

## Terms for Light-Duty Greenhouse Gas Emissions Standards

The undersigned automobile companies have agreed to a set of terms for light-duty greenhouse gas emissions standards. We recognize the importance of compromise and we all agree that a framework maintaining a national solution is the preferred path forward.

The terms for a national program are as follows:

- Revised Greenhouse Gas Standards: GHG standards, beginning in the 2022 model year (MY) and extending through the 2026 MY, with increasing stringency at a nationwide average annual rate of 3.7% (year-over-year). Of the 3.7% annual stringency, 1% can be achieved using the advanced technology multiplier credits, below.
- Appropriate Flexibilities to Promote Zero Emission Technology: Continue current advanced technology multipliers that now expire after MY 2021, extending them through MY 2024 at the current 2.0x for Battery Electric and Fuel Cell Electric Vehicles (BEV/FCEV), and 1.6x for Plug-in Hybrid Electric Vehicles (PHEV), tapering off at the current MY 2020 and MY 2021 levels in MY 2025 and MY 2026, respectively.
- Simplify Accounting: Remove the requirement to account for upstream emissions of fuels, as these can be addressed by other programs.
- Increase Innovation: Raise the current cap on off-cycle menu credits, which account for actions taken outside the formal test cycle framework, from 10 grams per mile to 15 grams per mile starting in MY 2020.
- Streamlining and Process Improvements: Improve the off-cycle credit program to facilitate timely review and decision-making regarding the approval of new off-cycle technologies.
- Recognize California's Authority: Participating companies are choosing to pursue a voluntary agreement in which California accepts these terms as compliance with its program, given its authority, rather than challenge California's GHG and ZEV programs.

The signatory automakers are committed to standards consistent with these terms by building the cars and light duty trucks of the future, including the substantial further electrification of the national fleet.

Ford Motor Company

American Honda Motor Co., Inc.

Volkswagen Group of America, Inc.

BMW of North America, LLC