

3 November 2015

**Open investor letter to key EU policy-makers: Protecting long-term investment value in Europe's automotive industry**

Dear Madam or Sir:

The Institutional Investors Group on Climate Change (IIGCC) represents a growing network of 118 European – mainly mainstream – investors with a combined €12 trillion of assets under management.

IIGCC members are important providers of capital to Europe's automotive sector. We are writing to express our strong view that: 1) robust testing of vehicle emissions is critically important to ensure that car manufacturers are fulfilling legislative requirements and public health is protected; and 2) that investors need to be reassured that testing is reliable so we are in a position to allocate capital to those entities that are best placed to deliver enduring value to shareholders.

With respect to the efficacy of the emissions tests, this is vital for investors as they assess how prepared car manufacturers are for emissions limits that are likely to become more stringent in the future.

IIGCC members base their investment decisions on official data regarding these regulatory risks. As a result of Volkswagen's conduct, our members have lost significant investment value. Trust in emissions data urgently needs to be restored so that investors can be sure that official data is reliable.

At the same time, it is important for us all that standards are not watered down. Whether this is for particulate or greenhouse gas emissions, public welfare depends on a strong and predictable regulatory framework. The pace of the low-carbon transition needs to accelerate. To help investors identify those companies that are leading the step change in innovation that is necessary, we require reliable data on emissions.

IIGCC therefore urges European institutions to take the following decisive action to strengthen Europe's vehicle emissions testing regime, for all pollutants covered by current legislation:

1. Restore confidence into **CO2 testing procedures** by going beyond UNECE requirements for the Worldwide Harmonized Light Vehicles Test Procedures (WLTP) and by introducing **real driving emission test procedures** for CO2. This change should be phased in over time to become mandatory for new vehicles within a few years.
2. Introduce **real driving emissions test procedure** for non-CO2 pollutants as soon as possible and ensure these tests are robust and conformity factors are not overly generous
3. Either **strengthen requirements for national type approval authorities** to conduct mandatory real driving emissions test procedures for non-CO2 pollutants, including random on-the-road testing, or **establish an independent European type approval authority**.

IIGCC also urges European institutions to set **2025 CO2 emissions standards at an ambitious level** that is fully in line with the EU's 2030 and 2050 climate-energy objectives and will require a step-change in innovation across vehicle classes.

European competitiveness does not depend on how well cars perform in laboratory testing. European competitiveness depends on how well car manufacturers and their value chains prepare for more stringent future emissions standards applying on the road. We urge you to adopt all these measures.

IIGCC members would like to request the opportunity to meet to discuss this with you in person at a time suitable for you.

Yours sincerely,

On behalf of the IIGCC

A handwritten signature in black ink that reads "Stephanie Pfeifer". The signature is written in a cursive style and is contained within a thin black rectangular border.

**Stephanie Pfeifer**  
Chief Executive, IIGCC

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