

2021 was a year of great expectation. It was a year of lofty climate goals in Europe. From the EU's landmark climate *Fit for 55* package to Germany's first green government and to the COP Summit in Glasgow, European policymakers were more ambitious than ever before.

For T&E, July's *Fit for 55* was the crowning moment of years of campaigning. We got a phase-out of fossil fuel cars by 2035; and, for the first time, the EU will include shipping in its carbon market and a green jet fuel mandate will be introduced.

From our growing national offices, T&E continues to influence national capitals across Europe and this year also saw the T&E-backed Clean Cities Campaign gather momentum. T&E's report exposing the emissions of private jet setters was picked up by media across the world.

Yet, only policies and laws guarantee results. We still have work to do. There is a risk that the EU's climate package can be undermined by fossil fuel interests. And despite taking a leading role in exposing the EU's scandalous labelling of gas investments as 'green', the Commission still seems hellbent on bone-headed policies (see its continued support for biofuels).

2021 was a landmark year for Europe and a landmark year for T&E. Our reach is growing and there is ever more responsibility on the organisation to push policy makers towards a path to zero. A green transport future is possible. 2022 will be about turning a year of great expectation into reality.

> "For T&E July's *Fit for 55* package was the crowning moment of years of campaigning"

Table of contents

Published in March 2022

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Campaigns

Clean vehicles

2021 was the year of the electric car. In July the EU announced its plan for 100% of new cars to be zero-emissions by 2035, representing one of the most important wins in T&E's history. Years in the making, this will help eliminate combustion engine cars and vans which currently make up more than half of the continent's transport emissions.

We carefully helped prepare the ground, commissioning a YouGov poll which found that almost two-thirds of people in cities supported banning the sale of new petrol and diesel cars in Europe after 2030. We also helped bring together companies from a wide range of industries - such as IKEA Retail, Sky, Uber, Vattenfall and Volvo Cars - to publicly call for the 2035 target.

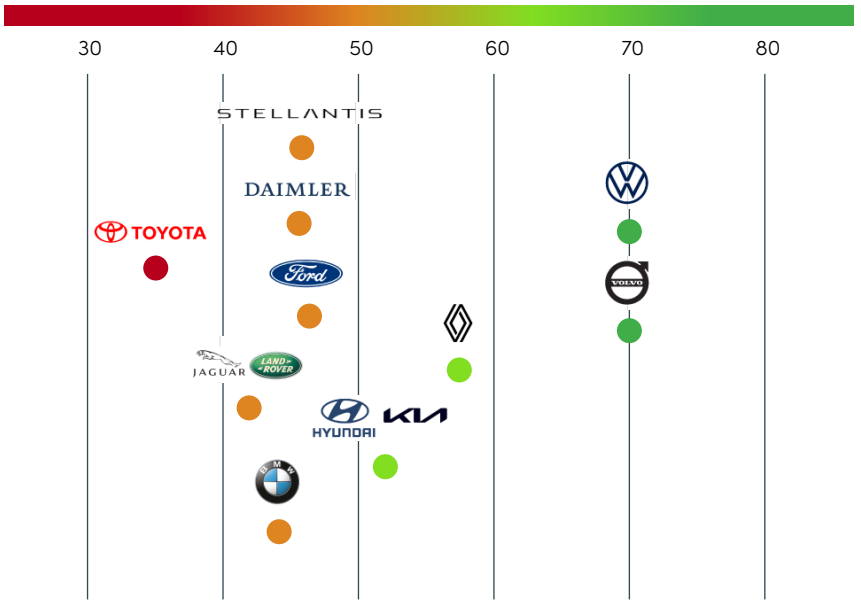
The UK also announced a landmark target: no new fossil fuelled road vehicles will be sold after 2040, with sales of combustion engine and hybrid cars (2030), vans and smaller diesel trucks phased out by 2035 already - followed by larger diesel trucks in 2040.

The sales boom that started as the EU's 2020 CO_2 emissions rules kicked in, reached new highs in 2021. Almost every fifth car bought in Europe last year had a plug, and half of these were fully electric. Despite the supply chain problems and the chip crisis, electric car sales were five times greater than in 2019 and are reaching a tipping point, proving what T&E always said - with regulation, carmakers will prioritise clean cars.

A year of EV Days

2021 was the year of glossy "EV days" as carmakers boasted their beefed up e-mobility pledges in an attempt to woo investors. Highlights included VW's pledge to stop selling diesel and petrol engines in Europe by 2035, Renault bringing back its nostalgic R4 as electric, and Daimler making the turn for a better (electric) future away from big polluting hybrids. But despite many promising commitments, T&E has shown that most carmakers still lack a credible plan to get there on time.

T&E's carmaker EV readiness index



*The EV readiness index combines EV ambition and strategy. This includes: battery electric (BEV) sales, 2025 IHS Markit EU production forecast, OEMs' 2030 public phase-out announcements, battery manufacturing strategy, charging infrastructure strategy, and the use of BEV dedicated platforms.

Source: Transport & Environment

The boom in European battery investments continued in 2021 year, including VW's plans to build six European battery cell gigafactories by 2030 and Britishvolt in the UK. If all plans are met, T&E estimates that Europe will have a battery cell supply of over 1000 GWh by 2030 – enough to electrify 90% of domestic car sales by 2030.

From words to a credible plan

All this momentum is welcome. But we now need a credible plan to reach all these targets. If we continue ramping up electric vehicle sales as seen in the last two years – via higher 2025 and 2027 car CO_2 targets in Europe and ZEV mandates in the UK – an average electric car can be cheaper than a petrol one as early as 2026, a landmark study by BloombergNEF for T&E showed. But the EU proposals only increase ambition after 2030, risking a lost decade on EVs.

In Germany, the most influential country in the EU's car CO_2 debate, T&E made a timely intervention during the coalition government negotiations. An analysis we commissioned from consultancy Prognos showed that an ambitious mix of measures would be needed to achieve the fair and timely decarbonisation of road transport. Chief among these would be electric cars accounting for over 60 percent of new registrations by 2025 and 92 percent by 2030 if the government was to meet its climate target. Ambitious EU car CO_2 targets would be central to Germany achieving this, T&E argued.

T&E teams up with the carmakers

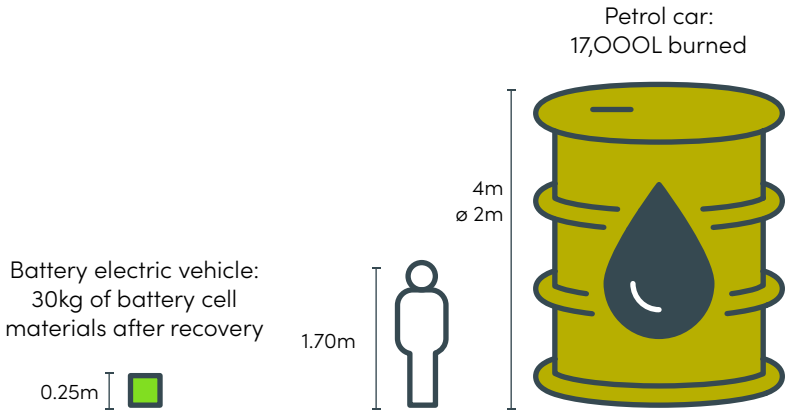
Beyond regulations to ramp up EVs in the 2020s, other measures are needed. Starting with a stronger plan on infrastructure – at both EU and national level – to roll out public charge points across EU roads and cities, as well as private ones at home and work. T&E joined forces with Europe's carmaker association (ACEA) to demand 1 million public chargers by 2024. But it is not just about the numbers: where they are and how fast and easy they allow drivers to charge, or pay, will determine how quickly electric cars go mainstream.

In the UK we carried out a study that identified the 'postcode lottery' for electric car charging points. T&E's interactive map showed the areas with ample infrastructure and the charging deserts that exist in others. The research highlighted ways for Britain's lawmakers to expand public charging at the pace required.

T&E teams up with Amnesty

A lot of batteries – and minerals to make them – will be needed to electrify cars, vans, trucks and buses. Europe is about to agree on the first ever law globally to ensure battery metals are sourced responsibly, produced with clean energy, and reused and recycled. With the battery investments booming, T&E teamed up with the human rights group Amnesty to call for the law to be agreed urgently and not delayed as some governments want.

Lifetime material consumption: electric vehicle battery vs petrol fuel burned



Source: T&E In-house calculations

Earlier in the year T&E put into perspective the raw material needs of electric vehicles. While they will require significant raw materials - around 30kg on average - this pales in significance to the 17,000 litres of petrol that are burned in the average car every year.

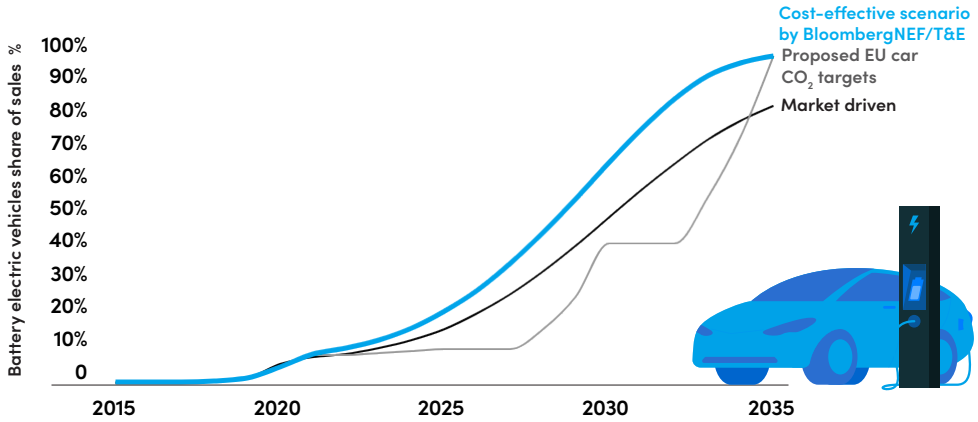
Clean cars - clean air

T&E also turned its attention to another big fight in the year ahead: new air pollution standards for cars. We published a dossier of the car industry's aggressive lobbying tactics and unsubstantiated claims as it attempted to derail EU plans for new 'Euro 7' rules. In 2020 alone, carmakers spent almost €9 million lobbying in Brussels. In 2021 they had launched a public campaign against Euro 7, falsely stating that the legislation would amount to a ban on the internal combustion engine. The report provides plenty of ammunition to fight off the industry's attack on clean air rules in 2022.

Fleets focus

The electrification of car fleets remains the low-hanging fruit in the race to decarbonise road transport: fleet vehicles account for the majority of sales and kilometers driven. In 2021, T&E followed up on the corporate promises of one such fleet: Uber. The ride-hailing app was far behind on its pledge to electrify half its rides across seven European capitals, T&E's analysis showed. It served as a reminder to politicians that corporate pledges are not enough; they need to set ambitious targets to ensure that transport providers get to zero emissions.

With the right policies, battery electric cars can reach 100% of sales by 2035 in Europe



Source: Bloomberg NEF and T&E modeling

Freight

Unlike for cars, there was no major combustion engine phase-out announcement for trucks in 2021. But there was still a significant amount of progress.

At the start of the year, few imagined that electric trucks could play a dominant role in logistics. The European Commission's transport strategy foresaw a mere 1% of zero-emission trucks on our roads in 2030.

Things started to change early on. The year had barely started when a wave of unexpected commitments was made by the biggest manufacturers. Leading the way, Scania announced in January that half of its truck sales would be zero-emission in 2030. It would eventually be followed by MAN, Volvo and last and most ambitiously Daimler, who all committed to making around half of all truck sales zero-emission in only nine years. For the first time, NGOs, like T&E, and truckmakers were heading towards a similar goal: away from polluting fossil fuels and towards zero-emission vehicles.

T&E teams up with truckmakers

This created the perfect conditions for T&E and ACEA – the European car and truckmakers federation – to join forces and urge the Commission to update its obsolete vision on zero emission trucks.

T&E engaged in a host of discussions with ACEA to find common ground. In April, we sent a joint letter with the truckmakers to the Commission asking for an ambitious target for electric truck charging infrastructure. In this unexpected alliance, T&E and ACEA developed a common way of calculating the number of public and semi-public chargers needed in 2025 and 2030.

The unsuspected allies were successful: the Commission's draft infrastructure law and our T&E-ACEA joint letter presented many similarities, including targets for an EU-wide trucks charging network as soon as 2025. This was a symbolic moment: for the first time, the European Commission was signaling that the future of trucks is electric. The 2025 charging coverage goal is set right in time for the truckmakers to deliver on their promise to bring long haul electric trucks to production by 2025, leaving the chicken and egg conundrum behind.

T&E exposes the EU for not going fast enough

But progress is still too slow, as T&E's study in October showed. EU policymakers are lagging behind truckmakers when it comes to CO_2 emissions, meaning truckmakers can already achieve the EU's 2025 CO_2 reduction target while producing just a few zero-emission vehicles.

That truckmakers are going green quicker than policymakers is absurd. The industry is clearly able to decarbonise quicker. It's time to make them.

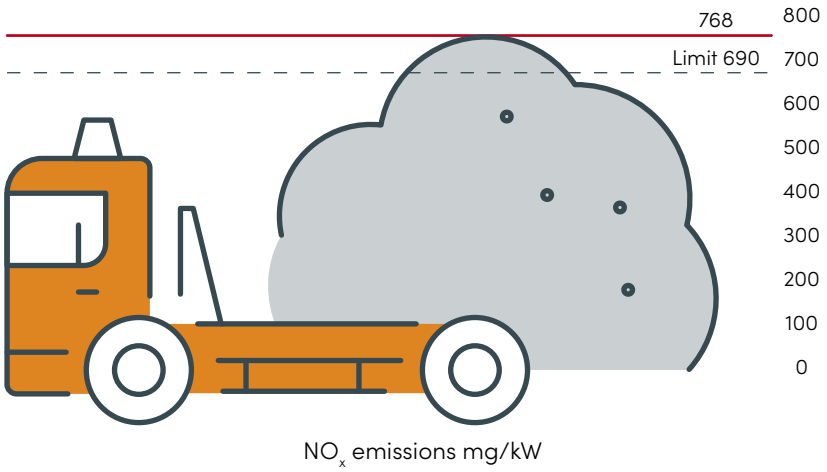
Trucks still spewing toxic gas into the air

The slow move away from fossil fuels is not just a problem for the climate; it is terrible for human health.

On-road testing by T&E shows that even some of the newest trucks on Europe's roads are exceeding the EU's legal emission limits. Emissions when driving in towns or cities were particularly alarming, with highly toxic nitrogen oxide (NOx) emissions at least double the legal limits.

Trucks still breaking EU's legal emission limits on the road, jeopardising public health

An IVECO Euro VI diesel truck retested on the road exceeded emission limit for toxic NO_x pollution



Source: FW2021

Gas trucks not the answer either

Trucks powered by liquified natural gas (LNG) are no better for the climate than conventional diesel trucks and pollute the air far more than manufacturers claim, T&E testing revealed. For this reason, gas fuelling stations should be kicked out of EU fuel infrastructure targets and European governments should end generous subsidies for LNG trucks.

Smaller but same problem

In the vans segment, T&E exposed the slow progress towards zero emissions. The emissions of new vans have not decreased in three years due to weak CO_2 targets, showing that EU emissions rules are so weak most vanmakers are able to meet them without selling a single zero-emissions vehicle. With home deliveries on the rise, vans are the EU's fastest growing source of road transport emissions.

Energy

Biofuels, a fake climate solution that just won't go away

Rebounding oil and gas prices grabbed the headlines towards the end of 2021. But behind the scene there is a growing movement of Big Oil into biofuels.

European oil companies are turning more and more to the production of new 'renewable' fuels, especially so called 'biofuels'. The biofuels business used to be dominated by companies linked with agricultural interests. It's not the case anymore.

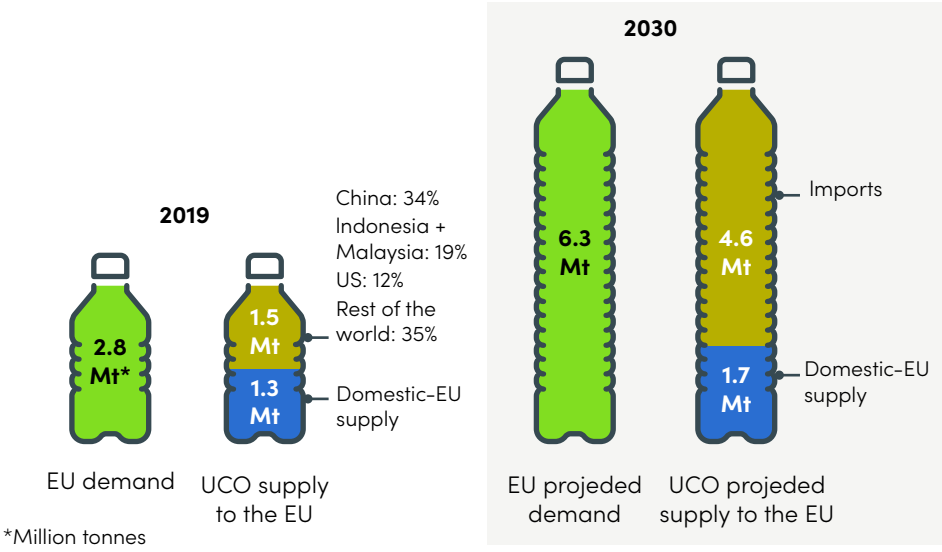
The trend started a few years back, with companies like ENI, Neste or Total shifting to biorefineries and betting on unsustainable vegetable oils like palm to replace crude oil. 2021 saw further major announcements for biofuels plants, including from Shell – whose new mega facility in Rotterdam will be one of the biggest biofuels plants in Europe.

T&E exposes chip fat biofuels problem

Most of the announced projects like the Shell one still rely heavily on vegetable oils. And in the case of waste, the quantities of true waste are just too small to provide a sustainable production pathway without driving negative environmental impacts and increasing our import dependency.

T&E report showed that Europe's demand for used cooking oil (UCO) to power its transport could double by 2030 leaving it increasingly reliant on dubious imports. T&E called on the EU to limit UCO in transport and improve monitoring to avoid fuelling deforestation.

Europe's dependence on dubious imports of 'used' cooking oil set to increase



CE Delft estimates that the EU UCO supply can increase to l.7Mt by 2030. CE Delft estimates that the UCO imports to the EU would remain the same as in 2019 - l.SMt. This is a cautious estimation that reflects the potential use of UCO in the country of origin, avoiding potential displacement effects.

Source: Oilworld (2020) and CE Delft (2021)

Burning has been a disaster

It is a problem of burning. In 2010, Europe introduced a green fuels law (aka Renewable Energy Directive) in 2010. 10 years later, as T&E analysis showed, EU drivers have burned around 39 Mt of palm and soy biodiesel together, which emitted around 381 Mt CO2eq. This is more than what would have been emitted if EU drivers would have used fossil diesel instead.

Behind that 'green' shift to biofuels lies the industry's inherent need to continue producing liquid fuels and provide a lifeline for the continued use of the combustion engine. It is a distraction from the necessary radical shift to truly zero-emissions technology like battery electric for cars and trucks or green ammonia for shipping. The oil companies, as well as biofuels interests, are taking us, again, down a dangerous path in the opposite direction of climate neutrality.

The good news is that several countries, including France, Germany and Italy, have decided to end the support to palm based biofuels earlier than 2030. Even better, thanks to the 'Fit for 55 package' released in July 2021, the Renewable Energy Directive will be up for another review. The review is now being discussed in the European Parliament and the Council.

The RED needs to shift focus to support further renewable electricity, phase-out all crop biofuels and fix the sustainability rules for advanced biofuels. Now, we must prevent oil companies from playing the same game as the biofuels industry and locking the RED into false solutions that won't solve our climate crisis. It's time to end the negative influence of Big Oil and other companies producing unsustainable fuels in the EU decision-making process. It's time to go beyond burning (watch this space in 2022).

Hydrogen - the EU must avoid another biofuels

T&E's energy work wasn't only about biofuels. Yet, there are some similarities in the EU's push for hydrogen in transport. T&E's analysis in December showed that the EU's plan to mandate green hydrogen in the EU energy mix by 2030 could drive up demand for electricity by almost one-fifth.

This would heap pressure on electricity demand at a time when energy prices are at an all time high. Any increase in hydrogen production is reckless without additional renewables.

Clean cities

2021 was a momentous year for the Clean Cities Campaign. It went from being an idea on paper, to a movement of more than 60 organisations across 13 countries. Find out how it is helping to pave the way towards cleaner, healthier, more liveable cities.

Cleaning up urban transport: One of the most pressing challenges of our time

Air pollution has skyrocketed in urban areas, with air quality limits currently being breached in more than 100 European cities. NO2, a toxic gas mainly emitted by diesel vehicles,is choking residents, causing everything from asthma to dementia, as well as hundreds of thousands of premature deaths each year. Clean Cities analysis shows that, right now, Europe's largest cities wildly exceed the "safe" limit of NO2 pollution set by the WHO, with levels in Paris and London more than 200% higher than the recommended amount.

Cities need to do much more - and fast. Transport is the only sector where emissions have been increasing since the nineties, with almost a quarter of these (23%) coming from cities. We need to see a dramatic shift away from dirty petrol and diesel cars and vans in our cities, and towards cleaner, healthier modes of transport - such as walking, cycling, public and shared transport.

This transition to active, shared and electric mobility in cities is a triple win: Good for our climate, good for health, and good for our local economies. In 2021, data compiled by the coalition found that urban policies which either reduce car use overall or target the use of the most polluting vehicles – such as low traffic zones and low emission zones – go hand in hand with higher spending in local shops.

Backed up by science - and public demand

The science is clear and public demand for cleaner cities is on the rise. A YouGov survey commissioned by the campaign found that more than eight out of 10 residents from across 15 European cities (82%) crave more green space and greenery in their cities. Two-thirds (66%) support more space for walking and 60% back allocating more room for public transport.

City residents are also taking concrete action to become less dependent on polluting cars. In London, for instance, the campaign drew attention to the stark decline in diesel car ownership (15.2%) since the Mayor of London first announced plans to expand the city center's low emission zone), more than six times the trend seen elsewhere in the UK over the same period. All in all, around 127,500 diesel cars deserted the UK capital between 2017 and 2020. This dramatic shift shows how the policy is making huge inroads into Londoners' desire for diesel.

A few thousand kilometers away in Italy, Clean Cities demonstrated the power of grassroots campaigning. Anna Becchi, the inspiring leader of Bike2School and Clean Cities' schools coordinator, mobilised 60 groups to perform 50 flash mobs in ten Italian cities on a cold November Friday afternoon. Children, parents and teachers – fuelled by their passion for clean air and desire for safer streets – played ring-a-ring-o-roses on busy roads in front of schools, stopping traffic and calling upon local decision makers to make school streets a reality. The action received widespread media coverage nationwide, in a country where people own more cars than anywhere else in Europe and alternatives are still hardly available.

Advocating for ambitious change at the policy level

The campaign works closely with local governments to ensure ambitious policies are in place, and follow them through to ensure they work not just on paper but in practice. In Brussels, Clean Cities joined other civil society groups to call for a ban of all fossil-fuelled vehicles in the city by 2030 at the latest. A few months later, the government of the Brussels-Capital Region announced that it would tighten its low emission zone after 2025, with the proposal foreseeing the phase out of diesel cars by 2030, and petrol and gas-powered cars by 2035. A welcome improvement, but the coalition will continue to campaign for *all* fossil fuel-powered vehicles to be phased out by 2030 at the latest.

In Spain, T&E joined forces with Clean Cities partners ECODES and Fundación Renovables, drawing up a "Proposal for minimum standards for the regulation of Low Emission Zones". Together, we showed that low emission zones need to be big enough to stop pollution from cars and trucks from being shifted to other parts of cities. Our proposal asked that the LEZ must cover a sufficient area to cause a switch to less polluting forms of transport such as zero-emission vehicles, public transport, cycling and walking – and not simply transfer high-emitting transport to other areas.

The campaign's appeals don't stop at the city level. EU-level advocacy is also crucial for change to trickle down. In November, T&E and the Clean Cities Campaign issued a joint letter calling on the EU to support efforts to improve air quality in cities. Whilst many European cities are already world leaders when it comes to urban mobility, they need the support of EU policies to scale-up these efforts and make sure that all residents of European cities can breathe cleaner air, and reap the benefits of more liveable cities.

As the year came to a close, we could proudly show the difference we had made at local but also at European level. But we are aware of the scale of the challenge lying ahead of us. Here's to 2022 and many more exciting campaigns.

Aviation

Europe's climate package targets aviation but bulk of emissions left off the hook

When the long-awaited Fit for 55 package landed on everyone's desks in July 2021, we were quick to skip to the aviation chapter. Had European policy makers finally decided to take one of the bloc's biggest emitters seriously?

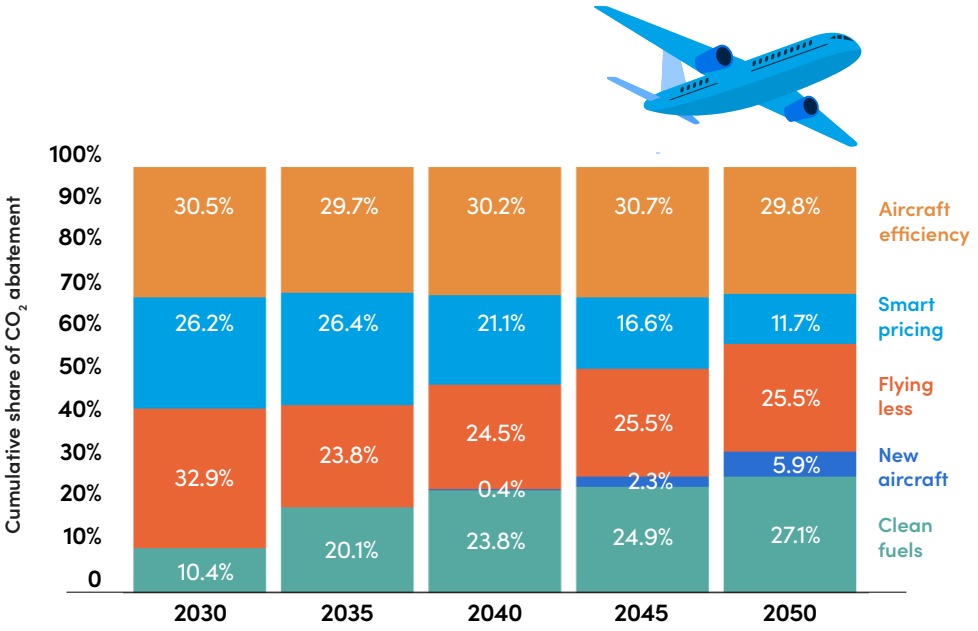
Fit for 55: A three-part answer

First, the package looked at aviation's hoped for savior climate solution: sustainable aviation fuels (SAFs). The ReFuelEU proposal requires fuel suppliers to blend an increasing amount of SAFs into existing jet fuel. Whilst ReFuelEU went some way towards selecting the right types of SAFs, we saw the need to further accelerate investments towards e-kerosene – the only fuel that can be sustainably scaled up to reduce aviation's climate problem. The proposal asked all airlines departing from EU airports to uplift their fuel prior to departure – a detail of crucial importance that makes sure airlines don't bypass the measure by refueling elsewhere.

Second, we reviewed a proposal that promised a cap on aviation's emissions. The EU's flagship carbon market (the EU ETS) places an increasingly strict carbon pricing on the polluting sectors it covers. While the July proposal included some important reforms, it continues to exclude the bulk of aviation emissions - the more than 60% of emissions which take place on extra-EU flights. We continue to argue and advocate for this provision to be extended.

The last leg of the Fit for 55 package was to be found in the Energy Taxation Directive – a proposal to tax aviation fuels. For decades motorists have paid taxes on petrol and diesel while airlines burned fuel, tax free. The Commission decided to put an end to aviation's tax privileges, but the proposal fell short of its goal. Only flights within Europe were to be taxed. How could it so unfairly penalize families filling up their car for a staycation while frequent flyers and business class travelers flying long haul pay nothing?

Can we decarbonise aviation before 2050?



Source: Transport & Environment

Missing entirely from Fit for 55 non-CO_2 effects

Non-CO_2 effects account for two thirds of aviation's total climate impact. Despite a European Commission report proposing mitigation measures to reduce these effects, none of them made it into the Fit for 55 package. Solutions exist. An easy place to start is to mandate cleaner fossil jet fuel, with fewer contrail-forming particles. We can also reroute flights to avoid atmospheric conditions that create climate heating contrails. These are changes that can be made now, with immediate benefits. Undeterred, T&E is building a coalition of regulators and forward-thinking industry players who are prepared to take action on this incredible source of planetary warming.

Have we lost hope in international bodies?

At COP26, the UK led an international climate ambition declaration for aviation signed by the UK, France, the US and others. It recognised that the number of global air passengers and cargo is expected to increase significantly over the next few decades.

But, in relying on the UN's International Civil Aviation Organization (ICAO) and its failed CORSIA offsetting scheme, the signatories made the same mistakes as previous efforts to tackle aviation emissions. Our investigation earlier in 2021 showed that CORSIA is the worst option for the climate and can't be used to regulate emissions on extra-EU flights. It is a cheap offsetting scheme that continues to allow aviation emissions to grow.

Vague pledges and unreliable schemes will not help tackle aviation's climate problem. The path forward lies with a strong European climate package and a more ambitious ETS and ReFuelEU.

Fighting the big polluters

The fight against aviation's biggest barriers to climate action - airports, private jets and airlines - continued in 2021.

In September, as many Europeans were flying back from a well-deserved break in the sun, we focused attention on the true extent of aviation emissions with our new airport tracker. The scale of the problem was more clear than ever. Passenger flights departing Europe's 5 biggest airports emit 53 million tons of CO_2 – the same as the entire Swedish economy.

But we found worse still: the super-rich that jet set across the world on private jets. Our report found that these jets are 10 times more carbon intensive than airlines on average, and 50 times more polluting than trains. But could private jet owners be part of the solution? By paying for the development of greener technology that can help accelerate innovation and clean flying for everyone, we think the answer is "yes".

The final battle lay with the airlines, whom we discovered were the biggest beneficiaries of public bailouts during the pandemic, despite being the biggest polluters in the aviation sector. Lufthansa, British Airways and Air France received a third of the pandemic aid allocated to the aviation sector, with no binding environmental conditions.

Learning to fly again

Should we still fly or do we stick to the comforts and discomforts of Zoom? The benefits of minimising business travel - the real delinquent of aviation emissions - especially when it's by air, are clear. Whilst we work to scale up the clean technologies to save us from aviation's climate problem, the best thing we can do for now is fly less.

Shipping

Shipping is finally made to pay for its pollution in a year of bumper profits

Global supply chains roared back to life in 2021 as the global economy rebounded. This meant record profits for shipping companies, typified by images in March of the *Ever Given* ship stuck in the Suez canal causing days of backlogged traffic.

Yet, while those iconic images dominated the headlines, longer lasting changes were happening at the EU policy level. As part of its *Fit for 55* climate package, the European Commission announced for the first time that shipping would be included in its carbon market.

Industry recognises the need to pay for its climate impact

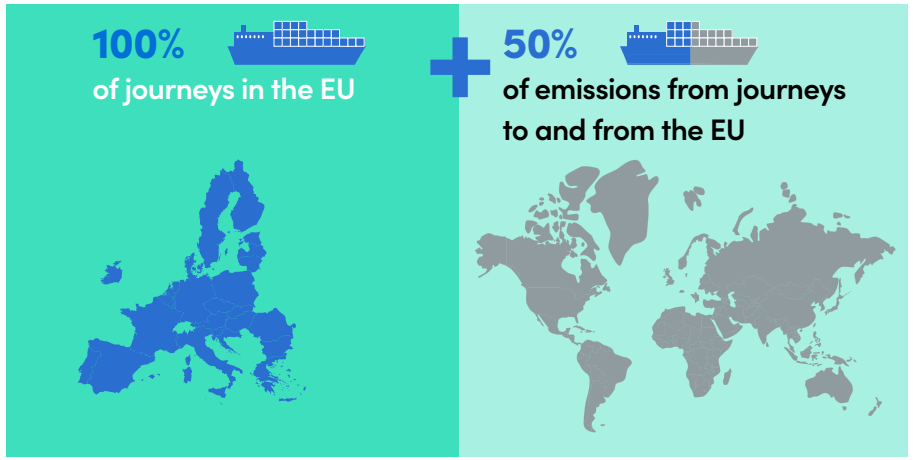
In early April, on the eve of the EU's mammoth set of climate packages, we saw the first signs that the shipping industry was finally acknowledging the need to pay for its climate impact. In a T&E-led letter to the European Commission, Greek and Swedish shipowners, among others, called on the European Commission to put the 'polluter pays principle' at the core of its new maritime carbon pricing (ETS).

This was a seismic shift. While Swedish shipowners have been traditionally quite progressive this certainly hadn't been the case for the Greeks. They were both eventually joined by shipowners from other countries, including Italy, Malta and Cyprus, as well as Norway.

In July T&E exposed the growing carbon emissions from shipping with our ranking showing that Europe's biggest shipping company, the Mediterranean Shipping Company (MSC), rose to 6th in the ranking of EU carbon emitters. It was evidence that the EU must clean up the industry by making shippers both pay for all their pollution and start using green fuels on European routes.

Later that month, after a successful campaign by T&E, and the support we rallied from shipowners, the EU decided on a maritime carbon pricing which included not only ship emissions within Europe but also half of the emissions from journeys to and from the bloc.

Proposed shipping ETS coverage



Source: Transport & Environment

Although the scope could have covered all emissions in and out of the EU, in the messy political world of compromise, this was a pretty good result. For now.

Once the system is fully phased in, under current prices, ships will be required to pay more than €70 for every tonne of CO_2 they emit. This will make the world's dirtiest fuel a third more expensive and incentivise a shift to cleaner alternatives.

A pathway to a clean shipping future

However, pricing emissions can only get you so far. As T&E showed last year, the pathway is clear. Up to a third of emissions could be cut in 2050 through improved efficiency alone. But this will not be enough to decarbonise the sector. If the industry is to cut emissions further it will need to transition to hydrogen-based sustainable fuels. These are currently expensive.

According to T&E's report, e-fuels could reach up to 7% of the EU shipping fuel mix by 2030 which would give producers the kickstart they need to make enough of the fuels in the coming decades.

Work still to do

Shipping still has an appalling climate record. Continued heavy reliance on the International Maritime Organization (IMO) is leaving the industry aimless at a time where bold targets and policies are vital if we are to decarbonise on time. UN chief António Guterres himself said on the eve of last year's COP that shipping was on a 3 degree path, not the necessary 1.5ºC.

Despite a legal paper - commissioned by T&E - showing that contrary to industry claims, shipping and aviation are included in the Paris Agreement, the IMO's continued avoidance of any strong commitment to reach zero was exasperating.

The climate pays the price for record profits

Container prices continued to rise into 2022, with shipping companies achieving record profits. There has never been a better time to clean up shipping while the sun is shining.

Sustainable finance

At the beginning of 2021, hopes were high that the European Commission would change the world of green investing.

A new science-based definition of what is truly green, aka the Taxonomy, to fight greenwashing and to provide certainty to investors, was to be delivered.

A new set of binding corporate disclosures, to allow us to assess corporations' true performance when it comes to sustainability, was also on the cards.

A new set of binding disclosures for investment and pension funds, to allow us to assess how genuine the 'green promises' (that populate everyone's marketing materials nowadays) are, was also expected.

Importantly, there was supposed to be the launch of a legislative initiative intended to bring some order to the chaos of methodologies and misrepresentations known as ESG ratings.

Twelve months later and none of this has actually happened. As if to underline this string of failures, on New Year's Eve 2021, the Commission shattered all hopes of a Taxonomy worth the paper it was written on by including gas and other environmentally damaging activities in the 'green list'.

All is not lost (and we don't give up easily). So here's a list of what T&E worked on and the issues that still need action.

Toxic Taxonomy

For the better part of the last three years a large group of experts, including T&E, worked on behalf of the European Commission to create a list of 'green activities', also known as the Taxonomy of environmentally sustainable

investments. The list underwent a public consultation in December 2020 during which environmental experts from far and wide contributed their knowledge to make it greener and smarter.

Then one morning in April the green taxonomy started to unravel. Renewables and EVs were still there, but someone had sneaked in gas buses, dirty cargo

ships and the burning of forests. In its first delegated act, to pay homage to a number of tenacious lobbies (thank you Finland), the Commission laid waste to the experts' work.

Then, on New Year's Eve ... the biggie: gas and nuclear made it on to the green list, destroying the remaining credibility of the initiative. With the gas-Act, quickly renamed the Putin-Act, the taxonomy went from a pioneering and bold attempt to clean up finance, to a dangerous tool for greenwashing. The credibility of the taxonomy is now in tatters, as is that of the Commission President Ursula von der Leyen. T&E has a big fight in 2022 to get the bill vetoed in the Parliament. Not easy, but not impossible.

Things you always wanted to know about Coca-Cola and Adidas but you never dared to ask

Corporate sustainability disclosures is a file as big as it gets. The new directive was launched in April 2021 and will be soon in trilogue. It defines the information corporations must disclose in the area of sustainability.

These will be compulsory KPIs, kilos and grams and parts per million of pollutants, emissions, habitats and species affected, gender pay gap, and ethnic composition of the workforce. Hard numbers, not the fluffy promises we get today in the green and pink section of annual reports with, invariably, lots of windmills and children from low income countries. The file is still open and the details (the KPIs) will be crafted by an organisation, EFRAG, that has recently opened its doors, timidly, to civil society. A big fight to fight.

Things you wanted to know from Allianz and Blackrock

The disclosures for investment funds have somewhat disappeared from the public debate and are yet to be finalised. The new Sustainable Finance Disclosure Regulation lacks technical standards, without which it remains directionless. We need the details to be confirmed asap, so that the few meaningful environmental KPIs that remain can become law.

ESG or Embarrassingly Skewed Guidance?

Environmental, social and corporate governance (ESG) ratings are the true compass for most investors right now. They drive the market and they are steering it in the wrong direction. If you're not familiar with the issue, according to S&P, Shell and Total are among the 10 most sustainable corporations in the world.

ESG methodologies need reforming and proper legislative guidelines. The Commission was supposed to launch an initiative on the topic. Now all is postponed to 2023.

It feels like we've worked very hard, and got very little. It has been a disappointing year for sustainable finance in Europe. But then you look outside of Europe and realise that there's even less going on elsewhere. The US, the world's leading capital market, is still struggling with basic corporate climate disclosures.

It should not be this hard to get transparency into capital markets.

Climate

A promising year for climate targets in Europe but loopholes undermine the effort

In July 2021, a heavy pile of papers landed on our desks. We were curious: what did the European Commission's much-awaited Fit for 55 package mean for national climate targets?

Ambition versus reality

The EU is full of jargon. Climate jargon is a niche that only few are familiar with, yet has so much impact on our lives. A term you may hear in the backstreets of the EU quarter in Brussels is Effort Sharing Regulation or ESR. It is the regulation that sets binding national climate targets for the emissions of road transport, buildings, agriculture, waste and small industries. It is a mouthful but a big deal nonetheless: these sectors cover about 57% of the total EU-27 greenhouse gas emissions.

In its landmark Fit for 55 package, the Commission proposed to increase the EU-wide emission reduction target for the ESR sectors from -30% (compared to 2005) to -40%. A step in the right direction? In theory, yes, in practice, no. The targets appeared more stringent on paper than in reality.

Upon scrutiny, it was clear that the jump from 30% to 40% in the ESR sectors was more rhetoric than real action. All the old loopholes that allowed countries to escape their climate responsibilities remained and there were still no fines for missing the targets.

T&E analysis found that the emissions reduction trajectory sets a far too generous emissions budget for 2021-2030. Weaknesses in the ESR mean that, by 2030, emissions in the ESR sectors risk not being cut by -40%, as envisaged by Fit for 55, but by a mere -33%. The ESR is full of flexibilities and loopholes and member states have an easy way out of their obligations. Unfortunately, the climate does not wait for such opt outs.

An uphill battle remains to be fought.

Voices on the street

Europeans agree with us. Climate action is not for tomorrow, it's for now. The climate team kicked off the year with the launch of the #EverybodyCounts campaign. In just a few weeks, together with more than 45,000 people, we managed to send a clear signal to the Commission: national climate targets should not be repealed. European countries need to feel the heat, and having national climate targets for the largest emitting sectors, including road transport, is the way to ensure that mitigation measures are supported both in Brussels and in national capitals.

The success of our campaign was confirmed further when we published our poll that showed that 68% of citizens who expressed an opinion want their country's climate targets to be increased, while 84% support increased climate efforts in the transport and buildings sectors to be delivered through new standards and regulations. What are European legislators waiting for?

Can the transition be socially fair?

Another landmark in the Fit for 55 package was the proposal for a new carbon price for road transport and buildings, the so-called "ETS2". What would this mean in practice? Fuel suppliers would need to buy pollution permits for each

liter of fuel they put on the market, leading to an EU-wide carbon price for transport and heating fuels. The ETS2 would gradually reduce demand for petrol and gas, while its revenues would be invested in clean alternatives and those households most in need.

Many voices in Brussels and beyond touted the ETS2 as THE way to decarbonise transport. Markets will deliver, they said. The prevailing thought was that, if markets deliver, CO_2 standards and national targets become superfluous. T&E's priority was to ensure that those risks didn't materialise under any circumstance, which explains our cautious approach throughout 2020 and early 2021.

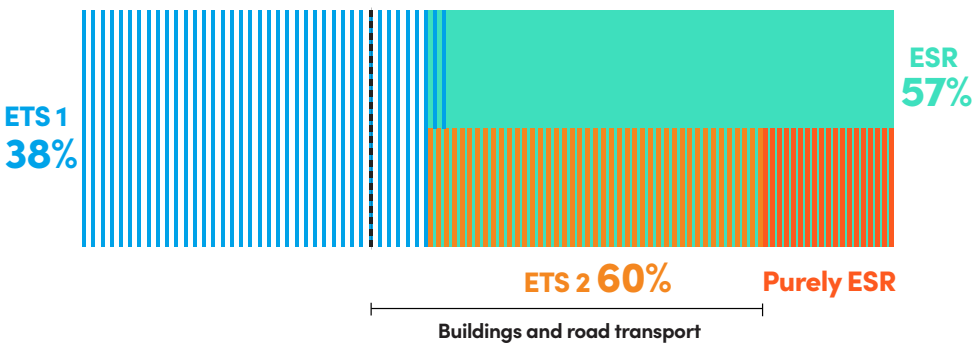
However, as often happens in politics, circumstances change. By the time the spring started, it became apparent that national targets would be kept in place and the phase-out of combustion engine cars was within reach. Thanks to the pressure exerted by T&E and many others, by talking to policy-makers and putting facts on the table, T&E's ideas, once deemed far-fetched, were blooming.

When the Fit for 55 package was finally released in July, T&E welcomed it. T&E and the rest of the environmental movement have, for decades, supported the 'polluter pays' principle. If we had achieved the combustion engine phase-out and the strengthening of national climate targets, how could we oppose making fossil fuels more expensive?

The new carbon price for road transport and buildings came together with a new Social Climate Fund. Part of the revenues generated by the carbon price would be used to help the most vulnerable in the energy transition.

We then engaged in long conversations with our members and partners, to develop a set of criteria that would guarantee that the carbon price and the social fund are socially fair and environmentally sound. Without bringing lower-income households along, the green transition will be almost impossible. Policymakers need to ensure that no one is left behind.

EU climate policy architecture: what portions of total emissions do they cover?



Source: Transport & Environment

Communications Impact

Output 2021 (5 year Growth)

158 +70%
Press releases

57 +68%
Opinion pieces

155
Infographics

1,153
Tweets

26
Social media videos

114 +41%
Publications

102
Bulletin articles

70
Email alerts

425
Facebook posts

17
T&E Hosted Events

Impact 2021 (5 year Growth)

15,278 +170%
Online articles (media hits)

42
Languages

40,236
Online supporters

27,510
Twitter engagements

5,149
LinkedIn group members

13,623
Linkedin followers

1,315,469,056
Estimated views

5,807 +20%
Bulletin readers

8,773
Email alerts subscribers

1,497,189
Facebook reach

1,126,367
Social media videos views

9,434
Linkedin engagement

120
Countries

571,940
+149%
Website users

9,821,600
+124%
Twitter impressions

3,448
Facebook post shares

3,215 +30%
Event attendees

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Germany

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United Kingdom

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Estonia

France

International

International

International

Italy

Italy

Spain

Spain

United Kingdom

Our Funders & Finances

Our funders

> € 1,000,000

Climate Imperative Foundation

European Climate Foundation

Schwab Charitable Fund

€ 500,000 < € 1,000,000

European Commission

Quadrature Climate Foundation

The Norwegian Agency for Development Cooperation

€ 250,000 < € 500,000

Breakthrough Energy

ClimateWorks Foundation

Hewlett Foundation

KR Foundation

National Philantropic Trust

Oak Foundation

Rockefeller Brothers Fund

€ 100,000 < € 250,000

Firmenich

German Ministry for Environment

Packard Foundation

Stiftung Mercator

The New Venture Fund

The Sunrise Project Australia

€ 25,000 < € 100,000

FIA Foundation

Öko-Institut

Seas at Risk

Swiss Philanthropy Foundation

< € 25,000

T&E members and support fees

Stichting BirdLife Europe

Purpose

Transport for London

Income and expenditure 2021

Income 2021 (€)

Membership fees	32,175	0.3%
EC Grants	536,703	5.3%
Governments	927,772	9.2%
Private - Foundations	8,568,099	84.9%
Private donations	2,508	0.0%
Financial income	1,490	0.0%
Other misc. Income	25,822	0.3%
Total income 2021	**10,094,569**	

Expenditure 2021 (€)

Personnel	4,863,785	49.2%
Travel and subsistence	90,811	0.9%
Research and consultancy	2,138,363	21.6%
Transfer to T&E members	876,251	8.9%
Subcontracting	748,198	7.6%
Direct project costs	396,205	4.0%
Office costs	662,060	6.7%
Depreciation and provisions	81,998	0.8%
Financial costs	31,858	0.3%
Total expenditure 2021	**9,889,528**	

Who we are and what we stand for

Established in 1990, Transport & Environment (T&E) is Europe's leading NGO campaigning for cleaner, safer transport. Our job is to research, debate and campaign with the facts available.

Our goal is simple but hard: to minimise transport's harmful impacts on the environment and health, while maximising efficiency of resources, including energy and land, without forgetting to guarantee safety and sufficent access for all.

TRANSPORT & ENVIRONMENT

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