



2019

**CORPORATE SOCIAL
RESPONSIBILITY
REPORT**

Includes:

INTEGRATED REPORT
CLIMATE REPORT
HUMAN RIGHTS REPORT

PSA
—
GROUPE

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Exploring our
sustainable
development
actions...



“Groupe PSA corporate purpose is to ensure the freedom of movement by providing safe, sustainable, affordable and enjoyable mobility.”

In 2019, the even more demanding economic, political and environmental context has urged the necessity to foster cooperation and initiatives to co-construct a desirable future. Climate change, above all factors, pushes us to thoroughly reconsider our mind-set and behaviours. Yet, the consensus on solutions is still missing: valid concerns and demands always undermine global progress towards climate neutrality.

As mobility providers, we are the front-runners of the necessary global transition and take this responsibility seriously.

This is why all Groupe PSA employees are laser-focused on the Group's corporate purpose, which is to “ensure the freedom of movement by providing safe, sustainable, affordable and enjoyable mobility”. We make sure that it permanently guides our business strategic plan and our philanthropic actions to enhance performance, with no compromise on ethical responsibility. We use a human-centred lens for all business operations because it helps us see around corners, imagine what best fits our stakeholders' interest and deliver a competitive edge.

“We focus on bringing people pragmatic solutions, which combine freedom of mobility and quality of life on the planet now and for the next generations.”

PERFORMANCE

Groupe PSA is one of the most efficient economic players in its sector and is also a socially recognized company, with the award of industry leader in the Dow Jones Sustainability Index for the third year in a row and being included in the world's leading SRI⁽¹⁾ indexes. Financial and extra-financial performances feed each other. This double economic and societal performance is the best protection against the vagaries of the markets.

At Groupe PSA, we drive the change against the status quo. We have identified seven megatrends that will shape the future of mobility: climate change, connectivity, autonomy of products, digitalization, economy of sharing, change in customer behaviour and divergence of the markets. Our teams focus on these seven trends to deliver the results that allow our company to identify and grasp all opportunities.

Our state of the art products and services offering is our way of strongly defending 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

RESPONSIBILITY

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

Citizens expect decisions from their representatives and solutions from companies in a coordinated way. We focus on bringing people pragmatic solutions, which combine freedom of mobility and quality of life on the planet now and for the next generations. We must beware any dogmatism that would lead to the “urban immobility” and the “rural mobility divide” with a forecast of 9 billion inhabitants by 2050.

This is where corporate responsibility stands for us.

In the short term, we must ensure that we maintain the capacity to offer affordable technological goods to customers, consistent with their purchasing power.

In the medium term, the energy transition will lead to an obvious additional cost for households, due to change in technologies at a previously unknown pace and higher energy costs. However, this extra cost should not be over-attributed to their mobility budget: direct or indirect carbon taxes, equally distributed to all economic sectors, would reduce the share of mobility in household budget and allow individuals to proceed to their own arbitrations between the indispensable expenditure and the spending they could, at least partially, give up.

“As mobility providers, we are the front-runners of the necessary global transition.”

“Freedom of movement is a fundamental right for humanity.”

We take the UN Sustainable Development Goals as a framework for our action and strongly believe that concrete solutions should be tailored to the specific needs of citizens in their specific territory with a long-term view. As President of the Fondation PSA, whose philanthropic mission is to provide mobility solutions to the most fragile population, I know the impact of the lack of mobility on personal situations.

TRANSPARENCY

As a leading company, we make sure pursuing our corporate purpose fully benefits our stakeholders with consistent decisions and actions over time. Our customers, our employees, our investors, our suppliers and the civil society challenge us and expect us to make 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 our permanent and challenging dialogue with our stakeholders. It also feeds the public debate, for the benefit of the general interest.

I invite you to read this annual CSR Report, which presents how our responsible business model creates shared and sustainable value. The 23 CSR commitments supported by accountable members of Groupe PSA Executive Committee are part of our proactive trajectory. All of the Group’s employees are committed to implementing our CSR roadmap, which reflects our ambitions for the future.

Carlos Tavares



This CSR Report complements the Groupe PSA Universal Registration Document, and more particularly its section 2, dedicated to the Group’s Declaration on Extra-Financial Performance, responding to the main CSR risks and challenges identified by the company, based on a macroscopic risk analysis covering the 45 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 for 2019. It has been submitted to an independent auditor’s examination, as enclosed and described in section 9.6. It was prepared by the issuer and is the responsibility of the person whose signature appears therein.

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.

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.

GRUPE PSA CONTRIBUTION TO GLOBAL SUSTAINABLE DEVELOPMENT GOALS

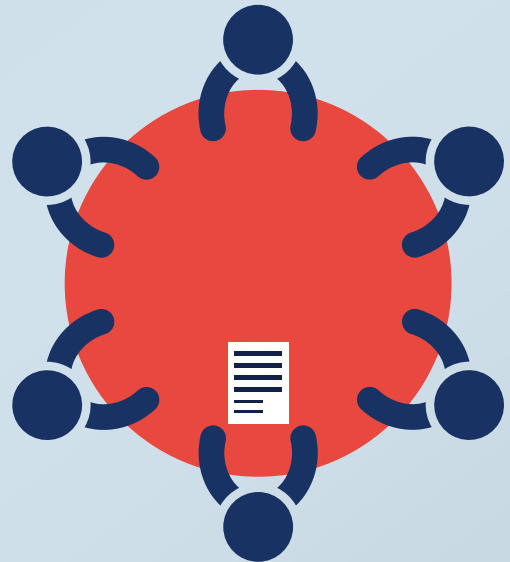
Grube PSA takes into account the impact of its activities on the 17 Sustainable Development Goals (SDGs) set by the United Nations for 2030. It makes a positive contribution at a global level to many of them and at a local level for others.



- 1** End poverty in all its forms everywhere (see sections 6.2.2./8.1.3.2./8.3.3.).
- 2** End hunger, achieve food security and improved nutrition and promote sustainable agriculture (see section 8.3.3.).
- 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.).
- 4** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all (see sections 3.2.2./8.3.3.).
- 5** Achieve gender equality and empower all women and girls (see section 3.4.1.).
- 6** Ensure availability and sustainable management of water and sanitation for all (see section 7.3.).
- 7** Ensure access to affordable, reliable, sustainable and modern energy for all (see section 2.4.2.).
- 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.).
- 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.).
- 10** Reduce income inequality within and among countries (see sections 3.4./8.3.3./8.3.4.).
- 11** Make cities and human settlements inclusive, safe, resilient and sustainable (see sections 2.3.3./4.2.2./7.1./8.3.3.).
- 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.).
- 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.).
- 14** Conserve and sustainability make use of the oceans, seas and marine resources for sustainable development (see sections 2.3./2.4.2.).
- 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.).
- 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.).
- 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.).



**RESPONSIBLE DECISIONS
BASED ON
360° APPROACH**



**RESPECT TOWARDS
STAKEHOLDERS
BASED ON
TRANSPARENCY**

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

1.1. A CSR PROGRAM THAT IS FULLY INTEGRATED INTO THE GROUP STRATEGY.....	8	1.3. TRANSPARENCY AND CSR COMMITMENT: TANGIBLE RESULTS FOR THE GROUP AND ITS STAKEHOLDERS.....	23
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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 €74.7 billion in 2019.

CONSOLIDATED REVENUE BY BUSINESS

(in millions of euros)	Automotive Division	Automotive equipment	Other businesses and eliminations*	Total
2019 NET REVENUE	58,943	17,768	(1,980)	74,731
2018 net revenue	58,553	17,525	(2,051)	74,027

* Including the activities of BANQUE PSA FINANCE not covered by the partnership signed with Santander Consumer Finance and BNPP.

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 in 2019-2020 SPOTICAR, a new multibrand label (replacing also Carday's PSA Retail own label),
 - “DS Certified”, for the premium brand DS,
- 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 guarantees 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.

- > through a strategic alliance with ARAMISAUTO.COM in 2016, 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,
- > 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;

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⁽¹⁾ 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.

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.

Group 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
-  **Components factory, casting**
 in partnership
-  **Automotive assembly plant**
 in partnership

OTHER LOCATIONS

-  **R&D centre**

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

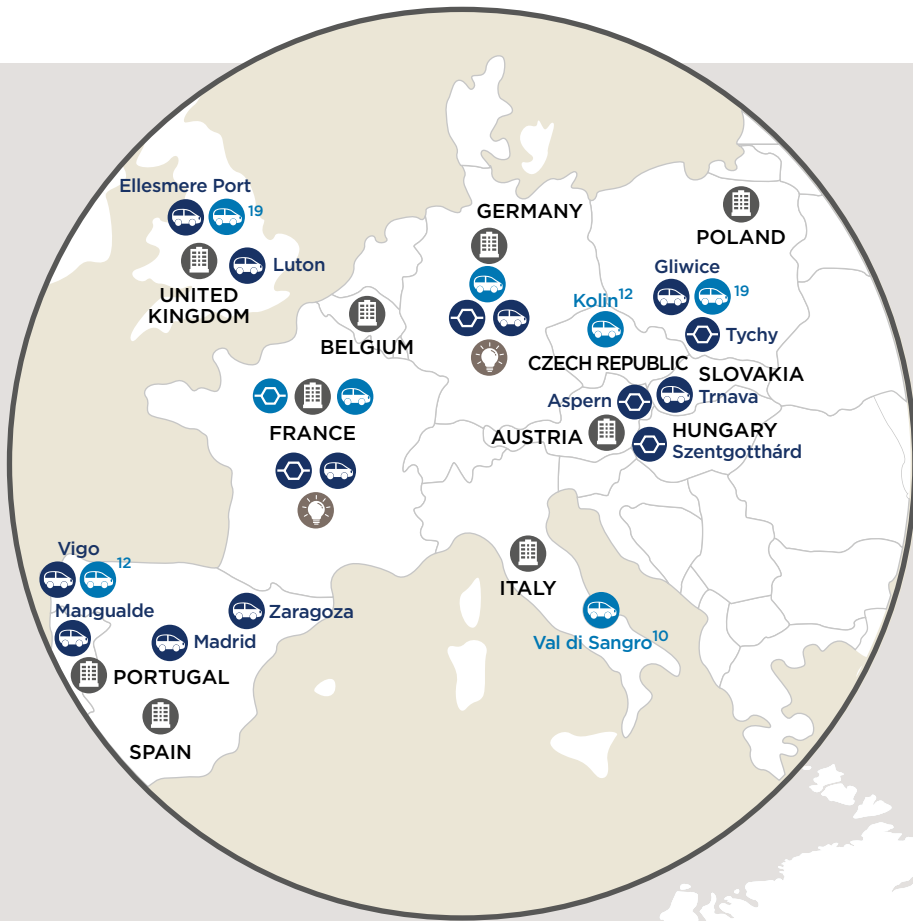
Industrial partners (see hereafter for more details)

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 CK Birla
- 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 Changan PSA Automobiles
- 15 Fipar Holdings
- 16 EASA Nordex
- 17 Renault
- 18 Ford
- 19 General Motors
- 20 China Dongfeng Motor Industry and Zhengzhou Dongfeng Automobile Industrial
- 21 Chongqing Changan Automobile



CREATING SHARED AND LASTING VALUE
A CSR program that is fully integrated into the Group strategy



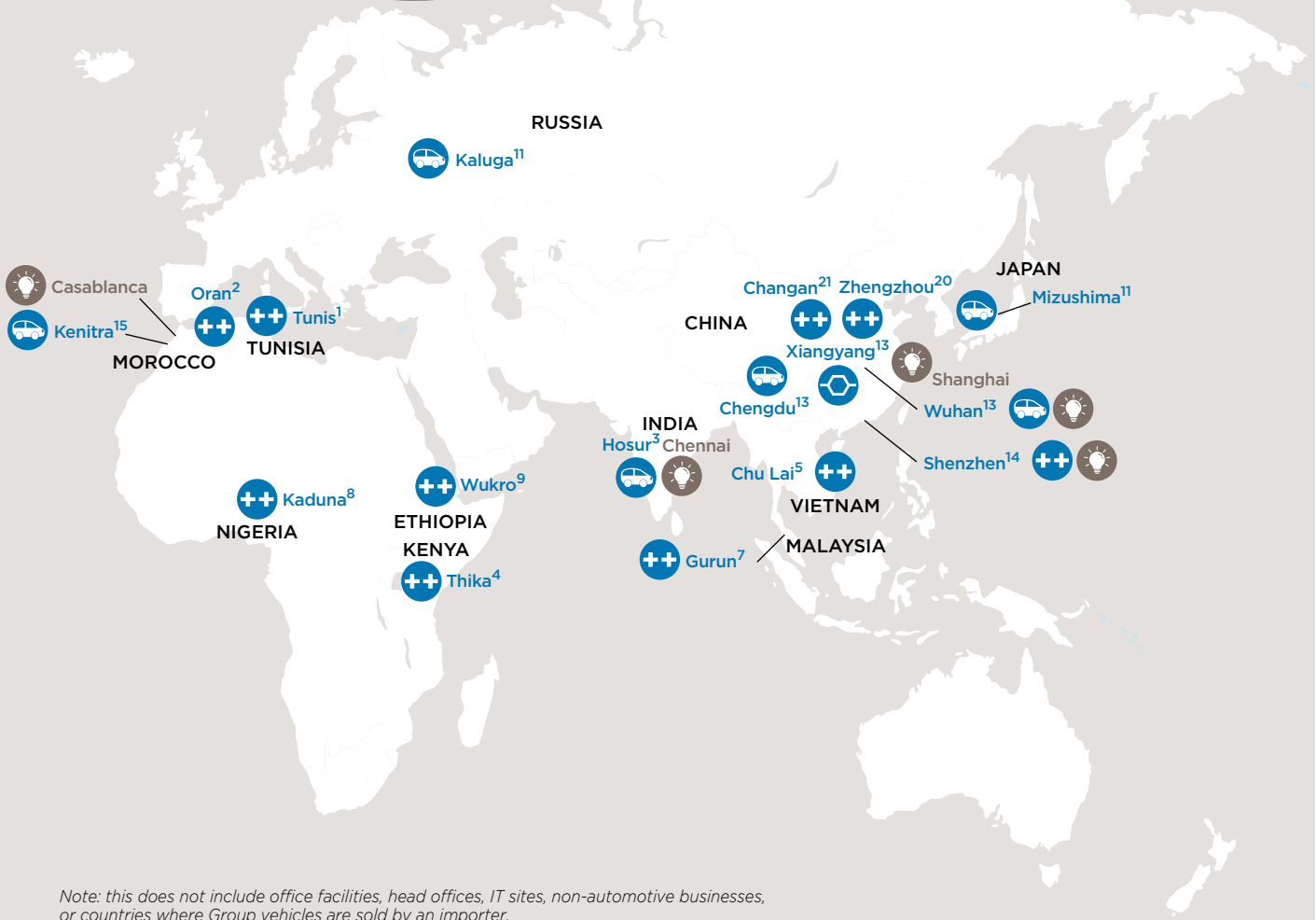
BREAKDOWN OF LOCATIONS

France

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

Germany

- | | | | |
|--|----------------------------|--|--------------|
| | Kaiserslautern | | Eisenach |
| | Ruesselsheim ¹⁹ | | Ruesselsheim |
| | | | 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 8,855 at the 2019 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 4,987 at the 2019 year-end;
- an R&D center in Morocco (Casablanca), which will support Groupe PSA expansion in the Middle East and Africa region, with a workforce of 603 at the 2019 year-end;
- an R&D cluster in Latin America (São Paulo), which is dedicated to local sourcing and manufacturing, and had a workforce of 399 at the 2019 year-end;
- an R&D center in China (Shanghai), which is in charge of developing vehicles for the Asian market, engine adaptations, local integration and industrialisation, with a workforce of 570;
- a new R&D center in India (Chennai), opened in 2019 and with a workforce of 30 at the end of the year, where the "smart car" program will be 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

- A 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).
- A R&D center in China with Changan PSA Automobiles, as part of CAPSA joint venture, in Shenzhen (responsible for local sourcing and manufacturing).

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

- In Valenciennes (France): gearbox components with Renault.
- In Hérimoncourt, Douvrin and Trémery (France): engines with Ford.
- In Trémery (France): electric engines with Nidec Leroy-Somer Holding as part of Nidec PSA E-Motors joint venture.
- In Kolin (Czech Republic): Peugeot 108 and Citroën C1, as part of its TPCA joint venture with 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 Rüsselsheim (Germany), Gliwice (Poland) and Elsmere Port (UK): Opel produces vehicles for General Motors.
- In Kaluga (Russia): Peugeot 308, 408, 4007, Expert and Traveller, Citroën C4, C-Crosser, Jumpy and Space Tourer with Mitsubishi Motors Corporation as part of the PCMA joint venture.
- In Kenitra (Morocco): Peugeot vehicles with Fipar Holdings.
- In Hosur (India): powertrains manufacturing with AVTEC (CK Birla Group), as part of the PSA AVTEC Powertrain Pvt. Ltd. joint venture.
- In Wuhan (China) for Dongfeng Peugeot (301, 308, 408, 508, 208 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.
- In Mizushima (Japan): electric vehicles Citroën C-Zero and Peugeot iOn with Mitsubishi.

CREATING SHARED AND LASTING VALUE

A CSR program that is fully integrated into the Group strategy

– 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, 208 and 2008.
- In Thika (Kenya) with URYZIA for the Peugeot 308 SW, 508, 2008 and 3008.
- In Chu Lai (Vietnam) with the THACO group for the assembly of the Peugeot 3008 and 5008.
- In Montevideo (Uruguay) with EASA and Nordex for the manufacture of Peugeot Space Tourer, Traveller, Expert and Citroën Jumpy, and with Nordex for pick-ups.
- In Gurun (Malaysia) with Naza Automotive Manufacturing, for the assembly of the Peugeot 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), for the assembly of high-end DS Automobiles vehicles with Changan PSA Automobiles as part of the CAPSA joint venture.

MANUFACTURING PLANTS ARE LOCATED ACCORDING TO THEIR MARKET PENETRATION PLAN

Manufacturing region	Volumes of produced vehicles				% of 2019 total production
	2006	2017	2018	2019	
Latin America	189,302	144,089	118,253	65,820	1.9%
China and Southeast Asia	201,862	382,150	256,349	112,194	3.3%
Eurasia		1,744	5,361	4,361	0.1%
Europe	2,993,844	2,600,698	3,243,904	3,182,650	92.4%
<i>including France</i>	<i>1,900,759</i>	<i>1,138,048</i>	<i>1,210,434</i>	<i>1,225,803</i>	<i>35.6%</i>
India-Pacific		55,160	120,378	67,382	2.0%
Middle East & Africa	3,123	464,445	156,024	8,887	0.3%
North America		1,456	2,109	4,501	0.1%
TOTAL	3,388,131	3,649,742	3,902,378	3,445,795	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	774	0.7%
Eurasia	2,184	1.9%
Europe	104,904	91.2%
India-Pacific	121	0.1%
Latin America	4,334	3.8%
Middle East & Africa	2,764	2.4%
TOTAL	115,081	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): 6,109 employees;
- CAPSA (Changan PSA Automobiles), joint venture with Changan, in Shenzhen (China): 543 employees;
- TPCA (Toyota Peugeot Citroën Automobiles), joint venture with Toyota, in Kolin (Czech Republic): 2,342 employees;
- SEVELSUD, joint venture with Fiat, in Val Di Sangro (Italy): 5,931 employees;
- NIDEC PSA EMOTORS, joint venture with NIDEC in Carrières-sous-Poissy (France) and Trémery (France): 108 employees;
- the joint ventures between BANQUE PSA FINANCE and Santander total 2,022 employees worldwide; the joint ventures between Opel and Vauxhall FINANCE and BNP Paribas total 982 employees worldwide.

1.1.1.4. Present in all the major mobility markets worldwide GRI.102-6 SASB-000.B

Group PSA worldwide sales stood at 3.5 million units in 2019.

VEHICLES SOLD IN 2019



1,453,823



989,853



61,989



973,431

CONSOLIDATED SALES BY REGION

Region	Vehicles sold in 2019	% of total sales 2019	Vehicles sold in 2018	% of total sales 2018	Sales 2019 vs sales 2018
Europe	3,019,729	86.8%	3,106,160	80.1%	-2.8%
China and Southeast Asia	117,084	3.4%	262,583	6.8%	-55.4%
Middle East & Africa	164,266	4.7%	291,998	7.5%	-43.7%
Latin America	135,739	3.9%	175,257	4.5%	-22.5%
India-Pacific	26,639	0.8%	26,479	0.7%	+0.6%
Eurasia	15,639	0.4%	15,288	0.4%	+2.3%
TOTAL	3,479,096	100%	3,877,765	100%	-10.3%

CONSOLIDATED REVENUE BY REGION

<i>(in millions of euros)</i>		Europe	Eurasia	Southeast Asia	India-Pacific	Latin America	Middle East & Africa	North America	Total
2019	REVENUE	58,758	595	3,232	1,705	3,383	3,015	4,043	74,731
2018	Revenue	58,007	557	3,147	1,478	3,842	2,802	4,194	74,027

BREAKDOWN OF TANGIBLE ASSETS BY REGION

<i>(in millions of euros)</i>		Europe	Eurasia	China and Southeast Asia	India-Pacific	Latin America	Middle East & Africa	North America	Total
2019	PROPERTY, PLANT AND EQUIPMENT	14,048	149	674	363	799	303	586	16,922
2018	Property, plant and equipment	12,151	122	541	141	651	166	364	14,136

Detailed information is available in the Group's Universal Registration Document.

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 5% in 2019;
- production cost savings in Europe reached €111 per vehicle in 2019 (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 6% between 2018 and 2019.

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	2017	2018	2019
R&D expenses* (total expenditure)	€3.6 billion	€3.9 billion	€ 4.3 billion
Number of employees assigned to R&D	20,300**	18,700	15,500
Number of R&D centres	9**	9**	10**
Number of patents published in France (INPI)	1,021	1,074	1,183
Number of academic chairs	6	4	3
Number of OpenLabs	18	19	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 CAPSA & 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. In 2019, the Digital Validation Boost project generated a saving of €15 million;
- 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 = €43 million in 2019);
- optimising campus-estate of R&D (-42% from 2013 to end 2019).

FINANCIAL SECURITY

(in millions of euros)	12/31/2018	12/31/2019
Cash and cash equivalents	14,961	17,379
Current & non-current financial assets	1,460	1,826
TOTAL	16,421	19,205
Credit lines (undrawn) - excluding Faurecia	3,000	3,000
Credit lines (undrawn) - Faurecia	1,950	1,200
TOTAL FINANCIAL SECURITY	21,371	23,405
<i>of which Faurecia</i>	<i>4,211</i>	<i>3,604</i>

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
<p>1 - CLEAN TECHNOLOGIES</p> <p>Clean technologies contribute to market cars that address environmental and health issues, especially through the following levers:</p> <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)
<p>2 - THE AUTONOMOUS CONNECTED VEHICLE</p> <p>The development of autonomous and connected technologies will contribute offering ever-increasing levels of safety, through:</p> <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 guarantees 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 2019, Groupe PSA had 1,183 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.

1,183

new patents published in France in 2019








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
<p>Bringing a tangible impact on climate change</p> 	<p><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></p>	<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.)
<p>Driving the Group's transformation through the development of human capital</p> 	<p><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></p>	<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.)
<p>Meeting customers' expectations on quality, mobility solutions and data privacy</p> 	<p><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></p>	<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.)
<p>Preparing for growing societal expectations on health and safety</p> 	<p><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></p>	<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.)
<p>Ensuring protection of human rights and preventing ethics violation</p> 	<p><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></p>	<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.)
<p>Implementing responsible use of natural resources</p> 	<p><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></p>	<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.)
<p>Supporting a balanced economic development of territories</p> 	<p><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></p>	<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 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 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 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.).

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 will continue in 2020, in a different form, around the following theme: "freedom of movement in a zero-carbon world".

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.

A policy for ongoing dialogue

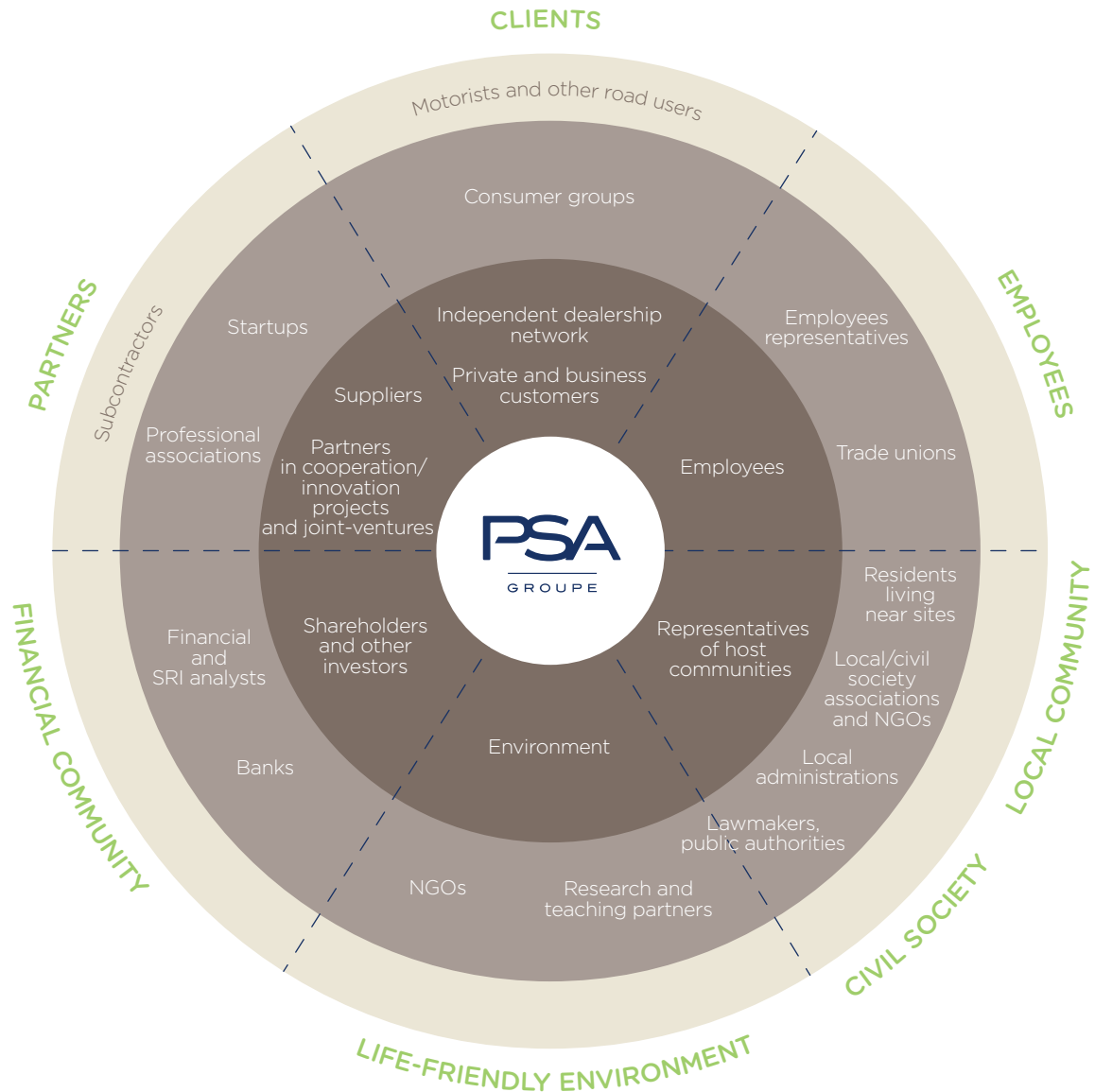
The Group's business activities have an impact on the decisions of a large number of stakeholders, both internal and external. **The Group has identified its main stakeholder categories. They are mapped below by type and by the importance of their interactions with the Group. The outermost circle includes 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

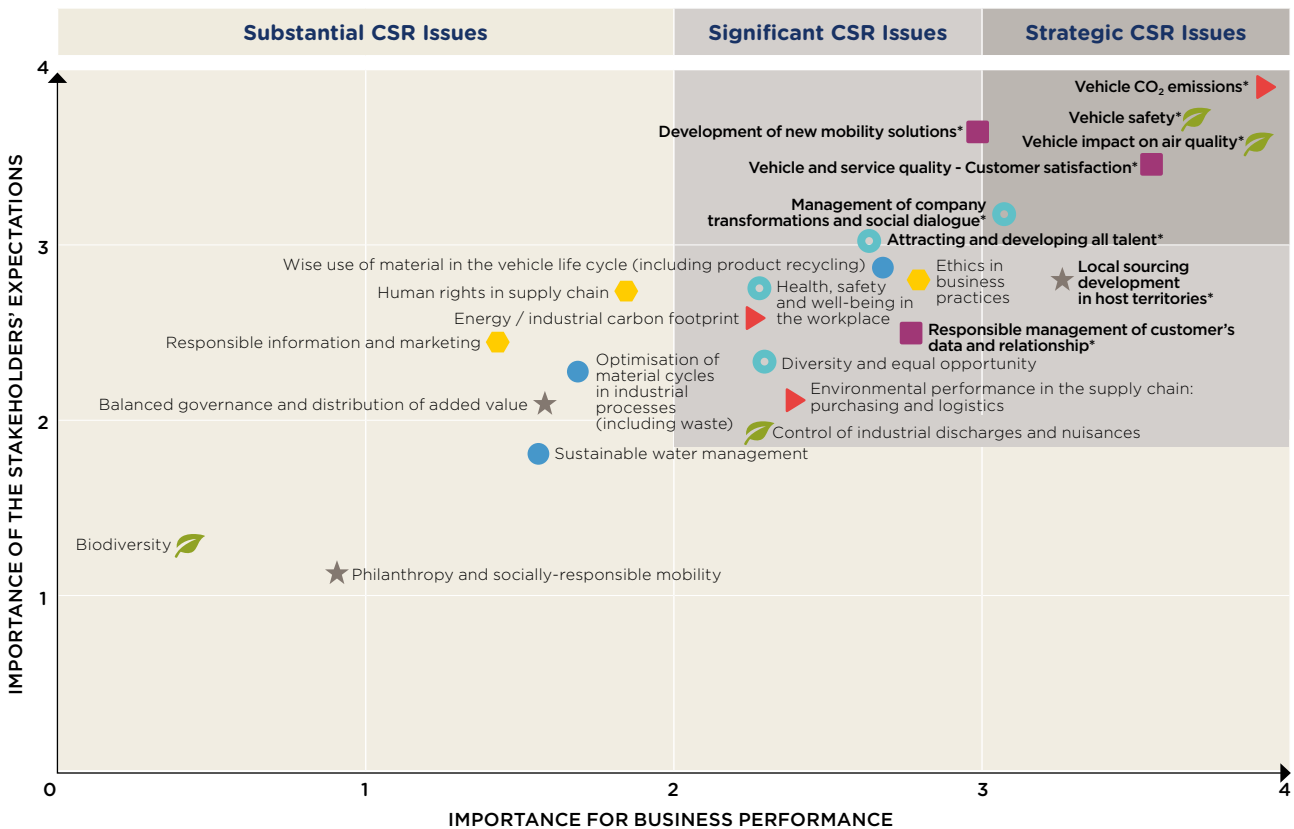
materiality matrix of the issues, presented below, puts the issues which are most strategic for the Group into perspective. For this mapping of its CSR issues, the Group followed the guidelines of the GRI.

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 and the CSR chapter of the Universal Registration Document, 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.

GRUPE PSA MATERIALITY MATRIX



Seven categories of macro-risks developed in 23 CSR issues

- Bringing a tangible impact on climate change
- Implementing responsible use of natural resources
- Preparing for growing societal expectations on health and safety
- Supporting a balanced economic development of territories
- Ensuring protection of human rights and preventing ethics violation
- Driving the Group’s transformation through the development of human capital
- Meeting customers’ expectations on quality, mobility solutions and data privacy

*Issue linked to the Push to Pass strategy.

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

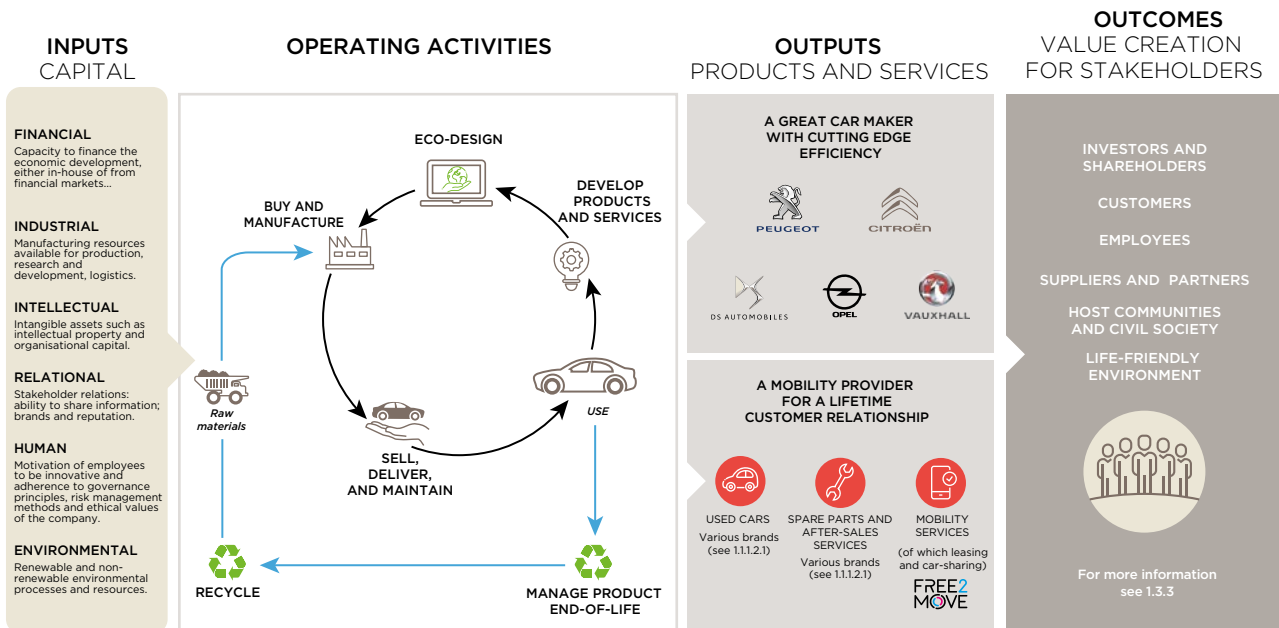
The Group’s value chain, presented below, embraces a holistic, material and transparent approach to its growth model. Non-financial performance boosts financial performance and allows the Group to create value for stakeholders (see 1.3.3.).



“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.

GRUPE 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;
- guarantees **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 issues identified. This mission is fully in keeping with the Group’s ambition to guarantee responsible development.

For each issue, the Group undertakes a commitment and sets 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 are defined jointly by the Sustainable Development Delegation and the departments concerned. The level of progress for each commitment in its roadmap is presented transparently in a scoreboard at the start of each section in this 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 are the concrete results of the Group’s CSR approach and constitute 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.

Commitments in respect of strategic CSR issues are shown in the table below. These commitments are monitored by the Group’s Executive Committee and are presented to the Supervisory Board.

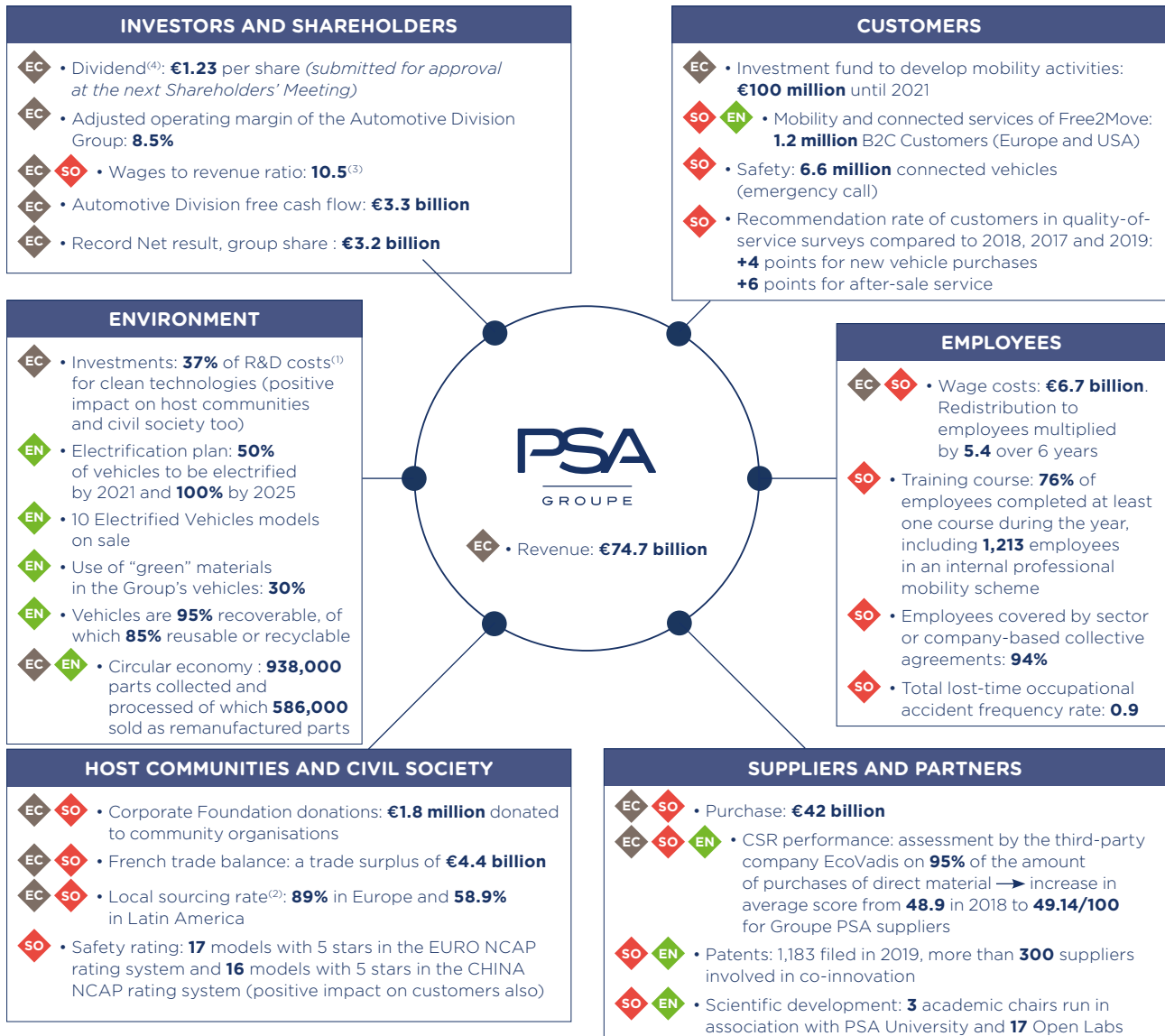
THE GROUP’S AMBITIONS FOR STRATEGIC CSR ISSUES BY 2035

 MACRO-RISKS	 STRATEGIC CSR ISSUES	 AMBITIONS 2035
Bringing a tangible impact on climate change 	Vehicle CO₂ emissions Organiser: EVP Programs and Strategy	Reduce average CO ₂ emissions of vehicles sold worldwide by 55% compared with 2012 levels (Tank-to-Wheel). And by 2034, reduce by 37% per vehicle kilometer the emissions of GHG of sold products from a 2018 base year, assessed on a Well-to-Wheel perimeter. The corresponding trajectory has been validated by SBTi.
Preparing for growing societal expectations on health and safety 	Vehicle impact on air quality Organiser: EVP Research and Development Vehicle safety Organiser: EVP Quality	Based on its technological offer and especially its line of vehicles to be 100% electrified by 2025: <ul style="list-style-type: none"> • achieve more than 50% of Group sales with electric, fuel cells and hybrid vehicles with an emission-free mode; • deploy state-of-the-art after-treatment systems for internal combustion vehicles in all countries where the Group operates. Offer vehicles fitted with state-of-the-art protection: <ul style="list-style-type: none"> • for customers and all road users, especially in autonomous driving mode, with 80% of vehicles offering automatic control functions from 2030 (reduction in number of reported physical injuries involving a Groupe PSA vehicle); • for customers’ property by controlling the inviolability of the vehicles (90% of vehicles with the highest Thatcham rating); • for vehicle/customer data and the vehicle itself against cyberattacks (all hardware protected against cyberattacks/all alerts processed).
Meeting customers’ expectations on quality, mobility solutions and data privacy 	Vehicle/service quality – customer satisfaction Organiser: EVP Quality Development of new mobility solutions Organiser: EVP Mobility and Connectivity Services	Be, and remain, customers’ preferred car manufacturer and mobility supplier: <ul style="list-style-type: none"> • satisfy each and every customer by offering mobility solutions that meet their expectations around the world and for all usages (overall product satisfaction rate, in comparison with the TOP3); • contribute, with the best level of reliability of the mobility objects, to maximise their resale value, and minimize the repair costs in the long run (three-month warranty claim rates at 0 and warranty cost cut by 75% in comparison to the Push to Pass benchmark); • provide the same level of excellent service to all customers anywhere, anytime (recommendation rate). Free2Move, the new mobility brand by Groupe PSA, will be customers’ preferred mobility services provider with intermediate targets for 2021: <ul style="list-style-type: none"> • continue profitable growth to achieve a turnover of €400 million; • reach 2,000,000 active B2C customers.
Driving the Group’s transformation through the development of human capital 	Management of company’s transformations and social dialogue Organiser: EVP Human Resources	Engage in agile co-construction for the Company’s future with employee representatives and unions, which: <ul style="list-style-type: none"> • helps the Company make technological and economic adaptations quickly; • promotes employees’ professional development and employability; • allows all employees to be covered by a collective agreement or a company agreement. Conduct this dialogue within the Global Framework Agreement, which notably ensures respect for Human Rights.

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 2019



◆ Economic and financial value ◆ Social value ◆ Environmental value

(1) Total R&D costs: €4.3B (Automotive Division and Faurecia).

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

(3) Automotive Division excluding own dealer network.

(4) Dividend per share calculated on the basis of the total number of outstanding shares of the company minus the treasury shares of the company as of 25 February 2020. The actual dividend per share will depend on the number of treasury shares held at the ex-dividend date and any shares issued or cancelled prior to this date.

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**, as recognised by credit rating agencies. In March 2019, the rating agency Moody's Investors Service upgraded Groupe PSA to Baa3/Stable outlook, and Fitch as well as Standard & Poor's (S&P) maintained their rating at BBB-/Stable.

This performance is 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 2019 financial results, the Group once again confirmed its ability to sustain its performance for the sixth consecutive year. In 2019, the Group reported,
 - > 3.5 million vehicles sold in 2019,
 - > an adjusted operating margin for the Auto division at 8.5%, up 0.9 points compared to 2018,
 - > €3.3 billion Auto Free Cash Flow generated in 2019,
 - > €10.6 billion of Auto net financial position compared to €8,9 billion adjusted of IFRS 16 effect at the end of 2018, a Group recurring operating margin which stood at 7.7%, up 1.3 points compared to 2018,
- **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 2019, Groupe PSA Environmental & Social Quality Score published by Institutional Shareholder Services Inc. (ISS) was: Environment = 1, Social/Societal = 2 (scale: 1 = low risk, 10 = high risk),

- **a robust compliance and ethics system**, supported by an Ethics Committee and 10 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,
 - **guaranteed fair access to information to allow informed decision-making:** for Groupe PSA, exercising its responsibility towards its investors and shareholders means guaranteeing 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:** in February 2019, Groupe PSA announced a new dividend policy for 2019-2021 with a payout ratio increased to 28%, starting in 2020 with the dividends paid on 2019 net results. The dividend policy protects the Group's innovation potential and takes the expectations of customers for new products, new technologies and new services into account, while pursuing the Group's international expansion. For the FY2019, a dividend of €1.23 per share will be submitted for approval at the Shareholders' General Meeting.

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 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 2019.
	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 remained a member of the "CDP Climate Change A List" . It also has been awarded a position on the Supplier Engagement Leaderboard
	FORUM ETHIBEL/VIGEO: To compile the Ethibel Sustainability Index (ESI) Excellence Europe, Forum Ethibel uses analyses carried out by Vigeo to select companies from the Russell Global Index at the forefront of CSR in their industry.	Groupe PSA has been reconfirmed as a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe .
	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, keeping its leading position for the automotive industry for the third year in a row.
	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 .

Lastly, in accordance with its **United Nations Global Compact** commitments, the Group reports on improvements made during the year with respect to each of the Global Compact's ten principles. This year, the Group's 2019 CSR report was awarded **Advanced** level, which is the highest assessment for the Global Compact.

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. In early March 2018, Groupe PSA published the first results of these tests. This new step contributes to **increasing the reliability of automotive tests and measurements**.



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 1,300,000 unique connected customers at the end of 2019. 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 (4.5 on iOS and 3.7 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 390,000 reviews from 56 countries;
- **simplicity**: the DS Automobiles brand is rolling out ONLY YOU, the DS customer experience programme which includes DS AT YOUR SERVICE, a customer contact platform and a unique phone number, allowing customers or prospects to **easily find answers for all types of DS queries**. Already available in 12 countries in Europe, South America and Asia, DS AT YOUR SERVICE will be rolled out in 2020 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



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 **5 major cities in Europe, China and the USA**;
- **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 September 2018, Groupe PSA won the 2019 **International Van of the Year (IVOTY)** Award for their Peugeot Partner, Citroën Berlingo, Opel Combo and Vauxhall Combo vans based on their **technological advancements which help the driver**. The overload alert system is recognised as a great initiative to **enhance safety**.

In February 2019, ConnectedCAM Citroën® has won the "Safety Technology of the Year" prize at the FirstCar Awards 2019. The integrated dashcam system premiered on Citroën C3 in 2016 is also available on the New Citroën C5 Aircross SUV.

In October 2019, the range of Peugeot commercial vehicles won the "Plus X Award 2019" in Germany, an international award for the **highest customer satisfaction** in the LCV segment, rewarding brands **for quality and innovation**.

Recommendation rate of customers in quality-of-service surveys between 2017 and 2019:

- **+8 points** for new vehicle purchases;
- **+13 points** for after-sales service;
- **E-call** (emergency call system): Groupe PSA has more than **6 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 ("*Echange Standard*") and a "repair and return" service for automatic gearboxes and complex electronic components. This large range covers 55% 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 Bök 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
 - Bök 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 specialises in responsible purchasing, has annually awarded Groupe PSA the **gold medal** as a **responsible supplier** since 2014. Score in 2019 was 80/100. Groupe PSA belongs to the select 2% of companies that are rated **CSR Advanced**. 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.

Free2Move Services is an app dedicated to **location and payment of 130,000 European public charging points** for electrified vehicles.

Peugeot broadcasts short videos on its ecosystem to **demystify the arrival of electrified vehicles** in daily lives. #MoveToElectric.

In 2019, Citroën presented its **vision of the future of mobility** with 2 electric concepts: Ami One Concept for urban mobility and 19_19 Concept to escape from the cities.



FAIR TOTAL COST OF OWNERSHIP (TCO)

Positive impact on insurance costs

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

In 2019, for the fifth year in a row, Peugeot gets a prize at the **MAAF Auto Environment Awards** (vehicle most compliant with environmental standards) which allows MAAF policyholders to receive **a bonus of €100** on their first insurance premium.



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.



Recognized reliability by customers

Peugeot was ranked the "Most Dependable Volume Brand" in the UK by JD Powers, meaning Peugeot owners were most happy with their vehicles' **reliability, running costs and build quality.**



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%.**



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 2019, 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.

94% 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 2019, 76% of employees had an **annual appraisal**.

76% of employees completed at least one **training** course during the year.

In 2019, **1,213 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. A policy for **working from home** offers employees unprecedented flexibility.

In 2019, Groupe PSA maintained its leadership position regarding safety: the Group achieved a worldwide lost-time **accident frequency rate of 0.9 points**.

Groupe PSA is also involved in the 2018-2019 "Healthy Workplaces Manage Dangerous Substances" campaign.

17,952 employees worldwide have already benefitted from **remote working**. In 2019, a total of 3,170,401 hours have been teleworked, avoiding around 452,500 commuting.

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, and this label was renewed in December 2017. 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 in February 2018.
- The "youth employment" policy seeks to integrate **apprentices and trainees on work-study placements**.
- 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**.



6,273 youths trained within the Company in 2019 (apprentices and interns).

37.4% of the Group's workforce is aged **50 years old or over**.

The Group has **5,642 employees with disabilities** worldwide.

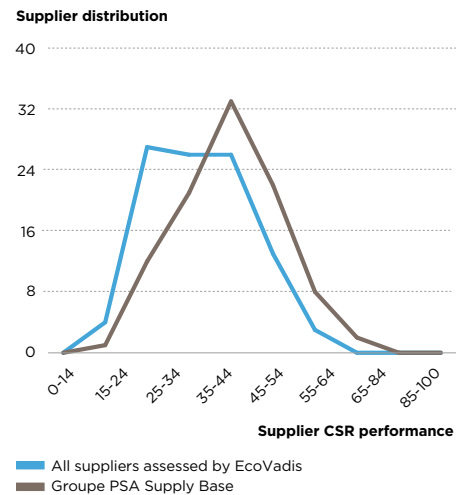
1.3.3.4. Value created for its suppliers and partners

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:

<p>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.</p>	<p>1,183 patents filed by the Group in France in 2019 (vs 1,074 in 2018, 1,021 in 2017 and 930 in 2016). The Group works with more than 300 suppliers on joint innovation projects to develop future technologies.</p>
<p>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.</p>	<p>67 Monozukuri coordinators worldwide, with more than 350 suppliers involved.</p>
<p>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.</p>	<p>Morocco's 27 new plants are boosting its automotive industry's ecosystem. 13 of these projects form part of the Group's ecosystem, which is driving development for the sector as a whole and is helping to create an Industrial Division known for its excellence in Kenitra.</p>
<p>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 (49.14 for Groupe PSA suppliers vs 42.4 for Ecovadis assessment average).</p>	<p>Breakdown of CSR assessments of Groupe PSA suppliers compared with all suppliers assessed by EcoVadis:</p>



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.

639 projects previously sponsored by the Foundation
€16.3 million donated to community organisations, including €9.5 million for employment schemes and €6.8 million for educational or cultural initiatives. In 2019, Fondation PSA provided financial support to **13 social garages** in France (setting up new garages or developing existing ones). The services bought from companies that only employ people with disabilities have generated **€58 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 **6 million connected vehicles**, helping to improve road **safety**.
 Groupe PSA **autonomous vehicles had already driven more than 210,000 km** on Europe's roads by the end of 2019.

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**.

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 guarantee permanent employability within Groupe PSA as well as in the employment region through **regional mobility platforms**.

Consolidation of the automotive business in France

The Group is taking action in two key areas:

- strengthening the competitiveness of its own production plants to ensure their sustainability: removing sources of non-value inherited from previous configurations; more compact sites to reduce fixed costs; rethinking processes to save energy and water; implementing a make-or-buy decision-making process which takes all factors into account; including the impact on logistics;
- the Group is involved in **revitalising the automotive industry** in France, either through actions carried out on its own initiative (including an Open Innovation Plan for SMEs involved in the initial exploratory phases of specific programmes), or by participating in the work of the French government's automotive industry support platform (PFA).

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 Idivest Partners (part of EURAZEO Group), a leader in growth funding that holds more than €17 billion in capital, of which a portion is dedicated to funding startups.

- In addition to the direct jobs created in Spain (Galicia and Basque Country) by the Group's Vigo and Zaragoza plants, their clusters attracted almost **200 companies** that created more than **32,000 jobs**.
- The Kenitra plant in Morocco has helped to establish a cluster joined by 29 suppliers at present. The aim is to achieve a **local sourcing rate of 80%**. Once it is fully operational, the future plant is set to provide **4,500 direct jobs and 20,000 indirect jobs**, primarily for equipment manufacturers.
- Of the Group's temporary employees, **882** have a **temporary permanent work contract**.
- With 1,226,000 vehicles produced in France in 2019, Groupe PSA produces more vehicles in France than in any other country.
- Thanks to its deep manufacturing roots in France, Groupe PSA makes a **positive contribution to France's trade balance**: in 2019, the Company had an import/export surplus of 379,000 vehicles, up 5% versus 2018, and a trade surplus of €4.4 billion, amounting to an aggregate of €25 billion in five years.

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



1,233 startups have been evaluated since the Business Lab creation. In 2019, 10% of the 252 startups analyzed have been engaged in a collaboration with Groupe PSA. The **startups come from 47 countries** and involve 28 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 37% 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 114.4 g/km in 2019, Groupe PSA is still better placed than its competitors, as the market average is 121.8 g/km.

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

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.

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:

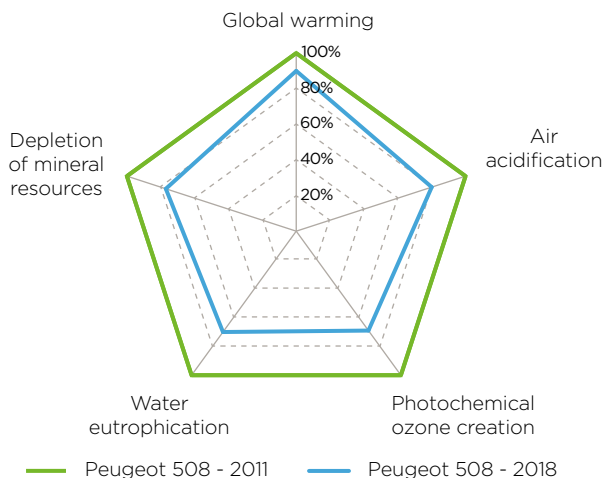
- absolute GHG emissions from energy consumption of industrial activities ("scope 1 and 2") by 20%;
- GHG emissions from use of sold products, considering the whole cycle "Well-to-Wheel" ("scope 3") by 37% per vehicle kilometre.

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 and commercial vehicles before September. **80% of Groupe PSA passenger cars were already compliant with the next regulation step (Euro 6d).**

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 (a portfolio of more than 400,000 parts coming for dismantlers of end-of-life vehicles). (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 20 years, **waste production** per manufactured vehicle has **halved**.
- **100% of metal waste is recycled**.
- **103,372 tonnes of casting sand was regenerated** in 2019.
- More than 938,000 parts were collected and processed in 2019 of which **586,000 were sold as remanufactured parts**, covering 24 part families.
- Remanufacturing of parts creates a **saving of up to 85% of raw material and 85% of energy** compared to a new product.
- More than **1.1 million end-of-life vehicles were processed** through the Group's dealer networks between 2008 and 2019 in France, equating to nearly 1.3 million tonnes.
- **Traction battery recycling** rate in 2018:
 - **70.7%** for electric vehicle Li-ion batteries;
 - **82.8%** 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 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.

Peugeot S.A. ownership structure

The Group's ownership structure as at December 31, 2019 is presented in Chapter 7 of the Universal Registration Document.

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 guarantee 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 and chapter 3.2 of the Universal Registration Document.

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.

In 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 Chomeur 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 Groupe PSA Foundation;
- 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 Groupe PSA Foundation;
- Bénédicte Juyaux, member of the Supervisory Board representing employee shareholders, is 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, 2019, employee share ownership was 1.93%, or 49,957 of the Group’s current or former employees.

– **MINORITY SHAREHOLDERS ARE REPRESENTED ON THE SUPERVISORY BOARD**

In April 2019, the Supervisory Board appointed Gilles Schnepf as Senior Independent Member from the independent members of the Board. M. Schnepf is Vice-Chairman of the Board, with his primary duties being 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.

1.4.2. 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

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 (o/w CO₂) are included in the variable compensation of the Chairman of the Managing Board. Please refer to chapter 3.2 of the Group's Universal Registration Document.

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, 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".

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 Universal Registration Document.

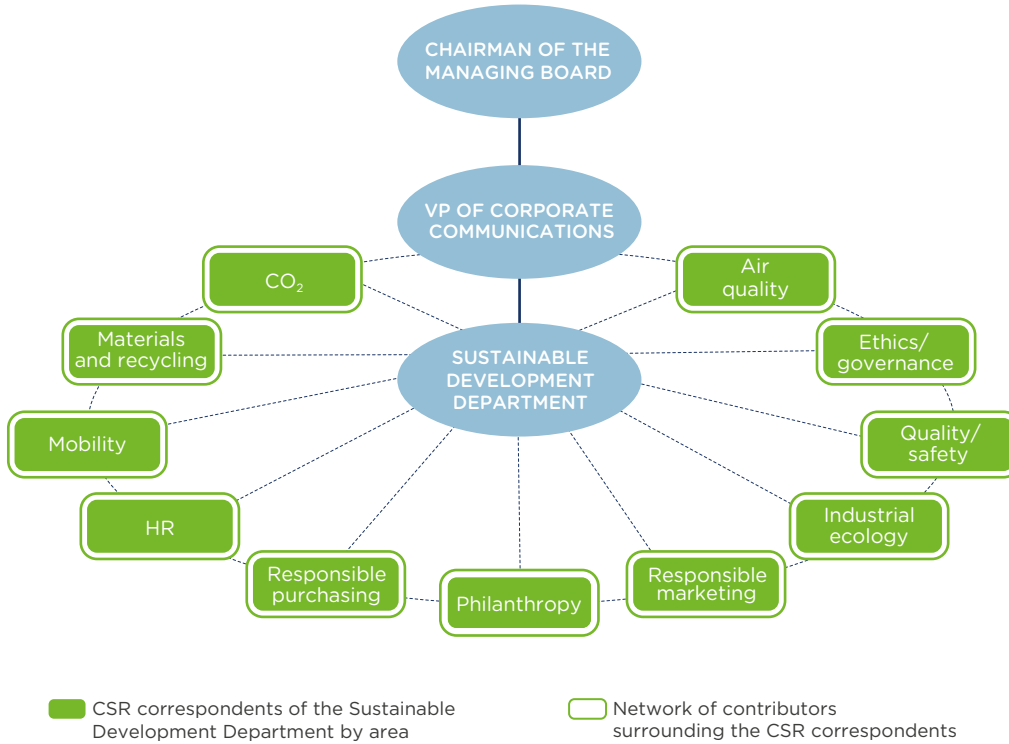
A network of CSR correspondents and contributors embedded within the Company's business lines

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 2019

- 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 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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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**

As a result of its energy consumption, the car manufacturing process generates greenhouse gases. The 1.173,882 million tons released by the plants every year represent a challenge for each manufacturing plant.

The Group's ambition to reduce and eventually eliminate greenhouse gas emissions relies on reduced energy consumption through controlled production processes, reduced factory land use through more compact workshops and the use of carbon-free energy. This will prevent the expected tax increases on fossil energies from adversely affecting operating costs. By 2050, all 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 2019	 RESULTS 2019	 TARGETS 2020
<p>Vehicle CO₂ emissions*</p> <p>Organiser: EVP Programs and Strategy</p>	<p>By 2035</p> <p>Reduce average CO₂ emissions of vehicles sold worldwide by 55% compared with 2012 levels (Tank-to-Wheel),</p> <p>By 2034</p> <p>Reduce by 37% per vehicle kilometer the emissions of GHG of sold products (scope 3) from a 2018 base year, assessed on a Well-to-Wheel perimeter. The corresponding trajectory has been validated by SBTi.</p>	<ul style="list-style-type: none"> Prepare to reduce CO₂ emissions average of sold vehicles in Europe in 2020 with a Q4-2019 CO₂ emission average lower than 2018 (114 g/km) for produced passenger cars. Launch four plug-in hybrids (on EMP2 platform) and two BEVs (on e-CMP platform) before end of 2019. 	<p>Target met</p> <ul style="list-style-type: none"> CO₂ emission level of 2020 passenger cars sales secured by an average CO₂ emissions of registered cars in Europe in Q4 2019 at 107.7 g/km (nearly 10% reduction vs end of 2018). 10 new Low Emission Vehicles have been launched by end of 2019: <ul style="list-style-type: none"> 6 plug-in hybrids, 4 BEVs. 	<ul style="list-style-type: none"> Reduce average CO₂ emissions of 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.
<p>Energy/ industrial carbon footprint</p> <p>Organiser: EVP Industrial</p>	<p>By 2050</p> <p>Guarantee the carbon neutrality of the Group's plants (zero CO₂ emissions) through:</p> <ul style="list-style-type: none"> the use of renewable energies, mostly through self-energy supply; offsetting residual emissions (reselling the excess energy produced, developing forests, etc.). <p>By 2034</p> <p>Reduce absolute greenhouse gas emissions from energy consumption of industrial activities ("scope 1 and 2") by 20% from the 2018 base year. The corresponding trajectory has been validated by SBTi.</p>	<ul style="list-style-type: none"> Reach energy consumption at 2.07 MWh per car produced (345 kg CO₂ per car) i.e. 1,100 kt CO₂ in absolute emissions ⁽¹⁾. Increase the share of renewable energies to 22%. 	<p>Target met</p> <ul style="list-style-type: none"> Consumption: 1.97 MWh per car (341 kg CO₂ per car) i.e. 1,027 kt CO₂ absolute emission ⁽¹⁾. Share of renewable in electricity use has increased to 21%, in accordance with the renewable energy supply transition plan. 	<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%.

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

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

 CSR ISSUES	 AMBITIONS	 TARGETS 2019	 RESULTS 2019	 TARGETS 2020
<p>Environmental performance in the supply chain: purchasing and logistics</p> <p>Organisers: EVP Industrial and EVP Global Purchasing and Supplier Quality</p>	<p>By 2035</p> <p><u>Purchasing</u> Systematically involve suppliers to meet the Group's environmental objectives by selecting them:</p> <ul style="list-style-type: none"> based on their compliance with the Group's environmental requirements (including a compliance and transparency guarantee for their own supply chain) to achieve an average supplier score of 50/100 on environment (assessment by EcoVadis); for key partners and key suppliers (including logistic suppliers) <ul style="list-style-type: none"> based on their CO₂ trends in compliance with the Paris Agreement (COP21), based on their suggestions to enable the Group to meet its circular economy targets (green or replacement materials and recyclability). <p><u>Logistics</u> Reduce CO₂ emissions for each vehicle transported by 33% between 2016 and 2035 (i.e. -2.1% per year, in line with the Paris Agreement), primarily by limiting intercontinental flows through the regionalisation of the Group's activities and by optimising transport patterns (routes, transportation mode, filling rate and packaging).</p>	<p><u>Purchasing</u></p> <ul style="list-style-type: none"> Improve the average environmental score for all suppliers to 54/100; 70% of key partners and key suppliers must demonstrate a CO₂ trend which complies with the Paris Agreement. <p><u>Logistics</u> Reduce the Group's CO₂ emissions in the upstream and downstream supply chain worldwide, per vehicle and per kilometre by 2.1% in line with Group's climate trajectory (33% reduction target between 2016 and 2035).</p>	<p><u>Purchasing</u></p> <p>Target partially met</p> <p>Target met</p> <ul style="list-style-type: none"> Average Environmental Score for 2019 is 54 (improved by 1 point vs last year). <i>Note: Ecovadis average score is 43, the sectoral average is 49;</i> 67.7% of key partners and key suppliers (based on turnover) commit to a CO₂ trend which complies with the Paris Agreement (Improvement of 7% vs. previous year). <p><u>Logistics</u></p> <p>Target met</p> <ul style="list-style-type: none"> Upstream: 192 kg CO₂/car; Downstream: 67 kg CO₂/car including transported vehicle produced by our JVs <p>Vs global target of 259 kg CO₂/car.</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. <p><u>Logistics</u> Reduce the Group's CO₂ emissions in the upstream and downstream supply chain worldwide, per vehicle and per kilometre by 2.1%, in line with Group's climate trajectory (33% reduction target between 2016 and 2035): 254 kg CO₂/car.</p>

2.1. ACKNOWLEDGE CLIMATE-RELATED RISKS TO IDENTIFY SUSTAINABLE OPPORTUNITIES

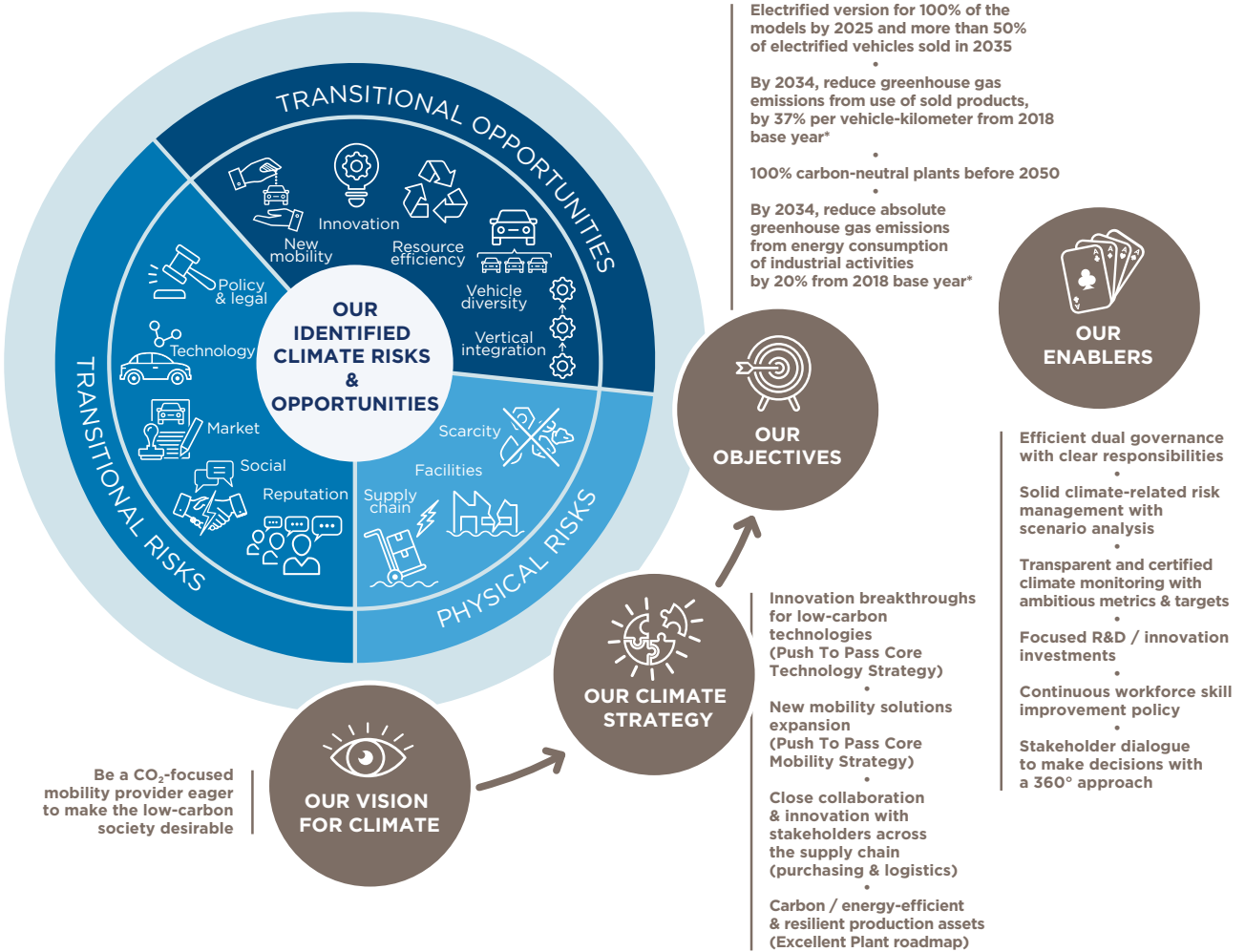
GRI.102-15 GRI.102-30 GRI.102-31 GRI.103-1 SASB-410a.3

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



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

2. CREATING A TANGIBLE IMPACT ON CLIMATE CHANGE

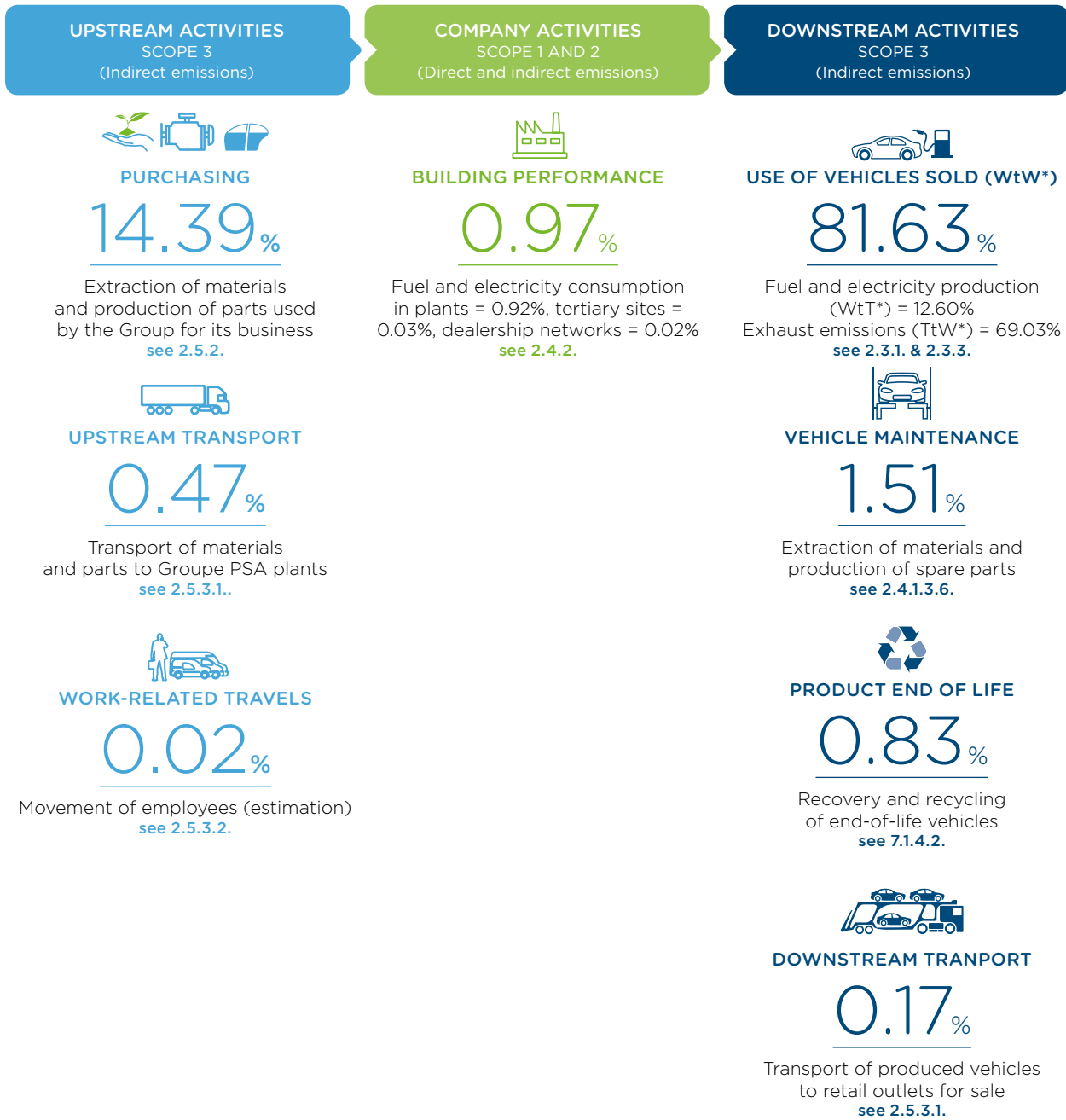
Acknowledge climate-related risks to identify sustainable opportunities

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.

This new 2019 method and associated results were 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 84.15% of the CO₂ emissions equivalent of the overall vehicle carbon footprint. The vehicle use phase represents 81.63%. Emissions from vehicle maintenance represent 1.51%. The recovery and recycling of end-of-life vehicles account for 0.83% and the downstream transport of produced vehicles to the point of sales account for 0.17%. The assessment takes into account:
 - the use of vehicles produced in 2019 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 14.87% 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 (14.39% of total GHG emissions), the upstream transport of materials and parts to the Group's plants (0.47%) and work-related travels (0.02%). The assessment takes into account:
 - all component materials of vehicles manufactured in 2019 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 0.97% 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 0.92%, 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 2019 amounted to 125.9 million tons.

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

In 2017, 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): for instance, starting from an average of 100 gCO₂/km, the addition of 1% of electrical vehicles will decrease the CO₂ average to 98 gCO₂/km in 2020 super-credits equal 2 in 2020,
 - 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).

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, 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 37% 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.

CREATING A TANGIBLE IMPACT ON CLIMATE CHANGE

Acknowledge climate-related risks to identify sustainable opportunities

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 CO₂ 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 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.

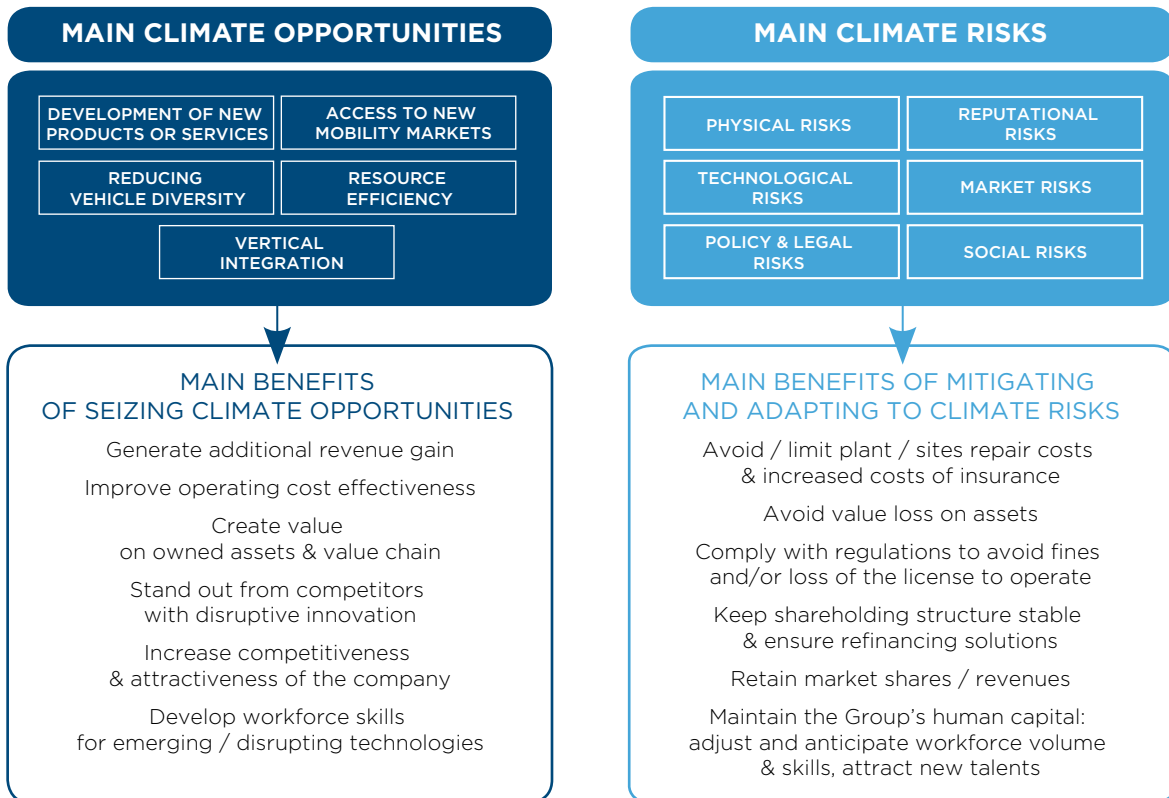
Physical risks management

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.).

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.

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	AFT - PSA / Opel - Automotive Cells Company project	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 30€/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 is planning 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

SASB-410a.3

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

GRI.102-22

GRI.102-23

GRI.102-24

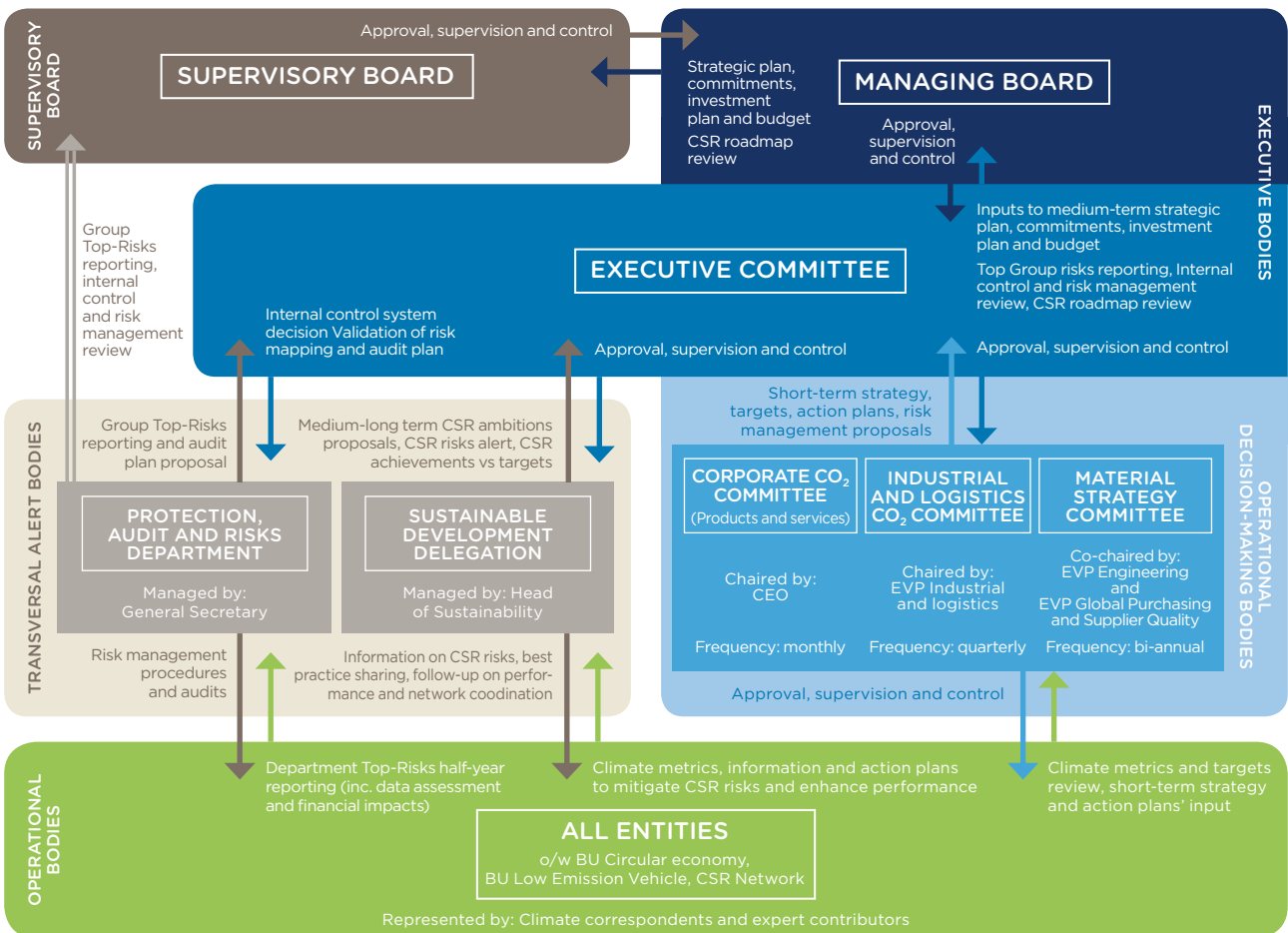
GRI.102-26

GRI.102-27

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 Universal Registration Document 3.1.

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 14 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 compliance of the Group's emission declarations to the authorities.

The General Secretary also supervises the Protection, Audit, and Risks department in charge of the Group's risk management and internal control.

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 environ-

mental 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, Digital and Real Estate**, 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.

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** takes place 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, Secretary General, 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.

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 and is also in charge of the separate department created to handle the electric vehicle programs. Those two entities 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 WITHIN THE INCENTIVE SCHEMES

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 is as follows for 2020:
The variable compensation objectives are 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 is conditioning the payment of the individual and collective objectives. One of these trigger thresholds is the level of CO₂ from vehicles sold in Europe in respect of 2020.

2.3. CUTTING CO₂ VEHICLE EMISSIONS, A TOP PRIORITY

DPEF.16 DPEF.27 GRI.103-2 GRI.103-3 GRI.302-2 GRI.302-5 GRI.305-3 SASB-410a.3

Mindful of sustainable development, the Group has devoted 37% of its research & development budget in 2019 to clean technologies. Many of the patents published in 2019 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.

37%

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.

During 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.

“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%9Cnidec-psa-emotors%E2%80%9D-joint-venture-created-groupe-psa-and-nidec-starts-design-its-future-electric>

“Groupe PSA and Nidec to set-up a leading joint venture for automotive electric traction motor” 04/12/2017 press release: <https://media.groupe-psa.com/en/groupe-psa-and-nidec-set-leading-joint-venture-automotive-electric-traction-motor>

– 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.

“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 selects Punch Powertrain technology for its future electrified transmission systems 07/05/2018 press release: <https://media.groupe-psa.com/en/groupe-psa-selects-punch-powertrain-technology-its-future-electrified-transmission-systems>

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 the guarantee of a 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.

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

Groupe PSA is preparing for the electric future of mobility. It has announced its intention to develop EV cells and modules manufacturing activity, starting in 2023 in Europe in a partnership with Saft (Automotive Cells Company project). 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. The project has been authorized by the relevant authorities.

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>

"GridMotion Project: reducing electric vehicle usage cost thanks to smart charging process" 05/05/2017 Press release: <https://media.groupe-psa.com/en/gridmotion-project-reducing-electric-vehicle-usage-cost-thanks-smart-charging-process>

"Paul Codani | GridMotion project in France" 14/12/2017 Video: <https://youtu.be/SoGyYmeRudo>

2.3.1.4. Fuel Cell: LCV business exploration

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.

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

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

DPEF.28 DPEF.36 GRI.305-4 GRI.305-5 SASB-410a.1 SASB-410a.3

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.

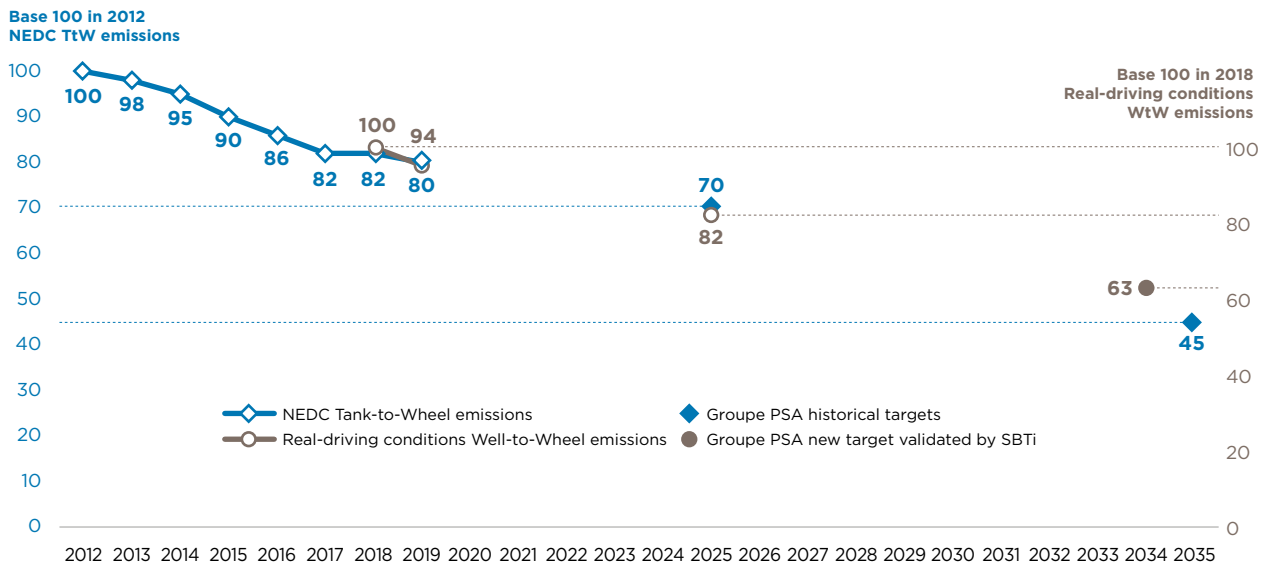
To consolidate its position as an environmental leader, Groupe PSA aims to offer CO₂-efficient vehicles that meet all customer needs:

- 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.

“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>

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 trend of sold vehicles in 2019 is in line with 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

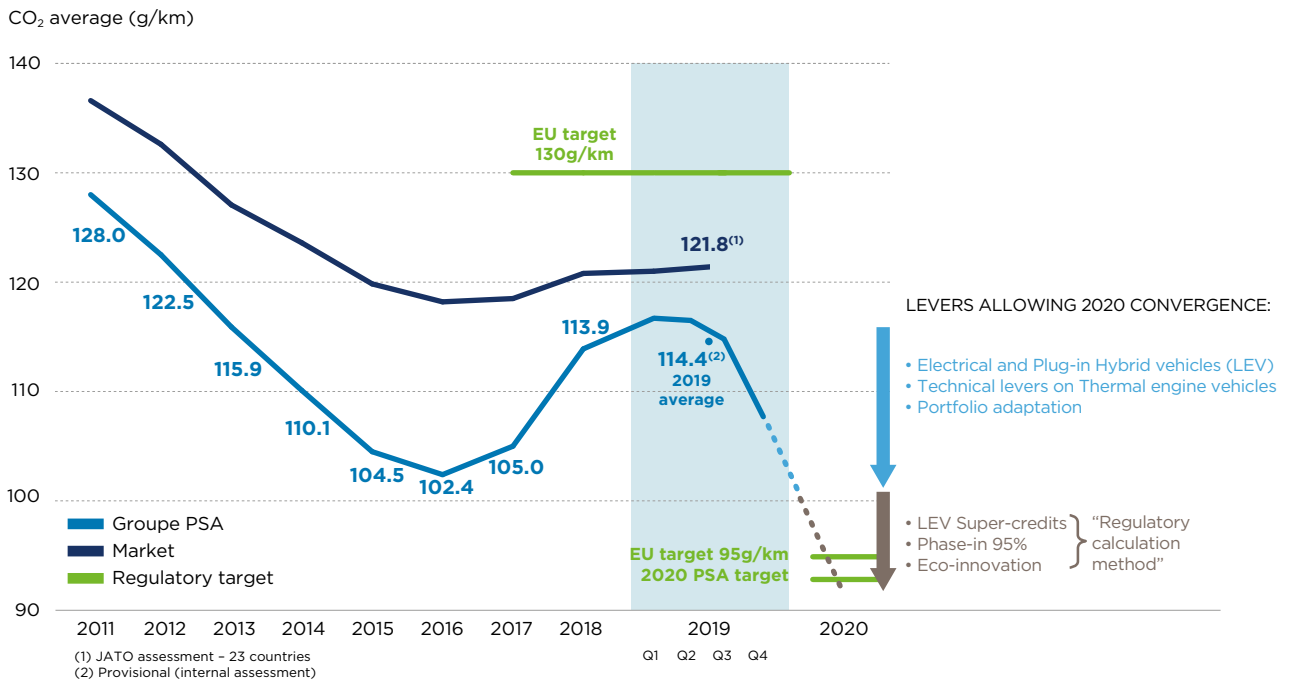
Groupe PSA is committed to reducing its CO₂ emissions in all the regions in which it operates, such as in China, Brazil, Japan and Korea. This is achieved through the same pattern of actions as those put in place in Europe:

- capitalize phasing out of the less efficient vehicles, to benefit from the full potential of the lighter platforms: EMP2 (Efficient Modular Platform 2) and CMP (Common Modular Platform);

- 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.

This trend will be amplified in the years to come, by increasing the share of electrified powertrains, such as PHEV and BEV. They will be launched between 2020 to 2023 depending on the technology and the countries' specific expectations and regulations, starting with BEV in Japan and Korea.

GRUPE PSA CO₂ TREND IN EUROPE 28 (PASSENGER CARS) AND LEVERS ALLOWING THE REVERSE OF THE TREND



Average CO₂ emissions from passenger cars in Europe in 2019 are stable, at the same level as in 2018, but there has been a sharp decrease from mid-year, with generalized deployment of technical levers on thermal engine vehicles and portfolio adaptation measures, in line with Groupe PSA commitments. The Group remains better placed than the European market and has a margin of 9% compared to its European regulatory target.

114 g/km of CO₂

approved average emissions in Europe in 2019

In 2019, 26% of the Group's vehicles sold had CO₂ emissions of less than 100 g/km. The Group therefore positions itself as a key player in the low-CO₂ emissions segment.

Groupe PSA, as an historic leader on CO₂ performance, has proved many times its ability to deploy innovative technologies to meet regulatory and environmental requirements. **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.**

Groupe PSA is committed to ensuring a high level of CO₂ performance by:

- limiting to 106 g maximum, the average CO₂ emissions of its registered ICE passenger car fleet in 2020 in Europe throughout the year;
- continue in 2020 the extension of Low Emission Vehicles offer, to reach 8 new BEV and 5 PHEV launched by end of 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 2019 (123 g/km of CO₂), i.e. a reduction of 3.2% per annum. 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 18% of the Group's sales volumes in 2018. 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.**

Advances in clean technology have also had a favourable economic impact for customers. For instance, thanks to the environmental performance improvements of the PureTech engine, a business (B2B) customer in France saves around €170⁽¹⁾ per month in usage costs for his vehicle, compared to the previous model of this same vehicle: the tax on company cars and the fuel consumption are a major portion of the TCO (Total Cost of Ownership) of the vehicle.

(1) Comparison Citroën C4 gasoline passenger car 120 hp Euro 5 and 130 hp Euro 6 based on 30,000 km annually, fuel cost: €1.40/l.

GROUP VEHICLE SALES BY REGION AND FUEL TYPE

		China and ASEAN	Eurasia	Europe	India and Pacific	Latin America	Middle East and Africa	Total	as a % of total annual sales
Gasoline (+ LPG)	2019 (PCD+OV)	115,573	4,501	1,691,158	14,432	88,098	71,877	1,985,639	57.07%
	2018 (PCD+OV)	261,126	7,657	1,722,282	13,802	113,082	203,177	2,321,127	59.86%
	2017 (PCD)	385,885	7,057	848,580	14,744	145,042	483,127	1,884,435	58.37%
Diesel	2019 (PCD+OV)	1,511	11,137	1,299,873	12,205	47,617	92,256	1,464,599	42.10%
	2018 (PCD+OV)	1,410	11,888	1,368,342	12,660	62,262	89,617	1,546,178	39.87%
	2017 (PCD)	1,127	7,849	1,147,066	11,292	61,079	108,859	1,337,272	41.42%
Hybrid	2019 (PCD+OV)			9,771			37	9,808	0.28%
	2018 (PCD+OV)			72			1	73	0.00%
	2017 (PCD)			441			2	443	0.01%
Electric	2019 (PCD+OV)		1	17,483	2	24	96	17,606	0.51%
	2018 (PCD+OV)			10,222	17	27	121	10,387	0.27%
	2017 (PCD)		2	6,175	12	12	30	6,231	0.19%
Gaz/CNG	2019 (PCD+OV)			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%

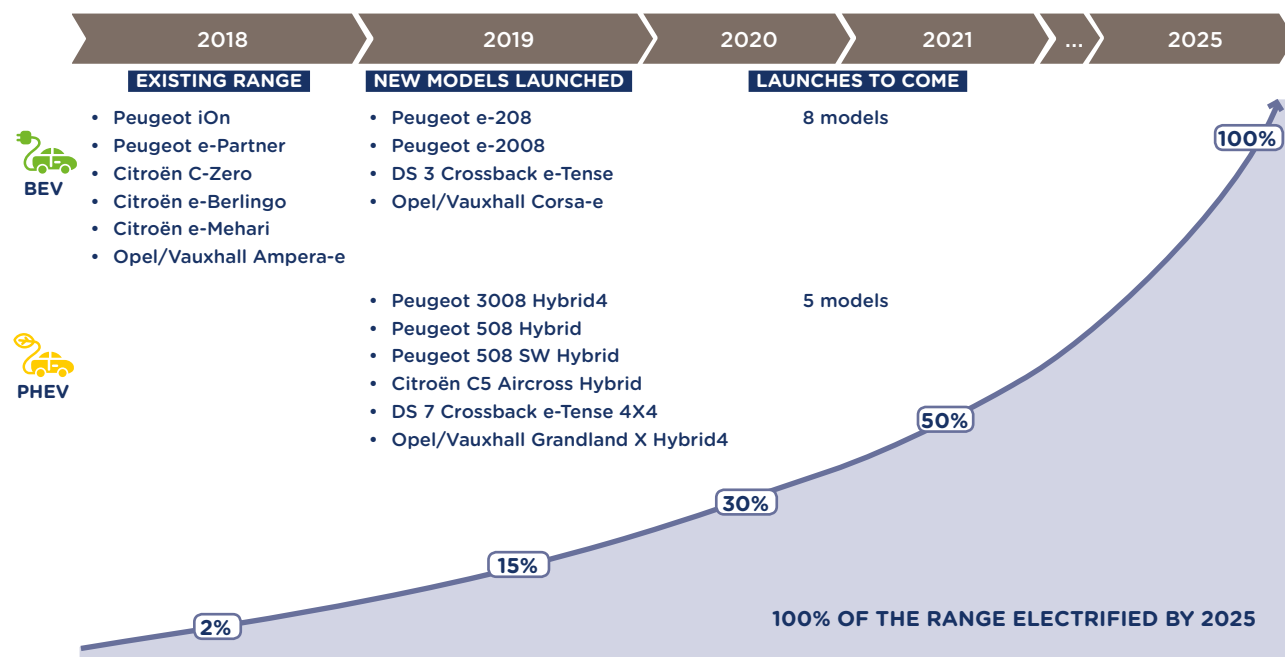
In its Push to Pass strategic plan, the Group has committed to putting 11 plug-in hybrid vehicles and 12 battery electric vehicles with different-sized engines and battery capacity on the market between 2019 and 2021, thereby meeting a wide range of types of use and budgets.

In 2025, 100% of the models marketed by the Group worldwide will be proposed in electric or plug-in hybrid versions.

The LEV European sales trends expected for the Group is aligned with LEV bonus threshold of post 2020 CO₂ emission coming regulations (around 15% in 2025 and 35% in 2030 for Passenger Cars). This progression is consistent with 2035 ambition of 50% of sales.

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

GRUPE PSA ELECTRIFICATION ROADMAP FOR PASSENGER CARS



2.3.3.1.1 Multi-energies platforms for flexibility and agility to address the market evolutions

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 main-stream 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 in 2019:

- **e-CMP 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;
- **EMP2 platform makes it possible to produce the first plug-in gasoline hybrid models** that support the best features of hybrid technology.



“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?dtok=ee20ebbb230>

“Modular Multi-Energy Platforms: For Efficient Variety of Models” 13/06/2018 Press release: <https://int-media.opel.com/en/modular-multi-energy-platforms-efficient-variety-models?dtok=9aeb2bbb6735>

“Opel Goes Electric: New Corsa-e and Grandland X PHEV” 04/06/2019 Video: <https://youtu.be/bvAbJTlkTZk>

For both EMP2 and CMP, 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.

2. CREATING A TANGIBLE IMPACT ON CLIMATE CHANGE

Cutting CO₂ Vehicle emissions, a top priority



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.

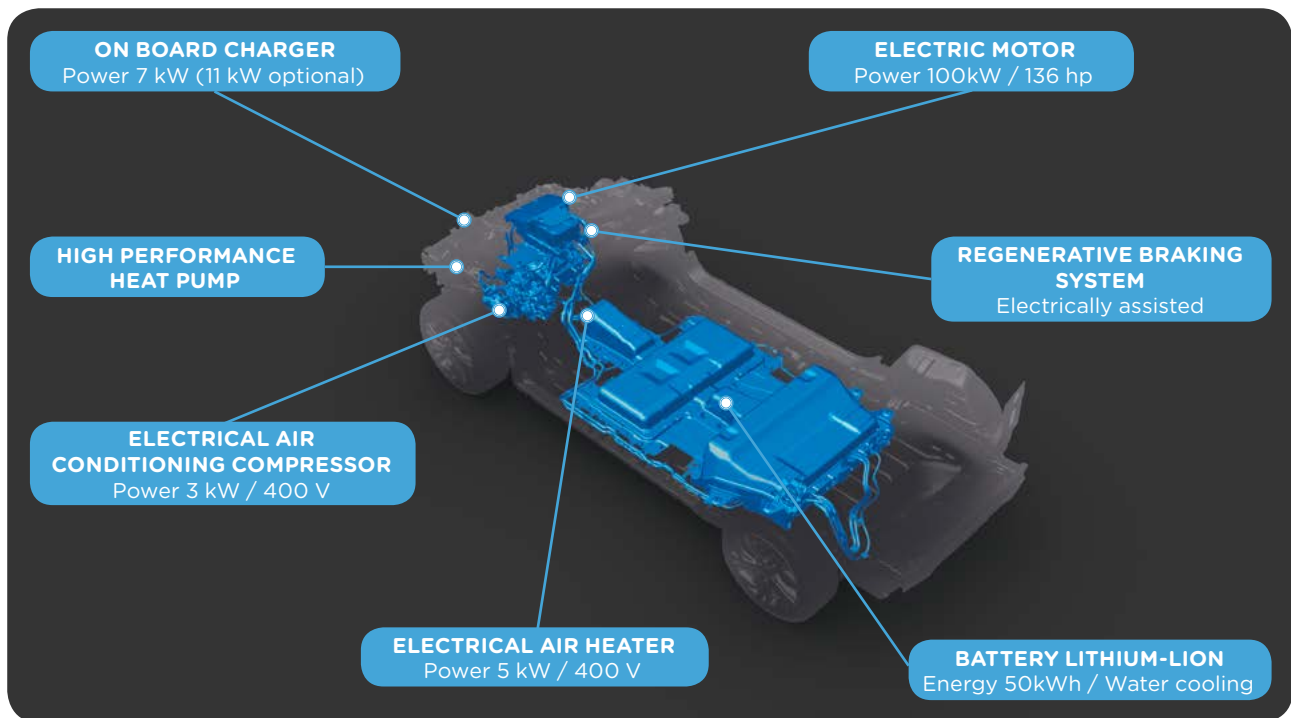
2.3.3.1.2 Battery electric vehicles (BEV)

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 56,600 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).

GRUPE 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 will launch all-electric versions of its compact van range from 2020.



“New generation electric vehicles” video: <https://youtu.be/LIR7TK3cINE>

“DS 3 CROSSBACK E-TENSE: THE ELECTRIC REVOLUTION” 21/10/2019 Press release:
<https://int-media.dsautomobiles.com/en/default-title-310>

“New Peugeot 208 Futuristic & Young” 25/02/2019 Press Release:
<https://int-media.peugeot.com/en/new-peugeot-208-n-futuristic-young>

“Sixth-Generation Opel Corsa Goes Electric” 23/05/2019 Press Release:
<https://int-media.opel.com/en/sixth-generation-opel-corsa-goes-electric>

“New SUV PEUGEOT 2008: NEXT GEN SUV” 19/06/2019 Press Release:
<https://int-media.peugeot.com/en/new-suv-peugeot-2008-next-gen-suv>

“Electric offensive on the light commercial vehicle” 30/04/2019 Press release:
<https://media.groupe-psa.com/en/electric-offensive-light-commercial-vehicle>

“Groupe PSA to launch all-electric versions of its compact van range from 2020” 17/10/2019 Press release:
<https://media.groupe-psa.com/en/groupe-psa-launch-all-electric-versions-its-compact-van-range-2020>

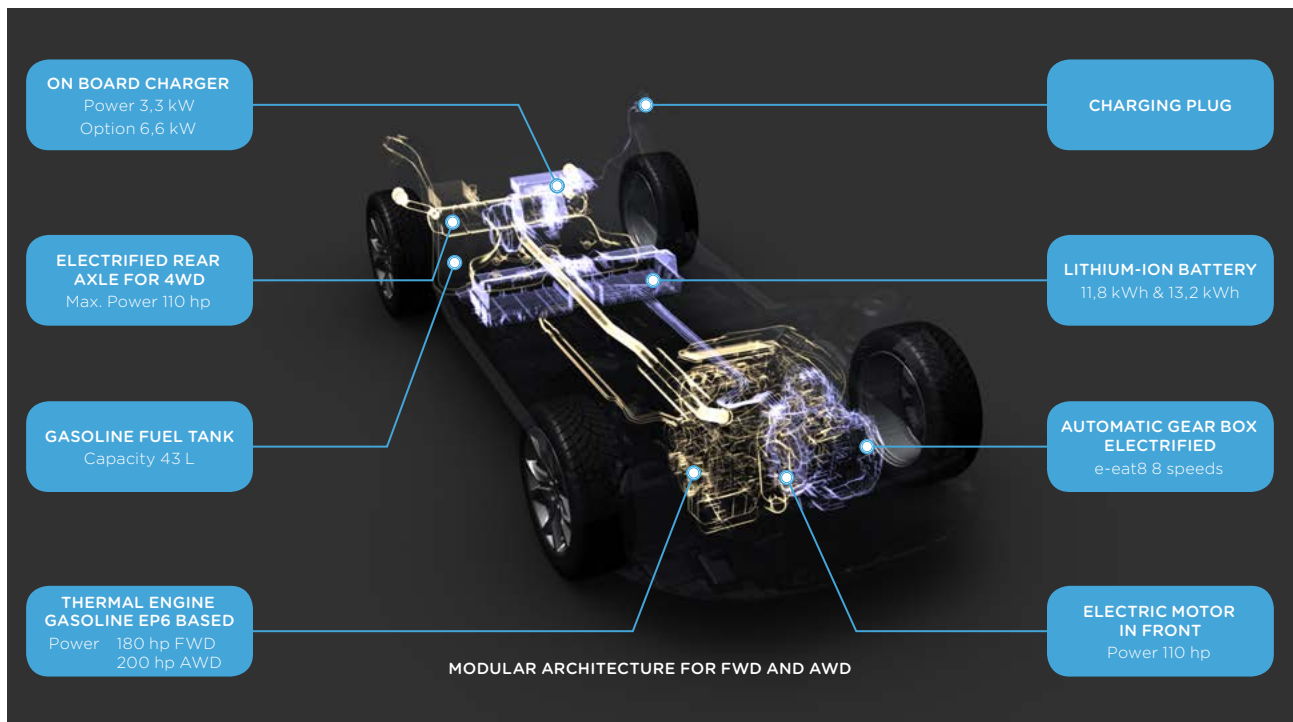
“CITROËN LAUNCHES AN ELECTRIC OFFENSIVE ON ITS LCV RANGE” 31/10/2019 Press release:
<https://int-media.citroen.com/en/citro%C3%ABn-launches-electric-offensive-its-lcv-range>

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



2. CREATING A TANGIBLE IMPACT ON CLIMATE CHANGE

Cutting CO₂ Vehicle emissions, a top priority

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?idtok=ad330bbb230>

"DS 7 CROSSBACK E-TENSE 4x4: SETTING THE STANDARD FOR REFINEMENT AND

ADVANCED TECHNOLOGY" 11/11/2019 Press release: <https://int-media.dsautomobiles.com/en/ds-7-crossback-e-tense-4x4-setting-standard-refinement-and-advanced-technology>

AND 4-WHEEL DRIVE" 11/11/2019 Press release: <https://int-media.dsautomobiles.com/en/ds-7-crossback-e-tense-4x4-setting-standard-refinement-and-advanced-technology>

"Peugeot 3008 GT HYBRID4: THE POWER OF RECHARGEABLE HYBRIDISATION - 29g CO₂/km WITH 300hp (220kW) AND 4-WHEEL DRIVE" 29/08/2019 Press release: <https://int-media.peugeot.com/en/3008HY4>

"Peugeot 508 HYBRID AND 508 SW HYBRID - THE RADICALLY EFFICIENT PLUG-IN HYBRID: 29 g CO₂/KM and 54 KM AUTONOMY IN 100% ELECTRIC MODE" 05/09/2019 Press release: <https://int-media.peugeot.com/en/508HYBRID>

"NEW C5 AIRCROSS SUV HYBRID: Ë-COMFORT CLASS SUV" 06/11/2019 Press release:

<https://int-media.citroen.com/en/default-title-292>

"Start of New 360-degree Opel Grandland X Hybrid4 Campaign" 16/10/2019 Press release:

<https://int-media.opel.com/en/10-16-grandland-x-360-degree-campaign>

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, accessible with smartphone by Free2Move (see 4.2.2.);
 - 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.).

2.3.3.2 Continued optimisation of internal combustion engines (ICE)

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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 New 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.” 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>

“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 2020 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 77% of vehicles in China in 2019, compared to 67% in 2018. 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 biofuels. 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.

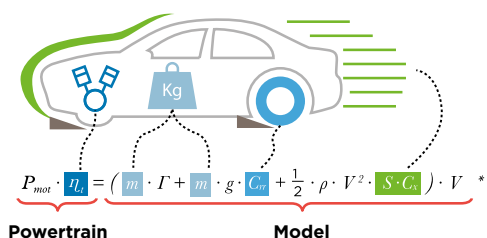
In Brazil, the Group has partnerships with the Petrobras gasolineeum Group which aims to cut CO₂ emissions by optimising combustion based on local fuels and biofuels; the São Paulo State organisation FAPESP (Fundação de Amparo a Pesquisa do Estado de São Paulo); and four universities. Their goal is to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

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% η → -1.2 g/km
Weight m	-100 kg → -6 g/km (with secondary effects)
Rolling resistance C_{rr}	-1 kg/t → -2 g/km
Aerodynamics $S \cdot C_x$	-10 dm ² → -5 g/km
Electrical consumption (W)	-100 W → -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.

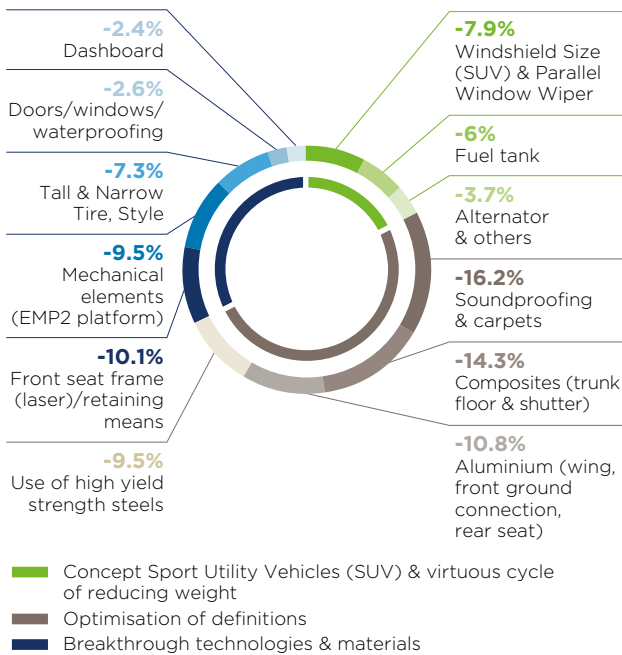
Each new vehicle design is focusing on lightweighting. Consequently, the optimised architecture that marks a breakthrough in terms of vehicle weight is now part of the Group’s standards.

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;

- optimisation of the front face of the new Citroën Berlingo and significant reduction of the front section of the new Peugeot 508 will allow CO₂ reduction on those new models.

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.

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 deployment of high-efficiency alternators targeted from 2019 (10% 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 will be deployed more widely on the vehicle lines by 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 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 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 (Euro 6.b versions) were published on the Peugeot, Citroën and DS Automobiles websites.

The measurements obtained on the 60 mid-range models (Euro 6.b versions) made it possible to estimate the consumption in real-world driving conditions of more than 1,000 versions (Euro 6.b versions) of Peugeot, Citroën and DS Automobiles vehicles. In 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 2018, additional measurements have been made on light commercial vehicles (LCV), and customer average fuel economy for this category of vehicles are now available on-line (Euro 6.b versions).

At the end of 2018 and during 2019, the same measurements were carried out on the Euro 6.d-temp and Euro 6.d versions. The measurements obtained on 44 models cover almost 80% of the Peugeot, Citroën and DS Automobiles European sells. The results were published on the website of the brands at the end of 2019 - beginning of 2020.

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. As an example, OV is implementing a programme leading to ISO 50001 certification of all its plants.

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.

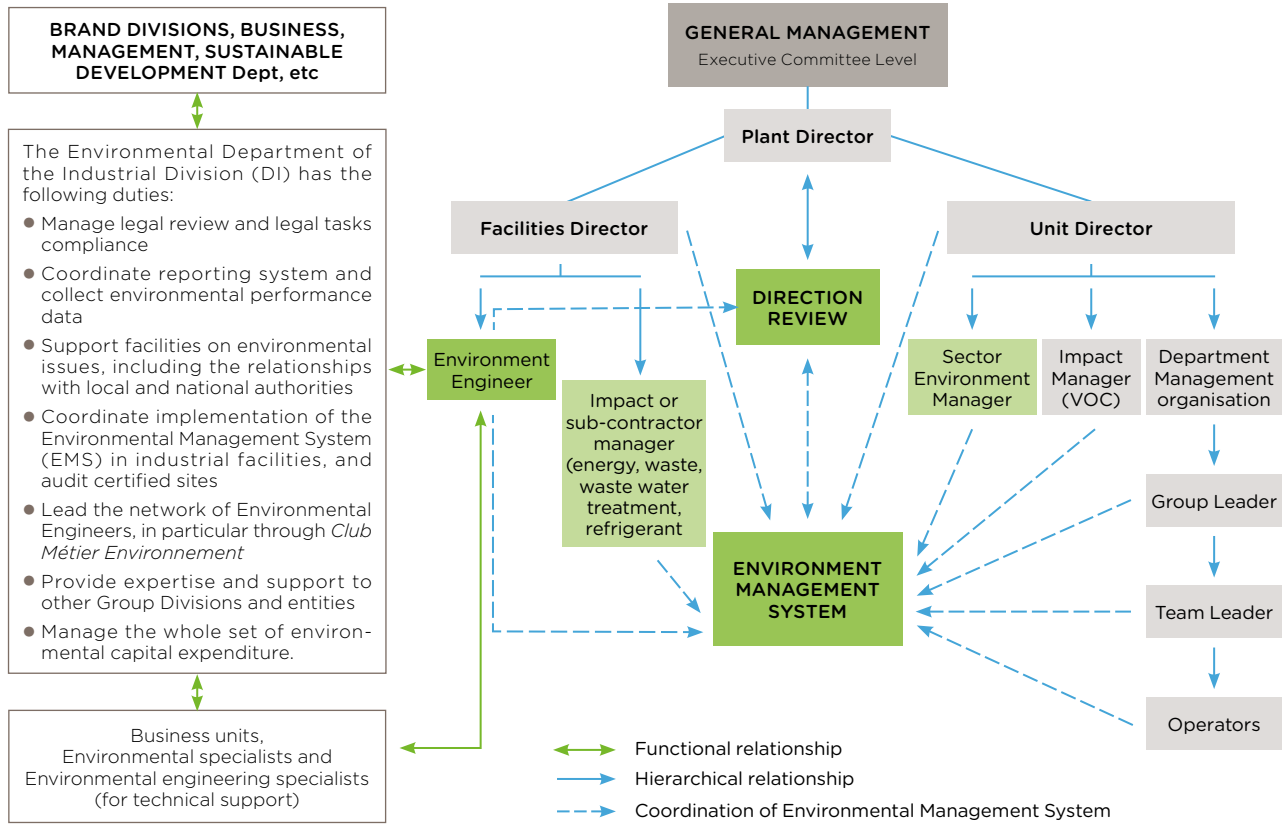
The Environmental Central Department is in charge to help the facilities with legal compliance and to coordinate the Environmental Management System in all facilities, to ensure compliance to ISO Standard and assure continuous improvement in line with the environmental targets as mentioned previously.

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.

For the second year, 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".

GRUPE 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 commitment No. 15 of the agreement, namely environmental protection.

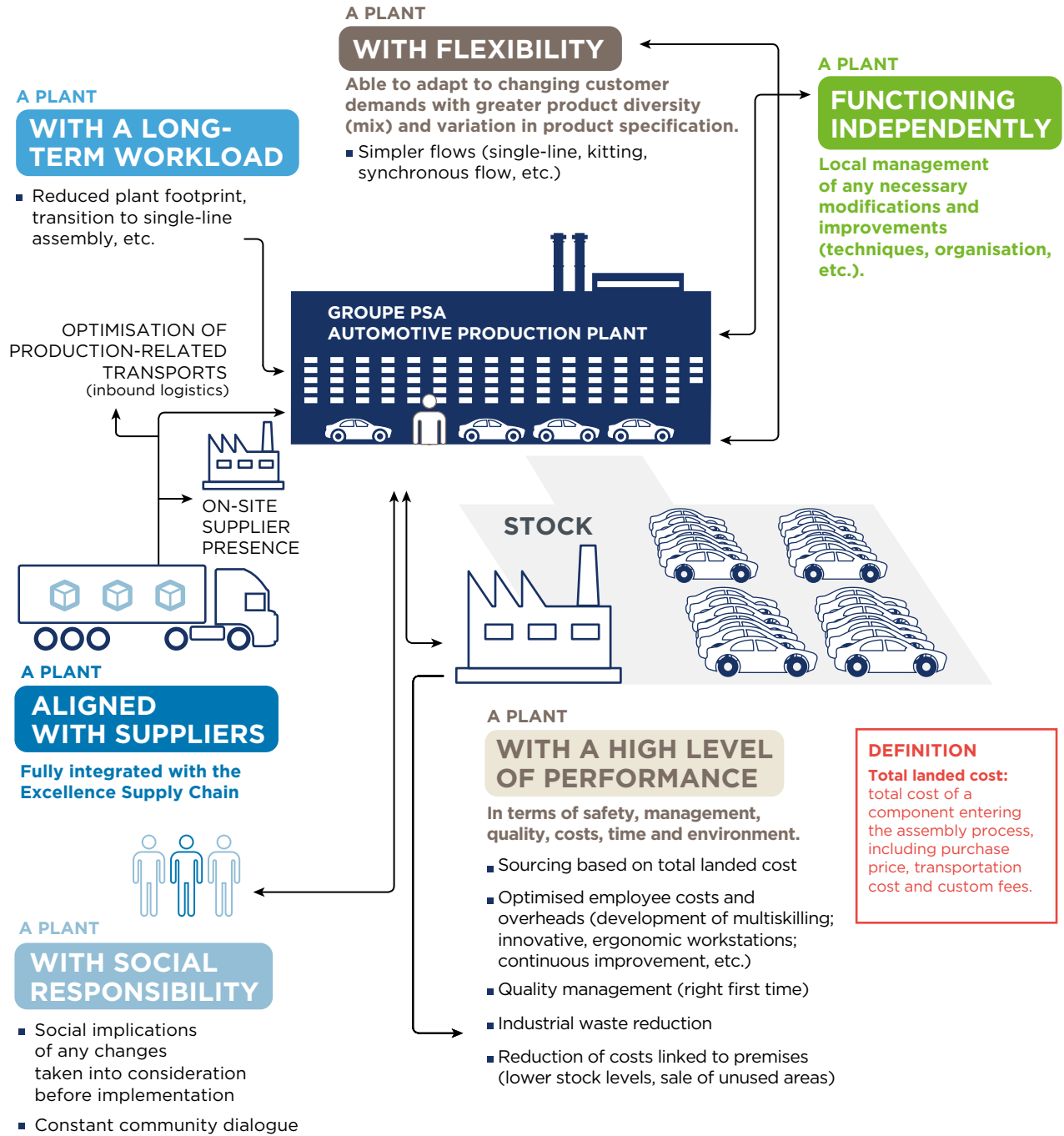
Accordingly, every year, the worldwide indicators (water and energy use, greenhouse gas emissions, volatile organic compound emissions, waste production and recovery rates) are presented to the employee representatives and compared with the Group’s commitments in the field.

“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



From an environmental point of view, the contribution to the Excellent plant is based on the best performance relating to each environmental aspect, and determined annually in all the group's facilities. the exchange of best practices between the

different plants is the basis on which each plant improves its own performance and reduces the distance between it and the best performers.

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 2019, 17,212 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.

17,212

hours dedicated to environmental training in 2019

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 (Douvrin) and an office and research facility (Vélizy-R&D center).

In 2019, good practices started to be shared between all facilities. One concerning chemical risk is now in use in all plants to manage the risk of chemical storage quantities. A second practice, involving water consumption, has been initiated between the best performer in this area (Trnava) and the other plants to reduce the gap between best and worst performers.

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 2019, all 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
Ellesmere Port	Eisenach	Mulhouse	Poissy	Rennes	Caen	Metz	Saint-Ouen	Trnava	Belchamp	Kaluga
	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, is on its way to certification in 2020. A first internal audit, conducted at the end of 2019, showed that the environmental management system in place complies with PSA and ISO 14001 standard. A certification audit by UTAC is planned for spring this year. Beyond this scope, the following automotive industry joint ventures are certified: TPCA with Toyota located in Kolin, Czech Republic, 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.

99.5%

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;

- 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 guarantees the implementation and development of employees' environmental skills (see 2.4.1.3.2.).

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 (water, energy and waste) 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). SBTi validated the emission reduction path proposed, with 2018 absolute emission as a starting point.

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 AEROPORT, MICHELIN, NESTLE, SAFRAN and SNCF. An exchange of good practices and feedback on new energy technologies was carried out.

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

	Year	Combustible energy				Non-combustible energy			Total energy consumption	
		Heavy fuels	Non-renewable		Renewable	Electricity	Of which renewable electricity	Steam		
			HHO	NG + LPG	Coke					Biomass (wood)
Automotive Division	2019		592	2,155,400	80,250	17,673	2,939,799	619,075	753,016	5,946,730
	2018 (PCD + OV)		1,477	2,272,343	86,946	17,190	3,100,239	533,186	763,858	6,242,053
	o/w OV 2018		168	495,268			863,649	171,376	601,115	1,960,200
	o/w PCD 2018		1,309	1,777,075	86,946	17,190	2,236,590	361,810	162,743	4,281,853
	2017 (PCD)		794	1,770,354	86,733	15,968	2,226,320	324,162	159,603	4,259,772
Automotive Trade	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	113,422
	2018 (PCD + OV)	419	4,464	91,191			77,217	17,196	1,865	175,156
	2017 (PCD)	417	4,383	103,764			85,517	20,900	2,485	196,566
TOTAL	2019	344	3,311	2,217,001	80,250	17,673	2,989,221	629,074	754,528	6,062,728
	2018	419	5,941	2,363,534	86,946	17,190	3,177,456	550,382	765,723	6,417,209
	2017	417	5,177	1,874,118	86,733	15,968	2,311,837	3,45,103	162,088	4,456,338

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 2019 data can be compared with 2018 results. The main changes in perimeter deals with the integration of the Gurun plant in Malaysia, and the start of production of the Kenitra plant in Morocco. The impact of these new facilities is very low, because production of these plants represents less than 0.5% of the total car production taken into account in this reporting.

The total energy consumption decreases by 4.5% compared to 2018. This reduction is by 1.5% for each car produced, and the average result is 1.97 MWh/car. The reduction is homogeneous between gas and electricity, and in line with the average reduction.

The main technical actions conducted in 2019 dealt with paint shop process improvement (4 wet processes in Sochaux and Trnava), lost heat recovery on various equipment in component plants for gas economies, continued LED implementation, and improvement of turn on/off of machines for electricity.

The continuous improvement in the energy management system, in both plants which are ISO 50001-certified and not, is the main driver of this result.

In addition, some specific operations were conducted to reduce the use of other fossil fuels. Then use of HHO was divided by almost 3, with the replacement of forklifts using this energy with equipment using gas in Charleville-Mézières and reducing the use of generators to supply electricity are the main contributors to this performance.

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.

The only energy increasing is the wood used in Vesoul, mainly for building heating, and then depending on local weather conditions.

Share of renewable electricity consumed increased to 21% in 2019. Despite difficulties in Slovakia, where green electricity from hydraulic source was not available during first half of 2019, green electricity in Zaragoza and Madrid partially compensates and contributes to the performance.

Data from Groupe PSA dealerships relate on average to 99% of sites in 2019 (99% in 2018, 100% in 2017) for direct energy consumption and 97% of sites in 2019 (97% in 2018, 99% in 2017) 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 2019, actions to control energy consumption led to savings of approximately **€3.3 million on an overall bill of approximately €340 million** representing a cost saving of about 1%.

These savings are broken down as follows:

- actions on recovery of lost heat in components plants (Trémery, Metz, Française de Mécanique, Valenciennes), generating savings of 25,000 MWh, mostly in gas consumption, because this recovery partly compensates gas for heating;
- surface reduction in plants (Douvrin) generates a global reduction of around 20,000 MWh of electricity, gas and air consumption combined;
- process improvement, continued in paint shops (Trnava and Sochaux) with implementation of a new painting process called 4Wet. This development has led to an oven taken out of use in each plant. This action generates a reduction of around 10,000 MWh of gas consumption. Air treatment in paint shops has also been improved in Vigo, Ellesmere Port and Gliwice and generates a gas consumption reduction of around 15,000 MWh;
- continuous improvement and daily analysis of deviations in energy use have led to other solutions being implemented. Replacement of compressors (Vigo, Buenos Aires), improvement in shut down and start in many plants, LED implantation create a global reduction of approximately 10,000 MWh of gas and electricity consumption combined.

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.

€1.5 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

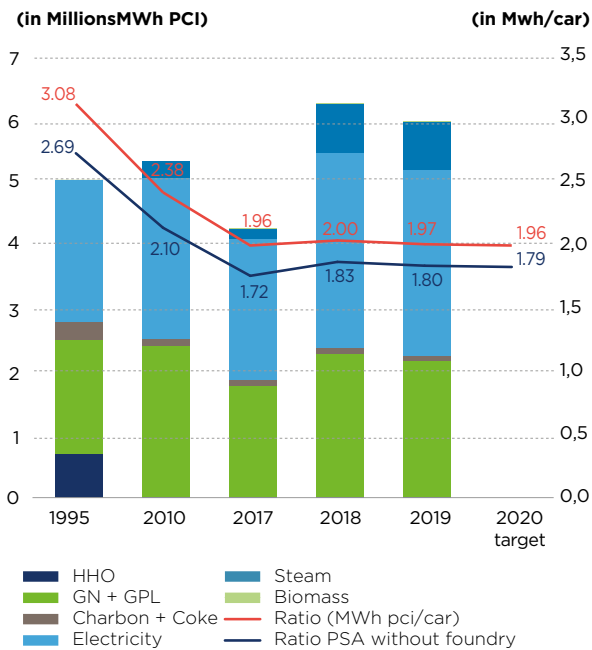
The Group is in the process of thoroughly reviewing its energy efficiency: a consumption control plan has allowed the Group to map the performance of the largest plants in order to identify the lines of action necessary for the full overhaul of their energy patterns, as well as the related short-term 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. Four PCD plants received ISO 50001 certification. The assessment after a full cycle did not show an acceleration in these plants' energy performance compared with the Group's other plants committed to the energy management strategy. It was decided not to continue this certification at the Mulhouse, Sochaux and Trnava plants and Bessoncourt facility. Seven OV plants 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 1,938,161 MWh LCV to produce 730,114 MWh of electricity and 559,593 MWh of steam..

For Groupe PSA, the geographic breakdown of overall energy consumption in 2019 was as follows: 96.2% for the European Union and 3.8% for the rest of the world. The impact of Kenitra, and at a lower level Gurun, does not yet influence this breakdown.

— REDUCTION IN ENERGY CONSUMPTION

Within the Automotive Activities

In 2019, the plants continued to implement solutions aiming to reduce their energy consumption while building on the achievements of previous years. The actions implemented can be divided into three categories:

- the continued rollout of LED lighting as part of a multi-annual plan. Most of the plants are nowadays equipped, action in Aspern, Ellesmere Port, Gliwice, Sochaux, Mulhouse and Poissy are conducted to achieve the program. An estimated 2,500 MWh is saved per year;
- 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;
- actions specific to each site, the implementation of a new painting process in Mulhouse and Rennes in 2018 has been extended to Sochaux and Trnava in 2019, which means that one oven can be taken out of use in each plant. For mechanical plants, actions to recover heat from equipment are implemented at large scale in Douvrin, Trémery and extended to Metz and Valenciennes and Charleville-Mézières, and foundries continue to optimise their casting processes, which are significant energy users.

These actions generated electricity savings of 5,000 MWh and approximately 15,000 MWh NCV of natural gas.

In order to improve its energy efficiency approach, Groupe PSA initiated a pilot project at the Poissy plant in 2017, and implemented a Big Data solution proposed by Engie (Blue by ENGIE). After an initial test on a portion of the plant and some interesting results, the extension to a whole workshop revealed difficulties in tool development and in data consistency collection. The solutions to these problems will affect whether any future approaches can be implemented.

All the plants have also initiated compaction plans to reduce their production areas, thereby reducing the building volume to be heated. These highly ambitious plans come into force in Sochaux, Douvrin, Caen and Trémery, with the sale of buildings taken over by other manufacturers. The impact of these operations can nowadays be appreciated over one year. For 2019, we consider these actions to have generated a reduction of 25,000 MWh in gas and electricity consumption, compared to 2018.



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 million. Around €2 million came from shutting down some offices and gathering offices activities, and the other €2 million (approximately 9,000 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 will be continued in the years to come, with a target of 25% reduction of energy use in this scope from now to 2021.**

Within the Automotive Trade

Since 2016, the work conducted on bulk energy purchases, coordinating consumption and rolling out new technologies enabled PSA Retail to meet the reduction targets set by the Push to Pass plan for the 2019 financial year.



Impact measurement and economic assessment

The actions undertaken to reach the Push to Pass objective are similar to those implemented in offices where the priority is for a LED lighting plan, which was first rolled out across the showrooms of the entire network.

These actions led to **a reduction of 18% in the energy consumption between 2015 and 2018 in French dealership sites.** The comparison was carried out on the same facilities in 2015 and 2018. **A cost reduction of €900,000 over the same period of time and scope is also achieved on energy bills.** When 2018 results are given on the same scope as 2019 reporting, this shows a stability in absolute data, this confirms that the energy management system in dealerships is efficient. These actions will be rolled out across the Group's whole retail sector until 2021.

Data from the brands related on average to 100% in 2019 (94% in 2018 and 100% in 2017) for direct energy consumption and 97% in 2019 (96% in 2018 and 2017) 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	2019	842,656	35.67	58.64	853,715	5,853	326,026	1,179,741
	2018 (PCD + OV)	845,348	35.74	58.73	857,661	5,693	416,827	1,274,488
	o/w OV 2018	445,213	19.49	31.18	451,910		248,053	699,963
	o/w PCD 2018	400,135	16.25	27.55	405,751	5,693	168,775	574,526
	2017 (PCD)	398,201	16.17	27.28	403,786	5,289	160,080	563,866
Automotive Trade	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		10518	23,744
	2018 (PCD + OV)	20,072	0.85	1.34	20,352		19,116	39,468
	2017 (PCD)	22,633	0.96	1.52	22,951		22,468	45,419
TOTAL	2019	856,152	36.24	59.54	867,401	5,853	336,273	1,203,674
	2018	865,420	36.59	60.07	878,013	5,693	435,943	1,313,956
	2017	420,834	17.15	28.80	426,737	5,289	182,548	609,285

* 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, 2006 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 is therefore the first year of reporting our absolute emissions, and offers a comparison with the emission reduction path validated by SBTi. Despite an increase in emissions from cogeneration plants at 146,668 tons of CO₂, compared to 112,000 tons in 2018, the absolute emission decreases are around 100,000 tons in 2019, and are fully compliant with the validated SBTi reduction target. In order to appreciate the impact of production levels, we can also indicate that the relative level of emission per car produced drops by 5%. The improvement in CO₂ emission from industrial activities largely compensates for the emissions from cogeneration plants.

This positive result is linked to the following actions:

- reduction in scope 1 emission for production, due to surface reductions in many plants, lost heat recovery in components plants and improvement in painting processes, with the implementation of so-called 4 wet technology in Sochaux and Trnava in 2019, after Mulhouse and Rennes in 2018.

These reductions compensate for the increase in emission from cogeneration plants. Regarding electricity and steam produced by these installations, we can also report that the electricity sold has a lower CO₂ content than electricity provided in the grid by external suppliers, and for the whole quantity of energy sold it represents a difference of 62,000 tons of CO₂ for external customers;

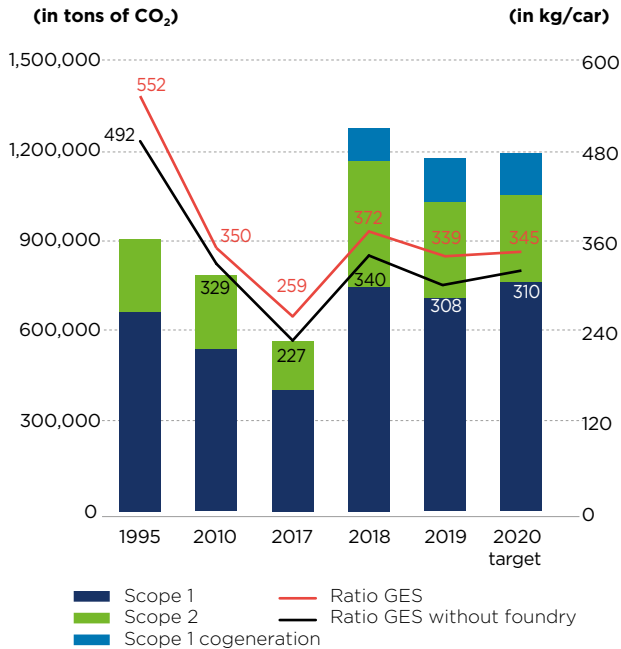
- reduction in scope 2 emission, due to purchase of green electricity in Zaragoza and Madrid, which accounts for around 72,000 tons of CO₂, improvement in electricity management in plants, for around 15,000 tons, and some changes in production share, with an increase in France, a country with low electricity emissions, which helps to compensate for the lack of green electricity in Slovakia, due to the reduction in the hydraulic electricity offer;
- no significant impact on energy consumption due to weather conditions. This assessment is based on the comparison of degree-day evolution between 2018 and 2019, 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 2019 was as follows: 97.3% for the European Union and 2.7% for the rest of the world. For indirect emissions, this

breakdown amounted to 88.4% for Europe and 11.6% for the rest of the world. These results demonstrate the strong impact of local electricity production methods. The integration of a Malaysian plant (Gurun) and the start of Kenitra (Morocco) amplify 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. As a first step, it has validated the proposed emission reduction path submitted to SBTi in 2019. This committee will also decide on the main actions to reduce emissions:

- green energy self-production, by implementation of solar panels in plants (Madrid, Mangualde);
- purchase of green energies, electricity in Spain;
- energy performance improvement, surface reduction, changes in equipment to use more efficient ones, building insulation.

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, 14 plants are involved.

For OV, the deficit of allowances comes from cogeneration plants.

2. CREATING A TANGIBLE IMPACT ON CLIMATE CHANGE

Moving forward into a carbon-efficient production system

Year	Free allocations (quotas)	Emissions* (tons of CO ₂)
2017	361,375	273,664
2018 (PCD+OV)	553,543	668,653
of which OV	186,784	409,950
of which PCD	366,759	258,703
2019 (PCD+OV)	527,322	681,535

* 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.

2.4.2.4. Use of renewable energy

DPEF.15 DPEF.26

The share of renewable energies used by the Group amounted to 619,075 MWh for manufacturing facilities, *i.e.* 21% of the electricity consumed. The share of renewable electricity comes directly from electricity suppliers.

This improvement is the result of a contract signed with a Spanish electricity supplier, who provides green electricity to Madrid and Zaragoza, reducing CO₂ emission by 72,000 tons. The contract will be extended to Vigo in 2020.

Porto Real remains 100% fed by green electricity, this avoids emission of 4000 tons.

In Trnava, green electricity supply was suspended during the first half of 2019, because of lack of hydraulic capacity, due to dryness in the country at the end of 2018. Green supply started again in July 2019, but CO₂ emission reduction was only half that expected.

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 where a

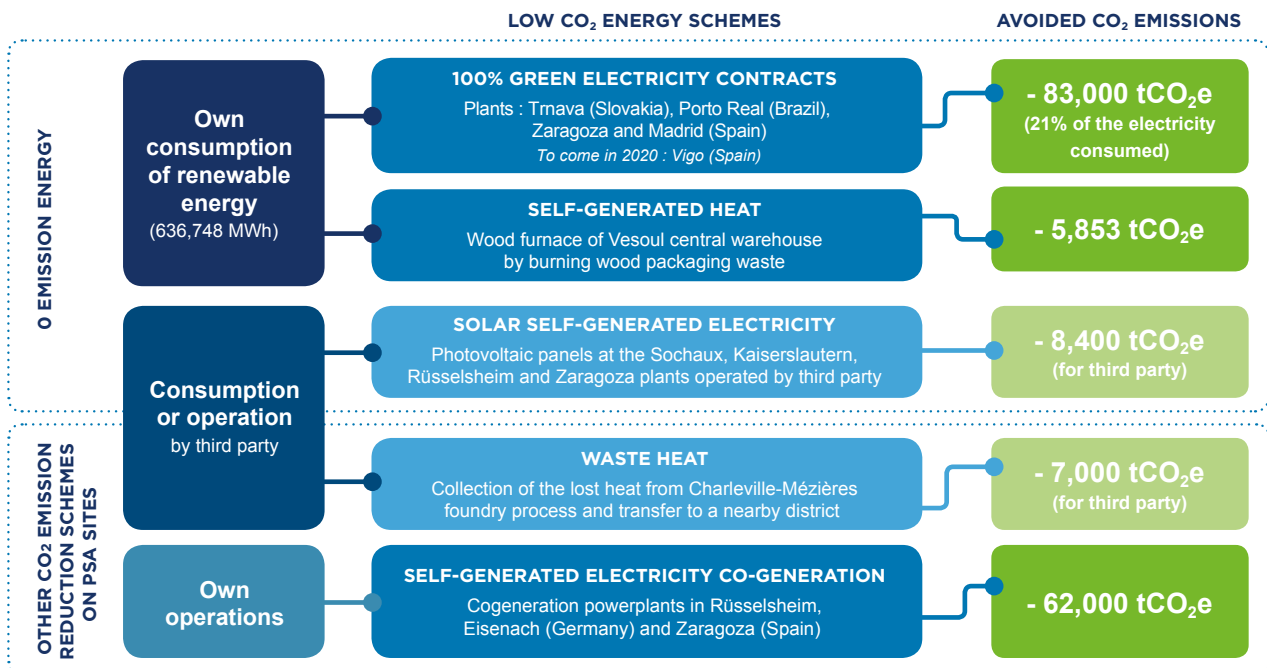
second surface will be implemented soon. This new equipment, managed by an external company like the first surface, will cover a parking garage for new cars before expedition to dealerships. The CO₂ emissions reduction is estimated at -8,400 tCO₂e per year.

The wood furnace in the Vesoul plant (Groupe PSA central warehouse) produced 17,673 MWh in 2019 (5,853 tons of CO₂) by burning wood packaging waste directly "produced" on site. This action reduces waste transportation and avoids fossil fuel emissions.

The recovery of lost heat to replace gas consumption is estimated as a reduction of 4,000 tons of CO₂ for the components plants. Investments were partially supported by government aids (French *Certificat d'Économies d'Énergies*). 2019 was also the first year of full usage of heat recovery from Charleville-Mézières's foundry to heat part of the city of Charleville-Mézières. This made it possible to confirm the avoidance of 7,000 tons of CO₂ from the city.

-7,000 tons CO₂
emitted by the city of Charleville-Mézières
per year thanks to energy recovered
from the Group's plant

GRUPE PSA KEY ENERGY SCHEMES TO CUT CO₂ EMISSIONS



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 20%) of CO₂ emissions for the Group (see. 2.5.2.);

- **logistics**, which represents about 1% of the global footprint of Groupe PSA (see 2.5.3.).

2.5.1. A close collaboration and innovation with suppliers

Purchasing

To involve suppliers in a close dialogue on CO₂, Groupe PSA organised the first supplier workshop that was entirely dedicated to CO₂ emissions in 2019. Several major suppliers from various commodities and industries took part in the activity. Best practices and lessons learnt were exchanged in an intensive dialogue. In order to keep this momentum and transform benchmark results and lessons learnt into results, the dialogue will be kept and further intensified in the future.

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.

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 72% 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 2019, 64% 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.

For example, Groupe PSA benefited from carbon neutrality for 100% of the mail services entrusted to La Poste in France, which represents 353 tCO₂e offset in 2018.

CO₂ EMISSIONS LINKED TO PURCHASES OF MATERIALS AND COMPONENTS (SCOPE 3)

CO ₂ emissions (in thousand of tons of CO ₂)	2018
Production of parts	3,562

These CO₂ emissions correspond to 55% of the purchases made in 2018.

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 (0.64%) of the Group's total CO₂ emissions.

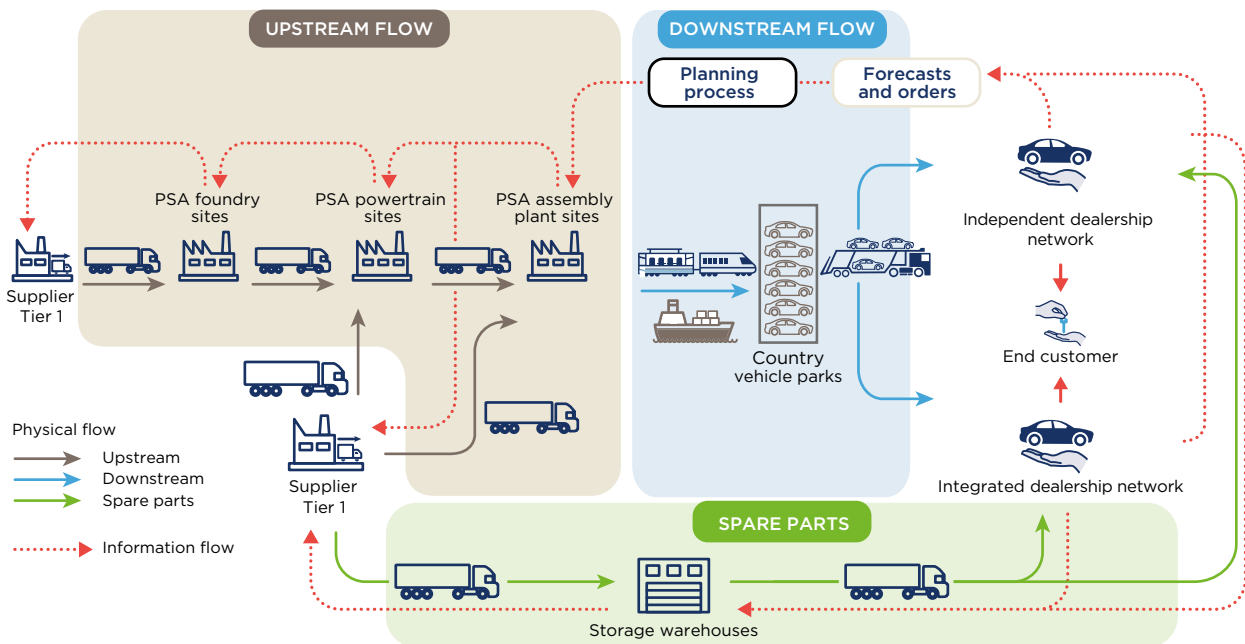
However, when defining the environmental policy of the Industrial Department, the logistics operations were identified

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 regularly 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 2019

(scope: world, excluding JVS)

Breakdown in tons of goods or vehicles transported, by mode of transport	Upstream flow		Downstream flow	
	2018	2019	2018	2019
Air	0%	0%		
Rail	3%	2%	11%	13%
Road	94%	94%	73%	67%
River/sea	3%	4%	16%	20%

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. More frequent (monthly) monitoring of the indicator of the CO ₂ emission of GEFCO for downstream and upstream.

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 tons – 2018		CO ₂ eq. emissions in tons – 2019	
TOTAL		879,344		808,674	
Upstream transport	Road	479,086	74%	459,187	78%
	Air	133,952	21%	100,815	17%
	Rail	8,668	1%	3,534	1%
	Sea	29,696	5%	23,510	4%
	TOTAL	651,401	100%	587,046	100%
Ratio of kg of CO ₂ from transport/ vehicle produced upstream		204		192	
Downstream transport	Road	182,494	80%	181,123	82%
	Rail	7,547	3%	7,108	3%
	Sea	37,900	17%	33,396	15%
	TOTAL	227,941	100%	221,627	100%
Ratio of kg of CO ₂ from transport/ vehicle distributed downstream		62		67	

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 encourages 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 Group's future vehicles. It results in a significant increase in the number of electric charging points within the Group's facilities.

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. Launched in September 2018, 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: more than 39,000 persons have taken part.

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. Less time spent commuting to and from work is the leading factor of satisfaction mentioned by 80% of teleworkers (satisfaction survey conducted internally in June 2017 among 1,675 teleworkers of Groupe PSA). Groupe PSA has now 17,952 teleworkers in 13 countries worldwide. In 2019, a total of 3,170,401 hours have been teleworked, avoiding around 452,500 commuting;
- **promoting public transportation and carpooling** for employees' commute to and from work as alternatives to passenger cars. Work'in PSA, an app that can be downloaded on employees' smartphones, provides access to train and bus traffic information, shuttle services, carpooling websites for drivers and passengers, and more. The Group promotes the innovative Peer2Peer car rental services of Koolicar and Travelcar to its employees for their private use;
- **encouraging the use of remote meeting tools** (audio, online meeting systems, video conferences) instead of travelling to meetings. The number of business trips fell by 11% between 2017 and 2019. Video conferencing rooms have been installed in the Group's facilities worldwide and have significantly reduced the need for travel. The use of laptops has become a widespread standard for audio communication and meetings within the Group and beyond;

TOTAL NUMBER OF BUSINESS TRIPS*

	2017	2018	2019
Number	122,630	119,321	109,029
Change vs previous year	-10%	-3%	-9%

* Business trips from and within France.

- **prioritising rail transport** and the use of shuttles for business travel between the Group's plants and outside of the Group. 23,804 trips were made by train in 2019. When high speed trains are available, some routes by air plane are forbidden by the Group travel policy. 37,410 trips were made by plane in 2019, decreasing by 9% compared to 2018;

ASSESSMENT OF CO₂ EMISSIONS GENERATED BY BUSINESS AIR TRAVEL*

(in kg)	2017	2018	2019
Number	16,712,477	25,462,845	24,411,014

* PCD scope - Trips leaving from Germany, Austria, Belgium, Spain, France, Italy, the Netherlands, Portugal and the United Kingdom, extended in 2018 to Argentina, Brazil, Morocco, Russia.

- **reducing the average emissions of the service vehicle fleet.** The Group provides its employees with service vehicles for their work-related travel. The reduction of the carbon footprint is taken into account. By 2020, 20% of the fleet will be composed of low-emission vehicles;

AVERAGE CO₂ EMISSIONS FROM COMPANY VEHICLES* - FRANCE

(in g/km)	2017	2018	2019
Fleet (number of vehicles)	950	917	859
CO ₂ level	106	113	108

* Vehicles reserved for employee travel (excluding commercial vehicles).

- **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 sites in the Paris region, in Rueil from 2017 and 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.



3.

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;
- 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. 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 it guarantees equal opportunity. 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. However, the automotive industry remains associated with male stereotypes and there is not enough gender diversity yet. To overcome this, Groupe PSA applies a proactive equal opportunities policy. The Group’s priorities and commitments focus on gender equality in business lines, and the HR processes guarantee equal opportunities 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 2019	 RESULTS 2019	 TARGETS 2020
<p>Management of company transformations and social dialogue*</p> <p>Organiser: EVP Human Resources</p>	<p>By 2035</p> <p>Engage in agile co-construction for the Company's future with employee representatives and unions, which:</p> <ul style="list-style-type: none"> helps the Company make technological and economic adaptations quickly; promotes employees' professional development and employability; allows all employees to be covered by a collective agreement or a company agreement. <p>Conduct this dialogue within the Global Framework Agreement, which notably ensures respect for Human Rights.</p>	<p>Onboarding 2,500 new employees (permanent contracts) into Groupe PSA.</p>	<p>Target met</p> <p>Onboarding of more 5,000 new employees in 2019.</p>	<p>Onboarding 2,500 new employees (permanent contracts) into Groupe PSA.</p>
<p>Health, safety and well-being in the workplace</p> <p>Organiser: EVP Human Resources</p>	<p>By 2035</p> <p>Keep the Group as a benchmark for occupational accident as well as for illness and stress, to reach:</p> <ul style="list-style-type: none"> total lost-time accident frequency rate⁽²⁾ < 1 point; excess stress frequency rate < 7%. 	<ul style="list-style-type: none"> Total lost-time accident frequency rate⁽¹⁾ < 1 point. Increase average level of motivation⁽²⁾ to more than 1 point. 	<p>Target partially met</p> <ul style="list-style-type: none"> 0.9 point total lost-time accident frequency rate. Slight decrease in motivation (by 0.2 point compared to 2018). 	<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.
<p>Attracting and developing all talent</p> <p>Organiser: EVP Human Resources</p>	<p>By 2035</p> <ul style="list-style-type: none"> Make the Group attractive through its talent development policy that produces high-quality management, empowerment and expertise. Guarantee a 100% access rate to training. 	<p>Increase training rate to 85% for PCD and extend the Group training objective for OV with a roadmap to reach the same level in 2020.</p>	<p>Target partially met</p> <p>Rate increased to 81% at PCD, slightly below target. Increase at OV in line with target to converge by 2020.</p>	<p>Increase the overall access rate to training: 80% of employees trained at least once during the year 2020.</p>
<p>Diversity and equal opportunity</p> <p>Organiser: EVP Human Resources</p>	<p>By 2035</p> <ul style="list-style-type: none"> Make the Group attractive by its inclusive policy. Internationalisation and diversity of management. Going beyond the auto industry and corporate average in gender balance of senior executives. 	<p>Reach a rate of 17% of women in top management by the end of 2019.</p>	<p>Target met</p> <p>Continuous improvement to reach 17.6% by the end of 2019.</p>	<p>Reach a rate of 19% of women in top management by the end of 2020.</p>

* 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 performance 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.

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. 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.industriall-union.org/industriall-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 2019, 172 action plans were designed in the 67 Group companies based in 26 countries on four continents.

Every three years, 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. This self-assessment has been processed by Opel and Vauxhall subsidiaries at the beginning of 2019.

54 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. 2,207 employment grievances were filed in 2019; 2,002 of them were filed with an official external body (court, employment tribunal, public mediation body, etc.) and 205 were filed according to an internal procedure. 2,108 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. 99% 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.

99%

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 2019 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 2019, seven issues have been reported and addressed on topics such as implementation of negotiation outcomes, fear of loss of expertise, overtime on weekends, equality in pay policy, hiring processes, situation of risk of musculoskeletal disorders and a litigation on the conditions for exercising the right to strike.

In 2019, the Group also processed one alert raised by IndustriALL Global Union, leading to facilitating the introduction of relationships with a local union in a new facility.

In 2019, 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 2019, 28,048 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)	9,143	2,834	2.9%
Non-corruption and conflicts of interest	2,930	6,059	6.2%
Compliance (other compliance training courses, included data privacy)	9,040	19,155	19.7%

3.1.2 International social dialogue bodies DPEF.8

The Global Works Council

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 37 members, including representatives from Opel and Vauxhall subsidiaries. Through the extra-European body composed of 5 members from Brazil, Argentina, Russia, China and Morocco, 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 once in 2019, the European Works Council met three times and its Liaison Committee met four times.

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 twice in 2019.



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. Energy transition was again an important topic discussed at the Joint Strategy Committee on October 11, 2019 regarding new regulations to be enforced in 2020 and further evolutions by 2030. This Committee was held in the presence of the Chairman of the Managing Board at the Vélizy Technical Centre and brought together union representatives from eight countries.

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.

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 2019, 177 company agreements were concluded.

177

company agreements signed in 2019

Worldwide, 94% of Group employees are covered by a collective bargaining agreement at sectoral and/or company level.

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", covering the period 2017-2019, 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	2019	106,336	7,984	114,320
	2018	110,081	7,252	117,333
	2017	78,480	7,317	85,797
Other Activities	2019	751	10	761
	2018	785	11	796
	2017	800	11	811
TOTAL	2019	107,087	7,994	115,081
	2018	110,866	7,263	118,129
	2017	79,280	7,328	86,608

* With permanent or fixed-term contracts.

90%

of employees are employed with permanent contracts

At December 31, 2019, the Group had 115,081 employees, of which 104,025 were on permanent contracts, *i.e.* 90%. 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
67,804	25,187	22,090
59%	22%	19%

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.

The Group has been hiring actively worldwide, with more than 5,000 permanent contract hirings and more than 3,000 appren-

ticeship 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	2019	4,398	926	5,324
	2018	4,726	681	5,407
	2017	3,038	490	3,528
Other Activities	2019	33	0	33
	2018	36	1	37
	2017	31	2	33
TOTAL	2019	4,431	926	5,357
	2018	4,762	682	5,444
	2017	3,069	492	3,561

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	2,516	1,395	487	241	245	440	2,757	1,640	927
Other Activities	0	2	31	0	0	0	0	2	31
TOTAL	2,516	1,397	518	241	245	440	2,757	1,642	958

In 2019, the Group hired 5,357 employees. The permanent contract hiring rate was 5.1% in 2019 (permanent contract hirings/total permanent contract workforce).

Women totalled 26% of recruitment on permanent contracts in 2019. 51% of permanent contract hirings were operators and administrative employees, 31% were technicians and administrative employees and 18% were managers.

FIXED-TERM CONTRACT HIRINGS BY REGION

(For the year)

	Europe	Rest of the world	Total
Automotive Division	8,256	1,700	9,956
Other Activities	49	0	49
Total	8,305	1,700	10,005

In 2019, the proportion of women recruited on fixed-term contracts was 25%.

Being a young employee in Groupe PSA entails experiencing full immersion in the teams and getting individual support from a mentor.

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. The aim is to develop young people's employability through training and increase their chances of being hired at the end of an apprenticeship. More than 50% of permanent junior contracts were granted to the Group's young apprentices in 2019.

The Group also engages in more targeted initiatives to help young people from underprivileged areas, such as partnering with organisations to support integration in their workplace and attending recruitment forums.

6,000
young people trained within the Group

INTERNSHIPS AND WORK-STUDY CONTRACTS BY GENDER

	Interns (cumulative total through 2018)		Work-study contracts (as at December 31, 2018)		o/w skill-acquisition contracts		o/w apprenticeship contracts	
	Workforce	% of Women	Workforce	% of Women	Workforce	% of Women	Workforce	% of Women
Automotive Division	2,996	36%	3,154	26%	864	29%	2,290	26%
Other Activities	68	41%	55	51%	1	100%	54	50%
TOTAL	3,064	36%	3,209	26%	865	29%	2,344	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 65 partner high schools and 600 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 20 job families and 103 cross-functional professions across the Group's structures.

Each of the Group's 20 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.

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;
- 70% of key functions have at least one “immediately ready” replacement
- 29 senior experts, 218 experts and 628 specialists ensure the highest level of expertise in their field.

JOB FAMILY AND PROFESSION STRATEGY: 2019 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.

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

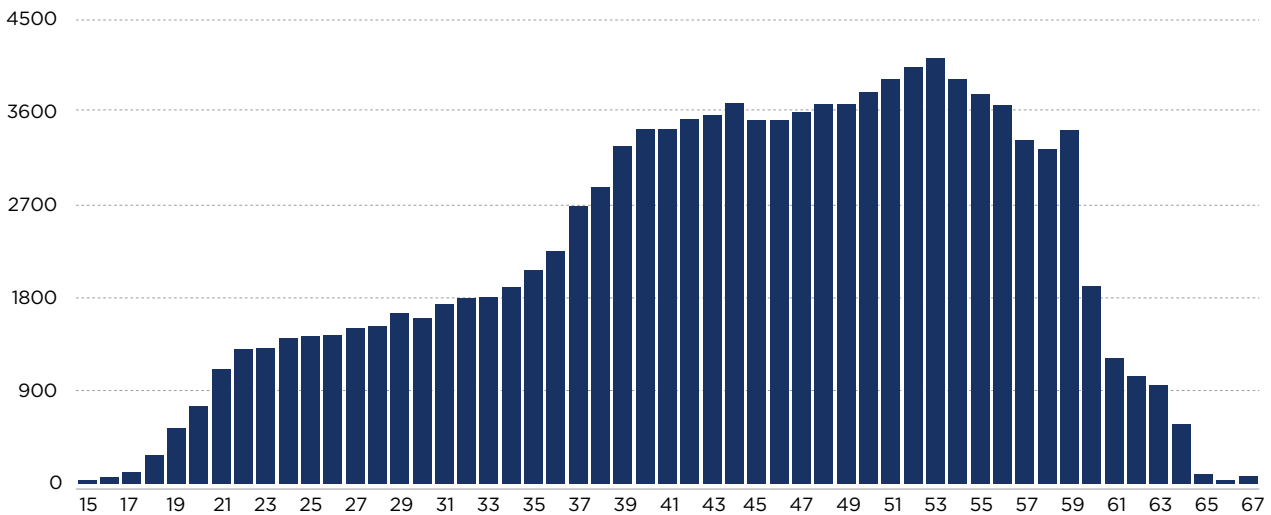
A joint Union-Management body implemented by the Group in France, the Professions and Skills Observatory, helps to develop a prospective vision of the evolution of Group professions and establish shared analyses of professions in high demand (unmet needs) and of at-risk professions (downsizing and retraining 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 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 2019, 1,213 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 2019, “*Top Compétences*” represented expenditure of €2,100 per beneficiary, excluding continued wage cost, for a very favourable cost/benefit assessment compared to costs for restructuring plans.

Examples:

- Training path Electric Powertrain – Batteries: an average of 93 hours and €6,200 cost per employee
- Training path Digital & Data Engineering: an average of 60 hours and €6,000 cost 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 and Hermès.

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, 2017-2019

DPEF.1.a

DPEF.2.a

	Workforce as at 12/31/2017	2017-2019 acquisitions/disposals balance	Net jobs development	Workforce as at 12/31/2018
Europe	79,280	38,811	(11,004)	107,087
Rest of the world	7,328	48	618	7,994
TOTAL WORLDWIDE	86,608	38,859	(10,386)	115,081

LEAVERS ON A PERMANENT CONTRACT

	Europe	Rest of the world	Total
2019	10,811	1,034	11,845
2018	13,703	828	14,531
2017	7,400	738	8,138

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)

	2017	2018	2019
Turnover rate	7.0%	9.7%	8.0%

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	15.2%	20.4%	7.9%	8.6%	3.7%	3.8%	9.5%	7.9%	7.5%	7.4%	7.5%
Rest of the world	13.7%	18.2%	14.3%	14.6%	16.5%	16.1%	18.2%	25.8%	14.8%	17.3%	16.8%
TOTAL	14.9%	20.2%	8.7%	9.4%	4.2%	4.5%	9.6%	8.3%	8.0%	8.0%	8.0%

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	188	757	281	880	150	610	53	365	672	2,612	3,284
Dismissals	17	110	26	154	42	185	42	227	127	676	803
Redundancies and transfer of activity	23	136	103	518	136	618	238	1,743	500	3,015	3,515
Other departures: expiration of contract, retirement, death, etc.	44	272	77	391	71	466	438	2,484	630	3,613	4,243
TOTAL	272	1,275	487	1,943	399	1,879	771	4,819	1,929	9,916	11,845

3.2.5. A socially controlled policy of sourcing temporary employees and subcontractors 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 guarantee 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 guarantee employability within Groupe PSA as

well as in the surrounding area. At the end of 2019, there were 882, representing a growing proportion of temporary workers employed by Groupe PSA in France, i.e. 17%.

NUMBER OF TEMPORARY EMPLOYEES

(Average annual numbers)

The average annual number of temporary employees is calculated by dividing the total of the temporary workforce by 12 at the end of each month.

		Europe	Rest of the world	Total
Automotive Division	2019	8,968	183	9,151
	2018	9,796	172	9,968
	2017	8,522	116	8,638
Other Activities	2019	3	0	3
	2018	1	0	1
	2017	1	0	1
TOTAL	2019	8,971	183	9,154
	2018	9,797	172	9,969
	2017	8,523	116	8,638

Staff from contractors made available to the Group through service provider contracts and working on Group sites are accounted for. The main activities covered by non-manual

services are R&D engineering and IT. **Service providers are consulted for skills that are specific or unavailable in-house and allow for flexibility in the overall expenses essential to the performance and shortening of R&D processes.**

NUMBER OF EMPLOYEES FROM CONTRACTORS WORKING ONSITE

(As at December 31, full-time equivalent)

		Europe	Rest of the world	Total
Automotive Division	2019	3,889	689	4,578
	2018	2,765	803	3,568
	2017	3,425	611	4,036
Other Activities	2019	5	1	6
	2018	6	1	7
	2017	74	2	76
TOTAL	2019	3,894	690	4,584
	2018	2,771	804	3,575
	2017	3,499	613	4,112

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	2019	2,108,608	111,094	2,219,702
	2018	1,788,870	188,924	1,977,794
	2017	1,339,855	443,457	1,783,312
Other Activities	2019	984	0	984
	2018	500	0	500
	2017	418	0	418
TOTAL	2019	2,109,592	111,094	2,220,686
	2018	1,789,370	188,924	1,978,294
	2017	1,340,273	443,457	1,783,730

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 2019, overtime accounted for 1.5% of hours worked in the Group.

SHORT-TIME WORKING HOURS

		Total
Automotive Division	2019	816,341
	2018	2,208,812
	2017	368,828
Other Activities	2019	0
	2018	0
	2017	0
TOTAL	2019	816,341
	2018	2,208,812
	2017	368,828

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.

PAID ABSENCES FOR SICKNESS

DPEF.5

GRI.403-2

(For the year)

		Europe	Rest of the world	Total
Automotive Division	2019	5,958,609	132,702	6,091,311
	2018	6,039,235	174,511	6,041,095
	2017	3,146,400	184,847	3,331,247
Other Activities	2019	12,017	16	12,033
	2018	1,860	152	2,012
	2017	3,942	0	3,942
TOTAL	2019	5,970,626	132,718	6,103,344
	2018	6,041,095	174,663	6,215,758
	2017	3,150,342	184,847	3,335,189

In 2019, based on 146 million hours worked, absenteeism for sickness stood at 4.3%. In addition, 764,697 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. Our Employees, the safety of their environment, their well-being, their training and career development are our priorities.

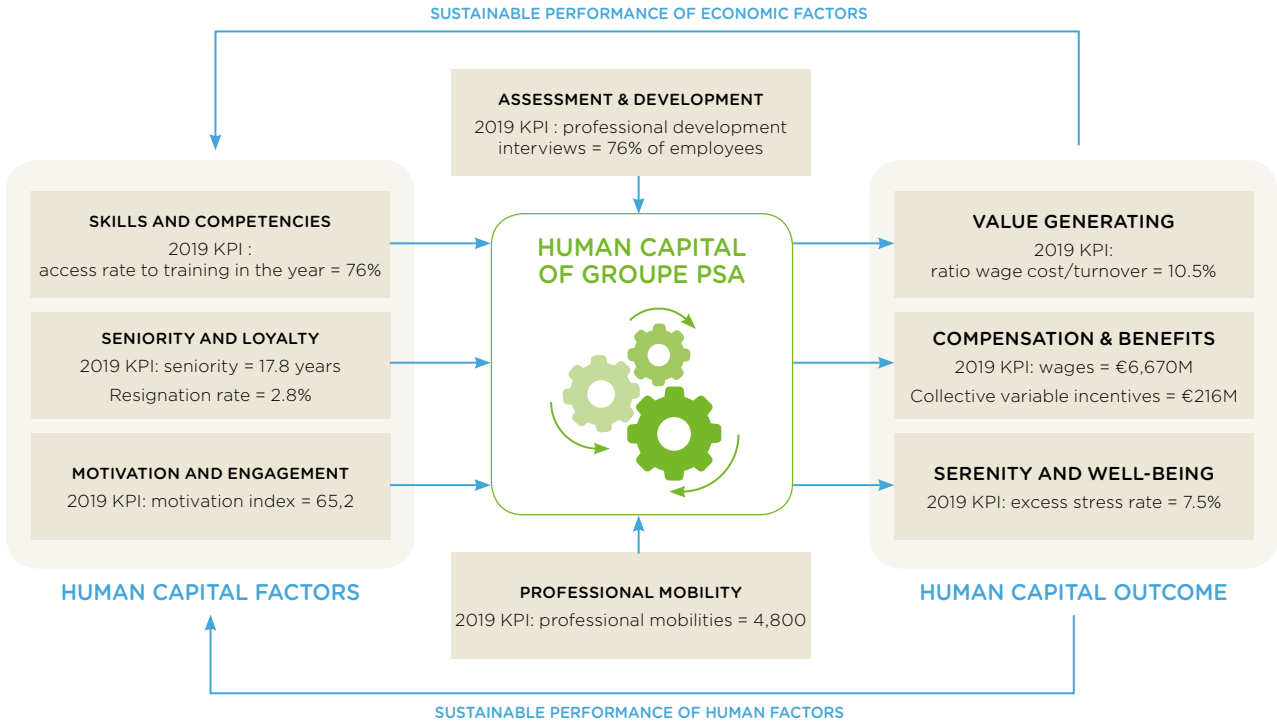
A collaborative and caring work environment provides the best way to create a sustainable performance and to develop our human capital. This is all a part of our employee journey. ”

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

In 2019, the values were updated. For all Group employees, they form the basis of everyone's actions and enable rapid implementation of the strategy.

GROUPE PSA VALUES



Agility



Efficiency



Win together


This reference guide for values has been given a central role in identifying and developing talent with the goal of demonstrating it in a concrete way through behaviours. A "PSA leadership profile" clarifies the managerial skills reference guide used to identify, assess and train employees.

3.3.1. Innovation to develop Groupe PSA human capital GRI.103-2 GRI.103-3

At Groupe PSA, we are continually looking for ways to provide unique opportunities for our best talent to help us achieve the Group ambitions in line with its values. Innovative programs like Spring Board, Cross-functional teams or Business Lab all provide a win/win situation for PSA. The programs develop the people who take part in them and, in turn, PSA benefits from increased skills and competencies as well as from the ideas generated from these programs.

Cross-functional teams (CFTs)

CFTs continue to be widely used during 2019 at all levels within the organisation to develop innovative transversal thinking. Using employee experience, usually from different job families and sometimes from different countries, their objective is to propose, and in some cases deliver, solutions for particular business concerns.

 CFT is used as part of a the graduate program to develop business knowledge, whilst at the same time advancing business projects.

An example in the UK:
<https://vimeo.com/367715690/948e760df0>

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. During the year, the group has delivered two projects and is currently working on project three. Projects included:

- Group values mobilisation: How do we ensure that all employees globally really “live” the Groupe PSA Values? - The Spring Boarders recommended tangible, specific ideas, which we have deployed worldwide with immediate visibility and positive results.
- How do we grow our business outside of Europe? - The Spring Boarders delivered some interesting and varied ideas for the non-European Regions for further study.

- Enrich the mobility roadmap in emerging countries - The Spring Boarders are currently working on this fascinating project and are on track to make some value-added recommendations.

In addition, to date, two of the Spring Board team have moved internally into new and challenging roles.

The Business Lab intrapreneurial approach

The creation of the Business Lab in 2016 was a Group initiative to form an innovative tool to identify and support new value propositions for its customers, shareholders and employees. The Business Lab promotes an intrapreneurial approach through the Incubator and the Business Innovation Factory.

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, 689 proposals have been examined, more than 110 have been incubated and 25 have been transformed. The ideas that have significant potential for the Group can also be transformed into experimentation in the field.

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. For example, employee/company car sharing has been experimented, theFree2Move CarOnDemand subscription model has been launched in France and Free2Move My Shuttle has been tested in Casablanca.

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.

For 2019, the target has been to harness the talent management process in order to have competitive teams. The specific 2019 talent management priorities are:

- Diversity: increase the number of women and international profiles in top management as a lever of performance;

- Deploy Talent Management processes in Opel and Vauxhall in order to identify and develop key talent;
- Harmonisation: to ensure OV talents are represented in the direct reports for PSA merged organisations;
- Assessment and development of key talent.

The Group is on target to achieve its objective to have at least 17% women in PSA Top Management by the end of 2019. In addition, as a result of focused development plans there is also an increase versus 2018 in the percentage of local talents in the regions outside of Europe, with mature regions like Latin America reaching more than 70%.

Groupe PSA talent management processes have been fully deployed in Opel and Vauxhall. Against an objective of 20%, the Group achieved 24% of OV profiles represented in the direct reports of Leaders for Groupe PSA merged organisations.

By the end of 2019, 86% of key functions have been evaluated using the Group assessment/development centre process.

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, an additional 277 high potentials have been identified, as well as 438 emerging talents. Women represent more than 29% of talents identified. 90% of all Group talents had an action plan in 2019 with the top 5 actions recorded as: mobility, personal development, training, coaching, Assessment Centre.

The “PSA leadership model” was updated in 2019 in order to be completely coherent with the updated Group values. The model describes how we expect managers to behave and is used as a reference guide to identify, assess and train employees. More than 10,000 employees have been evaluated against our behavioural competency model since 2017 in either an Assessment or a Development 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. A typical Assessment/Development Centre will consist of a competency based interview, a case study and collective exercises. For example, in Manufacturing, team leader roles are evaluated using an internal assessor network.

At the end of 2019, 86% of key functions have been assessed versus an objective of 85%. 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, 169 employees have participated in the Multi-Raters program. 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’.

Several countries around the world already run specific programs to develop local talent supported by the corporate HR team. The Asia department launched a new program in 2018 with three elements: DASI Elite (leadership development, exposure), DASI Next Generation (skills development, recognition, motivation) and DASI Think Tank (strategic thinking, exposure, leadership, creativity).

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 the DELVE tool, detailing their status and key skills e.g. #availablementor, #collaboration, #project management and employees use the search engine facility within the tool 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 tools are 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. In addition, it provides tremendous return on investment because the tool is ‘free’ and yet the results are wide-reaching. Guidelines and tips e.g. ‘how to become a good mentor’ are available within a Mentoring group managed by the Corporate HR team.

3.3.2.2. Supporting the Group's international expansion

GRI.202-2

DPF.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 for 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 2019, 296 men and women were working as expatriates in 32 countries in the world. Women represented 8% of Group expatriates. 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. The annual appraisal process has been deployed for OV employees in 2019.

- **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 1500 skills.
- **Diagnosis:** carried out by more than 30,000 employees in 2019.
- **Skills development plans:** individually defined in the "professional development interviews" and collectively defined in the training offer of each PSA University "Academy".

In 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	80.7%	70.5%	71.7%	69.0%	64.9%	65.9%	96.0%	90.7%	91.7%	80.5%	73.5%	74.6%
Rest of the world	100%	100%	100%	80.9%	80.7%	80.8%	93.2%	96.5%	95.7%	100%	94.5%	99.2%
TOTAL	87.0%	72.06%	73.7%	70.1%	66.1%	67.0%	95.6%	91.2%	92.1%	83.4%	74.8%	76.1%

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. The purpose of this training is a change of mindset for each Group employee, to become aware that their daily mission contributes to the quality delivered to the end customer.

The "Quality Championship program" is composed of quizzes, micro-learnings 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.

In 2019, common activities were developed to create further synergies between PCD and OV and to support growing together as one company. Digital learning offers have been aligned, as well leadership programs. Academies' new training courses are rolled out at OV as well as PCD.

PSA University is supporting Groupe PSA business priorities and transformation with a specific focus for English in 2019 (+25% versus 2018), overseas (new intercultural offer and webinars), "quality championship", "digital barometer" and specific content to develop knowledge of Digital.



“ 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. Some specific content has been shared on the learning management system (LMS) per level to invite them to learn and develop themselves.

We are very happy that this barometer is going to be reused by other big French companies and to be a future reference to evaluate skills not only in their company, but also to be compared to other companies. ”

Anne FENNINGER,
Director of PSA University

2019 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	16.8	19.0	18.7
Technicians and supervisors	19.8	19.0	19.2
Managers	26.2	21.4	22.4
AVERAGE	20.0	19.5	19.6

* 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		
	2017	2018	2019	2017	2018	2019
Europe	1,466	1,907	1,720	21.0	18.9	17.3
Rest of the world	181	202	368	25.3	27.9	51.8
TOTAL	1,647	2,109	2,088	21.4	19.5	19.6

* 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 (3,200 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. 20% of training hours were completed through digital learning in 2019. The goal is to complete 40% of training hours through digital learning in 2019, 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. In line with the objective, 42% of white-collar training hours were completed via digital learning in 2019.

To encourage Groupe PSA employees to take charge of developing their skills, The learning booster format has been reviewed with conferences or workshops every month to be more flexible and express the idea that employees should learn at any time. In addition, other initiatives are taking place in some countries, academies and plants: digital corner at the plant in Vigo (Spain), factory booster in the industrial field, workshop and digital day in Madrid (Spain), Friday afternoons dedicated to learning for R&D, online games and recognition actions in Latin America for all the population, immersive learning experience to prevent professional risks in after-sales activities.

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 Leadership Academy is the agent that supports the Group’s strategy and culture change. 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 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 has been rolled out in France, Spain, Germany, UK and Poland in 2019. The program has been completed with online animation through Yammer corporate social network to support managers after the programs. Leadership fundamentals format and content have been reviewed to fit better with the values, with a blended approach and work to do, before attending the in-class training.

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 2019, 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. More than 450 training paths were validated in the Top Compétences scheme in 2019.

Transformation supports: around 13% of all the training paths concerns employees who left a sensitive profession and more than 51% deals with employees entering an at-risk profession.

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). 525 employees earned a CQPM during the first ten months of 2019.

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.

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, 78 salary agreements were signed in most countries, for example in France on March 7, 2019.

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 performance 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.

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 2019, 21,514 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	6,256	274	6,530
Other Activities	139	1	140
TOTAL	6,395	275	6,670

In 2019, total wages paid came to €6,670 million, while related payroll taxes amounted to 1,395 million.

GROUP BONUS, DISCRETIONARY AND NON-DISCRETIONARY PROFIT-SHARING

	2017	2018	2019	Amount due for 2019 performance
Cost of group bonus (o/w discretionary profit-sharing and non-discretionary profit-sharing in France) (rounded to the nearest million euros)	163	188	216	211

GROUP MINIMUM WAGE VERSUS LOCAL LEGAL MINIMUM WAGE BY COUNTRY DPEF.30

(For the year, base 100)

Country	Ratio	Legal minimum salary
Argentina	215%	Minimum legal salary of country (Ratio = 110 over minimum salary of UOM Convention)
Austria	116%	Sector-based agreement
Belgium	121%	RMMMMG (Guaranteed Minimum Average Monthly Salary)
Brazil	139%	Minimum legal salary of country
China	Wuhan: 431% Shanghai: 302%	Minimum legal salary of region
France	117%	SMIC (Minimum legal salary of country)
Germany	161%	Minimum legal salary of country
Hungary	144%	Minimum legal salary of country
Italy	118%	Minimum legal salary of country
Morocco	100%	Minimum legal salary of country
Poland	144%	Minimum legal salary of country
Portugal	134%	Minimum legal salary of country
Russia	250%	Minimum legal salary of region (Kaluga)
Slovakia	154%	Minimum legal salary of country
Spain	109%	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	100.72	255	104.64
175	99.56	270	104.17
180	99.28	285	102.52
185	99.66	305	102.08
190	100.62	320	100.27
195	101.07	335	99.66
200	101.45	365	98.75
215	100.29	395	99.70
225	101.77		
240	102.25		
255	102.74		
270	106.54		
285	98.96		
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**. For its first edition, calculated on 2018 data, the index stood at 89 points out of a scale of 100, 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 2019, the index stands at 94 points at PSA Automobiles SA, 91 points at Peugeot SA and 84 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	106	105	NS	NS	105	NS
Senior management	NS	113	100	105	111	108	107	107
Experienced managers	97	107	114	100	112	109	107	113
Junior managers	104	111	114	100	109	125	109	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 2019, employee savings schemes represented €600.1 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 guarantees that it insures all its employees worldwide against major risks, offering life insurance in all countries where Group insurance can be set up.

€217 million were paid by the Group (automotive and other activities) in 2019 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.

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 is 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. The plan will start in 2020/2021 with the objective of reaching a harmonized situation within 3 years, in compliance with the corporate group policy.

Pensions

At the end of 2019, the commitments recorded in the Group's accounts under **defined-benefits pension schemes** were €6,640 million and were covered by dedicated funds of €6,714 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.

A large number of defined benefits plans were acquired from Opel and Vauxhall.

The Group has set up **defined-contribution pension schemes** in all countries where necessary according to market practices and available resources. Such plans are in place in Germany, Belgium, Spain, France, Japan, the Netherlands, the Czech Republic, Slovakia, the United Kingdom and Turkey. Managed by local joint labor management committees, these schemes are designed to provide beneficiaries with additional retirement income on top of regulatory provisions. In addition, specific pension schemes exist in Brazil and Argentina alongside statutory requirements.

SUPPLEMENTARY 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	32,988	13,188	35,580
Other Activities	983	490	721
TOTAL	33,971	13,678	36,301

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	31,661	11,796	33,678
Rest of the world	2,310	1,882	2,623
TOTAL	33,971	13,678	36,301

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.

3.4.1. Health and safety results

DPEF.6

DPEF.7

GRI.403-2

Total lost-time accident frequency rate

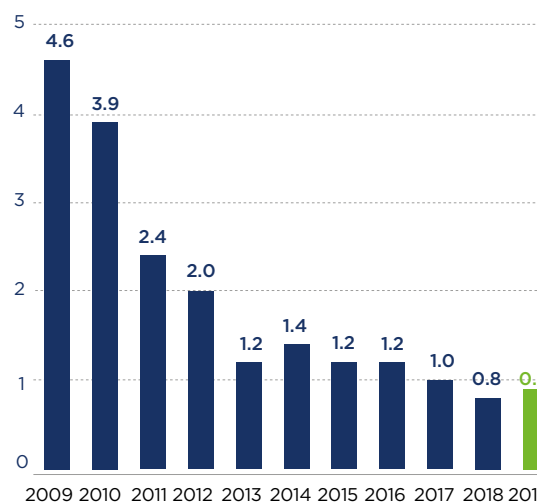
0.9 point

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	1.00	0.15

SEVERITY RATES BY REGION

(For the year)

	Europe	Rest of the world
Automotive Division	0.07	0.03
Other Activities	0.05	-
TOTAL	0.08	0.03

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 0.07 in 2019, compared to 0.08 in 2018 and 0.13 in 2017.

COMMUTING ACCIDENTS

(For the year)

	2017	2018	2019
Frequency ratio	3.0	2.7	2.8

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. In 2019, the total lost-time accident frequency rate among temporary employees was 1.6 point.

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 13,615 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	1,222	1,317	9	5	1,231	1,322

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	262	0	262
Carrying heavy loads	25	0	25
Occupational illnesses after exposure to asbestos	37	0	37
Noise-related hearing loss	50	0	50
Other	55	0	55
TOTAL	429	0	429

3.4.2. Groupe PSA Health and Safety policy

Groupe PSA is committed to taking all the necessary steps to guarantee 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, revamped at the beginning of 2018, was 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 new motto that embodies this policy, launched in October 2018 during the first Group health and safety week, gathering initiatives from every region where the Group operates and sharing best practices related to vigilance and prevention.

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. Its deployment is underway during the year 2020.

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, 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 in Europe, Latin America and China. 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 1,100 STOP observations were carried out by first-aid workers in 2019.

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. 95% 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
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, CEO, CFO and Human Resources
Morocco	Health and Hygiene Committee	HR manager, Safety manager, Occupational physician, Employee representatives
Netherlands	Health and Safety Committee	Employer representatives, Employee representatives, Emergency response team
Poland	Health and Safety Committee	Occupational physician, Employee Relations manager, Labour inspectors, Company Labour inspector, 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
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
	Plant Safety Review Board	Plant director, Health and Safety manager, Union representatives, Facilities manager, Human Resources manager and main contractors

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. 23 health and safety agreements were signed in 2019.

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 2019 revealed that 7.5% of employees are experiencing excess stress and that the average level of motivation per employee is 65.2 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 2019, 17,872 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 2,720 in 2019. 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. 66% of executives were trained in 2019 and this training cycle is continuing worldwide.

Thanks to this approach, the stress frequency rate stayed below 8% in 2019, 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 or ALT in French), 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 2019 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 worldwide 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 risks are a major focus of the preventive measures the Group has taken to manage health and safety. They are not only risks related to the use of products and substances but also those related to the pollutants generated by certain processes.

The Group uses 6,933 chemical products and substances at its R&D and manufacturing sites and 1,175 in its after-sales activities. Each of these products has to be approved prior to use by the Group’s Toxicology department, which is led by a toxicologist physician. The products are listed in a computerised database and have a workstation instruction sheet that is validated according to Group protocol, whether it is for manufacturing,

R&D or sales activities. The other priorities regarding chemical risk management consist of the quality of how the risks are weighed up, the substitution of potentially harmful products by neutral ones and the training of every user.

All facilities have a surveillance plan for air quality inside the manufacturing, R&D and sales activities areas. In 2018, a common database was developed in France to store, compare and use the results provided by every site to closer coordinate the related action plans.

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, in 2019, more than 600 employees at the Casablanca site took part in various workshops to raise awareness of road safety. As a result, a 20% reduction in these accidents was recorded over the last three years.

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 2019, more than 1,100 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

When it comes to quality of life and well-being at work, Groupe PSA is an expert in workstation ergonomics and the assessment of stress. As part of the Push to Pass plan in 2016, Groupe PSA stated a new ambition to offer an employee experience based on well-being at work by laying the groundwork for the future with new work methods and consequently providing a space for individual and group talent to blossom.

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 strategy is based on:

- protecting people through implementing the Workplace Health and Safety Management System with the highest demands placed on workplace ergonomics;
- engaging people by fostering an environment in which each stakeholder owns their own and each person’s safety;
- promoting health and well-being to support and enhance an engaged and motivated workforce.

These principles apply with the following priorities:

- health monitoring through the health services, to highlight the main health determinants;

- specific communication and training regarding those determinants. For example, four health topics have been promoted during 2018: blood pressure, diabetes, tobacco and sleep, with the support of public partnerships;
- ergonomic study of workstations, their design and their management in daily life;
- the work-related alerts (WRA or ALT in French), 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 an 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 in 2018 to improve the return-to-work process for employees suffering from cancer and to support managers through a co-constructed training. This engagement has been completed by the signature of the charter of the 11 “Cancer and Employment” commitments from the French National Cancer Institute (INCA). This kind of partnership has also been initiated in other countries.

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. Awarded in Spain in 2017 for its action in favour of solidarity between generations in the workplace, Groupe PSA is also involved in the 2018 and 2019 campaign on the use of chemicals.

3.4.2.1 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 2019, there were 21,760 regular users and 6,089 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.

3.4.2.2. Training and prevention programs

DPEF.10

Based on accident analysis and risk assessment, specific training programs are developed and deployed at all sites. In 2019, workplace health and safety prevention represented 229,534 hours of training.

230,000 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)

3.4.2.3. 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.

3.4.2.4. 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 allow 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 2019, the Group had more than 10,000 part-time employees worldwide (including 932 employees who worked half-time), distributed as follows: 37% women and 63% men.

PART-TIME EMPLOYEES ON PERMANENT OR FIXED-TERM CONTRACTS

(For the year)

		Europe	Rest of the world	Total
Automotive Division	2019	10,660	0	10,660
	2018	10,393	1	10,394
	2017	8,234	0	8,234
Other Activities	2019	30	0	30
	2018	34	0	34
	2017	46	0	46
TOTAL	2019	10,690	0	10,690
	2018	10,427	1	10,428
	2017	8,280	0	8,280

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.

17,952
teleworkers in the Group

After a two-year experimental phase demonstrated the positive impact of Remote working on working conditions and quality of life, particularly by reducing commuting time, a labour agreement made teleworking one of the possible work arrangements at Groupe PSA in 2014. French technicians, administrative

employees and managers have the option of working from home between one and three days per week.

The Group fosters teleworking at global level on a voluntary basis and as a flexible organisation improving working conditions. Driven by this aspiration, teleworking is now also in use in Argentina, Brazil, Belgium, Hungary, Italy, the Netherlands, Poland, Spain, Slovakia, Turkey, China and the UK and has been launched in Germany in 2019.

A collective agreement signed in France has implemented an additional innovative quality-of-life improvement at work by creating an annual account of 25 days of remote working. This system offers new flexibility to employees, technicians, administrative employees and managers who do not work in production, and the option to perform their jobs occasionally from their primary residence or another personal residence in France or a third-party location is now available.

TELEWORKING

(For the year)

	Europe	Rest of the world	Total
Automotive Division	14,559	2,869	17,428
Other Activities	524	0	524
TOTAL	15,083	2,869	17,952

In 2019, a total of 3,170,401 hours have been teleworked, avoiding around 452,500 hours of commuting.

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 disabled relative. This program has received a strong response: 2,252 days have been donated. 1,585 days were granted to 130 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 BY SOCIO-PROFESSIONAL CATEGORY

(For the year)

	Maternity leave				Paternity leave				Educational parental leave			
	Operators and administrative employees	Technicians and supervisors	Managers	Total	Operators and administrative employees	Technicians and supervisors	Managers	Total	Operators and administrative employees	Technicians and supervisors	Managers	Total
Automotive Division	283	443	249	975	940	323	288	1,550	278	462	167	907
Other Activities	0	2	12	114	0	0	8	8	0	3	2	5
TOTAL	283	445	261	989	940	323	296	1,558	278	465	169	912

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	33,327	0	33,327
	Three shifts or night work shift	13,204	1,649	14,853
	Weekend shift	4,035	0	4,035
Other Activities	Two shifts	0	0	0
	Three shifts or night work shift	0	0	0
	Weekend shift	0	0	0

3.4.2.4. 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 provided that equal opportunity is guaranteed. 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.

In 2019, the Group designed a new 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 and is planned for the medium and long-term as follows:

- gender diversity of top management: 20% by 2021, eliminating under-representation of women in top management and 30% by 2035 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.

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 guarantee 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 renewal of this label on December 11, 2017 marks the Group's long-term commitment and ongoing progress toward gender equality. This label was awarded following an audit conducted by following an audit on several sites conducted by the AFNOR certification firm and then certification of several sites and then a review by a joint labour Management Committee meeting 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 in 2013 and for its commercial subsidiaries in 2015.

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. 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 merged activities with Opel and Vauxhall women's networks: Women@OPEL, Women's Council Vauxhall, and Opel bank Women's Inspiration Network. It thus contributes strongly to the Group's cultural transformation.

EMPLOYEES ON PERMANENT OR FIXED-TERM CONTRACTS BY GENDER AND REGION DPEF.1.b DPEF.1.d

(For the year)

	Europe		Rest of the world		Total	
	Women	Men	Women	Men	Women	Men
Automotive Division	18,868	87,468	1,504	6,480	20,372	93,948
Other Activities	344	407	0	10	344	417
TOTAL	19,212	87,875	1,504	6,490	20,716	94,365

PERCENTAGE OF FEMALE EMPLOYEES ON PERMANENT OR FIXED-TERM CONTRACTS BY SOCIO-PROFESSIONAL CATEGORY DPEF.1.b

(For the year)

% women by category	Operators and administrative employees	Technicians and supervisors	Managers	Total
TOTAL	14.5%	25.4%	20.5%	18.0%

CHANGE IN THE PERCENTAGE OF WOMEN EMPLOYEES ON PERMANENT AND FIXED-TERM CONTRACTS

(For the year)

Change in % women in the workforce	2017	2018	2019
TOTAL	18.9%	17.3%	18.0%

EMPLOYEES ON PERMANENT OR FIXED-TERM CONTRACTS BY AGE GROUP AND GENDER DPEF.1.b DPEF.1.c

(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
Automotive Division	3,263	11,095	5,125	16,718	6,499	28,815	5,485	37,320	20,372	93,948
Other Activities	39	43	63	74	130	152	112	148	344	417
TOTAL	3,302	11,138	5,188	16,792	6,629	28,967	5,597	37,468	20,716	94,365

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
	629	1,685	406	1,193	282	690	91	381	1,408	3,949

Women represented 26% of permanent contract hirings in 2019 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	382	1,090	1,811	1,242	4,525
Total number of managers	1,019	3,801	8,176	9,094	22,090
% of women managers	37.5%	28.7%	22.2%	13.7%	20.5%

EVOLUTION OF THE PERCENTAGE OF WOMEN MANAGERS

	2017	2018	2019
% of women in the managerial workforce	20.8%	19.8%	20.5%

20%

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

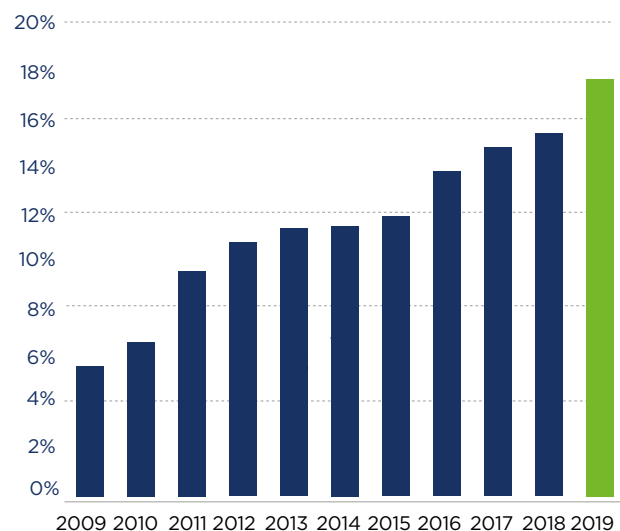
(For the year. Scope includes all executives managed by Groupe PSA, all companies combined. Does not include ExCom members)

30-39 years old		40-49 years old		50 years and over		Total	
Women	Men	Women	Men	Women	Men	Women	Men
9	7	69	192	55	422	133	621

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 2019, the proportion of female senior and executive managers was 17.6%, which demonstrates progress in the whole scope of the Group.

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 2019, 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 obtained this label again in 2012 and February 2018. This label is awarded after a demanding certification process conducted by AFNOR Certification *via* an on-site audit. Similarly, in Spain, since 2009 the Group has held the *Diversidad* label, which was started by the Diversity Foundation with the support of the Spanish Ministry of Equality, and this label was renewed in 2012 and 2015.

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 2019, 80 cases of workplace harassment, discrimination or violence were processed.

Intergenerational management

Keeping older employees (37.4% 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 2019, as part of its program, the Group welcomed 3,209 work-study program participants (skills-acquisition and apprenticeship contracts) and 3,064 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.

5,642
employees with disabilities



"Groupe PSA signs a manifesto for the inclusion of people with disabilities in the workplace".

November 2019 press release: <https://media.groupe-psa.com/en/node/90059277>

In France, Groupe PSA signed the sixth agreement on social and occupational inclusion of people with disabilities on February 21, 2017, confirming its motivation to step up its commitments in this area. The agreement is structured around four main areas of application:

- 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 integrate 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 those involved in coordinated management 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.

As a result of its action, Groupe PSA now has, a **7.3% employment rate of people with disabilities in the Automotive Division in France**, more than the legal requirement of 6%. This rate jumps to 10.3% when purchasing from sheltered workshops is factored in.

"Disability Week" and other events related to disability provide a forum for raising awareness toward the Group's disability policy.

Subcontracting with sheltered workshops is one aspect of the Group's agreement 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 €70.1 million turnover in France and Spain in 2019. The added value generated represents 2,600 persons employed, mainly in industry (see 6.2.2.1.2.). 100% of the cars built in Europe by Groupe PSA therefore have at least one part manufactured by the adapted and sheltered sector.

EMPLOYEES WITH DISABILITIES

(For the year)

		Europe	Rest of the world	Total
Automotive Division	2019	5,587	38	5,625
	2018	6,383	5	6,388
	2017	5,096	26	5,122
Other Activities	2019	17	0	17
	2018	17	0	17
	2017	14	0	14
TOTAL	2019	5,604	38	5,642
	2018	6,400	5	6,405
	2017	5,136	0	5,136

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.
- The social reporting process involves over 154 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.

MEETING CUSTOMERS' EXPECTATIONS ON QUALITY, MOBILITY SOLUTIONS AND DATA PRIVACY

COMMITMENTS SCOREBOARD

 CSR ISSUES	 AMBITIONS	 TARGETS 2019	 RESULTS 2019	 TARGETS 2020
<p>Vehicle and service quality – customer satisfaction*</p> <p>Organiser: EVP Quality</p>	<p>By 2035</p> <p>Be, and remain, customers' preferred car manufacturer and mobility supplier:</p> <ul style="list-style-type: none"> • satisfy each and every customer by offering mobility solutions that meet their expectations around the world and for all usage (overall product satisfaction rate, in comparison with the TOP3); • contribute, with the best level of reliability of the mobility objects, to maximize their resale value, and minimize the repair costs in the long run (three-month warranty claim rates at 0 and warranty cost cut by 75% in comparison to the Push to Pass benchmark); • provide the same level of excellent service to all customers anywhere, anytime (recommendation rate). 	<p><u>Product Satisfaction</u> 25% of models in the Q1 of their competitive segment vs. 22% in 2018 (based on new unified item "overall satisfaction" for PSA vehicles).</p> <p><u>Three-month warranty claim rates</u> Groupe PSA: 57.2 (scope world – base 100, 2014).</p> <p><u>Change in the per-vehicle warranty expense compared to 2015</u> -15% (scope Groupe PSA world) vs -6.6% in 2018.</p> <p><u>Recommendation rate</u> Scope Groupe PSA world (base 100, 2017):</p> <ul style="list-style-type: none"> • Sales: 106 (vs. 103 in 2018); • After-sales: 110 (vs. 104 in 2018). <p><u>Mobility Services satisfaction</u> Define new customer satisfaction indexes focused on each service: rental and Car-sharing, connected services and B2B services. These new values will be the starting points for the 2020/2025 customer satisfaction studies.</p>	<p>Target partially met</p> <p><u>Product Satisfaction</u> Target met 31%</p> <p><u>Three-month warranty claim rates</u> Target not met Groupe PSA: 67.4 (scope world – base 100, 2014), compared to 69 in 2018.</p> <p><u>Change in the per-vehicle warranty expense compared to 2015</u> Target not met -4.6% (compared to -6.6% in 2018)</p> <p><u>Recommendation rate</u> Target met Scope Groupe PSA world (base 100, 2017):</p> <ul style="list-style-type: none"> • Sales: 108; • After-sales: 113. <p><u>Mobility Services satisfaction</u> Target met Satisfaction index have been developed and measured:</p> <ul style="list-style-type: none"> • Rent & Car-sharing: 8.5/10; • B2B services: 8.4/10; • Connected services (Navco & ZAR): 8.5/10 	<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>Change in the per-vehicle warranty expense 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):</p> <ul style="list-style-type: none"> • Sales: 110; • After-sales: 116. <p><u>Mobility Services satisfaction</u></p> <ul style="list-style-type: none"> • 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

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

 CSR ISSUES	 AMBITIONS	 TARGETS 2019	 RESULTS 2019	 TARGETS 2020
<p>Development of new mobility solutions*</p> <p>Organiser: EVP Mobility and Connectivity Services</p>	<p>By 2035</p> <p>Free2Move, the new mobility brand by Groupe PSA, will be customers' preferred mobility services provider with intermediate targets for 2021:</p> <ul style="list-style-type: none"> continue profitable growth to achieve a turnover of €400 million; reach 2,000,000 active B2C customers. 	<p><u>B2C services</u></p> <ul style="list-style-type: none"> improve geographical coverage of car rental offered in the four brands' dealerships by more than 35% (from 24 to 33 brands deployments in nine European countries); offer car-sharing services in two new European cities; increase the Free2Move app attractiveness both in US and Europe, building on the rollout of multi-provider registration and integrate more service providers within the app. <p><u>Expand B2B services</u></p> <ul style="list-style-type: none"> 300,000 PCD cars fitted with Connect Fleet and with Fleet Sharing by 2019 year end. Launch Connect Fleet and Fleet Sharing on OV in the European G10 countries. Launch the first OV connected service in October 2019 with a factory-embedded technology. 	<p>Target met</p> <p><u>B2C services</u></p> <ul style="list-style-type: none"> Geographical coverage improved by 33.5% (from 24 to 32 brands deployments); offer car-sharing services in one new European city, aligned with updated strategy; Free2Move app attractiveness increased by the integration of ride hailing (VTC) & public transport. <p><u>Expand B2B services</u></p> <ul style="list-style-type: none"> 302,000 PCD cars fitted with Connect Fleet and with Fleet Sharing by 2019 year end. Connect Fleet and Fleet Sharing launched on OV in the European G10 countries. First OV connected service launched in November 2019 with a factory-embedded technology. 	<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>Responsible management of customer's data and relationship</p> <p>Organisers: General Secretary and Brand Directors</p>	<p>By 2035</p> <p>Respect customers' privacy (including data protection, only requesting data which is absolutely necessary and with a tangible benefit for the customer) and be recognised by customers as a benchmark corporation in this respect:</p> <ul style="list-style-type: none"> no conviction of the Group; increase in the number of internal audits and audits of subcontractors; improvement in the Group's position in customer surveys and on benchmarks. 	<ul style="list-style-type: none"> Ensure 100% GDPR compliance for data protection accountability registers. Implement Privacy-by-Design milestones in the management of 6-8 major projects. Maintain 100% of business domains in the GDPR scope. Continue to monitor activity in order to detect and correct data protection issues. 	<p>Target met</p> <ul style="list-style-type: none"> 100% of the scope covered by the end of 2019. Privacy-by-Design milestones implemented in several Project Methodology (IT, F2M, Marketing) and applied by major projects. 100% achieved in Nov 2019. Implementation of "Vie Serie" organisation in T2/2019 to ensure this target. 	<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.

* 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>

On-demand fuel delivery

PSA retail is testing a new and convenient way to fill up cars, directly at the dealership. Two sites in Paris have used the service to optimize their efficiency in monitoring gasoline costs for their fleet, potentially providing a value-added service to rental customers, for instance. After one year of positive testing, psa business retail launched in 2019 the service before rolled out to the whole retail network. This service is also the first step towards optimizing traffic.

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.

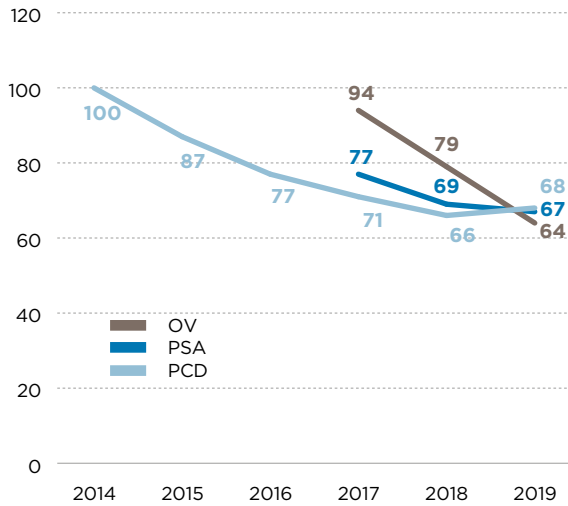
MEETING CUSTOMERS' EXPECTATIONS ON QUALITY, MOBILITY SOLUTIONS AND DATA PRIVACY

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)



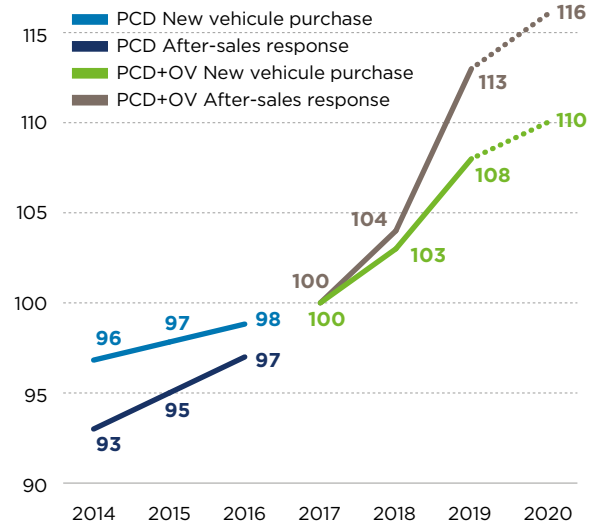
The role of quality in sustainable economic performance

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 guarantee 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

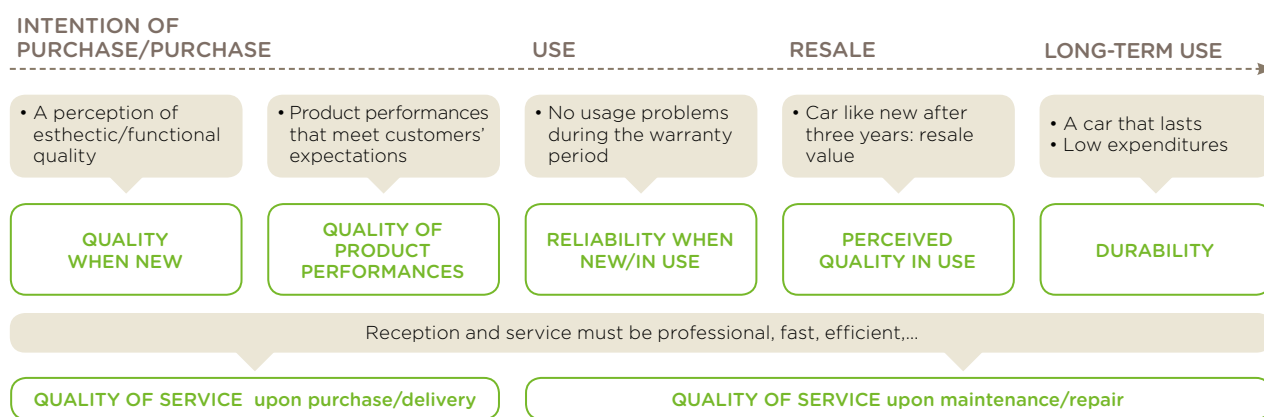
Vehicle and service quality – Customer satisfaction

- 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 2019, the automotive brands' dealership networks delivered 2,180,821 hours of training (in-class, remotely and through online classes).

MEETING CUSTOMERS' EXPECTATIONS ON QUALITY, MOBILITY SOLUTIONS AND DATA PRIVACY

Vehicle and service quality – Customer satisfaction



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 should be implemented in 2020 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.

Each Zone Manager will start to conduct Internal Audits on the existing standards in 2020.

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. By the end of 2020, around 5,000 agreed PCD repairers will be equipped. Opel and Vauxhall are using another tool to deliver the same service (approximately 4,000 agreed repairers). Both tools will be merged in 2021.

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 is implementing FOCUS, 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, and through analysis of social media interactions. The FOCUS ambition is to cover 26 customer touchpoints from discovery to repurchase.

The program implementation, which follows a successful three-month pilot program in Russia, Turkey and Spain, encompasses 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 2019, 2.5 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 2019, the Group rolled out a 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 the Customer Satisfaction monitoring and improve all Customer Journey touchpoints. 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 2020.

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 – 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; assessment and preparation work to integrate with Opel and Vauxhall are already in progress.

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 €130 million in 2019 vs 2018** (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.

4.2. 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

Groupe PSA projections see the European mobility market growing to more than €13.6 billion in 2020, from €7.7 billion in 2014 – an explosion of 56%. In the G10 European countries, 1.7 million vehicles would be required to serve this market in 2020 (vs 1.27 million in 2014), including 500,000 for car-sharing alone.

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.

By the end of 2019, the Group had generated €177 million in revenue, resulting in profitable growth for the Free2Move mobility services.

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.

Free2Move pools all of the new Groupe PSA mobility services to meet its customers' different mobility requirements:

- "Free2Move App": lets users choose the best mode of transportation;
- "Free2Move Car-Sharing": car-sharing services run by Free2Move or outside partners;
- "Free2Move Rent": a short-term car-hire service, to rent Groupe PSA vehicles through a single online platform;

- "Free2Move Services": to simplify use of electric vehicles;
- "Free2Move Lease": financial solutions to make vehicle ownership more affordable;
- "E-mobility advisor": consulting service in electro-compatibility for fleet managers;
- "Free2Move Fleet Sharing" and "Free2Move Connect Fleet": corporate fleet services.

As of the end of 2019, Free2Move has approximately 1,200,000 active end users (B2C) and 550,000 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>

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	Peer-to-peer car-sharing	User based insurance	Fleet solutions	Trip assistance / Predictive maintenance	Smart cities
Services developed by Groupe PSA		 			 	 / 	
Partnerships					 (Fleet management)		 (Traffic Management)



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.

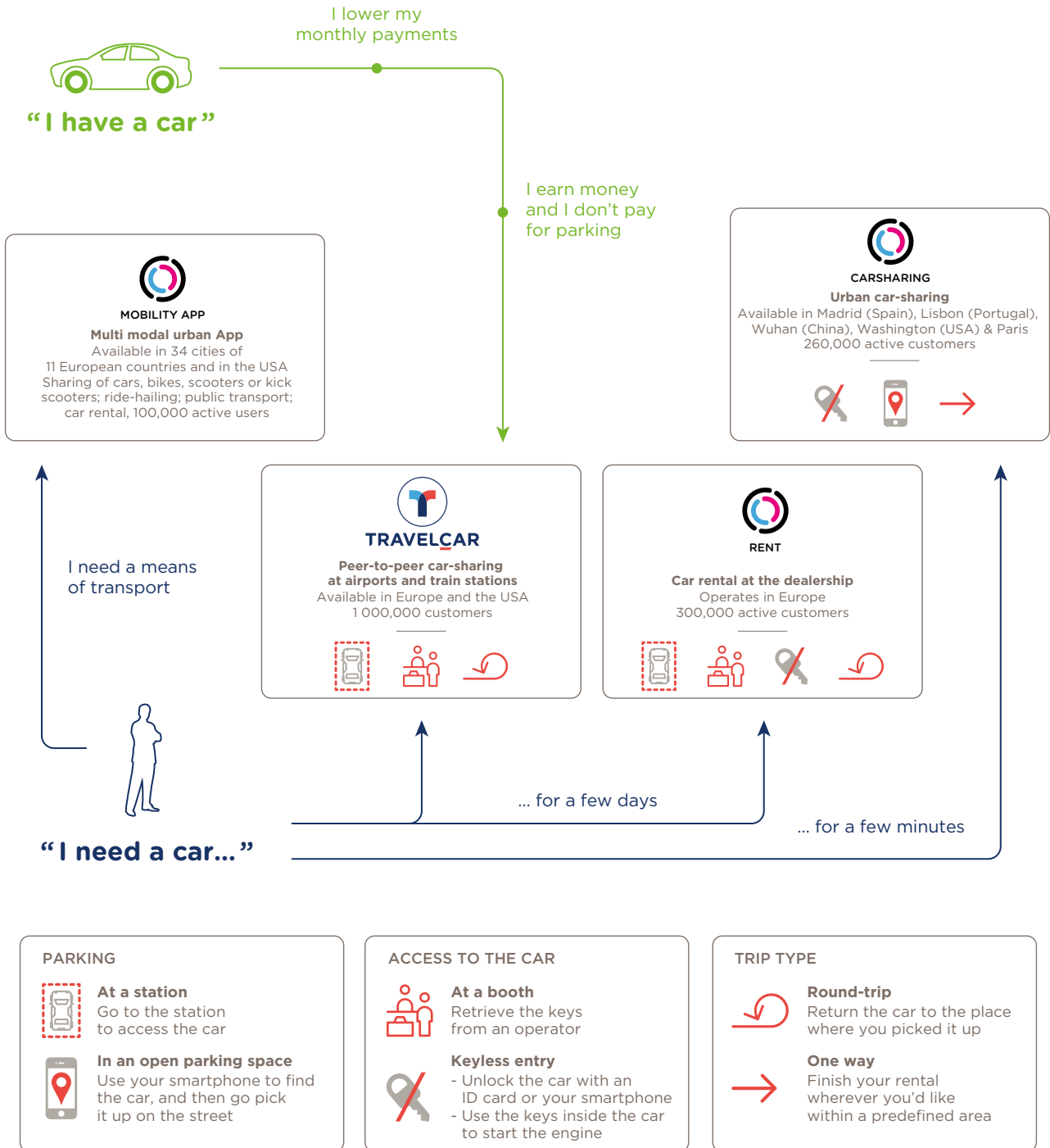
MEETING CUSTOMERS' EXPECTATIONS ON QUALITY, MOBILITY SOLUTIONS AND DATA PRIVACY

A presence in all mobility segments

Free2Move Car On Demand: the month to month vehicle subscription offer

In June 2019, the Group's Business Lab launched the Free2move Car On Demand service, which provides access to a car with no long-term commitment. Insurance, maintenance, roadside assistance and tyres are included in the monthly subscription. The single payment makes it hassle-free and means no nasty surprises. The customer can change vehicle model at the end of each month, benefit from unlimited mileage and stop the subscription with a month's notice. Free2Move Car On Demand is a new car subscription service tailored to customer needs.

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, it is available in Europe (Germany, Italy, Austria, Sweden, the United Kingdom, Spain, France, Belgium, Portugal, the Netherlands and Denmark) and in the USA (Portland, Seattle and Washington). This app, which includes 50 operators in 34 cities, lets users choose the mode of transportation that is best for them (bicycle, scooter, car, VTC, public transports...), by showing all of the services located near the user and comparing their features and cost of use, and whether the service is operated by Groupe PSA or a partner. By the end of 2019, the app had been downloaded nearly 2 million times.

4.2.2.2. Urban car-sharing

Wholly-owned services



— MADRID AND LISBON

An electric car-sharing service launched in December 2016 in Madrid comprises a fleet of 600 Citroën C-Zero 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 emov 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 150 Citroën C-Zero electric vehicles (for urban use) and 30 DS3 Crossback (for long trips) is available beyond the city centre. Users are able to start and end their journeys in close proximity to the airport.

By the end of 2019, 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. The fleet expanded to 400 vehicles in 2019. Users can access the service from the Yiweixiang Free2Move car-sharing app. They can pick up an electric vehicle at any location and leave it in any available public roadside parking space. A local team provides highly convenient, user-friendly and safe mobility services to Wuhan's inhabitants.

— 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 Peugeot iOn and Citroën C-Zero vehicles. 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.

Services run with partners

— COMMUNAUTO IN NORTH AMERICA AND PARIS

In September 2016, the Group became a shareholder in Communauto, which operates in Paris and in seven Canadian cities and offers car-sharing services with a fleet of vehicles and inter-modality with public transport services.

In 2019, Groupe PSA decided to sell its shares because of its strategic evolution, which now focuses on a different technology

4.2.2.3. Peer-to-peer car-sharing

— TRAVELCAR



TravelCar is a French startup offering parking and car rental solutions. With 5,000 partner car parks and tens of thousands of cars available for rental, it has already attracted more than a million users in more than 60 countries. Its services are available via a single digital platform.

Two years after its equity investment in the start up, Groupe PSA acquired TravelCar. This new phase enables TravelCar to speed up the dissemination and optimisation of its services. The TravelCar team brings its agility and expertise to the Group and benefits from the significant opportunities and synergies generated with other Group operations.

TravelCar services aim to make life easier for car owners and renters by:

- offering free parking to owners who offer their vehicle for rental;
- reducing price peer-to-peer car rental (up to 50% compared to the cost of renting a car from a traditional car hire company).

In addition, in partnership with TravelCar, Citroën has launched a novel long-term leasing option, which allows the customer to leave their vehicle at one of the partner drop-off locations when they are not using it. The more the customer shares their care, the more they lower the costs of their leases.



"TravelCar: get paid to park!" video:

<https://www.youtube.com/watch?v=4jZtkBFydm0>

MEETING CUSTOMERS' EXPECTATIONS ON QUALITY, MOBILITY SOLUTIONS AND DATA PRIVACY

A presence in all mobility segments

4.2.2.4. Short-term car rental



In 2019, Free2Move enhanced its service offer with the launch of a rental service. The short-term vehicle rental offers of the automotive brands (Peugeot Rent, Citroën Rent & Smile, DS Rent and Opel Rent) became one single offer: Free2Move Rent, which was also opened up to B2B customers.

Free2Move Rent offers a simple customer journey and a 100% digital experience with the 24/7 service.

At the end of 2019, 25,000 passenger cars and light commercial vehicles were available in Europe in 1,300 agencies, positioning Free2Move Rent as a local car hire service with a dense network of agencies. This service reached 300,000 active B2C and B2B customers at the end of 2019.

👉 "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>

4.2.2.5. 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

Applications that facilitate the use of electrified vehicles

— FREE2MOVE SERVICES



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 160,000 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.

The application enables also users to pay for parking on the street or in car parks, as well as tolls and valet parking services at train stations and airports. These e-payments are all consolidated into a single bill, making the expenses easier to manage for users.

👉 "Free2Move Services adds dedicated solutions for electrified vehicles" 02/18/2019 press release: <https://media.groupe-psa.com/en/free2move-services-adds-dedicated-solutions-electrified-vehicles>

MEETING CUSTOMERS' EXPECTATIONS ON QUALITY, MOBILITY SOLUTIONS AND DATA PRIVACY

A presence in all mobility segments

— 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).

Since 2016, over 3,646,214 customers have downloaded these apps.

— 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 TELESERVICES, CITROËN TELESERVICES, DS TELEMANTENANCE, OPEL AND VAUXHALL AFTER-SALES SERVICES

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 608,000 subscriptions by the end of 2019.



Impact measurement and economic assessment

Through Peugeot teleservices, Citroën teleservices 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 2019, this service had been sold to over 7,200 companies with a combined fleet of more than 300,000 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>

MEETING CUSTOMERS' EXPECTATIONS ON QUALITY, MOBILITY SOLUTIONS AND DATA PRIVACY

A presence in all mobility segments

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 more than 300,000 vehicles leased and nearly 110,000 professional customers, Free2Move Lease is currently operating in 10 countries (France, Germany, United Kingdom, Spain, Italy, Belgium, Portugal, Netherlands, Austria and Poland), and will continue to grow with additional new countries planned for 2020.

In 2019, Free2Move Lease teams entered into a partnership with a startup to offer its customers a carbon-neutral offering.



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 5 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.

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.).

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



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. For the next two years, this contract will make 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 SCOP@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 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 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 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

The principle is to reward drivers for their good behaviour by offering them cheaper car insurance: a reduction of 10 to 25% 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 will be gradually extended to other countries in 2020.

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.

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: preparation of a new centralised call centre for 2020 to respond to the right of access, the right to be forgotten etc.;

MEETING CUSTOMERS' EXPECTATIONS ON QUALITY, MOBILITY SOLUTIONS AND DATA PRIVACY

Consumer protection: responsible management of customer data and relationships

- 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 in 2019; roll out of specific training courses dedicated to frontlines (e.g. vendors in the dealership);
- by monitoring and periodically auditing the organisation: yearly Internal Audit (April 2018, October 2019); PSA conducts regular annual self-assessments to improve the awareness of managers and to measure the level of GDPR maturity (2 self-assessments completed in 2019);
- 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 2019, Groupe PSA was not convicted for infringement of the GDPR. It received a dozen of substantiated requests from the data protection authorities.

In addition and without penalties for Groupe PSA, customers are asking more and more questions about privacy, either directly or through their local supervisory authority in their country.

Some of these requests concern complaints about a non-achievement of the "right to be forgotten" or a "right to access" (between 10 and 20 every year). Usually, most of them concern marketing issues with independent dealers, but the requests are sent to the central brands in Groupe PSA. Some of them (about 5 every year) can allow Groupe PSA to improve specific operating processes, especially as regards transparency about the data processed in the vehicle.

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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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 regula-

tions 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.

See 5.3. for more details.

- **Biodiversity**

The 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 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 2019	 RESULTS 2019	 TARGETS 2020
<p>Vehicle safety*</p> <p>Organiser: EVP Quality</p>	<p>By 2035</p> <p>Offer customer vehicles fitted with state-of-the-art protection:</p> <ul style="list-style-type: none"> for customers and all road users, especially in autonomous driving mode, with 80% of vehicles offering automatic control functions from 2030 (reduction in number of reported physical injuries involving a Groupe PSA vehicle); for customers' property by controlling the inviolability of the vehicles (90% of vehicles with the highest Thatcham rating); for vehicle/customer data and the vehicle itself against cyberattacks (all hardware protected against cyberattacks/all alerts processed). 	<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 2018). 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 secure -development and full testing of connected embedded devices. 	<p>Target met</p> <p>Target met Reduction by 34%.</p> <p>Target met • 2019: 91.5%; • since 2011: 93.1%.</p> <p>Target met • 100% of alerts have been processed</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>Vehicle impact on air quality*</p> <p>Organiser: EVP Research and Development</p>	<p>By 2035</p> <p>Based on its technological offer and especially its range of 100% electrified vehicles by 2025:</p> <ul style="list-style-type: none"> achieve more than 50% of the Group's sales with electric, fuel cells and hybrid vehicles with an emission-free mode; deploy state-of-the-art after-treatment systems for internal combustion vehicles in all countries where the Group operates. 	<ul style="list-style-type: none"> Launch four plug-in hybrids (on EMP2 platform) and two BEVs (on e-CMP platform) before end of 2019. Launch 50 Euro 6d internal combustion engine models by anticipation of future regulations. 	<ul style="list-style-type: none"> 10 new Low Emission Vehicles have been launched by end of 2019: <ul style="list-style-type: none"> 6 plug-in hybrids; 4 BEVs. All our gasoline engine models (> 50) are already compliant with the next regulation step "Euro 6d" to be implemented in January 2020 with a required coefficient of 1+0.43 of measurement dispersion. See 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 	<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.

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

 CSR ISSUES	 AMBITIONS	 TARGETS 2019	 RESULTS 2019	 TARGETS 2020
<p>Control of industrial discharges and nuisances</p> <p>Organiser: EVP Industrial</p>	<p>By 2050</p> <p>Protect residents from all noise and odour nuisances and all soil and air pollution:</p> <ul style="list-style-type: none"> to be checked as soon as new locations are chosen; through continuous monitoring and corrective plans if discrepancies are observed in operating sites; by improving VOC treatment processes to achieve zero emissions. 	<p>Limit VOC emissions to 3.05 kg per car produced and maintain stability in VOC emissions in g/m³. Continuous increases in vehicle sizes and demand for two colours may cause issues.</p>	<p>Target met</p> <p>2.96 kg/car.</p>	<p>Limit VOC emissions to 3.3 kg per car produced.</p>
<p>Biodiversity</p> <p>Organiser: EVP Industrial</p>	<p>By 2035</p> <p>Ensure that each of the Group's plants commits to biodiversity knowledge and preventative actions relevant to its geographic scope, resulting in the annual update of its RENATU evaluation.</p>	<p>Updated 2019 target: Implement a new biodiversity KPI, called RENATU created by Paris 1 University. Test in some French representative facilities.</p>	<p>Target met</p> <p>RENATU implemented in 17 facilities including Spain. Average result 35 points compared to 55 maximum available. Best 54, lowest 14.</p>	<p>Implement RENATU biodiversity KPI in all European facilities. Reach an average result around 33/55.</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.

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.

By 2020, "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 2023

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.



The “Car to X” communication systems devised by the Group are a new source of information and help drivers become more familiar with the vehicle’s environment, using information provided by other nearby 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.

In 2018 and 2019, 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, such as Banma in China, to explore personal assistant solutions);
- 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.

In 2018, Groupe PSA and Qualcomm advanced testing for communication between vehicles: Cellular Vehicle-to-Everything (C-V2X) communication technology is a relevant step for connected and autonomous vehicle deployment and for enhanced road safety. The Group’s C-V2X technology will be deployed from 2020.



“Groupe PSA and Qualcomm advance testing for communication between vehicles” 21/02/2018 press release: <https://media.groupe-psa.com/en/groupe-psa-and-qualcomm-advance-testing-communication-between-vehicles>

C-V2X technology is a wireless communication solution developed for the transport industry and is important for both intelligent connected vehicles and autonomous driving.

During the 2018 World IoT (Internet of Things) Expo in Wuxi (China), Groupe PSA presented its latest C-V2X achievement. The demonstrations marked the beginning of a series of Groupe PSA field trials in China with Intelligent Connected Vehicles, consistent with its international technological strategy in the field of connectivity.

The Group’s C-V2X direct communication technology is expected to come to market as early as 2020.



“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.

As the 5GCar project ended in October 2019, the new 5G CroCo project launched in 2019 will evaluate 5G architecture and use-cases defined in the 5GCar project.



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:

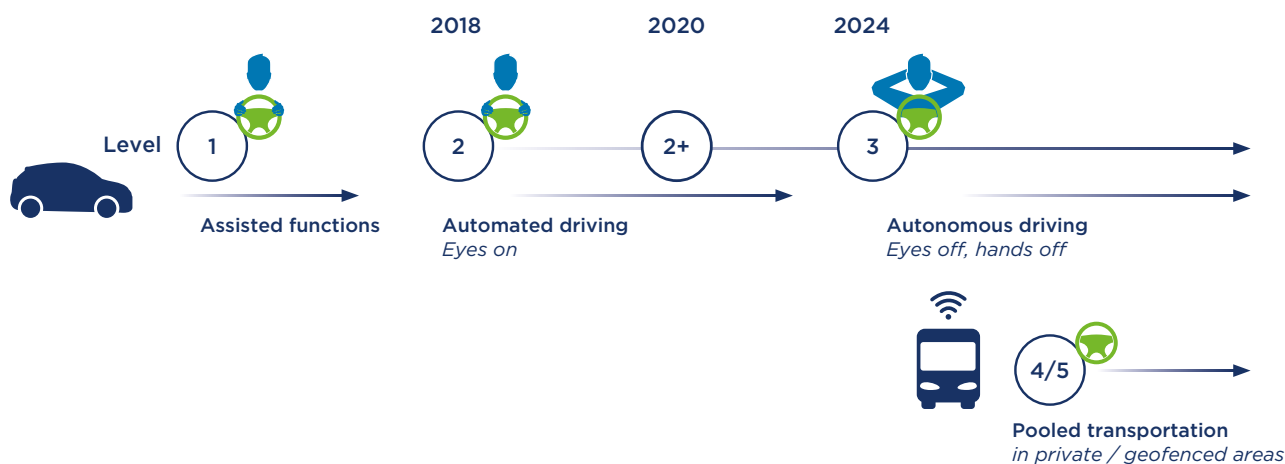
- a technology “for all”: easy for anyone to use. Groupe PSA designs simple, intuitive interfaces to allow drivers to interact comfortably with their car;
- a “for all” offer made up of different degrees of autonomy to respond to varying customer needs;
- a “for all” programme: deployed across all the 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 plans to introduce level 3 (Autonomous driving) technologies at low speeds and in high-traffic conditions. These technologies will 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. For that purpose, Groupe PSA is working on a new electronic architecture (NEA) which is the car's central nervous system that guarantees safe operation in all situations, passenger safety and data security.



"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 will be marketed from 2024, beginning with pooled transportation (people, goods) in private/geofenced areas.

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 2019, more than 210,000 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, more than 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.

210,000 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 - 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 (28,332 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.

	Cumulative total through 2017	Cumulative total through 2018	Cumulative total through 2019
Cumulative total of Peugeot, Citroën and DS Automobiles vehicles equipped as standard with the Group's emergency call system (in 17 countries) ⁽¹⁾	2,902,611	3,936,396*	5,076,716
Cumulative total of Opel and Vauxhall vehicles equipped with an emergency call system (in 32 countries) ⁽²⁾		1,485,249	1,584,862 including 1,518,177 Onstar (GM system) and 66,685 PCD systems
Cumulative total alerts sent to emergency services for PCU	24,824	32,500	43,971
Cumulative total alerts sent to emergency services for OV		10,421	13,609

(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

* The value published in 2018 has been revised to correct errors due to double-counting.

More than **5** 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 as it has a duty to guarantee the protection of 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 plans to be audited every year until 2022 to converge to objectives to be compliant with ISO₂₁₄₃₄ Standard and world Regulations.



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 2019, 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 (2,872 in 2019) are examined;
- all safety-related questions by the authorities (178 in 2019) 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 for Peugeot, Citroën and DS Automobiles dealers, and is currently being rolled out for Opel and Vauxhall 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 ISO₂₆₂₆₂ 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 2019, for the entire Group and for the five brands’ scope, 83 campaigns were realized on 1.9 million vehicles for units ranging from a dozen to 303,000 vehicles.

Three main recalls:

- one campaign on 303,000 1.2 l – gasoline-engine vehicles to fix technical issues that might have an impact on some emission levels;
- one campaign on a maximum of 292,000 LCV vehicles for 4 separate corrections on 4 different components that could wear over time faster than expected or malfunction (steering connection, seat belt, fuel and brake underbody’s hoses);
- one campaign on 243,000 Zafira B (right-hand drive) vehicles to avoid a fire risk related to the heating and ventilation system.

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 2.1.0.2), 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 eight plug-in hybrid vehicles and seven 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 will be 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.**

From early September 2019, 80% of Groupe PSA passenger cars were already compliant with this next regulation step.

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.

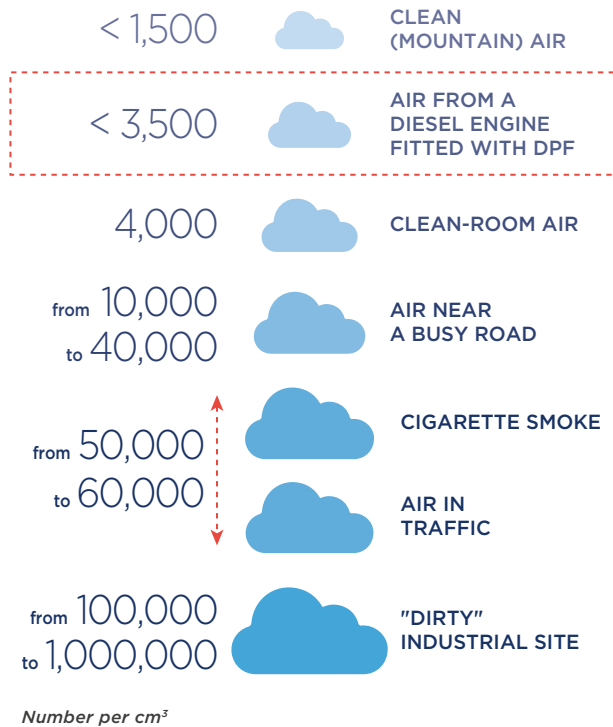
5.2.2.1. The Diesel Particulate Filter: the only technology which is effective in all of the vehicle's operating conditions DPEF.18

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

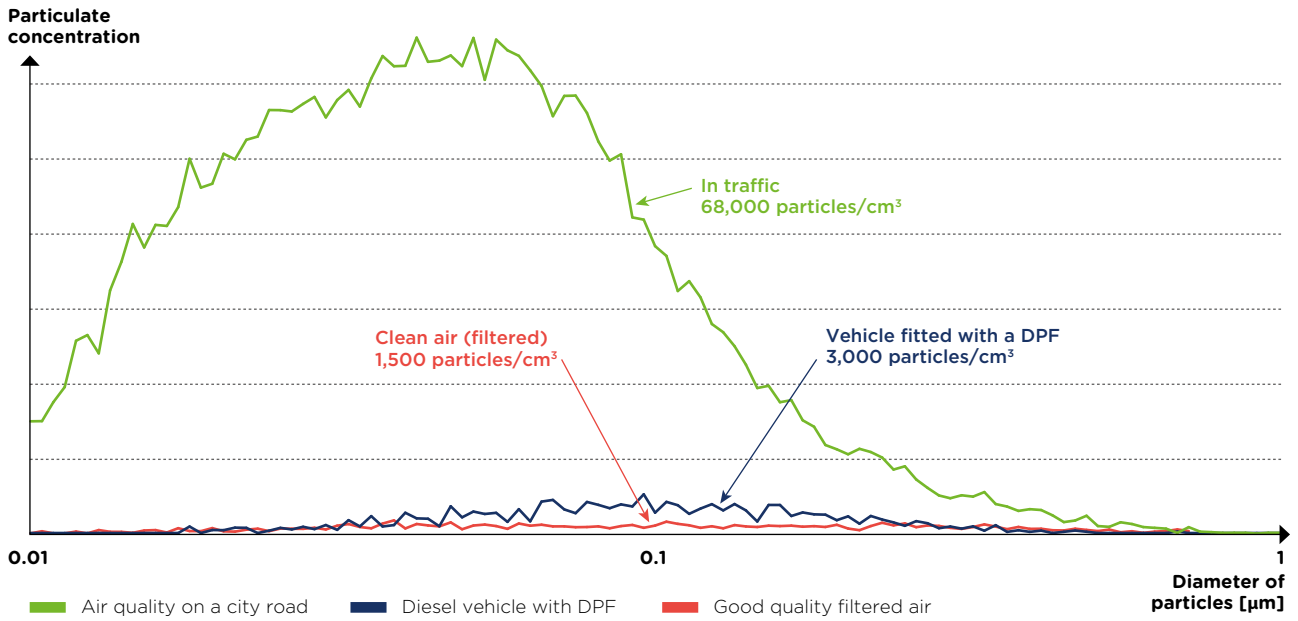


Source: AIRPARIF / PSA.

PREPARING FOR GROWING SOCIETAL EXPECTATIONS ON HEALTH AND SAFETY

Improve air quality by reducing vehicle emissions

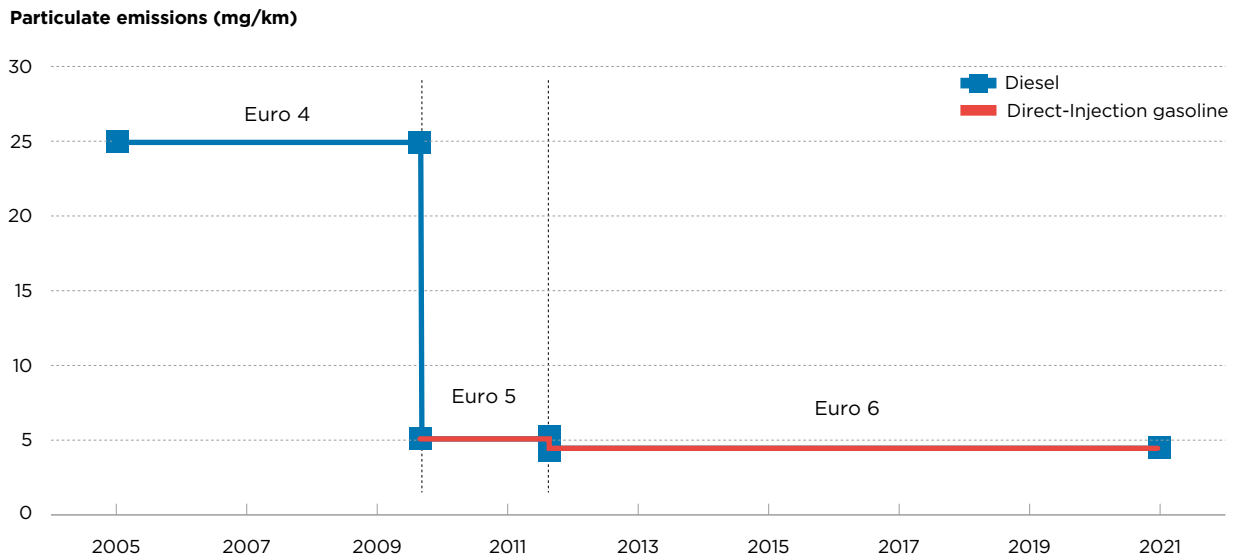
EFFICIENT DPF FOR ALL SIZES OF PARTICULATE MATTER (INCLUDING ULTRA-FINE)



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 18.5 million diesel vehicles fitted with DPF by the end of 2019.

In 2019, vehicles equipped with DPF accounted for 95% of the Group's total diesel vehicle sales worldwide, compared to 91% in 2018 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

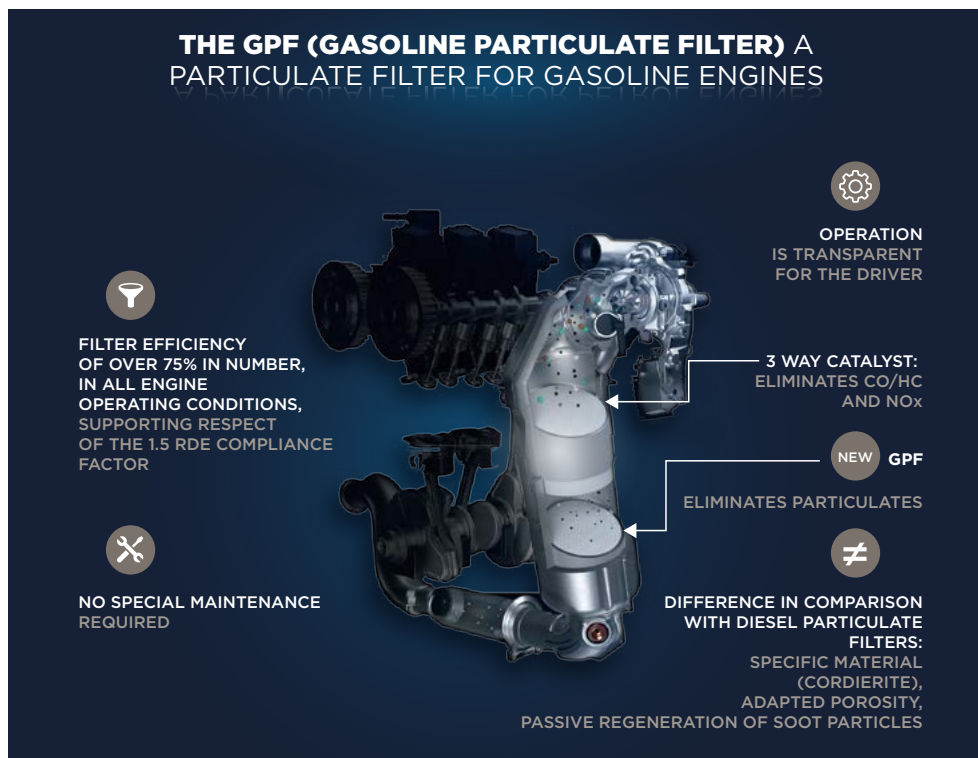
The second stage of Euro 6 imposes a tougher limit in terms of number of particles for direct-injection gasoline vehicles (same limit as diesel engines) and a new constraint consisting in an emission reduction in real driving conditions.

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 will be 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 guarantee optimal pollutant conversion efficiency of the TWC, particularly in cold conditions, which is an issue in cities.



By the end of 2019, the Group had sold a total of 1.3 million direct-injection gasoline vehicles equipped with the GPF. In 2019, the direct-injection gasoline vehicles equipped with GPF accounted for 91% of all direct-injection gasoline vehicles sold compared to 33% in 2018 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, and it will gradually extend to a big part of the Groupe PSA production.

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.

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.

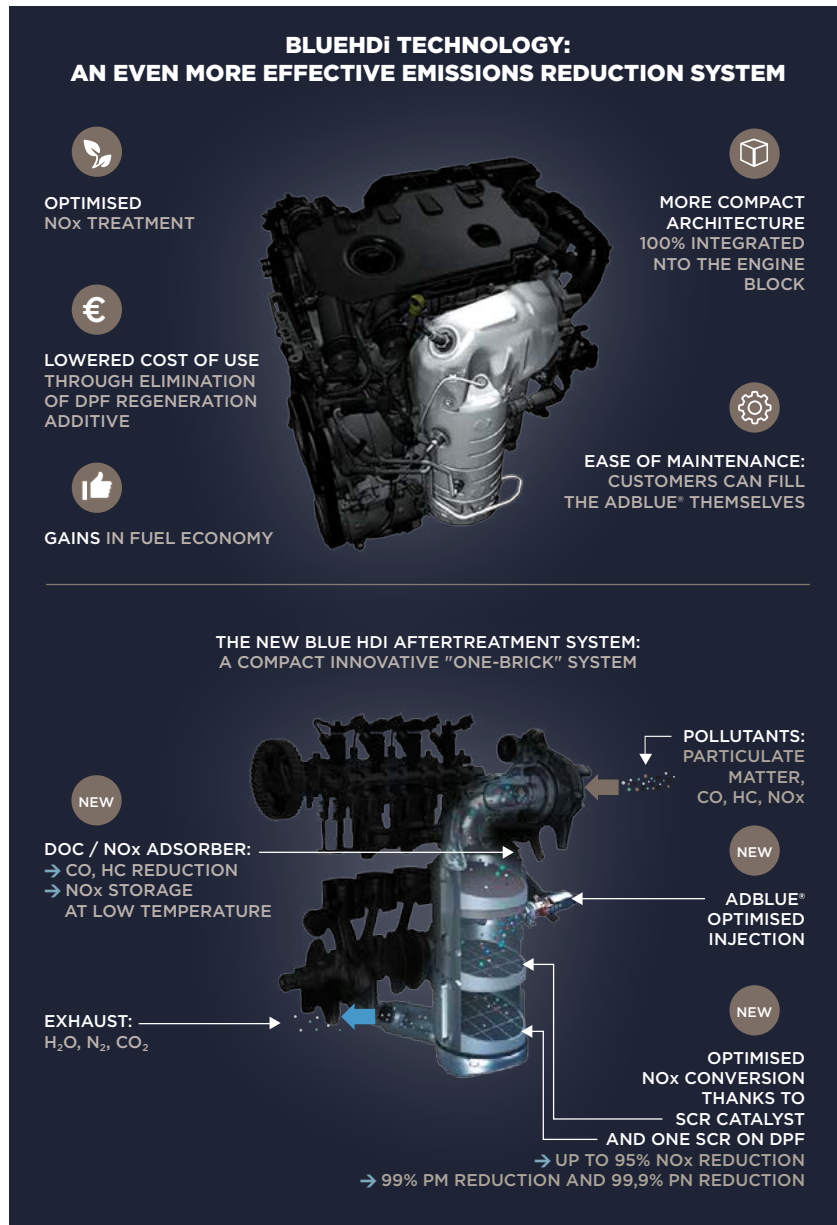
To meet the requirements of the second stage of Euro 6, Groupe PSA has developed a new after-treatment architecture which enables its diesel engines to treat nitrogen oxides more efficiently, in addition to particulates, carbon monoxide and unburned hydrocarbons.

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.

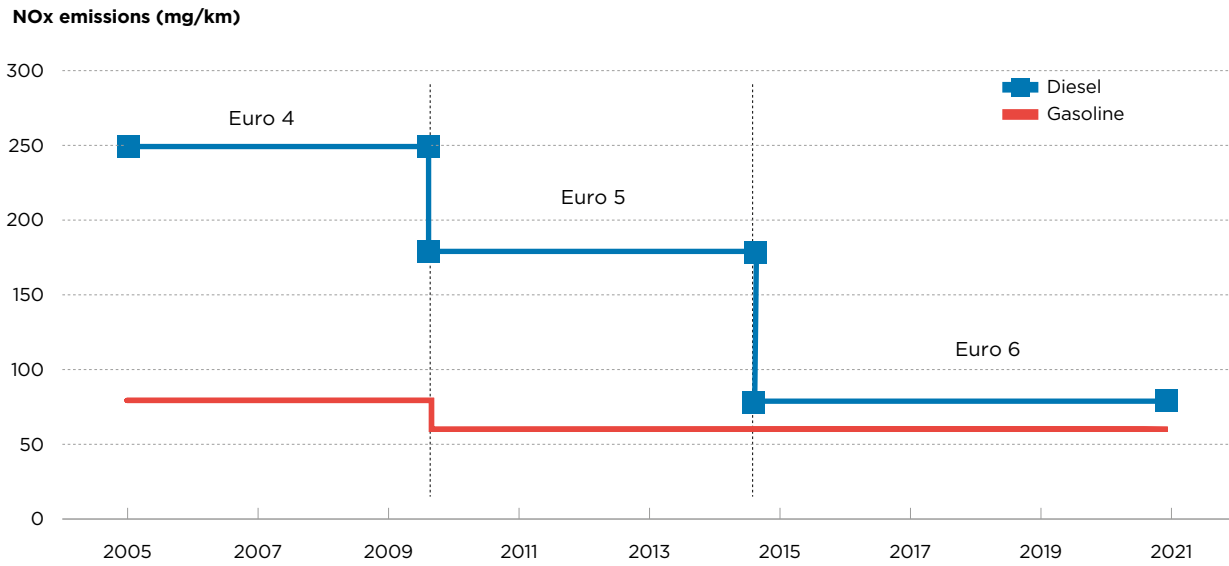
This new BlueHDi line has been fitted as standard since October 2017 on all new vehicles with 1.5 l diesel engines.



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 5.5 million BlueHDI vehicles by the end of 2019.

In 2019, vehicles equipped with BlueHDI lines accounted for 93% of the Group's total diesel vehicles fitted with DPF, compared to 83% in 2018 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 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. In early March 2018 Groupe PSA published the first results of these tests. This new step contributes 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 **€1.06 billion to develop powertrains in 2019**, 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 discharge. The main environmental impacts of this activity deal with emission 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)
	2019 (PCD + OV)	8,952	2.96
	2018 (PCD + OV)	9,294	2.97
Automotive Activities	<i>o/w OV 2018</i>	2,928	3.25
	<i>o/w PCD 2018</i>	6,366	2.86
	2017 (PCD)	6,139	2.82
	2019	8,952	2.96
TOTAL	2018	9,294	2.97
	2017	6,139	2.82

VOCs: volatile organic compounds.
N/A: not applicable.

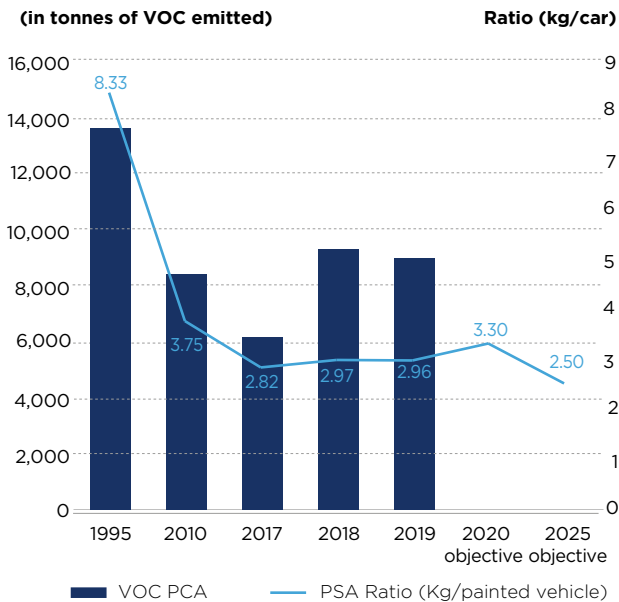
VOC emissions from Groupe PSA paint shop facilities are determined using a material assessment method that complies with the principles of European Directive No. 2010/75/EU on industrial emissions.

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 is currently under progress and will be published in the first half 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 2019 result shows a stability in VOC emission expressed in kg/car, compared to 2018. However emission in g/m² has reduced by 2% in the same period, despite the continuous increase in car sizes. The current successful cars (SUV and LCV) explain this size increase. These cars are mostly produced in solvent-based plants. If we combine these two elements - car size being greater than the average size, and solvent-based plants emitting more VOC than water-borne plants - this leads to an increase of VOC emission in kg/car, despite the fact that emissions in g/m² remain constant.

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 distribution of VOC emissions in 2019 is as follows: 97% for the European Union and 3% for the rest of the world, showing a reduction outside of Europe. This illustrates the difficulties in South America.

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 now below 900 tons per year 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 Activities	2019 (PCD + OV)	8.74	862.8
	2018 (PCD + OV)	9.03	864.53
	o/w OV 2018	4.39	467.83
	o/w PCD 2018	4.64	396.7
	2017 (PCD)	4.41	394.18
Automotive Trade	2019 (PCD + OV)	1.68	14.5
	2018 in 2019 scope	1.87	14.50
	2018 (PCD + OV)	2.47	21.56
	2017 (PCD)	2.46	24.25
TOTAL	2019	10.42	877.3
	2018	11.5	886.09
	2017	6.87	418.43

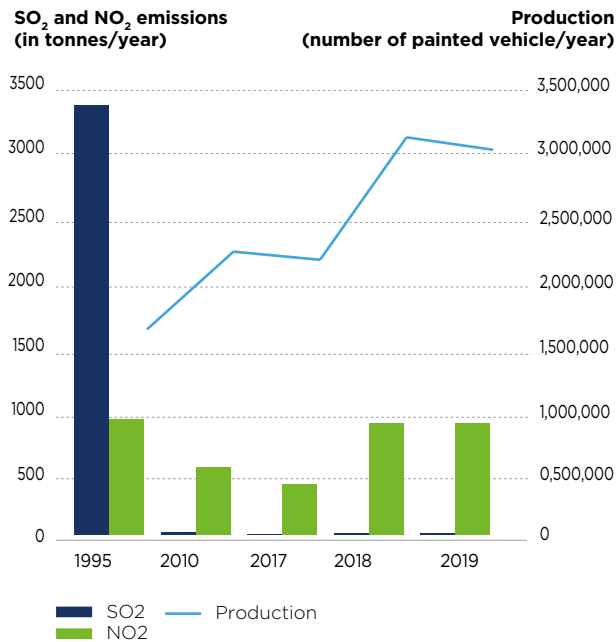
SO₂ = Sulphur dioxide - NO₂ = Nitrogen dioxide.
 Note: Direct SO₂/NO₂ emissions are calculated based on primary energy consumption according to applicable regulations.

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 ad 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 2019 was as follows: 97.3% for the European Union and 2.7% 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.

Using the same mass balance methodology to estimate the fluorinated gases leakages as last year, the results can be easily compared. They show a significant improvement for all uses. Leakages from fixed installations remain the first cause of CO₂ equivalent emission under this specific chapter, at an amount of 12,880 tons of CO₂ equivalent, showing a reduction of 25%. This strong improvement comes from R&D facilities. In 2018 leakages on some big test equipments, containing more than 3 tonnes of F gases occurred. These leakages have been solved and we made experience returns of these accidents. 2019 shows the first results of these actions.

Regarding leakages on assembly lines for mobile Air Conditioner filling, we also see a strong reduction in CO₂ equivalent emission, both on R134 a fluid and on 1234yf. Because of lower use of R134, a the big installations previously used were not adapted and were sources of leakage tardily identified. An action plan is engaged to replace these big installations with small equipment more in line with the current need. This process change explains this emission reduction.

The reduction of 1234yf leakages, with a reduction of almost 50%, illustrates the good management of the equipment by production teams.

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.

PREPARING FOR GROWING SOCIETAL EXPECTATIONS ON HEALTH AND SAFETY

Protection of natural environments and biodiversity efforts



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.

centre of Carrières sous Poissy. No impact on underground and surface water was identified, Remediation operation, with polluted soils extraction was conducted and underground water quality control is maintained to confirm the efficiency of remediation operation.

Compensation paid for environmental damage pursuant to a judicial decision

The Group did not have to pay any such compensation in 2019.

Amount of provisions and guarantees for 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.

5.3.3.4. 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 2019, one significant incident was reported to local administration. It dealt with a broken underground oil pipe in the R&D

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.

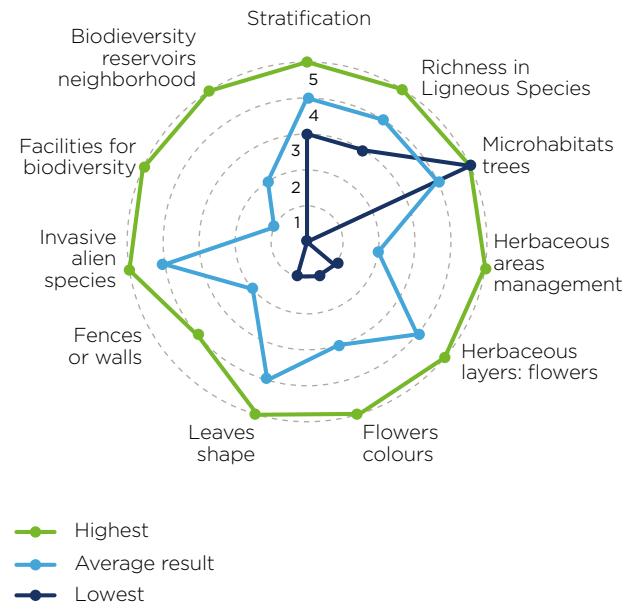
See 2.4.1. for more information regarding Groupe PSA industrial strategy..

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 2019 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. This is the main reason why the results provided only cover half of PCD facilities and is

presented above. 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 will be extended to all facilities 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 11 study centres and tertiary sites. These 44 facilities occupy an area of approximately 4,700 ha, of which 49% are waterproofed. Compared with 2018, the total surface decrease of around 110 ha, illustrating surface reducing operations managed in most of the plants.

These operations compensate for the introduction of Kenitra and Gurun plants representing around 65 ha added.

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.)	Waterproofed surface area	Proximity to a regulated area	
				Distance between the plant and the regulated area	Type of area
Aspern	Components plant	605,220	46%	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	585,000	47%	Over 3 km	Natura 2000 area
Charleville-Mézières	Casting	550,000	35%	Between 1 and 3 km	Nature reserve
Eisenach	Automotive production	394,376	74%	Less than 3 km	Natura 2000 area
Ellesmere Port	Automotive production	1,265,737	64%	Less than 3 km	Natura 2000 area
Kaiserslautern	Component plant	1,340,000	37%	Less than 3 km	Natura 2000 area
La Ferté-Vidame	Testing centre	8,080,000	4%	Less than 3 km	Natura 2000 area
Kaluga	Automotive production	1,430,000	41%	Over 3 km	National park
Mulhouse	Automotive production	3,169,106	63%	Less than 1 km	Natura 2000 area
Rüsselsheim	Automotive production	2,481,866	87%	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 3 km	Natura 2000 area
Trnava	Automotive production	1,825,754	32%	Over 3 km	Natura 2000 area
Valenciennes	Gearbox production	890,000	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	89%	Over 3 km	Nature reserve
Zaragoza	Automotive production	1,785,500	65%	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.

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. Then, the successful operation of agricultural grazing engaged in 2017 in Trémery is continued and extended

in Metz, Szentgotthard and La Ferté Vidame. Mulhouse has implemented artificial nests for swallows during demolition of a building. The 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 habitat, others have established programs to protect local flora and fauna. Biodiversity programs often combine onsite efforts with biodiversity education and reach out to local residents with practical onsite examples and activities. Each programme is guided by qualified external biodiversity professionals to ensure its quality. Some sites have obtained Wildlife Habitat Council Organization certification for their programmes.

In addition, during environmental week, many plants from both companies organised presentations of environmental information to their employees, or planted trees (Porto Real) during the "Brazilian tree week". In Belchamp, the arboretum tours launched in 2017 were successfully continued.

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

GRI.102-11

GRI.103-1

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6.4. REPORTING SCOPE AND METHODOLOGY.....229

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 2019	 RESULTS 2019	 TARGETS 2020
<p>Ethics in business practices</p> <p>Organiser: General Secretary</p>	<p>By 2035</p> <ul style="list-style-type: none"> Using its ethical reputation, discourage any attempts at direct or indirect corruption (100% of employees have signed up to the Anti-corruption Code and Code of Ethics), and take part in eliminating corruption in cooperation with partners and suppliers (including via their third-party assessment). Maintain a policy of transparency on the positions that the Group defends and disclose the list of professional associations to which it adheres in the various regions where it has plants. 	<p><u>Business ethics</u></p> <ul style="list-style-type: none"> Achieve full harmonisation between PCD and OV on Code of Ethics, anticorruption code, whistleblowing system (Speak4Compliance) and roll out for 100% of PCD and OV employees in all countries. Reinforce and structure due diligence processes for partnerships: definition of Group's standards, and use of Dow Jones tool. <p><u>Relations with public institutions</u></p> <p>In order to make it clear to all stakeholders that direct relations with institutional bodies representatives are essentially limited to answering their requests with the highest integrity, update of the charter for responsible relations with public institutions and roll out the updated practice in Europe and worldwide.</p>	<p>Target met</p> <p><u>Business ethics</u></p> <p>Target met</p> <ul style="list-style-type: none"> Code of Ethics, Anti-corruption Code of Conduct implemented in all PCD and all OV units. The whistleblowing system (Speak4Compliance) was rolled out for 100% of OV employees in all countries⁽¹⁾. The new due diligence process was designed and launched at the Group level. <p><u>Relations with public institutions</u></p> <p>Target met</p> <p>New practices for relations with institutional bodies have been rolled out through large training operations in European countries, as well as focused training for people involved with authorities worldwide.</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>Human rights in the supply chain</p> <p>Organiser: EVP Global Purchasing and Supplier Quality</p>	<p>By 2035</p> <ul style="list-style-type: none"> Select suppliers based on their compliance with the Group's human rights requirements and their ability to ensure the compliance and transparency of their own supply chain to achieve an average supplier score of 50/100 on human rights (assessment by EcoVadis). As soon as a breach of fundamental human rights is identified by Groupe PSA, the supplier will be excluded from the supply base. 	<ul style="list-style-type: none"> Increase the average social score for all suppliers to 49/100. Determine the 30 most critical raw materials and develop a raw material cartography for these Materials specifically considering human rights. Maintain Ecovadis CSR assessment for at least 93%⁽²⁾ of direct material suppliers and extend scope for indirect suppliers to 60%⁽²⁾. 	<p>Target met</p> <ul style="list-style-type: none"> Average social score for all suppliers is at 50.8/100. <p><i>Note: Ecovadis average social score is 44.5, the sectoral average 48.4.</i></p> <ul style="list-style-type: none"> Cartography in place covering 26 raw materials with highest CSR impact on human rights. Ecovadis CSR assessment is improved to: <ul style="list-style-type: none"> 95%⁽²⁾ of direct material suppliers; 60%⁽²⁾ of indirect material suppliers. 	<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%⁽²⁾ of direct material suppliers; extend scope for indirect suppliers to 70%⁽²⁾.

(1) The scope concerns entities that are fully integrated.
 (2) Percentage is evaluated on related annual purchasing amount.

 CSR ISSUES	 AMBITIONS	 TARGETS 2019	 RESULTS 2019	 TARGETS 2020
<p>Responsible information and marketing</p> <p>Organisers: Brand EVPs</p>	<p>By 2035</p> <p>Systematically encourage customers to become active players in the Group's environmental commitment (energy transition and circular economy) by:</p> <p>1. Offering them mobility solutions and services best adapted to their needs and promoting the energy transition through communication and marketing practices.</p>	<p>1.a Implement the Group's electrification plan by launching hybrid and electric models on the market⁽³⁾. Raise customers' awareness of the overall benefit of the Group's electrified technologies on their purchasing power (favourable Total Cost of Ownership) and on the environment (CO₂ emission reductions).</p> <p>1.b New offers of spare parts from the circular economy (reman, reuse): roll out a promotion plan in Europe and define a roadmap for the other regions (South America, North Africa, China etc.).</p>	<p>Target met</p> <p>1.a All Brands' communication plans were built around the promotion of the Group's commitment to providing electrified vehicles in all car ranges by 2025⁽³⁾. Customer awareness was raised through ad-hoc programs, such as:</p> <ul style="list-style-type: none"> • DS Automobiles uses motor shows, reveal events, TVCs to communicate on electrification; • Peugeot promotes the #PowerOfChoice offered to customers when changing for electrified vehicles, launched the MoveToElectric campaign to reduce the psychological obstacles; • Opel & Vauxhall launched the "Opel goes electric" and "Switch it up" campaigns, published information on online knowledge hubs to prepare for an electrified lifestyle, etc. <p>All brands promote electrified vehicles and their advantages on their websites.</p> <p>1.b New offers of spare parts:</p> <ul style="list-style-type: none"> • promotion plan in Europe consisted of an awareness-raising training of team members and customers (repairers), and a demonstration at the Equipauto fair; • creation of a specific logo "Re-New" for all Circular Economy Parts; • marketing promotion for Circular Economy parts offer to customers in the in dealer network for all Brands. 	<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>

(3) Notably with the launch of 6 PHEVs: Peugeot 3008 HYBRID4, Peugeot 508 HYBRID, Peugeot 508 SW HYBRID, Citroën C5 AIRCROSS HYBRID, DS 7 CROSSBACK E-TENSE 4x4, Opel GRANDLAND X HYBRID4 and 4 BEVs: Peugeot e-208, Peugeot e-2008, DS 3 CROSSBACK E-TENSE, Opel CORSA-e for Personal Cars, Citroën ë-JUMPY, Peugeot e-EXPERT, Peugeot BOXER electric, Opel Vivaro, Opel Zafira Life for LCVs.

ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION

 CSR ISSUES	 AMBITIONS	 TARGETS 2019	 RESULTS 2019	 TARGETS 2020
<p>Responsible information and marketing</p> <p>Organisers: Brand EVPs</p>	<p>2. Advising them to comply with maintenance conditions to preserve safety and energy efficiency during the lifetime of their vehicle.</p> <p>3. Facilitating the hand-over process for their end-of-life vehicles to authorised dismantling partners to ensure environmentally-sound treatment (100% of the Group brands, vehicles can be recovered at agreed dismantling partners).</p>	<p>2. Encourage customers to download the brands' mobile apps to monitor the maintenance of their vehicle.</p> <p>3. In Europe, optimise the end-of-life vehicle network of agreed dismantling partners to ensure adequate coverage for our customers.</p>	<p>2. MyBRAND app, available to all customers upon new vehicle purchase. MyBRAND app download rate increased. The App has been improved with new functions, such as contact assistance, view roadside assistance coming, recall campaigns, etc. Opel and Vauxhall launched the MyBRAND app in 2019.</p> <p>3. Take-back network optimization Simplification of the take-back network between PCD and OV in each country in Europe to serve all Groupe PSA brands.</p> <p><u>Consumer information in Europe</u></p> <p>All Brands, and Spoticar in France, inform their customers through a dedicated page on all the countries' websites in Europe⁽⁴⁾.</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><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.

(4) 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> - <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>

6.1. 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 November 2019, 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 Ethics and Compliance Committee

In 2010, the Group created an Ethics and Compliance Committee which reports to the Executive Committee. It is chaired by the General Secretary and comprises the Head of Human Resources, the Head of the Group's Protection, Audit and Risks Department, and, since July 2015, the Chief Legal Officer (new Competition Compliance Officer). The Anti-corruption Compliance Officer took part in all of the Committee's sessions in 2016, 2017, 2018 and 2019.

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 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 guarantees 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 and Supervisory Board.

If a case of non-compliance poses a core risk for the Company, the Ethics and Compliance Committee warns the Managing Board, which decides whether or not it is necessary to inform the Supervisory Board's Finance and Audit Committee.

The Ethics and Compliance Committee met 6 times in 2019.

The four levels of ethics governance and compliance

- The 22 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 the General Secretary 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

ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION

Ethics in business practices

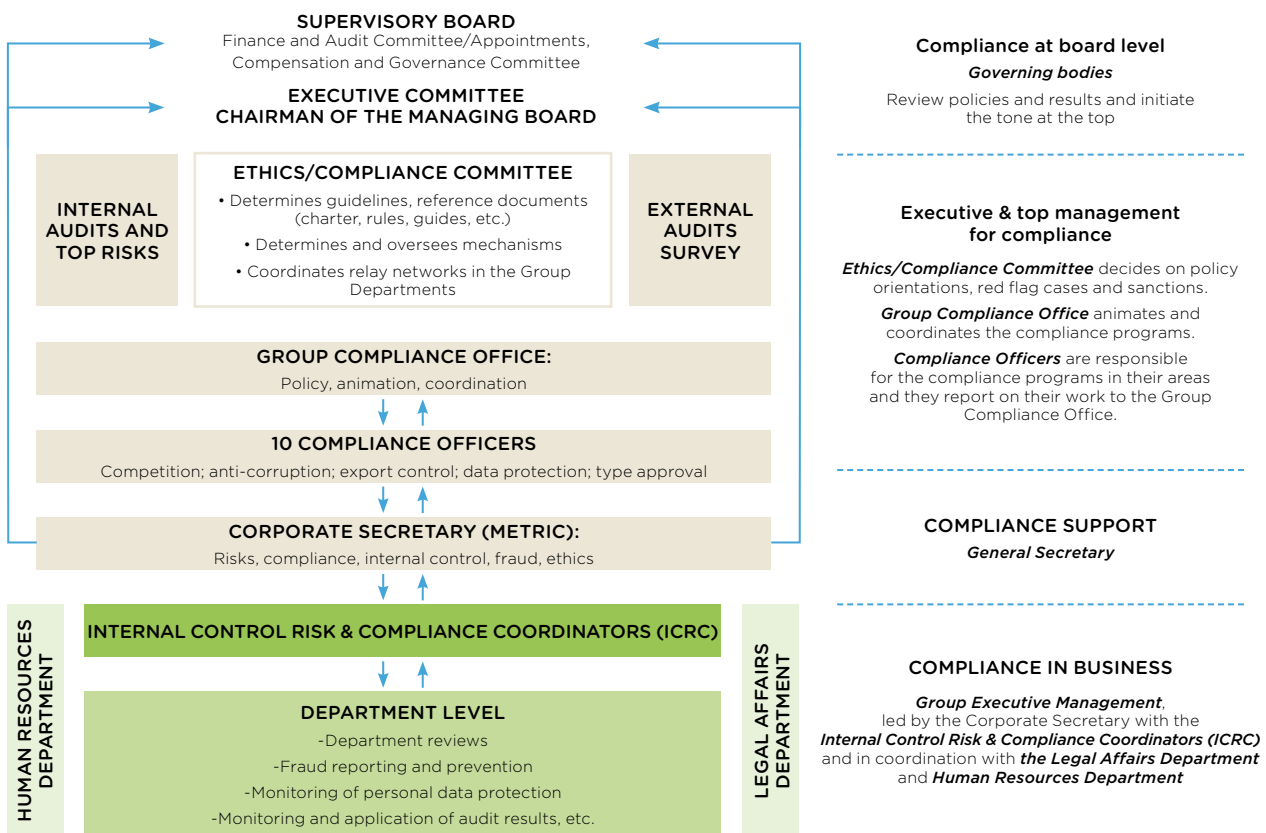
define action plans during METRIC (Management of Ethics, Risks, Internal Control and Compliance) reviews, which is a focal point of the policy. The departments and their Heads are responsible for applying the Code of Ethics and compliance imperatives in their area, and for implementing suitable systems according to the risk levels identified. They define and monitor the related KPIs.

- The Corporate Secretary 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. It confirms and analyses any cases of fraud

or corruption. Each audit of a site or a subsidiary includes a section that analyses this risk.

- The Ethics and Compliance Committee, with the assistance of the ten 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 Supervisory Board and the relevant committees get involved at the **fourth level** if they are referred to by the Managing Board and as part of the Finance and Audit Committee, or if it is a specific item to be debated by the Supervisory Board.

THE ETHICS AND COMPLIANCE SYSTEM



6.1.2.2. Distribution of the various players' roles and responsibilities

The Compliance Officers

Competition, Anti-corruption, data privacy, 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 General Secretary, who directs them both individually and collectively, and report their activities to the Group Ethics 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;
- formulates suggestions and gives technical advice, backed by the support departments and the ICRCs;

ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION

Ethics in business practices

- 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 METRIC (Management of Ethics, Risks, Internal Control and Compliance) team of the General Secretary assists Compliance Officers and manages ICRCs.

The Internal Control and Risk Coordinators (ICRCs)

Nominated by their head in all departments, the 33 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.

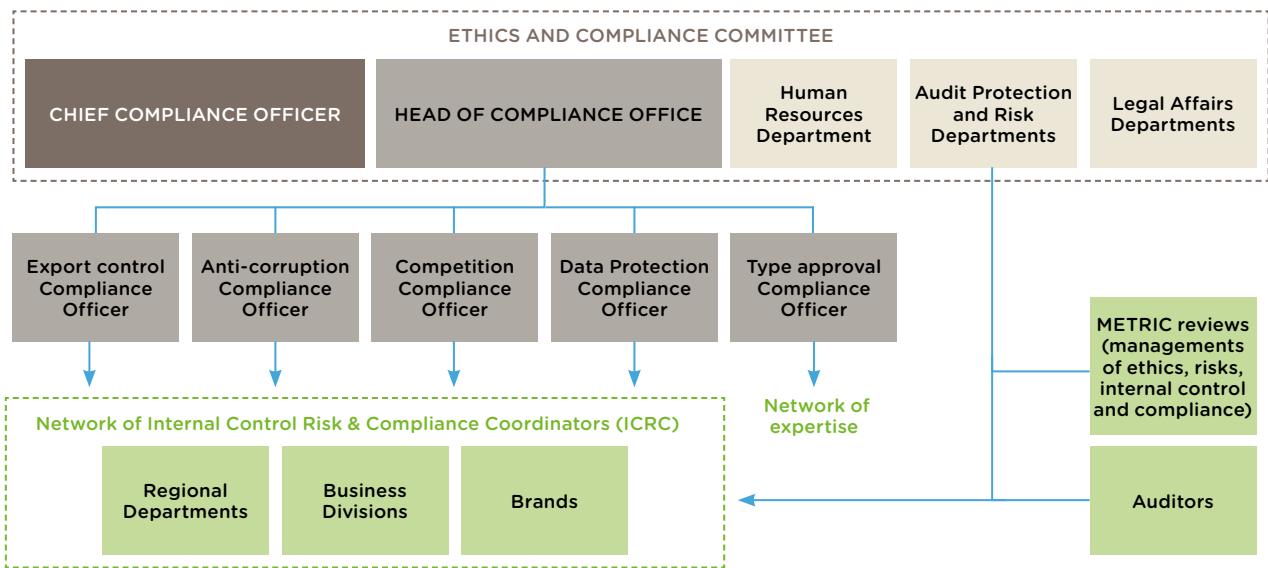
Acting as relays for the Compliance Officers, ICRCs ensure that internal control rules are taken into account in operational processes, through self-assessments, and regularly submit updates to their department committee, regarding the internal control and compliance programme, particularly as part of the METRIC review. They propose action plans or updates of processes to ensure their compliance.

In the course of the continuing OV integration into the PSA structure, several departments have been merged. Thus the relevant OV ICRCs appointed in 2018 were discharged from their ICRC responsibilities. Currently the network consists of 8 OV ICRCs and 25 PCD ICRCs.

Countries'HR and Chief Ethics Officers

The Ethics and Compliance Committee, in addition to working with the Compliance Officers and the ICRCs, also works with **a worldwide global network of HR by countries including the 11 Chief Ethics Officers covering the geographical areas where the Group operates. These officers oversee that ethical policies are locally applied.** HR or legal counsels, they make it possible to adapt the compliance and sanction systems based on the national legal specific characteristics.

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 is the main reference point for employees, as it covers and governs employee behaviour and Group activities. It was updated in 2017. 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 2017.

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 is available in 22 languages and has been disseminated across 30 countries. 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. The Code was expanded in June 2015 and now includes a foreword on the formal ethics commitment made by the Group's executive managers, which has been signed by the Executive Committee.

ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION

Ethics in business practices

“ 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

Along with the “Daily Ethics” handbook on real-life examples of situations which might occur, 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 two Chinese joint ventures, DPCA and CAPSA, adopted their own codes 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.

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.

This Code of Conduct 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.

In the course of the newly launched Due Diligence policy and the relevant initial and follow-up reviews, the JV partners will be requested to certify their compliance with the Groupe PSA Anti-corruption Code of Conduct.

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.

ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION

Ethics in business practices



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 of Conduct. 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 of Conduct and signed it.

In 2019 the Anti-corruption Code of Conduct 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 of Conduct. In OV Germany the campaign is scheduled for 2020.

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 of Conduct" 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 guarantee good faith and fair dealing and to prevent fraud and corruption, the Group relies on principles shared throughout the Group:

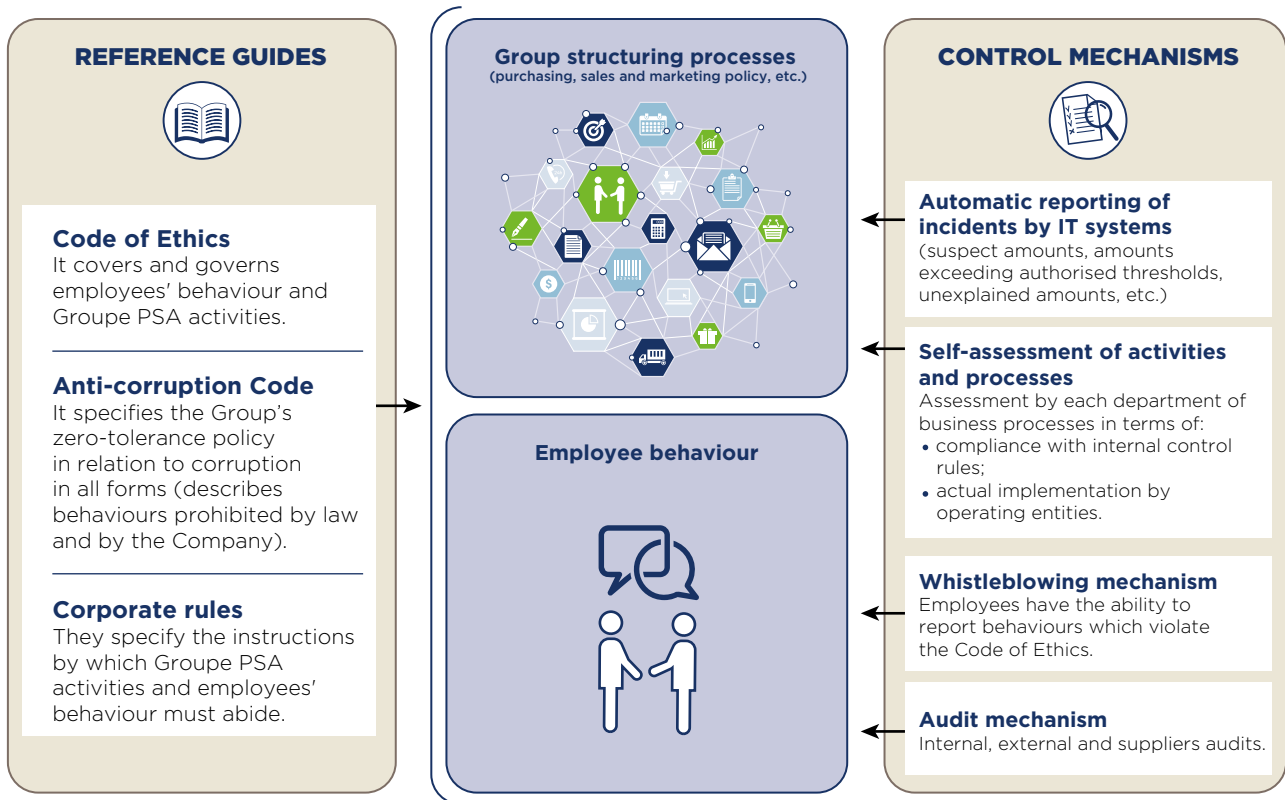
- employees' engagement (signature of the Stock Market Code of Ethics and Code of Conduct, communication, awareness and training);

- 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).

ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION

Ethics in business practices

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 three additional entities, whose business requires a special process (Replacement Parts and Services, IT Department, PSA Retail).

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.

In 2019, the Group's Anti-corruption Risk Map was 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 was presented by the Head of Compliance Office to the Executive Committee on July 25, 2019. The action plan was updated accordingly and communicated to the ICRCs, who started its implementation.

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.

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. 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 days. In 2019, the response time to whistleblowers by the first examiner was 5.2 days. 100% of received reports are taken into account.

With increasing employee usage, the split by nature of the alert declared by whistleblowers in the tool will become more precise. Together with the growth in the portfolio of cases, it will allow to obtain representative statistics on breakdown of cases to be obtained. In addition, the Group Code of Ethics, updated in November 2019, offers an alert channel for legal entities and individuals external to the Group.

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 98 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 2019)

Areas	2019 (PCD + OV)			2018 (PCD + OV)			2017 (PCD)		
	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	9,143	2,834	2,91%	8,119	2,012	1.7%	4,921	1,656	1.91%
Compliance with internal rules, Global Agreement, data privacy guidelines, etc.	7,232	16,363	16,80%	44,527	26,986	22.84%	10,811	5,337	6.16%
Corruption, conflicts of interest, etc.	2,930	6,059	6,22%	16,979	17,744	15.02%	1,775	1,987	2.29%
Competition	1,808	2,792	2,87%	708	628	0.53%	136	272	0.31%
TOTAL	21,113			70,333			16,560		

ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION

Ethics in business practices

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 anticorruption. 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.

The next massive training campaign will take place in 2021. Meanwhile Groupe PSA will continue to provide dedicated training for newly hired employees.

21,113

hours dedicated to ethics training in 2019

6.1.4.2. Issue-based systems

GRI.205-1

GRI.205-2

Compliance with Anti-corruption rules

— EMPLOYEES

The Chairman of the Management Board, Carlos Tavares, is particularly involved in this issue: he participated personally and in full in the field meeting of the ICRCs and Compliance Officers held in June 2017, which mainly dealt with anticorruption issues.

An Anti-corruption Compliance Officer was nominated in May 2016 at Carlos Tavares and Executive Committee's request. He is responsible for implementing and monitoring this programme, and for processing any potential cases that might occur. He 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 adherence 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 Anti-corruption Compliance Officer was trained for that purpose and signed 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 was presented by the Anti-corruption Compliance and validated by the Excom on February 27, 2018.

The process of risk management through risk mapping is continuous and requires constant programme monitoring. Accordingly, in 2019, the Group's corporate risk map was updated and presented by the Anti-corruption Compliance Officer to the Executive Committee on July 25, 2019.

- 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).

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 Code of Conduct 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 addition, in Latin America and the United Kingdom, managers and employees regularly complete a conflict of interest and gift statement form, which is returned to the heads of department. An extension of this process to all managers and employees worldwide is under review.

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.

— 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 General Counsel has been appointed as the Competition Compliance Officer, in charge of the competition compliance programme, is a member of the Ethics and Compliance Committee. He is responsible for implementing and monitoring this programme and processing any potential cases that might occur. He is the key contact person for Group employees seeking information on compliance with competition rules. He will therefore receive any work-related issues reported via the dedicated whistleblowing system. In 2017, a communication was elaborated in the form of an interview with the Compliance Officer and was published on the Group's intranet portal where it still can be found. This is an educational reminder to all employees about the basics of competition rules and the sustainability of the of the obligations to be followed.
- 3) In 2018, the previous whistleblowing system specifically designed for competition issues was replaced by the global and worldwide system Speak4Compliance through an Internet site. One of the eight categories that the whistle-blower can include in the report is anticompetitive practices. The Competition Compliance Officer is the direct examiner of reports concerning competition.
- 4) Competition liaison contacts appointed in the relevant departments (sales, purchasing, partnerships and joint ventures, research and development, services and parts) are regularly met by the Legal Affairs Department. They contribute to ensuring the proper implementation of the compliance policy in their department and have a duly signed mission statement describing the terms of their duties.

ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION

Ethics in business practices

- 5) A supervisory mechanism prior to industry association meetings involving competitors was implemented. It requires the authorisation of the Legal Affairs Department prior to Group's enrolment in an association. Lists of the associations and authorised employees must be drawn up and kept up to date, and meetings must be kept up-to-date as well.
- 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 programme. Moreover, these managers must formalise their commitment to compliance with competition rules by signing an agreement. 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) A special process was put in place to inform all new employees regarding existing operating procedures, and more specifically on the competition procedure.
- 9) A specific provision has been added to the employment contracts of executive and senior managers in connection with competition breach.

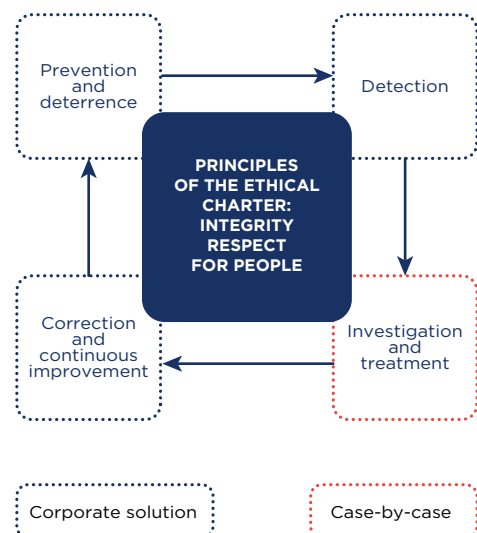
The system in place, aimed at preventing anti-competition practices, was deemed compliant by the Internal Audit conducted in 2018.

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 100 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 **100**
employees are specifically mandated
to combat fraud

The anti-fraud measures set up in 2019 include the following:

- a monthly information meeting of the Fraud and Detection Managers network (sharing of new fraud practices; discussions 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.

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 cases of corruption reported in 2019.

Cases of conflict of interest

There were no major cases of conflict of interest reported in 2019.

Cases of non-compliance with competition laws

One case of non-compliance with competition laws was 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 proceedings are ongoing.

In December 2015, the French competition authority handed down overall fines of €672.3 million to courier companies, of which €30.6 million on GEFECO, for breach of competition law. Groupe PSA was involved because GEFECO was a wholly-owned subsidiary at the time of the events. Both companies have appealed this decision. The proceedings are ongoing.

On January 9, 2019, the Italian Competition Authority issued a decision concerning its investigation of alleged exchange of sensitive information, partly through trade associations, between captive financial companies. BANQUE PSA FINANCE (BPF), who operated in Italy through a branch prior to the creation of its current joint venture with SANTANDER, BANCA PSA ITALIA SpA and OPEL VAUXHALL FINANCE Italy (jointly with GM Company) have been respectively fined €38.5 million, €6.1 million and €10.0 million. BPF, BANCA PSA ITALIA SpA and OPEL VAUXHALL FINANCE Italy appealed this decision.

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.

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. Examples from 2019:

- in September, Mrs Gohin, VP Research & Innovation, participated in ACEA event "leading the mobility transformation" where she clarified Groupe PSA position on energy transition;
- in October, in Spain, on the occasion of the launch of Corsa-e production, Mr Tavares talked to the Spanish authorities about energy transition;

- in November, Mrs Gohin participated in the EUCAR Annual Reception and Conference on collaborative automotive R&D;
- in November, Ms Jones, Groupe PSA UK Managing Director, participated in a panel discussion on gender diversity at the UK Automotive 30% Club.

In 2019, as ACEA President, Mr Tavares held several meetings to outline the automotive challenges:

- in February, in Paris, Mr Tavares held a press conference calling for a safeguarding of the European industry's competitiveness, bearing in mind the environmental challenges, Brexit and the risk of a trade war with the US;
- in September, in Brussels, Mr Tavares set out ACEA's pillars of work for the new EU policy team;
- in October, Mr Tavares participated in a "mobility roundtable" with Commissioner for Competition, Ms Vestager, and Commissioner for Transport, Ms Bulc.

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 in 2019 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.

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6.1.7.2.3. Resources GRI.415-1

At the end of 2019, approximately 12 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 €2.05 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%).

2019 CONTRIBUTION

(in millions of euros)

Internal	1.10
Trade associations	0.75
Consultancy	0.20
TOTAL CONTRIBUTION	2.05

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 €500,000 and €599,999 in 2018 as reported in the EU Transparency Register No. 39900807417 – 87;
- in France, the resources that the Group allocates to public relations activities are reported in the lobbyist register of the French National Assembly. In 2019, 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.

Macro risk	Issue	Group position
Climate change 	Vehicle CO₂ emissions	<p>Groupe PSA embraces the Paris climate accord and addresses the related challenges. Groupe PSA is convinced that climate protection and the mobility needs of the population can be aligned by a combination of gradual and smart regulatory measures with advanced technology offers. In this process, we must ensure that affordable access to individual mobility is preserved as an essential element of any diverse society.</p> <p>Groupe PSA is determined to be compliant with applicable GHG regulations around the globe including the most stringent ones enforced recently by the European Union. Yet, we are also convinced that ignoring market forces, e.g. by banning particular technologies without or even against scientific bases will prove to be counter-productive both in terms of societal acceptance and climate protection progress.</p> <p>There is no "one-size-fits-all" technology leading to a carbon-free environment. Instead, reducing overall CO₂ emissions will require a host of complementary technologies. Different approaches are required to meet transport requirements through desirable products that remain affordable to customers around the world. Beyond the electrification of powertrains, Groupe PSA is pursuing a broad spectrum of energy carriers and powertrain technologies. This includes hydrogen fuel cells, liquid synthetic and bio-fuels as well as gaseous hydrocarbon fuels from various origins.</p> <p>The Group supports initiatives looking at the entire carbon footprint of each of these technologies in a holistic manner, considering all GHG sources along their lifecycle. Only a true 360 degree view on the entire transport eco-system allows those solutions to be determined which combine optimized climate friendliness with affordability and customer acceptance in the long run. This combination is essential to pave the way to a widespread acceptance of decarbonisation efforts and challenges in the transport sector.</p> <p>The Group is working with public authorities to expand the market for low-carbon vehicles. As an example, the Group assists in designing and testing out technologies and standards for electric infrastructures. The Group urges governments to support the electrification of transport with an adequate public charging infrastructure, incentives for technology development but also for buyers and users of solutions on these emerging markets. Smart vehicle taxation schemes offer one avenue to incentivize low-carbon powertrains, yet they need to be of a non-discriminatory and technology neutral nature.</p> <p>It is generally believed that pure internal combustion vehicles will still account for the majority of automotive sales in the decade between 2020-2030 with limited but growing shares of electric and plug-in hybrid vehicles, largely depending on customer demand and acceptance. Therefore it is essential that next to massive investments in new powertrain technologies a solid share of Groupe PSA's investment will continue to go into the improvement of ICE technology, which still has significant potential.</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 Mangualde, 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>

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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 goes a step further, beyond what is 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 and combat global warming. 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>

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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), the Group of Industrial Federations (GFI), professional branches, etc.</p> <p>Both regionally (automotive competitiveness clusters, ARIA) and nationally (PFA), 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, aims to create a Centre of Expertise over two years 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 two future-oriented projects: C3-Mobility and CLEVER. The goal of C3-Mobility is to demonstrate paths to future CO₂-neutral mobility in the context of regenerative methanol as an energy carrier. The project is funded by the German Federal Ministry of Economics. The goal of the CLEVER project is to develop, build and operate a network of almost 1000 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 PSA Foundation initiatives, which aim to support mobility in close proximity with citizens' lives. Benefitting from an initial five-year operational period, Groupe PSA demonstrated a very positive assessment of its commitment through PSA Foundation, bringing hope to its host regions (see quantified balance in 8.3.4.).</p>


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Ethics in business practices

Macro risk	Issue	Group position
Human rights and business ethics violation 	Ethics in business practices	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.
	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.
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	<p>Consumer personal data protection</p> <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 guaranteeing 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 on a single platform: car-sharing 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. The Group set up an investment fund of €100 million to develop these 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 6.2.2.1.1.).

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;
- 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.

ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION

Ensuring respect of human rights in supply chain

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.

1. A public commitment to human rights: see 6.2.1.
2. Risk mapping for human rights infringements: see 6.2.3.1.
3. Preventive measures to address identified risks: see 6.2.3.2. and 6.2.3.3.
4. Corrective action must be taken for suppliers potentially or currently involved in a human rights infringement: see 6.2.3.5.
5. Action plan monitoring: see 6.2.3.5.
6. 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 is 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/>

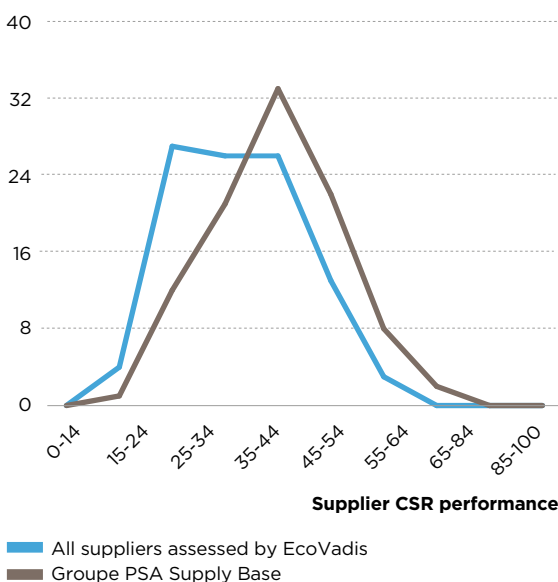
CONFLICT MINERALS: EVALUATION OF THE SUPPLIER BASE AT THE END OF 2019

Number of supplier groups unaware of whether they use these minerals	67
Number of supplier groups declaring that they use these minerals	342
Of which: number of supplier groups having a policy for these minerals	163
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	219
Of which: number of supplier groups that have published a due diligence report on conflict minerals	152

– 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 2019

Supplier distribution



With an average overall score of 49.14, suppliers working with Groupe PSA outperformed all suppliers assessed by EcoVadis, who have an average score of 42.4.

ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION

Ensuring respect of human rights in supply chain

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 now 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.).

In addition to its strong involvement with the sheltered sector in France, Groupe PSA has strongly increased this activity in Spain over the last 2 years. The overall turnover has consistently increased over the last 5 years (from 49.3 M€ to 70.1 M€ in 2019).

Key figures (concerning only PCD plants):

- the services bought from the adapted and sheltered sector have generated €58 million in added value for these companies, which represents more than 2,600 full time workers in the sheltered sector, in France and Spain;

- the Group works with:

- six major French associations: Adapei in Doubs, Adapei in Haute-Saône, Bretagne Ateliers, Adapei Papillons Blancs in Alsace, Les Ateliers de l'Ostrevent and the AMIPI/SLAMI Foundation, together with Spanish association ILUNION,
- the subcontracting activities of Groupe PSA to the sheltered sector led to an additional 4.8% disabled employment rate for Groupe PSA in France (compared to a legal request at 3%).
- 100% of cars built in France, Spain and Portugal have at least one part manufactured by the adapted and sheltered sector. Also, to ensure the transition to the new mobility, 100% of Groupe PSA PHEV cars have at least one part coming from the adapted and 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 Group's Global Works Council meeting was held in Paris at the end of June 2019 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 Ecovadis Program of supplier assessments were reviewed.

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).

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Ensuring respect of human rights in supply chain

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 201 categories for 144 countries);
- the database created by EcoVadis for supplier CSR performance assessments (currently more than 55,000 suppliers assessed, an increase of approximately 5,000 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 724 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:** material risk mapping has been developed to establish a list of “strategic” materials 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.
 -  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.peugeot.co.uk/file/03/9/modern-slavery-statement-2018.pdf?lcdv16=IPIAA5LQLJT09LH3>
 - https://media.citroen.co.uk/file/62/3/Modern_Slavery_Statement_2018_316623.pdf?_ga=2.131184652.2073805892.1575038018-1293369300.1575038018
 - https://media.dspp.awsmpsa.com/file/89/7/Modern_Slavery_Statement_2019.pdf
 - <https://www.vauxhall.co.uk/content/dam/vauxhall/Home/PDFs/modern-slavery-act/modern-slavery-act-notice.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. Having joined the Responsible Minerals Initiative “RMI”, the Group now 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;
- 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 9.6% 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). The supply base has also increased in terms of the number of suppliers (coming from the Opel and Vauxhall supply base).
- 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

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Ensuring respect of human rights in supply chain

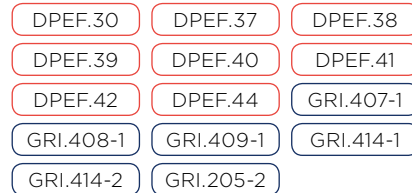
(including CSR risks) across the subcontracting chain. Worldwide, 23 supplier groups represent 50% of the value of Group purchases (excluding joint ventures).

- 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, 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 2019, the proactive and active management of suppliers with a high risk of failure based on financial criteria covered 121 companies representing approximately 6.9% 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



For Groupe PSA, assessing CSR performance of suppliers is a key factor in the supplier selection process. For example, more than 95%⁽¹⁾ of suppliers were selected in 2019 based on their CSR rating.

95%

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.

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 2019, 1,486 suppliers had committed, equating to 93% of purchases.

76% of the revenue generated by Mister Auto (equivalent to 0.26% 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 2017 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. 85% 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 2019, 1,507 supplier groups were assessed, which accounts for 95% 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.

Since 2008, 98 social and environmental audits have been performed at the sites of tier 1, 2 or 3 suppliers.

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, 554 PCD employees have been trained in Europe, and in Latin America 82% of all Purchasing Department employees were trained up, which represents an increase from the 78% reached in 2018. Additionally, in 2019, 231 employees were trained all over Europe 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 Asia was provided. 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.

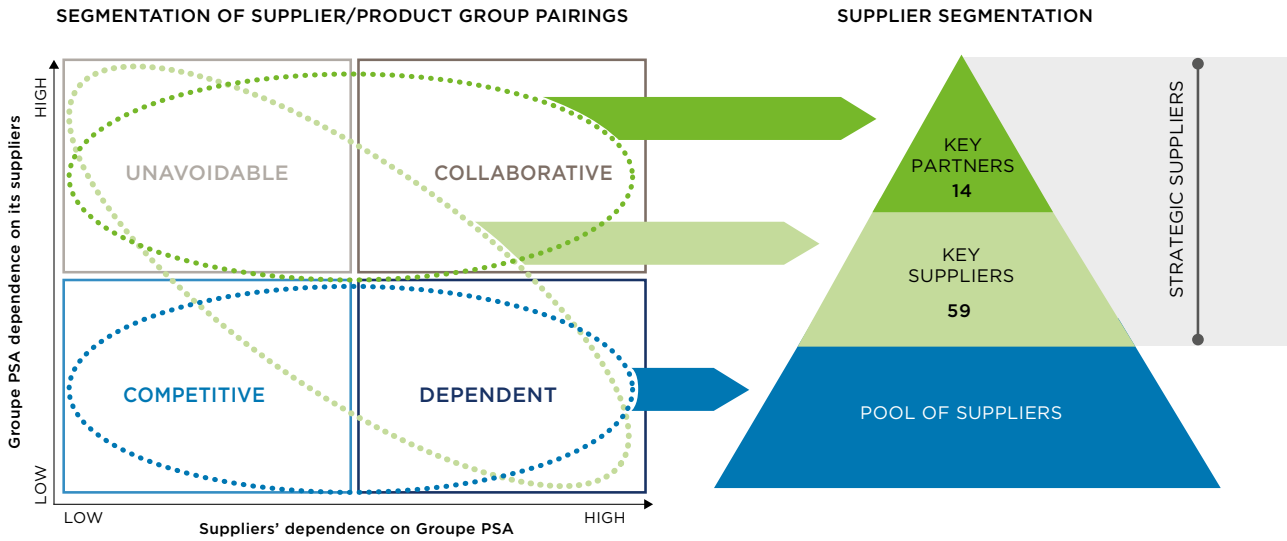
The supplier/product group pairings are split into four categories according to the level of interdependence with Groupe PSA:

- 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:

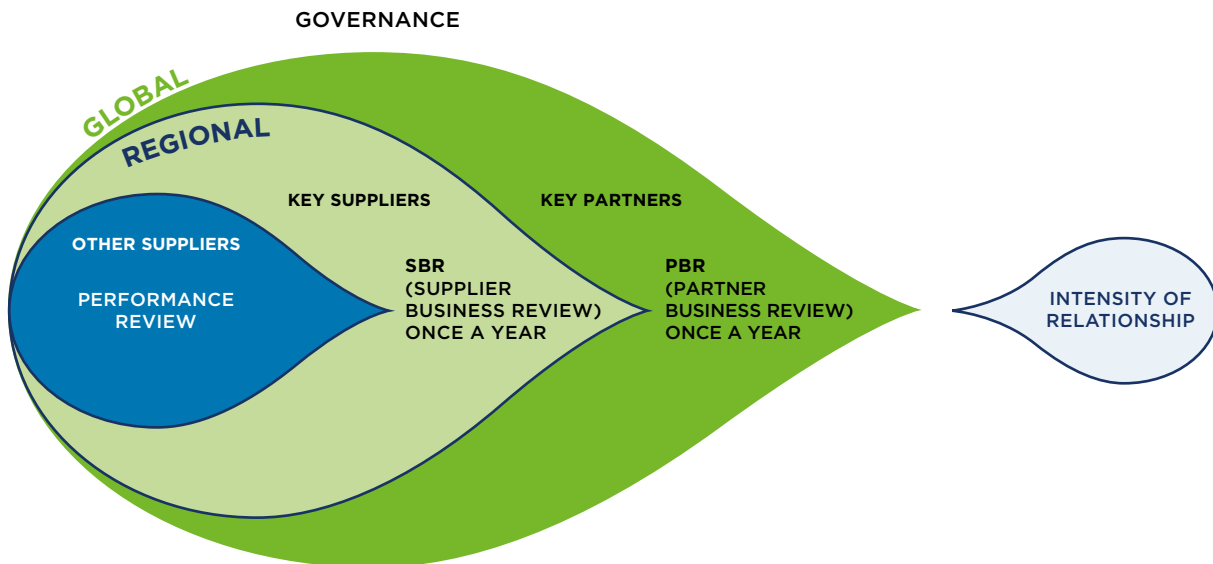
- to work closer with some of our suppliers, specifically through a stronger, better-targeted governance, to create value for both parties over a broad spectrum (strategic vision, innovation, R&D processes, globalisation, simplification of the quality processes, optimisation of logistics performance, 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



ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION

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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 anyone 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 intent 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. This raw material is currently classified with the highest risk amongst the critical raw material cartography of Groupe PSA. Additionally a mapping project for critical raw materials will be set up soon with an external consultant. This will support the Group in complying with transparency requirements whilst having an increased supply of such raw materials in the near future.

- 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. Again 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. All Groupe PSA paint suppliers that supply products containing mica are committed to a sustainable supply chain. All of them confirmed that their lower tier suppliers or they themselves are member of the Responsible Mica Initiative. This proves the seriousness of CSR efforts being undertaken to ensure a sustainable mica supply to Groupe PSA by all actors.
- 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

2019 RESULTS ON IATF AUDITS OF SUPPLIER PRODUCTION PLANTS

2019 IATF audit of supplier production plants	Certified	Missing certificates*
Active supplier production plants	85%	15%

*Missing certificates are those that cannot be found in the IATF database.

2019 CSR PERFORMANCE OF THE GROUP'S SUPPLIERS ASSESSED BY THE EXTERNAL COMPANY ECOVADIS

	Compliant	Minor non-compliance	Core non-compliance
Global CSR performance	66%	33%	1%
Environmental performance	69%	29%	2%
Social performance	68%	30%	2%
Ethical performance	53%	43%	4%
Subcontracting chain management	37%	49%	14%

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SUMMARY OF 2019 CRITICAL SUPPLIER AUDITS

CSR Category	Sub-topics	Observations	Minor non-compliance	Core non-compliance	Critical non-compliance	Total
CSR policy	CSR policy	1	3	0	0	4
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	3	8	6	0	17
Working conditions	Remuneration; Working hours	0	2	29	5	36
Workplace health and safety	Organisation; Buildings; Fire Prevention; Machines/electrics; Hazardous substances; Canteen; Dormitories	9	49	48	2	108
Environment	General organisation; Waste; Waste water; Air emissions; Soil; Water and energy consumption	2	7	9	0	18
Management System	Supply chain	3	3	1	0	7
TOTAL		18	72	93	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.

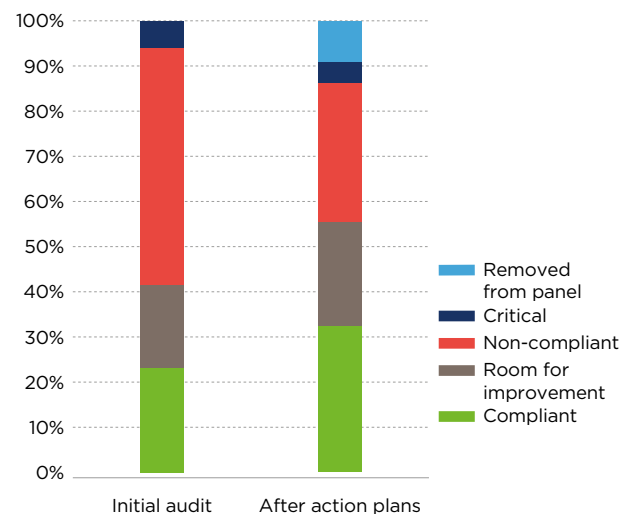
Several types of non-compliance are identified throughout the calendar year 2019 (see above table). Suppliers with core non-compliant or critical findings will be closely monitored. This also includes case-dependent follow-up audits to ensure that supplier performance is increased. Suppliers that do 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 CSR audits carried out by the Group that were re-audited in 2019 (taken from reports of on-site audits):

- Human rights: third-party, training to supervisory personnel to develop leadership, problem solving and conflict management;
- Working conditions: in the event of overtime, compensation is being improved for workers;
- Workplace health and safety: light and water studies were conducted to improve working conditions and ensure proper health standards for workers; modification of buildings to secure proper evacuation for employees in case of fire;
- Environment: improved storage area and labelling of hazardous materials; risk assessment processes implemented.

The adjacent graph shows the development of CSR Performance of audited suppliers over time.

CHANGE IN CSR PERFORMANCE OF SUPPLIERS AUDITED BETWEEN 2008 AND 2019



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.103-2

GRI.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.

Partnership with NGOs results in a transparency approach 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.

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*.

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

ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION

Responsible information and marketing

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. 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" videos 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=PLQEJPN-PoRCVuf1lgaF45UyIqTmWRWne The brand also promoted the #PowerOfChoice offered to customers when changing to an electric vehicle (no compromise on design or characteristics, they can get the same car) and developed the "Move To Electric" communication programme on social media and internally, with a special staff offer when choosing a Peugeot e-208. • 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 automotive brands:</p> <ul style="list-style-type: none"> • "Citröen Advisor", AFNOR-certified in France since July 2015, is Citroën's online review site where customers can 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). At the end of 2019, Citroën Advisor listed over 390,000 customer reviews with an average rating of 4.8/5 and had been rolled out in 56 countries. • "DS CUSTOMER REVIEW" had been implemented since summer 2018. At the end of 2019, the roll-out had already been carried out in 12 countries and it will continue in other countries in 2020. • "Peugeot Advisor" had been implemented in 22 countries at the end of 2019 with 16 more to follow.

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 guarantees 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%. • Peugeot, Citroën and DS Automobiles have 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 since 2014.
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"> • Groupe PSA encourages the use of a document Management System (DocInfo Groupe), collaborative working platforms such as Microsoft Office 365 tools to avoid the duplication of emails with large attachments (a size limit is set for attachments). • The Group bans systematic push email, replaced by an optional subscription to a newsletter.
Additional action No. 1	<i>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.</i>	<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	<i>The advertiser will prioritise, whenever possible, collaborations with local companies (close to the event, production location, head office, etc.).</i>	<ul style="list-style-type: none"> • For advertising video or photo shoots and events, all brands choose European destinations whenever possible. • In 2019, Peugeot organised its international press test drives for Peugeot 208 in an eco-resort in Portugal with local teams. For Peugeot 2008 the press test drives were held in France, in a place promoting local organic products. • Groupe PSA technical production teams are hired in the country where the video or photo shoots take place, whenever possible.
Additional action No. 3	<i>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.</i>	<ul style="list-style-type: none"> • Since 2009, 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 are sold to Group employees in the Paris region at events jointly organised by the sites' Works Councils and ESAT and a special initiative is also run annually during disability week.

ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION

Responsible information and marketing

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. • The Peugeot website is being redesigned to analyze the user's online behaviour and deliver him or her only appropriate and customized content (suggestions of relevant products and services) to facilitate his online journey. This new function will be operational in 2020.
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 and Peugeot 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 and Peugeot France prioritise advertising on websites which are certified by Digital Ad Trust. • For the international perimeter, the media agency working with DS Automobiles adheres to the Coalition for Better Ads Charter. It also works with IAS tracking which tracks ad frauds and viewability. • For Opel and Vauxhall, Internet Advertising Bureau (IAB) advertising formats have standardised specifications for the embedding of online advertising media to guarantee 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.

ENSURING PROTECTION OF HUMAN RIGHTS AND PREVENTING ETHICS VIOLATION

Responsible information and marketing

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 do not currently comply with this mandatory action but they commit to having all the necessary actions in place by 2020. At this time, only digital advertising campaigns are subtitled.
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 FAI/Re</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. 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. DS Automobiles commissioned W3C to conduct an audit for the launch of its website and took on board its recommendations in order to make its website more accessible.
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/?lcdv16=1PP2A5JESFT0AXXX 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

Responsible information and marketing

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. Since 2015, DS Automobiles and the events agency AUDITOIRE have conducted mutual project management assessments as well. 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 Code of Conduct 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.). In 2018 and 2019, e-learning training sessions were 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 2019.

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, 75% of the waste produced is metal waste which is subsequently recycled. Other waste which accounts for 107 kg/car, is recovered at a rate of 91%, and many plants, including OV's, are landfill free. The Group's ambition is to achieve 100% recovered waste in the medium-term (by 2035) with positive economic performance (by 2050). This will 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 will 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 guarantee 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.






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 2019	 RESULTS 2019	 TARGETS 2020
<p>Wise use of material in the vehicle life-cycle (including product recycling)</p> <p>Organiser: EVP Research and Development</p>	<p>By 2035</p> <p>Demonstrate the Group's commitment to the circular economy:</p> <p>1. by guaranteeing a minimum rate of 30% integrated recycled and natural materials for the Group's of 30% average vehicle worldwide;</p> <p>2. by ensuring that all electric vehicle batteries can be used as second-hand energy storage devices before being recycled;</p> <p>3.a by eco-designing our vehicles to ensure all new materials can be recycled in the circular economy circuits (95% vehicle recovery rate by weight with a minimum recyclability rate of 85%).</p> <p>3.b by guaranteeing the execution at the End-of-Life of the vehicles to achieve the above recycling and recovery rates.</p> <p>4. by developing circular economy aftermarket.</p>	<p>1, 2, 3.a:</p> <p><u>Europe</u></p> <ul style="list-style-type: none"> Operational target: maintain 30% rate of green materials in average vehicles for PCD vehicles and new OV vehicles. Innovation target: use Coccybio project to evaluate technical properties of new natural fibres stemming from byproducts of sawmill activities and flax processing and define new green material compounds with the selected fibres for 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 and improve the portfolio; China: identify green materials approved in technical and economic terms, according to the Group's materials policy to initiate a portfolio of materials and parts. <p>3.b End-of-Life Vehicles:</p> <p>Define a roadmap for end-of-life vehicles for Europe and the other regions where the Group operates (South America, North Africa, China, etc.).</p> <p>4. Circular Economy Parts:</p> <p>Develop new offers of spare parts from the circular economy (reman. reuse).</p>	<p>Target met</p> <p>1, 2, 3.a:</p> <p><u>Europe</u></p> <ul style="list-style-type: none"> Green materials: 30% on average vehicles. Innovation target: Coccybio project, technical validation of two material compounds with mix fibres linen and wood by-products. <p><u>Rest of the world</u></p> <ul style="list-style-type: none"> Latin America: green materials portfolio in application on local vehicles. New green materials still in study. China: validation of recycled compounds for mudguard application for future vehicle. Validation on progress of validating other green material grades. <p>3.b End-of-Life Vehicles:</p> <ul style="list-style-type: none"> Creation an ELV Team to manage all Brands worldwide to process end-of-life vehicles (including high-voltage batteries). Participation in a feasibility study for implementation of Take-Back Network in Morocco. <p>4. Circular Economy Parts:</p> <ul style="list-style-type: none"> Reman. Parts: Portfolio extended, logistics optimized and activity launched in North Africa. "Repair & Return" extended service offer to Independent repairers and 4 additional products. Reuse Parts launched for Peugeot and Citroën/DS in France. 	<p>1, 2, 3.a:</p> <p><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).

 CSR ISSUES	 AMBITIONS	 TARGETS 2019	 RESULTS 2019	 TARGETS 2020
Optimisation of material cycles in industrial processes (including waste) Organiser: EVP Industrial	By 2035 <ul style="list-style-type: none"> Minimise waste volume for all industrial processes, from conception to mass production. Ensure 100% waste recovery in local loops of the circular economy. 	<ul style="list-style-type: none"> Reduce waste per vehicle produced to 50 kg per car (excluding demolition waste). Increase the number of landfill-free assembly plants from 12/15 in 2018 to 13/15. 	Target not met <ul style="list-style-type: none"> 52 kg/car. Recovery rate at 83%. Landfill free assembly plants: remains at 12/15 (improvement in Hordain, regress in Trnava). 	<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.
Sustainable water management Organiser: EVP Industrial	By 2050 Water abstraction is limited to the compensation of evaporation to the sole compensation of the evaporated water during industrial processes (closed cycle -0.5 m ³ /vehicle produced). Prevent any discharge into water.	<ul style="list-style-type: none"> Reduce water consumption to 3.7 m³ per car produced. Scope of emission of the 4 main heavy metals in waste water per plant. 	Target partially met Target not met <ul style="list-style-type: none"> 3.79 m³/car. Target met <ul style="list-style-type: none"> Heavy metals discharge: slight reduction. 	<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.

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, reparability, etc. In addition to ensuring that its vehicles comply with local environmental legislation, eco-design also guarantees that the Group will stay ahead of the competition in terms of sustainable mobility and new materials.

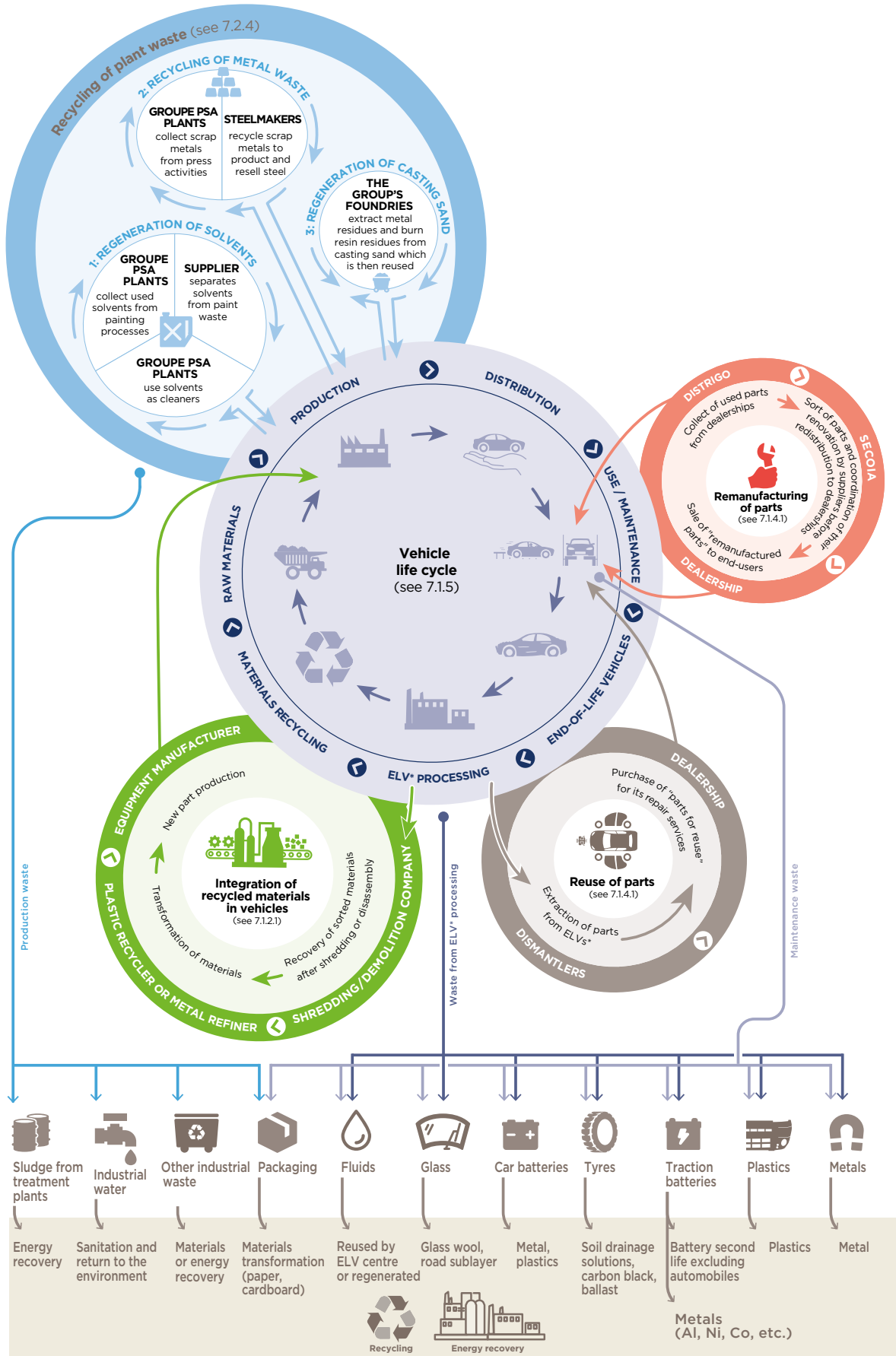
Life-cycle stage	Core challenges
Product definition	Define new automotive products and services taking into account the mobility needs of consumers around the world, local legislation and people's expectations with regard to the environment, safety, etc.
Design and engineering	Design vehicles to reduce 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





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 €10.0 million in 2019** (€9.5 million were saved in 2018, for EU vehicle sales), which **advances the goal of reducing production cost** and improves the sustainability of end-of-life vehicle management systems while guaranteeing 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 guarantees 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 €3.8 million in 2019**, 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 2019, these business lines for PCD and OV generated total revenue of **€217.2 million**.

€221 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 on the DS 3 Dark Side for trim parts and decorative features on the key.

Circular economy in the after-market

In 2018, Groupe PSA decided to create a business unit dedicated to the circular economy in the after-market. All related activities are now included in a team that has all the required expertise, from business development to manufacturing and marketing. 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.



“Creation of a Business Unit dedicated to the circular economy in the after-market” 14/09/2018 press release: <https://media.groupe-psa.com/en/creation-business-unit-dedicated-circular-economy-aftermarket>

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 2019, the Group used:

- 3.1 million tonnes of steels, of which 860,000 tonnes directly;
- 480,000 tonnes of non-ferrous metals, of which 90,000 tonnes of aluminium directly;
- 790,000 tonnes 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 2019	Composition of materials	Green materials
Metals	69.6%	28.7%
Polymers	21.4%	1.8%
Natural materials	0.4%	0.4%
Mineral materials	3.0%	
Fluids and oils	5.3%	
Electronics	0.2%	
TOTAL	100.0%	31.0%

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;
- the Group leads 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 be effective by 2020;
- 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 DS3 Crossback has an average of 32% of recycled and natural materials in the overall vehicle. About 60 polymer parts incorporate recycled and naturally occurring materials. Significant applications on the DS3 Crossback include the use of natural hemp fibers in the windshield defrosting ducts and side door panel fittings, the use of recycled polypropylene in underfloor and undertank air deflectors, in the front/rear bumper deflectors, and in the front/rear bumpers, as well as the use of recycled polyamide in hubcaps and recycled polyester fibers in the trunk and floor mats.

A common program between the New Peugeot 208 and the New Peugeot 2008 has led to the common use of recycled and natural materials in the vehicles. Significant applicants include the use of natural hemp fibers in white edge reinforcement, the use of recycled polypropylene in baffles (underfloor air, undertank, airbag, front/rear fenders), and in the front/rear bumpers. The use of recycled polyamide in the hubcaps and the intake manifold, as well as the motor-fan unit can also be mentioned.

The New Peugeot 208 and 2008 have an average of, respectively, 30% and 31% of recycled materials and material of natural origin in the overall vehicle. For each vehicle, around 40 parts incorporate recycled and natural materials.

The average integration rate of green materials in Groupe PSA vehicles sold in 2019 was more than 30% (volume-weighted average of European Groupe PSA vehicle sales in 2019).

30%

of natural and recycled materials
in Groupe PSA vehicles

In 2019, 980,000 tonnes of green materials were used to manufacture the vehicles on the market for Groupe PSA vehicles, including 950,000 tonnes 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 guarantee 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 phtalate), 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 has begun to develop 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. This performance certification label will be phased in for all the filters fitted on new Groupe PSA vehicles.

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.

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 May 30, 2018, 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).


Since 2019, Groupe PSA manages two Remanufacturing Centres and has a strong position to offer remanufactured parts

in Europe. In 2019, 24 product families were covered, totalling 938,268 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 2019, 74% of engines, 69% of gearboxes, 44% of clutches, 71% of injectors, 78% of alternators and 53% 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.

585,875

remanufactured parts sold in 2019


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.

At the end of 2019, this offer was also made available for independent repairers, who can issue their request through the authorized parts distribution network of the Group (Distrigo platform).

In 2019, Groupe PSA sold more than 8,000 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>

"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 2019, 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 2019, Groupe PSA sold more than 16,000 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.

 "Vehicle life-cycle – End-of-life vehicles management of Groupe PSA" video: <https://www.youtube.com/watch?v=ZgJ2131FgVs&t=3s>

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 by the end of 2020. 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 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 guarantee that the overall recovery rate is achieved. At the end of 2019, the Group's industrial partners were working with networks of 447 certified dismantling companies.



"What happens to end-of-life vehicles (ELVs)?"
26/08/2017 In Movement article:
<http://www.inmvt.com/en/sustainable-mobility/End-of-Life-Vehicles-recycling-backstage/>

Between 2008 and 2019, this strategy resulted in the collection and processing of over 1.1 million ELVs from Peugeot, Citroën, DS and Opel and Vauxhall (since August 2017) dealership showrooms.

1.297 million tonnes
of end-of-life vehicles collected and processed
in France between 2008 and 2019

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 2017 was 95.0%, of which 88.0% was reused or recycled by weight⁽¹⁾.

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 2019, this action plan was already active in all French overseas departments with more than 4,557 abandoned ELVs collected.

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, 439 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 introduce a repair and remanufacturing process in 2020. 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 will be entering a real-life phase at our test centre in Dudenhofen in 2020, where a container including 18 used Opel Ampera-A batteries will be 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 2020, 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.

(1) Since ADEME has not released official statements for the end of 2018 concerning ELV operators in France, the Group has not yet been able to determine its performance for 2018.

IMPLEMENTING RESPONSIBLE USE OF NATURAL RESOURCES

Wise use of material in the vehicle Life-cycle: environmental impact of materials

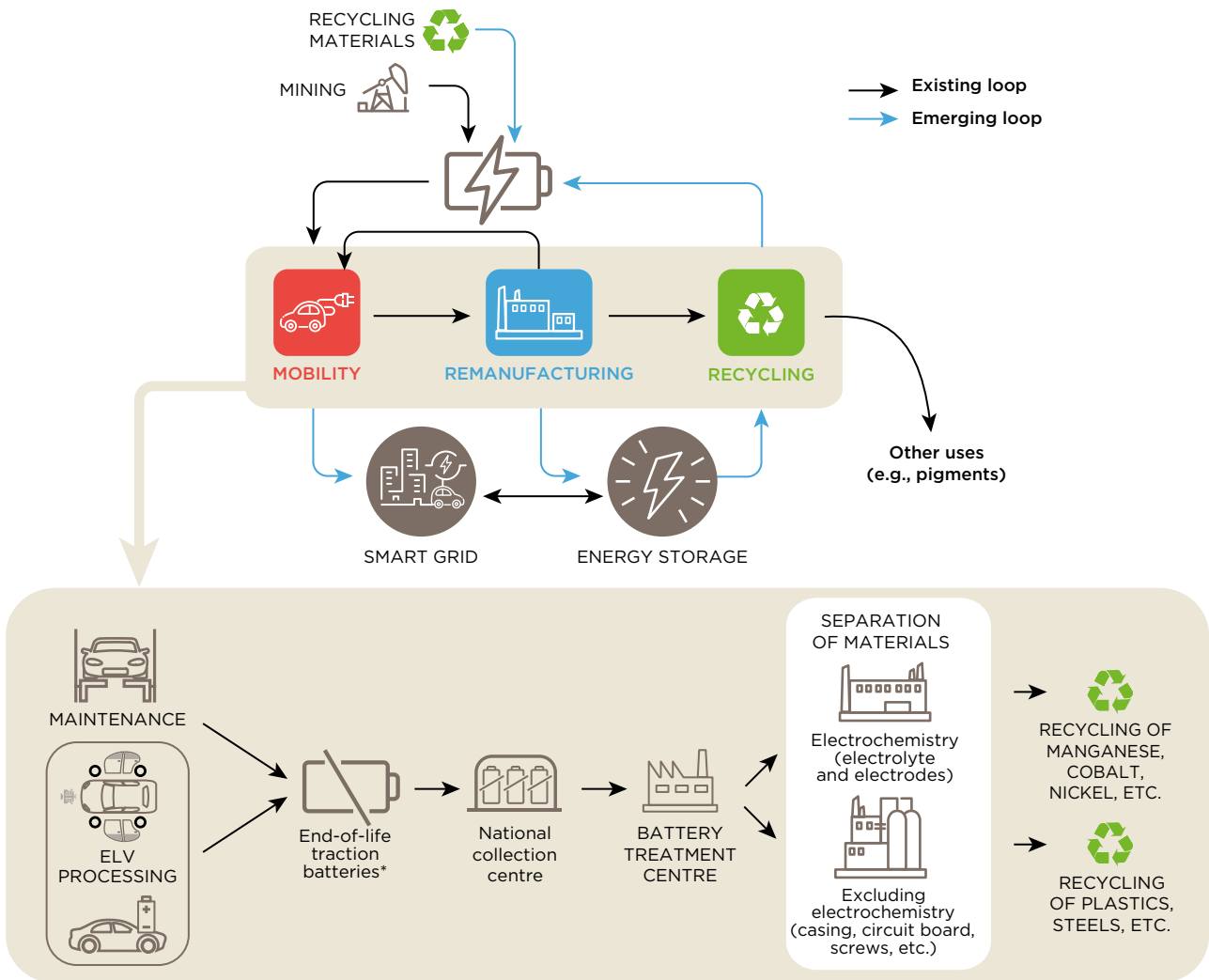
Recycling

PCD has already 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 2018, the Group's partner's recycling rates were 70.7% for Lithium-Ion (Li-Ion) batteries and 82.8% 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. For the new-generation PHEV and BEV traction batteries, Groupe PSA will extend partnership to recyclers to cope with higher battery volumes in Europe.

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.

CIRCULAR ECONOMY OF HIGH-VOLTAGE BATTERIES*



* Batteries from hybrid and electric vehicles.

(1) Recycling performance including all types of batteries using the same technologies (e.g. lithium batteries for computers, smartphones, cars, etc.).

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 2019, at least 50% of the 8,033 tonnes 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

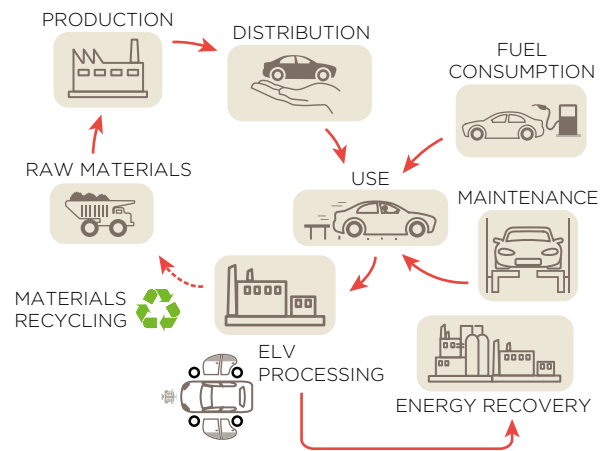
The Group conducts life-cycle analyses on its vehicles and components, within the framework defined in the ISO 14040/44 standards.

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.

Ph.D. thesis work was also begun with the aim of achieving environmental optimisation of automotive products and services systems such as car-sharing.

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 2019, life-cycle analyses covered 62.1% of the total fleet sold, up from 58.7% in 2018. 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.

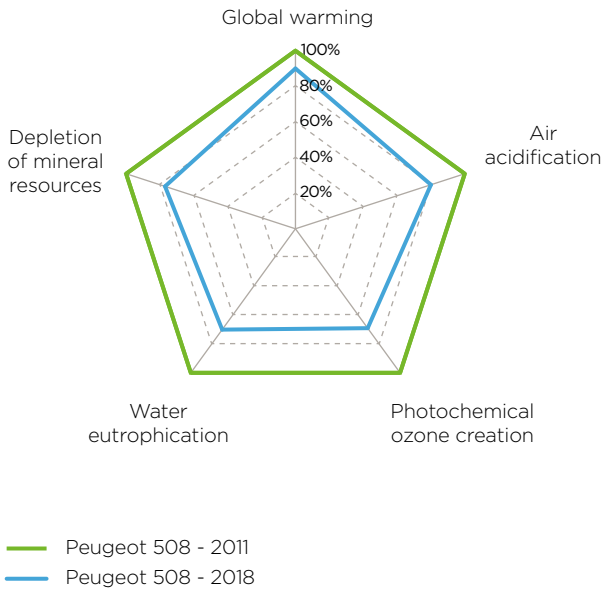
Examples of the application of life-cycle analysis

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 guarantee that the environmental impacts from a new model are less than those of the previous generation. These results were verified with regard to:

- the DS 3 Crossback in its gasoline version compared to the previous Citroën DS3 and Peugeot 2008;
- the electric version of the DS 3 Crossback has been also compared to the conventional DS 3 Crossback;
- the new Peugeot 208 (II) in its gasoline version compared to the previous Peugeot 208 (I);
- the new Peugeot 2008 (II) in its gasoline version compared to the previous Peugeot 2008 (I).

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 2020, the Group plans to conduct a life-cycle analysis on the first Plug-in Hybrid Vehicles. It will also continue to study major innovations and the introduction of green materials or composite materials.

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 Asperrn 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.

This experiment is a success and its deployment on other industrial sites is being studied.

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

74% of the Group's overall waste tonnage every year is 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 2019, launches of new cars show the progress in MUR. New DS3 and new 208 are at 63%, while previous versions were at 55%.

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 (27%) and non hazardous waste (73%) 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 then 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 3,300 tons in 2019. 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.

This waste topography helps target reduction actions during the design and operating stages. This information is listed below.

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 decrease landfill in favour of waste recovery and recycling.

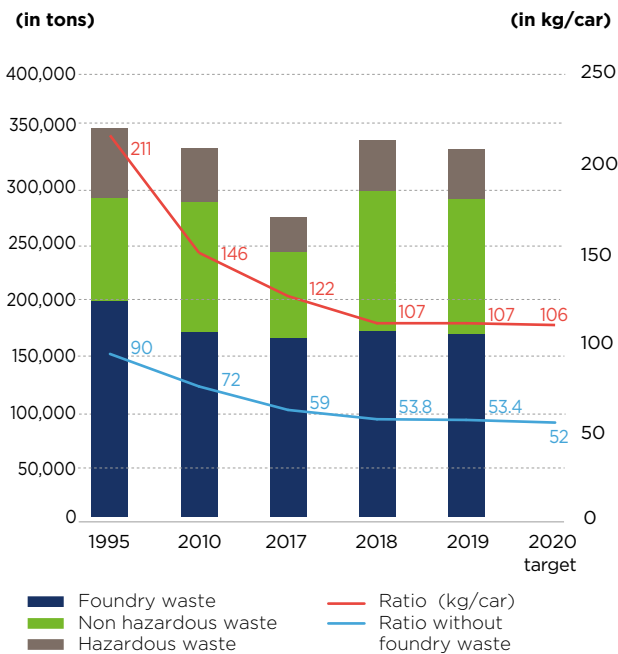
To meet these targets, efforts are needed at the design stage to optimise the packaging required to build a vehicle to avoid producing waste. When waste production is unavoidable, the most environmentally-friendly method of recycling or recovery should be identified and implemented, so that a portion of the Group's waste is incorporated into the circular economy, where it is reused.

Apart from scrap metal (sheet metal, turnings, 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 gradual addition of new processing methods, depending on local supply, helps to regularly 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 2019)



The only changes from the previous year are a slight increase in waste buried, mainly due to waste treatment difficulties in Slovakia, with overcharged ways of recovery. This situation affects Trnava's plant, and waste treatment capacity increase is being studied with administration. The second evolution deals with reduction of quantities in other disposal methods that shows an improvement in waste treatment management.

In 20 years, the amount
of waste per vehicle produced was
divided by 2

The geographic distribution of the total volume of waste in 2019 was as follows: 89.5% for the European Union and 10.5% 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.

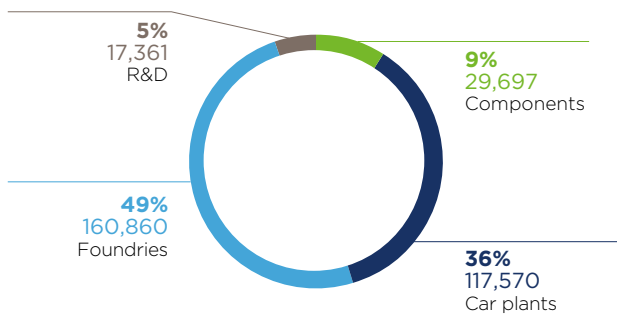
2019 results shows a stability in ratio, at 53.5 kg per car produced. If we do not take into account demolition waste, which is not representative of the activity but more of strategic plant decisions, the ratio reaches 51.9 kg, but remains above the target. The main reason for this result is linked 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.

The amount of waste (excluding scrap metal) per vehicle produced was 107 kg in 2019, as it was in 2018, and the split between different categories also remains stable. Without foundry waste, the ratio of waste per car is at 53.5 kg. Demolition waste, which illustrates compacting operations in plants, amounted to 4,800 tons in 2019 which equates to 1.5 kg per car.

BREAKDOWN OF WASTE PRODUCTION BY ACTIVITY

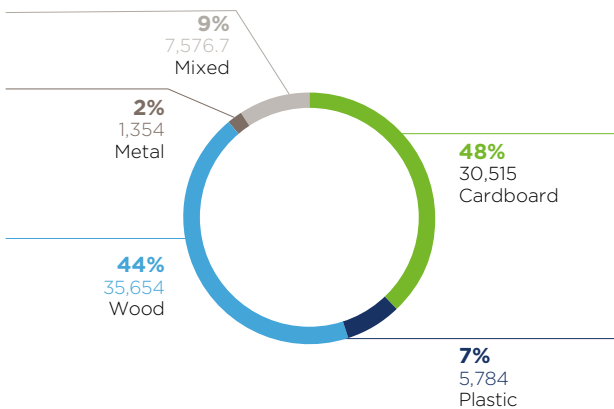
(Automotive Division, excluding scrap metal, 2019)



The split of waste production per activity shows no great changes from one year to the other. It can only be noted that share of car plant waste increases slightly, and the root cause is the increase in packaging waste as mentioned previously.

FOCUS ON PACKAGING WASTE

(Automotive Division, 2019)



Packaging waste increases at 80,880 tons in 2019, or + 5.6%. Compared to 2018, wood packaging increases by 8,500 tons while all other packaging materials are decreasing in quantity. 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.

Metallic packaging is mostly considered as hazardous waste, due to the products they contained. The processing method consists of burning metal barrels, which eliminates residual product traces while preserving the shape and possibility of reusing these containers for the same purposes as they were previously. Plastic barrels are treated through a cleaning process, which enables them to be reused. Then all packaging waste is recycled or recovered, and contributes to the improvement of the ratio of waste recovery.

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 chooses paper from sustainably managed forests (PEFC or FSC labels).

Office paper use is optimised through awareness-raising campaigns and the implementation of a system of printer-sharing at most French sites. 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, the Group is a founding member of CITEO (formerly "EcoFolio"). 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. 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 2019, the Group’s plants generated 962,543 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 637,055 tons. Often no longer classified as waste, these by-products are recycled in the Group castings (70,500 tons in 2019) 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 103,372 tons of sand in 2019 as in previous years. 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.

103,372 tons
of casting sand regenerated onsite at Sept-Fons and Charleville-Mézières in 2019

In 2019, the Group’s castings recycled 50,190 tons of metal waste purchased externally.

Actions that have been undertaken for several years to optimise waste treatment channels continue. Landfill was divided by 15 in 20 years. In 2019, this improvement shows a stop at 6,571 tons (2.2 kg/car). The most important part remains demolition waste, (4,800 tons) most with asbestos coming from old buildings (Sochaux, Caen). The other part of buried waste is not in line with our commitment but is a consequence of local situations. In Slovakia, where part of the waste from Trnava’s plant had to be buried rather than incinerated, negotiations with administration have started to authorize a capacity extension and new plant. In Kenitra, production has started in 2019 but all treatment solutions are not yet available and operating. At the end of 2019, only three out of 15 European assembly plants are not landfill-free. Outside of Trnava as mentioned above, the situation did not change in Madrid and Mangualde regarding household waste collected by city.

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 in Sochaux will also contribute to this result.

Drawing on all of these actions, 97% of waste produced (metals included) in all industrial facilities of Groupe PSA plants worldwide are recovered in processing centres.

97%
of the waste produced by the Group’s plants is recovered

IMPLEMENTING RESPONSIBLE USE OF NATURAL RESOURCES

Optimisation of material cycle in industrial processes, including waste

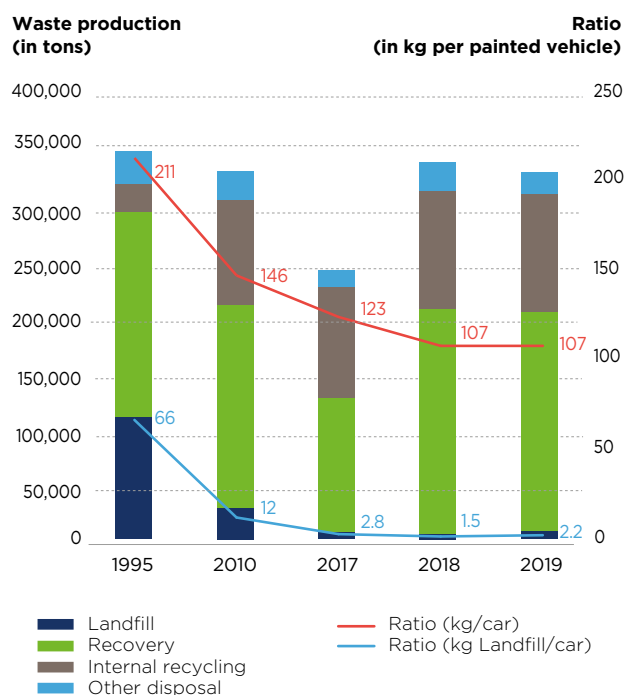
AMOUNT OF WASTE BY DISPOSAL METHOD FOR AUTOMOTIVE ACTIVITIES

(unit: t)	Year	Landfill	Recovery and recycling	Other disposal methods ⁽¹⁾	Total	On-site recycling ⁽²⁾
Foundry waste	2019	16	58,595	33	58,644	103,372
	2019 ratio (kg/car)	0.005	19.3	0.01	19.4	34.1
	2018	0	58,539	2,104	60,644	103,313
	2017	1,511	52,819	794	55,124	103,320
Non-hazardous waste	2019	5,524	109,111	3,569	118,204	937
	2019 ratio	1.8	36	1.2	39	0.5
	2018	4,233	112,339	6,114	122,686	1,478
	2017	4,328	67,386	4,013	75,727	1,744
Hazardous waste	2019	1,031	26,746	16,553	44,330	
	2019 ratio	0.3	8.8	5.5	14.6	
	2018	479	27,889	16,848	45,216	
	2017	278	19,060	11,839	31,177	
TOTAL	2019	6,571	194,452	20,155	221,178	104,309
	2019 ratio	2.2	64.2	6.6	73	34.6
	2018	4,712	198,767	25,067	228,155	104,791
	2017	6,117	139,265	16,646	162,028	105,064

This table does not include metal waste (637,055 tons in 2019, 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.

Compared to 2018 there are no significant change in hazardous waste amount. The nature of these waste remain also similar to what they were last year, because there are no big changes in production processes. The main categories are sludges from paint shops and from machining plants.

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.

Landfill is responsible for the most significant environmental impact. The Group is gradually making efforts to phase out landfill waste (2018 target: zero landfill for assembly plants in Europe). 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 guarantees a controlled environmental impact.

Hazardous waste in landfill represent 1,031 tons in 2019 for Groupe PSA industrial activities. 600 tons are demolition waste containing asbestos, for which no other treatment is allowed. The remaining 400 tons is sludge from processing stations. The increase in this waste is directly linked to difficulties evoked in Slovakia to find ways of treatment.

(1) Of the 20,155 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 for the main part (103,372 tons). The other onsite recycling is packaging reused in Vesoul for parts reconditioning before delivery to local warehouses, and in Vigo for similar part reconditioning operations inside the assembly plant.

7 IMPLEMENTING RESPONSIBLE USE OF NATURAL RESOURCES

Optimisation of material cycle in industrial processes, including waste

The proportion of hazardous waste recovered stays at approximately 61% of the processing methods. The remaining 40% 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.

Lastly, general waste (a mixture of water and hydrocarbons from separators on all site roads and car parks, physicochemical treatment plant sludge) is treated in the same channels as those mentioned above. The very low hydrocarbon content in separator water generally prevents any recovery from concentrates.

Cross-border transfer of waste GRI.306-4

In 2019, 1,333 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:

- 1,152 tons of sludge from machining operations generated in Douvrin and Trémery plants which was sent for treatment in Belgium, as in previous years;
- 112 tons of metallic drums and plastics containers with residual dangerous substances from Ellesmere Port and Luton;
- 69 tons of end-of-life vehicles, or prototypes from Trnava sent to Austria for depollution and treatment. These cars were used as training for the launch of a new car in the plant in 2019.

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.

Within automotive trade

AMOUNT OF WASTE BY DISPOSAL METHOD FOR AUTOMOTIVE TRADE

<i>(unit: t)</i>	Year	Landfill	Recovery and recycling	Other disposal methods	Total
Non-hazardous waste	2019	121	4,134	242	4,498
	2018 in 2019 Scope	308	3,130	33	3,471
	2018 (PCD + OV)	717	5,039	55	5,812
	2017 (PCD)	991	6,448	102	7,541
Hazardous waste	2019	30	1,720	142	1,893
	2018 in 2019 Scope	23	1,607	74	1,703
	2018 (PCD + OV)	52	2,620	124	2,796
	2017 (PCD)	53	3,242	156	3,450
TOTAL	2019	151	5,855	385	6,391
	2018 in 2019 Scope	331	4,736	107	5,174
	2018 (PCD + OV)	769	7,659	179	8,608
	2017 (PCD)	1,044	9,690	258	10,991

This table does not include scrap metal (750 tons in 2019).

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 order to ease comparison, data from 2018 have been updated on the same perimeter as 2019. The total amount of waste increases in 2019 and it can be noted that the quantity of waste buried decreases, and only represents 2.3% of the total amount, compared to 6.4% 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. The amount of waste that ended up in landfill decreased, more because the best way of treating this waste was understood rather than because the situation had changed.

The above-mentioned data from brands was an average of 93% their sites in 2019 (91% in 2018 and 92% in 2017).

The waste management described above does not concern the Group's circular economy initiatives, including reused and remanufactured parts (see 7.1.4.).

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 64,195,252 m³, used for cooling the three cogeneration plants operated in the Group. As the Ruesselsheim CHP was highly engaged, the abstraction of cooling water increased by around 2%, but had no impact on resources, because this water is directly discharged into the river. The sole impact is a slight increase in temperature.

11,465,918 m³ are abstracted for production processes, and approximately 65% of the total amount abstracted 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 35% 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.). The quantities of this waste amount to 10% of the water actually consumed.

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 less than 10% of the Group's water consumption. Apart from a few plants which have no other source of supply (Madrid 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 and liquid waste 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.

However, in 2019, due to the long and hot summer in France, the local authorities published requirements which forced the plants of Valenciennes and Hordain to reduce their water abstraction of 20% below the allowance of their permit for 6 months in 2019. For most other French plants, alerts were broadcasted by authorities to reduce water use.

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. Only integration of Gurun factory in Malaysia, and start of production of Kenitra are newcomers. Gurun impact remains very low due to low production levels. Start of production in Kenitra occurs at the end of 2019 and does not influence the global result. On the Groupe PSA perimeter, the situation is stable at around 3.79 m³ par 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	Underground water	Total
Automotive Activities	2019	2,554,540	5,573,822	3,337,556	11,465,918
	2018 (PCD + OV)	2,511,557	6,096,420	3,313,731	11,921,708
	o/w OV 2018	648,464	2,708,158	803,310	4,159,932
	o/w PCD 2018	1,863,093	3,388,262	2,510,421	7,761,776
	2017 (PCD)	1,870,739	2,914,497	2,711,309	7,496,545
Automotive Trade	2019	194,699			194,699
	2018 in 2019 scope	209,259			209,259
	2018 (PCD + OV)	329,203			329,203
	2017 (PCD)	404,806			404,806
TOTAL	2019	2,749,239	5,573,822	3,337,556	11,660,617
	2018	284,760	6,096,420	3,313,731	12,250,911
	2017	2,275,545	2,914,497	2,711,309	7,901,351

On average, the situation is stable at around 3.79 m³ par car produced, a little bit below the 2018 result of 3.81 m³/car, but it covers a different situation. Strong improvement in Rennes, which ends the year with an abstraction level below 1 m³, at the same level as the best-performing plants of Trnava and Mangualde. These plants apply a detailed monitoring of all consumers, which gives them the opportunity to react quickly when the situation requires it.. Sochaux has also reduced its consumption per car produced by more than 20%. Demolition of old buildings, and closure of some old long pipes are part of this improvement with strong management. On the other side, new plants integrated in the reporting, like Kenitra (start of production September 2019) and Gurun (Malaysia) or Luton Poissy, and Ruesselsheim do not reach the performance targets expected. For Kenitra, the production level increase will help

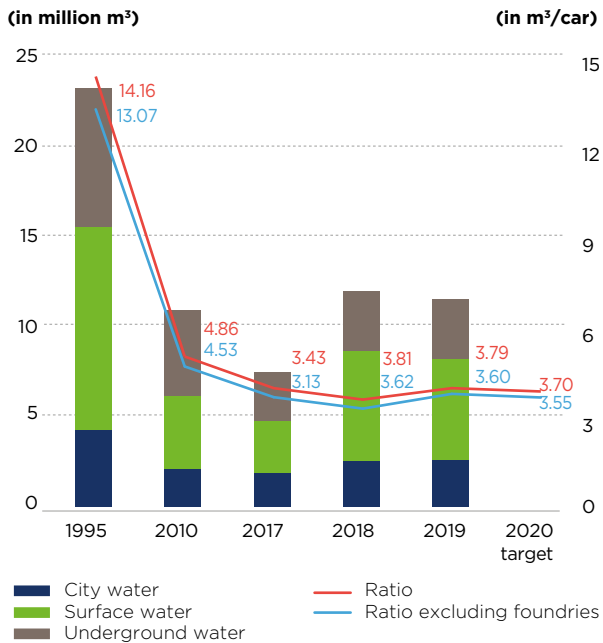
to converge with the best performers in the future. For all the other plants, the exchange of Best Practices in Club Métier has been initiated, based on Trnava's example to drive each facility to improve their performance. In addition, it could also be added that water use restrictions published by the French administration in summer strongly help to implement an efficient water management system.

A reduction of 7%, in water consumption was recorded in the **dealership networks** compared to 2018.

Data for the brands was reported from 91% of sites in 2019 (99% in 2018 and 90% in 2017). 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 2019 was as follows: 94.4% for the European Union and 5.6% for the rest of the world. Integration of Kenitra and Gurun 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 more than a quarter of the Group's total consumption

7.3.3. Significant industrial effluent discharges GRI.306-1

7.3.3.1. Gross industrial effluent discharge

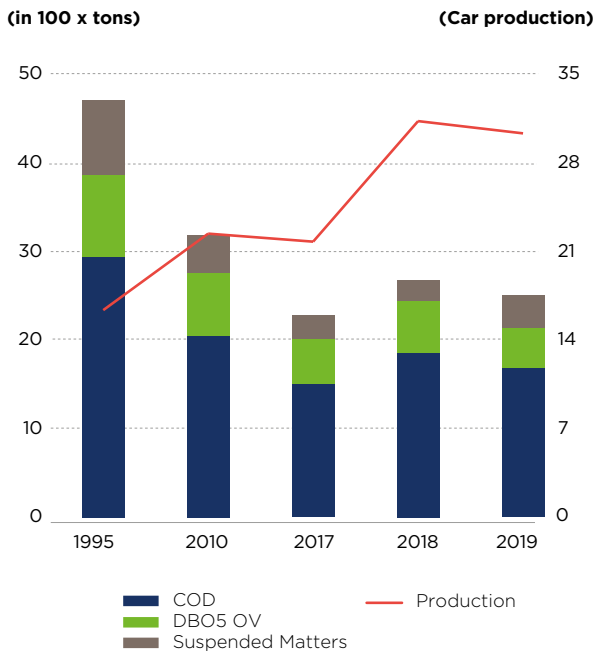
GROSS DISCHARGES INTO WATER FROM PLANTS

(in kg/year)	Year	COD	DBO5	MES
	2019	1,675,843	454,131	377,925
	2018 (PCD + OV)	1,849,692	579,551	242,527
Automotive Activities	o/w OV 2018	252,599	19,723	18,572
	o/w PCD 2018	1,597,094	559,828	223,954
	2017 (PCD)	1,498,471	564,996	271,341
TOTAL	2019	1,675,843	454,131	377,925
	2018	1,849,692	579,551	242,527
	2017	1,498,471	564,996	271,341

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 amalgamated waste water discharges from each Groupe PSA plant. 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. Annual data for 2019 can be compared with 2018 results because they take into account the same facilities except Kenitra and Gurun which have no influence on the result.

However, these factors give an indication as to changes in the loads discharged by plants. 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 2019 was as follows: 99% for the European Union and 1% for the rest of the world.

This indicator presents the gross yearly discharge of the plants which perform regular self-monitoring. In 2019 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, countries have implemented regulations to control the discharge

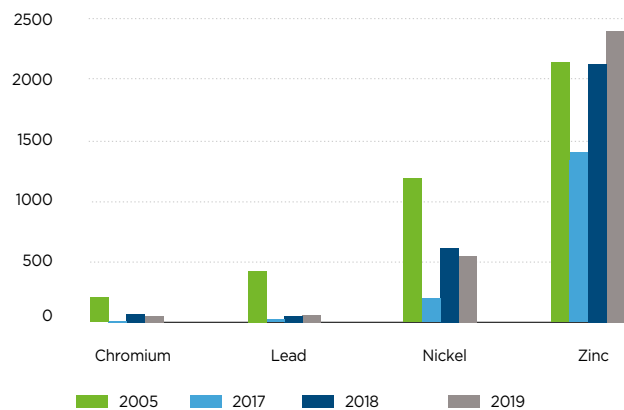
of heavy metals, and these regulations have been regularly revised to enlarge the list of controlled substances or to further restrict emission limit values. These modifications are reflected in changes to the permits of Groupe PSA plants. These permits also specify the frequency of measurement (weekly 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 BDO5 and SM, the data provided only give a global overview of the pollutants discharged by car industry.

In operating surface treatment installations, the main heavy metals used are 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

Discharge of heavy metals into water (kg/year)



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 remain at around 2,000 kg in more than 7,000,000 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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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 €75 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 2019	 RESULTS 2019	 TARGETS 2020
<p>Local sourcing development in host territories</p> <p>Organiser: EVP Global Purchasing and Supplier Quality</p>	<p>By 2035</p> <p>In each host territory, implement conditions to ensure that local sourcing via an ecosystem (suppliers, research laboratories, training centres, etc.) allowing in-depth integration: creation of direct and indirect jobs, skill improvement, infrastructure development and value-creation for a territory local sourcing rate of:</p> <ul style="list-style-type: none"> • 70% in Russia; • 80% in Latin America. 	<p>Achieve a local sourcing rate of:</p> <ul style="list-style-type: none"> • 35% in Russia; • 58.6% in Latin America; • 55% in Morocco. 	<p>Target met</p> <p>2019 local sourcing rates are:</p> <ul style="list-style-type: none"> • 37% in Russia; • 58.9% in Latin America; • 60.0% in Morocco. 	<p>Achieve a local sourcing rate of:</p> <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).
<p>Balanced governance and distribution of added value</p> <p>Organiser: General Secretary</p>	<p>By 2035</p> <p>Between 2025 and 2035, disclose the distribution of value-creation by operating region (between territories, suppliers, employees, governments, shareholders and technological development).</p>	<p>Develop the data collection processes to be able to disclose the country-by-country amount of taxes paid by the Group in the extra financial reporting (audited FY2019 data to be available first quarter of 2020).</p>	<p>Target met</p> <p>System implemented; data is available.</p>	<p>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.</p>
<p>Philanthropy and socially responsible mobility</p> <p>Organiser: Fondation PSA</p>	<p>By 2035</p> <p>Support the most vulnerable populations through a charitable initiative centred on socially responsible mobility projects, which remove barriers to inclusion and education.</p>	<p><u>Mobility and inclusion</u> Support for social garages: focus on helping them to better communicate with their stakeholders (utility measurement tool and training).</p> <p><u>Mobility for education</u></p> <ul style="list-style-type: none"> • Support innovative educational projects on road safety and sustainable mobility. • Support programmes to avoid school failure. • Continue to promote off-site cultural projects. 	<p>Target met</p> <p><u>Mobility and inclusion</u> €879k granted to projects. For social garages:</p> <ul style="list-style-type: none"> • publication of an all-in-one measurement and communication tool tailored to help social garages communicate with their stakeholders about their social value; • second national event in Paris organised by Fondation PSA dedicated to promoting social garages vis-a-vis their stakeholders. <p><u>Mobility for education/ culture</u> €908k granted to projects.</p> <ul style="list-style-type: none"> • 5 new projects related to road safety education and sustainable mobility (with close attention paid to disability and environmental impact). • 2 projects related to school failures (including one dedicated to children out of school for medical or disability reasons). • 6 off-site cultural projects for education on sustainable mobility. 	<p><u>Mobility and inclusion</u> Support the preparation phase of new social garages before their kick-off by launching working groups in different territories.</p> <p><u>Mobility for education/ culture</u></p> <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.

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 2019, more than 689 proposals had been received, 110 incubations and 25 projects transformed. This year the Incubator celebrated the 100th incubation. 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?idtok=c687fbbb235>

“OpenLab Design, co-construct the future’s mobility” video:
<https://www.youtube.com/watch?v=btE7CbDHTVM>

SUPPORTING A BALANCED ECONOMIC DEVELOPMENT OF TERRITORIES

An innovation approach as a lever of value-creation for our stakeholders in our host territories

- **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, Euratechnologies, 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 *Groupement Scientifique Moteur* (GSM), an Economic Interest Grouping of Groupe PSA, Groupe Renault and the French Institute for New Gasolineum Energies (IFPEN);
- the PFA (*Plateforme Automobile*);
- direct collaborations.

In 2019, Groupe PSA took part in:

- 16 European commission financed projects (e.g. the connected autonomous vehicle through the SCOOP and L3PILOT projects; new urban mobility objects through EU-LIVE; the production plant of the future through the Thomas, Versatile and Scalable projects);
- approximately 15 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 (QALcars project); the development of innovative battery packs (the Innovative Equipment for Electric Vehicles project).

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 that holds more than €17 billion in capital assets.

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

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 will be presented during sessions that are designed as public hearings of experts. They will outline the way forward, especially for the second phase of this project: the development of demonstrators.

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 2019, the Business Lab contributed to improving Groupe efficiency generating more than €3 million in recurring savings. 1,233 startups have been evaluated since the Business Lab creation. In 2019, 10% of the 252 startups analyzed have been engaged into a collaboration with Groupe PSA. The startups come from 47 countries and involve 28 different entities of the Group.



"Anne Laliron presents the Business Lab" video: <https://www.youtube.com/watch?v=Adi6K9f6zfs>

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 2019 Groupe PSA selected 25 suppliers once again for innovation contracts. All in all, Groupe PSA works with 300-400 suppliers on future technologies. Main areas of innovation are: autonomous vehicle, driver assistance technologies and energy transfer (for electric vehicles of the future).

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 2019, five Supplier Innovation Days were held at Vélizy Technical Center with suppliers of all sizes and different part ranges. Between 200 and 500 Group employees attended each of these days, which boasted 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.

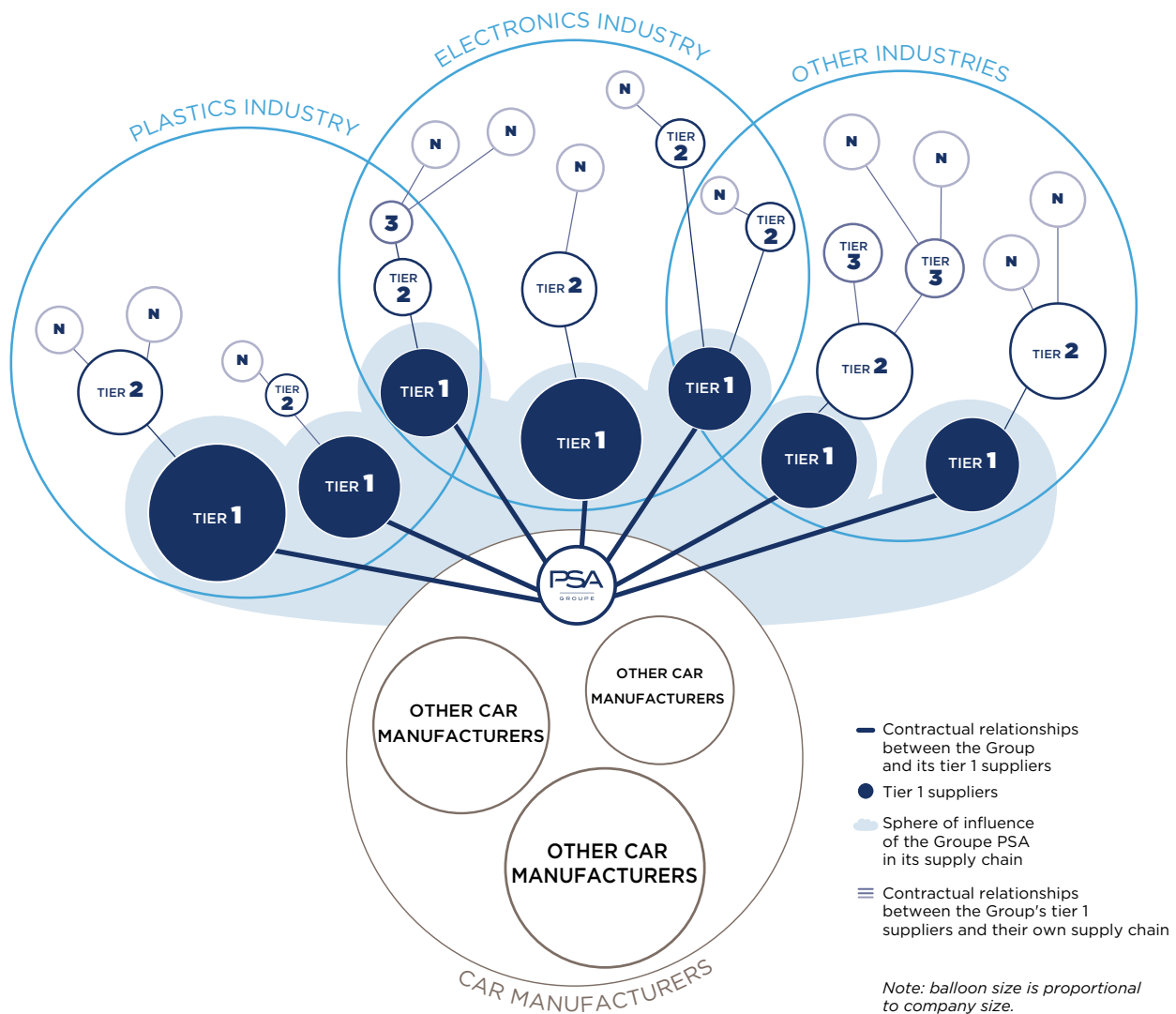
Groupe PSA has a direct contractual relationship with more than 8,000 tier-1 suppliers. It requires all of them to meet the CSR commitments set out in its responsible purchasing policy (see 6.2.3.). By signing the Group's CSR Charter, tier-1 suppliers agree to choose their subcontractors (tier-2 to tier 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 GEFECO (see 2.5 for more details).

KEY SUPPLY CHAIN FIGURES



MAIN FACTS AND FIGURES RELATED TO THE GROUP'S PURCHASES

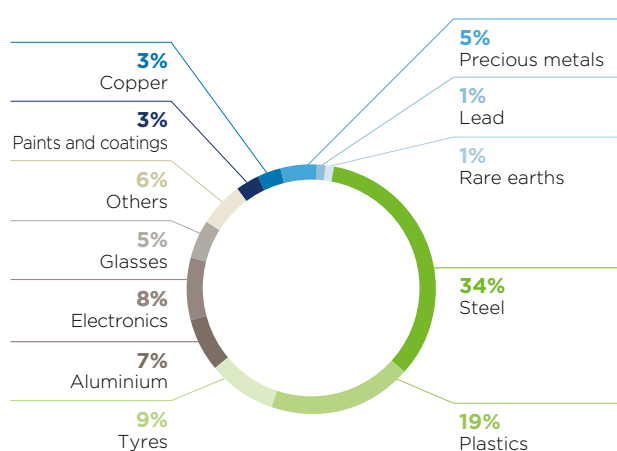
The Group's purchases include:

- 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 (11% 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 (21% 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



WORLDWIDE PURCHASES BY MANUFACTURING REGION IN 2019

(in million euros)	Europe	Eurasia	Latin America	China and Southeast Asia	India-Pacific	Middle-East Africa	Total
Direct parts	30,740	162	543	32	15	261	31,753
Indirect machinery and equipment	8,466	24	151	272		102	9,015
Spare parts	1,669						1,669
TOTAL	40,875	186	694	305	15	363	42,438

Purchases by the Group's Automotive Divisions in 2019 added up to over €42 billion, i.e. 57% of the Group's revenue. Until January 1, 2019, purchases of direct automotive parts worldwide were supplied from 822 supplier groups delivering products out of more than 5,200 facilities globally.

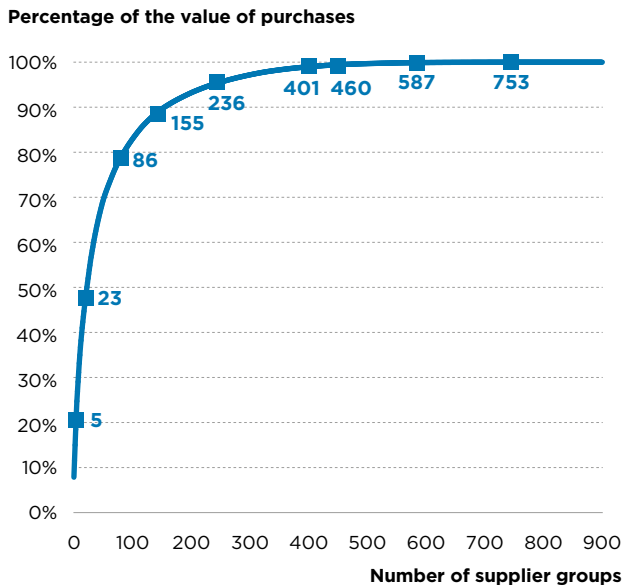
Groupe PSA suppliers

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 13 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



In value terms, purchases are concentrated among a small number of supplier groups. 80% of turnover is made with only 86 supplier groups, out of the 896 listed for direct and spare parts.

90%

of direct material and spare parts turnover is realized by 17.3% of all supplier groups

In 2019, the 20 biggest suppliers by turnover accounted for almost 47% of the Group's direct material purchases (Faurecia, Continental, Bosch, Valeo, Aisin, Plastic Omnium, Gestamp, Arcelormittal, Lear Corporation, DPH Holdings, Michelin, ZF, Total, Mahle, JTEKT, Financiere SNOP Dunois, Leoni, Magna, Denso, Akwel).

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	14	59	+8,000

In 2019, key partners and key suppliers for direct material represented almost 65% 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 2019: 31.8 ppm (-7% compared to 2017)
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, plan is established to also sell electrical motors to customers outside the Group in Europe, India and also China 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"> Trémery Engine Plant is transforming from Diesel to Electric Motor Components Valencienne Plant produced the first “RG1” gearbox for electrical components and cars (together with Nidec)
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"> Suspension springs – removal of every second douffline to save packaging waste Improvement of packaging utilization E.g. reuse of one way packaging, increase packaging quantity to be more efficient fewer lorries, reuse unused A9 packaging Remove painting operation on components E.g. part from seat frame, reduction of chemical paint material
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 60 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 67 coordinators worldwide (mainly in Europe/Latam, and small local teams in Russia/Morocco) and with contributions from more than 300 suppliers, an increase of more than €201 million was achieved in 2019. These results were generated with their benefit spread across all brands and plans within Groupe PSA.

On May 16, 2019, the fifth VA/VE (Value Analysis/Value Engineering) supplier day was conducted in Poissy. In total 49 suppliers representing more than 60% of the global spend presented their plans to meet the performance indicators of the Group's strategic plan. More than 1,000 proposals were reviewed.

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. The deployment of this high-level initiative increased the achievement rate of economically significant ideas for PCD for all suppliers to 68% in 2019. **Overall, the efforts made by the Group together with its suppliers helped to reduce the average purchase cost of parts on a vehicle by €255 in 2019.**

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.

Local sourcing reduces the core risk of currency fluctuation which impacts manufacturing cost margins and sales volumes.

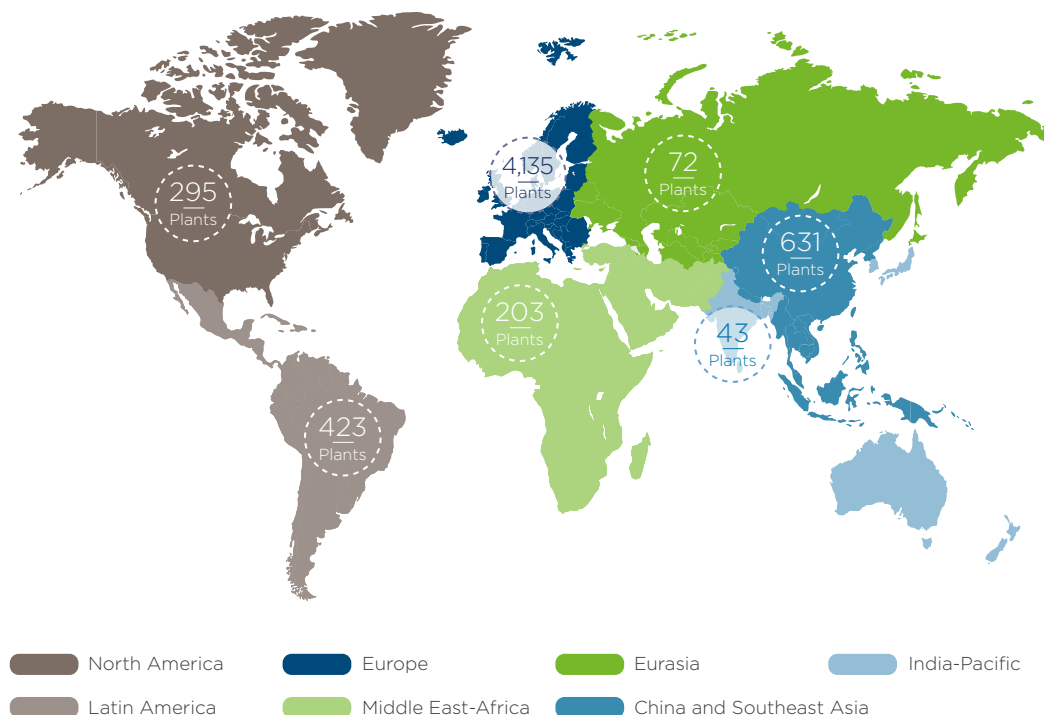
Local sourcing also helps the Group to achieve its objective of reducing the manufacturing costs price, particularly in logistics: €75 per vehicle in Russia (combined with other local cost reduction) and €23 for Latin America, limiting customs duties and taxes and gaining better control of lead times, 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 60 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 2019 total purchase value)

Supplier location	Groupe PSA facility location					
	Europe	France	Europe (excl. France)	Eurasia	Latin America	Rest of World
Europe	89.0%	85.4%	91.5%	14.0%	28.9%	31.9%
Of which France	24.3%	46.5%	9.4%	6.5%	19.4%	24.6%
Outside France	64.7%	38.9%	82.1%	7.5%	9.5%	7.3%
Eurasia	0.1%	0.1%	0%	37.0%	0%	0%
Latin America	0.4%	0.1%	0.6%	0%	58.9%	0.1%
Rest of world	10.5%	14.4%	7.9%	49.0%	12.2%	68.0%

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.

By 2021, the Group aims to exceed a local sourcing rate of 85% in each region.

89%

of the direct material parts used in the Group's European plants are sourced in Europe

In Europe

- More than 85% 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.

Thanks to its deep manufacturing roots in France, the Group has once again made a positive contribution to France's trade balance, with an import/export surplus of 379,000 vehicles, up 5% vs 2018 and a trade surplus of €4.4 billion in 2019.

In 2019, the Group manufactured 1,226,000 cars in France. This represents 36% 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 2019 year-end, 12 Group vehicles are “*Origine France Garantie*” certified:

- Peugeot 5008 and Citroën C5 Aircross produced in Rennes (Ille-et-Vilaine);
- DS 3 Crossback produced in Poissy (Yvelines);
- Peugeot 508 and 2008, DS 7 Crossback produced in Mulhouse (Haut-Rhin);
- Peugeot 308, Peugeot 3008 produced in Sochaux (Doubs);
- Peugeot Expert and Traveller, Citroën Jumpy and SpaceTourer produced in Hordain (Nord);

In Russia

In 2018 new light commercial vehicles were successfully launched with the continuous application of localized components on the production line in 2019. These vehicles prepared the new launches with an improved integration level. In 2020 a new vehicle project will be launched with the localization level target of more than 50%. Moreover, the plant in Kaluga became the manufacturing and expedition centre of the spare parts for European needs.

In Latin America

- in Porto Real (Brazil), 65% of parts are purchased in Latin America and 64% are purchased in Brazil;
- in Buenos Aires in Argentina, the local sourcing rate (source: Latin America) is 44% for sourcing in Latin America and 32% for sourcing in Argentina.

The Group’s development plan sets targets in order to expand local sourcing beyond tier 1 suppliers.

In Morocco

Groupe PSA is building an engine and vehicle assembly plant in Kenitra (near Rabat) in Morocco. The production plant will cover a total area of 100 hectares, with 60 hectares for Groupe PSA and around 40 hectares for suppliers. Work on the plant finished in 2019 and serial production has started. In 2020 the plant will increase its capacity to produce 200,000 vehicles. The local sourcing rate was initially 60% but will eventually rise to 80%. One of the major challenges concerns tier 2 and 3 suppliers, which are not yet widely established in Morocco. To achieve this localisation goal, the Group will rely on existing Moroccan suppliers and actively develop the local industry to secure additional suppliers (tier 1 as well as lower tiers).

In Algeria

Groupe PSA is investing €100 million to build an assembly plant close to Oran which will be operational in 2020 and which will have an initial annual capacity of 50,000 units, subsequently increasing to 75,000 units per year. This plant will help the Group to recover its historical market share in this important market.

Its objective is to achieve a local sourcing rate of 40% five years after starting serial production, with a first step of 15% three years after SOP. With this approach, a flawless local supply chain encouraging global players to enter into partnerships in Algeria should be supported.

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 to accompany and support the projects of equipment manufacturers and thereby help finance the recovery of the industry;
- 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 second-largest plant in Spain in terms of volume and is a key participant in the Galicia cluster of automotive companies (CEAGA). In 2018, this cluster comprised 125 automotive component companies and accounted for 22,300 direct jobs (an increase of 7.2% compared to the previous year). In 2018, vehicle production in Galicia accounted for approximately 14.1% of Spanish production. Revenue from the Galician automotive industry reached €8,650 million in 2018, a 4.3% increase on 2016. Companies in the sector

invested €270 million in 2018 to adapt to new changes required by this cutting-edge industry. The sector has invested nearly €500 million over the past two years and increased its exports by 7%, reaching another new historical maximum. Galician automotive industry exports in 2018 represented 25% 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 Figueras near Zaragoza, which is the largest plant in Spain (2018 production). In this cluster (CAAR) more than 68 companies and 7 organisations have been working together since it was founded in 2008. These 68 enterprises accounted for more than 10,000 direct jobs, and their 2018 revenue is more than €2,300 million.

– THE AUTOMOTIVE CLUSTER IN SUL-FLUMINENSE, RIO DE JANEIRO

The Group, in association with other car manufacturers and core equipment suppliers, initiated a project in 2012 to create another such cluster around its production plant in Porto Real, Brazil. The project, aimed at promoting local development and competitiveness through public-private partnerships (local authorities, universities, equipment manufacturers, etc.) led to the creation of the “Sul-Fluminense automotive cluster”.

This cluster in the southern region of the state of Rio de Janeiro where the Group's plant is located was first published in April 2013. It now comprises 18 companies, the car manufacturers and their equipment suppliers in the region. The principal members are Groupe PSA, Michelin, MAN Trucks and Nissan. The cluster's priorities for action are the improvement of road and logistical infrastructures, electric power, the telecommunications network and training. In this context to date, regular contact with governmental agencies (municipalities of the region and the state of Rio de Janeiro) is now frequent, advancing progress in the region's sustainable development and competitiveness.

– 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. This covers three projects launched to ensure that brake tubes, fuel hoses and tanks can be sourced internally from suppliers starting in early 2020.

– GROWTH OF MOROCCO'S INDUSTRIAL NETWORK

Construction works on the Kenitra plant in Morocco have been completed to a Moroccan company. 1,500 operators and 100 companies have been involved in the works. The Group achieved 60% local integration (vehicle and engine components) as the first vehicle was produced in September 2019, with a long-term goal of 80%. To achieve this 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). The plant has an initial capacity of 100,000 vehicles per year, which will be expanded to reach 200,000 vehicles per year by the end of 2020. At the end of 2019, the project has created 1,800 direct jobs for Groupe PSA, 3,700 direct jobs with our suppliers and 20,000 indirect jobs. Groupe PSA is seeking 1,600 technicians and senior engineers from 2017 until 2020, as well as production operators, training officers and team leaders.



“Kenitra Plant to Double Production Capacity as Early as 2020” 09/04/2018 press release:
<http://northafricapost.com/25226-psa-group-kenitra-plant-to-double-production-capacity-as-early-as-2020.html>

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 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 2019, 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 2019, 15 suppliers were rewarded for their commitment and the quality of their response to the Group's expectations.



"Excellence rewarded at Groupe PSA 2019 Supplier Awards" 13/06/2019 press release:
<https://media.groupe-psa.com/en/excellence-rewarded-groupe-psa%E2%80%99s-2019-supplier-awards>

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

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 2019, no cases occurred involving Groupe PSA.

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 pro-

grams 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 has 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.

8.2.2 Governance principles GRI.102-18 GRI.103-1 GRI.103-2 GRI.103-3

The Company refers to the AFEP-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/>.

A summary table in section 3.1.6. of the Universal Registration Document presents the only provision of the code which was not kept, with explanations.

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 and the status of its different members (including independent members) is detailed in chapter 3.1.2. of the 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 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 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

46%

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 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 2019, 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 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 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 Universal Registration Document.

8.2.3. Distribution of added value created by Groupe PSA GRI.103-2 GRI.103-3GRI.201-1 GRI.201-4**8.2.3.1. Key figures of value distribution****DISTRIBUTION OF ADDED VALUE** (AUTOMOTIVE AND BANKING DIVISIONS)

	2017		2018		2019	
Revenue (in millions of euros)	47,263		58,609		58,993	
Distributions	(in millions of euros)	(as a % of revenue)	(in millions of euros)	(as a % of revenue)	(in millions of euros)	(as a % of revenue)
CAPEX + R&D ⁽¹⁾	4,169	8.8%	4,804	8.2%	5,131	8.7%
Public sector ⁽²⁾	810	1.7%	999	1.7%	1,198	2.0%
Employees ⁽³⁾	484	1.0%	558	1.0%	589	1.0%
Shareholders ⁽⁴⁾	431	0.9%	474	0.8%	687	1.2%

(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 4 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 €100.1 million in 2019, versus €171.2 million in 2018, €194.8 million in 2017. 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.

As described in the Universal Registration Document, 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.102-37GRI.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 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 of 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 serve 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 are 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 will be 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 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.

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.

Among the social garages awarded by Fondation PSA, 27 of them have joined a working group which contributed to a methodological guide named "*Comment créer et développer un garage solidaire*". It was published in open source in 2018 and updated in 2019 to integrate environmental standards and the specificities of intervention on electric vehicles.



STAKEHOLDERS DIALOGUE

Eight 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 (Total, Michelin, Macif, Transdev, the French postal service, 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.



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 in 2019. 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

2019	Monetary contribution	Overhead expenses	Total	
Activities of Fondation PSA	€1,842,562	€293,776	€2,136,338	8.0%
Philanthropic activities of the Group's sites, brands and subsidiaries ⁽¹⁾	€120,000	-	€120,000	0.4%
Business initiatives (sponsoring) of the Group's brands ⁽²⁾	€24,596,341	-	€24,596,341	91.6%
TOTAL	€26,558,903	€293,776	€26,852,679	100%
	99%	1%		

(1) Included in the reporting scope sites and the brands Peugeot, Citroën, DS Automobiles, Opel and Vauxhall.

(2) Included in the reporting scope: Peugeot (France), Citroën (France), DS Automobiles and Opel.

The monetary contribution is in line with the amounts committed in 2019.

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.

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

639

projects supported since the inception of Fondation PSA



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 (two submission periods in 2019; see the website for the schedule). The projects come from recognised public interest associations or NGOs.

Since it was founded, the Foundation has donated €16.3 million to various public interest organisations. In 2019, donations totalling €1.8 million were paid to support 43 new projects in two areas in one:

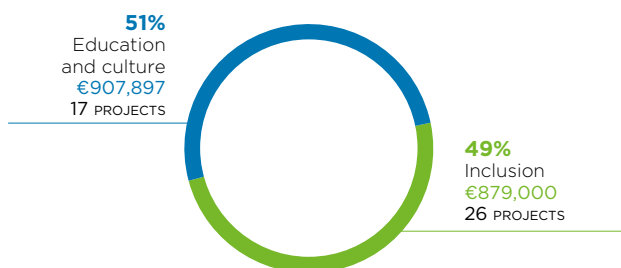
- “Mobility for Social Inclusion”: these initiatives help people join the workforce or help highly disadvantaged people, including people with disabilities;
- “Mobility to promote access to Education and Culture”: these initiatives use mobility to promote equal opportunity (including for people with disabilities) and give at-risk youth a second chance.

€1.8 million

donated to various public interest organizations in 2019

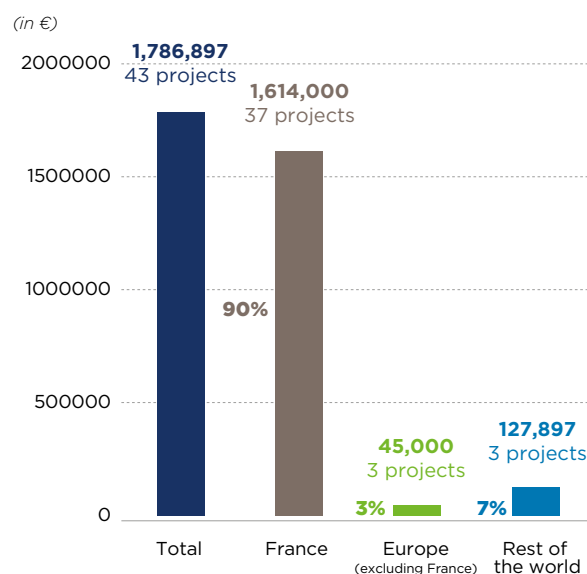
Distribution of budgets allocated in 2019 by Fondation PSA

DISTRIBUTION BY CATEGORY



- Among these projects:
- 53% are notably addressed to people with disability
 - 22% are eco-friendly projects

DISTRIBUTION BY REGION



The “Grand Prix” awards

Keen to promote volunteering among the Group’s workforce, the Foundation grants three annual “Grand Prix” awards in support of mobility-related projects sponsored by employees. In addition to the grants awarded to selected projects by selection Committees, these projects receive an additional €10,000.

- The Mobility for Social Inclusion Grand Prix is awarded by the selection Committee to a sponsored association among the winners of the Inclusion call for projects.

- The Mobility to promote access to Education-Culture Grand Prix is awarded by the selection committee to a sponsored association among the winners of the Education and Culture call for projects.
- The Grand Prix of the Public is awarded to a sponsored 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 73 solidarity garages in France, 12 of which in 2019, 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 Fondation 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 Fondation 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 program for disabled people**

In 2019, Fondation PSA has supported a project for disabled people from the adapted and sheltered sector. It will enable these workers to develop their business: aromatic and medicinal plant production activity (organic farming) and an upcycling activity that consists of recycling outdoor advertising banners to create and manufacture bags, kits and other leather goods.



Fondation PSA website, “Mobility and Social Inclusion” webpage:
<https://www.fondation-psa.com/en/inclusion>

8.3.3.2. 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 2019 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 and summer camps in the *Île-de-France* region. 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 on several meetings (Saint-Ouen in 2016, Poissy in 2017 and 2018, Rennes in 2019). 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.

In 2019, Fondation PSA has also supported 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. Sixty percent of children who visited MuMo had never been to a museum. Meanwhile, through the works of contemporary artists, Fondation PSA has decided together with another association, “*Musée en Herbe*”, to help make children aware of environmental issues.

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 conducted study, in 2019, in Eco-districts to identify good practices for a sustainable city.



Fondation PSA website, “Mobility to promote access to Education-Culture” webpage:
<https://www.fondation-psa.com/en/education-culture>

8.3.4. Local philanthropic investment

DPEF.31

DPEF.33

GRI.103-2

GRI.103-3

GRI.203-1

GRI.203-2

GRI.413-1

“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 was completed in 2014 with the certification of the Kaluga site.
- [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, 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 AFEP, 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, and it supplements Chapter 2 of the 2019 Universal Registration Document.

9.3.1. Reporting period GRI.102-50

The information and indicators in this report concern the year 2019 and were closed at the end of the period on December 31, 2019 (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 2019, was published in April 2020.

The previous report, covering financial year 2018, was published in April 2019.

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 of Order No. 2017-1180 of July 19, 2017, modified, and Articles R. 225-105 et seq. of the French Commercial Code as amended by Decree No. 2017-1265 of August 9, 2017 in application of the aforementioned Order, 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 Groupe PSA Sustainable Development Department, 7, rue Henri Sainte-Claire-Deville, 92500 Rueil-Malmaison, or contact the department by email: sustain.psa@mpsa.com.

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.

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 56%.

The Peugeot Citroen Automobile Maroc (PCAM) plant in Kenitra has also been included in the reporting since 2019.

These sites produced 3,028,422 painted cars in 2019. 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.

In 2015, the Group acquired Mister Auto, an online website selling spare parts. The CSR impacts that are considered significant for Groupe PSA are gradually incorporated into the extra-financial reporting.

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, 2018. 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/on December 31, 2019:

- “Automotive Activities” include production plant activities, R&D centres and office facilities activities (see details below), i.e. 45 sites, including 12 from OV;
- “Automotive Trade” includes the five automotive brands dealership activity (see details below), i.e. 114 sites in 2019.

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 (44 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 Rueil-Malmaison
	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:

- the headquarters of the commercial subsidiaries;
- the Group's own dealership network (of which PSA Retail);
- training centers;
- regional offices;
- Groupe PSA spare parts warehouses.

In 2019, 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.

The scope for OV garages integrated for 2019 covers the United Kingdom.

The scope of the automotive trade defined above references 114 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 (114)	Commercial subsidiaries (4)	Brazil Spain Italy (2)			
	Groupe PSA own dealership network-PSA Retail (95)	Austria Belgium France	Germany Italy Portugal	Spain United Kingdom	
	Groupe PSA commercial network out of PSA retail (out of Europe) (2)	Argentina Chile			
	Training center (1)	United Kingdom			
	Spare parts warehouses (10)	Argentina	Italy		
		Belgium			
France Italy					

9.4.1.2. Exclusions from the scope

The transport of Mister Auto parts is not included in Groupe PSA upstream or downstream logistics reporting (scope 3) but it accounts for less than 1% of Groupe PSA transport costs, which in turn accounts for 1.4% of the Group's global carbon footprint. The impact of the transport of Mister Auto parts on the Group's global carbon footprint is therefore considered to be non-material.

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. and 2.3.1.3.3.;
- joint ventures with other car manufacturers, accounted for by the equity method, due to the lack of exclusive control which are listed in sections 1.1.1.3. and 2.3.1.3.3.;
- TPCA (Toyota Peugeot Citroën Automobile), in Kolín, a joint venture with Toyota;
- DPCA (Dongfeng Peugeot Citroën Automobile), in Wuhan, a joint venture with DONGFENG MOTOR CORP.;
- CAPSA (Changan PSA Automobiles), in Shenzhen, a joint venture with Changan PSA Automobiles;
- 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;
- PSA AVTEC Powertrain Pvt. Ltd. joint venture in Hosur in the Tamil Nadu region (India), with AVTEC (CK Group);
- FAURECIA, a listed company in which Peugeot S.A. holds a 46.3% interest and which has, taking into account its business activity, complete managerial autonomy. The FAURECIA CSR reporting appears in its own publications, available *via* the links below;
- Environmental information of BANQUE PSA FINANCE, because the environmental impacts of BPF activities are not significant.

In these cooperations and joint ventures, the Group exercises its role as shareholder and 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 industrial partner.

A list of the Group's companies included in the financial reporting is published in section 5.6 of its Universal Registration Document.

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, as in 2018.

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 September 2017.

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.

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).

Financial or corporate governance information taken from the Universal Registration Document has also been verified by an external third party whose report appears in the Universal Registration Document.

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	Message of the Chairman of the Managing Board	
	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./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.	

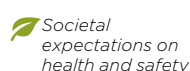
GRI Standard	Disclosure	Section number(s) and/or URL(s)	Omission
	102-29 Identifying and managing economic, environmental and social impacts	1.2.1.3./1.2.2./1.4.1./2.2.1	
	102-30 Effectiveness of risk management processes	1.4.1.1./2.1.	
	102-31 Review of economic, environmental and social topics	1.4.1.1./2.1.	
	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. Universal Registration Document: 5.6. 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.	



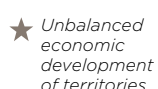
Climate change



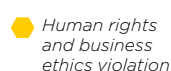
Natural resource scarcity



Societal expectations on health and safety



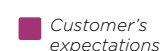
Unbalanced economic development of territories



Human rights and business ethics violation



Human capital



Customer's expectations

GRI Standard	Disclosure	Section number(s) and/or URL(s)	Omission
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./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 change



Natural resource scarcity



Societal expectations on health and safety



Unbalanced economic development of territories



Human rights and business ethics violation

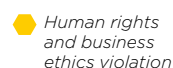
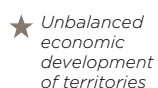
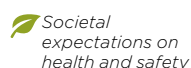
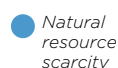


Human capital



Customer's expectations

GRI Standard	Disclosure	Section number(s) and/or URL(s)	Omission
GRI 401: Employment	401-3 Parental leave	3.3.2.3.	
	403-1 Workers, representation in formal joint management worker health and safety committees	3.3.1.5.	
GRI 403: Occupational Health and Safety	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			
	103-1 Explanation of the material topic and its boundary	3.	
GRI 103: Management Approach	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. 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			
	103-1 Explanation of the material topic and its boundary	3.	
GRI 103: Management Approach	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.	
	404-1 Average hours of training per year per employee	3.2.7.2.	
GRI 404: Training and Education	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			
	103-1 Explanation of the material topic and its boundary	4.1.	
GRI 103: Management Approach	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			
	103-1 Explanation of the material topic and its boundary	4.2.	
GRI 103: Management Approach	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			
	103-1 Explanation of the material topic and its boundary	4.3.2.	
GRI 103: Management Approach	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.	



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 (already reported since the 2018 CSR Report), 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./2.4.2.1./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./2.5.3./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
	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	102-41, 402-1, 407-1
2. Labour standards	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
3. The environment	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
	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⁾	2017	2018 ⁽²⁾	2019	For information on actions, refer to sections of 2019 CSR Report
Activity	Number of vehicles manufactured	SASB-000.A	3,649,742	3,902,378	3,445,795	1.1.1.3.
	Number of vehicles sold ⁽³⁾	SASB-000.B	3,228,400	3,877,765	3,479,096	1.1.1.4.
Product Safety	Number of safety-related defect complaints, percentage investigated	SASB-250a.2	2,927 100%	2,310 100%	3,050 100%	5.1.10.
	Number of vehicles recalled (<i>Mveh</i>) ⁽⁴⁾	SASB-250a.3				5.1.10.
	Mandatory recalls		0	0	0	
	Voluntary recalls		0.731	1.9	1.9	
Labour Practices	Percentage of active workforce covered under collective-bargaining agreements	SASB-310a.1	95%	94%	94%	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	82	80	2.3.2.
	Europe (<i>g/km</i>)		105.0	113.9	114.4	
	China (DPCA) (<i>l/100km</i>)		6.54	6.33	6.19	
	Number of zero emission vehicles (ZEV) sold	SASB-410a.2	6,231	10,387	17,606	2.3.3.
Materials Sourcing	Number of hybrid vehicles sold		441	73	0	
	Number of plug-in hybrid vehicles sold		0	0	9,808	
	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.
Materials Efficiency and Recycling	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.
	Total amount of waste from manufacturing (<i>t</i>) percentage recycled	SASB-440b.1	714,963 96.8%	986,645 97.0%	965,161 97.2%	7.2.4.
	Weight of end-of-life material recovered (<i>t</i>), percentage recycled ⁽⁵⁾	SASB-440b.2	27,663 88%	118,662 88% ⁽⁵⁾	133,262 NA⁽⁵⁾	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) After acquisition of Opel and Vauxhall on August 1st, 2017, consolidated data include Opel and Vauxhall starting in FY2018.

(3) Number of vehicles sold in 2017: 403,900 units sold for OV between August and December 2017, for a total of 3,632,300 units.











(4) Details of major campaigns is presented in § 5.1.10.

(5) 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 CSR report

Peugeot S.A.

For the year ended 31st December 2019

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 2019 (hereinafter the "CSR Information"), included in the CSR report.

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 verifier

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;
- express a reasonable assurance conclusion that a selection of CSR Information has been established, in all material aspects, in compliance with the Guidelines.

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption;
- the compliance of products and services with the applicable regulations.

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 anticorruption 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 26% and 38% 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.

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 38% and 56% 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, 31 March 2020

Independent third-party body

Grant Thornton

French member of Grant Thornton International

Vincent Frambourt
Partner

Tristan Mourre
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:** Douvrin; Kaiserslautern; Rennes; Rüsselsheim; Sochaux; Trnava; Vesoul. **For environmental information related to retail:** NL Saarbrücken - Gündingen; NL Wiesbaden; PEUGEOT SCA SIAN Lille Villeneuve d'Ascq; PEUGEOT SAC SIAN Lille Roncq; SCDPR Lille Seclin.

(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 in all mobility segments"; "Vehicle safety"; "Wise use of material in the vehicle life cycle"; "Consumer protection".

(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:** Douvrin; Kaiserslautern; Luton IBC; Porto Real; Rennes; Rüsselsheim; Sochaux; Trnava; Vesoul. **For environmental information related to retail:** NL Saarbrücken - Gündingen; NL Wiesbaden; PEUGEOT SCA SIAN Lille Villeneuve d'Ascq; PEUGEOT SAC SIAN Lille Roncq; SCDPR Lille Seclin.

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Tel.: +33 (0)1 55 32 29 74



PEUGEOT S.A.

Incorporated in France with issued capital of €904,828,213

Governed by a Managing Board and a Supervisory Board

Registered Office: 7, rue Henri Sainte-Claire Deville

92500 Rueil-Malmaison - France

552 100 554 R.C.S. Nanterre - Siret 552 100 554 00047

Phone: + 33 (0)1 55 94 81 00

groupe-psa.com