

2020

CORPORATE SOCIAL RESPONSIBILITY REPORT

Includes:

Declaration on Extra-Financial Performance*

Integrated report

Climate report

Human rights report

Vigilance plan

STELLANTIS

PEUGEOT S.A. SCOPE

* In compliance with the French transposition of EU Non Financial Reporting Directive.

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Exploring our
sustainable
development
actions...

2020 has dramatically confronted us with our own collective and individual responsibilities vis à vis human lives and economic systems. The Covid pandemic and its unexpected brutal threat on life led to lockdowns and restrictions sowing the seeds of a deep socio-economic crisis.

Groupe PSA chose PROACTIVE RESILIENCE to deal with the pandemic waves and implemented decisions at an unprecedented pace to protect its employees first, and serve its corporate purpose: **ensure freedom of movement by providing safe, sustainable and affordable mobility solutions.**

As a mobility provider, Groupe PSA ranks in the front-runners of the necessary global transition and take this responsibility seriously.

In this sanitary context, the group made sure, that this responsibility permanently guided its business strategic plan and its philanthropic actions to enhance performance, with no compromise on ethics. The human-centred lens it uses for all business operations were particularly helpful to see around corners, imagine what fitted best its stakeholders' interest and deliver a competitive edge with agility.

PERFORMANCE AS A SHIELD AGAINST THE CURRENT HEADWINDS AND THOSE TO COME

The results collectively achieved in the last 6 years proved to be the best safeguard against the chaos brought by the COVID-19 crisis. The group's positive financial position at the end of 2020 highlights the Group's resilience, as a reward of the recent years of intensive work to increase its efficiency.

These results also rely on a permanent watch on ESG data, used as pre financial indicators. Groupe PSA is a socially recognized company, as a member of the world's leading SRI⁽¹⁾ indexes. It had its carbon trajectory validated as compliant with the Climate Paris Agreement by SBTi in 2019. Financial and non-financial performances feed each other. This dual economic and societal performance proves to be the best protection against the vagaries of the markets.

Strong and long running companies bring solutions: Groupe PSA state of the art range of products and services supports its willingness to **defend strongly the freedom of movement as a fundamental right for humanity.**

Designing a sustainable future of mobility is both a matter of economic performance and responsibility.

(1) Socially Responsible Investment.

GROUPE PSA RESPONSIBILITY: BRINGING TANGIBLE ANSWERS TO THE QUESTION OF "AFFORDABLE MOBILITY"

A long-time supporter of the UN Global Compact and the ILO Principles, Groupe PSA embarks environmental and societal impacts in all its decision-making processes in a 360-degree approach.

At the most tumultuous moment of the Covid crisis, the Group never stepped back on ESG matters. On the contrary, it speeded up on pending decisions in order to protect its future and be true to its values:

- On the labor dimension, it immediately rolled out through the company the most demanding health protocol in order to protect employees.
- On the environmental dimension taking the lead of CO₂ emissions in Europe for 2020, it accelerated the operational phase of its Carbon Neutrality Project with 4 major steps forward:
 - launching AMI, the Citroën full electric urban mobility device,
 - launching the new eVMP platform (Electric Vehicle Modular Platform) to gradually move from two multi-energy platforms to two 100% state of the art electrified platforms to support the ramp up of the range of electric vehicles,
 - making the mobility brand Free2Move an autonomous and agile entity, with a technological expertise of the urban shared mobility solutions,
 - disrupting ways of working with 70% of time in remote working for all applicable job positions to reduce CO₂ footprint of commuting and energy consumption of facilities by 30%.
- On the societal dimension, Fondation PSA brought exceptional support to the "All United against Coronavirus" Alliance, in addition to the Group's solidarity actions (donations of masks, production of respirators, 3D printing of protective screens and free vehicle availability for hospital employees) and a voluntary Top Management grant to support mobility solutions to people in precariousness.
- Finally, on the economic dimension, Groupe PSA managed both urgent and long-term matters with the same efficiency and resilience. While immediately and responsibly adjusting the production to market demand, and tailoring support to the most fragile suppliers, teams achieved to implement 2 strategic decisions, in line with the group's corporate purpose: make safe and sustainable mobility affordable.

- vertical integration in electric mobility through the launch of ACC - “Automotive Cells Company” - , a joint venture dedicated to the manufacture of batteries in Europe.
- merger with FCA, leading to Stellantis, in order to leverage synergies and protect the affordability of sustainable mobility.

Fighting climate change and ensuring freedom of movement with affordable mobility solutions is where corporate responsibility and challenge stand for Groupe PSA.

There is no such thing as “one size fits all solution”: the UN Sustainable Development Goals are a framework for actions and for the implementation of concrete solutions tailored to the specific needs of citizens in their specific territory with a long-term view.

TRANSPARENCY AS THE BASIS OF A RESPONSIBLE DIALOGUE WITH STAKEHOLDERS

As a leading company, the Group makes sure pursuing its corporate purpose fully benefits to its stakeholders with

consistent decisions and actions over time. Customers, employees, investors, suppliers and the civil society challenge the company and expect a positive contribution to the economy, the society and the environment.

The clarity and the quality of the information published transparently by Groupe PSA is a key factor of efficiency in its permanent dialogue with its stakeholders. It also feeds the public debate, for the benefit of the general interest. The Group notably supported a special issue of *Politique Internationale* dedicated to the freedom of movement in a decarbonized world.

The Group also updated its materiality matrix in 2020, involving a broad scope of internal experts and a wide range of external stakeholders, increasing the representativeness of the young generation and including regional focuses, notably from North America.

This annual CSR Report presents how Groupe PSA responsible business model creates shared and sustainable value. The 23 CSR commitments supported by accountable members of the Executive Committee are part of a proactive trajectory. All of the Group's employees are committed to implement its CSR roadmap, which reflects its ambitions for the future.

IMPORTANT NOTICE

This CSR Report, from which no legal consequences may be drawn, is for informational purposes only. This communication should not be construed in any manner as a recommendation to any reader of this document.

This communication is not a prospectus, product disclosure statement or other offering document for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14th 2017.

This document may contain forward-looking information and statements that are based on a number of economic data and assumptions made in a given economic, competitive and regulatory environment. They may prove to be inaccurate in the future and are subject to a number of risk factors. Neither Stellantis N.V. nor any of its subsidiaries assumes any obligation to update publicly any forward-looking information or statement, objectives or trends contained in this document whether as a result of new information, future events or otherwise.

In this document, the terms “Groupe PSA” and “the Group” are used for convenience and are relative to the previous Peugeot S.A. perimeter only. Likewise, the words “we”, “us” and “our” may also be used to refer to Peugeot S.A. subsidiaries in general or to those who work for them. Stellantis N.V. has no liability for the acts or omissions of Peugeot S.A. and its subsidiaries.

This CSR Report includes Peugeot S.A. Declaration on Extra-Financial Performance, which complies with the French transposition of EU Non-Financial Reporting Directive, responding to the main CSR risks and challenges identified by the company, based on a macroscopic risk analysis taking into account the double-materiality perspective and covering the 42 categories included in Article R 225-105 of the French commercial Code.

It reflects the Corporate Social Responsibility policies, commitments and results of the Automotive Division of Peugeot S.A. for 2020. It has been submitted to an independent third-party body's examination, as enclosed and described in section 9.6.

It contains the Groupe PSA Integrated Report in its first section, Climate Report in the second section and Human Rights Report in the sixth section (including the Vigilance Plan, pursuant to Act No. 2017-399 of 27 March 2017 on the duty of vigilance of parent companies and ordering companies).

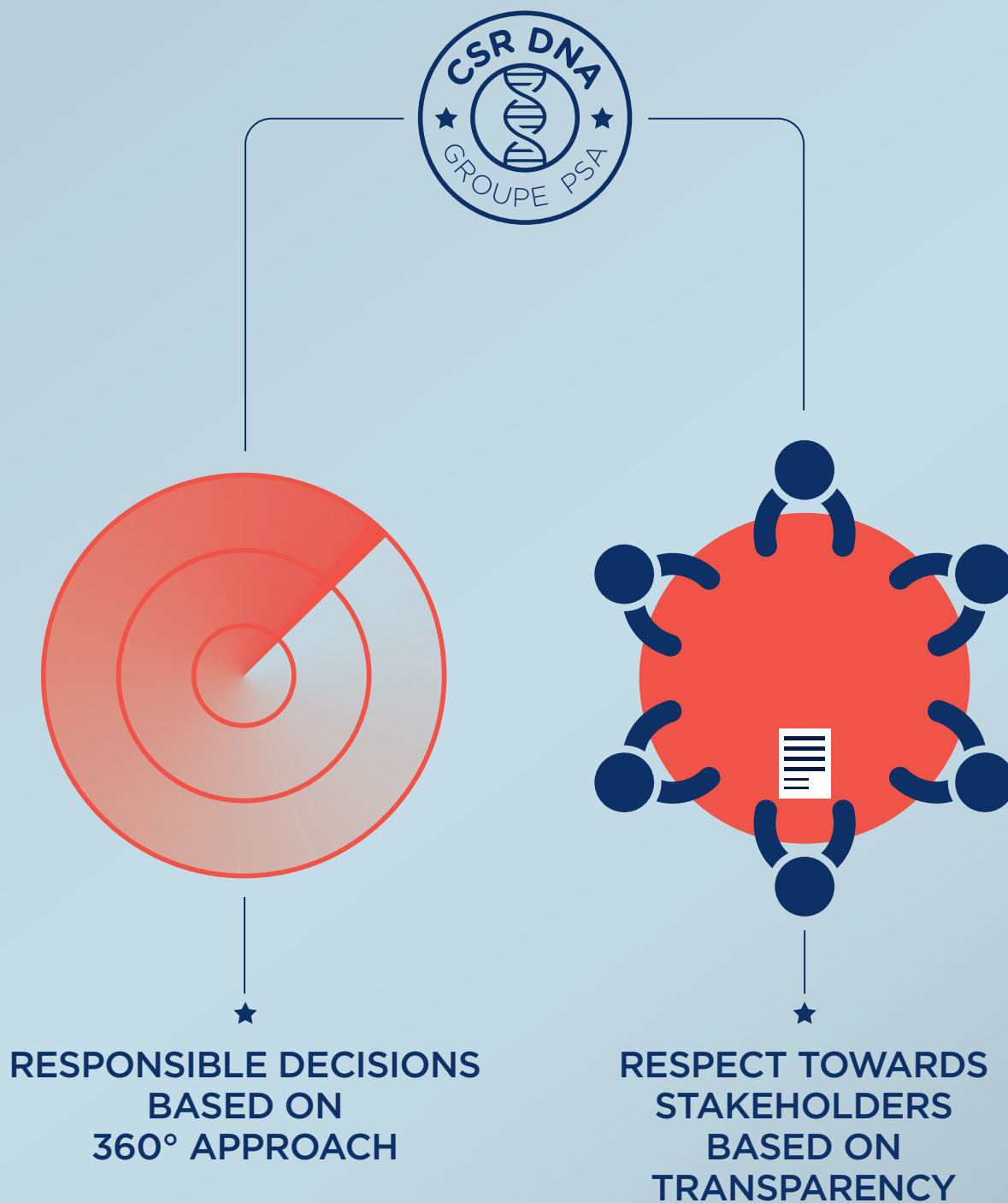
As Groupe PSA acquired Opel and Vauxhall (OV) on 1st August 2017, this report includes CSR information specific to OV starting in the 2018 financial year. Most indicators are consolidated. However, to ensure a better readability and clearer understanding, PCD (Peugeot; Citroën; DS Automobiles) and OV data are presented separately for a few topics.

GROUPE PSA CONTRIBUTION TO GLOBAL SUSTAINABLE DEVELOPMENT GOALS

Groupe PSA takes into account the impact of its activities on the 17 Sustainable Development Goals (SDGs) set by the United Nations for 2030. It makes a positive contribution at a global level to many of them and at a local level for others.



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|--|--|
| <p>1 End poverty in all its forms everywhere (see sections 6.2.2./8.1.3.2./8.3.3.).</p> <p>2 End hunger, achieve food security and improved nutrition and promote sustainable agriculture (see section 8.3.3.).</p> <p>3 Ensure healthy lives and promote well-being for people of all ages (see sections 3.3.1.4./3.3.2./5.3.1./5.3.2./8.3.3.).</p> <p>4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all (see sections 3.2.2./8.3.3.).</p> <p>5 Achieve gender equality and empower all women and girls (see section 3.4.1.).</p> <p>6 Ensure availability and sustainable management of water and sanitation for all (see section 7.3.).</p> <p>7 Ensure access to affordable, reliable, sustainable and modern energy for all (see section 2.4.2.).</p> <p>8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (see sections 3.1.2./3.1.2.2./3.3.2./3.4.1./3.4.3./8.1.3.3./6.2.2.).</p> <p>9 Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation (see sections 2.3./2.3.1./2.4.1.3.5./3.1./3.3.2.2./5.2.1./5.2.4./5.1./6.1.7./6.2.3.3./8.1.1./8.3.1.).</p> | <p>10 Reduce income inequality within and among countries (see sections 3.4./8.3.3./8.3.4.).</p> <p>11 Make cities and human settlements inclusive, safe, resilient and sustainable (see sections 2.3.3./4.2.2./7.1./8.3.3.).</p> <p>12 Ensure sustainable consumption and production patterns (see sections 2.3./2.3.1./2.4.1.3.6./2.5.3./4.2./5.4./6.3./7.1./7.2.3./7.2.4.).</p> <p>13 Take urgent action to combat climate change and its impact by regulating emissions and promoting developments in renewable energy (see sections 2.3.2./2.3.4./2.3.5./2.3.7./2.4.2./5.4./7.1./8.1.3.).</p> <p>14 Conserve and sustainability make use of the oceans, seas and marine resources for sustainable development (see sections 2.3./2.4.2.).</p> <p>15 Protect, restore and promote the sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss (see sections 7.1./5.4.).</p> <p>16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels (see sections 3.1.2.1.1./6.1.4.).</p> <p>17 Strengthen the means of implementation and revitalise the global partnership for sustainable development (see sections 2.3.1./3.1.2.1./7.1.2.2./7.1.4.2.).</p> |
|--|--|



Responsibility is to take each day engaging decisions which we will be accountable for in the future. Groupe PSA relies on continuous dialogue with its various stakeholders to build long-term responses to economic, environmental, social and societal issues.



CREATING SHARED AND LASTING VALUE

INTEGRATED REPORT

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1.1. A CSR PROGRAM THAT IS FULLY INTEGRATED INTO THE GROUP STRATEGY

1.1.1. Groupe PSA: a global carmaker at the leading edge of efficiency and a benchmark supplier of mobility services

GRI.102-1

GRI.102-7

GRI.102-10

1.1.1.1. The Automotive Division, central to the Group's results

Groupe PSA recorded a revenue of €60.7 billion in 2020.

CONSOLIDATED REVENUE BY BUSINESS

(€ million)	Years ended December 31		
	2020	2019	2018
PCD	39,015	46,096	43,027
OV	12,904	17,368	18,306
Automotive equipment	14,654	17,768	17,525
Finance ⁽¹⁾	2,086	2,163	1,989

(1) In accordance with IFRS, BPF's financing partnerships are accounted for under the equity method in the PSA Consolidated Financial Statements for all periods presented herein. The net contribution of these equity-accounted investments is included in the line "Share in the net earnings of equity method investments" of PSA's consolidated income statement. A different presentation is applied for the purposes of this segmental discussion. IFRS 8 "Operating Segments" requires segment information to be aligned with the internal reporting used by management to measure the performance of the different segments and to allocate financial resources between them. Management reporting and, accordingly, the segment information are based on a presentation of a full profit and loss statement of BPF's financing partnerships, as if they were consolidated.

1.1.1.2. Mobility: Groupe PSA identity and strategy

1.1.1.2.1. An identity built on complementary brands

GRI.102-2

To support its *raison d'être* – "ensure the freedom of movement by providing a safe, sustainable, affordable and enjoyable mobility" –, the Group is structured around four main segments:

- the Automotive Division, covering:
 - the design and engineering, manufacture and sale of passenger cars and light commercial vehicles under five automotive brands:
 - > Peugeot: MOTION & e-MOTION, whose ambition is to become the best high-end generalist brand worldwide,
 - > Citroën: INSPIRED BY YOU, inspired first and foremost by our customers and their lifestyles,
 - > DS Automobiles: SPIRIT OF AVANT-GARDE, the ultimate in French luxury,
 - > Opel: THE FUTURE IS EVERYONE'S, whose ambition is to become the most desirable German mainstream brand,
 - > Vauxhall: NEW RULES BRITANNIA, to be the most desirable core brand in the UK,
 - mobility services under the umbrella of the Free2Move brand (leasing, car-sharing and more): UNLIMITED MOBILITY,
 - second-hand vehicle sales:
 - > marketed in its networks as:
 - "Peugeot Occasions", "Citroën Select", "Opel Selection" becoming progressively (2019-2021) SPOTICAR, a new multibrand label (replacing also Carday's PSA Retail own label),
 - "DS Certified", for the premium brand DS,
 - > through a strategic alliance with ARAMISAUTO.COM:
 - the leading online second-hand car sales website for all brands, and the first platform to offer used vehicles reconditioned by a specialised plant, with a "satisfied or your money back" guarantee,
 - originally present in France, active now also in Spain (Clicars, from 2017) and Belgium (Cardoen, from 2018),
 - > via the CARVENTURA.COM platform, a startup formed by Groupe PSA, which provides easy and secure online peer-to-peer used vehicle sales, in France.
 - > through partnerships with B2B platforms (assisting transactions between professionals) AUTOAVALIAR in Latin America and FENG CHE in China;
- the Automotive Equipment Division corresponding to the Faurecia Group comprising interior systems, automotive seating and emissions control technologies;
- the Finance Division, corresponding to the BANQUE PSA FINANCE Group, which provides retail financing to customers and wholesale financing to the brands' dealer networks. Since 2015, BPF has set up a business model of cooperation, including two major partnerships in Europe, one with the Santander Consumer Finance Group for the Peugeot, Citroën and DS Automobiles brands, and the other with the BNP Paribas group for the Opel and Vauxhall brands. The governance implemented in these partnerships ensures independent credit decisions while allowing the construction of adapted, innovative commercial offers, and which fully support the Push to Pass and PACE! growth plans;
- the Group's other businesses, which include the operations of Peugeot S.A., the Group's holding company.

1.1.1.2.2. Push to Pass: the Group's roadmap

Push to Pass is the first step towards achieving Groupe PSA vision: **“to become a global carmaker on the leading edge of efficiency and a benchmark supplier of mobility services”**.

Unveiled in 2016, it builds on the results of the previous plan “Back in the Race”, which enabled the Group to return to profit sooner than expected.

In this perspective, innovation, research and development are priorities for Groupe PSA and a powerful lever that can be used to tackle the crucial issues facing the automotive industry and develop the competitive advantages, which are vital for growth.

Through the Push to Pass plan, **Groupe PSA has outlined its vision for 2030: to be the most efficient car manufacturer and the preferred global supplier of mobility services. To do this, the Group relies particularly on a core model and technology strategy, and it has articulated a performance plan.**



Push to Pass plan: <https://www.groupe-psa.com/en/publication/push-to-pass/>
PACE! plan: <https://media.groupe-psa.com/en/opelvauxhall-go-profitable-electric-and-global-pace>

This transformation plan is the Group's roadmap for 2016-2021. Driven by customers' shifting expectations, **this plan has unlocked the Company's potential** by capitalising on efficiency, operational excellence and agility. **Groupe PSA is now sustainably competitive**, and is supported by the results of an efficiency drive that has aligned it with the best reference level in the global automotive industry.

It is focused on meeting the expectations of its key stakeholders such as its customers, its employees, its investors, its suppliers and its host communities, and a life-friendly planet. Section 1.3.3 of this document presents the benefits shared with these stakeholders.

With carefully managed R&D investment and rigorous control of fixed and production costs, the strategic plan raises the bar for Groupe PSA structural performance by aiming to deliver an Automotive recurring operating margin^(*) of over 4.5% on average in 2019-2021.

— AN AGILE BUSINESS MODEL

To achieve this target, the Company is rethinking its business model. It will create more value by leveraging its existing customer base.

Brand development is based on:

- **a Core Model Strategy** to support the launch of 116 regional launches by 2021, including new concepts, with a resulting reduction in the average age of the range – a source of pricing power for the brands – to 3.5 years by 2021;
- **a Core Technology Strategy** driven by CO₂ as a key decision criterion, to accelerate the electrification of vehicle ranges, with 50% of the offering electrified by 2021 and a target of 100% by 2025, and to allow the use of the first hydrogen vehicles in real-life conditions in B2B customer fleets. Having been one of the first manufacturers to test autonomous vehicles out on the open road, Groupe PSA will continue to roll out advanced driver-assistance systems (ADAS), taking into account customers' cost-use value trade-offs;
- **a Core Mobility Strategy** to support the international launch of the Free2Move mobility brand with a x4 in targeted growth in the number of active customers by 2021, enhanced after-market offers driven by the IAM (Independent Automotive After-market) multi-brand business with a x2 in targeted growth in the IAM spare parts revenue by 2021, and a break into the circular economy field. The used vehicles business is expected to increase its sales and transactions outside Europe by a third. Financial services will become a decisive driver of sales performance as the market becomes increasingly electrified;
- **Continuous improvement in product and service quality**, which is fostering greater satisfaction among the Group's customers on a broader geographical scope and across a larger range of businesses.

* Recurring operating income related to revenue for PCDOV Automotive Division.

CREATING SHARED AND LASTING VALUE

A CSR program that is fully integrated into the Group strategy

1.1.1.3. A global industrial footprint managed as close to the automotive markets as possible

GRI.102-4

GRI.102-6

SASB-000.A


Due to the scope and breadth of their operations, automobile production plants have a considerable economic and social impact on their host communities. They create jobs and drive growth at the grass-roots level.


Groupe PSA has sales operations in 160 countries. It is often the largest employer in its host communities.

AUTOMOTIVE MANUFACTURING, R&D AND SALES ESTABLISHMENTS


MANUFACTURING LOCATIONS


Automotive production plant

 in partnership


 in the planning stage

Components factory, casting

 in partnership

 in the planning stage


Automotive assembly plant


 in partnership

OTHER LOCATIONS

R&D center

SALES LOCATIONS

 Country where the Group Automotive Trade sites surfaces are significant enough to be included in the reporting scope (see 9.4.1. for details)

 Countries where only Group mobility services are offered

Industrial partners (see hereafter for more details)

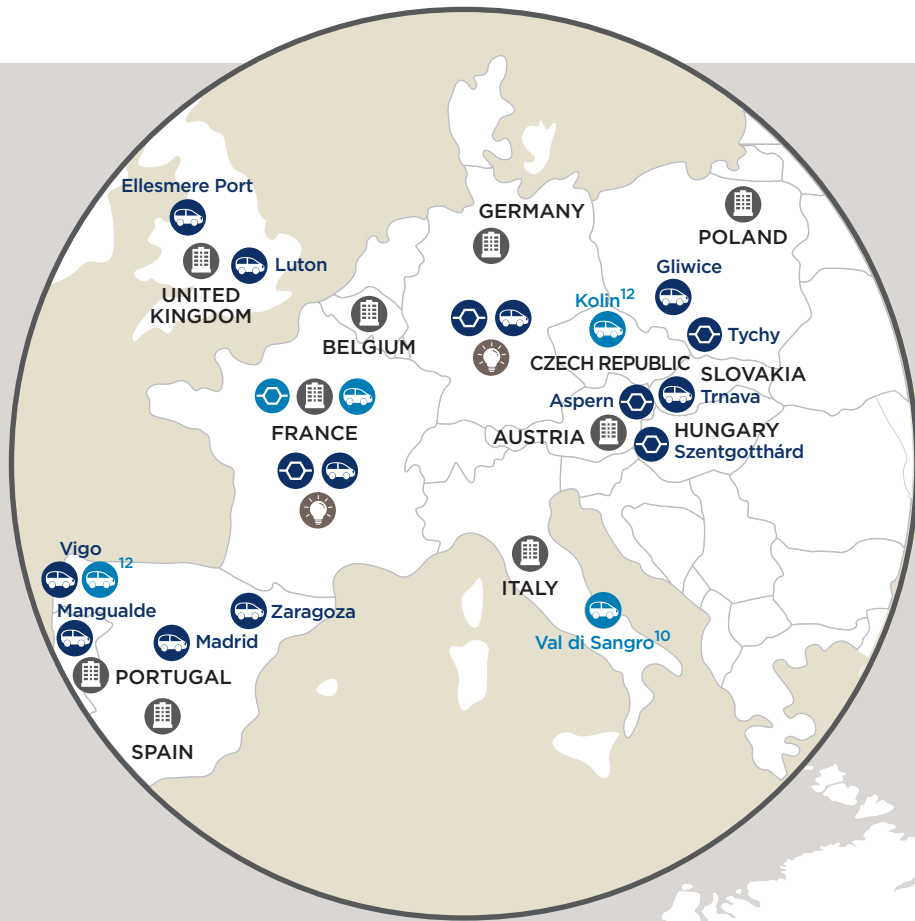
Items included in or excluded from the CSR reporting scope are listed in Section 9.4.1.

- 1 STAFIM
- 2 Condor Electronics, Palpa Pro and l'Entreprise Nationale de Production de Machines-Outils
- 3 Punch Powertrain
- 4 URYSIA
- 5 THACO
- 6 Nidec Leroy-Somer
- 7 Naza Automotive Manufacturing
- 8 PAN Nigeria Ltd
- 9 MIE (Mesfin Industrial Engineering's)
- 10 Fiat
- 11 Mitsubishi
- 12 Toyota
- 13 Dongfeng Motor Corp.
- 14 Shenzhen BaoNeng Automobiles Co
- 15 Fipar Holdings
- 16 EASA Nordex
- 17 Renault
- 18 Ford
- 19 China Dongfeng Automobile Industrial
- 20 Chongqing Changan Automobile
- 21 Saft/Total
- 22 Namibia Development Corporation



CREATING SHARED AND LASTING VALUE

A CSR program that is fully integrated into the Group strategy



BREAKDOWN OF LOCATIONS

France

Caen	Hordain
Charleville-Mézières	Mulhouse
Douvrin	Poissy
Hérimoncourt	Rennes
Metz	Sochaux
Mulhouse	
Saint-Ouen	Batilly ¹⁷
Sept-Fons	Hordain ¹²
Trémery	
Valenciennes	Belchamp
Vesoul	Bordeaux ²¹
	Carrières-sous-Poissy
	La Ferté-Vidame
	Nersac ²¹
	Poissy
	Sochaux
	Vélizy
Douvrin ¹⁸	
Hérimoncourt ¹⁸	
Trémery ^{6, 18 & 21}	
Valenciennes ¹⁷	
Douvrin ²¹	
Trémery-Metz ³	

Germany

Kaiserslautern	Eisenach
	Ruesselsheim
Kaiserslautern ²¹	
	Dudenhofen
	Ruesselsheim



Note: this does not include office facilities, head offices, IT sites, non-automotive businesses, or countries where Group vehicles are sold by an importer.

Global organisation, local management

The Group is organised into six regions: Europe, China & South-east Asia, Latin America, Eurasia, India-Pacific and Middle East & Africa, each one run by an operating unit. Each locally-based Head of Department, is responsible for economic profit and management of the Group's resources in that region, both for manufacturing and sales activities. This structure takes better account of the specific characteristics of each region, so as to identify the risks and capitalise on opportunities.

R&D clusters that support the Group's international development

Groupe PSA R&D has a global reach and is built around six clusters:

- an R&D cluster in France — its main base, in charge of the early phase, design and engineering of vehicles and sub-assemblies. It is divided into three R&D centres and their three validation and testing sites: Vélizy/La Ferté-Vidame, Sochaux/Belchamp and Poissy/Carrières-sous-Poissy. These handle three-quarters of the Group's R&D activity, with a staff of 8,368 at the 2020 year end. In 2018, Groupe PSA set up its new multi-energy Powertrain Expertise Centre in France, to support the energy transition by improving powertrains efficiency in reducing CO₂ emissions;
- an R&D cluster in Germany — Rüsselsheim (the R&D Center) and Dudenhofen (its validation and testing site) - in charge of the development of all new Opel and Vauxhall cars, light commercial vehicles built on a dedicated LCV platform for all Groupe PSA brands, fuel-cell vehicle innovations and the next four-cylinder petrol engine generation of Groupe PSA (which will be optimised for operation in combination with electric motors and will be used in the drive train of hybrid systems). Moreover, it leads the three-year project "E-Mobility-LAB Hessen", in partnership with Kassel University, FLAVIA IT and PLUG'n CHARGE: a research program on intelligent charging infrastructure for electric mobility (more than 160 charging stations will be set up, for simulations of scenarios based on actual data). The Rüsselsheim Technical Center had a workforce of 4,699 at the 2020 year-end;
- an R&D center in Morocco (Casablanca), which will support R&D projects (such as Citroën AMI) and technologies, and contributes to Groupe PSA expansion in the Middle East and Africa region, with a workforce of 863 at the 2020 year-end;
- an R&D cluster in Latin America (São Paulo), which is dedicated to local sourcing and manufacturing, and had a workforce of 353 at the 2020 year-end;
- an R&D center in China (Shanghai), which is in charge of developing vehicles for the Asian market, and contributes to core technologies development, engine adaptations, local integration and industrialisation, with a workforce of 583;
- an R&D center in India (Chennai), opened in 2019 and with a workforce of 189 at the end of the year, where the "smart car" program is developed.

Other R&D centers, run with the Group's partners of joint ventures, come in addition to these locations.

Development, production and marketing partnerships

— JOINT-DEVELOPMENTS IN TERMS OF TECHNOLOGIES

- Two R&D centers in France (Bordeaux and Nersac) with SAFT/Total, as part of Automotive Cells Company JV, for new high-performance lithium ion cell technologies.
- An R&D center in China with Dongfeng Motor Corp, as part of DCPA joint venture, in Wuhan (in charge of developing the CMP platform, its electric version eCMP and new prototype vehicles).
- An R&D center in Russia (Kaluga) with Mitsubishi Motors Corporation, as part of the PCMA joint venture, for product development and local integration.

— JOINT VENTURES OR AGREEMENTS FOR THE PRODUCTION OF VEHICLES OR COMPONENTS

- In France (Valenciennes) for gearbox components and in Batilly for Opel Movano, with Renault.
- In Hérimoncourt, Douvrin and Trémery (France): engines with Ford.
- In France (Douvrin) and Germany (Kaiserslautern): manufacturing and supply of automotive battery cells and modules as part of Automotive Cells Company joint venture with SAFT/Total, in the coming years.
- In Trémery (France): electric engines with Nidec Leroy-Somer Holding as part of Nidec PSA E-Motors joint venture and with Punch Powertrain, for assembly of the future generation of electrified transmissions that will equip Groupe PSA next generation of hybrid vehicles, as part of Punch Power Train PSA e-transmissions joint venture..
- In Kolin (Czech Republic): Peugeot 108 and Citroën C1, as supplied by Toyota.
- In France (Hordain) and Spain (Vigo): commercial vehicles (medium and compact duty vans) in cooperation with Toyota Motor Europe.
- In Val Di Sangro (Italy): Citroën Jumper and Peugeot Boxer, as part of the Sevel joint venture with Fiat.
- In Kaluga (Russia): Peugeot 308, 408, 4007, Expert Citroën Jumper and Drifter/Berlingo, Citroën C4, C-Crosser, Opel Zafira and Space Tourer with Mitsubishi Motors Corporation as part of the PCMA joint venture.
- In Kenitra (Morocco): for Peugeot 208 and Citroën AMI with Fipar Holdings.
- In Wuhan (China) for Dongfeng Peugeot (301, 308, 408, 508, 208, 2008 and 3008) and Dongfeng Citroën vehicles (C-Elysée, C4 and C4L, C5 and C6, C3-XR, C4 Aircross), in Chengdu (China) for Dongfeng Peugeot 4008, 5008 and Dongfeng Citroën C5 Aircross and in Xiangyang for motors with Dongfeng Motor Corp as part of the DPCA joint venture.

— **JOINT VENTURES OR AGREEMENTS
FOR THE ASSEMBLY OF VEHICLES**

- In Tunis (Tunisia) with STAFIM for the assembly and marketing of a Peugeot Pick-up.
- In Oran (Algeria) with Condor Electronics, Palpa Pro and the Entreprise Nationale de Production de Machines-Outils for the production of the Peugeot 208.
- In Kaduna (Nigeria) with PAN Nigeria Ltd for the assembly of the Peugeot 301 and 508, and as part of the Dangote Peugeot Automobiles Nigeria Limited joint venture with Dangote Industries Limited and the Kaduna State Government, for the assembly and distribution of Peugeot vehicles in the future.
- In Wukro (Ethiopia) with MIE (Mesfin Industrial Engineering), for the assembly and marketing of the Peugeot 301.
- In Thika (Kenya) with URYIA for the Peugeot 3008.
- In Walvis bay (Namibia) with Namibia Development Corporation (NDC) for assembly of Opel Grandland X and Peugeot 3008.
- In Chu Lai (Vietnam) with the THACO group for the assembly of the Peugeot 2008, 3008 and 5008.
- In Montevideo (Uruguay) with EASA and Nordex for the manufacture of Peugeot Expert and Citroën Jumpy, and with Nordex for pick-ups.
- In Gurun (Malaysia) with Naza Automotive Manufacturing, for the assembly of the Peugeot 2008, 3008 and 5008.
- In Zhengzhou (China) in cooperation with China Dongfeng Motor Industry Import and Export Co. and Zhengzhou Dongfeng Automobile Industrial Import and Export Co. Ltd. for Peugeot one-tonne pick-up for Middle East/Africa.
- In Changan (China) in cooperation with Chongqing Changan Automobile Co. Ltd. for a one-tonne pick-up.
- In Shenzhen (China), in cooperation with Shenzhen BaoNeng Automobiles Co., Ltd for the assembly of high-end DS vehicles.

MANUFACTURING PLANTS ARE LOCATED ACCORDING TO THEIR MARKET PENETRATION PLAN

Manufacturing region	Volumes of produced vehicles			% of 2020 total production
	2018	2019	2020	
North America	2,109	4,501		0%
South America	118,253	65,820	56,286	2.3%
Enlarged Europe	3,249,265	3,187,011	2,325,415	93.7%
Middle East & Africa	156,024	8,887	54,351	2.2%
India & Asia Pacific	125,287	73,113	6,239	0.3%
China	251,440	106,463	40,627	1.6%
TOTAL	3,902,378	3,445,795	2,482,918	100%

These volumes cover the production:

- of Groupe PSA brand vehicles, manufactured in the Group's plants and those of its joint ventures;
- vehicles of other brands which are assembled in the Group's plants and in those of its joint ventures.

A workforce distribution reflecting the commitment to the economic development of the host regions

NUMBER OF EMPLOYEES ON PERMANENT OR FIXED-TERM CONTRACTS BY REGION

(excluding FAURECIA, as at December 31)

Permanent and temporary workforce	Group's direct workforce (controlled and consolidated companies)	Distribution of total workforce by region (%)
China and Southeast Asia	757	0.7%
Eurasia	1,953	1.8%
Europe	98,627	89.5%
India-Pacific	827	0.8%
Latin America	3,665	3.3%
Middle East & Africa	4,334	4.0%
TOTAL	110,163	100%

Workforce of joint ventures (JV) non-consolidated as at December 31:

- DPCA (Dongfeng Peugeot Citroën Automobiles), joint venture with Dongfeng Motor Corp., in Wuhan, Chengdu and Xiangyang (China): 5,388 employees;
- SEVELSUD, joint venture with Fiat, in Val Di Sangro (Italy): 5,676 employees;
- NIDEC PSA EMOTORS, joint venture with NIDEC in Carrières-sous-Poissy (France) and Trémery (France): 138 employees;
- Automotive Cells Company (ACC), joint venture with Total-Saft, in Bordeaux and Nersac (France): 66 employees;
- Banking companies in joint venture with Santander and with BNP Paribas total 2,995 employees worldwide.

1.1.1.4. Present in all the major mobility markets worldwide

GRI.102-6

SASB-000.B

Groupe PSA worldwide sales stood at 2.5 million units in 2020, a year impacted by the health crisis.

VEHICLES SOLD IN 2020



1,118,912



717,190



DS AUTOMOBILES

43,686



O P E L



VAUXHALL

632,687

CONSOLIDATED SALES BY REGION

Region	Vehicles sold in 2020	Vehicles sold in 2019	Sales 2020 vs sales 2019
Europe	2,123,493	3,019,729	-29,7%
Middle East & Africa	197,119	164,266	+20,0%
Latin America	95,357	135,739	-29,7%
China	45,965	108,649	-57,7%
India & Asia Pacific	32,752	35,074	-6,6%
Eurasia	17,789	15,639	+13,7%
TOTAL	2,512,475	3,479,096	-27,8%

CONSOLIDATED REVENUE AND BREAKDOWN OF TANGIBLE ASSETS BY REGION

(in millions of euros)	Europe ⁽¹⁾	Eurasia	China ⁽²⁾	India Pacific & South-Asia ⁽²⁾	Latin America	Middle East & Africa	North America	Total
2020								
Revenue	46,722	552	2,690	1,804	2,255	3,399	3,312	60,734
Property, plant and equipment	14,086	111	554	404	741	366	514	16,776
2019								
Revenue	58,758	595	2,775	2,162	3,383	3,015	4,043	74,731
Property, plant and equipment	14,048	149	654	383	799	303	586	16,922
2018								
Revenue	58,007	557	2,787	1,838	3,842	2,802	4,194	74,027
Property, plant and equipment	12,151	122	541	141	651	166	364	14,136

(1) of which France:

(in millions of euros)	2020	2019	2018
Revenue	14,780	17,037	16,306
Property, plant and equipment	6,663	6,586	5,991

(2) From January 1, 2020, ASEAN joined India Pacific and Asia area. Amounts presented as at December 31, 2018 and December 31, 2019 take into consideration the following reclassifications of markets: shift of Malaysia, Taiwan, Vietnam & various asian importers markets's from Asian area to India Pacific area. The headings of the geographical area have been updated accordingly.

Detailed information is available in the Stellantis N.V. Consolidated Financial Statements and Management's Discussion and Analysis of Groupe PSA for the year ended December 31, 2020.

1.1.1.5. Operational efficiency: a prerequisite for financial security, investment capacity and implementation of the Group's strategy

Operational efficiency translates to all areas of the business:

- efficiency of R&D resulted in productivity improvement of 7.6% in 2020;
- production cost savings in Europe reached €119 per vehicle in 2020 (taking into account compliance with Euro 6 standards, raw materials and air freight prices evolution);

- fixed costs have also been streamlined to return to best practice levels. For example, in real estate, built square meters of all sites within the Groupe PSA perimeter were reduced by 11% between 2018 and 2020.

Operational efficiency is a way for the Group to demonstrate its responsibility through the way in which it runs its business activities. Its purpose is to provide financial security, which is essential for the Group to implement its global strategy.

R&D EFFECTIVENESS

Key figures	2018	2019	2020
R&D expenses* (total expenditure)	€3.9 billion	€ 4.3 billion	€3.7 billion
Number of employees assigned to R&D	18,700	15,500	15,100
Number of R&D centres	9**	10**	10**
Number of patents published in France (INPI)	1,074	1,183	1,239
Number of academic chairs	4	3	3
Number of OpenLabs	19	17	17
Proportion of Group scientific research conducted in the OpenLabs (excluding China)	between 15 and 20%	between 15 and 20%	between 15 and 20%

* Automotive Division and Faurecia.

** Including joint ventures PCMA & DPCA.

As part of the Push to Pass plan, the Group committed to keeping annual R&D and CAPEX budgets between 8% and 9% of the revenue of the Automotive Division to enable it to develop structuring projects.

To meet these strategic ambitions, R&D must become more efficient and expenditure must be thoroughly optimised throughout the R&D value chain, from the innovation phases right through to manufacturing and the throughout vehicle's lifetime. **Management of the DRIVE (Development Research Innovation and Value Enhancement) performance plan aims to deliver 5% of productivity per year.**

The key factors to achieve this objective were:

- Digital Validation Boost, a project that aims to strengthen digital validation, thereby reducing physical validation and leading to lower costs and quicker time to market. The Digital validation Boost project generated 60.3M€ savings since 2018;
- complexity reduction, leading to a 40% reduction in the number of references on developing vehicles compared to the current situation;
- arranging R&D subcontracting around the core suppliers of engineering services and undertaking cost improvement measures with each of them (gains = €25 million in 2020);
- optimising campus-estate of R&D (-50 % from 2013 to end 2020).

FINANCIAL SECURITY

(in millions of euros)	12/31/2019	12/31/2020
Cash and cash equivalents	17,379	22,303
Other non-current financial assets	652	721
Current financial assets & financial Investments	1,319	601
Financial assets excluded from financial security ⁽¹⁾	(145)	(404)
TOTAL CASH & FINANCIAL ASSETS	19,205	23,221
Credit lines (undrawn) – excluding Faurecia	3,000	6,000
Credit lines (undrawn) – Faurecia	1,200	1,339
TOTAL FINANCIAL SECURITY	23,405	30,560

(1) Financial assets excluded from Financial security correspond to 1) €145 million of financial assets from re-insurance activity in 2019 and 2) €404 million of financial assets from re-insurance activity and social housing and loans given to employees in 2020.

Financial security is made up of available cash, other readily available financial assets and undrawn credit lines.

1.1.1.6. Choosing a core Technology Strategy to meet customers' expectations

The Group identifies and develops **the most cost-effective technical solutions for its customers, to meet all of their sustainable mobility needs**. It combines:

- a market approach segmented by region and by the type of usage, expectations and budget of its customers, to whom it offers the most carbon-neutral solutions;

- a cross-functional approach based on a portfolio of technologies that can be rolled out on a global scale so as to capitalise on R&D investments through high production volumes and offer a broader response to environmental and public health challenges (because climate change can only be tackled effectively and air quality can only be improved through mass-market adoption of the most efficient technology).

Its Technology Strategy enables Groupe PSA to provide concrete technological responses to some of its CSR issues:

R&D Technology Strategy: two axes and their contribution	Relative strategic CSR issues
1 - CLEAN TECHNOLOGIES Clean technologies contribute to market cars that address environmental and health issues, especially through the following levers: <ul style="list-style-type: none"> • Electrified technology programmes with the launch of plug-in hybrid vehicles and electric vehicles to electrify up to 50% of the range by 2021 and 100% by 2025 (the Group will offer an electrified powertrain for each series); • Best-in-class powertrains in terms of emissions; • Multi-energy platforms in flexible plants: LEV and ICE on the same line; • Fuel cell fleet in operation with selected B2B customers. 	<ul style="list-style-type: none"> • Vehicle CO₂ emissions (see 2.3) • Vehicle impact on air quality (see 5.2)
2 - THE AUTONOMOUS CONNECTED VEHICLE The development of autonomous and connected technologies will contribute offering ever-increasing levels of safety, through: <ul style="list-style-type: none"> • Technology that allows users to stay permanently connected while on the move; • The continued deployment of driving assistance systems (ADAS) foreshadowing the autonomous vehicle. 	<ul style="list-style-type: none"> • Vehicle safety (see 5.1)

Innovation and its protection have been in the Group's genes since its inception. This human and intellectual capital is the Group's wealth: innovation ensures a genuine potential for differentiation on a market which is highly demanding and constantly changing. It enables the Group to set itself apart from the competition and to invent the vehicle of tomorrow.

Groupe PSA has consolidated a high-value portfolio, which is protected by industrial property rights, including a large number of patents. In 2020, Groupe PSA had 1,239 new patents

published in France (INPI). This high number of patents is a testimony to the Group's unwavering commitment to protecting and enhancing its innovations.

1,239

new patents published in France in 2020








1.2. CSR IN THE VALUE-CREATION MODEL

1.2.1. Risks and opportunities in all areas of CSR as they relate to future financial performance and long-term prospects GRI.102-11 DPEF.B

1.2.1.1. Risks in view of the key trends for the automotive industry over the next few years GRI.102-15 GRI.102-46 GRI.102-47 GRI.102-49 GRI.201-2

The Group has identified macro-risks that it must address in accordance with the UN Sustainable Development Goals. In light of the Group's activities, each macro-risk can be broken down into a number of CSR issues. In this report, the Group outlines its response to each of these issues and the strategies that it plans to apply.

CSR MACRO-RISKS AND CSR ISSUES OF GROUPE PSA

7 CSR macro-risks		23 linked CSR issues
Bringing a tangible impact on climate change 	<i>Climate change requires a global response, which includes designing vehicles with lower CO₂ emissions, reducing the carbon impact of manufacturing facilities, logistics and purchasing, and putting in place measures to offset carbon.</i>	<ul style="list-style-type: none"> • Vehicle CO₂ emissions (see 2.3.) • Energy/industrial carbon footprint (see 2.4) • Environmental performance in the supply chain: purchasing and logistics (see 2.5.)
Driving the Group's transformation through the development of human capital 	<i>In an evolving context for the automotive industry's working framework (automation, digital transformation etc.) the Company's competitiveness should be based on a wide pool of talent, social dialogue, the well-being of employees and occupational safety.</i>	<ul style="list-style-type: none"> • Management of company transformations and social dialogue (see 3.1.) • Attracting and developing all talent (see 3.2.) • Health, safety and well-being in the workplace (see 3.3.) • Diversity and equal opportunity (see 3.4.)
Meeting customers' expectations on quality, mobility solutions and data privacy 	<i>In response to travel policies and urban constraints, car manufacturers must provide fresh ideas by developing new mobility solutions suited to every mobility need, based on high-quality products and services and flawless customer relationship management.</i>	<ul style="list-style-type: none"> • Vehicle and service quality – customer satisfaction (see 4.1.) • Development of new mobility solutions (see 4.2.) • Responsible management of customer data and the customer relationship (see 4.3.)
Preparing for growing societal expectations on health and safety 	<i>In response to increasing concern in society about the effects of products and industrial processes on our health, car manufacturers must demonstrate their ability to reduce the impact of their activities and make their products stand out from the crowd in terms of vehicle safety.</i>	<ul style="list-style-type: none"> • Vehicle safety (see 5.1.) • Vehicle impact on air quality (see 5.2.) • Control of industrial discharges and nuisances (see 5.3.) • Protection of natural environments and biodiversity (see 5.4.)
Ensuring protection of human rights and preventing ethics violation 	<i>The automotive industry must anticipate national and international regulations being tightened, such as regulations related to conflict minerals, the balance and integrity of business relations, the due diligence of major companies as well as consumer protection.</i>	<ul style="list-style-type: none"> • Ethics in business practices (see 6.1) • Human rights in the supply chain (see 6.2.) • Responsible information and marketing (see 6.3.)
Implementing responsible use of natural resources 	<i>In an era characterised by a shortage of natural resources, reducing the dependency on water and raw materials is both a question of responsibility towards the environment, as well as being crucial for the Company's sustainability.</i>	<ul style="list-style-type: none"> • Wise use of material in the vehicle life cycle (including product recycling) (see 7.1.) • Optimisation of material cycles in industrial processes (including waste) (see 7.2.) • Sustainable water management (see 7.3.)
Supporting a balanced economic development of territories 	<i>Faced with growing inequality in the economic development of the regions, it is vital to focus on redistributing the value created by the companies in the local communities in which they operate.</i>	<ul style="list-style-type: none"> • Local sourcing development in host territories (see 8.1.) • Balanced governance and distribution of added value (see 8.2.) • Philanthropy and socially responsible mobility (see 8.3.)

Focus: potential threats to the business model

Car manufacturers are having to rethink their business model. They need to address the following questions:

- Which low-carbon plan to adapt to the climate crisis? (Risks related to climate change and their financial impacts are detailed in 2.1.1.) New “low-carbon” mobility solutions are new sources of revenue, operational efficiency and technological innovation, therefore enhancing the image and value of the Group’s brands.
- how can tier 1 suppliers, who have become huge global players, play a part in risk management in the areas of environmental issues and human rights and be vigilant within their own subcontracting chain?
- what strategic alliances can be formed between partners in different industries – such as geolocation – so that ecosystems can be developed that are conducive to the connected vehicle? How can the accident data transmitted by vehicles be used to improve road safety and be of benefit to the Company?
- who will our customers be, and how will they use vehicles in view of:
 - the major changes resulting from the transition from an ownership economy to a rental economy,
 - the autonomous car revolution (according to an international study by KPMG, fully autonomous cars could represent 10% of car sales by 2035, or 12 million vehicles a year, and a market of \$42 billion by 2025),
 - the major changes linked to the fall in average disposable income in a large number of developed countries: total cost of ownership (TCO) is now a key factor in the decision-making process for car buyers. Apart from the costs of financing the purchase, the TCO of a vehicle is closely correlated to its environmental performance and quality: energy consumption; taxes on vehicle CO₂ and pollutant emissions; estimated resale value, which depends on the brand image and reputation of the model in terms of quality; insurance costs, which are linked to safety performance and increasingly to environmental performance,
 - the major changes resulting from restrictions on vehicle access to city centres: for example, the initiative of the C40 Cities Climate Leadership Group, formed in 2005 and covering more than 90 cities around the world – including Paris, Beijing, Sao Paulo and Moscow – to launch an appeal for innovative urban projects by encouraging investment in schemes to build sustainable and resilient cities.

CSR risk management approach

Given its determination to take corporate social responsibility into account in all its decisions and activities, the Group takes the same approach to managing CSR risks as it does for its other risks. All Group risks and associated control procedures are described in section 1.5. of the Group’s 2019 Universal Registration Document.

The Group has therefore adopted a risk management approach focusing on “top risks”, which aims to identify, assess and address the most material risks that the Group is exposed to (for details of this approach, see Chapter 1.4 of the 2019 Universal Registration Document). This approach fully covers

the major CSR risks, such as emissions-related risks, supplier risks, industrial risks, environmental risks and workplace health and safety risks. To complement this approach, the identification, evaluation and handling of less material risks are assumed by the operating entities within the Group’s various divisions, both in France and abroad, either using the division’s own risk management procedures, the crisis management process, the internal control procedures or any other ad hoc operational process.

CSR risks are identified in the relevant sections of the CSR report. For example, ethical risks and the associated risk management procedures are described in section 6, purchasing risks in sections 2.1.1, 4 and 6 and so on. A risk overview can be found in Chapter 1 of the 2019 Universal Registration Document.

Like other aspects, the CSR categories are subject to internal control and are specifically included in the Group’s Internal Audit plan.

1.2.1.2. Groupe PSA strategic decisions in response to risks

All of the economic, sociological, regulatory, environmental and societal aspects described above pose a challenge for the automotive industry. To meet this challenge, each actor must rethink its value-creation model. While this entails some risk, Groupe PSA views it as an opportunity. Its Push to Pass strategic plan effectively illustrates its decision to update:

- its innovation processes: the traditional co-design process with suppliers is supplemented by taking a stake in or forming agile alliances with startups, which can now afford to test disruptive solutions in their beta version and correct them as required. Groupe PSA has set up a €100 million investment fund for startups, and has already announced partnerships in fields such as mobility and data (see 2.3.1.);
- its design and engineering processes: environmental and social responsibility throughout the entire life cycle requires special vigilance with regard to hazardous materials, pollutant emissions and rare earths. Groupe PSA has long deployed an eco-design approach. It is actively involved in the circular economy through managing its products’ end-of-life cycles (see 7.1.);
- its production processes: the Group is increasing its use of standardised modules and platforms. Similarly, to reduce its carbon footprint, the Group is taking steps to reduce the energy intensity of its processes and increasingly switch to using renewable energy sources. It is also looking at production processes based on disruptive technology (e.g. 3D metal printing in partnership with Divergent). (see 2.4. and 7.2.1.);
- its marketing processes: digital tools are radically altering the relationship between brands and customers, while new actors are emerging as key influencers and are shaping consumer opinion. The Group invests heavily in customer relationship management (CRM) and is present in the customer information market (investing in Autobutler in 2016, an online quotation site for vehicle repairs) (see 7.1. and 4.2.);
- its work arrangements and talent management: collaborative working methods, agile project teams, remote working, integration of digital technology in the business lines, etc. (see 3);

- its products: development of plug-in hybrid petrol-electric powertrains; the need to improve the performance of electric vehicle batteries; downsizing; active monitoring of the development of new energies (hydrogen, fuel cell, new biofuels, etc.); the need to protect vehicles, passengers and other stakeholders not only from road safety risks, but increasingly from cybercrime (see 2.1. and 3.1.);
- its locations in order to support its sales development in emerging markets such as Africa or Asia (Morocco, Algeria, Malaysia). At the same time, it is boosting the competitiveness of its production plant in countries where markets are stagnating or declining;
- its stakeholder communication: transparent, reliable information is key to the Group's stakeholder dialogue. Financial and non-financial reports are published in conformity with leading global standards after being audited by third parties. In November 2015, PCD took the initiative in publishing its real-world vehicle consumption, in association with the environmental NGO Transport & Environment (see 2.3.2.1. and 3.2.);
- its risk management: technological advances and international expansion mean that data protection systems must be constantly updated, in addition to reputational and legal monitoring to ensure an immediate response to threats. Investors increasingly measure the financial consequences of risk management. Groupe PSA has raised its game in internal control to provide an efficient and structured response to the risks it is exposed to, whether regulatory, consumer, financial, climate or cybercrime-related (see 1.4.3.).

1.2.1.3. Stakeholder dialogue to anticipate risks and create opportunities

GRI.102-29 GRI.102-40
GRI.102-42 DPEF.15 DPEF.32

Raising our levels of mutual understanding

The Group – a core player in the local economies where it operates – has maintained solid relations with all of its stakeholders for many years.

Effective dialogue means that it can gradually raise the mutual level of understanding and knowledge of Groupe PSA and its stakeholders in key areas. This paves the way for the **joint development of efficient solutions**.

The experience gained through these relations allows the Group to **better identify company, environmental or economic issues and risks**. Continuously monitoring the changing expectations, needs and limitations of society allows for better mutual understanding. The advantages of this system are that it makes it **easier to prevent risks** and conflicts and helps the Group adapt to sociological and technological changes taking place within society.

By maintaining open lines of communication with stakeholders, the Group ensures that its most material issues are well identified and that actions are effectively engaged both to reduce the negative effects of its operations and to develop opportunities for value-creation around these areas.

The Group's financial performance is underpinned by decisions that are informed by the expectations and needs of stakeholders who, directly or indirectly, influence and sometimes shape its activities.



In 2018, the Group's Chairman of the Managing Board started a series of one to one dialogues with high level experts on the **seven megatrends that will shape the future of mobility**, of which climate change, sharing economy, connectivity etc. The aim of these dialogues is to help building the future strategic plan of the Company. All dialogues are filmed to be transparently brought to the public.

The seven interviews of this initiative are available on the **flipbook #aCoffeeWithCarlosTavares**:
<http://www.groupe-psa.com/dialogue7megatrends/en/>

The dialogue between Carlos Tavares and the civil society has continued, in a different form, around the following theme: **“freedom of movement in a zero-carbon world”**. To deepen the societal debate on this theme, Carlos Tavares has agreed to answer questions from *Politique Internationale* in a Special Issue that broadens the topic of mobility beyond individual transportation and questions current modes of consumption. This Special Issue offers a cross-eye view, thanks to 6 interviews with renowned and legitimate personalities, with different profiles, bringing complementary viewpoints providing a comprehensive approach to the subject.

Read the interviews: <https://politiqueinternationale.com/magazine/n170-freedom-of-movement-in-a-zero-carbon-world/special-issue>

A policy for ongoing dialogue

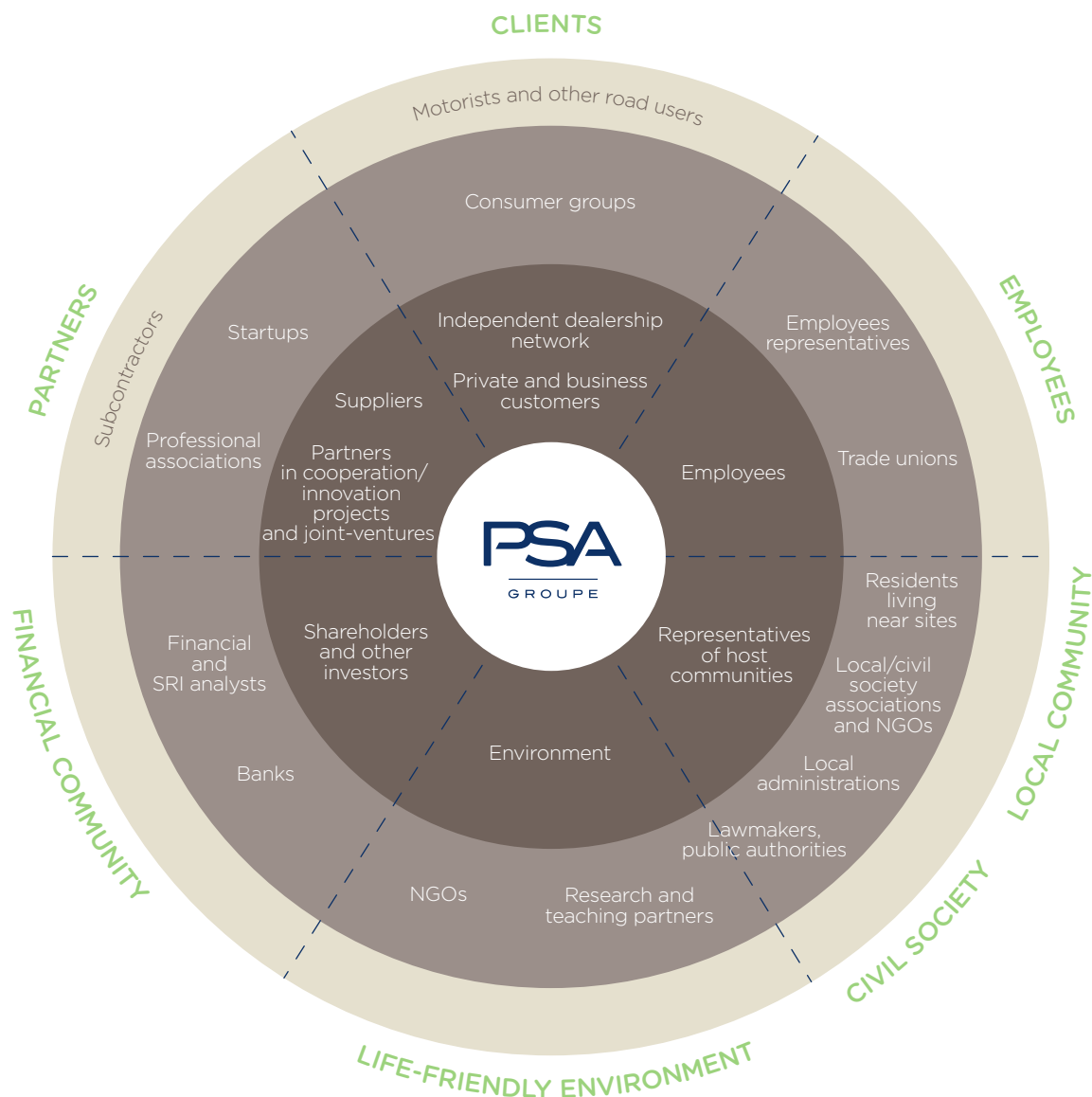
The Group's business activities have an impact on the decisions of a large number of stakeholders, both internal and external. **The Group has identified its main stakeholder categories. They are mapped below by type and by the importance of their interactions with the Group. The outermost circle includes the stakeholders with whom the Group is in contact for operational purposes on a day-to-day basis.**

The Group manages its relations with these different partners by maintaining continuous dialogue aimed at mutual understanding and the promotion of concrete actions.

It is by ensuring responsible dialogue with its stakeholders and engaging with them at the local and global levels that the Group is best able to identify its most material CSR issues, remain attentive to concerns and propose solutions.

The entire list of stakeholders was drawn up by staff in each of the Group's business lines on the basis of their day-to-day activities and the interactions involved.

MAPPING OF GROUPE PSA STAKEHOLDERS



Tools for dialogue set up by Groupe PSA

Groupe PSA has established opportunities for dialogue that is specific to each type of stakeholder, providing a forum for ongoing discussions about all of the issues raised by the parties concerned. The main types of dialogue are detailed in section 9.2 of this report, which specifies the type of discussion (information, debate, partnership) that takes place.

These regular discussions with stakeholders constitute a benchmark for the Group's CSR ambitions. They provide the content for the action plans launched by the Group. Examples of dialogue can be found throughout this report, and are located in the dedicated boxes.

1.2.2. Groupe PSA CSR issues mapping GRI.102-15 GRI.102-29 GRI.102-32 GRI.102-49 GRI.203-2

23 CSR issues covering seven macro-risks (see 1.2.1.1.) are considered to be material by Groupe PSA experts and stakeholders. According to the Global Reporting Initiative (GRI), material issues “are those that reflect the organisation’s significant economic, environmental and social impacts or substantively influence the assessments and decisions of stakeholders”.

These issues are described in the relevant sections of this CSR report, with an indication for each one of whether its impacts are internal, external or both.

The CSR risk assessment was the first step in the process which led to CSR issues being assessed according to two main focus areas: the impact of the issue on the Company’s financial performance, and the level of stakeholder expectations. The

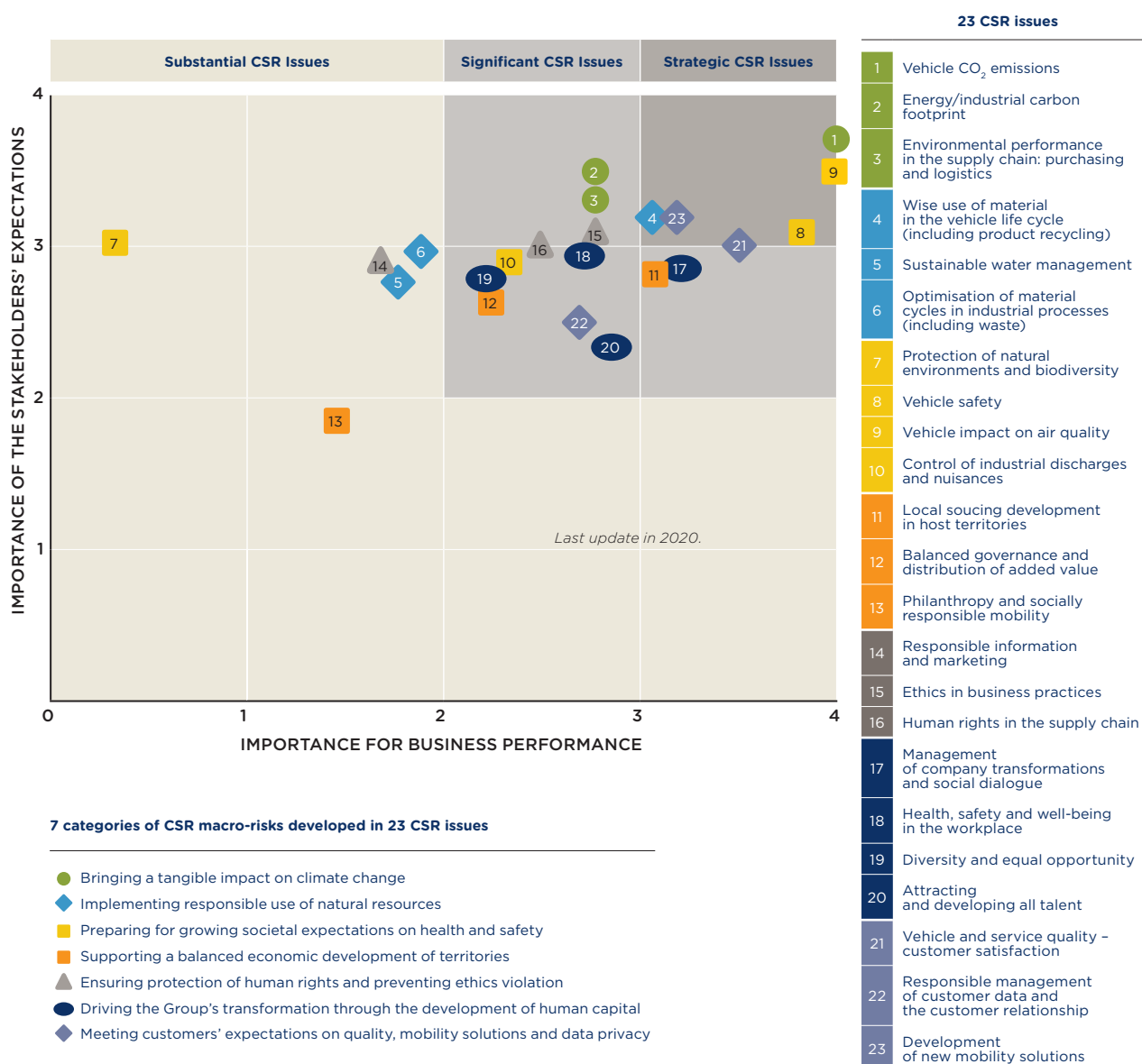
materiality matrix of the issues, presented below, puts the issues which are most strategic for the Group into perspective. For this mapping of its CSR issues, the Group followed the guidelines of the GRI.

The method used to prepare and update the materiality matrix is described in section 9.4.2 of this CSR report.

Once a year, as part of the process to update the CSR report, the Group’s CSR issues are reviewed and validated by the Executive Committee, before being presented to the Supervisory Board.

For each issue, the Group adopts measures proportionate to its position in the materiality matrix. These measures are described in the various sections of this CSR report.

GROUPE PSA MATERIALITY MATRIX



1.2.3. Groupe PSA value-creation model DPEF.A

1.2.3.1. A Groupe PSA choice: responsible management of tangible and intangible capital for sustainable growth

Everyone in society needs to collaborate and take meaningful actions to address the complex challenges of lasting development effectively, and businesses cannot avoid these issues.

The Group relies on continuous dialogue with its various stakeholders (customers, suppliers, legislators, etc.) to build long-term responses to a number of economic, environmental, social and societal issues (see “Stakeholder Relations” boxes in the chapters on each topic).

The strategic choices emerge in the course of this dialogue.

To increase the positive impacts and reduce the negative impacts of its activities throughout the value chain, the Group takes specific actions on each of the CSR issues that affect it.

These actions are designed to maintain or develop the Group’s environmental, relational, financial, human, industrial and intellectual capital. This is effectively a reservoir of value that, through its activities, the Group taps for the benefit of its stakeholders.

1.2.3.2. Responsibility in the value-creation model

The Group’s value chain, presented below, embraces a holistic, material and transparent approach to its growth model. Non-financial performance boosts financial performance and allows the Group to create value for stakeholders (see 1.3.3.).

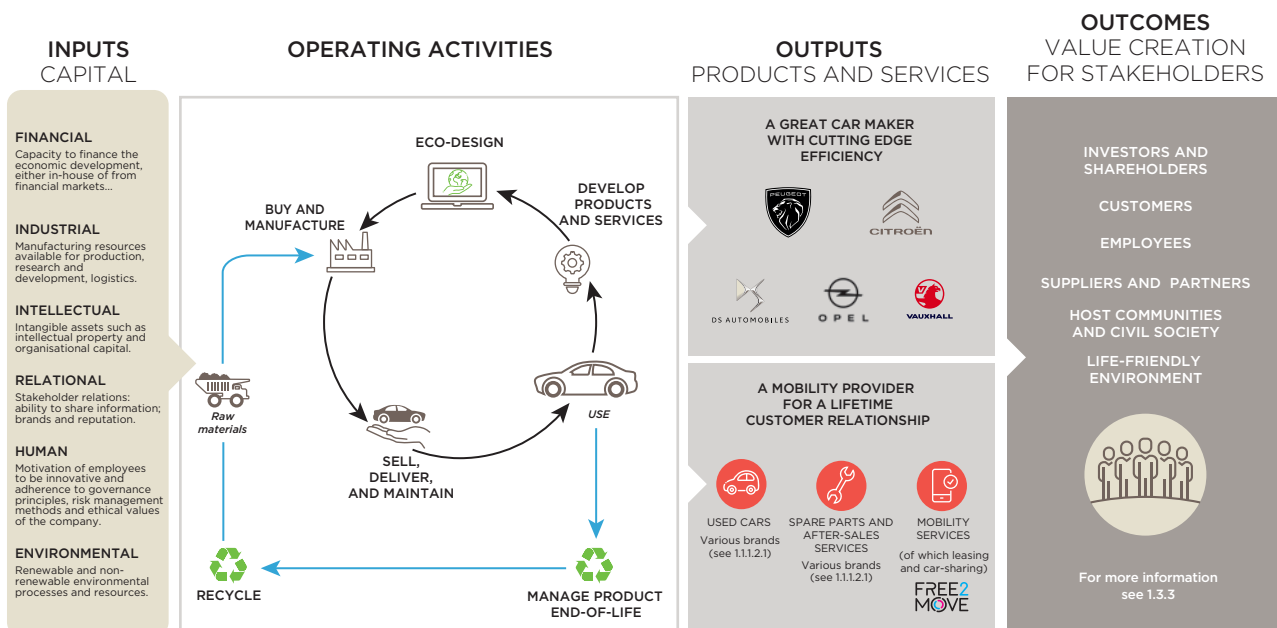


“Integrated Thinking by Groupe PSA” video:

<https://www.groupe-psa.com/en/automotive-group/groupe-psa-creator-shared-sustainable-value/>

The Group’s growth model is illustrated by the “impact measurement and economic assessments” performed for each strategic CSR issue and published in sections 2 to 8 of this report.

GROUPE PSA VALUE-CREATION MODEL



1.3. TRANSPARENCY AND CSR COMMITMENT: TANGIBLE RESULTS FOR THE GROUP AND ITS STAKEHOLDERS

1.3.1. The Group's CSR policy

For Groupe PSA, lasting development and financial performance depend on **responsible and transparent business conduct**. The Group has defined its Corporate Social Responsibility programme based on this principle, in line with the UN Global Compact which it joined in 2003. This CSR policy, which is the result of **ongoing dialogue with stakeholders** and is reflected in its **public commitments**, guides the Group's approach to its strategic challenges. It is based on three pillars: sustainable mobility; the economic development of host communities; and the implementation of innovative, thoughtful social practices focused on the individual.

Sustainable mobility

As a technological pioneer, Groupe PSA is demonstrating its social responsibility by developing a portfolio of mobility services in response to the changing expectations of its stakeholders, whether they are consumers or host communities. Its strategy is to have a presence in all mobility segments.

With this in mind, it applies its **innovation** resources to reducing the environmental impacts of transport. Its core strategy is to introduce the most **efficient technology on as many vehicles as possible**, spearheading the fight against pollution and climate change.

From the design and manufacturing stages, Groupe PSA is committed to **optimising the use of resources** by incorporating green or recycled materials into its vehicles to make them recyclable, and **reducing the environmental footprint of its production plants and dealership networks** in terms of energy, water and waste.

Vehicle use represents the bulk of emissions. Therefore, the Group:

- extensively equips its ranges with efficient, **low-carbon** clean tech to preserve **air quality**, and sells best-in-class combustion vehicles alongside its hybrid and electric cars;
- is developing a range of connected and mobility services in response to changes in **customer** behaviour and expectations.

Through dialogue with civil society, the Group is inventing the transport of the future by incorporating digital into vehicle DNA and installing driver assistance systems to improve safety and traffic flow, foreshadowing the **autonomous vehicle**.

Economic development of host regions

The Group's activities have a considerable economic and social impact on their host communities and Groupe PSA is mindful of the responsibility this entails. As such:

- it selects **suppliers** that are as close to its production plants as possible and that meet its **strict social and environmental standards**. By acting responsibly to increase the percentage of local purchases, the Group is demonstrating that its operations contribute towards the **sustainable economic development** of its host regions and countries;
- it supports the least privileged members of society through its Corporate Foundation, which funds mobility-based inclusion and access to education. It is a testament to the Group's **commitment to serving its host communities**.

Harnessing talent and paving the way for success

Groupe PSA economic and social performance are intrinsically linked. It is a question of channelling energy to succeed. The Group prioritises the relationship with its employee representatives to define innovative solutions and **foster trust and commitment**. Since 2010, to support the Group's internationalisation and effectively implement its social commitments, it has relied on a frame of reference: the Global Framework Agreement on Corporate Social Responsibility.

At each of its sites, Groupe PSA applies the principles of this agreement in response to employee-related issues. The Group:

- draws on its mature relationship with employee representatives and its philosophy of working together to share its strategy and provide secure career paths for its employees via negotiated provisions and close support;
- confirms the need to **ensure workplace health and safety** and to develop workplace well-being;
- sees **talent development** and expression as the cornerstone of its strategy;
- ensures **equal opportunity** based on merit;
- extends its commitment to **uphold fundamental human rights to its suppliers and partners**;
- invites each employee to abide by its **Code of Ethics** and rules of professional conduct.

Groupe PSA regards its CSR policy as a collective and individual endeavour, which ensures that the principles of Corporate Social Responsibility are embedded into each business decision.

1.3.2. CSR commitments and roadmaps: Groupe PSA, an “impact player”

The CSR programme reflects the active commitment of Groupe PSA to understand and address each of the 23 issues identified. This mission is fully in keeping with the Group's ambition to ensure responsible development.

For each issue, the Group undertook a commitment and set a target so as to lay out a specific path towards its goal while monitoring its progress, and the level of achievement against each target is published in the Group's annual CSR report. The Group's commitments have been defined jointly by the Sustainable Development Delegation and the departments concerned. Until 2019, the level of progress for each commitment in its roadmap used to be presented transparently in a scoreboard at the start of each section in the CSR report.

In 2018, based on its already-published medium-term 2025 CSR commitments, Groupe PSA has decided to publish its long-term CSR roadmap detailing ambitions for 2035 and beyond in order to give all stakeholders a clear vision of its strategy.








The 23 CSR commitments cover all aspects of the Group's social responsibility, including management of human resources, social dialogue, equal opportunities and diversity, ethics, manufacturing environment, environmental impact of products, procurement policy, sponsorship, etc.

These commitments have been the concrete results of the Group's CSR approach and were constituting its roadmap in these areas.

Actions to maintain or revise the CSR roadmap are initiated by members of the Executive Committee, depending on their area of responsibility.

Strategic CSR issues are shown in the table below. These commitments were monitored by the Group's Executive Committee and were presented to the Supervisory Board.

THE GROUP'S AMBITIONS FOR STRATEGIC CSR ISSUES BY 2035

 MACRO-RISKS	 STRATEGIC CSR ISSUES	 AMBITIONS 2035
Bringing a tangible impact on climate change 	Vehicle CO₂ emissions Organiser: EVP Programs and Strategy	Given the merger with FCA, the previous Groupe PSA CSR ambitions are not applicable to the Stellantis scope. Actions to maintain or revise the CSR roadmap are initiated by members of the Executive Committee, depending on their area of responsibility. The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues. In 2021, the Stellantis teams will start converging on operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.
Preparing for growing societal expectations on health and safety 	Vehicle impact on air quality Organiser: EVP Research and Development	
Meeting customers' expectations on quality, mobility solutions and data privacy 	Vehicle safety Organiser: EVP Quality	
	Vehicle/service quality – customer satisfaction Organiser: EVP Quality	
Implementing responsible use of natural resources 	Development of new mobility solutions Organiser: EVP Mobility and Connectivity Services	
	Wise use of material in the vehicle life cycle (including product recycling) Organiser: EVP Research and Development	

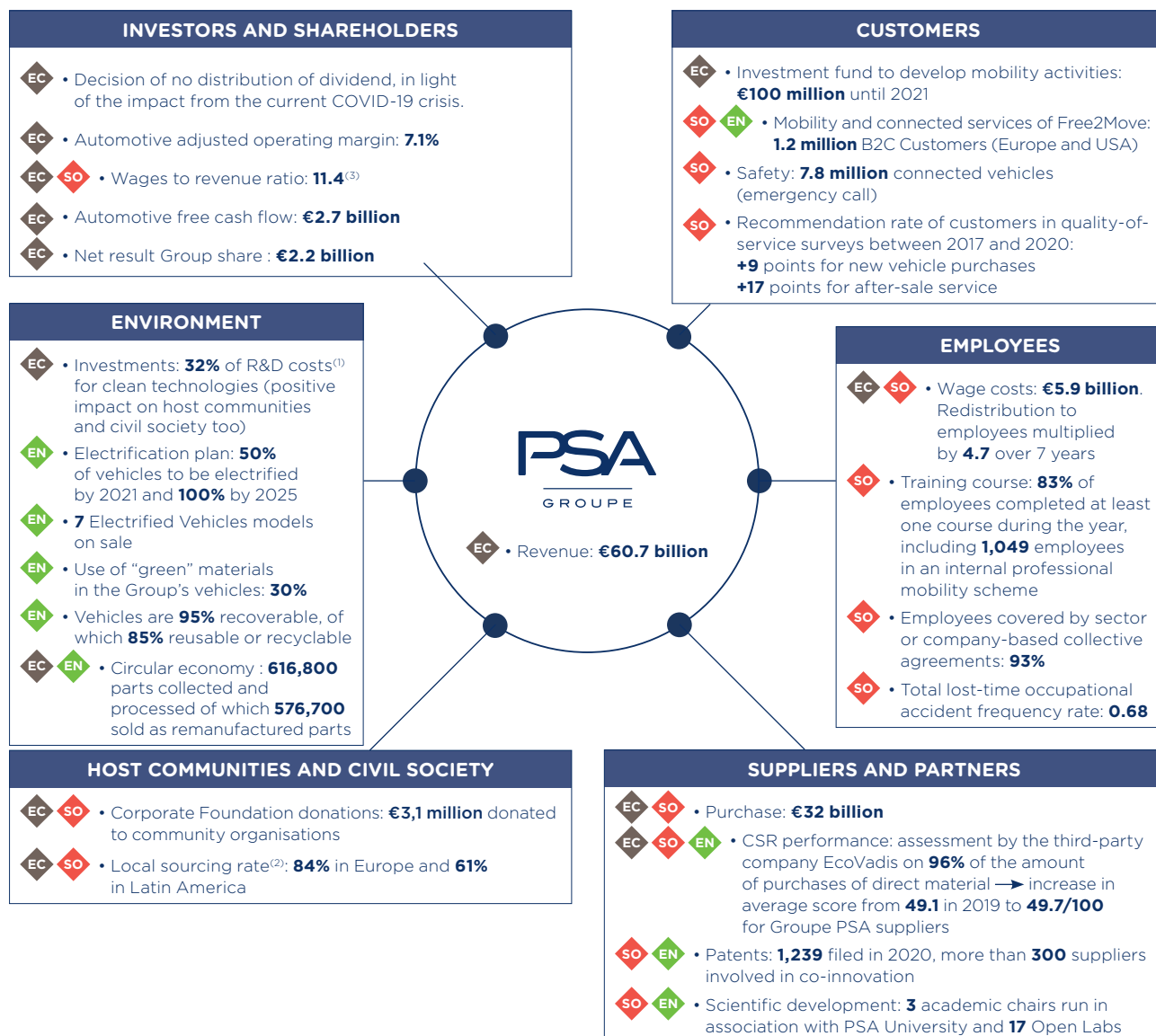
1.3.3. Tangible results for Groupe PSA stakeholders

GRI.201-1

GRI.203-2

Non-financial performance boosts financial performance and allows the Group to create value for the stakeholders who support it in the deployment of its strategy over the medium and long-term.

DISTRIBUTION OF VALUE CREATED IN 2020



Economic and financial value



Social value



Environmental value

(1) Total R&D costs: €3.6B (Automotive Division and Faurecia).

(2) Purchase of parts manufactured in the region for local production.

(3) Automotive Division excluding own dealer network.

1.3.3.1. Value created for its long-term investors

Groupe PSA priority is to secure its long-term financial performance.

The Group's strategic plan Push to Pass, unveiled in 2016, sets targets for its profitable organic growth. The operating target for the period of 2019-2021 was updated when the 2018 annual results were announced: to deliver an Automotive Adjusted Operating Margin* of over 4.5% on average in 2019-2021.

The Group is pursuing its financial performance targets through sustainable business management. For its investors, it is intrinsically linked to:

- **long-term performance** essentially based on:
 - **a stable and balanced capital structure that supports the rollout of strategic projects,**
 - **a robust strategic plan designed to meet the mobility needs of all of the Group's customers.** The Push to Pass plan has set clear targets for operational excellence and profitable organic growth. This plan is essentially based on,
 - > an unprecedented product offensive based on the deployment of the "core model" strategy and "core technologies" strategy,
 - > international expansion of the Group's activities,
 - > the development of offers and services in response to the new mobility needs of the Group's customers in areas such as used vehicles, leasing, after-sales service and shared mobility,
 - **rigorous execution:** with its 2020 financial results, the Group once again confirmed its ability to sustain its performance. In 2020, the Group reported,
 - > 2.5 million vehicles sold in 2020,
 - > an Automotive adjusted operating margin at 7.1%,
 - > €2.7 billion Automotive Free Cash Flow generated in 2020.
 - **a proven ability to form partnerships with responsible and innovative companies, including startups:** firms that are committed to tackling climate change are backed by investors who support initiatives for a low-carbon economy (e.g. the 2014 Global Investor Statement on Climate Change, or the TCFD guidelines on a three-year agenda starting in August 2018),
 - **an Internal Audit and risk management framework** which includes ESG (environmental, social and governance) risks, so as to reduce uncertainty in the long-term and capitalise on opportunities. In 2020, Groupe PSA Environmental & Social Quality Score published by Institutional Shareholder Services Inc. (ISS) was: Environment = 1, Social/Societal = 1 (scale: 1 = low risk, 10 = high risk),
- **a robust compliance and ethics system,** supported by an Ethics Committee and Compliance Officers, ensures that compliance programmes are effective in the most vital areas (competition; Anti-corruption; export control; data privacy; type approval). The system is accompanied in the day-to-day working environment by a network of trained officers responsible for implementing these programmes and monitoring their application. Under the aegis of the Group's Code of Ethics, rolled out and signed globally, this system fosters a culture of integrity within Groupe PSA and prevents ethical abuses liable to damage the Group's financial position and reputation;
- **a performance shared equally among all stakeholders** through:
 - **transparent and effective decision-making processes:** to deploy its strategic plans over the long-term, the Group long ago opted for a two-tier governance structure. This consists of an Executive Committee and a Supervisory Board whose members are chosen for their complementary experience and skills, particularly in risk assessment and CSR.
 - **taking into account the interests of stakeholders in strategic or operational decisions:** there is no special CSR body; instead, responsibility is exercised within all management or executive functions within the Company. Making CSR central to decisions and actions can significantly boost performance. It allows the Group to improve its economic and financial efficiency (reducing costs, driving innovation, creating new revenue streams, etc.), safeguard the value of its assets, manage risks more effectively – whether they are environmental, legal, financial, social or reputational – and protect its value and sustainability in the medium to long-term,
 - **a compensation policy for corporate officers** and members of the Managing Board **based on performance and a long-term view of the Company,** subject to the approval of the Shareholders' Meeting,
 - **the protection of shareholders' rights, including the views of minority shareholders.** Shareholders who meet the legal and regulatory requirements may apply to have specific items or draft resolutions added to the agenda by submitting them to the Company's registered office, as described in the Notice of Meeting. All draft resolutions are published on the Group's website. Electronic online voting has been in place since the 2016 Shareholders' General Meeting,
 - **ensured fair access to information to allow informed decision-making:** for Groupe PSA, exercising its responsibility towards its investors and shareholders means ensuring them access to key information so they can make fully-informed decisions. Firstly, the fairness of the financial and non-financial data published is certified by third-party auditors. Secondly, the Group is fair and transparent in providing the strategic plan (presentation of the Push to Pass plan which has been published on the Group's website), financial data and CSR commitments and performance to all relevant parties, which show that the long-term risks have been properly considered.

* Adjusted operating income related to revenue for the Automotive Division.



Since 2018, in order to present standardised CSR information for a better comparison between companies of the automotive sector, Groupe PSA has implemented SASB Transportation standard and is the first carmaker that has committed to implement the recommendations of the Task Force on Climate-related Financial Disclosures: <https://www.fsb-tcfd.org/tcfd-supporters>.

- a sustainable dividend policy: On May, 13, 2020, the board of directors of Fiat Chrysler Automobiles N.V. and the managing board of Peugeot S.A. decided not to distribute an ordinary dividend in 2020 related to fiscal year 2019, in light of the impact from the current COVID-19 crisis.

The Group has demonstrated its sustainability by being included in various specialised socially responsible investment indices. The Group's ESG performance as scored by non-financial ratings agencies is presented in the table below.

Index	Rating agency	Latest evaluation of Groupe PSA
	FTSE RUSSELL: The FTSE4Good index is designed to measure the performance of companies with solid ESG practices.	Groupe PSA remains listed in the FTSE4Good index (in the "Automobiles & Parts" category).
	VIGEO-EIRIS: The Vigeo-Eiris indices group together companies with the best ESG ratings. They provide global and regional indices with the most advanced companies in the zone.	Groupe PSA is sector leader and remains listed in the four indices World 120, Eurozone 120, Europe 120 and France 20 . Groupe PSA was the only car manufacturer in the Vigeo World 120 in December 2020.
	CDP: CDP is a global non-profit for environmental impact assessment. It assigns companies a rating for their action on climate change based on a publicly-disclosed methodology updated each year. CDP also recognizes companies for their actions and strategies to reduce emissions and manage climate risks in their supply chain.	Groupe PSA is highlighted as a global leader on corporate climate action and has received the score of A- for Climate Change . It also has been maintained on the Supplier Engagement Leaderboard
	SAM/STANDARD & POOR'S: SAM and S&P Global jointly compile the Dow Jones Sustainability Index (DJSI) for the New York Stock Exchange. This index selects the top 10% of the most successful companies in each sector on the basis of economic, environmental and social criteria.	Groupe PSA remains listed in the DJSI World, among the leaders of the automotive industry .
	SUSTAINALYTICS: The STOXX Global ESG index includes a representative sample of leading global companies in terms of environmental, social and governance criteria. It is made up of the following sub-indices: STOXX Global ESG Environmental Leaders, STOXX Global ESG Social Leaders and STOXX Global ESG Governance Leaders.	Groupe PSA remains listed in the STOXX Global ESG Leaders index .
	ISS ESG: This is a sustainable development rating agency that awards Prime status to those companies that, according to ISS ESG corporate rating, are among the leaders in their industry and that meet industry-specific minimum requirements and fulfil ambitious absolute performance requirement.	Groupe PSA was awarded Prime status in the rating compiled by ISS ESG, maintaining its position as a co-leader of the automotive industry .

CREATING SHARED AND LASTING VALUE

Transparency and CSR commitment: tangible results for the Group and its stakeholders

1.3.3.2. Value created for customers

Groupe PSA CSR policy makes customers central to the Company's processes. It offers them:

A RELATIONSHIP OF TRUST BUILT ON TRANSPARENCY

In order to provide its customers with the best information, Groupe PSA announced a **unique initiative in November 2015**: customers were granted access to an **independent and certified measurement of their real-world fuel consumption**.

It has **joined forces with two NGOs** – Transport & Environment (a European environmental association dedicated to the development of a sustainable transport policy) and *France Nature Environnement* (French federation of associations for the protection of nature and the environment). Together, they have developed a measurement protocol that has been certified by Bureau Veritas.

Groupe PSA is committed to **being transparent with its customers**, who can find these measurements on the Peugeot, Citroën and DS Automobiles brands' websites. Following its commitment, Groupe PSA extended this initiative to measure NO_x and particulate emissions since 2018. In 2020, the protocol has been adapted in order to measure real-world electricity consumption for BEV. This new step provides **testings aligned with real-world usage and customer expectations** regarding new electrified vehicles, and allow to maintain a coverage level of around 80% of the yearly sales.



A PERSONALISED CUSTOMER/BRAND RELATIONSHIP

Each brand defines actions to provide a **unique experience** for its customers, based on:

- **connection**: the ambition of the Peugeot brand is to be ranked as the top generalist brand, offering a best-in-class customer experience with 1,845,000 unique connected customers at the end of 2020. Peugeot is recognised for its efforts in **digitalising the customer after-sales experience**, with specific reference to the online appointment facility through the MyPEUGEOT app. The app gets top marks in car brand app rankings (4.4 on iOS and 3.4 on Android).
- **transparency and sharing**: the Citroën brand has set its sights on being one of the most recommended brands by customers. With **CITROËN ADVISOR**, it gives them the opportunity to share their customer experience. By striving for **complete transparency towards customers**, this system is certified by the French standards association AFNOR for its built-in guarantee of reliability and full disclosure of posted comments. Since the launch of CITROËN ADVISOR, the brand was rated 4.8 stars by more than 375,000 reviews from 66 countries;
- **a wealth of attentions**: the DS automobile brand is rolling out ONLY YOU, the DS customer experience programme which includes DS CLUB PRIVILEGE. It offers **exclusive experiences** to customers: tailor made events and unique benefits. Already available in 15 countries in Europe, South America and Asia, DS CLUB PRIVILEGE will be rolled out in 2021 in the rest of the world;
- **approachability and excitement**: Opel's mission is to be like a true German friend, and Vauxhall's mission is to be confidently British, both in offering the best products and services to their customers in **an approachable way**. The MYDIGITALSERVICE programme allows Opel and Vauxhall customers to receive live status updates from dealer workshops, including videos of any services due on their vehicles and approving these services via their smartphones.

MYPEUGEOT

avis clients
CITROËN ADVISOR
citroen.fr

ONLY YOU
L'EXPERIENCE DS

myDigitalService



EASY AND SHARED MOBILITY

With its Free2Move brand, the Group has pooled all of its mobility services to **facilitate customer mobility**.

For end customers:

- **simplicity**: transport solutions in the city available through **one single app**;
- **easy urban rides**: **car-sharing services** available in 4 major cities in Europe and the USA and **ride hailing services** in 150 countries;
- **practicality**: short-term car hire service of all Groupe PSA vehicles through **a single online platform**;

For corporate customers:

- **efficiency and easy monitoring**: **optimisation solutions** for fleet managers and employees' mobility;
- **à la carte service**: long-term leasing solutions with **a complete range of services**.

FREE2 MOVE

TRAVELLING IN VEHICLES IN LINE WITH THE HIGHEST QUALITY AND SAFETY STANDARDS IN ALL MARKETS

Groupe PSA products are designed to meet customers' requirements on quality and safety which cannot be addressed separately given the long lifespan of vehicles:

- **long-lasting quality**: reliability, durability, ability to repair (availability of spare parts), comfort and preserved aspect are major **criteria closely monitored** in the development process of any new vehicle;
- **safety for all**: safety of each individual road user has always been the top priority for Groupe PSA. The focus is on technologies with a proven ability to make cars safer (including intrusion prevention and cyber security threats) at an affordable cost for the largest number of users. Safety devices (i) prevent accidents, (ii) protect people in the event of an accident, (iii) alert the emergency services and provide assistance. **The Group's vehicles are ranked among the best on the market.**

In December 2020, Groupe PSA won the 2021 **International Van of the Year Award** (IVOTY), for Peugeot e-Expert, Citroën ë-Jumpy, Opel Vivaro-e and Vauxhall Vivaro-e, the **first Full Electric vehicles** in its LCV range. They benefit from the **new generation of technologies and assistance systems**, hence demonstrating the Group's **commitment to the security and comfort** of its clients.

Upon new 208's launch, the Peugeot i-Cockpit® was upgraded with a 3D digital cluster, which is not only aesthetic but also improves safety. All information is easy to see, carefully placed in the driver's field of view. On the upper digital pad, information is projected in hologram form. The data is dynamic, being displayed closer or further to the driver's eye depending on importance or emergency, thus increasing reactivity by around half a second.

Recommendation rate of customers in quality-of-service surveys between 2017 and 2020:

- **+9 points** for new vehicle purchases;
- **+17 points** for after-sales service;
- **E-call** (emergency call system): Groupe PSA has more than **7.8 million connected vehicles**, helping to improve road safety.



SPARE PARTS FOR ALL BUDGETS IN A CIRCULAR ECONOMY MINDSET

New vehicle owners tend to purchase brand-new parts produced by car manufacturers. For customers with older vehicles of all brands, the Group now offers a service that is unprecedented for a car manufacturer, which is based on the Eurorepar range and equipment manufacturer parts.

As part of its involvement in the circular economy, Groupe PSA offers re-used parts coming from dismantlers, a full range of remanufactured parts ("Échange Standard") and a "repair and return" service for automatic gearboxes and complex electronic components. This large range covers 56% of vehicle content and allows cost savings for customers up to 40% compared to equivalent original parts.

Customers can also buy low-cost basic parts from the Bölk range (Bottom of Pyramid offer) on the Mister Auto website.

This range of offers allows the Group to meet the needs of all of its customers, regardless of budget.

Groupe PSA spare parts service is available for all market segments:

- Reinsurance:
 - Groupe PSA original parts
- Smart buy:
 - Eurorepar parts
 - Suppliers' parts
 - Remanufactured Groupe PSA original parts
- Best cost:
 - Reused parts
 - Bölk parts

SPARE PARTS VERIFIED TO BOOST SAFETY

Due to their strong visual resemblance to branded parts, customers might be misled by counterfeit parts. The poor quality of counterfeit parts can endanger consumer safety. In the automotive field in particular, counterfeit products do not offer guarantees in terms of safety, environmental protection or regulatory requirements. In order to allow customers, after-market and customs networks **to authenticate genuine parts**, the various brands of Groupe PSA (Peugeot, Citroën, DS Automobiles, Opel, Vauxhall and EUROREPAR) use **a secure label** placed on the spare parts packaging.

As part of the World Anti-Counterfeiting Day on June 7, 2017, the Global Anti-Counterfeiting Network awarded Groupe PSA the **Best Technology Award**, in recognition of the Group's innovative customer protection technologies.

ASSURANCE FOR BUSINESS CLIENTS EAGER TO HIGHLIGHT THEIR OWN COMMITMENT TO RESPONSIBLE PURCHASING

EcoVadis, an independent rating agency that specializes in responsible purchasing, has annually recognized Groupe PSA in its top performing category as a **responsible supplier** since 2014. In 2020, reaching 83/100 with a 3-point improvement compared to 2019, Groupe PSA has been awarded a **Platinum medal** for its rank in the top 1% of companies in its industry. Groupe PSA business clients can therefore demonstrate their own commitment to responsible purchasing.



ABILITY TO ENGAGE IN ENERGY TRANSITION WITH AFFORDABLE AND DESIRABLE MOBILITY DEVICES COMBINED WITH USEFUL SERVICES

Electric vehicles produced on the Group's new multi-energy platform (eCMP), **have an overall cost (TCO) similar to an ICE and do not compromise on the ease of use.** The MyBrand EV Car Remote app enables drivers to know the battery's autonomy and state of charge at any time, and to control remote charging or the vehicle's thermal preconditioning.

Charge My Car, in the Free2Move app enables **location and payment of 195,000**

European public charging points for electrified vehicles.

In 2020, Citroën launched Ami - 100% electric in France and Italy. This **non-conformist object** is an unprecedented ultra-compact individual mobility solution with 2 seats, and accessible to everyone over the age of 14 through **highly competitive** "à la carte" offers. Ami - 100% electric will be launched in several European countries in 2021. In 2020, Autobest awarded the special prize **"A star is born"** to Ami.



FAIR TOTAL COST OF OWNERSHIP (TCO)

Positive impact on insurance costs

Peugeot, Citroën and DS Automobiles customers can subscribe to a usage-based insurance from PSA Assurance and benefit from a **reduction of 10 to 25%** depending on their driving behaviour.

Best solution at the best price

In December 2019, the Autobest panel of 31 specialist journalists crowned the new Corsa as the **"Best Buy Car of Europe 2020"**. Corsa is the first car to win AUTOBEST over three generations. This award recognises the vehicle models with **the best value for money**, based on 13 criteria o/w price, service network, spare part distribution, versatility, new technologies and design. In November 2020 all-electric Corsa-e has won the "Golden Steering Wheel 2020" in the "small cars" category in Germany.

In March 2020, the new Peugeot 208 was named **"Car of the Year 2020"** by a panel of 60 automotive journalists from 23 countries across Europe. The jury acclaimed its engine range: electric or ICE powertrains provide customers with **"the power of choice"** at an affordable price without compromising on design or technology.

Recognized reliability by customers

In September 2020, the Grand Prix des Marques Automobiles from "le Journal de l'Automobile" held in Paris (France) rewarded Peugeot with the **1st prize for Reliability**. On the question "Which brands do you think have an excellent reliability performance?", the Peugeot Brand was favored by **more than 66%** of a representative sample of 1,500 French people.

Recognized innovation by distributors

The 24/7 service launched by Citroën on the PSA Retail sites in Massy and Marseille (France) was awarded Le Prix du Comité des Distributeurs (**Prize of the Committee of Distributors**). 24/7 is an innovative service that allows customers to **drop off and pick up their car at the dealership at any time** using a fully secure self-service terminal.

Cost monitoring of company's fleet

Free2Move Connect Fleet enables fleet managers to optimise their fleet maintenance and the use of the vehicles thanks to the monitoring of real-life consumption, hours of use, GPS tracking and mileage. An eco-driving module gives drivers personalised recommendations to reduce CO₂ emissions. Free2Move Connect Fleet **helps reduce the TCO of fleet vehicles by 5%.**



CREATING SHARED AND LASTING VALUE

Transparency and CSR commitment: tangible results for the Group and its stakeholders

1.3.3.3. Value created for employees

Groupe PSA has adopted a business strategy based on an organic, profitable and sustainable growth plan, Push to Pass. In order to capitalise on all development opportunities, the Group's employees are major players in its strategic plan. Together with employee representatives and the unions, the Group is fostering a culture in which everyone works together to build the future, and where teams can compete to demonstrate and develop their talent.

In early 2017, the Group renewed its Global Framework Agreement with the IndustriALL trade union federations. This commits it to:

- respecting fundamental human rights;
- a human resources policy developing human capital.

In 2020, it covers the whole Group's scope.

The Group's Corporate Social Responsibility approach, as demonstrated by the Global Framework Agreement, allows the Group's employees to:

DEVELOP IN A CULTURE WHERE SOLUTIONS ARE DESIGNED COLLABORATIVELY

Groupe PSA has demonstrated that the co-construction approach contributes to performance and protects employees.

93% of employees are covered by **collective agreements**.

15 out of 17 Social partners gave their support to the **merger project** between Groupe PSA and FCA.

TAKE OWNERSHIP OF THEIR CAREER BY DEVELOPING THEIR SKILLS

Personal Development Plans provide each staff member with the opportunity to boost and diversify their skills, including training with a wide range of teaching materials in addition to professional mobility, with priority given to internal mobility.

In 2020, 70.5% of employees had an **annual appraisal**.

83% of employees completed at least one **training** course during the year.

In 2020, **1,049 employees** took part in the Group's "Top Compétences" **internal retraining programme**.

WORK IN AN ENVIRONMENT THAT PROMOTES HEALTH AND WELL-BEING

- Groupe PSA is **one of the industry leaders in workplace health and safety**. The Workplace Health and Safety Management System (WHSMS), which is implemented worldwide, closely monitors risk prevention.
- Groupe PSA goes even further: it has committed to the "Healthy Workplaces" approach promoted by the European Union and the European Agency for Safety and Health at Work. <https://www.healthy-workplaces.eu/en/campaign-partners/psa-groupe>.
- For Groupe PSA, **developing and attracting talent** means rethinking the workplace relationship due to the possibilities created by new technology. **Remote working helps** to ensure a work/life balance and improves working conditions. In continuity of the **working from home** policy, the Group has presented the "New Era of Agility" program to massively develop remote working.

In 2020, Groupe PSA maintained its leadership position regarding safety: the Group achieved a worldwide lost-time **accident frequency rate of 0.68 points**.

Groupe PSA is also involved in the 2020-2022 Healthy Workplaces Work-Related Musculoskeletal Disorders campaign. Based on its experience with teleworking, remote working has been used intensively for sanitary reasons, reaching a record of 38,000 simultaneous VPN connections. Institut du Capitalisme Responsable has distinguished Groupe PSA, in the category "Strategy and Covid-19 Impact", for presenting during its General assembly the transformation opportunities of work organization brought by the sanitary crisis and its "New Era of Agility" program.



SHOWCASE THEIR TALENTS IN AN INCLUSIVE ENVIRONMENT

- The Group promotes diversity and actively combats discrimination in its recruitment, talent management and compensation policy. It enforces its gender equality policy worldwide. Groupe PSA adheres to the **Women's Empowerment Principles**, an initiative by the UN and UN Women that encourages companies to take action to promote diversity and gender equality. It was the first company to receive "**Professional equality**" certification in 2005. This label is regularly renewed and is valid until December 2021. Since 2009, the Group has been certified under France's **Diversity label**, which recognises good human resources practices to promote diversity and equal opportunity and to prevent discrimination. This label was renewed and is valid until February 2022.
- The "youth employment" policy seeks to integrate **apprentices and trainees on work-study placements** Groupe PSA has been awarded the **Happy Index/Trainees Label 2021** by ChooseMyCompany.
- Keeping **older employees in work and motivated** is one of the Corporate Social Responsibility commitments.
- The Group is also committed to **hiring and retaining employees with disabilities**.



5,000 youths trained within the Company in 2020 (apprentices and interns).



37.6% of the Group's workforce is aged **50 years old or over**. The Group has **5,360 employees with disabilities** worldwide.

1.3.3.4. Value created for its suppliers and partners

Groupe PSA is implementing a responsible procurement policy, which includes a third-party assessment (by Ecovadis) of its suppliers based on CSR criteria.

Although this policy allows the Group to secure its supply chains, it also boosts performance for suppliers, who are called on to introduce CSR policies within their own organisation as well as with their supply and subcontracting chains.

The responsible purchasing policy, which Groupe PSA requires its suppliers to sign, serves to:

BOOST INNOVATION

The Group involves its core and strategic suppliers in a **disruptive innovation process**, which is essential in order to meet commitments on reducing CO₂ emissions, air quality, the autonomous vehicle, etc. at a cost acceptable to customers.

1,239 patents filed by the Group in France in 2019 (vs 1,183 in 2019, 1,074 in 2018 and 1,021 in 2017).
The Group works with **more than 300 suppliers** on **joint innovation** projects to develop future technologies.

BOOST EFFICIENCY

The CSR commitments that the Group asks its suppliers to take, enables them to **reduce their own operational risks**. Suppliers are well-informed of best practices and regulatory changes, and can therefore benchmark themselves by comparing their CSR performance against the industry average, build on their strengths and implement action plans to work on any weaknesses. Groupe PSA monitors the progress of the action plans required from suppliers. If necessary, it can help them find **solutions to improve their product quality or optimise their processes using Monozukuri methodology**.

69 Monozukuri coordinators worldwide, with more than **270 suppliers** involved.

BOOST ECONOMIC PERFORMANCE

In view of the demanding supplier selection process, being a strategic or core supplier of Groupe PSA demonstrates a high-level of economic and CSR performance. Through innovation partnerships with Groupe PSA, suppliers are developing a **competitive edge** in state-of-the-art technical expertise. This distinguishes them from their competitors when bidding for contracts in other markets. They can create **commercial opportunities** with customers who, like Groupe PSA, regard CSR criteria as a key aspect of the supplier selection and listing process. The Group's suppliers can communicate their own CSR commitment and performance (Ecovadis score) to their customers and/or host regions. Similarly, in being chosen to support Groupe PSA on international projects, companies are boosting their prospects by increasing their **visibility in new markets**.

The Group's activity contributes to boost the Moroccan automotive industry's ecosystem: more than 40% of its 66 suppliers provide the Group from newly built plants, helping to create a **recognized manufacturing know-how** in the Kenitra region.

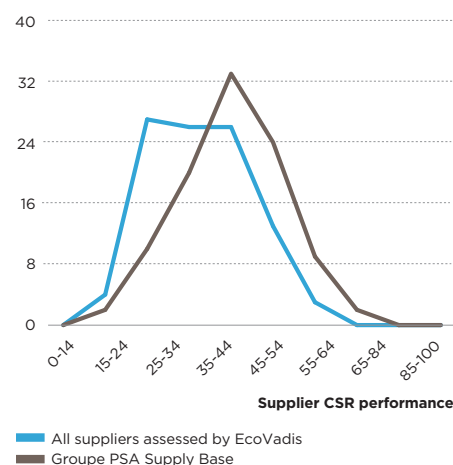
BOOST CSR PERFORMANCE

The Group's **responsible purchasing approach** has proven useful in making its suppliers part of a **positive trend**: their CSR performance is above average compared with other companies assessed by Ecovadis (49.7 for Groupe PSA suppliers vs 42.9 for Ecovadis assessment average).

In March 2020, Groupe PSA was the winner of the category "Best Portfolio CSR Performance Improvement" of the Ecovadis Sustainable Procurement Awards 2020, with the best rate of suppliers enhancing their CSR score.

Breakdown of CSR assessments of Groupe PSA suppliers compared with all suppliers assessed by Ecovadis:

Supplier distribution



CREATING SHARED AND LASTING VALUE

Transparency and CSR commitment: tangible results for the Group and its stakeholders

1.3.3.5. Value created for host communities and civil society

CONCRETE ACTIONS IN THE SOCIAL AND SOLIDARITY ECONOMY

Fondation PSA supports community organisations that are active in rural communities or in outlying urban areas, working alongside social agencies and local authorities to put in place socially responsible mobility solutions, mainly in aid of people referred by social services. The goal is to **remove mobility obstacles** for unemployed people and help them to receive training or find a new job. For example, the Foundation supports **social garages**, which help welfare recipients to repair, rent or buy cars cheaply. The garages – most of which are **social enterprises** – can also help the long-term unemployed to get back to work. The Group also has a strong involvement as a **buyer from companies that only employ people with disabilities in France**, and has widely expanded its operations in Spain over the last two years.

709 projects previously sponsored by the Foundation

€19.5 million donated to community organisations. COVID-19 aid: Fondation PSA supported 32 solidarity mobility emergency projects. In addition, Groupe PSA top management was mobilized against the consequences of the pandemic and supported 4 projects for young people, workers in inclusion and mobility in rural territories. The services bought from companies that only employ people with disabilities have generated **€42 million in added value** to these companies.

AN ACTIVE CONTRIBUTION TO ROAD SAFETY, BOTH NOW AND IN THE FUTURE

Groupe PSA has played a pioneering role and remains the European leader in post-accident or tertiary safety, attenuating the effects of an accident by facilitating emergency rescue.

In anticipation of the new European regulation that came in force in March 2018, the Group has been the first mainstream car manufacturer to have deployed a wide-scale, location-aware **emergency call system** without a subscription or any cut-off date. The emergency call system is particularly useful when accidents occur in isolated areas with no eyewitness. Motorway control centres in France are now automatically warned of any accidents on their roads with the e-call service introduced on Peugeot, Citroën, DS Automobiles and Opel vehicles. Drivers can also use the e-call in their vehicles to alert the emergency services if they witness an accident. Messages can then be displayed on motorway signs to warn other drivers of the potential dangers they may encounter.

As a testament to its technological accomplishments, in July 2015 the Group became **the first car manufacturer to receive the required authorisations to test its autonomous prototypes on the open road**. The cars adjusted their speed and overtaking based on other vehicles, posted speed limits and infrastructure.

E-call (emergency call system): Groupe PSA has more than **7.8 million connected vehicles**, helping to improve road **safety**.

Groupe PSA **autonomous vehicles had already driven more than 370,000 km** in autonomous mode (levels 2, 3 and 4) on European and Chinese highways by the end of 2020.

PUBLIC PLEDGES TO SUPPORT THE ECONOMIC AND SCIENTIFIC DEVELOPMENT OF HOST COMMUNITIES

Direct and indirect job creation

The Group's strategic plan Push to Pass reaffirmed the Group's ambitions to open manufacturing plants in its key markets. The Group has made a public pledge to achieve **high local sourcing rates** in the regions concerned, which involves suppliers setting up production facilities close to the Group's industrial sites. The Group's direct and indirect job creation brings **value to the host communities**.

- In addition to the direct jobs created in Spain (Galicia and Basque Country) by the Group's Vigo and Zaragoza plants, their clusters attracted more than **220 enterprises** that created more than **37,000 jobs**.
- The Kenitra plant in Morocco has helped to establish a cluster joined by 29 suppliers at present. The Group currently works with 66 local partners, with the aim to achieve a **local sourcing rate of 80%**.
- Of the Group's temporary employees, **350** have a **temporary permanent work contract**.

A trendsetting partnership was created between Groupe PSA and a number of temporary employment agencies to increase the use of **temporary permanent work contracts**. Permanent employment contracts ensure permanent employability within Groupe PSA as well as in the employment region through **regional mobility platforms**. As an outcome of a partnership between Groupe PSA and French Ministry of Education, PSA School of Automotive Professions provides training for 600 students and job opportunities in the automotive sector.

Scientific development

The Group acts as a vehicle for scientific development through its Stellab network, which supports the creation of R&D centres, OpenLabs and academic chairs in the same areas. For example, an OpenLab called Sustainable Mobility for Africa has opened in Rabat, Morocco, while another – OpenLabs Human Machine Interface and Accidentology – is located in Shanghai.

Similarly, as part of its Push to Pass plan, the Group conducts joint research as part of a programme coordinated by **VEDECOM (the French institute for low-carbon communicating vehicles and their mobility)** of which it is one of the founding members. VEDECOM aims to become the leading French technology research institute where it can spearhead the development and use of autonomous connected cars.

Support for startups

Groupe PSA created the **Business Lab** as a response to fast-changing automotive uses. The purpose of this new entity is to **identify, experiment with and transform opportunities into new businesses** for the Group, particularly with regard to mobility and digital issues. As part of its Venture Development endeavours, the Business Lab, an excellent programme for identifying and transforming new businesses, is signing a partnership agreement with Idinvest Partners (part of EURAZEO Group), a leader in growth funding.

The Group's Stellab network includes **3 academic chairs** run in association with PSA University and **17 OpenLabs**.



1,990 startups have been evaluated since the Business Lab creation. In 2020, 7% of the 316 startups analyzed have been engaged in a collaboration with Groupe PSA. The **startups come from 50 countries** and involve 31 different entities of the Group.

1.3.3.6. Value created for the environment

Given the nature of its business and its international presence, Groupe PSA is an economic actor keen to fulfil its environmental responsibilities.

TECHNOLOGICAL CHOICES FOR A CONCRETE IMPACT ON CLIMATE CHANGE AND AIR QUALITY

A reduction in the use of fossil fuels:

The Group spends 32% of its R&D budget on clean tech and intends to electrify 50% of its range by the end of 2021:

- 11 plug-in petrol hybrid vehicles will be launched on the market between 2019 and 2021. These will enable emission thresholds of under 50 g/km of CO₂, i.e. 2 l/100 km in all areas, and will run 50 km in fully electric mode in city and suburban environments (WLTP procedure);
- 12 electric vehicles will be launched on the market between 2019 and 2021;
- with average approved CO₂ emissions of 102.7 g/km in 2020 for Passenger cars in Europe, the Group has overachieved its CAFE regulatory target.

Air quality at the forefront of research and development programmes:

As a participant in discussions about the public health and environmental issues that relate to mobility, Groupe PSA has long incorporated concerns about air quality into its R&D programmes. Thanks to this work, the Group has been able to integrate engines and technologies that drastically reduce its particulate and nitrogen oxide emissions into its ranges:

- Groupe PSA invented the diesel particulate filter (DPF) which it began selling in 2000, more than nine years before Euro 5 standards made it compulsory from September 2009;
- Since 2017, the Gasoline Particulate Filter (GPF) has also been applied for Gasoline Direct Injection engines.
- Groupe PSA was the first car manufacturer to introduce SCR (Selective Catalytic Reduction) technology in 2013, reducing nitrogen oxide emissions by up to 95%.

The results also reflect the Group's decision to focus on **affordable technological solutions** deployed in mass-produced cars, which is the only way to have a real impact on the environment.

COMMITTED TO FURTHERING PUBLIC DEBATE

Groupe PSA supports the Global Pact for the Environment, which was reaffirmed by the President of the French Republic in June 2020. This approach is in the continuity of the United Nations actions for the environment (Rio Summit, Paris Agreement) and prepares the adoption of ambitious commitments in favor of the environment to be ratified by all countries at the next Earth Summit in Stockholm in 2022.

The **measurement protocol for real-world consumption** developed with Transport & Environment, *France Nature Environnement* and Bureau Veritas is open source. The Group encourages all car manufacturers to use it so that customers can make informed vehicle purchase decisions.

TANGIBLE RESULTS FOR THE CIRCULAR ECONOMY AND SUSTAINABLE MANAGEMENT OF MATERIALS

From the vehicle design phase, the Group's teams work tirelessly to ensure that its circular economy commitments are met. Materials are selected for their end-of-life recyclability, and priority is given to green materials. This active policy of influencing the selection of materials also extends to suppliers. Groupe PSA design choices ensure a steady **reduction in the environmental footprint** of its vehicles.

At end 2013, the Group launched the EB 1.2L Turbo PureTech Engine, a three-cylinder, gasoline engine that combines reduced dimensions and weight for benefits and performance unprecedented for this level of displacement. In 2019, production has exceeded 1 million units for this **"International Engine of the Year"** award winner in its category for 4 consecutive years from 2015 to 2018.

Launched in 2017 on the new Peugeot 308, the new generation is now being installed on Groupe PSA vehicles across 100 models in more than 70 countries.

In 2019, Groupe PSA reinforced its commitment to tackle climate change, by having its **greenhouse gas emission reduction targets approved by the Science Based Targets initiative (SBTi)**.

Groupe PSA commits to reduce, from the 2018 base year to 2034:

- absolute GHG emissions from energy consumption of industrial activities ("scope 1 and 2") by 20%;
- GHG emissions from use of sold products, considering the whole cycle "Well-to-Wheel" ("scope 3") by 37% per vehicle kilometre.

For all internal combustion engines, Groupe PSA was one of the few carmakers ready for the first step of WLTP and able to deliver all its range to its customers after September 1, 2018. In 2019, the Group was on schedule again and has punctually type-approved all passenger car models at the required time.

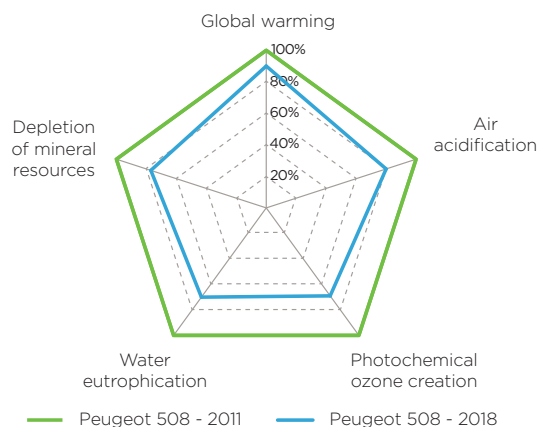
For approval of its new vehicles in Europe, Groupe PSA committed to meet a NOx conformity factor in RDE of less than 1 (excluding measurement dispersion, limited to 0.43, which is the margin value set by the "EURO 6d" regulation). **This commitment has been made from September 1, 2017, i.e. three years before the 2020 regulatory requirement.**



Open-source measurement protocol:

<https://media.groupe-psa.com/en/press-releases/group/realworld-fuel-consumption-protocol-publication>

- All Group **vehicles** are **95% recoverable**.
- **Green materials** make up **30%** of the Group's vehicles.
- **Reduction of the environmental footprint** of the new Peugeot 508 in 2018, compared with the old version in 2011.



In production, the Group is continually improving its processes to **reduce the amount of waste** and increase recycling. Similarly, Groupe PSA has rolled out two spare parts offers and one service based on **the circular economy** throughout the life of each vehicle. (i) The "Remanufactured parts" offer launched more than 30 years ago. (ii) The reused parts. (iii) The "repair and return service" (for automatic gearboxes and complex electronic components). The Group is also involved in collecting and **processing end-of-life vehicles** from its dealership networks through partnerships with specialist operators. Groupe PSA has introduced a collection and recycling process for traction batteries that covers the whole European market.

A PROACTIVE INITIATIVE FOR CARBON OFFSETTING AND BIODIVERSITY

The Peugeot brand, in partnership with the France National Forestry Office (ONF), has contributed to the **PEUGEOT-ONF carbon sink project** it has sponsored in the Amazon since 1998. The project involves reforesting vast areas of degraded land and restoring biodiversity, while studying the relationship between reforestation and the absorption of atmospheric carbon dioxide.

HIGH-PERFORMANCE PLANTS FOR REDUCED ENVIRONMENTAL IMPACT

The Group's industrial strategy integrates environmental protection with a commitment to **continued improvement** based on rigorous organisation, a methodology structured around the Environmental Management System (ISO 14001 standard), and the allocation of significant financial resources.

- In 25 years, **waste production** per manufactured vehicle could be **reduced by 43%**.
 - **100% of metal waste is recycled**.
 - **94,298 tonnes of casting sand was regenerated** in 2020.
 - More than 616,800 parts were collected and processed in 2019 of which **576,700 were sold as remanufactured parts**, covering 37 part families.
 - Remanufacturing of parts creates a **saving of up to 85% of raw material and 85% of energy** compared to a new product.
 - Almost **1.2 million end-of-life vehicles were processed** through the Group's dealer networks between 2008 and 2020 in France, equating to nearly 1.4 million tonnes.
 - **Traction battery recycling** rate in 2019:
 - **72.1%** for electric vehicle Li-ion batteries;
 - **81.2%** for hybrid vehicle Ni-MH batteries.
 - An area of **1,800 hectares** of virgin forest with high biodiversity value has been devoted to scientific research since 2009.
 - The carbon sink started more than 20 years ago. **More than 700,000 tonnes of CO₂ eq have been sequestered** through biomass and soil.
 - **2 million trees** reintroduced.
 - More than **50 local species** planted.
 - **Two new species identified** in 2016, and another two in 2018.
- 100% of plants with ISO 14001 certification.

1.4. GOVERNANCE GEARED TOWARDS SUSTAINABLE GROWTH

(GRI.102-5) (GRI.102-10) (GRI.102-18) (GRI.102-22) (GRI.102-23) (GRI.102-24)

Managing bodies

Since 1972, Peugeot S.A. has had a two-tier management structure comprising a Managing Board, responsible for strategic and operational management, and a Supervisory Board, responsible for oversight and control.

Chapter 3.1 of the Group's 2019 Universal Registration Document provides details of the membership, skills and work of these managing bodies and the committees, together with information on the skills of each of their members, as at December 31, 2019.

1.4.1. CSR in the Group's governance (GRI.102-20) (GRI.102-26) (GRI.102-27) (GRI.102-29)

For a company like Groupe PSA, meeting corporate social responsibility commitments is seen as a means to ensure its own economic sustainability and is achieved by addressing the concerns of its main stakeholders, who are affected by its decisions and actions.

The Group's CSR policy and Management System form an integral part of its strategy, and take into account all societal, social and environmental issues. Furthermore, the robust CSR reporting processes used by the Group for more than ten years aptly illustrate its strong dedication to transparency in these areas. Over the years, Groupe PSA CSR commitment has become an integral part of its business strategy. Executive Committee members assume direct responsibility with respect to these issues and all operational action plans incorporate CSR criteria.

Focus on CO₂ governance

Groupe PSA is highly driven by climate change risk. It is important to provide stakeholders with a clear vision of CO₂ governance in Groupe PSA.

One monthly CO₂ Corporate Committee summons the Managing Board and Executive Committee to share the forecast of vehicles' CO₂ emission average until 2025 in all countries/ areas (especially where CAFE/CO₂ regulation exists) and decide action plans (technical enablers, product plan adaptation and strategy) to reach targets. At the operational level, the Strategy and Programmes Division keeps track of the solutions implemented and measures their efficiency based on the proportion of green materials used and CO₂ emissions.

See the Groupe PSA climate governance organisational chart in section 2.2.1, the description of the Industrial and Logistics CO₂ Committee in section 2.4. and the Materials Strategic Committee in section 7.1.2.

Payment of the variable compensation for the Managing Board and the Group's employees is conditional on the CO₂ emission levels of the vehicles sold in Europe. Please refer to chapter 2.2.4.3. of this report.

1.4.1.1. CSR in supervisory bodies GRI.102-25 GRI.102-30 GRI.102-31 GRI.102-36

The Group's strategic CSR commitments, their implementation and their progress report are presented to the Supervisory Board. Given the importance and scope of CSR issues that, for a car manufacturer, come into play for many of its strategic decisions, there is no single dedicated committee established

for the areas of social and environmental responsibility. Each Supervisory Board committee, and where applicable the Board itself depending on the issue involved, handles these issues within its area of expertise.

Some examples:

Governing body	Examples of CSR issues handled
• Supervisory Board	Any topics linked to the strategic Medium-Term Plan, including CSR issues (which comprises climate change risks).
• The Finance and Audit Committee	All high-level CSR issues and risks linked to business ethics and economic consequences.
• The Strategic Committee	Environmental issues, including those relating to climate change and air quality
• The Appointments, Compensation and Governance Committee	Company issues, including issues relating to diversity and corporate governance.

The Supervisory Board's Finance and Audit Committee monitors the efficiency of internal control and risk management systems, reviews risk mapping (including CSR risks), and ensures that these systems are properly developed and managed. The Committee also examines the means used to implement these procedures and the remedial actions applied to correct any material weaknesses or deficiencies identified.

Skills relating to economic, environmental and social impacts

Members of the Supervisory Board are selected to ensure sufficiently diverse and complementary skills to enable these members to deliver the Company's strategy. Members of the Board and its committees are selected on the basis of a skills matrix (see section 3.1. of the 2019 Universal Registration Document). This seeks to ensure that skills in "finance and risk management", "international experience", "industry", "new business models", "human resources", "social and environmental responsibility" and "governance" are represented on one or more committees.

As at December 31, 2019, members of the Supervisory Board with specific CSR skills include:

- Louis Gallois, member and Chairman of the Peugeot S.A. Supervisory Board since 2014, is Chairman of the French Federation of Solidarity Actors. He is also a member of the Board of the French National Association of Research and Technology (ANRT), co-chair of the think-tank La Fabrique de l'Industrie and Chairman of Fonds d'Expérimentation Territoires Zéro Chômeur Longue Durée;
- Gilles Schnepf, a Supervisory Board member since April 2019, Vice-Chairman of the Board, and Chairman of the Appointments, Compensation and Governance Committee. He is also Member of the MEDEF Executive Committee where he is co-Chairman of the Ecological and Economic Transition Commission and Chairman of the Fédération des Industries Electriques, Electroniques et de Communication (FIEEC);
- Marie-Hélène Peugeot-Roncoroni, a Supervisory Board member, is Vice-Chair of Fondation PSA;
- LI Shaozhu, Vice-Chairman of the Supervisory Board, and member of the Appointments, Compensation and Governance Committee is also President of DFM, member of Board, President and Vice Party Secretary of DFM since 2016. Mr. LI Shaozhu has more than 30 years of business and management experience in the automotive industry;
- Christian Lafaye, member of the Supervisory Board representing employees, is a Director of Fondation PSA;
- Bénédicte Juyaux, member of the Supervisory Board representing employee shareholders, was a CSR correspondent in charge of vehicle quality and safety in the Company, until mid-2019.

Consultation of stakeholders

— EMPLOYEES ARE REPRESENTED ON THE SUPERVISORY BOARD

- A member representing employees sits on the Peugeot S.A. Supervisory Board in accordance with Article 10-1 B of the Company by-laws. This member is appointed by the Groupe PSA European Group Works Council. The European Group Works Council appointed Christian Lafaye in 2018.
- A member representing employee shareholders sits on the Peugeot S.A. Supervisory Board in accordance with Article 10-1 C of the Company by-laws. This member is voted in at the Shareholders' General Meeting from the candidates put forward by the Supervisory Boards of the corporate mutual funds (FCPEs), which hold shares in the Company. Based on the current shareholding status, although Peugeot S.A. is no longer required to have an employee shareholder representative, it wishes employee shareholders to be involved in the Company's governance and has therefore decided to retain this position.
- In many countries, Groupe PSA offers a variety of savings schemes. As at December 31, 2020, employee share ownership was 1.98%, or 32,694 of the Group's current or former employees.

— MINORITY SHAREHOLDERS ARE REPRESENTED ON THE SUPERVISORY BOARD

Gilles Schnepf as Senior Independent Member from the independent members of the Board and Vice-Chairman of the Board, has primary duties to inform the Chairman of the Supervisory Board of any conflict of interest he has identified that might affect the deliberations of the Board, and to factor in any major governance concerns of shareholders that are not represented on the Supervisory Board and ensure that their concerns are addressed.

In accordance with the law, shareholders may ask the Supervisory Board to include points in the agenda for the Shareholders' General Meeting. All draft resolutions are published on the Group's website. Electronic online voting has been in place since the 2016 Shareholders' General Meeting.

Moreover, to strengthen the links with its individual shareholders, an Individual Shareholder Advisory Committee meets several times a year under the presidency of the Chairman of the Peugeot S.A. Supervisory Board. Launched in 2012 and

comprised of 12 members individual shareholders (elected to the Committee for a three-year term, with one third of the members standing for re-election every year), this committee reflects the diversified structure of its individual shareholders.

The Individual Shareholder Advisory Committee has different missions of which the main one is to relay the expectations of the Group's individual shareholders in particular in terms of communication and shareholder dialogue (more information available on Groupe PSA website <https://www.groupe-psa.com/en/finance/individual-shareholders/advisory-committee/>).

– OPINIONS OF OTHER STAKEHOLDERS ARE SENT TO THE SUPERVISORY BOARD

Consultation with stakeholders is delegated to the operating units, which are in contact with them on a daily basis, and to the Sustainable Development Delegation. The strategic proposals submitted for approval to the Group's Executive Committee by these managing bodies, according to their area of responsibility, take into account the expectations and opinions of stakeholders collected through the various opportunities for dialogue described in section 9.2 of the CSR report. These are presented to the Supervisory Board.

Membership of an under-represented social group

Membership of an under-represented social group is not among the assessment criteria authorised by French law.

1.4.1.2. CSR at the executive body level

GRI.102-19

Progress made on meeting CSR commitments and objectives is reviewed periodically and is approved and monitored by the Group's Executive Committee, which includes the members of the Managing Board.

CSR criteria are included in the variable compensation of the Chairman of the Managing Board.

The Managing Board delegates a number of powers to carry out CSR-related legal formalities to specific executive managers. For example:

- the Group's Head of Human Resources and Transformation, who is a member of the Executive Committee, in the context of their powers "ensures compliance with the rules applying to non-discrimination in the workplace", "ensures that the prevention policy and the various regulations relating to health, safety and working conditions are properly applied", "monitors all aspects of collective working relations", etc.;
- all Production centre Directors in France are fully authorised to "ensure compliance with applicable regulations, especially those relating to employment law and health and safety, and environmental law in the industrial domain".

1.4.2. Operational management of CSR

Sustainable Development Delegation

The Group's Sustainable Development Delegation was formed in 2003 with a staff of four, and reports directly to the VP of Corporate Communications, who in turn reports to the Chairman of the Managing Board. The role of the Sustainable Development Delegation is:

- to ensure that progress plans that aim to improve the integration of sustainable development responsibilities within the Group's strategy are implemented, by working with and coordinating a network of front-line correspondents present in all the Group's departments who are experts in the different areas of corporate social responsibility (human resources, environmental management, procurement, marketing, sponsorship, etc.);
- organise dialogue with stakeholders through this network by mobilising the Group's experts on the subjects at hand;
- to liaise on a daily basis with CSR rating agencies and SRI investors, in particular by making every effort to provide them with information in response to their requests;
- to coordinate thinking and proposals for actions enabling the Group to prepare for the regulatory developments related to CSR, to appropriate external best practice and share its own, identify scope for further progress and initiate the appropriate actions, etc.;
- to carry out each year's reporting on the Group's environmental, social and governance performance, coordinate its verification by an independent third party and oversee the preparation of the CSR report (where the Delegation acts as project manager), as well as the CSR chapter of the Group's Management Report;
- to submit the priority commitments, objectives and action plans for validation by the Executive Committee and take

charge of all related follow-up actions as well as their communication both within and outside the Group; to keep the Supervisory Board informed of CSR issues;

- to represent the Group's interests before various external bodies specialising in CSR;
- to be a proponent of actions serving to underscore the Group's CSR commitments.

CSR criteria such as vehicle CO₂ emissions level, product quality or customer satisfaction are included in the variable compensation of employees. Please refer to chapter 3.2 of the Group's 2019 Universal Registration Document.

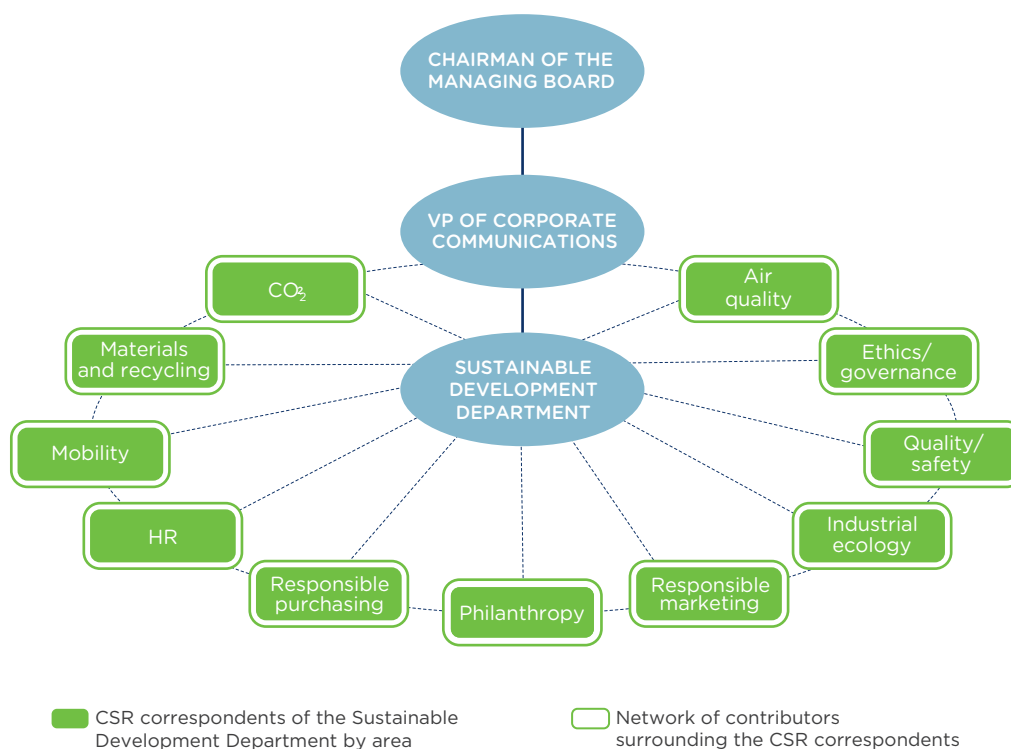
A network of CSR correspondents and contributors embedded within the Company's business lines

The Sustainable Development Delegation oversees a network of CSR officers with specialist knowledge of the various business lines. They relay messages from the Sustainable Development Delegation to teams in their area of expertise and serve as proponents to encourage improvements in practices. To this end, the correspondents rely on their own networks of contributors within their respective departments. A CSR meeting is held each quarter, attended by the Sustainable Development Delegation and all CSR officers which provides an opportunity to share best practices, discuss progress made on action plans, and exchange information, in particular on upcoming changes in regulatory frameworks, so as to remain at the forefront of CSR knowledge and expertise. The CSR network involves the participation of nearly 600 contributors present in all of the Group's entities and subsidiaries and in all the countries where the Group has operations.

The Executive Committee and the Heads of Department who serve amongst its members play a key role in the Group's CSR policy: the Executive Committee validates the medium- and long-term CSR directions and ambitions, while the Heads of

Department are responsible for following the courses adopted and are the guarantors of the action plans necessary to attain the targets set.

OPERATIONAL MANAGEMENT OF CSR: NETWORKING



Focus on stakeholders' relations with the Sustainable Development Delegation in 2020

- Contributions to proposals put forward by MEDEF upstream of working sessions on the CSR platform in addition to continuing efforts to identify best practices within the MEDEF working group on "Non-financial performance".

- Participation in ESG/SRI conferences hosted by investors and in meetings with investors/sustainable finance operators in collaboration with the Financial Division.
- Participation in the Paris Europlace Working Group on integrated reporting, bringing together issuers, investors and the French Financial Markets Authority (AMF) and in the dialogue between investors, insurers and issuers on financial climate disclosure (TCFD).

1.4.3. Risk management and internal control system GRI.102-11

As part of its commitment to prevent and limit the effect of internal and external risks, including CSR risks, the Group has put in place risk management and internal control systems to provide reasonable assurance concerning the achievement of the following objectives:

- compliance with laws and regulations;
- application of the Managing Board's instructions and guidelines;

- efficient internal processes, particularly those that help to safeguard the assets of Group companies;
- the reliability of financial and non-financial disclosures.

Reference framework, internal control principles, participants and processes are detailed in section 1.4. of the 2019 Universal Registration Document.



**A CO₂-FOCUSED MOBILITY
PROVIDER EAGER TO MAKE
THE LOW-CARBON SOCIETY
DESIRABLE**

Groupe PSA demonstrates tangible commitments for a low-carbon economy, by means of a strengthened climate governance which put climate at the core of the decision-making process, and thanks to a holistic and offensive strategy with the aim to reduce CO₂ emissions across its entire value chain.



CREATING A TANGIBLE IMPACT ON CLIMATE CHANGE

CLIMATE REPORT

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2. CREATING A TANGIBLE IMPACT ON CLIMATE CHANGE

The World Economic Forum placed climate risk as the top risk for the world's economy. To meet this challenge, each actor of the automotive industry must rethink its value creation model and anticipate major trends. While this entails some risks, Groupe PSA views it as an opportunity to be even more agile and to create the future of mobility.

This chapter gives a global vision of the measures taken by the Group to fight climate change and mitigate its effects. It also describes the Group's climate governance that leads the implementation of the climate strategy throughout the Company and monitored with full transparent indicators.

Groupe PSA committed to implement the recommendations of the TCFD, and specifically to report climate-related financial information following the TCFD recommendations as fully as practicable within three years from the date of the commitment. In order to demonstrate this commitment, Groupe PSA built this chapter in line with the voluntary disclosure recommendations of the TCFD. The TCFD's general guidance for Non-Financial Groups and specific guidance for the Transportation sector were taken into consideration to illustrate that Groupe PSA climate strategy is aligned with the TCFD recommendations. This chapter can be extracted as a stand-alone Climate Report.

Groupe PSA has identified three CSR issues related to the macro-risk "Climate change".

- **Cutting CO₂ Vehicle emissions**

According to a study by the IPCC published in 2014, transport accounted for 14.1% of global greenhouse gas emissions in 2010. While it is only the fourth largest contributor (energy sector: 25%; agriculture: 23%; industry: 21%), the automotive industry faces numerous regulatory pressures and consumer demands for lower CO₂ emissions and fuel consumption (EU target of 95 g/km of CO₂ by 2021, or 5 l/100 km by 2020 in China). The survival of automotive brands thus depends on their ability to comply with increasingly stringent regulations and to meet the expectations of consumers.

See 2.3. for more details.

- **Moving forward into a carbon-efficient industrial system**

An important factor in tackling climate change is reducing carbon emissions from industry. As far as vehicle manufacturing is concerned, the major cause of greenhouse gas emissions is energy consumption. Optimising the energy efficiency of manufacturing processes; using energy derived from renewable sources; and the introduction of new carbon-free technologies are all important contributors to minimising the automotive industry's impact.

By 2050, all the Group's plants will be carbon-neutral, which will be achieved through the use of renewable energies and new carbon-free technologies, and by offsetting inevitable emissions.

See 2.4. for more details.






- **Improving the environmental performance of the supply chain and logistics**

The environmental impact production related of transport is far-reaching, ranging from localised impact (sound, air pollution, etc.) to global warming. The challenge for car manufacturers is to optimise transport plans, the loads and volumes carried and the use of multimodal transport, in order to reduce not only their cost and environmental impact, but also upstream and downstream delivery times, which is a decisive factor in customer satisfaction. Exposure to ecotaxes levied on transport, as well as fossil energy price fluctuations, are major factors for consideration.

See 2.5. for more details.

Faced with these issues, Groupe PSA has set up the actions presented in this chapter.






COMMITMENTS SCOREBOARD

				
CSR ISSUES	AMBITIONS	TARGETS 2020	RESULTS 2020	TARGETS 2021
Vehicle CO₂ emissions* Organiser: EVP Programs and Strategy	The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues. Given the merger with FCA, the previous Groupe PSA CSR ambitions are not applicable to the Stellantis scope.	<ul style="list-style-type: none"> Reduce average CO₂ emissions of ICE passenger cars registered in Europe to 106 g/km. Continue enlarging the offer of Low Emission Vehicles, to reach 8 new BEVs and 5 plug-in hybrids launched by the end of 2021. 	Target met <ul style="list-style-type: none"> CO₂ emission level of 2020 passenger cars sales in Europe decrease at the level of 102.7 g/km (NEDC) for ICE cars, which corresponds to a decrease of 10% compared with 2019, and the Group has overachieved its CAFE regulatory target. 6 new Low Emission Vehicles have been launched by end of 2020: <ul style="list-style-type: none"> 1 plug-in hybrid, 5 BEVs, including some Light Commercial Vehicle versions. 	In 2021, the Stellantis teams will start converging operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.
Energy/ industrial carbon footprint Organiser: EVP Industrial	The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues. Given the merger with FCA, the previous Groupe PSA CSR ambitions are not applicable to the Stellantis scope.	<ul style="list-style-type: none"> Reach energy consumption at 1.96 MWh per car (340 kg CO₂/car) i.e. 1,078 ktCO₂ in absolute emissions, in line with SBTi validated Group's CO₂ trajectory ⁽¹⁾. Increase the share of renewable energy in electricity use to 29%. 	Target partially met <ul style="list-style-type: none"> Consumption: 1.98 MWh per car (310 kg CO₂ per car) i.e. 708 kt CO₂ absolute emission ⁽¹⁾. The total energy consumption was reduced by 24%. However, the average energy consumption target was not met due to production losses caused by the Covid19 pandemic. Share of renewable in electricity use has increased to 29%, in accordance with the renewable energy supply transition plan. 	In 2021, the Stellantis teams will start converging operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.

* Strategic issue monitored by the Executive Committee and presented to the Supervisory Board.

(1) Excluding emission from cogeneration plants operated by Groupe PSA.

2. CREATING A TANGIBLE IMPACT ON CLIMATE CHANGE

				
CSR ISSUES	AMBITIONS	TARGETS 2020	RESULTS 2020	TARGETS 2021
<p>Environmental performance in the supply chain: purchasing and logistics</p> <p>Organisers: EVP Industrial and EVP Global Purchasing and Supplier Quality</p>	<p>The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues. Given the merger with FCA, the previous Groupe PSA CSR ambitions are not applicable to the Stellantis scope.</p>	<p><u>Purchasing</u></p> <ul style="list-style-type: none"> Maintain the average environmental score for all suppliers at 54/100; 70% of key partners and key suppliers should commit to a CO₂ trend that complies with the COP21 Paris Agreement and to be carbon-neutral by the mid of the century. <p><u>Logistics</u></p> <p>Reduce the Group's CO₂ emissions in the upstream and downstream supply chain worldwide, per vehicle and per kilometer by 2.1%, in line with Group's climate trajectory (33% reduction target between 2016 and 2035): 254 kg CO₂/car.</p>	<p><u>Purchasing</u></p> <p>Target not met</p> <p>Target not met</p> <ul style="list-style-type: none"> Average Environmental Score for 2020 is 52.4 (decreased by 1.6 point vs last year). The Group added 400 new suppliers into Ecovadis in 2020 with a negative impact on the average score. <p><i>Note: Ecovadis average score is 43.2.</i></p> <p>Target not met</p> <ul style="list-style-type: none"> 68.3% of key partners and key suppliers (based on turnover) commit to a CO₂ trend that complies with the Paris Agreement (COP21). However, more than 87% have a reduction plan including those without confirmation of compliance with Paris Agreement. <p><u>Logistics</u></p> <p>Target not met</p> <p>The Global CO₂ emissions in the supply chain reduced by 18% in 2020. However, the disruptions in sales and vehicles production caused by the Covid 19 pandemic did not allow to use optimized transport plans, resulting in increased average emission levels per vehicle. Average emissions reached: 283 kg CO₂/car:</p> <ul style="list-style-type: none"> Upstream: 208 kg CO₂/car; Downstream: 75 kg CO₂/car including transported vehicle produced by our JVs 	<p>In 2021, the Stellantis teams will start converging operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.</p>

2.1. ACKNOWLEDGE CLIMATE-RELATED RISKS TO IDENTIFY SUSTAINABLE OPPORTUNITIES

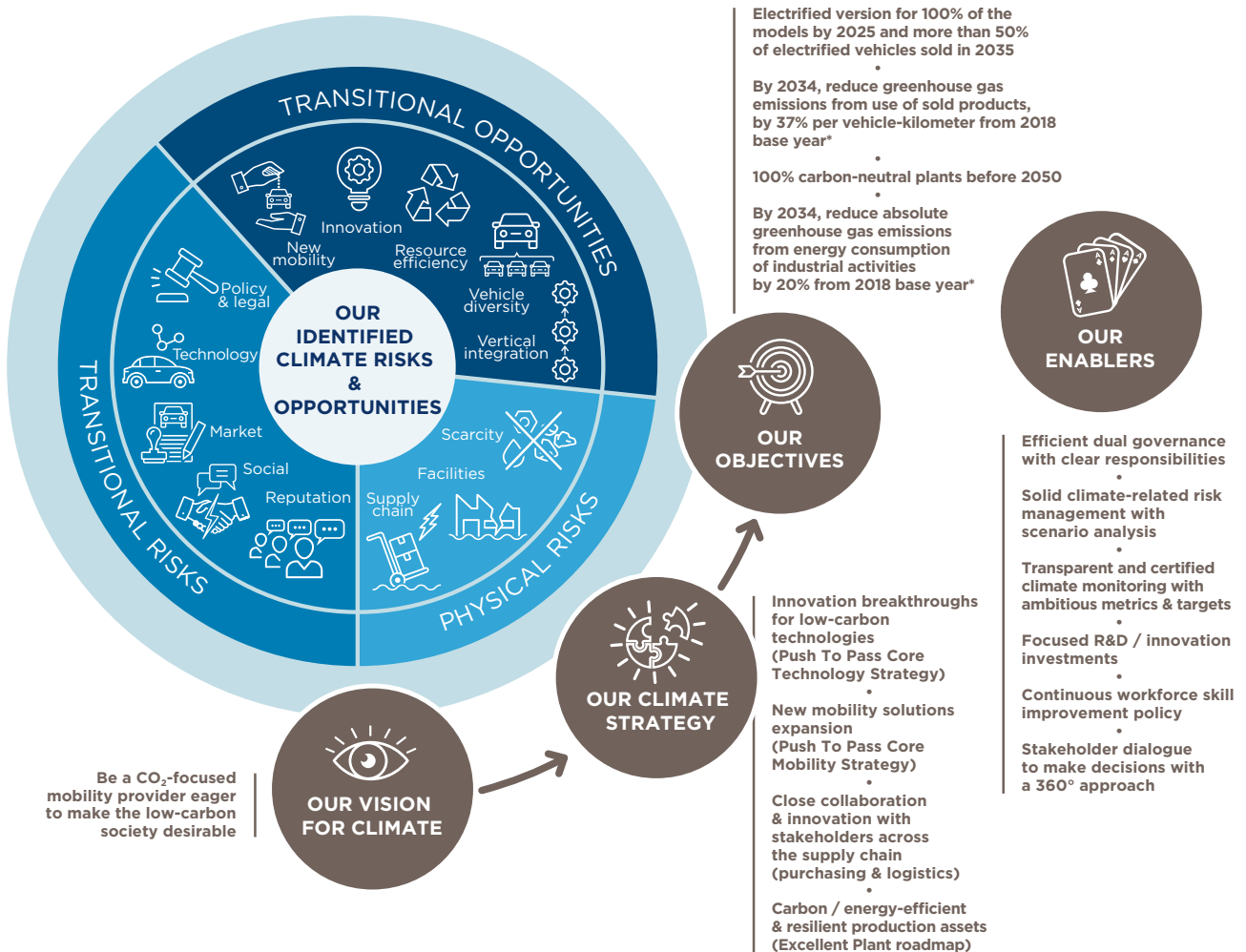
GRI.102-15 GRI.102-30 GRI.102-31 GRI.103-1 SASB-410a.3

Groupe PSA is evolving in an industry facing profound economic, sociological, regulatory, environmental and societal challenges, notably driven by the fight against climate crisis. This translates into an increasing pressure from market players waking up to environmental issues, as well as from customers changing their consumption habits with the advent of new technologies. In this context, the identification and the management

of the climate-related risks and opportunities is a key approach for Groupe PSA to ensure its business sustainability.

Managing the risks and seizing the opportunities related to climate change lead Groupe PSA to redefine the vision of its business, with a clear climate strategy, ambitious objectives and efficient enablers.

CLIMATE LEADERSHIP OF GROUPE PSA: AMBITION AND STRATEGY SET PRIOR TO MERGER**



* Targets approved by SBTi as consistent with the reductions required to keep global warming to 2°C.

** Stellantis will define its targets and commitments within its strategic plan.

2. CREATING A TANGIBLE IMPACT ON CLIMATE CHANGE

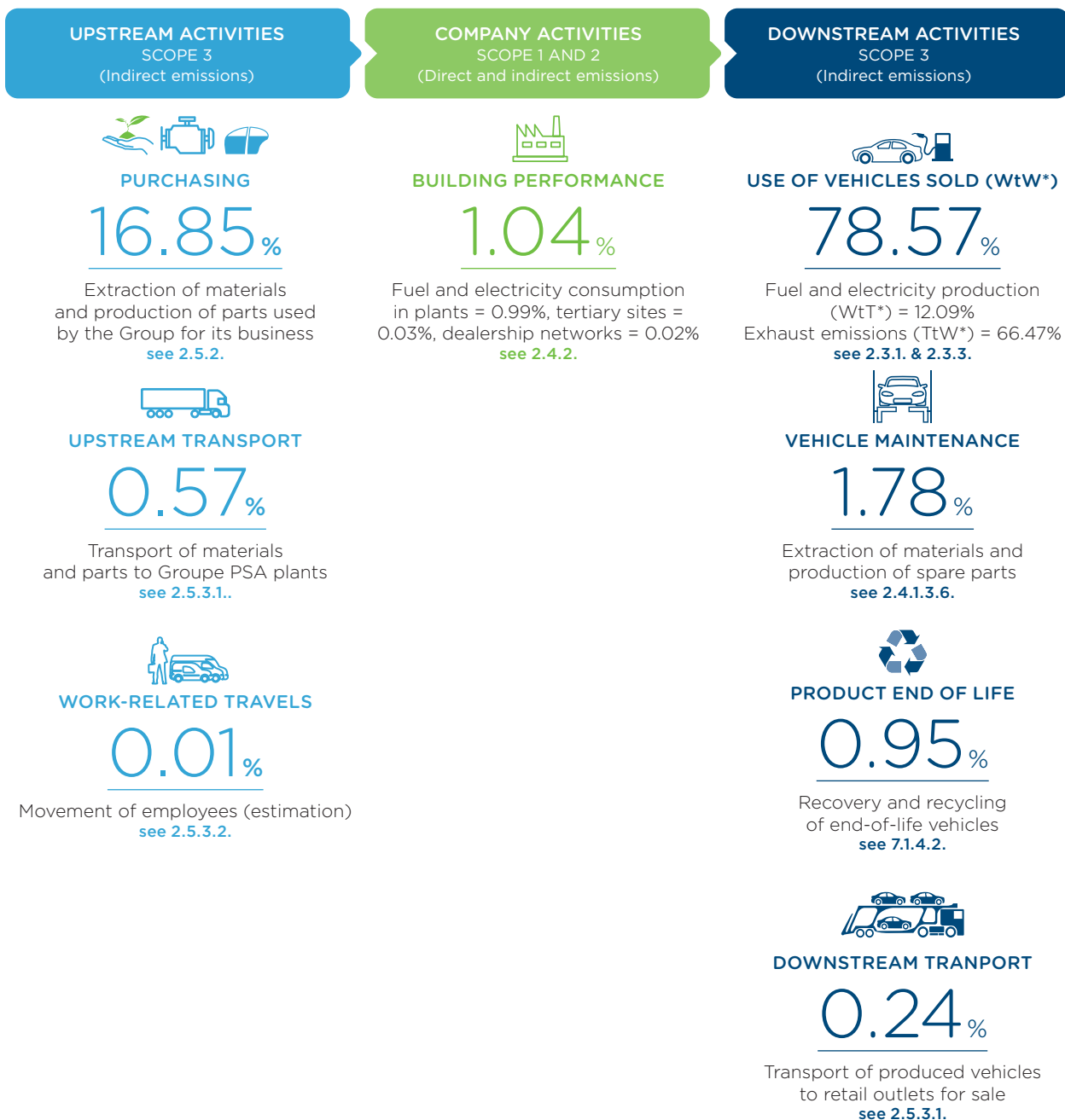
Acknowledge climate-related risks to identify sustainable opportunities

Carbon footprint GRI.302-2 GRI.302-5 GRI.305-3

In order to properly manage its carbon footprint Groupe PSA quantifies annually the total CO₂ equivalent of greenhouse gases (primarily CO₂) emitted from all its activities over the whole life cycle of its automotive products. In accordance with SBTi validated targets, Groupe PSA perfected its carbon footprint methodology to take into account global activity and real life emissions of the vehicles.

In 2019, this new method was verified and approved by Eco Act, a specialized firm in environmental analysis and greenhouse gas diagnostics.

TOTAL CARBON FOOTPRINT OF VEHICLES PRODUCED BY THE GROUP DURING THE YEAR: MAIN EMISSION ITEMS



*WtW= Well-to-Wheel WtT= Well-to-Tank TtW= Tank-to-Wheel

The steps taken by the Group to reduce the emissions of these emission sources are described in the sections indicated.

This assessment considers the following emissions:

- Carbon footprint of DOWNSTREAM ACTIVITIES:** Downstream activities emissions amount to 81.53% of the CO₂ emissions equivalent of the overall vehicle carbon footprint. The vehicle use phase represents 78.57%. Emissions from vehicle maintenance represent 1.78%. The recovery and recycling of end-of-life vehicles account for 0.95% and the downstream transport of produced vehicles to the point of sales account for 0.24%. The assessment takes into account:
 - the use of vehicles produced in 2020 according to the CO₂ emissions data for each vehicle sold and the following operating criteria: real-life SBTi consumption assumptions and use over 10 years with 150,000 km driven;
 - the impact of the production of the fuels used by conventional vehicles as well as the production of the electricity used by the electrified vehicles are evaluated using the life cycle analysis (LCA) databases;
 - the production of spare parts used for the maintenance of the cars, using LCA databases;
 - the vehicle end-of-life modelled on current treatment, enabling CO₂ emissions to be assessed for the vehicles treated;
 - the Well-to-Wheel downstream transport evaluated by GEFCO (see 2.5.3.1).
- Carbon footprint of UPSTREAM ACTIVITIES:** Upstream activities emissions amount to 17.43% of the CO₂ emissions equivalent of the overall vehicle carbon footprint. It includes emissions associated with the extraction of raw materials and the production of parts purchased by Groupe PSA for its vehicles (16.85% of total GHG emissions), the upstream transport of materials and parts to the Group's plants (0.57%) and work-related travels (0.01%). The assessment takes into account:
 - all component materials of vehicles manufactured in 2020 from extraction to molding and assembly on the vehicle, using life cycle analysis databases;

- the well to wheel upstream transport evaluated by GEFCO (see 2.5.3.1);
- the work-related travel estimated by Groups PSA (see 2.5.3.2).
- Carbon footprint of COMPANY ACTIVITIES:** Company activities emissions (direct and indirect emissions) amount to 1.04% of the CO₂ emissions equivalent of the overall vehicle carbon footprint. They are associated with fuel and electricity consumption in manufacturing plants (assembly plants or components factories) for 0.99%, tertiary sites (0.03%) and dealership networks (0.02%). They are derived from a GHG (greenhouse gas) assessments carried out at all Group plants, tertiary sites and dealership network (see 2.4.2.2.1.).

Total emissions of CO₂ equivalent for vehicles produced by the Group in 2020 amounted to 82.4 million tons.



Faced with the challenge of climate change, Groupe PSA is integrating the energy transition into its strategy. Its employees are involved on a daily basis to implement the Group's climate commitment at all levels of the company.

To raise awareness of all stakeholders on this challenge, the Group engaged a communication plan illustrating its climate commitment with concrete actions that cover the main factors of the Group's carbon footprint : the CO₂ management of major suppliers, the integration of green materials, the levers used in logistics for upstream and downstream transport, the monthly CO₂ Committee managing closely the vehicle CO₂ emissions, and the levers used in industrial activities.

The five videos are available on the playlist **"On the road to carbon neutrality"**: <https://www.youtube.com/playlist?list=PLpXLwEad5ZrbGY6KU5oVW7qs4nrKy6hl4>

2.1.1. Facing reality as it is: climate related risks throughout the organization and across the value chain

In 2020, Groupe PSA Executive Committee approved a new materiality matrix (see 1.2.2.), where climate change appears as the top macro-risk the Company has to tackle. It requires a global and comprehensive response, with a carbon-neutral target in the long-term. A clear and transparent acknowledgement of the risks and issues related to climate change is therefore vital for Groupe PSA to ensure its sustainability.

2.1.1.1. Transparent awareness of the climate crisis-related risks faced by Groupe PSA (GRI-201.2)

Risks related to climate change are sorted into two categories: transitional risks and physical risks. Since they might have an impact on Groupe PSA financial results, they are identified and managed across the value chain to ensure the sustainability of all activities.

Transitional risks – Short-term (by 2025)

The road to a low-carbon economy implies addressing and implementing the mitigation and adaptation measures required

to manage climate change. The inherent risks of this transition take the form of more frequent regulation changes, often more demanding for industrial stakeholders, major expectations on new technologies, new and diverging market demands and increasing reputational challenges.

— POLICY & LEGAL RISKS

Evolutions of vehicle CO₂ emissions standards and regulations are becoming more frequent and stringent (see "FOCUS: CO₂ vehicle emissions: increasing severity of global regulations and the related financial risks"). In the case of non-compliance with the CO₂ emission thresholds, fines imposed on carmakers would threaten their survival. This contributes to an increasing pressure to adapt (investing in R&D), and to offset those additional costs with additional revenue.

Regulations also drive investors to monitor the carbon intensity of their asset portfolios and to invest preferentially in low-carbon activities. This notably leads car manufacturers to invest in the upgrade of their production facilities to make them less energy-intensive, among other actions, to avoid devaluation and increase of credit costs.



CO₂ vehicle emissions: increasing severity of global regulations and the related financial risks

In the decade between 2015 and 2025, regulatory requirements such as **CAFE (Corporate Average Fuel Efficiency) standards** are generalized worldwide with **ambitious CO₂ and fuel consumption targets** that must be achieved on the average number of vehicles sold annually. **Failure to achieve these annual targets will result in hefty fines or suspensions of sales**, depending on the geographical area. These penalties are based on the exceeding emissions versus fixed thresholds and depend on the total number of vehicles per car manufacturer.

Groupe PSA is specifically exposed to this regulatory risk because of its geographic activities, mainly in Europe, China and Brazil, and because the Group is selling light vehicles in countries where regulations on fuel consumption are severe. The strategy of Groupe PSA to tackle those regulatory risks is detailed in chapter 2.

CAFE EUROPE

- Target set for each car manufacturer based on the average weight of vehicles sold (target for average car manufacturers: 95 g/km of CO₂ in 2020 for 95% of the fleet, and starting in 2021 for 100% of the fleet),
- Calculation method includes:
 - phase-in 95% in 2020 (95% of the fleet has to be compliant with exclusion of the worst 5% in 2020, 100% has to be compliant from 2021),
 - super-credits for Low Emission Vehicles (Electrical and Plug-in Hybrid Vehicles, whose CO₂ emission is lower than 50 gCO₂/km): LEV volume will be weighted with a decreasing coefficient, of 2 in 2020, 1.67 in 2021 and 1.33 in 2022,
 - eco-innovations (technologies that allow CO₂ emission reduction in real-world driving conditions, which is not measurable with the approval procedure),
- If these objectives are exceeded, a penalty will be applied amounting to €95 per g/km of CO₂ and per vehicle, e.g. approximately €240 million for 1 g/km of CO₂ exceeding the target, taking into account the order of magnitude of total sales in Europe, including Opel and Vauxhall (OV).
- In 2021, European CAFE regulation will switch from NEDC to WLTP procedure. Targets from 2021 to 2024 will be converted into WLTP, with a conversion ratio that will be calculated for each car manufacturer, depending on its 2020 results both in NEDC and WLTP. In consequence, the WLTP targets will be higher than previous NEDC targets.

CAFE CHINA

- As in Europe, target set for each car manufacturer based on the average weight of vehicles sold (target for average car manufacturers: 4.9 l/100 km in 2020),
- If the target is exceeded, there will be a suspension of authorization for new investments, suspension of market vehicles that exceed the thresholds, and negative publicity.

OTHER REGULATIONS

- **CAFE BRAZIL:** if the target is exceeded, vehicles produced locally are subject to the same tax as the one on imported vehicles; this is a 30% increase, which corresponds to a risk of more than €40 million for Groupe PSA.
- **OTHER CAFE:** regulations also exist in Mexico, Japan, South Korea, Saudi Arabia, India, Iran.
- **NEW REGULATIONS:** on the top of the CAFE standards, new regulations are taking other forms with impacts on Groupe PSA business. In October 2017, China officially published a regulation to impose electric and hybrid vehicle quotas from 2019. Already in place in the US and South Korea, these quota rulings for a particular technology could be introduced in other regions.
- **TAX INCENTIVES:** at the same time, tax incentives (France, the Netherlands, Germany, Portugal, Italy, China, etc.), vehicle fuel consumption labelling (Brazil, India, Korea, Iran, etc.), and the spread of limited access in city centres and low-emission zones are speeding up the development of more environmentally responsible technologies. These programs are changing consumer behavior by encouraging the purchase of vehicles with lower CO₂ emissions.

— TECHNOLOGICAL RISKS

Rapid technological upheaval is required from car manufacturers to adapt to consumers' evolving expectations in regards to mobility, the emergence of new competitors, and the availability of less carbon-intensive technological mobility solutions. Therefore, Groupe PSA dedicates 32% of its research and development budget to clean technologies.

The pace for launching electrified-vehicle technologies in the market will also depend on factors external to Groupe PSA: financial capacity of customers, availability of charging stations, price of electricity, carbon intensity evolution of the electricity production in each market, and the available supply of batteries. They all could have a strong financial impact on sales and margins.

Transitional risks – Medium-term (2025-2035)

– MARKET RISKS

Towns and cities are reviewing their urban transport policies and increasingly discouraging the use of cars. Consumers' average disposable income is decreasing in developed countries while demand is increasing in emerging countries that have heterogeneous economic conditions. In addition, some automotive markets are shifting from car ownership to shared mobility. In this context, Groupe PSA is rethinking its business model so that new solutions can replace traditional revenue streams. Otherwise, the loss of revenue could affect overall profitability, leading to asset impairment and a fall in their securities valuation.

– REPUTATIONAL RISKS

Climate urgency, in addition to growing awareness and concern about health and safety invite consumers, investors and even new talents to consider climate performance before making their decision. Therefore, Groupe PSA is reducing its exposure to revenue loss by developing its low impact technologies and its presence in the new mobility market segments (car-sharing, fleet-sharing, smart mobility applications...). As a leading climate company, it annually discloses exhaustive climate data, verified by a third party, and has its technologies challenged by two environmental NGOs.

– SOCIAL RISKS

Studies on the impacts of the electric transition show that car manufacturers' current business models are likely to lead to the loss of 60-70% of the added value of vehicles (engines, gear-

boxes and batteries). The fuel market mix shift, and evolving technologies can have impacts on workforce volume and skills mainly for engineering and manufacturing facilities of engines and gearboxes.

Physical risks

Climate change leads to a wide range of physical effects with serious impacts for investors and businesses. Science shows that extreme weather events are becoming more frequent and intense, that incremental climatic changes are very likely to happen, and that their impacts are expected to grow more severe over the coming years and decades.

Indeed, extreme weather events or natural disasters could damage production facilities owned by Groupe PSA and its suppliers' sites, hence disrupting production and leading to costly delivery delays for the end customer, or resulting in plant repair costs. These risks could also have an impact on the cost of insurance. Change in physical climate parameters could also generate a shortage of raw materials, including basic natural resources such as water but also metal and other resources. If raw material shortages are a direct risk for suppliers, it is obviously an indirect risk for Groupe PSA since changes in resources could lead to supply instability and therefore potential disruptions regarding the manufacturing of vehicles.

Therefore, identifying and assessing the medium- and long-term evolution of these climate changes in terms of frequency and severity are key for Groupe PSA to build appropriate adaptation plans, manage the related financial impacts, and mitigate the risks. In its global risk assessment, Groupe PSA evaluates these physical risks on its owned sites as well as in its supply chain.

IMPACTS OF CLIMATE RISKS ON GROUPE PSA CSR ISSUES

CLIMATE SENSITIVE CSR ISSUE	TRANSITIONAL RISKS				PHYSICAL RISKS
	Policy & Legal risks	Technological risks	Market risks	Reputational risks	
Vehicle CO ₂ emissions	●	●	●	●	
Environmental performance in the supply chain: purchasing & logistics	●	●			●
Energy/Industrial carbon footprint	●	●		●	●
Vehicle impact on air quality	●	●	●	●	
Responsible information and marketing	●		●	●	
Development of new mobility solutions		●	●	●	
Management of company transformations and social dialogue		●		●	
Attracting and developing all talents		●		●	
Wise use of material in the vehicle life cycle (including product recycling)		●		●	
Local sourcing development in host territories					●
Sustainable water management				●	●
Optimisation of material cycles in industrial processes (including waste)		●			
Biodiversity				●	

● High climate sensitivity ● Moderate climate sensitivity

This table shows which climate risks may have an impact on Groupe PSA climate-sensitive CSR issues on the short-or medium-term. The higher the climate sensitivity is, the more the climate risks are impacting Groupe PSA activities for those CSR

issue. For each issue, Groupe PSA adopts measures proportionate to its position in the materiality matrix and its sensitivity to climate.

2. CREATING A TANGIBLE IMPACT ON CLIMATE CHANGE

Acknowledge climate-related risks to identify sustainable opportunities

2.1.1.2. Accurate and permanent assessment of climate risks

The overall Risk Management System of Groupe PSA fully integrates the identification and assessment of climate-related risks (see 1.4.3. and 2019 Universal Registration Document 1.4.4.).

Specific identification and assessment of physical risks

To evaluate the physical risks of Groupe PSA sites, the Company uses natural disaster risk analyses from insurance databases, such as NatCatService from Munich RE or Sigma from Swiss RE. They monitor and analyze the number of past geophysical, meteorological, hydrological and climatological events and their related financial losses. They also project future occurrences of natural disasters and their potential physical impacts. Based on these data, Groupe PSA evaluates the probability of future impacts due to earthquakes, flooding, and storms/hurricanes on all its sites.

In terms of supplier selection processes, climate-related physical risks analyses based on the same tools are also used on suppliers' sites based on their GPS coordinates. Groupe PSA is therefore able to identify the most resilient supply chain options and associated suppliers.

2.1.1.3. Strategic management of climate risks by Groupe PSA

Given its determination to embed Corporate Social Responsibility in all its decisions and activities, each climate risk

is managed by specific strategic actions and resources within the area of expertise required.

Transitional risks management

Considering the nature of Groupe PSA activities and the strategic importance of these risks for the sustainability of the Company, transitional risks management is fully integrated at the heart of the strategy across the organization, from the decision-making bodies to the operational entities. The following sections of this Climate Report detail the strategy implemented by Groupe PSA, the governance in place and the metrics and targets used to manage these risks.

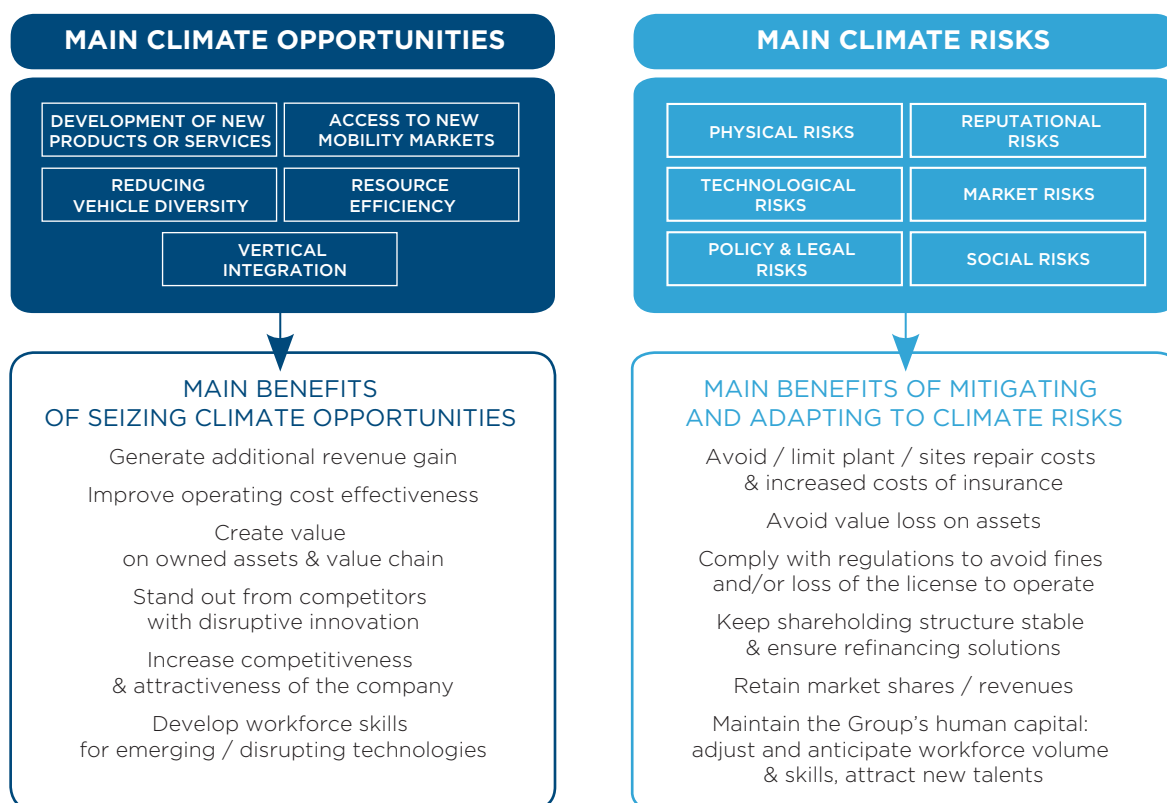
Physical risks management

The Physical risks management is mostly related to industrial assets. Therefore, Groupe PSA has implemented assertive industrial risk prevention strategies designed to:

- prevent the occurrence of major incidents;
- limit high-risk situations;
- ensure that the various Groupe PSA structures are capable of dealing with emergency and crisis situations;
- promote a risk prevention culture;
- and optimize the transfer to the insurance market of high frequency risks.

Groupe PSA sites build and update their plans for continuity and activity retake according to their exposure to the risks and their criticality. The sites also develop prevention plans based on those analyses with the adapted protocols, whereby investment requests regarding risk management are presented.

MAJOR CLIMATE RISKS MANAGED & OPPORTUNITIES SEIZED BY GROUPE PSA



2.1.2. Sowing the seeds of the carbon-neutral future opens new business opportunities

2.1.2.1. Climate opportunities identified by Groupe PSA (GRI:102-21)

While climate crisis generates transitional and physical risks, Groupe PSA also considers it as an opportunity. The Group's agility enables it to focus on the most relevant market stakes and to implement rapidly decisions made to adapt to evolving mobility expectations. Indeed, new "low-carbon" mobility solutions and urban mobility markets are all new sources of revenue. Along with operational efficiency and technological innovation, they enhance the leadership and value of Groupe PSA.

The process used to assess and manage climate-related opportunities is identical with the one used to manage risks, in the sense that they are embedded within the Company's business lines, with entities managing a specific climate issue that falls within their area of expertise.

For Groupe PSA, the climate-related opportunities identified are the following:

- **Development of new products or services through R&D and innovation**

With the combination of ever more stringent regulations on CO₂ thresholds and the shift in consumer preferences, new vehicle technologies have emerged in particular plug-in hybrid vehicles (PHEVs) and battery-electric vehicles (BEVs) that generate less emissions (when the national energy mix is low-carbon). Indeed, the registration of this new type of vehicles with alternative engines is developing, with a worldwide stock that surpassed 5 million vehicles in 2018, according to the International Energy Agency.

By developing breakthrough technologies such as plug-in hybrid and electric vehicles, Groupe PSA is providing efficient solutions to mitigate climate change issues. Groupe PSA has also taken the lead in developing innovative alternative fuels. Those environmental innovations relating to the product can represent major sales development opportunities for the Group. Groupe PSA also focuses its efforts on the affordability of its technological advances.

- **Reducing vehicle diversity**

The Group is reducing its vehicle diversity to focus on developing environmentally friendly technologies that can be rolled out on a large scale and that boast the dual advantage of capitalising on research and development investments through high production volumes and having a favourable environmental impact on the emissions of the entire fleet.

- **Access to new markets**

The automotive industry is facing disruptive trends that range from the emergence of the mobility services market to the acceleration of new technologies such as the autonomous vehicle.

Car sharing and rental are growing and becoming more widespread among individuals. According to Frost & Sullivan's study titled "Future of Car sharing Market to 2025" (August 2016), the number of users of car sharing services worldwide is expected to increase from 8 million to 36 million between 2015 and 2025. Thanks to Groupe PSA offers, these practices are becoming totally secure and more widespread, thereby helping to limit prolonged periods during which the vehicle is not in use and maximise the use of the existing fleet. To mark itself as a socially responsible Group, Groupe PSA is developing a portfolio of mobility services in response to the changing expectations of its stakeholders, whether consumers or host communities (see 4.2.).

The autonomous vehicle market is also likely to grow in the future. According to an international study by KPMG, fully autonomous cars could represent 10% of car sales by 2035, or 12 million vehicles a year, and a market of \$42 billion by 2025. While tech players and start-ups will surely play an important role in the development of this new market, it also represents a huge opportunity for traditional carmakers.

Its historical capacity and agility in regards to integrating innovative connectivity solutions will help the Group to exploit and maximize this market opportunity. The autonomous vehicle aftermarket also represents an opportunity since Groupe PSA consistently strives to ensure the sustainability of its products through various commercial repair channels.

See 5.1.1 for more information on autonomous vehicle and connected vehicle.

- **Resource efficiency**

The automotive industry is a resource-intensive industry. A McKinsey study evaluates that 101 million tons of materials (energy, metals, rare earth materials etc.) were used for the production of vehicles in 2010 and that the volume of materials will increase to 140 million tons by 2030. While this resource dependency is usually perceived as a risk for automobile manufacturers, Groupe PSA considers resource management and efficiency as an opportunity to combine market competitiveness with the preservation of resources (see 7.).

- **Vertical integration**

To be competitive on the e-mobility market and to address social risks, Groupe PSA chose a very strong vertical integration with productions located in Europe, in a shared and responsible approach with its social partners. Anticipating the evolving context of the energy transition, issues relating to powertrain and gearbox industrial strategy are often on the agenda of the Joint Union- Management Strategy Committee and of other local employee representative bodies meetings in the last few years. The purpose was to share with trade union representatives the analysis of various scenarios of evolution of the fuel market mix, the vision of evolving technologies, and ways to mitigate energy transition impacts.

2. CREATING A TANGIBLE IMPACT ON CLIMATE CHANGE

Acknowledge climate-related risks to identify sustainable opportunities

This dialogue has been part of a strategic orientation for investment in Europe aimed at supporting the industrial transition of existing facilities and ensuring that these plants produce components designed for electrified vehicles. This guidance provided an opportunity for the historic Group plants in Tremery, Metz and Valenciennes to manufacture electric traction machines, gear reducers and specific gearboxes to ensure a smooth production transition (see strategic partnerships Nidec PSA e-motors and Punch Powertrain PSA e-transmissions in 2.3.1.1.). In 2020, the main

outcome of this strategy is the creation of a JV between Groupe PSA and Total-Saft, "Automotive Cells Company".

Energy transition and new regulations to be enforced in 2020 and further evolutions by 2030 are still an important topic. This was discussed at the Joint Strategy Committee, which brought together unions representatives from eight countries on October 11, 2019. This dialogue has been continued in 2020.

E-MOBILITY: INCREMENTAL APPROACH TO MASTER TECHNOLOGY AND INTEGRATE IN-HOUSE THE WHOLE VALUE CHAIN

e-components to battery of the future	Activities	Structure	Detailed information
e-Motor	Design & Manufacturing	NIDEC - PSA e-motors joint venture	2.3.1.1.
e-Transmission	Design & Manufacturing	PUNCH POWERTRAIN - PSA e-transmissions joint venture	2.3.1.1.
Reduction gear	Design & Manufacturing	Groupe PSA	2.3.1.1.
Battery pack	In-house Assembly	Groupe PSA	2.3.1.1.
Battery cells	Design & Manufacturing	Total-Saft - Groupe PSA / Automotive Cells Company	2.3.1.2.

2.1.2.2. Climate embedded into Business Planning

Another recent opportunity implemented by Groupe PSA to pilot its CO₂ emissions, is the application of an **internal carbon price** at industrial level, led by the Group Industrial division and followed by industrial managers. The Head of Industrial division is using a shadow price of carbon in order to evaluate the future risks and opportunities associated with GHG regulations. This price and its evolution in the future is shared with all industrial facilities, which uses it to draw up their master plan (3-5 year projections) and make decisions related to performance actions and investment plans. In 2018, the financial business unit was also involved due to the major financial implications associated with the new European GHG regulations.

Thus, given the recent reform of the ETS market (new EU directive 2021-2030 that reduces the quantity of allowances) and the ambition of the European Commission to increase the carbon price drastically in the next decade, Groupe PSA foresees regular increases in its internal carbon price. It has been set at 20€/tCO₂ for 2019 and 2020, and should reach 31€/tCO₂ between 2024 and 2025. Up to now, this forecast remains globally in line with CO₂ price on the market, and there is no need to update the internal price. However, this estimation will be reassessed in 2021, with the strong changes coming on the ETS rules.

Consequently, Groupe PSA Industrial Division uses an internal carbon price to evaluate the future risks and opportunities associated with GHG regulations.

2.1.2.3. Resilience strategy built with climate-related scenarios

Groupe PSA is using a climate scenario analysis developed by BIPE, a specialised firm in strategic prospective. The main reference scenario used by Groupe PSA is the **"Green Constraint" scenario**, which considers moderate economic growth and stringent environmental regulation. In this scenario, green technologies are gradually developed and are transferred by the private sector to developing countries.

The results were compared with the 2DS scenario of the IEA, which demonstrated that the mix projections by energy and technologies from the Green Constraint Model were relatively similar to the results found in the 2DS scenario.

The scenario analysis was based on the WAPO bottom up model, which incorporates various macroeconomic, technological, energy and regulation hypotheses through 2035.

The time horizon for this model was chosen for two reasons:

- 1/ the changes that are on-going in the automotive market take time, which means that new services or technologies such as the fuel cell or the autonomous vehicle will generate significant effects on Groupe PSA business only in the medium-term;
- 2/ forecasting changes to Groupe PSA business leads to the adoption of strategic choices and large investment plans that need to be anticipated.

This group-level analysis enabled Groupe PSA to understand the minimum and maximum thresholds of electrified vehicles needed on the market to stay below a 2° target, and to identify the share of effort to be made to optimise CO₂ emissions on conventional thermal vehicles in order to reach Groupe PSA target relating to the average CO₂ emissions of all vehicles.

As a direct result of this exercise, Groupe PSA prior to merger had planned to offer an electrified alternative for 100% of the models marketed by 2025 and to sell more than 50% of electrified vehicles in 2035.

2.2. CO₂ GOVERNANCE: PUT CLIMATE AT THE CORE OF THE DECISION-MAKING PROCESS

GRI.103-2

GRI.103-3

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In order to have the most efficient governance to support the implementation of decisions related to climate actions, Groupe PSA has embedded climate issues at every level of the organization, with responsibility exercised within all of the Company's management and executive functions. Ensuring that climate is central to decisions and actions can significantly boost performance and enable Groupe PSA to improve its economic and financial efficiency, safeguard the value of its assets, manage risks more effectively and protect its value and sustainability in the medium- to long-term.

“CO₂ is the n°1 driver in every decision made by Groupe PSA.”

Carlos TAVARES

2.2.1. Groupe PSA climate governance organisational chart

GRI.102-18

GRI.102-19

GRI.102-20

GRI.102-21

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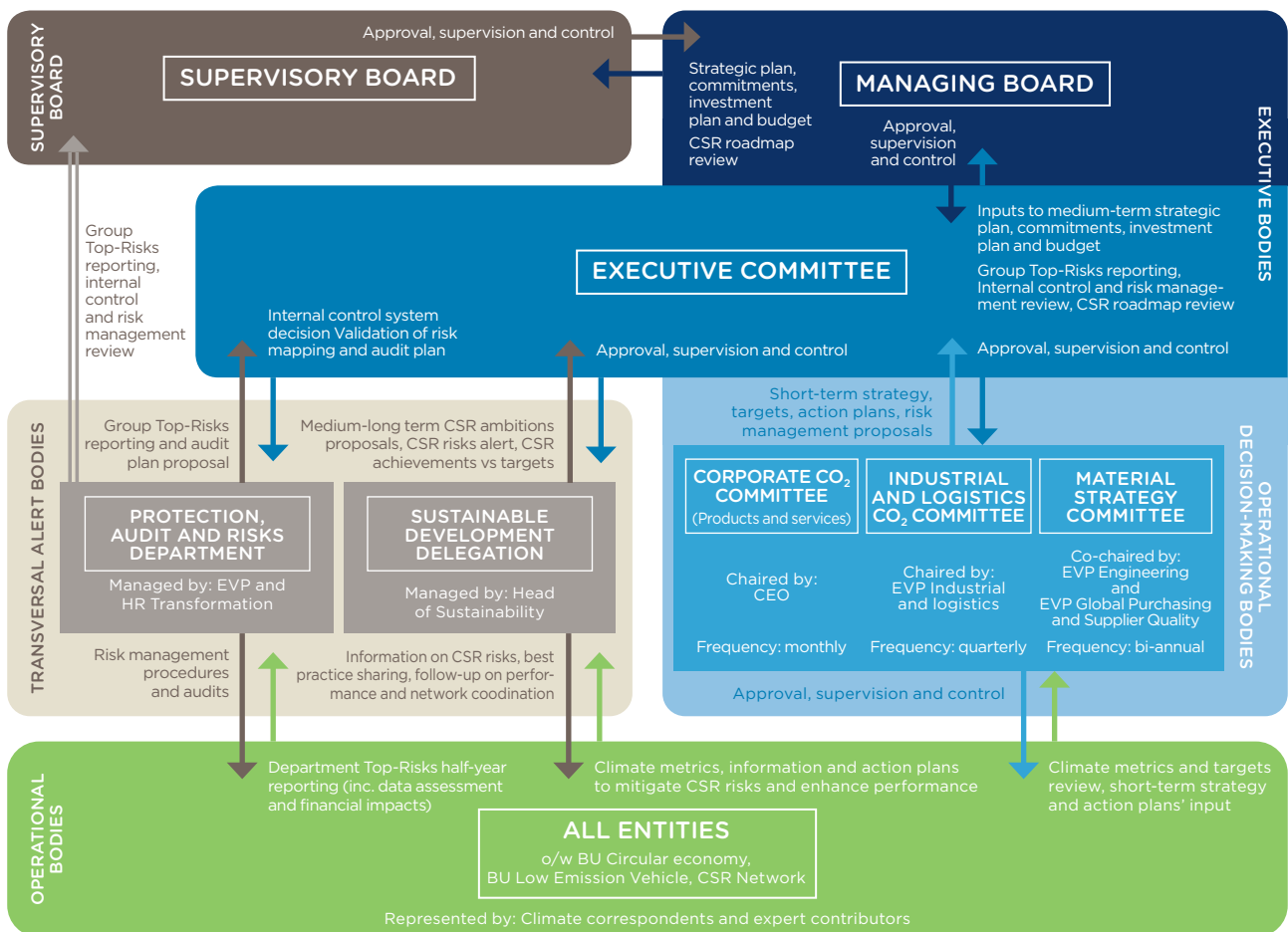
GRI.102-26

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GRI.102-29

The following organizational chart gives an overview of the main bodies in charge of climate governance within Groupe PSA.

CLIMATE GOVERNANCE IN GROUPE PSA



For more information on corporate governance, management and supervisory bodies, see 1.4 and the Governance section of the Corporate Website.

2.2.2. Supervisory bodies: ensuring a long-term climate resilience

Bodies responsible for climate risks & opportunities oversight and control

Peugeot S.A. has a two-tier management structure comprised of a Managing Board, responsible for strategic and operational management, and a Supervisory Board, responsible for oversight and control. This separation responds to the concern for a balance of power between the executive and oversight functions, as reflected in the principles of efficient corporate governance.

The Managing Board is supported by the Executive Committee aiming to secure worldwide profitable growth for the Group.

Within this governance structure, the Supervisory Board considers any subject that may be linked to the strategic Medium-Term Plan (MTP), and climate is a key topic. Therefore, the Supervisory Board ensures that the strategy proposed and applied by the Managing Board fits with Groupe PSA long-term vision and climate resilience, but also that related risks & opportunities stemming from climate are properly identified and managed.

Climate sensitive issues are discussed at all Supervisory Board meetings. During these meetings, the Supervisory Board authorizes various strategic projects related to vehicle CO₂ emissions reduction, new production locations, product planning or new mobility offers. It also reviews the related financial implications, such as the CAPEX, R&D, or business transformation needed to implement these projects. The Board discusses every project for approval after reviewing the information necessary for their business case, such as regulatory scenarios, projected CO₂ emissions compared to regulations and expected transitional changes in the mobility market.

During the annual review of the CSR roadmap, Groupe PSA strategic climate commitments, their implementation and their progress vs targets, are presented to the Supervisory Board, in order to deliver relevant information on the CSR issues impacting the organization, especially when climate-related.

Additionally, the Supervisory Board provides its members with insight on climate information to raise their awareness on specific climate topics.

Specialised Committees at the Supervisory Board and their climate responsibilities

With its 13 current members, the Supervisory Board has 4 sub-groups (called "Committees") with specific expertise:

- Finance and Audit;
- Strategy;
- Appointments, Compensation and Governance Committee;
- Asia Business Development Committee.

These specialised Committees prepare and produce work for the Supervisory Board. Each Committee issues proposals, recommendations and opinions within the scope of its responsibilities. Specifically, the Finance and Audit Committee and the Strategy Committee provide general climate-related orientations to the Supervisory Board.

Finance and Audit Committee

The Supervisory Board's Finance and Audit Committee monitors the efficiency of internal control and risk management systems, reviews the Group's Top-risks mapping, and ensures that these systems are properly developed and managed. The Committee examines the means used to implement these procedures and the remedial actions applied to correct any material weaknesses or deficiencies identified.

As climate crisis is considered as a "Group Top-Risk", it is closely followed by the Finance and Audit Committee, adjusting any risk protocols if needed and covering the spectrum of the climate-related physical and transitional risks which could have an impact on the Group's financial and accounting information.

Strategy Committee

The role of the Strategy Committee is to look at the long-term future and potential avenues for growth, and make suggestions to the Supervisory Board in terms of general orientations for Groupe PSA. Since CO₂ emissions and air quality performance of vehicles are strategic issues for the Group, the Strategic Committee's role is to verify that proposals on these topics fit the Company's strategic orientations. This committee also provides recommendations on the Medium-Term Plan and corresponding investment plan.

2.2.3. Executive bodies: putting climate responsibility as a central theme in executive decision-making

Strategic and operational decision-making to drive climate risks & opportunities management across the organisation

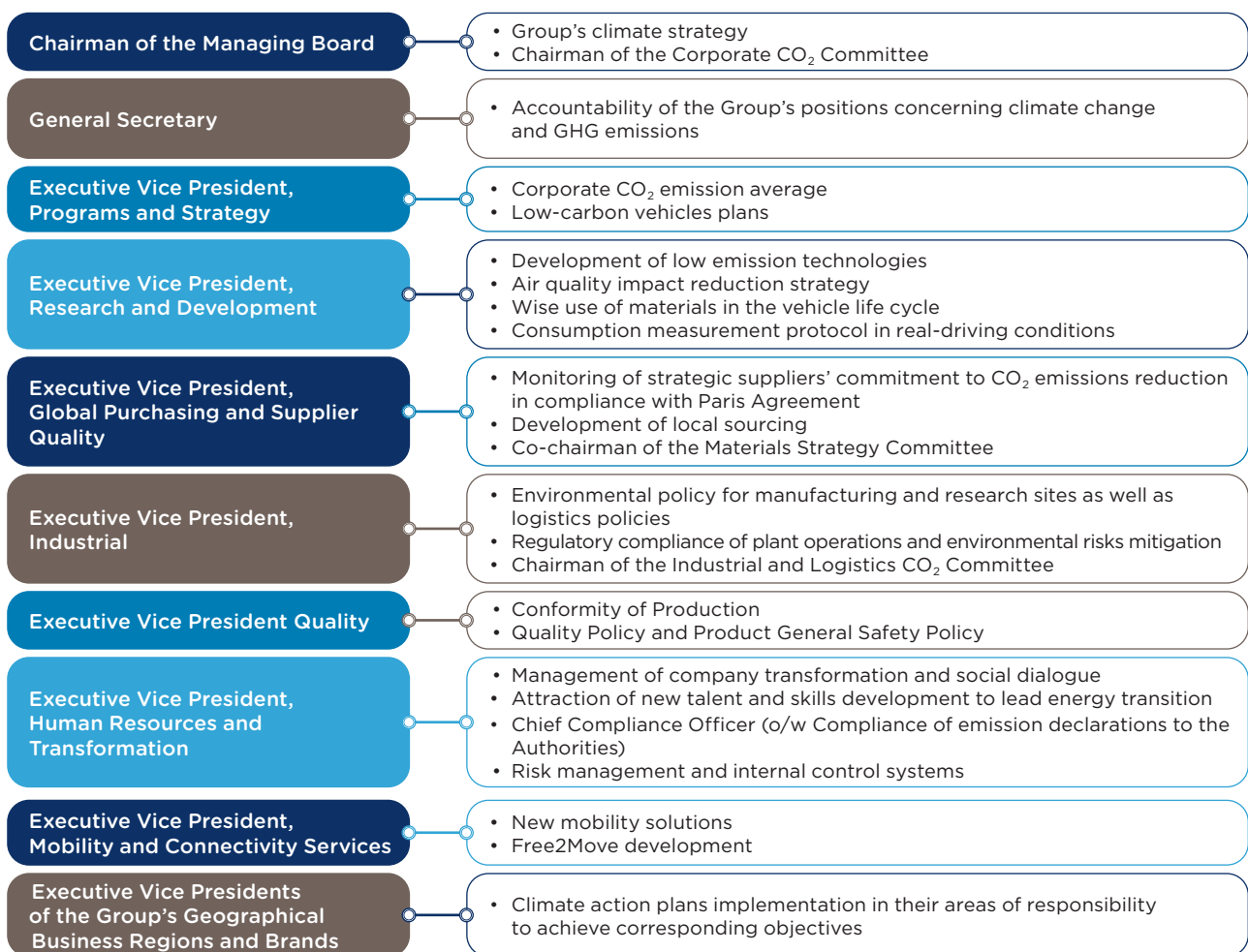
At the Executive level, the Managing Board is responsible for strategic operational management, delegating the powers to carry out CSR and climate-related formalities to specific executive managers. The Managing Board is backed by the Executive Committee, organised in a matrix structure by brands, regions and business lines.

The Executive Committee has a broad reach across the organisation, and therefore it has a global vision of climate-sensitive challenges and the impacts these challenges have on Groupe

PSA business model and management bodies. The Executive Committee monitors progress against climate commitments and objectives, and reviews the “Group Top-Risks” with a particular focus on climate change, especially vehicle CO₂ emissions, as the most strategic CSR issue for Groupe PSA.

The Executive Committee, and the Heads of Departments who serve as its members, play a key role in Groupe PSA climate policy: the Executive Committee as a group validates the medium- and long-term climate-related objectives, while members (Heads of Department) are responsible for following the objectives and for all action plans necessary to achieve these objectives. Therefore, climate-sensitive issues are fully embedded in any decision made by the Executive Committee on reviewing and guiding major plans of action, annual budgets or business plans.

CLIMATE RESPONSIBILITY AT EXECUTIVE COMMITTEE LEVEL



2

CREATING A TANGIBLE IMPACT ON CLIMATE CHANGE

CO₂ Governance: put climate at the core of the decision-making process

The Public Affairs Department, under the responsibility of the **General Secretary**, is responsible for the accountability of the Group's positions concerning climate change and GHG emissions.

The **Executive Vice President, Programs and Strategy**, holds direct and specific responsibility on corporate CO₂ emission average, and provides orientation for the development of new vehicles and in particular low-carbon vehicles. Being the head of the Automotive Programmes Department, which translates Groupe PSA strategy into product plans, it ensures their implementation by steering the development of vehicle and subassembly programmes with the responsibility for their economic performance.

Several climate issues falls into the scope of the **Executive Vice President, R&D**, who supervises the research and development of low emissive technologies as well as the reduction of the impact on air quality of the Group's technologies, the wise use of material in the vehicle life cycle and the consumption measurement protocol in real-driving conditions across the organisation.

The **Executive Vice President, Global Purchasing and Supplier Quality**, is also involved in reducing the Group's CO₂ footprint. The GPSQ department monitors the environmental performance and CO₂ emissions of suppliers and uses local sourcing as a way to enhance CO₂ performance of Groupe PSA.

The **Executive Vice-President, Industrial**, coordinates the deployment of Groupe PSA environmental policy for manufacturing and research sites as well as within logistics policies. In addition, with its Industrial Environment Department, the Executive VP manages an annual investment plan that ensures plant operations are compliant with regulatory changes, while mitigating pollution and environmental risks. In addition to product strategy, which emphasizes the development of low-carbon vehicles, the Executive Vice-President Industrial focuses the Industrial Department on programs and

actions to reduce the Group's carbon footprint notably through a reduction of direct energy consumption and the Supply chain on efficient transportation models.

The **Executive Vice-President Quality**, is responsible for the Group's Quality Policy and the Conformity Of Production of the homologated vehicles.

The **Executive Vice President, Human Resources and Transformation** contributes to the Company's transition to a low-carbon economy through the attraction of talents, the upscaling of employees and the co-construction of the Company's future via social dialogue with employees' representatives. In addition, the Human Resources Department is widely developing teleworking and on-line meetings to reduce the carbon footprint linked to employees commuting daily from home to the workplace or travelling between company locations. Real Estate assets are also managed to minimize their carbon footprint and their resilience to physical risks. This EVP is responsible for the compliance of the Group's emission declarations to the authorities and also supervises the Protection, Audit, and Risks department in charge of the Group's risk management and internal control.

The **Executive Vice-President, Mobility and Connectivity Services**, has an essential role in the implementation of new mobility solutions and the development of Free2Move, Groupe PSA new mobility brand, with the ambition to make it the preferred mobility service provider for customers.

Finally, across the regions and brands, consistency on climate change is also ensured at the Executive Committee level, since the **Executive Vice-Presidents of the Group's geographical business regions or brands** are in charge of implementing climate action plans in their area of responsibility and ensuring the achievement of the objectives set by the Executive Committee.

2.2.4. Embedding climate across all management levels

Climate risks and opportunities management is shared across the organization.

2.2.4.1. Ensuring the integration of climate responsibilities within the organization

The Sustainable Development Delegation (SDD) coordinates Groupe PSA CSR roadmap and reporting developed around medium/long-term CSR ambitions for all CSR issues. The Delegation oversees a network of CSR correspondents and experts with specialist knowledge of various business lines. The CSR correspondents also submit priority commitments, objectives, and action plans for validation by the Executive Committee and take charge of all related follow up actions. The Delegation meets quarterly, discussing best practices, and progress made on action plans.

In addition to network coordination and follow up on CSR performance, SDD informs on SRI investors' expectations.

The Head of the Sustainable Development Delegation reports to the Vice President of Corporate Communications, who reports directly to the Chairman of the Managing Board, ensuring information is relayed at the top management level.

In terms of climate-related activities, CSR expert correspondents for CO₂, air quality, innovation and industrial ecology, logistics and purchasing, mobility, and materials & recycling relay the messages of the Delegation in their perimeter of expertise and are the driving force behind practices. The correspondents rely for this on their own network of contributors in their department. These CSR correspondents also contribute to the agenda for the Corporate CO₂ Committee, the Industrial & logistics CO₂ Committee and the Materials Strategy Committee.

2.2.4.2. Organizational oversight and management

With CO₂-related issues being at the core of Groupe PSA governance at different levels, oversight and management of climate-related risks and opportunities are considered in the Group's business and strategic decisions at all company levels.

Designated committees to guide the carbon strategy

A **Corporate CO₂ Committee meets monthly** in order to direct the strategy regarding vehicle CO₂ emissions with the Executive Committee. The main objectives of this committee are to:

- Share the forecast of vehicle CO₂ emission average for short-, medium- and long-term in all countries and geographical areas (especially where CAFE/CO₂ regulation exists, such as in Europe, China, Brazil, Japan, Korea, India), and decide on action plans;
- Share the scenarios related on hypotheses worked out by the Group's CO₂ experts using internal data related to Group's current and future technologies, and external data related to climate scenarios and market trends (regulation assumptions, energy mix evolution, diesel shares, uptake of electrified vehicles...);
- Make the necessary decisions and approving action plans worldwide (technical enablers, product plan adaptation and strategy) to ensure compliance to cover the most likely scenarios and reach CO₂ emission targets.

The range of attendees in this Committee demonstrates that the CO₂ issue is at the core of Groupe PSA activities and strategy. Notably, the Chairman of the Managing Board of Groupe PSA is the Chairman of the CO₂ Committee, and Executive Committee members from Strategy and Programs, Industrial, Purchasing, General Secretary, Human Resources, Finance, Regions, Brands and R&D are also members of this Committee. Other actors from the Electric Vehicle Business Unit, Program and Product Teams, and Engineering are also involved. The frequent briefings of GEC members during the CO₂ committees about climate-related topics such as Life Cycle Assessment or Carbon neutrality, contribute to ensure that top managers' skills are up to date regarding climate change.

Reflecting Groupe PSA commitment to embed CO₂ issues within executive decision-making, in 2018 the Group created an Industrial & Logistics CO₂ Committee, in order to provide Executive bodies with a more global overview of CO₂ issues across its value chain.

This committee is chaired by the Executive Vice-President, Industrial. (see 2.4.2.2.3.)

Finally, the Material Strategy Committee identifies, assesses and manages the climate risks related to the supply and usage of materials, including the CO₂ issues (see 7.1.2.4.).

Two Business Units to coordinate Low Emission Vehicles and Circular Economy

In line with its strategy to have 100% of models with an alternative electrified version by 2025, in April 2018 Groupe PSA created a Low Emission Vehicles Business Unit. It has a global scope and leverages all factors necessary to deliver models that meet customer expectations, in line with the highest service standards. The BU is responsible for defining and deploying the Group's electric vehicle strategy and rolling out the related products and services. The two main priorities of the BU are profitable growth and contribution to Groupe PSA CO₂ objectives.

The business unit Senior Vice President directly reports to a member of Groupe PSA Executive Committee. This entity will contribute to the target to have 50% of sales coming from electrified vehicles by 2035.

In April 2018 Groupe PSA created the Circular Economy Aftermarket Business Unit, with the objective to provide its customers with a broad range of parts and services for a responsible consumption, thus reducing the amount of waste generated (7.1.1.).

2.2.4.3. Incentives schemes for the management of climate-related issues

Meeting the climate-related commitments is highly strategic for Groupe PSA. Therefore, CO₂ dedicated targets are annually set at all management levels and according to job perimeters (defined and reviewed during the annual performance review), and corresponding incentive schemes are in place to ensure the climate performance of the Company and the achievement of the set targets. Individual salary raises and bonuses are linked to the annual performance assessment which can notably take into account some of the following carbon-related targets.

2. CREATING A TANGIBLE IMPACT ON CLIMATE CHANGE

Cutting CO₂ Vehicle emissions, a top priority

CLIMATE-RELATED TARGETS SET PRIOR TO MERGER WITHIN THE INCENTIVE SCHEMES (TO BE REVIEWED WITHIN STELLANTIS)

Organizational Divisions	Climate-related targets
All employees of Groupe PSA who receive variable compensation (including the Managing Board)	Integration of CO ₂ -emission targets in the annual Group Collective Objectives, triggering the variable compensation payment (see 2020 incentive scheme hereafter).
Chairman of the Managing Board	Short-term CO ₂ -reduction targets on the CO ₂ emission level of the vehicles sold
Managing Board/Executive Committee members	Targets dealing with Groupe PSA's leading position in car efficiency (level of CO ₂ of the vehicles, energy consumption, new mobility services development, market share of electrified vehicles etc.).
Programs and strategy	Short-term CO ₂ -related targets per year, on the implementation of specific programs aligned with the long-term ambition to reduce by 2035 average CO ₂ emissions of the vehicles sold worldwide. Vehicle project managers have targets based on weight improvements and fuel consumption (directly linked to vehicle CO ₂ performance).
Manufacturing and logistics	Short-term CO ₂ -reduction targets per year on: <ul style="list-style-type: none"> energy consumption to ensure the ambition of carbon-neutral industrial facilities by 2050; the increase of the share of renewable energies in electricity consumption; the reduction of CO₂ emissions in the upstream and downstream supply chain worldwide to meet the 33% reduction target for logistics between 2016 and 2035. Energy, Environment and Facilities Managers operationally involved in facilities environmental management and energy saving, with regard to CO ₂ emissions reduction of products, have targets related to energy savings in terms of CO ₂ emission reduction.
Purchasing	Short-term CO ₂ -reduction targets per year on: <ul style="list-style-type: none"> the increase of the average environmental score for the Group's suppliers; the percentage of strategic and core suppliers demonstrating a CO₂ trend compliant with the Paris Agreement to ensure that the Group's suppliers are contributors to the achievement of the Environmental targets of the Group; the level of local sourcing, which is a CO₂ emissions reduction factor.
Chief Sustainability Officer and CSR network members	Targets related to the CSR performance of Groupe PSA which covers all CSR issues including environmental impacts.

The incentive scheme demonstrates the integration of climate objectives in the compensation system across the organization. The main feature related to climate was as follows for 2020: The variable compensation objectives were strictly similar for the Management Board and all the employees of the

Automotive Division of Groupe PSA who are beneficiaries. A triple trigger threshold system was conditioning the payment of the individual and collective objectives. One of these trigger thresholds was the level of CO₂ from vehicles sold in Europe in respect of 2020.

2.3. CUTTING CO₂ VEHICLE EMISSIONS, A TOP PRIORITY

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Mindful of sustainable development, the Group has devoted 32% of its research & development budget in 2020 to clean technologies. Many of the patents published in 2020 centre on technologies that help reduce vehicle fuel consumption and pollutant emissions. There are a number of focuses:

- powertrain efficiency (ICE, hybrid or electric) and depollution systems;
- making vehicles lighter and more ecological (both in terms of fuel consumption and reduced need for raw materials);
- vehicle energy efficiency.

32%

of the R&D budget devoted to clean tech

2.3.1. Innovation for low-carbon technologies

Groupe PSA is a key actor of the PFA (Plateforme Automobile-Automobile French Platform and mobilities), which defines and implements measures that help bolster the French automobile sector based on five federated, structured programmes that are at the forefront of the industry, which embed the Group within the framework for the national solution towards “an ecological mobility”.

2.3.1.1. E-components integration for next generation of electrified Powertrain

Groupe PSA has embedded the design and manufacture of key e-components of electrified powertrains: e-motors and e-transmission through joint ventures – respectively Nidec PSA e-motors and Punch Powertrain PSA e-transmissions – but also reduction gears and battery pack assembly.

Thereby, new e-components for PHEV, BEV and MHEV applications will be integrated in the next generation of electrified powertrain, from 2022. Innovation activities aim to continuously reduce cost, improve efficiency and compactness.



“Industrial Day – How Groupe PSA’s industrial transformation is contributing to the energy transition” 14/06/2019 Press Kit: <https://media.groupe-psa.com/en/industrial-day-how-groupe-psa%E2%80%99s-industrial-transformation-contributing-energy-transition?>

Strategic partnerships

– NIDEC PSA E-MOTORS

On December 4, 2017, Groupe PSA formed a joint venture with Nidec Leroy-Somer Holding in the field of electric motors. Under the joint venture agreement, the main components of the electric powertrain will be designed and manufactured in France.

Backed by a €220 million investment, the partnership between Nidec Leroy-Somer and Groupe PSA will be a valuable asset for both entities in tackling tomorrow’s technological challenges, leading to the development of a cutting-edge range of electric motors for electrified vehicles. The joint venture aims to meet the needs of both Groupe PSA and other carmakers.

Based in Carrières-sous-Poissy, just outside Paris, the entity currently comprises 80 employees dedicated to designing and developing new electric powertrains to be produced at the Trémery plant (Moselle, France). The powertrains will be fitted in MHEVs, PHEVs and BEVs.

Production will begin in 2022, with a long-term target of 900,000 units.



“The Trémery plant in France’s Grand Est region is at the forefront of Groupe PSA’s energy transition” 20/11/2019 press release: <https://media.groupe-psa.com/en/node/90059591>
“Nidec-PSA emotors joint venture created by Groupe PSA and Nidec starts the design of its future electric motors” 22/05/2018 press release: <https://media.groupe-psa.com/en/%E2%80%99nidec-psa-emotors%E2%80%99d-joint-venture-created-groupe-psa-and-nidec-starts-design-its-future-electric>

– PUNCH POWERTRAIN PSA E-TRANSMISSIONS

On September 27, 2018, Groupe PSA and Punch Powertrain announced their intention to create the “Punch Powertrain PSA e-transmission” joint venture. The entity will be backed by an investment of €82 million and will focus on producing the future generation of electrified dual-clutch transmissions (eDCTs) as from 2022.

Featuring a 48-volt configuration, the transmission will be fitted on Groupe PSA’s future MHEV models. Thanks to the use of zero-emissions vehicle (ZEV) mode in heavy traffic conditions, the technology will improve fuel efficiency by up to 15% and reduce emissions in the city. The eDCT technology will set the benchmark for dual-clutch transmissions in the passenger car and light commercial vehicle segments.

The eDCT will be designed and developed in Punch Powertrain research centres in Belgium and the Netherlands, and manufactured at Groupe PSA’s Metz plant (Moselle, France), a facility chosen for its cost-efficiency and recognised for its expertise in gearbox production. The Metz plant will have an annual production capacity of 600,000 eDCT gearboxes.

In June 2020, Groupe PSA and Punch Powertrain have agreed to establish a second JV to design, manufacture and supply state of the art components and sub-systems for the future generation of the electrified transmission DT2 (Dual Clutch Transmission) by Punch Powertrain, innovative, cost efficient and compact, available in 48V, plug-in hybrid or conventional variants).

Punch Powertrain will contribute with its DT2-related business unit, including world-class engineering, manufacturing, and support functions to the new entity which is expected to be operational by the third quarter 2020. Punch Powertrain will also transfer its current DT2- related facilities in Sint-Truiden (Belgium) and Eindhoven (the Netherlands). In return, Groupe PSA will make a cash investment in the JV.



“Groupe PSA and Punch Powertrain are negotiating terms of a joint venture agreement for the Group’s future electrified transmissions” 27/09/2018 press release: <https://media.groupe-psa.com/en/groupe-psa-and-punch-powertrain-are-negotiating-terms-joint-venture-agreement-group%E2%80%99s-future>

“Groupe PSA and Punch Powertrain Expand Strategic Partnership in electrification” 02/06/2020 Press release : <https://media.groupe-psa.com/en/groupe-psa-and-punch-powertrain-expand-strategic-partnership-electrification>

2.3.1.2. Battery technologies: more energy density, faster to charge, less expensive

Battery technology is key for customers' acceptance of LEV vehicles since it drives the zero emission range for BEV and PHEV, the charging time to provide a seamless long-range user experience, but also the cost of the system and its safety without any compromise.

Thus, Groupe PSA innovation on battery technologies is oriented toward this main axis. All the technologies regarding these objectives are covered, especially:

- Electro-chemistry and cells design, with a specific focus on the next generation based on solid-state electrolytes;
- Pack design, including mechanical parts optimization, thermal management, wires;
- Software and BMS (Battery Management System) design.

Since 2019, the Group has been pursuing extensive discussions with startups providing innovative products and solutions in the field of Li-ion technologies, but also other forms of energy storage for automotive applications. More than 15 startups are currently under NDAs with the Group, coming mainly from the European ecosystem, but also from the US. One partnership is in progress regarding battery ageing.

Strategic move to create a leading player in battery cells and modules (ACC)

Groupe PSA is preparing for the electric future of mobility, through the Automotive Cells Company (ACC), a joint-venture created in September 2020 between PSA/Opel and Total/Saft, dedicated to the development and manufacture of batteries for the automotive industry. The technology used will offer the highest level of energy performance, both in terms of range and charging time, and a lower carbon footprint than that of the competition, setting a new standard in Europe. The objective is to develop two large-scale production plants in France and Germany for a combined capacity of 48 GWh by 2030. That would represent a production of one million batteries a year, or around 10-15% of the European market. This project aims to position ACC as a major competitive player in supplying electric vehicle manufacturers with high-performance batteries from 2023.

“Groupe PSA and Total create Automotive Cells Company, a joint venture dedicated to the manufacture of batteries in Europe” 03/09/2020 press release: <https://media.groupe-psa.com/en/groupe-psa-and-total-create-automotive-cells-company-joint-venture-dedicated-manufacture-batteries>

2.3.1.3. Charging services and solutions: smartgrids and high power charging

Charging operations will be a new and crucial user experience for electro-mobility customers. Groupe PSA studies:

- technologies contributing to a simple and seamless user experience: plug&charge feature (easy payment process), high power charging (quick charge for long range journey), services facilitating the charging operations;
- the opportunity to make services for the grid, by the energy and power buffering capacity of the vehicles connected to it: Smart charge functions and Vehicle-to-grid are value generators both for the customers and for the energy operators.



“Opel: Rüsselsheim Engineering Center to Receive Over 160 Charging Stations for Electric Cars and to Research Charging Infrastructure of the Future” 07/11/2018 Press release: <https://int-media.opel.com/en/opel-r%C3%BCsselsheim-engineering-center-receive-over-160-charging-stations-electric-cars-and-research>

2.3.1.4. Fuel Cell: LCV business offer

Through its Center of Competence “Fuel cell” in Rüsselsheim, Groupe PSA is leading research to develop and launch a LCV (Light Commercial Vehicle) fleet equipped with the FCEV (Fuel Cell Electric Vehicle) technology to validate business case assumption, customer expectation, technology maturity, cost breakdown and ecosystem as the first step in of an approach to enter the FCEV market. A large pool was identified for the LEV offer within the LCV market and FCEV could be a BEV complementary offer without the known BEV limitations (charging time & access, range, exceptional use case).

The research is built around the following pillars:

- design to customer: LCV market, B2B, TCO (Total Cost of Ownership) centric, shipping volume & payload preserved;
- design to optimize development cost: right power architecture associated with a plug-in battery and a high level of carry over platform and e-powertrain;
- global offer ‘Groupe PSA/Energy providers partnerships’ including vehicle, aftersales, leasing, services, energy infrastructure & supply.

A large ecosystem is involved in the project including energy providers (ENGIE, Air Liquide etc.) and industrial partners (Faurecia & Symbio).

First customer fleet of fuel cell vans are planned to be on the road end 2021.

2.3.2. CO₂ performances of Groupe PSA vehicles: a trajectory in line with the COP21 commitments

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DPEF.36

GRI.305-4

GRI.305-5

SASB-410a.1

SASB-410a.3

All following trajectories and commitments were made prior to merger. Stellantis will define new trajectories and commitments. As an historical leader in the area of CO₂ efficient vehicles, Groupe PSA already took public commitment to reduce the average CO₂ emissions level of its vehicles marketed globally by 30% by 2025 and by 55% by 2035, compared to 2012. Those targets have been set for Tank-to-Wheel emissions.

Reinforcing its commitment to tackle climate change, Groupe PSA has defined in 2019 a strengthened target, which consists in a reduction of 37% per vehicle kilometre of GHG emissions by 2034 from a 2018 base year, assessed on a Well-to-Wheel perimeter. This target, which has been approved by the Science Based Targets initiative (SBTi) Steering Committee, echoes the unconditional necessity to limit global warming to 2°C above pre-industrial levels, according to the latest climate science.



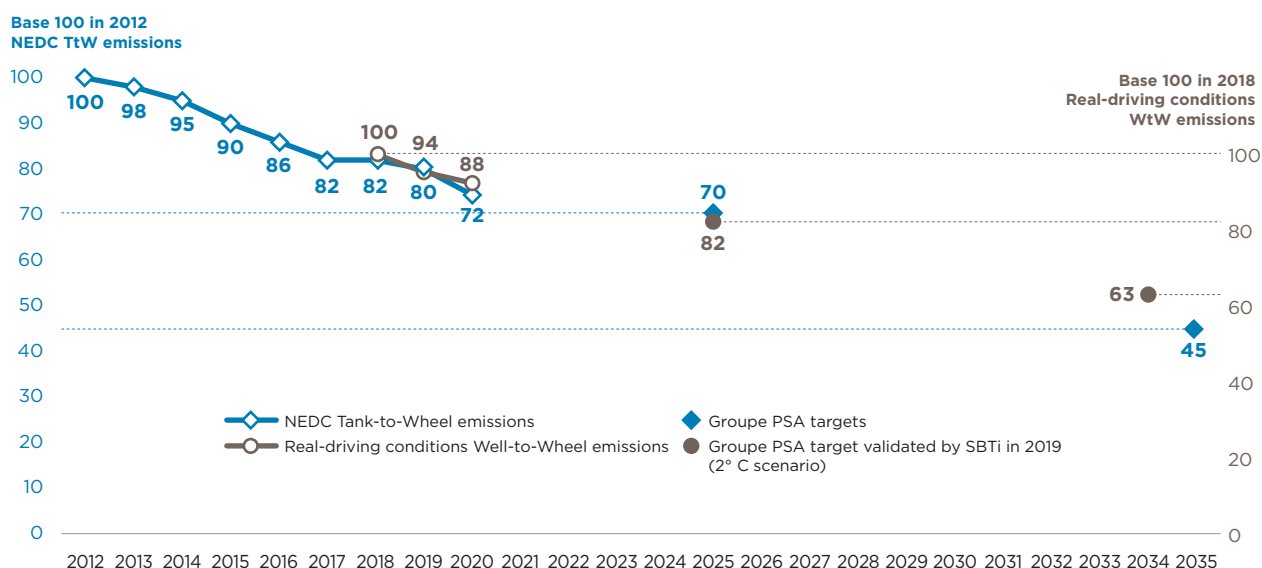
"Groupe PSA CO₂ reduction targets are scientifically certified as consistent with the Paris Climate Agreement" 14/11/2019 press release:
<https://media.groupe-psa.com/en/groupe-psa-co2-reduction-targets-are-scientifically-certified-consistent-paris-climate-agreement>

To consolidate its position as an environmental leader, Groupe PSA aims to offer CO₂-efficient vehicles that meet all customer needs:

- Best-in-class conventional (thermal engine) powertrains in each segment;
- Efficient Plug-In Hybrids;
- Electric vehicles.

All hypotheses are calculated by the Group's CO₂ experts using internal data related to Group's current and future technologies and external data related to climate scenarios and market trends. Action plans (technical enablers, product plan adaptation and strategy) to reach the Group's targets are then decided by the CO₂ Corporate Committee.

CO₂ TRAJECTORY OF THE VEHICLES SOLD BY GROUPE PSA WORLDWIDE: TANK-TO-WHEEL AND WELL-TO-WHEEL MEASURED EMISSIONS⁽¹⁾



Driven by the technical improvements brought to conventional vehicles and the electrification ramp-up, the CO₂ emissions of sold vehicles in 2020 have been drastically reduced, representing an acceleration in reaching Groupe PSA targets.

(1) NB: the suggested base = 100 approach makes it possible to place the contributions of each regional market in a single benchmark, in the context of the standards in the different areas not being consistent on regulated physical size (CO₂ emissions, fuel consumption or energy efficiency) or measurement procedures (see CAFE standards in 2.1.1.1).

2. CREATING A TANGIBLE IMPACT ON CLIMATE CHANGE

Cutting CO₂ Vehicle emissions, a top priority

Groupe PSA worldwide actions to reduce its CO₂ emissions

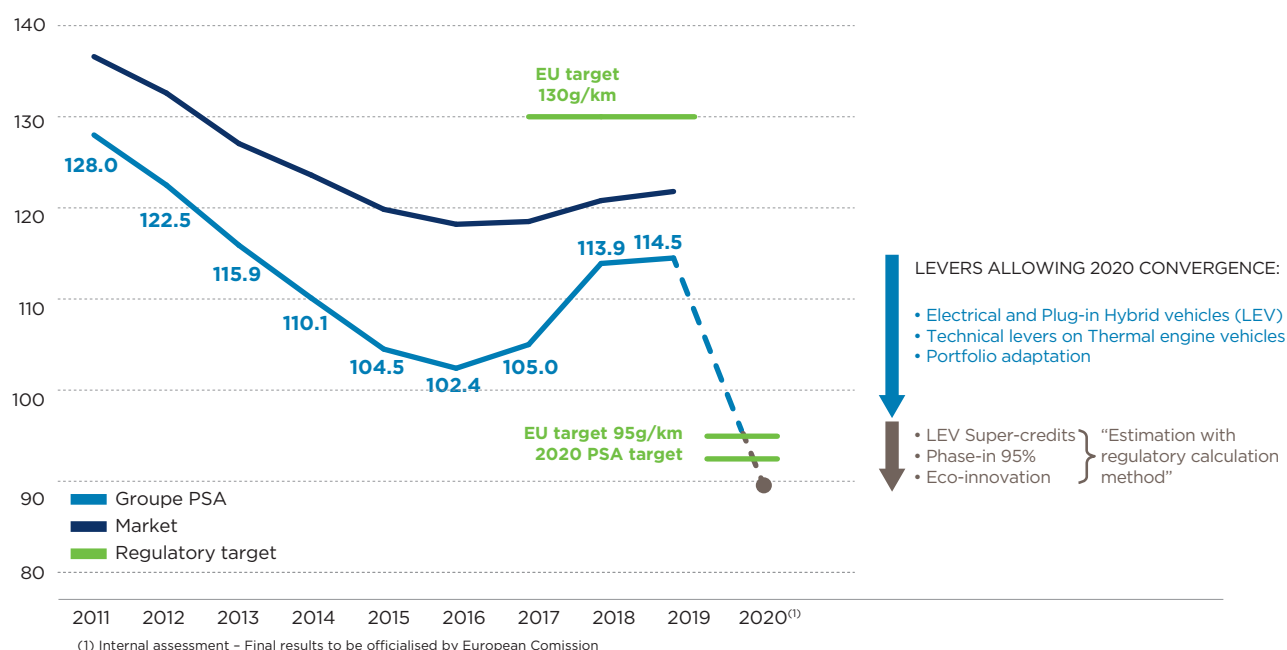
Groupe PSA is committed to reducing its CO₂ emissions in all the regions in which it operates, such as in China, Brazil, Japan and Korea. This is achieved through the same pattern of actions as those put in place in Europe:

- offer a wide range of BEV and PHEV : in 2020, PEUGEOT e-208, PEUGEOT e-208 and DS3 CROSSBACK E-TENSE have been launched in Japan and South Korea. First BEV and PHEV have been launched in China. Brazil, India and Taiwan will as well benefit soon of those new offers;

- capitalize phasing out of the less efficient vehicles, to benefit from the full potential of the lighter platforms: optimization of e-CMP (electrified platform already used on our B and C segments) and development of e-VMP (Electric Vehicle Modular Platform) on C and D segments;
- capitalize deployment of technical levers to improve all key aspects of fuel consumption: aerodynamics, rolling resistance and electrical consumption;
- capitalize promoting more efficient ICE powertrain technologies, such as the three-cylinder EB PureTech engine and fourth-generation automatic gearboxes.

GROUP PSA CO₂ TREND IN EUROPE 28 (PASSENGER CARS) AND LEVERS ALLOWING 2020 CONVERGENCE

NEDC CO₂ average (g/km)



In 2020, CO₂ emissions average of Passenger cars in Europe has been drastically decreased, thanks to generalized deployment of technical levers on ICE vehicles, portfolio adaptation, and increase of BEV and PHEV sales. Thus, the Group has overachieved its CAFE regulatory target. The CO₂ emissions average has decreased by 10% on ICE vehicles (from 114.6 g/km in 2019 to 102.7 g/km in 2020). 2020 has been the ramp-up year for Groupe PSA LEV program, allowing the share of LEV to already reach 6.6% (compared with 0.2% in 2019), corresponding to 4% of BEV and 2.6% of PHEV. With applying the regulatory calculation method, including LEV super-credits, phase-in and eco-innovations, the Group has overachieved its CAFE regulatory target.

2020 LEV share in Groupe PSA EU sales

33 times higher vs 2019

In 2020, 49% of the Group's passenger vehicles sold had CO₂ emissions of less than 100 g/km including all BEV and PHEV. The Group therefore positions itself as a key player in the low-CO₂ emissions segment.

Regarding Light Commercial Vehicles, the Group has also overachieved its CAFE regulatory target and has started to offer new generation of BEV in 2020.

The whole Company is committed on CO₂ convergence, from the R&D department to commercial network, in order to maintain regulatory compliance and the position of Groupe PSA among CO₂ performance leaders.

In 2021, the Group will continue to ensure a high level of CO₂ performance by :

- Investing in LEV technologies and extending its LEV offer, with launching 3 new BEV and 3 new PHEV, and increasing the LEV shares, with the ambition to be one of the top players of LEV market in the future years;
- Optimizing transversal technologies which will benefit to all vehicles.

This will allow Groupe PSA to reach its CO₂ targets in 2021.

Avoided emissions

By using its low-emission vehicles, Groupe PSA estimates that 223 Mt of CO₂ will be avoided in the world over a 13-year period (2012-2025).

The method for calculating avoided emissions is based on a comparison between the average emissions of Group vehicles worldwide in 2012 (153 g/km of CO₂) and 2020 (111 g/km of CO₂). Based on an assumption of a 3% reduction per year, in line with our target of 30% between 2012 and 2025 – and 4 million vehicles sold (including Opel and Vauxhall), with an average of 15,000 km travelled per year per vehicle and an

average of 10 years of car use, the quantity of avoided CO₂ emissions between 2012 and 2025 is as follows: in 2013: 2.8 Mt; in 2014: 5.4 Mt; etc.; in 2025: 30.1 Mt – a total of 223 Mt of CO₂ avoided.

223 million

tons of CO₂ avoided between 2012 and 2025

2.3.3. Strategy for reducing vehicle fuel consumption and CO₂ emissions

DPEF.15 DPEF.16 DPEF.24 DPEF.27 SASB-410a.2

Large-scale capital expenditures

The R&D budget is distributed based on the priorities set out in the Push to Pass strategic plan.



Impact measurement and economic assessment

Environmental innovations relating to the product, which make it possible to reduce fuel consumption and CO₂ emissions, are essential for two reasons:

- the need to control operational risks (loss of revenues due to non-approval of vehicles) and financial risks (payment of fines, increase in taxes) in case of non-compliance with the fuel consumption or emission thresholds set by regulations in the various Group markets. **As an example, in Europe, the financial penalties for an OEM selling 3 million vehicles would be close to 300 million € per gram above its target;**
- sales development opportunities: the Group's new environmental technologies are in line with consumers' changing expectations. Vehicles that emit less than 100 g/km of CO₂ accounted for more than 49% of the Group's European sales volumes in 2020. In addition, **the strategy to deploy plug-in hybrid powertrains and electric vehicles offers potential additional revenue for the Group estimated at between 4% and 5%.**

The Group's strategy is to take full advantage of the market opportunities generated by the combined effect of consumer preference for flexible and efficient mobility and stricter environment standards. **The Group is reducing its vehicle diversity to focus on developing environmentally-friendly technologies that can be applied on a large scale and boast the dual advantage of capitalising on research and development investments through high production volumes, which are having an environmental impact on the emissions of the entire fleet.**

The economic impact for BEV customers is mitigated thanks to incentives on BEV registrations. Indeed, in 2020, even if BEV purchasing cost is higher than the one of thermal car, the TCO (Total Cost of Ownership) for a business (B2B) customer in France is the same as the thermal car.

2. CREATING A TANGIBLE IMPACT ON CLIMATE CHANGE

Cutting CO₂ Vehicle emissions, a top priority

GROUP VEHICLE SALES BY REGION AND ENERGY TYPE

		China and ASEAN	Eurasia	Europe	India and Pacific	Latin America	Middle East and Africa	Total	as a % of total annual sales
Gasoline (+ LPG)	2020	45,928	4,635	1,010,865	18,789	59,617	92,085	1,231,919	49.03%
	2019	115,573	4,501	1,691,158	14,432	88,098	71,877	1,985,639	57.07%
	2018	261,126	7,657	1,722,282	13,802	113,082	203,177	2,321,127	59.86%
Diesel	2020		13,149	976,252	12,980	35,608	103,606	1,141,595	45.44%
	2019	1,511	11,137	1,299,873	12,205	47,617	92,256	1,464,599	42.10%
	2018	1,410	11,888	1,368,342	12,660	62,262	89,617	1,546,178	39.87%
Hybrid	2020		5	48,842	3	1	517	49,368	1.96%
	2019			9,771			37	9,808	0.28%
	2018			72			1	73	0.00%
Electric	2020	37		87,533	980	131	911	89,592	3.57%
	2019		1	17,483	2	24	96	17,606	0.51%
	2018			10,222	17	27	121	10,387	0.27%
Gaz/CNG	2020			1				1	0.00%
	2019			1,444				1,444	0.04%

As an environmental pioneer in CO₂ emissions from passenger cars, the Group is continuing to develop more and more efficient products by identifying technical solutions whose cost effectiveness is best for its customers. The technical solutions studied for all of the Group's markets, including China, centre around the major approaches listed below.

2.3.3.1. Electrification: an ambitious plan to roll out hybrid and electric technologies

(DPEF.16) (DPEF.24) (DPEF.26) (DPEF.27)

The environmental challenges associated with vehicle use are being met by technological solutions designed to drive powerful breakthroughs in fuel efficiency and CO₂ emissions. The introduction of hybrid solutions ranging from micro-hybridisation such as Stop & Start, to plug-in hybrid vehicles, and to zero-emission electric vehicles are poised to enable the Group to consolidate its position in the low-emission vehicle segment in Europe and extend its expertise to all of its other markets.

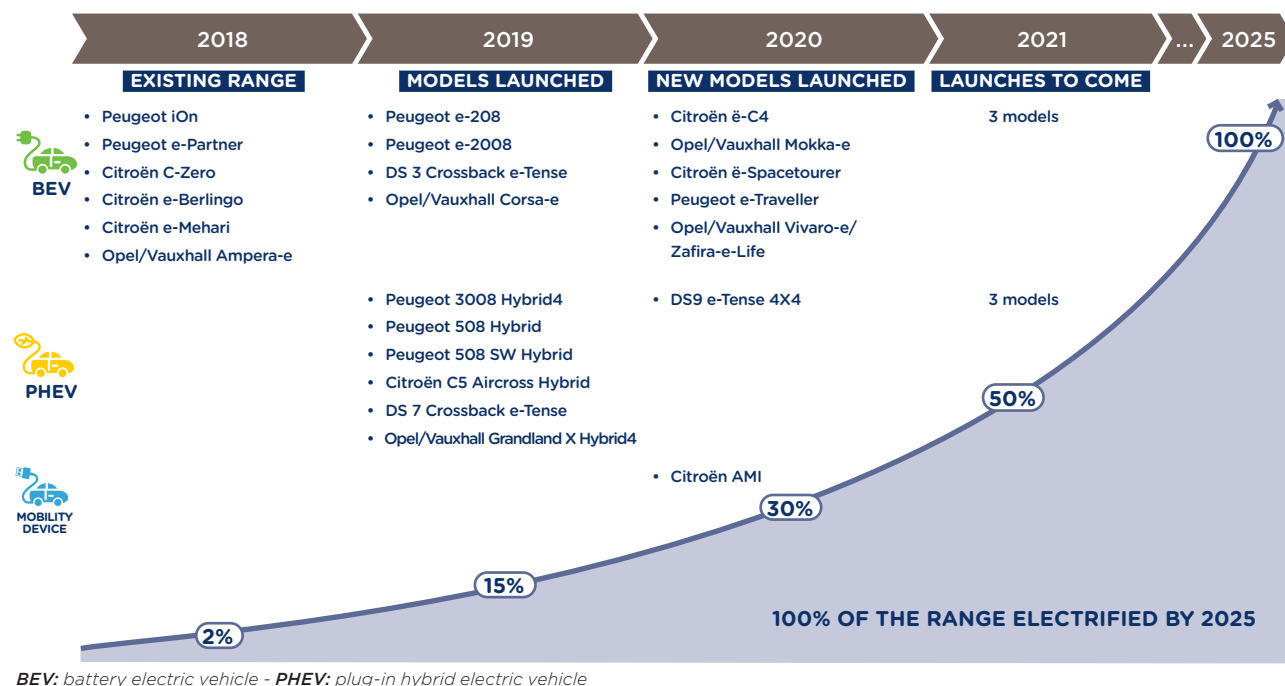
Solutions	Potential of reduction of CO ₂ emissions
Stop & Start technology	5%
Hybrid vehicles	15%
Plug-in hybrid vehicles	65%
Battery electric vehicles	100%
Fuel cell vehicles	100%

In its Push to Pass strategic plan, the Group has committed to putting 11 plug-in hybrid vehicles and 12 battery electric vehicles with different-sized engines and battery capacity on the market between 2019 and 2021, thereby meeting a wide range of types of use and budgets.

In 2025, 100% of the models marketed by the Group world-wide will be proposed in electric or plug-in hybrid versions. The ambition for Groupe PSA regarding LEV European sales is to overachieve the LEV bonus thresholds of CO₂ emission regulation, which are 15% in 2025 and 35% in 2030 for Passenger Cars. This progression is consistent with 2035 ambition of more than 50% of sales.

in 2025, **100%**
of models marketed will include
an electrified version

GRUPE PSA ELECTRIFICATION ROADMAP



2.3.3.1.1 From multi-energy to 100% electrified modular platforms, to reach carbon neutrality and address market evolutions with flexibility

As part of its Push to Pass strategic plan and its Core Model Strategy, Groupe PSA has been scaling back the number of its platforms worldwide so as to optimise the effectiveness of its R&D costs and its industrial and production processes in a sustainable manner.

The Group's R&D Department develops its vehicles through multi-brand and multi-region programmes, based on multi-energy modular platforms that enable it to maximise the reuse of parts.

As a result, **all Groupe PSA passenger cars are designed on two multi-energy platforms:** the Efficient Modular Platform 2 (EMP2) launched in 2013 and the Common Modular Platform (CMP) – developed with DONGFENG MOTOR CORP – launched in October 2018:

- the mid- and high-end body styles (upper C and D segments) are made on the EMP2;
- small city cars, sedans and compact SUVs (B and C mainstream segments) are made on the CMP.

CMP and EMP2 have been designed and optimised to limit CO₂ emissions by leveraging all of the factors that contribute to lower consumption.

The new models developed on these two platforms are available in internal combustion (gasoline and diesel) and electrified (electric or plug-in hybrid) versions in accordance with the energy transition deployment.

Starting from 2019 to 2023:

- eCMP (Electric Common Modular Platform)** allows to manufacture the latest generation of electric vehicles, equipped with a 100kW (136hp) electric motor, a 50-kWh lithium-ion battery pack and a high-performance heat pump;
- eVMP (Electric Vehicle Modular Platform)** will serve as the basis for a wide range of electric vehicles for the C- and D- segments. eVMP will offer high-performance with an autonomy of up to 650 km (WLTP cycle) and a benchmark storage capacity with 50 kW.h per meter available within the wheelbase.



"CMP, the New Modular multi-energy Platform for Groupe PSA" 102/10/2018 press kit: <https://media.groupe-psa.com/en/cmp-new-modular-multi-energy-platform-groupe-psa?idtok=ee20ebbb230>

"Groupe PSA strengthens its electric offensive with a new eVMP platform" 29/07/2020 press release : <https://media.groupe-psa.com/en/groupe-psa-strengthens-its-electric-offensive-new-evmp-platform-electric-vehicle-modular-platform>

For both eVMP and eCMP, electrified and internal combustion versions are industrialised on the same production line. As a result, **Groupe PSA has the flexibility to adapt to changes in the energy mix in its various markets** and can offer all of its customers around the world a comprehensive range of technologies that meet their usage needs and contribute to increasingly responsible mobility.



Impact measurement and economic assessment

This modular approach, coupled with programme-based organisation, enables basic parts, modules, and even body parts to be reused, generating a **20% saving on R&D costs** and a **30% saving on capital expenditure (CAPEX)** compared with an entirely new model.

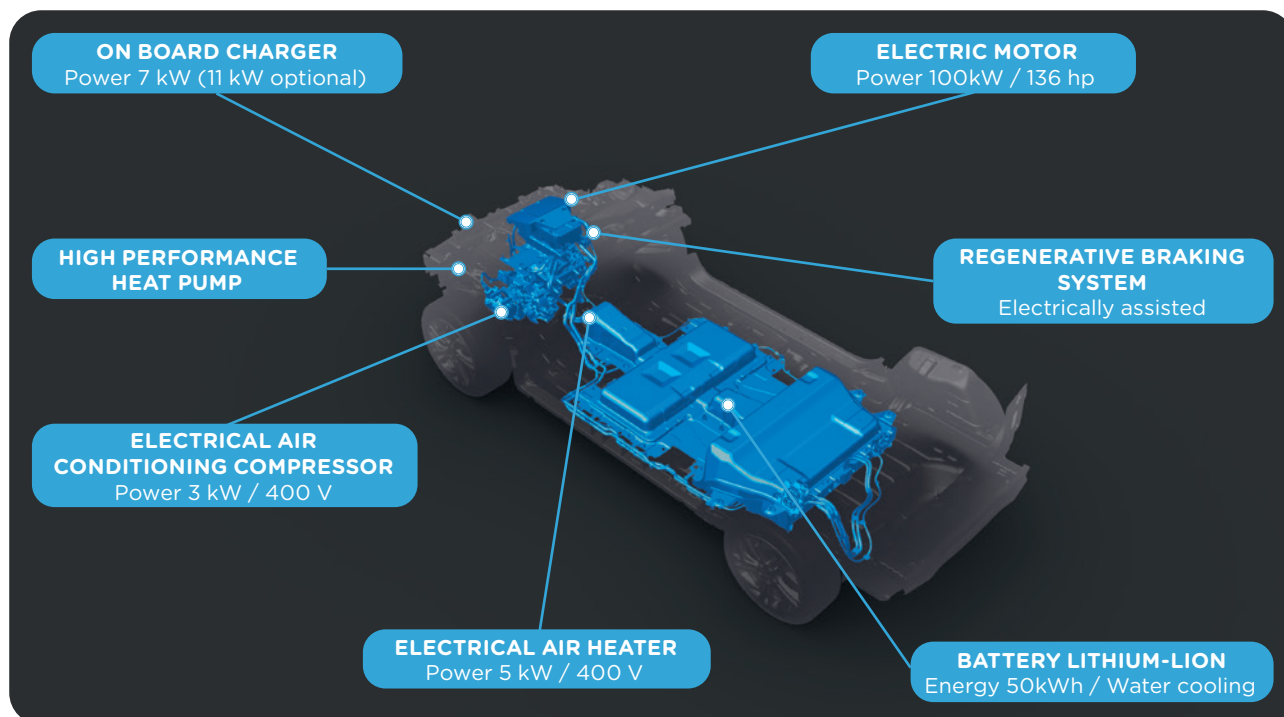
2.3.3.1.2 Battery electric vehicles (BEV)

The Group is working on extending its range of electric vehicles and is developing technologies to boost vehicle performance.

Since 2010, the Group – a pioneer in electric vehicles – has sold 143,380 electric vehicles worldwide.

Groupe PSA is now launching its new generation of 100% electric vehicles, developed on the electric version of the CMP platform (e-CMP).

GROUPE PSA BEV TECHNOLOGY



The BEV technology developed by Groupe PSA enables:

- a range of 320 to 340 km (WLTP);
- a fast charging: 8h on Wallbox domestic charging station and 80% charging in 30 min with 100 kW DC;
- a fun drive with Groupe PSA Chassis Tuning: 0 to 100 km/h in 8 seconds.

The first models equipped by this technology are DS 3 Crossback E-Tense, Peugeot e-208, Opel/Vauxhall Corsa-e, Peugeot e-2008.

Groupe PSA also plans to offer an electric version on all new LCVs for business and individual customers and has begun to launch all-electric versions of its compact van range since 2020. The battery is guaranteed for 8 years or 160,000 km for 70% of its charge capacity.



"New Peugeot e-Traveller, Next Gen Travel with Style & Technology" 09/07/2020 press release:

<https://int-media.peugeot.com/en/new-peugeot-e-traveller-next-gen-travel-style-technology>

"New C4 and ë-C4 - 100% ëlectric: Citroën reinvents the compact hatchback" 30/06/2020 press release:

<https://int-media.citroen.com/en/NEWC4>

"New Citroën ë-SpaceTourer: 9 seats compact MPV 100% ëlectric" 12/06/2020 press release:

<https://int-media.citroen.com/en/new-citro%C3%ABn-%C3%AB-spacetourer-n-9-seats-compact-mpv-100-%C3%ABlectric>

"Full of Excitement: New Opel Mokka Electric and Energetic" 24/06/2020 press release:

<https://int-media.opel.com/en/06-24-new-opel-mokka>

"Opel Vivaro-e Starts in 2020: Successful LCV Goes Electric" 05/11/2019 press release:

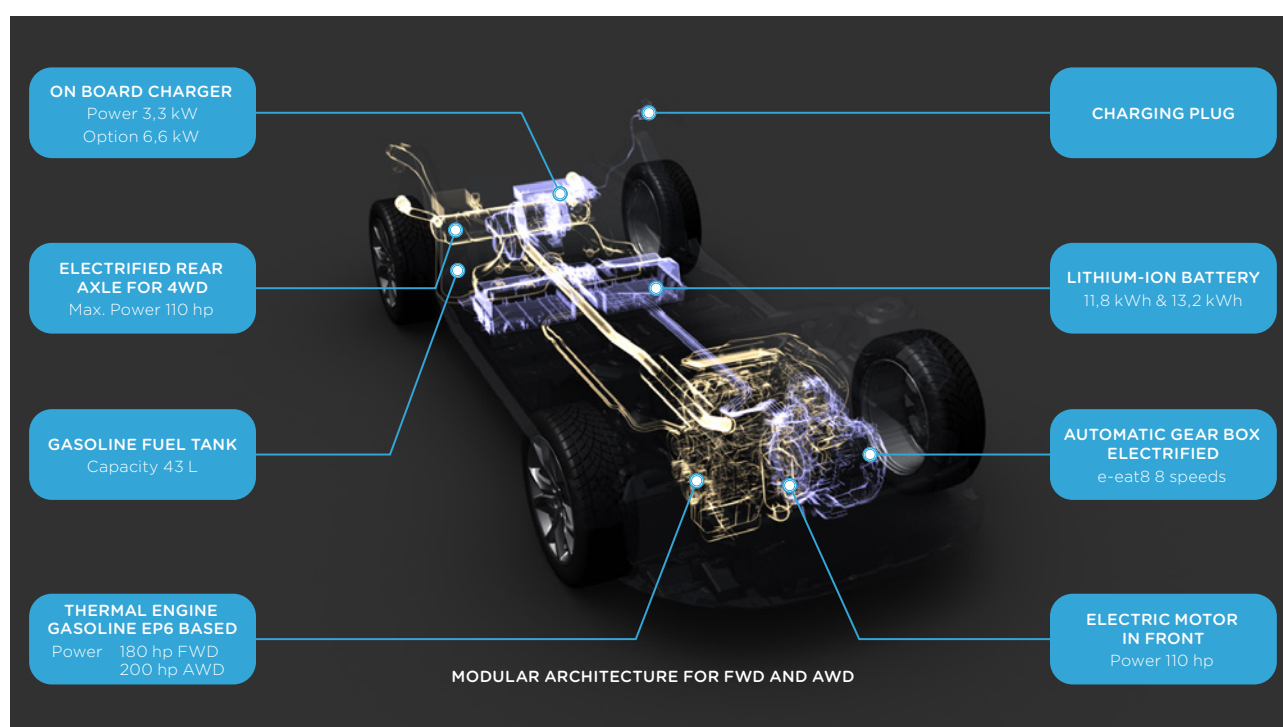
<https://int-media.opel.com/en/11-05-opel-vivaro-e-starts-in-2020>

2.3.3.1.3 Plug-in hybrid vehicles (PHEV)

Armed with the experience gained from developing the hybrid-diesel technology, the Group is now developing a plug-in full-hybrid powertrain connected to a gasoline engine in order to support its worldwide growth.

Simultaneously to electric vehicles, Groupe PSA is now launching a Plug-In Hybrid offer designed on the PHEV version of EMP2 platform.

GRUPE PSA PHEV TECHNOLOGY



It will contribute to compliance with future emission regulations worldwide, by enabling emission levels homologated from 29 to 37 g CO₂/km WLTP in all areas. These vehicles, available with two- and four-wheel drive, allow running up to 59 km (AWD – All Wheel Drive) or up to 56 km (FWD – Front Wheel Drive) in ZEV mode in urban and suburban environments.

The electric driving is signalled to other road users by a blue led placed on the interior mirror.

The PHEV technology developed by Groupe PSA enables:

- charging in less than 7h with a domestic socket and less than 1h45 with the accelerated charging;
- a total power up to 300 hp (AWD) and 225 hp (FWD);
- an acceleration from 0 to 100 km in 6s (AWD).

The first models equipped by this technology are DS 7 Crossback E-Tense 4X4, Peugeot 3008, 508 and 508 SW Hybrid and Grandland X Hybrid4.



"Plug-in hybrid" video: <https://www.youtube.com/watch?v=fDdSB55gnYE&list=PL6CCD8AAB157C61E8&index=2>

"Behind the Scenes Plug-In Hybrid Electric Vehicles" Press kit:

<https://media.groupe-psa.com/en/behind-scenes-plug-hybrid-electric-vehicles?dtok=ad330bbb230>

"DS 7 Crossback e-Tense 225: new plug-in hybrid powertrain" 15/06/2020 press release:

<https://int-media.dsautomobiles.com/en/ds-7-crossback-e-tense-225-new-plug-hybrid-powertrain>

For both BEV and PHEV Groupe PSA technologies, the clever integration of the electrified powertrain in the platform permits no trade-off on interior features: same roominess, same equipment and same thermal comfort as ICE version.

2.3.3.1.4 Services offering related to electric mobility

To ease the customer electric mobility experience, Groupe PSA has developed a complete service offering:

- a range of connected services;
 - Trip Planner and Charging Pass services, to plan a trip and for easy charging at public charging stations;
 - Mobility Pass, to temporarily access other mobility solutions if the electric vehicle autonomy is not sufficient for a long trip;
 - Car Remote, to optimise the charge (charging management and A/C preconditioning);
- new services available at home and in the commercial network:
 - Private Charging: devices and installation;
 - after sales: battery capacity certification, adapted roadside assistance, adapted service contracts;
 - electric vehicle skilled contact center.

Moreover, the Group's electric vehicles are already used in many urban car-sharing services set up with communities and private partners in numerous European cities (see 4.2.2.).



"Groupe PSA facilitates the purchase and installation of charging stations for its customers" 05/03/2020 press release : <https://media.groupe-psa.com/en/groupe-psa-facilitates-purchase-and-installation-charging-stations-its-customers>

2.3.3.2 Continued optimisation of the remaining internal combustion engines (ICE)

DPEF.16

DPEF.24

DPEF.26

DPEF.27

The efficiency of internal combustion engines is an important lever to reduce CO₂ and Groupe PSA is continuing to optimize this in all geographical areas.

Innovation activities are directed at reducing the consumption of the subassemblies that make up the powertrain while improving their performance.

The Group implements highly innovative technological solutions in engine architecture as well as in fuel intake, injection and emissions-control systems. The main levers for optimising efficiency include:

- downsizing (reducing engine size and the number of cylinders), sometimes combined with turbo charging, thereby reducing fuel consumption while maintaining performance;
- increasing torque while reducing maximum power, thus lengthening the power and torque bands and increasing fuel efficiency;
- reducing mechanical friction (oil, piston rings, oil pump, actuators, accessories, permeability, etc.);
- optimising combustion technology.

Some of the highest-performance technical solutions for internal combustion engines are available on Groupe PSA vehicles, with the deployment of new-generation gasoline engines.

2.3.3.2.1 Last generation of ICE

At the end 2013, of the Group launched the three-cylinder PureTech gasoline engine that combines reduced dimensions and weight for benefits and performance unprecedented for this level of displacement. In 2019, production has exceeded one million units.

The first version of this three-cylinder 1.2 L Turbo PureTech gasoline engine, which is the subject of 120 patents, helped reduce fuel consumption and CO₂ emissions by 18% compared to the earlier four-cylinder gasoline versions.

The second generation launched in 2017 increased performance and fuel consumption by up to 4%. It complies with the Euro 6d-temp standard applied for all vehicles on September 1, 2018.

The three-cylinder 1.2 L turbo version received the International Engine of the Year award in its category for four consecutive years, from 2015 to 2018.

This engine completes the four-cylinder PureTech 1.6-litre gasoline engines sold by Groupe PSA since 2006, which have been awarded engine of the year eight times in their category by Engine Technology International.

To boost its growth outside Europe, Groupe PSA has decided to introduce these clean, efficient, high-performance, high-tech gasoline engines as early as possible to these markets. In emerging markets, where mainly gasoline engines are being deployed, there are growing trends toward European-style regulations, government incentives and consumer expectations.

These developments take into account the specific expectations of the main markets:

- flex-fuel models for the Brazilian market;
- the deployment in China of these new engines will enable the Group to meet its targets to reduce the CO₂ emissions of its vehicles on this market.

For all internal combustion engines, Groupe PSA was one of the few carmakers ready for the first step of WLTP and able to deliver its entire range to its customers after September 1, 2018. In 2019, the Group was on schedule again and has punctually type-approved all passenger car models at the required time.

“The Group’s Turbo PureTech gasoline engine named International Engine of the Year” 06/05/2018 press release: <https://media.groupe-psa.com/en/groupe-psa-s-turbo-puretech-petrol-engine-named-international-engine-year>

“Groupe PSA’s passenger cars are all certified under the new EURO 6 requirements and are immediately available for customers.” 29/08/2018 Press release: <https://media.groupe-psa.com/en/groupe-psa%E2%80%99s-passenger-cars-are-all-certified-under-new-euro-6-requirements-and-are-immediately>

“Groupe PSA’s passenger cars are all certified under the WLTP new laboratory test and are available for customers” 29/08/2018 Presse Release: https://media.groupe-psa.com/en/psa_search_news?keys=WLTP&date_filter=All

To meet growing demand from customers for gasoline, the Group has doubled its production of the three-cylinder turbo gasoline engine in France in 2018, with the new production line

launched in Trémery late 2017, in addition to the production of Douvrin. Early 2019, the Group inaugurated a new assembly line for this engine in the Tychy plant, in Poland. With this new line, the EB Turbo PureTech gasoline engine is gradually becoming a global-scale engine for Groupe PSA. The EB Engine is produced from 2019 onwards in Hungary (Szentgotthard), Morocco (Kenitra), and from 2022 in India (Hosur);

These decisions are part of the Group’s adaptation to the changing market and modernisation of its plants.

2.3.3.2.2 CO₂ efficient gearboxes

The Group is continually seeking to optimise its powertrains by focusing on two main areas: gearbox performance and adapting the powertrain (i.e., gear ratios, gear ratio change strategies, compatibility with Stop & Start), to take maximum advantage of improvements to engines and operate under optimum conditions of fuel consumption.

In the gearboxes area, the new solutions launched in 2017 are:

- a mid-range manual six-speed gearbox (BVM6), which emits 1.5% less CO₂ and is 10 kg lighter;
- an automatic eight-speed gearbox (EAT8) that follows the current generation (EAT6) that has already helped reduce the powertrain’s total fuel consumption by 15% since the end of 2013. The EAT8 gearbox optimises consumption at between -4% and -7%, thanks to its eight speeds, a Stop & Start system operating at increased speed and an ECO mode with freewheeling function to reduce engine friction and thereby fuel consumption.

To accelerate its development and improve its competitiveness, Groupe PSA took a new step in 2018 as part of the strategic partnership with AISIN AW to produce the 6-speed EAT6 automatic gearboxes in France, from 2020 onwards. Valenciennes production plant will benefit of a production capacity of 300,000 automatic gearboxes per year.



“Groupe PSA invests in Valenciennes to produce automatic transmission under Aisin AW license 21/03/2018” press release: <https://media.groupe-psa.com/en/groupe-psa-invests-valenciennes-produce-automatic-transmission-under-aisin-aw-license>

2.3.3.2.3 Micro & Mild Hybrid Electric Vehicle (MHEV)

Stop & Start technology allows the engine to shut down automatically when the vehicle is standing still or in neutral and to start up again instantly and noiselessly when reactivated by the driver. As a result, it helps to **reduce carbon emissions by up to 15%** in city driving. When combined with the system’s cost-effectiveness, its features help to provide an efficient solution to a number of traffic-related issues in cities, where 75% of Europeans live.

Introduced by the Group in 2004, this technology is now deployed across almost all the automotive brands ranges in Europe and in 88% of vehicles in China in 2020, compared to 77% in 2019. The Group’s strategy consists in extending deployment to all geographical areas, by combining it with recent advances in diesel and gasoline engines as well as innovative technologies for managing vehicle electrical consumption.



"Micro-hybridization: e-HDi technology" video:
https://www.youtube.com/watch?v=cfJ9lpg_Zeo

Groupe PSA is working on a new development in internal combustion engines with the addition of Mild-HYbrid48V combined with a small battery, which recovers the energy generated on braking to reuse it for vehicle traction, thus cutting down on fuel use.

For a slightly higher cost, this new generation of electrified IC engines will reduce CO₂ emissions by around 15% compared to a vehicle powered entirely by an internal combustion engine.

With a 48V configuration, the e-DCT gearbox, developed with Punch Powertrain, will equip Groupe PSA's future mild hybrid electric vehicles (MHEV) (see 2.3.1.1.).

2.3.3.2.4 Use of alternative fuels

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DPEF.32

Another way to reduce a vehicle's carbon footprint is to use fuels other than gasoline and diesel, such as natural gas, LPG and renewables fuels, including biofuels and e-fuels (synthetic fuels from renewable electricity). Groupe PSA has reaffirmed its commitment to the responsible use of biofuels by stressing the need to take sustainability criteria into account in developing its products and the related industry segments, in particular the changes in how farmland is used.

R&D on alternate fuels is entrusted to the R&D Expertise Centre "Alternative fuels (LPG, CGN) of Russelsheim.

— NATURAL GAS

Compressed natural gas (CNG) is among the energy sources used by the Group's vehicles on the markets where local conditions are favourable to its development (secure gas supply, political commitment to set up a distribution network, tax incentives), such as Argentina, China and Iran. Using CNG helps to reduce CO₂ emissions by around 20% compared with conventional gasoline engines (in a global approach of tank-to-wheel calculation).

— ETHANOL FLEX-FUEL, BIODIESEL VEHICLES

The Group has developed vehicles based on flex-fuel technology, which run on gasoline-ethanol blends in variable proportions: e.g. from 20% to 100% ethanol in Brazil, the number-one market in the world for this fuel and flex-fuel vehicles. In 2015, a flex-fuel version of the European 1.6-litre EP engine was released on the Brazilian market. The vehicles equipped with these engines benefit from a reduction in their consumption and CO₂ emissions. The Groupe PSA 1.2-l EB flex-fuel engine, launched commercially in 2016, which is on the Peugeot 208 and Citroën C3 on the Brazilian market, has become a model in terms of fuel consumption.

All the Group's diesel vehicles with Groupe PSA intellectual property can run on B10 (a blend with up to 10% of biodiesel)

and B30, provided that the fuel is of high quality and the vehicle is maintained accordingly.

Groupe PSA signed the E10 bioethanol guidelines, which aim for more transparency in Europe on vehicles that are compatible with SP95-E10. The Group plans to abide by this commitment for all its internal combustion engines. In accordance with the EC Directive for the development of the infrastructure for distribution of alternative fuels (2014/94/EU), the Group's new vehicles have labels inside the fuel tank flap with the notation E5 or E10 on gasoline versions and the notation B7, B10, (XTL) or B30 on diesel versions.



STAKEHOLDERS DIALOGUE

The Group is participating in various studies on the development of biofuels and is also involved in developing standards to ensure the minimum quality levels required to meet the technical requirements of engines and to ensure consumer satisfaction. For example, Groupe PSA is leading the FAME (fatty acid methyl esters) task force within the European Committee for Standardisation. The Group is also a member of the Steering Committee of ETIP (European Technology Innovation Platform for Bioenergy), which was formerly known as the European Biofuels Technology Platform, and it participates in the European H2020 projects on the development of future E20/E25 gasolines.

— ADVANCED BIOFUELS

To avoid the problems of land use linked to biofuels from agricultural crops, the challenge is to develop "advanced bio-fuels" from non-food resources (biomass waste, organic waste, micro-algae).

The Group is frequently consulted on the impact of these new biofuels on engines and it takes part in study groups and task forces, such as ANCRE's (French National Alliance for Coordination of Research on Energy) Programming Group and ETIP Bioenergy.

In Brazil, the Group has partnerships with the Petrobras gasoline Group which aims to cut CO₂ emissions by optimising combustion based on local fuels and biofuels; the São Paulo State organisation FAPESP (Fundação de Amparo a Pesquisa do Estado de São Paulo); and four universities. Their goal is to create a research centre on engines and biofuels over 10 years. Moreover, Groupe PSA works with the Federal University of Paraná in Curitiba, Brazil, on the production of lipid biofuels from micro-algae.

— E-FUELS

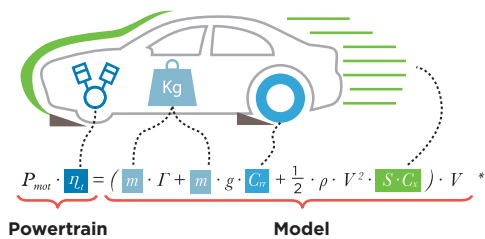
The Group is also actively exploring the potential of e-fuels, synthetic fuels produced from the combination of carbon dioxide and hydrogen from water electrolysis made with renewable electricity.

2.3.3.3. CO₂ reduction: an holistic approach to design vehicles

DPEF.16 DPEF.24 DPEF.26 DPEF.27

Beyond the technologies related to engines and fuels, the Group aims to leverage all the features of its vehicles in order to position itself as a leader when it comes to fuel consumption and CO₂ emissions. **The Group is working on all the technical levers that help to reduce CO₂ emissions:** weight, aerodynamics, vehicle architecture, materials, tyre rolling resistance, losses through mechanical friction (brakes, rolling, bearings, etc.), management of parts that use electricity (sensors, actuators, engines), comfort features (air conditioning system, etc.), safety features and driver assistance features:

FACTORS AFFECTING FUEL CONSUMPTION



* The powertrain provides power equivalent to the sum of the power consumed by vehicle acceleration, tyre friction, drag and electricity usage

Physical size	CO ₂ efficiency on WLTP cycle
Powertrain energy efficiency η_t	+1% $\eta \rightarrow -1.2$ g/km
Weight m	-100 kg $\rightarrow -6$ g/km (with secondary effects)
Rolling resistance C_{rr}	-1 kg/t $\rightarrow -2$ g/km
Aerodynamics $S \cdot C_x$	-10 dm ² $\rightarrow -5$ g/km
Electrical consumption (W)	-100 W $\rightarrow -1.5$ g/km

The Group will keep its competitive advantage through significant technological efforts as well as by an on-going search for the right balance of sizes, optimised weight and highly attractive features such as spaciousness, comfort, road-holding and accessories. The strategy relating to all these levers has also been planned for the medium and long-term, combined with “break-through” technological innovations, in all geographical areas.

2.3.3.3.1 Weight: the virtuous cycle of reducing weight

Already a market leader in terms of average vehicle weight, the Group continues to develop more lightweight vehicles, making this a major lever in reducing their environmental footprint.

At the same time as the Group is optimising its vehicle architecture, it is also focusing on the choice of materials. High-tensile steel is preferred because of its superior rigidity. However, whenever technically feasible and cost effective, weight is being reduced by choosing lower-density materials, such as aluminium, composite materials and thermoplastics instead of steel. Innovative process techniques provide further gains (heat stamping, laser welding, joining structure, etc.) by helping reduce the weight of the car body while improving resistance to impact.

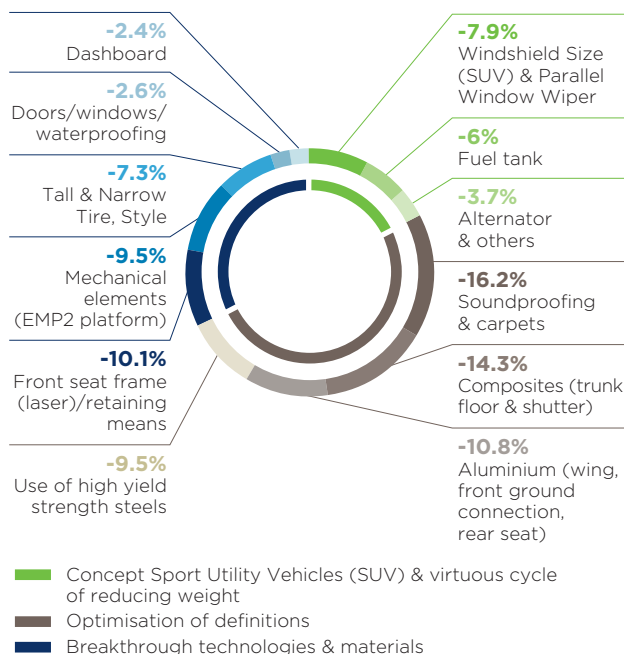
Each new vehicle design is focusing on lightweighting. Consequently, the optimised architecture that marks a breakthrough in terms of vehicle weight is now part of the Group’s standards.

The benefits of the EMP2 platform, combined with an optimised weight/overall size/benefits ratio in every respect, result in a lightweighting of the recent models compared to previous ones: 100 kg reduction for the Peugeot 3008 and 70 kg reduction for the Peugeot 508.

Weight reduction on the CMP platform permitted a decrease of up to 1.2 g/km of CO₂ using high-performance materials such as advanced and ultra-high strength steel (AHSS and UHSS), press hardened steel, aluminium and composites.

-100 kg
on the new Peugeot 3008
compared to previous one

BREAKDOWN OF THE WEIGHT REDUCTIONS ON THE NEW PEUGEOT 3008



2.3.3.3.2 Limited air resistance and rolling resistance

As can be seen in the table at the opening of 2.1.5., aerodynamics and rolling resistance have a major impact on fuel consumption, and the Group endeavours to continually optimise these levers.

On CMP, the latest platform of Groupe PSA – some CO₂ optimization was made thanks to:

- a better aerodynamics enabling a decrease of up to 1.5 g/km of CO₂ by smoothing the underbody and using controlled air intake systems on the vehicles' front end;
- a lower rolling resistance enabling a decrease of up to 2.5 g/km of CO₂ by using Class A tyres and reducing mechanical friction on the axles.

The significant increase in the use of digital simulation, alongside wind tunnel tests, led to considerable improvements in the aerodynamics of the vehicles:

- with the launching of the new CMP platform in 2018, Groupe PSA drastically optimises the underbody covers and deflectors on the new DS3 Crossback. In addition, air curtains have been created by openings in the bumpers. All new vehicles designed on CMP benefit from these improvements;
- the double active air shutters becomes standard equipment on Groupe PSA vehicles:
 - inaugurated by the new DS 3 Crossback on business versions, these new double active air shutters will be deployed on the next vehicles of the CMP platform,
 - with the evolution of the EMP2 platform, the new double active air shutters will upgrade new Peugeot 508 equipment and will replace the first generation of simple active shutters on superior segment vehicles;

In terms of rolling resistance, using 17" or 18" ultra-low rolling resistance tyres, or a 19" mount in slimline format (also known as Tall & Narrow) – which was developed by Michelin (in 205 55 R19) – also boosts the efficiency of the new Peugeot 3008.

All Groupe PSA compact SUVs come fitted with these slimline tyres. In 2020, all these technologies (active air shutters, underbody deflectors, A class efficient tires) have been widely deployed on all vehicles in order to improve the CO₂ consumption for our customers.

2.3.3.3.3 Better management of onboard electricity

Reducing electricity consumption in the car is a way to lower fuel consumption. The electricity used in the vehicle (to power the air conditioning, lighting, dashboard, etc.) is generated by the alternator, which transforms the engine's mechanical energy. The more efficient the alternator, the less need there is for the mechanical energy from the engine, and the less fuel the engine consumes.

As a result, the Group decided to deploy the following levers:

- optimising the operating phases of the alternator through an intelligent control system (charge the alternator at times when fuel consumption is lower), lever incorporated into the new generation of engines;
- optimising the alternator's efficiency, with a full deployment of high-efficiency alternators in 2020 (10% to 20% more efficient than the current alternators);
- high charge acceptance on 12-V battery technology to optimise alternator recovery strategy (beyond 2021).

Alongside this, the Group is working to reduce the load of the energy-intensive equipment (air conditioning, heated windscreen, lighting, etc.):

- using specific LED (Light Emitting Diode) lights to optimise the electricity consumption of the lighting functions. These are deployed widely on the vehicle lines since 2020;
- study to optimise the air conditioning and engine cooling circuit, to be deployed by 2025.

It should be noted that these innovations offer improvements in real-world fuel consumption but are not all directly measurable over the certification cycle. This approach is in line with the Group's aim to focus on real-world fuel consumption. (See 2.3.4.)

2.3.3.3.4 The onboard functions to help drivers reduce fuel consumption (DPEF.16)

On the plug-in hybrid vehicles in 2019, Groupe PSA has launched onboard functions aimed at reducing fuel consumption:

- The powermeter presented in the digital cluster helps the driver to optimize his/her fuel consumption in real time: "ECO" zone corresponding to the energy optimum, "Charging" zone corresponding to energy recovery phases, and "Petrol engine start indicator" which helps the customer to moderate his/her use of the accelerator to maintain electric driving.

- On the Touch Screen in the vehicle dashboard, a dedicated hybrid universe has been implemented in which a Statistic page informs customers about their consumption during each trip (electrical consumption, fuel consumption and electrical energy recovery), allowing recovery from the electric driving phases, and helping the drivers to improve their eco-driving. The consumption data are also remotely accessible on a smartphone for use and application at the customer's discretion when he/she is no longer in the vehicle.
- A "Brake" function is proposed, simple and intuitive, with direct access on the Gearbox Command. This reduces the use of the brake pedal, while recovering electrical energy that will be used to optimize fuel consumption.

These functions are available on every PHEV vehicle.

Finally, eco-driving functions and tutorials can help drivers to optimise the use of their vehicles. (See 4.2.3.)

2.3.3.5 Reducing the environmental impact of refrigerants

DPEF.16 DPEF.26

DPEF.27 GRI.305-6

European Directive 2006/40/EC gradually phases out the use of refrigerants in vehicle air conditioning systems, which provide air conditioning in the passenger compartment, which have a global warming potential (GWP) of more than 150 eq. CO₂. This regulation has applied to all models on the market that weigh less than 3.5 tons since 2017.

New types of vehicle produced by the Group since 2011 use refrigerants that meet this regulatory standard. For example, the Peugeot 508 or DS7 Crossback no longer use fluoride gas R134 a.

In 2008, the Group began carrying out refrigerant leakage inspections to check for substances with a GWP of more than 150 eq. CO₂ in all its vehicles on the market. A leak of up to 40 g is authorised for a single evaporator and 60 g for a double evaporator.

2.3.4. Transparency for customers: a partnership with NGOs to measure the real-world fuel consumption of its vehicles

Breakthrough actions by Groupe PSA

— A PARTNERSHIP WITH NGOS TO PUBLISH THE REAL-WORLD EMISSIONS AND CONSUMPTIONS OF ITS VEHICLES

In November 2015, amid media reports discrediting the automotive industry, Groupe PSA decided to take a uniquely transparent approach to customer communication, publishing the real-world fuel consumption figures for its cars. This initiative was the first of its kind in the world in the automotive industry.

Mindful of gaining its customers' trust, the Group adopted an approach that is more proactive than the regulations require, taking the initiative to publish, real-world (road driving) fuel and electricity consumption figures for its top-selling vehicles, under the supervision of independent third-party organisations; Measurements are taken in accordance with a test protocol outlined by two NGOs and audited by Bureau Veritas, an internationally renowned independent organisation. Inspired by the "Real Driving Emissions" (RDE) European project, the protocol uses portable equipment known as PEMS (Portable Emission Measurement System) that is installed on the vehicle. Bureau Veritas vouches for the protocol and its performance under specified conditions (public roads open to traffic, use of air conditioning, luggage and passenger weight, non-professional drivers, etc.) and certifies the fair presentation and integrity of the results. The results of measurements conducted on 60 mid-range models were published on the Peugeot, Citroën and DS Automobiles websites.

The measurements obtained on the 60 mid-range models made it possible to estimate the consumption in real-world driving conditions of more than 1,000 versions of Peugeot, Citroën and DS Automobiles vehicles. Since 2017, using this as a base and still with the aim of providing customers with full and transparent information about the real-world fuel consumption of the models, Peugeot, Citroën and DS Automobiles launched an application on their website that enables customers to:

- view the fuel consumption data for their model in a web-based application, by entering in its characteristics (body type, trim level, engine, gearbox and type of tyres);

- estimate their own consumption based on the actual use of their vehicle (number of passengers, load, driving style, etc.) using an online configurator.

The configurator is now available on the brands' websites in 12 European countries, enabling customers to choose the most fuel-efficient models.

In 2020, 13 new models, whose 3 BEV (PEUGEOT e-208, PEUGEOT e-2008, and DS3 CROSSBACK E-TENSE) have been measured, allowing to reach the yearly coverage target of 80% of the sales, for Passenger cars and Light Commercial Vehicles.

In 2020, the protocol has been adapted in order to measure real-world electricity consumption for BEV. It has been validated by Bureau Veritas and published end of 2020.

Adaptation of the protocol for PHEV is ongoing, and next step will be to officialise it and publish CO₂ emissions and electricity consumptions for PHEV.

The protocol of real-life emissions has also been applied to NO_x and particulates (see 5.2.3.)



"A real-world fuel consumption test protocol developed by Groupe PSA, T&E, FNE and Bureau Veritas provides accurate information for drivers" 05/09/2017 press release: <http://media.groupe-psa.com/en/titre>
"Groupe PSA, NGOs T&E and FNE, and Bureau Veritas publish the protocol for measuring real-world fuel consumption" 10/10/2016 press release: <http://media.groupe-psa.com/en/press-releases/group/realworld-fuel-consumption-protocol-publication>

2.4. MOVING FORWARD INTO A CARBON-EFFICIENT PRODUCTION SYSTEM

Improved manufacturing processes to reduce CO₂ emissions of the production phase

Following the example of product strategy, which focuses on developing low-carbon vehicles, the Industrial Department's environmental policy is committed to supporting the Group's efforts to reduce its carbon footprint.

2.4.1. A clear environmental policy for the industrial department

GRI.103-1

GRI.103-2

GRI.103-3

The environmental policy of the Group's Industrial Department applies to all regional division entities. It aims to reach optimum operational efficiency, thus ranking it among the best in the world. This vision requires all Group plants to embrace the "Excellent Plant" concept, on a par with the world's leading manufacturers, by pooling the know-how of the various industrial business teams, including environmental activities.

Targets responding to each of the main challenges have been set up to 2025 and are part of a vision looking further ahead to 2050. Having defined the path, the attainment of intermediary targets will be based on five fundamentals, which are already well established:

- ensure compliance with to all legal requirements and transparency in relations with administration bodies;
- involvement of all staff;
- rollout of an Environmental Management System at all manufacturing sites in line with ISO 14001 and require suppliers to maintain similar certified management systems;
- production methods which incorporate the best available technologies not entailing excessive cost and energy efficient processes from the design stage onwards, covering all the aspects of production (logistics, maintenance, production);
- employing shared best practices in these production methods to optimise consumption and emissions.

Above these basic requirements, plants are encouraged to go further. For example, 8 of the Group's facilities have been certified against the ISO 50001 standard.

2.4.1.1. A solid, proven organization

DPEF.15

DPEF.31

For many years, the Group has been engaged in proactive environmental stewardship at its production, research and development sites. The Group has a commitment to ensuring that their operations comply with local regulations, fully safeguarding the surrounding environment and the quality of life of host communities, while demanding continuous improvement.

The Group's industrial strategy integrates environmental protection with a commitment to continuous improvement based on rigorous organisation, a methodology that is structured around the Environmental Management System (ISO 14001

standard), and the allocation of adequate financial resources. The main environmental aspects and risks are identified according to widely-applied internal rules, which ensure an harmonised approach.

Environmental data for all industrial facilities are collected through the same software. The data collected since 1989 have been retained, which has allowed the Group to prioritise and work effectively on the most important environmental challenges relating to its operations.

Within the Automotive Division, to ensure that the targets are met, the Group has identified the environment as a key function within the business competences needed to cover all of its core operations. According to this conclusion, necessary skills are listed and the training path for every major environmental contributor is defined, thus contributing to the full completion of his or her activity. These training courses include face-to-face sessions where people can share learning and experiences alongside, e-learning courses, and learning is monitored to ensure knowledge is maintained at an optimum level.

On operational level in each facility, an environmental engineer is in charge of implementing and managing the Environmental Management System according to the Group's commitments, and in compliance with ISO 14001 standard. This engineer works with representatives appointed in each workshop, and is part of a network of specialists in environmental management.

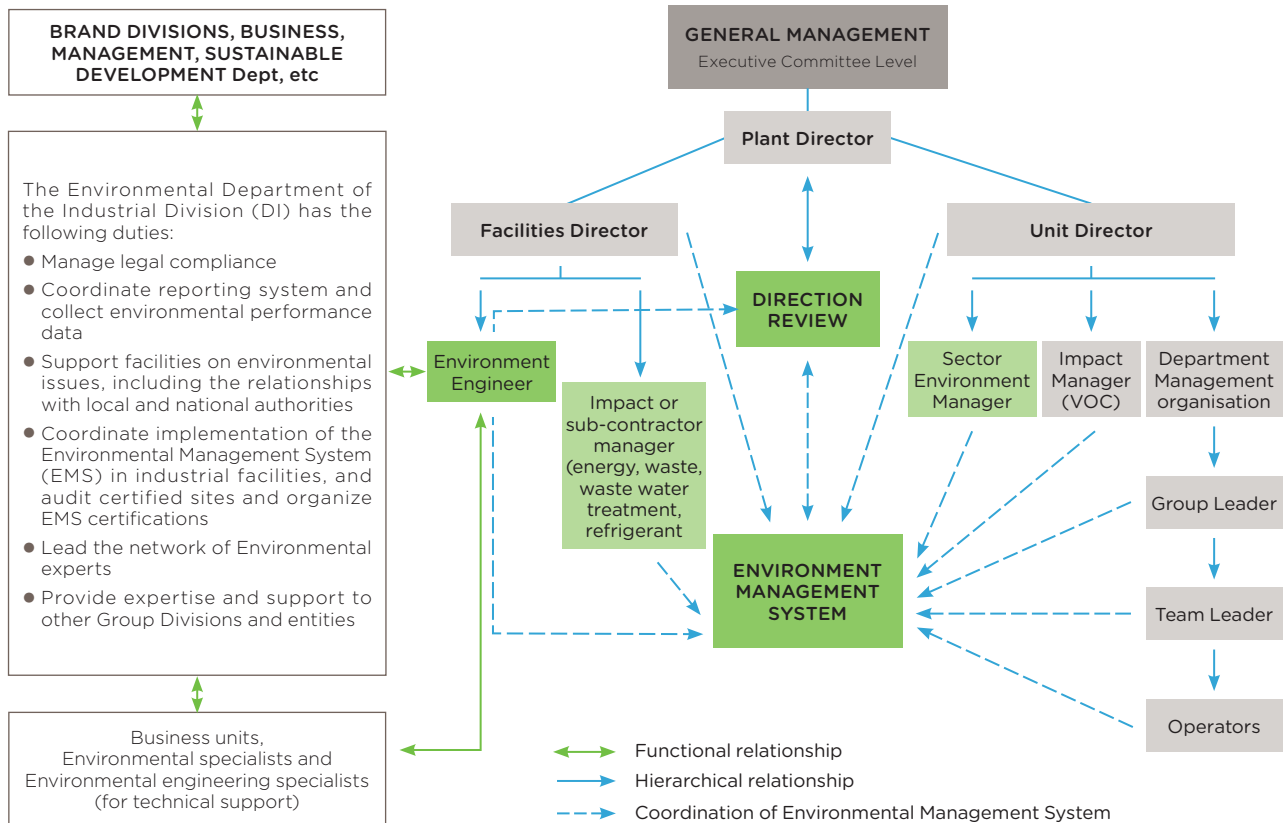
The Environmental Central Department is in charge to help the facilities with legal compliance and to coordinate the Environmental Management System in all facilities, to ensure compliance to ISO Standard and assure continuous improvement in line with the environmental targets as mentioned previously.

The Research and Development Department also has environmental specialists who provide technical support to the plants, particularly during capital projects.

In all, some 500 people are directly involved in managing the Group's industrial environment.

In 2019, the Kaluga plant was recognised for its good environmental management and won an award, receiving second place from the Russian Ministry of natural resources in the category "Using the most affordable and effective environmental and resource-saving technologies".

GROUPE PSA ENVIRONMENTAL MANAGEMENT ORGANISATION



2.4.1.2. Environmental issues at the heart of the industrial strategy

2.4.1.2.1. The “Excellent Plant” roadmap

The Group’s “Excellent Plant” industrial strategy aims to position each production plant among the best global automotive sites across all areas of industrial performance. **In addition to production and quality performance, the Excellent Plant strategy aims to control and reduce the environmental impacts of the Group’s operations.** Given the number and size of its operating sites, and the scope of its operations which range from sourcing supplies for production (casting, components, sub-assemblies, finished vehicles, etc.) to the delivery of vehicles for sale, the Group is aware of its responsibility to protect the ecosystems in which it operates.

To this end, the Group has implemented environmental management systems at all manufacturing sites – along with others which could potentially have significant environmental impacts – based on the PDCA process as set out in ISO 14001. **All systems are independently certified and a plan has been established for all certification audits to be carried out by one body in the future, ensuring a high-level of consistency.** This environmental policy fosters the development of better energy consumption practices in the production plants and helps to reduce environmental impacts.



STAKEHOLDERS DIALOGUE

In accordance with the commitments made under its Global Framework Agreement, the Group presents a review of how it is applying this agreement in view of Groupe PSA social responsibility every year at the plenary meeting of the Group’s European Works Council (expanded to include the Global Works Council with Argentina, Brazil and Russia). It discusses the initiatives undertaken under the environmental protection commitment.

Accordingly, every year, the worldwide indicators (water and energy use, greenhouse gas emissions, volatile organic compound emissions, waste production and recovery rates) are presented to the employee representatives and compared with the Group’s commitments in the field.

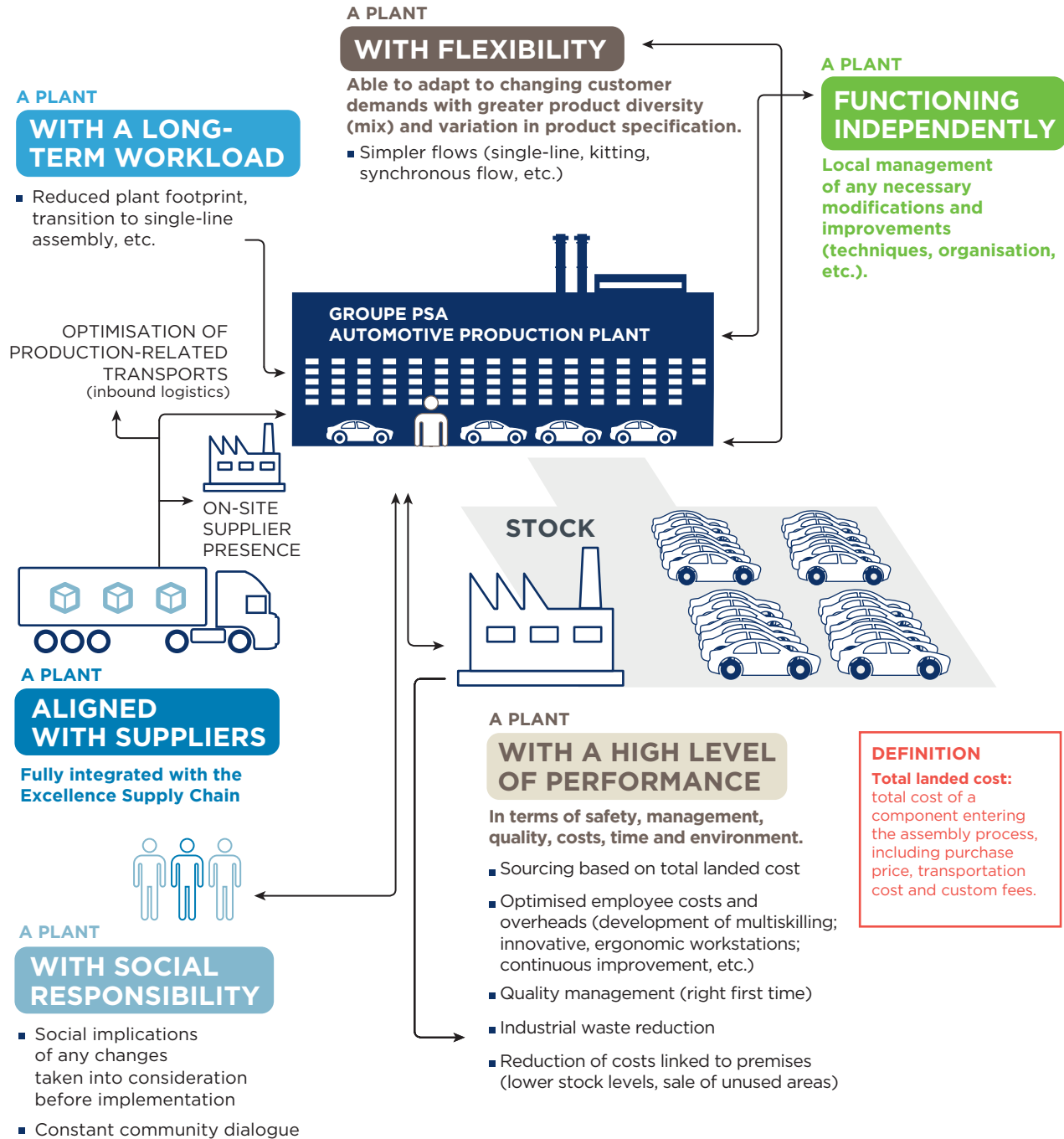


“The Excellent Plant-Groupe PSA” video:
<https://www.youtube.com/watch?v=oXGoxxVTDe4&index=10&list=PL7E48342FA2A19DE8>

2. CREATING A TANGIBLE IMPACT ON CLIMATE CHANGE

Moving forward into a carbon-efficient production system

THE GROUP'S INDUSTRIAL STRATEGY: THE EXCELLENT PLANT



As part of its Excellent Plant programme, the Group uses Key Performance Indicators – consolidated in the Green Factory KPI – to track each factory's environmental performance against the ambitions set out by Industrial Division. Tracking the Green

Factory KPI, along with the exchange of best practices between the factories, drives the overall improvement of the Group's environmental performance and the raising of each facility's to that of the best performing.

2.4.1.3. Resources implemented DPEF.36

2.4.1.3.1. Environmental risk analysis

Conducted in accordance with ISO 14001, this analysis means that the significant environmental aspects linked to the sites' operations can be identified for each site and integrated into the Environmental Management System. The analysis, which is regularly updated, serves to identify the core environmental challenges at each plant and prepare action plans to address these challenges, which are approved and monitored by management. **Regular audits by the Internal Auditors and an accredited testing laboratory (UTAC) provide assurance that the Environmental Management System is properly applied.**

2.4.1.3.2. An active certification policy

DPEF.10

DPEF.15

GRI.103-2

An Environmental Management System is in place at all Group production plants. It is based on the international standard ISO 14001, which is an acknowledged standard for management and organisation. This approach has made it possible to implement a common environmental strategy, to identify the material environmental aspects of each site and to reduce their impact accordingly, to draft procedures and standards for the policy's successful implementation and functioning, to drive regulatory compliance, and to strive for continuous improvement – the foundation of environmental protection.

– THE ENVIRONMENTAL MANAGEMENT SYSTEM

A new version of ISO 14001 was published in September 2015. It introduced major changes to the Environmental Management System. The key changes relate to:

- greater focus on leadership and the involvement of senior management;
- considering the plant's context to strengthen the correlation between strategy and environmental approach;
- process-based management;
- considering life cycle issues, risks and opportunities, and strengthening dialogue with the most relevant stakeholders.

For the PCD scope, these changes created an opportunity to drastically update the Environmental Management System of the plants. The EMS is now fully in line with the Group's Excellence System (PES), and the operational processes now incorporate environmental considerations. In the course of rolling out and adopting these production processes, each manager knows and controls their entity's contribution to the plant's environmental progress. The stakeholders' requirements for each process are identified, and the managers will consider the requirements that they deem to be relevant, in addition to the related risks and opportunities. Lastly, the life cycle approach, implemented for the automotive product, is currently available for the activities and services that the plants are able to control or influence. **This new approach ensures that all Group employees are much more involved in controlling environmental impacts, and that any discrepancies can be dealt with closer to the source.**

The major changes generated by this new standard are coordinated by the Environment business line which, in collaboration with plant specialists, develops this new Environmental Management System and ensures its cross-site consistency.

The implementation of a structured and audited approach surrounding the ISO 14001 standard helps to strengthen the system for preventing environmental impacts, incidents and damage, and to effectively manage natural resource use and waste production. Moreover, ISO certification demonstrates the Group's environmental commitment to local authorities and stakeholders.

The OV plants are also all certified according to the same ISO 14001 standard. The convergence and harmonisation of environmental management systems has been one of the projects initiated in 2018 to successfully establish a uniform system shared by all manufacturing plants by 2022. At that time, the plants will all be audited using the same process. This timeline is required so that the PSA Excellence System (PES) can be implemented in Opel and Vauxhall facilities, and then so that an Environmental Management System can be developed in line with PES. As a first step, all Groupe PSA plants have been audited by the same external third party (UTAC) since 2019. This will be an opportunity to cross-check practices.

– THE INVOLVEMENT AND SKILLS OF EVERYONE

The key elements in successfully controlling the environmental impact of sites are the competency and involvement of the individuals in the environmental sector.

In 2020, 11,629 hours of training were provided to increase the up-skilling of employees with respect to environmental issues, in line with the requirements from the Environmental Business channel. In addition, training was provided directly in the workshops by unit managers as part of the "PSA Excellence System" management control. These training sessions enable environmental impacts to be controlled in the workplace. Lastly, as part of ISO 14001, each employee, whether they are on permanent or fixed-term contracts or temporary or work experience contracts, receives environmental awareness training appropriate to their position and function. This initiative also applies to external service providers working at the plants when the prevention plan is being established.

11,629

hours dedicated to environmental training in 2020

Sharing experience is also a way of accelerating environmental progress. Since 2015, an environment business club regularly brings together all environmental managers, either by audio-conference or face-to-face at a manufacturing plant. This club fosters fruitful discussions between Environmental managers to exchange environmental best practices and incorporate them into the shared Environmental Management System. This joint work is encouraged by annual award ceremonies recognising the plants with the best performance in terms of controlling their environmental impacts (waste production and water use). Three establishments were recognised in this way in 2019: an assembly plant (Rennes for its 2018 results), a components plant (Douvain) and an office and research facility (Vélizy-R&D center).

In 2020 best practices continued to be shared in all facilities. Two best practices were harmonized between OV and PCD according to the biodiversity study RENATU and the performance of paint sludge drying.

2. CREATING A TANGIBLE IMPACT ON CLIMATE CHANGE

Moving forward into a carbon-efficient production system

— ISO 14001 CERTIFICATION SCHEDULE FOR THE MANUFACTURING PLANTS

Launched more than 20 years ago, the certification process is now fully implemented in the production plants, which are all ISO 14001 certified. Today, the process is being deployed in R&D and spare parts facilities. ISO 14001 certification is part

of the standards with which each new production plant must comply. In 2020, all certified plants comply with new ISO 14001-2015 standard.

SCHEDULE OF THE FIRST ISO 14001 CERTIFICATIONS OF MANUFACTURING PLANTS

1995	1997	1999	2000	2001	2002	2003	2004	2007	2010	2014	2020
Ellesmere Port	Eisenach	Mulhouse	Poissy	Rennes	Caen	Metz	Saint-Ouen	Trnava	Belchamp	Kaluga	Kenitra
	Szentgotthard	Sochaux	Vigo	Porto Real	Charleville-Mézières	Mangualde		Vesoul			
		Zaragoza	Trémery	Hérimoncourt	Sept-Fons	Bochum					
		Aspern	Madrid		Valenciennes		Rüsselsheim	Rüsselsheim (R&D)			
			Buenos Aires		Gliwice						
			Sevel Nord		Kaiserslautern						
			Douvrin								
			Luton								
			Tychy								

Kenitra' plant, which started in production in September 2019, passed ISO 14001 certification in December 2020. Beyond this scope, the following automotive industry joint ventures are certified: DPCA with DONGFENG MOTOR CORP. located in Hubei Province (Wuhan and Xiangfan) in China, Kaluga with Mitsubishi located in Russia, and Sevelsud with Fiat located in Val Di Sangro, Italy.

- a specific annual capital expenditure plan, managed by the Industrial Environment Department, used to fund plant compliance measures relating to regulatory changes and the reduction of pollution and environmental risks;
- a specific training plan that ensures the implementation and development of employees' environmental skills (see 2.4.1.3.2.).

99.97%

of the cars are produced in ISO 14001-certified plants

2.4.1.3.3. Using the best available techniques without excessive cost

DPEF.15

DPEF.16

The Industrial Department's environmental policy is developed starting with the design of new production methods, so that environmental impacts can be taken into account. The Industrial Environment Department carries out regulatory monitoring to identify future structural regulatory change, and it shares this data with the production resources design departments to better anticipate future regulatory constraints which production plants will need to comply with. This fully reflects the Group's commitment to setting an example in all territories in which it operates, via the Excellent Plant concept, which aims to mobilise all Group plants around attaining the best global level, including in terms of environmental impacts.

2.4.1.3.4. Environmental expenditure related to manufacturing

Environmental expenditure is broken down into three components:

- environmental risks are taken into account in new production process design, and the prevention of these risks is integrated in equipment design, and are part of overall industrial capital expenditure is related to environmental risk management;

2.4.1.3.5. Industrial innovation to reduce industrial carbon footprint



STAKEHOLDERS DIALOGUE

In October 2019, for the fourth consecutive year, Groupe PSA organised a "Booster Day" at the Poissy plant (France), which brought together 60 major partners (suppliers, integrators, startups, laboratories, universities, research institutes and public bodies), who came together to tackle 24 challenges, with a **key theme in 2019: carbon neutrality**.

Booster Day is now a key date for Groupe PSA and its partners, as it is where identified concrete solutions to the issues the Group faces. 40 demonstrators were presented and will be tested quickly in the plants.

For the first time this year, a specific environmental challenge was presented, concerning waste management, and will be developed in chapter 7.2.

"Groupe PSA 'Booster Day': imagining disruptive innovations to drive competitiveness in the Plant of the Future" 16/10/2019 press release: <https://media.groupe-psa.com/en/groupe-psa-%E2%80%98booster-day%E2%80%99-imagining-disruptive-innovations-drive-competitiveness-plant-future>

2.4.1.3.6. The environmental approach in the Brand dealership networks

PSA Retail encourages its points of sale to manage their environmental indicators in order to boost their performance.

Since 2008, the Group has been using an information system that collects, monitors and consolidates environmental data from its whole network.

Since 2016, a multi-annual capital expenditure budget has been established to maintain our assets and encourage the integration of new technologies (for example LED) and the self-sufficiency of buildings, thereby improving the Group's energy footprint.

2.4.2. The reduction of CO₂ emissions of manufacturing operations

DPEF.27

GRI.103-2

GRI.103-3

Following the example of product strategy, which focuses on developing low-carbon vehicles, the Industrial Department's environmental policy is committed to supporting the Group's efforts to reduce its carbon footprint. This involves implementing the energy management approach to map the energy performance of all manufacturing plants and identifying the areas in need of attention to fully overhaul their energy patterns, and the associated short-term capital expenditure to reduce energy consumption.

Another lever is to increase the share of renewable energies used in the Group's industrial processes to further reduce its carbon footprint. (see 2.4.2.4.)

Greenhouse gas emissions assessments DPEF.26

In compliance with a French requirement, which requires a greenhouse gas emission assessment to be performed every four years, (French Environmental Code article L. 75), we have extended this analysis to all PSA facilities.

The main conclusions of this study, conducted with 2018 data are that 89% of the GHG emissions in the industrial perimeter come from energy use in plants. The remaining emissions are linked to mobile equipment (forklifts in plants, company cars, etc.) accounting for around 8%, specific casting process (cupola in Sept-Fons to produce cast iron from metal waste) for 2%, and the final part comes from refrigerant leakages, on fixed installations and on mobile equipment (filling stations for cars in assembly lines).

This study, the part of which dealing with French facilities is published on ADEME's website, confirms that the most efficient way to reduce GHG emission of industrial activities is to manage the energies used in plants.

A roadmap for industrial CO₂ emissions, approved by the Science Based Targets initiative

In 2016 the Group established a forecast of the CO₂ emissions of its manufacturing operations for 2025. This study was updated in 2018 to take into account OV facilities. This action modifies the absolute data of emissions, but not the main conclusions about the main contributing factors. The question about emissions produced by cogeneration plants in order to produce electricity and steam is studied separately from this analysis:

- the impact of indirect emissions generated by electricity production based on the location of the sites, the availability of renewable energy locally. Accordingly, major discrepancies were observed between France, with its low-carbon electricity, and Poland, which relies heavily on electricity generated from fossil fuels;
- the impact of weather conditions and increasing or reducing gas consumption to heat the workshops. This study demonstrated that the difference between a mild and severe winter could cause a 15% fluctuation in industrial CO₂ emissions.

Nevertheless, the progress plans implemented in the plants encourage actions to reduce the main sources of energy consumption. **Site compaction, which aims to vacate certain buildings completely, helps to reduce plant sensitivity to weather conditions. The optimisation of production lines helps to control electricity and gas consumption.**

The inclusion of this information has made it possible to develop a CO₂ roadmap for manufacturing operations that complies with European Union commitments, namely a 60% reduction in CO₂ emissions over the 2010-2050 period. On a straight-line basis, this effort represents an annual decline of 2.1% as at 2010. This study also confirmed the geographical areas in which the development of low-carbon power supply solutions are given priority, thereby encouraging discussions based on possible scenarios (purchasing low-carbon electricity, local production, etc.). This study has been updated in 2019 to take into account perimeter extension with OV integration (with emissions from cogeneration plants in scope 1). In 2019, SBTi validated the emission reduction path proposed, with 2018 absolute emission as a starting point.

MAIN LEVERS TO REACH CARBON NEUTRALITY FOR SCOPE 1 AND 2

Period	
Short term (until 2025)	<ul style="list-style-type: none"> • Energy management in all plants • Site compression and building isolation
Medium term (2026-2034)	<ul style="list-style-type: none"> • Use and production of renewable energies
Long term (2035-2050)	<ul style="list-style-type: none"> • Technical innovations • Compensation of residual emissions

2.4.2.1. Managing energy use in manufacturing activities

DPEF.24



STAKEHOLDERS DIALOGUE

On September 19 and 20, 2019, the Energy Performance Manager of Groupe PSA hosted the Industrial Energy Business Club at the Douvrin site in the presence of representatives of ADP, AIRBUS GROUP, ARIANE GROUP, CARREFOUR, FM LOGISTIC, GENEVA AÉROPORT, MICHELIN, NESTLE, SAFRAN and SNCF. An exchange of good practices and feedback on new energy technologies was carried out. This discussion was remotely continued in 2020 with a focus on the energy management during partial or total shut down of industrial activities as consequence of the sanitary crisis.

2.4.2.1.1. Breakdown of energy consumption

GRI.302-1

Energy audits covering 80% of energy expenditure were conducted at the European sites in compliance with the criteria set out in regulations. The findings confirm the information reported in the GHG assessments, and the analysis was conducted as part of developing the Group's strategy regarding CO₂ emissions from manufacturing operations.

Reported energy consumption is expressed in MWh LCV (the most common unit of measurement). In terms of method, the use of calorific values is recommended by the French decree of October 31, 2012 as part of the application of European regulation No. 601/2012 on the monitoring and declaration of greenhouse gas emissions under Directive 2003/87/EC of the European Parliament and Council. The coefficients proposed by these two regulations are derived from the work of the IPCC (Intergovernmental Panel on Climate Change), as are those of the Greenhouse Gas (GHG) Protocol, used as a reference by the Global Reporting Initiative (GRI). Following this approach, values expressed in MWh can be converted to GJ simply by applying a multiplying factor of 3.6 (1 Wh = 3.6 kJ).

ENERGY CONSUMPTION FROM OPERATIONS

	Year	Combustible energy					Non-combustible energy			Total energy consumption
		Non-renewable				Renewable	Electricity	Of which renewable electricity	Steam	
		Heavy fuels	HHO	NG + LPG	Coke	Biomass (wood)				
Automotive Division	2020		1,000	1,618,874	69,508	18,000	2,185,948	635,463	627,236	4,520,566
	2019		592	2,155,400	80,250	17,673	2,939,799	619,075	753,016	5,946,730
	2018		1,477	2,272,343	86946	17,190	3,100,239	533,186	763,858	6,242,053
Automotive Trade	2020	139	1,641	44,925			37,859	8,441	1,238	85,802
	2019	344	2,719	61,601			49,422	9,999	1,512	115,598
	2018 in 2019 scope	363	3,193	58,757			50,224	10,186	884	113,421
	2018	419	4,464	91,191			77,217	17,196	1,865	175,156
TOTAL	2020	139	2,641	1,663,799	69,508	18,000	2,223,807	643,904	628,474	4,606,368
	2019	344	3,311	2,217,001	80,250	17,673	2,989,221	629,074	754,528	6,062,328
	2018	419	5,941	2,363,534	86,946	17,190	3,177,456	550,382	765,723	6,417,209

"Heavy fuel oil = HSFO + LSFO + VLSFO.

HSFO = High-sulphur fuel oil.

LSFO = Low-sulphur fuel oil.

VLSFO = Very low-sulphur fuel oil.

HHO = Home heating oil.

NG = Natural gas.

LPG = Liquefied petroleum gas."

The energy consumption in 2020 was highly influenced by the global Covid crisis and could not be compared to the results 2019. In order to contain the spread of the pandemic, the production in plants was stopped for several weeks. This interruption of production contributed to the decrease in energy consumption by 24%. Thanks to the energy management system successfully introduced in all plants, very low unproductive energy consumption was achieved during shutdown to minimise the effect of production stop. However, this could not compensate for the disproportionate decline in production loss, which resulted in a higher specific energy consumption of 1.98 MWh / vehicle, 1% higher than 2019.

To reduce the energy consumption, all plants developed roadmaps to increase energy efficiency by 25%. This activity is one pillar of the CO₂ reduction initiative of the Group and will highly contribute to a reduced energy consumption in the next years.

In 2020, the implementation of the 4Wet process in the paint shops of Trnava and Sochaux were finished and extended to Rennes. It will be also extended to Rüsselsheim and Eisenach in 2021. Additional technical actions were the ongoing LED implementation in the plants, e.g. in Rüsselsheim and the installation of a new compressed air station in Eisenach.

In a couple of French plants heat recovery projects from cooling equipment were installed to reduce natural gas consumption.

Sept-Fons is the only plant using coke in a cupola to produce cast iron, and the quantity used is in line with production levels.

Heat energy from biomass (wood) in Vesoul has slightly increased, which resulted in a higher share of renewable energy.

Oil for heating has increased by 408 MWh, mostly in Hordain, due to increased activity for used cars.

The share of renewable electricity consumed increases to 29 % in 2020. Green electricity contracts in Zaragoza, Madrid, Vigo, Trnava and Porto Real contribute to this performance.

Data from Groupe PSA dealerships relate on average to 100% of sites in 2020 (100% in 2019, 99% in 2018) for direct energy

consumption and 93% of sites in 2020 (97% in 2019, 96% in 2018) for indirect energy consumption. Changes in the PSA Retail dealership network's energy consumption are explained in 2.4.2.1.2.



Impact measurement and economic assessment

In 2020, actions to control energy consumption led to savings of approximately **€2.8 million on an overall bill of approximately €261 million** representing a cost saving of about 1%.

These savings are broken down as follows:

- new compressed air stations in Eisenach and Sochaux led to savings of 4,700 MWh of heat and electricity;
- the conversion of the lighting to LED lamps was continued in Rüsselsheim and Sochaux. The installation of new LED lamps leads to an annual saving of 6,000 MWh electricity;
- process improvements in paint shops were continued e.g. in Eisenach, Vigo, Sochaux and Zaragoza with 24,000 MWh annual savings of electricity and natural gas;
- the expansion of heat recovery to e.g. cooling towers and chillers in Caen, Tremery, Metz and Charleville generating savings of 25,000 MWh.

These figures are included in the vehicle production costs and affect the Group's overall economic performance. The actions implemented in the plants and listed above generate savings of about **€1 per car**, for the whole PSA perimeter.

€2 million

invested in energy savings, making
an **€1 contribution to production
cost control per vehicle**

2.4.2.1.2. Change in energy consumption and energy intensity GRI.302-3 GRI.302-4

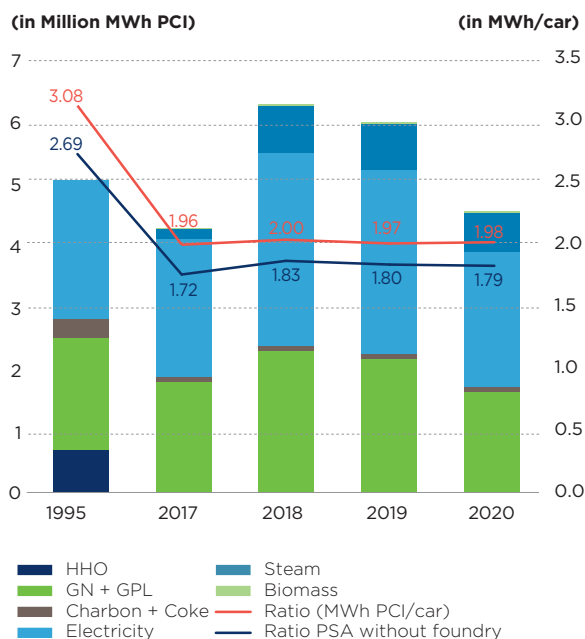
The Group is in the process of thoroughly reviewing its energy efficiency: a consumption control plan has allowed the Group to map the performance of the largest plants in order to identify the lines of action necessary for the full overhaul of their energy patterns, as well as the related short-term capital expenditure required to reduce consumption.

Plans are being implemented at each plant to rationalise production space, mainly by making plants more compact (retaining the same production capacity), thereby saving energy, particularly on heating and air conditioning in facilities.

Since 1990, work to modernise facilities, replace fuel oil (since 2012) and carbon with natural gas and the development of cogeneration and energy management strategies have helped to improve energy performance and reduce greenhouse gas emissions.

Today, the success of this energy consumption management policy, which is now strongly implemented in plants, is recognised ISO 50001 certification is used by the plants that consider it as an appropriate tool to increase energy efficiency. Seven plants and one engineering center are certified according to this standard.

CHANGE IN ENERGY CONSUMPTION



This graph shows the energy consumption of the Automotive Division with and without casting. This presents Group data that can be compared with data from other manufacturers in the sector without casting operations.

Within the Automotive Division, vehicle manufacturing uses energy for a wide range of industrial processes including casting, machining, paint curing, heat treatment, etc., as well as lighting and heating buildings.

Energy consumption has changed significantly since 1995, and the energy consumed per painted vehicle has decreased significantly. The reasons for this change are as follows:

- increased vehicle production;
- changing production processes. The painting processes, which represent the largest part of the plants' energy consumption, have seen major changes. The rollout of water-based paints, enabling the reduction of VOC emissions, led to a slight increase in the energy used, on account of higher drying temperatures. However, this increase was more than offset by the rollout of so-called short-range paint processes, with one fewer stage, thereby reducing energy consumption. Nickel-free surface treatment also created an opportunity for a more energy-efficient process;
- the implementation of the energy Management System. This managerial approach involves operators of production machinery, and it initially targeted the reduction of energy losses in non-production stages: that is, the principle of the base load. The following stage consists of developing solutions to reduce consumption during other production phases. Good ideas are also shared during Business Club meetings and the resulting good practices are then rolled out across all the plants.

In its global energy use scheme, the Group uses energy produced by cogeneration plants, managed by two different approaches.

For PCD, plants have signed contracts with external suppliers which provide steam/hot water used in paint shop process in Sochaux, Rennes and Mulhouse, and in Sevel Nord since 2018.

OV operates three cogeneration plants and produces electricity and steam from gas. The energy produced is partly used in the plant, but a large part is also sold to other OV facilities or to external customers. The amount of gas used is 1,633,868 MWh LCV to produce 586,693 MWh of electricity and 470,956 MWh of steam..

For Groupe PSA, the geographic breakdown of overall energy consumption in 2020 was as follows: 96.4% for the European Union and 3.6% for the rest of the world.

— REDUCTION IN ENERGY CONSUMPTION

Within the Automotive Activities

In 2020 the plants continued the implementation of energy saving activities, based on the achievements of the previous years. Successful activities are gradually rolled out to all plants. The actions can be divided into the following categories:

- the continued rollout of LED lighting as part of a multi-annual plan. Most of the plants are nowadays equipped, actions in Aspern, Ellesmere Port, Gliwice, Sochaux, Mulhouse, Poissy and Rüsselsheim are conducted to achieve the program. An estimated 14,000 MWh is saved per year;
- the implementation of a new painting process in Mulhouse, Rennes, Sochaux and Trnava, has been extended to Eisenach, which means that one oven can be taken out of use in each plant. This results in annual savings of about 4,000 MWh;
- the actions to recover heat from production equipment are continued and extended to heat recovery from cooling devices and compressor stations in Charleville, Metz, Tremery and Caen, with an annual saving of about 25,000 MWh of natural gas;
- the rollout of good management practices for some production-related facilities (new generation of compressor, with variable speed, management of shut-down, load reduction in hot water distribution, etc.) helps to reduce energy consumption outside of the production process;
- site specific actions, as paint shop process improvements in Sochaux, Vigo, Eisenach and Zaragoza and process improvements of magnesium treatment and sand regeneration in Charleville, led to savings of electricity and gas about 20,000 MWh.

All the plants have also initiated compaction plans to reduce their production areas, thereby reducing the building volume to be heated. These site compression activities are an ongoing initiative in all sites. In 2020, the sites reduced about 140.000 m² production area with a positive effect on gas and electricity consumption.



Impact measurement and economic assessment

Energy management is widely implemented in all the plants, but actions are also carried out in offices and R&D facilities. Since 2015, energy management has reduced the energy bills by €4.73 million.

Around €2.5 million came from shutting down some offices and gathering offices activities, and the other €2.2 million (approximately 9,500 MWh per year) came from energy management, including the implementation of an energy committee in each facility, using meters to measure energy, LED installation and energy is automatically shut down when nobody is in the building. **These actions contribute to the energy reduction path, which is a decrease of 25% in consumption between 2018 and 2021. The results obtained at the end of 2020 are in line with this target, showing the consistency of the action plan.**

Within the Automotive Trade

Automotive Trade also conducts energy saving activities to improve energy efficiency.



Impact measurement and economic assessment

Since 2018, energy consumption has been reduced of almost 25% for the whole dealership network. Branding actions and activity grouping, including installation renovation, are the main actions which conduct to this result.

Although, the major renovation projects of our dealership include upstream studies to improve energy efficiency in order to be consistent with the group's path CO₂ emission and efficiency energy.

As an example, the energy studies carried out in Pantin (France) dealership have shown some technical solutions allowing a reduction of nearly one third of the annual energy consumption.

The energy supervision tools have given the opportunity to improve the involvement of French dealership managers on the operation in their sites, particularly during the containment period. The drop in our consumption during this period closely follows the drop in working hours. This analogy confirms good management of consumption during the shutdown time.

Data from the brands related on average to 100% in 2020 for direct energy consumption and 93% in 2020 for indirect energy consumption.

2.4.2.2. Managing industrial greenhouse gas emissions

In light of the environmental challenges related to greenhouse gas emissions, and considering that industrial greenhouse gas emissions represent less than 1% of the vehicle's carbon footprint throughout its life cycle, the Industrial Department continued its discussions regarding a strategy towards reduced CO₂ emissions by 2025 and beyond.

2018 was the first year of total integration of all OV industrial facilities in this reporting. This created new issues.

OV operates in three cogeneration plants (Rüsselsheim, Eisenach and Zaragoza) which produce electricity and heat or hot water by burning gas. Part of the energy produced is used in OV plants, but the other part is sold to external costumers. However, the GHG emissions from gas combustion are part of the emission of each plant. This significantly changes the absolute emissions of Groupe PSA industrial activities and will bring significant updates to the emission reduction plan.

2.4.2.2.1. Greenhouse gas emissions DPEF.16 GRI.305-1 GRI.305-2 GRI.305-5

Note: Direct emissions are calculated based on the direct energy consumption by applying emission factors acknowledged by the greenhouse gas emissions trading system (EU ETS) in compliance with the decree of October 31, 2012 or European Regulation 2012/601 in the case of CO₂, and the circular of April 15, 2002 for all other gases. Changes in emission levels are thus directly related to changes in energy consumption.

(unit: t)	Year	CO ₂	N ₂ O	CH ₄	Direct GHG emissions in CO ₂ eq. (scope 1)	GHG emissions from renewable sources (CO ₂ eq.)*	Indirect GHG emissions in CO ₂ eq. (scope 2)	Total GHG emissions (scope 1 + scope 2)
Automotive Division	2020	667,363	28.46	47.14	676,835	5,962	192,745	869,580
	2019	842,656	35.67	58.64	853,715	5,853	326,026	1,179,741
	2018	845,348	35.74	58.73	857,661	5,693	416,827	1,274,488
Automotive Trade	2020	9,718	0.41	0.66	9,855		7,850	17,705
	2019	13,496	0.57	0.90	13,686		10,247	23,933
	2018 in 2019 scope	13,044	0.55	0.90	13,226		10,518	23,744
	2018	20,072	0.85	1.34	20,352		19,116	39,468
TOTAL	2020	677,081	28.87	47.80	686,690	5,962	200,595	887,285
	2019	856,152	36.24	59.54	867,401	5,853	336,273	1,203,674
	2018	865,42	36.59	60.07	878,013	5,693	435,943	1,313,956

* Greenhouse gas emissions from the combustion of biomass are not included in direct emissions in accordance with the GHG Protocol guidelines. Direct GHG emissions expressed in t CO₂ eq. are calculated by applying coefficients (global warming potential) of 298 for N₂O and 21 for CH₄ (source: IPCC reports, 2007 and 1995 respectively). Indirect emissions are calculated from electricity and steam purchases in compliance with emission factors obtained from suppliers for steam, based on the previous year's electricity factors.

The data provided above take into account all emissions from all Groupe PSA industrial facilities, and also include direct emissions from the three OV cogeneration plants. As indicated in a previous report, this strong change in perimeter gives us the opportunity to completely review our CO₂ industrial emission perspective. 2018 is the starting point of this vision, in absolute emission, and the reduction path has been submitted to SBTi and agreed by this third party in 2019.

2019 was therefore the first year of reporting our absolute emissions, and offers a comparison with the emission reduction path validated by SBTi. In 2020, GHG emissions have decreased significantly by 26%, mainly due to the lower production volume. The emissions from energy used for production decreased by 30%, while the emissions from external sold energy from cogeneration plants are stable at 143,249 tons versus 146,668 tons in 2019. Thus, the share of absolute emissions due to external sold energy increased from 12.4% in 2019 to 16.5% in 2020. The absolute emission decrease of about 300,000 tons in 2020 is fully compliant with the validated SBTi reduction target. The specific emission level per vehicle produced drops by 9%.

In addition to the lower overall energy consumption due to the sanitary crisis, the continuation of the measures to reduce CO₂, have contributed to this result:

- reduction in scope 1 emission for production, due to energy consumption reduction from site compression, lost heat recovery, improvement in painting processes (3WET, 4WET) and LED lighting;

- the electricity generated by cogeneration operated in Zaragoza, Rüsselsheim and Eisenach has a lower CO₂ content than the national electricity mix from the grid and therefore contributes to CO₂ reduction. Not all energy generated is used for the company's production, surplus energy is sold. These scope 1 emissions of the energy sold increase the reported absolute emissions even though they were not caused by the production. The CO₂ from energy sold to external customers represents 143,249 tons in 2020;
- reduction in scope 2 emission, due to purchase of green electricity in Vigo and Trnava, Slovakia, which accounts for around 53,000 tons of CO₂, new CO₂ efficient electricity contracts in UK with around 17,000 tons of CO₂ and various energy-saving activities that lead to a reduction in electricity consumption;
- even if 2020 is considered to be one of the warmest years in history, there is no significant impact on energy consumption due to weather conditions. This assessment is based on the comparison of degree-day evolution between 2019 and 2020, showing stability.

Regarding energy management, the results in terms of CO₂ emissions from industrial activities are in line with SBTi commitments and confirm the strength of the energy management system in place in all PSA facilities

Automotive Trade results indicated above refer to the same proportion of sites as that of energy consumption (see 2.4.2.1.1).

2.4.2.2.2. Changes in and intensity of greenhouse gas emissions

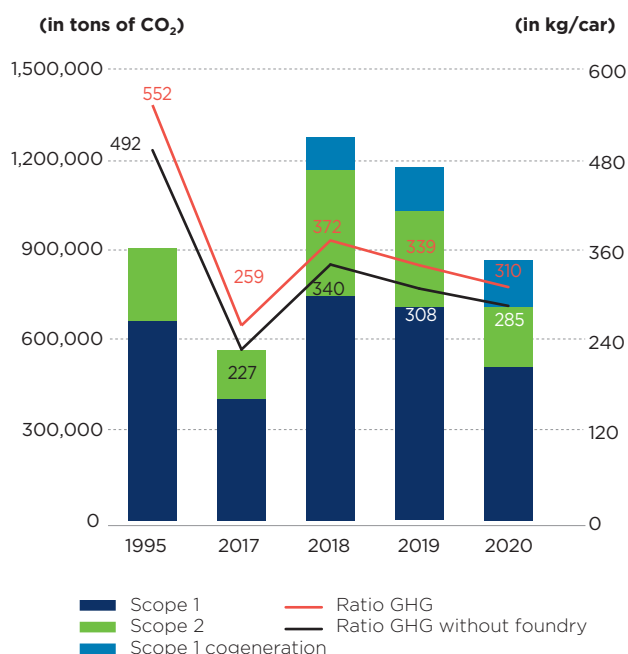
DPEF.27

GRI.305-4

GRI.305-5

CHANGES IN GREENHOUSE GAS EMISSIONS (GHG)

(Automotive Division)



Note: data for indirect emissions for 1995 were calculated using electric emissions factors proposed by the IEA for the same year.

This graph shows the CO₂ emissions for Groupe PSA industrial facilities, including and excluding casting. This presents Group data that can be compared with data from other manufacturers in the sector without casting operations.

It also highlights the impact of cogeneration activity on global emissions.

The geographical breakdown of direct greenhouse gas emissions in 2020 was as follows: 95.7% for the European Union and 4.3% for the rest of the world. For indirect emissions, this

breakdown amounted to 81.6% for Europe and 18.4% for the rest of the world. These results demonstrate the strong impact of local electricity production methods. The increased production in Kenitra contributes to this situation.

2.4.2.2.3. A roadmap in line with the COP21 commitments: avoiding greenhouse gas emissions

CO₂ industrial emissions are managed in the "CO₂ industrial Committee" chaired by the Industrial EVP. This instance validates the mid- and long-term vision about CO₂ emissions from industrial activities. This committee will also decide on the main actions to reduce emissions:

- green energy self-production, contracts signed for Zaragoza, 12,000 MWh and Mangualde 4,000 MWh; and Sochaux (phase 2);
- green electricity procurement (implemented in Spain, Brazil and Slovakia) and starting 2021 in Austria;
- energy efficiency projects, surface reduction, changes in equipment to use more efficient ones, building insulation;
- CO₂ reduction roadmaps for each plant.

2.4.2.3. Participation in the CO₂ emission allowance scheme

DPEF.15

DPEF.26

The Group is part of the CO₂ allowance trading scheme implemented by European Directive No. 2003/87/EC, also called ETS regulation amended for combustion operations (heating and processes) of its largest plants and for one of its castings. As part of the third phase of the CO₂ emission allowance scheme scheduled from 2013 to 2020, 13 plants are involved.

For OV, the deficit of allowances comes from cogeneration plants.

Year	Free allowances (quotas)	Emissions* (tons of CO ₂)
2018	553,543	669,252
2019	527,322	681,523
2020	464,721	536,014

* Sum of verified Groupe PSA emissions and theoretical emissions related to purchased steam, for which we receive allowances.

From January 1, 2015, pursuant to an EU decision, the automotive industry has been included in the list of sectors exposed

to a carbon leakage risk, which includes a revised allocation of free quotas for the third phase.

2. CREATING A TANGIBLE IMPACT ON CLIMATE CHANGE

Moving forward into a carbon-efficient production system

2.4.2.4. Use of renewable energy

DPEF.15

DPEF.26

The share of renewable electricity used by the Group amounted to 635,463 MWh for manufacturing facilities, i.e. 29% of the electricity consumed. The share of renewable electricity comes directly from electricity suppliers.

635,463 MWh

renewable electricity were consumed
by the Groupe plants

The purchase of green electricity in Vigo, Spain, and Trnava, Slovakia, with about 161,443 MWh additional green electricity compared to 2019 contributes to this improvement.

In 2020, Zaragoza, Madrid, Vigo, Porto Real and Trnava sourced 100% green electricity. The green electricity contract for the supply of Aspern in 2021 was signed this year.

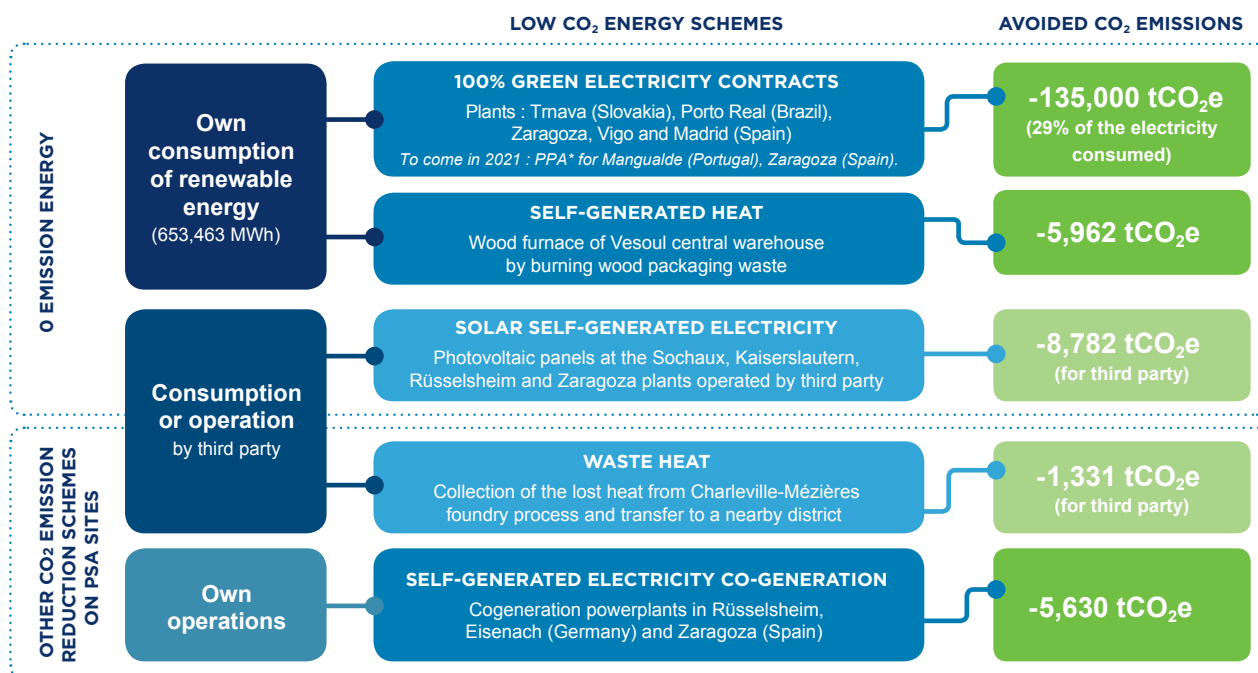
The 635,463 MWh electricity from renewable sources were mainly generated by hydropower 58%, solar power 14%, biomass 14% and wind power 13%. 1% came from other renewable sources as geothermal and marine power. This split covers 94% of the consumed renewable electricity.

Photovoltaic panels were installed with the support of the Group's partners in the Kaiserslautern, Rüsselsheim and Zaragoza plants, and also at the Sochaux plant. The CO₂ emissions reduction is estimated at -8,782 tCO₂e per year. To increase the share of self-produced green energy, Power Purchase Agreements were signed for Zaragoza, 12,000 MWh, and Mangualde, 4,000 MWh. These contracts stipulates the installation of solar power panels on the plant premises. Electricity production will start in 2021.

The wood furnace in the Vesoul plant (Groupe PSA central warehouse) produced 18,000 MWh in 2020 (5,962 tons of CO₂) by burning wood packaging waste directly "produced" on site. This action reduces waste transportation and avoids fossil fuel emissions.

Since 2018, heat recovery from Charleville-Mézières's foundry is used to heat part of the city of Charleville-Mézières. This led to the avoidance of 1,331 tons of CO₂ from the city.

GROUPE PSA KEY ENERGY SCHEMES TO CUT CO₂ EMISSIONS



* PPA: Power Purchasing Agreement

2.5. IMPROVING THE ENVIRONMENTAL PERFORMANCE OF THE SUPPLY CHAIN: PURCHASING AND LOGISTICS

GRI.103-1

GRI.103-2

GRI.103-3

Reducing the Group's carbon footprint is also based on taking actions to reduce the CO₂ emissions related to:

- **purchasing**, as the extraction of materials and the production of parts are the second source (about 16.85%) of CO₂ emissions for the Group (see. 2.5.2.);

- **logistics**, which represents about 0.81% of the global footprint of Groupe PSA (see 2.5.3).

2.5.1. A close collaboration and innovation with suppliers

An innovation centered company, Groupe PSA collaborates with its key technology suppliers to define a transition plan to reach carbon neutrality and invent the mobility of the future.

Groupe PSA enhances challenging R&D collaboration in developing low-carbon solutions and keeps track record of emissions reductions for sold products, industrial processes, logistics, IT...

Purchasing

After some first workshops in 2019 with various suppliers from different industries, Groupe PSA has intensified the dialogue on CO₂ with its key suppliers and key partners during annual business reviews, with the biggest CO₂ contributors in the supply chain.

In February 2020, Groupe PSA was rated "Supplier Engagement Leader" by CDP for driving the reduction of CO₂ emissions in collaboration with its suppliers.

Logistics

In 2017, Groupe PSA launched an innovation team to optimise vehicle distribution flows in collaboration with GEFECO, taking environmental implications into consideration. This common entity brings together the Group's teams and GEFECO team in the same place with shared targets. It aims to improve performance and accelerate the implementation of ideas.

Since 2019, a unique list of transport innovations, for vehicle distribution, and transport of continental and overseas components is regularly shared by GEFECO and Groupe PSA, in order to focus on the most efficient solutions. Thus, environmental performance of these solutions is monitored monthly.

In 2020, a study has been made in collaboration with the CEA Tech (*Commissariat à l'Energie Atomique et aux Energies Alternatives*), VNF (*Voies Navigables de France*) and the Grand Est Region, for a development project of an autonomous and hydrogen barge in northeast of France (more details in 2.5.3).

2.5.2. Suppliers make a significant contribution to the Group's environmental targets GRI.308-1

The Purchasing Department involves suppliers in the Group's approach to reducing CO₂ emissions in the supply chain. One example is the emissions produced by its suppliers for the production of goods and services purchased by the Group.

The Purchasing Department's strategy to reduce GHG (greenhouse gas) emissions in its entire supply chain consists of:

- selecting suppliers according to environmental criteria such as the ISO 14001 certification, or their capacity to develop products which incorporate green or recycled materials. Currently 81% of direct material suppliers have ISO 14001 certifications available;
- collecting a status report from its major suppliers on their current and future CO₂ emissions and implementing a reduction plan.

Most of the Group's suppliers in the automotive industry face the same environmental issues as Groupe PSA itself. These include reducing their carbon footprint and water consumption, managing their industrial waste, improving waste recycling and protecting biodiversity. Groupe PSA involves them in its efforts to monitor its environmental roadmap.

The Group's environmental objectives for its products are translated into contractual commitments *via* specifications and purchasing policies according to two different criteria: the type of materials used and the CO₂ emissions generated:

- ambitious targets have been set on the percentage of "green/recyclable materials". These objectives are also a key focus of the innovation policy that is part of the Group's supplier certification criteria (see 6.2.1). Furthermore, suppliers also have a key role to play in the Group's commitments on reducing hazardous substances in two main areas: first, the elimination of four heavy metals (lead, mercury, cadmium and hexavalent chromium), and second, compliance with REACH regulations based on the recommendations issued by ACEA, of which the Group is a member (see 7.1.2.3.);
- regarding CO₂ emissions linked to the Group's purchases (scope 3) from its suppliers, the Purchasing Department encourages suppliers to establish and work according to an emission reduction plan. In 2020, 49% of the Group's suppliers set up a reporting process for energy consumption or greenhouse gas emissions. The Group asks its suppliers to assist it in its various host countries in order to develop the local economy, build environmentally safe plants and reduce CO₂ emissions.

CO₂ EMISSIONS LINKED TO PURCHASES OF MATERIALS AND COMPONENTS (SCOPE 3)**CO₂ emissions**(in thousand of tons of CO₂)**2019**

Production of parts

4,251

These CO₂ emissions correspond to 54% of the purchase value reported by our suppliers in 2019.

2.5.3. Reducing the carbon impact of logistics operations and travel

DPEF.26

DPEF.27

GRI.305-3

GRI.305-4

GRI.305-5

GRI.308-2

The environmental impact of transport is far-reaching, from localised pollution (sound, air pollution, etc.) to global warming. Evaluating the impact of transporting the products, goods and materials through the supply chain (from the purchase of raw materials to network distribution) and staff travel are an essential part of the global environmental strategy planning process.

2.5.3.1. Reducing impact of logistics operations

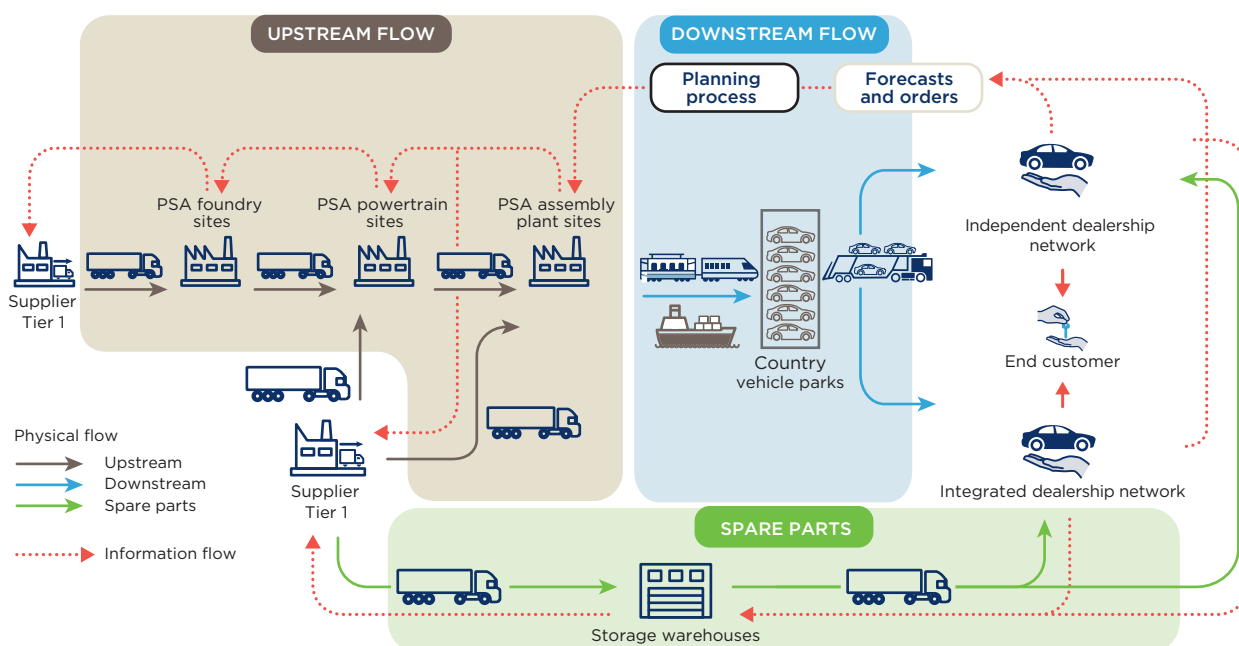
Groupe PSA logistics operations are part of scope 3 and represent only a small part (0.81%) of the Group's total CO₂ emissions.

However, when defining the environmental policy of the Industrial Department, the logistics operations were identified

as having a core impact on the carbon footprint of the Group's manufacturing operations.

The supply chain ambition for the Group's carbon footprint has been defined in the long term. It aims to reduce logistics carbon emissions by a third per vehicle between 2016 and 2035, as a continuation of the previous carbon footprint roadmap. This means an average decrease of 2.1% per year.

The supply chain encompasses all the Group players in charge of all the physical workflows and the information flows, from suppliers to end customers. Company employees and suppliers are working on a joint improvement initiative aimed at increasing client satisfaction in terms of leadtimes and quality, optimising inventories and reducing the cost and environmental impact of transport.

LOGISTIC FLOWS**Groupe PSA transport policy**

Groupe PSA is a global car manufacturer and manages thousands of flows on a daily basis, from sourcing supplies for its plants to delivering vehicles and spare parts to its clients.

— SUBCONTRACTING TRANSPORT

Groupe PSA and GEFCO signed an exclusivity agreement under which the Group entrusts GEFCO with the management and

optimisation of its entire global manufacturing supply chain, from supplying components to production and assembly plants to distributing finished vehicles, in compliance with the social and environmental requirements set out by Groupe PSA. These upstream and downstream logistics operations are supplemented with the distribution of spare parts. This agreement concerns the design and implementation of comprehensive logistics and transport solutions for the automotive brands.

CREATING A TANGIBLE IMPACT ON CLIMATE CHANGE

Improving the environmental performance of the supply chain: purchasing and logistics

— GOVERNANCE OF THE EXCLUSIVITY AGREEMENT WITH GEFCO

GEFCO is a key partner of Groupe PSA. As such, it is fully involved in the Group's strategy for assessing social and environmental performance, as conducted with the Group's service provider EcoVadis. Its results are quarterly monitored at the Executive level of the Company under a Partner Business Review (see 6.2.3.3.).

23 GEFCO subsidiaries have ISO 9001 certification (involving 254 sites), and 15 subsidiaries have ISO 14001 certification (involving 61 sites).

GEFCO is committed to implementing a strict and sustainable development policy with the following aims as agreed in the contract with Groupe PSA:

- make every effort to use the least polluting transport methods available, in line with the most stringent environmental standards;
- prioritise alternatives to road transport and make proposals to reduce the CO₂ footprint of transport;
- comply, and ensure its subcontractors comply with, all legislation and regulations in force in the country in ques-

tion, specifically that all heavy goods vehicles used in the European Union will meet the Euro 4 standard and above, and any vehicles replaced in the fleet will meet the Euro 5 standard as a minimum requirement.

Since the initial contract has been implemented in 2016), GEFCO has upgraded its policy and each new truck in its European fleet is to be replaced with Euro 6-compliant vehicles.

Groupe PSA benefits from a unique baseline for the carbon footprint improvement target until 2035. Thus, a common work has been launched with Gefco on the calculation of avoided emissions.

Moreover, Groupe PSA is rolling out a target architecture of the vehicle procurement and distribution flows, with the aim of improving transport costs both upstream (parts) and downstream (vehicles) and of reducing the environmental impact:

- all parts transported from suppliers to all Groupe PSA European plants are pooled. This bulk transport reduces the number of trucks on the road;
- the Group is also exploring alternatives to road transport by increasing its use of rail and river transport.

THE DIFFERENT FLOWS BROKEN DOWN BY MODE OF TRANSPORT IN 2020

(scope: world, excluding JVS)

Breakdown in tons of goods or vehicles	Upstream transport			Downstream transport		
	2018	2019	2020	2018	2019	2020
Air	0%	0%	0,1%			
Rail	3%	2%	0,4%	11%	13%	11%
Road	94%	94%	97%	73%	67%	73%
River/sea	3%	4%	2%	16%	20%	16%

Actions undertaken by Groupe PSA

Actions	Levers used	Gains/results obtained
Optimisation of packaging and volumes transported	All packaging is sustainable and reusable.	Waste reduction: the reuse of returnable containers (this accounts for 98% of sustainable packaging) in new vehicle projects is growing, by taking into account catalogue parts of existing containers at the design stage, rather than developing them separately.
	DESIGN To LOGISTICS initiative launched at the end of 2013 to track the transport impact of parts right from the design phase. Technical specifications for logistics (TSFLs) have been drawn up for the large majority of part families, and these set out our logistics requirements for our research and development centres.	Volume of parts transported for a new vehicle is reduced by about 1 m ³ (compared with a replaced vehicle or equivalent). This rationale is built into the specifications of vehicle projects with a launch date later than 2016. For example, the volume of parts transported for the new Peugeot 208 has decreased by 6% compared with the previous model.
Reduced industrial waste (upstream)	Reusing disposable packaging for overseas flows.	<ul style="list-style-type: none"> • Groupe PSA global policy about overseas packaging and associated waste is based on the reduction of necessary packaging, the reuse of packaging used for shipping and finally the valorisation is reuse is not possible. • Waste reduction: the reuse of disposable packaging has been studied and implemented for flows between France and Russia or Latin America as well as China and South East Asia. Wooden packaging is reused, which reduces the quantity of waste at the customer's plant. • Introduction of returnable containers on intercontinental flows was piloted in 2018 and is an alternative to reduce waste. • These two main ideas have been shared between the brands and will be widely implemented into Groupe PSA practices.
Roll-out of Groupe PSA CSR policy among transport and logistics suppliers	Implementation of a joint monitoring system between Groupe PSA and GEFCO regarding upstream and downstream CO ₂ emissions.	Improved awareness with a shared goal between Groupe PSA and its logistics provider. Monthly monitoring of the indicator of the CO ₂ emission of GEFCO for downstream and upstream.
Innovative means of transportation	Development of a new autonomous and hydrogen barge project in northeast France, in the Rhône au Rhin canal.	An economical study have been made on this circular river route between Mulhouse, Tremery and Charleville plants. This study shows costs savings opportunities and CO ₂ savings of 4,500 tons/year compared to the current logistic flow. The first prototype will be available end of 2022.

Actions undertaken by Groupe PSA in collaboration with GEFCO

Actions	Levers used	Gains/results obtained
Filling rate of trucks and shipping containers	Implementation of a tool for 3D visualisation of the theoretical loading of HGVs based on daily orders sent to suppliers. In 2019, this tool will be implemented for shipping containers. Pooling of flows between several suppliers, milk runs, regular optimisation of the uplift frequency.	<ul style="list-style-type: none"> For overall truck transportation, the average fill rate is 80%. Specifically for Full Truck Load, filling rates of over 90% are being achieved. The fill rate of the trucks arriving at the plants is measured and action plans put in place if any anomalies are detected. The average fill rate of sea containers being shipped for intercontinental flows is also monitored and now reaches more than 80%. A Proof Of Concept was presented in October 2019 for a specific optimisation loading tool, making it possible to optimise sea containers in real time and reach 85%. This solution is under study before being implemented.
Intercontinental flows	Redesign of procurement flows.	<ul style="list-style-type: none"> The Group studied how to ship parts from suppliers in the north of France to Russia via a platform located in Hordain (France). It has been implemented in Q2.2019, which will reduce truck transport by 52,800 km a year, which avoids 100 tons CO₂.
Use of multimodal transport	Move to more environmentally-friendly modes of transport (already high usage of rail transport and sea transport).	<ul style="list-style-type: none"> Reduction in road traffic and corresponding pollution: a regular sea route service between Saint-Nazaire and Vigo (the so-called "sea motorway") has been in operation for several years, increasing from two to three weekly journeys from 2015. This means that, each truck reduces its mileage by 1,300 km, thus helping to ease congestion and reduce polluting emissions. The China Europe Express train between China (Chongqing) and Europe (Duisbourg), largely electrified and first used in 2017 by the Group, is now an alternative mode of transport to aeroplane transport, and consumes 10 times less CO₂ emissions. Train transportation is also being studied as an alternative to sea shipping. In Morocco, for Groupe PSA Kenitra plant, 90% of produced vehicles are transported to the port via the rail network. To transport components between Morocco and the Vigo plant in Spain, multimodal flows have been used since December 2018, through a maritime shuttle between Tanger and Vigo. This mode of transport enables each truck to reduce its road journey by 950 km, thus helping to ease congestion and reduce polluting emissions. Manufactured in Uruguay since mid-2017, the Citroën Jumpy and Peugeot Expert use components from the SevelNord plant, which are transported by river from the plant to the Port of Antwerp, instead of by lorry. Since 2017, more than 4,500 sea containers used this route. Rail transport is regularly used to transport parts and materials between plants, e.g. between our plants in Eisenach (Germany) to Zaragoza (Spain) and vice versa (which is equivalent to 100 lorries doing a round trip per week). A study has been launched to use rail travel for upstream transportation from CEE (Central and Eastern Europe), through Germany to the eastern part of France. This train (one per day) intends to replace 50 trucks each day in both directions.
Development of downstream vehicle logistics	In collaboration with GEFCO, supply chain rolled out a project to develop downstream logistics for vehicles produced in Europe in 2015. This optimised the distribution costs and times as part of the supply chain master plan.	<p>This action plan is based on two main points:</p> <ul style="list-style-type: none"> reduction of the distance covered by new vehicles by increasingly supplying vehicles directly from our assembly plants; only using transport once the final destination is known, thus avoiding transport to a temporary storage location.
Setting up Gigaliner lorry traffic flows	Commissioning of a new type of truck, in line with new Spanish legislation.	<p>The Madrid and Vigo plants have been carrying out studies on the use of Gigaliner lorries (also known as mega trucks), and have started to use them. They are 25 m long and can transport more goods with a single trailer than in a standard semi-trailer, which saves 16% in CO₂ per tonne transported.</p> <p>Gigaliners are also expected to be tested on French roads. This solution is still pending approval by the French authorities.</p>

Summary of greenhouse gas emissions per type of shipment

The methodology used to assess greenhouse gas emissions is implemented by GEFCO in collaboration with Eco Transit World. Energy consumption is determined for each traffic flow and by mode of transport by using an emission factor corresponding to this energy. This measurement is performed in CO₂ equivalent (thus including other greenhouse gases). The scope for downstream distribution includes capillary flows to the dealers.

		CO ₂ eq. emissions in tonnes – 2018		CO ₂ eq. emissions in tonnes – 2019		CO ₂ eq. emissions in tonnes – 2020*	
TOTAL		879,344		808,674		664,914	
Upstream transport	Road	479,086	74%	459,187	78%	380,723	81%
	Air	133,952	21%	100,815	17%	69,494	15%
	Rail	8,668	1%	3,534	1%	3,155	1%
	Sea	29,696	5%	23,51	4%	16,870	4%
	TOTAL	651,402	100%	587,046	100%	470,242	100%
Ratio of kg of CO ₂ from transport/ vehicle produced upstream		204		192		208	
Downstream transport	Road	182,494	80%	181,123	82%	155,235	80%
	Rail	7,547	3%	71,08	3%	8,646	4%
	Sea	37,9	17%	33,396	15%	30,791	16%
	TOTAL	227,941	100%	285,599	100%	194,672	100%
Ratio of kg of CO ₂ from transport/ vehicle distributed downstream		62		67		75	

* The Global CO₂ emissions in the supply chain reduced by 18% in 2020. However, the disruptions in sales and vehicles production caused by the Covid-19 pandemic did not allow to use optimized transport plans, resulting in increased average emission levels per vehicles.

2.5.3.2. Impact and optimization of employee and business travel

For several years, Groupe PSA has undertaken a policy to optimise employee mobility and reduce CO₂ emissions related to business travel. This approach encourages a more frugal approach to travel and supports alternatives to traditional individual transport.

In 2019, Groupe PSA launched a major action plan to anticipate intensive use of electric and plug-in hybrid electric vehicles by its employees. The ambition is to make employees electric car ambassadors and ensure that they adopt an exemplary, socially responsible approach. This plan supports the shift in usage and behaviour related to electric vehicles.

This action plan triggers the modernization and the strong expansion of the infrastructures to prepare for the increased use of LEVs by Group employees. It results in a significant increase in the number of electric charging points within the Group's facilities. The implementation of the charging stations started in 2019 and will continue until the end of 2021. By the end of 2020, 444 charging stations have already been installed at 31 sites in 10 countries.

This plan includes a training programme, "Electric Quest", which has been rolled out to support all employees in understanding the changes related to energy transition. The learning path is delivered step by step in all EU countries in 12 languages (French, English, German, Italian, Spanish, Portuguese, Dutch, Polish, Danish, Norwegian, Swedish and

Finnish). This program strongly supports employees fully understanding the stakes of the energy transition, the new PSA offer, its benefits and the ecosystem around electrified vehicles in order to be good ambassadors of electric vehicles. Participation in this programme has been massive: In 2019, more than 39,000 employees have taken part. In 2020, this training program continued, with additional courses attended by 31,000 trainees.

The employee travel policy focuses on the following initiatives:

- **teleworking** The Group has been rolling out teleworking practices since 2014. Remote working was promoted to managers and various categories of eligible employees. Experience has amply demonstrated the positive impact of teleworking on working conditions and quality of life, notably by reducing travel times and commuting. A survey of 40,000 employees worldwide was conducted in mid 2020 on their experiences and aspirations regarding extensive teleworking. Participation in this survey reached 50% of responses, demonstrating success. 79% of employees expressed support for this new way of working. In 2020, a record of 38,000 simultaneous VPN connections, supported by a widespread use of laptops and remote tools for communication and meetings (audio, online meeting systems, video conferences) was reached. This performance reached through the New Era of Agility ambition and widely strengthened with the Covid-19 has allowed Groupe PSA to reduce the number of business trips by 54% in 2020.

Other awareness raising initiatives to limit employees emissions linked to digital communication are presented in 6.3.2.

ASSESSMENT OF CO₂ EMISSIONS GENERATED BY BUSINESS TRAVEL

		2018	2019	2020
AIR TRAVEL (Scope : Trips leaving from Germany, Austria, Belgium, Spain, France, Italy, the Netherlands, Portugal, the United Kingdom, extended from 2019 to Argentina, Brazil, Morocco and Russia)	Number of business trips	40,777	68,453	19,473
	CO ₂ emissions generated (in kg)	25,462,845	26,030,422	5,844,285
	Average CO ₂ emissions generated by employee (in kg)	234.5	237.2	42.17
TRAIN TRANSPORT (Scope : Germany, Austria, Belgium, Spain, France, Italy, the Netherlands, Portugal, the United Kingdom and Morocco).	Number of business trips	-	61,215	20,445
	CO ₂ emissions generated (in kg)	-	168,011	51,043
	Average CO ₂ emissions generated by employee (in kg)	-	1.6	0.4

From 2019, the calculations of air travel and train transport are based on segments (several segments possible in one trip).

- The Group applies a business travel policy that strives to **limit travel to what is strictly necessary**. Over the years, this policy has led to a continuous reduction in the number of trips. For example, in France, the number of trips was reduced by 9% in 2019 (10,000 fewer trips). With the health context, a reduction of nearly 60,000 missions took place in 2020, a decrease of 54%.
- Under this policy, the Group strives to **prioritize rail transport**. When high speed trains are available, some routes by air plane are forbidden by the Group travel policy.
- **developing car-sharing solutions:** the Group is developing a car-sharing solution called Free2Move Fleet Sharing, also used for its employees. This mobility service is currently being tested at the Group's site in the Paris region, in Poissy from 2019. It addresses the various mobility needs of employees. Thanks to Free2Move Fleet Sharing, employees can book their vehicle between 48 hours and 5 minutes prior to departure.

2.6. REPORTING SCOPE METHODOLOGY GRI.102.48 GRI.102.49

See 9.4. for more information.



To engage an agile co-construction of the company's future, Groupe PSA relies on an active dialogue with employee representatives. It is committed to protect employees' health and safety in the workplace to unleash the full potential of their talents.



HUMAN RESOURCES: DRIVING GROUPE PSA TRANSFORMATION

GRI.102-15

GRI.103-1

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Companies, especially when they are international and industrial, are the subject of high expectations from society and, of the utmost importance, from their employees, for greater visibility on the future, protection, transparency and justice. Groupe PSA has adopted a social dialogue based on co-construction with its social partners to meet these expectations and reconcile economic and social performance.

In this demanding context, the challenges for Groupe PSA are:

- to develop its agility to lead the transformations necessary to implement the energy transition while preserving profitability, including the transformation of work modes;
- to develop new expertise in technologies and services to offer competitive solutions;
- to cultivate a high level of creativity and motivation based on a positive employee experience promoting health and well-being.

The Group is applying, at a global level, an HR policy designed to address them in the best possible manner.

Groupe PSA has identified four CSR issues related to the macro-risk “Human capital”.

- **Management of company transformations and social dialogue**

The profound transformations instigated by societal and environmental demands, customers' new uses and expectations, and innovations when it comes to connected services are central to the Push to Pass strategic plan. This plan seeks to propel Groupe PSA to the highest level of performance as a car manufacturer and help it to grow as a supplier of mobility services. This applies in the same way at Opel and Vauxhall with the PACE! plan to recover profitability, go electric and go global. To guide these transformations, the maturity and quality of the social dialogue within the Company are considered to be a key condition for success.

Drawing on a practice of co-constructing with employee representatives by sharing its strategy upstream, Groupe PSA has improved its performance and laid the foundations for its future. Its challenge is to continue this approach of co-construction, which it will do by being accessible, creating trust and transparency and using company agreements to find agile, responsible solutions that will allow the Company to adapt, improve its performance, continue to grow and protect employees.

See 3.1. and 3.2. for more details.

- **Attracting and developing talent**

As part of the Group's transformation, its international expansion and the cultivation of its performance culture, talent management takes centre stage in Groupe PSA human resources policy. The Group endeavours to give all employees a chance to express their talents individually and collectively. Being attractive to candidates in the different regions and in all its business lines is a priority for the Group, along with the ability to develop talent, embody meritocracy and reward performance.

See 3.3. for more details.

- **Health, safety and well-being in the workplace**

Employees' workplace health and safety is top concern for Groupe PSA and an increasing demand of the society. The Group has been working hard on this for many years, and its efforts have paid off, making it one of the top safety performers in the world. It aims to be the global leader in the automotive industry. This performance demonstrates the effectiveness of its Workplace Safety and Health Management System, and the commitment of all employees to enacting it. The Group is also attentive to its employees' well-being, and to that end it applies a methodical approach that involves all its stakeholders, employees, employee representatives, the medical community and management.

See 3.4. for more details.

- **Diversity and equal opportunity**

For Groupe PSA, diversity is a source of added value and economic performance provided that equal opportunities are ensured. It is a way to promote employee engagement and motivation, and it is a condition for cultivating a culture of performance and economic efficiency.

The Company is characterised by its diversity of cultures, nationalities and ages. Groupe PSA applies a proactive equal opportunities policy. However, the automotive industry remains associated with male stereotypes and there is not enough gender diversity yet. To overcome this, the Group's priorities and commitments focus on gender equality in business lines and access to all levels of responsibility.

See 3.5. for more details.

Faced with these issues, Groupe PSA has set up the actions presented in this chapter.

COMMITMENTS SCOREBOARD

				
CSR ISSUES	AMBITIONS	TARGETS 2020	RESULTS 2020	TARGETS 2021
Management of company transformations and social dialogue* Organiser: EVP Human Resources	The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues. Given the merger with FCA, the previous Groupe PSA CSR ambitions are not applicable to the Stellantis scope.	Onboarding 2,500 new employees (permanent contracts) into Groupe PSA.	Target met Onboarding of 4,229 new employees in 2020.	In 2021, the Stellantis teams will start converging operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.
Health, safety and well-being in the workplace Organiser: EVP Human Resources	The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues. Given the merger with FCA, the previous Groupe PSA CSR ambitions are not applicable to the Stellantis scope.	<ul style="list-style-type: none"> Total lost-time accident frequency rate⁽¹⁾ < 1 point. Excess stress rate < 8%. Target average level of motivation⁽²⁾ of 66.2 points. 	Target met <ul style="list-style-type: none"> 0.68 point total lost-time accident frequency rate. Excess stress rate at 6.1% Motivation index at 68.5 points. 	In 2021, the Stellantis teams will start converging operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.
Attracting and developing all talent Organiser: EVP Human Resources	The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues. Given the merger with FCA, the previous Groupe PSA CSR ambitions are not applicable to the Stellantis scope.	Increase the overall access rate to training: 80% of employees trained at least once during the year 2020.	Target met 82.6% of employees benefited from at least one training course in 2020.	In 2021, the Stellantis teams will start converging operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.
Diversity and equal opportunity Organiser: EVP Human Resources	The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues. Given the merger with FCA, the previous Groupe PSA CSR ambitions are not applicable to the Stellantis scope.	Reach a rate of 19% of women in top management by the end of 2020.	Target met 20% of women in top-management reached at end 2020.	In 2021, the Stellantis teams will start converging operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.

* Strategic issue monitored by the Executive Committee and presented to the Supervisory Board.

(1) TFI: lost-time accident frequency rate includes Group employees and temporary workers. Number of lost-time occupational accidents times one million divided by the number of hours worked.

(2) Motivation: average annual level of motivation on a scale out of 100 from a survey of approximately 10,000 employees conducted in several countries.

3.1. CO-CONSTRUCTING SOCIAL DIALOGUE GRI.103-2 GRI.103-3

To ensure the success of its strategic plan, Groupe PSA relies on a shared willingness with employee representatives to co-construct the future and support change within the Company.

Groupe PSA has demonstrated that the approach of co-construction through social dialogue within the Company contributes to performance and protects employees. Based on a responsible relationship built on trust and transparency, quality social dialogue helps to reconcile economic perfor-

mance and social performance by implementing the most appropriate and pragmatic solutions. This ability is held as a competitive advantage for the Group in a more and more demanding environment.

In spite of the turmoil of the pandemic, the same pillars of co-construction have been preserved and a close relationship has been maintained with the social partners, both at the local, European and global levels.

3.1.1. The Global Framework Agreement on Groupe PSA social responsibility

DPEF.8

DPEF.9

DPEF.10

DPEF.14

DPEF.15

DPEF.32

DPEF.34

DPEF.35

DPEF.37

DPEF.38

DPEF.39

DPEF.40

DPEF.41

DPEF.42

Groupe PSA has chosen to involve a wide range of stakeholders in the Corporate Social Responsibility process by signing a Global Framework Agreement on corporate social responsibility in 2006. On March 7, 2017, Groupe PSA and the IndustriALL Global Union and IndustriALL European Union trade union federations signed a new agreement in Geneva. This new agreement expresses the ambition of Groupe PSA to co-construct its future with the employee representatives on a global scale, and to involve all employees in its global human resources policy. It applies to all facilities and was contractually extended to its partners, suppliers and distributors.

This agreement is made up of two parts. The first part gives a formal framework to the Group's Social Responsibility policy, enrolls stakeholders and sets out its social requirements in terms of the supply chain. The second part adds the goal of introducing an international human resources policy that develops talent and skills, quality of life and well-being in the workplace, with respect for diversity and equality of treatment. In addition, the agreement reinforces the global dimension of the Group Works Council and its mission to share economic and social issues on a worldwide scale.

The Group therefore has an adapted framework to efficiently and transparently implement the United Nations Guiding Principles on Business and Human Rights (Ruggie Principles) and the OECD Guidelines for Multinational Enterprises. This is part of the Company's duty of vigilance with regard to daughter companies.

The application of this Global Framework Agreement is monitored and assessed on an ongoing basis using a structured system involving local general management, HR management and employee representatives.

This was carried out in 2020 in each subsidiary and the global monitoring was conducted by teleconference on November 24, 2020 with the members of the Global Group Works Council and IndustriALL representatives. IndustriALL and all unions exercise continuous vigilance and can report non-compliance, and their opinion is regularly solicited on the application of the agreement's commitments. The Group is committed to handling claims and complaints are raised of this agreement and ensuring due diligence with suppliers in the supply chain.

The agreement has been translated into 14 languages. Employees are kept regularly informed of progress. The text of the agreement is public and is available on the Internet.

In December 2017, Groupe PSA joined the Global Deal multi-stakeholder initiative, which promotes respect for employees' rights and more inclusive growth.



Global Framework Agreement on the page "Social commitment" of Groupe PSA website:
<https://www.groupe-psa.com/en/automotive-group/responsibility/social-commitment/>
 Link to IndustriALL's press release and access to the agreement:
<http://www.industrialall-union.org/industrialall-signs-new-global-agreement-with-the-psa-group-0>

The 15 commitments of the Global Framework Agreement

Groupe PSA responsible and sustainable development

1. Respect for human rights and protection of employees against all forms of violence
2. Freedom of association and right to collective bargaining
3. Commitment against child labour and forced labour
4. Commitment against discrimination and toward diversity
5. Commitment to decent and attractive employment
6. Protection of health and safety in the workplace
7. Commitment against corruption
8. Consideration of the impact of company activity at the local level
9. Protection of the environment

Groupe PSA human capital development

10. Professional development and access to training
11. Professional mobility and preparation for changes
12. Promotion of health and well-being in the workplace
13. Work-life balance
14. Gender equality in the workplace
15. Support for new digital and collaborative ways of working

To apply this agreement, every year, each subsidiary identifies its priorities for action and applies action plans to improve their ability to fulfil the commitments. In 2020, 169 action plans were designed in the 66 Group companies based in 25 countries on four continents.

On a regular basis, each subsidiary carries out a self-assessment of the agreement application and involves the trade unions in the process. 85% of the unions and staff representative bodies involved reported that they had made progress in applying the agreement commitments toward social responsibility.

66 unions

involved in monitoring the commitments of the Global Framework Agreement on CSR

In addition, Groupe PSA is dedicated to abiding by laws and regulations and to preventing disputes. 1,240 employment grievances were filed in 2020; 1,085 of them were filed with an official external body (court, employment tribunal, public mediation body, etc.) and 160 were filed according to an internal procedure. 478 grievances were settled during the year.

3.1.1.1. Free exercise of the right to organise

DPEF.8

SASB-310a.2

Groupe PSA recognises the essential role of unions in company dialogue and social cohesion. The Group actively supports employee freedom of association and employee representation, is committed to respecting the independence and pluralism of trade unions at all its sites and exercises an active collective agreements policy. In all countries and on all sites with a large workforce, Works Committees or Councils are formed of employee representatives. 98% of employees are represented by trade unions or employee representatives. In the event of no employee representation, other participatory actions are set up, such as the Voice of Employees in China, a body that shares information and engages in dialogue with Groupe PSA employees.

98%

of employees are represented by trade unions or employee representatives

Employee representation is part of the Group in the Group's governance, within its Supervisory Board (see 1.4.1.).

This employee relations policy is in force at all Group sites. It is an important component of the Group's Global Framework Agreement on social responsibility. The policy aims to anticipate and support the Company's transitions by incorporating the human dimension, consequently helping to create a harmonious labour environment.

No major strikes took place within Groupe PSA in 2020 according to the definition of SASB-310a.2.

3.1.1.2. Human rights

GRI.412-1

DPEF.32

DPEF.34

DPEF.35

DPEF.38

DPEF.40

DPEF.41

DPEF.42

Groupe PSA Global Framework Agreement on Social Responsibility of March 7, 2017 formalises the Group's commitments to its stakeholders in a detailed and public manner, and shares its social requirements with suppliers, subcontractor, industrial partners and dealer networks.

In this agreement, Groupe PSA undertakes to go beyond simply complying with local and national standards and to work within a recognised framework for fundamental human rights. The agreement refers to conventions 87, 135 and 98 of the

International Labour Organisation, respectively on freedom of association and protection of the right to organise, on workers' representatives, on the right to organise and to bargain collectively, conventions 29 and 105 on the abolition of forced labour, conventions 138 and 182 on the abolition of child labour and the minimum age for admission to employment, convention 111 on preventing discrimination, convention 100 on equal compensation and convention 155 on occupational safety and health.

Groupe PSA promotes the respect of human rights in every host country, even in regions where such respect is not always apparent. Since joining the United Nations' Global Compact in 2003, the Group committed to respecting and promoting its ten principles as well as the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Rights and Principles at Work, the Rio Declaration on Environment and Development, the United Nations Convention against Corruption, the United Nations Guiding Principles on Business and Human Rights (Ruggie Principles) and the OECD Guidelines for Multinational Enterprises.

The agreement also refers to specific Groupe PSA policies addressing the salient human rights issues as discussed with union representatives, and this agreement is applied globally. Such policies include the method of assessing and monitoring occupational stress to prevent psychosocial risks, the procedures to reporting and resolving cases of harassment or discrimination, the policy of gender equality and diversity.

Groupe PSA is committed to respecting privacy and to protecting employee personal data, which is held as a fundamental right. Its global policy in this matter complies with the European Union regulation while respecting local laws and regulations. In 2018, Groupe PSA also introduced extensive information and training for employees and updated the ways in which employees can exercise their rights.

Groupe PSA is committed to making respect for human rights a determining criterion in its selection of suppliers. It follows a responsible monitoring plan with regard to respect for human rights in line with OECD recommendations (see 6.2.).

Groupe PSA policy on the fight against forced or compulsory labour practices and modern slavery is applied jointly by the Purchasing Division with regards to the supply chain and by the HR division to reinforce the effectiveness of Group requirements within its areas of responsibility. HR managers of all countries have been requested to check the practices under their control regarding the at-risk points related to temporary workers and recruitment consultancy, such as wages paid to temporary workers in accordance with the law and reference wages agreed, the invoicing for services provided in a suitable manner, and the absence of fees or financial burdens imposed on workers or applicants.

Speak4Compliance (see 6.1.4.), rolled out in 2018, is a whistleblowing system that ensures that any violation of Groupe PSA compliance rules can be reported and received securely and confidentially, and processed and managed properly. One category of reporting concerns the violation of fundamental Human Rights. Our whistleblowers are briefed on following examples of cases that can be reported: discrimination, harassment, racism, sexism, xenophobia and homophobia; disrespectful behaviour and sexual harassment; lack of respect for private life; threat, violence or infliction of injuries or other physical or psychological harm to a person; unequal treatment due to gender, religion, ethnicity or beliefs; breach of human rights such as forced labour, child labour, restriction of the freedom of association, illicit employment, working hours violations; violations of occupational health and safety regulations and lack of employee protection.

Groupe PSA has assessed and addressed claims sent by its stakeholders in accordance with the Global Framework Agreement on Social Responsibility.

The annual monitoring process of the Global Framework Agreement provides trade unions with the opportunity to report non-compliance with the agreement. This makes it possible to exercise greater vigilance over the Group's "impacts" on its stakeholders. Thus, in 2020, five issues have been reported and addressed on topics such as equal treatment in recruitment, professional assessment or remuneration, work-life balance and working time flexibility, request to take part in negotiation.

In 2020, the Group received no criminal convictions for the violation of fundamental human rights.

3.1.1.3. Training on human rights policies and procedures GRI.412-2

DPEF.32 DPEF.38 DPEF.39
DPEF.40 DPEF.41 DPEF.42

In 2020, 39,310 Group employees undertook dedicated training in human rights policies and procedures. This included guards and security staff. When these activities are outsourced, specialist contractors are selected and must comply with the Global Framework Agreement on social responsibility requirements.

In 2019, extensive training programs were deployed on issues related to Anti-corruption, privacy and personal data protection, and competition law compliance. These training courses are mainly deployed by e-learning through Learn'in, the Group broadly accessible learning management system. Training sessions on "Managing diversity - Preventing discrimination" are provided to a large number of managers and human resources teams. Since 2009, about 4,000 people have completed this training aimed at promoting inclusive management practices and forbidding all discrimination. These training courses include a presentation of reporting procedures.

TRAINING ON HUMAN RIGHTS POLICIES AND PROCEDURES

(For the year)

Areas	Number of hours	Number of employees	% of employees trained
Human rights (non-discrimination, Global Framework Agreement)	13,717	3,198	3.3%
Non-corruption and conflicts of interest	4,614	9,229	9.6%
Compliance (other compliance training courses, included data privacy)	12,718	26,883	28.0%

3.1.2 International social dialogue bodies DPEF.8

The Global Works Council

To overcome Covid travel restrictions, adaptations were quickly implemented. Thus, as early as March 31, the European Works Council met by teleconference to review the Group's health protocol and the conditions for a safe and gradual resumption of activity.

The Global Works Council is the body that brings together employee representatives of Groupe PSA at a global level. It is part of the co-constructing efforts conducted at the international level, with employee representatives coming from all countries with at least 500 employees. The Global Works Council comprises a European body (Group European Works Council) and an extra-European body. Employees from 12 European countries are represented in the EU body composed of 38 members, including representatives from Opel and Vauxhall subsidiaries. Through the extra-European body composed of 6 members from Brazil, Argentina, Russia, China, Morocco and India, employees of Groupe PSA Automotive Division benefit from global representation.

Reflecting the Group's global activity, the Global Works Council makes it possible to share implementation of the Group's strategic plan across all regions and to conduct a dialogue with employee representatives.

The Global Works Council met twice in 2020, the European Works Council met once and its Liaison Committee met eight times. The plenary meeting was with the attendance of the CEO and of several ExCom members.

The Joint Union-Management Strategy Committee

This international body resulting from the initiative of a company agreement allows greater involvement of the employee representatives in the Group strategy at an earlier stage. The Group has stepped up communication with the Committee with a view to increasing sharing, exchanges and transparency upstream in relation to strategic topics such as product plans, guidelines of the three-year Medium-Term Plan and industrial strategy.

The French representative organisations and the main trade unions of the non-French European companies are represented on the Committee. The Joint Union-Management Strategy Committee met once in 2020, with a specific focus on quality strategy and manufacturing.



STAKEHOLDERS DIALOGUE

Energy transition anticipation and employment impact mitigation

Anticipating the evolving context of energy transition, issues relating to powertrain and gearbox industrial strategy have been on the meeting agendas of the Joint Strategy Committee and of some other local representative bodies several times in the last few years. The purpose was to share with trade union representatives the analysis of various scenarios of fuel market mix shift, the vision of evolving technologies and ways to mitigate energy transition impacts on engine and gearbox manufacturing facilities.

This dialogue has been part of a strategic orientation for investment in Europe aimed at supporting the industrial transition of existing facilities and at ensuring these plants produce components designed for future low-emission vehicles according to a vertical integration model. Following the creation of two JVs on French territory, with Nidec for the production of electric motors and with Punch Powertain for the production of gearboxes for electrified vehicles, the main outcome of this strategy in 2020 is the creation of a JV between PSA-Opel and Total-Saft, "Automotive Cells Company", a future world-class player in the development and manufacture of high-performance batteries for the automotive industry. Production is planned to be launched in two "gigafactories", in Douvrin (France) and Kaiserslautern (Germany), offering these mechanical plants of Groupe PSA the opportunity for a sustainable industrial diversification.

As a result of a mature and high-quality social dialogue, the project to combine PSA and FCA was the subject of information and consultation with the various employee representative bodies as early as November 2019 and received support from 15 out of 17 trade unions representing employees. Since then, the employee representative bodies were kept regularly informed of the main stages of the merger project up to the closing.

3.1.3. Negotiation of company agreements

GRI.102-41

GRI.402-1

DPEF.9

SASB-310a.1

Groupe PSA is committed to enacting a high-quality collective agreements policy, based on a sound understanding of the Company, seeking out innovative solutions and demonstrating a capacity to reconcile the Company's economic and social challenges. In 2020, 206 company agreements were concluded.

206

company agreements signed in 2020

Worldwide, 93% of Group employees are covered by a collective bargaining agreement at sectoral and/or company level.

A major agreement on motivation and well-being was signed on January 29, 2020 in France, the result of a co-construction work carried out over 18 months with the social partners. This new agreement affirms that the quality of life at work is an essential factor in sustainable performance.

Outside France, agreements concluded with unions pertained to a range of topics including salaries and bonuses, professional development appraisals, working hours and working together to support company changes in a way that is tailored to local economic and social circumstances. Each industrial site, both within PCD and now OV, has its own site project that strives to achieve sustainable performance, which is supported by a collective performance agreement co-constructed with unions' representatives.

Minimum notice periods for changes in organisation

Anticipating impacts on employability and fostering a social approach to corporate changes are part of the Group's human resources policy. The right to information and the right of the employee representatives to be consulted on major decisions affecting business activity are part of the commitments of the Group's Global Framework Agreement on Social Responsibility.

The provisions vary in accordance with the country regulations and the types of changes in organisation expected. The notice procedures and conditions for execution and compensation for collective work schedules are set out in local company agreements. In France, for example, the agreement "New Momentum For Growth", provides for measures to anticipate and support changes, including information and consultation procedures, the creation of joint committees, a minimum period of two to five months between the first information meeting and the changes implementation, and the training of managers to support change.

3.2. GROUPE PSA RESPONSIBLE EMPLOYMENT POLICY FOR MANAGING COMPANY TRANSFORMATIONS

GRI.103-2

GRI.103-3

GRI.401-1

DPEF.8

To achieve its transformation plans, Groupe PSA engages in ongoing dialogue with employee representatives and promotes a contractual approach. The Group operates according to a policy of responsible employment, and it aims to anticipate transformations and bolster workers' employability by safeguarding careers.

3.2.1. Workforce

GRI.102-8

DPEF.1.a

DPEF.1.b

DPEF.1.c

DPEF.1.d

NUMBER OF EMPLOYEES* OVER THREE YEARS BY REGION

		Europe	Rest of the world	Total
Automotive Division	2020	99,887	9,572	109,459
	2019	106,336	7,984	114,320
	2018	110,081	7,252	117,333
Other Activities	2020	693	11	704
	2019	751	10	761
	2018	785	11	796
TOTAL	2020	100,580	9,583	110,163
	2019	107,087	7,994	115,081
	2018	110,866	7,263	118,129

* With permanent or fixed-term contracts.

89%

of employees are employed
with permanent contracts

At December 31, 2020, the Group had 110,163 employees, of which 98,542 were on permanent contracts, i.e. 89%. The fixed-term contracts include apprenticeships, skill-acquisition contracts and PhD student contracts.

Only employees working in companies in which the Group holds a majority stake are consolidated in this report. Information on Joint Ventures' workforce can be found in section 1.1.1.3.

BREAKDOWN OF EMPLOYEES ON PERMANENT AND FIXED-TERM CONTRACTS BY SOCIO-PROFESSIONAL CATEGORY (For the year)

Operators and administrative employees	Technicians and supervisors	Managers
64,549	23,452	22,162
59%	21%	20%

3.2.2 Recruitment

DPEF.2.a

DPEF.1.d

DPEF.13

DPEF.14

Hiring processes are deployed within the Group across various countries to support the onboarding and integration of new talents. Groupe PSA aims to include more women based on a recruitment policy developing attractiveness and equal treatment (Facts and figures detailed in section 3.5.1).

The Group has been hiring actively worldwide, with 4,200 permanent contract hirings and almost 3,000 apprenticeship hirings. This hiring is happening across functions (R&D, Industrial, Sales/Marketing, Purchasing, IT, Digital, etc.) for sites that are experiencing an increase in business. It encompasses both junior positions and more senior positions in all socio-professional categories: engineers, technicians and operators.

PERMANENT CONTRACT HIRING BY REGION

(As at December 31, including transfers from fixed-term to permanent contracts)

		Europe	Rest of the world	Total
Automotive Division	2020	3,159	1,047	4,206
	2019	4,398	926	5,324
	2018	4,726	681	5,407
Other Activities	2020	22	1	23
	2019	33	0	33
	2018	36	1	37
TOTAL	2020	3,181	1,048	4,229
	2019	4,431	926	5,357
	2018	4,762	682	5,444

HUMAN RESOURCES: DRIVING GROUPE PSA TRANSFORMATION

Groupe PSA responsible employment policy for managing company transformations

EMPLOYEES HIRED ON PERMANENT CONTRACTS BY SOCIO-PROFESSIONAL CATEGORY AND REGION

(For the year)

	Europe			Rest of the world			Total		
	Administrative Employees	Technicians and Supervisors	Managers	Administrative Employees	Technicians and Supervisors	Managers	Administrative Employees	Technicians and Supervisors	Managers
Automotive Division	1,863	984	312	215	180	652	2,078	1,164	964
Other Activities	0	0	22	0	0	1	0	0	23
TOTAL	1,863	984	334	215	180	653	2,078	1,164	987

In 2020, the Group hired 4,229 employees. The permanent contract hiring rate was 4.3% in 2020 (permanent contract hirings/total permanent contract workforce).

Women totalled 25% of recruitment on permanent contracts in 2020. 49% of permanent contract hirings were operators and administrative employees, 28% were technicians and administrative employees and 23% were managers.

FIXED-TERM CONTRACT HIRINGS BY REGION

(For the year)

	Europe	Rest of the world	Total
Automotive Division	5,122	2,170	7,292
Other Activities	26	0	26
Total	5,148	2,170	7,318

In 2020, the proportion of women recruited on fixed-term contracts was 25%.

A policy of employing young people for fostering integration into the labour market

GRI.404-2

GRI.405-1

DPEF.10

DPEF.32

Groupe PSA implements a youth employment policy based on a responsible commitment. At Groupe PSA, we consider Youth Employment as a source of talents and expertise. The aim is to develop young people's employability through training and increase their chances of being hired at the end of an apprenticeship. Half of the permanent hires of junior employees in 2020 were former apprentices.

The Group ensures a real learning experience to interns and apprentices/young people by giving them the opportunity to have a real impact throughout their job roles.

Groupe PSA has been awarded the HappyIndex/Trainees Label 2021 by ChooseMyCompany. 84.5% of our apprentices recommend Groupe PSA for their apprenticeship.

According to the 2020 Epoka Palmares in partnership with Harris Interactive, Groupe PSA is the 2nd favorite company in the automotive sector among Students and Fresh Graduates.

5,000

young people trained within the Group

INTERNSHIPS AND WORK-STUDY CONTRACTS BY GENDER

	Interns (cumulative total through 2020)		Work-study contracts (as at December 31, 2020)		o/w skill-acquisition contracts		o/w apprenticeship contracts	
	Workforce	% of Women	Workforce	% of Women	Workforce	% of Women	Workforce	% of Women
Automotive Division	2,288	34%	2,942	26%	642	29%	2,300	25%
Other Activities	47	34%	38	55%	0	0	38	55%
TOTAL	2,335	34%	2,980	26%	642	29%	2,338	26%

Partnerships with academic institutions



STAKEHOLDERS DIALOGUE

To attract a diverse range of talent, PSA University has joined forces with internationally recognised schools to offer placements or the opportunity to study for PhDs at the Group's facilities. **PSA University currently partners with approximately 30 scientific and management schools and universities in Europe, Asia, America and Africa.** These partnerships are implemented in places such as Brazil (Universities of São Paulo and Rio), China (Universities of Beijing and Shanghai), the United States (Georgia Tech in Atlanta) and Morocco (UIR, Mohammed V University, Ibn Tofail University, etc.).

These partnerships constitute the “cornerstone” of strategic relations with worldwide renowned schools. The “Extended University” concept is based on lasting relationships with schools and universities, as well as the implementation of shared laboratories (the “StelLab” program), teaching or research chairs and academic partners.

The partnership between Groupe PSA and the French Ministry of National Education makes employing young people and workplace integration a central priority for Groupe PSA. Groupe PSA and its brands support young people in their orientation and facilitate their professional integration. With 54 partner high schools and 550 students throughout France, PSA School of Automotive Professions offers training adapted to technical and professional automotive careers. The success rate in exams is around 95% and the conversion rate to working contracts or further education is around 70%.

Drawing on this experience, Groupe PSA forges relationships with the education sector in other countries where it has a strong presence. This has been the case recently in Morocco where the Group is aiming to build up skill pools in the medium and long-term.

3.2.3. Cross-functional management of Group job families and professions

DPEF.10

In a context of challenges in technology shifts, energy transition and societal evolution, Groupe PSA has developed, at the heart of its human resources policy, a job family and profession strategy.

This governance of skills at a global level is based on 17 job families and 97 cross-functional professions across the Group's structures.

Each of the Group's 17 job families creates a forward-looking vision of its professions by anticipating strategic changes and identifying the skills that the business line will need in the future. This strategy makes it possible to prepare for transitions and design appropriate skill development programs and training plans. It gives employees points of reference to help them construct their career paths. It also experts to be recognised,

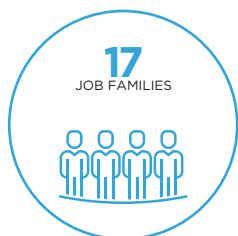
which helps to retain them and prepare for the future according to the needs of the Company.

In 2020, eight pilot countries have engaged to boost this cross-functional and transnational approach and make a greater use of its benefits.

As a result of job families and professions:

- all employees are aware of the technical skills required for their profession and the development actions enabling them to progress, and 120 career paths granting qualifications;
- 69% of key functions have at least one “immediately ready” replacement
- 31 senior experts, 236 experts and 680 specialists ensure the highest level of expertise in their field.

JOB FAMILY AND PROFESSION STRATEGY: 2020 KEY FIGURES



Each profession coordinates its processes and standards at the global level. By cultivating job families and professions, Groupe PSA demonstrates its ability to retain and grow its automotive expertise.

The management of technical skills contributes to the Group's performance by developing the skills needed to support the Group's technical and technological transformations. In 2020, special attention has been added to identify and develop “strategic competencies”.

The solution defined has been integrated into the annual personal development interview and is based on a skills diagnosis,

based on the Group's core competencies (current and from the prospective vision), which enables employees to identify their development needs and then to facilitate the identification of employees related development or training actions.

This management system, including diagnosis, enables the businesses to drive the development in skills with the PSA University and the Academies, by defining the orientations and priorities of development, providing the implementation of the associated learning solutions and allowing an evaluation of feedback on effectiveness.

The Professions and Skills Observatory, to anticipate changes

A joint Union-Management body implemented by the Group in France, the Professions and Skills Observatory, helps to develop a prospective vision of the evolution of Group professions and establish shared analyses of professions in high demand (unmet needs) and of at-risk professions (downsizing and retraining needs). The Observatory meets once a year at the corporate level and twice a year at the local level, and implements ongoing action plans to restore balance among professions.

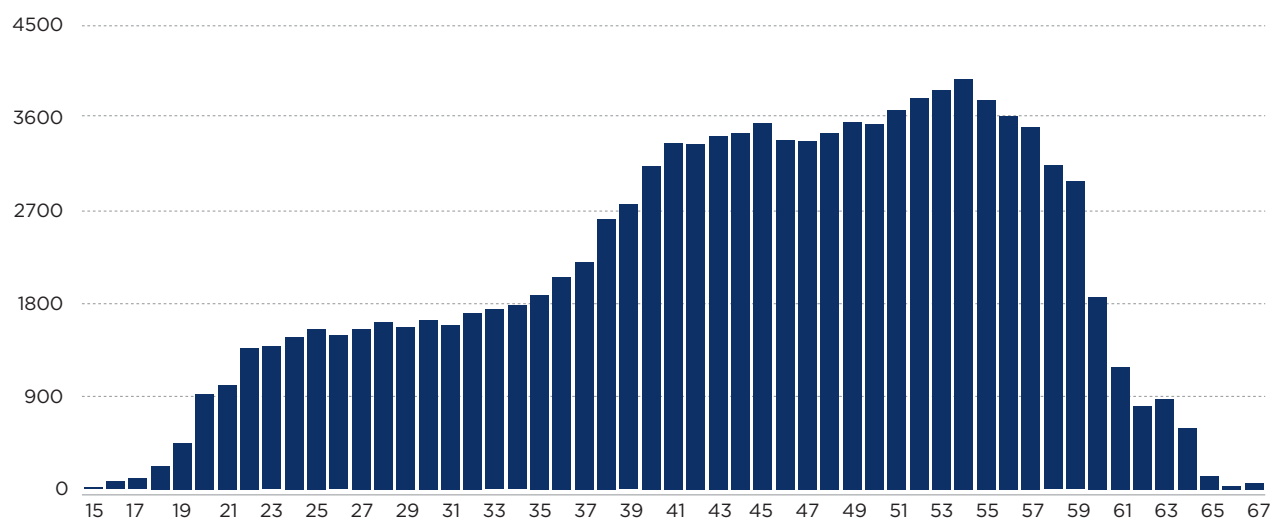
The objective is to set up and deploy these observatories worldwide.

The Professions and Skills Observatory is a key Group tool to anticipate employment developments, communicate with transparency and responsibility, and trigger professional mobility in order to identify the skills it needs to retain or recruit, and to prevent overstaffing. This transparency and access to information allow all employees to take control of their careers.

AGE PYRAMID

The age pyramid is one of the measurement tools used to build a prospective management of jobs and skills.

(Number of employees on permanent contracts and fixed-term contract as at December 31)



3.2.4. Anticipating the Company's needs

DPEF.10

DPEF.32

Groupe PSA aims to ensure its sustainability as well as that of its workers' employment by drawing on operational excellence, performance and agility. The Group operates according to a policy of responsible employment, with an ambition to anticipate transformation demands for skills, and to boost its workers' employability. Groupe PSA pays special attention to adapting competencies to the energy transition, based on its cross-functional management of job families and professions described above.

As such, the Group offers employees secure careers internally, such as through retraining, as well as externally.

Safeguarding career paths

The safeguarding of internal careers is accomplished with the global internal retraining program known as "Top Compétences". During the year 2020, 1,049 employees have had the opportunity to be trained in a new Group profession through training programs lasting an average of 80 hours over 18-24 months (training path validated, in progress or completed).



Impact measurement and economic assessment

The priority is given to internal resources and their development. The “*Top Compétences*” program meets the Group’s competitiveness and skill reallocation needs. This training program offers retraining opportunities and enhances employability for the mutual benefit of the Company and the employees. Employees following this training program tend to gain entry to the business lines with a key role in the Group’s future.

In addition to addressing a social issue, the “Top Compétences” program responds to a simple economic equation: the capital expenditure devoted to it helps to avoid both external recruitment expenses and costs for restructuring plans.

In 2020, “*Top Compétences*” represented expenditure of €2,500 per beneficiary, excluding continued wage cost, for a very favourable cost/benefit assessment compared to costs for restructuring plans.

Examples:

- Training path Manufacturing and Supply Chain : 1,500 hours and €11,340 per employee.
- Training path Electric Powertrain Functional Design - Batteries Li-ion : an average of 32 hours and €4,000 per employee.

This program *Top Compétences* makes Groupe PSA more agile and provides a return on investment in the year following workplace retraining.

Safeguarding career paths has also taken the form of external professional mobility supported by re-employment, retraining in a new activity and setting up businesses.

Building an ecosystem that is beneficial to employment



STAKEHOLDERS DIALOGUE

The **Territorial Career Mobility and Transition Platforms** (PTMTP) are an example of the Group’s corporate social and societal responsibility approach, helping safeguard careers at regional level. They are the outcome of sustained dialogue with regional stakeholders.

Created with the support of public authorities in six French regions in which the Group operates, these platforms are based on partnerships forged with recruiting companies of a variety of sizes, from SMEs to international corporations such as RATP, Solvay, Hermès, Monnaie de Paris and Airbus.

These partnerships in career transition allow employees interested in career transitioning to fill the gap between their current and future job while remaining Groupe PSA employees until they are definitively hired. Partner companies benefit from a process of selection, training and professional integration involving motivated and experienced employees.

The scheme boosts the local job market and supports regional development in line with Groupe PSA societal commitment.

NET CHANGE IN JOBS, 2018-2020

DPEF.1.a

DPEF.2.a

	Workforce as at 12/31/2018	2018-2020 acquisitions/ disposals balance	Net jobs development	Workforce as at 12/31/2020
Europe	110,866	(291)	(9,995)	100,580
Rest of the world	7,263	517	1,803	9,583
TOTAL WORLDWIDE	118,129	226	(8,192)	110,163

LEAVERS ON A PERMANENT CONTRACT

	Europe	Rest of the world	Total
2020	8,772	789	9,561
2019	10,811	1,034	11,845
2018	13,703	828	14,531

HUMAN RESOURCES: DRIVING GROUPE PSA TRANSFORMATION

Groupe PSA responsible employment policy for managing company transformations

PERMANENT CONTRACT TURNOVER RATE DPEF.2.b

(For the year)

	2018	2019	2020
Turnover rate	9.7%	8.0%	6.4%

The turnover rate is calculated by taking all leavers on a permanent contract over the year, excluding collective redundancy, as a percentage of the total Group workforce on permanent contracts as at December 31.

TURNOVER RATE OF EMPLOYEES ON PERMANENT CONTRACTS BY AGE RANGE, GENDER AND REGION

(For the year)

	< 30 years old		30-39 years old		40-49 years old		50 years and over		Total		Total (M+W)
	W	M	W	M	W	M	W	M	W	M	
Europe	11.8%	13.5%	6.3%	6.0%	2.9%	2.5%	7.2%	6.8%	5.8%	5.7%	5.7%
Rest of the world	9.2%	10.2%	11.5%	12.4%	10.0%	11.2%	19.0%	14.9%	10.9%	12.1%	11.8%
TOTAL	11.1%	13.0%	7.1%	7.0%	3.2%	3.0%	7.4%	7.0%	6.2%	6.1%	6.1%

The following table shows all Group leavers and all reasons combined, separating volumes by category of reason. The breakdown of leavers demonstrates good control of workforce adjustment, giving priority to voluntary departures.

LEAVERS ON PERMANENT CONTRACTS BY AGE RANGE, GENDER AND TYPE OF DEPARTURE

(For the year)

	< 30 years old		30-39 years old		40-49 years old		50 years and over		Total		Total (M+W)
	W	M	W	M	W	M	W	M	W	M	
Resignations	129	493	221	658	139	455	66	371	555	1,977	2,532
Dismissals	19	102	42	210	36	255	37	230	134	797	931
Redundancies and transfer of activity	21	107	71	263	136	532	301	2,117	529	3,019	3,548
Other departures: expiration of contract, retirement, death, etc.	34	110	27	79	20	94	298	1,888	379	2,171	2,550
TOTAL	203	812	361	1,210	331	1,336	702	4,606	1,597	7,964	9,561

3.2.5. A socially controlled policy of sourcing temporary employees

GRI.102-8

DPEF.39

Groupe PSA is committed to abiding by the standards and best practices that structure the employment conditions of temporary employees, and insists that the temporary employment agencies it selects make the same commitments. The purpose of this practice is to keep temporary employees informed about the length of their assignment and to ensure that temporary employees' working conditions are similar to those of the Group's permanent employees, free from any form of discrimination.

With its intermediary employment partners, the Group is committed to carrying out occupational integration and training programs that promote a return to work, such as Training Actions Prior to Recruitment (AFPR) and Operational Preparation for Employment (POE) in France.

A trendsetting partnership was created between Groupe PSA temporary employment agencies to increase the use of temporary employee permanent contracts. These permanent work contracts ensure employability within Groupe PSA as well as in the surrounding area. This policy was continued in 2020,

although it was soon hampered by the health crisis, lockdown and impact on the markets. In 2020, these permanent contracts account for 10% of temporary employment and 350 people benefited of a permanent contract at end 2020.

NUMBER OF TEMPORARY EMPLOYEES

(Average annual numbers)

The average annual number of temporary employees is calculated by dividing the total of the temporary workforce at the end of each month by 12.

		Europe	Rest of the world	Total
Automotive Division	2020	4,344	80	4,424
	2019	8,968	183	9,151
	2018	9,796	172	9,968
Other Activities	2020	0	0	0
	2019	3	0	3
	2018	1	0	1
TOTAL	2020	4,344	80	4,424
	2019	8,971	183	9,154
	2018	9,797	172	9,969

The employees of **contractors working for the Group** under service provider contracts work independently, following the security rules specified for their activity and communicated to them. The main activities relate to R&D engineering and IT

for specific skills or skills not available in-house and allow for flexibility essential to the performance and shortening of development processes. They are now mainly carried out outside the Group's sites.

3.2.6. Organisation of working hours DPEF.4

In every host country, working hours are equal to or less than the legal work week or industry practices.

OVERTIME

		Europe	Rest of the world	Total
Automotive Division	2020	1,824,974	272,913	2,097,887
	2019	2,108,608	111,094	2,219,702
	2018	1,788,870	188,924	1,977,794
Other Activities	2020	784	0	784
	2019	984	0	984
	2018	500	0	500
TOTAL	2020	1,825,758	272,913	2,098,671
	2019	2,109,592	111,094	2,220,686
	2018	1,789,370	188,924	1,978,294

Groupe PSA has implemented flexible working hours initiatives, also known as banks of hours, in most countries with industrial or logistics facilities. As such, working hours are determined on an annual or multi-year basis in these countries.

In 2020, overtime accounted for 1,75% of hours worked in the Group.

SHORT-TIME WORKING HOURS

		Total
Automotive Division	2020	24,102,366
	2019	816,341
	2018	2,208,812
Other Activities	2020	122,380
	2019	0
	2018	0
TOTAL	2020	24,224,746
	2019	816,341
	2018	2,208,812

For the Group, short-time work is a way to keep employment protected during a time of major changes in the market that require the business to adapt fast and in substantial ways. Groupe PSA has activated the exceptional short-time working schemes set up, depending on the country, to support the confinement and shutdown due to Covid 19. In France, by collective agreement, a solidarity fund was created, ensuring the full compensation to all employees working during this period of partial activity. It will be made with the deduction of two days

of 'holidays' from the managers account, one day from workers and by a contribution from the company.

Agreements have been signed in other countries to set up new and exceptional short-time working schemes (for example in the UK and in Slovakia).

In addition, temporary internal mobility, on a national and European scale, has been developed between plants, depending on the impact of the market fall and the time needed to resume operations.

PAID ABSENCES FOR SICKNESS

DPEF.5

GRI.403-2

(For the year)

		Europe	Rest of the world	Total
Automotive Division	2020	5,004,099	178,635	5,182,734
	2019	5,958,609	132,702	6,091,311
	2018	6,039,235	174,511	6,213,746
Other Activities	2020	5,417	120	5,537
	2019	12,017	16	12,033
	2018	1,860	152	2,012
TOTAL	2020	5,009,516	178,755	5,188,271
	2019	5,970,626	132,718	6,103,344
	2018	6,041,095	174,663	6,215,758

In 2020, based on 120 million hours worked, absenteeism for sickness stood at 4.3%. In addition, 1,040,833 hours of maternity leave were recorded.

3.3. ATTRACTING AND DEVELOPPING ALL TALENTS

GRI.103-2

GRI.103-3

Leading the Group's transformation is above all based on Groupe PSA human resources. The Group must be able to count on ambitious teams to challenge the best competitors. For Groupe PSA, company performance and social performance are bound together. Recognising talent and ensuring equal oppor-

tunities are based on merit to reward individual and collective results. Giving everyone the opportunity to grow and reach their potential therefore provides the Company with major leverage for boosting performance.

Groupe PSA human capital DPEF.10

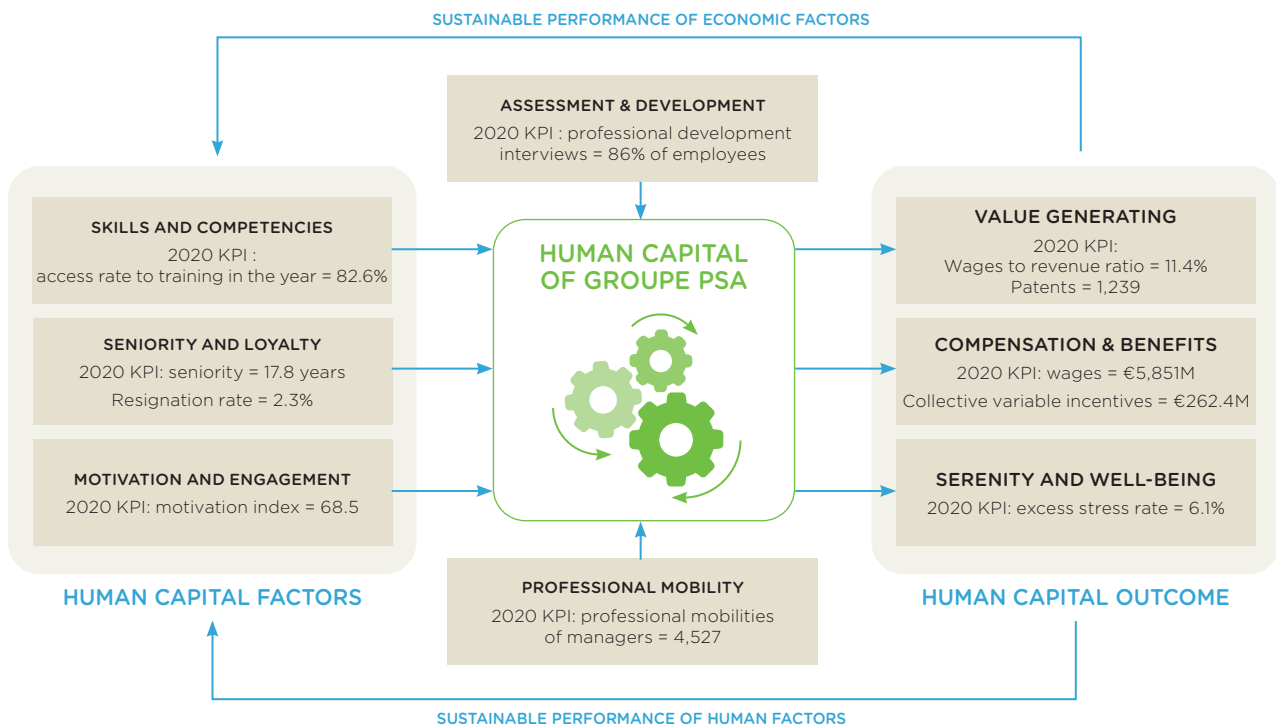
“ To successfully implement our strategic plan and drive the transformation of Groupe PSA, our teams are key. Talent management is at the heart of our HR policy to unleash creativity and full potential.

In 2020, Groupe PSA has reached unprecedented milestones, developing its attractiveness and retaining its best talents, breaking its “glass ceiling”, becoming a learning Company backed by its experts, preserving the health and developing the motivation of its employees, engaging its social partners in the innovation of working styles and the transformation of the Company. ”

Xavier CHEREAU,
Groupe PSA Human Resources
& Transformation Division EVP

The following key indicators illustrate how Groupe PSA assesses, develops and rewards its human capital.

INDICATORS FOR THE DEVELOPMENT OF GROUPE PSA HUMAN CAPITAL



Values

Groupe PSA values are: Agility, Efficiency, Win together. For all Group employees, they form the basis of everyone's actions and enable rapid implementation of the strategy. Thanks to these values, the Group mobilized during the pandemic crisis. This is evidenced by the "PSA reserve" set up by volunteers to respond to various objectives such as production of respirators and visors or health protocol audits.

This reference set of values has been given a central role in identifying and developing talent with the goal of demonstrating it in a concrete way through behaviours. The PSA Leadership Model acts as the reference guide for managers and describes the behavioural competencies used to identify, assess and train employees.

3.3.1. Innovation to develop Groupe PSA human capital GRI.103-2 GRI.103-3

New Era of Agility

In May 2020, Group PSA launched "New Era of Agility" project, an innovative phygital concept of working based on 70% of remote work and 30% on site presence. This project was launched with the ambition of an accelerated worldwide deployment and the mobilization of all stakeholders to achieve a revolution in working methods, behaviors and mindset.

The Group had anticipated these evolutions since it has already extensively experimented with teleworking since 2014, as well as dynamic workspaces, and had further developed remote working with the signing in January 2020 of the collective agreement on motivation and well-being.

The Covid-19 crisis demonstrated the Group's ability to adapt with, for example, the doubling of its IT capacity to enable the rapid development of nearly 40,000 simultaneous connections to the Group's global IT systems over a long period of time. We have learnt a great deal from the crisis and it is an opportunity to accelerate the Group's transformation.

At the heart of this project is the search for benefits for individual and collective efficiency: benefits for the health and safety of employees, improvement of their work-life balance, motivation and well-being and economic and environmental performance.

The "New era of agility" project launched a major survey of 40,000 employees worldwide on their experiences and aspirations. Participation in this survey reached 50% of responses, demonstrating success. 79% of employees expressed support for this new way of working.

Since then, workshops have been organized to work in a "test and learn" approach, on three axes:

- Defining the "phygital" hybrid system of 70% of remote work and 30% on site with real added value;
- New digitalisation throughout the company to boost the efficiency and provide the right solutions;
- Changing the mindset and behaviors.

Negotiations have been initiated with the social partners in most countries to support the project.



"Groupe PSA : New Era of Agility" video :
<https://www.youtube.com/watch?v=yCPx8bn09y4>

Spring Board

Devised specifically to help us explore new and innovative ideas and develop our young talent pipeline at the same time, Spring Board is a group of 12 international best talents who will directly support the Executive Committee (EXCOM). Conceived and created in 2018, the program started in January 2019. Since its launch, the team have worked on number of business projects. In addition, the Spring Board has been fully integrated as members of the New Era of Agility project and have provided valuable insights.

The Spring Board had met its' objectives to firstly, develop talents and increase their visibility and secondly, to provide innovative and disruptive ideas to the Executive Committee. As a result, five persons of the original group have been promoted and two have received VP nominations. This is why the program will be relaunched with a new cohort of young international talent.

The Business Lab intrapreneurial approach

The Incubator, inaugurated in 2015, welcomes and guides Group employees who have innovative ideas or new business ideas. The methodology, which is used by startups, focuses on key items: #PitchDays, where employees present their ideas; #debugs, where employees who wish to help people who have ideas can come together in a brainstorming session; and #ProjectReviews, a review at the end of the incubation before the Steering Committee. Since the beginning of the Incubator, 882 proposals have been examined, more than 119 have been incubated and 29 have been transformed into experimentation.

The Business Factory experiments with new businesses that have been identified as strategic for the Group. This mechanism enables full-scale testing of new businesses in order to assess their potential and benefit for Group customers. It gives employees a chance to dare by experimenting with new businesses that are often different from their area of expertise.

To support this initiative, Incub's basics, a COOC (corporate online open course) has been created and is available for all Group employees. This online training allows Group employees to get used to lean startup methods and innovative ecosystems more quickly.

3.3.2. Talent management: unleashing the power of our talent

GRI.404-2

DPEF.10

DPEF.12

DPEF.30

Contributing directly to the corporate strategy, the talent management approach taken by Groupe PSA seeks to diversify profiles and experiences, identify talent more deeply within the organisation, assign young talent to key positions, support new businesses, protect knowledge and know-how, promote and develop local skills, and objectify and reward performance.

As talent management is a fundamental requirement for the company's performance, the Group has defined three levers to develop the right talent with the right behaviors and to anticipate skills in order to seize new business opportunities :

- Drive to excel: based on meritocracy and the reinforcement of assessment.
- Acquire talent pools: source and recruit strong talent pools and reinforce international and business profiles.
- Develop global & agile talents: redesign and deploy new management training programmes and use our expertise network to anticipate needs and prepare for the future.

The Group is on target to achieve its objective to have at least 20% women in PSA Top Management by the end of 2020. In addition, as a result of focused development plans there is also an increase versus 2019 in the percentage of local talents in the regions outside of Europe.

Talent management is a fundamental requirement for corporate performance and is one of the key elements of the HR strategy. It is based on processes deployed at all levels of the company and anticipating strategic needs.

The golden rule for talent within the Group is that of meritocracy. This is why the evaluation of key functions continues in 2020. By the end of 2020, 89% of key functions have been assessed according to the Group's assessment and development center process.

Talent development within the Group focuses on:

- The increase of cultural diversity to make interculturality a competitive advantage;
- The ability to retain talent and attract new talent by strengthening the brand;
- The complete overhaul of the management training to prepare managers for the new challenges of the company;
- Strengthening the identification and development of talent through the implementation of a digital strategy and the exploitation of data.

One of the foundations of talent management within the Group is the anticipation of our future strategic skill requirements and their preparation for the future. This approach of strategic competencies in the 19 areas identified within the group has been under way for several years.

It is based on:

- The forward-looking vision for skills ensuring the best match between future needs and current resources.
- A network of expertise contributing to the Group's technological roadmap, whose mission is to identify the skills required according to the technical needs within the Group.

- The increased use of data from professional development interviews to better target skills needs and match profiles to desired skills.

The response to the need for strategic skills is provided, either through internal mobility coupled with upskilling through training programs, or with the acquisition of external skills.

The challenge is to pursue this policy in all regions of the world in order to capitalize on a network of international expertise.

3.3.2.1. Talent Review

A fundamental part of the Talent Management Cycle, Talent Review provides all levels of management (including the Executive Committee) with an opportunity to identify and evaluate the talent within the organisation to ensure that succession plans are ready for all of our key and/or strategic roles.

The process provides HR and the business with the necessary information to deliver training and development, manage strategic career paths or to make decisions regarding external recruitment requirements. The data collected also enables the Group to evaluate its performance in line with its strategic objectives e.g. the talent pipeline for women within the organisation to ensure that the Group will meet its targets for women in top management. During the Talent Review follow-up meetings (twice a year), actions are planned to address any identified talent management concerns.

There are many examples of how we grow our talents globally. As a result of ongoing development plans, more than 685 emerging talents have been identified, of which 35% are women. All Group talents have an action plan with the top 5 actions recorded as: mobility, personal development, training, coaching, Assessment Centre.

Assessment and Development Centres are successfully used internally to identify the technical and behavioural competencies required for key functions within the organisation and to evaluate employees against these competencies. The Job Families determine the key functions within the organisation. In collaboration with the Talent & Development team, a behavioural competency profile is constructed based on the 'best' performers in the roles today. An Assessment/Development Centre is then designed in order to evaluate these behavioural competencies. We call the event a Development Centre if we are evaluating current incumbents and an Assessment Centre if we are evaluating potential future candidates to be placed in a succession plan. For the highest level of function the Assessment Center consists of a competency based interview, a case study and collective exercises. Participants are evaluated using an internal assessor network.

At the end of 2020, 89% of key functions have been assessed versus an objective of 90%. Since 2017, nearly 11,000 employees have been evaluated. This process plays a critical part in allowing to confirm that we have the right skills and competencies for our future talent pipeline and to develop our employees for their current and/or future potential roles.

In addition, all identified talents have the possibility, depending on the program followed, to benefit from a Multi-Raters feedback. This tool, used as an 180°/360° evaluation, compares an individual's perception of their behaviours with an evaluation from their manager(s), team and/or peers. As a result, personal development programs are created to improve identified 'development areas'.

Many countries around the world already run specific programs to develop local talent supported by the corporate HR team.

In 2019, working closely with the Women Engaged for PSA network (WEP), the Group have launched a global mentoring pilot initiative for employees to request mentors and/or to become mentors themselves. Employees register in a Yammer Mentoring Community, detailing their status and key skills to connect with potential Mentors all around the world. The pilot with the WEP is linked to our objective of increasing the number of women in management positions through improving confidence levels, increasing skills etc. The same approach is being piloted in Latin America where the local HR team work with Mentors from the senior management team to develop local talents.

The effective new approach encourages and promotes development at all levels, in all countries using internal resources. Both Mentors and Mentees can develop themselves. It is in line with our Group values/PSA Leadership Model #Mobilising.

3.3.2.2. Supporting the Group's international expansion

GRI.202-2

DPEF.30

The talent management approaches and processes already described all support the internationalisation of the Group through the global identification of our employees, their skills and their geographical mobility.

Our strategy finds a balance between the promotion of local talent and the need to build international career paths for our high potential talent.

Reserving the expatriation process for high potentials allows the Group to improve the way we manage the costs of expatriation for the business and to encourage the development of local talent. Three distinct types of expatriation packages are set to respond to the various operational needs. This differentiation allows us to manage the need to post employees with the relevant technical expertise to other Group locations for short periods in addition to providing international careers to those people who we believe have the potential to reach the highest level of management positions. This approach is both cost effective and operationally efficient.

At the end of 2020, 244 men and women were working as expatriates in 29 countries in the world. Women represented 5.3% of Group expatriates, a proportion that the company wants to increase. The main countries of destination are, in descending order, China, Morocco, France, Germany and India.

3.3.2.3. Meritocracy as a core driver

GRI.404-3

DPEF.3

DPEF.10

The Annual Appraisal is a fundamental strategy for assessing individual performance and development. Groupe PSA applies the same process globally for all staff and manager-level employees using a common IT system around three key milestones.

- **Setting objectives:** By mid-March, each employee and his/her line manager will agree the key missions for the year ahead and set between three and five SMART objectives (Specific, Measurable, Ambitious, Realistic, Time-bound). These objectives will be a combination of both individual and collective objectives. Several members of the same team may share an objective in order to reinforce common goals.
- **Mid-year professional development review:** Between May and September, employees have the opportunity to spend time with their line manager to discuss their career and development. Information on career aspirations, mobility, behavioural and technical competency strengths and development areas and work-life balance is discussed and recorded. Employees have the possibility to update their CV and technical skills which they had self-assessed on the basis of a catalogue of 1,500 technical skills. This discussion is an invaluable opportunity in engaging employees in their career development to discuss training and to resolve any concerns. The information is efficiently gathered and is vital for future internal mobility/career succession planning decisions.
- **Annual appraisal:** before the middle of February, an employee's performance is evaluated against the key mission(s) and objectives that were set at the beginning of the previous year. The format of the objective-setting process allows employees to evaluate their own performance ahead of face-to-face meetings with line managers. The line manager will award an overall level of achievement to the employee as well as agreeing the percentage objectives achieved. The assessment of the objectives has a direct impact on the variable pay for eligible employees. It is very transparent.

In addition, a skill-based assessment process is used for workers ("SCOP", deployed in France, Spain and Slovakia). Based on skills and competencies toolkit, it aims to assess skills and performance in real work situations, and objectives to encourage progress in the position are set.



Impact measurement and economic assessment

The management of technical skills is a key factor in the Group's performance.

Groupe PSA has set up a comprehensive skills management system combining a prospective vision by profession, an individual diagnosis by the employee and plans for skills upgrading.

- Prospective vision: based on Groupe PSA's library of 1,500 skills.
- Diagnosis: carried out by more than 30,000 employees in 2020.
- Skills development plans: individually defined in the "professional development interviews" and collectively defined in the training offer of each PSA University "Academy".

At end of 2019, a survey was conducted among the Group's employees to measure their satisfaction and the added value of this technical skills diagnostic tool. 4,400 people participated in this study. Overall, **76% of respondents considered that the diagnosis was useful to them and 67% that the content was relevant.**

PERCENTAGE OF EMPLOYEES WHO HAD AN ANNUAL APPRAISAL (For the year)

	Operators and administrative employees			Technicians and supervisors			Managers			Total (all socio-professional categories combined)		
	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total
Europe	64.3%	59.1%	59.7%	68.7%	66.0%	66.6%	93.1%	90.1%	90.6%	72.8%	67.0%	67.9%
Rest of the world	100%	100%	100%	83.9%	78.4%	79.9%	78.0%	83.4%	81.9%	99.3%	100%	100%
TOTAL	68.3%	63.1%	63.7%	70.0%	66.9%	67.6%	90.7%	89.4%	89.7%	74.9%	69.6%	70.5%

3.3.3. PSA University to support Group transformation and digital revolution

GRI.404-1

GRI.404-2

DPEF.10

DPEF.11

Launched to support employees within the Group's change dynamic, PSA University and its Academies are a powerful lever for performance and development of human capital in the Group. The purpose of PSA University is to transfer knowledge and know-how to all the men and women throughout Groupe PSA worldwide. Skills are a performance lever and they are also a marker of adaptability in an environment that experiences wide-ranging changes, especially changes generated by the digital revolution. PSA University endeavours to enhance its workers' employability, and it contributes to cultural change, conditions that are inextricably intertwined with success.

PSA University is structured as four academies: Research & Development Academy, Industrial Academy, Sales & Marketing Academy and Corporate Academy. They act to implement job family objectives by providing an adequate learning offer and organising the rollout of this offer according to the priorities of the business lines concerned throughout the various countries.

To provide a concrete example, the Corporate Academy launched a "Quality championship program" worldwide in 2019, to support the Group's ambition of becoming a Quality leader. This program has increased significantly in 2020 with the support of extensive e-learning.

The "Quality Championship program" is composed of quizzes, micro-learning and offers also an escape game, to test Quality knowledge in a playful way. The training path ends with a personal commitment that every employee has to take to contribute to quality.

Another example : the training programs on data undertaken in 2020 contribute to the increase in the Group's skills. They directly serve to create value through the implementation of new data processing initiatives. This value creation is estimated at around €20 million for 2020, all areas combined (sales & marketing, manufacturing, engineering).

PSA University is supporting Groupe PSA business priorities and transformation with a specific focus on management program in 2020 with the launch of a new program for VP/ SVP and an update of all the others. "quality championship", "digital barometer" and specific content to develop knowledge of Digital. Digital learning offers have been aligned across the Group, as well leadership programs. Almost all countries use a common Learning Management System.



“ We developed the digital barometer in collaboration with Netexplo and HEC Business School to be able **to evaluate the digital competencies of the employees and support the digital transformation**, by inviting them to develop their knowledge according to their results. This tool is key to identify strengths and areas of development to improve everyone's digital knowledge and to take part in the digital transformation.

5,162 barometer were completed at end 2020.

We are very happy that this barometer has been reused by other companies such as Safran, Total, Saint-Gobain, EDF and Transitions-Essilor, in order to compare results and build an index. This initiative was rewarded by the Digital Learning 2020 Trophies by Féfaur, in the “Assessment & Implementation” category.

”

Anne FENNINGER,
Director of PSA University

2020 GROUPE PSA TRAINING KEY FIGURES



AVERAGE HOURS OF TRAINING PER EMPLOYEE BY SOCIO-PROFESSIONAL CATEGORY AND GENDER, BASED ON TOTAL WORKFORCE

(For the year, present employees*)

	Women	Men	Total
Operators and administrative employees	21.4	15.4	16.2
Technicians and supervisors	16.5	20.0	19.2
Managers	25.5	25.5	25.5
AVERAGE	20.9	18.4	18.8

* Present employees (i.e., excluding relocation leaves and job retention leaves for senior employees).

NUMBER OF HOURS OF TRAINING BY REGION

(As at December 31, present employees*)

	Total hours of training (in thousands of hours)			Average hours of training per employee		
	2018	2019	2020	2018	2019	2020
Europe	1,907	1,720	1,736	18.9	17.3	18.1
Rest of the world	202	368	210	27.9	51.8	26.9
TOTAL	2,109	2,088	1,946	19.5	19.6	18.8

* Present employees (i.e., excluding relocation leaves and job retention leaves for senior employees).

Becoming a “self-learning” organisation: a technological and cultural challenge

To support change, PSA University is aiming to transform the Group into a “learning organisation” and give employees ownership of their own development. As they are invested in continually updating their knowledge and skills, employees can use new educational resources, particularly those that are related to digital learning.

To enable all employees to train at their own pace and according to their needs, PSA University is continuing to expand its digital training catalogue (4,200 resources are available in the form of e-learning, videos, tutorials, MOOCs, etc.) through a Learning Management System (LMS) known as “Learn’in”. This is also accessible through an app, and it ensures that as many

employees as possible can have free access to these training resources. The pandemic crisis has accelerated the development of virtual classrooms and created new opportunities to train a large number of employees. 60% of training hours were completed through digital learning in 2020. The goal is to complete 50% of training hours through digital learning in 2020, for every white collar employee.

An innovative project is being experienced in France with the creation of a learning account out of the traditional training plan, where employees can use time to learn by following courses online, doing benchmarking, exchanging with peers, etc.

To promote digital transformation within the Group, PSA University developed, in coordination with the CDO (Chief Digital Officer), a digital barometer to evaluate the level of knowledge in the group. Employees can afterwards access

content to learn according to their results and opportunities for development. The training offerings change regularly with the addition of thematic programs and gamification to develop new skill-building methods and to include more and more countries.

The **“Digital WOW”** program has been launched to raise awareness among managers about digital transformation. Through monthly webTV programs, they exchange and share their experiences. In addition, 10 different workshops are designed to learn more about digital methodologies, technologies and working methods.

PSA University supports the New Era of Agility project with dedicated training paths, managerial programs and best practices.

To encourage Groupe PSA employees to take charge of developing their skills, a continuous animation is realized, based on the 10th anniversary of PSA University in July 2020, with special online conferences and workshops. In addition, other initiatives are taking place in some countries, academies and plants, for example, Friday afternoons dedicated to learning for R&D.

A new management culture to support the Group's strategic issues

The Leadership Academy, part of PSA University, delivers programs that are specially designed for managers. The approach to all programs is to mobilize and equip all managers with the most effective mindset and behaviors to tackle the business and the transformation of the Group. The Leadership Academy brought a renewal of programs and the creation of 2 new programs: **“LEAD”** (for high potentials) and **“Beyond Horizons”** (for all Vice-Presidents and Senior Vice-Presidents). The **“Leadership In Action”** (LIA) program, which works on leadership concepts and is based on collective intelligence, was designed to help managers become motivating leaders for their teams who can keep up with cultural changes by adopting the new Group values and new behaviors. This program is applying in France, Spain, Germany, UK and Poland.

The **“Creating the Conditions for Sustainable Performance”** training program has been rolled out in most countries, with

more than 2,600 managers trained and 90% of the senior managers trained.

All of these programs have been redesigned to be delivered online or blended. Thus, they were provided during all year even despite the confinement and sanitary constraints.

PSA University in support of employability

Worker employability, which is defined as an individual's ability to progress in their work, retain a job and adapt to change throughout their career, is a major concern for the Group. The training plans that exist for each country meet priority skill acquisition needs identified by the business lines in accordance with their strategic vision and annual skill assessments, and the imperative of maintaining employability. The **“Top Compétences”** program set out in section 3.2.4. illustrates this commitment.

In 2020, a large part of the “Top Compétences” training paths is mainly related to supporting employees whose profession or job family is evolving a transformation or is impacted by technological developments. For example, an important push was made to support employees to update and adapt their skills to the electrified powertrain. Emphasis was also placed on retraining to manufacturing, supply chain and quality. During the year 2020, 1,049 employees took part in such retraining paths.

Transformation supports: around 16% of all the training paths are for employees who left a “sensitive” profession and more than 50% are for employees entering an “at risk” profession, i.e. jobs with a need for new and rare skills.

In France, the “base of knowledge and skills for the workplace”, which was established in 2015, is promoted among employees who are reminded to use their individual training account (CPF).

PSA University places a premium on creating internal training courses that lead to certification that is officially recognised by public authorities or by the market. For example, language training typically culminates in sitting the Bright Test, and the Group encourages a substantial number of employees to enter qualifying trade programs, particularly those leading to Joint Qualification Certificates in Metallurgy in France (CQPM). 346 employees earned a CQPM in 2020.

3.3.4. A comprehensive compensation policy that rewards performance

DPEF.3

Groupe PSA compensation policy aims to be consistent, competitive and fair on all benchmark markets in the countries where it operates.

It also fulfils the objectives set out in a new Group “HR signature”, *My Advantages*, which was launched in September 2017. *My Advantages* communicates to all employees in all countries, the various aspects of the human resources package which includes compensation, social benefits, health and disability insurance, personal development and working environment.

The goal is to design a comprehensive reward policy based on three main rules: respect for the interests of employees and social dialogue, respect for fair treatment of employees allowing equivalent remuneration for comparable responsibilities and respect for sustainable collective performance consistent with good market practices.

3.3.4.1. Fair compensation based on competitiveness and performance

GRI.202-1

GRI.405-2

DPEF.14

As evidence of the ability of the employee representatives to reconcile cost control, competitiveness and rewarding performance, 114 salary agreements were signed in most countries, for example in France on March 12, 2020.

The Group compensation policy has three main objectives: to reward performance, to promote equal opportunities based on equal treatment of all employees and to retain and attract key talent.

Collective variable compensation is a component of the comprehensive compensation offered by Groupe PSA to its employees. These collective compensation schemes target all categories of employee and aim to reward collective per-

formance and engage employees in value creation for the Company.

These collective compensation schemes may be specific to certain countries, as is the case in France with non-discretionary and discretionary profit-sharing, and in Brazil with the *Programa de Participação nos Resultados*. In other countries, the Group has implemented a Collective Local Performance Incentive (CLPI) scheme. The CLPI, which is deployed based on the Group's economic performance, is distributed among the countries involved on a shared basis and is paid out according to terms defined by each country based on collective economic performance achievement criteria. The CLPI is progressively being implemented in countries with no profit-sharing scheme.

With regard to the 2019 financial results, the Group announced in 2020 that the distributable target amount of CLPI will be increased by 2.55 points (+ 40%) in order to achieve a distribution level equivalent to a maximum distributable amount of 8.8% of the salary mass. The amounts paid should be calculated based on the achievement of local collective objectives. At a global level, the redistribution envelope to employees has been

multiplied by 4.7 over 7 years (all individual and collective variable schemes). For Opel Vauxhall employees who do not benefit from the CLPI, an individual performance bonus of 600 € has been announced. This is the first profit sharing equivalent paid to OV employees in 10 years. These bonuses reflect the Group's will to share the fruits of growth with employees worldwide.

With regard to the results for 2020, the CPLI system is maintained. To the economic performance criterion of operating margin, a criterion on quality results has been added.

In addition to this fixed and variable compensation, there is **an individual bonus scheme**. The Group's determination to reward merit was demonstrated through the expansion of the bonus schemes. In 2020, 19,941 Group employees were eligible to receive bonuses.

Groupe PSA offers **Long-Term Incentive (LTI)** for specific top managers and key talent. Based on long-term and ambitious company performance criteria, LTI schemes aims to attract and retain key people.

WAGE COSTS DPEF.3

(For the year)

(In millions of euros)	Europe	Rest of the world	Total
Automotive Division	5,445	266	5,711
Other Activities	139	1	140
TOTAL	5,584	267	5,851

In 2020 total wages paid came to €5,851 million, while related payroll taxes amounted to 1,220 million.

GROUP BONUS, DISCRETIONARY AND NON-DISCRETIONARY PROFIT-SHARING

	2018	2019	2020	Amount due for 2020 performance
Cost of group bonus (o/w discretionary profit-sharing and non-discretionary profit-sharing in France) (rounded to the nearest million euros)	187	233	262	219

GROUP MINIMUM WAGE VERSUS LOCAL LEGAL MINIMUM WAGE BY COUNTRY DPEF.30

(For the year, base 100)

Country	Ratio	Legal minimum salary
Argentina	211	Minimum legal salary of country
Austria	120	Sector-based agreement
Belgium	118	RMMM (Guaranteed Minimum Average Monthly Salary)
Brazil	119	Minimum legal salary of country
China	Wuhan: 467 Shanghai: 328	Minimum legal salary of region
France	116	SMIC (Minimum legal salary of country)
Germany	158	Minimum legal salary of country
Hungary	137	Minimum legal salary of country
India	147	Minimum legal salary of country
Italy	139	Minimum legal salary of country
Morocco	105	Minimum legal salary of country
Poland	130	Minimum legal salary of country
Portugal	109	Minimum legal salary of country
Russia	256	Minimum legal salary of region (Kaluga)
Slovakia	147	Minimum legal salary of country
Spain	104	Minimum legal salary of country
UK	101	Minimum legal salary of country > 21 y.o. (hourly)

Information is reported for countries representative of the Group's structure with more than 300 employees. The ratio is calculated based on each country's statutory minimum wage (when one exists), without considering any regional variations.

Comparison of average wages for men and women operators and administrative employees, technicians and supervisors DPEF.12

FRANCE (PSA AUTOMOBILES)

(For the year, base 100)

The ratios of average salaries between men and women are presented based on the classification grid from the metalworking industry collective bargaining agreement.

This is the result of a compensation policy ensuring that the proportion of wages allocated to women is always equal to or greater than the proportion for men through a series of indicators sending warnings to managers and supervised by the HR Department.

Operators job levels	Male/female wage ratio	Technicians and supervisors job levels	Male/female wage ratio
170	99.31	255	104.69
175	99.42	270	102.97
180	99.55	285	103.43
185	98.55	305	101.56
190	100.52	320	100.37
195	100.84	335	99.40
200	101.35	365	98.55
215	100.52	395	100.13
225	101.59		
240	101.97		
255	102.28		
270	106.08		
285	98.11		
305	NS		

NS: not significant (insufficient representative sample).

The French law of September 5, 2018 introduces new measures for professional equality between men and women. In particular, it imposes an obligation of results on companies by measuring an **equal pay index**. From 2018, the level reached was widely above the threshold level of 75 points fixed by law, showing the absence of pay gaps between women and men and the same

chance of having a pay increase or promotion for women as for men within the Group. This outcome was the result of the policy applied for 15 years within the Company. For 2020, the index stands at 89 points at PSA Automobiles SA, 91 points at Peugeot SA and 86 points at PSA retail France.

COMPARISON OF MEN AND WOMEN'S AVERAGE WAGES AMONG MANAGERS DPEF.12

(For the year, base 100, countries with over 300 managers)

	Male/Female wage ratio							
	Argentina	Brazil	China	France*	Germany	Morocco	Spain	UK
Senior managers	NS	NS	NS	107	NS	NS	NS	NS
Senior management	NS	98	88	105	104	103	107	112
Experienced managers	97	111	113	100	103	103	107	107
Junior managers	103	108	114	100	99	120	107	105

NS: not significant (insufficient representative sample).

NA: not applicable.

* PSA Automobiles S.A.

In France, this information has been taken from the metalworking industry collective bargaining agreement, supplemented by company agreements. For the other countries, the information is presented based on the Group's current manager classification.

3.3.4.2. Employee savings schemes

Employee savings schemes allow employees from several countries to invest in Group shares or other diversified instruments (shares, bonds, monetary) with a varied yield/risk ratio depending on the instrument. At the end of December 2020, employee savings schemes represented €640.4 million.

Employee shareholding scheme: Accelerate

In order to involve employees in the Group's profitable growth strategy and the resulting value creation, Groupe PSA performed two successful shareholding operations reserved for employees, branded *Accelerate*, in 2015 and in 2017. Through these programs employees had a chance to buy Peugeot S.A. shares on preferential terms, receiving a discount on the reference price, an employer matching contribution and a guaranteed investment opportunity as part of the rules filed with the Financial Markets Authorities (AMF).

3.3.4.3. Employee benefits: GRI.401-2

Employee benefits in the various host countries supplement the Group's compensation policy in an "overall compensation" approach designed to meet the challenges of offering competitive and motivating compensation while controlling costs and meeting the Group's social responsibility commitments. As such, the Group insures all its employees worldwide against major risks, offering life insurance in all countries where Group insurance can be set up.

€186 million were paid by the Group (automotive and other activities) in 2020 as employee benefits. Representing 3.2% of the total payroll, this amount includes employee payments for accommodation, transportation, meals, medical and social services, company concierge services, childcare centres, health-care and personal protection insurance and subsidies paid to Works Councils for employee welfare programs.

On October 6, 2020, the Group and its social partners signed a new agreement establishing an innovative support system for family carers in France. A modular offer with several types of

protection for caregivers and other employees includes "help for caregivers" measures such as information, advice, proposals for service providers and material assistance, and the creation of insurance coverage in cases of more severe dependency. This system, open to all employees from January 1, 2021 at no additional cost to the employee, places the PSA Group among the leading industrial companies in terms of social issues.

Health and welfare insurance

From the perspective of harmonizing the Employee Benefits between PCD and OV, Groupe PSA has decided to launch a call for tenders between several international brokers. The purpose was to appoint one single broker per country, covering PCD and OV populations, to make synergies and optimize the cost/service ratio for the benefit of the Company and the employees. New guarantees offering broader coverage take effect on January 1, 2021 in the different countries.

Pensions

At the end of 2020, the commitments recorded in the Group's accounts under **defined-benefits pension schemes** were €7,718 million and were covered by dedicated funds of €6,983 million. These valuations are conducted annually, in accordance with the IAS 19 standard, by an international actuary firm, based on assumptions audited by the Group's Statutory Auditors.

The Group has set up **defined-contribution pension schemes** in all countries where necessary according to market practices and available resources. Defined-contribution plans are in place in countries such as France, the United Kingdom, Germany, Spain, Belgium, the Netherlands, Poland, Slovakia, Brazil, Argentina and Turkey. Usually managed by local joint labor management committees, these schemes are designed to provide beneficiaries with additional retirement income on top of regulatory provisions. In the United Kingdom, the Group froze in 2020 its legacy defined-benefit schemes and harmonized its pension offer into a single defined-contribution scheme, covering the whole workforce. In France, the defined-contribution plan and supporting insurance contract have been renegotiated and improved, alongside recent legislative changes.

SUPPLEMENTARY DEFINED-CONTRIBUTION PENSION PLANS BY DIVISION

(For the year)

	Employer contributions from 01/01 to 12/31 (in thousands of euros)	Employee contributions from 01/01 to 12/31 (in thousands of euros)	Number of employees involved
Automotive Division	39,955	16,447	33,691
Other Activities	994	499	600
TOTAL	40,949	16,947	34,291

SUPPLEMENTARY PENSION PLANS BY REGION

(For the year)

	Employer contributions from 01/01 to 12/31 (in thousands of euros)	Employee contributions from 01/01 to 12/31 (in thousands of euros)	Number of employees involved
Europe	38,028	14,750	31,520
Rest of the world	2,921	2,197	2,771
TOTAL	40,949	16,947	34,291

3.4. SAFETY, HEALTH AND WELL-BEING IN THE WORKPLACE

GRI.103-2

GRI.103-3

DPEF.6

DPEF.7

Groupe PSA's human resources policy aims to offer an employee experience based on well-being at work. The Group's health and safety results are among the best in the manufacturing sector thanks to its policy that puts health preservation as the primary requirement. Groupe PSA has been managing the Covid 19 health crisis throughout its development, first in

Wuhan then in all its facilities, with the imperative to protect the health of its employees and to apply the most rigorous health protocols aiming to barrier to the spread of the virus and to be able to maintain or resume its activities with the best public health guarantees.

3.4.1. Health and safety results

DPEF.6

DPEF.7

GRI.403-2

Total lost-time accident
frequency rate

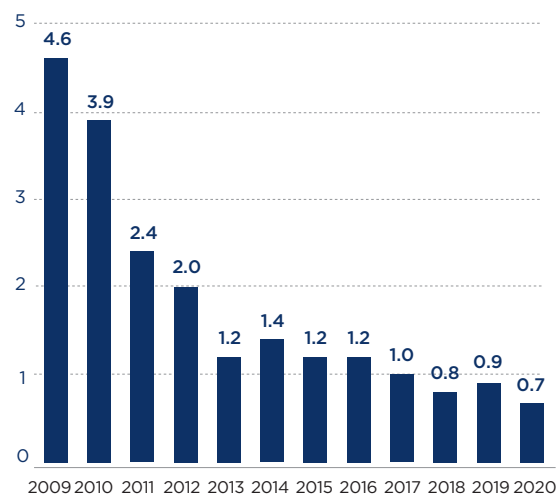
0.68 point

The total lost-time accident frequency rate is the Group's first indicator for measuring its safety performance. The Group's ambition is to be the leader in the automotive industry with a lost-time accident frequency rate sustainably under one point.

The Group achieved a frequency rate of less than one for the third time. This target of 1 point had been set in 2010 with the launch of the Workplace Safety and Health Management System.

The Group is among one the best performers in the industry. These results reflect safe practices by both permanent and temporary employees. Since 2009, with a view to ensuring the protection of all employees, the Group decided to manage this indicator by using the total lost-time incident frequency rate including Group employees and temporary employees ("TF1 Management"). With emphasis on training from the first day on the job and on the attention paid to all categories of workers, the lost-time accident frequency rate for temporary workers has decreased significantly.

TOTAL LOST-TIME OCCUPATIONAL
ACCIDENT FREQUENCY RATE



* Lost-time occupational accident frequency rate includes Group employees and temporary employees. It corresponds to the number of lost-time occupational accidents times one million divided by the number of hours worked. Calculation taking into account events rejected by social security services.

LOST-TIME OCCUPATIONAL ACCIDENT FREQUENCY RATE BY REGION

(For the year)

	Europe	Rest of the world
TOTAL	0.78	0.22

SEVERITY RATES BY REGION

(For the year)

	Europe	Rest of the world
Automotive Division	0.08	0
Other Activities	0.41	0
TOTAL	0.09	0

The severity rate corresponds to the number of consecutive days lost to accidents multiplied by one thousand divided by the number of hours worked.

The severity rate was 0.08 in 2020, compared to 0.07 in 2019 and 0.08 in 2018.

COMMUTING ACCIDENTS

(For the year)

	2018	2019	2020
Frequency ratio	2.7	2.8	2.1

NUMBER OF FATAL ACCIDENTS

(For the year. Fatal accidents of Group employees and temporary employees in the workplace)

	Europe	Rest of the world	Total
Automotive Division	0	0	0
Other Activities	0	0	0
TOTAL	0	0	0

Health and safety for all

Safety concerns every person that works on Group sites, including employees of service provider companies.

Without superseding their legal liability, the Group ensures that these companies respect the safety rules and asks them to apply the Workplace Safety and Health Management System requirements.

A monitoring and business support initiative has been set up with temporary agencies. It emphasises the interactions

between temporary agencies and the Group in the prevention and management of temporary employees' health and safety. Accordingly, representatives from temporary agencies visit Group sites, participate in the safety training observation program (STOP™) and in assessments of workplace accidents.

Special attention is provided to the safety management of contractors, in particular during projects or summer maintenance. When this work is being carried out, a special Group organisation is responsible for training each worker and conducting 14,357 health and safety audits.

OCCUPATIONAL ACCIDENTS CONCERNING EMPLOYEES OF CONTRACTORS OR TEMPORARY EMPLOYMENT AGENCIES

(For the year)

	Europe		Rest of the world		Total	
	Contractors	Temporary employees	Contractors	Temporary employees	Contractors	Temporary employees
TOTAL	526	454	9	3	535	457

Compared to 2019, the number of accidents involving subcontractors decreased by 57% and those involving temporary workers by 65%.

Occupational illnesses

DPEF.7

GRI.403-2

Good health is essential to sustaining the performance of human resources and business operations. The Group views health as a state of physical, psychological and social well-being, and as a foundation of its performance. Its policy aims to maintain and improve employee health.

(For the year - Number of reported occupational illnesses)

	Europe	Rest of the world	Total
Musculoskeletal disorders of the upper limbs	158	0	158
Carrying heavy loads	6	0	6
Occupational illnesses after exposure to asbestos	24	0	24
Noise-related hearing loss	21	0	21
Other	18	0	18
TOTAL	227	0	227

3.4.2. Groupe PSA Health and Safety policy

Groupe PSA is committed to taking all the necessary steps to ensure the health and safety of everyone who is part of the Group's business, everywhere in the world. This commitment is demonstrated through in a structured, guided approach designed to reduce risks and control safety in every workplace scenario. The Group is bolstering these actions in order to enhance all employees' health capital and their well-being at work throughout their working lives.

A global Health and Safety policy is signed by all members of the Executive Committee. This policy is applicable within both PCD and OV and is displayed on every site.

This policy asserts the following principles: At Groupe PSA, we enshrine values that return people home healthy; and this applies to every person, every site, every day. Our vision is to eliminate occupational fatalities, disabilities, injuries and illnesses for every individual working for the Group whether they are employees, temporary employees or contractors. Our strategy is based on:

- protecting people;
- engaging people;
- promoting health and well-being.



Three behaviors support this policy:

- setting an example;
- vigilance;
- responsiveness.

"We All Care" is the motto that embodies this policy.



Groupe PSA's 2020 European Week for Health & Safety at Work, 15 countries and 50 sites of Groupe PSA mobilised around the world:
<https://www.youtube.com/watch?v=UevcFZpCJC8>

The Groupe PSA health and safety policy has provided the basis for defining and implementing measures to combat the Covid 19 pandemic and protect public health throughout 2020.

The actions were steered at the global level by a special committee of the Executive Committee and by a crisis unit. In summary, the following actions have been carried out.

- A reinforced health protocol has been defined by the Group's medical community, based on the principle of precaution.
- This health protocol has been discussed with the trade unions and employee representative bodies.
- It has been implemented with discipline in all the Group's activities and sites, without allowing any exemptions. It has been applied in retail outlets with a view to protecting customers as well.
- Training was provided to each employee returning to work. A network of "protocol referents" has been set up and trained in every location of the Group worldwide.
- An audit process has been implemented as a condition for resumption of activity. It has been deployed at 100% of the sites through 325 audits carried out by 110 internal auditors mobilized guarantee the resumption of activity in compliance with the health protocol, then verify its correct application over time.
- Constant communication was maintained on barrier measures and winter infections. The flu vaccination campaign was widely deployed and reinforced.
- The Group's medical teams were mobilized to ensure specific monitoring of vulnerable individuals, and to trace cases of contact.
- As soon as the pandemic began, it was decided to equip employees with protective equipment (surgical masks, hydroalcoholic gel) in accordance with the procedures applied to hospital staff.
- The PSA Group mobilized, with its employees (the "PSA reserve"), to respond to the crisis situation and to various public interest objectives: donations of 700,000 masks, production of respirators (in consortium with Air Liquide or Smiths-Medical) or visors (with Bionix).

3.4.3. Groupe PSA workplace health and safety management system

The Group's health and safety policy is supported by the **Global Care Management System (GCMS)**. This is grounded in the principle that safety is considered, planned for and implemented every day. Management at all levels of the Company work constantly to ensure compliance with the fundamental notions and with the enactment of the principles stated in the health and safety policy, within a mindset of continual improvement.

Having aligned the health and safety policy for the Group in 2018, the next step was to merge PCD and OV health and safety, through adjusting safety standards to ensure best practices, with both systems currently providing excellent safety results. The Global Care Management System is the outcome of bringing together the best of both practices.

With this Management System, Groupe PSA is compliant with the occupational health and safety recommendations of the International Labour organisation (ILO-OSH 2001) and performs its obligations in all countries.

Encompassing all the OHSAS 18001 areas, the GCMS is a means to assess, monitor and manage risks systematically. The GCMS goes even further and also includes specific requirements regarding policy, commitment and the role of the Health and safety committee. These requirements are in effect at all sites and at all levels.

The GCMS also incorporates a description of personal protective equipment, the **modus operandi for handling external visitors and contractors, and specifies prevention on various risks (psychosocial risks, chemical risks, musculoskeletal disorders, commuting risks, etc.)**. In taking into account the principles outlined in OHSAS 18001 and ISO 45001 standard, the GCMS appraises them according to six maturity stages, thus making it possible to guide them and monitor their progress. The best practices known within the Group are also incorporated into the reference guide before being shared with the other entities and becoming a standard.

The management principles of this system are applied world-wide. Its enforcement is one of the commitments of Groupe PSA Global Framework Agreement on Social Responsibility.

This management method is based on six guiding principles and 22 standards that define the areas to pay special attention to and to check: this is the health and safety reference guide that applies to all Group entities and subsidiaries, shown in a roadmap describing maturity stages (raise awareness, change mindsets, change behaviors, change habits and align the corporate culture). The five maturity stages that make up this roadmap constitute essential steps leading to a mature process and lasting change.

As part of the preventive observations STOP™ program in place at the Group's plants, more than 3,459 STOP observations were carried out by first-aid workers in 2020.

Joint management-worker health and safety committees and agreements

GRI.403-1

GRI.403-4

DPEF.9

In most host countries, joint management-worker organisations are in charge of monitoring the application of employee health and safety practices. 96% of Group employees are represented by joint management-worker health and safety committees.

Joint Management-Worker Health and Safety Committees

Country	Organisation	Membership
Algeria	Hygiene and Safety Committee	Employer representatives, Employee representatives
Argentina	Safety, Ergonomics and Fire Prevention Committee	Employee representatives, Employer representatives, Safety manager
Austria	Occupational Health and Safety Central Committee	Works Council, Occupational physician, Safety managers, Head of Department
Belgium	Occupational Prevention and Protection Committee	Employer representative, Employee representatives, Prevention consultant
Brazil	Internal Accident Prevention Committee	Employee representatives, Employer representatives
Chile	Hygiene and Safety Committee	Employee representatives, Employer representatives
France	Health, Safety and Working Conditions Committees	Employee representatives, Employer representatives, Occupational physicians, Safety manager
	Psychosocial Risk monitoring unit	Head of Human Resources, Occupational physician, Social worker, Employee representative
Germany	Health and Safety Committee	Employee representatives, Occupational physician, Safety manager, Head of Department
	Psychosocial Risk monitoring unit (Retail)	Branch director, Member of the Works Council, Health manager, Occupational physician
	Safety Review Boards	Director, Safety engineer, Plant manager, Human Resources manager, Area managers, Environmental engineer, Union representatives
Hungary	Safety Review Board	Staffheads, safety representative leader, safety engineer
	Safety Representative Committee	Safety representative, safety engineer, HRBP
India	Welfare Committee	Employee representatives ; employer representatives
	Health and Safety Committee	Employee representatives ; employer representatives
Italy	Health and Safety Committee Annual Risk Plan Committee	Employee representatives, Medical officer, Prevention and protection services manager, Legal representative
Japan	Health and Hygiene Committee	Employee representatives, Occupational physician, CFO and Human Resources
Mexico	Health and Safety Committee	Employee representatives, Employer representatives
Morocco	Health and Hygiene Committee	HR manager, Safety manager, Occupational physician, Employee representatives
Netherlands	Health and Safety Committee	Employer representatives, Employee representatives, Works Council, HR Director
Poland	Health and Safety Committee	Occupational physician, Employee Relations manager, Labour inspectors, Health and Safety manager
Portugal	Health and Safety Committee	Employee representatives, Employer representatives, Health and Safety manager, Occupational physician
Russia	Health and Safety Committee	Employee representatives, Employer representatives, Health and Safety Officer, HR, Union representative
Slovakia	Health and Safety Committee	Employee representatives, Employer representatives, Health and Safety officer, Plant manager
Spain	Health and Safety Committee	Employee representatives, Employer representatives, Prevention representatives
Ukraine	Health and Safety Committee	Executive team member, IT team member, Quality team member, Homologation representative, Parts and Service team member, Office manager
United Kingdom	Health and Safety Committee	Executive managers, Head of Human Resources, Head of Health and Safety, Health and safety consultants, Head of the Technical Centre, Employee representatives, Union representative
	Plant Safety Review Board	Plant director, Health and Safety manager, Union representatives, Facilities manager, Human Resources manager and main contractors, Security manager

Health and safety agreements

Groupe PSA is committed to implementing the best occupational health and safety standards and practices, and has made health and safety a top priority. This commitment is demonstrated in the occupational health and safety policy, as well as in several national company agreements.

Each year, health and safety agreements are signed in the countries where the Group operates. 41 health and safety agreements were signed in 2020.

3.4.4. The Group's long-term priorities on health and safety GRI.403-3

In order to control the main risks to which employees are exposed, Groupe PSA is bolstering its overall approach through five high-priority commitments relating to the following risks:

- psychosocial risks;
- preventing musculoskeletal disorders (MSD);
- chemical risks;
- road risks;
- workstation safety: "STOP™" observations.

Psychosocial risks

With support from the medical community, since 2007 Groupe PSA has been developing expertise in detecting stress and identifying motivation factors in support of its ongoing ambition to decrease stress and improve motivation. Based on these assessment tools, the Company publicly reports results on excess of stress rates and discloses objectives.

The survey conducted within the Group in 2020 revealed that 6.1% of employees are experiencing excess stress and that the average level of motivation per employee is 68.5 on a 100-points scale.

Managed through a dedicated roadmap, the psycho-social risk management pillars are:

the constant monitoring of risk through:

- medical and social services who play an important everyday role where they deal with warnings about situation where employees are in distress, as well as assisting people who need help,
- the stress measuring and monitoring program, based on individual questionnaires. This initiative, managed by the occupational health services, makes it possible to detect and treat potential individual problems on 52 different factors (individual results are discussed between the occupational physician and the patient), and makes it possible to collate a collective measurement of workplace stress. Collective data are gathered and shared with managers, which helps them to design action plans. The Stress Measuring and Monitoring Program is operational in most countries in Europe and Latin America where it is monitored on a daily basis. In addition, it is provided in the form of occasional surveys in many countries (Russia, Slovakia, Ukraine, Belgium, Poland, the Netherlands, Austria, Italy). In 2020, 35,528 confidential surveys were filled out.
- all employees receive training specifically adapted to them through the "Safety Box" and e-learning. The Group is also extremely focused on providing managers with the relevant tools to balance the permanent demand of performance with caring for employees' health. Since 2014, managers have completed a dedicated psychosocial training module which is organised internally. They were 1,810 in 2020. Now integrated into a wider cycle, this training has been updated and is now offered under the name "Creating the conditions for sustainable performance", and must be completed by every manager. 76% of executives were trained in 2020 and this training cycle is continuing worldwide.

Thanks to this approach, the excess stress rate remained much below the 8% threshold set by the Group in 2020, demonstrating good support of the Company's transformations.

As Groupe PSA is committed to decreasing the stress levels and reducing the exposure to stressors and demotivation factors, it is now involved in developing well-being and motivation as key factors of sustainable performance.

Preventing musculoskeletal disorders

Musculoskeletal disorders (MSDs) are a leading cause of work-related injuries and illnesses. Therefore, preventing MSDs is a key occupational health and safety policy priority.

In 1999, Groupe PSA started using sizing tools on workstations and designed improvement trajectories that have been in use since then. In order to address the complex interplay of all the factors that can cause MSDs, the Group has developed a structured approach that analyses the causes of MSDs and ways, to prevent MSDs by simultaneously monitoring physical factors (posture, exertion, angulation of the upper limbs) and non-physical factors (organisation of the activity in terms of duration and frequency of use; mental workload, i.e., information processing, relationships with colleagues or superiors; perception of operators—recognition and motivation, for example).

The Group carried out a review of workstations requiring repetitive movement at all manufacturing sites. Based on seven factors taken from the Ergonomics Management System (EMaS), this assessment identified the risk level for each workstation and detected factors with the greatest risk of causing MSDs. Every year, action plans are set and implemented in all Group plants. The Work Related Alert process (WRA), which was redesigned in 2019, is a multidisciplinary tool, based on feedback from workers, to manage any difficulties at the workstation. It provides interesting results on health and workplace improvement.

In tandem with this action, the Group continues to pay attention to workstations, with manufacturing sites focusing on alleviating physical and postural stress by reducing the number of workstations rated as "heavy". This is taken into account during the design stage for products and processes and is based on a rigorous methodology for rating workstations.

The objective of ergonomics in the Group is to reconcile the efficiency of the industrial tool and the preservation of employee health, particularly in the context of MSD prevention.

The Industrial Ergonomics team, which counts more than 40 people, aims to reduce employees' energy consumption at their workstations. This policy has enabled Groupe PSA to reduce the percentage of heavy workstations from 35% in 1999 to 9% in 2020 and to increase the proportion of light workstations to 59%.

In addition, the company's ergonomists help the Group's production sites to adapt to the major technological changes in the automotive industry and profitably produce multi-brand vehicles and multi-energy vehicles (ICE and EV) on a single line integrating the diversity required. This adaptation must be achieved by improving the employability of the operators, quality and performance at the same time.

In this context, Groupe PSA priority is to strengthen the presence of ergonomics in the project phase, focusing in particular on the co-design of industrial solutions (product, process, and resources) adapted to the characteristics of operators. This is why an ergonomics expertise is assigned to each new project.

Groupe PSA is constantly introducing new technologies to serve our objectives:

- Collaborative robots allow reducing the workload on heavy and demanding workstations.
- The exoskeleton can help to reduce the physical load of some workstations when no conventional process solution is possible.
- Virtual Reality enables process simulations to be carried out and to measure their feasibility thanks to digital immersion in a working environment.
- The Connected Glove measures forces in complex situations (e.g. assembly of plastic parts and trim).

Finally, ergonomic resources are integrated into the "Factory of the Future" project in order to integrate the ergonomic contribution as early as possible in the company's development. In this context, this involves to:

- build the vision and the "Ergonomics" roadmap of the PSA "factory of the future";
- ensure technological and regulatory monitoring of world-wide ergonomics;
- identify relevant technological innovations and propose a plan for experimentation by the plants concerned;
- ensure the innovation plan for new processes (stamping, metalwork, painting, assembly, forging/casting, machining, mechanical assembly) takes into account ergonomic constraints.

In addition, the integration of Opel and Vauxhall was occasion for an in-depth review of the Group's ergonomic evaluation tools, in order to allow comparability of data and a global mapping of all workstations.

Chemical risks

Chemical risk is a major focus of Groupe PSA's Health and Safety program. It represents not only risks related to the use of hazardous materials but also the pollutants that are generated by certain processes.

Approximately 7200 chemicals are used at the group's R&D and manufacturing sites and 1,187 at after-sales activities. All chemicals must be reviewed and approved by multiple stakeholders prior to use according to PSA internal requirements. The chemicals are registered in a computerised database and have safe use instructions available, whether they are related to manufacturing, R&D or sales activities. Priorities regarding chemical risk management also include risk assessment, user training and substitution to less dangerous chemicals. In addition, air quality exposure assessments have been performed at manufacturing, R&D and sales activities sites as required.

In 2020, a global initiative was launched to identify Carcinogenic, Mutagenic or Toxic for Reproduction (CMR) chemicals used at PSA sites. The project aims to eliminate or substitute those chemicals where technically possible.

Preventing road risks

As a car manufacturer, the Group naturally puts a high priority on road safety. **In collaboration with employee representatives, the Group renewed a work-related Road Risk Prevention Charter setting out the principles to be respected in 2010.** The charter, communicated to all employees, specifies the rules for using vehicles for professional purposes or when commuting to and from work.

In signing the call for companies' commitment to road safety on October 11, 2016, which was initiated by France's Interior and Labour ministries, Groupe PSA reaffirmed its long-standing commitment to road safety, which it demonstrates through its products, its top-of-the-range technologies used worldwide and its constant concern for employees' safety in their day-to-day work.

Awareness-raising initiatives, training and monitoring helped to lower the number of road accidents. For example, more than 600 employees at the Casablanca site took part in various workshops to raise awareness of road safety. This training had a positive impact and no commuting accidents were incurred in 2020.

Workstation safety: "STOP™" observations

The safety at work by preventive observation (STOP™) program has been in place at the Group's plants since 2009. The program trains managers to detect dangerous situations or behaviors. During the program, managers are made aware of how to speak to the employee so as to have a positive discussion about prevention. This program aims to achieve progress for both the manager and the employee. Each month, working in pairs, managers carry out two work area visits to manage the STOP™ scheme and solve risky situations in workshops.

In addition, in 2020, more than 3,459 STOP observations were carried out by first-aid workers. This approach reinforces the preventive role of the first-aid workers.

3.4.5. Motivation and well-being at work

DPEF.6

The transformation of working methods, business and technology makes it even more necessary to ensure the high level of motivation and well-being of the employees. On 29 January 2020, Groupe PSA signed an agreement with its social partners on motivation and well-being at work. As a result of 18 months of co-construction work with the social partners, it offers 32 measures and it includes 12 innovative measures.

These measures will thus make it possible to :

- Bring peace of mind to employees and offer working conditions conducive to well-being. For example, warming up and stretching before taking up the workstation is an innovative way of contributing to the prevention of pain, accidents and occupational diseases. The learning of these gestures is developed for operators, especially all new ones.



Other example : Groupe PSA improves its provident system for family carers, in France : <https://archives-media.stellantis.com/en/groupe-psa-improves-its-provident-system-family-carers-france>

- Developing employee autonomy and changing managerial practices. Development of telework, based on an innovative work organisation implemented in 2014 and completed in 2017 with an annual count of telework days.
- To encourage employees to express themselves: the BEST experiment (problem sharing and resolution) is a good example of initiative of Groupe PSA in this domain.

3.4.5.1. Promotion of health

Social dialogue and multi-disciplinarity, including a structured coordination of the occupational health network, are key factors of improvement. Groupe PSA regularly make use of internal health services comprising occupational physicians, nurses and physiotherapists who work within the Company to support employee health.

This health policy applies the following main actions:

- health monitoring through the health services, to highlight the main health determinants;
- specific communication and training regarding those determinants;
- ergonomic study of workstations, their design and their management in daily life;
- the work-related alerts (WRA), a structured approach, which allow difficulties in the workplace to be reported. A few thousand of them are issued every year. On top of that, some plants are experimenting with a bespoke problem-solving process (BEST *Bien-Être en Situation de Travail* or Wellbeing in the Workplace), based on how the working teams are dealing with the difficulties they were experiencing. Providing every participant with the occasion to express difficulties and contribute to solving these difficulties by themselves provides interesting results in terms of social relations and motivation.

Groupe PSA is committed to applying best practices and to constructing relevant partnerships. For example, Groupe PSA and *La Ligue contre le Cancer* (e.g. a charity that funds research into cancer) signed an agreement to improve the return-to-work process for employees suffering from cancer and to support managers through a co-constructed training.

All these initiatives are part of the Group commitment to the "Healthy Workplaces" program spearheaded by the European Agency for Safety and Health at Work.

3.4.5.2. Attentiveness to employees

DPEF.8

Employee motivation and engagement are based on participatory actions. The Group conducts regular satisfaction surveys and monitors a social barometer.

Social barometer

The Group has a set of tools for measuring the satisfaction of employees and better assessing their aspirations. Surveys conducted on a regular basis by opinion study organisations measure the satisfaction and confidence levels of Group employees.

The stress measuring and monitoring program, beyond gauging stress factors, can regularly estimate a motivation index and provide information on the fluctuation of the index and the factors that affect it. Action plans are put in place in order to anticipate psychosocial risks and increase employees' engagement and motivation.

Participatory actions

Groupe PSA works hard to keep employees informed, listen to them and implement participatory initiatives. A company-wide social media network has been launched and has met with great success. At the end of 2020, there were 51,100 regular users and 22,600 active groups. This collaborative tool helps to free up initiatives and develop transversal and intercultural relationships.

The Group encourages and places value on suggestions from operators. A business support system makes it possible to collect ideas for improvement, quickly process them in view of their application and reward the best ideas. This participatory initiative is an indication of employee engagement and motivation.

3.4.5.3. Training and prevention programs

DPEF.10

Based on accident analysis and risk assessment, specific training programs are developed and deployed at all sites. In 2020, 133,000 hours of training were dedicated to safety and, in addition, 120,000 hours of training training in the Covid-19 health protocol were delivered before returning to work.

250,000 hours
of training on health prevention
and workplace safety

The S-Box or Safety Box was an initiative that came from the Vigo (Spain) site. It began in 2012 and was gradually rolled out at industrial sites. Made up of six rooms that form a journey, this 110 sq.m. training space is fully interactive. Using different media (notices, videos, soundtracks, games, quizzes, etc.), ten participants per session take part in the activities offered. **This type of training boosts the comprehension of participants and improves their active engagement in terms of prevention.**

A dedicated version that focused solely on psychosocial risk prevention was launched at services sites, research and development sites.

In 2018, the Group started to digitalise the S-Boxes using virtual reality helmets. This will help to spread the safety messages and rules across all Company sites, especially in the smaller facilities (e.g. repair workshops)

3.4.5.4. Improving working conditions

The Group strives to provide modern, digital and attractive workspaces. Renovated workspaces seek to promote collaborative work, cross-functionality and information sharing while improving efficiency. This is also a way to enhance collaboration, streamline dialogue between teams and consequently reduce bureaucracy.

The reconfiguration of the sites according to this master plan, which makes them more open, agile and collaborative, transforms working practices and the way employees collaborate, as well as strengthening teams. In a modern, energetic, inviting

environment, multiple workspace configurations promote informal, productive gatherings and dialogue. All managers, including Executive Committee members, benefit from these open, flexible, collaborative spaces, as they bring them closer to their teams.

Production workstations are also being examined from the perspective of the human worker. A team of around 40 ergonomists, reporting to the Human Resources Division, is working on ensuring that human considerations are properly factored into the Group's organisational and manufacturing choices. This is reflected in significant investment in workstation ergonomics. In addition to reducing the amount of human energy required to operate workstations, there is also the need to address other types of strenuousness, such as biomechanical stress, physical factors in the appearance of musculoskeletal disorders (MSD) and mental, cognitive and psychological stress, which play a role in the risk of developing MSDs and in psychosocial risks.

Ergonomists also participate in developing and validating the use of new technologies such as exoskeletons and collaborative robots, so that their implementation in the field associates industrial performance with well-being enhancement.

3.4.5.5. Achieving a healthy work-life balance

GRI.102-8

GRI.401-3

DPEF.4

Establishing a collaborative work method is incorporated into the new Global Framework Agreement and applies to workspaces as well as the expansion of Remote working. In France, an annual account of 25 days of remote work is now offered. This allows employees to occasionally work from home or another location. The goal is to offer more flexible work arrangements without damaging collective productivity.

Achieving a good work-life balance leads to better performance and prevents stress. Capitalising on that, the Group willingly offers employees part-time schedules or teleworking arrangements when this is feasible.

Where possible, the Group approves employees' requests to work part-time. The aim is to devise suitable solutions, such as part-time by the day or half day, part-time in hours, etc. Part-time hours are chosen by employees and are not imposed by the Group. In 2020, the Group had 8,877 part-time employees worldwide (including 1,714 employees who worked half-time), distributed as follows: 39% women and 61% men.

PART-TIME EMPLOYEES ON PERMANENT OR FIXED-TERM CONTRACTS

(For the year)

		Europe	Rest of the world	Total
Automotive Division	2020	8,853	1	8,854
	2019	10,660	0	10,660
	2018	10,393	1	10,394
Other Activities	2020	23	0	23
	2019	30	0	30
	2018	34	0	34
TOTAL	2020	8,876	1	8,877
	2019	10,690	0	10,690
	2018	10,427	1	10,428

Community life is encouraged, and there are over 80 very active sporting, cultural and charity organisations. PSA Challenges, PSA Challenges, including multi-site sports meets involving different countries, involving different countries, have become events not to be missed. In 2020, these activities were adapted to the pandemic context, in accordance with the health protocol.

38,000

simultaneous VPN connections,
a record reached in 2020

Since 2014, company agreements concluded with social partners in France have made teleworking one of the possible ways of working within the PSA Group. Experience has amply

demonstrated the positive impact of teleworking on working conditions and quality of life, notably by reducing travel times.

The group has promoted telework globally on a voluntary basis and as a flexible organization improving working conditions. Driven by this aspiration, teleworking has been introduced and gradually developed in Argentina, Brazil, Belgium, Hungary, Italy, the Netherlands, Poland, Spain, Slovakia, Turkey, China, the United Kingdom and Germany.

An innovative improvement has been added in France by creating an annual account of 30 days of remote work, offering new flexibility to more employees and the possibility of performing their work from their main residence, or from another personal residence or a third location.

On this basis, the Group was ready to make extensive use of teleworking during periods of sanitary confinement. It was also on this basis that the New Era of Agility project was launched (see 3.3.1).

TELEWORKING

(Evolution over 7 years)

	2013	2014	2015	2016	2017	2018	2019
France	200	1,400	1,880	2,735	3,028	3,358	15,611
Total Worldwide	200	1,400	2,200	3,147	3,788	4,768	17,952

Maternity, paternity and educational parental leave

Groupe PSA takes parenthood into account as part of its respect for gender equality in the workplace. By supporting a work environment encouraging employees to return to work after maternity leave, PSA's policy helps employees who are parents to achieve a better work-life balance. It also ensures employees are informed about the various parental leave options, encouraging both mothers and fathers to take advantage of it.

In order to support working parents, a company agreement was signed in 2014 in France with all trade unions to establish an innovative social cohesion system based on the values of solidarity and mutual assistance. Under this agreement, employees can donate days off to parents with a sick child, anonymously

and without receiving anything in return. The donated days are banked in a Solidarity Fund created for this purpose and is managed by the workplace social services. In 2016 a new agreement extended the scheme to spouses, common-law spouses and partners. Starting in 2020, another agreement extends this scheme to employees who are caregivers to a dependent or disable relative. This program has received a strong response: 2,832 days have been donated. 2,025 days were granted to 166 employees to help them cope with a variety of situations including illness, disability or accidents.

In addition, employees are provided with abundant information on existing rights such as legal provisions, exceptional leave stipulated by company agreements and the action of the workplace social services.

NUMBER OF EMPLOYEES ON MATERNITY, PATERNITY AND EDUCATIONAL PARENTAL LEAVE

(For the year)

	Maternity leave	Paternity leave	Educational parental leave		
			Women	Men	Total
Automotive Division	1,132	1,398	464	291	755
Other Activities	18	7	3	0	3
TOTAL	1,150	1,405	467	291	758

Work schedules

Work organizations are negotiated to practice individual reduced working hours and long opening hours, to adapt the organisation of working time to the activity and to implement controlled flexibility.

SPECIFIC WORK SCHEDULES

(For the year)

		Europe	Rest of the world	Total
Automotive Division	Two shifts	28,625	1,894	30,519
	Three shifts or night work shift	12,770	1,032	13,802
	Weekend shift	3,535	3	3,538
Other Activities	Two shifts	0	0	0
	Three shifts or night work shift	0	0	0
	Weekend shift	0	0	0

3.4.5.6. Workplace social services for employees

The main role of social workers is to facilitate job integration by assisting employees dealing with issues in their personal and/or professional life that are having an impact on their occupation. Social services are a place to discuss issues and be listened to. They also provide specialist advice to managers, and help implement the corporate social policy.

Workplace social services are provided to all employees in France through a network of 20 social workers employed at all office or manufacturing facilities. These services were added to the Company-owned dealership network all over France. Under the same scheme, social services have now been set up in other countries such as Morocco. Brazil now employs two social workers at its Porto Real plant and has set up the *Conte Comigo* program which offers free telephone assistance for employees from other sites.

3.5. EQUALITY AND DIVERSITY

GRI.103-2

GRI.103-3

DPEF.14

DPEF.32

DPEF.39

Groupe PSA considers the diversity of its employees and cultures to be a source of added value and economic performance. By encouraging equal opportunity and basing its practice on the objective criteria of skills and performance, Groupe PSA promotes employee commitment and motivation and develops a culture of performance and economic efficiency.

This societal issue concerns all the countries where Groupe PSA operates. Groupe PSA has involved all its stakeholders in this commitment by establishing the Global Framework Agreement on Corporate Social Responsibility, which outlines non-discrimination and equal opportunity rules. As such, all stakeholders are involved in enacting inclusive management, considering skills in access to employment and professional development, recognising merit and preventing all forms of discrimination and intolerance of differences. This agreement states the Group's commitment to fighting racism, xenophobia, sexism and homophobia.

3.5.1. Gender equality

GRI.405-1

GRI.102-8

DPEF.12

For the past 15 years, Groupe PSA has adopted a proactive policy to promoting gender diversity and professional equality between men and women. In view of its traditionally male sector of activity, Groupe PSA considers the gender balance of its core businesses and key positions as a fundamental objective of its responsible and sustainable development and of its employees' quality of life at work. Stellantis will define its targets and commitments.

Prior to the merger, Groupe PSA had set a long-term objective for this policy. It is based on gender diversity helping to transform the Company through creativity, performance and development of new businesses in digital activities. This objective is broken down into two indicators:

- gender diversity of top management: 20% by 2021, eliminating under-representation of women in top management and 30% by 2027 for supporting Company transformation;
- gender diversity of our recruitment and development of our attractiveness towards women: 30% of our white-collar hires by 2021 by developing a women's friendly employer brand that sends a positive message to women. We are aiming for 50% by 2035 that reflects our customer base.

Groupe PSA signed up to the Women's Empowerment Principles, an initiative of the UN and UN Women which encourages companies to promote the inclusion of women in the workplace and gender equality. This commitment by the Group attests to the Group's drive to expand its policy of diversity and gender equality in the workplace globally.



See the CEO signatory quote card of Women's Empowerment Principles :
<https://www.weeps.org/company/groupe-psa>

Subscribing to the Women's Empowerment Principles offers an internationally-recognised standard that the Group intends to apply to all its companies in all countries. In 2018 the Group took the initiative to perform an assessment of its practices based on a questionnaire inspired by WE principles. The results from in various countries have made it possible to identify new actions for progress and promote best practices. For example, in November 2019, during the event #EmpresasPorEllas, Groupe PSA Argentina made public its adhesion to the program "Win-win: gender equality is good business", a program of WE principles WEPs organized by UN Women at Buenos Aires.

The Group analysed issues in their context and profession, and formulated structured action plans centred around four topics:

- gender mix in the business lines;
- human resources processes to ensure equal opportunities;
- access to higher levels of responsibility for women;
- preventing sexism and gender violence.

The cross-functional management of Group job families and professions (see 3.5.) incorporates **objectives of gender balance of key positions**. Each job family has appointed a female ambassador who promotes gender diversity and creates action plans adapted to her business line.

Human resources policies are designed to foster equal opportunities with particular attention to **equal pay** (see 3.3.4.1 for more details).

Considering that the **presence of women in management positions** is of particular importance to bring about cultural and sustainable change, the gender balance of senior and executive managers is a key indicator of the Group (see the commitments scoreboard at the beginning of this section and achievements below). Objectives of increasing the gender balance rate is also pursued for other flagship, and more generally the functions of managers, based on action plans to identify talent pools, prepare and support the exercise of responsibilities and promote female role models.

Groupe PSA has long been committed to fighting sexism and violence against women. As early as 2006, the Group's Global Framework Agreement on Social Responsibility has firmly demonstrated that the Group has a zero tolerance policy on sexism.

Since 2006, measures have been taken to support employees who are victims of domestic violence. In Spain, a company agreement signed in 2006 strengthens victim rights and protection measures. In France, since 2007, a system for reporting cases of harassment in the workplace has been in place, which includes a special email address, harcelement@mpsa.com, and the appointment of equality and diversity advisers. This system has been supplemented in 2018 by the "Speak4Compliance" whistleblowing system (see 6.1.4.1.).

In March 2017, Groupe PSA kicked off a mobilisation campaign to instil a corporate culture that is free from sexism and that safeguards good working relationships between women and men, as well as improving well-being and collective performance. It is the outcome of a task force that includes members of the "Women Engaged for PSA" women's network that has

collected testimonials of experiences. This led to the production and release of a film to raise awareness and change behaviours. This action plan also includes an action guide, "Groupe PSA Committed to Fighting Sexism", which provides key information on the realities of sexism, legislation and sanctions, information for victims of and witnesses to sexist behaviour, and encouragement to report any misconduct.

A recognized commitment

Groupe PSA was the first company to receive the "Gender Equality label" in France in 2005. The current label, valid for a period of three years, dates from January 10, 2020. It marks the Group's long-term commitment and ongoing progress toward gender equality. This label was awarded following an audit conducted by the AFNOR certification firm and a review by a joint labour Management Committee under the authority of the French Ministry for Women's Rights. In Spain, Groupe PSA was awarded the Equality label from the Ministry for Social Affairs and Equality.

Women networking with Women Engaged for PSA (WEP)

This network acts as a think tank that contributes to business issues and helps the women members of the network to be actors of tomorrow's Groupe PSA in key management or expertise positions. WEP contributes to the cultural change of the Company thanks to its initiative and empowerment-based operation. Created in 2010, WEP reached important milestones in its development in 2019 by merging activities with Opel and Vauxhall women's networks: Women@OPEL, Women's Council Vauxhall, and Opel bank Women's Inspiration Network. The network now has 700 members and 110 "WEP partners", who are men and women committed to supporting the network's actions. It is active in 21 countries. It thus contributes strongly to the Group's cultural transformation.

To learn more about how this Groupe PSA women network can create gender balance at all levels, read the case study published on UN Women's Empowerment Principles website: <https://www.weeps.org/sites/default/files/2020-08/CASE%20STUDY%20%E2%80%A2%20GROUPE%20PSA%20%28final%29.pdf>

EMPLOYEES ON PERMANENT OR FIXED-TERM CONTRACTS BY GENDER AND REGION

(For the year)

DPEF.1.b

DPEF.1.d

	Europe		Rest of the world		Total	
	Women	Men	Women	Men	Women	Men
Automotive Division	18,054	81,833	1,762	7,810	19,816	89,643
Other Activities	323	370	1	10	324	380
TOTAL	18,377	82,203	1,763	7,820	20,140	90,023

PERCENTAGE OF FEMALE EMPLOYEES ON PERMANENT OR FIXED-TERM CONTRACTS BY SOCIO-PROFESSIONAL CATEGORY

(For the year)

DPEF.1.b

% women by category	Operators and administrative employees	Technicians and supervisors	Managers	Total
TOTAL	15.0%	25.0%	20.7%	18.3%

CHANGE IN THE PERCENTAGE OF WOMEN EMPLOYEES ON PERMANENT AND FIXED-TERM CONTRACTS

(For the year)

Change in % women in the workforce	2018	2019	2020
TOTAL	17.3%	18.0%	18.3%

EMPLOYEES ON PERMANENT OR FIXED-TERM CONTRACTS BY AGE GROUP AND GENDER

(For the year)

DPEF.1.b

DPEF.1.c

	< 30 years old		30-39 years old		40-49 years old		50 years and over		Total	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Automotive Division	3,291	11,466	4,784	15,084	6,391	27,326	5,350	35,767	19,816	89,643
Other Activities	27	36	56	60	126	142	115	142	324	380
TOTAL	3,318	11,502	4,840	15,144	6,517	27,468	5,465	35,909	20,140	90,023

HIRINGS WITH PERMANENT CONTRACTS BY AGE GROUP AND GENDER

(For the year)

< 30 years old		30-39 years old		40-49 years old		50 years and over		Total	
Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
503	1,453	344	961	185	521	40	222	1,072	3,157

Women represented 25.3% of permanent contract hirings in 2020 with all socio-professional categories combined.

PERCENTAGE OF WOMEN MANAGERS ON PERMANENT OR FIXED-TERM CONTRACTS BY AGE GROUP DPEF.14

(For the year)

	< 30 years old	30-39 years old	40-49 years old	50 years and over	Total
Number of women managers	476	1,043	1,781	1,298	4,598
Total number of managers	1,234	3,832	7,883	9,213	22,162
% of women managers	38.6%	27.2%	22.6%	14.1%	20.7%

EVOLUTION OF THE PERCENTAGE OF WOMEN MANAGERS

	2018	2019	2020
% of women in the managerial workforce	19.8%	20.5%	20.7%

20.7%

of group managers were women, i.e.,
a higher rate than the total percentage
of women in the Company

SENIOR AND EXECUTIVE MANAGERS BY AGE GROUP AND GENDER

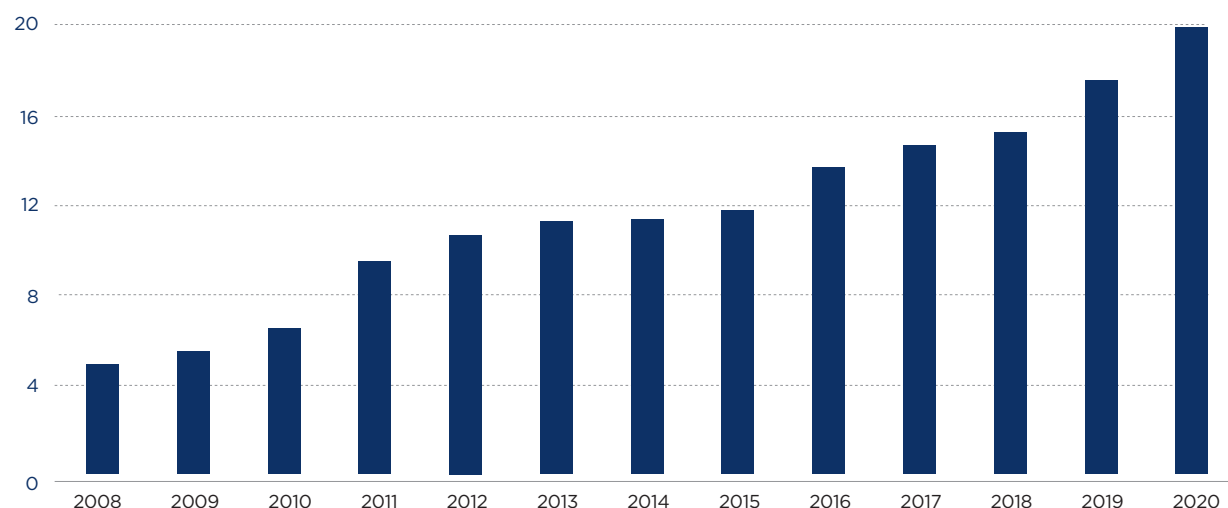
(For the year. Scope includes all executives managed by Groupe PSA, all companies combined. Does not include ExCom members)

30-39 years old		40-49 years old		50 years and over		Total	
Women	Men	Women	Men	Women	Men	Women	Men
5	7	82	168	64	428	151	603

The table includes "executive managers" in charge of designing and implementing Group strategy, policies and programs, and "senior managers" in charge of rolling them out. It does not include members of the Executive Committee. In 2020, the

proportion of female senior and executive managers was 20%, which demonstrates the achievement of a long-standing goal of reaching a proportion equal to that existing in the overall female population.

EVOLUTION OF THE PERCENTAGE OF WOMEN IN SENIOR MANAGEMENT



3.5.2. Promoting diversity for social cohesion and performance

GRI.405-1

GRI.406-1

DPEF.14

DPEF.39

113

nationalities within Groupe PSA

Groupe PSA voluntarily formalised its actions in favour of diversity in its social dialogue. On an international scale, the Group's Global Framework Agreement on Social Responsibility is committed to exceeding local legal requirements in applying and promoting the fight against racism, sexism, xenophobia and homophobia and, more generally, against intolerance of differences and ensuring respect for privacy.



"Our differences make the difference" video:
https://youtu.be/pZvgWVRSO_4

In France, a new agreement on motivation and well-being at work, signed on January 20, 2020, reaffirms the Group's commitment to ensure equal treatment using objective criteria such as skills and performance, to combat prejudice and to prevent direct or indirect, conscious or unconscious discrimination, particularly with regard to the real or supposed origins of people.

In 2020, a new training program was designed to address the issue of stereotypes and discriminatory behavior. This was a commitment of the "Motivation and Well-being at work" negotiation with social partners. This program is innovative because it is aimed at all employees and uses augmented reality technology. Sexism, parenthood, age and invisible disability are the priority themes addressed by this awareness program. Its deployment will take place throughout 2020 in France and other countries.

Groupe PSA is diversifying its hiring channels and is building partnerships with education systems and public employment services, developing online job offers and using social media to reach a wider public. It also works to ensure that no stages in the hiring process are discriminatory. Candidates are selected objectively using tools such as the skill-based and simulation-based recruitment method (MRS).

Groupe PSA supports public policies in favour of diversity. The Group was one of the first French companies to be awarded the Diversity label in recognition of the Group's human resources policy and best practices in promoting diversity and equal opportunity and preventing discrimination. Since obtaining this label in 2009, Groupe PSA has maintained its commitment and the current label, valid for a period of three years, dates from November 8, 2019. This label is awarded after a demanding certification process conducted by AFNOR Certification via an on-site audit. Similarly, in Spain, the Group holds the *Diversidad* label, which was started by the Diversity Foundation with the support of the Spanish Ministry of Equality.

Preventing workplace harassment, discrimination and violence

DPEF.6

DPEF.10

The Group condemns all infringements of respect for individual rights and dignity, verbal or physical abuse, harassment, workplace violence and discrimination. These behaviors are liable to sanctions and measures have been set in every country to prevent any form of misconduct. Employees are regularly informed about these policies and a large number of managers have participated in awareness-raising campaigns.

Employees who are victims of or witnesses to workplace harassment, discrimination or bullying are informed of existing reporting procedures. This information specifies that the report allows for an investigation to be conducted, victims to be protected, the prohibited wrongdoing to be stopped and mediation or sanctions to be carried out. Employees can use different reporting channels. HR managers have a duty to take charge of any situation that appears to be harassment or discrimination.

A standard processing and tracking procedure is applicable in all countries.

Two e-mail addresses, harcelement@mpsa.com and diversite@mpsa.com, provide a means of reporting harassment or discrimination. In addition, Speak4Compliance (see 6.1.4.1.), rolled out in 2018, is a whistleblowing system that enables reports regarding violations of the compliance rules of Groupe PSA to be received, processed and managed securely and confidentially. One category of reporting concerns non-respect and infringement of the rights and dignity of people, as well as verbal or physical abuse and harassment.

Each report triggers an internal investigation conducted in the best conditions of neutrality and respect for people in order to check and qualify facts. In 2020, 43 cases of workplace harassment, discrimination or violence were processed.

Intergenerational management

Keeping older employees (37.6% of the Group's workforce is aged 50 or over) in work and motivated is one of the Group's Corporate Social Responsibility commitments. The aim is to ensure equal opportunity and fair treatment for all, including older employees. The measures included in the PSA inter-generational contract seek to consolidate the place of older employees in the Company, to better consider their experience as an advantage for the Group's success and to consider generation's coexistence and knowledge transfer as an asset for social cohesion and business performance.

In addition, the program to bring young people into the workforce is enriched by knowledge transfer and training of the younger generations. In 2020, as part of its program, the Group welcomed 2,980 work-study program participants (skills-acquisition and apprenticeship contracts) and 2,335 interns.

3.5.3. Employing people with disabilities GRI.405-1 DPEF.13

Groupe PSA policy regarding social and occupational inclusion of people with disabilities is enacted worldwide through the Global Framework Agreement with the goal of keeping workers with disabilities employed, carrying out preventive actions and promoting their integration into the workplace. Taking such an approach benefits everyone as well as the Company's performance.

5,360
employees with disabilities



"Groupe PSA signs a manifesto for the inclusion of people with disabilities in the workplace".
November 2019 press release:
<https://archives-media.stellantis.com/en/groupe-psa-signs-manifesto-inclusion-people-disabilities-workplace>

In France, Groupe PSA signed several agreements on social and occupational inclusion of people with disabilities. Its commitments are structured around four main areas of application:

- changing how we look at disability by raising awareness among employees throughout the year and by reinforcing the training of managers and trainers;
- promoting recognition of the status of workers with disabilities, by offering subsidies and guarantees to employees with disabilities in their personal and professional lives;
- taking action to include and retain employees with disabilities and maintain them in their jobs by supporting them and providing adjusted work solutions or specially adapted workstations;
- mobilising all actors by improving awareness of the agreement and of measures in favour of the workers concerned (local disability correspondent, social service, medical service, human resources function, management, employee representatives and employees) and by setting up preventive measures.

Subcontracting with sheltered workshops is one aspect of the Group's commitment for the social and occupational inclusion of people with disabilities. This Group engagement with sheltered workshops for direct parts (e.g., instrument panels, interior trim, pedals, etc.) is a policy that dates back to more than 20 years ago, and has put Groupe PSA in the position of being the top purchaser from sheltered with a €42 million turnover in France and Spain in 2020. The added value generated represents 2,600 persons employed, mainly in industry (see 6.2.2.1.2.).

EMPLOYEES WITH DISABILITIES

(For the year)

		Europe	Rest of the world	Total
Automotive Division	2020	5,306	35	5,341
	2019	5,587	38	5,625
	2018	6,383	5	6,388
Other Activities	2020	19	0	19
	2019	17	0	17
	2018	17	0	17
TOTAL	2020	5,325	35	5,360
	2019	5,604	38	5,642
	2018	6,400	5	6,405

3.6. REPORTING SCOPE AND METHODOLOGY GRI.102-48 GRI.102-49

DPEF.32

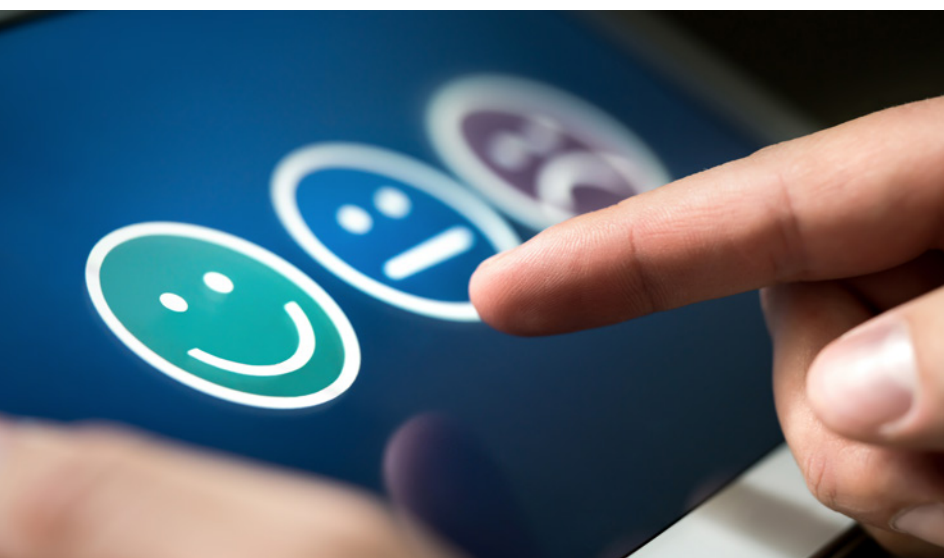
DPEF.39

These rules are specifically applicable to the human resources area, while the general process applicable to PSA CSR report is detailed in section 9.4.

- “Europe” refers to geographical Europe, including EU and non-EU countries, and includes Russia and Ukraine.
- The social reporting process involves over 150 contributors from all subsidiaries in 26 countries, using interactive applications to compile data, and is led by a dedicated corporate team.
- Employees reported are on permanent or fixed-term registered contracts. The fixed-term contracts include apprenticeship contracts, skill-acquisition contracts and “CIFRE” PhDs student contracts.
- The manager’s category includes engineers and managers with a job description similar to so-called “*cadres*” in France.
- Whenever the document refers to a policy, this applies to all Group companies. In particular, this applies to the following topics: the workplace health and safety policy; the human resources development policy, including training; the employee relations policy including social dialogue and measures taken to improve gender equality and non-discrimination. When there is additional information that might apply to only one company, this is specified.



To meet market expectations, all the Group's processes and decisions are customer-focused. Groupe PSA aims to design products with a top-notch reliability, high-quality services and complementary solutions to meet all mobility needs, while ensuring to customers the transparency and the protection of their personal information.



4.

MEETING CUSTOMERS' EXPECTATIONS ON QUALITY, MOBILITY SOLUTIONS AND DATA PRIVACY

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4 MEETING CUSTOMERS' EXPECTATIONS ON QUALITY, MOBILITY SOLUTIONS AND DATA PRIVACY

Players in the automobile market are facing:

- the competition of newcomers on the mobility market, notably digital/tech companies;
- the growing urbanization of customers and their need to find mobility solutions in growing situations of congestion;
- the permanent rating of economic actors by customers.

A company such as Groupe PSA needs to pay close attention to these trends.

Groupe PSA has identified three CSR issues related to the macro-risk "Customers' expectations".

• Vehicle and service quality – Customer satisfaction

Customer satisfaction hinges on two factors: product quality and service quality. The regulatory context defines obligations to provide information, a legal warranty, repair and replace services, and international quality standards (e.g. IATF 16949 specific to the automotive industry), while the socio-economic context includes increasingly complex value chains and constantly changing customer expectations in terms of mobility and vehicles. Good quality is the fore-runner to economic efficiency and customer loyalty. Poor quality costs money and can lead to a fall in revenue and reputation damage.

See 4.1. for more details.

• Development of new mobility solutions

Traditionally perceived as a tangible asset, the car is now more likely to be perceived as an object of mobility, especially by new generations. Social, environmental and technical changes impact customer behaviour and expectations in mobility matters. The Group's longevity is therefore dependent on mobility product and service developments.

Car manufacturers need to adapt their business models to these new mobility patterns. The emerging risk for car manufacturer in this new market is their customers' mobility data being collected by data hosting companies and service providers.

Free2Move, the Group's new mobility brand, aims to provide customers with the mobility solutions they need to make their lives easier. It has invested €100 million in developing an ecosystem with partners operating in different car-sharing niches, bringing them all together in one platform which offers customers a one-click transport solution to suit their situation.

See 4.2. for more details.

• Responsible management of customer's data and relationship

This issue concerns:






- responsible support for customers who have been granted consumer credit;
- protecting the personal data of customers, users of products and services and prospective customers, which is obtained *via* Groupe PSA websites and apps, in the network or *via* the in-vehicle systems, and ensuring that they are used with due regard for their confidentiality, in the interest of maintaining a relationship founded on trust;
- respecting customers' preferred contact methods.

Given today's ever-expanding connectivity, the growing popularity of social media and the exponential rise in online shopping, Internet users who are not well-versed in the legal issues surrounding the confidentiality of information are becoming increasingly wary. The challenge for car manufacturers is to give clear indications that all personal data shared with them by their customers will be kept confidential in the interest of maintaining a relationship founded on trust. In addition, the new European General Data Protection Regulation, which came into force in May 2018, is of key importance for Groupe PSA (financial penalties of up to 4% of international revenue can be incurred for non-compliance).

See 4.3. for more details.






Faced with these issues, Groupe PSA has set up the actions presented in this chapter.

COMMITMENTS SCOREBOARD

				
CSR ISSUES	AMBITIONS	TARGETS 2020	RESULTS 2020	TARGETS 2021
<p>Vehicle and service quality – customer satisfaction*</p> <p>Organiser: EVP Quality</p>	<p>The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues. Given the merger with FCA, the previous Groupe PSA CSR ambitions are not applicable to the Stellantis scope.</p>	<p><u>Product Satisfaction</u> 35% of models in Q1 of their competitive segment vs 31% in 2019 (based on item "overall satisfaction" for PSA vehicles).</p> <p><u>Three-month warranty claim rates</u> Groupe PSA: 55 (scope world – base 100, 2014), compared to 67.4 in 2019.</p> <p><u>Per-Vehicle Warranty Charge compared to 2015</u> -13% (scope Groupe PSA world) vs -4.6% in 2019.</p> <p><u>Recommendation rate</u> Scope Groupe PSA world (base 100, 2017): • Sales: 110. • After-sales: 116.</p> <p><u>Mobility Services satisfaction</u> • B2C services: (Car-sharing, Rent, Car On demand, Charge my Car, Parking): 8.5/10. • B2B services: (Connect Fleet, Fleet Sharing, Rent, Charge my Car): 8.5/10.</p>	<p>Target partially met</p> <p><u>Product Satisfaction</u> Target met 37%</p> <p><u>Three-month warranty claim rates</u> Target not met Groupe PSA: 58,6 (scope world – base 100, 2014), compared to 67.4 in 2019.</p> <p><u>Per-Vehicle Warranty Charge compared to 2015</u> Target met -41,7% (compared to -4.6% in 2019).</p> <p><u>Recommendation rate</u> Target partially met Scope Groupe PSA world (base 100, 2017): • Sales: 109. • After-sales: 117.</p> <p><u>Mobility Services satisfaction</u> Target met • B2C services: 8.5/10. • B2B services: 8.5/10.</p>	<p>In 2021, the Stellantis teams will start converging operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.</p>

* Strategic issue monitored by the Executive Committee and presented to the Supervisory Board.

4 MEETING CUSTOMERS' EXPECTATIONS ON QUALITY, MOBILITY SOLUTIONS AND DATA PRIVACY

 CSR ISSUES	 AMBITIONS	 TARGETS 2020	 RESULTS 2020	 TARGETS 2021
Development of new mobility solutions* Organiser: EVP Mobility and Connectivity Services	<p>The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues.</p> <p>Given the merger with FCA, the previous Groupe PSA CSR ambitions are not applicable to the Stellantis scope.</p>	<p><u>B2C services</u></p> <ul style="list-style-type: none"> Expand Free2Move's Rental Service footprint by 55% reaching 14 countries covered through NSCs, Importers and Partners. Develop and upgrade car-sharing operations with profitable growth. Integration of all Free2Move apps in a unique F2M application. <p><u>Expand B2B services</u></p> <ul style="list-style-type: none"> 450,000 cars fitted with Connect Fleet and with Fleet Sharing by 2020 year end. Deploy F2M solutions outside Europe and to importers. 	<p>Target partially met</p> <p><u>B2C services</u></p> <ul style="list-style-type: none"> Free2Move Rental Service footprint expanded and reached 10 countries covered. In 2020, despite the heavy impact of the Covid crisis on shared mobility needs, the Group maintained all its mobility services in Europe and the USA, but had to stop its operations in Wuhan (China). Free2Move services are now integrated into one single happ. <p><u>Expand B2B services</u></p> <ul style="list-style-type: none"> 497,000 cars fitted with Connect Fleet and with Fleet Sharing by 2020 year end. F2M solutions deployed in Brazil and Mexico. 	<p>In 2021, the Stellantis teams will start converging operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.</p>
Responsible management of customer's data and relationship Organisers: General Secretary and Brand Directors	<p>The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues.</p> <p>Given the merger with FCA, the previous Groupe PSA CSR ambitions are not applicable to the Stellantis scope.</p>	<ul style="list-style-type: none"> Update Corporate Privacy notices at all touchpoints (Dealers, websites and connected services). Adjust rules for cookies management according to the latest decisions of the European Court of Justice. Implement a unique Privacy Call Center for all Brands and all countries. Improve car users' information about data processing in the vehicle. 	<p>Target met</p> <ul style="list-style-type: none"> Corporate Privacy notices have been updated in all touch points. New cookies management rules have been implemented according to the 2019 decision of EUCJ. Work in ongoing to comply with the October 2020 recommendations. Unique Privacy Call Center have been implemented for all Brands in all European countries. Car users' information defined. Implementation in user's manual conducted early 2021. 	<p>In 2021, the Stellantis teams will start converging operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.</p>

* Strategic issue monitored by the Executive Committee and presented to the Supervisory Board.

4.1. VEHICLE AND SERVICE QUALITY – CUSTOMER SATISFACTION

GRI.103-1

GRI.103-2

GRI.103-3

4.1.1. Group innovations to improve service quality

Group innovations to improve service quality are one of the four pillars of Push to Pass plan, the other ones being developed in 2.3.2.

Power Supply: connected supply chain

The Supply Chain Department decided to work with KBRW (a company identified by the Business Lab) in 2018 to provide a new application to improve customer service for its Distrigo logistics hubs. This application called "Power Supply" recalculates delivery dates for backorders daily with extreme accuracy and also offers alternative parts. Thanks to the application, the backorders portfolio of the Distrigo hubs was virtually halved and Groupe PSA call-centre activity concerning the claim process has been closed. Power Supply was built in a very short time and its deployment is complete in Europe since the end of 2018 (less than one year for the whole process: an impressive and rare performance).

Digital vehicle passport: for more security and traceability

In September 2018, Groupe PSA, together with IRT SystemX, several insurance companies (such as AXA, Covéa, Matmut), assistance group IMA and multibrand dealer shop Mobivia, launched an initiative to develop a consortium blockchain to create a digital vehicle passport. The objective is to provide a greater transparency for second-hand vehicle buyers and avoid odometer fraud for example. The benefit of the blockchain technology is to enhance the security and traceability of data that can be shared among the different players in the value chain.

Self-reception: a flexible and secure solution for routine maintenance services

Self-service reception provides dealership customers a completely secure solution, allowing them to drop off and pick up their car 24/7 and pay online for routine maintenance services. This solution provides more value-added time to customer service advisors for clients. The service is gradually rolled out across the retail network.



"PSA Retail launches after-market Self-Reception solution, a first in Europe" 11/09/2018 press release: <https://media.groupe-psa.com/en/psa-retail-launches-aftermarket-self-reception-solution-first-europe>

Digitization of the customer path

In response to growing customer interest in distance selling solutions that combine simplicity and flexibility, PSA Retail rolls-out a portfolio of new digital solutions that offer alternatives to the traditional physical route.



"PSA Retail speeds up the digitalisation of its used car customer journey" 15/07/2020 press release : <https://media.groupe-psa.com/en/psa-retail-speeds-digitalisation-its-used-car-customer-journey>

Electric Mobile Charging

In order to respond to the quick development of new automotive uses, the Group's Business Lab launched, in November 2019, an experimentation on mobile charging for electric vehicles and tested this innovative electric charging process on the car-sharing vehicles of the Free2Move Paris fleet in Issy-les-Moulineaux. Rather than moving the electric vehicles of this fleet to the public charging stations, the charging vehicle comes directly to the nearest electric vehicles to recharge them. It is thus a limitation of the flow of vehicles and an optimization of the energy consumption, without need to install a dedicated infrastructure on the public space. This experiment is a real innovation in the world of the electric vehicle.

4.1.2. The Group's objective: quality first!



Making quality the number-one priority – with no exceptions – guarantees customer satisfaction and protects the Company's long-term future. Long-term economic performance cannot be achieved if quality is not up to the market. All behaviours, processes and decisions must be customer-focused.



Carlos TAVARES

Targeting no. 1

To meet customer expectations, Groupe PSA aims to be Top 1:

- for overall satisfaction for its customers (notably guarantee top-notch reliability and product performances). In 2019, the existing methodology was adjusted to better satisfy the customer in each and every domain for all upcoming projects;
- for high-quality service upon purchase and delivery of the vehicle as well as in after-sales.

On these two commitments, with the Push to Pass plan, the Group aims to reach the number one position for all brands in each region where the Group has a major presence, thus becoming its customers' preferred car manufacturer and mobility supplier.

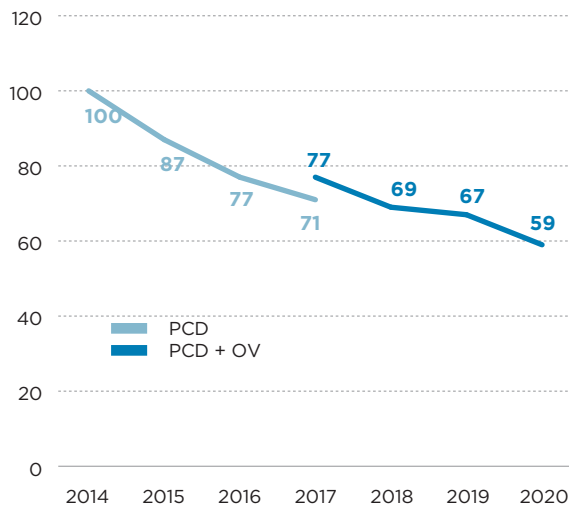
MEETING CUSTOMERS' EXPECTATIONS ON QUALITY, MOBILITY SOLUTIONS AND DATA PRIVACY

Vehicle and service quality – Customer satisfaction

The graphs below show the progression of results:

WARRANTY CLAIM RATES (BREAKDOWNS + INCIDENTS) THREE MONTHS ON THE ROAD ON WARRANTY

(excluding new vehicle preparation, 12 months rolling base = 100 in 2014)



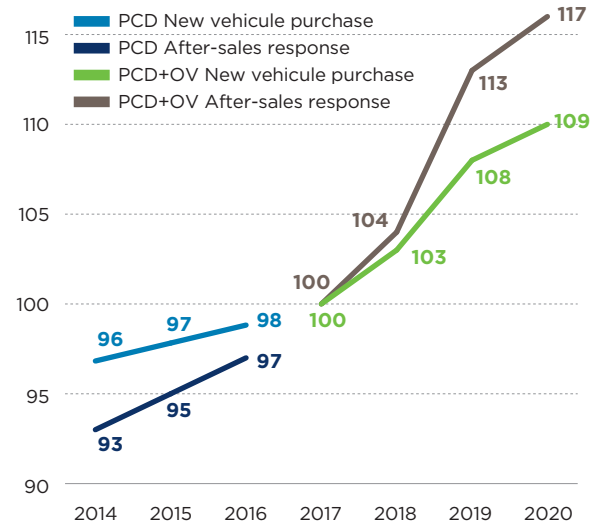
The role of quality in sustainable economic performance

Through this ambition, the Group is targeting customer satisfaction, customer loyalty and also increased economic performance. Internal measures show that:

- brand loyalty correlates to the level of incidents experienced with the product (customer satisfaction falls when the number of incidents rises);

RECOMMENDATION RATE IN INTERNAL SERVICE QUALITY SURVEYS FOR NEW VEHICLE PURCHASES AND AFTER-SALES PROCEDURES

(% recommendation World – 12 months combined – Scope: Peugeot, Citroën, DS Automobiles, Opel and Vauxhall – Base 100 in 2017 – Inclusion of Opel and Vauxhall as of 2017, another methodology being applied before; from 2017, the methodology is the same as Peugeot, Citroën and DS Automobiles)



- customer loyalty to the network correlates to the quality of the sales and after-sales service (it increases with the level of satisfaction);
- and better quality means both a higher loyalty to the brand and a higher market share over competing brands.

At the same time, better quality enables warranty costs to be reduced for the Group which is on the way to halving warranty costs by the end of the Push to Pass plan.

4.1.3. Organisation and governance in support of ambition GRI.103-2

The quality teams are the customer's voice in Groupe PSA and their assignment is to protect him independently. The Quality Executive Vice-President has the authority to decide to sale or not vehicles around the world. He formally delegates this authority to business units and plants Directors worldwide and defines quality targets (product and services). The quality mid-term plan (three years) is revised with the Global Executive Committee members twice a year.

The Group applies its Quality Policy throughout the whole value chain: from the design of our products and our services, to the support of each of our customers, everywhere in the world.

It is stated through the Quality Management System (QMS), which is based on requirements linked to quality results. These requirements are the basis for the Group's operational processes and quality standards, which are continuously improved.

Field assessments run by the entities and the quality results achieved support the conclusion that the QMS is efficient and makes it possible to identify improvement actions.

The Quality managers of the Divisions and the Regions control the implementation of the Quality Policy and are responsible for their QMS. They involve all the players with whom the Group works in extended company (suppliers, industrial partners, subsidiaries, importers, commercial networks...). They ensure the achievement of Quality results. Each region monthly reports its results during the Global Executive Committee led by the Chairman of the managing board.

Each manager of the company is responsible for ensuring compliance with standards, the conformity of results and the performance of processes within his or her scope.

In manufacturing – in compliance with the regulatory requirements of the countries or regions in which we operate – Groupe PSA plants are certified according to the standards:

- ISO 9001 for our vehicle manufacturing plants;
- IATF 16949 for our mechanical and raw materials plants.

The Group's quality governance is global:

- the Quality Executive Vice-President manages the Corporate Quality and Customer Satisfaction Division, oversees the Quality Managers of the Group regions and Corporate Divisions including business units, reports to the Chairman of the Managing Board;

MEETING CUSTOMERS' EXPECTATIONS ON QUALITY, MOBILITY SOLUTIONS AND DATA PRIVACY

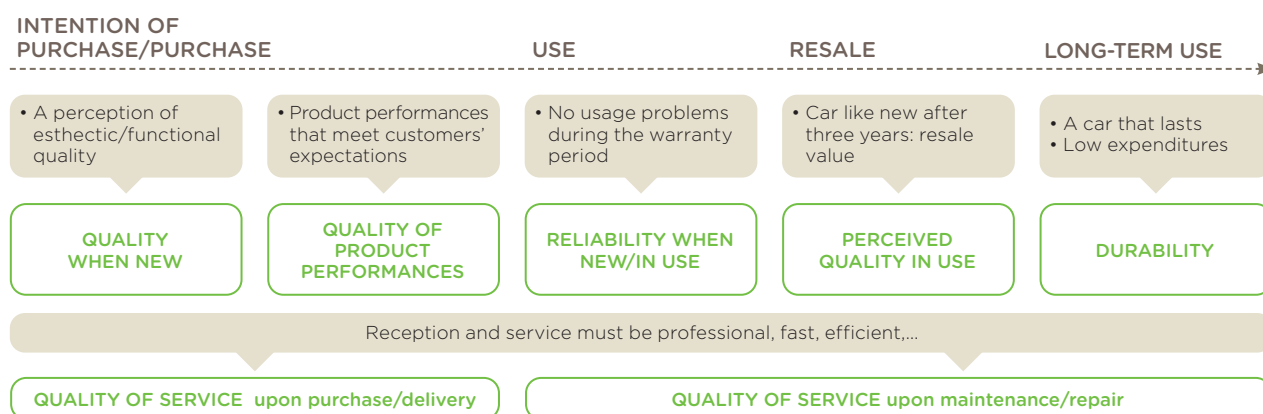
Vehicle and service quality – Customer satisfaction

- the Quality EVP ensures that the Group meets its quality objectives. Convergence with OV Quality organisation was completed in 2019: the processes are aligned, and quality targets and results now cover the entirety of Groupe PSA;
- the quality teams in the Group Divisions oversee operational managers. Technical guidelines include expectations to reach specific high-quality targets in all regions;
- the quality teams in the regions are in charge of the quality of the region's products and services; this includes the plants and points of sale.

Over the year, the Executive Committee Members, including the Quality EVP, help identify or confirm the strategic quality ambitions and guide the quality initiatives of the business lines and regions. The quality results are reported monthly during the Executive Committees' business reviews.

The Quality Division performs an internal and external communication plan throughout the year: dissemination of the Quality mindset through technical and soft trainings, supplier quality meeting, Yammer group quality, quality breaks within the teams, Quality field tours, etc.

4.1.4. Customer expectations of Groupe PSA brands GRI.103-2



The quality commitment of Groupe PSA is centred on customer expectations.

The products must meet the following fundamental requirements:

- perceived quality must promote trust and encourage the purchase decision;
- product performances (performance, style, comfort, convenience, etc.) align with the promise of the brand and the customer expectations for the segment;
- reliability must be flawless (zero incidents when new and during use);

- quality is retained in use (aesthetic and functional): "the vehicle is like new after three years in service"; the residual value is preserved;

- durability is guaranteed, breakdowns and defects are handled with state-of-the-art methods, vehicle unavailability and expenditures on maintenance and warranty are under control.

All the Group brands must guarantee excellent service quality during the customers' physical and digital ("phygital") experience, from pre-sale to after-sale and in terms of digital and mobility offerings.

4.1.5. Resources deployed to support product quality GRI.103-2

4.1.5.1. At the design and engineering phase

The Group has tools in place to guarantee product quality at every stage of the customer's journey:

Perceived quality at the time of purchase

The shape, style and lines of the vehicle are all factors which sway the customer's perception of quality, but finish, robust parts and the materials used both inside and outside the vehicle also play an important role. Perceived quality is a major factor in the customer's purchasing decision. It is also a major factor in the criteria used by influencers/leasers to determine the initial resale value when a new model is released.

Groupe PSA aims to position each future model at the highest competitive level of each of its five automotive brands. It has identified more than 1,500 characteristics that contribute to the impression of perceived quality, and it uses evaluation tools and technical benchmarks to drive vehicle projects to the targets.

Performances and reliability during use of the vehicle

- Quality of product performances: based on customer expectations for a given segment and the brand experience it wishes to convey, the brand identifies the quality standards for around 40 of the main static and dynamic performances (e.g. visibility, seat comfort, etc.). The Group wants to position each future model among the leaders at the competitive end of the target market. It uses static and dynamic evaluation tools.
- Initial quality and reliability: to guarantee the best level of quality and reliability delivered to the customer, well-structured preventive processes are applied at each step (design, development, and manufacturing, within the Group and with the suppliers). Particularly, design takes into account specific use cases of all our commercial regions with severe endurance driving sessions to simulate vehicle ageing.

Quality in use for the possible resale of the vehicle

Quality-in-use criteria encompass the aesthetic (ageing of materials, tolerance of harsh treatment resulting from daily use, etc.) and the functional (background noises and sets of controls, loss of minor performances, etc.).

The challenge is to improve vehicle quality in order for it to look “like new after three years in service”, which is the average time for B2B and B2C customers and leasers to renew their vehicles. Maximising resale value is a major issue for both customers and the Group: the quality of the vehicle and the cost of bringing it up to the optimum used-vehicle standard are important factors that impact the resale value.

Specific vehicle tests at 60,000 km (vibrations, climate cycles, load, etc.) are conducted to improve the baseline design requirements and manage the ageing of the vehicle after three to five years of use (depending on geographical area and usage profile) so as to improve the scope of use and resale value.

Durability for long-term use

Customers expect a vehicle that ages well and does not incur excessive future expenditure. Durability is the performance of the vehicle over time, factoring in the variability of customer use. The goal is to guarantee all product performances without a major loss of functionality over time and without breakdown or defect.

Groupe PSA is aiming to be number one in quality; it is one major lever that leads to a sustainable customer satisfaction. To that end, we have set up a continuous improvement process to target the best-in-class position in durability for each part or sub-system.

4.1.5.2. Manufacturing quality

The manufacturing quality system is based on the PSA Excellence System:

- Groupe PSA controls the quality at the workstation, in some quality gates during the process and in the final inspection line to guarantee the quality level of the manufactured car. 1,800 functional and aesthetic characteristics are checked on every car;

- vehicles are taken out daily and tested by professional operators in static and driving tests on specially designed tracks and on roads outside the plant;
- the Quality and Customer Satisfaction division ensures plant audits in order to check the good level of requirements.

All processes and KPIs are in compliance with the Group's reference standards. To achieve the highest quality level in all manufacturing plants, best practices are being deployed.

1,800

functional and aesthetic characteristics
are checked on every car

4.1.5.3. Supplier quality management and development

The Groupe PSA Purchasing Department ensures supplier quality management and development through:

- one single Supplier Quality Manufacturing Engineer per supplier manufacturing location;
- key processes and certifications (e.g. critical supplier management);
- supplier KPIs (e.g. warranty performance);
- a supplier surveillance system with defined countermeasures to be activated in case of problems (e.g. IATF 16949 decertification);
- an Advanced Product Quality Planning and a Production Part Approval Process.

4.1.5.4. A global approach

All the actions are adapted to the most demanding customer expectations, according to region, in order to handle perceived quality, quality in use and the durability of the Group's vehicles.

The same analysis, processing and feedback standards and campaigns for quality and safety issues are applied for vehicles produced by the Group's joint ventures, for example in China.

4.1.6. Resources deployed to improve service quality

GRI.103-3

DPEF.10

DPEF.11

In 2016, Groupe PSA made customer satisfaction the leading priority of its strategy and also included it in the business model for its dealership network.

The Quality and Customer Satisfaction Division sets out the customer satisfaction requirements for both sales and after-sales experiences, in application of the Group quality policy in this area.

Top-level operational skills

Customer Satisfaction Experience entity hinges on the skills of the Group's operations teams at each of its points of sale.

- Showroom and workshop standards give the country quality managers an outline of the tasks that must be performed to implement service quality. They help ensure that the service quality reference guide is shared at the country level (subsidiaries and importers).

- Job standards – the first building block of each new entrant's self-training – describe the full range of tasks for Zone Managers and each key function of the dealership. In a sales team, for example, this includes dealership personnel such as sales manager, sales consultant sales assistant and the delivery manager.
- In 2018, top Group managers in Europe were trained on how to monitor the aforementioned standards.
- In 2018, the Group devoted special attention in training sales consultants on behavioural skills. Customer-centric mindset and reciprocity play a major role in customer satisfaction and are a vital addition to expertise.
- The Group training policy applies to all the key sales and technical positions at the point of sale. In 2020, the automotive brands' dealership networks delivered 1,628,835 hours of training (in-class, remotely and through online classes).



Impact measurement and economic assessment

To enable after-sales teams to better grasp their CRM and thus improve customer service, Groupe PSA relies on the continuous animation of its teams, via the InsideBoard platform, which creates a fun emulation around projects. In concrete terms, the platform offers individual and collective challenge systems, as well as online training modules and the sharing of best practices.

The Group has observed an **increase in usage** and a decrease in both training costs and efforts to deploy its various digital tools. **It saved 700,000 euros in documentation and 30% of training time** compared to spending before using the platform.

A service quality roadmap structured around “Service Quality Plans and Country Training”

The service quality roadmap has been updated worldwide for the 2019/2022 period. It helps guarantee that progress is managed and that the operational targets of the Push to Pass plan are met.

Each country is responsible for its own annual Service Quality and Training Plan, which is structured around four key actions:

- skills assessment and execution of the training plans;
- deployment of Simplified Operating Standards in each point of sale;
- control of the delivered quality at each point of sale;
- reducing variation between points of sale.

When discrepancies in training and service quality are identified, it becomes possible to assess the most important counter-measures that need to be taken.

In 2019, the Group launched the Accreditation Program, which is an international program for all customers-facing personnel in the Group's dealerships, by an assessment of their technical and behavioral skills. 67% of the PCD Service Advisors have been assessed; training sessions are ongoing. The same process must be implemented in 2021 for OV Service Advisors.

The main benefit of the Accreditation Program is a highest level customer experience, to satisfy Groupe PSA customers and consequently increase dealerships' business.

A process that delivers results

A key priority is to check the effectiveness of the dealership processes:

- standard “Manager's Tour” has been created for the head of each point of sale to ensure they see their site and activities from the customer's perspective at all times;
- in accordance with the job standard for the Zone Manager, Internal Audits are regularly conducted at all points of sale;
- in most of the countries, external audits (one or two audit campaigns per year) are conducted annually on the proper enforcement of operating standards.

The same process is being implemented for Opel and Vauxhall: the Simplified Operating Standards were launched in October 2019 with a gradual roll-out, starting with dealers facing quality issues prioritizing weak points, then deploying to the complete network.

This roll-out process has been temporary stopped due to COVID 19 crisis. It has restarted in October 2020. Each Zone Manager has started to conduct Internal Audits on the existing standards in early 2021.

In addition, the Corporate Quality and Customer Satisfaction Division runs process audits each year at a number of subsidiaries based on Groupe PSA Quality Management System requirements.

The auditors run a follow-up check to ensure that deviations do not occur any longer. The whole auditing process is closely supervised by the country management. The lessons learnt from each single audit are distributed as best practices across the other subsidiaries.

State-of-the-art tools are used in these processes to streamline customer relations and strengthen trust and transparency. PSA Retail has adopted Video Check, a digital solution that uses online video to enhance customer relations in after-sales. The feedback received has shown a high level of customer satisfaction. PSA Retail is implementing this system in all its customer contact points across the network.

Video Check is being deployed in countries all over the world. At the end of 2020, around 2,900 agreed PCD repairers were equipped with it. Opel and Vauxhall are using another tool to deliver the same service (approximately 4,000 agreed repairers). Both tools will be merged in 2022.

Ongoing performance measurement and a structured approach

There are mechanisms in place to measure the quality performance of dealers of new vehicles and after-sales repairers:

- a customer quality survey (see 4.1.7.);
- visits from mystery shoppers (four to twelve visits to the point of sale and authorised repairers each year, mystery leads, mystery calls);

Using the “CITROËN ADVISOR” app, which was introduced in Europe in 2015, customers can immediately react and review the quality-of-service they received at their own initiative (see 4.1.7.).

As of 2019, the Quality and Customer Satisfaction Division has been implementing FOCUS in all Groupe PSA National Sales Companies (NSC). This new customer satisfaction platform is introducing new customer experience technology and processes across all its brands (including Free2Move) as part of efforts to sustain lifetime customer relationships. Customer experience technology will harvest and report on data from new and used car sales and after-sales customers via online surveys, but also for people on other moments of the Customer Journey, such as shoppers, claimers, requesters of information, customers fully on-line... On top of surveys, FOCUS will also run analysis of social media interactions. The FOCUS ambition is to cover 26 customer touchpoints from discovery to repurchase.

The program implementation, completed in 2020 for NSC, will be proposed as from 2021 to importers. It will then encompass more than 14,000 Groupe PSA dealerships in over 50 countries, with surveys conducted in more than 42 languages.

As well as aggregating data for trend analysis, FOCUS will enable dealership personnel to receive and act on customer feedback in real time. Dealer staff can be alerted to new feedback via a mobile app, allowing them to contact an individual customer immediately where appropriate. Social media such as Google and PSA Advisor are integrated to provide greater visibility of customer opinions and prompt Dealer action. Coordinated, ongoing initiatives are in place to remind the Group Brand subsidiaries and importers of the importance of customer satisfaction.



"My quality is:" videos: https://www.youtube.com/playlist?list=PLpXLwEad5ZrZ9SbKhNGWlx2_IK3pTzQ1d

4.1.7. Customer relations and a listening ear GRI.103-3

For many years, Groupe PSA has had a procedure in place that enables the Group's brands to maintain continuous contact with their customers and respond in the shortest timescale in case of difficulty. This procedure is evolving rapidly to adapt to new customer expectations and habits and to new available technologies.

The surveys

The system is based on surveys managed by the Group to measure, as close to the ground as possible, the progress and effectiveness of actions.

Since 2008, the Group has developed an extensive system of online customer surveys following vehicle purchase, and following contact with the after-sales service. In 2020, 2.6 million of Groupe PSA customers responded from 38 countries including European countries, Russia, Ukraine, Japan, Turkey, Algeria, Brazil, Argentina, Mexico and Chile. All customers are invited to answer the open-ended online questionnaire at their convenience. In less than 24 hours after completing the survey, the results are shared with the relevant points of sales or after-sales. The relevant dealer is requested to engage actions with customers who are not fully satisfied. In-depth analysis of the results enable the Group to better respond to the customers' expectations and update network standards.

In 2020, the Group completed the roll out of the new FOCUS Customer Satisfaction platform accessible to all levels of the value chain and to the networks, allowing the points of sale to benchmark best results in the country/region/area versus its own. This facilitates and streamlines processing of the survey verbatim and monitoring of an individual customer's turnaround from dissatisfied to satisfied. This new FOCUS platform will extend in 2021 by adding the Customer Satisfaction monitoring and animation of further Customer Journey touchpoints, such as Customer Engagement Center (claims and information), e-reputation, Shopper Survey, Selling On Line... Around 47 importing countries outside Europe also use the Group's master surveys or their own surveys to follow up with customers; FOCUS will also be proposed to importers in 2021.

The Group has real-time access to the results from product-focused surveys and customer feedback from the network. These results identify areas for vehicle improvements (failures, customer dissatisfactions) and prioritises them with a responsive device that has been deployed globally.

In each region, multibrand surveys on experience (Free2Move mobility, vehicle purchase/delivery and after-sales actions) and on product (product quality, reliability and satisfaction with performance levels) rank each brand in relation to the competition and help to better target customer expectations according to the markets.

The Group continuously monitors the changing expectations of customers through studies and surveys, and the identified new requirements are integrated into future products. The studies show in particular that there is growing awareness of energy use and increasing requirements for on-board safety and uninterrupted connectivity.

Customer Engagement Centre (CEC): a unique call centre to provide the best customer experience

The Group's goal is to maximise the satisfaction of its customers when they contact one of its dedicated Customer Care teams with a request for help. Whether this is for a simple question or a more complex complaint, every customer is treated fairly and as an individual. Each situation is thoroughly but quickly investigated, so that the Group can respond to the customer with the findings in the shortest possible time. Customer Care teams often work with internal experts to resolve the many and diverse issues reported by customers, from organising parts solutions to ensuring technical rectifications with the Group's retailers network. Customers are given a choice of contact methods to reach Customer Care, such as via telephone, email, webchat, chatbot or Connected Services. The Group's ultimate aim is to provide each contact with a memorable and positive experience.

Customer Relationship Management (CRM): "Customer FIRST!"

The ambition of Groupe PSA for its CRM (Customer Relationship Management) is to provide the customers of each brand with a personal, multi-channel customer experience to position the Group as a benchmark car manufacturer for customer acquisition, satisfaction and loyalty.

Customer expectations include a quality experience, a rapid exchange of relevant, coherent information and a guarantee that their personal details are handled with due care and attention.

To this end, in 2017 Groupe PSA launched the "Customer FIRST" programme, which revolves around placing customers at the centre of our business:

- consideration for the current and future expectations of our customers and prospects, stressing a smooth, personalised experience, no matter what communication channel is chosen;
- adaptation of Groupe PSA internal processes to this new requirement, in sync with the spirit of each brand;

MEETING CUSTOMERS' EXPECTATIONS ON QUALITY, MOBILITY SOLUTIONS AND DATA PRIVACY

Vehicle and service quality – Customer satisfaction

- re-engineering CRM tools and global rollout of a solution that can respond to customer needs and the requirements of our business line processes.

The “Customer FIRST” programme is ambitious. The target is to cover:

- a majority of business lines and businesses that are focussed on customers and prospects;
- many different user populations as salesmen, after-sales receptionists, marketing managers, call center agents (more than 100,000 users) in all major countries with Groupe PSA distribution activity.

This customer and prospect-oriented programme became a reality in 2018 and 2019, and the first functions were rolled out

in the first pilot countries and dealers – Poland, Chile, Algeria, Spain and Portugal.

At the same time, Groupe PSA is introducing a master data management solution for customer information named “PSA Customer Database”. This program, which started as a standalone programme in France, Italy, Poland, Spain, and Portugal initially, has adopted the same country roll-out roadmap as the “Customer FIRST” programme: all major countries with PSA distribution activity, all automotive and after-sales customers B2C and B2B. This is currently valid for the brands Peugeot, Citroën and DS Automobiles, but also for OV countries (with a first step in 2020 with leads in Italy; other countries will follow in 2021).

The aim is to provide a Unique Customer ID through a deduplication process, and consolidating and enriching the data.

4.1.8. Quality for connected services

The Group's range of services has been greatly enriched and now includes these kinds of services:

- Connected and Vehicle-related Services: Predictive Maintenance and Connected Navigation;
- Vehicle delivery services in the short or medium term: Car-sharing and Rental;
- Services for professionals.

Customers and their expectations are significantly different depending on these services. The Group has therefore developed specific customer satisfaction surveys for these 3 categories of service. In addition, the goal is to obtain a satisfaction of 9/10 in 2021 for each of these services.

Responsible brand experiences for customers

The Group's brands develop a long-term responsible, personal, appropriate and transparent relationship with each customer (see 6.3.).



Impact measurement and economic assessment

Improvements to the quality of the Group's products have led to:

- **drastic reductions in factory rework costs** around the world, thanks to an increased number of vehicles without fault during the final approval and a reduction in damage sustained during transport;
- **a reduction in warranty provisions of €200 million in 2020** vs 2019 (global PSA scope).
- **important savings in the launch phase of a new vehicle** without disrupting the production system
- **ability to anticipate the ramp-up**, which ensures a launch plan on time in all countries, with a large number of vehicles available (and consistent with media communication).

This improvement is also one of the factors that legitimises the positioning of the DS Automobiles brand in the high-end segment and the move of the Peugeot brand upmarket.

4

MEETING CUSTOMERS' EXPECTATIONS ON QUALITY, MOBILITY SOLUTIONS AND DATA PRIVACY

A presence in all mobility segments

4.2. A PRESENCE IN ALL MOBILITY SEGMENTS GRI.102-6 GRI.103-1 GRI.103-2 GRI.103-3 GRI.302-5 DPEF.27

Groupe PSA working towards becoming a first-class provider of mobility services

Social, environmental and technical changes impact consumer behaviour when it comes to travel: urbanisation, regulations on air quality and CO₂ emissions, economic crises, Generation Y and the routine use of connected devices have fostered a boom in the sharing economy, which is particularly well illustrated in the mobility segment.

The car is no exception to this general trend, and it tends to be perceived less as a tangible asset than as an object of mobility, especially by new generations. According to Frost & Sullivan's study entitled "Future of car-sharing Market to 2030" (September 2018), the global car-sharing market is expected to grow significantly by 2030 (from \$3,37 billion in 2019 to \$22 billion) due to greater support from city governments, the emergence of new car-sharing operators and expansion of car manufacturer-led car-sharing businesses. The global car-sharing fleet size is expected to reach 1.3 million vehicles by 2030 (254,000 in 2019) with Europe, North America and ROW countries (China, Russia, Brazil, South Africa, Australia and Turkey).

Car-sharing and rental are growing and becoming more widespread among individuals. Thanks to the Group's offers, these practices are becoming fully secure and more widespread,

thereby helping to limit prolonged periods during which the vehicle is not in use and maximise the use of the existing fleet.

Groupe PSA is developing a portfolio of mobility services in response to the changing expectations of its stakeholders, whether they are consumers or host communities.

The Group aims to become a first-class provider of mobility services. Its strategy is to have a presence on all mobility segments.



Impact measurement and economic assessment

As part of the Push to Pass plan for the period 2016-2021, the Group intends to invest €100 million in risk capital to expand its portfolio of mobility solutions, primarily by investing in start-ups, to attain revenue of €400 million by 2021.

In 2020, Free2Move generated a 23% growth in revenue, making mobility services profitable in the 2nd semester.

Free2Move: a brand dedicated to connected and mobility services



In 2016, to better fit with new mobility needs, Groupe PSA launched **the Free2Move brand** that enhances the experience of sustainable, intelligent, safe, shared mobility for as many people as possible. In July 2020, Free2Move became a full-fledged company with a new offer of mobility services in one unique App.

- **Car-Sharing**: car-sharing services in 4 cities in Europe and the USA;
- **Rent**: a short-term car-hire service, to rent Groupe PSA vehicles;
- **Ride**: ride hailing driver service in 150 countries;
- **Car On demand**: monthly car subscription without commitment;

- **Park**: Car park reservation with 500,000 spaces;
- **Charge My Car**: to simplify use of electric vehicles;
- **Lease**: financial solutions to make vehicle ownership more affordable;
- **E-mobility advisor**: consulting service in electro-compatibility for fleet managers;
- **Fleet Sharing** and Connect Fleet: corporate fleet services.

As of the end of 2020, Free2Move has approximately 1,200,000 active end users (B2C) and 600,000 contracts (B2B).



















"Mobility Talks - use a car, a scooter or a bike with just one app" video: <https://www.youtube.com/watch?v=8PsAW6UPYsY&feature=youtu.be>

MEETING CUSTOMERS' EXPECTATIONS ON QUALITY, MOBILITY SOLUTIONS AND DATA PRIVACY

A presence in all mobility segments

Complementary services to meet all mobility needs

The Group offers a wide range of affordable mobility services in response to the new uses and different mobility needs of businesses and individuals. These services are proposed through Free2Move and its partners.

	I NEED A MEANS OF TRANSPORT		I OPTIMISE MY AUTOMOBILE BUDGET		MY BRAND MAKES MY LIFE EASIER	I'M LOOKING FOR EASY, SAFE TRANSPORT
	Rental	Urban mobility / Urban car-sharing / Ride hailing	User based insurance	Fleet solutions	Trip assistance / Predictive maintenance	Traffic management
Services developed by Groupe PSA	 RENT  CAR ON DEMAND	 CARSHARING  RIDE	 Connected insurance	 E-MOBILITY ADVISOR  LEASE  CONNECT FLEET  FLEET SHARING	 PARK  CHARGE MY CAR /  Telemaintenance	
Partnerships				 TOMTOM TELEMATICS  masternaut (Fleet management)	 Connected Navigation	 Smarter Cities



STAKEHOLDERS DIALOGUE

At the Frankfurt Motor Show held in October 2019, the Executive Vice-President of Mobility and Connectivity Services held a press conference to raise awareness of mobility issues and testify that Free2Move is meeting today's urban mobility challenges.

4.2.1. Innovation to boost the mobility of the future

Micro-Mobility: e-bike and e-scooter sharing solutions

Witnessing the unprecedented growth of "micro-mobility" services, Groupe PSA decided, through its North American Business Lab unit and Free2Move teams, to experiment this new mobility service, in cooperation with a Canadian start-up. The project started in January 2019, in Kansas City (USA), with the start-up "Drop Mobility", specialized in this fast-growing market. 120 e-bikes and 200 e-scooters were provided to Kansas City's visitors and inhabitants. They were available in free-floating and users could locate and unlock them through a smartphone application. To date, the service attracted around 5,000 people, with more than 2,000 active users who performed more than 6,000 trips. This pilot project allowed the teams to learn many

aspects of the business and have a better understanding of the challenges around these new usages.

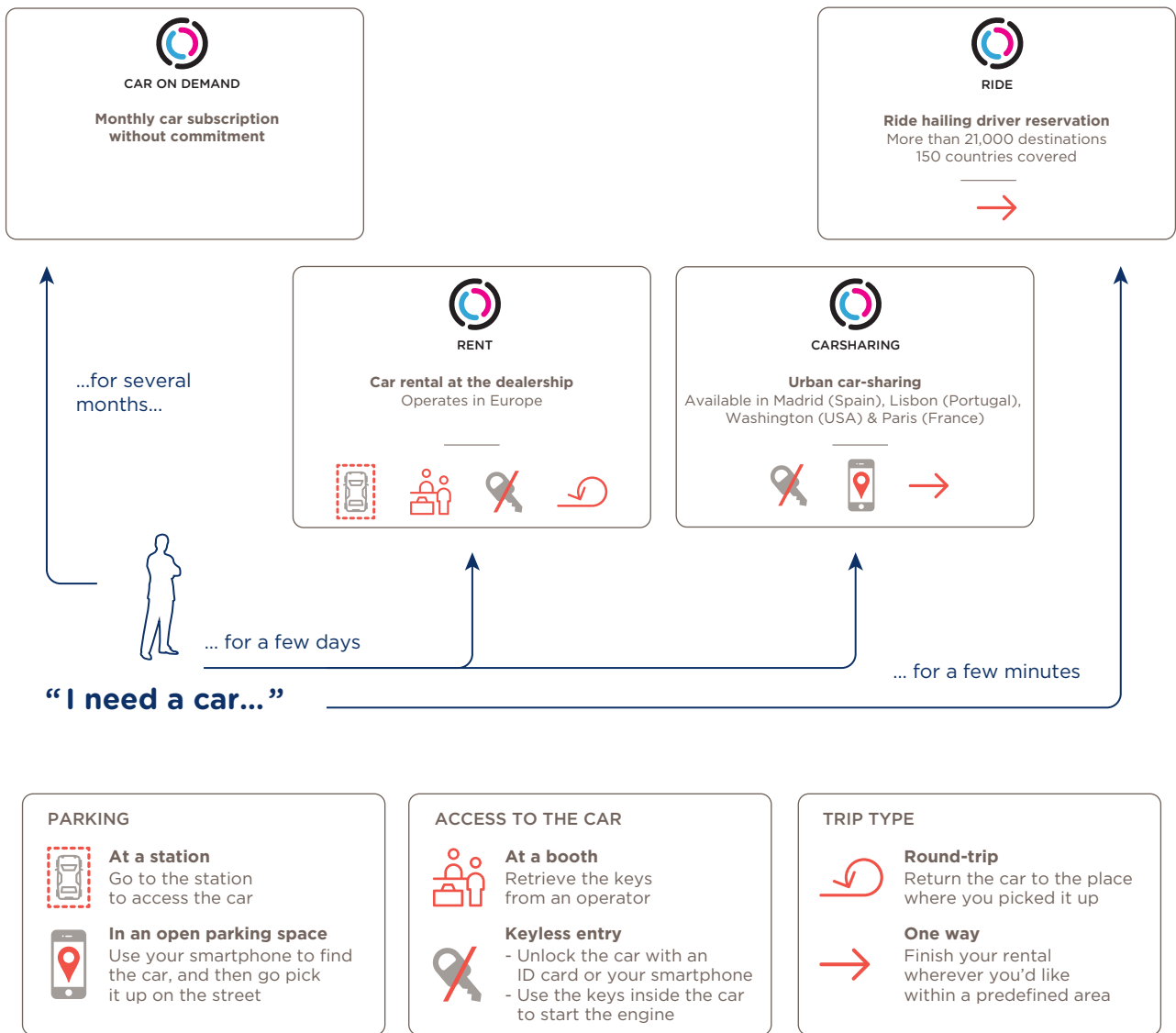
Free2Move MyShuttle: new optimized shared mobility solution

In June 2019, the Business Lab launched an experimentation of Dynamic Shuttle in the city of Casablanca, named Free2Move MyShuttle. In order to respond to the strong demand for commuting alternatives, Free2Move MyShuttle proposes a shared mobility service, through a mobile application including dynamic routing, that transports employees from central Casablanca to their office in Nearshore. This service is a great improvement to the mobility situation taking into account safety and employee well-being.

4. MEETING CUSTOMERS' EXPECTATIONS ON QUALITY, MOBILITY SOLUTIONS AND DATA PRIVACY

A presence in all mobility segments

4.2.2. Shared mobility



MEETING CUSTOMERS' EXPECTATIONS ON QUALITY, MOBILITY SOLUTIONS AND DATA PRIVACY

A presence in all mobility segments

4.2.2.1. Free2Move App

Released in 2017, Free2Move App is available in 170 countries in the Europe and in the USA. It lets users choose the best mode of transportation, depending on their travel need; CARSHARING or RIDE (VTC) to move around from a few minutes to a few hours, RENT to move around from a day to a month, CAR ON DEMAND to move around for several months or more. The app provides also PARK and CHARGE MY CAR to help the customers during the trip.

4.2.2.2. Urban car-sharing



— MADRID AND LISBON

An electric car-sharing service launched in December 2016 in Madrid comprises a fleet of 600 Citroën C-Zero, e208 and e-Berlingo models. The area it covers is one of its key selling points: the vehicles can be used outside Madrid city centre as it serves some of the areas surrounding the city. Another major asset is the "free-floating" system, whereby users can leave the vehicle anywhere they like when they want. Driving a fully-electric car in Madrid offers several important benefits: the vehicle can be parked free of charge in a parking space that is usually paid for; traffic restrictions imposed during peak pollution periods do not apply to Free2Move users; and drivers can access areas reserved for residents and areas that are temporarily closed to traffic.

Another free-floating car-sharing service was launched in Lisbon in April 2018. The fleet of 20 DS3 Crossback is available beyond the city centre, for short trips of some minutes to long trips during several days.

By the end of 2020, Madrid and Lisbon car-sharing services already had more than 200,000 users.

— YIWEIXIANG FREE2MOVE CAR-SHARING

In September 2018, Groupe PSA started its car-sharing service in Wuhan with a fleet of 300 electric vehicles, both "free-floating" and in stations. In 2020, the Group had to stop this service operated in Wuhan, impacted by the Covid crisis.

— WASHINGTON

In October 2018, Groupe PSA launched its Free2Move Car-Sharing service in Washington with a "free-floating" service, which provides 24/7 access to a fleet of 600 cars parked on public streets across all eight wards in the District of Columbia. With a valid driving licence and a \$10 membership fee, booking a car and getting from point A to point B for a few minutes, hours or days is easy. The app provides all of the logistics required to locate, book, open/lock and pay for its vehicles throughout the city.

— PARIS

Since December 2018, Free2Move Paris has been providing access to a "free-floating" service of 550 electric vehicles (Peugeot iOn, Citroën C-Zero and AMI). With no minimum rental period, users can choose between two options: a monthly subscription for regular use or occasional use without a subscription. Insurance costs and free parking in Paris are included. The Free2Move Paris service is available 24/7, and dedicated teams regularly recharge the cars.

4.2.2.3. RIDE: the Free2Move ride-hailing service



RIDE, previously operated by TravelCar, provides ride-hailing driver reservations, with more than 21,000 destinations and 150 countries covered.

4.2.2.4. CAR ON DEMAND



This service allows you to rent a car for one month or more with a monthly subscription, without commitment nor down payment. Insurance, road-side assistance, maintenance and delivery are included.

4.2.2.5. Short-term car rental



In 2019, Free2Move enhanced its service offer with the launch of a short term rental service within one single offer: Free2Move Rent, also opened up to B2B customers.

Free2Move Rent offers a 100% digital customer journey and provides a 24/7 service on its fleet of connected vehicles.

At the end of 2020, 13,000 passenger cars and light commercial vehicles were available in Europe in 1,100 agencies, positioning Free2Move Rent as a local car hire service with a dense network of agencies. This service reached 350,000 active B2C and B2B customers at the end of 2020.



"Free2Move accelerates the extension of its car rental service to B2B customers" 25/07/2019 press release: <https://media.groupe-psa.com/en/free2move-accelerates-extension-its-car-rental-service-b2b-customers?idtok=4bf48bbb235>

MEETING CUSTOMERS' EXPECTATIONS ON QUALITY, MOBILITY SOLUTIONS AND DATA PRIVACY

A presence in all mobility segments

4.2.2.6. Free2Move Fleet Sharing: a car-sharing solution for businesses



This service, which is primarily intended for medium-sized and large business car fleets, allows employees to reserve their vehicles online via a simple, user-friendly electronic platform, and access them without keys using an ID card system. It includes all of the services in a standard long-term leasing (maintenance, insurance, etc.), online assistance, and car-sharing technology installed in the vehicles covered under their warranties.

It is available in nine countries: the Netherlands, Belgium, Luxembourg, Germany, Spain, Portugal, Italy, France and USA.

This solution allows companies to:

- reduce mobility costs through the optimised use of vehicles, lower taxi/public transport costs and additional revenue generated by private use of the vehicles: in the latter case, employees can use company vehicles at the weekend for example, in return for a rental fee;
- provide an employee incentive: 24/7 access to vehicles, flexible use (booking up to 15 minutes before departure).

30 companies have already contracted this service for 2,000 cars.



Free2Move Business Solutions Website:

<https://free2move-business.fr/>

4.2.3. Easier mobility

4.2.3.1. Vehicle efficiency services for individuals

Services that facilitate the use of electrified vehicles

— CHARGE MY CAR



This service eases the day-to-day life of electric car drivers and responds to the issue of public charging points.

Free2Move Services is an end-to-end solution to identify compatible and available charging stations for a car. Users can find a terminal, start and stop a charging session, and pay anywhere in Europe. This solution provides the biggest European network with 220,000 charging stations.

It is also possible to plan a trip with an electrified vehicle, i.e. optimized route calculation taking into account the location of compatible charging stations and the remaining autonomy of the vehicle, calculation of the travel time including recharging according to the available autonomy, with the possibility of sending the itinerary to vehicle's connected navigation tool and updating the itinerary throughout the trip based on the real-time autonomy.

— MyPEUGEOT, MyCITROËN, MyDS, MyOPEL AND MyVAUXHALL

These free, simple and intuitive apps extend the driving experience to the smartphone. Customers stay connected to their vehicle and can access driving data, locate their vehicle and receive warnings about any assistance or maintenance requirements. They receive service and maintenance reminders and have access to their service agreements. They also can make appointments online, obtain a quote or request advice from their contacts (point of sale, customer relations and helpline). Roadside assistance is available in case of a breakdown.

Since early 2020, the new "Electric Vehicle Car Remote" service enables the driver to know the battery's autonomy and state of charge at any time, and to control the remote charging (immediate or programmed) and the vehicle's thermal preconditioning (remotely activate the air conditioning in summer or heating in winter).

Today, these apps have 800,000 monthly users.

— MOBILITY PASS

This service allows electric car users to rent a thermic or hybrid vehicle for long occasional trips or when far from home at a preferential rate (as an ad-hoc alternative to using an electrified vehicle).

— PEUGEOT TELEMaintenance, CITROËN TELEMaintenance, DS TELEMaintenance, OPEL AND VAUXHALL VEHICLE STATUS AND INFORMATION

If a mechanical problem or "service due" warning is automatically detected, the customer is contacted by the call centre or point of sale to offer them an appointment with the network. The customer no longer has to worry about maintenance deadlines as they will be contacted directly by the network if there is a problem with the vehicle.

The connected after-sales smart services reached 890,000 subscriptions by the end of 2020.



Impact measurement and economic assessment

Through Peugeot telemaintenance, Citroën telemaintenance and DS telemaintenance, the customer is contacted at the right moment by the point of sale, which can arrange an appointment according to the problem detected. The brands thus improve customer satisfaction and customer loyalty, and thereby revenue. **Studies carried out by the Group show that the services increase customer loyalty by 15 points compared to the averages reported by the GIPA observatory, the leader for after-sales market studies.**

4.2.3.2. Fleet optimisation solutions for fleet managers

Free2Move Connect Fleet



According to the President of the *Observatoire du Véhicule d'Entreprise*, the observatory for company cars, which publishes an annual TCO (total cost of ownership) study, the way vehicles are used can increase the TCO by up to 40% through higher consumption, insurance premiums, maintenance and administration costs (processing fines) and even the residual value. For this reason, it is important to have tools in today's fleets which monitor consumption and pass on information on driver behaviour.

To meet this need, the Group offers, since 2014, a special service for companies: Free2Move Connect Fleet, which addresses three issues encountered by fleet managers: fleet maintenance with reporting of all mechanical and technical alerts; the environment with CO₂, actual consumption and an Eco-driving module that gives drivers personalised recommendations; and the optimisation of vehicle use with reporting of hours of use, GPS tracking and mileage.

Overall, Free2Move Connect Fleet helps reduce the TCO (total cost of ownership) of the fleet vehicles by 5%.

It runs on Groupe PSA cars but is also compatible with other brands.

The service, already available in twelve European countries (the United Kingdom, Germany, the Netherlands, Italy, Spain, Portugal, Belgium, Luxembourg, Poland, Switzerland, Austria and France) was deployed in USA, Brazil and Mexico in 2019.

At the end of 2020, this service had been sold to over 11,000 companies with a combined fleet of more than 500,000 connected cars.



Impact measurement and economic assessment

The 2BR Mobilité group, which has equipped its fleet with the Free2Move Connect Fleet service, estimates that it has made **fuel savings of around 5%**, thereby reducing the cost of owning Groupe PSA vehicles rather than competitors' vehicles by the same percentage. It also anticipates a saving in insurance costs, mainly through the installation of eco-driving measures.



Free2Move Business Solutions website:

<https://free2move-business.fr/>

"Free2Move Connect Fleet" video:

<https://www.youtube.com/watch?v=1kuSQMJTEAc>

E-mobility advisor

This personalised consulting service evaluates the electrification potential of the fleet (mix of thermic and electrified cars) and estimates the number of charging stations to be installed on the professional customers' sites.

E-mobility advisor provides a reduction of CO₂ emissions and an optimization of the fleet management with alternative mobility solutions.

Peugeot Green Connect

Peugeot also offers the Peugeot Green Connect service, in partnership with Mobigreen, which trains drivers in eco-driving techniques through an e-learning module on a dedicated website in combination with on-road training.

4.2.3.3. Free2Move Lease: multi-brand full services long-term leasing for professionals and individuals



Since January 2017, Free2Move Lease is being dedicated to long-term leasing with services that target a corporate clientele, ranging from self-employed individuals to employees of large companies. It offers a complete range of services to meet mobility and car fleet management needs. This solution optimises the total cost of ownership of vehicles as the VAT on commercial vehicle leases is refundable if the business is liable to pay VAT, and it makes everyday life easier for drivers.

With close to 400,000 vehicles leased and more than 100,000 professional customers, Free2Move Lease is currently operating in 11 countries (France, Germany, United Kingdom, Spain, Italy, Belgium, Luxembourg, Portugal, Netherlands, Austria and Poland), and will continue to grow with additional new countries planned for 2021.



Free2Move Lease website:

<https://www.free2move-lease.co.uk/>

4.2.4. Safe mobility

Although it was required by law in Europe only from April 2018, the Group has led the market of emergency call services and assistance systems, which automatically call the emergency services in the event of an accident, since 2003. To date, more than 7.8 million Peugeot, Citroën and DS Automobiles vehicles have been equipped with this system. (See 5.1.6.)

The Group was also one of the first car manufacturers to use smartphone screen-to-vehicle transfer technology.

4.2.4.1. Customised road safety promotion services for cities

In partnership with IBM, the Group is providing cities, local communities and facilities managers with decision-making tools which use anonymous data from Peugeot, Citroën and DS Automobiles vehicles circulating in the area. This data can be used to solve traffic congestion problems and detect danger areas in order to draw up development plans. For example, if it

is found that ABS is triggered frequently on a particular bend in the road, the bend can be classified as dangerous, thereby speeding up the introduction of corrective measures (speed reduction measures or lowering the speed limit, etc.).

“The “Smarter cities” project is currently being deployed in the Nice Côte d’Azur, Lyon, Lille and Tours Metropolis, Gironde, Loire Atlantique, Val d’Oise, Seine et Marne, Yvelines and the Wallonia (Belgium) region. The Wallonia region reports:

Initial results that we have obtained to date from a test area are very encouraging. They have allowed us to see problematic areas in a new light. By detecting “at risk” areas, managers can take action to alter the infrastructures before accidents happen. The system also offers new road safety developments and opportunities for the road management departments.”



Impact measurement and economic assessment

These new services actively contribute to the development of safer, smarter and more user-focused mobility (all data used is automatically anonymised). They also provide an additional source of revenue for Groupe PSA and its partner, IBM.

In November 2017, the *Centre d’études et d’expertise sur les risques, l’environnement, la mobilité et l’aménagement* (CEREMA, a French public institution under the joint supervision of the French Ministry of Territorial Cohesion and the French Ministry for the Ecological and Inclusive Transition) awarded the IBM-PSA partnership a contract on gathering on-board data. This contract makes it easier to introduce the two partners’ innovative offering to French communities.

4.2.4.2. Cars that communicate to prevent accidents

The large-scale trial of SCOOP@F, which started in 2018, will permit communication between vehicles and road infrastruc-

ture in France through a special Wi-Fi system for cars – the ITS G5 communication system. (See 5.1.4.)

4.2.5. Dedicated finance and insurance packages

BANQUE PSA FINANCE (BPF) and its insurance arm PSA ASSURANCE rely on a business model of cooperation in order to ensure the best competitiveness of offers proposed to Peugeot, Citroën, DS Automobiles, Opel and Vauxhall brands networks.

Different partnerships have been developed:

- one with Santander Group for 11 European countries and Brazil, serving the commercial activities of Peugeot, Citroën and DS Automobiles, in 2015;
- one with BNP Paribas for Opel and Vauxhall activities, in 2017;
- other agreements are in place in Argentina, China, Mexico and Russia.

BPF is a provider of financing and mobility services, and facilitates payment by integrating service, insurance coverage for the car, the loan and mobility solutions into all projects and products, and by creating e-payment solutions for B2C and B2B customers.

Financing and services are designed in close collaboration with the Brand’s teams, while specific offers, services and tools are developed for low emission vehicles.

A complete package of services, such as an extended warranty, or maintenance contract (with a customer service in line with the brands’ quality standards), including insurance coverage for the loan, the driver/passenger and the car and a complete package of mobility services allows customers to profit from a competitive global offering for their vehicle and a greater facility of use or renewal of it.

To enhance its products attractiveness, BPF also promotes “loyalty” products (financing + services + buyback at the end of the contract) allowing to finance only the use of the vehicle.

With regard to corporate customers, financing solutions designed for fleets of vehicles allow them to opt for a variable budget based on the mileage travelled by their vehicles or for a constant budget. An extranet site is also available in six countries, which allows professional fleet managers to monitor

MEETING CUSTOMERS' EXPECTATIONS ON QUALITY, MOBILITY SOLUTIONS AND DATA PRIVACY

Consumer protection: responsible management of customer data and relationships

the cost of their vehicles in real time (total cost of ownership), to optimise their fleet and to manage their fuel consumption.

Attentive to safety, BPF provides leading customers with eco-driving training for drivers of financed vehicles, to help them control fuel costs and promotes respect for the rules of the road. With the same aim, BPF encourages purchasing of a professional pack which includes a GPS and Bluetooth device, to restructure travel time and reduce the risk of accidents.

Furthermore, BPF accompanies and supports the Groupe PSA in the implementation of "Push to Pass" and "PACE!" growth plans, one axis of which aims to make PSA a major player in the market for new mobility solutions, and in the deployment of the Free2Move brand, by setting up dedicated centres in Europe.

BANQUE PSA FINANCE facilitates its customers' use of electric vehicles by offering services such as car rental and battery maintenance in a global offer (vehicle rental and battery) and by creating flexible financing services tailored to the needs of electric vehicle buyers: the packages include a wall box (charging station at home) and the Mobility Pass (see 4.2.3.1.). This type of service has been tested in several countries and is being deployed from 2019.

Programs with specific financial conditions designed with BANQUE PSA FINANCE promote electric models by encouraging employees to use electric vehicles. With many years of experience in the long-term rental market, BANQUE PSA FINANCE manages a fleet of more than 400,000 vehicles and

offers mobility services for companies under the Free2Move Fleet Sharing labels, Free2Move Connect Fleet for Peugeot, Citroën and DS Automobiles brands. As of 2020, all new models from the three historic brands will offer the customer the choice of electric or hybrid propulsion. PSA Banque France will support the electrification of Groupe PSA by implementing an innovative mobility financing solutions range.

Usage-based insurance: pay how you drive

A pioneer in connected vehicles, Groupe PSA uses on-board technology to enable an innovative insurance option that works remotely. The principle is to invite policyholders to drive responsibly by offering premium discounts, depending on the behaviour of the driver on the road that is measured thanks to the information communicated by an embedded box in the vehicles. This type of service is offered in France and the UK and was extended to Belgium and Italy in 2020. It will be launched in Germany in 2021.



"Groupe PSA becomes a major player in connected car insurance" 30/06/2020 press release : <https://media.groupe-psa.com/en/groupe-psa-becomes-major-player-connected-car-insurance>

4.3. CONSUMER PROTECTION: RESPONSIBLE MANAGEMENT OF CUSTOMER DATA AND RELATIONSHIPS

4.3.1. An innovative organisation to ensure the protection of personal information

As part of the Global Ethics and Compliance system, Groupe PSA has appointed two Group Data Protection Officers (DPO) in 2017, to coordinate worldwide data protection issues: one in France (from PCD) in order to be able to represent Groupe PSA for the French Supervisory Authority (CNIL) and one in Germany (from OV) for the same needs with the German Supervisory Authority. This dual organization is designed to manage efficiently issues on the two main markets.

On their respective perimeters within Groupe PSA, they are in charge of monitoring compliance with the rules of personal data protection; informing, advising and issuing recommendations; establishing the respective data protection culture; and cooperating with the respective responsible Supervisory Authorities on issues related to the processing of personal data. Two networks of in-house representatives back up the Group DPOs:

- for business divisions: the Internal Control and Risk Managers;
- for European National Sales Companies: the Privacy Champions.

Managers of Groupe PSA ensure integration by design for the protection of personal data and compliance when processing the affected activities, even when working with external subcontractors or services. Each employee is involved in respecting the Group's data protection policy.

Employees who are processing significant amount of sensitive personal data have signed a specific addendum to their employment contract to inform them of their responsibilities and disciplinary actions in case of breach.

4.3.2. Protection of personal data GRI.103-1 GRI.103-2 GRI.103-3 GRI.418-1 GRI.419-1

For Groupe PSA, the protection of personal data is a strategic issue for customers satisfaction because it is an important factor of confidence and loyalty. It requires the Group to have in-depth knowledge of customers' needs while guaranteeing that the freedom and fundamental rights of individuals are respected at the same time.

Rapid technological developments and globalisation have brought new challenges for the protection of personal data. Personal data are part of a natural person's life because they help facilitate their daily activities and because they are integral to their relationships with companies or administrations (contract, legal requirements, etc.). In addition, natural persons should have control of their own personal data.

MEETING CUSTOMERS' EXPECTATIONS ON QUALITY, MOBILITY SOLUTIONS AND DATA PRIVACY

Consumer protection: responsible management of customer data and relationships

For Groupe PSA, the collection and processing of personal data are essential to building, maintaining and personalising the link between customers and the organisation and enable us to offer customers the services and products they want. These processes must respect the principles of lawfulness, fairness and transparency to ensure that consumers trust how their data will be used in the context of the new European privacy regulation (General Data Protection Regulation – GDPR), which has been in force since 25 May 2018.

Beyond compliance with regulations, personal data processing is an issue of trust and competitiveness.

For many years, **Groupe PSA has been committed to an active process with the French Data Protection Commission (CNIL)**, leading to the publication of a “conformity package for connected vehicles” in October 2017, which explains how the new regulations apply to the vehicle and connected services.

The Group is also represented in local and European bodies such as CCFA (*Comité des Constructeurs Automobiles Français*), VDA (*Verband der Automobilindustrie*), ACEA (*European Automobile Manufacturers' Association*), in order to work with the European authorities to shape how the GDPR is applied to car manufacturers' activities.

Groupe PSA published an internal Group data protection policy in March 2018. The main purpose of this policy is to ensure that Groupe PSA has set up the proper governance and control structures, methods and procedures, regarding the protection of personal data:

- by giving transparent information to customers: periodic update of all privacy statements; continuous improvement of information provided to car users about the processing of their personal data in the vehicle;
- by improving the efficiency of consent management: constantly checking of the privacy statements to detect non-compliant consent issues, design and implementation of a central tool for consent management;
- by helping consumers to exercise their rights regarding their personal data: a new centralised privacy call centre in 2020 to respond to the right of access, the right to be forgotten etc.;
- by implementing “Privacy by Design/by Default” principles during projects: guidelines released in 2018, adaptation of methods completed for IT, Sales & Marketing, Mobility services, and in progress for Engineering, training available for project managers; strong information system security policy in force for several years;

- by ensuring the same level of data protection from our sub-contractors: template of the GDPR addendum to supplier contracts “Data Processing Agreement” defined, buyers trained on using the “Data Processing Agreement”;
- by constantly raising awareness or training the managers and the employees: 45,000 employees trained on the 30-minute awareness module; roll out of specific training courses dedicated to frontlines (e.g. vendors in the dealership), roll out of specific training courses dedicated to engineering teams in 2020 (to comply with the “privacy by design” principle for vehicles and connected services);
- by monitoring and periodically auditing the organisation: yearly Internal Audit (the last one at the end of 2020); PSA conducts yearly self-assessments to improve the awareness of managers and to measure the level of GDPR maturity (the last one in October 2020);
- by constantly improving the security of its data storage and networks: use of the latest cybersecurity techniques to protect against malicious intrusion;
- by monitoring potential security breaches and applying data breaches procedures: SOC (Security Operational Centre) monitoring information systems and networks, data breach procedure tested and validated;
- by maintaining close and confident relationships with Data Protection Authorities: In France, through periodic meetings with CCFA according to the approach of the French CNIL, which governs contact with the professional associations; in Germany directly with the local Supervisory Authority of the Land of Hesse.

Infringement of consumer privacy regulations

(GDPR and local data protection regulation, European scope)

In 2020, Groupe PSA was not convicted for infringement of the GDPR. The number of customer's complaints to supervisory authorities about data protection issues has decreased a little in 2020 (about 10 in Europe). These complaints which have been processed within the time limits set by GDPR concern non-achievement of the “right to be forgotten” or a “right to access” and partly involve independent dealers. Some of these complaints can help Groupe PSA to continue to improve operating processes, especially as regards transparency or “right to be forgotten” procedures tied to a specific system.

4.3.3. Protection of consumer credit and insurance customers DPEF.36

The distribution of retail credits, which makes up about 70% of total credits distributed by BANQUE PSA FINANCE (BPF) subsidiaries (70% of retail credits for consumers and companies and 30% of dealership credits), is subject to specific regulations that protect consumer rights. Within the European Union the Directive No 2008/48/EC on consumer credit has created obligations regarding advertising, pre-contractual information, creditworthiness of borrowers, and contractual information, has been implemented by BPF and the joint ventures and/or subsidiaries or branches affected.

BPF subsidiaries are notably a system to identify its private customers who were experiencing financial problems, by applying the Charter for banking inclusion and the prevention of excess debt adopted by the French Association of Investment Firms and Credit Institutions (*Association Française des*

Établissements de Crédit et des Entreprises d'Investissement – AFECEI). The system introduced in after-sales and debt recovery, sets out a series of predefined criteria to tenable vulnerable customers to be detected early, which allows BANQUE PSA FINANCE to support them and help them find solutions that will not further aggravate their financial situation. Employees working with the system have received the appropriate training.

BANQUE PSA FINANCE, through some of its subsidiaries which are the banking entities 50/50% owned with SANTANDER CONSUMER FINANCE, has a business model based on its proximity to the three historic brands of Groupe PSA and its distribution networks, with the ambition, thanks to innovative financing and service solutions, to facilitate access to mobility offers for a larger number of customers.

A similar business model is implemented with Opel and Vauxhall through the Opel Vauxhall Finance entities.

BANQUE PSA FINANCE, through PSA Banque France, is in line with the spirit of start-ups whose objective is to facilitate mobility between individuals and sets up financing offers such as the one dedicated to Citroën's car-sharing service in partnership with Travel Car "Earn & Drive". The concept is to encourage individuals to rent out their car while it is parked in a car park. The profits from the rental allow the client to reduce the cost of its financing.

More generally, as part of the consumer protection regulations, training is provided to employees on a regular basis, in order to make them fully aware of their duty to inform and advise customers regarding financing and insurance solutions which most closely meet their needs. In the interests of quality and improving its customer processes, BANQUE PSA FINANCE has implemented, in particular in France, a system for handling customer complaints designed to ensure that the processing of complaints is in line with quality assurance guidelines (commitment on response times, requirement for a written response, etc.). This system is based on a framework instruction which requires all local subsidiaries or branches of BANQUE PSA FINANCE to appoint a Head of Complaints to deal with complaints received in accordance with the instruction; monitor the types and volume of complaints; analyse this data; and, where this indicates poor practice, take appropriate corrective measures.

A similar process has been implemented within the Opel Vauxhall Finance France entity.

Furthermore, BANQUE PSA FINANCE, through its French subsidiary PSA BANQUE FRANCE, joined a mediation system set up by the ASF and cites contact details for the appointed ombudsman in all its credit agreements alongside those for its own Consumer Department, which is responsible for handling complaints. If a specific customer's claim receives a negative response from the Consumer Department, their details are passed on to the ombudsman.

BANQUE PSA FINANCE's subsidiary in France also signed up to the "Agreement on the amicable recovery of consumer credit" between the ASF and various consumer representative bodies. The Agreement seeks to assure customers that a number of best practice rules will be followed (progressive stages in the recovery process, respect for confidentiality and privacy, transparency in the relationship with the customer). In this way it seeks to promote the amicable settlement of unpaid debts. BANQUE PSA FINANCE FRANCE takes part in ASF working groups on the protection of consumers (borrowers) and the prevention against over-indebtedness. As the Internet has become a vital tool in the handling of customer relations, BANQUE PSA FINANCE now queries its customers online to further increase their satisfaction and improve the effectiveness of its customer service teams.

For the past two years, unsatisfied customers have been contacted to give them better service wherever possible.

Insurance distribution is as well subject to specific regulation. The Directive on Insurance Distribution (IDD) 2016/97, which notably reinforces pre-contractual and contractual information as well as put in place a products governance, has now been transposed in every European countries local law, and implemented accordingly in BANQUE PSA FINANCE entities.

4.4. REPORTING SCOPE METHODOLOGY GRI.102-48 GRI.102-49

See 9.4 for more information.



ONBOARD LIFE PRESERVATION WHEN DEVELOPPING TECHNOLOGIES

Groupe PSA cares about people and their environment. Its vehicles are fitted with state-of-the-art protection to ensure human security (for occupants and all road users), and with breakthrough technologies to reduce atmospheric pollutants. Its plants are engaged in reducing discards and protecting biodiversity, to preserve the planet for the next generations.



5.

PREPARING FOR GROWING SOCIETAL EXPECTATIONS ON HEALTH AND SAFETY

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5. PREPARING FOR GROWING SOCIETAL EXPECTATIONS ON HEALTH AND SAFETY

Groupe PSA DNA is to favor innovation that brings progress to its customers and the civil society. It has always focused its research on reducing the impact of its products and processes on health and safety, which are currently a growing concern for people.

Groupe PSA policy is to make responsible choices, assessing the impact on health and safety, at the design stage, at the manufacturing stage or during the use phase of its products.

Groupe PSA has identified four CSR issues related to the macro-risk “Societal expectations on health and safety”:

- **Vehicle safety**

Safety is governed by laws and regulations, but it is also addressed by the subject of voluntary codes of practice, such as the OECD Guidelines for Multinational Enterprises. Vehicle safety affects all road users (cyclists, pedestrians, other motorists, etc.). Government departments (NHTSA in the US, MLIT in Japan, KBA in Germany, DVSA in the UK, MOLIT in South Korea, etc.) are introducing increasingly stringent safety measures. Safety is one of the most important factors in customers' choices. Civil society has high expectations in terms of vehicle safety and car manufacturers' efforts right from the design stage, and there will be greater expectations with the arrival on the market of autonomous and connected cars. The challenge for car manufacturers is to continually improve vehicle safety without impacting sale prices.

See 5.1. for more details.

- **Vehicle impact on air quality**

The harmful effects of atmospheric pollutants on climate, ecosystems, natural habitats and agriculture as well as human and animal health are a major public concern. Given the frequent media coverage, they represent an important reputational issue for companies. Deteriorating air quality and public health concerns have resulted in the introduction of local and international regulations to control atmospheric emissions, such as the Ambient Air Quality and Cleaner Air for Europe Directive (2008/50/EC) of April 21, 2008 and the European Emissions standards (Euro X) that limit vehicle emissions of regulated pollutants. The emissions permitted by successive Euro X regulations have been restricted considerably. For example, particle emissions have fallen by around 97% – from 140 to 4.5 mg/km – since the regulations first came into force in 1993. There are also a growing

number of cities with restricted traffic areas which exclude vehicles with the highest emissions. Vehicles may only be marketed if compliance with regulations is ensured, thus necessitating substantial R&D investments by car manufacturers with a direct impact on their financial performance. Manufacturing facilities must also be adapted to meet customer expectations (in France, diesel's market share fell from 77% in 2008 to 47% in 2017).

See 5.2. for more details.

- **Control of industrial discharges**

The automotive production processes involve many substances and products that generate potentially polluting emissions affecting air quality, natural environments⁽¹⁾ and the quality of life in the neighbourhood. Air emissions are the result of combustion products, which are limited through the exclusive use of gas for fuel and through volatile organic compounds (VOCs) in the painting workshops, which account for only 1% of total VOC emissions in France.

The target for 2050 is “zero-VOC emissions” for all manufacturing operations, with the rollout of clean painting processes and/or the post-processing of residual emissions. Lastly, noise and odour levels are monitored to control pollution in local communities (targets set prior to the merger. Stellantis will define its targets within its strategic plan).

See 5.3. for more details.

- **Biodiversity**

Loss of biodiversity is becoming a major public concern. The impact of the Group's manufacturing operations is relatively limited. However, most of the plants have conducted biodiversity inventories and have developed programmes to increase the workforce's awareness on this topic. They also conduct projects with universities and other partners in most of the cases where the issues are focused relevant to the areas around the plants.

These assessments will help to confirm action plans for the years to come, in addition to the Amazon carbon sink plan established by the Group several years ago.






See 5.4. for more details.

Faced with these issues, Groupe PSA has set up the actions presented in this chapter.

⁽¹⁾ In particular, sulphur oxides (SO_x) and nitrous oxides (NO_x), as well as volatile organic compounds (VOCs), are known to cause acidification (formation of acid rain), eutrophication (disruption in ecological balance due to an excess of nitrogen) and photochemical smog (formation of oxidising agents, such as ozone).

PREPARING FOR GROWING SOCIETAL EXPECTATIONS ON HEALTH AND SAFETY

COMMITMENTS SCOREBOARD

 CSR ISSUES	 AMBITIONS	 TARGETS 2020	 RESULTS 2020	 TARGETS 2021
Vehicle safety* Organiser: EVP Quality	<p>The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues.</p>	<ul style="list-style-type: none"> Reduce lethal and serious injuries by 15% for occupants of the generation of cars launched since 2017 compared to the previous generation, which were launched between 2013 and 2017 (per million of vehicles; scope Group brands sold in France; year 2019). Maintain 90% of Groupe PSA vehicles rated "Exceed" by Thatcham as part of extended requirements for passenger cars (scope: reference vehicles in production since 2011). Process 100% of alerts on all PSA produced vehicles. Maintain a secured development and full testing of connected embedded devices. 	<p>Target met</p> <p>No result available In 2020, because of the Covid pandemic, the national observatories were not able to provide us the required data on time to consolidate the results on this item. Therefore, this item has been excluded of the global 2020 result. Note: in 2019, Groupe PSA reached a reduction of 34%.</p> <p>Target met</p> <ul style="list-style-type: none"> 2020: 97.5%; since 2011: 93.1%. <p>Target met</p> <ul style="list-style-type: none"> 100% of alerts have been processed Connected embedded devices have been developed securely and fully tested 	<p>In 2021, the Stellantis teams will start converging operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.</p>
Vehicle impact on air quality* Organiser: EVP Research and Development	<p>The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues. Given the merger with FCA, the previous Groupe PSA CSR ambitions are not applicable to the Stellantis scope.</p>	<ul style="list-style-type: none"> Continue enlarging the offer of Low Emission Vehicles, to reach 8 new BEVs and 5 plug-in hybrids launched by the end of 2021. The entire range of passenger car vehicles certified Euro 6d before end of 2020. 	<p>Target met</p> <ul style="list-style-type: none"> 6 new Low Emission Vehicles have been launched by end of 2020: <ul style="list-style-type: none"> 1 plug-in hybrids; 5 BEVs (including some light commercial vehicles versions). The entire range of passenger car vehicles has been certified Euro 6d before end of 2020 	<p>In 2021, the Stellantis teams will start converging operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.</p>
Control of industrial discharges and nuisances Organiser: EVP Industrial	<p>The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues. Given the merger with FCA, the previous Groupe PSA CSR ambitions are not applicable to the Stellantis scope.</p>	<p>Limit VOC emissions to 3.3 kg per car produced.</p>	<p>Target not met</p> <p>3.48 kg/car. The VOC emission target was not met due to lower production caused by Covid19 pandemic and an increased share of production in solvent based plants.</p>	<p>In 2021, the Stellantis teams will start converging operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.</p>
Biodiversity Organiser: EVP Industrial	<p>By 2035</p> <p>The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues. Given the merger with FCA, the previous Groupe PSA CSR ambitions are not applicable to the Stellantis scope.</p>	<p>Implement RENATU biodiversity KPI in all European facilities. Reach an average result around 33/55.</p>	<p>Target met</p> <p>RENATU implemented in all European facilities. Average result 35 points compared to 55 maximum available. Best 54 points, lowest 24,4 points. In addition, 3 facilities located outside Europe implemented RENATU, contributing to a slightly higher average result of 35,1 points.</p>	<p>In 2021, the Stellantis teams will start converging operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.</p>

5.1. VEHICLE SAFETY GRI.103-1 GRI.103-2 GRI.103-3 DPEF.36

The safety of each individual road user has always been the top priority for Groupe PSA.

At all stages of the vehicle lifecycle, Groupe PSA implements and maintains a global state-of-the-art safety approach, which covers:

- advanced development including driving assistance systems and autonomous vehicles;
- development and manufacturing phases through safety standards compliance and dedicated safety processes and assessments;
- after-sales safety activities including identifying potential emerging safety issues and related field actions including recalls if necessary.

Additionally, **the Group is focusing on technologies that have a proven ability to make automobiles safer, at an affordable cost for the majority of motorists.**

The Group is continuously improving three aspects of vehicle safety: primary (see 5.1.4), secondary (see 5.1.5) and tertiary (see 5.1.6). It is also carrying out vital work on vehicle resistance to intrusion and new threats linked to the cybersecurity of connected vehicles.

5.1.1. Group innovations to improve safety through the development of the autonomous and connected vehicles

The autonomous and connected cars of tomorrow will encourage the emergence of new transport and mobility models, while saving customers time and energy.

5.1.1.1. The communicating connected car

The communicating connected car marks the transition from a closed-off vehicle to a more open vehicle, with mobile devices connected to the cloud. It expands the realm of possibility in terms of mobility. The technological building blocks that Groupe PSA is developing will drive the emergence of new connected services that promise to significantly alter car use.

Groupe PSA pioneered the communicating car with the emergency call service (eCall) launched in 2003 and, since 2010,

has equipped its new models, particularly in Europe, with an autonomous telematics box. So far, more than three million vehicles have been connected with this box.

“Car to X” (“Car to Car” and “Car to Infrastructure”) communication is expected to become a reality, helping to optimise travelling time or fuel consumption, and better anticipate road accidents.

PREPARING FOR GROWING SOCIETAL EXPECTATIONS ON HEALTH AND SAFETY

Vehicle safety

COMMUNICATING CONNECTED CARS: FROM EMERGENCY CALL TO “CAR TO X”

SINCE 2003

Groupe PSA pioneer of Emergency call

BY 2026

The car will be integrated in the IoT (Internet of Things), providing a wide range of connected features and services.

The Car will interact more and more with its environment for traffic efficiency and to improve road safety.



By 2026, 5G deployment will give the opportunity to provide V2X communication systems as new source of information for better understanding of the vehicle environment, based on information from other vehicles or infrastructure.

This source of information combined with the driving features in autonomous mode will further increase the system's reliability and, consequently, passenger safety.



STAKEHOLDERS DIALOGUE

Since 2014, Groupe PSA has been participating in the SCOOP@F programme, a pilot project to institute cooperative intelligent transport systems, based on communication between vehicles or between the vehicle and the road.

Vehicles are fitted with sensors that detect events such as a slippery road, a collision, and sudden braking, etc., with on-board units that send information to vehicles upstream (V2V) and to the Management System (V2I) via roadside units. The Management System can also send information, e.g. about roadworks, to the vehicles' onboard units (I2V).

The project brings together numerous public and private partners involved with the French Ministry for the Ecological and Inclusive Transition, which coordinates local authorities, road operators, Groupe PSA and Renault, universities and research centres and, since 2016: a telecom operator (Orange), a security services supplier and Austrian, Spanish and Portuguese partners.

Tests are conducted in France, Austria, Portugal and Spain.

Since 2018, more than 15 Groupe PSA communicating vehicles (among 80 involved in SCOOP) were on France's roads for large-scale testing.

"Car to infrastructure communication: pedestrian detection (SCOOP Project)" video:

<https://www.youtube.com/watch?v=I5chTIVi5aM>

"DS 4 and Citroën C4 owners can take part in the SCOOP project" 06/04/2018 press release:

<https://media.groupe-psa.com/en/ds-4-and-citro%C3%ABn-c4-owners-can-take-part-scoop-project>

In 2019, in accordance with the SCOOP@F program, Groupe PSA participated to the C-ROADS project for the deployment of intelligent cooperative transportation systems (eight state members involved). Federating OEMs, infrastructure & mobility managers, universities & research institutes and safety experts, experiments are being conducted on motorway sections.



"About C-Roads": <https://www.c-roads.eu/platform.html>

The development of “Car to X” technologies will make the cars of the future more intelligent and consequently more comfortable for users. **The autonomous functions will be used to lower the number of accidents caused by human error and reduce driver fatigue in monotonous driving conditions.**

To accomplish this, the Group needs to take up several challenges:

- develop open-source upgradable telematic platforms (for fast, easy introduction of services such as IVI (In Vehicle Infotainment), Smart Antenna, etc.) in partnership with software development companies;
- integrate innovative connectivity solutions that provide secure, complete, economical and high added-value connectivity compatible with the development cycles of mass market electronics, as SmartDeviceLink and Car Easy Apps;
- offer ground-breaking solutions that take vehicles into the realm of the Internet of Things, communicate with household devices and interact continuously with the vehicle through smart devices such as smartphones (the Group is working with the GAFAM/BAT digital giants);
- over time, introduce new telecommunications and infrastructure technologies (5G, G5, etc.) to deploy intelligent transport systems leading to safer driving and new connected services for the intelligent autonomous vehicle (involvement of Groupe PSA in collaborative projects including 5GCAR, Autopilot, Concorda and Scoop, and alliances and consortia including 5GAA and TIAA to speed up the introduction of these technologies).

Groupe PSA is a pioneer in the development of V2X technology for intelligent connected vehicles and autonomous driving. Road tests and public demonstrations have been conducted since early 2018 to assess the advanced performance of this technology to improve road safety and traffic management. “V” refers to vehicle; “X” refers to everything (infrastructures, vehicles, pedestrians, etc.).

C-ITS (Cooperative – Intelligent Transport System) is a global solution for V2X communications allowing vehicles to exchange information with other vehicles and with pedestrian devices. C-V2X supports improved automotive safety, automated driving and traffic efficiency.

C-V2X technology is a wireless communication solution developed for the transport industry and is important for both intelligent connected vehicles and autonomous driving.

The Group’s C-V2X direct communication technology is expected to come to market by 2023, for specific informative usecases.



“Groupe PSA showcases the leading-edge V2X communication technology for connected cars in China”
14/09/2018 press release:
<https://media.groupe-psa.com/en/groupe-psa-showcases-leading-edge-v2x-communication-technology-connected-cars-china>

In 2019, Groupe PSA promoted telecommunication projects in order to improve deployment and interoperability of new connectivity technologies, using the world standard (5G). Groupe PSA reinforced partnerships with actors in the digital world and telecommunication players. The Group is an active member in the 5G Automotive Alliance (5GAA) and contributes to several European projects: 5GCAR (5G Communication Automotive Research and Innovation), 5GCroCo (5G Cross Border Control), Concorda (Connected Corridor), etc.

In the continuity of the 5GCar Project, Groupe PSA is a partner in the European 5GCroCo project. The objective is to evaluate the performance of 5G in the service of connected and autonomous vehicles. The challenge is to test the continuity of connectivity in a “corridor” of routes connected between France, Germany and Luxembourg, and thus validate the interoperability of the service between several countries, manufacturers and operators.



Groupe PSA is one of the 24 partners of the 5GCroCo project: <https://5gcroco.eu/>

5.1.1.2. Self-driving: towards the autonomous vehicle

In 2017, Groupe PSA introduced its AVA (“Autonomous Vehicle for All”) programme, bringing together all the functionalities of driving assistance to create a simple, intuitive autonomous vehicle that offers a safe and comfortable driving experience.

The Group’s autonomous vehicle is characterised by:

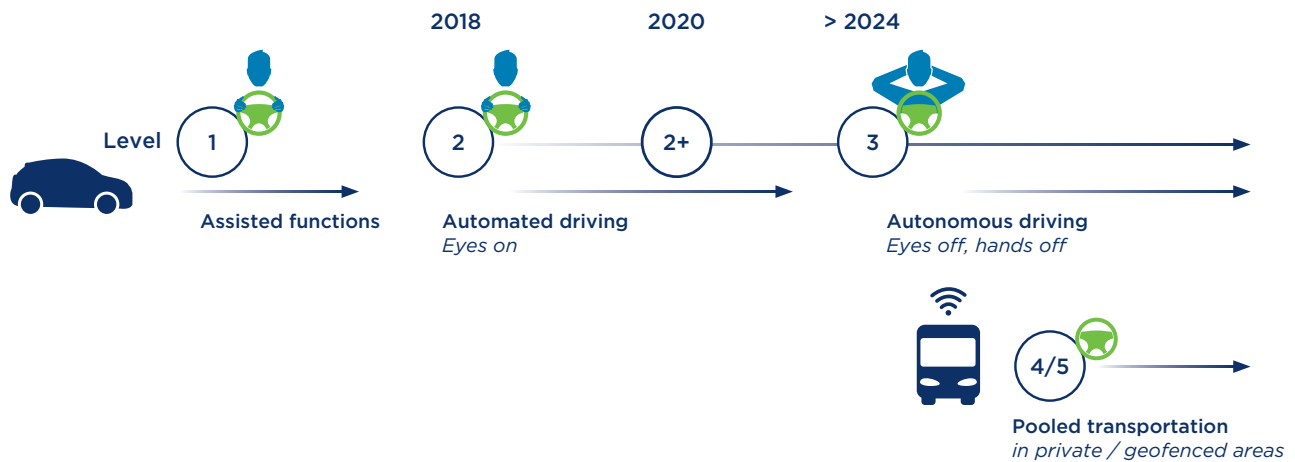
- a technology “for all”: easy for anyone to use. Groupe PSA designs simple, intuitive interfaces to allow drivers to interact comfortably with their car;
- a “for all” offer made up of different degrees of autonomy to respond to varying customer needs;
- a “for all” programme: deployed across all the brands.

In order to offer increasingly safer cars to its customers, cars that take the pressure off the driver during tedious driving conditions, and thereby make daily life easier, **Groupe PSA is launching a wide range of assistance functions that pave the way towards the autonomous vehicle.**

As such, the autonomous vehicle will gradually become a reality, with regulated automation and autonomy levels developed in a safe incremental approach.

Beyond level 3, the cost of the technology (vehicle and road infrastructure) will make the full autonomous vehicle not affordable enough for individual customers on the medium term. Nevertheless, advances associated with level 3 will open a way for level 4/5, for pooled transportation (autonomous shuttle designed to provide shared, driverless transportation in safe, well-defined urban settings).

STAGES OF THE AVA (AUTONOMOUS VEHICLE FOR ALL) PROGRAMME



In 2016, Groupe PSA introduced the first level 1 functions, which include the following examples. The vehicle:

- adapts to the speed of what is in front of it, maintains a safe distance and can use Adaptive Cruise Control to stop automatically;
- uses Front Collision Warning to alert the driver in case of risk of collision; if necessary, it can automatically activate the brakes using the Autonomous Emergency Braking System;
- uses the Lane Keeping Assist function to automatically return to its lane in case it drifts;
- detects a parking space according to its size and uses the Park Assist function to park.

Driving assistance functions are already fitted on the new Peugeot 3008, 4008 and 5008 and Traveller, the Citroën C4 Picasso, C3, SpaceTourer, and the DS 7 Crossback, the Opel Crossland X, Grandland X, Insignia, Astra, ADAM, Corsa.

In 2018, Groupe PSA started level 2 by generalising the ADAS features launched on the DS 7 Crossback. As a result, the new Peugeot 508 and 508 SW are equipped with a wide range of latest-generation driving aids like the ACC Stop & Go combined to Lane Positioning Assist (ADAS level 2), the latest Active Safety Brake system, the Night Vision, the Lane Keeping Assist and the Lane Positioning Assist, the Driver Attention Alert, etc.

The Group works on the introduction of level 3 (Autonomous driving) technologies at low speeds and in high-traffic conditions. These technologies should subsequently be expanded to the full speed range on expressways. The technology will be accessible to all thanks to simple and intuitive interfaces. These incrementally autonomous functions will allow drivers to delegate driving to the vehicle, without supervision, so that they can experience a trip without feeling stress or fatigue, especially during monotonous driving situations.



"The New Peugeot 508: the radical saloon"

22/02/2018 press release: <https://int-media.peugeot.com/en/new-peugeot-508-radical-saloon>

"New Peugeot 508 SW Breaking the codes" 06/06/2018 press release: <https://int-media.peugeot.com/en/new-peugeot-508-sw-n-breaking-codes>

Level 4 technologies are still under study to aim the market in 2024 / 2025, beginning with pooled transportation (people, goods).

Patents also cover Human Machine Interfaces (HMI) that help drivers when they are transferring from autonomous driving mode to manual driving mode.

As proof of its successful technologies, the Group is the first car manufacturer:

- **to have the authorisations required to drive its autonomous prototypes on the open road** – since July 2015 in France and since January 2019 in China;
- **to have conducted tests with "non-expert drivers"** since March 2017;
- **to pass through a toll in autonomous mode** using connectivity in July 2017 **and to manage roadworks and safe stops motorway hard shoulders** in July 2019.



"Groupe PSA starts autonomous driving tests on open roads in China" 30/01/2019 press release:

<https://media.groupe-psa.com/en/groupe-psa-starts-autonomous-driving-tests-open-roads-china>

"Autonomous vehicles reach a new milestone thanks to the collaboration between Groupe PSA and VINCI Autoroutes" 11/07/2019 press release: <https://media.groupe-psa.com/en/node/90052554>

PREPARING FOR GROWING SOCIETAL EXPECTATIONS ON HEALTH AND SAFETY

Vehicle safety

At the end of 2020, 370,000 kilometres have been driven in autonomous mode (levels 2, 3 and 4) on European and Chinese highways.

These tests chiefly aim to fine-tune the various operating safety aspects of the systems to detect potentially dangerous situations in relation to infrastructure and other road users. In all, around 30 autonomous vehicles developed by the Group were tested internally or by other partners of the Group. The various testing environments have made it possible to improve driving algorithms and on-board intelligence to ensure that the

Group's autonomous vehicles are safe. As a result, the autonomous driving system has achieved a high level of reliability in all situations.

370,000 km

travelled in autonomous mode
on open roads by Groupe PSA vehicles



"Groupe PSA autonomous car tests by non-expert drivers" video: <https://www.youtube.com/watch?v=DLBhoH1aoil>
 "Autonomous car test" video: <https://www.youtube.com/watch?v=4A0iu550j1A&list=PL6CCD8AAB157C61E8&index=6>
 "The Group's safe and intuitive autonomous car tested by the general public at the Innovation Days" 26/03/2017 press release: <http://media.groupe-psa.com/en/groupe-psa%E2%80%99s-safe-and-intuitive-autonomous-car-tested-general-public-innovation-days>
 "Best Of - Innovation Days Groupe PSA" video: <https://www.youtube.com/watch?v=Lna0GXZisy0&list=PL6CCD8AAB157C61E8&index=4>
 "CTAG, Groupe PSA and the Spanish city of Vigo test vehicle-to-infrastructure communications in an urban environment to advance the development of autonomous driving" 16/07/2019 press release: <https://media.groupe-psa.com/en/node/90052819>

5.1.2. Safety, a commitment that goes beyond the product

In terms of its products, research and development is pursuing efforts to improve vehicle safety as the Group wishes to manufacture vehicles which help to make the roads safer.

However, addressing road safety issues involves more than just installing increasingly sophisticated on-board safety systems. Roadway infrastructure must also be upgraded, while motorists and other road users must be effectively educated in safe driving and road use practices. The Group continues to improve its road safety measures, specifically by reviewing the travel habits of its employees, stipulating precise rules for business travel and commutes to work, and organising road safety awareness campaigns at its various sites.

At World Anti-Counterfeiting Day in June 2017, the Global Anti-Counterfeiting Network gave Groupe PSA the Technology

Award for innovative technology used to protect its accessories and its spare parts. In the automotive field in particular, anti-counterfeiting products do not offer the same guarantees in terms of security, respect for the environment and regulatory requirements.



"Groupe PSA rewarded for its technological solution choice for the protection of its brands" 08/06/2017 press release: <http://media.groupe-psa.com/en/groupe-psa-rewarded-its-technological-solution-choice-protection-its-brands>

5.1.3. Safety during development

The first priority for Groupe PSA is to ensure customer safety. To achieve this goal, the Group implements safety measures at each step of the vehicle development phases.

Groupe PSA has appointed a network of experts to define, apply, monitor and improve state-of-the-art safety practices, including international standards.



STAKEHOLDERS DIALOGUE

For over 10 years, Groupe PSA has been actively participating in a project to bring the safety of vehicle on-board systems in line with ISO standards. It is part of a group of some hundred experts including car manufacturers, equipment suppliers, universities and government bodies. Groupe PSA leads a new standardisation initiative on safety of the intended functionality focusing on driver assistance system and autonomous vehicles. This approach seeks to ensure that these systems make the correct decision in all scenarios of a customer's life. This is vital for the advanced driver assistance systems (ADAS) and, beyond that, the functions of autonomous vehicles. This work follows on from the previous work which focused on defects.

The first normative document on this topic, PAS21448, was published in January 2019. It is currently being reviewed to be published as a full ISO standard (ISO 21448) in 2021.

For every vehicle project, Groupe PSA experts perform safety assessments whose results are escalated to the R&D top management for appropriate decisions.



"Groupe PSA – Talent(s) builder: Nicolas, operating safety expert master": <https://www.youtube.com/watch?v=eJ8oTNWH6CE>

5.1.4. Primary safety: avoiding accidents

Chassis systems

Suspension, steering, braking and other systems are designed to deliver handling performance, precision steering and braking efficiency that rank among the best in the market.

Groupe PSA had anticipated changes in regulations by equipping its vehicles with driving assistance technologies aimed at helping the driver:

- the ABS, or Anti Blocking System, which stops the brakes from blocking when performing an emergency stop;
- the EBA, or Emergency Brake Assist, which increases braking power when performing an emergency stop;
- ESC, or Electronic Stability Control, which helps drivers maintain control even in a skid;
- TPMS, or Tyre Pressure Monitoring System, which alerts the driver to potential loss of air pressure that can destabilise the vehicle.

Controlling trajectory and safety distances

- LDW, or Lane Departure Warning, warns drivers when they unintentionally leave their lane.
- LKA, or Lane Keeping Assist, operates on the steering system to keep the vehicle in lane.
- LPA, or Lane Positioning Assist, operates on the steering system to follow the trajectory selected by the driver.
- Front Collision Warning function emits a sound and visual alert to notify the driver of an imminent risk of collision.
- ACC, or Adaptive Cruise Control, adjusts the speed of the vehicle according to the traffic.
- SLI, or Speed Limit Information, recognises and indicates the speed limit to the driver.
- ISA, or Intelligent Speed Adaptation, proposes to the driver to set the speed detected by SLI as a reference for the cruise control or the Adaptive Cruise Control (ACC).
- AEB, or Autonomous Emergency Braking, when confronted with a risk of collision with a vehicle or pedestrian, alerts and intensifies the braking if the driver reacts, or brakes automatically if the driver does not react.
- DAA, or Driver Attention Alert system, assesses risky driver behaviour (drowsiness and driver inattention) and alerts the driver if necessary.

- RCTA, or Rear Cross Traffic Alert, prevents dangerous reversing dedicated to Opel and Vauxhall Insignia.

Perceive and be perceived better

Groupe PSA has moved beyond the technologies which are in widespread use (camera-assisted reverse sensors, panoramic vision, LED lighting) to develop many new, ground-breaking innovations which are available on several vehicle lines:

- lighting to support the safety features (including automatic activation of hazard warning lights in the event of sudden deceleration and automatic switch between dipped beam/full beam, glare-free high beam system - including IntelliLux LED Matrix headlights, DS matrix LED);
- the blind spot information system (Blind Spot Monitoring, or BSM) to warn of the presence of a vehicle (especially motorbikes) through an icon that lights up in the wing mirror. If the driver changes lanes, BSM and LKA can work together to react to the presence of a vehicle in the blind spot.
- AFL, or Adaptive Forward Lighting (including IntelliLux LED Matrix headlights), is an adaptive and/or directional headlights;

With Peugeot Partner, Citroën Berlingo and Opel and VAUXHALL Combo Vans - which were awarded Van of the Year 2019 - Groupe PSA has proposed two technologies that are unique on the low commercial vehicles (LCV) market: the overload indicator and surround rear vision.



"Groupe PSA wins the 2019 International Van of the Year (IVOTY) Award" 19/09/2018 press release: <https://media.groupe-psa.com/en/groupe-psa-wins-2019-international-van-year-ivoty-award?idtok=b09d5bbb235>

Ergonomics and human-machine interface (HMI)

The proliferation of driver assistance systems and infotainment services compels Groupe PSA to be especially attuned during the IHM design process to be able to diagnose the state of alertness of drivers and suggest interactions that will enable them to refocus on driving.

The “user experience cockpit team” in charge of designing Groupe PSA cockpits and human-machine interfaces turned three years old in 2019. A new multidisciplinary antenna has been created in Germany (Rüsselsheim) and has joined the French team to support the research, development and style of the Opel and Vauxhall cockpits. The new working methods inspired by startups, the web and consumer electronics are already showing results: the number of specifications required to create the interfaces of an information system has been divided by five, and the agile development of a new information system is significantly faster than before. User tests are conducted quarterly in several regions of the world simultaneously throughout the development process to ensure that our customers’ experience is as good as possible.

Recently, new HMI technologies gained particular attention during the Group’s latest launches. The i-cockpit is the first to be adapted to the architecture and postural comfort of a sedan in the new Peugeot 508, and the introduction of a head-up display in a B-segment vehicle with the new DS 3 Crossback. The launch of the new 208 in October 2019 has revealed for the first time in the automotive industry a 3D effect cluster, which has been praised by critics and our customers.



“i-Cockpit 3D in Peugeot 208 – 3D instrument panel display information” video:

<https://www.youtube.com/watch?v=tQSuNGViKBg>

“Visteon Launches Industry-First 3D Cluster in New Peugeot 208” Visteon 28/03/2019 press release:

<https://www.globenewswire.com/news-release/2019/03/28/1781099/0/en/Visteon-Launches-Industry-First-3D-Cluster-in-New-PEUGEOT-208.html>

Through collaborative projects such as “Car to X” SCOOP@F based on new information and communications technologies (NICT), researchers are looking at ways to send drivers targeted information that may either warn them about risks of an accident (suggested speed, weather alerts, traffic, obstacles) or provide a service (service stations, recommended route, etc.). All this information must be delivered to drivers without distracting their attention or disturbing their driving. The project is in its experimental phase and the results of the user tests will allow Groupe PSA to provide a new V2X ergonomic experience (vehicle to infrastructure) in the near future in a 5G environment to keep up with the developments in regulations.

5.1.5. Secondary safety: protection during an accident

The *Laboratoire d’Accidentologie, de Biomécanique et d’Étude du comportement humain* (LAB) is a road safety association created jointly by Groupe PSA and Renault. As a unique organisation, the LAB is at the service of Road Safety and has conducted research projects since 1969 (28,628 accidents in its database) to enhance understanding of accident mechanisms and their related injury mechanisms.

It brings together 20 road safety experts, from engineers in biomechanics and automotive technology to specialists in cognitive and physical ergonomics, doctors, data scientists, statisticians, sociologists and psychologists.

The LAB is behind a number of core advances in automotive safety, including load-limiting retractors, airbags and stronger structural components for passenger compartments. It also helps foster active safety research for the definition of the road holding and driver assistance validation criteria.

The LAB has pointed out that the number of road fatalities has decreased in France by some 80% within the last 50 years.



“The LAB: at the service of Road Safety since 1969”

09/10/2019 press release:

<https://media.groupe-psa.com/en/lab-50-years-research-improve-safety-road-users?idtok=dd5e0bbb230>

Number of road fatalities
decreased in France by some

80%

within the last 50 years

The Group’s work focuses on two specific areas:

Body structure and bodywork

Vehicles are structurally designed to dissipate an impact in a controlled manner, thanks to the positioning of the shock absorption structures and deformable crash boxes (shock absorbers), whilst also that ensuring the vehicle will be repairable. The passenger compartment is treated as a survival unit, by reducing its deformation to a minimum, and deploying powerful restraints.

Airbags and restraint systems

The capacity of structures to absorb energy and protect the occupants’ compartment leads to a reduction in the impact on occupants in crashes through sophisticated restraint systems.

Airbags (up to eight depending on cars):

- front airbags: they protect the head, neck and thorax of the driver and front passenger in a frontal impact;
- front side airbags: they protect the thorax, abdomen and pelvis of the driver and front passenger in a side impact;
- curtain airbags: these protect the side of the head of front and rear occupants in a side impact;
- rear side airbags: these protect the thorax of the rear passengers in a side impact.

They are also equipped with front and rear seatbelts with pre-tensioning devices and load-limiting retractors.

Seatbelt reminders sound a warning and light up to warn the driver when someone has not buckled the belt.

Thanks to ISOFIX attachment points, compatible with the iSize standard, Groupe PSA vehicles ensure the proper use of child safety seats.

5.1.6. Tertiary safety: post-accident emergency response

Groupe PSA has played a pioneering role and remains the European leader in post-accident or tertiary safety, which helps to attenuate the effects of an accident by facilitating emergency rescue in two ways.

Emergency call system

Implementing the devices before European regulation PE/112 comes into effect on March 30, 2018, the Group is the first mainstream car manufacturer to have deployed a wide-scale, geo-located emergency call system. Since March 2010, the Connect Box developed by Groupe PSA includes a SIM card

and separates the telematics function from the radio, navigation and telephone functions. In case of accident or health related incident on board a vehicle, the occupants are connected with a dedicated assistance centre that pinpoints the vehicle. This saves time and allows for more effective assistance to be provided. According to the European Commission, equipping every vehicle on the road with such a system could save more than 2,500 lives a year in Europe. The emergency call system is particularly useful when accidents occur in isolated areas with no eyewitnesses.

The confidential information relating to customer journeys is not saved.

	2018	2019	2020
Cumulative total of 5 brands vehicles equipped as standard with the emergency call system (in 17 countries for PCD ⁽¹⁾ and 32 countries for OV ⁽²⁾)	5 421,645	6,661,578	7,805,454
Total alerts sent to emergency services by 5 brands vehicles	36,301	47,159	43,297

(1) 17 countries: France, Germany, Italy, Spain, Belgium, Luxembourg, Netherlands, Portugal, Austria, Switzerland, Denmark, Poland, United Kingdom, Czechia, Slovakia, Norway and Sweden

(2) 32 countries: Austria, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, United Kingdom, Czechia, Slovakia, Belgium, Luxembourg, Bulgaria, Croatia, Estonia, Hungary, Latvia, Lithuania, Romania, Slovenia, Malta, Cyprus, Gibraltar, Iceland

More than 7 million
Groupe PSA vehicles fitted
with the emergency call service
as standard, helping to improve road safety

Motorway control centres in France are automatically warned of any accidents on their roads via the emergency call service in the Group's equipped vehicles. It is a legal obligation in France. Drivers can also use emergency call in their vehicles to alert the emergency services if they witness an accident. Messages can then be displayed on motorway signs to warn other drivers of the potential dangers they may encounter.

In the future, other vehicles will provide the data that will enhance drivers' awareness of their surrounding environment. For example, a vehicle will be informed by the vehicle in front if a pedestrian is on the road to anticipate automatic braking in the safest conditions possible.

Victim removal instruction and rescue sheets

To facilitate the job of first responders after a casualty, the Group works with French rescue teams to prepare victim

removal instructions for each of its models. Training sessions are held with the Public Safety Services of the French Interior Ministry and the zonal victim removal group to update the teams' knowledge of the new vehicles and the new technologies that are about to go on the market.

Rescue sheets are available for after-sales services and in some countries on the brand's website.



STAKEHOLDERS DIALOGUE

Groupe PSA led efforts within the ISO to establish an international standard for a single extrication instruction document, which has been applicable since January 2015 and will become a worldwide standard. Work on ISO standardisation continued in 2017, with the development of a standard for emergency guide books for any type of vehicle, and is currently in the validation phase: the Group is participating in initiatives led by the CTIF (International Association of Fire and Rescue Services).

5.1.7. Vehicle resistance to intrusion

Groupe PSA has long been working on making vehicles resistant to theft and protecting vehicles and the objects inside them from malicious persons. Vehicles are designed to withstand break-ins according to standards in line with current knowledge and leading authorities such as Thatcham.

Since 2011, a unit has been analysing and addressing potential or known vulnerabilities, conducting statistical and Internet monitoring, and analysing theft methods in conjunction with

the police. This work has, for example, spurred alterations to the design of door locks to strengthen their resistance to break-ins.

The unit works closely with cybersecurity experts (see 5.1.8.) and is assisted by specialised firms.

For instance, encryption algorithms used to protect vehicle unlocking and starting are continually improved. The latest generation vehicles use encryptions that meet the highest standards.

5.1.8. Cybersecurity of the connected vehicle

In light of the emergence of new malicious hacking threats on vehicles, Groupe PSA has implemented a reference guide and methodology modelled on operating safety, and a dedicated organization depending on a group of experts who are also involved in drafting international standards on personal data security, such as the Europe-wide General Data Protection Regulation (see 4.3.2.).

The organisation is tasked with compiling immediate responses for the event that risks are detected at the design stage, or by customers on existing vehicles, and with constructing a secure on-board electronic architecture for future Group vehicles, beginning with the driverless connected vehicle.

Groupe PSA has participated in the UN Cybersecurity Regulation Phase Test to evaluate its Cybersecurity Management System. The objective was to evaluate the level and quality of Cybersecurity Management Processes for "Design Phase" and also "Lifetime" with a remediation plan. The test was done with two independent laboratories (UTAC and IDIADA) to evaluate efforts in terms of homologation when regulation will be applied, post-2023.

Groupe PSA prepares the homologation phase to be compliant with UNECE Cybersecurity Regulation in 2022. In 2021, specific activities with dedicated pre-assessment of the compliance with CyberSecurity Management System (CSMS), driven by ISO 21434 Standard, will be demonstrated to attest that Groupe PSA has Security-by-Design Processes.



STAKEHOLDERS DIALOGUE

Groupe PSA experts are involved through JWG SAE/ISO in the drafting of an international Cybersecurity Standard (ISO 21434) setting out the basic cybersecurity compliance rules. This standard is a prerequisite for the government bills that are currently being discussed by the European Automobile Manufacturers' Association (ACEA) and European and Chinese governments.

The Group is also involved in wider research aimed at finding security solutions for car (IRT SystemX), rail and air transport.

5.1.9. Protecting consumer health and safety GRI.416-1 GRI.416-2 GRI.419-1

Vehicles are not subject in the regulation requiring a comprehensive description of their components for consumers. However, standards governing the approval of vehicles by the government include, among other points, passenger and pedestrian safety criteria, environmental compliance criteria (including CO₂ emissions) and human health-related criteria (REACH for components, European Euro X emission standards for air pollutants). These points are described in sections 2.3, 5.2, 5.1 and 7.1.2.3.

All Group vehicles are evaluated on their health and safety impact through approval procedures and are compliant with regulations.

Violation of regulations on health and safety of consumers

During 2020, Groupe PSA was not ordered to pay damages linked to such a violation.

5.1.10. Handling customer incidents SASB-250a.2 SASB-250a.3

Field investigation activity

The improvement of quality in the field is done through procedures of early detection, resolution and field actions including recall campaigns. The dealers provide different types of data (warranty claims, dealer issue detection for incidents, safety incidents or assistance). From these data, issues are addressed, as quickly as possible, to the right owner (supplier, manufacturing plant, Design Division) to fix the problem for new cars, assess the risks for owners of cars already in the field and provide fixes for the after-market. The procedures include several actions starting from weak signals to crisis management, and immediate actions.

Safety is a central focus for our five brands:

- all failures reported by our networks and those that may be related to safety (3,357 in 2020) are examined;
- all safety-related questions by the authorities (212 in 2020) are answered directly. The answers to these questions can be supported by the RASIL process (cf. below).

A global "detection efficiency" plan is in place in all automotive brands dealers to further improve the speed and quality of the information coming from the network.

Recall campaigns

To ensure the complete satisfaction of our customers, the Group's field action decision process aims to maintain a high level of safety and quality for vehicles in circulation, evaluating potential defects as soon as they are known. This process is applied, as necessary and on the Group's initiative, for vehicles of our brands, in compliance with all the national regulations governing recall campaigns.

In 2010, the Group defined a risk assessment process (named RASIL for Recall & Automotive Safety Integrity Level), derived from the RAPEX grid as defined in the 2001/95 EC European directive and the ISO 26262 standard, to systematically evaluate the potential risk to our customers of every reported safety-related incident in the field. This process ensures a conservative and consistent evaluation of these safety risks for the benefit of Groupe PSA customers. Non-European sales areas (e.g. China, South America, etc.) also benefit from this approach. This process is continuously updated to align with potential changes in each area's product safety regulation.

This procedure is recognized as best practice by several transport ministries.

The final decision is independently made by the Quality Executive Vice-President for safety, compliance, quality and customer satisfaction.

In 2020, for the entire Group and for the five brands' scope, 50 campaigns were realized on 1.9 million vehicles for units ranging from 5 to 682,870 vehicles.

Three main recalls:

- one campaign on 682,870 1.2 l – gasoline-engine vehicles to fix technical issues that might have an impact on brake assistance;
- one campaign on 176,700 C3 and C3 Picasso vehicles to avoid uncontrolled airbag deployment on non-desiccant airbags;
- one campaign on 142,336 1.5 l – diesel-engine vehicles to fix technical issues that might have an impact on some emission levels.

All of these campaigns, issued voluntarily by the car manufacturer, are carried out transparently with respect to:

- the relevant requirements of authorities (regulatory filing of declarations for safety campaigns):
 - each notification document submitted to the authorities indicates: the models and parts concerned, vehicle manufacture dates, type of risk, description of the defect and corrective measures taken;
- the automotive brands' dealership networks:
 - the traceability of the components purchased during manufacture enables Groupe PSA to draw up a list of vehicles that are potentially concerned. As soon as a campaign is launched, an alert including all the information (list of vehicles concerned, content of message to customers, necessary procedure, parts required, etc.) is sent to the dealership networks via the appropriate IT systems;
- the owners of the cars involved notified individually:
 - the method used to notify the customer is in line with the local regulations in each country. The affected customers are invited to make an appointment with an authorised brand repairer to make the necessary adjustments,
 - the workshop contacted provides all the necessary information, including the appointment date, how long the repair will take, the confirmation that the repairs are free of charge, the terms for using a replacement vehicle, etc.,
 - the customer is asked to notify the brand of any change in vehicle status, including its sale, end of life or change of address.

The Group monitors the implementation of each campaign specifically based on progress indicators: the actual repairs made in application of each campaign are recorded in a centralised database. Repeat requests are sent to customers who do not come forward until the end of the campaign. The operations carried out are free of charge for the customer.

Additionally, a tool called "Check Vin" allows all customers to check if their car is involved in a recall campaign, just entering their VIN number.

5.2. IMPROVE AIR QUALITY BY REDUCING VEHICLE EMISSIONS

GRI.103-1

GRI.103-2

GRI.103-3

DPEF.16

DPEF.22

DPEF.36

Being proactive in the debate concerning mobility-related public health and environmental issues, Groupe PSA has incorporated the issue of air quality into its research and development programmes for many years now.

This has enabled it to roll out engines and technologies across its ranges that drastically reduce:

- **particulate emissions:** inventor of the diesel particulate filter (DPF), which Groupe PSA began selling in 2000, more than nine years before Euro 5 standards which made it compulsory from September 2009. Since 2017, the Gasoline Particulate Filter (GPF) has been also applied for Gasoline Direct Injection engines;
- **nitrous oxide emissions:** Groupe PSA is the first car manufacturer to have opted to roll out the SCR (Selective Catalytic Reduction) solution, reducing nitrogen oxide emissions by up to 95% and marketed since 2013 on its Euro 6 vehicles.

The range of solutions to improve air quality also includes the electrification of vehicles ranging from micro-hybridisation such as Stop & Start, and mild hybridization (*48-V mild hybrid: addition of a starter-alternator and a small 48-volt battery* – see 2.3.3.2.3), up to plug-in hybrid vehicles that can be recharged by the customer, as well as electric “zero-emission” vehicles (ZEV) using a battery (*Battery electric vehicle*) or a Fuel Cell.

With its Push to Pass strategic plan and *PACE!* plan, the Group has committed to putting eleven plug-in hybrid vehicles and twelve electric vehicles on the market between 2019 and 2021. By 2023, 80% of the vehicles proposed by the Group worldwide will be available in an electric or plug-in hybrid version (see 2.3.2, 2.3.4.1. and 2.3.4.2.). In 2025, 100% of models marketed will include an electrified version.

2017: entry into force of two new protocols for measuring pollutant emissions, which are more representative of real-world driving conditions

Since September 1, 2017, under European regulations (EU 2017/1151) to obtain vehicle approval two new measurement protocols must be applied (new step in the Euro 6 regulations):

- the WLTP (Worldwide harmonized Light vehicles Test Procedure), which is performed in a laboratory;

- the RDE (Real Driving Emissions) procedure, which is performed on the road in “real-life driving conditions”, measures the pollutants emitted using a PEMS (Portable Emissions Measurement System) and defines the admitted conformity factors (the excursion permitted between real usage and the regulatory limits of the WLTP protocol). The NO_x conformity factor admitted has been 2.1 since September 2017 and has been changed to 1 in 2020 (excluding measurement dispersion, limited to 0.43).



“Groupe PSA’s passenger cars are all certified under the new EURO 6 requirements and are immediately available for customers” 27/08/2019 press release: <https://media.groupe-psa.com/en/groupe-psa%E2%80%99s-passenger-cars-are-all-certified-under-new-euro-6-requirements-and-are-immediately>

For approval of its new vehicles in Europe, Groupe PSA committed to meet a NO_x conformity factor in RDE of less than 1 (excluding measurement dispersion, limited to 0.43, which is the margin value set by the “EURO 6d” regulation). **This commitment has been made from September 1, 2017, i.e. three years before the 2020 regulatory requirement.**

These new measurement protocols aim to be more representative of real-life driving conditions in order to reduce the discrepancy between the emissions determined in the laboratory and those in real-life driving conditions on the road.

5.2.1. Group innovations to improve air quality

The Groupe is taking a proactive approach of researching ways to reduce emissions generated (reducing engine emissions, improving the performance of after-treatment systems, etc.) and fuel consumption (see 2.3.).

5.2.2. Breakthrough technologies to reduce atmospheric pollutants from vehicles DPEF.15 GRI.305-7

Breakthrough technologies to reduce atmospheric pollutants from Groupe PSA vehicles are equally valid on combustion vehicles and hybrid vehicles.

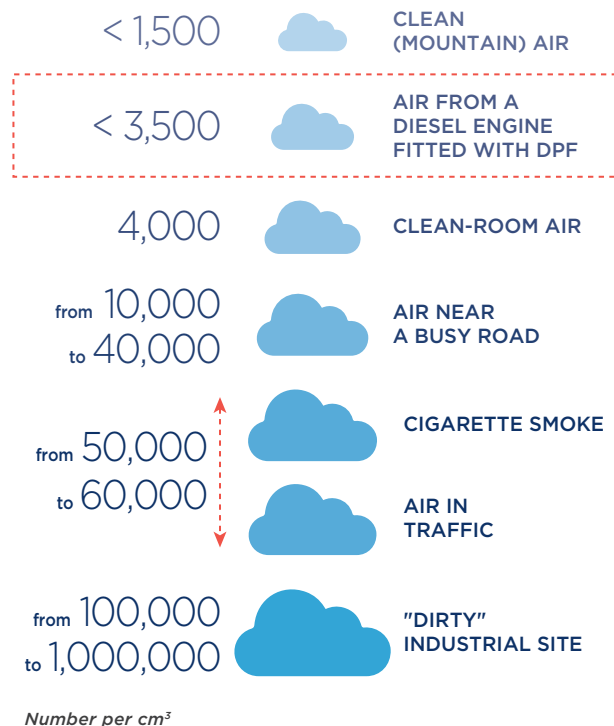
5.2.2.1. The Diesel Particulate Filter: the only technology which is effective in all of the vehicle's operating conditions DPEF.18

The DPF screens out both fine and ultra-fine particulate matter: 99.7% by number and more than 95% by mass; (source Agency for the Environment and Energy Management (ADEME): particulate and NO_x emissions by road vehicles – May 2018). In the

late 1990s, particulate emissions plummeted from more than 3,500,000 particulates per cm³ in an unfiltered diesel engine to less than 3,500 particulates per cm³ in a diesel engine with a particulate filter. The DPF removes particulates in all driving conditions. The DPF is a mechanical system, which is fully operational and effective throughout all phases of engine operation – load, warm engine/cold engine, urban/motorway driving – even when the filter is full.

A diesel engine fitted with a particulate filter emits less particulate matter than a latest generation direct-injection gasoline engine, with particulate emission levels significantly lower than the thresholds required under current regulations (20 times less in mass, up to 100 times in number).

COMPARISON OF PARTICULATE EMISSIONS LEVELS OF A DIESEL ENGINE FITTED WITH A DPF

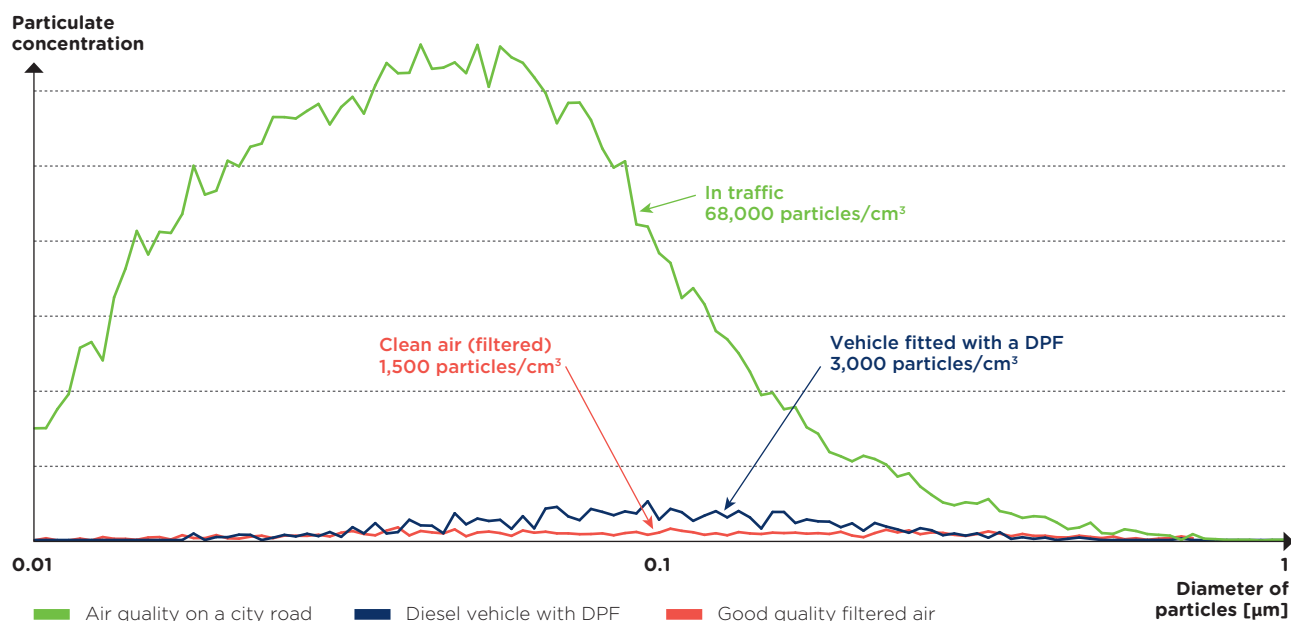


Source: AIRPARIF / PSA.

PREPARING FOR GROWING SOCIETAL EXPECTATIONS ON HEALTH AND SAFETY

Improve air quality by reducing vehicle emissions

EFFICIENT DPF FOR ALL SIZES OF PARTICULATE MATTER (INCLUDING ULTRA-FINE)

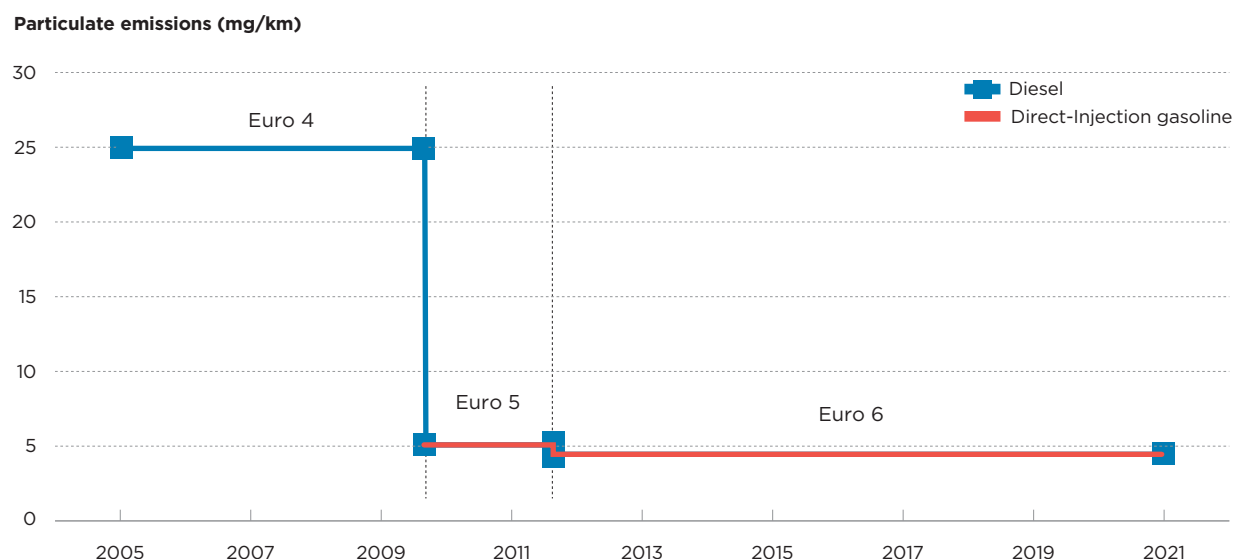


Source: Groupe PSA internal measurements.

Note: Fine particulates (PM 2.5) = particulates with a diameter < 2.5 micromètre

The particulate filter has been fitted as standard across the Group's diesel models since 2010 and has been mandatory in all vehicles sold since the introduction of the Euro 5 regulation for all types (January 2011).

CHANGING REGULATORY LIMITS ON PARTICULATE EMISSIONS APPLICABLE TO GROUP VEHICLES IN EUROPE



On all its global markets, vehicles sold by the Group comply with the regulations in force in each local market and benefit from advanced technologies developed for the European market.

A pioneer in this field, the Group had sold a total of 19.3 million diesel vehicles fitted with DPF by the end of 2020.

In 2020, vehicles equipped with DPF accounted for 100% of the Group's total diesel vehicle sales worldwide, compared to 95% in 2019 and 37% in 2009.

PREPARING FOR GROWING SOCIETAL EXPECTATIONS ON HEALTH AND SAFETY

Improve air quality by reducing vehicle emissions

5.2.2.2. The Gasoline Particulate Filter: the only technology which is effective in all of the vehicle's operating conditions

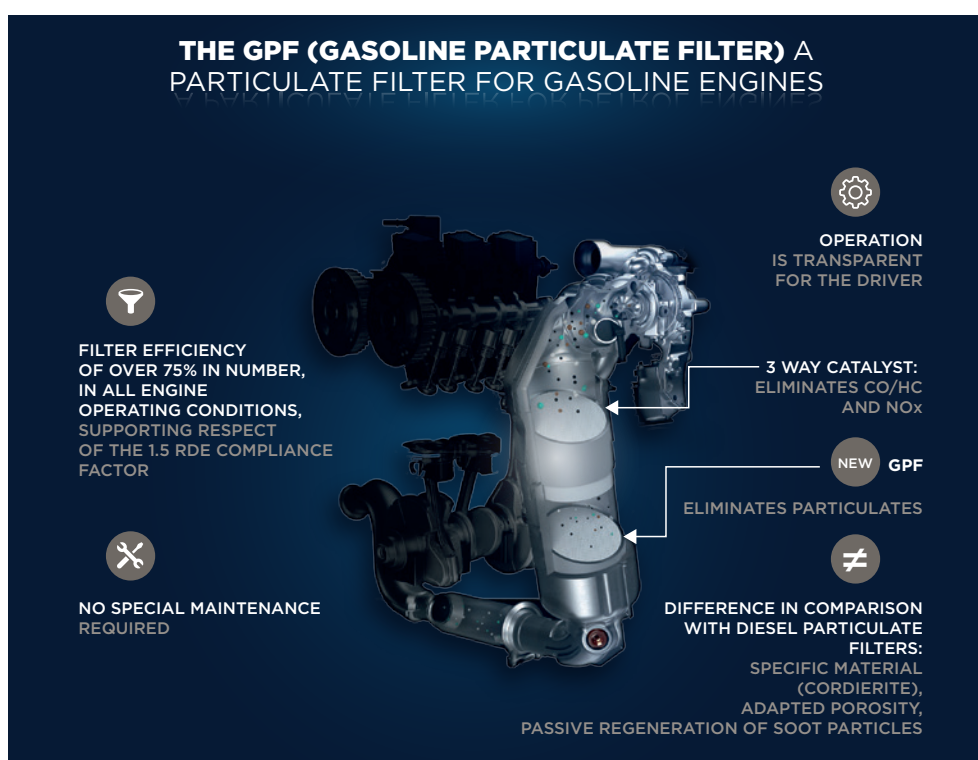
The second stage of Euro 6 imposes a tougher limit in terms of number of particles for direct-injection gasoline vehicles (same limit as diesel engines) and a new constraint consisting in an emission reduction in real driving conditions.

To comply with the second stage of Euro 6, in addition to optimising injection systems, **the Group introduced a particulate filter system (GPF) with passive regeneration in October 2017 to reduce the number and mass of particulate emissions in its**

direct-injection gasoline engines. This solution, which has been rolled out to all direct-injection gasoline engines, eliminates more than 75% (in number) of all particulate matter – both fine and ultra-fine – whatever the driving conditions.

The Group decided to fit the particulate filter under the turbo downstream of the TWC (Three-Way-Catalyst) in order to have sufficient temperature in the GPF to regenerate the soot when the foot is taken off the pedal. In this way, management of the filter is perfectly transparent for the driver.

In addition, the Group decided to fit a bare filter to supplement the catalyst volume to ensure optimal pollutant conversion efficiency of the TWC, particularly in cold conditions, which is an issue in cities.



By the end of 2020, the Group had sold a total of 2,2 million direct-injection gasoline vehicles equipped with the GPF. In 2020, the direct-injection gasoline vehicles equipped with GPF accounted for 97% of all direct-injection gasoline vehicles sold compared to 91% in 2019 and 0.3% in 2017.

For several years, Groupe PSA has invested in, and continues to invest in, the optimisation of gaseous pollutant emissions and particulate emissions from the combustion chamber in addition to the optimisation of the after-treatment system for direct-injection gasoline vehicles.

The use of new means, such as CFD (Computational Fluid Dynamics) simulation and VisioFlamme device (allowing the observation of the particle emission sources in the combustion chamber), enables the injectors sprays to be positioned optimally and the internal aerodynamic movement of air in combustion chamber to decrease particle formation inside the internal combustion engine. In addition, the generalisation of the high-pressure system (between 200 and 350 bar) in gasoline engines, as well as the optimisation of injection settings – with several injections before each combustion – improve the vaporisation of gasoline during injection, which further reduces particulate emissions.

All of these optimisations have reduced particulate emissions by more than 50% in the combustion chamber and further gains are expected in the future.

In addition, Groupe PSA works on activating the catalyst as quickly as possible to reduce emissions of gaseous pollutant. The use of high-pressure injection systems and the optimisation of injection settings with several injections before each combustion enable the temperature at the outlet of the engine to increase, thereby increasing the catalyst temperature more rapidly without affecting drivability.

Finally, Groupe PSA decided to launch an evolution of its GPF which increases its efficiency even further by approximately 10% to around 85% (in number), with an additional decrease in the number of tailpipe particulates by another 40% as a result. This evolution has been launched from 2019 on some 1.2-litre gasoline engines and PHEV vehicles.

An even higher performing filter, with a better trade-off between filtration efficiency and counter pressure, is under development to better take into account new constraints resulting from powertrain electrification and to further reduce ultrafine particles. Such a filter will be launched in 2022.

PREPARING FOR GROWING SOCIETAL EXPECTATIONS ON HEALTH AND SAFETY

Improve air quality by reducing vehicle emissions

5.2.2.3. Selective Catalytic Reduction: the most effective solution to reduce nitrogen oxides for diesel engines

DPEF.18

DPEF.36

The SCR after-treatment technology substantially reduces nitrogen oxide (NO_x) emissions by injecting a reducing agent (AdBlue®, a mixture of 32.5% urea and 67.5% water) into the exhaust line upstream of a specific catalyst.

Integrated into new emission control architecture upstream of the particulate filter, SCR helps to optimise the fuel efficiency and CO₂ emissions of diesel engines.

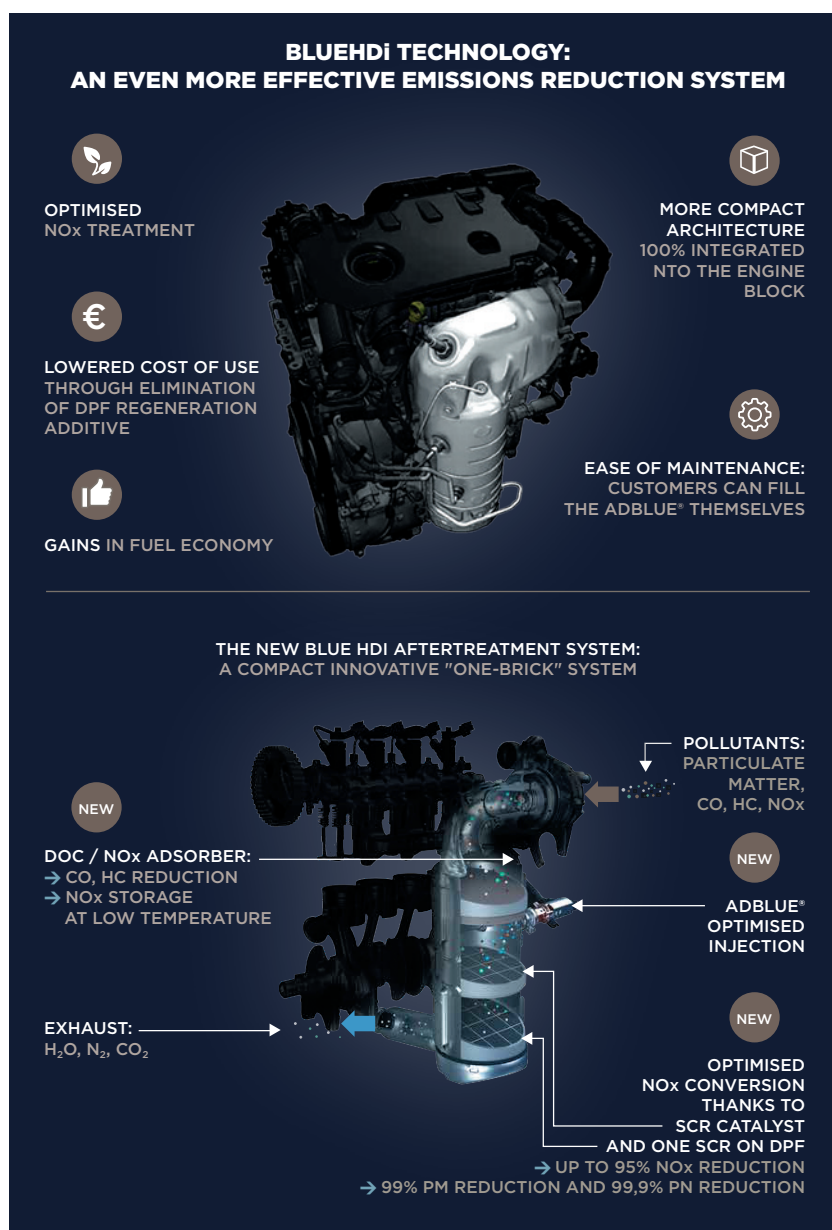
To meet the requirements of the second stage of Euro 6, Groupe PSA has developed a new after-treatment architecture which enables its diesel engines to treat nitrogen oxides more efficiently, in addition to particulates, carbon monoxide and unburned hydrocarbons.

This new BlueHDi line comprises:

- an oxidation catalyst with NO_x storage at low temperatures before the SCR system is operational;
- an NO_x emission after-treatment system including an SCR (Selective Catalytic Reduction) brick, a particulate filter with an SCR coating and a compact urea injection system (BlueBox®) which eliminates up to 95% of NO_x emissions from the engine;
- this particulate filter can eliminate 99.7% of particulates (by number) whatever their size in all driving conditions.

This choice clearly demonstrates the Group's commitment to reduce its vehicles' emissions in real-world driving conditions, while maintaining fuel consumption and CO₂ emissions at the optimal level.

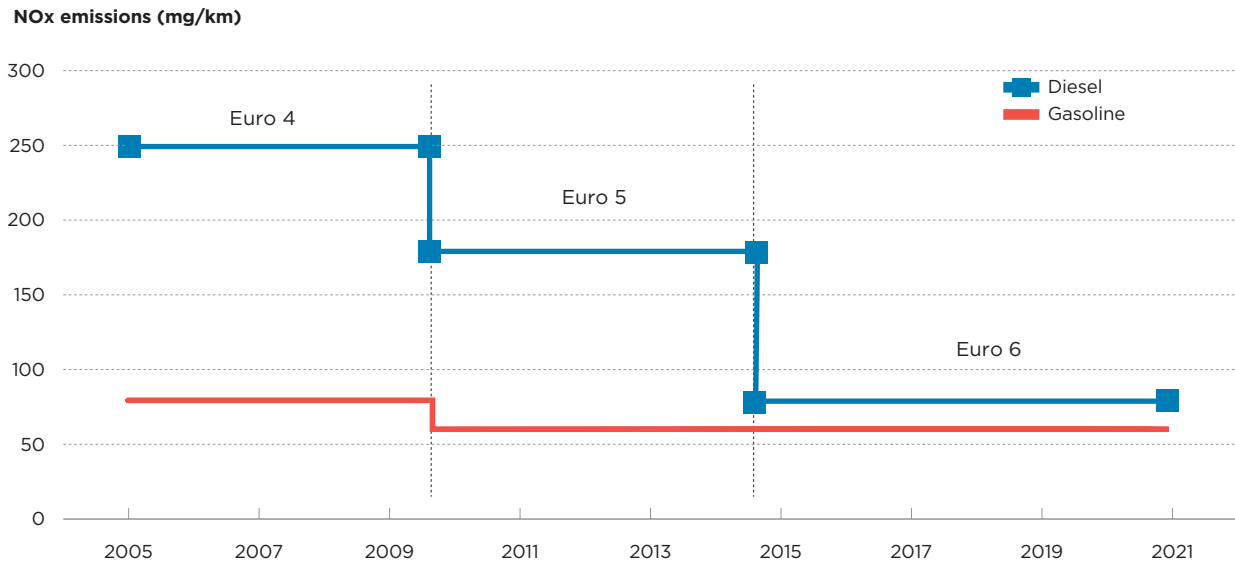
This new BlueHDi line has been fitted as standard since October 2017 on all new vehicles with 1.5 l diesel engines.



PREPARING FOR GROWING SOCIETAL EXPECTATIONS ON HEALTH AND SAFETY

Improve air quality by reducing vehicle emissions

CHANGING REGULATORY LIMITS ON NO_x EMISSIONS APPLICABLE TO GROUP VEHICLES IN EUROPE



The Group had sold a total of 6.7 million BlueHDI vehicles by the end of 2020.

In 2020, vehicles equipped with BlueHDI lines accounted for 95% of the Group's total diesel vehicles fitted with DPF, compared to 93% in 2019 and 8% in 2014.

The BlueHDI line is currently used by all diesel passenger vehicles manufactured by the Group to reduce NO_x emissions to levels close to those of gasoline vehicles, whilst retaining the diesel advantage (15% lower CO₂ emissions).

The BlueHDI technology is the subject of approximately 100 patents filed by Groupe PSA. The Group continues to refine its technologies, notably with the introduction of an ASC (Ammonia Slip Catalyst) downstream from the SCR system. The ASC treats ammonia leaks (NH₃), thereby increasing its efficiency in eliminating NO_x emissions treated by the upstream SCR system. This technology has been launched on commercial vehicles from 2018 and has been rolled out to all diesel passenger vehicles from the end of 2019 (third stage of Euro 6 – Euro 6d-ISC-FCM).

AdBlue® was originally intended to be refilled in Groupe PSA vehicles during maintenance work at the frequency stated in the service manual. From now on, filling up with AdBlue® will be made easier with a refill opening that is conveniently placed in

the fuel tank flap, thereby further enhancing the performance of the Group's new vehicles, (second stage Euro 6 vehicles). However, this requires an extensive distribution network in France and Europe for urea (AdBlue®), the reducing agent used to convert NO_x into nitrogen.



Opening designed for AdBlue® refills in the fuel tank flap – rolled out on all Group vehicles.

PREPARING FOR GROWING SOCIETAL EXPECTATIONS ON HEALTH AND SAFETY

Improve air quality by reducing vehicle emissions

5.2.2.4. Three-Way-Catalyst: the most effective solution to reduce gaseous pollutants for gasoline engines

To fulfil more and more stringent regulations, Groupe PSA is working intensively to improve the current TWC system equipping its vehicles:

- development of new active coatings (Precious Metals and chemical composition optimizations) to improve conversion efficiency after the engine-start in urban conditions and to increase the durability of the after-treatment system;
- reduction of the thermal inertia of the substrate to eliminate pollutants just after the engine-start;
- finally, development, thanks to new high-performance gas sensors, of patented specific strategies to insure optimized temperature and better lambda control to improve the TWC system functioning.

5.2.2.5. Fuel vapour emissions limitation for gasoline engines

All vehicles produced by Groupe PSA since 2005 are equipped with an active charcoal filter (called a canister), connected to the fuel tank. This device is able to catch the fuel vapours emitted by the fuel tank during the parking phases, avoiding polluting the atmosphere with Volatile Organic Compounds (VOC) contained in the fuel vapours. Each time the engine is started, the fuel vapours contained in the canister are aspirated and are used in addition to the fuel of the tank. This system has the dual effect of preventing pollution as well as the fumes that would be lost through evaporation.

Groupe PSA has chosen to enlarge the canister size and to optimize the fuel tank and engine design in order to improve the protection against VOC emissions. These improvements have led to an important reduction in the evaporative emissions (ratio near to 50% compared to the previous technical definition) and were implemented by Groupe PSA on new European market vehicles at the end of 2017, so two years before the application date of Euro 6d-TEMP-EVAP-ISC.

5.2.3. Forging new ground: being transparent with and responsibly informing customers and communities DPEF.15

Not only is Groupe PSA a trailblazer when it comes to technological solutions, it also distinguishes itself in how it provides information to its customers.

It also takes part in public debates (conferences, etc.) and advocates strongly for manufacturers to have the freedom to devise the most effective solutions (see patents filed) that are challenged by the thresholds set by regulators.

Confident in the suitability of its technological solutions in the face of climate and air quality issues, the Group announced its **partnership with two environmental NGOs**, Transport & Environment (T&E) and *France Nature Environnement* (FNE) in November 2015, and together with them published the real-world fuel consumption for over 1,000 of the Group's vehicle models. **The measurement protocol developed with T&E has proven to be extremely reliable for testing real-world fuel consumption and CO₂ emissions (see 2.3.4.).**

Backed by this success, the experiment was reproduced to measure NO_x and particulate emissions. Since 2018 Groupe PSA publishes the results of these tests to contribute to further increasing the reliability of automotive tests and measurements.



"Groupe PSA discloses vehicle emissions in real driving conditions" 06/03/2018 press release:
<http://media.groupe-psa.com/en/groupe-psa-discloses-vehicle-emissions-real-driving-conditions?dtok=e1ee1bbb235>

To date, Groupe PSA is the only car manufacturer to have made such a commitment of transparency towards its customers.

In addition, the results of the RDE test emissions recently certified Groupe PSA vehicles are now on the website <http://www.acea.be/publications/article/access-to-euro-6-rde-monitoring-data>.

5.2.4. Significant R&D investments in order to meet stakeholders' expectations DPEF.16 DPEF.17 GRI.305-7

Groupe PSA is keenly attuned to civil society's legitimate expectations when it comes to air quality, and it devotes significant resources to R&D in order to identify and market effective technical solutions that can be distributed as broadly as possible – the only solutions that can have a concrete environmental impact.

When developing its vehicle projects, the Group takes into account real-world driving conditions and accepts technological trade-offs in anticipation of regulatory thresholds being made tougher.



Impact measurement and economic assessment

The Group deploys massive R&D investment into improving air quality and reducing greenhouse gas emissions.

These investments, including **€890 million to develop powertrains in 2020**, have led to the development of a unique solution that reduces both fuel consumption and emissions of CO₂, NO_x and particulate matter from diesel engines.

This technology, which features the SCR (Selective Catalytic Reduction) system, comes at an **extra cost of €200 to €500 per car**, but is the most efficient solution and makes no compromise between air quality and fuel consumption.

Environmental innovations relating to the product are essential to control operational risks (non-approval of vehicles) and financial risks (payment of fines, increase in taxes) in case of non-compliance with the fuel consumption or emission thresholds set by regulations in the various Group markets. **The annual risk for a company the size of Groupe PSA is a shortfall of €1 to €2 billion** in the event of a failure to obtain approval or recall a vehicle due to unstable performance.

Euro X regulatory stages: spotlight on the last three stages – Euro 4, Euro 5 and Euro 6

These European standards (Brussels regulations (EC) No. 715/2007 and 692/2008, then EU 2017/1151) set the maximum admissible levels of regulated pollutants: CO, HC, NMHC, NO_x and particulate matter (based on two criteria: particulate mass (PM) and particle number (PN) since Euro 5).

Euro 5 and Euro 6 drastically reduce the permitted limits of particulate matter and nitrogen oxides (NO_x) emitted by diesel and gasoline vehicles (especially direct-injection gasoline technology, with regard to particulate emissions). Under Euro 5 and Euro 6, diesel particulate mass emissions were cut by more than 80% compared with Euro 4. The Euro 5 standard represents a 30% reduction in diesel NO_x and Euro 6 represents a 70% reduction in diesel NO_x compared to Euro 4.

5.3. CONTROL OF INDUSTRIAL DISCHARGES AND NUISANCES: MANAGING THE IMPACT ON THE ENVIRONMENT AND LOCAL RESIDENTS

GRI.103-1

GRI.103-2

GRI.103-3

The third issue identified in the Industrial Department's environment policy is managing the impact of industrial facilities on the environment. This aspect reflects the Group's determination to manage the impact of using chemical products in its operations (mainly components, stamping and painting). The main

issues being targeted are air pollution by atmospheric pollutant emissions such as VOCs and substances harmful to the ozone layer, prevention of soil pollution, biodiversity and accidental discharges.

5.3.1. The Group's innovations to reduce industrial discharges

Despite the large size of plants, car production is not a huge generator of industrial discharges. The main environmental impacts of this activity deal with emissions to air from paint shop activity, and at a lower level from foundry activity, mainly due to recycling of metal parts.

Considering this situation, paint shop engineering is working on action to reduce the impacts of this activity, either by using products with lower environmental incidence (low VOC products, or products with lower chemical risks), and by improving the production process to improve the efficiency of the use of product (robotization of painting, dry scrubbers, etc.).

5.3.2. Air quality

DPEF.18

The Group is working to limit sulphur oxide and nitrogen oxide emissions as well as volatile organic compounds (VOCs). VOCs are regulated, because these pollutants are involved in acidification processes (formation of acid rain), eutrophication

(disruption of the biological balance of water caused by excess nitrogen) and photochemical pollution (formation of oxidising compounds, such as ozone).

5.3.2.1. Emissions of regulated air pollutants

GRI.305-8

VOC emissions

Identified as ozone-producing pollutants in the late 1980s, VOCs are closely monitored and an action plan to reduce them has been implemented.

Within the Group, although overall VOC emissions from its paint workshop facilities are marginal with respect to overall French

VOC emissions (less than 1% of anthropogenic emissions in France, i.e. 689 kt; source CITEPA: Inventory of air pollutant and greenhouse gas emissions (GHG) in France, 2014), they still represent the main environmental challenge in relation to site-by-site emissions.

VOC EMISSIONS OF BODY STRUCTURE PAINT WORKSHOP FACILITIES BY OPERATION

(unit: t)	Year	VOCs (tons)	Ratio (in kg per vehicle produced)
Automotive Activities	2020	7,944	3.48
	2019	8,952	2.96
	2018	9,294	2.97
TOTAL	2020	7,944	3.48
	2019	8,952	2.96
	2018	9,294	2.97

VOCs: volatile organic compounds.
N/A: not applicable.

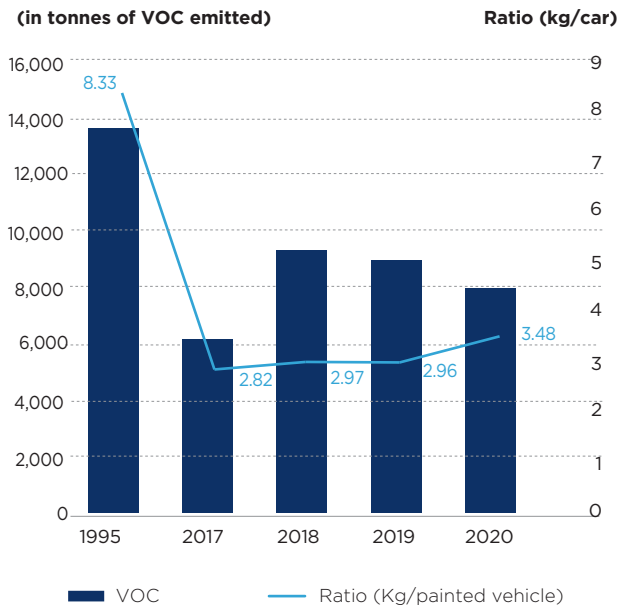
VOC emissions from Groupe PSA paint shop facilities are determined using a material assessment method that complies with the principles of European Directive No. 2010/75/EU on industrial emissions.

PREPARING FOR GROWING SOCIETAL EXPECTATIONS ON HEALTH AND SAFETY

Control of industrial discharges and nuisances: managing the impact on the environment and local residents

CHANGE IN VOC EMISSIONS OF BODY STRUCTURE PAINT SHOP FACILITIES

(Groupe PSA scope)



The policy for reducing use and emission of these compounds is built around the following four areas:

- optimising paint shops by reducing consumption of paints (and therefore solvents). This is achieved by using processes with higher application efficiency, by selecting low-solvent paints and by recycling used solvents;
- implementing low-emission technologies in new paint shops;
- installing air treatment equipment that incinerates VOCs on site when necessary;
- encouraging Group plants to share their experience and best practices.

This action plan, which involves using the best available technology (BAT), has enabled the Group to reduce the VOC emissions of its paint shop facilities threefold in 20 years, and has ensured that each plant has been able to stay within the limits set out in the VOCs chapter of Directive 2010/75/EU on industrial emissions, which came into force in 2010.

Update of the existing regulation about VOC emission was recently under revision and was published at the end of 2020. It will enter into force in 2024 with, in particular, new regulatory emission limit values for VOC and emission into water, and also some required limits for energy consumption and waste production. PSA has already taken into account these new requirements and started the studies to adapt, where necessary, the existing workshops to comply by 2024.

The 2020 result for VOC emissions expressed in kg/vehicle has increased compared to the 2019 result. Production plants using solvent-based paints contributed with a higher share to the total production figure of the Groupe PSA compared to the previous year. Furthermore, the larger vehicle models (SUV and LCV) were produced in these plants contributing to higher VOC emissions in kg/vehicle. In addition, standard operations such as cleaning continued independently from the level of production, therefore the lower production in 2020 contributed to an increase in VOC emissions.

Replacing solvent-based plant with water-borne plants is not technically and economically feasible, and so Groupe PSA continues to improve the existing workshops, using best practices exchanges and process improvement. Burning VOC is also under study to find the best balance between CO₂ emission and VOC reduction.

This VOC emission control strategy (investing resources, using low-emission products, etc.) also applies to component factories using surface treatments.

The geographic split of VOC emissions in 2020 was as follows: 93% for the European Union and 7% for the rest of the world, reflecting an increase in production in Kenitra (Morocco).

SO₂ and NO₂ emissions

The discontinued use of heavy fuel oil at the plants in 2012, and its replacement by gas, brought SO₂ emissions at plants down to around nine tons per year.

NO₂ emissions are controlled through the modernisation of the fleet of combustion facilities and the introduction of low-NO_x burners. The major plans to renovate these burners have now been completed and are yielding the expected results. Emissions are in 2020 about 700 tons in the industrial area, which is still where the majority of the Group's emissions come from.

PREPARING FOR GROWING SOCIETAL EXPECTATIONS ON HEALTH AND SAFETY

Control of industrial discharges and nuisances: managing the impact on the environment and local residents

DIRECT SO₂ AND NO₂ EMISSIONS PER BUSINESS, IN TONS

Entities	Year	SO ₂	NO ₂
Automotive Division	2020	7.28	690.0
	2019	8.74	862.8
	2018	9.03	864.53
Automotive Trade	2020	0.90	10.57
	2019	1.68	14.50
	2018 in 2019 scope	1.87	14.50
	2018	2.47	21.56
TOTAL	2020	8.18	700.57
	2019	10.42	877.30
	2018	11.50	886.09

SO₂ = Sulphur dioxide – NO₂ = Nitrogen dioxide.

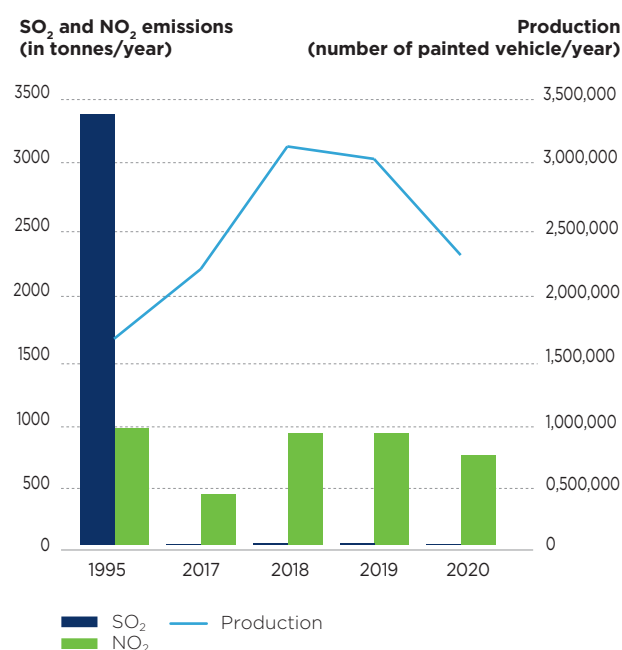
Note: Direct SO₂/NO₂ emissions are calculated based on primary energy consumption according to applicable regulations.

With no change in energy sources used, there are no significant changes in emission, which remain at very low levels as we use only natural gas as combustible.

The same percentage of sites reported dealership data and direct energy consumption (see 2.4.2.1.1.).

CHANGE IN DIRECT SO₂ AND NO₂ EMISSIONS

(Automotive Division)



All of this progress helps to improve air quality at the plants.

After including the of OV data collected, the geographic distribution of NO₂ and SO₂ emissions in 2020 was as follows: 97.8% for the European Union and 2.2% for the rest of the world.

5.3.2.2. Refrigerant use and emissions

GRI.305-6

Limiting emissions of gases which damage the ozone layer is included in the Environmental Management System of the plants.

Usage of trichloroethane and halon was phased out between 1999 and 2003, although CFCs and HCFCs are still used in some “cold units” (which are used to cool production equipment, such as cutting liquids for machine tools) and in electric control boxes, as well as on certain premises.

Systems containing liquids harmful to the ozone layer are checked for leaks every year and, when leakages are detected, corrective action is taken. Resupplying facilities with CFCs has been prohibited since 2001 and resupplying HCFC facilities with recycled fluid was authorised until December 31, 2014.

With regard to fluorinated gases leakages, 2020 results show a significant improvement both from stationary equipment and filling operations on assembly lines. Leakages from fixed installations remain the first cause of CO₂ equivalent emission under this specific chapter, at an amount of 9,589 tons of CO₂ equivalent, showing a reduction of 26% compared to 2019. This strong improvement comes from R&D facilities, which continue to reduce leakages by implementing measures as a result of previous incidents in large units of test equipment.

The same methodologies used in previous years to estimate the fluorinated gases leakages from mobile air conditioner-filling operations on assembly lines were applied and the results can be easily compared. There has been significantly less leaks leading to a reduction of 50% in CO₂-equivalent emissions, mostly from R134a fluid. Large installations, previously used for R134-filling, were sources of leaks. An action plan is implemented to replace these installations with smaller units more suited for current operations. These measures started to show results in 2019 and contributed to the reduction in total annual emissions in 2020 as well.

PREPARING FOR GROWING SOCIETAL EXPECTATIONS ON HEALTH AND SAFETY

Control of industrial discharges and nuisances: managing the impact on the environment and local residents

5.3.3. Preventing chemical risks DPEF.15

5.3.3.1. Industrial chemical risks

The Group strives to manage the use of hazardous chemicals at all its plants in a rigorous manner.

When a new chemical product is introduced at a plant, it is analysed by a network of experts who check the nature and acceptability of the health and environmental impacts and define the main risk prevention requirements to be implemented. All products authorised in this manner, together with their safety data sheets, are managed and made available to everyone *via* a single application called CHEMA (Chemical Health and Environment Management Application).

In addition to these introduction conditions, building techniques (building workshops over retention basins and using overhead pipe systems to carry polluting liquids) considerably limit the impact in case of accident when using these chemicals. For other risks, regular audits of compliance with environmental procedures are carried out during walk-through inspections by production line managers as part of Groupe PSA Production System. Compliance with environmental procedures is also confirmed by ISO 14001 audits. Lastly, each site regularly analyses the amount of chemical products in stock and is careful to limit the volumes available on-site to the bare minimum.

Naturally, all of the Group's industrial projects also undergo impact and safety studies to determine the suitable prevention (and if applicable, response) measures.

Significant changes in European and national legislation on these matters (particularly as a result of the REACH and CLP regulations, and the Seveso III Directive) have resulted in the Group reinforcing its leadership and management tools to maintain a high-level of chemical risk prevention. Under the new EU regulatory framework for the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), which came into effect on June 1, 2007, the Group is certified as:

- a "producer of articles", and as such has taken the necessary steps to respond to customer queries concerning the possible presence of "substances of concern" in its products;
- a "downstream user" and as such, in partnership with other European car manufacturers (grouped under the ACEA – European Automobile Manufacturers' Association), has implemented an initiative with the Group's suppliers. It aims to ensure they are properly taken into account by these regulations both to ensure delivery continuity of the substances and mixes necessary for automotive production, and to supply the information necessary for them to be used in accordance with regulations.

In addition, it can also be noted that a best practice, shared by all Groupe PSA industrial facilities, including OV plants since 2019 helps environmental teams in plants to manage the risk of storing quantities of chemicals. Called the "Seveso management tool", this best practice encourages each plant to evaluate each year or at each significant change in production condition, the amount of chemical stored in the plant. The conclusion of this audit could be quantity reduction, change in chemical formulation, or at least evolution of storage conditions. As a result, no plant falls under Seveso regulation.

5.3.3.2. Soil pollution DPEF.18 DPEF.25

Within the Automotive Activities

The Group continues to operate a strict policy to prevent soil contamination at operational sites, notably:

- by using retention basins for stocks of liquid products;
- by avoiding the use of underground pipelines to transport polluting liquids wherever possible.

In addition, it aims to discover what past pollution may be present in the soil on its sites.

Either at the instigation of public authorities or at the Group's initiative, **soil contamination has been assessed at a large number of sites.** After these investigations, experts have concluded that some sites fell into the category which requires self-monitoring. Depending on the site, these surveys were supported by a small number of one-off remediation or prevention programmes.

Other pollution risk assessment and soil testing also takes place when manufacturing premises, but also in the event of disinvestment from some premises are sold or bought or if premises are disinvested.

As part of the plant compaction processes, the soil of all the plots likely to be sold is systematically investigated and the findings shared with potential buyers.

Within the Automotive Trade

Since 2016, the Group has maintained its decision to perform soil studies on sites that are identified as being potentially pollutant. **Special attention is given to all points of sale with underground works. The aim is to ensure that maintenance on all sites is carried out to the highest standards.** In case of proven pollution, the Group implements an action plan to treat this pollution, in compliance with regulatory constraints.

5.3.3.3. Reducing other forms of pollution in local communities DPEF.19 DPEF.31

Potential impacts on the local population's tranquillity and the measures to be taken to manage them are assessed and adopted during impact studies or additional impact studies whose content is defined by regulations. These studies assess the sensitivity of residential areas in the immediate area surrounding the plants, according to diverse criteria such as sound levels, unpleasant odours, traffic, etc. They are carried out at new facilities or renewed at each significant stage of development of a plant (extension, new installation or new equipment) and are legally subject to public disclosure and the approval by the administrative authorities.



STAKEHOLDERS DIALOGUE

The impact of all changes associated with production line compaction and restructuring operations is automatically taken into account. The findings of noise measurements and odour analyses are interpreted based on new property boundaries, and hazard studies updated with new locations are presented to the competent authorities.

PREPARING FOR GROWING SOCIETAL EXPECTATIONS ON HEALTH AND SAFETY

Protection of natural environments and biodiversity efforts

5.3.3.4. Accidental discharges

GRI.306-3

GRI.307-1

GRI.419-1

DPEF.16

DPEF.17

DPEF.31

Any accident with an obvious environmental impact and where the authorities have had to be notified is considered as significant.

In 2020, two incidents were reported to local administration. Both were related to CO emissions at the plant in Ellesmere Port. The first incident involved a faulty valve proving unit which prevented the RTO incinerator from reaching its usual temperature. It is probable that the faulty unit resulted in increased emissions, but it is unlikely to have breached CO emission limits due to the low emission nature of the RTO.

The second incident involved an emergency shutdown of the primer oven incinerator due to a vehicle getting trapped in the primer oven due to a bent skid. Both the breakdown and the emergency shutdown led to a breach of CO from the primer oven for a short time period.

After fixing the technical failures in both cases, the emissions returned to normal. There were no additional requests by the authorities.

Compensation paid for environmental damage pursuant to a judicial decision

The Group did not have to pay any such compensation in 2020.

Amount of provisions covering environmental risks

In accordance with Decree 2012-633 of May 3, 2012, since July 2014, the Group has set aside €4.9 million in financing guarantees in order to legal requirement: some plants with significant environmental impact have to set a guarantee system with insurance to secure remediation action in case of failure. By 2024, the group will have financial guarantees of approximately €5.3 million for French facilities. In Germany, a reserve of €4.2 million is in place to cover remediation operations. Similar regulation are in force in Spain since 2018, but the three facilities operated by Groupe PSA do not reach the threshold for implementation.

5.4. PROTECTION OF NATURAL ENVIRONMENTS AND BIODIVERSITY EFFORTS

GRI.103-1

GRI.103-2

GRI.103-3

GRI.304-3

Groupe PSA car manufacturing operations do not intrinsically pose a high risk to the environment. The manufacturing facilities are large, however, due to the demands of mass-market production.

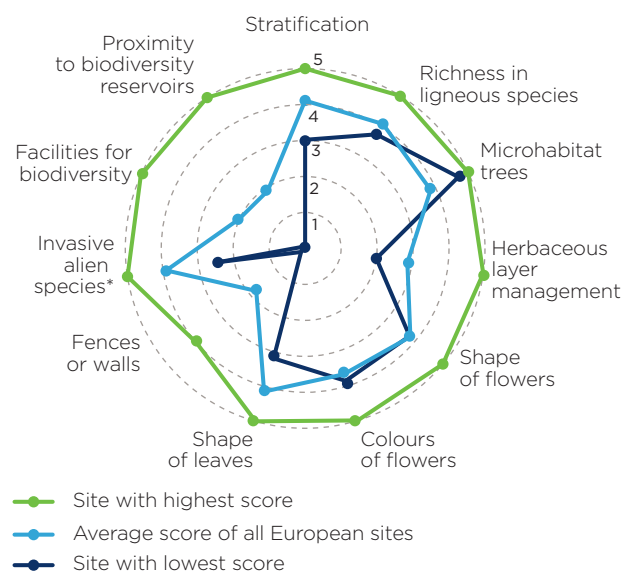
See 2.4.1. for more information regarding Groupe PSA industrial strategy..

5.4.1. An innovative impact measurement on biodiversity

In 2019, Groupe PSA has been the first private sector company to deploy the RENATU indicator in its facilities to assess the ability of fauna and flora to develop on its sites. The aim of this approach is to maintain and develop this biodiversity.

The RENATU indicator is recognised by the Ministry of Ecological and Solidarity Transition, ADEME and the Foundation for Biodiversity Research. It was developed by the University of Paris 1 Panthéon Sorbonne, which supported Groupe PSA in the initial implementation of this indicator.

RENATU BIODIVERSITY INDICATOR: RESULTS FROM 2020 EVALUATION OF THE GROUP'S FACILITIES



PREPARING FOR GROWING SOCIETAL EXPECTATIONS ON HEALTH AND SAFETY

Protection of natural environments and biodiversity efforts

RENATU's implementation in Groupe PSA facilities started during spring 2019. RENATU is based on biodiversity observation and appreciation through 11 parameters which are easy to understand and measure. The best period for this study is spring and the beginning of summer. User feedback confirms that this tool is easy to use and gives a consistent picture of

existing biodiversity in plants, and the improvement opportunities which could be managed by each plant. This tool was implemented in all European facilities (except 2 with closing operations in 2020 and 1 site leased to a 3rd party, therefore not accessible). In addition, 3 sites located outside Europe implemented RENATU in 2020.

5.4.2. Presence close to protected zones GRI.304-1 DPEF.25

The Group's manufacturing facilities worldwide include 33 manufacturing plants and 10 study centres and tertiary sites. These 43 facilities occupy an area of approximately 4,700 ha, of which 48% are impermeably-surfaced. Compared with 2019, the total surface remained stable.

Most of these sites are located in suburban industrial areas. No site is located in an area defined as wetland (RAMSAR convention) or in an area regulated for the protection of fauna and flora (national parks, Natura 2000 areas, nature reserves, areas covered by biotope orders, etc.). Although some facilities listed below are located near these areas, their proximity has no consequence identified to date on the environments concerned.

Plant	Activity	Surface area (sq. m.)	Sealed surface area	Proximity to a regulated area	
				Distance between the plant and the regulated area	Type of area
Aspern	Components plant	476,119	40%	Less than 3 km	Natura 2000 area
Bessoncourt	IT centre	57,400	51%	Less than 3 km	Natura 2000 area
Dudenhofen	Testing centre	2,754,300	20%	Less than 1 km	Natura 2000 area
Caen	Component plant	204,934	76%	Over 3 km	Natura 2000 area
Charleville-Mézières	Casting	546,720	36%	Between 1 and 3 km	Nature reserve
Eisenach	Automotive production	429,053	72%	Less than 3 km	Natura 2000 area
Ellesmere Port	Automotive production	1,208,376	66%	Less than 1 km	Natura 2000 area
Kaiserslautern	Component plant	967,641	61%	Less than 3 km	Natura 2000 area
La Ferté-Vidame	Testing centre	6,312,192	<1%	Less than 1 km	Natura 2000 area
Kaluga	Automotive production	1,432,707	41%	Over 3 km	National park
Mulhouse	Automotive production	3,169,106	66%	Less than 1 km	Natura 2000 area
Rüsselsheim	Automotive production	2,235,607	86%	Less than 3 km	Natura 2000 area
Sept-Fons	Casting	202,262	48%	Less than 1 km	Natura 2000 area
Szentgotthard	Components plant	349,640	64%	Less than 1 km	Natura 2000 area
Trnava	Automotive production	1,826,574	38%	Over 3 km	Natura 2000 area
Valenciennes	Gearbox production	891,587	35%	Between 1 and 3 km	Regional nature park
				Over 3 km	Natura 2000 area
				Less than 1 km	Prefectoral biotope protection order
Vesoul	Spare parts warehouse	1,197,606	92%	Less than 3 km	Natura 2000
Zaragoza	Automotive production	1,785,500	66%	Less than 3 km	Natura 2000 area

5.4.3. Biodiversity efforts GRI.304-2 DPEF.19 DPEF.29

Embracing biodiversity at Groupe PSA manufacturing plants

Measures required to preserve natural habitats and flora and fauna are assessed and defined during initial or additional environmental impact studies conducted before the installation of any new plant facilities or equipment whose content is defined by regulations. These studies assess the sensitivity of natural environments located in the immediate vicinity of the sites, and particularly the proximity of special protection areas of fauna and flora. **They are carried out at new facilities or renewed at each significant development stage of a site** (extension, new installation or new equipment), and are legally subject to public notice and the approval of the administrative authorities.

As a result, approximately ten impact studies are conducted annually on the Group's sites. In addition to these studies, analyses of the environmental impacts from business activity are conducted annually using the ISO 14001 Environmental Management System on all of the Group's certified sites.

Since facilities and the regions in which they are located have very different characteristics, each facility is granted considerable independence in setting up its biodiversity management programme.

PREPARING FOR GROWING SOCIETAL EXPECTATIONS ON HEALTH AND SAFETY

Reporting scope and methodology

In addition to RENATU, the access to some simulation tools to help plants make decisions about biodiversity management (for example agricultural grazing), is considered as a best practice for grazing. The successful introduction of agricultural grazing in 2017 in Trémery has been continued and extended in Metz, Szentgotthard and La Ferté Vidame.

Mulhouse has installed artificial nests for swallows during the demolition of a building. This operation is managed in cooperation with the Ligue Protectrice des Oiseaux (LPO, a French NGO dedicated to bird protection) over three years. Some plants promote and monitor protected species in an onsite wildlife habitats, while others have established programmes to protect local flora and fauna. Each programme is guided by qualified external biodiversity professionals to ensure its quality. Some sites have obtained Wildlife Habitat Council certification for their programmes.

Forests at the Belchamp and La Ferté-Vidame sites have earned Pan-European Forest Certification (PEFC) for their sustainable management practices.

The PEUGEOT-ONF forest carbon sink project in the Amazon

The Peugeot brand, in partnership with France's National Forestry Office (ONF), has contributed to the PEUGEOT-ONF forest carbon sink project it has sponsored in the Amazon since 1998. The project involves reforesting areas of degraded land and restoring biodiversity, while studying the relationship between reforestation and the absorption of atmospheric carbon dioxide.

When the project had already been running for more than 20 years, the total amount of carbon sequestered by biomass and soil was estimated to be more than 700,000 tons of CO₂ equivalent according to the measurement methods of the VCS (Verified Carbon Standard).

The Verified Carbon credits Units (VCU) are sold under the VCS protocol methodology. The revenues are systematically reinvested in the project.

2 million trees, including more than 50 native species, were reintroduced in a plantation of nearly 2,000 hectares. At the heart of the project, an area of 1,800 hectares of virgin forest with high biodiversity value has been devoted to scientific research since 2009.

More than 20 new global species were discovered, among them a new fish named "Hyphessobrycon peugeoti" and a new species of beetle called "Hansreia peugeoti". In 2019, a new coral snake named "Micrurus boicora" has been discovered, and a possible new species of bird is currently being verified ("Psarocolius sp").

Research with amphibian toxins as tools to treat cancer and malaria, carried out with material collected at the project site, are showing promising results.

More than **20**
new global species discovered



STAKEHOLDERS DIALOGUE

The carbon sink's long-term success hinges on its seamless integration into the region's economic and social fabric. In 2012, the project partners set up PETRA, an experimental platform for the management of Brazilian Amazon rural land, to develop initiatives aimed at reconciling economic activities with the preservation of the forest in rural Amazon areas. The project encourages small local producers to develop sustainable forestry systems (agro-forestry and woodland grazing, among others).

5.5 REPORTING SCOPE AND METHODOLOGY

GRI.102-48

GRI.102-49

See 9.4 for more information.



Preserving human rights requires the respect of ethical rules by all players.
Groupe PSA discourages any attempts of corruption, in cooperation with its partners.



6.

ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION

HUMAN RIGHTS REPORT (INCLUDING VIGILANCE PLAN)

GRI.102-11

GRI.103-1

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The automotive industry is globalizing and companies are setting up complex supply chains all over the world. This globalization makes it challenging for companies with high ethical standards like Groupe PSA to ensure their principles are respected at all stages of their supply chain.

International standards (OECD, ILO, Global Compact, etc.) and local regulations in developed countries (Duty of Vigilance in France, Modern Slavery Act in the UK, Dodd Frank Act in the USA, etc.) help companies to enforce their policies across their supply chain.

Moreover, national and international regulations will tighten (such as regulations related to conflict minerals, the balance and integrity of business relations, as well as consumer protection) and will provide a level playing field for all economic actors.

Groupe PSA has identified three CSR issues related to the macro-risk “Human rights and business ethics violation”.

● Ethics in business practices

Adhering to regulations and ethical principles is the only way to ensure fair and balanced business relations in addition to preserving the interests of civil society. These ethical principles pertain to public relations practices, Anti-corruption or the promotion of sustainable relations with suppliers and the dealer network. Leading groups such as Groupe PSA play a key role in these fields, in order to build trust between civil society and economic players.

In particular, car manufacturers must make sure that their activities, including in countries categorised as “high risk” by specialised NGOs, do not expose them to international regulatory infringements. Faced with ethical or corruption risks, convictions resulting from non-compliance may lead to significant fines, but may also have a lasting impact on the Group’s presence in one or more markets. The scope of application of some national laws, particularly those of the United States, the United Kingdom and now France, extends beyond national borders.

All stakeholders – shareholders, government authorities, opinion makers – expect companies to ensure consistency between their commitments and stated policies with respect to environmental, social, economic and other issues, and the positions they defend in the context of their strategy of influence. This consistency is an advantage to consolidate the reputations of companies like Groupe PSA in the area of Corporate Social Responsibility.

See 6.1 for more details.

● Human rights in supply chain

Managing social, societal and ethical impacts in the supply chain is a core priority for Groupe PSA, given its extensive international expansion primarily in emerging countries. The Group ensures that the standards defined by supranational bodies (International Labour organisation, Global Compact, ISO 26000, ISO 20400, ISO 14021, UK Modern Slavery Act, REACH, US regulations and the European Directive on conflict minerals, human rights, ethical principles, etc.) are fully integrated into the Company’s internal processes

to effectively manage not only the risks incurred by the Company, but also risks to stakeholders arising from the Company’s business activities, for the entire subcontracting supply chain.

The Group must therefore ensure that forced or compulsory labour and child labour is not tolerated and forbidden throughout the entire supply chain, including raw materials suppliers, and ensure that its suppliers also comply with these international principles.

Expectations from stakeholders are growing. Nowadays, stakeholders expect to be informed about the production conditions and origin of the products that they buy. It is therefore crucial that the Group is able to prove that there is transparency throughout the supply chain, regardless of how difficult this is to implement.

A failure to comply with social, societal and ethical standards in the supply chain could have severe negative impacts on the Group. Its economic performance would be exposed to three core risks:

- major damage to its reputation which may reduce its revenue and pricing power;
- cost of inadequate quality and potential supply disruptions;
- remediation costs.

Consequently, Groupe PSA must put in place all necessary preventive measures proportionate to the risks involved to produce vehicles that comply with social and ethical standards (OECD Guiding Principles) and meet all customer expectations.

See 6.2 for more details.

● Responsible information and marketing

This issue concerns:

- responsible marketing which relates to the transparency and ethical nature of the information communicated to civil society;
- Group information for accountability purposes (relating in particular to the environment, health and safety).






As a result, car manufacturers must therefore demonstrate their ability to fulfil their legal obligations with respect to their communications and marketing efforts (risk of fines/penalties, e.g. a €1,500 fine for every advert found to be in violation of the recommendations of France’s professional advertising regulation agency — ARPP). However, it is also important for manufacturers to ensure that their messages achieve the desired aims without overstating their case, thus exposing themselves to the risk of controversy (e.g. “green washing”). Furthermore, companies in the sector have a duty to encourage responsible behaviour and ensure that their practices are exemplary.

See 6.3 for more details.






Faced with these issues, Groupe PSA has set up the actions presented in this chapter.

ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION






COMMITMENTS SCOREBOARD

 CSR ISSUES	 AMBITIONS	 TARGETS 2020	 RESULTS 2020	 TARGETS 2021
Ethics in business practices Organiser: EVP Human Resources and General Secretary	<p>The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues.</p> <p>Given the merger with FCA, the previous Groupe PSA CSR ambitions are not applicable to the Stellantis scope.</p>	<p><u>Business ethics</u></p> <ul style="list-style-type: none"> Update the Code of Ethics to integrate Group's ambition upgrade, good market practices and regulator's guidelines. Extend the compliance requirements to non-controlled partnerships. <p><u>Relations with public institutions</u></p> <ul style="list-style-type: none"> Prepare the data-collection processes to disclose FY2020 membership fees to professional associations outside Europe. Monitor impacts of the new European taxonomy regulation. 	<p>Target met</p> <p><u>Business ethics</u></p> <p>Target met</p> <ul style="list-style-type: none"> Code of Ethics has been communicated to employees in January 2020. Due diligence: Request sent to non-controlled entities where PSA has a legal representative in the board to provide evidence of the existence of effective compliance program. <p><u>Relations with public institutions</u></p> <p>Target met</p> <ul style="list-style-type: none"> All membership fees to professional associations are now collected, but disclosure remains focused on Europe to enable last year-on-year comparison for Groupe PSA. Impacts of the new European taxonomy regulation are monitored. 	<p>In 2021, the Stellantis teams will start converging operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.</p>
Human rights in the supply chain Organiser: EVP Global Purchasing and Supplier Quality	<p>The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues.</p> <p>Given the merger with FCA, the previous Groupe PSA CSR ambitions are not applicable to the Stellantis scope.</p>	<ul style="list-style-type: none"> Maintain the average social score for all suppliers at minimum 51/100. Increase average number of performed onsite audits to 40 audits in 2020. Increase Ecovadis CSR assessment further to: <ul style="list-style-type: none"> 96%⁽¹⁾ of direct material suppliers; extend scope for indirect suppliers to 70%⁽²⁾. 	<p>Target met</p> <ul style="list-style-type: none"> Average social score for all suppliers is at 51.8/100. (improved by 1.0 vs. last year) <i>Note: Ecovadis average social score is 45.4.</i> 43 onsite Audits were done in 2020, compared to an average of 10 audits in previous years Ecovadis CSR assessment is improved to: <ul style="list-style-type: none"> 96%⁽¹⁾ of direct material suppliers; 71%⁽¹⁾ of indirect material suppliers. 	<p>In 2021, the Stellantis teams will start converging operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.</p>

(1) Percentage is evaluated on related annual purchasing amount.

				
CSR ISSUES	AMBITIONS	TARGETS 2020	RESULTS 2020	TARGETS 2021
Responsible information and marketing Organisers: Brand EVPs	<p>The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues.</p> <p>Given the merger with FCA, the previous Groupe PSA CSR ambitions are not applicable to the Stellantis scope.</p>	<p>1.a Publish an online TCO (Total Cost of Ownership) simulator on brand websites, comparing different versions of models and finance options. Facilitate customers' access to e-mobility through commercial offers tailored to make LEV versions comparable to thermic versions.</p> <p>1.b New offers of spare parts: Develop customers' awareness about the Group's offer of circular economy parts.</p>	<p>Target met</p> <p>1.a Relevant contents and information were made available to customers to demystify the daily use of electrified vehicles through widgets (electro-compatibility, test charging calculator, etc.)⁽¹⁾. However, the unique TCO simulator was not published since the constant evolution of national laws and specific governmental and local subsidies on electrified vehicles in all countries did not allow providing accurate information at all time.</p> <p>Private Cars but also Light Commercial Vehicles are now integrated in the electrification commercial strategy of the brands. Specific 'electrified' commercial offers exist in countries where local regulations make them favorable for customers.</p> <p>1.b New offers of spare parts: Groupe PSA has develop a strong communication plan :</p> <ul style="list-style-type: none"> • corporate communication through the integration of webpage dedicated to circular economy; • on social network through the release of messages and a web series on all the scope of circular economy. 	<p>In 2021, the Stellantis teams will start converging operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.</p>

ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION

				
CSR ISSUES	AMBITIONS	TARGETS 2020	RESULTS 2020	TARGETS 2021
Responsible information and marketing Organisers: Brand EVPs	<p>The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues.</p> <p>Given the merger with FCA, the previous Groupe PSA CSR ambitions are not applicable to the Stellantis scope.</p>	<p>2. Develop and deploy for all brands (in major markets) a new version of the MyBRAND app including:</p> <ul style="list-style-type: none"> more functionalities, more services, new design, etc. extended services for electrified vehicles. <p>Extend the scope of the Free2Move Services app for electric car drivers: access to 130,000 public charging stations in Europe. Plan a trip with the locations of compatible public charging stations.</p> <p>3.</p> <p><u>Consumer information in Europe</u></p> <ul style="list-style-type: none"> Maintain information on take-back network on Brands' websites. <p><u>End-of-life Vehicles</u></p> <ul style="list-style-type: none"> Provide information to all Brands' dealer networks and agreed dismantling partners on how to analyze, deposit, collect and treat used or damaged high-voltage batteries in Europe. 	<p>2. The new version of the MyBRAND app offers more functionalities and new services, notably for electrified vehicles. The scope of the Free2Move Services app for electric car drivers has been extended to give access to more than 220,000 public charging stations and to plan a trip compatible with the location of public charging stations</p> <p>3.</p> <p><u>Consumer information in Europe</u></p> <ul style="list-style-type: none"> All Brands, and Spoticar in France, inform their customers through a dedicated page on all the countries' websites in Europe⁽²⁾. <p><u>End-of-life Vehicles</u></p> <ul style="list-style-type: none"> Information provided to dealer networks in Europe on how to handle end-of-life of high-batteries for the Remanufacturing Process 	<p>In 2021, the Stellantis teams will start converging operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.</p>

(2) Examples: <https://www.peugeot.co.uk/technology/sustainability/> - <https://www.citroen.co.uk/about-citroen/environment/elv-directive> - <https://www.dsautomobiles.co.uk/inside-ds/environment.html> - <https://www.vauxhall.co.uk/environment/design-and-recycling/design-for-environment.html?xxzy> - <https://www.opel.de/ueber-opel/nachhaltigkeit/recycling.html> - <https://www.spoticar.fr/recyclage-vehicule>

6.0. VIGILANCE PLAN

Object of the vigilance plan

Pursuant to Act No. 2017-399 of 27 March 2017 on the duty of vigilance of parent companies and ordering companies, **the vigilance plan set out in this section includes reasonable measures of vigilance designed to identify risks and prevent serious breaches of human rights and fundamental freedoms, and to ensure the health and safety of persons and of the environment**, arising from:

- the activities of the Company and those of the companies it controls directly or indirectly;
- the activities of subcontractors or suppliers with which an established commercial relationship is maintained.

To ensure the fullest transparency, Groupe PSA chose to distinguish these two scopes in presenting the different measures⁽¹⁾ of its vigilance plan.

Indicators presented in this 6.0. section are the results of the 2020 Financial Year.

6.0.1. Mapping of the risks covered by the vigilance plan

The items set out below constitute Groupe PSA answer to **measure No. 1: "Risk mapping designed to identify, analyse and classify risks"**.

Methodology

While updating its materiality matrix, the Group identified seven macro-risks, translated into 23 CSR issues (see 1.2.1.1.). The Group relied on an external third party to ensure fair and rigorous rating of each of the issues according to a uniform methodology (see 9.4.2.).

The risks identified are both those that may have negative consequences on the business of the company but also the extra-financial risks that the company poses for its stakeholders and the environment.

The findings were submitted to appraisal by the Group stakeholders through interviews conducted with a representative sample. The new matrix (see 1.2.2.) was validated by the members of the Executive Committee.

Among the 23 CSR issues of Groupe PSA, 10 are selected to be included in the Vigilance Plan, according to the following rule. They are presented in sections 6.0.1.1 and 6.0.1.2.

A CSR issue is included in the vigilance plan if and only if:

- it has an impact on one of the three themes: Human rights and fundamental freedoms or/and Human health and safety or/and Environment (*with the exception of the CSR issue "Local sourcing development in host territories" by nature*);

AND

- it is classified as "Strategic CSR issue" or "Significant CSR issue" in Groupe PSA materiality matrix (see 1.2.2.);

AND

- it has an impact at the supply chain level or at the Company's operations level.

According to the principle of duty of vigilance and in order to avoid duplication of information, impacts related to the use of products and services are only dealt with in the Declaration on Extra-Financial Performance, that can be identified in this Report using the dedicated icons DPEF.X. The CSR issues "CO2 emissions from vehicles", "Impact of vehicles on air quality", "Vehicle safety" and "Responsible management of customer's data and relationship" are already highly detailed respectively in sections 2.3., 5.2., 5.1. and 4.3.

6.0.1.1. Risks arising from the activities of the company and its subsidiaries

Among the 23 CSR issues of Groupe PSA, seven are selected to be included in the vigilance plan, related to the activities of the Company and its subsidiaries:

- DV.1 - Management of Company transformations and social dialogue;
- DV.2 - Attractiveness and development of all talents;
- DV.3 - Diversity and equal opportunities;
- DV.4 - Health, safety and well-being at work;
- DV.5 - Energy/industrial carbon footprint;
- DV.6 - Control of industrial discharges and nuisances;
- DV.7 - Wise use of material in the vehicle life cycle (including product recycling).

6.0.1.2. Risks arising from the activities of subcontractors or suppliers

Among the 23 CSR issues of Groupe PSA, three are selected to be included in the vigilance plan, related to the activities of subcontractors or suppliers:

- DV.8 - Local sourcing development in host territories;
- DV.9 - Human rights in the supply chain;
- DV.10 - Environmental performance of the supply chain: Purchasing and Logistics.

The EcoVadis Rating Framework (see 6.2.3.1.) is a part of the suppliers' assessment. The CSR risk level established for each commodity is then enriched by:

- the CSR assessments performed by EcoVadis for suppliers of every commodity;
- the risks related to the host countries;
- other factors (amount of purchasing spending and strategic significance to Group commodity).

These factors in combination are used to position risks on six levels. This risks matrix is reviewed by the Purchasing Department and validated by the Managing Board.

Groupe PSA implemented the Due diligence policy in order to address a risk of corruption associated with on boarding of third parties, including suppliers for direct and indirect material.

⁽¹⁾ Article L. 225.102.4.I. of the French Commercial Code requires a vigilance plan comprising five measures.

The due diligence process is based on the anti-corruption risk mapping conducted. It also considers such warning signals as ownership, country risk, expertise, integrity and reputation,

dealings with government officials and politically exposed persons. In 2020, the 35 new on-boarded suppliers answered an ethic questionnaire for new business with significant turnover.

6.0.2. Assessment of the situation in connection with risks covered by the vigilance plan

The items set out below constitute Groupe PSA answer to **measure No. 2: “Procedures for regular assessment of the situation in connection with risk mapping”**.

6.0.2.1. Assessment of the situation of the company and its subsidiaries

CSR issues in the Vigilance Plan	Main actions and results	Details
DV.1 - Management of Company transformations and social dialogue	<ul style="list-style-type: none"> 100% of subsidiaries covered by a self-assessment related to the annual follow-up of the Global Framework Agreement 	3.1.1.
DV.2 - Attractiveness and development of all talents	<ul style="list-style-type: none"> More than 30,000 employees realised an individual diagnosis for skills upgrading 70.5% of employees had an annual appraisal 	3.3.2.3
DV.3 - Diversity and equal opportunities	<ul style="list-style-type: none"> 35,528 employees covered by the Stress Measuring and Monitoring Program that monitors factors of risks related to unfair treatment 	3.4.2.1
DV.4 - Health, safety and well-being at work	<ul style="list-style-type: none"> The Global Care Management System is applied to all Group entities and subsidiaries in Europe, Latin America and China. More than 3,459 STOP™ preventive observations carried out in plants by first-aid workers 	3.4.4.
DV.5 - Energy/industrial carbon footprint	<ul style="list-style-type: none"> 100% of plants covered by the Environmental Management System 	
DV.6 - Control of industrial discharges and nuisances	<ul style="list-style-type: none"> Carbon trajectory* approved in 2019 by the Science Based Targets initiative as consistent with the Paris Climate Agreement 	2.4.1. 2.4.2.
DV.7 - Wise use of material in the vehicle life cycle (including product recycling)	<ul style="list-style-type: none"> 17 meetings of the Materials Strategy Committee since its creation in 2012 	7.1.2.4.

* The Group commits to reduce, from the 2018 base year to 2034, absolute GHG emissions from energy consumption of industrial activities (scope 1 and 2) by 20%.

6.0.2.2. Assessment of the situation of subcontractors or suppliers

CSR issues in the Vigilance Plan	Main actions and results	Details
DV.8 - Local sourcing development in host territories	<ul style="list-style-type: none"> Local sourcing rates: 61% in Latin America; 35.3% in Russia; 60% in Morocco 	8.1.2.
DV.9 - Human rights in the supply chain	<ul style="list-style-type: none"> Annual cartography in place covering 26 raw materials 1,955 supplier groups, which accounts for 96% of the value of purchases of direct parts, covered by a CSR assessment performed by an external third party (EcoVadis) on criteria related to the workforce and subcontracting chain Due diligence conducted in the cobalt supply chain for screening different tiers of suppliers with RCS (Responsible Cobalt Sourcing) Membership in the RMI (Responsible Minerals Initiative), to get more benchmark data and improve risk-identification, with the aim to decrease the percentage of the Group's sourced raw materials at risk. 	6.2.3.2.
DV.10 - Environmental performance of the supply chain: Purchasing and Logistics	<p><u>Purchasing:</u></p> <ul style="list-style-type: none"> 1,955 supplier groups, which accounts for 96% of the value of purchases of direct parts, covered by a CSR assessment performed by an external third party (EcoVadis) on criteria related to the environment <p><u>Logistics:</u></p> <ul style="list-style-type: none"> Environmental performance of transport solution monthly monitored in collaboration with GEFCO 	6.2.3.2. 2.5.3.1.

6.0.3. Actions to mitigate risks

The items set out below constitute Groupe PSA answer to **measure No. 3: “Appropriate actions to mitigate the risk of or to prevent serious breaches”**.

6.0.3.1. Actions to mitigate risks from the company and its subsidiaries

CSR issues in the Vigilance Plan	Main actions and results	Details
DV.1 - Management of Company transformations and social dialogue	<ul style="list-style-type: none"> 98% of employees represented by trade unions or employee representatives 	<ul style="list-style-type: none"> 100% of controlled subsidiaries have implemented the Code of Ethics and the Anticorruption code
DV.2 - Attractiveness and development of all talents	<ul style="list-style-type: none"> 100% of country/entities covered by training offers 	3.1.1.1.
DV.3 - Diversity and equal opportunities	<ul style="list-style-type: none"> 25% of women in recruitment 	3.3.3.
DV.4 - Health, safety and well-being at work	<ul style="list-style-type: none"> 100% of sites covered by the Safety Management System 	3.5.1.
DV.5 - Energy/industrial carbon footprint	<ul style="list-style-type: none"> 100% of plants ISO 14001 certified 	3.4.3.
DV.6 - Control of industrial discharges and nuisances	<ul style="list-style-type: none"> 100% of new vehicles undergo a life cycle analysis 64.3% of the fleet sold covered by life cycle analyses 	2.4.1.3.2.
DV.7 - Wise use of material in the vehicle life cycle (including product recycling)		7.1.5. (see 6.1.3.)

6.0.3.2. Actions to mitigate risks from subcontractors or suppliers

CSR issues in the Vigilance Plan	Main actions and results	Details
DV.9 - Human rights in the supply chain	<ul style="list-style-type: none"> 96% of supplier groups signed the Group's Responsible Purchasing Policy More than 200 buyers of the Purchasing Department trained on the CSR approach of the Group 	<ul style="list-style-type: none"> The Group's paint suppliers are members of the Responsible Mica Initiative. With the major introduction of Battery and Hybrid Electric Vehicles, the generic Terms and Conditions were updated to have suppliers comply with the latest requirements regarding materials such as Cobalt.
DV.10 - Environmental performance of the supply chain: Purchasing and Logistics	<ul style="list-style-type: none"> 96% of suppliers trained in Groupe PSA's CSR risks and requirements 43 external social and environmental on-sites audits of tier 1, 2 or 3 critical suppliers (including 23 conducted by RCS). Whenever a supplier is identified as non-compliant with the requirements of the Responsible Purchasing Policy, the Group urges the supplier to launch corrective action plans. (see 6.0.3.2., 6.2.3.3. and 6.2.3.4.) 	<p><u>Purchasing:</u></p> <ul style="list-style-type: none"> 80% of suppliers production plants IATF 16949, and at least ISO 9001 certified (Groupe PSA added some requirements to this certification, notably specific CSR actions to be carried out by every supplier.) <p><u>Logistics:</u></p> <ul style="list-style-type: none"> 59 GEFCO subsidiaries ISO 14001 certified (involving 70 sites) GEFCO is committed to make proposals to reduce the CO₂ footprint of transport in the contract with Groupe PSA

6.0.4. Mechanism for alerting

The items set out below constitute Groupe PSA answer to **measure No. 4: “A mechanism for alerting and for gathering reports on the existence or materialisation of risks, laid down in consultation with the representative unions within the Company”**.

6.0.4.1. Mechanism for alerting regarding to the activities of the company and its subsidiaries

CSR issues in the Vigilance Plan	Main actions and results	Details
DV.1 - Management of Company transformations and social dialogue	<ul style="list-style-type: none"> IndustriALL and the unions exercise continuous vigilance and can report non-compliance to the Head of Human Resources under the Global Framework Agreement. 	
DV.2 - Attractiveness and development of all talents	<ul style="list-style-type: none"> In case of doubtful situation/request, employees are able to give an alert through different channels: speaking with their management, HR contact, Legal Department, contact within the Compliance network, the Compliance Officers, or submitting a report via the secured whistleblowing system Speak4Compliance. A one-page handout reminding all these channels is available on the intranet. 	3.1.1. 6.1.4.1.
DV.3 - Diversity and equal opportunities		
DV.4 - Health, safety and well-being at work		
DV.5 - Energy/industrial carbon footprint	<ul style="list-style-type: none"> 100% of Group's regions covered by the whistleblowing system (Speak4Compliance) 	
DV.6 - Control of industrial discharges and nuisances	<ul style="list-style-type: none"> 18,000 connections to Speak4Compliance in 2020 	
DV.7 - Wise use of material in the vehicle life cycle (including product recycling)	<ul style="list-style-type: none"> 100% of received reports taken into account 4.2 calendar days response time to whistleblowers by the first examiner 	

6.0.4.2. Mechanism for alerting regarding to the activities of subcontractors or suppliers

CSR issues in the Vigilance Plan	Main actions and results	Details
DV.9 - Human rights in the supply chain	<ul style="list-style-type: none"> The discovery report (an internal tool available to anyone within the Group who is visiting a supplier production plant: purchasers, quality auditors, supervisors, analysts) is used to report any non-compliance observed. The Purchasing Department also extends a listening ear to feedback on these subjects from the Company's stakeholders (NGOs, journalists, unions). Unions are consulted at least once a year, following the Global Framework Agreement. An active dialogue is ongoing with a Human Rights NGO, notably on material sourcing matters. 	6.2.3. 6.1.4.1.
DV.10 - Environmental performance of the supply chain: Purchasing and Logistics	<ul style="list-style-type: none"> Legal entities or individuals external to the Group (partners, suppliers, NGOs, etc.), wishing to report violations of the law or international treaties, are able to submit a report by mail addressed to Groupe PSA Compliance Office (address available in the “Whistleblowing and non retaliation Policy” and in the “Code of Ethics”, published on the Group's website). 	

6.0.5. Monitoring of the measures implemented

The items set out below constitute Groupe PSA answer to **measure No. 5: “A system for monitoring measures implemented and for assessing their effectiveness”**.

6.0.5.1. Monitoring of the measures implemented by the company and its subsidiaries

CSR issues in the Vigilance Plan	Main actions and results	Details
DV.1 - Management of Company transformations and social dialogue	<ul style="list-style-type: none"> Ongoing monitoring and assessment of the Global Framework Agreement in collaboration with IndustriALL and 66 unions 	3.1.1.
DV.2 - Attractiveness and development of all talents	<ul style="list-style-type: none"> 18.8 hours of training per employee in average 6.4% of turnover rate on permanent contracts 	3.3.3. 3.2.4.
DV.3 - Diversity and equal opportunities	<ul style="list-style-type: none"> 20% of woman in top management 	3.5.1.
DV.4 - Health, safety and well-being at work	<ul style="list-style-type: none"> 0,68 of total management lost-time accident frequency rate with 0.08 of severity rate 6.1% of excess stress rate 68.5 points for the motivation & engagement index 	3.4.1. 3.3. 3.4.4.
DV.5 - Energy/industrial carbon footprint	<ul style="list-style-type: none"> Energy consumption at 1.98 MWh per car, representing 310 kg CO₂/car 869,580 tons of CO₂ eq emitted (scopes 1 and 2) 29% of share of renewable energy in electricity use 	2.4.2.1.1. 2.4.2.2.1. 2.4.2.4.
DV.6 - Control of industrial discharges and nuisances	<ul style="list-style-type: none"> 3.48 kg of VOC emitted per vehicle produced 	5.3.2.1.
DV.7 - Wise use of material in the vehicle life cycle (including product recycling)	<ul style="list-style-type: none"> 30% of natural and recycled materials in Groupe PSA vehicles All the Group's vehicles in Europe are 95% recoverable and 85% recyclable 562 high-voltage batteries remanufactured since 2012 2019 recycling rates of the Group's partner : <ul style="list-style-type: none"> 72.1% for Lithium-Ion (Li-Ion) batteries 81.2% for Nickel Metal Hydride (Ni-MH) batteries 	7.1.2.2. 7.1.3. 7.1.4.3.

6.0.5.2. Monitoring of the measures implemented by subcontractors or suppliers

CSR issues in the Vigilance Plan	Main actions and results	Details
DV.9 - Human rights in the supply chain	<ul style="list-style-type: none"> Yearly measured average EcoVadis score for direct and indirect material suppliers on the Social aspect: 51.8/100 	6.2.3.2.
DV.10 - Environmental performance of the supply chain: Purchasing and Logistics	<u>Purchasing:</u> <ul style="list-style-type: none"> Yearly measured average EcoVadis score for direct and indirect material suppliers on the Environmental aspect: 52.4/100 	6.2.3.2.
	<u>Logistics:</u> <ul style="list-style-type: none"> Ratio of kg of CO₂ from transport/vehicle produced Upstream: 208 Ratio of kg of CO₂ from transport/vehicle distributed Downstream: 75 	2.5.3.1.

The report on the implementation of Vigilance Plan is publically available in the various sections of this CSR Report, mentioned above.

6.1. ETHICS IN BUSINESS PRACTICES GRI.102-16 GRI.103-2 GRI.103-3

The Group's history has evolved to embrace a corporate culture founded on respect and responsibility. This ethical outlook is formalised through policies, signing of agreements (Global Framework Agreement) or adhering to international standards (Global Compact).

This requirement leads to collective commitments with its stakeholders. To fulfil these commitments, the managers and all employees must comply with shared ethical guidelines.

6.1.1. The Group's innovative adaptation to the changing regulatory environment

The Group's approach is unique in its close association between operating activities and ethics and compliance management.

Far from being a superstructure that is removed from the field and its reality, ethics and compliance are driving each decision level. In addition, managers in charge of compliance at the various levels themselves have operational duties to carry out often in the field most impacted by the relevant topic. For instance, the Compliance Officer type approval is responsible for the relevant entity and implements the procedures required in his department. With this principle, it is possible to provide various "ethics and compliance" players with a strong legitimacy in the eyes of employees, while ensuring that ethical requirements are adhered to, which are related to the core of the Group's operations.

In 2019, the Group was working on strengthening the Internal Control and Risk Coordinators (ICRC) organization. Among the rest the Group dedicated full-time employees to the ICRC role in

PCD, provided training to the ICRCs (on how to conduct the due diligences, gift policy, etc.). ICRCs being responsible among the rest topics for implementation of the ethics and compliance initiatives, provided great support to the METRIC team, including the Anti-corruption risk mapping, due diligence implementation etc. In January 2020, the Chairman of the Managing Board himself took part in an entire session, and brought together the various compliance players to ratify this approach and mark his personal commitment to these topics.

Adaptation of the Anti-corruption system based on the Sapin 2 Law

Based on this principle of association between operational implementers and compliance, the Group renewed its Anti-corruption system in line with the eight measures required by the Sapin 2 Law, Article 17. New Anti-corruption Compliance Officer was nominated in 2019, the year in which the Group continued to improve upon the eight mandatory measures as provided by the clause (see 6.1.2.3.).

6.1.2. Organizational structure of ethical governance bodies and players

6.1.2.1. A four-tier ethics and compliance policy

GRI.205-2 DPEF.37

Management by the Group Ethic and Compliance Committee

Since 2010, the Group has a Group Ethic and Compliance Committee which reports to the Global Executive Committee, Managing Board, Supervisor Board Financial and Audit Committee. It is chaired by the Human Resources and Transformation Executive Vice-President. It comprises four other core members (General Secretary Executive Vice-President, Legal Affairs Senior Vice-President, Head of Group Compliance Office Vice-President and Protection Risk and Audit Vice-President) and Compliance Officers in the relevant areas (Anti-corruption, Competition, Export Control, Data Protection and Type-Approval). The Anti-corruption Compliance Officer took part in all of the Committee's sessions since 2016.

This Committee is the linchpin of the ethics and compliance policy. As such, it determines the main guidelines, sets the targets and reports to the Executive Committee and, when necessary, to the Managing Board and the Supervisory Board, in particular through the Finance and Audit Committee.

The Committee is responsible for:

- determining the general direction of the Group's ethics and compliance policy, based in particular on external intelligence (new risks, emerging stakeholder expectations and

new legislation) It also decides on the development of tools and reference systems of the ethics system;

- overseeing operational deployment including setting and monitoring annual objectives and monitoring indicators. It ensures the proper functioning of relay networks;
- analysing, processing and tracking "ethics cases" reported to it;
- acting as the liaison for employees who have questions about ethics;
- reporting on ethics and compliance issues to the Executive Committee, Managing Board and Supervisory Board.

For most critical cases (non-compliance allegations involving a Board member, non-compliance allegations hidden or treated inappropriately...), each of the five core members of Group Ethic and Compliance Committee can report to Financial and Audit Committee of the Supervisory Board or Managing Board.

The Group Ethic and Compliance Committee met 5 times in 2020.

The four levels of ethics governance and compliance

- The Group departments, led by members of the Executive Committee or by Heads of Department reporting to the Chairman of the Managing Board, are the **first** and most critical **level** in enforcing the ethics and compliance policy. The departments, led by their Internal Control and Risk Coordinator (ICRC), who in turn is supervised by a corpo-

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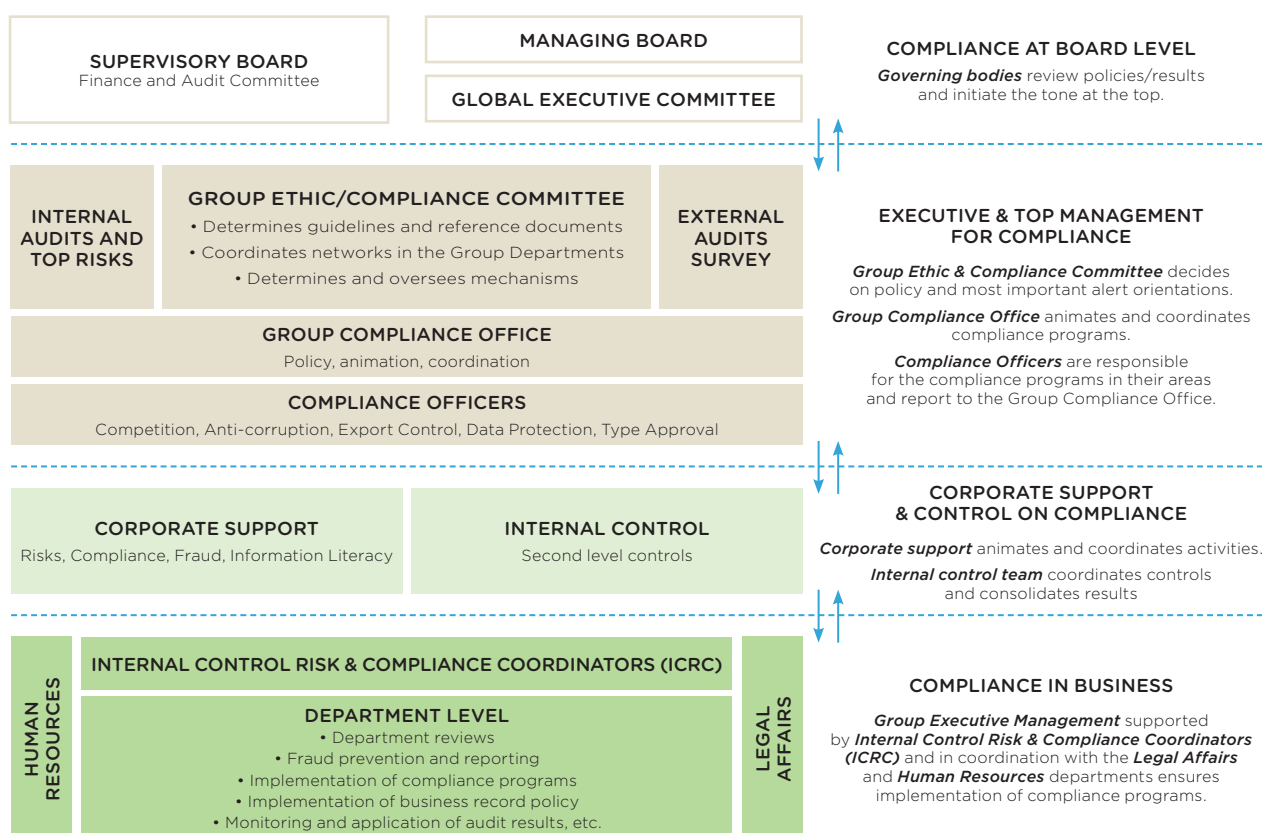
rate support and the Compliance Officers, roll out the core components of the policy under the leadership of the Head of Department. At least once a year, risks and achievements associated with ethics and compliance are assessed, adjusted and clearly identified. This makes it possible to define action plans during METRIC (Management of Ethics, Risks, Internal Control and Compliance) reviews, which is a focal point of the policy. The departments and their Heads are responsible for applying the Code of Ethics and compliance imperatives in their area, and for implementing suitable systems according to the risk levels identified. They define and monitor the related KPIs.

- The corporate support acts at the **second level** of compliance management. The Protection, Audit and Risk

Management Department checks that the processes have actually been implemented and assists departments with internal control. Each audit of a site or a subsidiary includes a section that analyses this risk.

- The Group Ethic and Compliance Committee, with the assistance of the Compliance Officers, gets involved at the **third level** where necessary to settle any issues and to ensure that the procedures are followed properly. It can ask for an internal or external audit to take place.
- The Global Executive Committee, the Managing Board, the Supervisory Board and the relevant committees get involved at the **fourth level**.

THE ETHICS AND COMPLIANCE SYSTEM



6.1.2.2. Distribution of the various players' roles and responsibilities

The Compliance Officers

Competition, Anti-corruption, Data Protection, Type-Approval and Export Control Compliance Officers have been appointed.

To encourage the exchange of best practices, Compliance Officers work in pairs, with PCD on one side and OV on the other, for each of the areas above.

These five areas embody the core areas of compliance in the automotive industry, and Compliance Officers play a key role in this monitoring system.

They report to the Group Compliance Office, who directs them both individually and collectively, and report their activities to the Group Ethic and Compliance Committee, at every

Committee meeting. This includes using the Internal Control and Risk Management (ICRC) Managers to ensure that the compliance programmes that they are establishing in their respective fields are deployed within the departments and to monitor their implementation. If an action infringes the Group's rules, they have the capacity to block it.

More specifically, the Compliance Officer, liaising with external regulators:

- monitors developments, complies and oversees compliance with legislative and regulatory provisions as well as industry standards in his field;
- includes these in the Group's internal corporate rules;
- identifies the areas and people at risk and is the key contact person for all issues in connection with his field and within his delegation. He deals with the cases received;

ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION

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- formulates suggestions and gives technical advice, backed by the support departments and the ICRCs;
- proposes and helps to design and/or takes part in training initiatives for operational staff;
- helps to draw up, if necessary, a communication plan on these topics for Group staff and employees.

The corporate support teams assist Compliance Officers and manages ICRCs.

The Internal Control and Risk Coordinators (ICRCs)

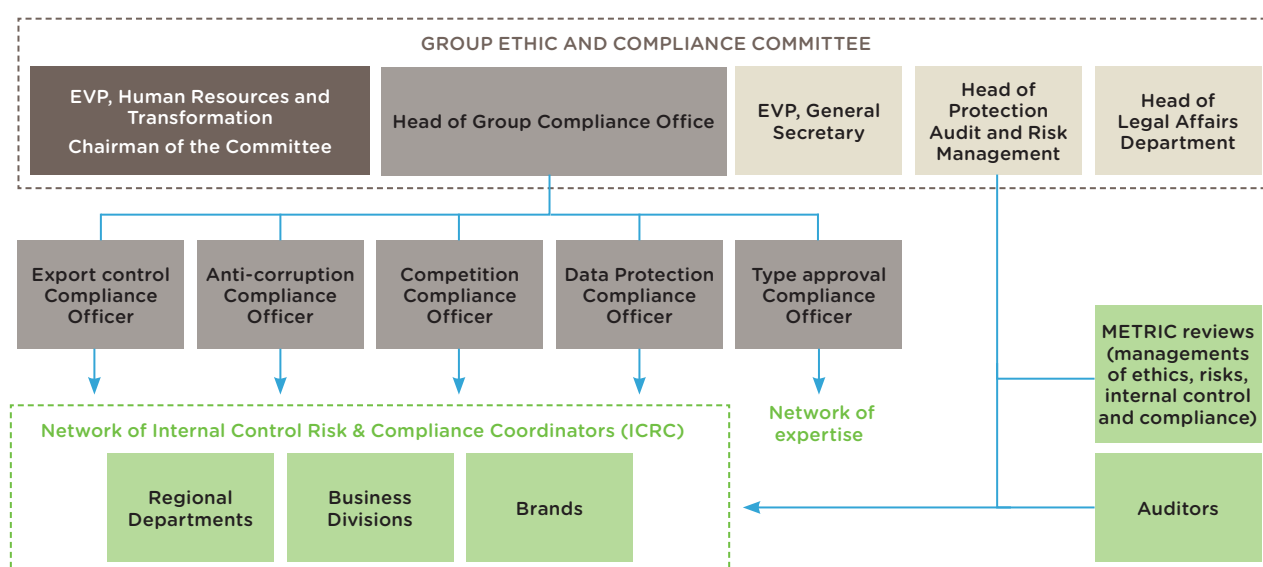
Nominated by their head in all departments, the 28 ICRCs play operational roles.

Under the direction of their Head of Department, who remains responsible for ethics and compliance in his department, ICRCs

are in charge of leading the approach, developing and monitoring the corruption risk mapping and related action plans, and checking compliance of operations. They are supported by the Fraud Detection Managers, who meet on a monthly basis and who, in turn, fraud risks mapping (including external fraud), analyse failures, adapt corrective and prevention measures, and manage anti-fraud action plans.

Acting as relays for the Compliance Officers, ICRCs ensure that internal control rules are taken into account in operational processes, through self-assessments, and regularly submit updates to their department committee, regarding the internal control and compliance programs, particularly as part of the METRIC review. They propose action plans or updates of processes to ensure their compliance.

ORGANISATION OF ETHICAL GOVERNANCE PLAYERS



6.1.3. Reference guides and registration documents GRI.102-17

6.1.3.1. The Code of Ethics

The Code of Ethics being implemented more than a decade ago is the main reference point for employees, as it covers and governs employee behaviour and Group activities. The Code includes a foreword on the formal ethics commitment made by the Group's executive managers. It was updated in November 2019 and communicated to employees in January 2020. It is part of six main areas of Groupe PSA policy, and complements, in regard to employees, the Company's commitments as part

of the signature of the Global Framework Agreement, which was renewed in 2019.

Comprising 16 rules, the Code of Ethics has been designed to provide employees with updated guidelines that reflect the Company's business, social and environmental responsibilities. Its compact format ensures it can be understood quickly and is easy to display. It applies to all the Group's subsidiaries (excl. joint ventures), including BANQUE PSA FINANCE, except for FAURECIA which has its own Code of Ethics.

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“ Now that we are firmly back in the race, our competitive and performance-based culture must be guided by ethical standards as set forth in our Code of Ethics. Our Group's reputation depends on it.

The trust that our clients, shareholders and partners place in us is underpinned by everyone's integrity regardless of position, seniority or country. Any breach of these rules could expose the Group to serious business and financial damage as well as tarnish its reputation.

It is therefore mandatory that all of us comply with the Code of Ethics. The Executive Committee is the first to embrace this commitment.

We are counting on Group employees to ensure that everyone abides by the Code of Ethics on a daily basis, therefore making it a way to propel sustainable performance. ”

**As a preamble to the Code of Ethics,
by the members of the Executive Committee**

The Code of Ethics is made directly available to employees on the Group's intranet. It is one of the new employee documents given to all new staff.

In 2015, the Chinese joint venture, DPCA, adopted its own code of ethics to prevent corruption.

PCMA, the Russian joint venture created by Groupe PSA and Mitsubishi, updated its Code of Ethics in 2016, which is now aligned with that of the Group and also includes specific provisions similar to those that can be found in the internal rules of French establishments.

The deployment of the Code of Ethics

In 2015, 2016, 2017 and 2019, a campaign for the Code of Ethics was carried out for all relevant Group employees, based on a specific schedule for each country. Since 2020, the PSA Professional Development Interview tool includes a mandatory compliance discussion between supervisors and their direct reports. When conducting an interview, employees are supposed to confirm their awareness of the company ethics principles and to report conflicts of interests if there any, by ticking a dedicated box in the tool. The tool does not allow to complete an interview without completing of this section.

The Chairman of the Managing Board oversees this campaign, reflecting how closely top-ranking executive managers are involved in this process.

“ Certain infringements to the laws and regulations set forth in our Code of Ethics could lead to serious ramifications. As a manager of the Group, you have specific responsibilities with respect to these laws and regulations.

I am therefore counting on every one of you to join in with all the other Group senior and executive managers in signing for the first time or in renewing your commitment to uphold our Code of Ethics.

I expect outstanding results from this campaign, as a sign of our deep involvement and shared commitment to sustainable success. ”

Carlos Tavares

At the end of 2019, 18,122 people had individually signed up to the Code of Ethics, i.e. 91% of targeted employees (population of managers and buyers across the world, sales staff in the dealership networks and employees from the Purchasing Department), including 100% of executive managers and senior managers.

18,122

**signatories of the Code of Ethics worldwide,
or 91% of targeted employees**

Membership campaigns were launched in France, Germany, Italy, Spain, the United Kingdom, Portugal, Czech Republic, Austria, Switzerland, Belgium, Argentina, Brazil, China, Algeria and Japan.

In 2017-2019, Groupe PSA Code of Ethics was rolled out in all OV subsidiaries thus ensuring a common and shared vision of the principles and values of Groupe PSA.

6.1.3.2. The Anti-corruption code

In 2017, the Group published its Anti-corruption code. As per Article 17 of the Sapin 2 Law, **this code specifies the Group's zero-tolerance policy in relation to corruption in all forms, and complements the Code of Ethics by describing the corruption or influence peddling behaviours prohibited by law and by the Company** in greater detail, including the rules concerning gifts and invitations, conflicts of interest, facilitation payments, relations with agents, intermediaries and consulting companies. It provides examples of warning signals to sharpen discernment and refers to disciplinary sanctions that apply in cases of infringement.

Groupe PSA, as a responsible company, forbids its employees to use corrupt practices, regardless of their form or objective.

This prohibition covers all types of corruption: active corruption; passive corruption; direct or indirect; influence peddling; corruption of public or private agents; facilitation payment; favouritism; extortion; collusion with a supplier.

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This Anti-corruption code is an integral part of the Company's internal rules. As such, on June 26, 2017, it was part of the consultation procedure with employee representatives (as set in Article L. 1321-4 of the French Labour Code), and was approved. Therefore, it is legally enforceable against employees in France. In other countries, this principle will also apply, taking local requirements into account, including legal ones.

Due diligence procedures related to the requirements of the Group's Anti-corruption code are under implementation in the non-controlled partnerships and joint ventures, which are requested to provide evidence of the effectiveness of their compliance program.

From March 2018, a global adhesion campaign has taken place. An email signed by Carlos Tavares has been distributed individually to each of the PCD global managers. This campaign, placed under the authority of the Chairman of the Executive Board, is a sign of involvement at the highest level in the issue of anticorruption.

The Anti-corruption code was updated on April 2019 and July 2020 to incorporate main policy changes such as due diligence process and conflict of interest declaration. As well, the gift and invitation Policy was clarified and user-friendliness improved. It is translated in relevant languages according to Code of Ethics translations. In 2021 the adhesion campaign will be renewed.

“ At Groupe PSA, our behaviour is guided by strict ethical principles, as reflected in our Code of Ethics.

To enhance this approach, I decided together with the Comex members to adopt an Anti-corruption code. This code reiterated Groupe PSA zero tolerance policy towards corruption. It applies to all Group countries and entities. It is designed to specify and clarify our expectations with respect to business integrity.

I and the rest of the Executive Committee personally pledge to ensure that, with the support of the Anti-corruption Compliance Officer, our Anti-corruption rules are widely known and applied within the Group.

I expect exemplary results from this campaign, as a sign of our commitment and common will to achieve sustainable success, while respecting the highest standards of business ethics. ”

Carlos Tavares

PCD managers had formally accepted the terms of the Anti-corruption code and signed it.

In 2019 the Anti-corruption code was rolled out in OV. Where legally required, the Code received approval from the employees' representatives. In parallel, an adhesion campaign has taken place.

In total by the end of 2019, 19,512 Groupe PSA employees certified their compliance with the Anti-corruption code.

6.1.3.3. The Stock Market Code of Ethics

All corporate officers have signed up to the Stock Market Code of Ethics, as updated in December 2016. This Code aims to define the preventive measures authorising members of the Supervisory Board, Managing Board, the Executive Committee and/or non-voting member(s) of the Supervisory Board to intervene in Peugeot S.A. and/or FAURECIA shares, in line with market integrity rules (with a reminder of confidentiality obligations and the obligation to refrain from such activity in the event of access to inside information and the applicable penalties, declaration obligations, definition of blackout periods, inclusion on the list of permanent insiders, etc.). It is available in full on the Group's website. Corporate officers are periodically reminded of these obligations by the Company.



“Code of Ethics” on Groupe PSA website:

<https://www.groupe-psa.com/en/automotive-group/responsibility/>

“Anti-Corruption code” on Groupe PSA website:

<https://www.groupe-psa.com/en/automotive-group/responsibility/>

6.1.4. Prevention and control systems GRI.102-17

6.1.4.1. General systems

Prevention and control systems for ethical and compliance risks are addressed using the general risk Management System implemented by the Group described in section 1 of this report.

To demonstrate its good faith and fair dealing and to prevent fraud and corruption, the Group relies on principles shared throughout the Group:

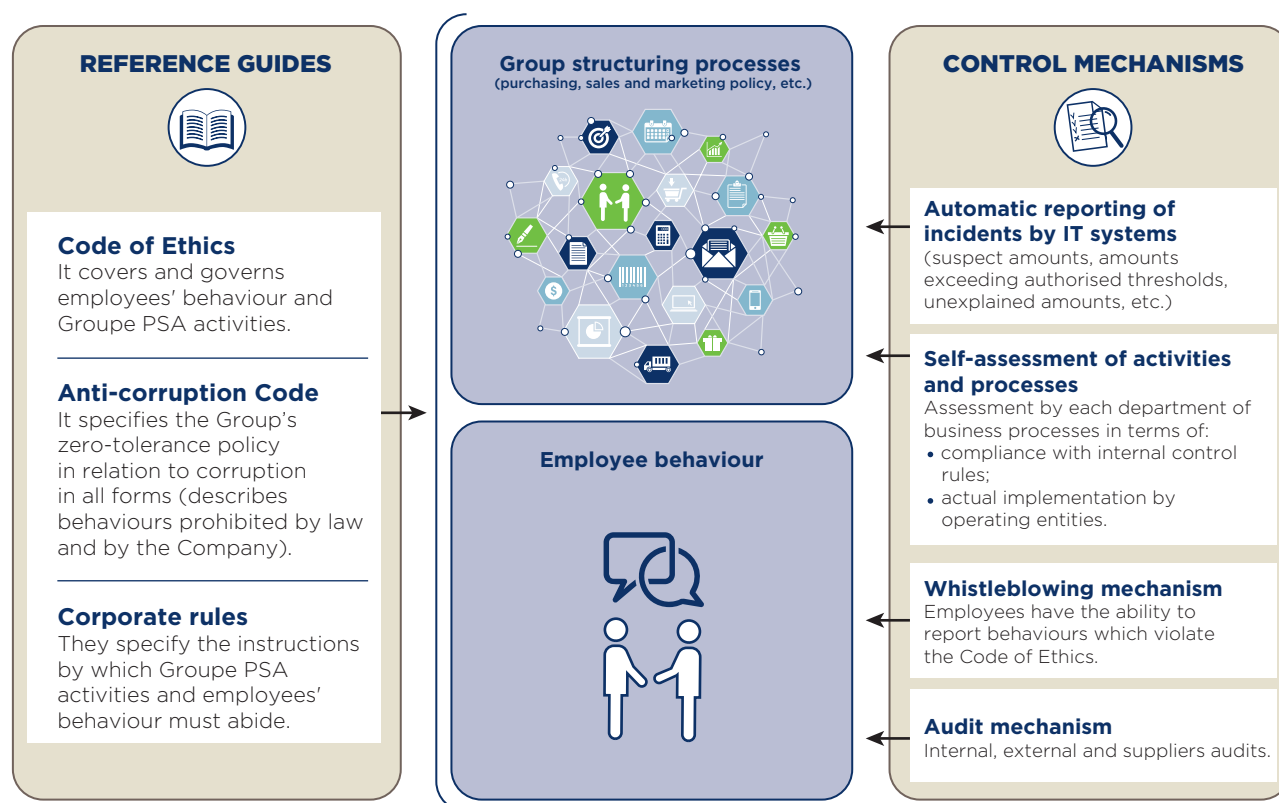
- employees' engagement (signature of the Stock Market Code of Ethics and Anti-corruption code, communication, awareness and training);

- analysis of risks and a defined process for controlling them, usually in the form of mapping;
- traceability and control of transactions;
- separation of powers and multiple sign-offs depending on the sums involved;
- selection of partners (due diligence).

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THE TARGET SYSTEM DESIGNED TO MANAGE ETHICAL AND COMPLIANCE RISKS



METRIC (Management of Ethics, Risks, Internal Control and Compliance) annual review: distribution of results from self-assessment of activities and processes

In accordance with the requirements of the Ethics and Compliance Committee, METRIC reviews are conducted in the departments that report directly to the Chairman of the Managing Board, as well as in a few additional entities, whose business requires a special process.

Once a year, all the departments must organise a focus session on ethical risks and compliance. It takes the form of a committee and includes the Head of Department and employees directly reporting to him/her.

This session, facilitated by the ICRCs, allows the results of the department's self-assessment of activities and processes to be reported in relation to the internal control and compliance rules.

In 2018, 28 corporate internal control rules, both educational with their dos and don'ts and accessible to all, set forth and illustrate the key compliance standards that Group activities and employee behaviours must comply with. These internal control rules now cover a large scope combining compliance, (competition, fraud, corruption, data privacy, etc.), internal control basics and Groupe PSA specific requirements, as set by the Executive Committee.

The Group's structuring processes (purchasing, sales and marketing policy, etc.) are assessed to check they are compliant with such rules. The Head of Department supports the result of this assessment and adapts the action plan or the process accordingly.

Additional analyses will supplement these results if the department has identified breaches of the Code of Ethics during the year. Based on these results, action plans are drawn up and are monitored by the ICRCs and the General Secretary. The overall aim of this department review is to assess the main areas in ethical business practices, particularly in relation to competition, corruption and data privacy and see whether such issues are reviewed, both in the general risk analysis conducted by the department and in the assessment of its main processes.

In 2018, 20 departments carried out an analysis of their ethical and compliance risks. This included a detailed mapping of corruption risks that took into consideration their business characteristics and their operating area. These mapping exercises are included in Groupe PSA monitoring system for ethical risks. They allow the targeting of functions and countries that need to be increasingly scrutinised and where in-depth personnel training is required.

On a yearly basis, the Group's Anti-corruption Risk Map is updated in order to ensure that the key risks are being appropriately managed and new threats are being taken into account. The revised Anti-corruption Risk Map is presented by the Head of Compliance Office to the Executive Committee. The corporate action plan is updated accordingly and communicated to the ICRCs, for implementation. Local action plan are defined by ICRCs at division level to cover specific risks.

The consolidation of this work by Groupe PSA provides the Ethics and Compliance Committee with a general picture of the risks related to ethics and compliance and the action plans in each department.

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Whistleblowing: ethical cases reporting system

Until 2017, Groupe PSA whistleblowing system was based on a specific internal organisation in addition to partial and local whistleblowing systems.

In 2017, Groupe PSA started on the design of a global worldwide whistleblowing system in collaboration with a specialized external service provider and employee representatives. This system, internally named Speak4Compliance, offers all Group employees, via a website, a fully secure platform to report incidents. Its overall architecture is designed to ensure an efficient of a circuit and processing of these “ethical and compliance” issues, while fully preserving their confidentiality. This system is in line with the law of December 9, 2016 pertaining to transparency, Anti-corruption and business practice modernisation (called the Sapin 2 Law) as well as with the CNIL decision No. 2017-191 of June 22, 2017 amending decision No. 2005-305 of December 8, 2005 regarding the single authorisation of automated processing of personal data implemented as part of work whistleblowing systems (AU-004). It was declared to CNIL on November 21, 2017. It aims to provide the Company with an additional means for timely alerts through its employees worldwide, regarding crimes and offences, violations of laws and international commitments, corrupt practices and threats of serious harm to the public interest. The identity of reporting employees and individuals targeted by them, as well as the information collected by the reporting recipients, are processed confidentially with encrypted connections and content.

From 2018 to 2019, in collaboration with employee representatives, the Speak4Compliance system has been rolled out for

employees in all countries where the Group has fully integrated entities. In addition, the Group Code of Ethics, updated in November 2019, offers an alert channel for legal entities and individuals external to the Group.

Employees knowledge of the Speak4Compliance tool is measured through connection numbers, with good results. The internal target is to process all received alerts and to provide whistleblowers with an initial response within seven calendar days. In 2020, the response time to whistleblowers by the first examiner was 4.2. calendar days. 100% of received reports are taken into account.

Audit mechanisms

— SUPPLIER AUDITS

For the non-Group scope, audits are conducted on suppliers. The Purchasing Department performs the supplier CSR audits. Since 2008, the Group has conducted 141 social and environmental audits with tier-1, 2 or 3 suppliers. They systematically involve an audit of Anti-corruption practices and policy. In 2015, the Group started using an external platform to evaluate suppliers (EcoVadis), which incorporates the indicators of fair practice and compliance (see 6.1.3.).

— INTERNAL AUDITS

The share of Internal Audits pertaining to ethics and compliance is constantly increasing, including for respect of competition rules, the fight against corruption, data privacy and export control rules.

Training

GRI.205-2

DPEF.10

DPEF.11

TRAINING ON HUMAN RIGHTS AND ETHICS POLICIES AND PROCEDURES (GROUP SCOPE, SITUATION IN 2020)

Areas	2020			2019			2018		
	Number of hours	Number of employees	% of employees trained	Number of hours	Number of employees	% of employees trained	Number of hours	Number of employees	% of employees trained
Equal opportunity, diversity, anti-discrimination training	13,717	3,198	3.33%	9,143	2,834	2.91%	8,119	2,012	1.7%
Compliance with internal rules, Global Agreement, data privacy guidelines, etc.	11,390	24,800	25.85%	7,232	16,363	16.80%	44,527	26,986	22.84%
Corruption, conflicts of interest, etc.	4,614	9,229	9.62%	2,930	6,059	6.22%	16,979	17,744	15.02%
Competition	1,328	2,083	2.17%	1,808	2,792	2.87%	708	628	0.53%
TOTAL	31,049			21,113			70,333		

In 2019, general training on ethics represented a total of 21,113 hours for more than 28,048 employees. A certain amount of this more general training covered subjects like corruption. For example, under the terms of the Global Framework Agreement on Social Responsibility, the Group is committed to fighting against all forms of corruption and avoiding conflicts of interest. Every Group employee has been informed of this commitment and made aware of its importance.

All Group employees must behave in line with current laws and regulations, whether national or European, when performing their work. Experts from the Legal Department and the Corporate Secretary's Office spearheaded training on issues such as competition and corruption for employees in at-risk positions.

From July 2017 to February 2019, around 20,000 employees attended a course on anti-corruption. Among them 2,348 employees attended in-class training on Anti-corruption measures and 18,908 took a web-based course.

In 2019, upon obtaining approval from the Opel Germany Works council, the online training was launched in the respective unit. By the end of November 2019, 2,821 Opel Germany employees had attended the training, which represents 76% of the most exposed employees.

In 2020 trainings on ethics policies and human rights were authorized during the Covid lock down in many countries. Thus employees were able to take trainings and the Groupe trained employees on ethics topics as mentioned above.

The next massive training campaign will take place in 2021. Meanwhile Groupe PSA will continue to provide dedicated training for newly hired employees.

31,049

hours dedicated to ethics training in 2020

6.1.4.2. Issue-based systems

GRI.205-1

GRI.205-2

Compliance with Anti-corruption rules

— EMPLOYEES

The first Anti-corruption Compliance Officer was nominated in May 2016 at Carlos Tavares and Executive Committee's request. This Officer is responsible for implementing and monitoring this programme, and for processing any potential cases that might occur. This Officer is the key contact person for Group employees seeking information on compliance with anticorruption rules. He therefore receives any work-related issues reported via the dedicated whistleblowing system.

The following are the responsibility of the Executive Committee, and are monitored by the Anti-corruption compliance Officer.

- 1) The Anti-corruption code, published in 2017 and translated into 13 languages, applies to all of the Group's subsidiaries (see 6.1.2.2.) The Executive Committee itself led its promotion via a post in its blog in October 2017. In combination with the Anti-corruption guide and a reference guide which specifically addresses the precautions that should be considered when dealing with agents and intermediaries, this code and its additions can be accessed in two clicks via the Group's intranet Live'In and are redistributed to support the in-class training modules put in place in this regard.

In 2018, around 17,500 managers all around the world received an e-mail from their CEO, Carlos Tavares, which explained the reason why this code was designed. It highlighted the importance of this code, recalled the zero - tolerance policy of the Group and asked them to reiterate their adhesion to this code. By the end of 2019, more than 19,512 employees had completed the certification for the approach.

- 2) The aim of the global whistleblowing system (see 6.1.2.3.1), includes the confidential escalation of corruption reports. Corruption is one of the main categories defined in the system. The Anti-corruption Compliance Officer, together with the Regional Compliance Officer (if a region employee is concerned), are the examiners for all reports related to corruption. The examiners are trained for that purpose and sign an NDA.
- 3) Detailed corruption risk mappings are developed in each department, under the responsibility of the relevant Executive Committee member or Head of Department. In compliance with the law, they are documents, which are regularly updated in order to identify, analyse and prioritise the Company's risks of exposure to corruption purposes. They include the characteristics of the automotive industry and of the countries where the Company operates. The Anti-corruption Compliance Officer validated the regions' risk mapping. Action plans are developed to minimise these risks. In this regard, particular attention is paid during training sessions to functions identified as being at risk. The Group's corporate risk mapping is established by synthesising the risks of the identified divisions and risk scenarios. It is validated by the Global Executive Committee members as a part of Group's top risk mapping.

The process of risk management through risk mapping is continuous and requires constant programme monitoring. Accordingly, in 2020, the Group's corporate risk map was updated and presented by the Anti-corruption Compliance Officer to the Executive Committee in October 2020.

- 4) Based on the risk map developed, third-party assessment procedures (so called Due Diligence Policy) were launched on July 1, 2019 by Groupe PSA as required by action 4 of the Sapin 2 law, Article 17.

This process consists of gathering information and documents about third parties onboarded by the Company so as to identify (or update) and assess the corruption risk exposure that Groupe PSA may face when dealing with partners. According to the Due Diligence Policy, the third party must be assessed before the official start of the relationship (signing a contract), but also depending on the risk associated with a third party a follow-up investigation might be needed. Various warning signals are evaluated during the investigation such as Ownership, Country Risk, Business Sector, Expertise, Integrity and Reputation, Compliance, Cooperation, Nature and Purpose of the Relationship, Dealings with Government Officials and Political exposed person, Financial Considerations etc. The Anti-corruption Officer is involved in the Due Diligence Level 3 (very high-risk third parties) and also being a member of the Compliance Committee ensures that the Level 3 control over the due diligence process is observed. ICRCs and Line Managers responsible for onboarding decision-making were trained in 2019 on the process and also on how to conduct due diligence for Level 0 (low-risk third parties) and Level 1 (medium-risk third parties).

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5) Internal and accounting control procedures, which are aimed at checking that accounts do not hide any corruption practices, are implemented, along with the existing system. As part of this internal control, the Group's structuring processes are analysed to, amongst other things, check that they include the Anti-corruption principles: segregation of duties; double or triple validation; adequate processing of conflicts of interest; checking partners' integrity; adhering to the delegation process, etc. Additional controls are carried out based on relevant indicators from the risk mapping.

6) In 2017, in-depth training sessions were conducted by the Compliance Officer taking part in the various regional department committees and through the in-class training sessions that he directly led himself in the countries where the Group rolls out its operations.

In 2018-2019, a broad training programme on anticorruption was carried out with mandatory training based on exposure to risks. People to be trained were methodically identified, with systemic and personalised approach linked to the results of the risk mapping and including input from divisions, the compliance team, and the Anti-corruption Compliance Officer. Considering their exposure to risks, employees had to follow either an "advanced" training programme (face-to-face in-depth training) or a "basic" one (e-learning).

These training sessions were carried out with people in positions exposed to risk: purchasing and purchasing advisers/buyers; sales (particularly in at-risk regions; B2B; public procurement; key accounts; importer relations; retail; services and parts); joint ventures; finance (investor and bank relations); customs; marketing; communications (press; sponsoring; advertising; media buying; event organisation); sports; institutional relations and real-estate departments, etc.

E-learning training is a complete module comprising four elements:

- an educational video, which is accessible to everyone and shows the main components and dangers of corruption and bribery. It is a short awareness raising tool that can be seen at any time or shown for introductory purposes during in-class training sessions;
- a message from the Compliance Officer, through an interview format;
- reinforced e-learning that shows the main possible situations of corruption and how members of the Group should act in such cases;
- quiz to check the knowledge acquired.

This module takes 30 to 40 minutes to complete; a minimum result of 80% is required:

- 21,729 employees participated in the basic course.

The next massive training campaign will be launched in 2021.

7) In case of any infringement of the Company's Anti-corruption code by company employees, the disciplinary system is in place to sanction these employees: the Company can apply sanctions to any employee who commits an act of corruption, up to and including dismissal. The progression of possible intermediary sanctions (suspension, warning, etc.) is yet to be established in each country, based on the local legislation.

8) An Internal Audit took place in 2018, so as to assess the completeness of the anticorruption programme and its efficiency. The Audit Report was pulled out and in 2019 the METRIC team addressed the majority of issued identified.

In 2019, global Conflict of Interest certification became a part of the mandatory mid-year review. The Conflict of Interest is supposed to be reported online via the HR tool. In 2019, the completion rating for the Conflict of Interest reporting amounted to 82%. This solution was not implemented at Opel Germany due to lack of Works Council approval. Approval from the representative bodies is pending and once obtained the campaign will be launched. The 2020 OV Germany Conflict of interest certification campaign was conducted off line, using hard copies of conflict of interest questionnaires. All actual and potential conflicts of interest reported were properly resolved by relevant managers.

— SUPPLIERS

The Group insists that suppliers also comply with its procedures to prevent corruption and avoid conflicts of interest. These aspects are specified in the responsible purchasing policy.

A supplier assessment procedure, particularly in regard to "fair business practices", is managed by EcoVadis. Moreover, CSR supplier audits systematically include an audit of Anti-corruption practices and policies.

Compliance with competition rules

- 1) The message from the Chairman of the Managing Board on this topic is always available on the intranet portal, in the form of a statement that clearly confirms his desire to combat anti-competitive practices.
- 2) The Groupe PSA General Counsel is a permanent member of the Ethics and Compliance Committee and has been appointed as Competition Compliance Officer. In this role, he has established a competition compliance program, which he monitors. He is together with his deputy (Director Legal) the key contact for Group employees seeking information on competition compliance rules. Any related alert within the employee whistleblowing system shall be reported to the Compliance Officer. The Group's intranet portal contains in the compliance section a dedicated section for competition compliance. Here you can watch an interview with the Compliance Officer as educational reminder for all employees about the basics of competition rules, available trainings and contacts. Another video with a particular message by the Competition Compliance Office is in preparation.
- 3) In 2018, the previous whistleblowing system specifically designed for alerts on competition law infringements was replaced by the global whistle-blower hotline "Speak4Compliance" which contains eight alert categories, one of them dedicated to anti-competitive practices. The Competition Compliance Officer is responsible for the assessment and further investigation of such alerts.
- 4) Competition liaison contacts appointed in the relevant departments (Sales, Global Purchasing, Programs & Strategy, Research and Development, Services & Parts) are in regular contact with the Competition Compliance Office. They support the implementation of compliance policies and programs in their function. A signed mission statement describes their responsibilities and obligations.

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- 5) Any participation in industry association meetings need to follow an approval process involving the Competition Compliance Office. Lists of the associations and authorised employees must be kept and meeting minutes are mandatory.
- 6) A compulsory in-class training session for executive and senior managers was implemented. At the end of the session, the participant takes a test and must obtain a score above the minimum threshold to validate their training program. Moreover, these managers must formalise their commitment to compliance with competition rules by signed confirmation. The relevant training modules are available on the Group's intranet at all times.
- 7) An e-learning module has been designed. It is also supplemented by a quiz requiring a minimal score to validate the training course. This module is not only available to senior managers but to all employees that are potentially concerned.
- 8) An on boarding process was established in order to inform all new employees on Corporate Rules and Group policies, including in particular the Corporate Rule "Respect of competition".
- 9) A specific provision was added to the employment contracts of vice presidents and senior vice presidents related to compliance with antitrust laws.

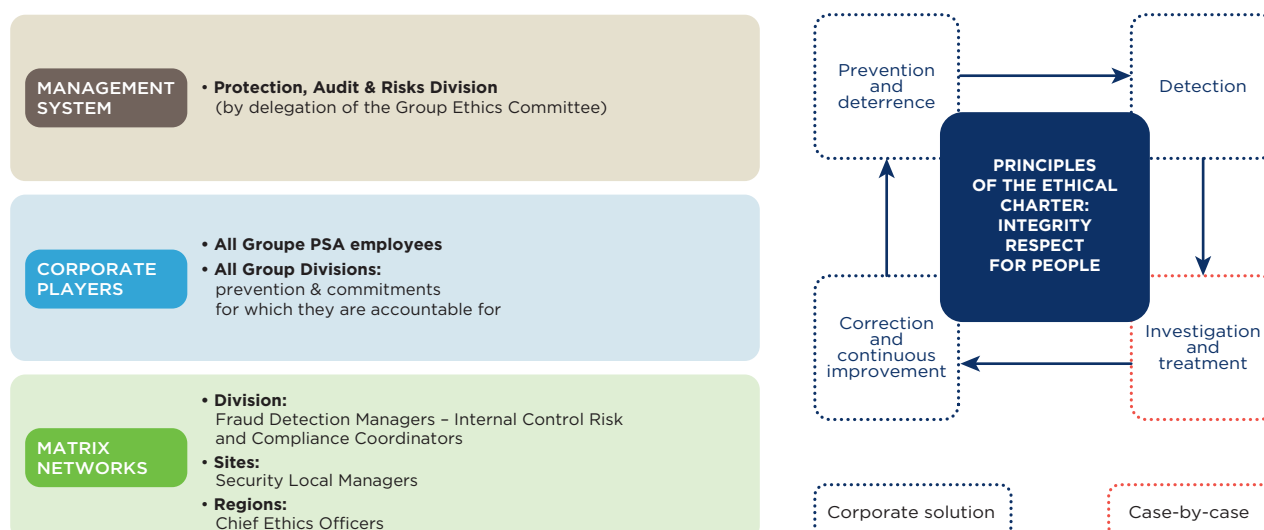
The system in place, aimed at preventing anti-competition practices, was deemed compliant by the Internal Audit conducted in 2018.

The anti-fraud system

A strengthened anti-fraud system has been in place in the Group's Automotive Division since 2012 (BANQUE PSA FINANCE has its own system). It is placed under the responsibility of Groupe PSA Ethics and Compliance Committee, which has tasked the Audit Protection and Risk Department (one of the entities of the Group General Secretary) with managing it, carrying out investigations, monitoring and reporting incidents. Audited in 2015, the anti-fraud system is based on preventing, identifying, investigating and handling incidents as well as making ongoing improvements. In 2015, the Local Security managers, Fraud Detection managers and Chief Ethics Officers began to play a greater role in this system:

- prevention and deterrence are provided by the departments that have committed to abide by the minimum measures of the internal control system: updating delegations of authority; principles of segregation of duties; dual sign-off principle; best practices in managing IT access, etc.;
- for fraud detection, the Protection, Audit and Risk Department works hand in hand with a network of Fraud Detection managers, one in each Group department, and some 50 Local Security Managers appointed by the establishments;
- investigations are overseen by the Protection, Audit and Risk Department, in close collaboration with the Legal Affairs Department, the Audit and the Human Resources Department. The department's Operating Officer hands down any decisions/sanctions. Operating officers can also seek advice from consultants or external lawyers, specialists in national legislation on certain issues, to develop their analysis and find the appropriate solutions;
- in an ongoing effort to improve the system, fraud attempts and cases of fraud are analysed in terms of new fraud techniques, the ability to detect fraud more quickly and its impact, in order to reduce loopholes in the system.

THE ANTI-FRAUD SYSTEM AND ITS KEY PLAYERS



Restructured and further expanded in 2017, this network includes a monthly presentation and helps, together with the ICRCs, to fraud risks mapping and fine-tune corrective and preventative measures. It analyses attempted fraud and cases of fraud as well as any potential weaknesses in terms of procedure or human intervention. It also spearheads fraud prevention initiatives. These managers are in turn supported up by the 50 or so Local Security managers appointed in each Group establishment.

In all, approximately 180 individuals (excluding auditors) – who are distributed by Group activities, companies and geographical areas – provide optimum coverage for the Group. They are specifically tasked with alerting and reporting any instances of fraud and monitoring action plans in place.

Approximately **180**
employees are specifically mandated
to combat fraud

The anti-fraud measures set up in 2020 include the following:

- a monthly information meeting of the Fraud and Detection Managers network (sharing of new fraud practices; discus-

sions on cases and attempts that occurred in the previous month; feedback and improvement of cross-functional processes, where necessary);

- monthly newsletter from the Directorate General for Industrial Strategies (fraud case analysis and guidance);
- in each department committee, during the METRIC review, presentation of the department's results in anti-fraud for year N and action plans to be validated for N+1;
- the implementation of the SOC (Security Operations Security), an internal automated IT detection tool, enabled more fraud attempts to be detected. Its powerful upswing with new use-cases will ensure that we are more effective in the fight against the risks of fraud;
- several phishing tests have been implemented by Fraud Detection Managers in order to assess the effectiveness of the employees at detecting and alerting in case of fraudulent emails.
- In addition, we have implemented penetration tests in IT Finance applications and have conducted Cyber security audits.
- With support of PSA University, we have set specific financial fraud course (Mandatory training for Finance Department employees).

Each of these programmes accounts for approximately two hours and fifteen minutes of training.

6.1.5. Results: non-compliance records and complaints upheld GRI.205-3

GRI.206-1

GRI.419-1

Cases of corruption

There were no major cases of corruption reported in 2020.

Cases of conflict of interest

There were no major cases of conflict of interest reported in 2020.

Cases of non-compliance with competition laws

There was no case of non-compliance with competition laws reported in 2019.

In July 2015, the Spanish Anti-Competition Commission fined 21 car manufacturers for exchanging sensitive data on business and strategy.

The Spanish subsidiaries of the Group, Peugeot España and Citroën España were fined €15.7 million and €14.7 million respectively, while Opel España was €22.8 million fined as well. The proceedings are ongoing: It was decided to seize the final court of appeal on the three files.

In 2011, Peugeot Turkey Popas was fined €6 million. Peugeot Turkey Popas has appealed the decision. The fine was confirmed and the file ended in 2018.

In December 2015, the French competition authority handed down overall fines of €672.3 million to courier companies, of which €30.6 million on GEFCO, for breach of competition law. Groupe PSA was involved because GEFCO was a wholly-owned subsidiary at the time of the events. Both companies have appealed this decision. Court of appeal of Paris rejected GEFCO's and PSA's appeal. The proceedings are ongoing before the Supreme Court.

Following an investigation conducted in May 2017 against various financial captives in Italy, including Banca PSA Italia S.p.A. (and extended to BPF in its capacity as parent company) and Opel Finance S.p.A., aiming at possible exchanges of sensitive information, in particular through professional associations, the Italian competition authority had condemned all captives at the beginning of 2019 for a cumulative amount exceeding €678 million.

BPF, Banca PSA Italia S.p.A. and Opel Finance S.p.A. jointly with General Motors which had been sentenced respectively (it being specified that Opel Finance S.p.A. was jointly and severally convicted with General Motors, which was, at the beginning of the proceedings, its parent company), had appealed against this decision.

On November 24, 2020, the court (TAR Lazio in Rome) overturned the Italian competition authority's decision in its entirety. At the end of December 2020, the Italian competition authority decided to appeal this decision before the Council of State.

Cases of fraud

Attempted fraud and financial fraud are becoming increasingly international. Cases of fraud are mainly associated with the misappropriation of tangible assets (theft of cars, computers, parts, tools, raw materials, etc.), but also involve cyber attacks, counterfeit and identity theft.

There were no major cases of fraud reported in 2020.

6.1.6. Focus: banking business

Due to its status as a banking establishment, BANQUE PSA FINANCE is subject to banking regulations, which govern the resources and actions of the internal control function.

For several years, BANQUE PSA FINANCE has implemented, pursuant to the Order of November 3, 2014 on the internal control of banking institutions (formerly under CRBF regulation No. 97-02), the following procedures and systems to prevent risks which all financial institutions may encounter, especially in terms of its control and ethics policy:

- BANQUE PSA FINANCE has established an Internal Control Charter setting out the fundamental principles on which the organisation and operation of its internal control system are based. The bank's Internal Control Charter defines the organisation, resources, scope and tasks. It also sets out the way in which the bank's control system functions. With the partnership established with Santander Consumer Finance, BANQUE PSA FINANCE has kept an internal control mechanism based on the three levels described in the Order of November 3, 2014. The Internal Control Charter was broadly disseminated and may be consulted at any time by all employees on the bank's database; It notably elaborates on the principles of the segregation of duties and prevention of conflicts of interest which apply to everyone. A similar framework is currently being rolled out for Opel and Vauxhall FINANCE in relation to BNP Paribas. In addition, first-tier controls have been set up in the operating entities. The role of the bodies overseeing permanent control is to ensure that risks are prevented and dealt with at the onset. They do so by identifying, assessing and managing any risks efficiently;
- an Anti-Money-Laundering and Combating the Financing of Terrorism (AML/CFT) system is in place. This system is based on the BANQUE PSA FINANCE framework, which includes notably local procedures and controls for risks identified in each operating process. Risks of money laundering and financing terrorism are assessed quarterly when the compliance risk assessment is drawn up and certified by each Managing Director of a BANQUE PSA FINANCE entity;
- a dedicated AML-CFT system has been rolled out at Opel and Vauxhall FINANCE in relation with BNP Paribas;
- a new IT solution has been rolled out for the joint ventures with Santander Consumer Finance throughout 2018 and is currently being fine-tuned. This tool will carry out with the screening against currently sanctions and politically exposed persons lists on prospects and customers in portfolio, perform the customer AML-CTF risk segmentation and carry out transaction monitoring. The Opel and Vauxhall FINANCE IT tools are also being upgraded;
- employees are frequently trained on the rules and legislation on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) and the procedures that they must apply;
- BANQUE PSA FINANCE complies with the Group Code of Ethics and performs an ethics review each year; the two main cooperations with SANTANDER and BNP Paribas have dedicated versions of the Code of Ethics;
- a system to protect personal data is operational and was upgraded in compliance with the GDPR regulation. This system is based on the BANQUE PSA FINANCE framework, which notably includes local procedures, appropriate checks and ongoing training for staff. Protecting personal data is discussed quarterly when the non-compliance risk assessment is drawn up and certified by each managing director of a BANQUE PSA FINANCE entity. A dedicated programme is being rolled out in the Opel and Vauxhall FINANCE entities;
- finally, in addition to the various systems described above, BANQUE PSA FINANCE has set up a whistleblowing system for all Group employees to report any non-compliance related to the institutions' activities to the Corporate Compliance Officer (members of the Board of Directors for joint ventures with Santander). This tool, placed in a context of strict adherence to the rules set by an ad hoc internal procedure and confidentiality;
- imperatives, is part of the internal anti-fraud and conflict of interest procedure.

6.1.7. Transparency and integrity of influence practices GRI.103-2 GRI.103-3

DPEF.37

Groupe PSA maintains relations with public institutions by responding to their requests for information, in order to support economic, social, scientific and cultural developments within the framework of a democratic, healthy and effective debate.

6.1.7.1. Innovative practices for participation in public debate

Groupe PSA regularly accepts the invitations it receives to participate in public debates. In 2020 a large number of debates were canceled because of COVID crisis. In all countries where Groupe PSA is present, the Group was at the forefront of the crisis management, working with the authorities to establish protocol for plant management and resume production, supporting the supply chain and offering authorities support to produce masks. Groupe PSA was still in intensive discussions with authorities particularly in France and Germany to request support for a European battery production.

Other examples of meetings organised by the Group are disclosed within the boxes "Stakeholder dialogue", which are located in different sections in this report.

6.1.7.2. The Group's organization for Public Affairs

The Public Affairs Department ensures the harmonisation of the Group's positions across the countries in which it operates.

Headed by a Head of Public Affairs and Government Relations, this department is placed under the authority of the General Secretary who reports directly to the Chairman of the Managing Board.

In Europe, it is responsible for relations with European Union institutions; national public authorities (government, parliament, public agencies and administrations, local administrations); public authorities and diplomatic delegates in host countries;

and, by extension, business and professional communities and non-governmental organisations.

In the Group's other regions, the Public Affairs Department oversees the work of institutional relations officers who report directly to the Executive Vice-President of their region.

The Public Affairs Department is tasked with the following missions:

- identifying policy trends impacting Groupe PSA at an early stage;
- preparing and coordinating the Group's public affairs positions in collaboration with the business lines and ensuring that these positions and their underlying arguments are recorded and in line with the positions outlined in the CSR report;
- responding to request for dialogue with national and local public authorities, as well as with non-governmental stakeholders (trade unions, NGOs, citizens' associations, etc.), in particular by sharing the expertise necessary to make them aware of and understand the Group's positions;
- staying current with legislation and keeping the Group informed so that the Group may exercise its duty of care.

6.1.7.2.1. Reference documents for influence practices

Groupe PSA has adopted a Charter for responsible relations with public institutions, in addition to the existing Code of Ethics to which all employees are subject. This Charter applies to employees of Groupe PSA who interact with public authorities (governments, parliaments, administrations, local authorities, etc.). They formally undertake to carry out their activity with probity and integrity and to respect transparency and political neutrality.

The Group's organisation of the process for relations with public institutions is in line with the associated Corporate Rule, which was approved by the Executive Committee. At an operational level, the managers in the Public Affairs Department have embraced the Group Code of Ethics, the Code and the Charter for responsible relations with public institutions and have expressly pledged to uphold its principles. Training outlining these rules was rolled out again in 2020 with all people who have contact with public authorities.

The Charter for responsible relations with public institutions, which is public and available on the Group's website, defines the principles that all Group employees carrying out relations with public institutions formally commit to following. **It is built around the four following fundamental commitments: 1. Transparency, 2. Ethical values and Anti-corruption, 3. Political neutrality, 4. Dialogue.** In line with the Charter for responsible relations with public institutions, the positions defended by Groupe PSA are officially recorded and the main positions are outlined in the CSR report.



"Charter for responsible relations with public institutions" on Groupe PSA website:
<https://www.groupe-psa.com/en/automotive-group/responsibility/>

Furthermore, Groupe PSA developed a specific internal Corporate Rule that outlines in more details what responsible relations with public institutions mean for Groupe PSA with specific examples of what is allowed and what is prohibited.

6.1.7.2.2. Monitoring practices

The public affairs strategy, positions and measures are overseen by the General Secretary of Groupe PSA, who is also responsible for the Group's Compliance Officers.

The positions which the Group publicly supports fall in line with its strategy. The Head of Public Affairs supervises the work conducted daily by department members. Employees in the Public Affairs Department and departments in charge of communications and CSR have regular exchanges to ensure consistency of messages. The Head of Public Affairs reports on his work twice a month to the General Secretary, while consistency with the government affairs representatives in the various regions around the world is ensured via quarterly team meetings.

The Public Affairs Department may be audited by the Group Audit and Risk Protection Department, which acts independently. More specifically, the audit may be performed as part of a wider assessment of the Public Affairs Department's compliance with the rules of the Code of Ethics.

If breaches of the principles set out in the Code concerning relations with public authorities are identified, they can be submitted to the Ethics Committee according to the principles set out in section 6.1.2.2.

Groupe PSA has signed the EU Code of Ethics for Lobbyists and the French codes of the National Assembly and the Senate. Groupe PSA discloses its practice in the EU and in France in line with the guidelines of these transparency registers.

6.1.7.2.3. Resources (GRI.415-1)

At the end of 2020, approximately 11 Groupe PSA employees were assigned to public affairs in Europe. In the other parts of the world, these functions are generally the responsibility of the local management on a part-time basis.

In Europe, the Group allocated a budget of approximately €1.95 million to its public affairs activities. In order to report on Groupe PSA expenses for relations with public bodies, the Group decided to follow the guidelines issued by the European

Commission and European Parliament on this matter. As such, this amount includes:

- personnel costs based on a full-time equivalent (50% of the total personnel costs);
- the office and administrative expenses (100% of the costs, except for mobility costs covered at 50%);
- the costs related to professional associations (25%);
- externalisation costs (100%).

2020 CONTRIBUTION

(in millions of euros)

Internal	1.00
Trade associations	0.75
Consultancy	0.20
TOTAL CONTRIBUTION	1.95

The Group is a member of professional and industrial associations in its main host countries. These associations enable updates to regulations to be monitored and public authorities' requests regarding the development of the automotive industry to be addressed, focusing on a sectoral approach. The main organisations of which Groupe PSA is a member are:

- in Europe, the ACEA – European Automobile Manufacturers' Association;
- in France, the CCFA – *Comité des constructeurs français d'automobiles* (French automotive industry), the PFA – Automotive and Mobility sector;
- in Germany, the VDA – *Verband der Automobilindustrie*;
- in Spain, the ANFAC – *Asociación Española de Fabricantes de Automóviles y Camiones* (Spanish national association of car and truck manufacturers);
- in the UK, the SMMT *Society of Motor Manufacturers and Traders*.

In Europe, Groupe PSA reports its relations with public institutions activities in the EU and in France:

- for European institutions, Groupe PSA spending ranges between €400,000 and €499,000;
- in France, the resources that the Group allocates to public relations activities are reported in the lobbyist register of the French National Assembly. In 2020, the amount spent ranged between €200,000 and €300,000, which is an estimation of the costs related to interest representation. The reported amount is in line with the guidelines applicable in the transparency register since the application of the "Sapin 2 Law". The reported amount includes direct expenses (salary, event, consultants) and the total of the associations' fees.

The budget allocated to these activities is planned and monitored by the Management Control Department, which is the same as those used for other activities, as part of the Group's budgetary procedures.


6.1.7.3. The Group's public policies and positions

In line with its CSR commitments and issues, the Group actively takes part in public debate on issues related to the industry, the automotive sector, ecology and the environment, transportation and mobility, data protection, road safety, regional development and international trade. It defends the positions presented in the following table.

All positions in the table below are coherent with corresponding actions carried out by the Group, which are also specified in the sections covering each of the issues addressed in this report.



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Macro risk	Issue	Group position
Climate change 	Vehicle CO₂ emissions	<p>1) Groupe PSA is determined to be compliant with applicable GHG regulations around the globe including the most stringent ones applicable in the European Union as of 2020. This determination has been steadily demonstrated over the recent years with a product line-up ensuring a leadership position in the industry in terms of CO₂ emissions. To achieve its ambitions, PSA has continued to improve the efficiency of its conventional powertrains while successfully launching a wide range of electrified vehicles in 2020, prioritizing billions of investment for respective products.</p> <p>2) Groupe PSA embraces the Paris climate agreement as well as the EU objective of carbon neutrality by 2050.</p> <p>Groupe PSA indeed believes it has an ethical responsibility to offer affordable mobility solutions to its customers that are sustainable for the planet and its citizens.</p> <p>The Group will therefore accelerate the pace of its electrification strategy. Beyond bringing to market a wider range of electrified vehicles, Groupe PSA is implementing a strategy to master the development and production of all the essential components of the value chain of the electric vehicles : electric motors, E-DCT gearboxes, reducers, battery pack, etc. With the support provided for by the governments of France and Germany, a joint venture has been set up in 2020 with Total/Saft that will develop and produce batteries at large scale in both countries starting in 2023.</p> <p>In addition, Groupe PSA has initiated an effort to ensure future carbon neutrality of the overall activity of the company, including sourcing, production and supply.</p> <p>3) GROUPE PSA is welcoming believes that the renewed ambitions of the European Green Deal could be achievable if framework conditions are set at the right level.</p> <p>Reaching the environmental objectives of the Green Deal, and in particular the transition to low CO₂ transport and mobility at an increased pace, requires policy makers to develop and implement a carefully coordinated plan that takes into account the economic and social challenges associated with this rapid transition.</p> <p>It also requires public authorities to actively support the development of an affordable and sustainable mobility eco-system through the wise use of the regulatory framework and financial tools, and by ensuring the contribution of all sectors, in particular the energy sector that should provide green electricity.</p> <p>The wide availability of a convenient vehicle recharging infrastructure will play a critical role and must be facilitated. The Group is working with public authorities and assists in designing and testing out technologies and standards for electric infrastructures. Leading by example, the Group's objective is to provide all its employees with access to a charging infrastructure at all of its European sites by 2021.</p>
	Energy/industrial carbon footprint	<p>For many years now, the Group has been rolling out a process for controlling its environmental impacts and ensuring continuous improvement. This has led to all of its plants becoming ISO 14001-certified and the environmental footprint of its manufacturing operations being regularly reduced.</p> <p>For more details, see 2.4.2.</p>
	Environmental performance of the supply chain: purchasing and logistics	<p>Shaping the industry</p> <p>Groupe PSA supports the development of suppliers in the automotive industry, including through an organised initiative of the French and German automotive industry at the national (PFA; VDA), and regional levels (by the ARIAs, automotive competitiveness clusters, regional automotive industry associations) with public authorities and the administration.</p> <p>Since 2015, the Purchasing Department has supplemented this strengthened framework in the automotive industry and its ecosystem by appointing IPMs (Industrial Purchasing Managers) in each manufacturing cluster in Europe: Iberian Cluster (Vigo, Madrid and Murgualde, Zaragoza), SUV Cluster (Rennes, Eisenach, Sochaux), Sedan Cluster (Mulhouse, Rüsselsheim, Gliwice, Ellesmere Port), LCV Cluster (Sevel Nord, Luton), Powertrain & Component Cluster (Tremery-Metz, FM, Tychy, Szentgotthard, Valenciennes, Aspern, Hosur, Charlesville, Kaiserslautern, Caen, Mulhouse (MPMM, UMM), Saint Ouen, Sept Fons, Hérimoncourt).</p> <p>Development of CSR in the supply chain</p> <p>One of the priorities for Groupe PSA is to reduce its carbon footprint. The Purchasing Department involves suppliers in the Group's approach to reducing CO₂ emissions in the supply chain, i.e. emissions by its suppliers for the production of goods and services purchased by the Group. Groupe PSA has a direct contractual relationship with more than 8,000 tier-1 suppliers globally. It requires all of them to meet the CSR commitments set out in its responsible purchasing policy. By signing the Group's CSR Charter, tier-1 suppliers agree to choose their subcontractors (tier-2 suppliers for the Group) on the basis of the same CSR criteria. The CSR criteria must be replicated at each level of the subcontracting chain as part of the direct contractual relationship between the client and supplier.</p> <p>Responsibility for managing the supply chain lies with each actor in the chain. However, given the emerging CSR issues (on the origin of raw materials, human rights, etc.), Groupe PSA conducts targeted audits where risks are identified. The Group is vigilant and implements tailored measures within its sphere of influence (see 6.2.3.2. for further details).</p> <p>The Group is a member of GALIA (a group for the improvement of relationships in the automotive industry), a French branch of the European network ODETTE that works in the fields of logistics (packaging, labels, EDI, etc.) and engineering (CAD exchanges and technical documentation, etc.) and which simplifies automated communications between industry members. The Group supports the merger between GALIA and the French Government's automotive industry support platform (PFA) to further improve efficiency in the supply chain. Today, GALIA is associated with the PFA's operational working groups which also include the ARIAs, as well as with the initiatives related to the "Plants of the future" programme (PIAVE).</p>



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Macro risk	Issue	Group position
Natural resource scarcity 	Wise use of material in the vehicle life cycle (including product recycling)	<p>The Group is involved in circular economy initiatives.</p> <p>It promotes the repair of its products and, as such, develops a range of remanufactured spare parts and proposes second-hand parts and a spare parts repair service.</p> <p>Through its action in the Automotive Industry Platform (PFA), it also supports the development of a harmonised methodology for measuring the rate of incorporation of recycled and natural materials.</p> <p>The Group promotes the adoption of best practices by EU Member States to implement the European Directive on the treatment of end-of-life Vehicles (ELV). It advocates for the professionalisation of the recycling industry and higher output (ELV decontamination centres, shredding, sorting after shredding, etc.). It participates in the Environmental ELV steering committees of the European Automobile Manufacturers Association (ACEA) to facilitate the elaboration of the Energy Transition and Circular Economy package in Europe.</p> <p>Groupe PSA leverages its knowledge and experience of recycling and has decided to create a business unit dedicated to circular economy. The aim of the business unit is to build a sustainable and profitable business based on a global circular economy everywhere (worldwide scope) whenever it is possible (technical limitations).</p>
	Sustainable water management	<p>For many years now, the Group has rolled out a process for controlling its environmental impacts and to ensure continuous improvement. This has led to the obtaining of ISO 14001 certification for all its plants and the regular reduction in the environmental footprint of its manufacturing operations.</p>
	Optimisation of material cycles in industrial processes (including waste)	<p>For more details, see 7.2 and 7.3.</p>
Societal expectations on health and safety 	Biodiversity	<p>For many years now, the Group has been rolling out a process for controlling its environmental impacts and ensuring continuous improvement. This has led to all of its plants becoming ISO 14001-certified and the environmental footprint of its manufacturing operations being regularly reduced.</p> <p>For more details, see 5.4.</p>
	Vehicle safety	<p>Vehicle safety</p> <p>Concerning the evolutions of the vehicle safety regulatory framework, Groupe PSA confirms its commitment to safety for its customers as well as for other road users. In this logic, Groupe PSA participates actively in the definition of new regulations and standards regarding safety. Groupe PSA supports an integrated approach including a sound impact assessment and cost-benefit analysis in order to identify the most effective measures and consider the synergies between safety systems and vehicle's characteristics and usages. Worldwide harmonisation via UNECE regulations and ISO standards aligned with product development times is also of utmost importance.</p> <p>The connected and automated vehicle</p> <p>The central purpose of Groupe PSA, to ensure freedom of movement by providing safe, sustainable, affordable and convenient/enjoyable mobility, is reflected in the Group's approach towards connected and automated mobility: a gradual development to ensure reliability and safety requirements are met, and to ensure affordability so that all our customers and society at large can benefit from it.</p> <p>Cars are increasingly connected to their external environment through a wide range of communication technologies. These new data exchange capacities raise issues that are technical, economic and societal. Operating safety, the protection of the technical specifications of vehicles throughout their life cycle, data protection and road safety are at the heart of the Group's concerns. The Group is very aware of these issues and shares its expertise with a large number of groups of stakeholders, experts and regulators in the development of the appropriate standardisation and regulatory framework.</p> <p>Groupe PSA is working on a variety of V2X (Vehicle to Vehicle/Vehicle to Infrastructure) applications using both short-range and long-range technologies as well as ADAS (Advance Driver Assistance Systems) applications using a wide array of technologies in order to provide the best connectivity and safety to all its customers. Therefore the Group supports a technology neutral approach from regulators.</p> <p>Connectivity means the possibility to exchange data. That means business potential and creation of value. Value creation will only happen if data are shared. Vehicles however are not smartphones on wheels, but machines for which security and safety is a matter of life and death. Any regulatory framework on access to data must ensure that the safety and security of highly connected and automated vehicles and their users is never undermined. Therefore Groupe PSA is supportive of in-vehicle data access based on the Extended Vehicle, as defined by various ISO Standards, and is in the process of developing a fully industrialized Extended Vehicle Web Server allowing automatized safe & secure access to vehicle data in full compliance with ISO standards.</p> <p>In parallel, to respond to the demand of connected services, in 2019 the Group launched a new version of WebPortal for Service Developers, providing controlled access, full documentation and Software Development Kits (SDK).</p> <p>In line with the Group's strategic vision to be a car manufacturer and a mobility provider, Groupe PSA is implementing an automation roadmap from Level 2 up to driverless Level 5, based upon use cases and customer requirements. While Level 3 is under development and validation at this stage, Groupe PSA sees, beyond Level 3, L4/L5 driverless applications (autonomous shuttles and robot taxis) for shared mobility services only. For the benefit of a faster and stronger validation, Groupe PSA believes that an L3 validation standard and an increase in synergies in validation by pooling databases of relevant safety and security data would be particularly helpful.</p>


ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION

Ethics in business practices

Macro risk	Issue	Group position
Societal expectations on health and safety 	Vehicle impact on air quality	<p>Groupe PSA is committed to developing and producing vehicles that not only fulfil all applicable emission standards but in many cases go way beyond such limits. This is not a short-term priority but rather reflects a longstanding effort of Groupe PSA to improve the emissions behavior of our products.</p> <p>As an example, Groupe PSA was an industry leader in implementing diesel particulate filters back in 2000, long before they became mandatory. The same applies to SCR systems (Selective Catalytic Reduction) that drastically reduce NO_x emissions from diesel engines. These examples together with many other technologies have led to massive improvements in the Group's vehicles emission behavior, a trend that will continue in the future.</p> <p>Meanwhile, implementation of more stringent emission standards in major markets comes close to the technological potential of measuring equipment. Different from the general public perception, this is reflected by continuously decreasing levels of all major pollutants in European cities over the last two decades.</p> <p>Groupe PSA supports regulatory efforts to review and improve the respective regulations where necessary to reflect the latest knowledge. Yet it is mandatory that modifications to emission standards are based on sound science and respect the maturity of available technologies to maintain a reasonable cost/benefit balance between technological potential, user/societal benefits and affordability.</p> <p>The average age of passenger cars in Europe is currently around 11 years and it is growing. Such average aged vehicles date back to outdated Euro 4 emission standards and many vehicles are even older. As an obvious consequence, the renewal of vehicle fleets by replacing old cars with the most advanced technologies is a very powerful tool to achieve further air quality improvements quickly. In fact fleet renewal should be a highly preferable alternative over other, more invasive measures (like driving bans or prohibition of certain technologies, e.g. diesel engines) that would lead to drastic and unwarranted mobility limitations of citizens and that may result in unintended side-effects like increasing GHG emissions when switching from a diesel to a petrol powered vehicle.</p> <p>The downward trend of vehicle emissions will continue in the future: combustion engines are complying with more and more stringent standards that meanwhile are not only ensured and certified by rigorous testing at type approval but confirmed by COP (Conformity of Production) and ISC (In-Service Conformity) tests after production and through RDE (Real Driving Emissions) procedures, performed in real-world driving situations. Groupe PSA even went a step further, beyond what was legally required, in cooperating with NGO Transport & Environment and Bureau Veritas in developing and conducting emissions tests that are more representative of real driving even under adverse conditions. The results are continuously published in full transparency for the consumer and demonstrate the leadership position of Groupe PSA in emission control systems.</p>
	Control of industrial discharges and nuisances	<p>For many years now, the Group has been rolling out a process for controlling its environmental impacts and ensuring continuous improvement. This has led to all of its plants becoming ISO 14001-certified and the environmental footprint of its manufacturing operations being regularly reduced.</p> <p>For more details, see 5.3.</p>
Unbalanced economic development of territories 	Local sourcing development in host territories	<p>It is crucial to boost local production to support the Group's increasing internationalisation. In order to achieve this, the Group is implementing measures in two separate areas: firstly, it identifies local suppliers and helps them gain the skills that they need, and secondly it encourages its own suppliers to relocate to clusters near to its plants.</p> <p>Local sourcing also provides the Group with:</p> <ul style="list-style-type: none"> • better knowledge of the expectations of local stakeholders; • the option to find technological solutions which fit the context and local constraints; • operational proximity to its partners, enabling it to help them achieve technological, logistical, social or environmental progress; • greater supply chain flexibility. <p>Consequently, the Group must ensure the best conditions to build and sell vehicles that meet the customer's expectations, in compliance with social, environmental and ethical standards (OECD Guiding Principles) (see 8.1.3.2. for further details).</p> <p>On account of the fact that electric batteries for cars are not produced in Europe yet, we note that up to 40% of the value added of electric cars is transferred from Europe to Asia, mostly China, until European production becomes operational.</p>

ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION

Ethics in business practices

Macro risk	Issue	Group position
Unbalanced economic development of territories 	Balanced governance and distribution of added value	<p>Reducing trade obstacles in global regions</p> <p>With operations spanning more than 160 countries, the Group supports the WTO ruled-based system and encourages international trade deals that provide mutual benefits and shared rewards for the industry at home and for partners abroad. Trade agreements foster innovation, growth and wider customer choices at lower prices.</p> <p>At a bilateral level, the Group actively supports the finalization of the ongoing free trade agreement negotiations. Groupe PSA favours the elimination of tariffs, a greater convergence towards UNECE international regulations and trade facilitation.</p> <p>In particular, Groupe PSA closely monitors developments related to Brexit and the future trade agreement between the EU and the UK. It calls on negotiators to provide certainty and sufficient leadtime, and maintain the competitiveness of the European auto industry. The Group is championing proposals to provide better market access by reducing technical barriers and customs procedures in both a proportional and coordinated manner.</p> <p>Involvement in host communities</p> <p>The Group helps set a context that is favourable to the development of the automotive industry (manufacturers, suppliers, equipment manufacturers) across its host communities. In France, the Group is working in coordination with the CCFA (French car manufacturers' trade association), the PFA (Automotive and Mobility Industry Platform), which is bringing together the entire chain from research to industry, and a large network of partners: regional industry associations, automotive competitiveness clusters, the Union of Metallurgies Industries (UIMM), France Industrie, professional branches, etc.</p> <p>Both regionally and nationally, the Group is a stakeholder in initiatives to increase the automotive industry's profile (career conferences, etc.).</p> <p>Groupe PSA also contributes to the development of companies of the future, for example, through the use of revitalisation funds. The Group's Sochaux site initiated a public-private cooperation with the Bourgogne Franche-Comté Region and the district of Montbéliard and Belfort, as well as with local universities and the metallurgy sector (UIMM). The project, called Mattern Lab, will create a Centre of Expertise in 2021 to accelerate the innovation and digitalization of local companies. It benefits from the support of the Caisse des Dépôts (French public sector financial institution) through a successful participation in the call for tender "Territoire d'innovation" in 2019.</p> <p>In support of its economic activity in its hosting communities, Groupe PSA commits locally to contribute to research and the development of scientific and technical skills and knowledge. In France, a scientific partnership was signed between Groupe PSA, the Bourgogne Franche-Comté region, the CNRS, and three regional training and research institutions in 2016. Over a four-year period, Groupe PSA supports joint research works (notably on clean technologies, the autonomous vehicle and the plant of the future) that directly benefit regional excellence in cutting-edge research.</p> <p>In Galicia, many applied research projects are being developed in collaboration with the CTAG (Centro Tecnológico de Automoción de Galicia) based on a multi-year partnership contract with Groupe PSA. Projects under development notably relate to production data digitisation, advanced automation and collaborative robotics, and artificial vision. These activities, in line with the Galicia region's objectives and the European framework programme Horizon 2020, contribute to the increase of R&D skills of the local industrial fabric, the automotive industry and the improvement in the performance and competitiveness of Groupe PSA plants.</p> <p>Opel has been working on a future-oriented project named CLEVER. The goal of the CLEVER project is to develop, build and operate a network of almost 1,300 intelligent EV-charging stations in the city of Rüsselsheim together with the City of Rüsselsheim, the Hochschule RheinMain and Gewobau. Different user groups and scenarios are being investigated and analyzed by the academic partners to generate learnings for public applications.</p>
	Philanthropy and socially responsible mobility	<p>The value given to local ties with Groupe PSA is also reflected through Fondation PSA initiatives, which aim to support mobility in close proximity with citizens' lives. Benefitting from a nine year operational period, Groupe PSA demonstrated a very positive assessment of its commitment through Fondation PSA, bringing hope to its host regions (see quantified balance in 8.3.4.).</p>


ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION

Ethics in business practices

Macro risk	Issue	Group position
Human rights and business ethics violation 	Ethics in business practices	<p>Every employee must behave in line with the rules set out in the Groupe PSA Code of Ethics when performing their work. These rules are organised around the following requirements: respect for the law, respect for people and the environment, respect for customers and respect for the Company.</p>
	Human rights in the supply chain	<p>When it joined the Global Compact on April 9, 2013, the Group promised to follow and promote to its suppliers the ten principles based on the Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption.</p> <p>The Groupe PSA policy on human rights is based on the recommendations of the OECD guidelines and of the UN guiding principles (i.e. for multinational enterprises, for business and human rights):</p> <ul style="list-style-type: none"> • a public commitment to human rights: on March 7, 2017, Groupe PSA signed a new version of its Global Framework Agreement on Group social responsibility with the relevant stakeholders and requests that its suppliers also meet this commitment through its "responsible purchasing policy"; • risk mapping for human rights infringements: the Group has set up a risk mapping process for each procurement category, using the "EcoVadis Rating Framework"; • preventive measures to address identified risks: each new supplier must systematically comply with the following criteria in order to be listed in the supplier base: environmental, employment practices, and human rights; • corrective action must be taken for suppliers potentially or actually involved in a human rights infringement. If the supplier fails to comply with any of the listed criteria, corrective action plans are put in place and a sanction may be imposed. In the worst-case scenario, the supplier may be removed from the base; • action plan monitoring: any supplier guilty or potentially guilty of human rights violations must prove that the corrective measures agreed with Groupe PSA have been implemented; • communication of measures put in place: each year, an overview is provided to the employee representatives according to the commitments set out in the Global Framework Agreement. The results are also published in the annual CSR report.
	Responsible information and marketing	<ul style="list-style-type: none"> • Legislative proposals aimed at banning advertising of vehicles that consume more than 4 l/100km and/or emit more than 95gr CO₂ per km) as was envisaged in France, would affect 60 to 70% of the vehicles marketed in France in 2019 (all brands combined), part of which is produced in France and would favor small vehicles produced outside France; • A ban on advertising will have an impact on sales of new vehicles, advertising being a market animation tool; • Consideration should be given to the deferral effect of the consumer's acquisitions in estimating the annual emission reduction (sought by the advertising ban) associated with the increase in the malus scale, which is not in line with the objective.
Human capital 	Attracting and developing all talents	<p>Groupe PSA considers talent management to be a key issue in its human resources policy. It highlighted this issue, both internally and externally, by stating that everyone should feel free to express their talent, individually or collectively.</p> <p>Groupe PSA has set up governance for its job families and professions to preserve its know-how and expertise and develop its talents across the Group, including now at Opel and Vauxhal.</p> <p>It supports meritocracy as a basis for equal opportunities and performance-based assessments.</p>
	Management of company transformations and social dialogue	<p>The Group focuses on social dialogue to drive transformations in the Company. It ensures that its partners are engaged, and via company agreements, it explores responsible solutions to adapt the Company, improve its performance and protect employees.</p> <p>The signature of a new global agreement on March 7, 2017 publicly illustrates its support for co-construction with employee representatives.</p> <p>Groupe PSA strives to have in each industrial site its own site project aimed at sustainable performance, supported by a collective performance agreement co-constructed with the social partners.</p>
	Health, safety and well-being in the workplace	<p>Groupe PSA considers the protection of health and safety at work to be an essential requirement. Groupe PSA made efforts to follow the recommendations of the ILO and the WHO, including the Health and Safety Management System that continually rolled out for over 10 years within the Group. Thanks to its strict application, its results are the best in its business segment.</p> <p>Groupe PSA developed a policy to prevent psychosocial risks which it is systematically deploying, including in the regions where societal concerns are yet to be raised in this field.</p> <p>The Group advocates for an overall health approach that goes beyond health at work and contributes to public health policies. It supports the "Healthy Workplaces" initiative promoted by the European Union and the WHO.</p>
	Diversity and equal opportunity	<p>Groupe PSA publicly calls for diversity, the prevention of discrimination and the promotion of equal opportunities. It has detailed its commitments in various company agreements as well as in its Global Framework Agreement on Corporate Social Responsibility.</p> <p>It embeds this policy within a continued progressive approach that also involves labelling its practices (Gender Equality label, Diversity label). For several years and in multiple countries, Groupe PSA has supported public policies and endeavoured to prevent violence against women, implement whistleblowing systems and help victims of discrimination.</p>

ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION

Ethics in business practices

Macro risk	Issue	Group position
Customer's expectations 	Responsible management of customer's data and relationship	Consumer personal data protection <p>The Group wants to strike a balance between the legitimate protection of consumers and the Company's performance.</p> <p>The protection of personal data is a strategic issue for the customers and encourages satisfaction because it is an important factor of confidence and loyalty. It requires us to have in-depth knowledge of customers' needs while ensuring that the freedom and fundamental rights of individuals are respected at the same time.</p> <p>For Groupe PSA, the collection and processing of personal data are essential to build, maintain and personalise the link between consumers and the organisation, and propose services and products expected by consumers. Of course, these processes must respect the principles of lawfulness, fairness and transparency to ensure that consumers trust how their data will be used, in the context of the new European privacy regulation (General Data Protection Regulation – GDPR) which entered into force on May 25, 2018.</p> <p>The Group had already committed to the essential principles of “privacy by design” and “privacy by default” and is constantly improving the security of its data storage and exchange networks, especially with the connected car that has transformed car manufacturers into players at the heart of the data protection issue. It carries out training and awareness-raising actions within the Company and takes part in working groups among professionals to foster the exchange of best practices.</p>
	Development of new mobility solutions	<p>Cars still have their place: as the best choice for freedom and flexible mobility, cars represent a major economic and social issue, particularly outside cities in the absence of alternative solutions. New uses and therefore new services are being created.</p> <p>To become a leading provider of mobility services, the Group created a brand dedicated to new mobilities in 2016: Free2Move, which develops experiences of a sustainable, smart and shared mobility for all. Free2Move pools all of the Group's new mobility services; connected services to make life easier and save time; corporate fleet services; and financial offerings to facilitate vehicle accessibility.</p> <p>In addition, the Group furthered its acquisitions of equity stakes in startups. A new entity “The Business Lab” was created at the end of 2016, with the aim of detecting, experimenting and transforming opportunities, both in terms of mobility and digital technologies, into new activities.</p>

6.2. ENSURING RESPECT OF HUMAN RIGHTS IN SUPPLY CHAIN

GRI.103-2

GRI.103-3

In addition to its signature of the United Nations Global Compact in 2003, Groupe PSA follows the due diligence approach advocated by the OECD. Moreover, the Group has set out its procurement policy in compliance with International Labour Organization (ILO) rules (human rights such as child labour and forced labour) on health and safety standards. Additionally, the policy contains standards relating to environmental practices (ISO 14001) and the most stringent standards for use and disposal of substances (e.g. REACH regulations) as well as the supply of specific materials such as conflict minerals

that also require particular attention. In this policy, in awareness of its consciousness the Group encourages its suppliers to be vigilant for CSR risks within their supply chain. This policy is available on the Group's website.



The responsible purchasing policy is available on the Group's website: <https://www.groupe-psa.com/en/automotive-group/responsibility/societal-commitment/>

6.2.1. Innovative approach to involve suppliers in the chain of responsibility

To ensure that sustainable progress throughout the entire supply chain is made, all stakeholders along this chain must be involved. Thus, the Group promotes to its suppliers the principles of the Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights at Work and the United Nations Convention against Corruption.

In order to prevent salient risks that may arise in its supply chain, Groupe PSA has involved its suppliers in implementing vigilance

measures that are specific to its activity (see 'the Group's policy on conflict minerals' in section 6.2.1.1.).

Groupe PSA was the winner of the category "Best Portfolio CSR Performance Improvement" of the EcoVadis Sustainable Procurement Awards 2020, with the best rate of suppliers enhancing their CSR score.

6.2.2. Suppliers: key players in the chain of responsibility

6.2.2.1. Groupe PSA procurement policy: performance and responsibility

DPEF.21

In line with the missions and objectives of the Group, the Purchasing Department defines and manages the procurement policy for goods and services worldwide as part of the Group's Automotive Division. It also ensures that the contracts with suppliers are fulfilled and executed in a sustainable manner.

The Purchasing Department acts as main interface between Groupe PSA and its suppliers, specifically for meeting all legal and regulatory requirements under its responsibility in order to ensure that all suppliers are fully compliant with the Group's policies and so mitigate the risk exposure of the Group. This is its major duty of care towards suppliers across the globe.

Consequently, the Purchasing Department works closely with engineering, logistics, industrial and program teams and more generally works with all entities within Groupe PSA and its outside stakeholders.

As such, in conjunction with the other departments involved, the Purchasing Department is responsible for:

- involving suppliers in the design of products and manufacturing facilities;
- ordering and delivering automotive parts, equipment and services that meet the Group's requirements in terms of social and environmental responsibility, quality, price and time. For instance, this includes catering services delivered in the Group's facilities: suppliers are requested to promote responsible use of natural resources and to implement measures to reduce food waste.

To fulfil its role, the Purchasing Department organises its work around the following priorities:

- ensuring the competitiveness and responsible procurement of products, equipment and services purchased for the manufacture of Group vehicles and subassemblies by selecting world-class responsible suppliers able to meet Groupe PSA's and all stakeholder requirements;
- ensuring successful collaboration between the Group and its suppliers for design, development and manufacture of all automotive brands' products and services by forming dynamic, competitive partnerships with them and its partner departments;
- ensuring that suppliers provide the Group with innovative, sustainable solutions that can give it a competitive edge, by liaising closely with the Automotive Research and Advanced Engineering Departments;
- ensuring that the Group benefits from the expertise of its suppliers on the best economic terms by continually recommending improvements to quality and costs and seeing that they feed into all phases of the product life cycle;
- ensuring the quality and security of supplies by verifying that suppliers intrinsically meet the standards required by the Group in terms of social and environmental responsibility, quality and logistics;
- ensuring that a panel of responsible, viable and world-class suppliers is established by taking all the necessary actions to support and secure the automotive industry in the best interests of Groupe PSA;

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- ensuring the buy-in and effective engagement of all of its staff in achieving the Group's objectives by organising and overseeing the work of its employees with a view to building exemplary partnerships with staff from other Group departments, as well as with suppliers, through upholding the principles of ethical and professional conduct. As such, the Group ensures the continuous improvement and application of its employees' professional skills.

In a bid to optimise its procurement policy, the Purchasing Department is coordinating its actions at different levels: centrally, in its international sites and within its various local offices spread globally.

6.2.2.1.1. Procurement policy: human rights, ethical and environmental standards

GRI.407-1 GRI.408-1 GRI.409-1 GRI.414-1
GRI.414-2 DPEF.34 DPEF.35 SASB-440a.1

— INCORPORATING WORKFORCE-RELATED AND SOCIAL CRITERIA INTO THE PURCHASING PROCESS: FOCUS ON HUMAN RIGHTS

Groupe PSA policy on human rights is based on the recommendations of the OECD.

- A public commitment to human rights: see 6.2.1.
- Risk mapping for human rights infringements: see 6.2.3.1.
- Preventive measures to address identified risks: see 6.2.3.2. and 6.2.3.3.
- Corrective action must be taken for suppliers potentially or currently involved in a human rights infringement: see 6.2.3.5.
- Action plan monitoring: see 6.2.3.5.

- Communication of measures put in place: see the 'stakeholders dialogue' insert in 6.2.3.

— EXAMPLE: THE GROUP'S POLICY ON CONFLICT MINERALS

A specific clause has been inserted in the general terms and conditions of purchase (clause 12), stating that the supplier must disclose the detailed composition of the materials used to manufacture the parts supplied, as well as any changes in that composition. This requirement was updated in 2019 to specifically comply with the "Devoir de Vigilance" legislation. The supplier must also provide the written information necessary to comply with the legislation in force, particularly on consumer protection and conflict minerals. From the R&D Department, who in charge of the management of sensitive products, the Purchasing Department has begun to systematically request the entire supplier base to identify the suppliers concerned. Additionally after having joined the Responsible Minerals Initiative (RMI), the Group has access to a wider range of information and data to ensure that sustainability standards are implemented by smelters and the mining industry.

The Conflict Minerals Reporting Template that is provided by the RMI is requested for the suppliers using the 3TG metals (tungsten, tantalum, tin and gold). If they have not sourced any compliant raw materials, the suppliers have to set up alternative sources. The Group thus seeks to exercise its duty of care and foster sustainable procurement.



The Conflict Minerals policy is available on the Group's website: <https://www.groupe-psa.com/content/uploads/2017/04/Groupe-PSA-Conflict-Minerals-Policy.pdf>

Website of the Responsible Minerals Initiative: <http://www.responsiblemineralsinitiative.org/>

CONFLICT MINERALS: EVALUATION OF THE SUPPLIER BASE AT THE END OF 2020

Number of supplier groups unaware of whether they use these minerals	76
Number of supplier groups declaring that they use these minerals	375
Of which: number of supplier groups having a policy for these minerals	180
Of which: number of supplier groups that have taken actions implemented to identify the presence and mitigate risks of conflict minerals within the supply chain	246
Of which: number of supplier groups that have published a due diligence report on conflict minerals	159

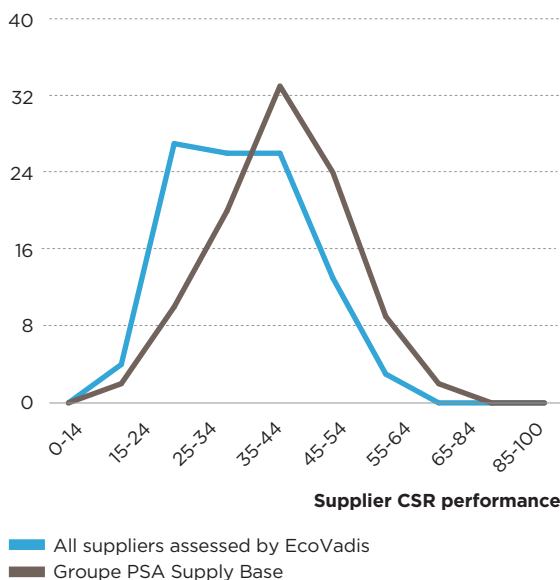
ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION

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— A SUPPLIER SELECTION METHOD DESIGNED TO IMPROVE CSR PERFORMANCE

CSR PERFORMANCE: SCORES OF GROUPE PSA SUPPLIERS COMPARED WITH SCORES OF ALL SUPPLIERS ASSESSED BY ECOVADIS IN 2020

Supplier distribution



With an average overall score of 49.7, suppliers working with Groupe PSA outperformed all suppliers assessed by EcoVadis, who have an average score of 42.9.

6.2.2.1.2. The Group's strong commitment to the adapted sector

GRI.204-1 DPEF.33

For over 30 years, the Group has been sourcing direct parts (e.g. wiring harnesses, interior trims, pedals, etc.) from the adapted and sheltered sector. Subcontracting to this sector is one aspect of the Group's agreement for the social and occupational inclusion of people with disabilities.

Suppliers in the adapted and sheltered sector are meeting the same standards as the Group's other suppliers based on criteria such as quality, responsiveness and financial performance. Since developing this expertise, some sheltered workshops have marketed their know-how to other customers and business sectors (rail, aeronautical, etc.).

After 6 years of increasing business with the sheltered sector, the turnover was lower in 2020 due to the pandemic situation. Groupe PSA has maintained its engagement in the sheltered sector with less impact (~25%) than compared to the standard sector (~30%). Our commitment helped our suppliers to maintain their policy of inclusion of handicapped workers. This enabled our suppliers to maintain the same number of employees at work and as much handicapped workers as possible.

Key figures (concerning only PCD plants):

- the services bought from the adapted and sheltered sector added up to 52 M€. This generated €42 million in added value for these companies.
- the Group works with:
 - seven major French associations: Adapei in Doubs, Adapei in Haute-Saône, Bretagne Ateliers, Adapei Papillons Blancs in Alsace, Les Ateliers de l'Ostrevent, the AMIPI/SLAMI Foundation together with Spanish association ILUNION, and ANRH since November 2020. Thus, all the Group's French automotive production plants have a partnership with associations from the sheltered sector,
 - 11 of our vehicle plants in Europe are working with the sheltered sector.

Groupe PSA is a main actor of the purchases to adapted sector (firms specialised in hiring people with disabilities) and sheltered sector (organisations helping people with disabilities into work) in 2017. This has been accomplished as a result of the strategy adopted by the Group, which decided more than ten years ago to give responsibility to a member of staff within the Purchasing Department for purchases of industrial parts from the adapted and sheltered sector.

6.2.3. Practicing due diligence GRI.308-1 GRI.308-2



STAKEHOLDERS DIALOGUE

In addition to applying its social policy to all entities and employees, Groupe PSA also applies due diligence to ensure that its social demands are met by its suppliers. The measures put in place by the Purchasing Department ensure that suppliers fulfil social and environmental commitments. They have been improved to form a robust due diligence plan. The plan identifies, prevents and mitigates the risks of non-compliance and any failure to comply with basic human rights. The plan also provides the option to perform on-site audits.

The last Group's Global Works Council meeting was virtually held in November 2020 to carry out an annual review of how the Global Framework Agreement is applied to the Group's social responsibility processes. In this meeting, amongst other topics, the latest developments of the Groupe PSA vigilance plan and the new partnership with RCS Global on the mapping of our battery supply chain were reviewed.

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Groupe PSA follows the OECD Due Diligence Guidance for its supply chain. In accordance with Act no. 2017-399 of 27 March 2017 on the duty of care of parent companies and instructing companies, the due diligence plan introduced by this section comprises reasonable due diligence measures to identify risks and prevent serious infringements of human rights and fundamental freedoms, and personal and environmental health and safety, arising from the activities of subcontractors or suppliers with whom there is an established business relationship (see 6.2.2.1.1.).

6.2.3.1. Identifying CSR risks in the supply chain (GRI.414-2) (DPEF.30) (DPEF.31)

Groupe PSA uses risk analysis (mapping) to identify and prioritise actual or potential incidents in the supply chain.

Where risk is identified, Groupe PSA has a prevention system to implement and monitor specific action plans with involved suppliers to prevent or mitigate any impact to the supply chain.

If there is an impact, Groupe PSA takes necessary actions to solve it.

The Group is transparent about the measures taken and the results obtained, and these are published in its annual CSR report.

Risk mapping

Groupe PSA has opted to identify risk by commodity for both direct and indirect material purchases. The methodology used is built and based on the EcoVadis Rating Framework:

- CSR risk profiles according to the various internal Groupe PSA commodities are matched to the international standard industrial classification (ISIC) commodities developed by the United Nations (as a single reference guide in order to generate a cross-reference table with Groupe PSA procurement commodities);
- CSR risk profiles by country (according to the EcoVadis listing that currently includes 206 categories for 144 countries);
- the database created by EcoVadis for supplier CSR performance assessments (currently more than 65,000 suppliers assessed, an increase of approximately 10,000 suppliers since last year);
- additional sources including information from unions, NGOs, media or even data-collection specialists (more than 100,000 additional sources are considered).

The overall CSR risk level is established for each commodity. By commodity the following four risk themes were analysed: environmental risk; social risk (which contains human rights); ethical risk; and supply chain risk. This risk level is then enhanced through data from supplier performance assessments, followed by risks inherent to the country in which the supplier is located. Procurement risks are also incorporated, such as expenditure volumes, exposure and the strategic importance of each commodity. All of these components combined enable the risks to be ranked across six levels in order to create an action plan based on the highest-risk procurement commodities.

The Group Managing Board reviewed and approved the mapping process internally.

Risk detection process and impact analysis

As a result of several crises in the automotive industry that occurred over past years, the Group has upgraded its risk analysis procedure to ensure it offers robust risk prevention and better reactivity to any risk.

In line with the Group's risk policy (see section 1), purchases can be broken down into 732 different commodities to which the Purchasing Department applies a multi-criteria risk analysis (quality, logistics, financial, CSR, etc.) to define a "technical and industrial purchasing strategy" (TIPS) for each commodity. Buyers, in collaboration with experts from other divisions of the Group, including financial analysts, logistics experts, quality experts and engineers, manage the "TIPS".

Critical suppliers

A critical supplier is a tier 1/tier N supplier who could cause production stoppages at Groupe PSA plants or delay the sales launch of new vehicles. There are three categories of high-risk suppliers:

- suppliers who are the only source of a product or component;
- suppliers for whom Group purchases represent over 30% of their annual revenue;
- suppliers whose failure to adhere to Groupe PSA CSR policy could damage the Group's reputation. These suppliers might cause a substantial negative impact on the environment, employment, human rights or society (particularly through unethical conduct).

Various types of supply chain incidents

Groupe PSA has identified four types of potential negative impacts that might occur:

- **Environmental damage:** this is damage caused to water, air and soil either as a result of natural disasters or industrial accidents, or due to overexploitation of natural resources;
- **Focus on industrial supplier risks:** Groupe PSA has implemented a special industrial risk prevention mechanism based on feedback from past crises (including the Ibaraki (Japan) earthquake in 2016). This mechanism enables the buyer to quickly identify the Group's exposure to the risks linked to each supplier production plant, using a matrix which takes into account criteria such as: geographical location (risk of natural disaster), the Group's share in the plant's production, how specific the technology used by the supplier is, how many of the Group's vehicles are affected by production at this plant, etc. This assessment method is used systematically to prepare technical and industrial procurement policies for each product group and each call for tenders. This result is systematically taken into consideration in the supplier selection process globally. The Purchasing Department (SIRF⁽¹⁾ in charge of managing the supplier risks) validated a list of at-risk countries where specific measures to secure procurement or to award new business should be set up.

(1) *Stratégie industrielle et risques fournisseurs.*

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- Focus on raw material risks:** a material risk mapping is annually reviewed and updated in terms of their criticality (materials with specific characteristics, important for competitiveness, and with little or no current alternative), potential scarcity (limited global production or fragile supply chains), and questionable CSR conditions (e.g. conflict minerals, mica, cobalt). This mapping is designed to enable the Group to manage and secure its supply over a long-term period and focus its R&D to work on alternative materials. This policy to seek out new, innovative materials combines with the Group's quest to increase the proportion of renewable and environment-neutral materials in its vehicles (see 7.1.2.4.);
- Violations of employment rights** which may take the form of forced labour (which may also be linked to illegal activities such as conflict minerals), child labour, failure to respect the freedom of association, discrimination or failure to comply with international standards on workplace health and safety:
 - Focus on human rights in the supply chain:** in line with its long-standing commitment to the Global Compact and building on its Global Framework Agreement which extends to suppliers and partners, the Group identifies the regions and areas that have the largest risk of human rights violations and modern slavery. The regions and areas at risk are identified based on two criteria: the country (countries that have not signed up to global agreements, countries ill-equipped to enforce international laws) and the manufacturing process (whether it requires a significant amount of low-skilled labour and additionally is dangerous). Based on this, the Group applies a graduated reasonable efforts approach. This might result in removing a supplier from the panel or bid if it should become evident that it was directly or indirectly involved in this type of practice. It is the Group's policy to assist and guide suppliers so that they can improve. However, if they are clearly unwilling to make changes, the Group reserves the right to cease all contact and to remove them from its supplier database.
- Ethical breaches** such as corruption, conflict of interest, deliberate non-compliance with specifications (quality risk), or threats to a balanced business relationship (financial or technological dependencies):
 - Focus on supplier quality risk:** handling supplier quality risks is entrusted to dedicated teams and is formally documented in the SQM (Supplier Quality Manual). Within the Supplier Quality Development (SQD) Department is a dedicated team of quality/lean manufacturing experts responsible for monitoring suppliers' production plants. Each supplier plant has a single point of contact within the Group. This personal approach allows the Group to pick up on "signs of weakness" (early stages of a quality or logistics problem) to prevent supply disruptions which are a huge waste of resources. This organisation is deployed throughout all regions where the Group has a presence, allowing them to be as close as possible to the supplier pools. The results in terms of quality for suppliers currently in development and during the lifetime of the part are consolidated on a worldwide basis. These results are frequently reviewed with suppliers in order to guide suppliers at the corporate level. These results are also used for awarding new business to suppliers:
 - > the SQM is based on compliance with the following fundamental principles: customer satisfaction and safety; goal achievement planning; compliance of all goods delivered; transparency; duty of notification and responsiveness,
 - > SQM covers the entire life cycle of supplies (from the choice of supplier to the last spare part delivered). Quality risk is one selection criteria for suppliers. This risk is monitored carefully from the development phase of new parts until the process is industrialised and the product is in mass production, supplier quality performance is monitored through the "scoring bidlist", which contains penalty points by supplier plant. Each perturbation will result in a loss of points according to a predefined scale starting from a total of 100 points. Suppliers below 80 points are "red suppliers" and are excluded from new business awards. A corrective action plan is put in place to control quality risk for customers. "Red suppliers" represent 9.5% of the Group's global supplier base. Penalties for each criterion are reviewed each year and increased (for instance for an IATF missing certificate, the penalty was increased in 2019).
- Focus on an emerging risk linked to the automotive industry: changes in the relationship between international car manufacturers and equipment manufacturers.** Equipment manufacturers are called upon to support the global development of car manufacturers. They have become major economic stakeholders whose responsibility weighs heavily on the subcontracting chain, in terms of technologies (investments in R&D and training), production capacities (meeting the needs of several competing car manufacturers), confidentiality, societal issues (acceptability for countries in which the Group operates and CSR impacts on), etc. In view of this risk, the Group has implemented operating procedures with these global players that ensure a quality long-term relationship, and involve said suppliers in the risk management process (including CSR risks) across the subcontracting chain. Worldwide, 20 supplier groups represent 50% of the value of Group purchases in direct material (excluding joint ventures).
- Focus on the risk of financial sustainability of suppliers:** Groupe PSA has implemented a systematic tracking system. The financial results of all suppliers are analysed,



The Group's policy on the fight against forced or compulsory labour practices and modern slavery is available on the websites of the brands operating in the United Kingdom, where the Modern Slavery Act applies:

- <https://media.ndp.awsmppsa.com/file/03/9/modern-slavery-statement-2018.pdf>
- https://www.citroen.co.uk/content/dam/citroen/uk/b2c/home/footer/Modern_Slavery_Statement.pdf
- https://media.dspp.awsmppsa.com/file/89/7/Modern_Slavery_Statement_2019.pdf
- <https://www.vauxhall.co.uk/content/dam/vauxhall/Home/PDFs/modern-slavery-act/VML-Modern-Slavery-Statement-2019.pdf>

- Focus on conflict minerals:** earnings from mining gold, tin, tantalum and tungsten might be used to finance armed conflict in the Republic of the Congo and surrounding countries. In accordance with the US Dodd-Frank Act of 2010, the Group's policy requires the utmost transparency from its suppliers about the origin of any raw materials and minerals they use. As a member of the Responsible Minerals Initiative "RMI", the Group has access not just to the RMI smelter database and the RMI assurance process but also all the latest information and training materials available to ensure a conflict-free raw material supply chain;

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which prevents new contracts from being awarded to suppliers in difficulty and identifies all suppliers at significant risk of default. A status report on suppliers with a significant default risk is presented each month to the Purchasing Department Committee, which authorises action plans and may recommend either cash flow support (one-time reduction in payment terms) or back-up measures (kicking off tooling with an alternative source, searching for new investors, building protection of supply stock, loss support payments, etc.). The team controls its contractual obligations as well as those of the supplier. In 2020, the proactive and active management of suppliers with a high risk of failure based on financial criteria covered 490 (216 groups) companies representing approximately 12.5% of the purchasing cost;

- **Social damage in areas where suppliers have production plants** which can result in loss of local jobs, threats to indigenous or displaced peoples, or even political or economic conflicts that jeopardise the local economy (country risk):
- **Focus on country risk:** The country risk is fully integrated into the process of listing suppliers on multiple levels. During calls for tender, suppliers are assessed based on their financial sustainability. This listing is completed with the help of a specialist third party, and takes into account the country risk. Similarly, suppliers are assessed based on their social, environmental and ethical performance, and their ability to manage their supply chain. The supplier's host country is also taken into account.

To carry on with its business and manage the risks identified above, the Group has an organisation that governs the relationship with its suppliers. (See 6.2.3.3 for more details).

6.2.3.2. Assessment of suppliers' CSR performance

DPEF.30	DPEF.37	DPEF.38
DPEF.39	DPEF.40	DPEF.41
DPEF.42	DPEF.44	GRI.407-1
GRI.408-1	GRI.409-1	GRI.414-1
GRI.414-2	GRI.205-2	

For Groupe PSA, assessing CSR performance of suppliers is a key factor in the supplier selection process. For example, more than 90%⁽¹⁾ of suppliers were selected in 2020 based on their CSR rating.

90%

of direct material business is placed to suppliers that fully comply to the Group's CSR requirements

SUPPLIER CSR ASSESSMENT SYSTEM



(1) For suppliers without CSR assessment, Groupe PSA is using a deviation process approved by Purchasing directors. This requires:

- the formal signature of the supplier of the Group's Charter;
- an official commitment to be assessed by EcoVadis in the near future.

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Signing the responsible purchasing policy

Principles of the Group's CSR policy are listed in the document "Responsible Purchasing Policy" which stipulates the commitments that suppliers must adhere to.

The Purchasing Department has responsibility for this document which requires:

- compliance with law;
- promotion of and compliance with internationally-accepted human rights;
- freedom of association and the effective recognition of the right to collective bargaining;
- elimination of any forms of forced or compulsory labour;
- effective fight against child labour;
- elimination of discrimination in terms of hiring and occupation;
- Anti-corruption measures and the prevention of conflicts of interest;
- compliance with the legal minimum wage;
- working hours not exceeding those set out in national legislation or collective bargaining agreements;
- compliance with health and safety at work;
- implementation of an Environmental Management System (ISO 14001 certification);
- banning the use of prohibited substances and materials;
- suppliers to obtain CSR commitment from their own suppliers;
- combating the use of minerals originating from areas of conflict;
- storage and use of personal data;
- implementation of an environmental policy for research on green or recycled materials and the reduction of CO₂ emissions;
- protection of animal welfare.

All suppliers on the panel are required to confirm their commitment to these principles by signing the document. Exceptionally they may provide evidence that they subscribe to an equivalent reference guide and also undertake to promote these principles to their own supply base and subcontractors.

At the end of 2020, 1,609 suppliers had committed, equating to 96% of purchases.

72% of the revenue generated by Mister Auto (equivalent to 0.28% of the annual value of Groupe PSA direct material purchases) consists of parts purchased from major equipment manufacturers who have signed the "responsible purchasing policy" as tier 1 suppliers.

This reference guide is part of all purchase contracts and the Group's purchasing processes and is also available on its B2B portal and web site.

Audits of production plants in accordance with IATF standard 16949

Groupe PSA requires its suppliers and their production plants to be IATF 16949-certified. In October 2017, this new reference guide replaced the ISO/TS 16949 standard previously required by Groupe PSA. This new IATF standard meets the growing expectations of markets and governments in relation to ethical business practices. It also incorporates changes and complexities specific to the automotive sector, such as requirements for onboard software, and strengthening product traceability in accordance with regulatory changes.

Groupe PSA has opted to specify additional specific requirements for this certification. These additions include adherence to the responsible purchasing policy and also contain specific CSR advice and actions to be carried out by every supplier. (External) IATF certifying bodies carry out audits to ensure compliance with these specific requirements.

IATF 16949 certification is granted for three years, and the certification body conducts an annual monitoring audit. The certificate will be suspended in the event of any core compliance failure, and additional audits will be carried out to reveal these compliance failures. 80% of Groupe PSA supplier production plants are ISO/TS 16949 or IATF 16949-certified, while the other plants have a minimum of ISO 9001 certification.



Specific requirements of IATF:

<http://www.iatfglobaloversight.org/oem-requirements/customer-specific-requirements>

Specific requirements of Groupe PSA:

https://www.iatfglobaloversight.org/wp/wp-content/uploads/2018/04/01598_17_00316_Groupe_PSA_-_CSR-IATF16949_april_2018_V2.pdf

Assessment by an external company

To support the supplier assessment process on any CSR criteria and make it more robust, Groupe PSA has embarked on an assessment of its entire supplier base using criteria relating to the environment, workforce, ethics and subcontracting chain. It has outsourced this assessment to an independent external company, EcoVadis. The first step was to identify supplier risks more precisely.

The Group informed its suppliers that this evaluation was a prerequisite not only for the placement of any future business, but also to remain on the supplier panel. Groupe PSA requires its existing suppliers to be reassessed each year to continuously improve their CSR performance. A corrective action plan is automatically required for any suppliers that do not receive a score high enough to meet the necessary standard set by Groupe PSA.

In 2020, 1,955 supplier groups were assessed, which accounts for 96% of the value of purchases of direct parts.

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Audits of suppliers at risk

In addition to the assessment as described above, on-site audits are randomly performed. These audits are performed for suppliers identified as risky according to the following three CSR criteria: countries (non-signatory country or country with questionable governance), products (inherently risky, such as promotional items) or processes (manufacturing processes involving hazardous substances). These social and environmental audits are also managed by an independent external service provider (see 6.2.3.1). Based on the Group's values, an audit table has been put together and covers the following topics: CSR policy; human rights; working conditions; workplace health and safety; environment and the Management System. These audits provide a snapshot of how the supplier is performing in terms of the Group's reference guide and the local statutes and regulations. The specifications stipulate that local auditors who speak the language of the audited site and who have a thorough knowledge of the applicable local laws, regulations and practices applicable to the site must carry out the audit.

The external auditor draws up an audit report on each occasion. The report describes any non-compliance encountered and grades them according to four classifications (critical, core, minor and observations only), each requiring corrective action plans.

If no satisfactory solution can be found to a critical or core non-compliance, a disengagement plan may be put in place after consultation with the Group's internal players affected by the decision.

If necessary, an audit may be carried out to check if the action plan has been implemented.

In 2020, 43 social and environmental audits have been performed at the sites of tier 1, 2 or 3 suppliers (including those conducted by RCS Global - See 6.2.3.4).

6.2.3.3. Steps taken to prevent risks: governance of the supplier relationship GRI.412-2

Risk prevention takes place in the day-to-day relationship between buyers and suppliers. The Group pays particular attention to their training and provides them with tools enabling them to rapidly identify and properly react to risk situations.

Training for buyers

For new buyers, the Group's purchasing business school organises annual training sessions in Europe and Latin America. The course includes a specific CSR module which is updated each year. Since 2008, more than 580 employees have been trained in the buyer "Business School" in Europe. Additionally, in 2020, more than 100 employees were trained again and more than 100 e-trainings were individually conducted on the CSR approach of the Group and how to perform CSR.

In addition, each operational buyer receives ongoing training in changes to regulatory requirements, best practices, tools, etc. to practice responsible procurement (including ethics, human rights, environment, etc.) properly.

Buyers are offered training via different channels (e-learning, classroom, blended) in multiple languages on assessing suppliers' social, environmental and ethical performance and handling subcontractors.

Supplier training

The Group's ambition is to have trained 90% of these suppliers in CSR risks and the Group's requirements by 2025. To achieve this goal, it helps its suppliers by providing them with various learning, training and development tools.

- Supplier briefings are held each month to provide suppliers with CSR updates, communicate the Group's CSR expectations and inform them of legal and regulatory developments in CSR matters.
- Together with Ecovadis, a webinar specifically for suppliers based in India has been held on December 3, 2020. All relevant details regarding the Groupe PSA CSR Requirements were explained to the suppliers in addition to what needed to be done to comply with the Group's corporate level of expectation.
- Suppliers have access to e-learning on CSR principles to evaluate and improve their CSR performance, and how to build up robust internal processes supporting CSR via the dedicated platform.

The "Excellence in the Supplier Relationship Management (SRM)" approach through segmentation of the supplier base: better governance at the right level

In order to define an appropriate procurement policy, the nature of the Group's relationship with its suppliers is analysed.

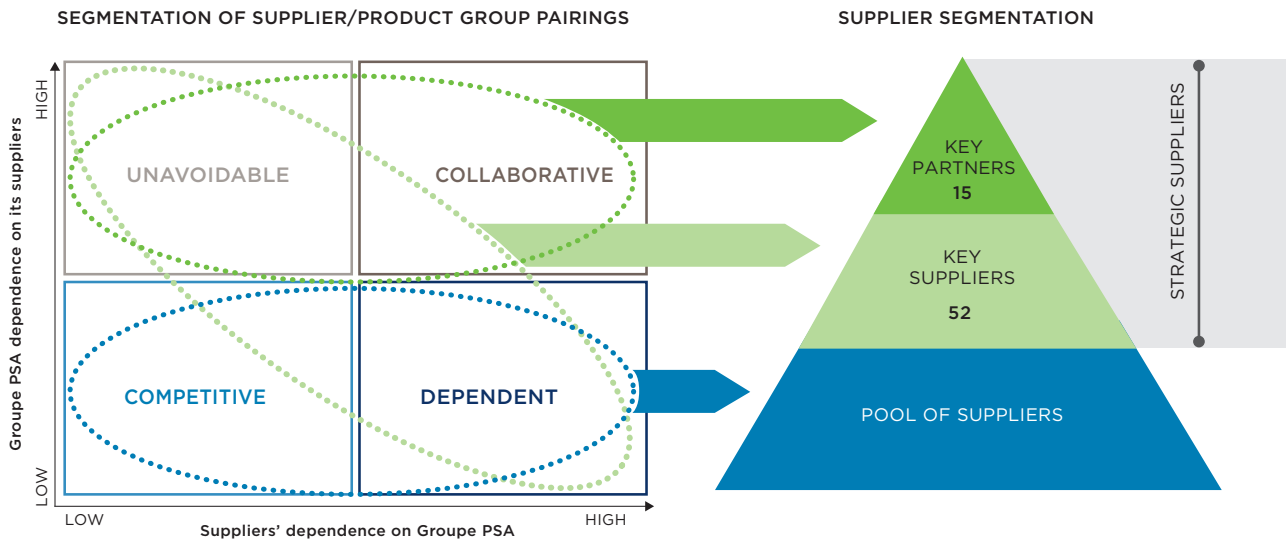
The supplier/product group pairings are split into four categories according to the level of interdependence with Groupe PSA:

- Category A - Unavoidable relationship: Groupe PSA relies heavily on the supplier for this product group;
- Category B - Collaborative relationship: Groupe PSA and its supplier rely heavily on each other for this product group;
- Category C - Dependent relationship: the supplier relies heavily on Groupe PSA for this product group;
- Category D - Competitive relationship: Groupe PSA does not rely on the supplier (there are many other suppliers for the purchase group in question) and the supplier does not depend on the Group for this product group.

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SEGMENTATION OF SUPPLIER PANEL



The aim of the SRM ("Supplier Relationship Management") initiative is:

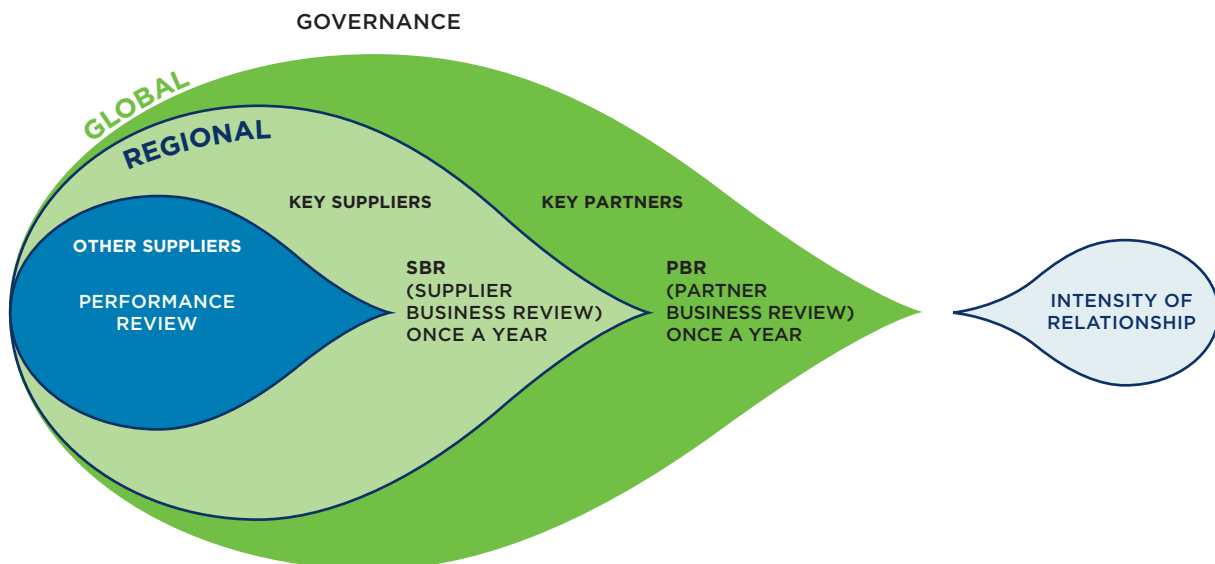
- to work closer with some of our suppliers, specifically through a stronger, better-targeted governance, to create value for both parties over a broad spectrum (strategic vision, innovation, R&D processes, globalisation, simplification of the quality processes, optimisation of logistics performance, etc.);
- to reduce the number of the Group's dependent suppliers (supplier dependent relationship rate of over 30%).

Based on its supplier panel segmentation, which separates key partners and key suppliers from all other suppliers, Groupe PSA furthers the relationship by means of:

- partner business reviews (PBR) for key partners;
- supplier business reviews (SBR) for key suppliers;
- performance reviews for the other suppliers.

Partner business reviews (PBRs) and supplier business reviews (SBRs) for these suppliers are aimed at sharing and aligning strategies at the highest level of both companies. The objectives are to identify value creation initiatives for mutual benefit.

GROUPE PSA SUPPLIER RELATIONSHIP PROFILE



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6.2.3.4. Monitoring signs of weakness to eliminate the causes of risk

Several tools are in place to identify potential risks:

- **the discovery report:** this is an internal tool used by Groupe PSA which is available to employees visiting a supplier production plant (buyer, quality auditor, driver, analyst, etc.). It can be used to report any observed or suspected incidents during a visit to a supplier's production plant. The questionnaire is sent to the CSR coordinator who decides what action should be taken (e.g. on-site audit);
- **an early internal warning system** based on a specific internal procedure has been put in place. This is accompanied by partial and local whistleblowing (see 6.1.2.3.1.);
- **a global external online warning** whistleblowing system has been implemented in all European countries within Groupe PSA (only exception is Opel Germany). It has been rolled out to all global countries as well. It is initially launched only for administrative employees of the Group, but it may be opened up to external partners (including suppliers and NGOs) who intend to report infringements of laws or national conventions to Groupe PSA, all in accordance with relevant regulations and national requirements;
- **stakeholder feedback:**
 - NGOs regularly publish reports on a particular topic, such as Amnesty International reporting on improper working conditions mining Cobalt in Democratic Republic of Congo. Groupe PSA looks out for these reports and decides whether to take corrective or preventive action against its suppliers. In particular for Cobalt, battery suppliers have strict obligations to disclose their Raw Material suppliers to Groupe PSA. This is an extended part of the Group's Purchasing Terms for this specific commodity. With the major introduction of Battery and Hybrid Electric Vehicles in 2019, the generic Terms and Conditions were also updated to have suppliers comply with the latest requirements regarding Cobalt. In early 2020, Groupe PSA formed a partnership with the responsible sourcing advisory and audit firm RCS Global, for a cobalt and lithium supply chain auditing program to understand a) where Groupe PSA's supply chains originate, b) whether

the Group is linked to human rights risks and c) whether the Group's direct and sub-suppliers follow the OECD Due Diligence Guidance for Responsible Mineral Supply Chains with regards to human rights due diligence. To date, in this project, RCS Global has conducted 23 on-site audits of companies at every tier of Groupe PSA's cobalt and lithium supply chains (battery manufacturer, cathode manufacturer, refiner, treatment unit, and mine site). The audits have resulted in Groupe PSA's suppliers agreeing to 19 corrective plans and allowed to identify a total of 138 companies in the suppliers' cobalt and lithium supply chains, including mine sites in the Democratic Republic of Congo (DRC), Papua New Guinea, New Caledonia, Australia, and Argentina. The results put Groupe PSA in a good position to significantly address human rights risks in its supply chain where they exist.

- The media is also a valuable source: through their investigations they alert us regarding potential issues, such as the UK newspaper "The Guardian" regularly reports on poor working conditions and child labour in Indian mica mines. The Purchasing Department decides whether to take targeted action against any supplier potentially involved. In 2019, all paint suppliers were asked to confirm that the mica used in the Group's products was not extracted under the conditions described in the report and their accomplishments in fighting against such working condition. In 2020, following an alert coming from an NGO, Groupe PSA asked its leather suppliers to confirm their supply chain does not involve neither undecent animal treatment, nor deforestation in South America. All of them confirmed that Groupe PSA is not involved in any of these breaches.
- Honouring the Global Framework Agreement on Corporate Social Responsibility, the Group works closely with trade unions which send regular reports of potential violations by suppliers. These reports lead to action being taken against suppliers by the Purchasing Department, which requests an explanation or performs an audit to resolve the issues flagged (see 3.1.1.).

All reports are reviewed and action is taken against the suppliers concerned: letter from the Head of Purchasing, on-site audit, etc.

6.2.3.5. Monitoring and measuring implemented initiatives and assessment of their effectiveness (GRI.407-1) (GRI.408-1) (GRI.409-1)

Internal checks verify the effectiveness of the measures implemented, as shown below.

Transparent communication on the results of due diligence (GRI.308-2) (GRI.414-2)

2020 RESULTS ON IATF AUDITS OF SUPPLIER PRODUCTION PLANTS

2020 IATF audit of supplier production plants	Certified	Missing certificates*
Active supplier production plants	80%	20%

*Missing certificates are those that cannot be found in the IATF database.

2020 CSR PERFORMANCE OF THE GROUP'S SUPPLIERS ASSESSED BY THE EXTERNAL COMPANY ECOVADIS

	Compliant	Minor non-compliance	Core non-compliance
Global CSR performance	68%	30%	2%
Environmental performance	69%	29%	2%
Social performance	71%	27%	2%
Ethical performance	56%	38%	6%
Subcontracting chain management	36%	47%	17%

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SUMMARY OF 2020 CRITICAL SUPPLIER AUDITS

CSR Category	Sub-topics	Observations	Minor non-compliance	Core non-compliance	Critical non-compliance	Total
CSR policy	CSR policy	3	0	0	0	3
Human rights	Uphold freedom of association and the effective recognition of the right to collective bargaining; Elimination of any forms of forced or compulsory labour; Zero-tolerance of child labour; Elimination of discrimination in terms of employment and occupation; Anti-corruption measures and the prevention of conflicts of interest; Labour organisation and disciplinary practice	10	17	20	0	47
Working conditions	Remuneration; Working hours	0	14	47	5	66
Workplace health and safety	Organisation; Buildings; Fire Prevention; Machines/electrics; Hazardous substances; Canteen; Dormitories	12	52	89	2	155
Environment	General organisation; Waste; Waste water; Air emissions; Soil; Water and energy consumption	4	3	4	0	11
Management System	Supply chain	2	5	1	0	8
TOTAL		31	91	161	7	

Measures taken if suppliers are found to be non-compliant with CSR requirements

The Group has introduced a comprehensive toolkit to measure the social and environmental performance of its suppliers and to identify any shortcomings or risks. The suppliers questioned or audited systematically receive an analysis of their performance. For suppliers who do not achieve the required standard, a corrective action plan is put in place.

The CSR coordinator together with the buyer arrange meetings to support suppliers to implement action plans. Suppliers also have access to an e-learning tool, which gives them a better understanding of the Group's expectations in terms of CSR.

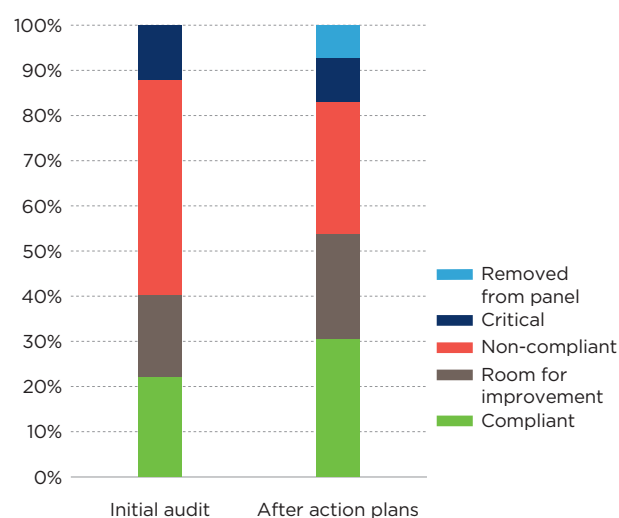
Several types of non-compliance are identified throughout the calendar year 2020 (see above table). Suppliers with core non-compliant or critical findings will be closely monitored. This also includes case-dependent follow-up audits to ensure that supplier performance is increased. Suppliers that do not improve or collaborate with the Group might be ultimately excluded from the Group's supplier panel.

Here are some examples of actions taken by suppliers following 2020 CSR audits carried out by the Group (taken from reports of on-site audits):

- Human rights: workers are given the opportunity to use a central grievance system to allow that their voice is heard;
- Working conditions: presence of workers is tracked more precisely and centrally to allow proper working hours and in case of overtime fair compensation;
- Workplace health and safety: improved maintenance of emergency lights and smoke detectors; updated emergency system; backup systems properly tested;
- Environment: trainings were provided to all employees of the affected sites on how to reduce energy and water consumption in the production process.

The adjacent graph shows the development of CSR Performance of audited suppliers over time.

CHANGE IN CSR PERFORMANCE OF SUPPLIERS AUDITED BETWEEN 2008 AND 2020



Complaints made against the Group for CSR infringements and measures taken

Environmental impacts: no complaints were filed against the Group through official channels in the reporting period.

Impacts on employment: a dedicated team works alongside suppliers to develop alternative solutions to minimise impacts (see 8.1.3.2. on the French automotive industry).

Human rights impacts: no complaints were filed against the Group through official channels in the reporting period.

Social impacts: no complaints were filed against the Group through official channels in the reporting period.

6.3. RESPONSIBLE INFORMATION AND MARKETING GRI.103-1 GRI.103-2GRI.103-3 DPEF.36

6.3.1. Cutting-edge innovation to strengthen ties with customers

The first advertising billboard able to produce its own energy to charge electric vehicles

Peugeot and its partners created the first advertising billboard made of thousands of piezo-electric acoustic sensors, capable of charging electric vehicles thanks to the acoustic pollution of the city. In practical terms, this set-up absorbs vibrations produced by the city's sound waves and turns it into electrical energy, to contribute to charging the new Peugeot e-208, a full-electric model. This installation was visible from October 23 to October 30, 2019 at Porte-Maillot, Paris, France. This campaign, deemed creative, innovative and militant, received the Grand Prize for outdoor advertising organized by UPE.



"Recycle noise, silence the city" video:

<https://www.youtube.com/watch?v=EAR5rp-ZD9w&feature=youtu.be>

Je-roule-en-electrique.fr: the site to know everything about the electric vehicle

Avere-France and its partners (including the brands Peugeot, Citroën, DS Automobiles and Opel France), in collaboration with the French Ministry of Ecology, launched the website "Je-roule-en-electrique.fr" in 2019. This site is intended to be an educational tool to inform the public about the use of

electric cars and guide people on the path to electric mobility. It is designed as a toolbox in which all the practical answers to seamlessly switch to electric vehicles can be found: models available on the market, autonomous, charging, available support, etc.

A transparency approach on vehicle's real consumption not found elsewhere in the world

Groupe PSA has taken a unique approach to customer transparency by publishing its vehicles' real (on the road) fuel consumption. Measurements were taken in accordance with a test protocol outlined by the NGOs Transport & Environment (T&E) and France Nature Environnement (FNE) and audited by Bureau Veritas, an internationally renowned independent organisation. In 2020, Groupe PSA pursued this transparency approach by continuing to publish the results of real consumption tests on its thermal vehicles, carried out on the basis of this protocol and guaranteed by Bureau Veritas. Moreover, the Group chose to extend this approach to its Battery Electric Vehicles, designing and publishing a new protocol on its real electric consumption on the road, which was inspired by this philosophy and validated by Bureau Veritas.

Customers can find these measurements on the Peugeot, Citroën and DS Automobiles brand websites, to offer them easier access to better information (see 2.3.2.3. for more details). For example: <https://www.peugeot.co.uk/consumption-calculator/>

6.3.2. The Group's principles in responsible communication

In 2008, Groupe PSA produced its own Responsible Communication Charter to apply the Group's societal and environmental commitments to any form of public-facing communication, in order to ensure that all its communications actions reflect corporate responsibility concerns, such as respect for people, the environment and awareness of the economic issues involved in buying a car, etc.

This charter concerns all public-facing communication, in all countries worldwide, produced either by the Group, the brands, the regional divisions, the countries, the sites or the commercial network. It is distributed to all teams involved in communication, advertising, marketing, trade shows, procurement and other related processes.

The Groupe PSA Responsible Communication Charter was updated in 2019. The new version is available on the Group's intranet and website.



Groupe PSA Responsible Communication Charter:

<https://www.groupe-psa.com/en/document/responsible-communication-charter/>

In 2017, the Group's automotive brands confirmed their commitment by signing the *Programme FAIRe* of UDM (*Union Des Marques*). On this occasion, Peugeot, Citroën, DS Automobiles, Opel France each created a two-man team consisting of the Brand Director and a Senior Operating Officer (the brand's CSR correspondent) to handle and roll out the initiative.

The *Programme FAIRe* is built around five commitments, divided into unavoidable actions and additional actions. The signatory brands report yearly to UDM on all the initiatives deployed to meet the requirements of the *Programme FAIRe*.

ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION

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REPORTING ON INITIATIVES DEPLOYED BY THE AUTOMOTIVE BRANDS TO MEET THE REQUIREMENTS OF THE PROGRAMME FAIRE

COMMITMENT No. 1:
THE ADVERTISER SIGNING UP TO THE CHARTER ENSURES THE MESSAGES DIFFUSED ARE CLEAR AND FAITHFUL AND IS ATTENTIVE TO THEIR IMPACT ON SOCIETY

Unavoidable Action No. 1	It must disseminate a guide to persons responsible for communicating with the public (employees, agencies) which sets out the rules of responsible communication and provides useful resources for creating responsible messages.	<ul style="list-style-type: none"> Groupe PSA has developed a set of operating rules, named "Corporate Rules", which form a reference framework. These rules are transparent and accessible to all employees. A specific rule is dedicated to "External Communication" (it includes Dos & Don'ts and reference documents). Groupe PSA Legal Department provides regular training on advertising regulations to all the brands employees. Since 2016, the Groupe PSA Responsible Communication Charter has been systematically appended to the specifications for all new calls for tender for the purchase of "advertising and brand communication" materials and products. As such, the charter is part of the document which sets out the contractual relationship with the selected branches. Since 2017, Peugeot has added the Programme FAIRE of UDM as an appendix in its contracts with agencies. In 2019, the new version of Groupe PSA Responsible Communication Charter was broadcast internally (to employees) and externally (to agencies).
Unavoidable Action No. 2	It must put in place and roll out, to persons responsible for communicating with the public, a communications approval circuit incorporating the rules of responsible communication.	<ul style="list-style-type: none"> Press releases are validated according to the internal memorandum: "Operating procedures for external communications/press relations" This validation process for external communications was expanded to include online communications. This offers traceability for the press relations material production process and ensures the information communicated to media targets is coherent and relevant. Since 2004, the advertising validation procedures have been regularly strengthened to meet compliance and responsible marketing guidelines. Automotive brands review all advertising campaigns to ensure they meet the rules laid down in the Group's Responsible Communication Charter and a list of standard clauses that the Legal Department regularly provides to help the teams preparing current advertising campaigns. The assistance of the Legal Department must be sought for adverts defined as sensitive or "new communication". In addition, each advertising/communications agency working on adverts for television channels sends the TV scripts to the local advertising regulation agency for their opinion prior to production. They thereby avoid the financial and legal risks of litigation in relation to their media and non-media communications.
Unavoidable Action No. 3	It must analyse its communication in order to identify any recurrent stereotypes, disparaging or otherwise, and take account of the results when creating subsequent campaigns.	<ul style="list-style-type: none"> Peugeot, Citroën, DS Automobiles and Opel France have been working with other advertisers to build an analysis grid to avoid any recurrent stereotype. The UDM grid for avoiding stereotypes was officially presented to French brand content teams and some agencies in February 2019. In 2019, the automotive brands have taken care to avoid any kind of stereotyping in their advertising campaigns. For example: <ul style="list-style-type: none"> The Citroën campaign dedicated to its SUV range: https://youtu.be/2ZiZoURRT9k The DS campaign for the DS 3 CROSSBACK: https://www.youtube.com/watch?v=u69LzisSryQ

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COMMITMENT No. 1:
THE ADVERTISER SIGNING UP TO THE CHARTER ENSURES THE MESSAGES DIFFUSED ARE CLEAR AND FAITHFUL AND IS ATTENTIVE TO THEIR IMPACT ON SOCIETY

<p>Additional action No. 1</p>	<p><i>The advertiser signing up to the charter informs its consumers, customers and employees of the environmental and social impacts of its products/ services and the action taken to limit them, and encourages responsible use of these products/ services.</i></p>	<ul style="list-style-type: none"> • The Group's brands offer to their customers several ranges of spare parts coming from the circular economy (see 7.1.4.1.). • The MyPEUGEOT, MyCITROËN, MyDS, MyOPEL and MyVAUXHALL services allow customers to track and optimize the energy consumption of their vehicles, enable Online Booking for service appointment, allow Send-to-Nav and introduces Remote LEV services (charge & pre-conditioning control). These apps can be downloaded free of charge on all smartphones. • In 2019, the five automotive brands have updated the "sustainable mobility" sections of their website to raise customer awareness on environmental issues, including recycling of end-of-life vehicles and batteries: <ul style="list-style-type: none"> • https://www.peugeot.co.uk/environment/ • http://www.citroen.co.uk/about-citroen/environment • https://www.dsautomobiles.co.uk/inside-ds/environment.html • https://www.opel.de/ueber-opel/nachhaltigkeit.html • https://www.vauxhall.co.uk/environment/design-and-recycling/design-for-environment.html • In March 2019, Peugeot created an "e-push" logo to inform customers whenever there is an electrified version of its vehicles on websites, prints, ads, etc. The brand also published a series of "Move To Electric" communication program with the aim of reducing the psychological obstacles that customers might have when using an electric vehicle and showing the possibility of using it in daily life (ease of use, charging time, autonomy, capacity of locating charging stations, etc.): https://www.youtube.com/playlist?list=PLQeJPh-PoRCVuf1lgaF45UhYlqTmWRWne • In 2020, PEUGEOT revealed the 508 & 508 SW PEUGEOT SPORT ENGINEERED along with the PSE label: the perfect alliance between sportiness and technology, through this hybrid model. PEUGEOT is reinventing the codes of responsible performance, calling it Neo-Performance. • In 2020, to mark the transition towards electrification, Citroën has launched a new version of its Brand signature: INSPIRÉ BY YOU ALL. The appearance of a diaeresis on the 'e' in the signature is a dual nod: to the 'ë' of Citroën and to that used in the signature of the range's electric models: électric. The diaeresis also adorns Citroën's hybrid models, with the 'hybrid' logo affixed to the tailgate. • DS Automobiles started to communicate about its new electrified offering during Formula E ePrix races, motor shows, reveal events, etc. In 2019, DS Automobiles launched its first electrified models on the market. Consequently, the DS advertising campaigns emphasised the electrified offers. • Opel and Vauxhall have launched the campaigns "Opel goes electric" and "Switch it up", respectively to announce their electric offers. Both brands published information on online knowledge hubs to introduce customers to an electrified lifestyle and inform about charging, e-services, tax breaks, congestions charges and other useful information. Both brands use an "e" or "hybrid" logo to inform customers about electrified offers.
<p>Additional action No. 2</p>	<p><i>The advertiser signing up to the charter uses its means of communication to disseminate content which is useful to society, in relation to its activity (distribution of societal information, promotion of NGO initiatives, etc.).</i></p>	<p>e-reputation tools of the PEUGEOT, CITROËN, and DS Automobiles: this online review enables customers to give their opinion on the service they received at the point of sale (Advisor Dealer), the product purchased (Advisor Product) or the salesman (Advisor Salesmen):</p> <ul style="list-style-type: none"> • "Citroën Advisor", AFNOR-certified in France since July 2015 has listed over 375,000 customer reviews with an average rating of 4.8/5 and had been rolled out in 66 countries. • "DS CUSTOMER REVIEW" had been implemented since summer 2018. At the end of 2020, the roll-out had already been carried out in 12 countries and it will continue in other countries in 2021. • "Peugeot Advisor" has been implemented in 27 countries at the end of 2020 with 4 more to come in 2021.

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COMMITMENT No.2: THE ADVERTISER SIGNING UP TO THE CHARTER MUST LIMIT THE ENVIRONMENTAL AND SOCIAL IMPACT OF ITS COMMUNICATION MEDIA

Unavoidable action No. 1	It must create a framework of environmental and social criteria to be applied to its printed documents, POS displays, stands and events.	<ul style="list-style-type: none"> Groupe PSA uses PEFC or FSC paper for recurrent publications and prints only the number of copies required. In France, the Group is a member of Citeo. The corresponding Citeo contribution is given to local authorities to support their paper sorting and collection systems. All printers have Imprim'vert or Imprim'Lux certification which testifies that they sort and recycle all their printing waste and inks. For trade shows, Groupe PSA (corporate and brands) selects suppliers who: <ul style="list-style-type: none"> are committed to reducing the environmental impact of their stands (choice of materials used, recycling and reuse); use wood which comes entirely from sustainably-managed forests and recycle 100% of the waste from the production/demolition of the stands (wood and other materials to be recycled separately); reuse at least 35% of the stand components for other stands (floors, partitions, mezzanines, lights, screens, furniture, etc.). By factoring in the 15% of brand components which are also reused, the total of components reused in other stands is 50%. Groupe PSA has also committed to gender equality. Their customer greeting teams at car shows are made up of equal numbers of men and women. The brands have employed both men and women on their stands.
Unavoidable action No. 2	It must make employees aware of the environmental impacts of digital communication technologies (emails, websites, etc.) in order to mitigate them.	<ul style="list-style-type: none"> In September 2020, with the aim of reducing its carbon footprint, Groupe PSA made its employees aware of good document management practices, based on the following areas: Lighten emails by favoring document sharing via collaborative applications such as Teams or SharePoint, rather than sending attachments ; Targeting recipients when sending emails ; Use Skype or Teams rather than Outlook to exchange information ; Regularly clean up files in the cloud to avoid over-consumption of server energy. The Group bans systematic push email, replaced by an optional subscription to a newsletter.
Additional action No. 1	The advertiser signing up to the charter creates a framework of environmental and social criteria to be applied to its websites on their creation/ revision.	<ul style="list-style-type: none"> Groupe PSA (corporate and brands) specifications stipulate that each new website or intranet site must have an eco-design. For example, the website's video content is hosted on platforms to avoid multiple downloads. The Bessoncourt IT site which hosts the Group's servers is ISO 50001 certified (energy management certification).
Additional action No. 2	The advertiser will prioritise, whenever possible, collaborations with local companies (close to the event, production location, head office, etc.).	<ul style="list-style-type: none"> For advertising video or photo shoots and events, all brands choose European destinations whenever possible. In 2020, Peugeot organised its international press test drives in Spain for Peugeot 2008 and in France for e-Expert with local teams. Local press test drives in countries are now also encouraged as a standard. Peugeot, Citroën and Opel organise joint International Press Test Drives whenever they have models in common (Light Commercial Vehicles) to make better use of resources and optimise media time and attendance. Groupe PSA technical production teams are hired in the country where the video or photo shoots take place, whenever possible.
Additional action No. 3	The advertiser signing up to the charter calls upon social integration enterprises or ESAT (organisation for workers with disabilities from the sheltered or adapted sectors) to create its materials or organise its events wherever possible.	<ul style="list-style-type: none"> From 2009 to 2019, Peugeot and Citroën outdoor advertising signage (banners, flags, etc.) has been recycled into accessories such as bags and wallets by the Ateliers de Chennevières ESAT. These items were sold to Group employees in the Paris region at events jointly organized by the sites' Works Councils and ESAT and a special initiative was also run annually during disability week.

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COMMITMENT No.3:

THE ADVERTISER SIGNING UP TO THE CHARTER MUST AVOID EXCESSIVE DISSEMINATION OF ITS COMMUNICATIONS AND ENSURE CAREFULLY-CONSIDERED USE OF THE DATA COLLECTED

Unavoidable action No. 1	It must put in place a controlled communications dissemination policy to avoid too many, or inappropriate, requests being sent to recipients and must keep an eye on its dissemination domain of field.	<ul style="list-style-type: none"> Peugeot, Citroën, DS Automobiles and Opel France have established a contact plan to make better use of customer data for targeted marketing campaigns which offer added value for the customer. Contact plans have been deployed to the brands subsidiaries, to encourage using customer databases in a more responsible way and allows the brands to run better-targeted marketing campaigns to customers who have chosen to receive this information. As for online processes, the Peugeot website has been analysed and optimised to enhance the online user's journey and deliver him/her only appropriate and customized content (suggestions of relevant products and services) to facilitate his/her online journey. This new function is now operational and will be rolled-out to countries in 2021. Other brands will start adopting this best practice in 2021.
Unavoidable action No. 2	It must choose advertising formats which are easy to use on digital media, in line with the reference guidelines available, and encourage its service providers and the media marketing the promotional offer to develop the use of these formats.	<ul style="list-style-type: none"> Citroën France, DS Automobiles France, Peugeot France and Opel France apply the following reference guidelines: <ul style="list-style-type: none"> Coalition for Better Ads Standards (avoiding the purchase of intrusive formats); Digital Ad Trust (respect for the wishes and comfort of the Internet user). Since 2019, Citroën, DS Automobiles, Peugeot France and Opel France prioritise advertising on websites which are certified by Digital Ad Trust. For the international perimeter, the global media agency working with Groupe PSA automotive Brands adheres to the Coalition for Better Ads Charter. It also works with IAS tracking which tracks ad frauds and viewability. All automotive Brands work with the Internet Advertising Bureau (IAB) advertising formats. They have standardised specifications for the embedding of online advertising media to ensure a technically flawless process.
Unavoidable action No. 3	It must include in its contracts with communications service providers a clause pertaining to "combating the funding of illegal activities through online advertising".	<ul style="list-style-type: none"> The Groupe PSA Responsible Purchasing Charter, updated in 2017 and signed by the Group's accredited suppliers, includes a clause requiring suppliers to comply with the laws and regulations in force in all countries in which they operate (see 6.2.3.2.). This Charter is used for all purchases made by Groupe PSA.
Unavoidable action No. 4	In addition to data protection regulations, it must make every effort to inform consumers, in a friendly and educational manner, about the collection and use of their personal data.	<ul style="list-style-type: none"> On the brands' websites, the cookies consent pop-up is mandatory the first time you enter the website. The topic of consumers data is also covered in the FAQs: <ul style="list-style-type: none"> https://www.peugeot.co.uk/privacy-policy/ https://www.peugeot.co.uk/cookies-policy/ https://www.citroen.co.uk/privacy https://www.dsautomobiles.co.uk/privacy# https://www.opel.de/tools/datenschutz.html https://www.vauxhall.co.uk/tools/cookie-policy.html
Additional action No. 1	The advertiser signing up to the charter provides assistance for employees in the use of social media and personal data.	<ul style="list-style-type: none"> All employees of Groupe PSA are regularly invited to participate in training sessions, which explains the various aspects of the new privacy regulation and should enable them to be aware of personal data processing so that they can provide consumers with clear information and explanations about their personal data. Employees of the brands are asked for a GDPR self-assessment annually, in all countries (see 4.3.2.). Groupe PSA employees have access to guidelines when posting on social media. These guidelines are available on the Group's intranet. They were updated in 2017 and again in 2019.
Additional action No. 2	The advertiser signing up to the charter sets up a new marketing and communications technology watch in order to anticipate behaviours and find the middle ground between commercial policy and respect for privacy.	<ul style="list-style-type: none"> The Peugeot, Citroën and DS Automobiles brands' marketing databases were revamped in 2015/2016 and customers' personal data processing rights are now automatically observed. This work keeps up as part of the CustomerShare and CustomerFirst initiatives and the Group's programme for bringing its information systems in line with regulatory developments in personal data regulations aimed to roll out the necessary procedures (implementation of the European initiative) since early 2018. As a result, "Privacy by Design and Default" became integrated into the Groupe PSA standard project management process to ensure that all new initiatives will be carried out in compliance with the current regulations.

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COMMITMENT No. 4: THE ADVERTISER SIGNING UP TO THE CHARTER MUST OFFER ALL ITS AUDIENCES EASY ACCESS TO ITS COMMUNICATIONS

Unavoidable action No. 1	It must subtitle its main advertising campaigns.	<ul style="list-style-type: none"> Groupe PSA automotive brands subtitle their main advertising online campaigns whenever deemed necessary.
Unavoidable action No. 2	It must make every possible effort to ensure people with no Internet connection can access its offers.	<ul style="list-style-type: none"> All of the Groupe PSA automotive brands offers are available at the point of sale through brochures, catalogues and POS displays, as well as via the sales and after-sales teams.
Unavoidable action No. 3	It must mention the communication-related issues in its exchanges with its external stakeholders.	<ul style="list-style-type: none"> Through their engagement to the <i>Programme FAIRe</i>, Peugeot, Citroën, DS Automobiles and Opel France regularly participate in workshops on legal developments and external stakeholders' expectations in terms of responsible communications and marketing. Opel France organises regular meetings with its marketing partners regarding innovation and customer experience.
Additional action No. 1	When the advertiser signing up to the charter revamps its media, it ensures that the content can be accessed by people with disabilities (the visually impaired, blind and hard of hearing).	<ul style="list-style-type: none"> The Peugeot and Citroën websites apply the Web Content Accessibility Guidelines, depending on the countries. In 2020, Accessibility intentions have been published on the Brands' French websites. Audits are ongoing on various platforms (websites and digital tools) and action plans are built in order to improve further in the near future. https://www.peugeot.fr/accessibilite.html https://www.citroen.fr/declaration-d-accessibilite.html https://www.dsautomobiles.fr/declaration-accessibilite.html https://www.opel.fr/ download pdf document (Following an audit, the site was declared compliant for an average of 75% of the General Repository criteria for Improvement of Accessibility (RGAA criteria), in accordance with Article 47 of French Law No 2005-102 of 11 February 2005). To provide the visually-impaired with access to our financial information, the Finance Department has introduced a freephone number (0800 424 091) that features a special shareholders' relations service which offers all information on Groupe PSA results in audio format.
Additional action No. 2	The advertiser signing up to the charter ensures that its events can be accessed by people with disabilities (Impaired mobility, blind, hard of hearing, etc.).	<ul style="list-style-type: none"> At the stands for Groupe PSA automotive brands at motor shows, all public areas are accessible to people with reduced mobility. They all use a supplier to check fire risks, panic risks, and disabled access.
Additional action No. 3	The advertiser signing up to the charter, when promoting the responsible aspect of its offer, offers easy access to further information and details to all consumers/clients who wish to see this information.	<ul style="list-style-type: none"> Groupe PSA shares information about its CSR strategy on its corporate website with a dedicated section that allows the public to access key figures about CSR at Groupe PSA and reference documents such as the Group's CSR Report, the Responsible Purchasing Charter, or the Code of Ethics: https://www.groupe-psa.com/en/automotive-group/responsibility/ When promoting their new electrified models, the automotive brands give key figures about all the advantages (available subsidies that impact the total cost of ownership, access to low emissions areas...): https://www.peugeot.co.uk/showroom/new-208/e-208/ https://www.peugeot.co.uk/electric-cars/tax-and-financial-incentives/?lcv16=1PP2A5JESFT0AXXX https://www.citroen.co.uk/new-cars-and-vans/electric-hybrid/electric-financial-tax-incentives.html#sticky https://www.dsautomobiles.fr/electrique-hybride/voiture-electrique.html Opel and Vauxhall share information about their environmental and energy policy on their corporate website: https://int-media.opel.com/en/taxonomy/term/5700 https://www.vauxhall.co.uk/environment.html

ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION

Reporting scope and methodology

COMMITMENT No. 5:

THE ADVERTISER SIGNING UP TO THE CHARTER MAINTAINS A FAIR AND RESPONSIBLE RELATIONSHIP WITH ITS PARTNERS

Unavoidable action No. 1	It must include environmental and social criteria in the selection of its communications providers.	<ul style="list-style-type: none"> Groupe PSA Responsible Purchasing Charter, updated in 2017 and signed by the Group's accredited suppliers, includes social (compliance with the ILO conventions) and environmental criteria (see 6.2.3.2.), and excludes suspicious communications providers via blacklisting.
Unavoidable action No. 2	It must ensure that its calls for tender with agencies are transparent, fair and responsible.	<ul style="list-style-type: none"> The Groupe PSA Code of Ethics, which can be accessed by all Group employees, includes a transparency, integrity and loyalty rule for relationships with suppliers and service providers. More specifically, all Group employees must refrain from any anti-competitive practices: restrictive trade practices, abuse of dominant position, abuse of economic dependence, etc.
Unavoidable action No. 3	It must ensure a balance in its day-to-day dealings with its partners and hold regular discussions on the progress of the partnership to ensure that corrective measures are taken, where necessary.	<ul style="list-style-type: none"> In 2018, Groupe PSA and MediaCom jointly developed an initiative to accurately assess their working relationship on a bi-annual basis by creating "The Relationship Panel", available in the 21 countries where MediaCom and the Group are working together, to raise the working standard in a consistent and unified way. DS Automobiles requires the different countries to conduct regular assessments of its advertising agency (LA MAISON) to measure their satisfaction and implement action plans to improve relations, where necessary. The 2019 assessment has been reciprocal and LA MAISON has also assessed its DS Automobiles partners in the countries where it operates. Opel and Vauxhall concludes agency contracts with clear KPIs (media as well as creative agency contracts) and regularly reviews the contract contents.
Additional action No. 1	The advertiser signing up to the charter creates a Anti-corruption code for its commercial practices (gifts, etc.).	<ul style="list-style-type: none"> Groupe PSA created a practical guide on Anti-corruption measures which was promoted in an in-house communication campaign. It specifies the Group's overall position (zero tolerance) on corruption. It describes precisely the rules concerning gifts and invitations, conflicts of interest, facilitation payments, relations with agents, intermediaries and consulting companies, etc. and provides contacts and examples of warning signals to raise suspicion. (see 6.1.4.). Since 2018, e-learning training sessions are regularly given to managers and other employees exposed to Groupe PSA corruption risks, in order to prevent corruption occurring (see 6.1.4.).
Additional action No. 2	The advertiser signing up to the charter implements – processes to ensure sub-contractors comply with ILO rules, specifically when production takes place abroad, (e.g. promotional gifts).	<ul style="list-style-type: none"> Groupe PSA conducts annual assessments of its suppliers via third parties and audits them to ensure that they are adhering to ILO rules (see 6.2.3.).

6.3.3. Compliance with advertising and marketing, labelling and consumer information regulations GRI.417-1 GRI.417-2 GRI.417-3

Labelling and information provided to customers

To improve car buyer information, Peugeot and Citroën provided their dealers with fuel-efficiency labels in January 2006, ahead of the regulatory deadline. The labels display each model's average fuel consumption and CO₂ emissions. Eco-labels to identify the most environmentally friendly cars were introduced by both brands in 2007 and revised in October 2010.

By the time the new WLTP standard was implemented on September 1, 2018, 100% of Groupe PSA passenger cars were certified under this new standard. All corresponding information is available for customers (see 5.2.).

Infringements of regulations on advertising, marketing, labelling and consumer information

No major cases were reported in 2020.

6.4. REPORTING SCOPE AND METHODOLOGY GRI.102-48 GRI.102-49

See 9.4 for more information.



From the vehicle design phases through to each stage of its life cycle, Groupe PSA is committed to optimise use of natural resources and waste recovery, notably through eco-design and recyclability to feed circular economy loops.



IMPLEMENTING RESPONSIBLE USE OF NATURAL RESOURCES

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In a context of conflict between increasing scarcity and an over-use of natural resources (water, minerals, raw materials, rare earths, etc.) combined with geographical concentration for some of them, the automotive industry needs to challenge the content of mobility devices and its production processes.

The United Nations' Sustainable Development objectives confirm the urge to find solutions both for the environment and the political stability which are key levers of sustainability for companies like Groupe PSA.

Groupe PSA has identified three CSR issues related to the macro-risk "Scarcity of natural resources".

- **Wise use of material in the vehicle life-cycle (including product recycling)**

By 2060, the Earth will have ten billion people whose average income will be equivalent to that of the richest countries today. The OECD estimates that the use of raw materials will double to meet this growth, exerting twice as much pressure on the environment.

The automobile also impacts the environment through the use of the natural resources of which it is composed, and the issue of its recycling at the end of its life, *i.e.*, the recycling of scrapped vehicles. To exercise their social responsibility, to reduce their risk of dependency and to control production costs, car manufacturers must find solutions for:

- using fewer natural resources, which are growing more expensive as they become increasingly scarce;
- eliminating hazardous substances targeted by regulations (REACH, limitation of volatile organic compounds, elimination of some fluorinated compounds in air-conditioning systems, etc.);
- using materials that are compatible with the circular economy, focussing on two areas: the need to recover and recycle end-of-life vehicles and recycle materials that are becoming scarce;
- use of materials from a responsible supply chain (respecting human rights and the environment, ethics);
- processing end-of-life products (specifically the vehicles and batteries from electric vehicles) in a responsible manner to meet growing regulatory pressure worldwide.

This issue is now of crucial importance, with progress being made in this area, opening the way to greater use of renewable and recycled materials.

Focus on critical materials:

Demand for the materials needed for nano-technologies is greater than ever, which is indispensable for creating more networked objects, and the car is not immune to this trend. However, these materials depend on the availability of the metals that compose them. Some of these metals are becoming increasingly harder to mine: the metal content of the ore is decreasing, while mines that are in operation today are less concentrated than those that have shut down. The rising costs of these metals mean that they must be used in

minute quantities, with implications for their subsequent recovery during the recycling phase.

See 7.1. for more details.

- **Optimisation of material cycles in industrial processes (including waste)**

Industrial efficiency can also be assessed based on the optimisation of materials used in processes and the recovery of waste produced. This is especially true given that waste management regulations are becoming more stringent in many countries where the Group has operations.

Today, 69% of the waste produced is metal waste which is subsequently recycled. Other waste which accounts for 80 kg/car, is recovered at a rate of 88%, and many plants, including OV's, are landfill free. Prior to the merger, Group's ambition was to achieve 100% recovered waste in the medium-term (by 2035) with positive economic performance (by 2050). This would be achieved through short circular economy cycles, an appropriate component of packaging (which comprises 50% of waste taken from bodywork plants), and less diversity in the use of materials.

This would have a positive impact on a vehicle's production cost. The rationalisation of materials' consumption, the decrease in the volume of waste per vehicle and the optimal recycling of this waste ensure economic efficiency and ecological performance in line with the principles of the circular economy.

See 7.2. for more details.

- **Sustainable water management**

Water has only become a major issue in recent years. Previously, it was a resource that was inexpensive and freely available, and consumption amounted to about 4 m³/car. With the Group's establishment of facilities in more sensitive regions, the situation has changed, and the consumption curve has begun to show a downward trend.






To anticipate conflicts of use in water-stressed areas, which could have significant repercussions (adverse environmental effects due to reduced water availability, disruption in ecosystems, change in relations with stakeholders due to economic and social impacts, etc.), and to comply with a developing regulatory framework, the Group is continuing its efforts in this direction through more thorough assessments of its water-consuming activities, by establishing less water-dependent processes and by considering the recycling of its industrial water. This will result in zero water consumption by 2050, with the exception of evaporated water from the manufacturing process (targets set prior to merger. Stellantis will define its targets within its strategic plan).

Lastly, the Group aims to minimise the impact of discharge into water bodies.

See 7.3. for more details.

Faced with these issues, Groupe PSA has set up the actions presented in this chapter.






COMMITMENTS SCOREBOARD

				
CSR ISSUES	AMBITIONS	TARGETS 2020	RESULTS 2020	TARGETS 2021
<p>Wise use of material in the vehicle life-cycle (including product recycling)</p> <p>Organiser: EVP Research and Development</p>	<p>The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues. Given the merger with FCA, the previous Groupe PSA CSR ambitions are not applicable to the Stellantis scope.</p>	<p>1, 2, 3.a: <u>Europe</u></p> <ul style="list-style-type: none"> Operational target: maintain 30% rate of green materials in average vehicles for PSA vehicles. Innovation target: use Coccybio project to finalise industrial and environmental (LCA) validation of new green material compounds with the selected by-product fibres for future use in PSA interior parts requiring shock performance. <p><u>Rest of the world</u></p> <ul style="list-style-type: none"> Latin America: continue integrating green materials with the use of the portfolio for local parts. China: improve the new green materials portfolio within technical and economic validations and identify potential parts on new Chinese PSA vehicles for future industrial application. <p>3.b End-of-Life Vehicles:</p> <ul style="list-style-type: none"> Generate pre-treatment and dismantling information for all newly launched electrified vehicle types of Groupe PSA in International Dismantling Information System (IDIS). <p>4. Circular Economy Parts:</p> <ul style="list-style-type: none"> Develop Reuse Parts for all brands in France and new countries in Europe. Develop Reman. and "Repair & Return" in Latin America and China. Implementation of a life-cycle Analysis to evaluate the CO₂ footprint of Circular Economy Parts (Remanufactured, Reuse and "Repair & Return" Parts). 	<p>Target met</p> <p>1, 2, 3.a: <u>Europe</u></p> <ul style="list-style-type: none"> Green materials: 30% on average vehicles. Innovation target: Coccybio project closed, two new green materials grades produced with good performance (mechanical, recyclability, LCA results). Full tests will be completed to reach complete specifications. <p><u>Rest of the world</u></p> <ul style="list-style-type: none"> Latin America: green materials validated on new Peugeot 208 with recycled plastic and local natural fibers China: first green materials validated for industrial parts <p>3.b End-of-Life Vehicles:</p> <ul style="list-style-type: none"> Pre-treatment and dismantling information are available in International Dismantling Information System (IDIS) for all electrified vehicle types launched by Groupe PSA <p>4. Circular Economy Parts:</p> <ul style="list-style-type: none"> Reman.parts: Portfolio has been extended to 9 new products, representing more than 1000 new references Reman offer has been launched in 8 countries in Latin America and extended to new countries in North Africa. LCA analysis has been performed on all the products in the portfolio. It will be used for promotion and customer awareness. 	<p>In 2021, the Stellantis teams will start converging operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.</p>

7

IMPLEMENTING RESPONSIBLE USE OF NATURAL RESOURCES

Wise use of material in the vehicle Life-cycle: environmental impact of materials

 CSR ISSUES	 AMBITIONS	 TARGETS 2020	 RESULTS 2020	 TARGETS 2021
Optimisation of material cycles in industrial processes (including waste) Organiser: EVP Industrial	The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues. Given the merger with FCA, the previous Groupe PSA CSR ambitions are not applicable to the Stellantis scope.	<ul style="list-style-type: none"> Maintain waste per vehicle produced to 52 kg/car. Increase recovery rate to 85%. Maintain the number of landfill-free assembly plants at 12/15. 	Target partially met <ul style="list-style-type: none"> 55.3 kg/car. The disruption to vehicle production caused by the Covid 19 pandemic and the resulting disrupted implementation of waste reduction measures have led to an increased average of waste per vehicle. Recovery rate at 85%. Landfill free assembly plants: increased to 13/15. 	In 2021, the Stellantis teams will start converging operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.
Sustainable water management Organiser: EVP Industrial	The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues. Given the merger with FCA, the previous Groupe PSA CSR ambitions are not applicable to the Stellantis scope.	<ul style="list-style-type: none"> Maintain water consumption to 3.7 m³ per car produced. Continuous reduction of heavy metal discharge: 2% in average emission of metals. 	Target partially met Target not met <ul style="list-style-type: none"> 3.91 m³/car. The total water consumption was reduced by 22%. However, the average water consumption target was not met due to production losses caused by the Covid19 pandemic. Target met <ul style="list-style-type: none"> Heavy metals discharge: slight reduction. 	In 2021, the Stellantis teams will start converging operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.

7.1. WISE USE OF MATERIAL IN THE VEHICLE LIFE-CYCLE: ENVIRONMENTAL IMPACT OF MATERIALS (CIRCULAR ECONOMY AND SUSTAINABLE MANAGEMENT OF MATERIALS)

(GRI.103-1) (GRI.103-2) (GRI.103-3) (DPEF.16) (DPEF.19) (DPEF.23)

From the vehicle design phases through to each stage of its Life-cycle, Groupe PSA teams are tasked with limiting the vehicle's environmental footprint as much as possible by controlling fuel consumption, CO₂ emissions and pollutants, and through the responsible use of natural resources, by improving

recyclability, repairability, etc. In addition to ensuring that its vehicles comply with local environmental legislation, eco-design also ensures that the Group will stay ahead of the competition in terms of sustainable mobility and new materials.

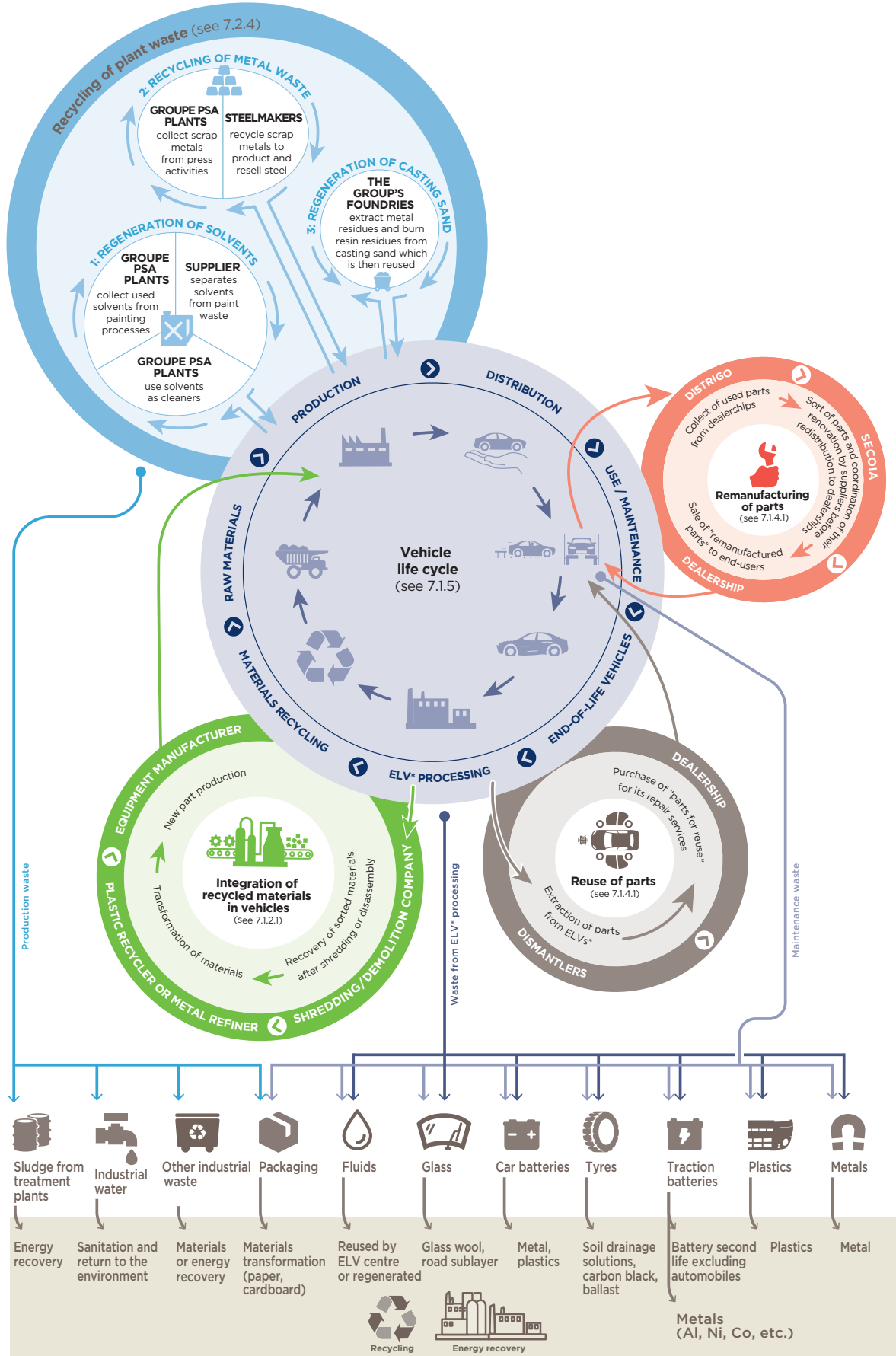
Life-cycle stage	Core challenges
Product definition	Define new automotive products and services taking into account the mobility needs of consumers around the world, local legislation and people's expectations with regard to the environment, safety, etc.
Design and engineering	Design vehicles to reduce their impact at an acceptable cost: <ul style="list-style-type: none"> on the environment: CO₂ emissions, local pollutants, the use of resources and recyclability; on society: road safety, noise pollution, traffic congestion, etc.
Production	Reduce the environmental impact of automobile manufacturing. Ensure workplace safety. Participate in the economic and social life of local communities.
Transport and sale	Integrate environmental concerns into supply chain and dealership network management. Responsibly inform customers in its advertising and labelling, and ensure a satisfying ownership experience with effective sales and customer service processes.
Use	Help limit the impacts associated with car use: promote the safest and most environmentally friendly driving practices, reduce vehicle fuel consumption, and develop increasingly effective exhaust emission control systems. Promote the use of parts from circular economy in vehicle maintenance.
End of life	Facilitate the collection and processing of end-of-life vehicles and components by specialised providers and optimise their recyclability (pollution control, recycling, recovery and reuse).

The Group is developing internal procedures and partnerships with industrial players from the automotive industry and other sectors to reduce the pressure on natural resources, for the different stages in the life-cycle of its vehicles, in order to be a strong actor in the circular economy.

IMPLEMENTING RESPONSIBLE USE OF NATURAL RESOURCES

Wise use of material in the vehicle Life-cycle: environmental impact of materials

EXAMPLES OF SOME OF THE TYPICAL CIRCULAR ECONOMY INITIATIVES BY GROUPE PSA



* End-of-life vehicle



Impact measurement and economic assessment

The raw materials management by Groupe PSA allows it to combine **competitiveness with resource conservation**.

Cost savings:

The Group maintains its efforts to fulfil its commitment to build vehicles with 30% of recycled or bio-sourced materials, which is a way **to control material purchasing costs**: the use of recycled polypropylene and polyamide (rather than the same virgin materials) yielded **savings of €4,8 million in 2020** (€10 million were saved in 2019, for EU vehicle sales), which **advances the goal of reducing production cost** and improves the sustainability of end-of-life vehicle management systems while ensuring an outlet in the automotive industry for recycled materials from ELVs.

Revenue generated:

Through its choice of materials, the Group also aims to promote the recyclability of its products and ensures approval of its vehicles and their sales. This goal also generates additional revenue for distribution networks in some cases. In Europe, **the collection and treatment of end-of-life vehicles generated a total revenue of €2.3 million in 2020**, for the sole company-owned network (PSA Retail) and used vehicle sales branches.

In addition, the brands, together with their dealer networks, have entered the **circular economy** through different offerings (see 7.1.4.1.): the Remanufactured parts offer (mainly EE and mechanical parts) and “Repair & Return” service in Europe; the reused parts from end-of-life vehicles dismantling. In 2020, these business lines for PCD and OV generated total revenue of **€214.8 million**.

€217.1 million

revenues generated from circular economy business

7.1.1. Innovating to reduce the environmental impact of materials

Eco-design

Groupe PSA develops partnerships on additive manufacturing (an industrial process that optimises material use) for both metal and plastic parts, and for spare parts and customised parts. The first customisation application was launched in 2017 and the last ones have been applied on aerator cursors for DS7 LE LOUVRE and for technical parts on the new AMI for Free2Move fleet.

Circular economy in the after-market

In 2018, Groupe PSA created a business unit dedicated to the circular economy in the after-market. The goal of the business unit is to build a sustainable and profitable business based on

circular economy principles everywhere (worldwide scope) and whenever (technical limitation) it makes sense. This includes, but is not limited to reusing plant surplus, network-issued damaged parts and end-of-life vehicle parts in order to provide, after PSA remanufacturing and testing, high and sustainable quality parts to all customers everywhere in the world. The “Renew” label makes any related service recognizable.

In July 2020, Groupe PSA has acquired Amanhã Global and its e-commerce platform B-Parts.com. The acquisition of this sector leader in re-use parts aims to complete PSA Aftermarket’s conquest strategy in the circular economy, underpinned by a target of tripling turnover by 2023.



“How does the circular economy at Groupe PSA work?” video: https://www.youtube.com/watch?v=P43GZ8fEF_s

“Circular Economy - Principles and actors at Groupe PSA” video: <https://www.youtube.com/watch?v=iYtSTgA3UOM>

“PSA Aftermarket acquires Amanhã Global to accelerate the circular economy of multi-brand spare parts” 23/07/2020 press release: <https://media.groupe-psa.com/en/psa-aftermarket-acquires-amanh%C3%A3-global-accelerate-circular-economy-multi-brand-spare-parts?idtok=6444dbbb235>

7.1.2. Responsible use of materials DPEF.23

Eager to optimise its use of natural resources and to limit the impact of its products on the environment right up to the end of their useful life, the Group is implementing a life-cycle analysis procedure to evaluate and validate the selection of materials in new projects. Each stage of the life-cycle and the main environmental issues are examined (see 2.1.1.).

This policy to search for new materials is being implemented in conjunction with the Group’s commitment to using more renewable, recycled or bio-sourced materials in its vehicles.



STAKEHOLDERS DIALOGUE

This approach to analysing strategic material requirements is shared with other French manufacturers within a national think tank led by the French Ministry of Industry, so that analysis tools adapted to this methodology can be rolled out in small and medium-sized companies (COMES Committee of Strategic Metals).

7.1.2.1. Reducing consumption of materials GRI.301-1

In 2020, the Group used:

- 2.9 million tons of steels, of which 660,000 tons directly;
- 460,000 tons of non-ferrous metals, of which 90,000 tons of aluminium directly;
- 770,000 tons of synthetic materials, polymers and elastomers.

These volumes come from: purchased masses of raw materials; parts assembled in the Group's own factories (excluding Latin America); spare parts; and parts supplied to assembly plants operated in cooperation.

7.1.2.2. An assertive commitment to use green materials GRI.301-2

Groupe PSA has pledged to reach an average rate of 30% recycled and natural materials in the Group's vehicles. The integration of recycled materials covers all materials used in vehicles. Although metals are a type of material which is widely recycled, the target is to promote the recycling of these metals in automotive products.

All of the new European vehicles have green materials monitoring system, including new vehicles that are developed with the OV engineering team.

DISTRIBUTION OF MATERIALS IN THE COMPOSITION OF THE AVERAGE GROUPE PSA VEHICLE

Average vehicles sold in Europe 2020	Composition of materials	Green materials
Metals	68.6%	27.8%
Polymers	22.1%	2.2%
Natural materials	0.4%	0.4%
Mineral materials	3.6%	
Fluids and oils	5.1%	
Electronics	0.2%	
TOTAL	100.0%	30.3%

Furthermore, the Group is pursuing research efforts into recycled polymers (non-metallic and non-mineral), since polymers account for 20% of total vehicle mass on average. In order to expand the use of recycled plastics, Groupe PSA is committed to a minimum use of 15 kg of recycled polymers for new vehicles in 2025 regardless of design.

For the most part, other materials – such as metals, fluids, etc. – are already recyclable and are widely recycled.

The Group defines three categories of materials as “green materials”: recycled materials, materials of natural origin (wood, plant fibres, etc.) and bio-sourced materials (polymers that come from renewable resources rather than the petrochemical industry). **There are several advantages to using them: reducing the use of mined and fossil-based materials, and fostering the development of the recycling industries by increasing demand.**

The wider application of green materials requires the development of robust supply chains and more research on new materials. To meet its targets, the Group is actively selecting and certifying materials that offer the best cost/technical trade-offs, thereby creating a portfolio of solutions for future vehicle projects.

The use of green materials is now included in the engineering design guidelines and in the specifications for supplying parts and components. The use of green materials is also one of the selection criteria when choosing suppliers.

Initially launched in Europe, the policy has now been rolled out to Latin America where vehicles have mudguards made from 100% recycled thermoplastics and rear seat trays made from locally sourced natural fibres, for example.

Likewise, investigations continue in China to identify potential sources of green materials that meet the automotive parts specifications. For example, the use of locally sourced recycled polypropylene in mudguards can be noted.



STAKEHOLDERS DIALOGUE

Groupe PSA is involved in a large number of **scientific partnerships to boost the development of the green materials industry and expand the use of these materials in vehicles:**

- through the Regional Association of the Automotive Industry of Île-de-France, Groupe PSA is a partner of the “BIOMass for the future/Miscanthus” project alongside the INRA (French National Institute for Agricultural Research). The Group’s involvement consists of taking part in the validation tests of materials containing miscanthus fibres. The project led to the validation of mouldability with representative parts in the Groupe PSA workshop, as well as the complete validation of one material PP-NF30;
- from 2017 to 2020, the Group led the ADEME (Agency for the Environment and Energy Management) COCCY-BIO (*Tenue aux ChOCs et reCYclage de BIOcomposites multifibres* – performance under impact and recycling of multi-fibre bio-composites) project with the following partners: ADDIPLAST SA, COPFIMO, Université de Bretagne Sud, Université de Strasbourg, and the “Car of the Future” and IAR competitiveness clusters. The validation of grades is in progress and will reach the specification in a short-mid term;
- Groupe PSA participates in the FUI (*fonds unique interministériel*) RUSTINE project (extruded recycling for the valorisation of polymer waste) with industrial and academic partners (GALLOO PLASTICS, WIPAK, NUTRIPACK, UMET and ARMINES). The objective is to develop a process for decontaminating plastic waste from different sectors, in particular automobile. Groupe PSA aims at developing validated products with recycled polyolefin materials for interior parts, without losing the properties required for virgin materials, in particular odour and volatile organic compounds.

The latest vehicles brought to the market illustrate the results obtained on the inclusion of materials that are recycled or from natural sources.

The New Opel Corsa has an average of 30% of recycled and natural materials in the overall vehicle. 41 polymer parts incorporate recycled materials and natural origin. Notable applications on the Opel Corsa include the use of recycled polypropylene in the airbag baffles, front/rear fenders, in the front/rear bumpers and in the tire repair kit. Also note the use of recycled polyamide in the hubcaps, in the inserts of structures (blowing), and in the fan group.

The New Citroën C4 comprises on average of 30% of recycled and natural origin materials in the overall vehicle. 50 polymer parts incorporate recycled and natural materials. Among the remarkable applications on the New Citroën C4, we can cite the use of a significant amount of wood fibers in the car roof trims. We can also note the significant use of recycled polypropylene in the air deflectors under the floor, airbag, mud guards and front/rear wheel arches, and in the front/rear bumpers. Note also the use of recycled polyamide in the wheel covers, the intake distributor, the fuel tank, and in the propellers and nozzles of the fan assembly. Another remarkable use is that of recycled sulfonated polyether in passenger compartment floor mats, front roof lining, and front and rear panel sound deadening.

The average integration rate of green materials in Groupe PSA vehicles sold in 2020 was more than 30% (volume-weighted average of European Groupe PSA vehicle sales in 2020).

30%

of natural and recycled materials
in Groupe PSA vehicles

In 2020, 650,000 tons of green materials were used to manufacture the vehicles on the market for Groupe PSA vehicles, including 630,000 tons of recycled materials.

7.1.2.3. Reduction of hazardous substances DPEF.18

For many years now, Groupe PSA has been focusing its attention on the environment and the health and safety of its customers and employees.

Regulatory requirements regarding the use of hazardous substances are factored into all phases of vehicle life, from design and manufacture to use and end-of-life recycling, in close cooperation with suppliers to ensure the full compliance of vehicles and parts put on the market. To ensure the traceability of all regulated substances contained in vehicles’ parts and materials, the Group collects information from suppliers using the automotive standard IMDS tool (International Material Data System) accordingly GADSL (Global Automotive Declarable Substance List).

The main drivers are:

- the elimination of four heavy metals (lead, mercury, cadmium and hexavalent chromium) that are regulated by European Directive No 2000/53/EC on end-of-life vehicles and its exemptions list mentioned in Annex II. For example from January 2016, lead could no longer be used in the solders of the electronic boards and on glass applications of new vehicles;
- compliance with the REACH regulation. As the final actor of the supply chain, the Group has set up an organisation and a communication system to monitor its partners and suppliers and ensure that they comply with the REACH regulation:
 - Groupe PSA uses the REACH automotive industry guidelines to which it contributed as a member of the European Automobile Manufacturers’ Association (ACEA),
 - as part of the French automotive platform, Groupe PSA supports its supply chain in enacting compliance initiatives while striving to stay competitive.



STAKEHOLDERS DIALOGUE

In November 2019, Groupe PSA helped to set up a conference involving several French professional organisations in the automotive industry (SNCP, *Fédération Plasturgie*, etc.) to promote a common win-win approach within the whole supply chain to meet the chemicals regulation challenges in an optimal way and also to be part of the regulatory process decision-making.

Groupe PSA has set itself the goal of minimising the use of substances on the REACH candidate list and anticipating the restrictions in Annexes XIV and XVII by working as far upstream as it can during the new material research and innovation phase. Examples include the replacement DEHP (diethylhexyl phthalate), which is used as a plasticiser in PVC sheaths for wiring harnesses.



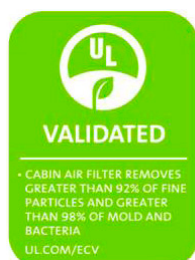
"REACH: Automotive Industry Guideline" article:
<http://www.acea.be/publications/article/reach-automotive-industry-guideline>

Other regulations on chemical substances – such as regulations on Persistent Organic Pollutants, Biocides, etc. – which affect part design and/or production, are also monitored and the related obligations met.

Furthermore, in order to manage any possible risk related to the use of nanomaterials, the in-house tool for internal chemical product management is used to trace the use of nanomaterials in chemical products at Groupe PSA plants. This requirement is also implemented as far upstream as possible since it is part of the environmental evaluation process for innovations. As a result, companies supplying new innovations are asked to declare the use of nanomaterials and, together with Groupe PSA, define the action plan needed to manage any possible risk.

Interior air quality

In addition to respecting regulatory requirements, **Groupe PSA has voluntarily introduced technical solutions to ensure the highest levels of customer health and safety.** These include filters for air coming into the passenger compartment and limits on volatile organic compounds (VOCs) in the materials used. The air in the passenger compartment is checked for VOCs before the vehicle goes on the market.



Certification label granted to the Peugeot 3008 high-performance filter.

Groupe PSA develops testing methods that can measure filter performance when it comes to mould and bacteria. These methods were validated by UL Environment, and this allowed the Group to obtain a performance certification label for the high-efficiency filter introduced on the new Peugeot 3008, which filters more than 92% of fine particulates and more than 98% of mould and bacteria.

7.1.2.4. Monitoring material criticality

SASB-440a.1

Groupe PSA is keen to control the risks associated with the supply of its materials. It has therefore begun to identify and monitor the materials it deems to be "strategic". These materials are evaluated according to different criticality criteria:

- **use criticality:** materials used for special features which are important for competitiveness, and for which there is little or no current alternative;
- **supply criticality/potential scarcity:** limited global production or unreliable supply chains;
- **CSR criticality:** the extraction or use of these materials is questionable from a CSR viewpoint (environmental impact, breach of human rights, etc.).

Rare earth are monitored separately following tensions on this market. A detailed analysis of the use of the different rare earth materials identified possible alternatives and allowed for the continued production of the applications which require these materials.

Polymers were also included. This material is critical due to a high concentration of some of the stages of the production process among a very small number of suppliers.



"Raw materials, their criticality and the automobile industry's strategic axes" article from Groupe PSA Material Senior Expert and Head of the Materials work group of the Plateforme Automobile (PFA), for the thematic dossier N° 99 of July 2020 "Raw materials and new forms of dependency" of the series "Responsibility & Environment" of Les Annales des Mines:
<http://annales.org/re/2020/resumes/juillet/11-re-resum-FR-AN-juillet-2020.html#11FR>

Groupe PSA also introduced a traceability system for supplies that contain conflict minerals (see 6.2.2.1.). Suppliers: linchpins of the sustainability chain).

Materials Strategy Committee

A Materials Strategy Committee, run jointly by the Heads of Purchasing and the Research and Development Department maps current and forecasts materials risks according to different criteria for each raw material: significance in developing and existing technologies; scarcity and geographic location; social and environmental impacts (including recyclability) and conditions of extraction/production; geopolitical or logistical accessibility; cost and share of our needs compared to global market demand; market players, etc. Based on this risk mapping, the Committee validates the R&D roadmap on substitutive materials or alternative supplies, to manage and secure the Group's supplies over the long-term, notably through collaborative actions with metallurgical and mining industries.

The Finance Department performs cost monitoring on materials in liaison with operational purchasing and R&D teams to better anticipate and manage cost developments, as well as helping to diversify and manage the most strategic supplies.

In the context of increasing scarcity and expense of raw materials in the long-term, the supplier relationship is a lever to implement our material and product development policies.

Groupe PSA pays particular attention to the materials used in batteries for electrified vehicles through the supply chain (see 6.2.3.1.) and supports initiatives for innovative supplies of raw materials.

For instance, in partnership with Eramet and *Électricité de Strasbourg*, Groupe PSA is participating in EuGeLi, a European project that aims to extract lithium from geothermal sources in Alsace (France) in combination with geothermal energy production.

7.1.3. Eco-design for better recycling DPEF.20 SASB-440b.3

The Group's actions in this field fall within the framework of European Directive No. 2000/53/EC of September 18, 2000 on end-of-life vehicles (ELV) which sets vehicle design requirements and operational processing requirements for the vehicle at the end of its service life. It establishes three types of recovery for end-of-life vehicles: reuse of parts, recycling of materials and energy recovery. Until 2015, it required vehicles to be overall 85% recoverable by vehicle weight, of which 80% is actually reusable or recyclable. As of 2016, vehicles have to be 95% recoverable, of which 85% is reusable or recyclable.

In order to meet these obligations, the Group has organised a network. This highly horizontal organisation brings together all the skills to deal with upstream and downstream processes. The activity is managed at two levels: upstream, which seeks eco-design solutions, and downstream, which involves monitoring the collection and treatment of end-of-life vehicles. This work is conducted in close collaboration with Group partners such as suppliers, recycling operators and car manufacturers' associations. This structure, which was originally implemented in Europe, is being rolled out on the Group's other sales platforms.

Prevention measures: commitment to recyclability

The impacts of recycling end-of-life vehicles (ELVs) are taken into account from the design phase. Vehicle materials are selected according to increasingly strict criteria that are designed to foster the development of recovery and recycling facilities. To ensure that its vehicles are highly recyclable, the Group is committed to:

- using easily recyclable materials;
- reducing the variety of plastics in a car to facilitate sorting after shredding, optimise the related recovery processes and ensure their profitability;
- using a single family of plastics per core function, so that an entire sub-assembly can be recycled without prior dismantling;
- marking all plastic parts with standardised codes to ensure identification, sorting and traceability;
- introducing green materials, especially recycled materials, into vehicle design to support the emergence or development of new markets for certain materials;
- integrating recycling considerations very far upstream, starting with the innovation phases, with particular attention to new materials or vehicle parts. For example, Groupe PSA has developed a tool for assessing the impact of innovation on the recyclability of future vehicles. These assessments identify the actions to be undertaken with suppliers to develop and improve recycling facilities;

- the Group is undertaking research and development projects with automotive industry partners tasked with treating end-of-life vehicles:
 - designing the vehicle taking into account the depollution phase. Depollution, or pre-treatment, is the first mandatory step in the processing of end-of-life vehicles. It involves draining all fluids from the vehicle, neutralising pyrotechnic components and disassembling parts considered harmful to the environment. The objective of this step is to avoid any pollution transfer during the ELV treatment. Design requirements are defined to allow this depollution phase, such as for the housing of automatic transmissions with the creation of weak spot in addition to the drain screw, which can be pierced to drain all the oil,
 - as a participant in the International Dismantling Information System (IDIS) project, the Group provides recycling facilities with disassembly instructions for the Group's vehicle brands.

On December 4, 2020, the Group received a three-year renewal of the UTAC certificate verifying its ability to implement the processes needed to fulfil the 95% recyclability/recovery requirement (in vehicle weight), including 85% in reusing or recycling materials. The audits conducted by UTAC applied to the traceability processes for information on the weight of materials, substances and the corresponding assessments and analyses. All the Group's vehicles are now accredited to meet this requirement.

All the Group's vehicles in Europe are

95% **recoverable**

85% **recyclable**

7.1.4. Management of end-of-life products DPEF.23

A business unit dedicated to circular economy was created in 2018 to generate business opportunities (see 7.1.1.).

7.1.4.1. Parts from circular economy

The remanufacturing of parts and subassemblies with high value

In 1967, PCD created SECOIA (*Service ÉCOlogique pour l'Industrie Automobile*) in Hérimoncourt (France) which collects damaged parts from the dealer networks and sorts them before they are sent to a selected partner for remanufacturing. In parallel, OV has been in the remanufacturing business for more than 30 years. In 1997, OV created a European Core Return Centre in Rüsselsheim (Germany).

Groupe PSA currently manages two Remanufacturing Centres and one core collection center called SECOIA (*Service ÉCOlogique pour l'Industrie Automobile*), and has a strong position to offer remanufactured parts in Europe. In 2020, 37 product families were covered, totalling 616,804 parts collected, over 50% of which were sent to remanufacturers, with the rest being stored for future remanufacturing or immediate recycling.



Impact measurement and economic assessment

Remanufacturing saves up on average 85% of energy use, 86% of water use, and 85% of raw materials use as compared to a brand-new product. It is also up to 40% cheaper for the end customer.



Supplier example showing environmental benefit of remanufacturing: https://www.apec.org/Press/News-Releases/2012/0328_remanufacturing

In 2020, 73% of engines, 67% of gearboxes, 39% of clutches, 76% of injectors, 64% of alternators and 59% of particulate filters sold by brands in Europe were from the remanufacturing offer. These parts are offered to the public with the same manufacturer warranty as new parts.

576,700

remanufactured parts sold in 2020

Remanufacturing of high-voltage batteries is also taken into account by Groupe PSA (see 7.1.4.3.).

Reused parts: the recovery of parts from end-of-life vehicles

Since 2019, Groupe PSA has made available a reuse catalogue to its authorized repairers in France, in accordance with French Decree (no. 2016-703), which requires availability of circular economy parts in France.

Since 2019, this offer is also available for independent repairers, upon request to Groupe PSA parts distribution network called Distrigo.

In 2020, Groupe PSA sold more than 41,004 reused parts.



“Partnership signed between Indra Automobile Recycling and Groupe PSA to increase the use of reused spare parts” 14/01/2019 press release:

<https://media.groupe-psa.com/en/partnership-signed-between-indra-automobile-recycling-and-groupe-psa-increase-use-re-used-spare>

“PSA is unveiling DISTRIGO, its multi-brand parts distribution brand” 30/09/2016 press release:

<https://media.groupe-psa.com/en/press-releases/group-psa-unveiling-distrigo-its-multi-brand-parts-distribution-brand>

“Distrigo rolls out Service Box Multi-Brand, its new online multi-brand spare parts catalogue”

23/09/2019: <https://media.groupe-psa.com/en/distrigo-rolls-out-service-box-multi-brand-its-new-online-multi-brand-spare-parts-catalogue>

“Repair & Return” service: extending the durability of complex products

The brands provide a “Repair & Return” service for both automatic gearboxes and complex electronic products:

- on automatic gearbox through a network of 16 selected centres around the world;
- on electronic products through a unique European centre that can handle such items as the navigation system from Groupe PSA vehicles as well as other brands. In 2020, four families of electronic products were included in the repair catalogue. It became available in several European countries and access was opened and facilitated for all repairers across the continent.

This service helps extend product durability and consequently conserves natural resources as well as providing end customers with a cost-effective solution that is up to 75% cheaper than a brand-new component.

In 2020, Groupe PSA sold more than 16,500 parts through the “Repair & Return” service.

7.1.4.2. End-of-life vehicles (ELV)

SASB-440b.2

The Group has been involved in the take-back of ELVs through partnerships with vehicle dismantling and shredding companies for nearly 30 years.

As part of the Circular Economy Business Unit, one central ELV team integrates all ELV activities for all Brands.

This set-up allows all synergies to be maximised by:

- exchanging information with authorities at an EU as well as country level;
- streamlining the Group's ELV activities in all countries in Europe and in regions outside Europe;
- negotiating with all the Group's partners in the entire ELV chain at a central and local level;
- contributing to the work by automobile associations at a country level as well a European and global level;
- analysing and generating new business and revenue opportunities.

In 2000, the EU End-of-Life Vehicle Directive came into force, requiring all vehicle manufacturers and importers to take back vehicles from the last owners or holders when the cars have reached the end of their life. For that purpose and by following the different national requirements, Groupe PSA has built up take-back networks in each EU member state. The set-up of the system in different countries varies between implementation and maintenance by the manufacturers themselves, assigning a service provider to do so on their behalf, or where required participating in a collective take-back system.

The basic principle for all different models is to contract authorised treatment facilities to ensure the environmentally sound treatment of ELVs. The contracted parties are mainly dismantling and shredder companies. The dismantlers are responsible for deregistering the vehicles and for a state-of-the-art depollution of all fluids and hazardous materials, as well as the partial or total manual disassembly of the vehicles to resell some parts for reuse. The main task of the shredder companies is to separate the remaining hulks mechanically into different material streams – such as ferrous and non-ferrous metals, as well as non-metallic fractions for subsequent recycling processes.

After 18 years of successful implementation and execution of all legal requirements, the EU decided to review the EU ELV Directive and, if deemed necessary, come up with proposals for a revision in 2021. Groupe PSA, together with the other members of ACEA, are currently focusing on defining country-specific best processes for the treatment of ELV to ensure the best environmental results as part of a self-sustainable ELV business. This will still be valid for the UK after Brexit.

The implementation and maintenance of the legally required steps should be realized:

- at the lowest cost possible;
- by limiting any financial risk;
- by seeking potential business opportunities.

In Regions outside Europe, the Group is actively analyzing the regional and local market situation as well as ELV-related legislation. When required, the Group adopts and develops strategies and plans for implementation. The Group has continued to maintain and supervise its ELV's take-back network, according to its targets.

In Africa, the Group discussed with Morocco's government implementing a study into how to improve the collection and treatment of ELV.

In Asia, some countries have developed momentum around waste legislation. The Group is in close cooperation with its joint venture partners for China. Groupe PSA has developed business in India and is in contact to support the development of the Waste Law to treat ELVs and High Voltage Batteries.

Groupe PSA ensures legal compliance for all automotive brands of the Group with all legal requirements from ELV-Directive 2000/53/EC and its national transcriptions in the respective EU member states.

In France, the Group uses industrial partnerships of a high standard, both technically and financially. They ensure full tracking of ELVs and ensure that the overall recovery rate is achieved. At the end of 2020, the Group's industrial partners were working with networks of 440 certified dismantling companies.

Between 2008 and 2020, this strategy resulted in the collection and processing of over 1.17 million ELVs from Peugeot, Citroën, DS and Opel and Vauxhall (since August 2017) dealership showrooms.

1.373

million tons

of end-of-life vehicles collected and processed in France between 2008 and 2020

The Group's performance in France for overall recovery of ELVs collected through its network is compliant with European regulations and better than the national average the Group's performance in 2018 was 94.4%, of which 87.3% was reused or recycled by weight⁽¹⁾.



"Vehicle life-cycle – End-of-life vehicles management of Groupe PSA" video: <https://www.youtube.com/watch?v=ZgJ2131FgVs&t=3s>

The core challenge is still to maintain favourable economic conditions for the ELV sector, while ensuring the ambitious 95% recycling and recovery rates achieved for ELVs is collected.

This strategy also opens new opportunities for automotive materials sourcing making it possible to incorporate recycled materials such as plastics, metals, etc. into the production of new vehicles, in line with the Group's design objectives.

Groupe PSA made a major contribution to piloting the action plan for the re-absorption of historic stocks in the French overseas territories in which the French Environmental Code applies (Guadeloupe, St Martin, Martinique, French Guyana, Reunion Island, Mayotte). This plan, which addresses the environmental and health issues that arise when vehicles are abandoned by their last owner, resulted in the signing of a framework agreement between manufacturers on October 24, 2018. The Group started in advance in 2018 in Martinique & Guadeloupe. At the end of 2020, this action plan was already active in all French overseas departments with 10,466 abandoned ELVs collected.

⁽¹⁾ Since ADEME has not released official statements for the end of 2019 concerning ELV operators in France, the Group has not yet been able to determine its performance for 2019.

7.1.4.3. Circular economy of high-voltage batteries from hybrid and electric vehicles

In accordance with Directive No. 2006/66/EC, the Group has implemented collection and treatment procedures for its high-voltage batteries (HV Batteries) used in hybrid and electric vehicles sold in Europe. The battery technology in electric and hybrid vehicles requires specific handling methods.

Repair and Remanufacturing

To extend the use phase and to avoid the premature recycling of high-voltage batteries, the Group started remanufacturing in 2012. Since then, 562 HV batteries have been remanufactured.

To reinforce the sustainability of its high-voltage batteries, for the new generation developed for all its brands, Groupe PSA will expand a repair and remanufacturing process in 2021. If the battery fails, it will either be repaired in the network or sent to a remanufacturing centre for repair, after analysis by the Groupe's dealer network. The repaired battery will be then reinstalled on the vehicle from which it had been removed whereas the remanufactured one will be used in another used electric vehicle to maintain the electric mobility of the Group's customers as much as possible.

Second life

Groupe PSA is also working on solutions to reuse HV batteries in electric stationary storage facilities.

- As a proof of this plan, a first container including eight used batteries, from vehicles "Peugeot iOn" and "Citroën C-Zero", was installed in Carrières-sous-Poissy in 2018 and connected to the site grid to explore energy services with the stationary usage of second-life batteries. This container enables to optimise the energy consumption in buildings by many ways including load shifting, storage of energy during the night and use during the day, or balancing services to the grid.

- Another project has been entering a real-life phase at our test centre in Dudenhofen in 2020, where a container including 18 used Opel Ampera-A batteries has been installed to enable energy buffering for the charging station used for test driving electric vehicles, thereby.
- In addition, and in order to study the ability of next-generation EV batteries to be reused in second life for stationary storage applications, Groupe PSA is exploring the reuse of these batteries by designing, building and testing electric stationary storage demonstrators in 2021, focused on residential, commercial and industrial use.

At the same time, Groupe PSA is still evaluating partnership opportunities with utility companies in order to design, build and operate a large-scale pilot of an energy stationary storage facility.

Recycling

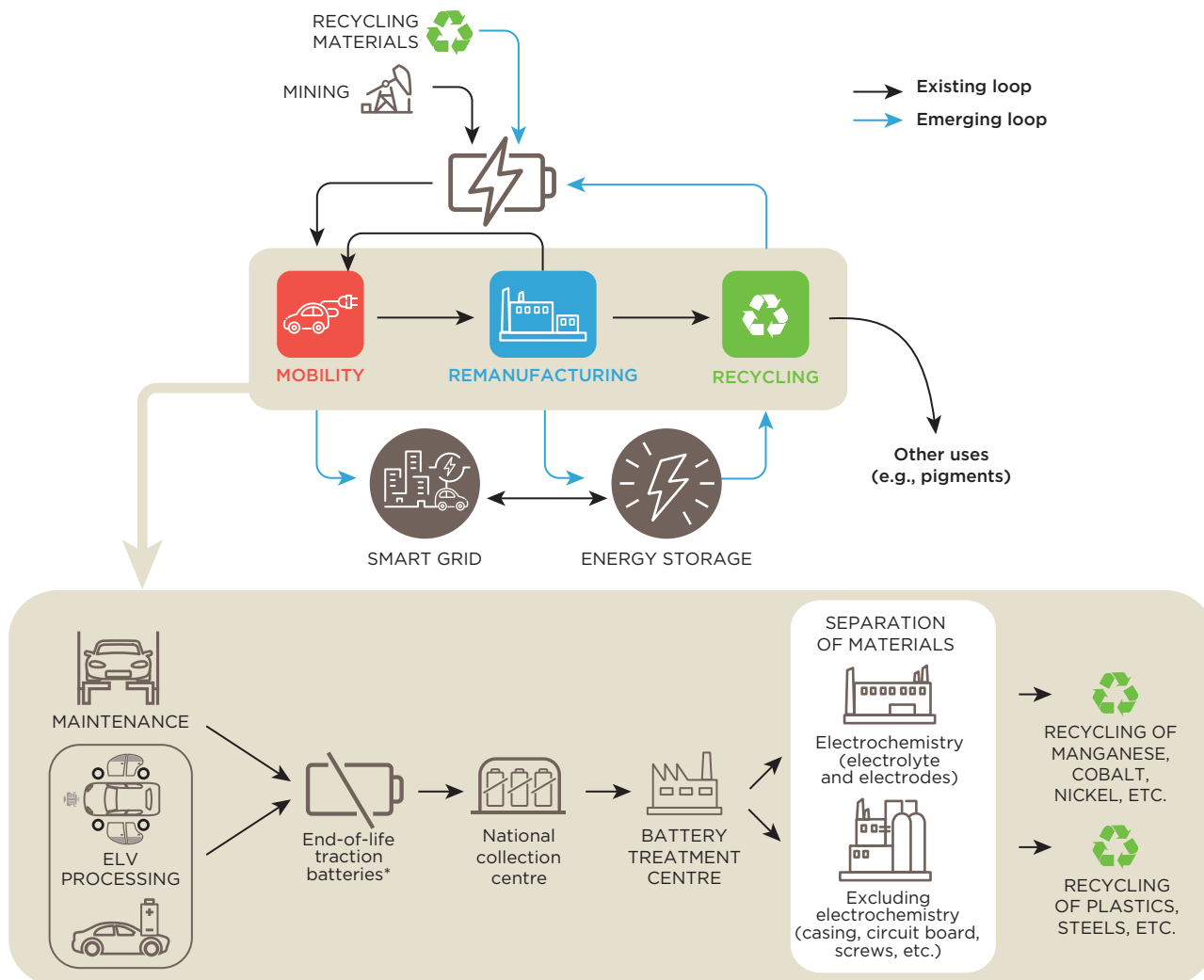
PCD has signed a contract for the entire European market with an efficient partner, who, in 2019, obtained the silver medal for its CSR performance awarded by the organization ECOVADIS. In 2019, the Group's partner's recycling rates were 72.1% for Lithium-Ion (Li-Ion) batteries and 81.2% for Nickel Metal Hydride (Ni-MH) batteries⁽¹⁾. These rates are significantly higher than the 50% regulatory thresholds for recycling efficiency. This agreement covers all of the PCD dealership networks and industrial sites for all current Li-Ion and Ni-MH batteries across all European marketing countries.

At the end of 2020, Groupe PSA extended this partnership for all its brands (PCD and OV) for the new-generation of PHEV and BEV traction batteries. In order to recycle higher battery volumes in Europe and optimise the associated logistics costs, Groupe PSA selected local recyclers by geographical zones.

In terms of battery legislation, the Group is actively involved with this area of expertise via the European Automobile Manufacturers' Association (ACEA). Outside Europe, particularly in China, Groupe PSA makes an active contribution in partnership with local joint ventures.

(1) Recycling performance including all types of batteries using the same technologies (e.g. lithium batteries for computers, smartphones, cars, etc.).

CIRCULAR ECONOMY OF HIGH-VOLTAGE BATTERIES*



* Batteries from hybrid and electric vehicles.

7.1.4.4. Recycling of tyres

Based on the extended producer responsibility principle, the Group's brands in France have implemented procedures for collecting and processing tyres held by authorised dismantlers. In 2020, at least 50% of the 7,288 tons of tyres from ELVs were treated as "materials recovery" (for reuse, drainage solutions, granulation, etc.).

Thanks to the support of Groupe PSA for one of its partners, a new materials recovery process based on vapour thermolysis. This method ensures high-quality materials recycling from used end-of-life tyres (45% fuel oil, 32% carbon black and 5% metal; the remaining 18% is used to power the process itself).

In July 2019, the Group signed a general agreement with all its tire suppliers to take in account five commitments on: improving tire recyclability, consumer information about tire durability, helping overseas territories, free return of all tires waste, and treatment of tires from farm silage pits.

7.1.5. Life-cycle analysis to improve the vehicle's environmental record

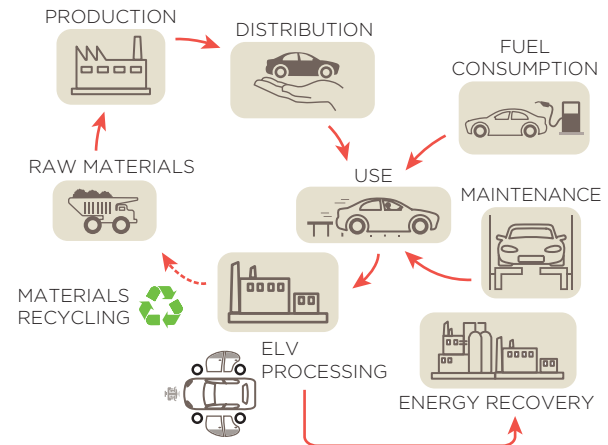
The Group conducts life-cycle analyses on its vehicles and components, within the framework defined in the ISO 14040/44 standards.

These studies analyse the multi-criteria environmental footprint of a vehicle and validate its component and materials design. The entire product life-cycle is taken into account from raw material extraction, to manufacture, use and end of life. The methodology used to conduct the vehicle LCAs was certified by a critical review by THINKSTEP – a firm with expertise in life-cycle analyses – in 2019.

The results of life-cycle analyses help to improve the vehicles' environmental record:

- highlighting the environmental advantage of one innovative solution compared to another, and, more broadly, the overall environmental impact of a product;
- identifying possible pollution transfers from one phase of the life-cycle to another;
- highlighting core environmental impacts;
- choosing more environmentally friendly technologies and materials.

SIMPLIFIED DIAGRAM OF A VEHICLE LIFE-CYCLE



MAIN INDICATORS OF ENVIRONMENTAL IMPACTS MONITORED BY GROUPE PSA

Impact on air	Global warming potential in kg CO ₂ -eq.: characterises the average increase in substances that contribute to global warming (CO ₂ , CH ₄ , N ₂ O, etc.).
	Acidification potential in kg SO ₂ eq.: characterises the increase in the content of acidifying substances that cause acid rain and decay of some forests (SO ₂ , etc.).
	Photochemical ozone creation potential in kg ethene eq.: characterises the phenomena leading to the formation of ozone which have harmful effects on human health and on plants (VOCs, etc.).
Impact on water	Eutrophication potential in kg phosphate eq.: characterises the introduction of nutrients such as nitrogen and phosphate compounds that promote the growth of certain algae (NO ₂ , etc.).
Impact on natural resources	Potential for the depletion of natural mineral resources in kg antimony eq. (Sb): aims to measure the extraction of mineral resources considered to be non-renewable.

Usually conducted at the end of product design, life-cycle analyses can be used at the innovation phase to consider environmental impacts as early as possible (recyclability, critical materials, etc.). The Group has therefore developed a method for assessing the environmental performance of innovations for the Advanced Research & Development Division teams.



STAKEHOLDERS DIALOGUE

Groupe PSA is a founding member of the EcoSD network, a 1901-Law association whose main purpose is **to foster exchanges and interaction between researchers and industry players in order to create and disseminate eco-sustainable design expertise (EcoSD) in France and beyond**, thereby promoting France's EcoSD expertise internationally.

The Group participates in collaborative projects with industry and laboratory members of the network, with the support of the Agency for the Environment and Energy Management (ADEME). Achievements of these projects include:

- an assessment of the methodology used to measure the "water footprint" of an entire vehicle;
- the creation of a tool which takes environmental criteria into account in the design of traction batteries for electric vehicles;
- in 2018, a collaborative research project to draw up a guide of good practices for LCA practitioners on using mineral depletion indicators and on taking into account material criticality issues. The project was carried out in partnership with Irstea and the guide was published in 2019;
- in 2019, a collaborative research project to define a common position of the EcoSD members on the application of monetarization in life-cycle assessment for eco-design purposes. Monetarization is a weighting method of life-cycle environmental impacts. It would aim to make the interpretation of the results of life-cycle assessment easier and therefore to help project managers and decision-makers, by using a single score expressed as a monetary unit. One deliverable is a "White Book" that will be published in an ongoing edition of Presses des Mines, together with the proceedings of the annual workshop on monetarization. The project was carried out in partnership with Université de technologie de Troyes. In 2020 a collaborative research project has been launched in partnership with ENSAM Chambéry concerning the sustainability evaluation of data in the context of connected vehicles. One deliverable is the application of an environmental calculation method under development in a parallel project sponsored by Ademe.

A Ph.D. thesis work is going to be finished in the beginning of 2021 concerning the environmental evaluation and optimization of car sharing services. One main result is the development of a numerical model based on algorithms for constraint satisfaction problem resolution.

A Ph.D. work has begun in the beginning of 2020 concerning the development of method for implementing CSR KPIs in the development phase of vehicles.

The Group participates in annual themed workshops and the Doctoral Courses of Excellence delivered by members of the association.

The Group has set a goal to analyse the life-cycle of each new family of vehicles. Since 2014, all new vehicles, except for those designed with joint venture partners, have been subject to life-cycle analyses. In addition, for each core technological change or strategic innovation, a study is carried out to assess any developments in the environmental impacts from these technologies.

100%

of new vehicles undergo a life-cycle analysis

In 2020, life-cycle analyses covered 64.3% of the total fleet sold, up from 62.1% in 2019. Some vehicles did not undergo life-cycle analyses:

- vehicles designed with joint venture partners;
- old models that are still sold and will be analysed when a new version is developed.

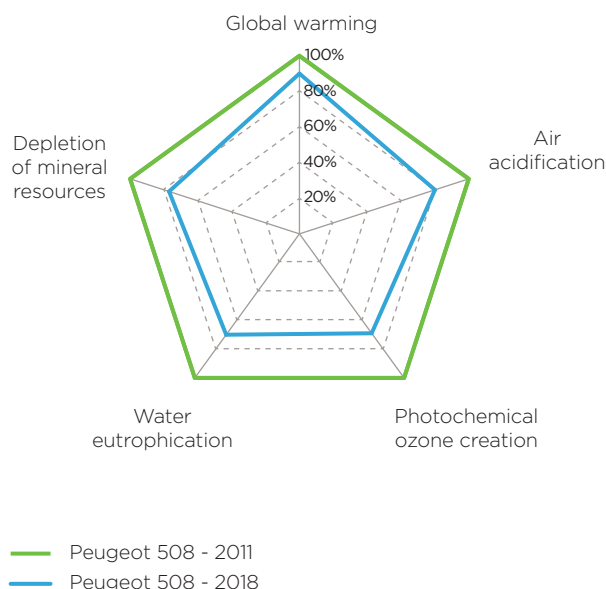
Examples of the application of life-cycle analysis

These analyses are carried out using software linked to environmental databases that makes it possible to calculate a product's environmental impact.

The goal is to compare the environmental impacts from a new model with the previous generation. The last analyses were done on the following vehicles:

- the full electric versions of the Peugeot 208 (II) and the Peugeot 2008 (II);
- the plug-in hybrid electric versions of the DS 7 Crossback and the Peugeot 3008.

RESULT OF THE LIFE-CYCLE ANALYSIS DONE ON THE PEUGEOT 508



The analysis found that the total environmental footprint between the two versions of the Peugeot 508 had shrunk. This analysis was based on a comparison of the environmental impacts of the Peugeot 508 sold in 2011 with those of the new Peugeot 508 sold in 2018. The environmental impacts diminished from 11% to 39% thanks to lower fuel consumption, reduced exhaust emissions and the production of lighter vehicles.

In addition, the Group cooperates with suppliers to conduct life-cycle analyses on vehicle parts or components going into core innovations (changes in raw materials, inclusion of natural/recycled materials, strategic or functional innovations, etc.).

For example, a life-cycle analysis performed in collaboration with Plastic Omnium showed that replacing the steel on a rear floor with a composite material created an environmental benefit throughout the Life-cycle, particularly in terms of resource depletion, global warming, air acidification and the creation of photochemical ozone.

In 2021, the Group will continue to perform life cycle assessments, especially on the future vehicles: new Peugeot 308, Citroën C4, DS 4, and Opel Astra. Specific studies will be notably carried on future technologies as fuel cell vehicles.

7.2. OPTIMISATION OF MATERIAL CYCLE IN INDUSTRIAL PROCESSES, INCLUDING WASTE

GRI.103-1

GRI.103-2

GRI.103-3

Eager to apply the concepts of responsible development advocated by the Group's policy and to stay in line with a product strategy that promotes better recovery and recyclability for its vehicles, the Group's manufacturing plants are committed to developing a circular economy wherever they are located. The Group wants to avoid wasting natural resources and only use the quantity of raw materials necessary. Moreover, this strategy also extends into waste management, through the achievement of zero landfill waste and by encouraging the use of recovery

and recycling channels. Some sites are also studying potential local opportunities to exchange resources and waste as part of industrial ecology experiments.

In France, the prospects of developing such solutions come up against administrative constraints related to waste status and end-of-waste status, which make this type of action very difficult to implement.

See 2.4.1. for more details on industrial strategy.

7.2.1. Innovating to optimize use of materials in production process

The Carry Over, or how to give a second life to industrial assets as part of a circular economy approach

The Carry Over, which refers to the reuse of industrial assets (including large assets) has become one of the strategic areas of the Group's Industrial Department over recent years. Based on the circular economy principle, the approach consists of recycling and adapting machines rather than purchasing new equipment. Machines and tools that are no longer used can be reused within the same plant, in other Group plants or even sold outside of the Group. The last illustration is the transfer of machines from Aspern to Tremery to produce electric engines.

The advantages of Carry Over practices are numerous:

- decreased environmental footprint at the plants: by encouraging the reuse of existing equipment rather than purchasing new equipment, this solution enables the Group to reduce its pressure on natural resources;
- economic gains: Carry Over practices helped to save 30% on capital expenditure costs to launch new projects.

The Company's management (up to the highest level) is currently committed to encouraging this economical approach.

-30%

on the capital expenditure cost for new projects in plants due to the reuse of industrial equipment

3D printing

As part of the "Plant of the Future" project, 3D printing is a lever to optimize material use:

3D printing is now largely used in most of the plants to produce small equipment parts on demand, hence it avoids having to store these replacement parts.

Collaborating with startups to improve waste recovery

The sites of Trémery-Metz developed, in partnership with the ITS Future startup, an application to improve the quality of waste sorting in their manufacturing units and optimize the waste flows. This tool allows the traceability of the waste flow, but also the evaluation of the quality of the sorting at each

collection. It makes it possible to implement compensatory measures and improve the volume and the quality of waste sent for recycling. It allows Groupe PSA to reduce the waste processing cost and increase the resale value of the materials to be recycled.

The test phase for implementation of the tool was done early in the year, but the roll-out was delayed due to the Covid 19 restriction and is now planned for beginning of 2021.

7.2.2. Reducing material consumption through optimized manufacturing processes DPEF.23

The best way to reduce waste management is to reduce waste production at each stage of production process. A great deal of the efforts needed to reduce material consumption is carried out during the product design stage (see 2.3.5.2.). Work carried out on reducing vehicle mass entailed an overall decrease in material masses (specifically steel) in the production of the Group's vehicles (see 7.1.2.1.). In addition to the work to reduce product mass, the Group's Industrial Department is also undertaking action plans to reduce material consumption.

7.2.2.1. Reducing metal consumption

69% of the Group's overall waste tonnage in 2020 was scrap metal. This scrap metal is derived from stamping scraps (79%) and scraps of metal coming from machining operations from component factories and foundries (20%). The remaining part (1%) from R&D facilities are cars used in destructive tests.

For mechanical parts, the reduction of turning relies on the optimised definition of finished parts. The roll-out of pressurised casting was a significant advance, as this means that cast parts and finished parts can have almost identical measurements, which prevents the materials used to make the parts from being too thick. Today, this technology is widely applied to the production of aluminium cylinder crankcases for DV, EP and EB engines. This has several advantages, such as lighter engine components manufactured from aluminium rather than iron, and less substantial machining, although the production process is more delicate. The turnings, dried and compressed in bricks to best recover the cutting liquids reintroduced into the machining processes, are then sent to the Group's casting facilities or to steelworkers.

For stamping, the MUR (Material Use Ratio) is one of the main levers coordinating the business line. This approach makes it possible to optimise the consumption of sheets in the process of shaping bodywork parts. This action makes a direct contribution to controlling the main source of waste from manufacturing operations. Although all of these scraps are recycled in casting facilities, reducing the amount of them remains a huge challenge. In practical terms, the MUR approach quantifies the share of the material used to produce bodywork parts with respect to the total volume of material used. Stamping requires a percentage of "lost" material to secure the sheet metal between the two parts of the tool. As such, optimisation means reducing this share of lost material through the design of parts and tools (shape of sheet metal, depth of stamping). The other line of work concerns the possibility of producing other parts in cut-out shapes. Accordingly, the material cut out for use in glazed areas (windscreen, side windows, rear window)

can be used as raw material to produce smaller parts. The MUR approach quantifies this progress. In 2020, launches of new cars show the progress in MUR. New Opel Mokka is at 65% vs 57% for the previous one and new Citroën C4 is at 63% vs 53% for the previous one.

The second major category of waste produced in the Group is generated by the casting. In this area, pressurised casting is characterised by almost zero waste production, since aluminium is cast directly into steel tools that can be reused multiple times. For more conventional casting facilities using sand moulds, the Group rolled out substantial resources for on-site recycling. This allows the plants to regenerate and reuse almost the total amount of sand used in production process.

7.2.2.2. Reducing consumption of other materials

Excluding casting and metal waste, production waste share between hazardous (25%) and non hazardous waste (75%) remain stable.

Assembly is the main generator of non-hazardous waste, primarily due to the disposal of packaging waste. The second-largest source is common waste, similar to household waste and proportional to the workforce of each building overall.

Painting, machining of parts and water treatment processes (physical-chemical plants, biological plants) are the main producers of hazardous waste. **With respect to painting processes, the regeneration of cleaning and purge solvents has been carried out for several years. Collected from the facilities, these solvents are either recycled onsite or sent to a service provider that carries out the necessary regeneration process so that the products can be reused in facility cleaning processes.** Plants using solvent-based paint are the main users of this short process, and it represents the full extent of their cleaning and purge solvent consumption. The volumes treated in this circular economy line totaled approximately 2,462 tons in 2020. Trnava operates its own installation to clean solvent used in the plant (car varnish, and cleaning solvent), and quantity is not counted in the data provided.

For waterborne paint shops, a study conducted with our partner in solvent regeneration opens new solutions for regenerating the mixture of water and cleaning solvents, with an interesting level of efficiency. Implementation of a machine with the capacity to clean the whole volume is engaged, and this will help to reduce the amount of waste transferred from the plant. Extension to other plants with similar waste is being studied.

7.2.3. Reducing waste production

DPEF.16

DPEF.18

DPEF.20

Within the Automotive Division

The Group's waste management policy is to reduce waste mass per vehicle manufactured, and avoid landfill in favour of waste recovery and recycling.

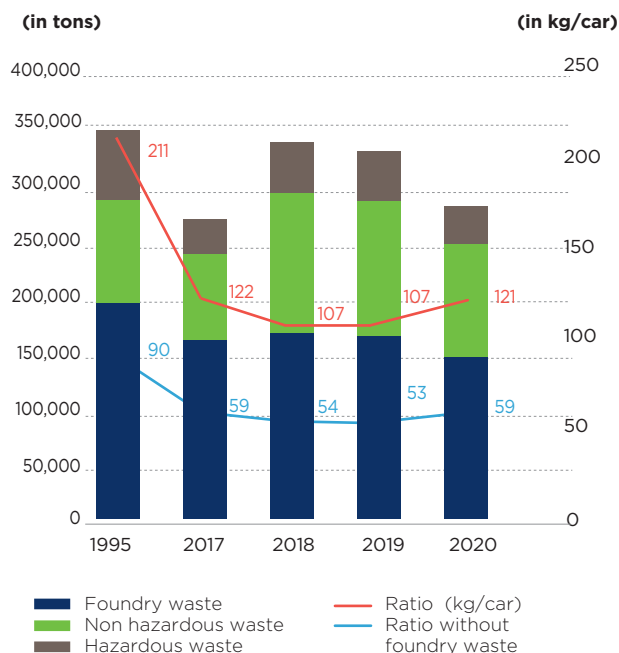
To meet these targets, efforts are needed at the design stage to optimise the packaging required to build a vehicle to avoid producing waste. When waste is unavoidable, the most environmentally-friendly method of recycling or recovery should be identified and implemented, so that a portion of the Group's waste is incorporated into the circular economy, where it is reused.

Apart from scrap metal (sheet metal, metal chips, etc.), which is almost entirely recovered and can be reused in the steel industry or the Group's casting facilities, the results obtained since 1995 confirm that this policy has been correctly implemented:

- the weight of waste per vehicle produced has been halved;
- the analysis and characterisation of waste produced during the different stages of production (casting, foundry work, components, stamping, paint and final assembly) have made it possible to identify processing channels that provide an alternative to landfill. **The implementation of new processing methods, depending on local supply, helps to increase the waste recovery rate.**

CHANGES IN THE AMOUNT OF WASTE BY TYPE

(Automotive Division excluding metal waste, almost all of which is recycled, for 2020)



The amount of waste (excluding scrap metal) per vehicle produced was 121 kg in 2020, and the split between different categories also remains stable. Without foundry waste, the ratio of waste per car is at 59 kg. Demolition waste, which illustrates compacting operations in plants, amounted to 8,351 tons in 2020 which equates to 3.7 kg per car.

Due to the impact of the Covid19 resulting in a significant drop of production volumes in 2020 a reduction of waste was not possible as planned. Production wastes such as wastes coming from the painting process highly depend on volume effects and a drop of volume leads to an increasing amount of waste per car in 2020.

In 25 years, the amount of waste per vehicle produced could be reduced by **43%**

The geographic distribution of the total volume of waste in 2020 was as follows: 89.8% for the European Union and 10.2% for the rest of the world. The comparatively large proportion of waste produced outside of Europe is linked to two parameters - firstly, the extension of the perimeter to Morocco with the start of production of Kenitra, and in a smaller way with Gurun (Malaysia) activity, and secondly, packaging waste related to long-distance transport requirements.

2020 results shows a stability in ratio, at 59 kg per car produced. If we do not take into account demolition waste, which is not representative of the activity but more of strategic plant decisions, the ratio reaches 55.3 kg, but remains above the target. The main reason for this result is linked to packaging waste. Long-distance procurement, especially for battery components for electric vehicles, makes use of returnable packaging not very efficient, and generates packaging waste in the plants that assemble these battery modules.

The waste production figures are based on the European waste and disposal method categorisations.

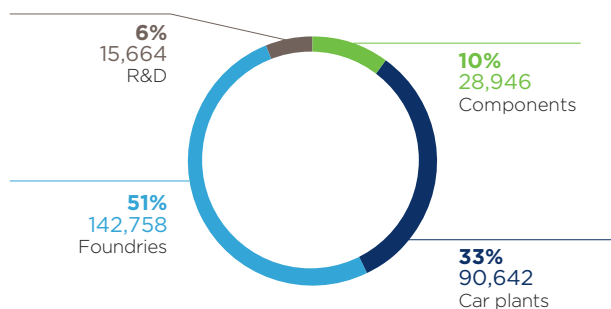
7

IMPLEMENTING RESPONSIBLE USE OF NATURAL RESOURCES

Optimisation of material cycle in industrial processes, including waste

BREAKDOWN OF WASTE PRODUCTION BY ACTIVITY

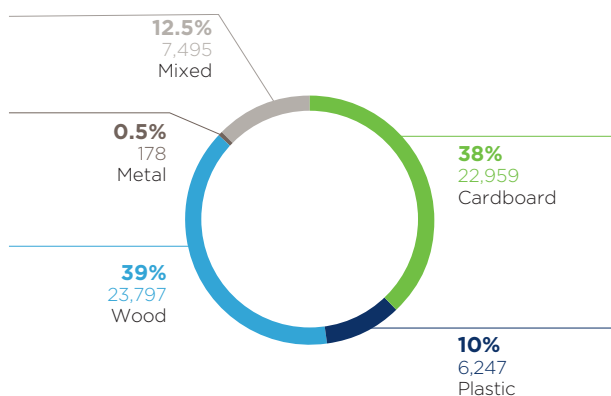
(Automotive Division, excluding scrap metal, 2020)



The relative quantities of waste resulting from each activity have remained fairly constant.

FOCUS ON PACKAGING WASTE

(Automotive Division, 2020)



In 2020 the increase in packaging waste per vehicle continued. Absolute packaging waste decreases to 60,678 tons, or -25%. Compared to 2019, plastic packaging increases by 8%. Long-distance sourcing, which often makes returnable packaging non-competitive, either financially and in terms of CO₂ footprint aspects, is the main reason for this change.

To progress with reduction of packaging waste a team of experts was established and started waste reduction projects with 4 assembly pilot plants (Zaragoza, Trnava, Sochaux and Eisenach). By implementation of a specific project waste review Trnava plant could realise a 2% reduction of packaging in new vehicles project by just eliminating with approval of quality department unnecessary packaging parts. Other initiatives focussed on the modification of the packaging design to get a higher utilisation of a container, what also improves the CO₂ footprint by reduction of the overall amount of containers.

Focus on paper use

Paper is managed and quantified at all levels within the Group, including in manufacturing plants, office facilities and commercial subsidiaries. Paper is used on-site for office applications or print-outs (brochures, sales leaflets, annual publications, etc.) produced by external printers. The Group is careful to check the origin of the paper used, and supports purchase of paper from sustainably managed forests (PEFC or FSC labels).

Office paper consumption was significantly reduced by awareness-raising campaigns and implementation of shared central printers. Technical tests are on going to enable a transition to

100% recycled paper. A large percentage of the used paper is sorted and collected, usually by private suppliers who then process it through recycling channels.

Regarding print-outs in France, the Group is a founding member of CITEO. It declares the yearly tonnages of print-outs produced and pays an eco-contribution to pay for the collection, recycling and recovery of the paper by local authorities. In this context, with the gradual digitalisation of certain materials, the Industrial Department remains well below the threshold (5 tons).

7.2.4. Fostering recycling and waste recovery by implementing circular economy systems

GRI.301-2

GRI.306-2

GRI.306-4

DPEF.18

DPEF.20

SASB-440b.1

Within the Automotive Activities

To create circular economy strategies, the Industrial Department defined the “zero landfill waste” target for assembly plants in Europe, because landfilling is causing significant environmental impact. Extending this approach to other assembly plants outside of Europe will require a good understanding of the local context of the treatment possibilities. For components factories, the availability of processing methods for specific manufacturing waste is a prerequisite for the definition of such a target. Analysis of these options began in 2017, and the waste component will be included in the review of the environmental vision for 2025.

In 2020, the Group's plants generated 691,010 tons of waste, including metals, internally recycled casting waste and all production waste.

Metal waste (not shown in the graphs and tables below) makes up the largest part of this volume at 413,758 tons. Often no longer classified as waste, these by-products are recycled in the Group castings (42,984 tons in 2020) or in the steel industry.

100%

of scrap metal recycled

Internal facilities for the regeneration of casting sand at Charleville-Mézières and Sept-Fons processed 94,298 tons of sand in 2020. This very short cycle (since the processing is performed directly at the production site before the cleansed sand is reused) is high-performing and makes it possible to meet nearly all of the sites' sand requirements.

94,298 tons

of casting sand regenerated onsite at Sept-Fons and Charleville-Mézières in 2020

In 2020, the Group's castings recycled 41,440 tons of metal waste purchased externally.

The Group's programme to optimise waste treatment, which has been running for several years, continues. This has resulted in a 93% reduction in landfilled waste over the last 20 years. In 2020, the total quantity of waste disposed of in this way was 4,334 tons (1,9 kg/car). The remainder was the result of local conditions at the factories concerned. In Trnava, insufficient local incineration capacity meant that some waste had to be landfilled. Negotiations with the local authority to improve the situation are ongoing. Production began at Kenitra in 2019, but the local waste disposal options are limited. Apart from Trnava, the only European factories that are not landfill-free are those in Madrid and Mangualde. In these cases, this is because the city governments, which collect household waste dispose of it to landfill.

Office facilities and research sites in the Paris region have not contributed to landfill since 2012.

Excluding metal waste and foundry sand, which is recycled onsite, 84% of waste is recovered as either material or energy through recycling or ballast. Comparisons of treatment methods between plants and identification of best practices are ways to improve this level. Specific actions like water and solvent-cleaning processes contribute to this result.

Drawing on all of these actions, 96.4% of waste produced (metals included) in all industrial facilities of Groupe PSA plants worldwide are recovered in processing centres.

96.4%

of the waste produced by the Group's plants is recovered

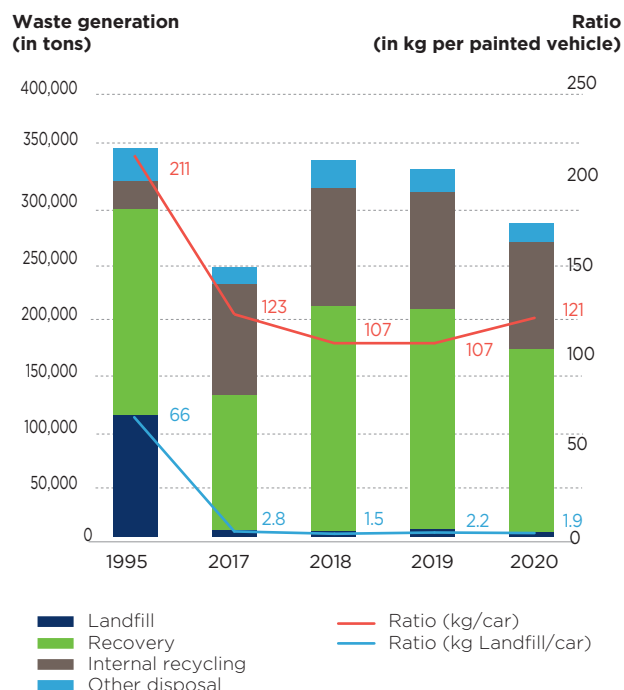
AMOUNT OF WASTE BY DISPOSAL METHOD FOR AUTOMOTIVE ACTIVITIES

(unit: t)	Year	Landfill	Recovery and recycling	Other disposal methods ⁽¹⁾	Total	On-site recycling ⁽²⁾
Foundry waste	2020	21	48,262	177	48,460	94,298
	2020 ratio (Kg/car)	0.009	21.4	0.08	21.5	41.8
	2019	16	58,595	33	58,644	103,372
	2018	0	58,539	2,104	60,644	103,313
	2020	3,924	91,524	4,837	100,285	0
Non-hazardous waste	2020 ratio	1.7	40.5	2.1	44.4	0
	2019	5,524	109,111	3,569	118,204	937
	2018	4,233	112,339	6,114	122,686	1,478
	2020	389	21,797	12,023	34,209	
Hazardous waste	2020 ratio	0.2	9.6	5.3	15.1	
	2019	1,031	26,746	16,553	44,330	
	2018	479	27,889	16,848	45,216	
	2020	4,334	161,583	17,037	182,954	94,298
TOTAL	2020 ratio	1.9	71.5	7.5	81	41.8
	2019	6,571	194,452	20,155	221,178	104,309
	2018	4,712	198,767	25,067	228,155	104,791

This table does not include metal waste (409,758 tons in 2020, 100% of which is recycled).

CHANGES IN THE AMOUNT OF WASTE BY DISPOSAL METHOD

(Automotive Division, excluding metal waste, almost all of which is recycled)



A review of hazardous waste

Hazardous waste is derived from three main processes: the surface treatment and painting of bodywork, the processing of metal parts and casting.

The amounts and types of hazardous waste generated have not changed significantly since 2019, as there have been no significant changes to production processes. The main types of hazardous wastes generated are machining plant and paint shop sludges.

Reducing the use of dangerous substances in production processes are continued in parallel, such as micro lubrication in component plants, which drastically reduces the use of machining fluids and subsequent wastewater and sludge, or use of cleaning products with less solvent in paint shops.

When it comes to hazardous waste, the Group is particularly mindful of the performance of treatment and recovery channels developed by specialists in the field. Use of these channels ensures a controlled environmental impact.

Hazardous waste in landfill represent 389 tons in 2020 for Groupe PSA industrial activities. 44 tons are demolition waste containing asbestos, for which no other treatment is allowed. The remaining 345 tons is sludge from processing stations. 122 tons of that landfilled waste are contaminated rags and personal protective clothing and filter materials. 105 tons come from waste and adhesive material that contain solvents or other hazardous components. Remaining 52 tons are waste water treatment sludge from Vesoul warehouse.

(1) Of the 17,037 tons of waste recorded under "Other disposal methods", hazardous waste comprises:

- half liquid effluents (paint effluents, water from washing machines or cutting liquids from components factories, etc.), half of which is incinerated without energy recovery (calorific value too low), while the other half is subject to additional physical and chemical processing to separate the different fractions;
- half sludge, mainly from our internal processing stations. This sludge is processed in nearly the same way as liquids, mainly via incineration and physico-chemical treatment.

Mixed common waste represents non-hazardous waste, which is incinerated due to its similarity to household waste.

(2) Onsite recycling deals with sand regeneration in foundries (94,298 tons).

The proportion of hazardous waste recovered stays at approximately 63% of the processing methods. The remaining 35% classified under other treatments are for around 2/3 of liquid waste which cannot be treated in the onsite installations. The final 1/3 is sludge, either from the waste water treatment plant inside the facilities, or from production processes. Material recovery is the main processing method (64% of waste). This applies to sludge that contains solvents or metal, and machining waste (cutting liquids, filter cloths), which is processed at facilities separating the various components and recovering the dissolved metals. The collected fractions are then recycled in the manufacturing processes and the water is treated, then discharged. Often rich in combustibles, the concentrates are then used to produce energy when the calorific values are sufficient, otherwise they are incinerated.

Finally, a waste stream comprising an oil/water mixture from site roadway and car park interceptors and physicochemical treatment plant sludge is treated as described above. As the hydrocarbon content of the interceptor water is very low, recovery is not practicable.

Within automotive trade

AMOUNT OF WASTE BY DISPOSAL METHOD FOR AUTOMOTIVE TRADE

(unit: t)	Year	Landfill	Recovery and recycling	Other disposal methods	Total
Non-hazardous waste	2020	54	3,024	175	3,253
	2019	121	4,134	242	4,498
	2018 in 2019 scope	308	3,130	33	3,471
	2018	717	5,039	55	5,812
Hazardous waste	2020	14	1,425	100	1,539
	2019	30	1,720	142	1,893
	2018 in 2019 scope	23	1,607	74	1,703
	2018	52	2,620	124	2,796
TOTAL	2020	68	4,449	275	4,792
	2019	151	5,855	385	6,391
	2018 in 2019 scope	331	4,736	107	5,174
	2018	769	7,659	179	8,608

This table does not include scrap metal (696 tons in 2020).

For dealership networks in Europe, Groupe PSA confirms its intention to sign framework agreements with specialist hazardous and non-hazardous waste management providers. This approach helps to optimise waste monitoring and ensure waste traceability within the processing channels.

In The total amount of waste decreases in 2020 and it can be noted that also the quantity of waste buried decreases, and only represents 1.4% of the total amount, compared to 2.3% last year. This evolution could be considered as a first positive result of the strategy mentioned above. The first impact of this strategy is an improvement in the recovery and recycling rate.

Cross-border transfer of waste GRI.306-4

In 2020, 12,454 tons of waste produced in one country were transferred to another one for treatment. These operations only occur in Europe and concerned the following waste:

- 619 tons of sludge from machining operations generated in Trémery plants which were sent for treatment in Belgium, as in previous years;
- 10,132 tons of metal waste from stamping operations at Rennes plant were sent to Spain and Belgium;
- 518 tons paper/cardboard packaging from Vesoul warehouse and 245 paper/cardboard packaging from Mangualde plant are sent abroad for treatment.

The reason behind implementing these treatment channels remain the same as previous year:

- efficiency of the waste treatment plant: we will use local treatment plants where possible when treatment plants perform similarly;
- distance between production and waste treatment.

7.3. SUSTAINABLE WATER MANAGEMENT: CONTROLLING THE WATER CYCLE IN FACILITIES

GRI.103-1

GRI.103-2

GRI.103-3

Water consumption by the manufacturing activities is characterised by the following volumes:

Surface water used for process cooling represents a volume of 48,459,625 m³, used for cooling the three cogeneration plants operated in the Group.

8,914,265 m³ are abstracted for production processes, and approximately 88% is discharged into the environment, either directly or via municipal installations. The exact value is hard to measure because some water pipes gather process and rain water, especially in old plants (Sochaux, Vigo).

Whatever the case, the quality of this water is monitored daily and storage facilities have been established in plants to deal with possible drifts.

The largest portion of the 12% of water actually used evaporates during production processes. As such, it is difficult to quantify the volumes discharged in that manner. Other water outfalls include sludge from various processing operations (plant sludge, decarbonised sludge, etc.) which often have a significant water content (dryness of less than 30%), and certain treatment baths (cataphoresis bath, surface bath, etc.).

Use analysis shows that painting is the largest user of water. It accounts for between 50 and 60% of an assembly plant's water consumption. Water-based paint workshops are the greatest consumers, and are also the main generators of steam, since paint curing in this case consists of evaporating the water solvent used.

After paint, the second-largest source of consumption is represented by industrial refrigeration facilities, often comprising air-cooling towers. On average, this represents 15% to 20% of a plant's consumption. Although this equipment is fitted with closed circuits, the heat discharge leads to the use of water, which is often discharged directly into the natural environment after processing in the physical and chemical plants.

The other uses are less significant, such as the constitution of cutting liquids in component factories, but in that case the use of evaporating concentrators makes it possible to separate the cutting liquid and water phases at the baths' end of life, which then enables either the water to be reused or to be discharged in the plant. This item represents about 10% of Groupe PSA plants' water consumption.

The use of drinking water accounts for 14% of the Group's water consumption. Apart from a few plants which have no other source of supply (Madrid, Kaluga and study and research centres), this water is intended exclusively for sanitary use (cloakrooms, restaurant, bathrooms).

In terms of significant use, we can mention the water used by the fire and rescue services during exercises conducted across all plants (approximately 2%), workshop cleaning processes (approximately 2%), and washing water and leak test water for end-of-assembly vehicles.

This general mapping is detailed plant by plant, which means that each building knows its main sources of consumption.

See 2.4.1. for more details on industrial strategy.

7.3.1. Innovating to protect water resource

The plant of Sochaux is currently testing a new system for the treatment of water-soluble purges from the painting process. This system makes it possible to isolate, at the end of purging, the 10% of solvent and paint, and to recover the 90% volume

of water. Thus, the water recovered is reused for the following purges, and only the remaining 10% of waste is sent for treatment. The goal is to reduce the amount of waste generated by the painting process and the amount of water consumed.

7.3.2. Annual water abstraction and recycling

GRI.303-1

GRI.303-2

The environmental issues caused by water consumption from the manufacturing plants, while significant, remain limited for the Group, as only one plant is located in an area identified by the World Resources Institute as being at high risk of water stress. Groupe PSA is aware of water scarcity based on climate change to become a potential risk for production facilities. Therefore, in 2020 special water reduction workshops were initiated to identify water reduction potentials. Special emphasis was given to technical solutions for water recycling in our production processes.

However, in 2020, due to the continuous periods of drought in France, the local authorities published requirements which forced the Vesoul plant to reduce their water abstraction of 20% below the allowance of their permit in 2020. Sochaux plant is more affected by water restriction measures, because its location applies for a drought crisis level. For most other French plants, alerts were broadcasted by authorities to reduce water use. In Germany, Rüsselsheim site has to be alert on Main river's temperature, which could affect a restriction in cooling water supply and water discharge for its power plant.

7.3.2.1. Annual water abstraction by source and business

DPEF.22

Saving water is a key objective for each manufacturing plant. As with energy, each plant has its own water consumption management plan based on the widespread use of metering systems, displaying the least water-intensive operating parameters for each workstation, and using recycling systems.

The concept of available resources is different for each site. When performing impact studies, an analysis is conducted to determine the plant's water requirements and how these requirements fit in with the natural environment (e.g. what percentage of the river flow will be taken).

Comparisons with historic data on the current perimeter could only start with 2018 data, because the perimeter is similar. Production started in Kenitra at the end of 2019 and does not significantly influence the global result. On the Groupe PSA perimeter, the situation is at around 3.91 m³ per car produced. Compared to what was the situation in 1995, it shows a division by four of water consumption per car produced

In 25 years, water consumption per vehicle produced was

divided by 4

ANNUAL WATER ABSTRACTION BY SOURCE AND BUSINESS

Water abstraction (in m³)

Entities	Year	City water	Surface water	Ground water	Total
Automotive Division	2020	1,927,213	4,343,300	2,645,952	8,916,465
	2019	2,554,540	5,573,822	3,337,556	11,465,918
	2018	2,511,557	6,096,420	3,313,731	11,921,708
Automotive Trade	2020	147,399			147,399
	2019	194,699			194,699
	2018 in 2019 scope	209,259			209,259
	2018	329,203			329,203
TOTAL	2020	2,074,612	4,343,300	2,645,952	9,063,864
	2019	2,749,239	5,573,822	3,337,556	11,660,617
	2018	2,840,760	6,096,420	3,313,731	12,250,911

The drop in production volumes caused by the sanitary crisis had a negative impact on the specific water consumption at Groupe PSA that is now at 3.91 m³ per car produced compared to 3.79 m³/car in 2019. Although water consumption goes down when production volume drops, an increase of the specific water consumption is observed due to the fact that a certain level of operational water usage is always present. The best performing plants with a consumption below 1.0 m³/car are Trnava and Mangualde. These plants apply a detailed monitoring of all consumers, which gives them the opportunity to react quickly when the situation deteriorates. Engine plants like Kaiserslautern and Tychy, and vehicle plants like Palomar and Vigo implemented water reduction measures and benefitted from an increase in production volume.

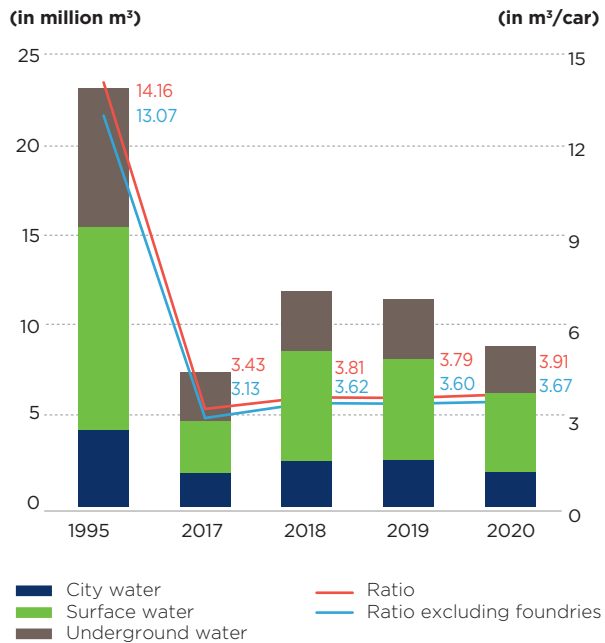
To successfully support Groupe plants in reduction of water consumption a list of ideas was developed and 3 plants were selected as pilots to test and learn from the implementation of those ideas. Experience with water reduction measures is shared among the sites in specific water expert calls and helps the plants to identify additional water reduction opportunities. Furthermore, water restrictions by local governments drive the awareness for an effective water management.

A reduction of 24%, in water consumption was recorded in the **dealership networks** compared to 2019.

Data for the brands was reported from 91% of sites in 2020. Network water consumption is essentially linked to sanitary use and vehicle maintenance for sales outlets equipped with wash stations.

7.3.2.2. Change in the volume of water abstracted

CHANGE IN THE VOLUME OF WATER ABSTRACTED (Automotive Division)



The geographic breakdown of water abstraction in 2020 was as follows: 93.4% for the Europe and 6.6% for the rest of the world. The increase of production in Kenitra slightly influence this repartition.

7.3.2.3. Recycled and reused water

GRI.303-3 DPEF.16 DPEF.18
DPEF.22

The Group is careful about water abstraction and preserving water. A number of best practices in terms of water recycling, which have been implemented at all the Group's plants, can be mentioned as an example of this, particularly in the very water-intensive processes of the paint workshops where water can be used in eight reverse cascade rinsing stages on body structures. Evapoconcentration systems have been included in the components factories to separate the oil phases from the water phases of the machines which wash the parts. This water recycled by evapoconcentration is reintroduced into the parts washing process. Water recycled in this way is estimated at 2.7 million m³ per year.

2.7 million m³

of water recycled every year, equal to a third of the Group's total consumption

7.3.3. Significant industrial effluent discharges GRI.306-1

7.3.3.1. Gross industrial effluent discharge

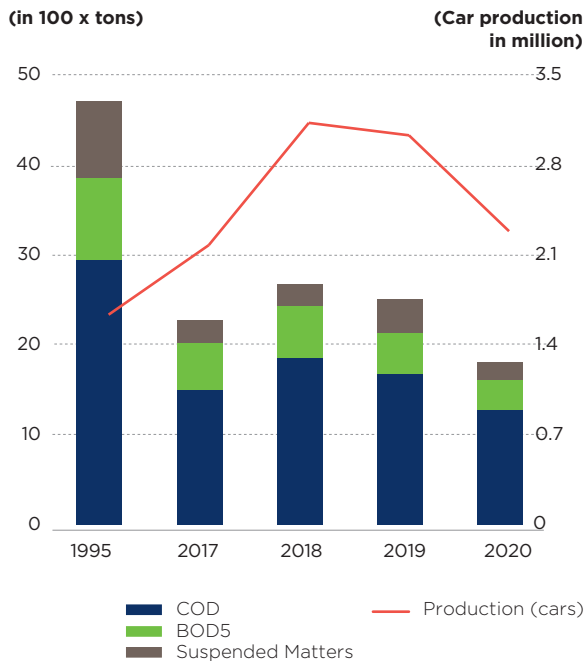
GROSS DISCHARGES INTO WATER FROM PLANTS

(in kg/year)	Year	COD	BOD5	SM
Automotive Activities	2020	1,274,596	328,550	202,822
	2019	1,675,843	454,131	377,925
	2018	1,849,692	579,551	242,527
TOTAL	2020	1,274,596	328,550	202,822
	2019	1,675,843	454,131	377,925
	2018	1,849,692	579,551	242,527

BOD5 = biochemical oxygen demand in five days; COD = chemical oxygen demand; SM = suspended matter.

7.3.3.2. Change in gross industrial effluent discharge DPEF.18

(Automotive Division)



The graph above shows the combined waste water discharges for Groupe PSA plants. It gives a picture at the discharge point of each plant, regardless of whether or not complementary treatment, such as at a city wastewater treatment plant, takes place before the wastewater is released to the environment. Compared to 2019 a reduction of about 25% for each COD and BOD5 and about 50% for Suspended Matters is observed. This strong reduction is dedicated to extra shutdown periods and remote working in 2020.

The quality of the discharge remains relatively stable across all production types, which indicates consistency in this discharge.

The geographic breakdown of pollutant flows in 2020 was as follows: 98% for Europe and 2% for the rest of the world.

This indicator presents the gross yearly discharge of the plants which perform regular self-monitoring. In 2020 the facilities with regular self monitoring represented 98% of all discharged water from Groupe PSA plants

7.3.3.3. Discharge of heavy metals into industrial effluents

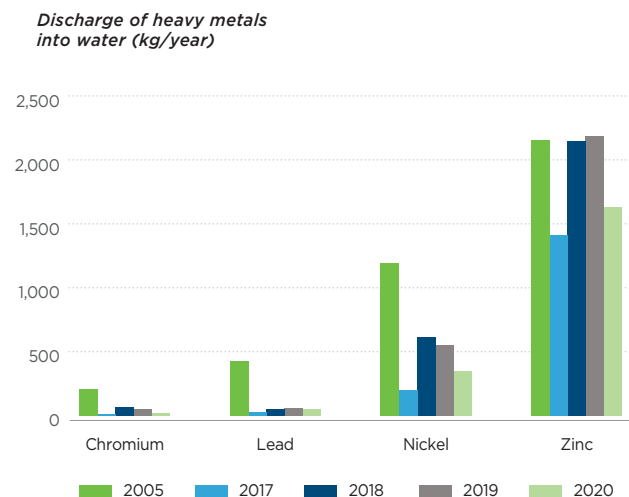
In order to meet the objectives of the Wastewater Framework Directive (2000/60/CE) on the quality of surface water, as well as the European Pollutant Release and Transfer Register (Regulation (EC) No166/2006), countries have implemented regulations to control the discharge of heavy metals, and these regulations have been regularly revised to enlarge the list of

controlled substances or to further restrict emission limit values. These modifications are reflected in changes to the permits of Groupe PSA plants. These permits also specify the frequency of measurement (weekly or monthly control). The data provided below are the synthesis of these results and give a global view of the quantities of heavy metals discharged by the plants, prior to any post-treatment in city waste water treatment plants.

As for COD, BOD5 and Suspended Matters, the data provided give a typical picture of the pollutants discharged by car industry.

In operating surface treatment installations, the heavy metal loads mainly consist of Chromium, Lead, Zinc and Nickel; therefore, most of the plants have to monitor these substances in their discharged water.

7.3.3.4. Change in discharge of heavy metals into industrial effluents



The data provided show that emission of Chromium and Lead are now at very low levels, and have remained at this level for many years.

Regarding Nickel, the reduction in early 2010 was a consequence of implementation of Nickel-free surface treatment in most of the car plants. This best practice is also in use in the Kenitra plant from the start of production.

Only Zinc emissions fluctuate and are at 1,627 kg in about 7,896,174 m³ of water discharged. Used in many processes and in quite all the plants, and not only car plants, there are no specific important sources of emission, which could generate an action plan for reduction. All the facilities comply with their local requirements for water quality discharge and this parameter is monitored to confirm it remains under control.

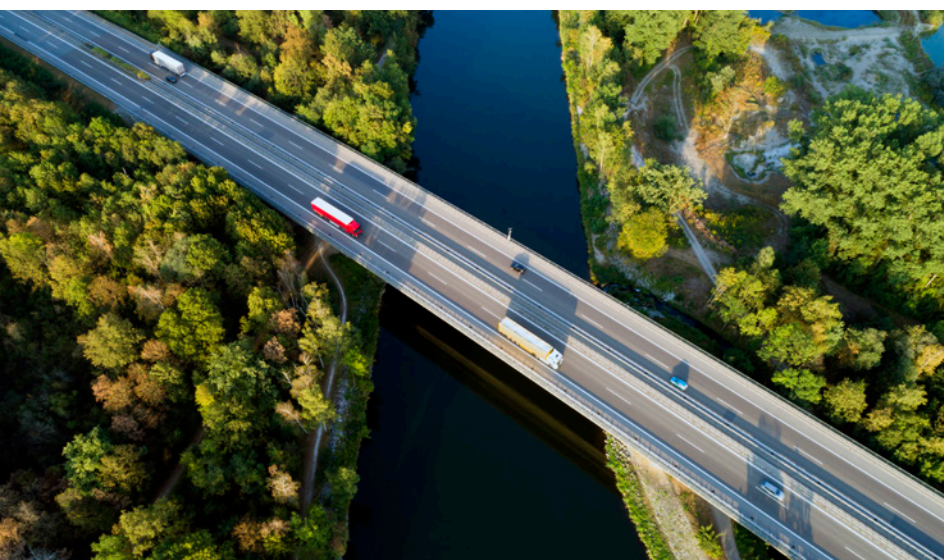
7.4. REPORTING SCOPE AND METHODOLOGY GRI.102-48 GRI.102-49

See 9.4. for more information.



WIN TOGETHER TO REDUCE INEQUALITY

Groupe PSA demonstrates its contribution to economic development in its host communities, through a balanced distribution of added value among all its stakeholders. The Group makes local sourcing a key element of its procurement policy and supports the most vulnerable populations through its Foundation.



8

SUPPORTING A BALANCED ECONOMIC DEVELOPMENT OF TERRITORIES

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8.4. REPORTING SCOPE AND METHODOLOGY

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Public opinion is increasingly sceptical about the methods used by multinational companies to redistribute the wealth they generate. At the same time, the isolation of rural and peri-urban populations and the ageing of the population in Western countries create precariousness, notably linked to mobility.

Faced with growing inequality in the economic development of the regions, it is vital to focus on redistributing the value created by the companies in the local communities in which they operate.

Groupe PSA has identified three CSR issues related to the macro-risk “Unbalanced economic development of territories”.

- **Local sourcing development in host territories**

It is crucial to boost local production in order to support the Group's increasing internationalisation and to reduce inequality in terms of economic development in host communities. In order to achieve this, the Group is implementing measures in two separate areas: first, it identifies local suppliers and helps them to gain the skills that they need, and second it encourages its existing suppliers to relocate to clusters near to its facilities.

Doing so will reduce long distance shipping of parts.

This strategy has major financial implications:

- it reduces inbound logistics costs (more than €35 per vehicle in Russia (combined with other local cost Reduction) and €23 per vehicle in Latin America);
- it limits customs duties (e.g. 35% of the production cost of a vehicle imported into Latin America);
- it reduces exposure to exchange rate fluctuations which impact production cost, margins and sales volumes.

Local sourcing also provides the Group with:

- increased knowledge of the expectations of local stakeholders;
- the option to find technological solutions which fit local context and constraints in the best way;
- operational proximity to its partners, enabling it to help them achieve technological, logistical, social and environmental progress;
- increased supply chain flexibility.

See 8.1 for more details.

- **Balanced governance and distribution of added value**

Public opinion is increasingly sceptical about the methods used by multinational companies to redistribute the wealth they generate, and their suspicions are exacerbated by debates in society on salary disparities and controversies surrounding the remuneration of executives.

In addition, the various stakeholders (government officials, public opinion) are demanding full transparency in fiscal matters: the European Commission has already ordered banking institutions to report the taxes paid and subsidies received for each country. The planned extension of this report to all sectors is still being debated by the European Authorities.

Core industrial firms like Groupe PSA must therefore begin to focus their effort in order to eventually meet these expectations and demonstrate their contributions to economic development in the countries where they operate.

Groupe PSA governance method has evolved to better incorporate CSR issues.

See 8.2, for more details.

- **Philanthropy and socially responsible mobility**

Today, mobility is a fundamental need which provides access to employment, education, health, leisure activities and culture, and reduces isolation and social and economic exclusion.

According to ONPES (France's national observatory on poverty and social exclusion), almost one French person in four (23%) says they have turned down a job or training course because they did not have transport to get there.

Mobility players, including car manufacturers, are in the best position to address this issue and are working to improve access to mobility for the most vulnerable populations.






A large number of studies on mobility needs and practices have been conducted and have addressed “the right to mobility” for people in isolated rural and outlying urban areas (urban spread).

Solidarity garages, introduced before the 2000s, are an example of a socially responsible mobility solution for people in vulnerable situations. Each solidarity garage welcomes 450 users every year on average, and this figure rises to 530 for those in rural areas (see EEXIST 2015 study).

See 8.3 for more details.

Faced with these issues, Groupe PSA has set up the actions presented in this chapter.

COMMITMENTS SCOREBOARD

				
CSR ISSUES	AMBITIONS	TARGETS 2020	RESULTS 2020	TARGETS 2021
Local sourcing development in host territories Organiser: EVP Global Purchasing and Supplier Quality	The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues. Given the merger with FCA, the previous Groupe PSA CSR ambitions are not applicable to the Stellantis scope.	Achieve a local sourcing rate of: <ul style="list-style-type: none"> Keep 35% in Russia (changes in production portfolio); 62% in Latin America; Keep 60% in Morocco (plant still in ramp-up). 	Target met 2020 local sourcing rates are: <ul style="list-style-type: none"> 35.3% in Russia; 61% in Latin America; 60.0% in Morocco. 	In 2021, the Stellantis teams will start converging operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.
Balanced governance and distribution of added value Organiser: EVP Human Resources	The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues. Given the merger with FCA, the previous Groupe PSA CSR ambitions are not applicable to the Stellantis scope.	In order to involve employees in the Group's profitable growth strategy and the resulting value-creation, launch the third Accelerate Plan: a shareholding operation for employees enabling them to buy Group shares at preferential terms.	Target not met Considering the impact of the COVID crisis on the stock market and the uncertain economic results of 2020, Groupe PSA has taken the decision to stop the ACCELERATE 2020 plan	In 2021, the Stellantis teams will start converging operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.
Philanthropy and socially responsible mobility Organiser: Fondation PSA	The Stellantis CSR ambitions will be defined within the release of the Stellantis strategic plan which will embed CSR issues. Given the merger with FCA, the previous Groupe PSA CSR ambitions are not applicable to the Stellantis scope.	<u>Mobility and inclusion</u> Support the preparation phase of new social garages before their kick-off by launching working groups in different territories. <u>Mobility for education/culture</u> <ul style="list-style-type: none"> Support innovative educational projects on road safety and sustainable mobility. Support mobile education programmes in "high-priority" poor districts to avoid school failures. Continue to promote off-site cultural projects in territories with poor cultural offerings. 	Target met Fondation PSA has reallocated all funds earmarked for 2020 calls for projects to support 32 projects for a total amount of €640k. <u>Mobility and inclusion</u> €2,076k granted to projects. Social garages: working groups with Fabriques à initiatives have been launched to help the creation of five new social garages <u>Mobility for education/culture</u> €1,055k granted to projects. <ul style="list-style-type: none"> 3 main projects related to road safety education and sustainable mobility. 1 project to avoid school failure has been adapted with digital solutions to respect health and security measures. 2 off site cultural projects in territories have been adapted or partially postponed. 	In 2021, the Stellantis teams will start converging operations and monitoring tools. The Stellantis KPIs and targets will result from this roadmap. 2021 CSR targets related to the Groupe PSA scope have been set internally for operational steering, in line with the Push to Pass plan.

8.0. AN INNOVATION APPROACH AS A LEVER OF VALUE-CREATION FOR OUR STAKEHOLDERS IN OUR HOST TERRITORIES

8.0.1. The Open Innovation approach

For Groupe PSA, Open Innovation aims to build and manage relationships driven by shared value-creation with stakeholders from four ecosystems: individuals, companies, academia and institutions. Through this initiative of “openness”, Groupe PSA aims to expand its ability to innovate.

The purpose of the Open Innovation policy is to help the Group to:

- enhance its agility and market more innovative solutions;
- have access to the best knowledge that exists (scientific, technological, use, etc.);
- balancing the economic equation of R&D by sharing costs and risks with its partners or by enhancing the value of its expertise and technologies outside the Company.



Impact measurement and economic assessment

With the Open Innovation policy, the Group can optimise its internal R&D expenditure, build expertise and gain access to patents and technology. For example, in developing autonomous vehicles, VEDECOM manufacturers and equipment suppliers have teamed up to **reduce the duration of processes** (authorisations to conduct road experiments were granted in five months instead of 12), **their complexity and their cost** (a single application was filed to register the patents rather than one application for each patent).

The “individuals” ecosystem

The “individuals” ecosystem incorporates Group employees, customers and users of mobility services in general. It aims to cement the place of individuals at the core of the innovation process.

Within the Business Lab, the internal Incubator supports employees who have ideas for innovation or new businesses for the Group. All employees can apply to the Incubator. By 2020, more than 822 proposals had been received, 119 incubations and 29 projects transformed. It is the huge opportunities for employees to develop new skills (intrapreneurship, business finance, project management...).

The “businesses” ecosystem

The “businesses” ecosystem covers VSEs, SMEs and major groups, exploring new opportunities and working with others to build the solutions of the future. The foundations of the partnership strategy with SMEs/VSEs were established in 2013: adapt innovation contracts that specifically focus on the exploration phases and implement specific tools and processes to support small companies that wish to collaborate with the Group in

phases far upstream of innovation. In 2016, in order to reinforce this partnership strategy, Groupe PSA created the Business Lab, an entry point for startups for all the Group's entities.

The “academic” ecosystem

The “academic” ecosystem focuses on scientific partnerships with the most advanced universities and laboratories in their respective fields. These partnerships are targeted so as to benefit from their expertise and explore ways to branch out into new research.

In 2010, Groupe PSA created the StelLab (Science & Technologies Exploratory Lean LABoratory) network which establishes scientific partnerships with cutting-edge laboratories worldwide through its chairs and OpenLabs network. The OpenLabs are mixed research structures that pool the research teams and scientific resources of the Group and those of its partner laboratories.

The network includes 17 OpenLabs and 3 academic chairs managed in close collaboration with PSA University:

- **the OpenLabs:** Automotive Motion Lab in Marseille, Electronics and Systems for Automotive in Bordeaux, Fluidics in Poitiers, Computational Mechanics in the greater Paris region, Vibro-Acoustic-Tribology in Lyon, Competitive Intelligence in Bordeaux, OpenLab Design in Paris and Nantes, Biologie-Chimie-Physique in Paris, PhOVeA, Electrical Engineering for Mobility in Saclay, Artificial Intelligence in France, “Multi-modal design and intelligent vehicles” in Beijing, Energy Storage and Human Machine Interface and Accidentology in Shanghai, Sustainable Mobility for Africa in Morocco, Efficient omnivorous engines and biofuels in São Paulo, “Materials and Processes” in collaboration with Georgia Tech in Atlanta.

Furthermore, we have extended our academic relationship to the California Institute of Technology through the André Citroën Teaching and Research Chair and common topics about 3D printing.

In May 2019, Groupe PSA and the University of Orléans renewed the OpenLab Energetics contract for four years, to provide a shared scientific vision of alternative energy industries and innovative powertrains that allow for a drastic reduction in CO₂ emissions;



“Groupe PSA and the University of Orléans create an experimental platform focused on the energies of tomorrow” 07/05/2019 press release:
<https://media.groupe-psa.com/en/groupe-psa-and-university-orl%C3%A9ans-create-experimental-platform-focused-energies-tomorrow?idotok=c687fbbb235>

“OpenLab Design, co-construct the future's mobility” video:
<https://www.youtube.com/watch?v=btE7CbDHTVM>

- the Academic chairs: the “Armand PEUGEOT” chair, the “André CITROËN” chair and the Embedded Lighting System’s chair dedicated to lighting for ADAS.

Created in 2011 in partnership with the “École Polytechnique” and the “Fondation de l’X”, the André Citroën Teaching and Research Chair contributes to two major objectives for the Groupe PSA: future challenges in the field of energies, materials, processes and multi-physical systems and development of the skills the group will need to address scientific topics in the field of mechanical sciences.

In September 2019, this Chair was renewed for three years and includes in its research program new topics at the heart of the automotive industry’s challenges: new engines and energy sources, structural weight reduction (factory of the future, sustainable manufacturing, nanotechnologies), attractiveness, health and well-being onboard (sensors, pollution control, surface functionalization).

It should be noted that the network StelLab was also reinforced in 2018, with the signature of the Open LAB Artificial Intelligence with INRIA. This OpenLab will concern the work on the algorithms of artificial intelligence for the control of the autonomous vehicle in complex environments; the optimisation of the car’s body design; the multimodal identification of passengers; and the modelling of complex systems such as cities to offer needs-adapted mobility services.

As part of governmental initiatives to make France a centre of excellence in AI, a French institute was launched to bring together scientific and industrial leaders in Artificial Intelligence around the development of fundamental and application research activities. The Institute PRAIRIE (Paris Artificial Intelligence Research Institute) was created in 2018; Groupe PSA was one of the founder members alongside INRIA, AMAZON, CRITEO, FACEBOOK, FAURECIA, GOOGLE, MICROSOFT, NAVER LABS, NOKIA Bell Labs, SUEZ and VALEO.



“Groupe PSA and Inria create an OpenLab dedicated to artificial intelligence” 05/07/2018 press release: <https://media.groupe-psa.com/en/groupe-psa-and-inria-create-openlab-dedicated-artificial-intelligence>

“Groupe PSA, founding member of the PRAIRIE Institute, a centre of excellence dedicated to artificial intelligence” 03/04/2018 press release: <https://media.groupe-psa.com/en/groupe-psa-founding-member-prairie-institute-centre-excellence-dedicated-artificial-intelligence>

The Group contributes to the StelLab network’s activities by organising Innovation Scientific Meetings (*Rencontres Scientifiques Innovation*) that bring together universities, engineering schools, research laboratories, spin-offs, startups and SMEs. The meetings are forums for discovering ground-breaking techniques; knowledge sharing and raising awareness about new social trends; initiating new partnerships; increasing innovation capacities and helping to enhance the Group’s competitive edge. In 2019, five meetings were held on topics of strategic importance for the Group: autonomous & connected vehicle, advanced material, vehicle dynamics control, digital twins, workshop with Fresnel Institute on electromagnetism & metamaterials, nano-photonics & optical components, information processing. In addition, Groupe PSA attended to the Forum organized by ANRT (National Association Research Technology) with Doctoral Students (PhD) to show its strong involvement and present its various thesis projects available for 2019.

The “institutions and innovation networks” ecosystem

The “institutions and innovation networks” ecosystem brings together incubators, accelerators, competitiveness clusters, networks dedicated to innovation which facilitate meetings with new potential partners and partnerships with SMEs and startups. With the creation of the Business Lab, Groupe PSA leverages a network of partners in France and worldwide: Choose Paris Région, Le Village by CA, Paris&Co, BPI Le Hub, PFA, Mov’eo, BFA in Spain, Le Cubo in Brazil, etc.). These players help Groupe PSA to detect startups with high-potential, to scout new innovation or business opportunities and to develop acculturation to startup methods. Thanks to this ecosystem, the Business Lab can qualify projects upstream before soliciting the services of internal experts.

On the other side, the institutions ecosystem facilitates the creation of collaborative projects.

Through its involvement in collaborative projects, the Group can share costs and results, which has a leverage effect for Groupe PSA. In addition, the financial assistance from public authorities favours these collaborative projects and helps to structure the industry.

These collaborative projects, most of which are pre-competitive, receive the support of:

- the technological research institutes to which Groupe PSA belongs (“M2P” Metallurgical Products & Process); “SystemX” (Digital Systems Engineering); “Jules Verne” (Composite Materials);
- VEDECOM (the French institute for low-carbon communicating vehicles and their mobility), which has some 40 members, including Groupe PSA;
- the Economic Interest Grouping RE PSA Renault, in particular through the *Laboratoire d’Accidentologie et de Biomécanique* (LAB);
- the *Groupe Scientifique Moteur* (GSM), an Economic Interest Grouping of Groupe PSA, Groupe Renault and the French Institute for New Gasoline Engines (IFPEN);
- the PFA (*Plateforme Automobile*);
- direct collaborations.

In 2020, Groupe PSA took part in:

- 21 European commission financed projects (e.g. the connected autonomous vehicle through the SCOOP and L3PILOT projects; the production plant of the future through the Thomas, Versatile and Scalable projects);
- approximately 20 projects supported by the French Government, mainly through the National Research Agency, the Public Investment Bank and the Agency for the Environment and Energy Management (ADEME). For example, the safety and acceptability of autonomous driving and autonomous mobility SAM project; adapting the autonomous vehicle automation strategy to the driver’s needs and situation through the AutoConduct project; air quality in the passenger compartment (QAICars project); the development of innovative battery packs (the Innovative Equipment for Electric Vehicles project).

Groupe PSA is an active member of competitiveness clusters in the automotive industry (PFA, VEDECOM, MOV’EO, Car of the Future, iD4car), which promote the emergence of collaborative projects, links with SMEs and startups, and the meeting of potential new partners. In addition, Groupe PSA, as a member of VEDECOM, has targeted the activities of the *Institut pour la Ville en Mouvement* (IVM) for the period 2017-2019. One of the projects, “*Hyperlieux mobiles*”, addresses the subject of

the autonomous connected vehicle, no longer characterised by its sole function of transporting people or goods, but by the activities that it can be used for (mobile office, foodtruck, medical practice, etc.). More than 250 cases of mobile activities

have been presented during sessions that are designed as public hearings of experts. They outlined the way forward, especially for the second phase of this project: the development of demonstrators.

8.0.2. The Business Lab

In order to take its Open Innovation strategy even further, particularly the ecosystem for startups, and to address the rapid emergence of new mobility use cases, Groupe PSA created the Business Lab at the end of 2016 to explore new terrain and transform it into opportunities for the Group. The Business Lab is part of the deployment of the *Push to Pass* strategic plan, through which Groupe PSA aims to become a car manufacturer with cutting-edge efficiency, as well as become the preferred mobility provider worldwide.

The Business Lab is based on three main activities:

- **Business Innovation Hub:** to detect business and technological innovations by promoting interactions with innovative ecosystems at a global level, and by being the preferred entry point for startups.
- **Business Factory:** to carry out full-scale experiments of new value proposals for its customers.
- **Venture Development:** to facilitate the creation of partnerships with innovative startups and take minority stakes both through capital risk funds and directly.

As part of its Venture Development endeavours, the Business Lab signed a partnership agreement in December 2016 with Idinvest Partners (part of EURAZEO Group), a leader in growth funding.

Committed in 2002 to a Responsible Private Equity (C-IR) initiative, Idinvest Partners is convinced that solid and sustainable growth remains to be done by taking into account the extra-financial dimensions (Environmental, Social/Societal, Governance – ESG). Since 2018, Idinvest Partners has adopted a sustainable

approach, Sustainable Development & Impact, that incorporates an impact dimension into decision-making and monitoring of its holdings using SDO/SDA (Sustainable Development Action) as an analysis grid, Idinvest Partners is one of the pioneering investors in identifying contributions to a more sustainable and inclusive society.



Idinvest Partners website: <https://www.idinvest.com/en/societe/sustainability-impact/engagement>



Impact measurement and economic assessment

In 2020, the Business Lab contributed to improving Groupe efficiency generating more than €3 million in recurring savings. 1,990 startups have been evaluated since the Business Lab creation. In 2020, 7% of the 316 startups analyzed have been engaged into a collaboration with Groupe PSA. The startups come from 50 countries and involve 31 different entities of the Group.

8.1. LOCAL SOURCING DEVELOPMENT IN HOST TERRITORIES

GRI.103-1

8.1.1. Joint innovation by partnership with suppliers to prepare for the mobility of the future

The Purchasing Department views the innovation process as preparing with its suppliers for a more sustainable, connected and appealing mobility of the future, as well as contributing to the development of the countries in which the Group is based.

In order to meet new environmental and automotive safety regulations and anticipate customers' future expectations, in 2020 Groupe PSA selected 24 suppliers once again for innovation contracts. All in all, Groupe PSA works with 300-400 suppliers on future technologies. Main areas of innovation are: driver assistance systems and connectivity, clean technologies and attractiveness.

The Purchasing Department also encourages its suppliers to share their innovations with Groupe PSA by organising "Supplier

Innovation Days". These events provide the opportunity for suppliers to present their new products, their existing portfolio and their know-how to buyers, engineers, stylists, etc. In 2020, nine Supplier Innovation Days were scheduled to be held at Vélizy and Carrières-sous-Poissy Technical Centers with suppliers of all sizes and different part ranges. Because of COVID situation, only one took place before lockdown, all the other will be rescheduled as soon as the situation allows. Those events usually attract between 200 and 500 of the Group's employees, with an extremely high supplier satisfaction rate (up to 90%). After each of these days, a portfolio of the innovations which best fit the Group's strategy is shared with the Group's technical teams and the supplier, thereby improving future collaboration.

8.1.2. Suppliers as key actors in the value-creation chain

GRI.102-9 GRI.102-10 DPEF.35

Purchasing is crucial to the Group's international development and to its integration in the industrial ecosystems of the countries where it operates.

Groupe PSA has a direct contractual relationship with more than 8,000 tier-1 suppliers. It requires all of them to meet the CSR commitments set out in its responsible purchasing policy (see 6.2.3.). By signing the Group's CSR Charter, tier-1 suppliers agree to choose their subcontractors (tier-2 to tier N suppliers for the Group) based on the same CSR criteria. The CSR criteria must

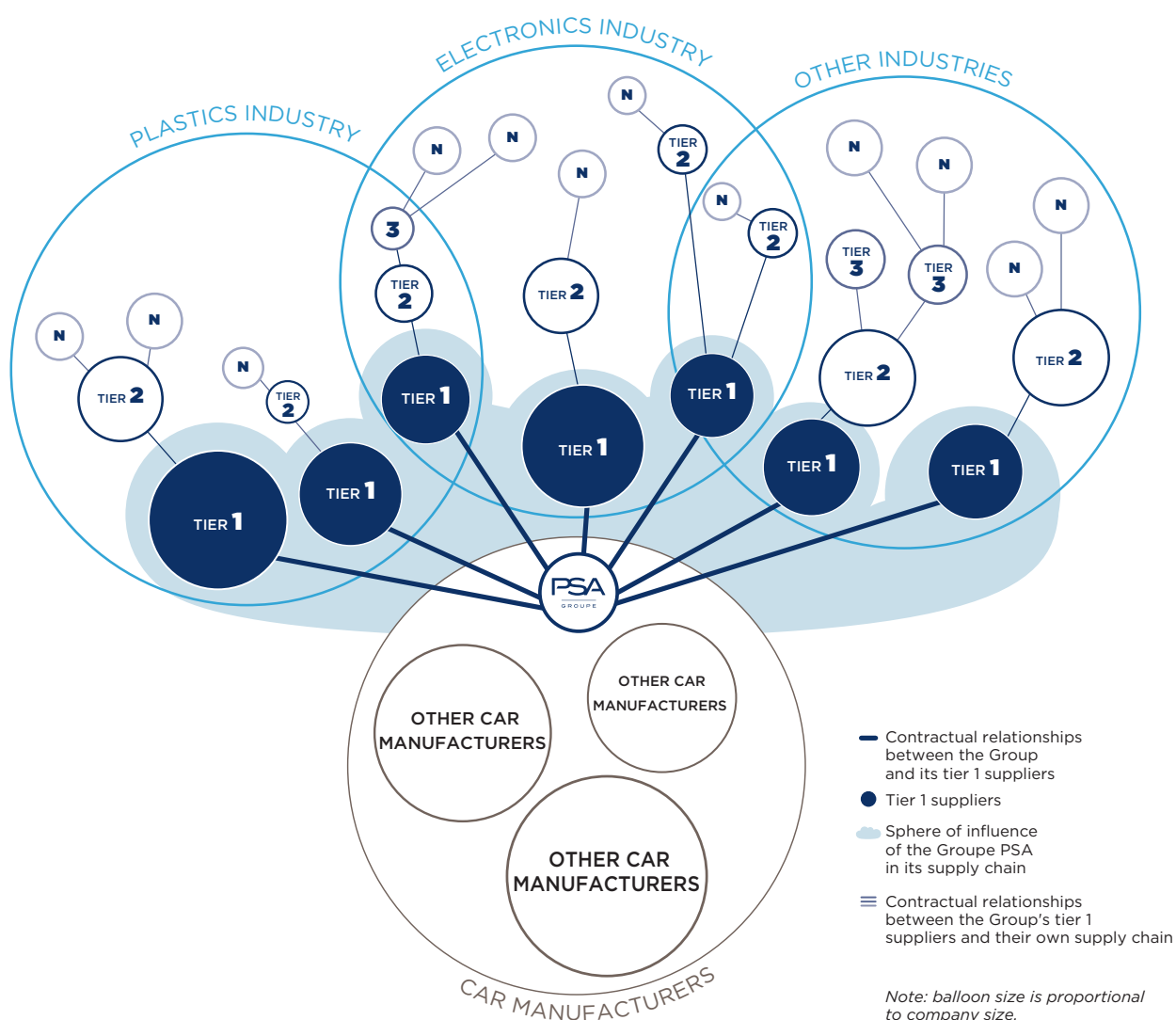
be confirmed at each level of the subcontracting chain as part of the direct contractual relationship between those parties.

Responsibility for managing the supply chain rests upon each actor of the supply chain. However, given the emerging CSR issues (on the origin of raw materials, human rights, etc.), Groupe PSA conducts targeted audits where risks are identified. The Group is vigilant and implements tailored measures within its sphere of influence.

Groupe PSA sphere of influence in its supply chain

In 2018, Groupe PSA was the 10th largest global car manufacturer by revenue (in % of net revenue). Partners supplying to Groupe PSA range from the largest global automotive suppliers down to small and medium enterprises in areas as diverse as electronics, plastics and casting. The Group's sphere of influ-

ence is proportional to the revenue it represents for its suppliers, which very often work either with other car manufacturers, or with other major economic actors in other key sectors such as electronics, plastics and casting.



The Group's supply chain

All actors involved in the manufacturing and sale of the Group's products and services compose the supply chain. It relies on the flow of goods and information, from the lowest tier supplier to the end customer, with the aim of delivering the right product (parts, vehicles or spare parts) to the right place at the right time with outstanding quality and, in doing so, also improving inventory, cost, risk and customer satisfaction.

The Group's supply chain has two distinguishing features:

- it is complex and involves a large number of different actors, starting from receiving a customer order up to the delivery of vehicles, parts or services;
- it must handle a wide diversity of possible combinations, and relies on its ability to successfully supply millions of different component combinations every day.

The Group has chosen to sub-contract its operational logistics to the supplier GEFCO (see 2.5 for more details).

2020 KEY SUPPLY CHAIN FIGURES



MAIN FACTS AND FIGURES RELATED TO THE GROUP'S PURCHASES

The Group's purchases include:

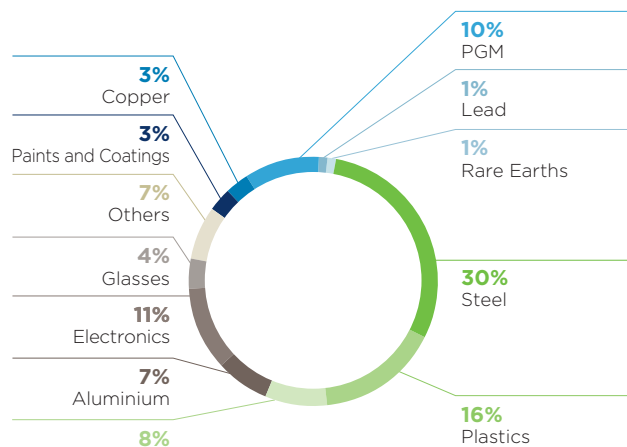
- direct parts (75% of the total value of purchases), of which:
 - vehicle direct parts and subassemblies (of which 21% corresponds to materials included in the price of parts),
 - raw material purchases (9% of the total value of purchases);

The direct parts purchased represent more than 75% of a vehicle's production cost;

- spare parts and accessories (4% of the total value of purchases);
- indirect Machinery & Equipment: overhead costs, services, commercial facilities, competition, IT and telecoms (20% of the total value of purchases).

more than **75%**
of a vehicle's production cost
= value of direct parts purchased

DISTRIBUTION OF THE VALUE OF TOTAL PURCHASES BY MATERIAL PURCHASED



Purchases by the Group's Automotive Divisions in 2020 added up to over €32billion, i.e. 53% of the Group's revenue. Until January 1, 2020, purchases of direct automotive parts

worldwide were supplied from 977 supplier groups delivering products out of more than 4,400 facilities globally.

Groupe PSA suppliers

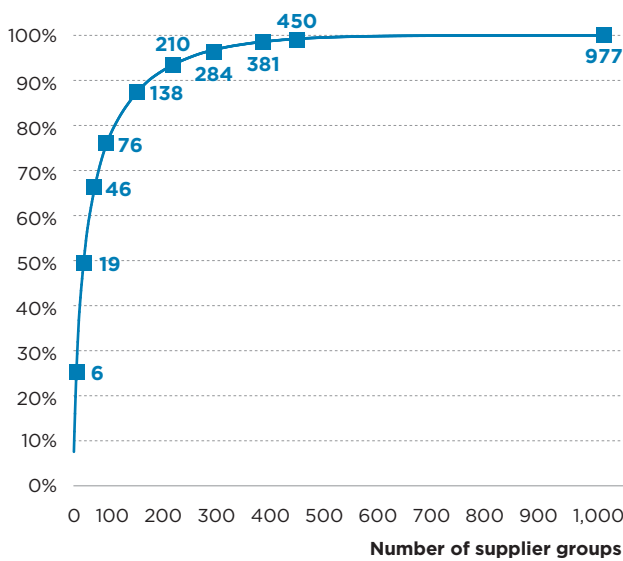
The Purchasing Department relies on a “win-win” approach with all of its suppliers. The objective is to pool know-how of each partner and establish a long-term relationship, to enable mutual ongoing development. With this approach the Group aims to partner with suppliers having a strong financial structure and capacity for innovation, which can help further the Group's development, especially internationally.

The Group has a contractual relationship with more than 8,000 suppliers, helping to create value in 17 areas, including:

- innovation;
- optimisation of industrial capacity;
- optimisation of processes and development costs to avoid redundant R&D expenditure between the Group and its supplier;
- improving control of tier-2 suppliers to better take account of the supply risks inherent in the multi-layered subcontracting chain.

CONCENTRATION OF DIRECT MATERIAL PURCHASES AMONG A SMALL NUMBER OF SUPPLIERS

Percentage of value of direct material purchases



In value terms, purchases are concentrated among a small number of supplier groups. 80% of turnover is made with only 76 supplier groups, out of the 977 listed for direct and spare parts.

90%

of direct material and spare parts turnover is realized by 14.1% of all supplier groups

Groupe PSA relies on individual supplier relationships to improve performance (see 6.2.3.). It has put a supplier classification in place, which categorises its entire supplier base into 3 groups as described below.

SUPPLIER CLASSIFICATION

	Key partners	Key suppliers	Other suppliers
Geographical location	Worldwide based supplier, able to accompany Groupe PSA anywhere in the world	Key supplier in one or more regions	N/A
Technical expertise	Technical expertise in several product groups identified as strategic for the Group's future developments and strategies	Supplier committed to the automotive industry for the long-term (significant investment in resources and R&D) across its entire scope	N/A
Nature of the relationship between the Group and its suppliers	Essential relationship or interdependence on one or more groups of strategic components that the supplier develops and produces for Groupe PSA	Close relationship with a group of components that the supplier develops and produces for Groupe PSA	N/A
Know-how and Innovation	World-class expertise or know-how with a disruptive innovation strategy shared with or developed in partnership with Groupe PSA	Valued and recognised technical expertise by the Group to meet the expected level of quality	N/A
CSR performance	Set an example by obtaining a minimum overall score of 50/100 in the third-party CSR assessment, with a score of 50/100 for "subcontractor management"	To satisfy CSR requirements, suppliers are asked to set an example by obtaining a minimum overall score of 45/100 in the third-party CSR assessment, with a score of 50/100 for "subcontractor management"	To satisfy CSR requirements, suppliers are asked to obtain or commit to obtaining a minimum overall score of 45/100 in the third-party CSR assessment
Handling subcontractors	Commit to introducing active monitoring of their own supply chain from tier 1 down to tier N in four areas: environment, social, ethics and handling subcontractors		
Reporting requirements	Disclose the composition of parts covered by REACH legislation on chemicals. Identify and disclose the origin of the minerals used, particularly those from conflict zones (including tungsten, tantalum, tin and gold)		
Governance of the supplier relationship	Managed at the highest level of the Group and its suppliers as part of partner business reviews (PBRs)	Managed as part of supplier business reviews (SBRs)	Coordinated via performance reviews
Number	15	52	+8,000

In 2020, key partners and key suppliers for direct material represented almost 68% of turnover. Partner business reviews (PBRs) and Supplier business reviews (SBRs) for these suppliers are aimed at sharing and aligning strategies at the highest level of both companies. The objectives are to identify mutually beneficial value-creation initiatives.



STAKEHOLDERS DIALOGUE

CSR within the French automotive industry

Groupe PSA has signed the second joint CSR Charter for the automotive sector, via the French government's automotive industry platform (PFA) and the French Car Manufacturers' Committee (CCFA). In 2016, this charter was based around six main CSR components, which are: human rights; labour rights; social responsibility; the environment; ethical conduct and Anti-corruption. The purpose of the charter is to formally set out the industry's responsibilities and to foster a CSR approach throughout the supply chain so that it effectively boosts performance and competitiveness.

CSR within the German automotive industry

OV is part of the German Association of the Automotive Industry (VDA), the leading and most relevant automotive association in Germany. Selected individuals from the Purchasing Department are active members of workgroups and committees, such as the "Automotive Supply Chain Committee" or the "Expert Group Sustainability" in the supply chain.

8.1.3. Purchasing in the Group's strategy

8.1.3.1. The key role of procurement to drive results for the strategic plan

The Group's strategic plan is based on five pillars. Together with its suppliers, the Purchasing Department has implemented specific measures in order to make a proactive contribution to the plan.

STRATEGIC PLAN "PUSH TO PASS"

Pillars	Supplier/Purchasing actions	Results
Quality First	<ul style="list-style-type: none"> Support the launch of best-in-class products 	<ul style="list-style-type: none"> Quality indicator after three months in field 2020: 27.7 ppm (-18% compared to 2018)
Core model and techno strategy	<ul style="list-style-type: none"> Offer ground-breaking innovations to enable the Group to meet its goals related to: environmental performance, quality, connectivity and weight reduction Offer on-board systems that tie in with the Group's roadmap for autonomous vehicles 	<ul style="list-style-type: none"> Together with Nidec, Punch Powertrain and Total/Saft, plan is established to build and respectively sell electrical motors, gearboxes and high voltage batteries. 80% of vehicles equipped with autonomous functions by 2030
Brand power	<ul style="list-style-type: none"> Develop and industrialize plug-in hybrid and electric vehicles with low CO₂ emissions 	<ul style="list-style-type: none"> Groupe PSA batteries suppliers were upgraded and got the "key supplier" status.
Core efficiency	<ul style="list-style-type: none"> Realize Synergies after acquisition of Opel Vauxhall as 2nd largest European carmaker Offer the Group local production at competitive prices in order to reduce CO₂ emissions Adjust production in line with the success of new product launches 	<ul style="list-style-type: none"> New Opel Corsa and Peugeot 208 are sharing common parts and suppliers to a large extent Groupe PSA plant in Valenciennes has started production of AT6 under AISIN licence instead of buying the gearboxes from Japan E.g. reuse of one way packaging, increase packaging quantity to be more efficient fewer lorries, reuse unused A9 packaging
New frontiers/local supply	<ul style="list-style-type: none"> Support the Group's product launches worldwide by forming supplier clusters Support the Group in each of its six regions by campaigning for human rights among local suppliers 	<ul style="list-style-type: none"> 29 new suppliers have decided to invest in greenfield plants in Morocco to join the Group's cluster at present More than 75 suppliers already in the local Russian supply base



Impact measurement and economic assessment

The Group has borrowed from Monozukuri – a Japanese performance tool enabling global optimisation of the value chain – to set up projects since 2013. This cross-cutting approach involves the active participation of employees and suppliers and aims to reduce waste throughout the entire value chain. By deploying 69 coordinators worldwide (mainly in Europe/Latam, and small local teams in Russia/Morocco/China) and with contributions from more than 270 suppliers in about 450 workshops, a result of more than €144 million was achieved in 2020.

On April 28th 2020, the sixth edition of the VA/VE Supplier Day was hosted online due to exceptional circumstances.

The department Executive Vice Presidents of Purchasing, Research & Development and Manufacturing & Supply Chain, invited 34 suppliers which represent approximately 60% of our annual purchasing value.

Suppliers presented their technical cost reduction portfolio for 2020/2021 and also logistic savings. The PRF (Prix de Revient de Fabrication "Production Cost") reduction is a major KPI (Key Performance Indicator) to boost the Push to Pass and PACE! strategic plans. The PRF is a strong cash contributor for the Groupe PSA performance, even more in the current context.

Since February, both PCD & OV Engineering and the GPSQ department are working with the suppliers to analyze and estimate hundreds of new proposals in order to present quick wins for 2020 and a consolidated portfolio for 2021 to their department top leaders and their staffs.

Strong involvement of all is the key to success for portfolio improvement and cash performance.

The result shows a cost reduction portfolio at an average of 0.9% in 2020, and 0.7% of the turnover in 2021 versus the objective of 2%. Almost 130 remaining ideas have also to be quoted.

The Purchasing Department undertook a central initiative (ECO-PRF) with its most important suppliers which allowed them to reduce the cost price of a vehicle and continually work on technical cost initiative ideas.

8.1.3.2. Local sourcing: a key element of Groupe PSA procurement policy DPEF.30

DPEF.34
GRI.103-1
GRI.103-2
GRI.103-3
GRI.203-1
GRI.203-2
GRI.204-1

Given the economic challenges of being present in various host countries on different continents, the Group is committed to make supplier relationship management part of its core strategy. Groupe PSA is a fully-fledged partner to its host countries. It therefore commits to continuing to enforce its strategy to source parts and direct material as close as possible to its production plants, which also contributes to maintain subcontracting activities on-site, and helps to:

- reduce the Group's carbon footprint through the environmental optimisation of upstream logistics;

- involve suppliers in ongoing improvements to technological, logistical and CSR aspects;
- strengthen the Group's due diligence processes due to operational proximity with its partners.

By doing so, Groupe PSA reduces its risk of exposure in the global supply chain.



Impact measurement and economic assessment

The Group is focusing on growth in Latin America and Russia with a target of 90% local sourcing in Latin America and 70% in Russia by 2035 (commitment prior to the merger).

Local sourcing reduces the core risk of currency fluctuation which impacts manufacturing cost margins and sales volumes.

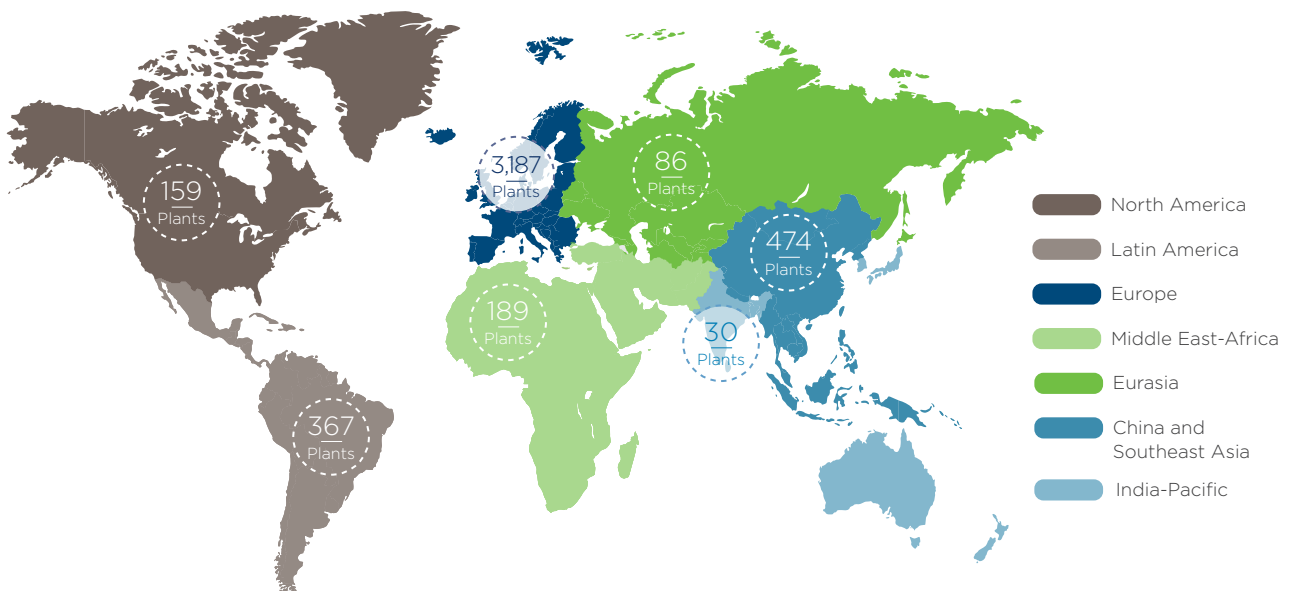
Local sourcing also helps the Group to achieve its objective of reducing the manufacturing costs price, particularly in logistics: €35 per vehicle in Russia (combined with other local cost reduction) and €23 for Latin America, limiting customs duties and taxes and gaining better control of lead times, all of which are key success factors in both these markets.

Local sourcing is also reinforced by the type of raw material resources available on the local market and the technologies used locally which are often more in line with client expectations and better suited to local conditions (for example, climate and condition of the road infrastructure).

Local sourcing of purchases in Russia are to be increased following significant fluctuations in the RUB/EUR exchange rate due to the instability of the rouble in past years. This also enables the Group to establish Russian manufacturing facilities which can be used for future projects in the Eurasian region. The number of local suppliers in Russia was increased and now exceeds 75 enterprises.

The Group is currently working on the local sourcing of subcomponents and raw material, and is also focused on vertical integration and localisation. Main commodities are seat fabrics, polypropylene as raw material for various plastic parts and steel grades. It contributes to continuous improvement and development of lower tier suppliers and accelerates manufacturing sites to be IATF 16949-certified.

MAP OF PRODUCTION PLANTS OF TIER-1 DIRECT MATERIAL SUPPLIERS



ORIGIN OF PARTS (DIRECT MATERIAL AND SPARE PARTS) PURCHASED FROM FIRST-TIER SUPPLIERS BY GROUPE PSA PRODUCTION PLANTS *(in percentage of 2020 total purchase value)*

Supplier location	Groupe PSA facility location				
	Europe	France	Europe (excl. France)	Eurasia	Latin America
In same region/locally	84.4%	42.4%	85.8%	35.3%	61.0%
Rest of world	15.6%	57.6%	14.2%	64.7%	39.0%

The local sourcing rate corresponds to the value of a region's purchases from its production plants of first tier suppliers in that region, divided by the total value of purchases for the same region. These rates are shown in bold in the table above.

Groupe PSA is a fully-fledged partner to its host countries. It therefore commits to continuing to increase its purchases in the area around its production plants, a policy which also helps grow and sustain local subcontractor activity.

84%

of the direct material parts used in the Group's European plants are sourced in Europe

In Europe

More than 84 % of the direct material parts used in the Group's plants in France are sourced in Europe, the largest part of this being in France.

In 2020, the Group manufactured 613,300 cars in France. This represents 25% of its global production output.

To maintain a strong French industrial base, Groupe PSA is investing in its powertrain plants based in France, with a view to supporting the energy transition. This investment involves for example the manufacture of electric motors at Tremery, electrified powertrain gear reducers at Valenciennes, and soon the transmissions for electrified powertrains at Metz.

The "Origine France Garantie" (Made in France) label provides a guarantee to consumers that the product they are buying is French-made. It is awarded to products whose final assembly is done in France and where 50% of the value of these products is also produced in France, following certification by Bureau Veritas.

At 2020 year-end, 7 Group vehicles are "Origine France Garantie" certified:

- Citroën C5 Aircross produced in Rennes (Ille-et-Vilaine);
- Peugeot 5008 produced in Rennes (Ille-et-Vilaine) and Sochaux (Doubs);
- DS 3 Crossback produced in Poissy (Yvelines);
- Peugeot 508 and DS 7 Crossback produced in Mulhouse (Haut-Rhin);
- Peugeot 308, Peugeot 3008 produced in Sochaux (Doubs).

In Russia

In 2020, a new vehicle project was launched with the localization result of 40% including in-house assemblies. Continuous application of new localized components across all locally produced vehicles leads to ambitions to increase average rate in 2022 to 60%.

The Kaluga plant is included in the export initiative of the Group and will double its production of commercial vans in end of 2021 for export to Europe.

Moreover the plant in Kaluga became the manufacturing and expedition center of the spare parts for European needs and actively participates in the Group's resourcing programs for vehicle components as a hub.

In Latin America

- in Porto Real (Brazil), 63% of parts are purchased in Latin America and 62% are purchased in Brazil;
- in Buenos Aires in Argentina, the local sourcing rate (source: Latin America) is 62% for sourcing in Latin America and 30% for sourcing in Argentina.

The Group's development plan sets targets in order to expand local sourcing beyond tier 1 suppliers.

In Morocco

In 2019, Groupe PSA has build an engine and vehicle assembly plant in Kenitra (near Rabat) in Morocco. Works to extend the Kenitra plant have been completed in September 2020 bringing the site's production capacity to 200,000 vehicles per year. The local sourcing rate is at 60% with the aim to reach 80%. To achieve this localization goal, the Group relies on existing Moroccan suppliers and actively develop the local industry to secure additional suppliers (tier 1 as well as lower tiers).

In Algeria

Algeria is a historical market for Groupe PSA. The partnership agreement signed in November 2017 sustains the project to establish an industrial plant for Algeria and Export Markets.

The health and safety of Groupe PSA employees and partners is our number one priority. PCPA is continuing all possible work on the project in the context of COVID 19 Pandemic, and is studying the new specifications for the automotive industry published on August 2020 by the Algeria Ministry of Industry.

Two examples of strong commitment: the French automotive industry and supplier clusters

The French automotive industry

Groupe PSA has steadily stepped up its commitment to the French automotive industry since it took part in the *États Généraux de l'Automobile* symposium in 2009:

- the Group abides by the Code of Performance and Good Practice of February 9, 2009 governing the client-supplier relationship in the automotive industry. This code sets out a number of operational rules, specifically in the areas of intellectual property and terms of payment. In 2019, Groupe PSA met more than 95% of its payment deadlines;
- the Group actively contributes to the work of the *Plateforme de la Filière Automobile* (automotive industry platform – PFA) whose mission is to revitalise the French car industry. Ten or so of the Group's managers are involved in the work and governance of the PFA, France's regional automotive industry associations (ARIAS) or competitiveness clusters. In 2015, the Purchasing Department boosted this system by introducing DAPIs (industrial purchasing representatives for each industrial cluster in Europe). The role of industrial purchasing representatives is to report back on the risks and opportunities of their site. One of their goals is to achieve the plant excellence criteria of the Group, one aspect of which is basing some suppliers within its plants.

One example is the work carried out in the stamping sector. A thorough review has been carried out of the stakeholders involved and capacity requirements over the coming years. Suitable consolidation proposals have been put forward and are currently undergoing research:

- Groupe PSA supports the work of the French government's automotive industry support platform (PFA) (national survey and working groups) on the quality of customer-supplier relations in the French automotive industry;
- the Group also plays a role in the *Fonds de Modernisation des Équipements Automobiles* (FMEA), renamed *Fonds Avenir Automobile* (FAA), which was set up in 2009 and renewed in 2020 (FAA2) for 15 years, with the aim of supporting the growth and innovation of French automotive subcontractors;
- in 2012, a working group on CSR was created in the French automotive industry (*Comité des Constructeurs Français d'Automobiles* – CCFA). This working group aims to identify CSR best practices at each member company and standardise them across working group members, so that they can be more easily implemented across the industry. In addition, the Group supports small- and medium-sized businesses in the French automotive sector with the implementation of CSR through the work of the Regional Automotive Industry Association (ARIA). In 2017, a working group was set up to work on securing and safeguarding the raw materials supply chain.

Supplier Clusters

— CLUSTERS OF AUTOMOTIVE COMPANIES IN SPAIN

The Group plant in Vigo is the largest Groupe PSA plant in Spain in terms of volume and is a key participant in the Galicia cluster of automotive companies (CEAGA). In 2019, this cluster comprised 130 automotive component companies and accounted for 24,400 direct jobs (an increase of 10% compared to the previous year). In 2019, vehicle production in Galicia accounted for approximately 14.4% of Spanish production. Revenue from the Galician automotive industry reached €9,700 million in 2019, a 12.5% increase on 2018. Companies in the sector invested €250 million in 2019 to adapt to new changes required by this cutting-edge industry. The sector has invested nearly €520 million over the past two years and increased its exports by 23%, reaching €6,250 million. Galician automotive industry exports in 2019 represented 28% of Galicia's total exports.

The Group has entered into a number of agreements with education and training centres and the Xunta de Galicia Ministry for Education to help develop academic programmes, training courses and even to organise plant visits for students.

A similar cluster has been established around the plant in Figueruelas near Zaragoza, which is the second largest plant of the Group in Spain (2020 production). In this cluster (CAAR) more than 85 companies (48 SMEs) and 10 organisations have been working together since it was founded in 2008 in the areas of Innovation, Business Development and Training. These 95 enterprises accounted for more than 13,000 direct jobs, and their 2020 revenue is more than €2,700 million, with investments in R&D over €150 million. Together with the Figueruelas plant, the aragonese automotive sector accounts for more than 35% of the regional exports and 25% of the industrial employment.

— EXTENDED PLANT IN ARGENTINA

The Palomar plant in Argentina is rolling out an "extended plant" project to bring suppliers into the production line, whereby 2,300 m² of space has been made available to suppliers. Currently 4 major suppliers finish their assembly in the Palomar plant for parts such as seats, fuel tanks, wheels and brake lines..

— GROWTH OF MOROCCO'S INDUSTRIAL NETWORK

To achieve the long term local integration goal, the Group has relied on existing Moroccan suppliers and has actively developed the local industry to secure additional suppliers (tier 1 as well as tiers 2 and 3). Currently the Group works with 66 local partners, whereof 29 will supply from newly built plants. Suppliers are located close to the plant in Kenitra, as well as in Tanger and Casablanca. The plant produced 90 000 cars in 2020, including the new CITROEN AMI. The initial capacity was 100 000 vehicles per year and will be expanded to reach 200 000 vehicles in 2021.

8.1.3.3. Partnerships with the Group's suppliers

To enable us to roll out and promote responsible purchasing policies throughout the supply chain, it is vital that we support our suppliers and communicate regularly with them.

A partnership based on clear, formalized principles

Relations with our suppliers are based on simple, very precise rules:

- compliance of all goods supplied to the Group;
- clearly identified responsibilities between Groupe PSA and its supply base;
- transparency and duty to alert;
- compliance and respect of mutual contractual obligations;
- application of sustainable development objectives.

The Purchasing Department defines its strategy based on technical and industrial purchasing policies, which involve different areas of the Group (purchasing, engineering, quality, supply chain, etc.). Thanks to the business models in place, these permit a segmentation of the supply base and the adoption of a targeted management approach guided by efficiency and value-creation criteria such as:

- brand differentiation through innovation;
- improved competitiveness through optimisation of supplier performance programmes (Monozukuri projects, environmental performance initiative with suppliers, reduction of R&D costs, etc.) using the know-how of the supply base;
- international growth (China, Latin America, Russia, India and emerging markets) obtained by increased global calls for tender and increased local contract placing;
- global implementation of a targeted strategy to downsize the number of platforms;
- improving control of tier-2 suppliers to mitigate supply risks inherent in the multi-layered subcontracting chain.

A partnership founded on a reciprocal exchange of information

— SUPPLIER INFORMATION MEETINGS

A supplier information meeting (SIM) is a monthly meeting open to all direct parts suppliers. These meetings keep suppliers up to date on the Group and its purchases, vehicle and subassembly budgets, discontinued products, cycle highlights, future production volumes, scheduled production stoppages, feedback from supplier satisfaction surveys, innovations and CSR news both in terms of current and forthcoming regulatory developments and best practice. This provides suppliers with all the information they need to adapt and optimise their production. The meeting is held as a video conference so that everybody globally is able to attend without travelling or creating any CO₂ emissions. The content presented is additionally available as a download on the B2B portal. The meeting is available to all Groupe PSA registered serial suppliers and all major suppliers get invited as well.

— THE SUPPLIER CONVENTION

The Supplier Convention, set up in 2017, is an event where the Purchasing Executive Committee shares its strategy (stake, perspectives, interests, specific messages, etc.) with a limited and selected number of suppliers. The aim is to reinforce relationship with the Group's key partners and key suppliers. It can occur up to four times in a year, each time with a dedicated topic e.g. quality first, booster day, supplier performance review, etc.

A partnership that promotes sustainable performance: Supplier Awards

The "Supplier Awards" are an opportunity to reaffirm the strategic importance of the supplier relationship as a fundamental driver in achieving the Group's strategic plan for profitable growth (Push to Pass) and developing differentiating technological innovations in response to the challenges of global competitiveness.

As in previous years, and again in 2020, the Purchasing Department rewarded the best suppliers in several categories. One of these categories is CSR Performance.

The list of award-winning suppliers is validated by the Purchasing Department Committee to ensure that the suppliers present no difficulties with regard to the assessment criteria in other categories. For example, a supplier cannot be given an award in the "value-creation" category unless it has reached the required CSR level.

In 2020, 12 suppliers were rewarded for their commitment and the quality of their response to the Group's expectations.



"Excellence rewarded at Groupe PSA's 2020 Supplier Awards" 10/06/2020 press release:

<https://media.groupe-psa.com/en/excellence-rewarded-groupe-psa%E2%80%99s-2020-supplier-awards?dtok=ecec1bbb235>

A partnership measured by supplier surveys

Every two years, the Purchasing Department conducts a survey among a representative sample of its key partners, key suppliers and other significant suppliers to measure the quality of our mutual relationship. Suppliers involved in the survey are Key Partners, Key Suppliers and major panel suppliers. The survey involves a questionnaire on seven key areas: management of the supplier relationship; project management; quality; innovation; competitiveness; logistics and spare parts. Areas for improvement are identified by analysing supplier responses, providing a basis for action plans and changes to the Group's practices.



STAKEHOLDERS DIALOGUE

2020 Suppliers Council

Under the leadership of the Purchasing Department, the Group has set up a Supplier Council on February 13th 2020 at Groupe PSA Headquarters. The objective of this meeting was to share views, on non-competitive aspect, about the change of the automotive industry for the coming decade, such as the impacts of Energy Transition, Autonomous & Connected Cars, and international development. Seven key suppliers were invited to discuss with 4 Executive Vice-Presidents, in accordance with compliance rules. Groupe PSA aims at organizing one or two sessions each year.

Supplier mediation

In the context of the CCFA and PFA, the Automotive Sector Mediation Centre was set up in October 2014. This independent entity provides support to automotive companies for amicable dispute resolution (in disputes relating to the business relationship between customer and supplier). The main complaints relate to payment terms or dependence between companies. In 2020, one case occurred where Groupe PSA is involved in.

8.2. BALANCED GOVERNANCE AND DISTRIBUTION OF ADDED VALUE

8.2.1. An innovative approach of governance and an innovative shareholding system aimed at engaging employees with the Group's strategy

In order to embed CSR in all activities, CSR governance is not separate from the decision-making bodies. CSR is fully integrated in the governance bodies of the Group, notably with Executive Committee members in charge of the CSR issues. There is no reason for a dedicated CSR committee (see 1.4.2. for more information).

To involve employees in the Group's profitable growth strategy and the resulting value-creation, Groupe PSA performed two successful shareholding operations reserved for employees, branded "Accelerate", in 2015 and in 2017. Through these programs employees had a chance to buy Peugeot S.A. shares on preferential terms, receiving a discount on the reference price,

an employer matching contribution and a guaranteed investment opportunity as part of the rules filed with the Financial Markets Authorities (AMF).

In line with this objective of developing employee shareholding, Groupe PSA had planned a third "Accelerate" operation in 2020, with improved characteristics compared to the previous ones. This new plan is proposed to PCD and OV employees in 15 countries. Considering the impact of the COVID crisis on the stock market and the uncertain economic results of 2020, Groupe PSA has taken the decision to stop the ACCELERATE 2020 plan.

8.2.2 Governance principles GRI.102-18 GRI.103-1 GRI.103-2 GRI.103-3

The Company refers to the AFEF-MEDEF Corporate Governance Code, as applicable to French joint stock companies with a Managing Board and Supervisory Board. This code can be viewed online at: <http://www.medef.com/>.

8.2.2.1. Disclosures on the situation of the members of the Supervisory Board and the Managing Board

GRI.102-22 GRI.102-23 GRI.102-24

The composition of the Supervisory Board as at December 31, 2019 and the status of its different members (including independent members) is detailed in chapter 3.1.2. of the 2019 Universal Registration Document.

Groupe PSA is also assembling a wide range of skills and talents required for its expansion (these skills and talents are discussed further in section 1 of this CSR report). The skills matrix for the members of the Board is included in the 2019 Universal Registration Document.

This balanced membership ensures the quality of the debates and decisions taken by the Supervisory Board.

Please refer to chapter 3.1. of the 2019 Universal Registration Document and to the notice of meeting brochure for further information about the Supervisory Board's composition (appointment of the members, developments in 2019, terms of office, statements on conflicts of interest, family ties, etc.).

50%

of the members of the Supervisory Board are independent

45%

of the members of the Supervisory Board are women

8.2.2.2. Conflict of interests within managing and supervisory bodies GRI.102-25

See 3.1.3.2., 3.1.3.3. and 3.1.4.2. of the 2019 Universal Registration Document for complete information.

8.2.2.3. Handling and reporting of critical events GRI.102-33 GRI.102-34

Critical events are handled and reported according to a structured process:

- for events related to product quality, there is a dedicated process through the Quality Division;

- for the management of crises not involving product quality, the process is formalised in a summary document updated in 2015 which specifies the criteria for assessing triggering of the crisis, the people to contact, the composition of the management team and the appointment and management procedure of the team. This document can be rapidly and easily accessed by members of the Executive Committee through different means (laptop, tablet, mobile phone).

In addition, for all events that expose the Group to significant risk, the Chairman of the Managing Board, the Director of the Risk Management and Audit Department or the "Statutory Auditors" refer the case to the Finance and Audit Committee of the Supervisory Board and inform the Supervisory Board if necessary.

Lastly, in accordance with the Internal Rules of the Supervisory Board, "the Supervisory Board is alerted by the Managing Board

as soon as possible in the case of an external event or internal developments which significantly jeopardise the Company's outlook or the projections submitted to the Supervisory Board".

In 2020, no critical event occurred with respect to the management of crises not related to product quality.

8.2.2.4. Integration of CSR into governance

8.2.2.4.1. Organisation, delegation and appointment process GRI.102-19

The structure of the Group's corporate governance is described in Section 1 of this CSR report and in Section 3 of the 2019 Universal Registration Document which contains information about the current or past experience of members of the Board and Managing Board and the date of their recruitment.

The Board comprises diversified profiles in terms of gender, expertise and nationality.

8.2.2.4.2. CSR performance of governance bodies GRI.102-28

In section 3.2. of the 2019 Universal Registration Document, you are reminded that the Supervisory Board discusses at least once a year on its practices.

At least once every three years, a formal evaluation takes place. It is performed by the Appointments, Compensation and Governance Committee, with the assistance of an external consultant if required. Every year the shareholders are notified of the evaluations and any follow-up measures in the Annual Report. A meeting of the members of the Supervisory Board is

held once a year to assess the performances of the Managing Board and reflect on its future.

Every year, the Supervisory Board reviews the Group's Corporate Social Responsibility programme in accordance with the recommendations of the financial market authorities (AMF).

Furthermore, collective and individual objectives related to CSR issues are assigned to the Managing Board's members. These objectives are described in the 2019 Universal Registration Document.

8.2.3. Distribution of added value created by Groupe PSA GRI.103-2 GRI.103-3

GRI.201-1 GRI.201-4

8.2.3.1. Key figures of value distribution

DISTRIBUTION OF ADDED VALUE (AUTOMOTIVE AND BANKING DIVISIONS)

	2018		2019		2020	
Revenue (in millions of euros)	58,609		58,993		45,181	
	(in millions of euros)	(as a % of revenue)	(in millions of euros)	(as a % of revenue)	(in millions of euros)	(as a % of revenue)
Distributions						
CAPEX + R&D ⁽¹⁾	4,804	8.2%	5,131	8.7%	3,905	6.6%
Public sector ⁽²⁾	999	1.7%	1,198	2.0%	954	1.6%
Employees ⁽³⁾	558	1.0%	589	1.0%	503	0.9%
Shareholders ⁽⁴⁾	474	0.8%	687	1.2%	0	0%

(1) Gross R&D Expenses, research tax credit and subsidies excluded.

(2) Corporate Tax, import duties.

(3) Bonuses and profit sharing included.

(4) Dividends paid to Groupe PSA Shareholders.

The Group also creates value in its host communities by using local suppliers. See section 8.1. of this CSR report for more information.

Payment of payroll taxes is also a component of this value-creation and is discussed further in section 3 of this CSR report.

Subsidies received (Automotive Division)

Under subsidies received in Europe reported in the financial statements, there were €80.3 million in 2020, versus €100.1 million in 2019, €171.2 million in 2018. The impact of these subsidies is broken down between profits/(loss) and investment deductions.

8.2.3.2. Tax transparency

Fiscal policy DPEF.45

Compliant with the Code of Ethics, based on long-term objectives and in line with its global strategy and targets, **the Group's tax policy complies with rules of transparency and responsibility.** It is based on the following principles:

- 1) Fiscal policy always complies with applicable laws and regulations. It is guided by relevant international standards (for example OECD guidelines). Groupe PSA aims to comply with the spirit as well as the letter of the law. Tax filings and payments as well as book-keeping and tax reporting are carried out in compliance with all local regulations in the countries where the Group operates.
- 2) The Group addresses all tax matters with integrity and transparency. It strives to maintain constructive partnerships with the tax authorities as this can result in a more timely resolution of any disputes. Tax legislation and procedures are, however, complex areas; when it is not possible to resolve a disagreement with the tax authorities quickly and professionally, the Group uses all the available remedies to assert its rights and its interpretation of the law;
- 3) In all the countries where the Group operates, it manages its tax matters in a proactive manner:
 - it does not use contrived or abnormal structures that are intended for tax avoidance, have no business justification (tax haven) and do not follow local or international law,
 - it strives to meet a two-fold objective: increasing the value created for its shareholders and fully complying with all relevant legal and regulatory requirements in line with stakeholder expectations;
- 4) The Group's fiscal policy also attests to its responsibility. It pays the taxes and duties legally due in the countries where direct economic value is created within the normal course of its industrial or commercial activity. Consequently, all transfers of goods and services among Group companies are conducted under arm's length conditions. The prices of these operations are based on market conditions and reflect the commercial nature of transactions.

Organizational structure

The conduct of the Group's tax affairs and the management of tax risks are handled by an international team that guarantees compliance with these principles.

The financial strategy is defined by the Managing Board, is implemented under the direction of the Group's Chief Financial Officer and is submitted to the Supervisory Board's Finance and Audit Committee for verification.

As the Group's fiscal policy is to pay the taxes and duties legally due in the countries within the course of its industrial or commercial activities, the Group's strategy is not driven by fiscal considerations.

Country-by-country reporting

In 2017, Groupe PSA implemented information systems in support of the country-by-country-reporting setup for tax administrations. The annual reporting is submitted to the French authorities in the forms and timeframe as required.

8.2.3.3. Compensation of executive managers GRI.102-35 GRI.102-37

GRI.201-3

The principles and rules decided on by the Supervisory Board (regarding the proposal of the Appointments, Remuneration and Governance Committee, including grant performance shares - 2019 LTI Plan) to determine the compensation and benefits granted to corporate officers are presented and detailed in section 3.2.1. of the 2019 Universal Registration Document.

It takes into account principles of completeness, balance, consistency, readability and measurement.

All compensation components for each member of the Managing Board are reviewed every year to assess the overall compensation or each member (fixed compensation, variable compensation, allocation of performance shares, supplementary pension plan, company car) and are voted on by shareholders.

Since 2016, the compensation structure encourages the attainment of short- and long-term targets with a view to streamlining and aligning the interests of Managing Board members with those of the employees, the Company and its shareholders. It comprises an annual variable share based on performance targets, notably the Group's collective objectives, and a long-term compensation plan (performance shares).

For 2020, two CSR criteria has served as elements of the triple trigger thresholds that entitles the payment of all individual and collective compensations: Group World Automotive quality failure rate and the level of CO₂ from vehicles sold in Europe in respect of 2020.

Two other CSR criteria related to vehicle quality and service quality were integrated into the variable compensation plan for executive managers and Group employee beneficiaries. In addition, CSR criteria related to workplace safety and the proportion of women in the Group's top management quantify the variable compensation of the Chairman of the Managing Board. The achievement rate of these targets has been reviewed by the Supervisory Board in February 2021, on the basis of the Group's 2020 performance.

No member of the Managing Board has a salaried position within the Group, except Michael LOHSCHELLER whose German employment contract continues.

Supervisory Board members and non-voting members of the Supervisory Board are paid annual attendance fees up to an aggregate amount determined in advance by the Shareholders' Meeting. Pursuant to the decision of Peugeot S.A. Shareholders' General Meeting of April 27, 2016, this amount has been set at €1,100,000 until further notice (see sections 3.2.2. and 3.2.5. of the 2019 Registration Document for more details on distribution).

8.3. PHILANTHROPY AND SOCIALLY RESPONSIBLE MOBILITY

GRI.103-1

8.3.1. Philanthropy backed by innovation

In terms of workplace or social inclusion, Fondation PSA works to combat mobility-related vulnerability by promoting financially viable solutions (a professional attitude in the solidarity garages, support for the mobility platforms, etc.) or through its support for innovative “reverse mobility” projects.

Fondation PSA supports innovative and inclusive mobility experiments, mainly through its involvement in calls for projects to bring to light new mobility systems.



STAKEHOLDERS DIALOGUE

Nine years on from its inception, Fondation PSA is now a recognized expert in socially responsible and inclusive mobility solutions. Since 2014, it has taken part in the work of the *Laboratoire de la Mobilité Inclusive* alongside key players in this area, including companies or corporate foundations (Total Foundation, Fondation Macif, SNCF, Transdev, Malakoff Humanis, etc.), NGOs (*Secours Catholique*, the Red Cross, FACE, etc.), and institutions (Pôle Emploi, FASTT, CNML – the central and local government consultative body, and ADEME). The mission of the *Laboratoire de la Mobilité Inclusive* is to advise on inclusive mobility issues, mainly relating to individuals with integration needs, seniors and people in isolated rural and outlying urban areas. The *Laboratoire* also works with players from the social and solidarity economy to trial mobility services, and presents the mobility needs of the less fortunate to the French authorities.

In addition to financial support, Fondation PSA develops a new philanthropic approach, which enhances the social agents in the field professionalism to facilitate their sustainability.

Having noted the emergence of social garages in France (see EEXIST 2015 study), and their needs, the Foundation has decided to launch an initiative specifically aimed at these social agents. Since 2017, backed by an engineering firm specialised in the social and solidarity economy (AVISE), it is supporting and piloting a comprehensive multi-year professionalization programme. It addresses topics such as the management of solidarity garages, relations with the local authorities, and recycling of garage waste. It is based on field studies, needs analyses, working groups, access to manufacturer methods, sharing of best practices between the solidarity garages, etc.

In 2020, Fondation PSA in partnership with Avise wished to provide additional assistance to social garages to take action, upstream of the creation of a social garage, by federating the local actors, to meet the mobility needs of the territories.



Fondation PSA website, “Social garages” webpage:

<https://www.fondation-psa.com/en/nos-actions/insertion/social-garages>

In terms of access to culture, Fondation PSA supports and co-constructs innovative mechanisms to makes culture more widely accessible and bring it to populations who live far away from cultural hubs. Touring workshops, exhibitions in industrial sites and mobile museums are just a few examples of the projects developed. Brief summaries of these are available on the Foundation’s website.

8.3.2. The Group’s sponsorship and philanthropy strategy

GRI.103-2

GRI.203-2

8.3.2.1. Group policy and priorities

The Group is firmly convinced that mobility is an important global challenge faced by society and a fundamental right. It has an effect on everyone’s lives and is a key driver for economic development. It underpins independence, progress and innovation. The Group can claim its legitimacy in discussing this issue. Backed by this seasoned expertise, the Group is focusing on projects that are useful to the community.

Groupe PSA demonstrates its ongoing commitment to socially responsible mobility through its Corporate Foundation, created

on June 18, 2011, and renewed this commitment for five years in June 2016. Fondation PSA lends its support to projects that use mobility to promote social integration, strengthen social ties and expand access to culture and education.

The projects supported by Fondation PSA are put forward by public interest organizations around the world, with special emphasis on the Group’s areas of development.

Support given to organizations located close to the Group’s employee pool strengthen the bond between it and its host communities.

8.3.2.2. Summarized statement of contributions

2020	Monetary contribution	Overhead expenses	Total	
Activities of Fondation PSA	€3,222,95	€265,698	€3,488,654	19,4%
Philanthropic activities of the Group's brands ⁽¹⁾	€120,000	-	€120,000	0,7%
Business initiatives (sponsoring) of the Group's brands	€14,354,000	-	€14,354,000	79,9%
TOTAL	€17,696,956	€265,698	€17,962,654	100%
	99%	1%		

(1) Included in the reporting scope the brands Peugeot, Citroën, DS Automobiles, Opel and Vauxhall.

The monetary contribution is in line with the amounts committed in 2020.

8.3.3. Socially responsible mobility: the foundation's initiatives GRI.103-2

GRI.103-3 GRI.203-1 GRI.203-2 DPEF.31 DPEF.33

8.3.3.1. The Corporate Foundation

Fondation PSA lends its support to projects in the area of socially responsible mobility. To carry out its philanthropic mission, the Foundation is backed by a multi-year action plan with a five-year budget of €9.5 million. The Foundation provides support in the form of funding, equipment or personnel.

The Foundation's governance

(established on July 11, 2011)

- The Board of Directors: composed of nine members (two founders, four representatives of Group entities and three independent experts) and chaired by the Chairman of the Group's Managing Board, with Marie-Hélène Peugeot-Roncoroni, a member of the Supervisory Board, as Vice-Chairman.
- General Delegation of the Foundation: a team led by a General Delegate who reports to the Group's Communications Department.



PSA Foundation's website, "Governance" webpage:
<https://www.fondation-psa.com/en/governance>

Project selection procedure

Fondation PSA receives applications for subsidies when there are calls for projects (one submission period in 2020; see the website for the schedule). The projects come from recognised public interest associations or NGOs.

Only projects relating to mobility for inclusion and mobility for education and culture (including support for disability and environmental issues), which are submitted via the online form when there are calls for projects, are accepted for consideration by the Foundation. Each project's details are recorded in a standardised description sheet. A selection Committee (whose members are half Groupe PSA employees and half external experts) appointed by the Foundation's General Delegate is mandated to select the projects which will be supported by the Foundation. They score each project on eight criteria: relevance of the project (including its ability to reduce the environmental impacts of mobility); the organisation's experience; the social impact of the project and number of beneficiaries; its innovativeness; its potential spin-offs; its territory; the degree of involvement of the sponsor (if the project is sponsored by an employee); and the potential impact on the Foundation's reputation. The Foundation's Board of Directors is the deciding body for multi-year projects.

Outcome

704

projects supported since
the inception of Fondation PSA

Since it was founded, the Foundation has donated €19.5 million to various public interest organisations. In 2020, donations totalling €3.1 million were paid to support 70 new projects in two areas in one:

- "Mobility for Social Inclusion": these initiatives help people join the workforce or help highly disadvantaged people, including people with disabilities;
- "Mobility to promote access to Education and Culture": these initiatives use mobility to promote equal opportunity (including for people with disabilities) and give at-risk youth a second chance.

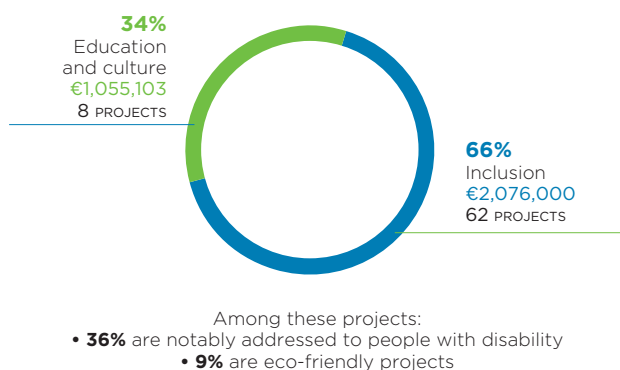
Mobilization for COVID-19 emergency aid

Face to the exceptional situation, the Board of Directors of Fondation PSA met in extraordinary session on Thursday, April 2. It decided to redirect all the funds earmarked for its 2020 calls for projects to the benefit of emergency solidarity mobility solutions. 32 projects were supported through « All United Against Coronavirus » alliance of Fondation de France, AP-HP and Pasteur Institut.

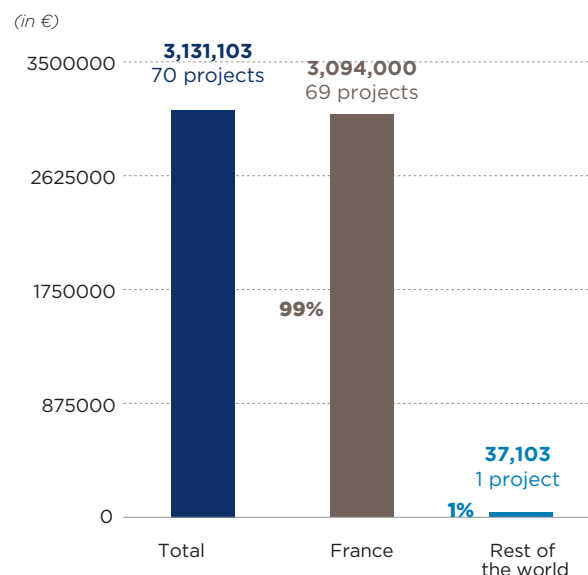
In addition, the Groupe PSA's top management was mobilized for a united commitment against the consequences of the pandemic. 4 projects concerning young people, workers in inclusion and mobility in rural territories were supported.

Distribution of budgets allocated in 2020 by Fondation PSA

DISTRIBUTION BY CATEGORY



DISTRIBUTION BY REGION



The “Grand Prix” award

In 2020, the Grand Prix of the Public is awarded to an association chosen by the public from a selected number of projects supported by Fondation PSA during the year. The project with the highest number of Internet votes wins.

8.3.3.2. Socially responsible mobility projects GRI.413-1 DPEF.43

8.3.3.2.1. Mobility for Social Inclusion

The Foundation supports organisations that are active in rural communities or in outlying urban areas who work closely with social agencies and local authorities to implement socially responsible mobility solutions in aid of people referred by social services. The goal is to remove the mobility obstacles for the unemployed to receive training or find a new job. The mobility service experience the Group has gained with partner associations allows it to identify new players, new needs of BoP customers and, more generally, new car usage models (other than ownership) to test the effectiveness of new business models for mobility services, one of the key pillars of the “Push to Pass” strategic plan. These actions contribute mainly to two Sustainable Development Goals: SDG 10 (Reduced inequalities) and SDG 11 (Sustainable cities and communities).

The Foundation's actions for social inclusion:

- **Workplace inclusion: financial and operational support for social garages**

The Foundation supports these social garages aimed at welfare recipients. They allow people to have vehicles repaired, rent or buy them at a low cost. These garages also hire the unemployed to help them return to the workforce. Since its inception, the Foundation has supported the financial investment of over 80 social garages in France, of which 14 in 2020, with projects to create new garages or develop existing ones.

- **Assistance for people integrating into the workforce through the provision of tailored mobility solutions: support for mobility platforms**

These platforms offer a range of different mobility services for specific communities: mobility evaluation and advice; rental of vehicles at a special rate; transport on demand; access to driving licences; etc. Fondation PSA helps structure their networks. For example, it provided the Mob'In network in the French Grand Est region with financial support to purchase 12 vehicles. Adopting a comprehensive local approach, the Foundation supports **inclusive driving schools, solidarity car leasing, and transport on demand.**

- **“Reverse mobility” for the vulnerable: support for the “Red Cross on wheels” programme**

The programme, launched with the French Red Cross in 2012, is based on a social assistance road show which reaches out to the most disadvantaged and vulnerable people. Equipped with a specially-adapted commercial vehicle, the service offers advice and help to fight against instability which leads to lack of food, clothes and toiletries.

- **Shared Mobility program in rural areas: a joint project with Emmaüs**

Working with Emmaüs and capitalising on its extensive community since 2017, the Foundation has initiated an innovative approach to tackle the instability linked to a lack of mobility. The programme creates a network of mobility contributors and beneficiaries and develops strong local ties with all stakeholders in French rural areas. This three-year innovative, self-sufficient and unique experiment will present its findings in 2021 and will help Emmaüs to enlarge its approach to inclusive mobility.

● Mobility for workers in integration in forestry industry :

Since 2019, Fondation PSA has supported 3,200 hours of training program offered by SIAE (Structures for integration through economic activity) to open up the professional integration sector to forestry. 30 workers participated in the planting of 36,000 trees in the Centre-Val-de-Loire region.



Fondation PSA website:

<https://www.fondation-psa.com/en/>

8.3.3.2.2. Mobility to promote access to Education and Culture

Fondation PSA focuses its education and cultural philanthropic initiatives on four areas that have mainly a positive contribution to three sustainable Development Goals: SDG 4 (Quality education) SDG 10 (Reduced inequalities) and SDG 11 (Sustainable cities and communities). These areas are: access to education, road safety education, sustainable and inclusive mobility education and touring "off-site" culture. In terms of the latter, for example, one of the key initiatives in 2020 was its continued support of the Louvre museum's *Petite Galerie* project. This partnership improves access to culture for all: the *Petite Galerie* project is a multidisciplinary space open in particular to school groups. A travelling exhibition stemming from the *Petite Galerie* project completes this programme and regularly puts its first steps out on PSA industrial sites where it meets workers who are guided around by a dedicated guide (Charleville Mézières in 2020). Then the touring exhibitions are displayed in secondary schools, universities, shopping centres, etc., giving a wide range of audiences an opportunity to hear explanations by the "guide" travelling with the exhibition.

Fondation PSA also supports MuMo, the mobile museum. This truck is a solution to the unequal distribution of the cultural offer throughout territories. MuMo offers isolated people and those experiencing job insecurity the opportunity to discover modern and contemporary art through a team of mediators.

Since 2018, Fondation PSA has supported young people of « Ecole de Production ». These school prepare young people to professional diploma. Fondation PSA decided to help them to finance their driving license, to raise awareness of road safety and to purchase vehicle to promote their collective mobility. In 2020, Fondation PSA gives another dynamic impetus to its partnership with the « Ecoles de production » and created the first « electric vehicle repair » training program at the « Ecole de production » ECAUT. The COVID-19 crisis affected young people very hard. This training will provide young people with an additional asset to enter the labour market.

Since 2013, *France Nature Environment (FNE)* and Fondation PSA have been working together on shaping the future of sustainable mobility. In order to place mobility at the heart of sustainable urban development projects, FNE and Fondation PSA published a guide, in 2020, in Eco-districts to identify good practices for a sustainable city.

Fondation PSA supports the traveling educational project on climate change with "Océan Polaire".

8.3.4. Local philanthropic investment

GRI.103-2

GRI.103-3

GRI.203-1

GRI.203-2

GRI.413-1

DPEF.31

DPEF.33

"L'Aventure PEUGEOT CITROËN DS" association

As a core industrial player in France for many years, the Group supports the three French automotive brands' history through the "L'Aventure PEUGEOT CITROËN DS" project. In addition to two heritage entities: the Automobile Adventure Collection in Poissy (CAAPY) and the Peugeot Industrial Heritage Endowment Fund.

Created in 2015, this association aims to preserve, share, develop and promote the industrial heritage of these brands in France

and around the world. It is a must for those who are interested in 200 years of automotive history.



"L'Aventure PEUGEOT CITROËN DS" website:

<https://www.laventurepeugeotcitroends.fr/en/join-aventure/>

8.4. REPORTING SCOPE AND METHODOLOGY

GRI.102-48

GRI.102-49

See 9.4 for more information.



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9.1. CSR REFERENCE GUIDES FOLLOWED BY GROUPE PSA

In implementing its sustainable development approach, the Group refers to a structured set of international or industry reference guides and benchmarks.

External standards GRI.102-12

- When it comes to regulations related to CSR reporting, Groupe PSA proactively enforces French laws ahead of schedule (see section 9.4.2. for more details).
- ISO 14001 for the environment: The certification of all Groupe PSA manufacturing sites began in 1999 and is continued with all new plants. The last certified plant was Kenitra in 2020.
- Societal responsibility: ISO 26000 (non-certifiable). The Group ensures that its sustainable development policy incorporates the guidelines in the standard.
- Sustainable Development Reporting: Global Reporting Initiative guidelines have been used to prepare the Group's CSR Report covering the actions of all subsidiaries. In 2017, the reference to the transportation sector indicators of the US-based SASB (Sustainability Accounting Standards Board) standard was added.
- Recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), that were set up in 2017, at the G20 Finance Ministers and Central Bank Governors' request in order to encourage voluntary, consistent climate-related financial risk disclosures to provide information to investors, lenders, insurers and other stakeholders.
- Integrated thinking: This Report is informed by the reference framework published by the International Integrated Reporting Council (IIRC). This Report follows an integrated approach, putting it into the perspective of our vision and strategy, linking material information and providing an outlook to the future.
- Global Compact which the Group joined in 2003: In 2009, the Group joined Caring for Climate, a voluntary and complementary action platform for United Nations Global Compact participants who seek to demonstrate leadership on the issue of climate change; since 2015, the Group has been among the companies that are classed as Advanced on these issues.
- Sustainable Development Goals (SDGs): The Group supports the 17 global SDGs published by the UN in September 2015 at the Sustainable Development Summit to put an end to poverty, combat inequality and injustice and face up to climate change by 2030. A cross-reference table of the Group's commitments and those of the UN can be found in Groupe PSA contribution to global sustainable development goals in the beginning of this report.
- Communication: The Group's brands signed the "Programme FAIRe" of UDM in 2017 (see 6.3.2. for more details).

Internal standards

The Group has developed its own benchmarks:

- social: the Group Global Framework Agreement on Social Responsibility signed with the International Metalworkers' Federation (IMF) and the European Metalworkers' Federation (EMF) in March 2006, renewed in 2010 and then 2017, at which point it was jointly drawn up with IndustriALL;
- ethics: Code of Ethics. The Group's new Code of Ethics, adopted in 2010 and updated in 2019, renews and expands on the Code of Ethics published in 2003;
- purchasing: the "Group's requirements regarding social and environmental responsibility with respect to its suppliers", published in 2006, was amended in 2017 to include new issues and was renamed the "Responsible Purchasing Policy";
- responsible marketing and advertising: the Group's Responsible Communications Charter was signed in 2008.

Memberships of national and international associations and organisations

GRI.102-13

The Group is a member of several organisations promoting sustainable development in France: Comité 21, and the UDA.

It also takes part in the work carried out by the MEDEF, the CCFA and the ACEA for the deployment of CSR. For example, the Group is a member of MEDEF CSR Committee and takes part in the "ESG Performance" and "CSR Practices" working groups.

The Group became a member of the China Business Council for Sustainable Development (CBCSD) in March 2006.

The brands also work closely with various bodies who are advocates of CSR: they are signatories of the CNPA's Challenge for the Environment (a French association of automotive professionals) since 2004, adherents to Recyvalor (whose aim is to collect and recycle abandoned stockpiles of tyres), and founding members of Citeo (formerly Ecofolio), the state-accredited non-profit organisation responsible for paper collection and recycling on behalf of municipalities throughout France.

9.2. FORUMS FOR DIALOGUE WITH STAKEHOLDERS INTRODUCED BY GROUPE PSA

GRI.102-40

GRI.102-43

GRI.102-44

PRESENTATION OF THE MAIN FORUMS FOR DIALOGUE BASED ON THREE LEVELS: INFORMATION, DIALOGUE AND PARTNERSHIP

STAKEHOLDER	MAIN TOPICS	INFORMATION – COMMUNICATION	DIALOGUE – CONSULTATION AND FREQUENCY OF EXCHANGES	AGREEMENTS – PARTNERSHIPS
Employees	Strategy, results, company news.	Daily internal communication processes (newsletters, websites, events, etc.). Annual awareness campaigns on sustainable development (sustainable development week, diversity, disability, eco-driving, driver safety, etc.).	<ul style="list-style-type: none"> Dialogue implemented on a daily basis by the management structure, platforms and discussions among employees within basic work units (UEs). Suggestion boxes. Periodic satisfaction surveys. 	Training.
Employee and labour union representatives	Strategy, results, company news. Workforce and skills planning. Occupational health and safety.	Literature related to employee relations.	Dialogue with employee representatives in line with employee relations objectives and <i>via</i> various bodies, including: <ul style="list-style-type: none"> the European Works Council expanded to a Global Works Council (at least once a year); the Joint Union-Management Strategy Committee (at least once a year); informal sessions at sites. 	<ul style="list-style-type: none"> The Group's Global Framework Agreement on Social Responsibility. Collective bargaining agreements and employee relations agreements with labour unions. New Social Contract in 2013. Agreement on the Jobs and Skills Matching System signed in 2014.
Customers and consumer organisations, road user organisations	Quality of products and services, environmental performance of vehicles, road safety, sustainable mobility.	<ul style="list-style-type: none"> Brand websites. Responsible Communication Charter. Information on road safety features when a vehicle is delivered. 	<ul style="list-style-type: none"> Dealership network and their Customer Relations Departments over the course of the year. Consultation with consumer panels over the course of the year. Customer relations teams on a daily basis. Group blogs and social media presence. Citroën Advisor customer forum. 	Sales or repair contracts.
Dealership networks	<ul style="list-style-type: none"> Financial and strategic performance. Quality of products and services and customer satisfaction. Environmental performance of vehicles and manufacturing facilities. Sustainable mobility. 	<ul style="list-style-type: none"> Literature accessible to everyone. Training of sales and marketing employees. 	<ul style="list-style-type: none"> Analysis of periodic customer satisfaction surveys. Monitoring of financial performance and prospects. 	<ul style="list-style-type: none"> Analysis of all types of risk (including ethical) before a dealership contract is signed. Distribution and/or repair service contract including clauses related to sustainable development.
Shareholders and other investors	Financial performance and CSR, impact on results and prospects.	<ul style="list-style-type: none"> Letter to shareholders. CSR Report and Universal Registration Document published annually. Corporate website. Annual and interim financial results. 	<ul style="list-style-type: none"> Consultation Committee. Shareholders' Meeting. Investor meetings. Conferences presenting the Group's strategy to financial analysts (roadshows). 	
Financial and SRI rating agencies CSR experts and dedicated entities	Financial performance and CSR, impact on results and prospects.	Annual publication of the CSR Report.	<ul style="list-style-type: none"> Responses to recurring questionnaires and one-off requests. Discussion sessions. 	

STAKEHOLDER	MAIN TOPICS	INFORMATION - COMMUNICATION	DIALOGUE - CONSULTATION AND FREQUENCY OF EXCHANGES	AGREEMENTS - PARTNERSHIPS
Suppliers	CSR performance in supply chain, innovation, financial performance and measures to support the Group's strategy.	<ul style="list-style-type: none"> Monthly information meetings. Innovation days. Annual supplier awards. 	<ul style="list-style-type: none"> Suppliers' Convention (attended by the Chairman and CEO of the 300 largest suppliers) and products/projects meeting. Presence of Groupe PSA delegates in regions, in France, in automotive industry bodies. Supplier relations teams. Self-assessment questionnaires. 	<ul style="list-style-type: none"> Responsible purchasing policy. Sustainability clauses in sales contracts and terms and conditions of sale. Involvement in France's PFA, a platform set up to foster ongoing discussion and exchange among automotive industry stakeholders, and in the ARIAs (regional professional associations for the automotive industry).
Partners in cooperation projects and joint ventures	Group projects for products and industrial initiatives.			Joint development and production of vehicle components and bases, notably for electric vehicles, hybrid components and Euro 6-compliant engines.
Industry institutions and professional associations	Existing or upcoming regulations relating to the Group's business activities.		<ul style="list-style-type: none"> Regular contacts with European and international institutions, as well as with French authorities. Local contacts with consulates. Member of French and European trade associations (such as CCFA in France and ACEA and EUCAR in Europe). Member of national trade associations in all host countries. 	
NGOs and associations	CSR topics such as sustainable mobility, the circular economy and road safety.	<ul style="list-style-type: none"> Annual publication of the CSR Report. Group blogs and social media presence. 	<ul style="list-style-type: none"> Responses to requests. Meetings with NGOs, frequent formal discussions, held directly or through institutions of which the Group is a member (EPE, C3D, etc.). Joint publications. 	Participation in the local community (infrastructure, support of local associations, etc.) Support from PSA Foundation for projects and charities.
Host communities and site neighbours	Economic and social development in host communities, environmental issues at sites.	Events on road safety, environmental issues, sustainable mobility and other topics.	<ul style="list-style-type: none"> Discussions with local officials. Open days and site visits. 	Group commitment to local supplier integration and the development of clusters around its sites.
Teaching and research	CSR topics such as sustainable mobility, the circular economy and road safety and product innovation.	<ul style="list-style-type: none"> Forum for France's leading business and engineering schools. Awareness campaigns with local schools, participation in industry week. 	<ul style="list-style-type: none"> Intern and apprenticeship programmes, and laboratory space for doctoral candidates. Work on urban and inclusive mobility within the City on the Move Institute (IVM). 	<ul style="list-style-type: none"> Agreements to create Open Labs and endowed chairs at universities, engineering schools and business schools in France and abroad. Partnerships with national educational systems in each host country. Visits, vehicle donations and educational events held by Group sites.

9.3. CONCERNING THIS REPORT

Measured by operational indicators, the Group's sustainable development performance is the subject of annual reporting presented in this report.

9.3.1. Reporting period GRI.102-50

The information and indicators in this report concern the year 2020 and were closed at the end of the period on December 31, 2020 (except for any information or indicators listed in the methodological note in the relevant section).

The majority of the indicators are presented with the relevant history on the changes in the Group or the calculation method associated with each indicator. The history is generally for three years whenever possible and may periodically be more than three years when it corresponds to a reference year (for example, before a policy or action plan has been set up).

9.3.2. Reporting cycle GRI.102-52

The CSR Report is published annually.

9.3.3. Date of publication GRI.102-51

This CSR Report, covering financial year 2020, was published in April 2021.

The previous report, covering financial year 2019, was published in April 2020.

9.3.4. Content of the report GRI.102-46 GRI.102-49

The social, environmental and societal information contained in this report meet the requirements of:

- Article L. 225-102-1 and Articles R. 225-105 et seq. of the French Commercial Code, transposing Directive 2014/95/EU of the European Parliament and of the Council of October 22, 2014: the "DPEF" (*Déclaration de Performance Extra-Financière* (extra-financial performance declaration));

- the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB).

They are based on the expectations of stakeholders and rating agencies. This report presents the Group's commitments, visions and achievements on all issues, whatever the degree of materiality.

9.3.5. Contact GRI.102-3 GRI.102-53

For more information, in particular on reporting procedures, you may write to the CSR Global Office at the postal address indicated on the 4th cover page.

9.4. REPORTING SCOPE AND METHODOLOGY GRI.102-48 GRI.102-49

Groupe PSA CSR report is based on the economic, social and environmental performance of the fully consolidated companies of Groupe PSA.

This section concerns the general process applicable to Groupe PSA CSR report, except “Focus on the reporting scope of industrial environmental issues” explained below and specific rules dedicated to the human resources area which are addressed and detailed in section 3.5.

9.4.1. Reporting scope GRI.102-10 GRI.102-45

This report is based on the economic, social and environmental performance of the fully consolidated companies of Groupe PSA. In general, the values in the tables and graphs prior to 2018 correspond to those of Groupe PSA perimeter before the acquisition of Opel and Vauxhall.

9.4.1.1. Activities included in reporting

Detailed social, environmental and societal data as well as information on sustainable development initiatives cover:

Automotive Activities

The “automotive” section covers the subsidiaries PSA Automobiles SA and Opel Automobile GmbH (manufacturing facilities, R&D facilities and office sites) as well as commercial subsidiaries of the brands.

PCMA Automotiv RUS, located in Kaluga, Russia, a joint venture with Mitsubishi Motors Corp, is also included in the societal and environmental components of the “automotive” reporting scope because the Group has a 70% stake in its shares.

NAZA Automotive Manufacturing – Gurun plant, the joint venture with NAZA has been included since 2019 because Groupe PSA owns 61%.

The Peugeot Citroen Automobile Maroc (PCAM) plant in Kenitra has also been included in the reporting since 2019.

These sites produced 2,283,059 painted cars in 2020. This volume serves as denominator in all industrial ratio calculations.

Automotive Trade Activities

These include the proprietary dealership network, training centres for network personnel, spare parts warehouses, regional offices and import subsidiary registered offices. The “automotive trade” companies are included under the “automotive” heading with respect to HR but are stated separately with respect to the environment.

Note 1 – Automotive Division

The Automotive Division gathers Automotive Activities and Automotive Trade Activities.

Note 2 – PCD and OV

Two acronyms are used where required to differentiate scopes within the activities defined above:

- PCD for the historical scope of Peugeot, Citroën and DS Automobiles brands;
- OV for the scope of Opel and Vauxhall brands.

Other Activities

These comprise the Peugeot S.A. holding company and the social and societal information of BANQUE PSA FINANCE (BPF). The information published for BPF consolidates entities wholly owned by BPF as at December 31, 2020. This methodology, brought into line with the BPF consolidation rules, does not include the joint ventures created with Santander and with BNP Paribas in the scope of the CSR reporting.

Focus on the reporting scope of industrial environmental issues

The following explanations concern sections 2.4, 5.3, 5.4, 7.2 and 7.3.

Inclusions in the scope

The environmental indicators were produced for the subsidiaries as defined by Article L. 233-1 of the French Commercial Code and for the companies come under the jurisdiction of Article L. 233-3 of the French Commercial Code. These parts of the Group were as assessed as at December 31, 2020:

- “Automotive Activities” include production plant activities, R&D centres and office facilities activities (see details below), i.e. 43 sites, including 12 from OV;
- “Automotive Trade” includes the five automotive brands dealership activity (see details below), i.e. 100 sites in 2020.

These two scopes are collectively referred to as the “Automotive Division”.

Automotive Activities

For the Automotive Activities, the scope of consolidation includes the following types of sites:

- production plants;
- technical, R&D and IT centres;
- the main office establishments;
- the spare parts centre in Vesoul.

The table below shows where these sites are located:

Automotive Activities (43 sites)	France	Belchamp Bessoncourt Caen Carrières-sous-Poissy Charleville-Mézières Hérimoncourt La Ferté-Vidame Metz	Douvrin (formerly Française de Mécanique) Mulhouse Poissy Poissy Offices Division Rennes Saint-Ouen Hordain (formerly SevelNord)	Sept-Fons Sochaux Trémery Valenciennes Vélizy Vesoul CITROËN RACING
	Spain	Madrid	Vigo	Zaragoza (OV)
	Portugal	Mangualde		
	Slovakia	Trnava		
	Germany	Bochum (OV) Kaiserslautern (OV)	Dudenhofen (OV) Rüsselsheim (OV)	Eisenach (OV)
	Austria	Aspern (OV)		
	UK	Ellesmere Port (OV)	Luton (OV)	
	Poland	Gliwice (OV)	Tychy (OV)	
	Hungary	Szentgotthard (OV)		
	Argentina	Buenos Aires		
	Brazil	Porto Real		
	Russia	Kaluga		
	Malaysia	Gurun		
	Morocco	Kenitra		

Automotive Trade

The CSR reporting scope includes the activities of the sites:

- Retail (garage activity);
- Offices (activity related to import subsidiaries, regional management and training center);
- Logistics (activity related to PSA spare parts storage).

In 2020, the following were excluded:

- sites with less than 6 months activity or closed during the exercise;
- sites which are less than 6,000 m², recognised as administrative and showroom activities;

- sites which are less than 2,000 m², recognised as retail and logistics activities;
- sites without workshops and sites where the workshop is smaller than 1,500 m², recognized as retail;
- Office type sites with a workforce of <500 people.

The scope of the automotive trade defined above references 100 sites, detailed in the table below. Some of them are multi-activity, and it was decided that data consolidation would be linked to the main activity of the site.

Automotive Trade network (100)	Retail (87)	Austria Belgium France	Germany Italy Portugal	Spain United Kingdom
	Offices (3)	Argentina Italy	United Kingdom	
	Logistics (10)	Argentina Belgium France Italy	Austria Germany	

9.4.1.2. Exclusions from the scope

The environmental data of BANQUE PSA FINANCE account for a marginal proportion of the Group's emissions and consumption and are therefore not included in the environmental reporting.

9.4.1.3. The exclusions from the CSR reporting versus the financial reporting

The scope of reporting does not include:

- the industrial and trade cooperations which are contractual relationships but have not resulted in joint ventures. A detailed list of these can be found in sections 1.1.1.3., 2.3.1.1 and 2.3.1.2;
- joint ventures with partners, accounted for by the equity method, due to the lack of exclusive control which are listed in sections 1.1.1.3., 2.3.1.1. and 2.3.1.2.;
 - DPCA (Dongfeng Peugeot Citroën Automobile), in Wuhan, a joint venture with DONGFENG MOTOR CORP.;
 - Sevelsud, in Val Di Sangro, a joint venture with Fiat;
 - Dangote Peugeot Automobiles Nigeria Limited joint, in Kaduna (Nigeria) with Dangote Industries Limited and the Kaduna State Government;
 - PCA Automobiles India Private Limited in Delhi (Hosur) with HMFCL (Hindustan Motor Finance Corporation Limited);
 - Nidec PSA e-motors joint venture in Trémery (France) with Nidec Leroy- Somer Holding;

- Punch Powertrain PSA e-transmissions, in Trémery (France), a joint venture with Punch Powertrain;
- Automotive Cells Company, in Bordeaux and Nersac (France), a joint venture with Saft/Total;
- FAURECIA, a listed company in which Peugeot S.A. held a 39% interest as at December 31, 2020 and which has, taking into account its business activity, complete managerial autonomy. The FAURECIA CSR reporting appears in its own publications;
- Environmental information of BANQUE PSA FINANCE, because the environmental impacts of BPF activities are not significant.

In these entities, the Group exercises its role as shareholder and/or industrial partner with a view to long-term development. The joint ventures and cooperations report their social and environmental performance at different levels, depending on the management structure in place with the partner.

A list of the Group's companies included in the financial reporting is published in note 21 - Consolidated companies at December 31, 2020 of the Stellantis Consolidated Financial Statements and Management's Discussion and Analysis of Groupe PSA for the year ended December 31, 2020.

9.4.2. Reporting methodology GRI.102-46 GRI.102-48 GRI.102-49

The Group consolidates and publishes indicators according to three guiding principles: to be transparent, to be thorough and to provide high-quality information. In compliance with regulations, quantitative data were reported using cross-functional, comparable indicators when relevant.

The definitions of calculation rules or reference conventions used are international standards. A reference guide of technical data sheets specifying the definitions and calculation procedures is used by the reporting contributors to ensure the quality and consistency of the consolidated information.

The calculation procedures, changes in scope, corrections made to the previous data or adjustments are specified in each section.

The social, environmental and societal information contained in this section meet the requirements of:

- Article L. 225-102-1 and Articles R. 225-105 et seq. of the French Commercial Code, transposing Directive 2014/95/EU of the European Parliament and of the Council of October 22, 2014: the "DPEF" (*Déclaration de Performance Extra-Financière*);
- the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). Cross-reference indexes with GRI and SASB indicators.

For the reporting methodology of industrial environmental issues regarding the Automotive Trade, the reporting period corresponds to a rolling year from November 1 of the previous year to October 31 of the current year, and the scope of reporting comprises the sites with at least six months' activity during the period covering the year (open before May 1), but does not comprise sites closed on October 31.

Coverage rates for the Automotive Trade, presented in the comments of the results, correspond to the percentage of total sites that have already reported data for the year and that are concerned by the specific indicators. Failure to report data may be due to the inability of the facility to respond or to calculate the indicator concerned (lack of metering systems, for example). Unless otherwise mentioned, data concern all sites.

For the reporting methodology on CSR logistics data, addressed and detailed in section 2.5.3, the reporting period corresponds to a rolling year from November 1 of the previous year to October 31 of the current year.

Method used to update the materiality matrix

The Group identified its macro-risks and CSR issues when updating its materiality matrix. The new matrix (see section 1.2.2.), which prioritises the 23 CSR issues in seven macro-risk categories, was validated by the members of the Executive Committee in June 2020.

To identify the CSR issues and macro-risks, the Group made use of the business expertise of its network of CSR contributors, representing all of its business activities. The result was confirmed by a review of issues reported by industry peers, an analysis of worldwide CSR reference frameworks (including the Global Reporting Initiative) and a review of information in the media, before a representative sample of the Group's stakeholders were interviewed to ascertain their opinion.

This structured approach enabled the Group to draw up a list of all the factors contributing to the materiality of each issue.

The issues were scored and depicted in graph format:

1. **the position of the issue on the x-axis shows the importance for business performance** according to three criteria:
 - likelihood of the threat materialising and opportunities created by the issue,
 - the seriousness of the impact for the Group. For each issue, the opportunities and threats were put into three categories (business, operations and reputation) and their impact was quantified in monetary terms by the department affected,
 - impact on long-term performance;
2. **the position of the issue on the y-axis represents the importance of stakeholder expectations**, taking account of the legitimacy of each stakeholder to express an opinion on each issue. For the last update of the materiality matrix in 2020, Groupe PSA set a focus on young generations in the panel of the interviewed stakeholders (US students and PSA Springboard). Moreover, a regional assessment was conducted with stakeholders who scored their expectations at the local scale in the Group's regions of operation (Europe; Eurasia; China & Southeast Asia; India-Pacific; Latin America; Middle East & Africa) or ambition (USA).

The Group used an external provider to ensure each issue was scored strictly and fairly using a standard methodology.

Third-party audit

The process of developing consolidated workforce-related, environmental and societal information of Groupe PSA published in this report, fulfilling the requirements of the Articles L. 225-102-1 and R. 225-105 et seq. of the French Commercial Code, was verified by an independent third party (Grant Thornton).

The presence and accuracy of Groupe PSA CSR information was certified by the independent third-party body Grant Thornton and is available in its entirety in section 9.6. of this document.

9.5. INDEXES



9.5.1. Global Reporting Initiative (GRI) content index GRI.102-54 GRI.102-55

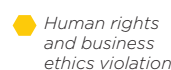
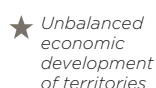
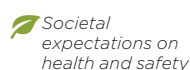
This report has been prepared in accordance with the GRI Sustainability Reporting Standards published in 2016 (Core option).

The items required by GRI standards are indicated in this report using the following icon: GRI.XXX-XX

Selected information has been validated by the audit firm Grant Thornton (see their detailed report in section 9.6).

GRI Standard	Disclosure	Section number(s) and/or URL(s)	Omission
GENERAL DISCLOSURES			
GRI 102: General Disclosures	Organizational profile		
	102-1 Name of the organization	1.1.1.	
	102-2 Activities, brands, products, and services	1.1.1.2.1.	
	102-3 Location of headquarters	9.3.5.	
	102-4 Location of operations	1.1.1.3.	
	102-5 Ownership and legal form	1.4.	
	102-6 Markets served	1.1.1.3./1.1.1.4./4.2.	
	102-7 Scale of the organization	1.1.1./6.1.2.2.	
	102-8 Information on employees and other workers	3.2.1./3.2.5./3.3.2.3./3.4.1.	
	102-9 Supply chain	8.1.2.	
	102-10 Significant changes to the organization and its supply chain	1.1.1./1.4./8.1.2./9.4.1.	
	102-11 Precautionary principle or approach	1.2.1./1.4.3.	
	102-12 External initiatives	9.1.	
	102-13 Membership of associations	9.1.	
	Strategy		
	102-14 Statement from senior decision-maker	NA	
	102-15 Key impacts, risks and opportunities	1.2.1.1./1.2.2./2.1./3./4./5./6./7.	
	Ethics and integrity		
	102-16 Values, principles, standards and norms of behaviour	6.1.	
	102-17 Mechanisms for advice and concerns about ethics	6.1.3./6.1.4.	
	Governance		
	102-18 Governance structure	1.4./2.2.1./8.2.2.	
	102-19 Delegating authority	1.4.1.2./2.2.1./8.2.2.4.1.	
	102-20 Executive-level responsibility for economic, environmental and social topics	1.4.1./2.2.1.	
	102-21 Consulting stakeholders on economic, environmental and social topics	2.2.1.	
	102-22 Composition of the highest governance body and its committees	1.4./2.2.1./8.2.2.1.	
	102-23 Chair of the highest governance body	1.4./2.2.1./8.2.2.1.	
	102-24 Nominating and selecting the highest governance body	1.4./2.2.1./8.2.2.1.	
	102-25 Conflicts of interest	CSR Report: 1.4.1.1./8.2.2.2./2019 Universal Registration Document: 3.1.3.2./3.1.3.3./3.1.4.2.	
	102-26 Role of highest governance body in setting purpose, values and strategy	1.4.1./2.2.1.	
	102-27 Collective knowledge of highest governance body	1.4.1./2.2.1.	
	102-28 Evaluating the highest governance body's performance	8.2.2.4.2.	

GRI Standard	Disclosure	Section number(s) and/or URL(s)	Omission
	102-29 Identifying and managing economic, environmental and social impacts	1.2.1.3./1.2.2./1.4.1./2.2.1	
	102-30 Effectiveness of risk management processes	1.4.1.1./2.1.	
	102-31 Review of economic, environmental and social topics	1.4.1.1./2.1.	
	102-32 Highest governance body's role in sustainability reporting	1.2.2.	
	102-33 Communicating critical concerns	8.2.2.3.	
	102-34 Nature and total number of critical concerns	8.2.2.3.	
	102-35 Remuneration policies	8.2.3.3.	
	102-36 Process for determining remuneration	1.4.1.1.	
	102-37 Stakeholders' involvement in remuneration	8.2.3.3.	
	102-38 Annual total compensation ratio	Ø	
	102-39 Percentage increase in annual total compensation ratio	Ø	
	Stakeholder engagement		
	102-40 List of stakeholder groups	1.2.1.3./9.2.	
	102-41 Collective bargaining agreements	3.1.3.	
	102-42 Identifying and selecting stakeholders	1.2.1.3.	
	102-43 Approach to stakeholder engagement	9.2.	
	102-44 Key topics and concerns raised	9.2.	
	Reporting practice		
	102-45 Entities included in the consolidated financial statements	CSR Report: 9.4.1. Note 21*	
	102-46 Defining report content and topic Boundaries	1.2.1.1./9.3.4./9.4.2.	
	102-47 List of material topics	1.2.1.1.	
	102-48 Restatements of information	2.6./3.6./4.4./5.5./6.4./7.4./8.4./9.4.	
	102-49 Changes in reporting	1.2.1.1./1.2.2./2.6./3.6./4.4./5.5./6.4./7.4./8.4./9.4.	
	102-50 Reporting period	9.3.1.	
	102-51 Date of most recent report	9.3.3.	
	102-52 Reporting cycle	9.3.2.	
	102-53 Contact point for questions regarding the report	9.3.5.	
	102-54 Claims of reporting in accordance with the GRI Standards	9.5.1.	
	102-55 GRI content index	9.5.1.	
	102-56 External assurance	9.6.	
MATERIAL TOPICS			
 Vehicle CO₂ emissions			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	2.1.	
	103-2 The management approach and its components	2.2./2.3.	
	103-3 Evaluation of the management approach	2.2./2.3.	
GRI 302: Energy	302-2 Energy consumption outside of the organization	2.1./2.3.	
	302-5 Reductions in energy requirements of products and services	2.1./2.3./4.2.	
GRI 305: Emissions	305-3 Other indirect (Scope 3) GHG emissions	2.1./2.3.	
	305-4 GHG emissions intensity	2.3.2.	
	305-5 Reduction of GHG emissions	2.3.2.	
	305-6 Emissions of ozone-depleting substances (ODS)	2.3.3.3.5.	
 Energy/Industrial carbon footprint			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	2.4.1/5.	
	103-2 The management approach and its components	2.4.1.	
	103-3 Evaluation of the management approach	2.4.1.	
GRI 302: Energy	302-1 Energy consumption within the organization	2.4.2.1.1.	
	302-3 Energy intensity	2.4.2.1.2.	
	302-4 Reduction of energy consumption	2.4.2.1.2.	
* Stellantis N.V. Consolidated Financial Statements and Management's Discussion and Analysis of Groupe PSA for the year ended December 31, 2020.			



GRI Standard	Disclosure	Section number(s) and/or URL(s)	Omission
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	2.4.2.2.1.	
	305-2 Energy indirect (Scope 2) GHG emissions	2.4.2.2.1.	
	305-4 GHG emissions intensity	2.4.2.2.2.	
	305-5 Reduction of GHG emissions	2.4.2.2.1./2.4.2.2.2.	
	305-6 Emissions of ozone-depleting substances (ODS)	5.3.2.2.	
▶ Environmental performance in the supply chain: purchasing and logistics			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	2.5.	
	103-2 The management approach and its components	2.5./6.2.1.	
	103-3 Evaluation of the management approach	2.5./6.2.	
GRI 305: Emissions	305-3 Other indirect (Scope 3) GHG emissions	2.3./2.5.3.	
	305-4 GHG emissions intensity	2.5.3.	
	305-5 Reduction of GHG emissions	2.5.3.	
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	2.5.2./6.2.3.	
	308-2 Negative environmental impacts in the supply chain and actions taken	2.5.3./6.2.3./6.2.3.5.	
● Wise use of material in the vehicle life cycle (including product recycling)			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	7.1.	
	103-2 The management approach and its components	7.1.	
	103-3 Evaluation of the management approach	7.1.	
GRI 301: Materials	301-1 Materials used by weight or volume	7.1.2.1.	
	301-2 Recycled input materials used	7.1.2.2.	
	301-3 Reclaimed products and their packaging materials	7.1.4.2.	
● Sustainable water management			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	7.3.	
	103-2 The management approach and its components	2.4.1.3.2./2.4.2./7.3.	
	103-3 Evaluation of the management approach	2.4.2./7.3.	
GRI 303: Water	303-1 Water withdrawal by source	7.3.2.	
	303-2 Water sources significantly affected by withdrawal of water	7.3.2.	
	303-3 Water recycled and reused	7.3.2.3.	
● Optimisation of material cycles in industrial processes (including waste)			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	2.4.1./7.2.	
	103-2 The management approach and its components	2.4.1./7.2.	
	103-3 Evaluation of the management approach	2.4.1./7.2.	
GRI 301: Materials	301-2 Recycled input materials used	7.2.4.	
GRI 306: Effluents and Waste	306-2 Waste by type and disposal method	7.2.4.	
🌿 Vehicle Safety			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	5.1.	
	103-2 The management approach and its components	5.1.	
	103-3 Evaluation of the management approach	5.1.	
GRI 416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	5.1.9.	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	5.1.9.	
GRI 419: Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	5.1.9.	
🌿 Vehicle impact on air quality			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	5.2.	
	103-2 The management approach and its components	5.2.	
	103-3 Evaluation of the management approach	5.2.	
GRI 305: Emissions	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	5.2.2./5.2.4.	



Climate change



Natural resource scarcity



Societal expectations on health and safety



Unbalanced economic development of territories








Human rights and business ethics violation



Human capital



Customer's expectations

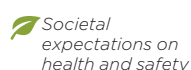
GRI Standard	Disclosure	Section number(s) and/or URL(s)	Omission
 Control of industrial discharges and nuisances			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	5.3./7.	
	103-2 The management approach and its components	5.3./7.	
	103-3 Evaluation of the management approach	5.3./7.	
GRI 305: Emissions	305-6 Emissions of ozone-depleting substances (ODS)	5.3.2.2.	
	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	5.3.2.1.	
GRI 306: Effluents and Waste	306-1 Water discharge by quality and destination	7.3.3.	
	306-3 Significant spills	5.3.3.4.	
	306-4 Transport of hazardous waste	7.2.4.	
GRI 307: Environmental Compliance	307-1 Non-compliance with environmental laws and regulations	5.3.3.4.	
GRI 419: Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	5.3.3.4.	
 Biodiversity			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	5.4.	
	103-2 The management approach and its components	5.4.	
	103-3 Evaluation of the management approach	5.4.	
GRI 304: Biodiversity	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	5.4.2.	
	304-2 Significant impacts of activities, products, and services on biodiversity	5.4.3.	
	304-3 Habitats protected or restored	5.4.	
 Local sourcing development in host territories			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	8.1./8.1.3.2.	
	103-2 The management approach and its components	8.1.3.2./8.2.2./8.2.3.	
	103-3 Evaluation of the management approach	8.1.3.2./8.2.3.	
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	8.1.3.2.	
	203-2 Significant indirect economic impacts	8.1.3.2.	
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	6.2.2.1.2./8.1.3.2.	
 Balanced governance and distribution of added value			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	8.2.2.	
	103-2 The management approach and its components	6.1./6.1.3./8.2./8.2.2./8.2.3.	
	103-3 Evaluation of the management approach	6.1./6.1.3./8.2./8.2.2./8.2.3.	
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	1.3.3./8.2.3.	
	201-2 Financial implications and other risks and opportunities due to climate change	1.2.1.1./2.1.1.1.	
	201-3 Defined benefit plan obligations and other retirement plans	8.2.3.3./ 2019 Universal Registration Document, section 3.2.1.	
	201-4 Financial assistance received from government	8.2.3.	
GRI 203: Indirect Economic Impacts	203-2 Significant indirect economic impacts	1.2.2./1.3.3.	
 Philanthropy and socially responsible mobility			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	8.3.	
	103-2 The management approach and its components	8.3.2./ 8.3.3./8.3.4.	
	103-3 Evaluation of the management approach	8.3.3./8.3.4.	
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	8.3.3./8.3.4.	
	203-2 Significant indirect economic impacts	8.3.2./8.3.3./8.3.4.	
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments and development programmes	8.3.3.2./8.3.4.	



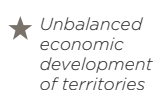
Climate change



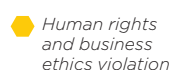
Natural resource scarcity



Societal expectations on health and safety



Unbalanced economic development of territories



Human rights and business ethics violation



Human capital



Customer's expectations

GRI Standard	Disclosure	Section number(s) and/or URL(s)	Omission
Human rights in the supply chain			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	6.	
	103-2 The management approach and its components	6.1./6.2.	
	103-3 Evaluation of the management approach	6.1./6.2.	
GRI 407: Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	6.2.2.1.1./6.2.3.2./6.2.3.5.	
GRI 408: Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	6.2.2.1.1./6.2.3.2./6.2.3.5.	
GRI 409: Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	6.2.2.1.1./6.2.3.2./6.2.3.5.	
GRI 412: Human Rights Assessment	412-2 Employee training on human rights policies or procedures	6.2.3.3.	
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	6.2.2.1.1./6.2.3.2.	
	414-2 Negative social impacts in the supply chain and actions taken	6.2.2.1.1./6.2.3.1./ 6.2.3.2./6.2.3.5.	
Ethics in business practices			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	6./6.3./8.	
	103-2 The management approach and its components	6.1./ 6.1.7./6.2./6.3./8.2.2.	
	103-3 Evaluation of the management approach	6.1./ 6.1.7./6.2./6.3./8.2.2.	
GRI 205: Anti-corruption	205-1 Operations assessed for risks related to corruption	6.1.4.2.	
	205-2 Communication and training about Anti-corruption policies and procedures	6.1.2.1./ 6.1.4.1./ 6.1.4.2./6.2.3.2.	
	205-3 Confirmed incidents of corruption and actions taken	6.1.5.	
GRI 206: Anti-Competitive Behavior	206-1 Legal actions for anti-competitive behaviour, anti trust and monopoly practices	6.1.5.	
GRI 415: Public Policy	415-1 Political contributions	6.1.7.2.3.	
GRI 419: Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	6.1.5.	
Responsible information and marketing			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	6.3.	
	103-2 The management approach and its components	6.3.	
	103-3 Evaluation of the management approach	6.3.	
GRI 417: Marketing and Labeling	417-1 Requirements for product and service information and labeling	6.3.3.	
	417-2 Incidents of non-compliance concerning product and service information and labeling	6.3.3.	
	417-3 Incidents of non-compliance concerning marketing communications	6.3.3.	
Management of company transformations and social dialogue			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	3.	
	103-2 The management approach and its components	3.1.1./3.1.2./3.2./ 3.3.2./3.2.7./3.3./3.4.	
	103-3 Evaluation of the management approach	3.1.1./3.1.2./ 3.3./3.2.7./3.3./3.4.	
GRI 401: Employment	401-1 New employee hires and employee turnover	3.2.	
GRI 402: Labor/Management Relations	402-1 Minimum notice periods regarding operational changes	3.1.3.	
GRI 412: Human Rights Assessment	412-1 Operations that have been subject to human rights reviews or impact assessments	3.1.2.1.2.	
	412-2 Employee training on human rights policies or procedures	3.1.2.2.	
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	6.2.1./6.2.2.1.1.1.	
Health, safety and well-being in the workplace			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	3.	
	103-2 The management approach and its components	3.1.1./3.1.2./3.2./ 3.3./3.3./3.4	
	103-3 Evaluation of the management approach	3.1.1./3.1.2./3.2./3.3./3.4	

Climate
changeNatural
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expectations on
health and safetyUnbalanced
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of territoriesHuman rights
and business
ethics violation

Human capital

Customer's
expectations

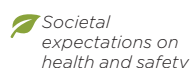
GRI Standard	Disclosure	Section number(s) and/or URL(s)	Omission
GRI 401: Employment	401-3 Parental leave	3.3.2.3.	
GRI 403: Occupational Health and Safety	403-1 Workers, representation in formal joint management worker health and safety committees	3.3.1.5.	
	403-2 Types of injury and rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities	3.2.6./3.3.1.2./3.3.1.3.	
	403-3 Workers with high incidence or high risk of diseases related to their occupation	3.3.1.4.	
	403-4 Health and safety topics covered in formal agreements with trade unions	3.3.1.5.	
● Diversity and equal opportunity			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	3.	
	103-2 The management approach and its components	3.1.1./3.1.2./3.2./3.3./3.3./3.4.	
	103-3 Evaluation of the management approach	3.1.1./3.1.2./3.2./3.3./3.3./3.4.	
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	3.3./3.4.1./3.4.2./3.4.3. 2019 Universal Registration Document 3.1.	
	405-2 Ratio of basic salary and remuneration of women to men	3.3./3.1./3.2.7.3.1.	
GRI 406: Non-Discrimination	406-1 Incidents of discrimination and corrective actions taken	3.4.2.	
● Attracting and developing all talents			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	3.	
	103-2 The management approach and its components	3.1.1./3.1.2./3.2./3.2.7./3.3./3.4.	
	103-3 Evaluation of the management approach	3.1.1./3.1.2./3.2./3.2.7./3.3./3.4.	
GRI 202: Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	3.2.7.3.1.	
	202-2 Proportion of senior management hired from the local community	3.2.7.1.3	
GRI 401: Employment	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	3.2.7.3.3.	
GRI 404: Training and Education	404-1 Average hours of training per year per employee	3.2.7.2.	
	404-2 Programmes for upgrading employee skills and transition assistance programmes	3.3./3.2.7.1./3.2.7.2.	
	404-3 Percentage of employees receiving regular performance and career development reviews	3.2.7.1.4.	
■ Vehicle and service quality - customer satisfaction			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	4.1.	
	103-2 The management approach and its components	4.1./4.1.3./4.1.4./4.1.5.	
	103-3 Evaluation of the management approach	4.1./4.1.6./4.1.7.	
■ Development of new mobility solutions			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	4.2.	
	103-2 The management approach and its components	4.2.	
	103-3 Evaluation of the management approach	4.2.	
■ Responsible management of customer's data and relationship			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	4.3.2.	
	103-2 The management approach and its components	4.3.2.	
	103-3 Evaluation of the management approach	4.3.2.	
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.3.2.	
GRI 419: Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	4.3.2.	



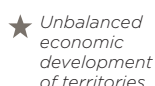
Climate change



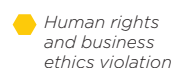
Natural resource scarcity



Societal expectations on health and safety



Unbalanced economic development of territories



Human rights and business ethics violation



Human capital



Customer's expectations

9.5.2. Regulatory requirements index

The index below sets out the requirements of Articles L. 225-102-1 and R. 225-105 et seq. of the French Commercial Code which transpose Directive 2014/95/EU, applicable from the 2018 financial year, but which Groupe PSA opted to apply from the 2017 financial year.

The requirements of Articles L. 225-102-1 and R. 225-105 et seq. of the French Commercial Code are shown in this report by three types of icon⁽¹⁾:

- **DPEF.A** for Groupe PSA business model;
- **DPEF.B** for the description of the main Corporate Social Responsibility risks inherent in Groupe PSA activity;
- **DPEF.X** for the other indicators, including three indicators, with anticipation to the future Decree of application to Law No. 2018 -938 of October 30, 2018-art 55 for the balance of trade relations in the agricultural and food sectors and healthy, sustainable and accessible food for all, and Law No. 2018-898 of October 23, 2018 for the fight against fraud. They are featured at the end of the index and have modified article L. 225-102-1 of the French Commercial Code.

Expected	Codification of the DPEF indicators	CSR Report (relevant sections)	Degree of response*
The Company's business model	DPEF.A	1.2.3.	<input type="checkbox"/>
Main risks inherent in the Company's activity	DPEF.B	1.2.1.	<input type="checkbox"/>
1° SOCIAL INFORMATION			
a) Employment			
Total workforce	DPEF.1.a	3.2.1./3.2.4.	<input type="checkbox"/>
Employees by gender	DPEF.1.b	3.4.1.	<input type="checkbox"/>
Employees by age	DPEF.1.c	3.2.1.	<input type="checkbox"/>
Employees by geographical segment	DPEF.1.d	3.2.1./3.2.2./3.4.1.	<input type="checkbox"/>
Hirings	DPEF.2.a	3.2.4.	<input type="checkbox"/>
Dismissals	DPEF.2.b	3.2.2./3.2.4.	<input type="checkbox"/>
Compensation and changes therein	DPEF.3	3.2.7.1.4	<input type="checkbox"/>
b) Work arrangements			
Organisation of working hours	DPEF.4	3.2.6./3.3.2.3.	<input type="checkbox"/>
Absenteeism	DPEF.5	3.2.6.	<input type="checkbox"/>
c) Health and safety			
Health and safety conditions in the workplace	DPEF.6	3.3./3.3.1./3.3.2./3.4.2.	<input type="checkbox"/>
Workplace accidents, particularly their frequency and severity, along with occupational illnesses	DPEF.7	3.3./3.3.1./3.3.1.2./3.3.1.3.	<input type="checkbox"/>
d) Industrial relations			
Organisation of social dialogue, especially procedures for informing, consulting and negotiating with personnel	DPEF.8	3.1.2.1./3.1.2.1.1./3.1.2.2./3.2./3.3.2.1.	<input type="checkbox"/>
Summary of labour agreements, in particular relating to workplace health and safety	DPEF.9	3.1.2.1./3.1.2.3./3.3.1.5.	<input type="checkbox"/>
e) Training			
Training policies put into practice, specifically those relating to environmental protection expected	DPEF.10	2.4.1.3.2./3.1.2.1./3./3.2.2./3.2.3./3.2.4./3.2.7./3.2.7.1.4./3.2.7.2./3.3.1.6./3.4.2./4.1.6./6.1.4.1.	<input type="checkbox"/>
Total number of hours of training	DPEF.11	3.3.7.2./4.1.6./6.1.4.1.	<input type="checkbox"/>
f) Non-discrimination			
Measures taken to ensure gender equality	DPEF.12	3.2.7.1./3.2.7.3.1./3.4.1.	<input type="checkbox"/>
Measures taken to ensure the hiring and integration of persons with disabilities	DPEF.13	3.2.2./3.4.3.	<input type="checkbox"/>
Anti-discrimination policy	DPEF.14	3.1.2.1./3.2.2./3.2.7.3.1./3.4./3.4.1./3.4.2.	<input type="checkbox"/>

(1) Déclaration de Performance Extra-Financière (DPEF).

Expected	Codification of the DPEF indicators	CSR Report (relevant sections)	Degree of response*
2° ENVIRONMENTAL INFORMATION			
a) General environmental policy			
The organisation of the Company so as to take environmental questions into consideration and, where appropriate, carrying out environmental assessment or certification initiatives	DPEF.15	1.2.1.3./2.3.3./2.4.1.1./ 2.4.1.3.2./2.4.1.3.3./2.4.2.3./ 2.4.2.4./3.1.2.1./5.2.2./ 5.2.3./5.3.3.	<input type="checkbox"/>
Resources committed to preventing environmental risks and pollution	DPEF.16	2.3./2.3.3./2.3.3.1./2.3.3.2./ 2.3.3.3./2.3.3.4./2.3.3.5./2.4. 1.3.3./2.4.2.2.1./5.2./5.2.4./ 5.3.3.4./7.1./7.2.3./7.3.2.3.	<input type="checkbox"/>
The amount of the provisions and warranties made for environmental risks, provided this information is not of a nature that might be seriously adverse to the Company in a current legal dispute	DPEF.17	5.2.4./5.3.3.4.	<input type="checkbox"/>
b) Pollution			
Measures to prevent, reduce or repair emissions into the air, water or ground that seriously affect the environment	DPEF.18	5.2.2.1./5.2.2.3./5.3.2./ 5.3.3.2./7.1.2.3./7.2.3./ 7.2.4./7.3.2.3./7.3.3.2.	<input type="checkbox"/>
Handling all types of pollution specific to an activity, in particular sound and light pollution	DPEF.19	5.3.3.3./5.4.3./7.1.	<input type="checkbox"/>
c) The circular economy			
<i>I) Waste prevention and management</i>			
Measures to prevent, recycle, reuse and recover or eliminate waste	DPEF.20	7.1.3./7.2.3./7.2.4.	<input type="checkbox"/>
Actions to combat food waste	DPEF.21	6.2.2.1.	<input type="checkbox"/>
<i>II) Sustainable use of resources</i>			
Water consumption and sourcing in light of local constraints	DPEF.22	5.2./7.3.2.1./7.3.2.1./7.3.2.3.	<input type="checkbox"/>
Consumption of raw materials and measures taken to use them more efficiently	DPEF.23	7.1./7.1.2./7.1.4./7.2.2.	<input type="checkbox"/>
Consumption of energy, measures taken to improve energy efficiency and use of renewable energy	DPEF.24	2.3.3./ 2.3.3.1./2.3.3.2./2.3.3.2.4./ 2.3.3.3./2.4.2.1.	<input type="checkbox"/>
Use of land	DPEF.25	2.3.3.2.4./5.3.3.2./5.4.2.	<input type="checkbox"/>
d) Climate change			
Significant greenhouse gas emissions due to the Company's activity, notably through the use of goods and services it produces	DPEF.26	2.3.3.1./2.3.3.2./ 2.3.3.2.4./2.3.3.3./2.3.3.3.5./ 2.4.2./2.4.2.3./2.4.2.4./2.5.3.	<input type="checkbox"/>
Measures taken to adapt to the consequences of climate change	DPEF.27	2.3./2.3.3./2.3.3.1./2.3.3.2./ 2.3.3.2.4./2.3.3.3./2.3.3.3.5./ 2.4.2./2.4.2.2.2./2.5.3./4.2.	<input type="checkbox"/>
The voluntary medium and long-term targets set to reduce greenhouse gas emissions and the relevant resources implemented	DPEF.28	2.3.2.	<input type="checkbox"/>
e) Protection of biodiversity			
Measures taken to preserve or restore biodiversity	DPEF.29	5.4.3.	<input type="checkbox"/>
3° SOCIETAL INFORMATION			
a) Corporate sustainable development commitment			
The impact of the Company's activity on employment and local development	DEPF.30	3.2.7.1./3.2.7.1.3./3.2.7.3.1./ 6.2.3.1./6.2.3.2./8.1.3.2.	<input type="checkbox"/>
The impact of the Company's activity on neighbouring or local residents	DEPF.31	6.2.3.1./2.4.1.1./5.3.3.3./ 5.3.3.4./8.3.3./8.3.4.	<input type="checkbox"/>
Relations with stakeholders and means of dialogue with them	DEPF.32	1.2.1.3./2.3.3.2.4./ 3.1.2.1./3.1.2.1.2./3.1.2.1.3./ 3.2.2./3.2.4./3.4./3.5.	<input type="checkbox"/>
Support, partnerships and philanthropy provided	DEPF.33	6.2.2.1.2./8.3.3./8.3.4.	<input type="checkbox"/>
b) Subcontractors and suppliers			
Consideration given to social and environmental issues in procurement policies	DEPF.34	3.1.2.1.1./6.2.2.1.1./8.1.3.2.	<input type="checkbox"/>
Inclusion of social and environmental responsibility in subcontractor and supplier relationships	DPEF.35	3.1.2.1./3.1.2.1.2./ 6.2.2.1.1./8.1.2.	<input type="checkbox"/>
c) Fair operating practices			
Measures taken benefiting the health and safety of consumers	DEPF.36	2.3.2./2.4.1.3./4.3.3./5.1./ 5.2./5.2.2.3./6.3.	<input type="checkbox"/>
Anti-corruption actions	DPEF.37	3.1.2.1./6.1.2.1./6.1.7./ 6.2.3.2.	<input type="checkbox"/>

Expected	Codification of the DPEF indicators	CSR Report (relevant sections)	Degree of response*
4° INFORMATION ABOUT INITIATIVES TO PROTECT HUMAN RIGHTS			
a) Promotion and observance of the core conventions of the International Labour organisation:			
With respect for freedom of association and the right to collective bargaining	DPEF.38	3.1.2.1./3.1.2.1.2./3.1.2.1.3./6.2.3.2.	<input type="checkbox"/>
Eliminating discrimination in terms of hiring and occupation	DPEF.39	3.1.2.1./3.1.2.1.2./3.1.2.1.3./3.2.5./3.4./3.4.2./3.5./6.2.3.2.	<input type="checkbox"/>
Eliminating forced or compulsory labour expected	DPEF.40	3.1.2.1.2./3.1.2.1.3./3.1.2.2./6.2.3.2.	<input type="checkbox"/>
The effective abolition of child labour	DPEF.41	3.1.2.1./3.1.2.1.2./3.1.2.1.3./6.2.3.2.	<input type="checkbox"/>
b) Other actions undertaken to protect human rights	DPEF.42	3.1.2.1./3.1.2.1.2./3.1.2.1.3./6.2.3.2.	<input type="checkbox"/>
Most recent additional requirements included in article L. 225-102-1 modified in autumn 2018			
Fighting food insecurity	DPEF.43	8.3.3.2.	<input type="checkbox"/>
Respect for animal welfare	DPEF.44	6.2.3.2.	<input type="checkbox"/>
Fighting tax evasion	DPEF.45	8.2.3.2.	<input type="checkbox"/>

* The reporting status indicates a response by the Group to each of the 45 DPEF topics and the coverage rate for this response among the relevant subsidiaries.

☐ The Group has responded to the DPEF topic and the response covers 100% of subsidiaries required to publish detailed information.

9.5.3. 10 UN Global Compact principles index with related GRI codes

Areas	Principle	GRI codes
1. Human rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and	410-1, 411-1, 412-1, 412-2, 413-1, 413-2
	2. make sure that they are not complicit in human rights abuses.	412-3, 414-1, 414-2
2. Labour standards	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	102-41, 402-1, 407-1
	4. the elimination of all forms of forced and compulsory labour;	409-1
	5. the effective abolition of child labour; and	408-1
	6. the elimination of discrimination in respect of employment and occupation.	102-8, 202-1, 202-2, 401-1, 401-3, 404-3, 405-1, 405-2, 406-1
	7. Businesses should support a precautionary approach to environmental challenges;	201-2, 301-1, 302-1, 303-1, 305-1, 305-2, 305-3, 305-6, 305-7
3. The environment	8. undertake initiatives to promote greater environmentally-friendly; and	301-1, 301-2, 301-3, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 304-1, 304-2, 304-3, 304-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5, 307-1, 308-1, 308-2
	9. encourage the development and diffusion of environmentally friendly technologies.	302-4, 302-5, 305-5
4. Anti-corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	102-16, 102-17, 205-2, 205-3, 415-1, 413-2

9.5.4. 17 UN Sustainable Development Goals index

Please refer to the "Groupe PSA contribution to global sustainable development goals" section, at the beginning of this report.

9.5.5. ISO 26000 index

Key central questions and areas of action		CSR Report (relevant sections)
Key question	Governance of the organisation	
Key question	Human rights	
Area of action 1	Duty of vigilance	8.1.3./6.2.
Area of action 2	Situations that present a risk to human rights	6.2.3.1.
Area of action 3	Avoiding complicity	6.1./6.2.3.2./6.2.3.3.
Area of action 4	Remedying infringements on human rights	6.2.3.
Area of action 5	Discrimination and vulnerable groups	3.4./3.4.3.
Area of action 6	Civil and political rights	6.2.3.5.
Area of action 7	Economic, social and cultural rights	6.2.3.
Area of action 8	Basic workplace principles and rights	6.2.3.
Key question	Working relations and conditions	
Area of action 1	Employment and employer/employee relations	3.1.2./3.3.1.4./3.4.1.
Area of action 2	Working conditions and social protection	3.3./3.3.1.
Area of action 3	Social dialogue	3.1.2.
Area of action 4	Workplace health and safety	3.3.1.
Area of action 5	Development of human capital	3.2.2.
Key question	Environment	
Area of action 1	Preventing pollution	2.3./2.4.1.3./4.2./5.2.2./7.
Area of action 2	Sustainable use of resources	7.1./7.2./7.3.
Area of action 3	Reducing and adapting to climate change	2./4.2./7.
Area of action 4	Preserving the environment, biodiversity and restoring natural habitats	5.3./5.4.
Key question	Fair operating practices	
Area of action 1	Anti-corruption	6.1.
Area of action 2	Responsible policy commitment	6.1.
Area of action 3	Loyal competition	6.1.2./6.1.4./6.1.5.
Area of action 4	Promoting corporate responsibility in the value chain	1.
Area of action 5	Respecting property rights	6.1.7.3./4.3.
Key question	Matters concerning consumers	
Area of action 1	Loyal marketing, information and contract practices	4.3.
Area of action 2	Protecting consumer health and safety	5.
Area of action 3	Sustainable consumption	2.3./7.1.
Area of action 4	Customer service, assistance and consumer claims and disputes resolution	4.1./5.1.6./5.2.3.
Area of action 5	Protecting consumers' data and private lives	4.3./6.1.7.3.
Area of action 6	Access to basic services	4.1.1./4.1.5.6./5.1.8./4.2.
Area of action 7	Education and awareness	2.3.6./4.2./6.3.
Key question	Communities and local development	
Area of action 1	Involvement with communities	8.1./8.3.
Area of action 2	Education and culture	8.1./8.3.
Area of action 3	Creating jobs and developing skills	3.2./8.1./8.3.
Area of action 4	Developing technologies and access to technology	2.3.1.3.3./4.2./8.3.
Area of action 5	Creating wealth and revenue	8.1.3.2./8.2.1./8.3.2.
Area of action 6	Health	5.2.
Area of action 7	Investment in the Company	8.3.4.

9.5.6. Groupe PSA indicators standardized to the SASB Transportation Standard index

References to the automotive industry ESG reporting of the SASB (Sustainability Accounting Standards Board) are denoted by:

SASB-XXXx.x

	Accounting metric	CODE ⁽¹⁾	2018	2019	2020	For information on actions, refer to sections of 2020 CSR Report
Activity	Number of vehicles manufactured	SASB-000.A	3,902,378	3,445,795	2,482,918	1.1.1.3.
	Number of vehicles sold	SASB-000.B	3,877,765	3,479,096	2,512,475	1.1.1.4.
Product Safety	Number of safety-related defect complaints, percentage investigated	SASB-250a.2	2,310 100%	3,050 100%	3,569 100%	5.1.10.
	Number of vehicles recalled (<i>Mveh</i>) ⁽²⁾	SASB-250a.3				5.1.10.
	Mandatory recalls		0	0	0	
	Voluntary recalls		1.9	1.9	1.9	
Labour Practices	Percentage of active workforce covered under collective-bargaining agreements	SASB-310a.1	94%	94%	93%	3.1.3.
	Number of work stoppages and total days idle	SASB-310a.2	0 0	0 0	0 0	3.1.1.1.
Fuel Economy and Use-phase Emissions	Sales-weighted average passenger fleet fuel emissions, by region (<i>base 100</i>)	SASB-410a.1	82	80	72	2.3.2.
	Europe (<i>g/km</i>)		113.9	114.5	97	
	China (DPCA) (<i>l/100km</i>)		6.33	6.19	5.69	
	Number of zero emission vehicles (ZEV) sold	SASB-410a.2	10,387	17,606	89,592	2.3.3.
	Number of hybrid vehicles sold		73	0	0	
	Number of plug-in hybrid vehicles sold		0	9,808	49,368	
Materials Sourcing	Discussion of strategies and approach to managing fleet fuel economy and emissions risks and opportunities	SASB-410a.3	Disclosed	Disclosed	Disclosed	2.1./2.2./2.3.2.
	Description of the management of risks associated with the use of critical materials	SASB-440a.1	Disclosed	Disclosed	Disclosed	6.2.2.1.1./7.1.2.4.
Materials Efficiency and Recycling	Total amount of waste from manufacturing (<i>t</i>) percentage recycled	SASB-440b.1	986,645 97.0%	962,543 97.2%	691,010 96.4%	7.2.4.
	Weight of end-of-life material recovered (<i>t</i>), percentage recycled ⁽³⁾	SASB-440b.2	118,662 88% ⁽³⁾	133,262 NA ⁽³⁾	71,015 NA⁽³⁾	7.1.4.2.
	Average recyclability of vehicles sold	SASB-440b.3	95%	95%	95%	7.1.3.

(1) The standard codification of the SASB indicators in the format SASB TR-AU-XXXx.x is simplified into SASB-XXXx.x.











(2) Details of major campaigns are presented in § 5.1.10.

(3) Official information from French Authorities on French scope only. Data is only available with 1.5 years delay.

NA: Information is Not Available.

9.5.7. TCFD index

The following table provides the correspondence between the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and the content of the present report.

Thematic	TCFD recommendations	CSR Report (relevant sections)	Degree of response*
Governance (G) Disclose the organisation's governance around climate-related risks and opportunities.	Ga. Describe the board's oversight of climate-related risks and opportunities.	2.2.	
	Gb. Describe management's role in assessing and managing climate-related risks and opportunities.		
Strategy (S) Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	Sa. Describe the climate-related risks and opportunities the organisation has identified over the short-, medium- and long-term.	2.1.1.1./2.1.2.1.	
	Sb. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	2.3./2.4./2.5.	
	Sc. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	2.1.2.3./2.3./2.4./2.5.	
Risk management (R) Disclose how the organisation identifies, assesses and manages climate-related risks.	Ra. Describe the organisation's processes for identifying and assessing climate-related risks.	2.1.1.1.	
	Rb. Describe the organisation's processes for managing climate-related risks.	2.1.1.3.	
	Rc. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	2.2./especially 2.2.1.	
Metrics and targets (M) Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Ma. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Scoreboard chapter 2./2.3./2.4./2.5.	
	Mb. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	2. introduction/2.3.3.2./2.4.2./2.5.2./2.5.3.	

* The reporting status indicates a response by the Group to each of the TCFD recommendations.

9.6. AUDITOR'S EXAMINATION REPORT GRI.102-56

The Company decided to obtain an independent auditor's opinion on the truthfulness of the consolidated social, societal and environmental information presented in the CSR Report. The firm Grant Thornton was appointed as independent auditor. The conclusions of this report are presented below.

Report by the independent third party, on consolidated social, environmental and societal information included in the Corporate Social Responsibility report

For the year ended 31st December 2020

To the Shareholders,

In our capacity as an independent third party of Peugeot S.A. and accredited by COFRAC under number n°3-1080⁽¹⁾, we hereby report to you on the consolidated social, environmental and societal information for the year ended 31st December 2020 (hereinafter the "CSR Information"), included in the 2020 Corporate Social Responsibility report of Stellantis covering the previous Peugeot S.A. perimeter only (please see the "Important Notice" page 3).

The entity's responsibility

The CSR Information has been prepared under the responsibility of the Executive Board in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the CSR report.

Independence and quality control

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

Responsibility of the independent third party

On the basis of our work, our responsibility is to:

- provide a report expressing a limited assurance conclusion on the fairness of the CSR Information in compliance with the Guidelines (see part 1);
- express a reasonable assurance conclusion that a selection of CSR Information has been established, in all material aspects, in compliance with the Guidelines (see part 2).

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions, in particular anti-corruption law;
- the compliance of products and services with the applicable regulations.

1. Limited assurance conclusion on the fairness of the CSR Information

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with ISAE 3000 - *Assurance engagements other than audits or reviews of historical financial information*.

We obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities and the impact of this activity on compliance with human rights and anti corruption and tax evasion legislation, as well as the resulting policies and their outcomes.

We assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account industry best practices, where appropriate.

We assessed the process used to identify and confirm the principal risks and asked what internal control and risk management procedures the entity has put in place.

We assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented.

We verified that the CSR Information covers the scope of consolidation, i.e. all the entities included in the scope of consolidation in accordance with article L. 233-16 within the limitations set out in the CSR report.

(1) Whose scope is available at www.cofrac.fr

We assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information:

- for the key performance indicators and other quantitative outcomes ⁽¹⁾ that we considered to be the most important, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
 - substantive tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities⁽²⁾ and covers between 21% and 48% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important⁽³⁾;
- we assessed the overall consistency of the CSR report based on our knowledge of the entity the consolidated entities.

We believe that the work performed, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

2. Reasonable assurance on a selection of CSR Information

Nature and scope of work

Regarding the CRS Information selected ⁽⁴⁾ by the company, we undertook work of the same nature as those described in the part 1 above for the non-financial information considered the most important, but in a more in-depth manner, in particular in relation to the number of tests.

The sample selected ⁽⁵⁾ represents between 30% and 48% of quantitative information selected.

We consider that this work allows us to express a reasonable assurance opinion on the information selected by company.

Conclusion

In our opinion, the CSR Information selected by the company has been established, in all material aspects, in compliance with the Guidelines.

Neuilly-sur-Seine, 26 March 2021

Independent third-party body

Grant Thornton

French member of Grant Thornton International

Vincent Frambourt
Partner

Tristan Murre
Director

(1) **Quantitative information:** number of employees under permanent or fixed-term contract by region, gender and age group; hiring for open-end contracts; breakdown of leavers under permanent contracts and dismissals; total management lost-time accident frequency rate (TF1 Management); severity rate; occupational illnesses; hours of training; water use; overall energy consumption; scope 1 and 2 greenhouse gas emissions (GHG); VOC emissions from paint shop facilities; gross discharges into water from plants (COD, DBO5, MES); total weight of waste by type (foundry waste, non-hazardous waste, hazardous waste) and disposal method.

(2) **For social and environmental information related to production site:** Carrière-Sous-Poissy, Ellesmere Port, Mangualde, Poissy, Sept-fons, Trémery, Vigo and Zaragoza.

(3) **Qualitative information:** "Co-constructing social dialogue"; "Attracting and developing all talents"; "Equality and diversity"; "Safety, health and well-being in the workplace"; "creating a tangible impact on climate change"; "Control of industrial discharges & nuisances"; "Optimization of material cycle in industrial processes, including waste"; "Sustainable water management"; "Ethics in business practices"; "Improving the environmental performance of the supply chain" "Ensuring respect of Human rights in supply chain"; "Improve air quality by reducing vehicle emissions"; "A presence on all mobility segments"; "Vehicle safety"; "Wise use of material in the vehicle life cycle"; "Consumer protection: Responsible management of customer's data and relationship".

(4) **Quantitative information:** water use; overall energy consumption; scope 1 and 2 greenhouse gas emissions (GHG); VOC emissions from paint shop facilities; total weight of waste by type (non-hazardous waste and hazardous waste); number of employees under permanent or fixed-term contract; total management lost-time accident frequency rate (TF1 Management); severity rate; supplier self-assessment results; number of suppliers evaluated by an external body (ECOVADIS); CSR supplier performance evaluated by an external body (ECOVADIS).

(5) **For social and environmental information related to production site:** Bochum, Carrière-Sous-Poissy, Ellesmere Port, Mangualde, Poissy, Sept-fons, Trémery, Tychy, Valenciennes, Vigo and Zaragoza.



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