

Provisional Agreement on the

**Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF
THE COUNCIL amending Regulation (EU) 2019/631 as regards CO₂ emission
performance standards for new light duty vehicles and vehicle labelling and
repealing Directive 1999/94/EC**

[Outcome of Trilogue on May 20, 2026]

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION, Having regard to the Treaty on the Functioning of the European Union, and in particular Article 192(1) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee,

Having regard to the opinion of the Committee of the Regions,

Acting in accordance with the ordinary legislative procedure,

Whereas:

Recital 1

Through the adoption of Regulation (EU) 2021/1119 (Climate law), the Union has enshrined in legislation a binding objective of economy-wide climate neutrality by 2050, thus reducing emissions to net zero by that date, and the aim of achieving negative emissions thereafter, established a binding Union 2030 intermediate climate target and provisions for the determination of a Union-wide intermediate climate target for 2040.

Recital 2

In order to achieve the climate neutrality objective, it is essential to, inter alia, ensure and provide support to the competitiveness and resilience of the European industry, ensure transition pathways based on best available cost-effective, safe and scalable technologies, set a greater focus on a just transition, ensure fair competition with international partners and decarbonise the energy system with all zero and low carbon energy solutions.

Recital 3

With the Clean Industrial Deal and the Industrial Action Plan for the European automotive sector, the Union has put in place the conditions for a successful transition, focussing on both decarbonisation and industrial renewal, including support mechanisms for European industry, and Member States more exposed to disruptions in global value chains and European content requirements on battery cells and components in EVs sold in the Union, better access to public and private finance, a global level playing field, and clear enabling conditions for the uptake and scaling of clean technologies, in order to strengthen industrial competitiveness and innovation in the Union.

Recital 4

The automotive sector is a key pillar of the Union's economy, and it is at a critical turning point, facing fierce global competition and deep structural transformations in decarbonisation and digitalisation. The pathway towards zero-emission mobility requires an integrated approach combining CO₂ reduction, industrial competitiveness, social fairness and technological leadership. To ensure that this transformation strengthens the competitiveness of the Union's automotive ecosystem while upholding its environmental and social ambitions, the Commission adopted on 5th March 2025 the Industrial Action Plan for the European automotive sector.

Recital 5

Light commercial vehicles are purchased and used in a professional context. For some specific use cases there may be short-term barriers to the deployment of zero-emission vehicles in that segment. It is therefore appropriate to adjust the 2030 CO₂ emissions target for those vehicles to support continued manufacturers' ability to invest, in particular in the transition towards zero-emission vehicles.

Recital 6

Fostering the development and production of small electric cars made in the EU will ensure affordability and access to clean mobility for consumers and enhance the competitiveness and sustainability of the European automotive sector. In line with the principles of a just transition, industrial transformation in this sector should embrace a comprehensive approach to sustainability, encompassing not only environmental goals but also responsible corporate practices that promote high-quality employment, fair working conditions, and robust dialogue with social partners. It is therefore appropriate to incentivise the development of small electric cars made in the EU by providing incentives in the form of CO₂ credits for manufacturers that place such vehicles on the Union market.

Recital 6a

New passenger cars and new light commercial vehicles account for a substantial share of greenhouse-gas emissions over their entire life-cycle, including during the extraction and processing of raw materials, vehicle manufacturing, fuel or energy production, use and end-of-life treatment. While the CO₂ emission performance standards established by this Regulation are based on tailpipe emissions, which provide a uniform and verifiable compliance mechanism to Member States, life-cycle assessment must complement the tailpipe framework by informing and providing additional information to consumers and by incentivising manufacturers to reduce upstream and downstream emissions. It is therefore appropriate to incorporate a life-cycle assessment labelling framework and a time-bound lifecycle super-credit mechanism, into the implementation of Regulation (EU) 2019/631 and to assess, following a review of the maturity of lifecycle assessment methodology by 31 December 2029, whether lifecycle criteria are sufficiently robust to serve as a compliance parameter from 2035 onwards.

Recital 6b

In exercising its empowerment to establish the harmonised Union methodology for the ‘made in the EU’ criteria, the Commission should take into account the diverse socio-economic and geographical realities across the Union. The application of those criteria should be designed to prevent disproportionate market distortions or unintended supply barriers in Member States that are highly dependent on vehicle imports.

Recital 7

While it is essential that the CO₂ emission targets continue to incentivise the transition towards zero-emission mobility and create certainty and predictability for such investments, a lack of regulatory flexibility may create difficulties for vehicle manufacturers where it limits their compliance options. It is therefore appropriate to support a technology-neutral approach by providing for regulatory flexibilities for non-zero-emission technologies.

Recital 7a

In order to ensure fair competition within the union, manufacturers and pools of manufacturers, linked to the production of zero emission vehicles, benefitting from the multipliers shall act in accordance with union legislation (Regulation 2022/2560) on foreign subsidies and foreign financial contributions.

Recital 8

In order to provide additional flexibilities, during the period 2030 to 2032, manufacturers should ensure that the average specific emissions of CO₂ of their vehicles do not exceed an emissions target, calculated as the average of their annual specific emissions targets over the period.

Compliance with the targets should be assessed at the end of the period for each individual manufacturer. The excess emission premiums should be calculated accordingly.

Recital 9

The fleet-wide emissions reduction target as from 2035 is reduced from 100% to 90%, provided that the remaining emissions are compensated by the use of low-carbon steel credits or sustainable renewable fuel credits.

Recital 10

The use of low-carbon steel credits and sustainable renewable fuel credits should be capped in order to preserve investments in the zero-emission value-chain. By allowing to compensate emissions up to 10% of the EU fleet-wide target of 2021 as from 2035, these credits, combined with the 90% emissions reduction target, support the overall climate neutrality objective.

Recital 11

In implementing and reviewing this Regulation particular attention should be given to exceptional and severe disruptions that may affect supply chains, energy markets or the availability of critical technologies necessary for the automotive value chain. In case of a disruptive external shock, proportionate and temporary measures or targeted derogations may be considered, where appropriate and in accordance with Union law, in order to safeguard an orderly and predictable transition towards zero-emission mobility.

Recital 12

In 2032 and every five years thereafter, the Commission should assess the effectiveness of the Regulation, so as to maintain alignment with the 2050 climate neutrality binding objective laid down in Regulation (EU) 2021/1119 of the European Parliament and of the Council ('Climate Law').

Recital 13

It is appropriate to allow for a recognition of emissions savings from sustainable renewable fuels in the CO₂ standards, to provide further flexibilities for manufacturers and support investments in the development of the sustainable renewable fuel value chain. Such fuels will continue to play a role in the decarbonisation of transport. In order to support innovative technologies, the current framework under Directive

(EU) 2018/2001 includes binding targets for advanced biofuels in transport. Progress in its implementation is made albeit slow. A review of the Directive (EU) 2018/2001 is planned for end 2026 assessing the progress made and the need for an update of the future bioeconomy framework. In order to ensure that credits granted pursuant to Article 5a contribute effectively to the Union's climate objectives, such credits should only be granted in respect of fuels whose life-cycle greenhouse gas emissions remain below appropriate emission thresholds and do not undermine the decarbonisation objectives of this Regulation.

Recital 14

The promotion of low-carbon steel is essential to achieve the Union's climate objectives while strengthening its industrial competitiveness and strategic autonomy. As the automotive sector is a key user of steel, it is appropriate to incentivise the use of low-carbon steel in vehicle production to create a lead-market. Hence, to compensate, after 2035, the CO₂ emissions of their new vehicles, which have not already been compensated by the use of sustainable renewable fuels, manufacturers should be able to use made in the EU low-carbon steel credits. Manufacturers are given the highest possible flexibility in the use of steel credits to account for a situation where fuel credits are not available up to their cap.

Recital 14a

The decarbonisation of steel production is essential for achieving the Union's climate objectives, as steel remains one of the most carbon-intensive industrial sectors. In this context, encouraging the increased use of green low-carbon steel produced in the Union in the manufacture of new light-duty vehicles can contribute to reducing life-cycle emissions, strengthening the competitiveness of the European steel industry and supporting the transition to sustainable and climate-neutral mobility in line with the objectives of this Regulation.

Recital 15

To provide more certainty to light commercial vehicle manufacturers, a technical adjustment should be provided to the formula that adjusts the specific emissions target of a manufacturer depending on the average test mass of the EU fleet

Recital 15a

SMEs play a central role in the Union automotive value chain, and may be significantly impacted by the transition towards zero emission vehicles. As shall be taken into account as part of the Commission's impact assessment.

Recital 15b

With an annual production of around 146 million tonnes, accounting for approximately 8% of global steel output, the Union's steel industry constitutes a key pillar of its raw materials base and plays a strategic role in supporting infrastructure development.

Recital 15c

The transition gives rise to significant restructuring, the Union and its Member States should implement appropriate mitigation measures to protect workers. Member States may, where appropriate, complement these efforts through targeted initiatives facilitating affordable access to zero-emission mobility solutions, including social leasing schemes or similar approaches, helping to ensure that the benefits of the transition are shared fairly across society.

Recital 16

The evaluation of the Car Labelling Directive concluded that there is a lack of harmonisation of the label across Member States, that potential buyers of zero-and low-emission vehicles, vans and second-hand vehicles are not adequately informed under the current rules, and that consumers rely increasingly on digital tools whereas current rules focus on physical points of sale, with a guide and poster on paper. Directive 1999/94/EC needs therefore to be revised and updated.

Recital 17

A vehicle label providing information that is relevant for zero-emission vehicles should be available to empower potential vehicle buyers to make informed purchase decisions. In addition, a vehicle label should be available not only for new passenger cars, but also for potential buyers of vans and second-hand vehicles, to ensure that potential buyers of those vehicles are also appropriately informed. The second hand market plays an important role in providing access to mobility for a broad range of citizens across the Union. Ensuring that buyers of second-hand vehicles benefit from adequate and harmonised information on vehicle emissions and energy consumption contributes to a socially inclusive transition to zero-emission mobility, in line with the Union's climate objectives.

Recital 18

The label for individual vehicles should include the most significant information from the certificate of conformity. It should also provide the opportunity to consumers to access additional information. In the future, as technical requirements, monitoring and reporting and available data

evolve, additional information could for instance inform the customers about the performance of plug-in hybrid vehicles depending on behaviour of the user in terms of share of driving in electric mode.

Recital 19

As vehicle buyers rely increasingly on digital tools, and to allow consumers to compare different vehicle models, including from different manufacturers, information on all vehicle models for which new vehicles are placed on the Union market should be made available in a product database

Recital 20

Vehicle labelling requirements should apply to vehicle manufacturers and dealers or any other natural or legal persons making available vehicles on the market in the course of a commercial activity, thereby excluding private persons occasionally selling a second-hand car.

Recital 21

Vehicle labelling requirements should be incorporated into Regulation (EU) 2019/631 in order to safeguard its consistent and harmonised application across the Union.

Recital 21a

Whereas, for the purposes of Articles 5 and 5b, criteria for determining whether small electric vehicles and low-carbon steel are to be considered “made in the Union” should be established by the Commission by means of delegated acts pursuant to Article 21; whereas such criteria should contribute to strengthening the Union’s industrial competitiveness and ensure consistency with Union environmental, social and trade obligations.

Recital 22

In order to set up methodologies for determining the criteria for a car to be considered ‘made in the EU’, for steel to be considered low carbon and amend the Annex related to vehicle labelling, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission to take into account technological and legislative developments, as well as developments relating to consumer information. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the

Interinstitutional Agreement of 13 April 2016 on Better Law-Making. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.

Recital 23

In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission in relation to establishing the detailed rules and procedures for the monitoring and reporting by manufacturers of all the necessary data for the calculation of the low-carbon steel credits and the operational details of the product database for the vehicle labelling. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council.

Recital 24

Since the objectives of this Regulation to provide vehicles manufacturers with additional flexibilities for their compliance while maintaining the level of ambition of the CO₂ reduction targets, as well to harmonise and update vehicle labelling requirements, cannot be sufficiently achieved by the Member States, but can rather, by reason of the scale and effects of the action, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.

Recital 24a

Whereas the transition to zero-emission mobility must be socially fair and geographically balanced across the Union, insular, peripheral and less-connected Member States face specific structural challenges related to infrastructure deployment and access to vehicles, which should be duly taken into account in the implementation and evaluation of this Regulation.

Recital 25

Regulation (EU) 2019/631 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1
Amendments to Regulation (EU) 2019/631

Regulation (EU) 2019/631 is amended as follows

(1) Article 1 is amended as follows:

(a) in paragraph 5, point (b) is replaced by the following:

“(b) for the average emissions of the new light commercial vehicles fleet, an EU fleet-wide target equal to a 40% reduction of the target in 2021 determined in accordance with point 6.1.2 of Part B of Annex I.”;

(b) paragraph 5a is replaced by the following:

“From 1 January 2035, the following EU fleet-wide targets shall apply:

(a) for the average emissions of the new passenger car fleet, an EU fleet-wide target equal to a 90% reduction of the target in 2021 determined in accordance with Part A, point 6.1.3, of Annex I;

(b) for the average emissions of the new light commercial vehicles fleet, an EU fleet-wide target equal to a 90% reduction of the target in 2021 determined in accordance with Part B, point 6.1.3, of Annex I.”;

(c) paragraph 7 is added as follows:

“7. This Regulation establishes the rules on vehicle labelling in order to ensure that relevant information relating to passenger cars and light commercial vehicles offered for sale or lease in the Union is made available to potential buyers.”;

(2) Article 2 is amended as follows:

(a) in paragraph 1, point (b) the text after the semicolon is replaced by the following:

“in the case of zero-emission vehicles of category N they shall, from 1 January 2025, for the purposes of this Regulation and without prejudice to Regulation (EU) 2018/858 and Regulation (EC) No 715/2007, be counted as light commercial vehicles falling within the scope of this Regulation if the reference mass minus the mass of the energy storage system does not exceed 2840 kg.”;

(b) the following paragraph 5 is added:

“5. Articles 15a and 15b of this Regulation shall apply to all vehicles of categories M1 and N1, as defined in Article 4 of Regulation (EU) 2018/858, offered for sale or lease in the Union, that are type-approved in accordance with the Worldwide harmonised Light vehicles Test Procedure set out in Commission Regulation (EU) 2017/1151.”

(3) Article 3 is amended as follows:

(a) point (l) is replaced by the following:

“(l) ‘test mass’ or ‘TM’ means the test mass of a passenger car or light commercial vehicle as stated in the certificate of conformity and as defined in paragraph 3.2.25 of UN Regulation 154”;

(b) the following points (n) to (r) are added:

“(n) ‘zero-emission vehicle’ means a passenger car or a light commercial vehicle with tailpipe emissions of 0 g CO₂/km, as determined in accordance with the applicable EU type-approval procedure;

(n1) ‘low-emission vehicle’ means a passenger car or a light commercial vehicle with tailpipe emissions of CO₂ above 0 g CO₂/km and not exceeding 50 g CO₂/km, as determined in accordance with the applicable EU type-approval procedure;

(o) ‘vehicle label’ means a graphic diagram in printed or electronic form that complies with the requirements set out in this Regulation;

(p) ‘point of sale’ means a location where vehicles are displayed or offered for sale or lease to potential customers, including trade fairs where vehicles are presented to the public;

(q) ‘promotional material’ means any form of information in printed or electronic form, offline or online, used for sale or lease of vehicles or in the marketing, advertising or promotion of vehicles offered for sale or lease to the general public or a potential customer;

(r) ‘vehicle model’ means a group of vehicles belonging to the same type, variant and version as specified in Part B of Annex I to Regulation (EU) 2018/858.”;

(s) ‘SME’ means a manufacturer that qualifies as a small or medium-sized enterprise within the meaning of Commission Recommendation 2003/361/EC. ‘SMEs within the Union’, that carry out real activities and are genuinely established within the Union.

(4) Article 4 is amended as follows:

(a) in paragraph 1 point (c), the following text is added:

“In addition, starting from 2035, the manufacturer shall also ensure that its average specific emissions of CO₂ do not exceed the sum of its fuel credits as referred to in Article 5a, and its low-carbon steel credits as referred to in with Article 5b.”;

(b) paragraph 1a is replaced by the following:

“1a. By way of derogation from paragraph 1, for the periods comprising the calendar years 2025 to 2028 and the calendar years 2030 to 2033, a manufacturer, including when it is a member of a pool, shall ensure that its average specific emissions of CO₂ over these periods do not exceed its specific emissions target over these periods. Those average specific emissions of CO₂ shall be calculated as the average over the period concerned of the annual average specific emissions of CO₂ weighted according to the number of newly registered vehicles for the manufacturer in each calendar year.

The specific emissions target shall be calculated as the average over the period concerned of the annual specific emissions targets determined in accordance with point 6.3 of Part A or Part B of Annex I or, where a manufacturer is granted a derogation under Article 10, in accordance with that derogation, weighted according to the number of newly registered vehicles for the manufacturer in each calendar year.

For each calendar year in which a manufacturer was included in a pool, the annual average specific emissions of CO₂ and the annual specific emissions target to be used for those calculations shall be the values for that pool.”;

(5) Article 5 is replaced by the following:

“Article 5
Super credits for small zero-emission vehicles

1. Until 2034, for the purpose of calculating a manufacturer's average specific emissions of CO₂, each new zero-emission vehicle of category M1 identified as defined by Article 4(1)(a)(i) of Regulation (EU) 2018/858, with an unladen mass not exceeding 1,500 kg, and made in the EU shall be counted as 1.4 vehicles. Vehicles which fulfill these characteristics will be identified as «small electric vehicles».
2. Until 2029, each new low-emission vehicle of category M1 as defined by Article 4(1)(a)(i) of Regulation (EU) 2018/858, with an unladen mass not exceeding 1,500 kg, and made in the EU which is not covered by paragraph 1, shall be counted as 1.2 vehicles.
3. For each calendar year, each Member State shall record and transmit to the Commission, as part of its obligations in line with Article 7, for each new zero- and low-emission vehicle of category M1 whether or not it meets the requirements set out in paragraphs 1 and 2 as well as the value of the parameters determining such compliance.
4. The Commission is empowered to adopt delegated acts in accordance with Article 17 in order to supplement this Regulation by setting up a methodology for determining the criteria for a car to be considered 'made in the EU'.
5. Paragraph 1 shall not apply to manufacturers that formed a pool, unless all the manufacturers included in the pool are part of the same group of connected manufacturers.”;

(6) the following Articles 5a and 5b are inserted:

“Article 5a
Role of sustainable renewable fuels

1. Starting from 2035, the Commission shall calculate, for each manufacturer, fuel credits based on the greenhouse gas emission savings achieved by the use of the fuels referred to in paragraph 2, as determined in accordance with point 7 of Parts A and B of Annex I, to compensate emissions from new passenger cars and new light commercial vehicles registered in the calendar year. These fuel credits shall be calculated taking into account the quantity of such fuels placed on the Union market for road transport and their greenhouse gas emissions intensity, as calculated according to Article 29a and 31 of Directive (EU) 2018/2001 and as reported in the Union Database

established pursuant to Article 31a of that Directive, the share of road transport fuel used in passenger cars and light commercial vehicles, the average lifetime mileage of the vehicles, and the number of vehicles registered.

2. The eligible fuels shall be the following :

(a) renewable fuels of non-biological origin (RFNBOs) as defined in Article 2(36) of Directive (EU) 2018/2001 and fulfilling the criteria set out in Article 29a of that Directive

(b) biofuels, as defined in Article 2(33) of that Directive ; and biogas, as defined in Article 2(28) of that Directive ; both biofuels and biogas produced from feedstock listed in Annex IX to that Directive and fulfilling the criteria set out in Article 29 of that Directive.

3. The credits from all fuels referred to in paragraph 2 shall not reduce the average specific emissions of CO₂ of a manufacturer by more than 4% of the EU fleet-wide target 2021 as set out in point 6.0 of Annex I Parts A and B. The credits from the quantities of biofuels and biogas produced from feedstock listed in Part B of Annex IX to Directive (EU) 2018/2001 shall not reduce the average specific emissions of CO₂ of a manufacturer by more than 2% of the EU fleet-wide target 2021 as set out in point 6.0 of Annex I Parts A and B.

4. Paragraph 1 shall not apply to manufacturers that formed a pool, unless all the manufacturers included in the pool are part of the same group of connected manufacturers.

*“Article 5b
Role of low-carbon steel*

1. Starting from 2035, a manufacturer shall obtain credits for low-carbon steel made in the EU (‘low-carbon steel credits’) to compensate for emissions from new passenger cars and new light commercial vehicles registered in the calendar year.

2. Paragraph 1 shall not apply for those vehicles whose contribution to the average emissions is covered by Article 5a.

3. Low-carbon steel credits shall be calculated taking into account the quantity and the CO₂ emissions intensity, calculated according to the methodology as set out in accordance with paragraph 6, of the low-carbon steel made in the EU used in the manufacturer’s new passenger cars or new light commercial vehicles registered in the Union in the calendar year, the number of vehicles registered in the calendar year, and the lifetime mileage of the vehicles, in accordance with point 7 of Parts A and B of Annex I.

4. Low-carbon steel credits shall not decrease the average specific emissions of CO₂ of a manufacturer by more than 6% of the EU fleet-wide target for 2021, as set out in point 6.0 of Parts A and B of Annex I. Where, due to limited availability of eligible renewable fuels, renewable fuel credits cannot reach the maximum cap of 4%, the cap applicable to low-carbon steel credits may be increased by an equivalent amount, up to an overall maximum of 8% of the EU fleet-wide target for 2021.
- 4a. When calculating low-carbon steel credits, low-carbon steel or low-carbon steel components sourced, through ‘SMEs within the Union’, as referred in Article 3, that have carried out a substantial manufacturing or processing step in the steel value chain, including recycling, processing, transformation, or component production, shall be counted as 1.5 kg for each 1 kg.
5. The Commission shall specify, by means of implementing acts, the detailed rules and procedures for the monitoring and reporting by manufacturers of all the necessary data for the calculation of the low-carbon steel credits. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 16(2).
6. The Commission is empowered to adopt delegated acts in accordance with Article 17 in order to supplement this Regulation by setting up a methodology for determining the characteristics of the low carbon steel and the CO₂ emissions intensity of the steel and of the baseline steel as a reference point for the calculation for the low-carbon steel credits.
7. Paragraph 1 shall not apply to manufacturers that formed a pool, unless all the manufacturers included in the pool are part of the same group of connected manufacturers.”

“Article 5c

Super-credit for zero-emission vehicles with low life-cycle greenhouse gas emissions

1. Subject to the conditionality *set out in paragraph 5*, for the purpose of calculating a manufacturer’s average specific emissions of CO₂, each new zero-emission vehicle of category M1 or N1 whose life-cycle greenhouse gas emissions are below 50 g CO₂-eq/km shall be counted as 1.3 vehicles.

2. The effect of this super credit shall be capped at 5% of each manufacturer's 2021 reference CO₂ target.
3. The life-cycle CO₂ emissions of a vehicle, as referred to in point 1, shall cover, at a minimum, emissions arising from the production of the vehicle and its energy storage system, the generation of fuel or electricity used over the vehicle's lifetime, and end-of-life processing. The cumulative effect of the flexibilities granted under this Article shall remain strictly within the 10% total flexibility ceiling under this Regulation. The Commission is empowered to adopt delegated acts in accordance with Article 17 in order to establish the common lifecycle CO₂ value referred to in this paragraph, drawing on existing international standards, including ISO 14040 and ISO 14044. The Commission shall adopt that delegated act by 31 December 2030.
4. Vehicles that qualify for an adjusted multiplier or flexibility mechanism under Article 5 shall be explicitly excluded from receiving additional accounting advantages under this Article. Where a vehicle simultaneously satisfies eligibility criteria of both Article 5 and this Article, the compliance mechanisms established under Article 5 shall exclusively apply. A single vehicle identification number shall not generate simultaneous compliance advantages under multiple multiplier or super-credit mechanisms within a manufacturer's fleet average calculator.
5. The application of the 1.3x multiplier referred to in paragraph 1 shall take effect no earlier than 1 January 2035, and shall be strictly conditional upon a positive assessment of the maturity and verifiability of the Union lifecycle CO₂ methodology within the framework of the comprehensive review to be conducted by the Commission by 31 December 2029 pursuant to Article 15. Where the Commission concludes that the comprehensive lifecycle assessment methodology does not yet meet the robustness requirements necessary for regulatory application, the Commission shall report that conclusion to the European Parliament and to the Council, with a reasoned explanation of the identified methodological limitations. The Commission shall provide a timeline for the future incorporation of lifecycle emissions into the regulatory framework at the earliest possible date.
6. Paragraph 1 shall not apply to manufacturers that formed a pool, unless all the manufacturers included in the pool are part of the same group of connected manufacturers.

(7) in Article 6, paragraph 2, last sentence is replaced by the following:

“By way of derogation from the first subparagraph, an agreement to form a pool covering the calendar year 2025 or 2026 may be entered into up to 31 December 2028, an agreement to form a pool covering the calendar year 2030 or 2031 may be entered into up to 31 December 2033’

(8) Article 7 is amended as follows:

(a) In paragraph 5, the following sentence is inserted after the first sentence:

“Manufacturers responsible for fewer than 1 000 new passenger cars or for fewer than 1 000 new light commercial vehicles registered in the Union in the previous calendar year shall provide the Commission with complete information on any of their connected undertakings within the meaning of Article 3(2), unless they have previously notified such information and no changes have occurred since.”;

(b) the following paragraph 6b is inserted:

“6b. Each manufacturer shall appoint a contact point for the purpose of any correspondence referred to in this Article.”;

(9) Article 8 is amended as follows:

(a) in paragraph 1, the second subparagraph is replaced by the following:

“By way of derogation from the first subparagraph, with respect to the calendar years 2025 to 2028, and 2030 to 2033, the Commission shall impose an excess emissions premium on any manufacturer whose average specific emissions of CO₂ over the period exceed its specific emissions target over that period.”;

(b) the following paragraph (5) is added:

“By way of derogation from paragraphs 1 and 2, for each calendar year starting from 2035, the Commission shall impose an excess emissions premium on a manufacturer or pool manager, as appropriate, where a manufacturer's average specific emissions of CO₂ exceed its specific emissions target or its average specific emissions of CO₂ exceed the sum of its fuel credits as referred to in Article 5a, and its low-carbon steel

credits as referred to in Article 5b.

The excess emissions premium shall be calculated using the following formula:

$$(\text{average specific emissions of CO}_2 - (\text{fuel credits} + \text{low-carbon steel credits})) \times \text{EUR } 95) \times \text{number of newly registered vehicles.}$$

In the above calculation the sum of fuel credits and low-carbon steel credits cannot exceed 10% of the EU2021 target”;

(c) The following paragraph (6) is added:

“The Commission shall, as part of the report referred to in Article 14a, assess the feasibility of allocating the maximum possible share of the revenues from the excess emissions premiums to the Social Climate Fund established by Regulation (EU) 2023/955 taking into consideration that the purpose of the fines is to incentivise compliance.

(d) By way of derogation from paragraphs 1, 2 and 5, for each calendar year starting from 2035, the Commission shall allow a manufacturer or pool of manufacturers to reduce their excess emissions premium by, an amount equal to their average annual investment in the two preceding calendar years in the following activities:

- i) Construction of manufacturing facilities in the Union dedicated to the production of zero- and low-emission vehicles,
- ii) Transformation of existing manufacturing facilities in the Union towards the production of zero- and low-emission vehicles,
- iii) Manufacturing of batteries for zero- and low-emission vehicles in the Union,
- iv) Research and development on zero- and low-emission vehicles.

The reduction referred to in the first subparagraph shall only apply where the excess emissions premium is due pursuant to paragraphs 1, 2 or 5.

The total reduction granted under this paragraph shall not exceed 12% of the excess emission premium level calculated under paragraph 1, 2 or 5.

This paragraph shall not apply to manufacturers that formed a pool, unless all the manufacturers included in the pool are part of the same group of connected manufacturers.

The manufacturer shall submit to the Commission, by 31 December of the following calendar year, evidence of qualifying investments, including audited financial reports certified by an independent auditor. The Commission shall assess the submitted evidence within 6 months and adopt an implementing decision granting or refusing the reduction.

The Commission is empowered to adopt delegated acts in accordance with Article 17 to establish the methodology for verifying qualifying investments, including criteria for additionality, minimum documentary standards, and the treatment of intra-group transfers.

(e) Starting from 1 January 2030, a temporary mechanism shall apply to address shortcomings in the deployment of alternative fuels infrastructure in the Union.

(i) Where the Commission, in its assessment under Article 15 of Regulation (EU) 2023/1804, determines that more than 35% of Member States that have not met their mandatory national targets for recharging or refuelling infrastructure, the excess emissions premium applicable to manufacturers shall be reduced by 40%.

(ii) The mechanism set out in this paragraph shall apply on a temporary basis and shall cease to apply after 31 December 2039.

(9a) Article 14a is amended as follows:

(a) in paragraph 2, point (g) is replaced by the following:

“ (g) the effectiveness of existing financial measures and the need for further action, including adequate financial measures, at Union, Member State or local level to ensure a just transition and to mitigate any negative socioeconomic impacts, in particular in the regions and the communities most affected including the Union’s islands and outermost regions; ”

(10) In Article 15, paragraph 1 is replaced by the following:

“1. In 2032 and every five years thereafter, the Commission shall assess the effectiveness of this Regulation in achieving zero-emission mobility. The Commission shall submit a report to the European Parliament and to the Council with the result of the review and where appropriate, accompanied by adequate adjustments to ensure alignment with the 2050 climate neutrality objective.”

(11) the following Articles 15a and 15b are inserted:

“Article 15a
Obligations of manufacturers and distributors regarding vehicle labelling

1. Distributors shall ensure that a vehicle label as set out in Annex IIIa, Part 2, is attached to or displayed, in a clearly visible manner and legible in its entirety, near each vehicle offered for sale or lease at their points of sale. The vehicle label shall include the information elements mentioned in Annex IIIa, Part 2, corresponding to the vehicle to which it refers. In addition to the vehicle label, the distributor shall inform the potential buyer of a second hand zero-emission vehicle or off-vehicle charging hybrid electric vehicle, of the vehicle's current 'traction battery state of health', based on the information available in the vehicle display in accordance with Annex VI to Regulation (EU) 2025/1707.

2. Manufacturers and distributors, as the case may be, shall ensure that any promotional material related to the sale or lease of individual vehicles shows the vehicle label, as set out in Annex IIIa, Part 2, for each vehicle, including for vehicles offered for sale or lease on the internet. Where the promotional material concerns one or more vehicle models, the promotional material shall include the values of all the vehicles to which it refers or the range between the lowest and highest values of all the vehicles to which it refers, for all technical parameters mentioned in Annex IIIa, Part 2. Where promotional material distributed by electronic means allows consumers to configure a specific vehicle, such as online car configurators, it shall clearly demonstrate to consumers how different specific equipment and optional extras affect the values of all technical parameters mentioned in Annex IIIa, Part 2.

2a. The vehicle label shall include, in addition to the information elements set out in Annex IIIa, Part 2, a standardised life-cycle greenhouse gas emission indicator expressed in g CO₂e per kilometre, calculated in accordance with the delegated act referred to in Article 15a(7) and based on the EU average electricity and fuel mix as determined and updated periodically by the Commission. The indicator shall cover emissions arising from vehicle and energy storage system production, energy use over the operational lifetime, and end-of-life treatment, and shall be consistent with ISO 14040 and ISO 14044

3. At the latest 12 months after the entry into force of this Regulation, the Commission shall set up a product database that shall be publicly accessible and shall provide information in relation to the vehicle labelling for vehicle models placed on the market. The Commission shall be empowered to specify, by means of implementing acts, the operational details of the product database. These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 16(2).

4. Manufacturers shall enter into the product database, without undue delay, the information listed in Annex IIIa, Part 3, for each vehicle model for which new units are placed on the market. Manufacturers shall ensure that the information entered into the product database is correct and accurate, and update it as necessary.

5. Manufacturers and distributors shall not provide or display labels that mimic the vehicle label provided for under this Regulation, nor provide or display vehicle labels, marks, symbols or inscriptions that do not comply with this Regulation and that would be likely to mislead or confuse end-users with respect to the information elements set out in Annex IIIa.

6. Where a service provider as referred to in Article 6 of Regulation (EU) 2022/2065 allows the selling of vehicles through its internet site, that service provider shall enable the display of the vehicle label according to paragraph 2.

7. The Commission is empowered to adopt delegated acts in accordance with Article 17 in order to amend the data requirements and data parameters set out in Parts 2 and 3 of Annex IIIa to include additional information relevant for consumers into the product database, and to specify the methodology to determine the parameter ‘made in the EU’ and to establish a harmonised Union methodology for the calculation of the life-cycle greenhouse gas emission indicator referred to in paragraph 1, third subparagraph. That methodology shall be consistent with ISO 14040 and ISO 14044, and the Commission shall adopt it by 31 December 2027.

Article 15b

Obligations of Member States regarding vehicle labelling

1. Member States shall designate a market surveillance authority in accordance with Regulation (EU) 2019/1020, responsible for ensuring compliance with the measures laid down in Article 15a. Market surveillance authorities may recover the costs of document inspection in cases of non-compliance with the relevant articles in this Regulation.

2. By 31 December 2033, and every three years thereafter, the Commission shall draw up a report on the compliance by manufacturers

and distributors with their obligations concerning vehicle labelling. This report shall be based on real-time data extracted from the product database referred to in Article 15a(3) and, where necessary, information provided by Member State market surveillance authorities. The Commission shall submit this report to the European Parliament and to the Council.

3. Member States shall lay down the rules on penalties and enforcement mechanisms applicable to infringements of the provisions on vehicle labelling and shall take all measures necessary to ensure that they are implemented. The penalties shall be effective, proportionate and dissuasive. Member States shall, by no later than 12 months after the entry into force of this Regulation, notify the Commission of those rules and measures, and shall notify it, without delay, of any subsequent amendment affecting them.”

*“Article 15c
Just transition safeguards*

In case of significant impact on economic and social development of the Union and its regions (as mandated by 191(3) TFEU), and in anticipation of any of the following circumstances, according to the respective spheres of competence, the Union and its Member States shall implement mitigation measures where:

- a. The manufacturer's anticipated skill requirements for the production of zero-emission vehicles, battery technologies, and related digital systems over the subsequent five-year period are significantly changed;
- b. The measures undertaken or planned to upskill and reskill, in order to prevent significant lay-offs, for the existing workforce to meet these environmental production targets are insufficient;
- c. The restructuring measure constitutes a collective redundancy within the meaning of Article 1 of Council Directive 98/59/EC, that directive shall apply, having regard to the specific context of the transition towards zero-emission vehicles.”

(12) Article 17, paragraph 6 is replaced by the following:

“A delegated act adopted pursuant to Article 5(3), Article 5b(6) Article 7(8), Article 7a(2), Article 7(6), Article 10(8), Article 11(1), fourth

subparagraph, Article 13(4), Article 14(2), Article 15(8) and (9), and Article 15a(7) shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and to the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.”

(13) Annex I is amended in accordance with Annex I to this Regulation.

(14) Annex IIIa is inserted in accordance with Annex I to this Regulation.

Article 2

Repeal Directive 1999/94/EC is repealed.

Article 3

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union. Article 1(5) shall apply from 1 January [Office of Publications: Please insert the year following the date of application of the automotive Omnibus].

Article 1(11) and Article 2 shall apply from [date 12 months after the entry into force of this Regulation].

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Strasbourg,
For the European Parliament
The President

For the Council
The President