4 September 2018

Dear Members of the European Parliament,

I write to you on behalf of the Institutional Investors Group on Climate Change (IIGCC), which represents 160 institutional investors overseeing over €21 trillion in assets across eleven European countries. We recognise that mitigation of climate change is essential for the safeguarding of investments, and that new, innovative developments in low carbon technologies present significant investment opportunities which can foster economic growth, boost job creation, and improve citizens’ health and wellbeing.

In our view, the on-going negotiations on the post-2020 standards on CO₂ from new cars and vans represent a unique opportunity for the EU to successfully tackle challenges around carbon mitigation, air quality, innovation and EU competitiveness.

The automotive sector contributes significantly to the economic and social well-being of the EU and its Member States, and now represents the biggest share of Europe’s greenhouse gases with road transport alone responsible for a fifth of EU emissions. In parallel we are seeing other global economic powers, as well as some EU Member States and vehicle manufacturers, move rapidly towards e-mobility and attracting the associated investments which underpins growth and new jobs. The so-called “dieselgate” scandal also underlined the shortcomings of emissions testing and reporting obligations.

We therefore welcome a swift agreement which strengthens the Commission’s original proposals in the following ways:

1. **Setting ambitious targets for CO₂ reduction** for new cars and vans of at least 20% by 2025 and at least 40% by 2030, in order to provide certainty and a clear direction of travel to investors.

2. **Providing clearer incentives to investors** to support electrification of the EU fleet, by
   a. Setting a specific sales target for zero emission vehicles (ZEVs); and
   b. Proscribing a penalty of a stricter overall CO₂ reduction target for manufacturers who miss their ZEV sales target – the so-called malus – alongside the bonus proposed by the Commission for those who meet their ZEV sales target.

3. **Mandating real-world CO₂ tests for all vehicles**, allowing for more systemic disclosure of meaningful emissions data by manufacturers and therefore better informed investment decisions.

Policies such as these will allow the financial sector to allocate sufficient capital to clean transport, which in turn will contribute towards a myriad of linked economic, social and environmental objectives. We urge the EU to seize this opportunity.

On behalf of the Institutional Investors Group on Climate Change,

Stephanie Pfeifer, IIGCC CEO

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