STELLANTIS

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Key priorities on Automotive files

Europe must remain a place where automakers can build, invest and employ. For Stellantis, this means the possibility to be closer to customers' needs and more time to electrify and become more competitive while (1) accelerating an industrial policy that secures a level-playing field in Europe and (2) fostering trade that supports integrated European value chains.

In case of questions, please get in touch with your usual Stellantis contact, or Christoph Hinrichsen (christoph.hinrichsen@stellantis.com, +32 472 93 78 17).

1. AUTOMOTIVE PACKAGE: PROVIDE MUCH-NEEDED FLEXIBILITIES

Decarbonisation must remain economically and socially sustainable. OEMs, suppliers and customers require more time to adjust while continuing to strongly pivot to electrification. Given the critical sustainability challenges for the European automotive industry, Stellantis' primary focus is on the period up to 2030/2031: We call for immediate flexibilities in the CO2 legislation that ease the compliance and fine risks while maintaining ambitious decarbonisation goals.

5-year averaging is the single biggest lever for European carmakers to maintain the course of decarbonisation while remaining competitive globally. It provides immediate flexibility to bridge the gap between regulatory trajectories and actual market uptake.

Light Commercial Vehicles (LCV): The Immediate Crisis

The LCV segment is in dire straits. Customers do not electrify as quickly as required under the regulation, due to costs, range concerns, lack of charging infrastructure and business model. The current Battery Electric Vehicle (**BEV**) mix for LCVs is stagnant and far below the level needed for compliance. Under current law, Stellantis is exposed to billions in fines at the end of 2027. We are already forced to make financial provisions, severely limiting the ability to invest as is necessary to relaunch the business and successfully face global competition.

We ask you to champion LCVs in the ongoing legislative discussions. LCVs generate significant compliance pressure and must be treated separately to passenger cars. Support is needed to prioritise the immediate reforms required for LCVs in the debate on the Automotive Package.

- **Introduce 5-year Averaging**: The current 3-year averaging mechanism (2025-27, 2030-32) is insufficient. Two 5-year averaging periods (2025-2029; 2030-2034) are needed.
- **Lower LCV targets further:** Lower the 2030 target to 35%, and 80% for 2035.

These immediate flexibilities safeguard the sector's viability. Without them, the lack of competitiveness and social consequences could be significant.

- **Recognise renewable fuels**: As certain use cases continue to be challenging to electrify, recognise renewable fuels (such as HVO 100) as a viable decarbonisation method. Such a measure – effective from 2030 – opens the door to recognising the environmental benefits of other technologies while preserving strategic industrial value chains across Europe.

Passenger Cars (PC): 5-year averaging is the biggest compliance lever

- **Introduce 5-year averaging period 2028-32**: Extending the Commission proposal allows OEMs to smoothen the step change in 2030. Smoothing the compliance trajectory to 5-years does not reduce climate ambition. It requires OEMs to sustain their efforts throughout each five-year period rather than remaining at the compliance level.
- Introduce **supercredits for all BEVs "Made-in-Europe"** (see link to IAA below); with an **additional supercredit for Small BEVs (M1E)**[1].

Our forecasts show that all these flexibilities are needed to avoid heavy fines.

2. INDUSTRIAL ACCELERATOR ACT: MAKE EUROPE A PLACE TO BUILD

Together with Volkswagen and Renault, we push for a "Made in Europe" approach that rewards European value creation while ensuring a level-playing field.

- Strict Made-in-Europe scope: geographical scope limited to **EU27 and EEA** (European Economic Area)
- **"Fleet Booster flexibility" establishing a 70% threshold**: allowing flexibility for imports and non-Made in EU cars (assuming a strict EU27 + EEA scope).
- **70% value-add, calculated at vehicle level** (not: component level) to recognise contribution by European carmakers, in particular R&D and engineering.
- Adopt a realistic timeline for battery localisation (EU cell requirement only from 2030).
- Clear origin methodology approach to determine the EU origin of the vehicle content.
- Meaningful benefits (e.g. Supercredits, as per above): Made-in-Europe increases costs for manufacturers, who must therefore be supported in this effort.

3. UK TCA / RULES OF ORIGIN: AVOID A SELF-INFLICTED SHOCK

The Rules of Origin ("RoO") for batteries are a key impact of Brexit and the TCA. Tightening from 1 January 2027, we expect that **only** 15 to 25% of BEV trade between EU and UK will comply. For Stellantis alone, non-compliant BEV trade will result in several 100 EUR million additional duties (across 2027 to 2029). European battery capacity is still scaling, and thus unable to satisfy existing demand.

[1] As per Commission proposal: BEV below 4.2m length aiming to offer affordable BEVs to the European consumers.

What Stellantis (and all of industry) needs

- Extend current EV and battery Rules of Origin flexibilities to avoid a cliff-edge scenario.
- Adopt long-term Rules of Origin requirements that are aligned with realistic industrial development timelines and reflect differences between battery chemistries.
- Provide clear and harmonized methodology, including practical guidance on the origin treatment of battery materials.

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