DECARBONISING EUROPEAN ROAD TRANSPORT

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WHO WE REPRESENT

BMW GROUP MINI	DAF	DAIMLER TRUCK	
Ford	HONDA	HYUNDAI	IVECO • GROUP
JLR		NISSAN	Renault Group
STELLANTIS	TOYOTA	VOLKSWAGEN GROUP	VOLVO

ABOUT THE EU AUTO INDUSTRY

- 13.2 million Europeans work in the automotive sector
- 10.3% of all manufacturing jobs in the EU
- €383.7 billion in tax revenue for European governments
- €106.7 billion trade surplus for the European Union
- Over 7.5% of EU GDP generated by the auto industry
- €72.8 billion in R&D spending annually, 33% of EU total

OVERALL PICTURE

2050 IS ULTIMATE GOAL

- EU and European industry fully supports carbon neutral mobility by 2050
- This support was transformed into support of the Green Deal package as a whole, with number of measures in different areas.
- Implemented through number of initiatives
- Reality check is needed if the speed of electrifrication is sustainable vis-á-vis competitiveness and resilience.

CO2 REDUCTION ROADMAP - LDV

CO2 emissions from cars

	Targets set in 2019	New targets proposed
2025	-15%	-15%
2030	**-37.5%**	**-55%** (2021 levels)
2035	no	**-100%**

CO2 emissions from vans

	Targets set in 2019	New targets proposed
2025	-15%	-15%
2030	**-31%**	**-50%** (2021 levels)
2035	no	**-100%**

CO2 REDUCTION ROADMAP - HDV

Reduction targets relative to baseline	2025	2030	2035	2040
5t-7.4t, 5t-7.4t	0%	43%	64%	90%
7.4t-16t	0%	43%	64%	90%
4x2 and 6x2 trucks: >16t, >16t, >16t, >16t	15%	43%	64%	90%
6x4 and 8x4 trucks: All weights, All weights, All weights	0%	43%	64%	90%
>8 seats	0%	43%	64%	90%
>8 seats	0%	100%	100%	100%

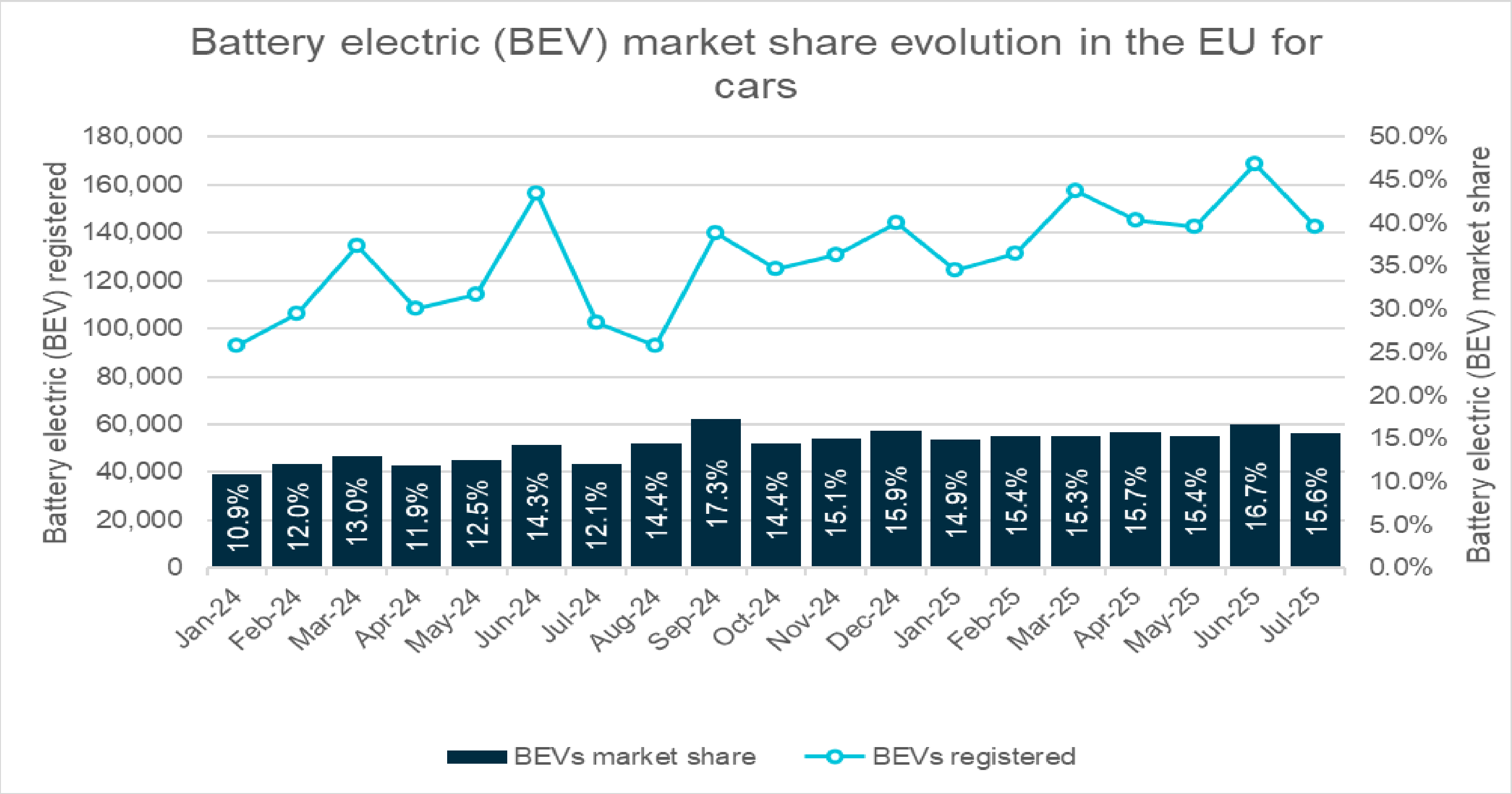
WHERE WE STAND

MULTIPLE CHALLENGES - LDV

- Pre-COVID EU sales vs 2025: the EU market is missing 3 million cars
- Cars on the road are getting older (12.5 years old in 2023 up from 10.9 in 2013), indicating the longer use of cars with less advanced emission-reduction technologies
- Decreasing competitiveness (~+130% average energy costs in Europe compared to US and China, -7pp EU share of global car production between 2015 and 2024;
- Decreasing profitability - EY reports that the 19 largest car companies in the world saw their profits shrank by 49 percent in the first half of 2025 as a whole;
- Lowering profitability and competitiveness might also have negative impacts on the overall employment in the sector as number of recent studies indicate.

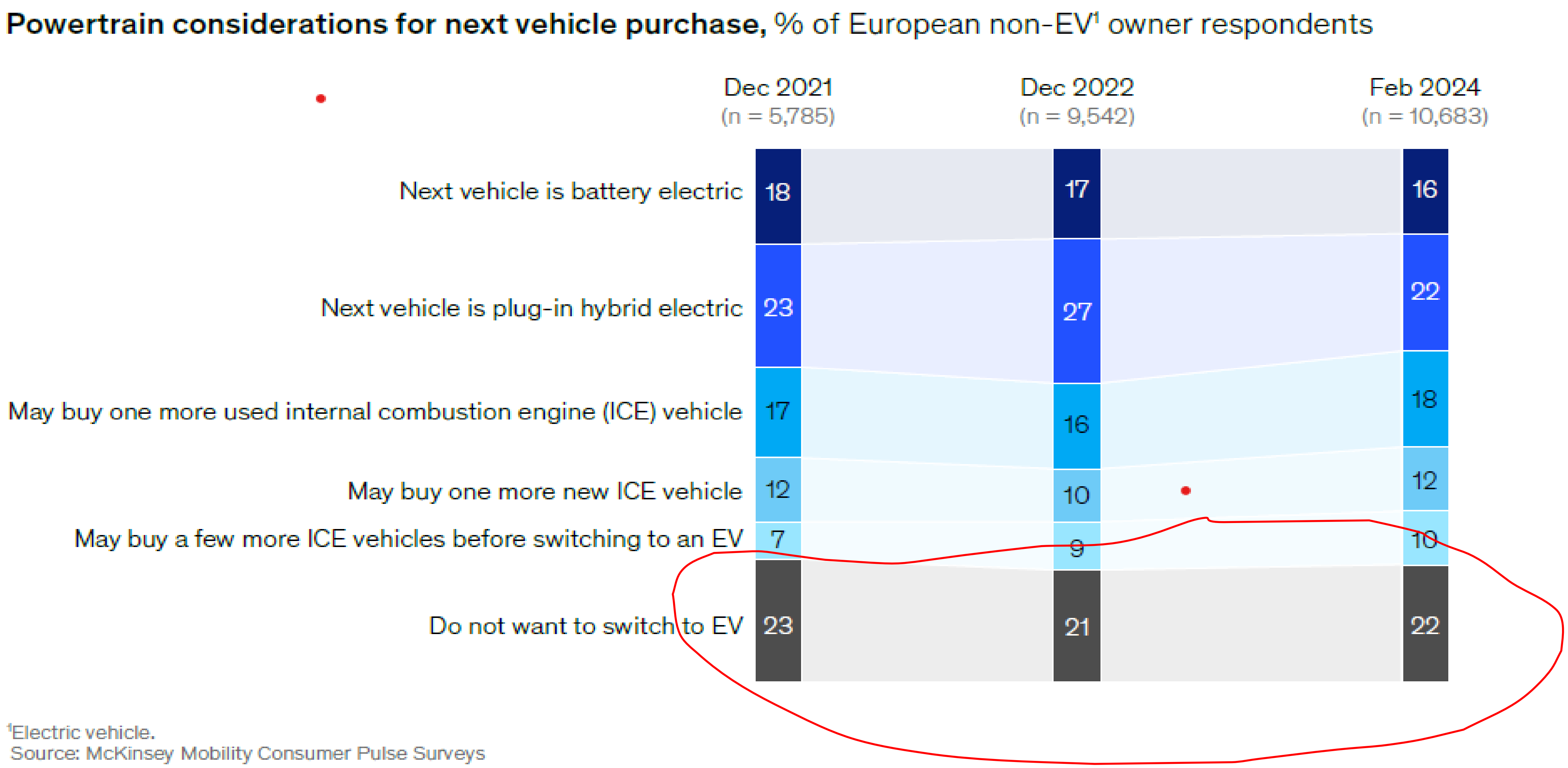
EU WORRYING TRENDS - MARKET

- Market is stagnating



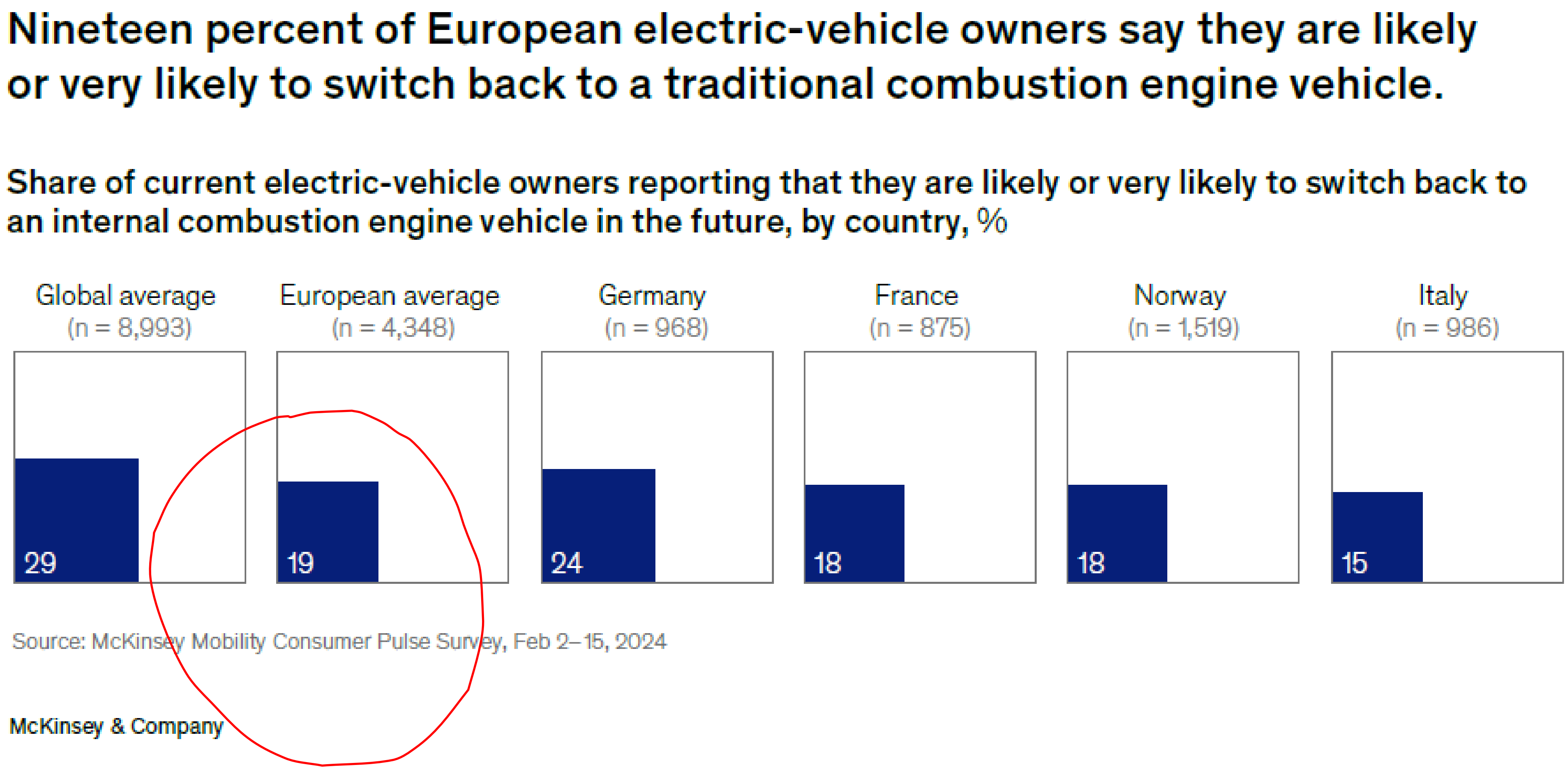
- Early adopters have EVs already, we are moving into mass market

EU WORRYING TRENDS - CONSUMER

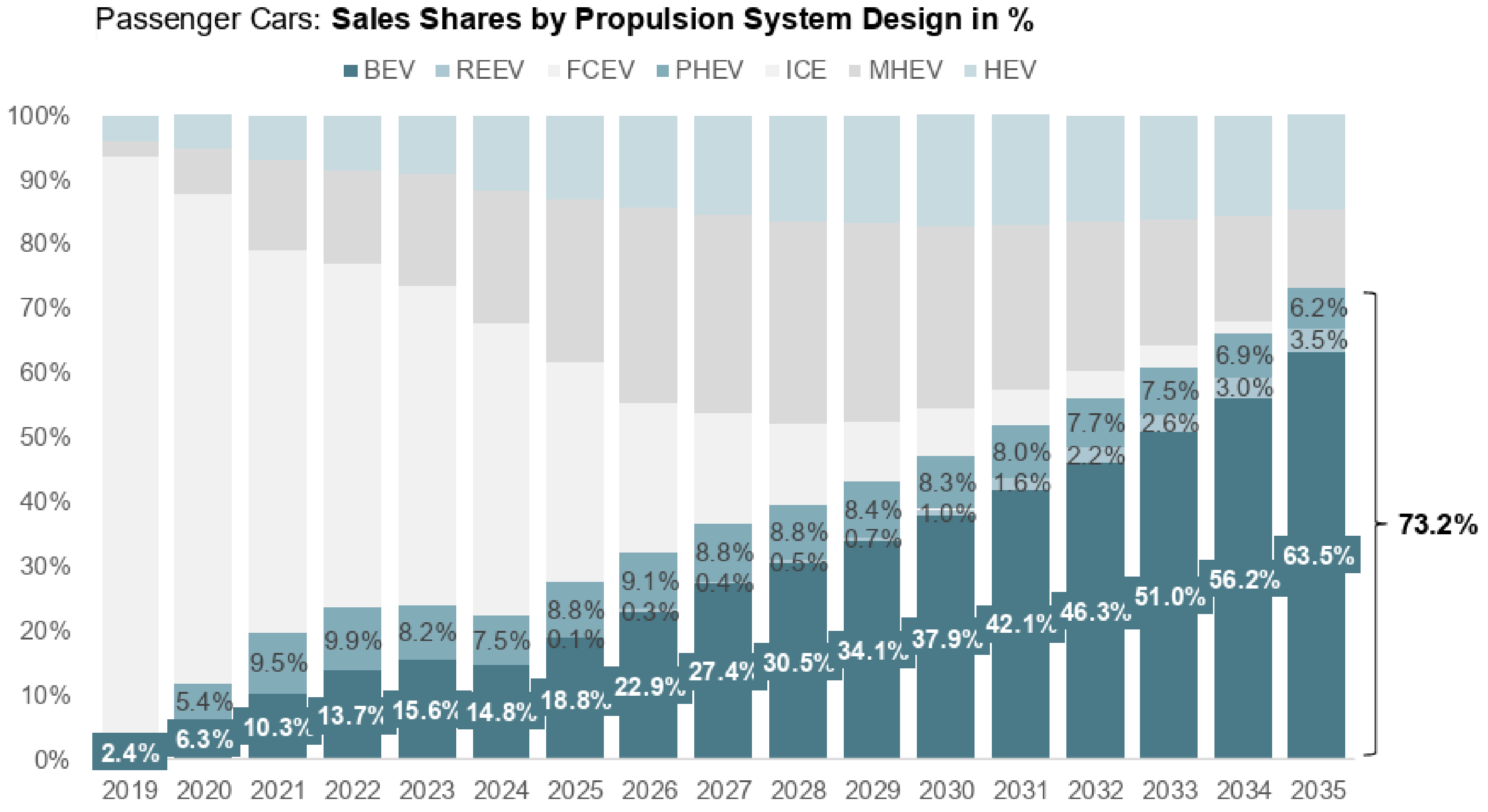


[1]Electric vehicle.
Source: McKinsey Mobility Consumer Pulse Surveys

EU WORRYING TRENDS - CONSUMER



EU WORRYING TRENDS – MARKET FORCAST



Source: S&P Global Mobility Sales based Powertrain Forecast August 2025
Market Definition: Passenger cars, excl. vans
Europe: EU27, incl. Norway and Iceland, excl. UK
2025FC: 2025 full year forecast

S&P Global
Mobility

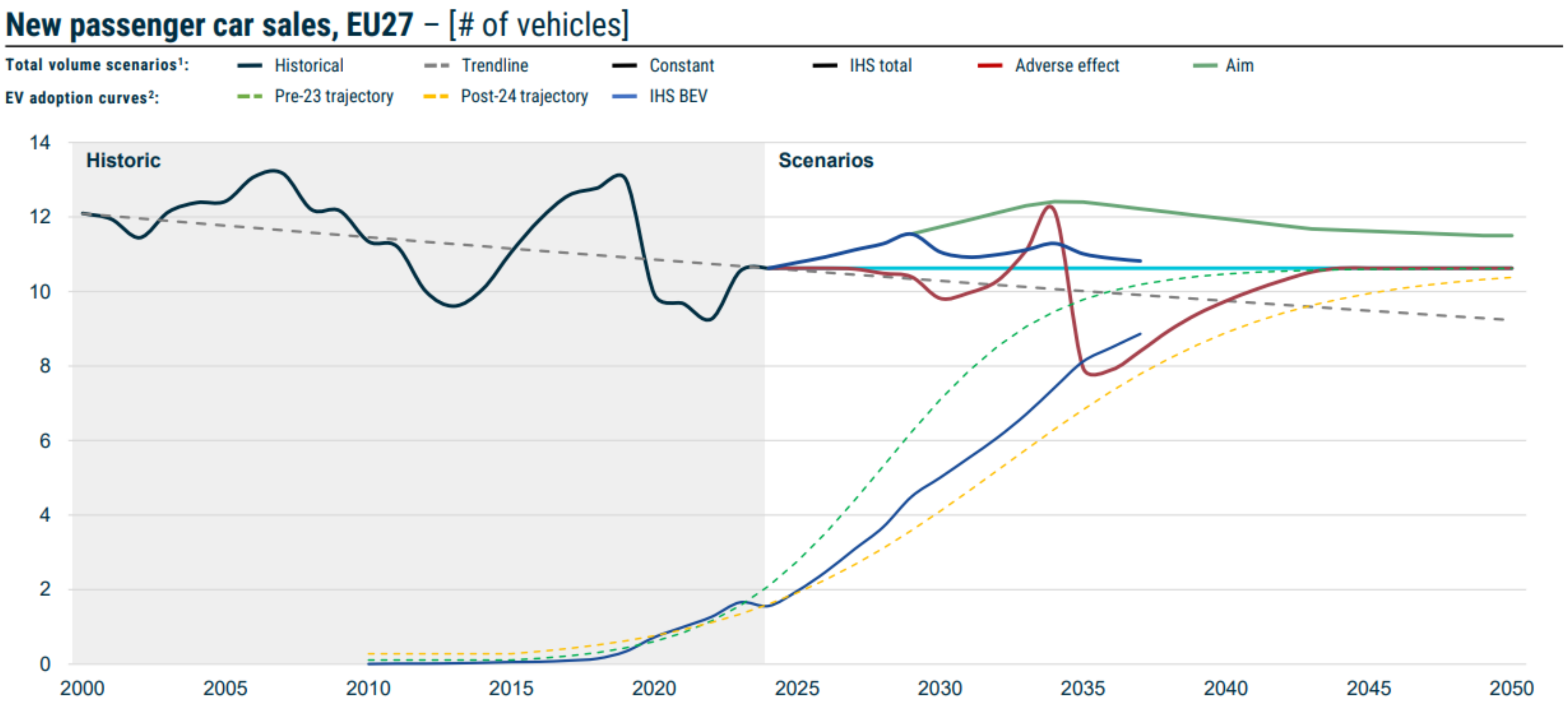
MULTIPLE FUTURE OPTIONS ARE NEEDED

SUSTAINABILITY IS A PUZZLE

- EU key challenges is to decarbonise + keep mobility affordable + keep competitiveness
- It is evident that 2030 targets for LDV are not possible to be met without flexibilities
- 2035 target is not possible under the current policy framework
- Most of the measures are targeting new vehicles only, key issue will be current fleet (which is getting older)

SUSTAINABILITY IS A PUZZLE

- Regulatory measures need to avoid „adverse effect“ to more to ICEs



1. Historic ACEA data until 2025H1 (dark blue); IHS forecast until 2037 (blue); grey dashed line shows long term trend; light blue central scenario with green and red alternative future scenarios
2. S-curve regression on historic sales data; excluding driver / constraints based adjustments

SUSTAINABILITY IS A PUZZLE

- There are tools to offset full 100% target in 2035 at current framework

Example levers to compensate CO2 emissions[1]

Green materials + **Production decarb** + **Sustainable fuels** + **Parc renewal** + **Circular materials**

Production materials
Use of low emission materials e.g., green aluminium and steel

Production energy
Using renewable electricity for vehicle assembly and component production, e.g. batteries

Fuel combustion
Increase bio/syn fuel blend added to current fuel blend for EU

Fuel combustion
Replacing an old ICE for new ICE model or xEV

Production materials
Increasing the circular share of materials reused in automotive

About 70%
Could be compensated through these 2 key measures, depending on total assigned volumes

1. Not exhaustive, other measures potentially to be considered, e.g. green charging certificates, use of home solar panels, HVO100 fueling, carbon removal

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SUSTAINABILITY IS A PUZZLE

- Sustainable/renewable fuels play a key role:
  - Targeting the current fleet that is growing in the EU and getting older
  - Provide one of the options to move from strict 100% BEV target in 2035
  - Automotive industry would appreciate higher targets for the share of renewable fuels in the EU
    - Mandatory targets
    - Open discussion on higher blendings
    - Recognition of renewable fuels for the CO2 Regulation in the EU

REPRESENTS EUROPE'S 16 MAJOR CAR, VAN, TRUCK AND BUS MANUFACTURERS

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