# **Groupe PSA - Climate Change 2020**

## **C0. Introduction**

## **C0.1**

### **(C0.1) Give a general description and introduction to your organization.**

With five world-renowned brands, Peugeot, Citroën, DS Automobiles, Opel, Vauxhaull and its Free2Move mobility services, Groupe PSA sold 3.479 million vehicles worldwide in 2019. The second largest carmaker in Europe, Groupe PSA recorded sales and revenue of €58,94 billion in 2019 (Automotive division - not including Faurecia and other business). The Group is one of the European leaders in terms of CO2 emissions, with an average of 107.7 grams of CO2/km for passenger cars in 2019 (Q4). Groupe PSA has sales operations in 160 countries.

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.

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Right from the design phases and for every life-cycle stage, our teams work to mitigate as much as possible the environmental impacts of vehicles (consumption management, CO2 emissions, pollutants, rational use of resources, better recyclability, etc.). Those strategic issues are handled through the roll out of our Push to Pass strategic plan.

Concerned with being fully compatible with sustainable development, Groupe PSA directs most of its research efforts towards clean technologies to address the major following issues:

> Reducing fuel consumption and emissions of vehicles (CO2 and other particles);

> Making vehicles lighter, which is virtuous in all aspects (consumption, reduced needs of raw materials, emissions);

> Improving energy efficiency of vehicles.

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All reported data and information cover exclusively Groupe PSA’s Automobile Division and its commercial network activities (excl. Faurecia and our financing activities).

Additionally, please note that the brands Opel and Vauxhall are included in the reporting since 2018 after they were acquired by Groupe PSA in August 2017. Therefore, 2018 and 2019 data are not comparable to 2017 and prior data. Nonetheless, The Group’s ambitions and the various targets (i.e. 2019, 2025 and 2035 targets) described in particular in the ‘business strategy’ section include the two brands Opel and Vauxhall. PSA’s presented the PACE! plan, a strategic plan for OV to restore financial fundamentals, enhance sustainable competitiveness and growth, but also to become a European CO2 car manufacturer leader.

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PSA overall industrial GHG emissions reduction strategy

The Group’s ambition to reduce and eventually eliminate greenhouse gas emissions (GHG) relies on reduced energy consumption through controlled production processes, reduced factory land use through more compact workshops and the use of carbon-free energy. By 2050, all plants will be carbon-neutral, which will be achieved using renewable energies and new carbon-free technologies, and by offsetting inevitable emissions.

Groupe PSA is doing its part in the global effort to combat global warming, in line with the objectives of the Paris Agreement.Indeed its objectives in terms of CO2 reduction were scientifically certified in November 2019 by the Science Based Targets initiative (SBTi).

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PSA general GHG emissions profile

A life cycle analysis conducted by the Group in 2019 (new certified methodology, please refer to the section 2 of the CSR report) provided the distribution of the overall carbon footprint of vehicles produced by Groupe PSA over a year. This analysis showed that scope 3 represents 99% of our total emissions inventory.

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PSA scope 1 and 2 GHG emissions profile

PSA scope 1+2 is composed of two main emissions sources:

The Automotive Division, that represents 1.201 MtCO2e in 2019, which accounts for 98% of PSA total scope 1+2 emissions. These emissions include 44 sites (33 manufacturing plants and 11 study centres and tertiary sites) in France and outside France and take into account OV facilities.

The Automotive Trade, that accounts for the remaining 2% of scope 1+2. These emissions are related to our commercial activities, which cover our commercial network for our brands.

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PSA scope 3 GHG emissions profile

In 2019, to further align with the SBTi recommendation and to better manage its carbon footprint, the Groupe PSA decided to go beyond the European legislation and update the carbon footprinting methodology for its sold vehicles’ emissions to real driving emissions (RDE) procedure. RDE procedure provides the most accurate estimation of PSA carbon footprint: RDE being respectively 10% and 37.5% higher than emissions measured with the Worldwide harmonized Light vehicles Test Procedure (WLTP) and NEDC methodology. This new 2019 method and associated results were verified and approved by Eco Act, a specialized firm in greenhouse gas diagnostics

These emissions are by far our major source of GHG emissions (87 MtCO2) and accounts for more than two thirds of our scope 1+2+3 emissions. If we combine sold vehicles’ fuel upstream, exhaust and maintenance emissions, more than 83% of our total footprint depend on the use of our sold products.

## **C0.2**

### **(C0.2) State the start and end date of the year for which you are reporting data.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Start date** | **End date** | **Indicate if you are providing emissions data for past reporting years** | **Select the number of past reporting years you will be providing emissions data for** |
| Reporting year | January 1 2019 | December 31 2019 | No | <Not Applicable> |

## **C0.3**

### **(C0.3) Select the countries/areas for which you will be supplying data.**

Argentina

Austria

Brazil

France

Germany

Hungary

Malaysia

Morocco

Poland

Portugal

Russian Federation

Slovakia

Spain

United Kingdom of Great Britain and Northern Ireland

## **C0.4**

### **(C0.4) Select the currency used for all financial information disclosed throughout your response.**

EUR

## **C0.5**

### **(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.**

Operational control

## **C-TO0.7/C-TS0.7**

### **(C-TO0.7/C-TS0.7) For which transport modes will you be providing data?**

Light Duty Vehicles (LDV)

## **C1. Governance**

## **C1.1**

### **(C1.1) Is there board-level oversight of climate-related issues within your organization?**

Yes

## **C1.1a**

### **(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.**

|  |  |
| --- | --- |
| **Position of individual(s)** | **Please explain** |
| Board-level committee | PSA has a two-tier management structure comprised of a Managing Board (MB), responsible for strategic and operational management, and a Supervisory Board (SB), responsible for oversight and control. Within this governance structure, the SB considers any subject that may be linked to the strategic Medium-Term Plan (MTP), and climate is a key topic. Therefore, the SB ensures that the strategy proposed and applied by the MB fits with Groupe PSA long-term vision and climate resilience, but also that related risks & opportunities stemming from climate are properly identified and managed. The MB is backed by the Executive Committee (ExCom). The ExCom 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 ExCom monitors progress against climate commitments and objectives, and reviews the “Group Top-Risks” with a focus on climate change, especially vehicle CO2 emissions, as the most strategic CSR issue for Groupe PSA. Moreover, the ExCom, and the Heads of Departments who serve as its members, play a key role in Groupe PSA climate policy: it 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 ExCom on reviewing and guiding major plans of action, annual budgets or business plans. \_\_\_ Examples of climate-related decisions made by the ExCom In 2019, the ExCom took two significant decision: 1.\_ Current and forecasted CO2 emissions of sold vehicles would be monitored monthly for all geographies. This will enable the group to meet the EU 2020 vehicles emissions target month by month, giving it more breathing space. The vehicle CO2 emissions for short-, medium- and long-term (especially where CAFE/CO2 regulation exists) will be reviewed by the Corporate CO2 committee that meets monthly to decide on action plans 2.\_Establish a joint venture named Automotive Cell Company (ACC) with SAFT (Total) to create a European champion in battery cells and modules. The project will leverage cutting-edge R&D to produce EV batteries starting in 2023. |

## **C1.1b**

### **(C1.1b) Provide further details on the board’s oversight of climate-related issues.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Frequency with which climate-related issues are a scheduled agenda item** | **Governance mechanisms into which climate-related issues are integrated** | **Scope of board-level oversight** | **Please explain** |
| Scheduled – all meetings | Reviewing and guiding strategy  Reviewing and guiding major plans of action  Monitoring implementation and performance of objectives | <Not Applicable> | Climate sensitive issues are discussed at all Supervisory Board (SB) meetings. During these meetings, the SB 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 SB 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. \_\_\_ The main governance mechanism in which climate-related issues are integrated is the Corporate CO2 committee. This committee chaired by Chairman of the Managing Board (CEO) meets monthly in order to direct the strategy regarding vehicle CO2 emissions with the Executive Committee. The main objectives of this committee are to: > Share the forecast of vehicle CO2 emission average for short-, medium- and long-term in all countries and geographical areas (especially where CAFE/CO2 regulation exists, such as in Europe, China, Brazil, Japan, Korea, India), and decide on action plans; > Share the scenarios related on hypotheses worked out by the Group’s CO2 experts using internal data related to Group’s current and future technologies, and external data related to climate scenarios and market trends (regulation assumptions, energy mix evolution, diesel shares, uptake of electrified vehicles…); > Make the necessary decisions and approving action plans worldwide (technical enablers, product plan adaptation and strategy) to ensure compliance to cover the most likely scenarios and reach CO2 emission targets. \_\_\_ Reflecting Groupe PSA commitment to embed all the 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 and validates the mid- and long- term vision about CO2 emissions from industrial and logistics activities. Moreover, during the annual review of the CSR roadmap, Groupe PSA strategic climate commitments, their implementation and their progress vs targets, are presented to the SB, in order to deliver relevant information on the CSR issues impacting the organization, especially when climate-related. |

## **C1.2**

### **(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Name of the position(s) and/or committee(s)** | **Reporting line** | **Responsibility** | **Coverage of responsibility** | **Frequency of reporting to the board on climate-related issues** |
| Chief Executive Officer (CEO) | <Not Applicable> | Both assessing and managing climate-related risks and opportunities | <Not Applicable> | More frequently than quarterly |
| Other C-Suite Officer, please specify (Chief Strategy Officer) | <Not Applicable> | Both assessing and managing climate-related risks and opportunities | <Not Applicable> | More frequently than quarterly |
| Chief Operating Officer (COO) | <Not Applicable> | Both assessing and managing climate-related risks and opportunities | <Not Applicable> | More frequently than quarterly |
| Chief Procurement Officer (CPO) | <Not Applicable> | Both assessing and managing climate-related risks and opportunities | <Not Applicable> | More frequently than quarterly |
| Chief Sustainability Officer (CSO) | <Not Applicable> | Both assessing and managing climate-related risks and opportunities | <Not Applicable> | Quarterly |

## **C1.2a**

### **(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).**

Chief Executive Officer (CEO):

1.\_Position: CEO also referred as Chairman of the Managing Board

2.\_ Responsibility: The Chairman of the Managing Board is responsible for the Group’s climate strategy and manage climate change issues throughout the Managing Board and the Corporate CO2 Committee where it both stands as chairman.

3.\_ Rationale: The Chairman of the Managing Board is directly concerned with climate-related issues insofar as chairman of the Managing board its primary function is to provide strategic decisions and anticipate the future of the Group.

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Chief Strategy Officer (CSO):

1.\_ Position: The CSO, named Executive Vice-President of Programmes and Strategy at Groupe PSA, is a member of the Managing Board and Executive Committee (ExCom) and is the head of the Automotive Strategy and Programmes Department.

2.\_ Responsibility: He 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 Strategy and 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

3.\_ Rationale: The CSO is directly concerned with climate-related issues insofar as its primary function is to anticipate deep-seated changes in market structure and regulatory landscapes (including emissions and air quality), and secondly provides orientations on the development of new vehicles and in particular low-carbon vehicles.

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Chief Operating Officer (COO):

1.\_ Position: The COO, named Executive Vice-President of Industrial at Groupe PSA, is a member of the ExCom and is the head of the Industrial Department.

2.\_ Responsibility: His role and responsibility are to coordinate the deployment of the Group’s environmental policy for manufacturing and research sites as well as within logistics policies. In addition, the COO and its Industrial Environment Department manages an annual investment plan that provides compliance operations relating to regulatory changes and the reduction of pollution and environmental risks. He is also a chairman of the Industrial and Logistics CO2 committee.

3.\_ Rationale: Like the product strategy, where the emphasis is on the development of low-carbon vehicles, the COO and its Industrial Department have been assigned climate-related responsibilities since their programs and actions participate in the Group’s efforts to reduce its carbon footprint through a reduction of direct energy consumption.

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Chief Procurement Officer (CPO)

1.\_ Position: The CPO, named Executive Vice President, Global Purchasing and Supplier Quality at Groupe PSA, is a member of the ExCom and is the head of the Global Purchasing and Supplier Quality Department.

2.\_ Responsibility: The CPO and its department determine and manage procurement policies and strategies globally and act as interface between Groupe PSA and its suppliers. They also guarantee the quality and security of the Group’s supplies, by ensuring that suppliers comply with Group standards, particularly in terms of sustainable development.

3.\_ Rationale: The CPO and its department have been assigned climate-related responsibilities since their programs and actions aim to lower carbon impact associated to the supply chain and thereby participate in the Group’s efforts to reduce its global carbon footprint.

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Chief Sustainability Officer (CSO):

1.\_ Position: The CSO, head of the Sustainable Development Delegation (SDD), reports directly to the VP of Corporate Communications, who reports to the CEO.

2.\_ Responsibility: The role of the CSO and SDD is: (1) 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 CSR ; (2) to liaise on a daily basis with CSR rating agencies and SRI investors, in particular by making every effort to provide them with information ; (3) to coordinate thinking and proposals for actions enabling the Group to prepare for the regulatory developments related to CSR; (4) to be a proponent of actions serving to underscore the Group’s CSR commitments; (5) to orchestrate each year’s reporting on the Group’s ESG performance, coordinate its verification by an independent third party and oversee the preparation of the CSR Report.

3.\_ Rationale: Given the horizontal function of the CSO and SDD and the high level of materiality of the 3 Climate-related CSR issues, and the assigned responsibilities of overall CSR compliance and performance for the Group, the CSO and SDD have to ensure integration and coordination of the climate policy in relation with head departments.

## **C1.3**

### **(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

|  |  |  |
| --- | --- | --- |
|  | **Provide incentives for the management of climate-related issues** | **Comment** |
| Row 1 | Yes |  |

## **C1.3a**

### **(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).**

|  |  |  |  |
| --- | --- | --- | --- |
| **Entitled to incentive** | **Type of incentive** | **Activity inventivized** | **Comment** |
| Chief Executive Officer (CEO) | Monetary reward | Emissions reduction target | Groupe PSA incentive scheme is composed of a COLLECTIVE compensation dependant on the achievement of annual collective Group targets and of INDIVIDUAL incentives – composed of an individual variable compensation and of a long-term compensation (for executive and senior officers): 1.\_The actual allocation of all COLLECTIVE and INDIVIDUAL variable compensations is conditional upon a trigger threshold (The same threshold is applied to all beneficiaries of variable compensation). Among the three performance indicators chosen to trigger the entitlement to variable compensation in 2020 is the level of CO2 from vehicles sold in Europe. 2.\_ Finally, as a member of the Managing Board and the Executive Committee, its allocation of free share as part of the performance share award policy is subject to targets dealing with Groupe PSA’s leading position in car efficiency in particular the level of CO2 emissions from vehicles sold in Europe that account for 15% of shares allocated. |
| Other, please specify (Chief Strategy Officer) | Monetary reward | Emissions reduction target | Groupe PSA incentive scheme is composed of a COLLECTIVE compensation dependant on the achievement of annual collective Group targets and of INDIVIDUAL incentives – composed of an individual variable compensation and of a long-term compensation (for executive and senior officers): 1.\_ The actual allocation of all COLLECTIVE and INDIVIDUAL variable compensations is conditional upon a trigger threshold (The same threshold is applied to all beneficiaries of variable compensation). Among the three performance indicators chosen to trigger the entitlement to variable compensation in 2020 is the level of CO2 from vehicles sold in Europe. 2.\_ As the head of the Programs and strategy division, its INDIVIDUAL variable compensation (10% of the maximum variable part) covers target related to the implementation of specific R&D and investment progrms aligned with the long-term ambition to reduce by 2035 average CO2 emissions of the vehicles sold worldwide. 3.\_ Finally, as a member of the Managing board, its allocation of free share as part of the performance share award policy is subject to targets dealing with Groupe PSA’s leading position in car efficiency in particular the level of CO2 emissions from vehicles sold in Europe that account for 15% of shares allocated. |
| Chief Operating Officer (COO) | Monetary reward | Emissions reduction target | Groupe PSA incentive scheme is composed of a COLLECTIVE compensation dependant on the achievement of annual collective Group targets and of INDIVIDUAL incentives – composed of an individual variable compensation and of a long-term compensation (for executive and senior officers): 1.\_The actual allocation of all COLLECTIVE and INDIVIDUAL variable compensations is conditional upon a trigger threshold (The same threshold is applied to all beneficiaries of variable compensation). Among the three performance indicators chosen to trigger the entitlement to variable compensation in 2020 is the level of CO2 from vehicles sold in Europe. 2.\_ As a member of the Executive Committee, its allocation of free share as part of the performance share award policy is subject to targets dealing with Groupe PSA’s leading position in car efficiency in particular the level of CO2 emissions from vehicles sold in Europe that account for 15% of shares allocated. 3.\_ Finally, as the head of the Manufacturing and logistics division, operational short-term CO2-reduction targets such as energy consumption to ensure the ambition of carbon-neutral industrial facilities by 2050 or reduction of CO2 emissions in the upstream and downstream supply chain worldwide to meet the 33% reduction target for logistics between 2016 and 2035 are likely considered in its annual performance evaluation |
| Chief Procurement Officer (CPO) | Monetary reward | Emissions reduction target  Supply chain engagement | Groupe PSA incentive scheme is composed of a COLLECTIVE compensation dependant on the achievement of annual collective Group targets and of INDIVIDUAL incentives – composed of an individual variable compensation and of a long-term compensation (for executive and senior officers): 1.\_ The actual allocation of all COLLECTIVE and INDIVIDUAL variable compensations is conditional upon a trigger threshold (The same threshold is applied to all beneficiaries of variable compensation). Among the three performance indicators chosen to trigger the entitlement to variable compensation in 2020 is the level of CO2 from vehicles sold in Europe. 2.\_ As a member of the Executive Committee, its allocation of free share as part of the performance share award policy is subject to targets dealing with Groupe PSA’s leading position in car efficiency in particular the level of CO2 emissions from vehicles sold in Europe that account for 15% of shares allocated. 3.\_ As the head of the purchasing division, Short-term target related to CO2- such as 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 and/or the level of local sourcing which provides a CO2 emissions reduction are likely considered its annual performance evaluation |
| Chief Sustainability Officer (CSO) | Monetary reward | Emissions reduction target | Groupe PSA incentive scheme is composed of a COLLECTIVE compensation dependant on the achievement of annual collective Group targets and of INDIVIDUAL incentives – composed of an individual variable compensation and of a long-term compensation (for executive officers): 1.\_ The actual allocation of all COLLECTIVE and INDIVIDUAL variable compensations is conditional upon a trigger threshold (The same threshold is applied to all beneficiaries of variable compensation). Among the three performance indicators chosen to trigger the entitlement to variable compensation in 2020 is the level of CO2 from vehicles sold in Europe. 2.\_ its INDIVIDUAL variable compensation includes targets related to the CSR performance of Groupe PSA which covers all CSR issues including carbon performance. 3.\_ Finally, INDIVIDUAL bonuses, salary raises are linked to the annual performance assessment which can notably take into account carbon-related targets. |
| Board/Executive board | Monetary reward | Emissions reduction target | Groupe PSA incentive scheme is composed of a COLLECTIVE compensation dependant on the achievement of annual collective Group targets and of INDIVIDUAL incentives – composed of an individual variable compensation and of a long-term compensation (for executive and senior officers): 1.\_ The actual allocation of all COLLECTIVE and INDIVIDUAL variable compensations is conditional upon a trigger threshold (The same threshold is applied to all beneficiaries of variable compensation). Among the three performance indicators chosen to trigger the entitlement to variable compensation in 2020 is the level of CO2 from vehicles sold in Europe. 2.\_ Finally, as a member of the managing board / executive committee their allocation of free share as part of the performance share award policy (Plan LTI 2020) is subject to targets dealing with Groupe PSA’s leading position in car efficiency in particular the level of CO2 emissions from vehicles sold in Europe that account for 15% of shares allocated. |
| Energy manager | Monetary reward | Efficiency target | Groupe PSA incentive scheme is composed of a COLLECTIVE compensation dependant on the achievement of annual collective Group targets and of INDIVIDUAL incentives – composed of an individual variable compensation and of a long-term compensation (for executive officers): 1.\_ The actual allocation of all COLLECTIVE and INDIVIDUAL variable compensations is conditional upon a trigger threshold (The same threshold is applied to all beneficiaries of variable compensation). Among the three performance indicators chosen to trigger the entitlement to variable compensation in 2020 is the level of CO2 from vehicles sold in Europe. 2.\_ In addition, all Energy, Environment and Facilities Managers operationally involved in facilities environmental management and energy saving have individual targets related to energy savings in terms of CO2 emission reduction 3.\_ Finally, INDIVIDUAL bonuses, salary raises are linked to the annual performance assessment which can notably take into account carbon-related targets. |
| Facilities manager | Monetary reward | Efficiency target | Groupe PSA incentive scheme is composed of a COLLECTIVE compensation dependant on the achievement of annual collective Group targets and of INDIVIDUAL incentives – composed of an individual variable compensation and of a long-term compensation (for executive officers): 1.\_ The actual allocation of all COLLECTIVE and INDIVIDUAL variable compensations is conditional upon a trigger threshold (The same threshold is applied to all beneficiaries of variable compensation). Among the three performance indicators chosen to trigger the entitlement to variable compensation in 2020 is the level of CO2 from vehicles sold in Europe. 2.\_ In addition, for all Energy, Environment and Facilities Managers operationally involved in facilities environmental management and energy saving have individual targets related to energy savings in terms of CO2 emission reduction 3.\_ Finally, INDIVIDUAL bonuses, salary raises are linked to the annual performance assessment which can notably take into account carbon-related targets. |
| Environment/Sustainability manager | Monetary reward | Efficiency target | Groupe PSA incentive scheme is composed of a COLLECTIVE compensation dependant on the achievement of annual collective Group targets and of INDIVIDUAL incentives – composed of an individual variable compensation and of a long-term compensation (for executive officers): 1.\_ The actual allocation of all COLLECTIVE and INDIVIDUAL variable compensations is conditional upon a trigger threshold (The same threshold is applied to all beneficiaries of variable compensation). Among the three performance indicators chosen to trigger the entitlement to variable compensation in 2020 is the level of CO2 from vehicles sold in Europe. 2.\_ As CSR network members, their individual compensation depends on Targets related to the CSR performance of Groupe PSA which covers all CSR issues including environmental impacts notably energy efficiency target and carbon emission reduction 3.\_ Finally, INDIVIDUAL bonuses, salary raises are linked to the annual performance assessment which can notably take into account carbon-related targets. |
| Other, please specify (Vehicle Project Manager) | Monetary reward | Efficiency target | Groupe PSA incentive scheme is composed of a COLLECTIVE compensation dependant on the achievement of annual collective Group targets and of INDIVIDUAL incentives – composed of an individual variable compensation and of a long-term compensation (for executive officers): 1.\_ The actual allocation of all COLLECTIVE and INDIVIDUAL variable compensations is conditional upon a trigger threshold (The same threshold is applied to all beneficiaries of variable compensation). Among the three performance indicators chosen to trigger the entitlement to variable compensation in 2020 is the level of CO2 from vehicles sold in Europe. 2.\_ Their individual compensation depends on Targets related to vehicle weight improvements and fuel consumption (both directly linked to vehicle CO2 performance). 3.\_ Finally, INDIVIDUAL bonuses, salary raises are linked to the annual performance assessment which can notably take into account carbon-related targets. |
| All employees | Monetary reward | Efficiency target | Groupe PSA incentive scheme is composed of a COLLECTIVE compensation dependant on the achievement of annual collective Group targets and of INDIVIDUAL incentives – composed of an individual variable compensation and of a long-term compensation (for executive officers): The actual allocation of all COLLECTIVE and INDIVIDUAL variable compensations is conditional upon a trigger threshold (The same threshold is applied to all beneficiaries of variable compensation). Among the three performance indicators chosen to trigger the entitlement to variable compensation in 2020 is the level of CO2 from vehicles sold in Europe. |
| All employees | Non-monetary reward | Other (please specify) (Various indicators related to climate change) | Groupe PSA organizes an annual internal event for employees called Inventors Awards to reward inventiveness and creativity for the employees who patented their inventions. The best projects are selected by a jury which includes Executive Committee members. The projects are also presented and submitted to the vote of the entire company for the “Prize of the public”. The winning teams receive prizes. |

## **C2. Risks and opportunities**

## **C2.1**

### **(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?**

Yes

## **C2.1a**

### **(C2.1a) How does your organization define short-, medium- and long-term time horizons?**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **From (years)** | **To (years)** | **Comment** |
| Short-term | 0 | 6 | Short term actions reflect the implementation of the strategic plan. The level of achievement is published in the annual CSR report. |
| Medium-term | 6 | 16 | The medium-term horizon (2025-2035) is monitored by the Group’s Executive Committee and presented to the Supervisory Board. |
| Long-term | 16 | 31 | Long term commitments (2035 and further) are monitored by the Group’s Executive Committee and presented to the Supervisory Board |

## **C2.1b**

### **(C2.1b) How does your organization define substantive financial or strategic impact on your business?**

1.\_ Definition of substantive financial or strategic impact when assessing climate-related risks:

Group PSA names ‘Group Top-Risks’ the risks that might have a substantive financial or strategic impact on its business. The Group Protection, Audit and Risk Management Department is in charge of assessing the magnitude of the risk as well as the degree of maturity of the risk management. As climate-related risks features among the “Group Top-Risk” (Ability to sell electric vehicles at a profit, Natural and industrial disaster, stricter CO2 emissions standards…) they are 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.

The impact on the business is assessed in residual value, i.e. after taking into account the impact of risk management measures, according to (i) the probability of their occurrence and (ii) their negative effect in monetary value should they materialise.

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2.\_ Description of the indicator(s) used to define substantive financial or strategic impact:

In addition to the ‘Group Top-Risks’, strategic CSR-related risks and opportunities are assessed in the CSR materiality analysis. The Group identified seven macro-risks (among them climate change), translated into 23 CSR issues. The risks identified are both those that may have a substantive negative consequence on the business of the company but also the extra-financial risks that the company poses for its stakeholders and the environment.

The Group relied on an external third party to guarantee fair and rigorous rating of each of the issues according to a uniform methodology.To evaluate and to compare the strategic impact of the CSR-related risks (including climate-related risks), Groupe PSA uses a twostep methodology first the importance for business performance is assessed according to three criteria:

(1) Likelihood of the threat materialising and opportunities created by the issue,

(2) 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 (€M). For example, for regulatory risks, the monetary quantification is based on the assessment of 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.

(3) Impact on long-term performance.

Secondly, Groupe PSA measures the importance of stakeholder expectations related to each climate risk, taking account of the legitimacy of each stakeholder to express an opinion on each issue.

Among the 23 CSR issues of Groupe PSA, the top 10 risk are selected to be included in the Vigilance Plan. The materiality analysis was updated in 2018, but the top 10 risks remain the same with climate-related risks on top of the list.

## **C2.2**

### **(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.**

### **Value chain stage(s) covered**

Direct operations

Upstream

Downstream

### **Risk management process**

Integrated into multi-disciplinary company-wide risk management process

### **Frequency of assessment**

More than once a year

### **Time horizon(s) covered**

Short-term

Medium-term

Long-term

### **Description of process**

The identification and the management of the climate-related risks and opportunities is a key approach for Groupe PSA to ensure its business sustainability. Since August 2018, Groupe PSA implemented the recommendations of the TCFD – both the general guidance for Non-Financial Groups and specific guidance for the Transportation. Through a TCFD index (CSR report 9.5.7), Groupe PSA disclose climate-related financial information and its strategy following the TCFD recommendations. \_\_\_ Assessment at company level PSA uses a group-wide risk analysis framework to assess, manage and report risks, including climate-related physical and transition risks and opportunities. All departments are expected to identify and constantly update the risks inherent to their activities; The principal risks in each department, i.e. those which are mostcritical (impact x probability), are reported by every department each half year in a “Department Top-Risks”. Considering the nature of Groupe PSA activities and the strategic importance of transition risks for the sustainability of the Company, transitional risks management is fully integrated at the heart of the strategy across the organization and considered in the risk analysis framework. The mapping of major risks “Group Top-Risks” is validated by the Board and presented to the Supervisory Board before decision-making. This risk management system also includes action plans and quality indicators, which are audited by the risk department of the company. The Risk Management and Control Department reports to the Corporate Secretary, who is more specifically in charge of identifying the environment and climate change regulation risks and opportunities. In addition, as part of the update of the materiality matrix, climate-related CSR are assessed by a network of CSR contributors, representing all of its business activities. The results are confirmed by a review of issues reported by industry peers and a review of information in the media, before a representative sample of the Group’s stakeholders were interviewed to ascertain their opinion. Physical risks management is mostly related to industrial assets, in this regard 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 Group structures are capable of dealing with emergency and crisis situations; > promote a risk prevention culture; > optimize the transfer to the insurance market of high frequency risks. \_\_\_ Assessment at asset level The deployment of the Risk Management System’s process is managed by Executive Risk Controllers and by the Site Risk Managers, backed as needed by a network of specialists capable of managing specific risks, such as financial risks and risks to physical assets. The Risk Management and Control Department works in close cooperation with the network of Executive Risk Controllers and Site Risk Managers, who submit the information that the Department consolidates and analyses to prepare an updated risk map. All time horizons (short, medium and long term) are considered and the resulting identified risks are presented based on their time horizon in our CSR report. \_\_\_ Case study of how the process is applied to a physical risks: natural disaster risk 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. \_\_\_ Case study of how the process is applied to a transition risks: vehicles emission requirement. Transition risks and opportunities related to emissions of products are managed by the CO2 unit that monitors and reports on the emissions performance of vehicles developed by the Group, and by the CO2 committee that makes the necessary decisions and approves action plans worldwide (technical enablers, product plan adaptation and strategy) with the objective of ensuring compliance and reaching CO2 emission targets. In April 2018, in order to manage the regulation risk related to the emissions of its cars, 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 business unit 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.

## **C2.2a**

### **(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?**

|  |  |  |
| --- | --- | --- |
|  | **Relevance & inclusion** | **Please explain** |
| Current regulation | Relevant, always included | 1.\_ Relevance explanation: Standards and regulations are becoming more stringent and prolific in response to climate change issues. This entails both large-scale investment in R&D and active monitoring to ensure that products and services fully conform to the regulations. Regulations are also deterring investors from investing in carbon-intensive activities, with the result that manufacturers must upgrade their production facilities and their product plan to make them less energy-intensive. Failing this, their assets will be devalued, and their borrowing costs will increase. Given the major financial risks related to these regulations, Groupe PSA evaluates this risk as relevant in its global risk assessment. \_\_\_ 2.\_ Example of a specific risk: Since 1 September 2017, under EU regulations (EU 2017/1151) to obtain vehicle approval, two new measurement protocols must be applied: the WLTP (Worldwide harmonized Light vehicles Test Procedure), which is conducted in a laboratory; and the RDE (Real Driving Emissions) procedure, conducted on the road in “real-life driving conditions”, which measures pollutant emissions using a PEMS (Portable Emissions Measurement System) and calculates the admissible conformity factor (the permitted discrepancy between the real-life values in-use and the statutory WLTP thresholds). Additionally, since September 2017, the admissible NOx conformity factor has been 2.1 but this will be reduced to 1 in 2020 (excluding measurement dispersion which cannot exceed 0.5). In the event of a failure to obtain approval on NOx threshold, Groupe PSA would have to engage new investment in order to comply with these regulations. |
| Emerging regulation | Relevant, always included | 1.\_ Relevance explanation: 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. Given the major financial risks related to these regulations, Groupe PSA evaluates this risk as relevant in its global risk assessment. \_\_\_ 2.\_Example of a specific risk: Europe set a target for each car manufacturer based on the average weight of vehicles sold (target for average car manufacturers: 95 gCO2/km in 2020 for 95% of the fleet in 2020 and 100% of the fleet in 2021) If these objectives are exceeded, a penalty will be applied amounting to €95 per gCO2/km and per vehicle. For Groupe PSA, this could represent approximately €240 million for 1 g/km of CO2 exceeding the target, taking into account the order of magnitude of total sales of Passenger cars in Europe, including Opel-Vauxhall. |
| Technology | Relevant, always included | 1.\_ Relevance explanation: Changes in consumers’ mobility expectations due to environmental considerations amid rapid technological upheaval, the emergence of new competitors and financial penalties for carbon-intensive products require manufacturers to keep pace with the market (as a minimum) and to invest heavily in new environmental technologies. If not, they will inevitably disappear from the market and the value of their assets will plummet. For these reasons, Groupe PSA evaluates this risk as relevant in its global risk assessment. \_\_\_ 2.\_Example of a specific risk: With the objective to electrify 100% of its vehicles range 2025 (the Group will offer an electrified powertrain for each series) and to achieve more than 50% of the Group’s sales with electric, fuel cells and hybrid vehicles, Electric mobility represent a growing market. In this context industry is also witnessing an increase in costs of battery component and raw materials as a result of both monopolistic behaviour and of consolidation of the industry. When 40% of the cost price of an electric vehicle corresponds to the cost of the electric battery, it is strategic for PSA to maintain control over our powertrain technologies. In this context, the project of a joint-venture with the French battery manufacturer Saft to develop 2 large-scale production plants in France and Germany for a combined capacity of 48 GWh by 2030 will widen competition and allow access to high performance products for Groupe PSA to feed its electrification projects, in Europe (BEV, PHEV), with a start of production in 2023. Other project are in place, the strategic partnership with Nidec Leroy-Somer focusing on designing and engineering, developing, manufacturing and selling electric traction motors aims at maintaining PSA competitiveness. |
| Legal | Not relevant, included | 1.\_Relevance explanation The Legal Affairs Department produces or checks the Group’s contractual commitments and ensures they comply with the relevant statutory and regulatory provisions, there is so far no disputes with third-parties in relation to climate change issues. In addition, PSA has implemented a robust compliance and ethics system, supported by an Ethics Committee and five Compliance Officers, which ensures that compliance programmes are effective in the most vital areas (Competition; Anti-corruption; Export control; Data privacy; Type approval). For this reason, Groupe PSA does not consider this risk as relevant in its global risk assessment. \_\_\_ 2.\_Example of a specific risk: The French Devoir de Vigilance legislation require company to effectively implement a vigilance plan in order to identify and prevent social, environmental and climate-related risks – thus creating grounds for legal action. For instance, in 2019, the NGO “Notre Affaire à Tous” sent a formal notice to 25 French multinational companies to comply with their duties and to further disclose information on the climate footprint of their supply chain and the alignment of their supplier with a 1.5°C trajectory. Out of the 25 companies benchmarked in the report, PSA was in the TOP3 companies that best manage the carbon footprint of their supply chain. |
| Market | Relevant, always included | 1.\_ Relevance explanation: There are market risks related to (1) the fall of diesel vehicles and the increase of new energy vehicles, and (2) the development of a new mobility markets. The first market risk leads to the decrease of demand for traditional products sold by PSA (i.e. diesel vehicles) and generate a change in revenue mix. The second risk is the changes in customer behaviours and expectations in mobility matters. Traditionally perceived as a tangible asset, the car is now more likely to be perceived as an object of mobility, especially by new generations. The risk for PSA is to maintain its core business model of selling petroleum and diesel vehicles, without answering this new consumer trend. This gap between the market and the potential business strategy of Groupe PSA would put forecast volumes at risk and ultimately generates a loss of fixed assets since production plants would be underutilized. For these reasons, Groupe PSA evaluates this risk as relevant in its global risk assessment. \_\_\_ 2.\_ Example of a specific risk: Towns and cities are reviewing their transport policies by increasingly discouraging the use of ICE (internal combustion engine) cars and encouraging investment and new mobility schemes. This is the case with Paris and Mexico City that decided in 2017 to implement a diesel ban in 2025 and incentivize the use of electric, hydrogen and hybrid vehicles. A more recent example is the UK government that announced in September 2018 a target of zero-emission vehicle sales (ban of internal combustion engines in new vehicles) for all new cars and vans by 2040.These local markets will be profoundly altered, which leads Groupe PSA and other automobile manufacturers to develop non-ICE vehicles as well as new mobility services in order to respond to these market changes. |
| Reputation | Relevant, always included | 1.\_ Relevance explanation: The harmful effects of atmospheric pollutants on climate, ecosystems, and natural habitats as well as human and animal health are a major public concern. Although the automotive industry is progressively moving away from the emissions diesel scandal, this revelation and the on­going investigations can still undermine the confidence and trust in the automotive industry. These threats can have two potential consequences: (1) Investors can still be reluctant to invest in the automotive industry as long as there will be suspected emissions frauds in some carmakers’ vehicles. (2) Consumers might still be influenced by the Volkswagen’s revelation and the on­going suspicions, and could alter their preferences to the benefit of petrol vehicles. Given the significant share of diesel vehicles in total sales, this situation could slow down PSA car sales, and decrease its economic performance. Moreover, the automotive parts supplied might contain critical materials like cobalt (used for the lithium ion batteries of electrified vehicles) whose production is massively located in Democratic Republic of Congo and where sourcing might face some human rights issues. For these reasons, Groupe PSA evaluates this risk as relevant in its global risk assessment. \_\_\_ 2.\_ Example of a specific risk: This reputation risk is particularly relevant for the on-going debate on real-emissions procedure (RDE) versus the laboratory test procedure (WLTP). Manufacturers that lack transparency on this issue might see their vehicle sales decrease. This is the reason why Groupe PSA established a partnership with Transport & Environment and France Nature Environnement in order to publish the real-world fuel consumption for over 1,000 of the Group’s vehicle models. To date, Groupe PSA is the only car manufacturer to have made such a commitment of transparency towards its customers. In addition, Groupe PSA passenger cars were all certified under the WLTP new laboratory test before the end of August 2018 thanks to sound technological choices made in anticipation of the regulations. In regard to human rights risks, Groupe PSA set up a risk mapping process for each purchasing commodity using the EcoVadis Rating Framework methodology. A new clause has also been added to our purchase contract for certain critical commodities. |
| Acute physical | Relevant, always included | 1.\_ Relevance explanation: The harmful effects of atmospheric pollutants on climate, ecosystems, and natural habitats as well as human and animal health are a major public concern. Although the automotive industry is progressively moving away from the emissions diesel scandal, this revelation and the on­going investigations can still undermine the confidence and trust in the automotive industry. These threats can have two potential consequences: (1) Investors can still be reluctant to invest in the automotive industry as long as there will be suspected emissions frauds in some carmakers’ vehicles. (2) Consumers might still be influenced by the Volkswagen’s revelation and the on­going suspicions, and could alter their preferences to the benefit of petrol vehicles. Given the significant share of diesel vehicles in total sales, this situation could slow down PSA car sales, and decrease its economic performance. Moreover, the automotive parts supplied might contain critical materials like cobalt (used for the lithium ion batteries of electrified vehicles) whose production is massively located in Democratic Republic of Congo and where sourcing might face some human rights issues. For these reasons, Groupe PSA evaluates this risk as relevant in its global risk assessment. \_\_\_ 2.\_ Example of a specific risk: This reputation risk is particularly relevant for the on-going debate on real-emissions procedure (RDE) versus the laboratory test procedure (WLTP). Manufacturers that lack transparency on this issue might see their vehicle sales decrease. This is the reason why Groupe PSA established a partnership with Transport & Environment and France Nature Environnement in order to publish the real-world fuel consumption for over 1,000 of the Group’s vehicle models. To date, Groupe PSA is the only car manufacturer to have made such a commitment of transparency towards its customers. In addition, Groupe PSA passenger cars were all certified under the WLTP new laboratory test before the end of August 2018 thanks to sound technological choices made in anticipation of the regulations. In regard to human rights risks, Groupe PSA set up a risk mapping process for each purchasing commodity using the EcoVadis Rating Framework methodology. A new clause has also been added to our purchase contract for certain critical commodities. |
| Chronic physical | Not relevant, included | 1.\_ Relevance explanation: Insofar, a rise of temperature or a change in annual precipitations are progressive evolutions upon which Groupe PSA can be prepared. However, if previously the water resource was inexpensive and available, the prospect of the Group’s establishment in more sensitive regions has changed this perception, 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, change in ecosystem functioning, change in relations with stakeholders due to economic and social impacts), and to comply with a developing regulatory framework, the Group is continuing its efforts in this direction through more thorough assessments of its energy-consuming activities, by establishing less water-dependent processes, and by considering the recycling of its industrial water to target zero water withdrawals by 2050, with the exception of evaporated water during the manufacturing process. For these reasons, Groupe PSA evaluates this risk as not relevant today but might reconsider its assessment in a near future. \_\_\_ 2.\_ Example of a specific risk: As mean temperature increase, chronic water stress situations become more and more frequent and intense. PSA plants require the use of significant amounts of water and may therefore be affected by water stress events. In 2019, several orders for the reduction of water withdrawal authorizations have been taken in France (from 10 to 20% reduction). From now on, these reductions have been dealt with without a decrease of our production, but it might become more impactful in the future as this kind of regulations might be enacted more regularly. |

## **C2.3**

### **(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

## **C2.3a**

### **(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

### **Identifier**

Risk 1

### **Where in the value chain does the risk driver occur?**

Direct operations

### **Risk type & Primary climate-related risk driver**

|  |  |
| --- | --- |
| Current regulation | Mandates on and regulation of existing products and services |

### **Primary potential financial impact**

Increased indirect (operating) costs

### **Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

### **Company-specific description**

Sector specific: In the decade between 2010 and 2020, regulatory requirements have been tightened worldwide and are reflected in CO2 emission and fuel consumption targets. The risk is CO2 thresholds would be too stringent for car manufacturers, with two financial consequences. (1) Firstly, complying with these new regulations require to develop CO2 efficient technologies in a very short period. Therefore, capital cost is likely to dramatically increase, while change in revenue would not be sufficient to offset those additional costs. (2) Secondly, since CO2 thresholds are particularly stringent, car manufacturers might not be able to reach these thresholds in time. In case of non­compliance with the CO2 emission thresholds, carmakers would have to pay fines and taxes. This triggers once again additional costs for car manufacturers. \_\_\_ Company specific: These risks apply for all car manufacturers. However, PSA is specifically exposed to those risks because of its geographic activities. PSA is selling light vehicles in countries where regulations on fuel consumption are severe: > CAFE Europe (Corporate Average Fuel Efficiency): objective for the average weighted > CO2 emissions of car manufacturers of 95g/km in 2021 (95g/km on 95% of the fleet in 2020 and starting 2021 for 100% of the fleet). > CAFE China: a target of 4.9 L/100km in 2020. > CAFE Brazil: if the target is exceeded, locally produced vehicles will be taxed at the same rate as imported vehicles, i.e. 30% more. > Other existing or forthcoming regulations: Japan, South Korea, Mexico, Saudi Arabia, India where Groupe PSA is present. Tax incentives have also been set up in countries like France, the Netherlands, Germany and China, together with fuel efficiency labelling measures for vehicles in Brazil, India and Korea.

### **Time horizon**

Short-term

### **Likelihood**

Virtually certain

### **Magnitude of impact**

Medium-high

### **Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

### **Potential financial impact figure (currency)**

2500000000

### **Potential financial impact figure – minimum (currency)**

<Not Applicable>

### **Potential financial impact figure – maximum (currency)**

<Not Applicable>

### **Explanation of financial impact figure**

A non­control of operational risks (non-approval of vehicles) and financial risks (payment of fines, increase in taxes) in case of non­compliance with the fuel consumption or CO2 emission thresholds set by regulations in the various Group markets could have negative financial implications. For example, CO2 regulations in Europe set a fine of €95 per vehicle sold for each gram over the set target in 2020. The annual risk for a group of PSA’s size is a shortfall of €1 to 2,5 billion in case of a failure to reach the regulatory targets in regards to European sales. No further details on calculation are disclosed due to confidentiality reasons.

### **Cost of response to risk**

1782000000

### **Description of response and explanation of cost calculation**

1.\_Organization’s response (see comment section) 2.\_ Case study 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. 3.\_Explanation of the cost of risk response > PSA is currently investing 37% of its R&D budget (=€1.59 billion) in clean technologies. Indeed, the challenge of sustainable transportation is multi-dimensional, and the Group has 360-degree approach to clean mobility and considers the entire transport eco-system and approaches GHG reduction through different aspects (aerodynamics, rolling resistance and electrical consumption…). In this context, it considers that only its overall investment in clean tech can reflect its commitment to produce ever greener vehicles. > Two joint-ventures further enable Groupe to embed the design and manufacture of key e-components of electrified powertrains. A joint venture with Nidec for a total cost of investment of 110 million euros for Groupe PSA, leading to the development of a cutting-edge range of electric motors for electrified vehicles and reducing the environmental and technological risk. > In addition, the “Punch Powertrain PSA e-transmission” joint venture. 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. > The cost of management is hence the sum of €1,590 million + €110 million (1,590 + 110 + 82 = €1,782 million euros). No further details on calculation are disclosed due to confidentiality reasons

### **Comment**

1.\_Organization’s response: To reach fuel consumption targets and CO2 thresholds, PSA is developing an increasingly low carbon offer drawing on a wide array of technological solutions, structured around 4 main objectives: > Deploying hybrid technologies with different size engines and battery capacity to meet a wide range of types of use and budgets; > Developing electric vehicles for both fleets and individual customers; > Optimizing powertrains, including more widespread use of Stop & Start systems; > Improving the overall fuel efficiency, in particular by optimizing vehicle equipment and architecture. This strategy is oversighted and monitored by the CO2 Committee, which is headed by the CEO and takes place on a monthly basis. This strategy is also based on ambitious R&D and innovation programs. Almost 18 700 employees are devoted to R&D, including the new R&D center in Germany (since the acquisition of Opel/Vauxhall) that will notably develop expertise on fuel cells and alternative fuels. \_\_\_ 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.

### **Identifier**

Risk 2

### **Where in the value chain does the risk driver occur?**

Direct operations

### **Risk type & Primary climate-related risk driver**

|  |  |
| --- | --- |
| Current regulation | Mandates on and regulation of existing products and services |

### **Primary potential financial impact**

Decreased revenues due to reduced demand for products and services

### **Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

### **Company-specific description**

Sector specific: Due to the intensity of smog pollution in urban areas, an increasing number of cities and governments are progressively adopting more stringent regulations towards automotive vehicles, by setting thresholds for fine particles and NOx emissions. This is the case in Europe, with the Air Quality Directive 2008/50/EC on ambient air quality and cleaner air. Additionally, many cities governments have recently announced their ambition to ban diesel vehicles in congested urban areas. For instance, the Mayor of Paris wants to ban diesel cars by 2024. Finally, France has recently adopted a new legislation called Crit’Air that imposes to have air quality certificates (round sticker) for every road vehicle, with the aim of restricting access of the most polluting vehicles from urban areas in periods of pollution peaks. The risk from these regulations is the loss of revenues for car manufacturers, at the benefit of soft and shared mobility services. \_\_\_ Company Specific: Although all vehicles manufacturers are facing this risk, PSA is more exposed as a producer of diesel engines. In 2019, we have sold for example 1,464,599 diesel cars in Europe (LCV and PV perimeter), or approximately 40% of the total of sold vehicles in Europe. Therefore, our sales and revenues could significantly be affected insofar as regulations tend to be strictly limited to diesel engines. Pressure on pollutant emissions also impact the ability of the sector to reach its GHG target, as more efficient diesel car (carbon-wise) are leaving the car fleet and are more often replaced by petrol engine. PSA strategy is to be less sensitive to the reduction of the diesel mix by increased electrification

### **Time horizon**

Short-term

### **Likelihood**

Likely

### **Magnitude of impact**

Medium

### **Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

### **Potential financial impact figure (currency)**

1500000000

### **Potential financial impact figure – minimum (currency)**

<Not Applicable>

### **Potential financial impact figure – maximum (currency)**

<Not Applicable>

### **Explanation of financial impact figure**

The non-approval of vehicles or the necessity to recall products with unstable performances could represent an annual financial loss of around 1 billion euros for Groupe PSA. In addition, more stringent regulations in terms of air pollutants impose car manufacturers to develop more efficient technologies that eventually increase the price of the vehicle (e.g.: the SCR (Selective Catalytic Reduction) system comes at an extra cost of €200 to €500 per car) which have represented around €500 million on 2019 sales. The potential impact is either a decrease in Groupe PSA’ sales or a decrease in profitability if this higher cost is fully supported by the Group. No further details on calculation are disclosed due to confidentiality reasons.

### **Cost of response to risk**

1782000

### **Description of response and explanation of cost calculation**

1.\_Organization’s response (see comment section) 2.\_ Case study Groupe PSA roll out engines and technologies across its ranges that drastically reduce: > particulate emissions: inventor of the Diesel Particulate Filter, 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 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 Selective Catalytic Reduction solution, reducing nitrogen oxide emissions by up to 95% and marketed since 2013 on its Euro 6 vehicles. For approval of its new vehicles in Europe, Groupe PSA committed to meet a NOx conformity factor in RDE of less than 1 (excluding measurement dispersion, limited to 0.43, which is the margin value set by the regulation). At the end 2013, of the Group launched the 3-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. 3. Explanation of the cost of risk response > PSA is currently investing 37% of its R&D budget (=€1.59 billion) in clean technologies. Indeed, the challenge of sustainable transportation is multi-dimensional, and the Group has 360-degree approach to clean mobility and considers the entire transport eco-system and approaches GHG reduction through different aspects (aerodynamics, rolling resistance…). In this context, it considers that only its overall investment in clean tech can reflect its commitment to produce ever greener vehicles > Two joint-ventures further enable Groupe to embed the design and manufacture of key e-components of electrified powertrains. A joint venture with Nidec for a total cost of investment of 110 million euros for Groupe PSA, leading to the development of a cutting-edge range of electric motors for electrified vehicles and reducing the environmental and technological risk. > In addition, the “Punch Powertrain PSA e-transmission” joint venture. will be backed by an investment of €82 million and will focus on producing the future generation of electrified dual-clutch transmissions as from 2022 > The cost of management is hence the sum of €1,590 million + €110 million (1,590 + 110 + 82 = €1,782 million euros). No further details on calculation are disclosed due to confidentiality reasons

### **Comment**

1.\_ Organization’s response : Groupe PSA has incorporated the issue of air quality into its research and development programmes for many years now, enabling it to roll out engine ranges that drastically reduce particulate and nitrogen oxide emissions. Groupe PSA is currently managing the issue of air quality in two main ways: developing disruptive technologies and modifying its industrial process. The Executive Vice President, R&D, 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. \_\_\_ > To meet growing demand from customers for gasoline, the Group has doubled its production of the engine in France in 2018, with the new production line launched in Trémery late 2017. Early 2019, the Group inaugurated a new assembly line for this engine in the Tychy plant,Poland. With this new line, the EB Turbo PureTech gasoline engine is gradually becoming a global-scale engine for Groupe PSA. The Engine is produced from 2019 onwards in Hungary, Morocco, and from 2020 in India. > The range of solutions to improve air quality also includes the electrification of vehicles, ranging from micro-hybridation such as Stop & Start, and mild hybridation (48V mild hybrid: addition of a starter-alternator and a small 48 volt battery), up to plug-in hybrid vehicles that can be recharged by the customer, as well as electric “zero-emission” vehicles using a battery or a fuel cell. 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. As an example, to respond to the increasing demand for low carbon urban mobility Citroen launch in 2019 the Citroën Ami - a transport device that is particularly well-suited to urban mobility (100% electric, compact, comfortable and protective). In 2020, mobility brand Free2Move will add Citroën Ami to its range of services in Paris: The vehicle will be available both for long- and short-term rental with no minimum rental duration with several pricing options

### **Identifier**

Risk 3

### **Where in the value chain does the risk driver occur?**

Upstream

### **Risk type & Primary climate-related risk driver**

|  |  |
| --- | --- |
| Market | Increased cost of raw materials |

### **Primary potential financial impact**

Increased direct costs

### **Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

### **Company-specific description**

Sector specific: The transition from internal combustion engines to electrified vehicles is modifying the need for raw materials, with a risk of insufficient supply of critical raw materials (e.g.: lithium, cobalt, nickel, etc.) to satisfy the production needs of automotive manufacturers. Nickel and lithium demand are for instance expected to be almost 20 times higher between today and 2030 in a recent report of McKinsey (RACE 2050, 2019), due to the large increase of batteries components. These imbalances between supply and demand may increase the price of raw materials and eventually the price of intermediate equipment sold by PSA suppliers. \_\_\_ Company Specific: PSA is highly exposed to this risk for two reasons: > As a car manufacturer, PSA needs precious metals and rare earth materials to produce its vehicles and are generally contained in intermediate products. It represents around 3% of the total value of our purchases. In total, purchases of raw materials for Europe amounted to nearly €7.3 billion in 2019 (or around 23% of the purchasing budget). > This risk of scarcity of natural resources is driven by the fact that the PSA supply chain for raw materials is globally spread. This has 2 implications: It Increases risk due to the global spread, but second also enables PSA to much faster change a raw material source / supplier if required as part of our risk management and global presence. For instance, the Group has a contractual relationship with more than 800 supplier groups, but 90% of purchases of direct material and spare parts are made with 146 supplier groups, representing 18% of the referenced supplier groups. Thus, it is still difficult to reduce the dependency on suppliers.

### **Time horizon**

Medium-term

### **Likelihood**

More likely than not

### **Magnitude of impact**

Medium

### **Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

### **Potential financial impact figure (currency)**

2000000

### **Potential financial impact figure – minimum (currency)**

<Not Applicable>

### **Potential financial impact figure – maximum (currency)**

<Not Applicable>

### **Explanation of financial impact figure**

€2M represent the sensitivity analysis of the additional raw material cost for Groupe PSA that would be caused by a 1% increase of the price of rare earth and precious metals These sensitivity analysis are conducted for all critical materials, including those linked to the transition from petrol-based vehicles to electric vehicles. They are used by Groupe PSA to evaluate the potential additional costs due to the sensitivity of raw materials pricing and the risk of market tensions due to insufficient supply. Price evolution scenarios and further details on calculation are not disclosed due to confidentiality reasons.

### **Cost of response to risk**

618000000

### **Description of response and explanation of cost calculation**

1.\_ Organization’s response In order to cope with natural resources scarcity, a Materials Strategy Committee has been set up to map materials risks, establishing a list of “strategic” materials in terms of their criticality, potential scarcity, and questionable CSR conditions. The mapping contains a Priority list of the top 30 materials as well as a strategy for each of the different materials. This mapping is designed to enable the Group to manage and secure its supply over the long term and focus its R&D work on replacement materials. In addition to its hedging strategy against price variation of strategic PSA in its product design is constantly looking to reduce its consumption of potentially scarce materials. Doing so, PSA has à 360° approach and look at the overall cost to environmental performance ratio and the overall environmental footprint of a product. \_\_\_ 2.\_Case study Groupe PSA has already signed a contract for the entire European market with an efficient partner, whose recycling rates in 2018 were 70,7% for Lithium-ion (Li-ion) batteries of electric vehicles and 82,8% for the Nickel Metal Hydrure (Ni-MH) batteries of hybrid vehicles. These rates are significantly higher than the 50% regulatory thresholds for materials recycling. The agreement covers all dealership networks and industrial sites for all current Li-ion and Ni-MH batteries across all European marketing countries. For the new generation of PHEV and BEV traction batteries, Groupe PSA will extend partnership with recyclers to cope with higher battery volumes in Europe. In terms of battery legislation, the Group is actively involved with its 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. \_\_\_ 3.\_ Explanation of the cost of risk response Research and Development department has for objective to improve the recovering and recycling process. For that, more than 7,000 employees are involved in the research and implementation studies for low carbon products (mostly in the powertrain division) for a global cost of 618 million Euros in 2019, which represents 1% of the Automobile Division revenue. No further details on calculation are disclosed due to confidentiality reasons.

### **Comment**

### **Identifier**

Risk 4

### **Where in the value chain does the risk driver occur?**

Downstream

### **Risk type & Primary climate-related risk driver**

|  |  |
| --- | --- |
| Reputation | Shifts in consumer preferences |

### **Primary potential financial impact**

Decreased revenues due to reduced demand for products and services

### **Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

### **Company-specific description**

Sector specific: The economic crisis in Europe substantially changed the people’s attitude towards vehicle ownership. In fact, with the decrease of the purchasing power, consumers are more reluctant to buy new cars, and are rather looking for new mobility services in order to optimize the use of individual cars. Carpooling is a good example of the on­going trend among the mobility market, with consumers preferring flexible and economical transportation solutions. The number of users of car- sharing services worldwide is expected to increase from 8 million to 36 million between 2015 and 2025 according to a study by Frost & Sulllivan (2016). \_\_\_ Company: Given this potential shift from manufacturing a product to delivering a car service, PSA could face two principal risks: > As a car manufacturer, the primary risk for PSA is not to be able to define and offer the most accurate mobility solutions. This risk is particularly high in Europe, where many competitors are emerging on the market of mobility services. The by-product of this risk would be the decrease of car sales. > The second risk is to engage investments for building a new business model, without knowing the financial returns. As a traditional carmaker, adapting to new customers’ expectations takes time (at least 5 years) and requires major development costs.

### **Time horizon**

Medium-term

### **Likelihood**

Likely

### **Magnitude of impact**

Medium

### **Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

### **Potential financial impact figure (currency)**

400000000

### **Potential financial impact figure – minimum (currency)**

<Not Applicable>

### **Potential financial impact figure – maximum (currency)**

<Not Applicable>

### **Explanation of financial impact figure**

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 over 56%. If Groupe PSA was not positioning itself on this emerging market (through the Push to Pass plan), it is estimated that the financial losses undergone by PSA would be around €400 million by 2021. No further details on calculation are disclosed due to confidentiality reasons.

### **Cost of response to risk**

106400000

### **Description of response and explanation of cost calculation**

1.\_ Organization’s response: PSA has developed a portfolio of mobility services that can be divided into 2 segments: B2C car-sharing and B2B car-sharing and leasing services. \_\_\_ 2.\_ Case study: The Group’s strategy to simplify mobility through sustainable, smart, safe and shared solutions, guaranteeing freedom of movement for all, is being demonstrated by: > the launch of Free2Move, its new mobility services brand which bring together all of its connected and mobility service offerings; the acquisition of TravelCar, a startup offering peer to peer carsharing, parking and car rental solutions; > the launch of Free2Move Business Solutions. These services are dedicated to corporate customers, with a connected fleet management system (Connect Fleet), a carsharing service (Fleet Sharing) and a consulting service in electro-compatibility (E-mobility advisor); > a partnership with IBM as part of the Smarter cities project currently being rolled out in 10+ metropolitan areas/regions; > the launch of the Free2Move app, a mobility services platform for sharing cars, scooters or bikes. The app is now available in 34 cities of 11 European countries and the USA .The Free2Move app allows to use the services of around 50 operators. End 2019, the app was downloaded nearly 2,000,000 times. \_\_\_ 3.\_ Explanation of the cost of risk response > To become a leading provider of mobility services, the Group has gathered all its mobility services under the umbrella of the Free2Move brand (leasing, car-sharing and more) which develops experiences of a sustainable, smart and shared mobility for all: connected mobility services, car-sharing, short term rental, leasing and corporate-vehicles fleet services… PSA dedicated business unit for mobility services whose objective is to think through the future of connectivity and mobility has more than 80 employees for an annual total cost of 6.400 M€. > Moreover, in order to rise to new mobility challenges, Groupe PSA is continuing to roll out its “Push to Pass” plan elaborated for the period 2016­2021 with the construction of a multi-services ecosystem. At the end of 2019, the group had invested €100 million in developing an ecosystem with partners operating in different car-sharing niches, primarily by investing in start­ups > The cost of management is hence the sum of 6.4 million euros + 100 million euros (6.4 + 100 = 106.4 million euros). No further details on calculation are disclosed due to confidentiality reasons.

### **Comment**

### **Identifier**

Risk 5

### **Where in the value chain does the risk driver occur?**

Direct operations

### **Risk type & Primary climate-related risk driver**

|  |  |
| --- | --- |
| Technology | Transitioning to lower emissions technology |

### **Primary potential financial impact**

Other, please specify (Research and development (R&D) expenditures in new and alternative technologies)

### **Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

### **Company-specific description**

Sector description: With the combination of stringent regulations on CO2 threshold and the shift in consumer preferences, new technologies of vehicles have emerged, in particular plug-in hybrid vehicles (PHEVs) and battery-electric vehicles (BEVs) that generate low emissions if electricity is low carbon. Indeed, the registration of this new type of vehicles with alternative engines is skyrocketing, sales of new electric battery vehicles (BEVs) worldwide surpassed 2 million units in 2019. Automotive manufacturers that do not track and follow this rapid technological upheaval are facing the risk of lagging behind, with potential impacts of losing markets and eventually disappear \_\_\_ Company specific: There is a technological risk specifically for Groupe PSA given the historical choices on vehicles technologies. Groupe PSA has been investing massively in internal combustion engine (ICE) and mostly in diesel vehicles. As a result, the diesel’s market share for Groupe PSA has always been superior to the European average market share. For instance, in 2019, diesel vehicles make up for 43% of PSA European sales while they. Given our greater dependency on diesel vehicles and the low penetration of BEVs and PHEVs in our annual sales, the technological risk is prominent.

### **Time horizon**

Short-term

### **Likelihood**

More likely than not

### **Magnitude of impact**

Medium

### **Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

### **Potential financial impact figure (currency)**

1590000000

### **Potential financial impact figure – minimum (currency)**

<Not Applicable>

### **Potential financial impact figure – maximum (currency)**

<Not Applicable>

### **Explanation of financial impact figure**

PSA is currently investing 37% of its R&D budget (=€1.59 billion) in clean technologies. Therefore, the risk of lagging behind in the EV technology race and/or of investing on technologies that face the risk to be outrun by alternative low carbon technologies is currently having an impact on the annual expenditures of the Group. No further details on calculation are disclosed due to confidentiality reasons.

### **Cost of response to risk**

1782000000

### **Description of response and explanation of cost calculation**

1.\_ Organization’s response The Automotive Programmes Department has a “Strategy” unit for anticipating deep-seated changes in market structure. This facility helps predict future-year changes in the energy mix (internal-combustion/PHEV/electric). Groupe PSA has created in 2018 a Business Unit dedicated to EVs responsible for defining and deploying the Group strategy and rolling out the related products and services. \_\_\_ 2.\_ Case study As a result of this management method, Groupe PSA is working on developing and extending two types of vehicles with low-emission vehicles: plug-in hybrid vehicles (PHEV), and electric vehicles (EV). In its Push to Pass strategic plan, the Group has committed to put 8 PHEV and 5 EV vehicles with different engines and battery capacity on the market between 2020 and. In 2025, 100% of models marketed will include an electrified version. To help it meet these targets, the Group is currently developing an EV programme. Based on an electric version of the CMP platform (e-CMP), it will spawn a new generation of EVs with lithium-ion battery technology, enabling them to run for up to 350 km (WLTP) on one charge \_\_\_ 3. Explanation of the cost of risk response > PSA is currently investing 37% of its R&D budget (=€1.59 billion) in clean technologies. Indeed, the challenge of sustainable transportation is multi-dimensional, and the Group has 360-degree approach to clean mobility and considers the entire transport eco-system and approaches GHG reduction through different aspects (aerodynamics, rolling resistance…). In this context, it considers that only its overall investment in clean tech can reflect its commitment to produce ever greener vehicles > Two joint-ventures further enable Groupe to embed the design and manufacture of key e-components of electrified powertrains. A joint venture with Nidec for a total cost of investment of 110 million euros for Groupe PSA, leading to the development of a cutting-edge range of electric motors for electrified vehicles and reducing the environmental and technological risk. > In addition, the “Punch Powertrain PSA e-transmission” joint venture. will be backed by an investment of €82 million and will focus on producing the future generation of electrified dual-clutch transmissions as from 2022 > The cost of management is hence the sum of €1,590 million + €110 million (1,590 + 110 + 82 = €1,782 million euros). No further details on calculation are disclosed due to confidentiality reasons

### **Comment**

In addition, as there is no “one-size-fits-all” technology leading to a carbon-free environment - reducing overall CO2 emissions will require a host of complementary technologies. Groupe PSA is pursuing a broad spectrum of energy carriers and powertrain technologies beyond the electrification of powertrains. This includes hydrogen fuel cells, liquid synthetic and biofuels as well as gaseous hydrocarbon fuels from various origins. Groupe PSA is also developing electric mobility offers with the aim of encouraging the use of their EVs. For instance, the Group has a “ChargeMyPeugeot” and “ChargeMyCitroen” offer, whereby customers can charge their EVs in an extensive network of public charging points.

### **Identifier**

Risk 6

### **Where in the value chain does the risk driver occur?**

Direct operations

### **Risk type & Primary climate-related risk driver**

|  |  |
| --- | --- |
| Technology | Transitioning to lower emissions technology |

### **Primary potential financial impact**

Increased indirect (operating) costs

### **Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

### **Company-specific description**

Sector specific: The automotive sector is currently under deep transformation, notably driven by electrification trends. According to the IEA (Global EV Outlook 2019) sales of new electric battery vehicles (BEVs) worldwide surpassed 2 million units in 2019 almost doubling the number of new electric car sales. When considering the New Policies Scenario from the IEA, sales of BEVs are expected to reach 32 million by 2030 increase by a 15% annual growth from on the 2020-30 period. This high demand for electric vehicles, although fostered by national governments for climate change reasons, may pose serious employment risks in the EU, including for Groupe PSA. The manufacturing of an electric vehicle is a less complex process, which tends to reduce the number of workers per produced vehicle. In addition, BEVs require less maintenance than ICE vehicles as fewer parts need to be replaced over vehicles’ lifetimes. The transition to BEVs technologies could also create a loss of added value by carmakers if they continue to invest in traditional power-train technologies and fail to obtain competence and expertise in batteries and other specific electrified technologies. \_\_\_ Company specific: Groupe PSA is particularly exposed to this risk for two main reasons. 80% of Groupe PSA sales is located in Europe, where the share of BEVs is expected to increase the most and where regulations in favor of electric vehicles are the most stringent. Moreover, manufacturing facilities are still mainly dedicated to the production of internal combustion engines (ICE) vehicles, as well as for sales where ICE vehicles account for around 90% of total sales. Given its presence in Europe and its traditional position as a carmaker, Groupe PSA is exposed to this social/employment risk.

### **Time horizon**

Medium-term

### **Likelihood**

More likely than not

### **Magnitude of impact**

Medium

### **Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

### **Potential financial impact figure (currency)**

1000000000

### **Potential financial impact figure – minimum (currency)**

<Not Applicable>

### **Potential financial impact figure – maximum (currency)**

<Not Applicable>

### **Explanation of financial impact figure**

This change of industrial system due to the rise of electrified models will be generating at least a financial impact of 1 billion euros for Groupe PSA. This amount of cost corresponds to the restructuring program implemented and still under implementation by Groupe PSA. No further details on calculation are disclosed due to confidentiality reasons. This financial figure is likely to increase in the future given the investments Groupe PSA will have to engage in order to stay competitive in the market of electrified vehicles. However, there is too much uncertainty to provide robust and serious financial figures in a mid-term future.

### **Cost of response to risk**

810000000

### **Description of response and explanation of cost calculation**

1.\_ Organization’s response (see comment section) 2.\_ Case study > Partnerships. Groupe PSA launched, in partnership with DongFeng Motor Corp, the Common Modular Platform in October 2018, which is a multi-energy platform that aims to develop ICE and electrified vehicles on the same production line. Groupe PSA also entered into a partnership with Nidec Leroy-Somer on December 2017 with the aim to design, develop, manufacture and sell a range of efficient electric traction machines. The “Nidec-PSA emotors” JV has now been operational since June 2018. Another achievement is the highly strategic decision announced in June 2018 by Groupe PSA to select Punch Powertrain as the supplier of its next–generation electrified transmission systems. In addition to widen competition and have access to high performance products to feed its electrification projects, secure its supply of batterie and maintain knowledge and control over its value chain, PSA has a project to create a JV with the battery manufacturer Saft (Groupe Total subsidiary) to develop gigafactories to produces battery cells and modules starting in 2023 in Europe > Training. The “Top Compétences” programme aims to meet the Group’s competitiveness and skill reallocation needs through training programmes. During the year 2019, 1213 employees were trained in a new Group profession through programs lasting an average of 80 hours. It represented expenditure of €2100 per beneficiary, for a very favourable cost/benefit assessment compared to costs for restructuring plans.,Most of the “Top Compétences” training paths is related to supporting employees whose job is impacted by technological developments in particular electrified powertrain. 3.\_ Explanation of the cost of risk response > Research and Development department has for objective to reduce the emissions of Groupe PSA products. For this specific purpose, more than 7000 employees are involved in the research and implementation studies (mostly in the powertrain division) for a global cost of 618 million Euros in 2019, which represents 1% of the Automobile Division revenue. > In addition, the joint ventures with Nidec and Punch Powertrain, which help to reduce to the environmental and social risk, represent an investment cost of 192 million euros for Groupe PSA. > The cost of management is hence the sum of 618 million euros + 192 million euros (618 + 192 = 810 million euros). No further details on calculation are disclosed due to confidentiality reasons.

### **Comment**

1.\_ Organization’s response (see comment section) : In order to minimize the social risk related to technological shift, Groupe PSA made various strategic business decisions (such as partnerships and vertical integration). This range of business decisions has direct impacts on jobs, in the sense that Groupe PSA is developing in-house assets and expertise, with the objective to maintain its value added. Additionally, Groupe PSA is working to anticipate transformation demands for skills and to boost its workers’ employability through the development of training programs.

## **C2.4**

### **(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

## **C2.4a**

### **(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.**

### **Identifier**

Opp1

### **Where in the value chain does the opportunity occur?**

Downstream

### **Opportunity type**

Products and services

### **Primary climate-related opportunity driver**

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

### **Primary potential financial impact**

Increased revenues resulting from increased demand for products and services

### **Company-specific description**

Sector specific: 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 sales of new electric battery vehicles (BEVs) worldwide surpassed 2 million units in 2019. \_\_\_ Company Specific: 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.

### **Time horizon**

Short-term

### **Likelihood**

Likely

### **Magnitude of impact**

Medium

### **Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

### **Potential financial impact figure (currency)**

3300000000

### **Potential financial impact figure – minimum (currency)**

<Not Applicable>

### **Potential financial impact figure – maximum (currency)**

<Not Applicable>

### **Explanation of financial impact figure**

Groupe PSA evaluates that the deployment of plug-in hybrid and electric powertrains offers potential additional revenue for the Group estimated at between 4% and 5%, or roughly 3.3 billion euros (revenue \* 4.5% = 74.7 G€ \* 4.5% = 3.3 G€).

### **Cost to realize opportunity**

1782000000

### **Strategy to realize opportunity and explanation of cost calculation**

1.\_ Organization’s strategy (see comment section) 2.\_Case study For instance, in May 2018, PSA and Nidec Leroy-Somer created a joint venture named “Nidec PSA e-motors” to face the technological challenges ahead and develop cutting-edge electric traction motors. The aim of the partnership is to design, develop, manufacture and sell a range of electric traction engines of the highest market standard. Another example is the ongoing negotiations since October 2018 between PSA and Punch Powertrain for the signature of a joint-venture agreement, named “Punch Powertrain PSA e-transmissions”, that will produce the future generation of the electrified transmission (e-DCT), starting in 2022. 3.\_ Explanation of the cost to realize opportunity > Investments in clean technologies represent 37% of our R&D costs, amounting to €4,3 billion. Therefore, around €1.59 million of our R&D costs are dedicated to clean technologies. Indeed, the challenge of sustainable transportation is multi-dimensional, and the Group has 360-degree approach to clean mobility and considers the entire transport eco-system and approaches GHG reduction through different aspects (aerodynamics, rolling resistance and electrical consumption…). In this context, it considers that only its overall investment in clean tech can reflect its commitment to produce ever greener vehicles > Two joint-ventures further enable Groupe to embed the design and manufacture of key e-components of electrified powertrains. A joint venture with Nidec for a total cost of investment of 110 million euros for Groupe PSA, leading to the development of a cutting-edge range of electric motors for electrified vehicles and reducing the environmental and technological risk. > In addition, the “Punch Powertrain PSA e-transmission” joint venture. 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 > The cost of management is hence the sum of €1,590 million + €110 million (1,590 + 110 + 82 = €1,782 million euros). No further details on calculation are disclosed due to confidentiality reasons

### **Comment**

1.\_ Organization’s strategy In order to maximize the potential opportunity related to low-carbon and low energy-consumption vehicle, Groupe PSA has engaged a strategy that consists in deploying 2 major green technologies: (i) the plug-in hybrid-electric vehicle (PHEV) and (ii) the battery electric vehicle (BEV). 4 BEV and 6 PHEV new models were launched in 2019, with the target to continue in 2020 the extension of Low Emission Vehicles offer, to reach 8 new BEV and 5 PHEV launched by end of 2021. Groupe PSA aims to develop an electrified offer covering its entire range by 2025. These objectives are supported by the creation of Low Emission Vehicles Business Unit as well as a separate department to handle the electric vehicle programs in April 2018, Those two entities will contribute define and deploy the Group’s electric vehicle strategy and roll out the related products and services and contribute to the target to have 50% of sales coming from electrified vehicles by 2035. In order to respond to these market developments and reach its targets, Groupe PSA is also re-allocating its industrial process towards the development of electric powertrains.

### **Identifier**

Opp2

### **Where in the value chain does the opportunity occur?**

Upstream

### **Opportunity type**

Resource efficiency

### **Primary climate-related opportunity driver**

Use of recycling

### **Primary potential financial impact**

Reduced indirect (operating) costs

### **Company-specific description**

Sector specific: 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. \_\_\_ Company Specific: This situation is also the case for Groupe PSA given that the direct parts purchased represent more than 75% of a PSA vehicle’s production cost. 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.

### **Time horizon**

Short-term

### **Likelihood**

Very likely

### **Magnitude of impact**

Medium

### **Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

### **Potential financial impact figure (currency)**

231000000

### **Potential financial impact figure – minimum (currency)**

<Not Applicable>

### **Potential financial impact figure – maximum (currency)**

<Not Applicable>

### **Explanation of financial impact figure**

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). Moreover, 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. Finally, in 2019 the different circular economy offerings (remanufacturing, repair and reuse of parts) generated a total revenue of €217.2 million. In total, these various cost savings and revenue generated represented around €231 million.

### **Cost to realize opportunity**

0

### **Strategy to realize opportunity and explanation of cost calculation**

1.\_ Organization’s strategy In order to exploit this opportunity of resource efficiency, the strategy of Groupe PSA is threefold: > Groupe PSA seeks to optimize production processes to reduce the use of resources by using only the quantity of raw materials necessary. Design efforts are initially carried out to optimize the packaging necessary to build a vehicle to avoid producing waste. The efforts of design have shown results since the weight of waste per vehicle produced has been halved in 20 years. > Groupe PSA also pursuing research efforts to increase the rate of recycled and natural materials in the production of new vehicles. (e.g.: recycled polymers that come from renewable resources rather than the petrochemical industry). On average, the percentage incorporation of green materials on vehicles sold worldwide in 2019 was over 30% (weighted average on 2019 PCD volumes of vehicle sales in Europe). > 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. \_\_\_ 2.\_ Case study The Carry Over program, which refers to the reuse of industrial assets (including large assets) has become one of the strategic areas of the Group’s Industrial Department over recent years. Based on the circular economy principle, the approach consists of recycling and adapting machines rather than purchasing new equipment. Machines and tools that are no longer used can be reused within the same plant, in other Group plants or even sold outside of the Group. The last illustration is the transfer of machines from Aspern to Tremery to produce electric engines. The advantages of Carry Over practices are numerous: > decreased environmental footprint at the plants: by encouraging the reuse of existing equipment rather than purchasing new equipment, this solution enables the Group to reduce its pressure on natural resources; > economic gains: Carry Over practices helped to save 30% on capital expenditure costs to launch new projects. The Company’s management (up to the highest level) is currently committed to encouraging this economical approach. \_\_\_ 3.\_ Explanation of the cost to realize opportunity The cost to realize this opportunity can be considered as 0 because there is no investment needed except maintenance and transportation of machines from one plant to another.

### **Comment**

### **Identifier**

Opp3

### **Where in the value chain does the opportunity occur?**

Downstream

### **Opportunity type**

Markets

### **Primary climate-related opportunity driver**

Access to new markets

### **Primary potential financial impact**

Increased revenues through access to new and emerging markets

### **Company-specific description**

Sector specific: 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. 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. \_\_\_ Specific Description: Thanks to Groupe PSA offers, car sharing and rental 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. Regarding autonomous vehicles, PSA’s historical capacity and agility in regard 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.

### **Time horizon**

Short-term

### **Likelihood**

Very likely

### **Magnitude of impact**

Medium

### **Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

### **Potential financial impact figure (currency)**

7470000000

### **Potential financial impact figure – minimum (currency)**

<Not Applicable>

### **Potential financial impact figure – maximum (currency)**

<Not Applicable>

### **Explanation of financial impact figure**

According to an international study by KPMG, fully autonomous cars could represent 10% of car sales by 2035, so we considered the opportunity to represent 10% of our actual sales revenue, which could give 7,470 billion euros of additional revenue by 2035 (€74.7B \* 10% = €7.47B).

### **Cost to realize opportunity**

61800000

### **Strategy to realize opportunity and explanation of cost calculation**

1.\_ Organization’s strategy 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, while optimizing the consumption of energy though soft and smooth driving. This program aims to continue and accelerate the deployment of driving assistance systems until achieving the launch of autonomous vehicles. This program relies on the test and the introduction of innovative technologies. It began with level 1 functionality (Hands on) technology in 2016, and the Group plans to introduce in 2020 level 2 (Hands Off) and then level 3 (Eyes Off) technologies at low speeds and in high-traffic conditions. Fully automated level 4 (Mind Off) technologies will be marketed beginning in 2025. Regarding the aftermarket opportunity, Groupe PSA has created in April 2018 the Circular Economy Aftermarket Business Unit, with the objective to build a sustainable and profitable business based on circular economy principles everywhere (worldwide scope) and whenever (technical limitation) it makes sense \_\_\_ 2.\_ Case study Demonstrating its technical prowess when it comes to autonomous cars, Groupe PSA was the first car manufacturer: > to obtain the permits needed to drive its autonomous prototypes on the open road, since July 2015 in France and January 2019 in China; > to perform tests with “non-expert drivers”, which it began doing in March 2017; > to go through a toll booth barrier, in autonomous mode and with connectivity (July 2017), navigate construction zones and safely stop the vehicle on the motorway (July 2019), in experiments conducted in cooperation with Vinci. \_\_\_ 3.\_Explanation of the cost to realize opportunity More than 7,000 employees are involved in the research and implementation studies for low carbon products (mostly in the powertrain division) for a global cost of 618 million Euros in 2019, which represents 1% of the Automobile Division revenue. The development of the autonomous vehicles represents around 10% of this amount (€618 x 10% = 61,8 million €). No further details on calculation are disclosed due to confidentiality reasons.

### **Comment**

### **Identifier**

Opp4

### **Where in the value chain does the opportunity occur?**

Downstream

### **Opportunity type**

Products and services

### **Primary climate-related opportunity driver**

Development and/or expansion of low emission goods and services

### **Primary potential financial impact**

Reduced indirect (operating) costs

### **Company-specific description**

Sector specific: In the next decade, regulatory requirements will be tightened worldwide and will be reflected in air pollutant emissions (NOx). One example of environmental standards is the second stage of Euro 6 with the mandatory inclusion of Real-test Driving Emissions (RDE). While many carmakers are currently facing the risk of being fined because their diesel cars emit substantially higher levels of pollution when tested in RDE, other car manufacturers that meet the new standards could have comparative advantage. \_\_\_ Company specific: Operationally speaking, this strategic advantage of PSA in terms of air pollutant emissions means that PSA is not facing additional operational cost in order to comply with these regulations. As a consequence, PSA is able to propose, due to its outstanding position in terms of air pollutant emissions, vehicles with competitive price, which is in the end likely to stimulate the demand for our products.

### **Time horizon**

Short-term

### **Likelihood**

Virtually certain

### **Magnitude of impact**

Medium-high

### **Are you able to provide a potential financial impact figure?**

Yes, an estimated range

### **Potential financial impact figure (currency)**

<Not Applicable>

### **Potential financial impact figure – minimum (currency)**

1000000000

### **Potential financial impact figure – maximum (currency)**

2000000000

### **Explanation of financial impact figure**

For approval of its new vehicles in Europe, Groupe PSA committed to meet a NOx conformity factor in RDE of less than 1 (excluding measurement dispersion which cannot exceed 0.5) from 1 September 2017, i.e. three years in advance of the 2020 statutory requirement. If Groupe PSA had failed in obtaining vehicles’ approval, the annual risk would have been around €1-2 billion. This anticipation of regulatory thresholds can be seen a financial gain of €1-2 billion on operating costs. No further details on calculation are disclosed due to confidentiality reasons.

### **Cost to realize opportunity**

618000000

### **Strategy to realize opportunity and explanation of cost calculation**

1.\_ Organization’s strategy To reach and forestall the air pollution thresholds set by regulation, PSA has adopted a core-technology strategy that can be summarized in 3 steps: > Developing the most efficient emissions control technologies; > Deploying & expanding these technologies in all the products and geographic areas where PSA operates in order to improve financial returns; > Reinvesting in R&D programs so as to engage innovative technologies in favor of environment. \_\_\_ 2.\_ Case study This core-technology strategy is demonstrated with the Blue HDi label that consists of: - an additive particulate filter which enables the removal of 99.9% of particles in terms of number, - an after-treatment system called Selective Catalytic Reduction (SCR) that eliminates up to 90% of nitrogen oxides (NOx) emitted by the engine. 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. In preparation to the second stage of Euro 6 that will impose emissions test in “Real Driving Emissions” (RDE), PSA has also taken two main actions: > the initiative of measuring fuel economy and pollutants emissions in RDE with the partnership of the NGO Transport& Environment, and; > the development of a new passive regeneration particulate filter (called GPF) that reduces sharply particulate emissions of petrol vehicles. The GPF, 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. \_\_\_ 3.\_Explanation of the cost to realize opportunity More than 7,000 employees are involved in the research and implementation studies for low carbon products (mostly in the powertrain division) for a global cost of 618 million Euros in 2018, which represents 1% of the Automobile Division revenue. More generally, R&D expenditure amounts 4.3 billion in 2018, or around 7% of the total revenue of the automotive division. No further details on calculation are disclosed due to confidentiality reasons.

### **Comment**

## **C3. Business Strategy**

## **C3.1**

### **(C3.1) Have climate-related risks and opportunities influenced your organization’s strategy and/or financial planning?**

Yes, and we have developed a low-carbon transition plan

## **C3.1a**

### **(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?**

Yes, qualitative and quantitative

## **C3.1b**

### **(C3.1b) Provide details of your organization’s use of climate-related scenario analysis.**

|  |  |
| --- | --- |
| **Climate-related scenarios and models applied** | **Details** |
| 2DS  RCP 8.5  IEA B2DS  Other, please specify (Green Constraint Scenario (BIPE)) | Scenario identification: Groupe PSA is using multiple type scenarios to assess the resilience of different aspects of its strategy: > Technology mix projections: Marketing and products division teams are using various climate-related scenarios developed by the consulting company named BIPE. The main scenario used by PSA is the "Green Constraint" reference scenario. Please note that consistency checks were performed with the 2DS scenario of the IEA and demonstrate that mix projections by energy and technologies from the Green Constraint Model were relatively similar to the results found in the 2DS scenario. > GHG emissions reduction targets: To develop its SBTi-consistent targets for scope 3 use of sold products emissions, Groupe PSA used the SDA approach for transportation sector. This approach is based on the IEA B2DS scenario. > Climate exposure to extreme climate events: 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. One of the most extreme scenarios considered in these databases is the IPCC RCP 8.5 scenario. \_\_\_ As the Green Constraint Scenario is the most strategic for PSA, we provide details of this one here below: 1.\_Methodology The Green Constraint Scenario takes into account 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. In addition, in this scenario, global agreements on climate action are found between major countries. The model used to carry out the scenario analysis is based on the WAPO bottom-up model. This model incorporates various inputs that can be summarized in 4 categories: macro-economic variables (e.g.: population, GDP), technological variables (e.g.: weight, specifications of vehicles, cost of technologies), energy variables (e.g.: resources, prices of fuels and regulation variables (e.g.: fuels taxes, air pollutants regulation). Among the range of scenarios considered, PSA is considering a scenario with diesel sales down to 10% and electric vehicles sales limited to 7% for passenger cars in Europe in 2035, in order to be ready to ensure both compliance with CO2 levels and preservation of economic performance of the company in that case. 2.\_Time horizon The scenario analysis is carried out from today to 2035. PSA has considered this specific time horizon 2018-2035 for two reasons: > The changes that are on-going in the automotive market take time, which means that technologies such as the autonomous vehicle will generate significant effects on the Group’s business only in the medium term (2025-2035). > Forecasting changes in our business leads to the adoption of strategic choices and massive investment plans that need to be considered and thought in the medium future. 3.\_ Boundaries This scenario analysis was carried out at Group-level. All geographies and entities were considered. 4.\_ Scenario results The output of this scenario is the potential market evolution by energy and technologies from today to 2035 and for 14 different geographical zones. 5.\_ Impact on the strategy 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. 6.\_ Case study/ main takeaway of the scenario analysis: 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. |

## **C3.1d**

### **(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.**

|  |  |  |
| --- | --- | --- |
|  | **Have climate-related risks and opportunities influenced your strategy in this area?** | **Description of influence** |
| Products and services | Yes | 1.\_ Description of the influence Climate risks and opportunities can impact our area of products and services because of regulatory or market effects. The shift in vehicles technologies due to current and emerging regulation and market changes requires Groupe PSA to develop new models of vehicles that would be aligned with the emerging regulation standards and with the consumer preferences. Transition climate risks and opportunities influence our short- (policy and legal risks), medium- (market and social risks) and long-term (R&D innovation opportunities) products and services strategy. \_\_\_ 2.\_ Case study The Group is for instance developing an electric vehicle programme that aims to extend our range of electric vehicles and to achieve the objective of launching 8 battery electric vehicles 5 plug in hybrid vehicles between 2020-21. Another example of impact on products is the strategic decision of the brand DS Automobiles to offer from 2025 100% of electrified models (PHEV, 100% electric, or even both). Likewise, with the change of consumer preferences towards mobility services, PSA seeks to develop new services in addition to new products. Groupe PSA has for instance launched in 2017 its Free2Move mobility services brand which brings together all of its connected mobility services offerings, including B2C and C2C car-sharing; B2B car-sharing; networked fleet management; smart services; rental activity. |
| Supply chain and/or value chain | Yes | 1.\_ Description of the influence Failure by suppliers to fulfil their commitments because of climate extreme events could lead to a serious risk of production stoppages. This situation would lead PSA to either find other suppliers with the risk of paying higher prices (which would induce an increase of operating costs) or to delay the commercial launch of new vehicles (which would induce a decrease in sales and consequently in revenue). Physical climate risks influence our medium- and long-term supply chain strategy. \_\_\_ 2.\_ Case study Those risks on supply chain led to a revision of the management process, with a Supplier Quality Development Department that is now responsible for monitoring all type of risks of suppliers’ production plants and for identifying the “signs of weakness”, including climate change exposure. |
| Investment in R&D | Yes | 1.\_ Description of the influence More stringent regulations combined with a shift in consumer preferences and the fierce competition for the development of new green technologies led automotive manufacturers to engage massive R&D projects. The impact on the business of PSA is already high since R&D investments in clean technologies represent 37% of our R&D costs, amounting to €4.3B. Therefore, around €1.6B of our R&D costs are dedicated to clean technologies Transition risks and opportunities influence our short-, medium- and long-term R&D investment strategy. \_\_\_ 2.\_Case study For instance, in July 2018, Groupe PSA set up its new multi-energy Powertrain Expertise Centre in France (Carrières-sous-Poissy), to support the energy transition by improving powertrains efficiency in reducing CO2 emissions. It was officially inaugurated in early 2019 for a total investment of €32 million and will bring 1,300 employees together in order to develop new competitive powertrains. In addition, bearing in mind the growing scarcity and increasing cost of raw materials over the long-term, the R&D Department is directly concerned with the recyclability and replacement of materials in order to better manage and secure the Group’s supply of materials over the long term. |
| Operations | Yes | 1.\_ Description of the influence The regulatory constraint and the stakeholder pressure to reduce direct CO2 emissions and increase the circular economy into PSA activity has and will continue to affect daily operations at PSA facilities. Although emissions and energy consumption used for the industrial production is limited compared to the emissions of sold products, the objective of achieving carbon-neutral plants by 2050 requires profound changes in the operations. To say it differently, risks related to energy consumption and emissions generate a revision of the industrial organization and operations with eventually the aim of reducing energy consumption. The impact on operations can also be seen in the way PSA is incorporating the circular economy approach in the construction of new assembly plants. Therefore, physical and transition risks and opportunities influence our short- (policy risks) and medium-term (resource efficiency opportunity, physical risks) operations. \_\_\_ 2.\_ Case study Capgemini, in partnership with Microsoft, has developed an application enabling Groupe PSA to monitor the CO2 emissions released by its new vehicles sold in Europe. Thanks to the application, we are able to know in real time the current status and CO2 emission forecasts for all our brands, and we can adapt our production program and our commercial policies accordingly. Indeed, CO2 emissions became a parameter as important as the margin and production volume. Data-driven control allows for effective, relevant decision-making in all areas of the company: strategy, engineering, manufacturing, trade, etc. The data provided are consulted every day - by the top management to sale representatives - to ensure the proper implementation of the plan to meet the objectives. Another example is the program Carry Over that consists in recycling and adapting machines rather than purchasing new equipment. Carry Over practices helped to save 30% on capital expenditure costs to launch new projects. |

## **C3.1e**

### **(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.**

|  |  |  |
| --- | --- | --- |
|  | **Financial planning elements that have been influenced** | **Description of influence** |
| Row 1 | Revenues  Indirect costs  Capital expenditures  Acquisitions and divestments  Access to capital  Assets  Liabilities | 1.\_ Description of the influence > Revenues, capital expenditure, acquisitions and divestments strategies are strongly influenced by the evolution of the market, and especially the emergence of new forms of mobility such as car-sharing, car-pooling, and connected services. Given that this new mobility market is made up of many start-up and tech companies, traditional actors including Groupe PSA are reducing risks and exploiting opportunities through the acquisitions of promising and emerging companies. > Operating (indirect) costs and our access to capital strategy are directly impacted by the current and emerging standards and regulations. The regulatory risk leads automotive manufacturers, including PSA, to dedicate specific human resources for ensuring that products and services fully conform to the regulations. Moreover, regulations are deterring investors from investing in carbon-intensive activities, with the result that manufacturers must upgrade their production facilities and product plan to make them less energy-intensive. > Physical risks already have had and will continue to impact our assets worldwide and to our liabilities. The increase of frequency and intensity of extreme events could impact the industrial facilities, could deteriorate the industrial equipment and could even disrupt the production process. Liabilities are influenced through the premium strategy of our insurers. Insurers take into account two criteria for setting their premium rates for insurance and claims compensation. They analyse the impact of natural events on their entire portfolio and the exposure of the group's sites to natural events. High claims may lead insurers to raise their rates or at least refuse any premium. Overall, climate risks and opportunities influence our short- (e.g. revenues), medium- (e.g. operating costs) and long-term (e.g. acquisitions) financial planning. \_\_\_ 2.\_ Most relevant case study Engaging new industrial strategy requires enormous financial capital that has a deeper impact on the financial planning process than other risks and opportunities. For instance, the total investment for the Common Modular Platform with DongFeng Motor Corp. (€200M), the joint-venture with Nidec (€110M) and the new mobility services fund that aims at investing in risk capital primarily in start-ups (€100M) reaches more than €400 million. |

## **C3.1f**

### **(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).**

## **C4. Targets and performance**

## **C4.1**

### **(C4.1) Did you have an emissions target that was active in the reporting year?**

Both absolute and intensity targets

## **C4.1a**

### **(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.**

### **Target reference number**

Abs 1

### **Year target was set**

2013

### **Target coverage**

Business division

### **Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

### **Base year**

2012

### **Covered emissions in base year (metric tons CO2e)**

681409

### **Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

90

### **Target year**

2025

### **Targeted reduction from base year (%)**

26

### **Covered emissions in target year (metric tons CO2e) [auto-calculated]**

504242.66

### **Covered emissions in reporting year (metric tons CO2e)**

562367

### **% of target achieved [auto-calculated]**

67.1922217278971

### **Target status in reporting year**

Replaced

### **Is this a science-based target?**

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

### **Please explain (including target coverage)**

This target has been replaced by a new SBTi-approved target (Abs 3).

### **Target reference number**

Abs 2

### **Year target was set**

2013

### **Target coverage**

Business division

### **Scope(s) (or Scope 3 category)**

Scope 2 (market-based)

### **Base year**

2012

### **Covered emissions in base year (metric tons CO2e)**

235196

### **Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

100

### **Target year**

2050

### **Targeted reduction from base year (%)**

100

### **Covered emissions in target year (metric tons CO2e) [auto-calculated]**

0

### **Covered emissions in reporting year (metric tons CO2e)**

161081

### **% of target achieved [auto-calculated]**

31.5120155104679

### **Target status in reporting year**

Replaced

### **Is this a science-based target?**

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

### **Please explain (including target coverage)**

This target is based on the boundary of our PCA Division worldwide (with foundry activities, OV excluded), which comprises 90% of our 2012 Scope 1+2 emissions. PCA is Groupe PSA’s Automobile Division. Groupe PSA considers this target as science-based since the level of reduction required to stay under 2°C is between 49%-72% by 2050 from 2010 according to the IPCC Fifth Assessment Report. The Group’s ambition to reduce and eventually eliminate GHG emissions relies on (1) reduced energy consumption through controlled production processes, (2) reduced factory land use through more compact workshops, (3) the use of carbon-free energy and (iv) the offsetting residual emissions.

### **Target reference number**

Abs 3

### **Year target was set**

2019

### **Target coverage**

Business division

### **Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

### **Base year**

2018

### **Covered emissions in base year (metric tons CO2e)**

1274488

### **Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

96

### **Target year**

2034

### **Targeted reduction from base year (%)**

20

### **Covered emissions in target year (metric tons CO2e) [auto-calculated]**

1019590.4

### **Covered emissions in reporting year (metric tons CO2e)**

1179740

### **% of target achieved [auto-calculated]**

37.171005140888

### **Target status in reporting year**

New

### **Is this a science-based target?**

Yes, this target has been approved as science-based by the Science-Based Targets initiative

### **Please explain (including target coverage)**

This target covers Groupe PSA’s Automobile Division. More specifically, it covers all industrial activities of Groupe PSA worldwide (Europe, Russia, Latin America) and includes foundries, components plants, car plants, central warehouses, R&D facilities and offices. PSA’s nonindustrial activities (financing activities and commercial network activities) have been excluded, as they only represented 0,03 % of PSA’s total scope 1+2+3 emissions in 2018. In the same way, cars refrigerant (HFC) have been excluded as they only represented 0,01% of PSA’s total scope 1+2+3 emissions in 2018. Additionally, please note that the brands Opel and Vauxhall have been included in the target.

## **C4.1b**

### **(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).**

### **Target reference number**

Int 1

### **Year target was set**

2013

### **Target coverage**

Business division

### **Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

### **Intensity metric**

Metric tons CO2e per vehicle produced

### **Base year**

2012

### **Intensity figure in base year (metric tons CO2e per unit of activity)**

0.339

### **% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure**

90

### **Target year**

2025

### **Targeted reduction from base year (%)**

26

### **Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]**

0.25086

### **% change anticipated in absolute Scope 1+2 emissions**

-26

### **% change anticipated in absolute Scope 3 emissions**

0

### **Intensity figure in reporting year (metric tons CO2e per unit of activity)**

0.341

### **% of target achieved [auto-calculated]**

-2.2691173133651

### **Target status in reporting year**

Replaced

### **Is this a science-based target?**

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science Based Targets initiative

### **Please explain (including target coverage)**

This target has been replaced by a new target (Int 6) that integrates OV and that is consistent with the reference years of our other new targets.

### **Target reference number**

Int 2

### **Year target was set**

2013

### **Target coverage**

Business division

### **Scope(s) (or Scope 3 category)**

Scope 3: Use of sold products

### **Intensity metric**

Grams CO2e per kilometer

### **Base year**

2012

### **Intensity figure in base year (metric tons CO2e per unit of activity)**

153.3

### **% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure**

77

### **Target year**

2025

### **Targeted reduction from base year (%)**

30

### **Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]**

107.31

### **% change anticipated in absolute Scope 1+2 emissions**

0

### **% change anticipated in absolute Scope 3 emissions**

-30

### **Intensity figure in reporting year (metric tons CO2e per unit of activity)**

122.64

### **% of target achieved [auto-calculated]**

66.6666666666667

### **Target status in reporting year**

Underway

### **Is this a science-based target?**

No, but we are reporting another target that is science-based

### **Please explain (including target coverage)**

This target covers emissions from the ‘consumption of sold products’ and the related consumed ‘fuel upstream’. Indeed, the ‘Use of sold products’ emissions is actually the addition of three sources from the PSA Life Cycle Analysis: ‘direct consumption of sold vehicles’, ‘related consumed fuel upstream’ and ‘maintenance’. While emissions associated with maintenance are also the consequence of the use of PSA sold products, they are not included in PSA target for two reasons. Firstly, emissions from sold vehicles’ maintenance are significantly low (1.4% of LCA emissions). Secondly, maintenance activities are not strictly correlated to PSA sales, as opposed to ‘related consumed fuel upstream’. The emissions reported in this target have been computed through the official NEDC system. Please note that for the calculation of the anticipated change in absolute scope 3 emissions, it is assumed that vehicles sales do not vary between 2012 and 2025 due to confidential data. \_\_\_ The same target was reported last year, under the same reference: Int 2. This target has been supplemented in 2019 by the new SBTi-approved target (Int 5). Therefore, PSA have three targets related to the use of its sold products: > Int 2 that covers the period 2012-2025 (tank-to-wheel, NEDC, -30%); > Int 3 that covers the period 2012-2035 (tank-to-wheel, NEDC, -55%); and > Int 5 that covers the period 2018-2034 (well-to-wheel, real-driving conditions, -37%). PSA follows all three targets as they all have different boundaries and they complement each other.

### **Target reference number**

Int 3

### **Year target was set**

2013

### **Target coverage**

Business division

### **Scope(s) (or Scope 3 category)**

Scope 3: Use of sold products

### **Intensity metric**

Grams CO2e per kilometer

### **Base year**

2012

### **Intensity figure in base year (metric tons CO2e per unit of activity)**

153.3

### **% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure**

77

### **Target year**

2035

### **Targeted reduction from base year (%)**

55

### **Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]**

68.985

### **% change anticipated in absolute Scope 1+2 emissions**

0

### **% change anticipated in absolute Scope 3 emissions**

-55

### **Intensity figure in reporting year (metric tons CO2e per unit of activity)**

122.64

### **% of target achieved [auto-calculated]**

36.3636363636364

### **Target status in reporting year**

Underway

### **Is this a science-based target?**

No, but we are reporting another target that is science-based

### **Please explain (including target coverage)**

This target covers emissions from the ‘consumption of sold products’ and the related consumed ‘fuel upstream’. Indeed, the ‘Use of sold products’ emissions is actually the addition of three sources from the PSA Life Cycle Analysis: ‘direct consumption of sold vehicles’, ‘related consumed fuel upstream’ and ‘maintenance’. While emissions associated with maintenance are also the consequence of the use of PSA sold products, they are not included in PSA target for two reasons. Firstly, emissions from sold vehicles’ maintenance are significantly low (1.4% of LCA emissions). Secondly, maintenance activities are not strictly correlated to PSA sales, as opposed to ‘related consumed fuel upstream’. The emissions reported in this target have been computed through the official NEDC system. Please note that for the calculation of the anticipated change in absolute scope 3 emissions, it is assumed that vehicles sales do not vary between 2012 and 2025 due to confidential data. \_\_\_ The same target was reported last year, under the same reference: Int 3. This target has been supplemented in 2019 by the new SBTi-approved target (Int 5). Therefore, PSA have three targets related to the use of its sold products: > Int 2 that covers the period 2012-2025 (tank-to-wheel, NEDC, -30%); > Int 3 that covers the period 2012-2035 (tank-to-wheel, NEDC, -55%); and > Int 5 that covers the period 2018-2034 (well-to-wheel, real-driving conditions, -37%). PSA follows all three targets as they all have different boundaries and they complement each other.

### **Target reference number**

Int 4

### **Year target was set**

2017

### **Target coverage**

Business division

### **Scope(s) (or Scope 3 category)**

Scope 3 (upstream & downstream)

### **Intensity metric**

Other, please specify (kgCO2 / car transported ; Please note that our target is in kgCO2/car, as mentioned in the metric column, and not in tonsCO2/car, as suggested by the legend in the normalized baseline year emissions covered by metric.)

### **Base year**

2016

### **Intensity figure in base year (metric tons CO2e per unit of activity)**

0.263

### **% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure**

1

### **Target year**

2035

### **Targeted reduction from base year (%)**

33

### **Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]**

0.17621

### **% change anticipated in absolute Scope 1+2 emissions**

0

### **% change anticipated in absolute Scope 3 emissions**

-1

### **Intensity figure in reporting year (metric tons CO2e per unit of activity)**

0.259

### **% of target achieved [auto-calculated]**

4.60882590160157

### **Target status in reporting year**

Underway

### **Is this a science-based target?**

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science Based Targets initiative

### **Please explain (including target coverage)**

Although this target has not been validated by the Science-Based Target Initiative (SBTi), this target is equivalent to a -2.1% reduction per year, in line with the Paris Agreement. Groupe PSA aims to attain this target 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).

### **Target reference number**

Int 5

### **Year target was set**

2019

### **Target coverage**

Business division

### **Scope(s) (or Scope 3 category)**

Scope 3: Use of sold products

### **Intensity metric**

Grams CO2e per kilometer

### **Base year**

2018

### **Intensity figure in base year (metric tons CO2e per unit of activity)**

100

### **% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure**

82

### **Target year**

2034

### **Targeted reduction from base year (%)**

37

### **Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]**

63

### **% change anticipated in absolute Scope 1+2 emissions**

0

### **% change anticipated in absolute Scope 3 emissions**

-25

### **Intensity figure in reporting year (metric tons CO2e per unit of activity)**

94

### **% of target achieved [auto-calculated]**

16.2162162162162

### **Target status in reporting year**

Underway

### **Is this a science-based target?**

Yes, this target has been approved as science-based by the Science Based Targets initiative

### **Please explain (including target coverage)**

This target covers the emissions related to the use of all our new vehicles sold worldwide. Use of sold products-related emissions used in the computation of this SBTi target is different from the emissions provided in the CDP sections 5 and 6. This is due to a specific methodology development for the purpose of this SBT submission that requires monitoring a carbon intensity expressed in well-to-wheel emissions for on-road conditions. Thus, emissions were derived from existing CO2 monitoring with specific adjustments to express emissions in WLTP perimeter (that represents an increase of 25% compared to the NEDC value), and then projected for on-road conditions with the assumption of a 10% gap as suggested in the “Transport Science-Based Target-Setting Guidance”. The volume of sold vehicles have been projected in the future through an increase consistent with the SBTi criteria related to the transport sector. Please note that the brands Opel and Vauxhall are included in the target, as in all other targets. In order to facilitate comparisons with other OEMs and to align with the SBTi disclosure principles, the figures provided for the base and reporting years are computed through a 100 basis in 2018 (which is the base year) instead of the actual intensity figures. These values are the ones reported in our CSR report, which therefore allows to get consistency between our CDP answer and our CSR report.

### **Target reference number**

Int 6

### **Year target was set**

2019

### **Target coverage**

Business division

### **Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

### **Intensity metric**

Metric tons CO2e per vehicle produced

### **Base year**

2018

### **Intensity figure in base year (metric tons CO2e per unit of activity)**

0.372

### **% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure**

96

### **Target year**

2034

### **Targeted reduction from base year (%)**

30

### **Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]**

0.2604

### **% change anticipated in absolute Scope 1+2 emissions**

20

### **% change anticipated in absolute Scope 3 emissions**

0

### **Intensity figure in reporting year (metric tons CO2e per unit of activity)**

0.339

### **% of target achieved [auto-calculated]**

29.5698924731182

### **Target status in reporting year**

Underway

### **Is this a science-based target?**

No, but we are reporting another target that is science-based

### **Please explain (including target coverage)**

This new target has been set in order to be consistent with our new scope 1+2 absolute target (Abs 3). This target includes OV, while the previous one (Int 1) don't, and have the same reference years as our scope 1+2 absolute target, i.e. 2018-2034 (Abs 3). This target covers all of scope 1+2 emissions related to Groupe PSA's Automotive Division. More specifically, it covers all industrial activities of Groupe PSA worldwide (Europe, Russia, Latin America) and includes foundries, components plants, car plants, central warehouses, R&D facilities and offices. PSA’s nonindustrial activities (financing activities and commercial network activities) have been excluded, as they only represented 0,03 % of PSA’s total scope 1+2+3 emissions in 2018. In the same way, cars refrigerant (HFC) have been excluded as they only represented 0,01% of PSA’s total scope 1+2+3 emissions in 2018.

## **C4.2**

### **(C4.2) Did you have any other climate-related targets that were active in the reporting year?**

Target(s) to increase low-carbon energy consumption or production

Other climate-related target(s)

## **C4.2a**

### **(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.**

### **Target reference number**

Low 1

### **Year target was set**

2013

### **Target coverage**

Business division

### **Target type: absolute or intensity**

Absolute

### **Target type: energy carrier**

Electricity

### **Target type: activity**

Consumption

### **Target type: energy source**

Renewable energy source(s) only

### **Metric (target numerator if reporting an intensity target)**

Percentage

### **Target denominator (intensity targets only)**

<Not Applicable>

### **Base year**

2010

### **Figure or percentage in base year**

12

### **Target year**

2025

### **Figure or percentage in target year**

24

### **Figure or percentage in reporting year**

21

### **% of target achieved [auto-calculated]**

75

### **Target status in reporting year**

Underway

### **Is this target part of an emissions target?**

Abs 2, Abs 3 and Int 1.

### **Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

### **Please explain (including target coverage)**

This target covers the production units (plants) of the group. 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.

## **C4.2b**

### **(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.**

### **Target reference number**

Oth 1

### **Year target was set**

2018

### **Target coverage**

Business division

### **Target type: absolute or intensity**

Absolute

### **Target type: category & Metric (target numerator if reporting an intensity target)**

|  |  |
| --- | --- |
| Engagement with suppliers | Percentage of suppliers setting emissions reduction targets |

### **Target denominator (intensity targets only)**

<Not Applicable>

### **Base year**

2018

### **Figure or percentage in base year**

0

### **Target year**

2035

### **Figure or percentage in target year**

100

### **Figure or percentage in reporting year**

67.7

### **% of target achieved [auto-calculated]**

67.7

### **Target status in reporting year**

Underway

### **Is this target part of an emissions target?**

No.

### **Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

### **Please explain (including target coverage)**

This target covers Group PSA's direct material purchase key partners and key suppliers based on turnover. Key partners and key suppliers represented almost 58% of Groupe PSA direct material purchase value in 2018. The aim is that key partners and key suppliers must have CO2 emissions reduction targets compliant with the Paris Agreement (SBT, or 2°C similar targets). This measure has been implemented in the suppliers’ business reviews in 2018. Baseline is valued at zero because this information was not monitored before.

## **C4.3**

### **(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.**

Yes

## **C4.3a**

### **(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.**

|  |  |  |
| --- | --- | --- |
|  | **Number of initiatives** | **Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked \*)** |
| Under investigation | 0 | 0 |
| To be implemented\* | 2 | 0 |
| Implementation commenced\* | 24 | 4939 |
| Implemented\* | 76 | 10672 |
| Not to be implemented | 0 | 0 |

## **C4.3b**

### **(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.**

### **Initiative category & Initiative type**

|  |  |
| --- | --- |
| Energy efficiency in buildings | Heating, Ventilation and Air Conditioning (HVAC) |

### **Estimated annual CO2e savings (metric tonnes CO2e)**

2200

### **Scope(s)**

Scope 1

### **Voluntary/Mandatory**

Voluntary

### **Annual monetary savings (unit currency – as specified in C0.4)**

318000

### **Investment required (unit currency – as specified in C0.4)**

0

### **Payback period**

<1 year

### **Estimated lifetime of the initiative**

11-15 years

### **Comment**

### **Initiative category & Initiative type**

|  |  |
| --- | --- |
| Energy efficiency in production processes | Waste heat recovery |

### **Estimated annual CO2e savings (metric tonnes CO2e)**

1419

### **Scope(s)**

Scope 1

### **Voluntary/Mandatory**

Voluntary

### **Annual monetary savings (unit currency – as specified in C0.4)**

286625

### **Investment required (unit currency – as specified in C0.4)**

0

### **Payback period**

<1 year

### **Estimated lifetime of the initiative**

11-15 years

### **Comment**

### **Initiative category & Initiative type**

|  |  |
| --- | --- |
| Energy efficiency in production processes | Process optimization |

### **Estimated annual CO2e savings (metric tonnes CO2e)**

4456

### **Scope(s)**

Scope 1

Scope 2 (market-based)

### **Voluntary/Mandatory**

Please select

### **Annual monetary savings (unit currency – as specified in C0.4)**

1686455

### **Investment required (unit currency – as specified in C0.4)**

488675

### **Payback period**

<1 year

### **Estimated lifetime of the initiative**

11-15 years

### **Comment**

### **Initiative category & Initiative type**

|  |  |
| --- | --- |
| Energy efficiency in buildings | Lighting |

### **Estimated annual CO2e savings (metric tonnes CO2e)**

513

### **Scope(s)**

Scope 2 (market-based)

### **Voluntary/Mandatory**

Voluntary

### **Annual monetary savings (unit currency – as specified in C0.4)**

138240

### **Investment required (unit currency – as specified in C0.4)**

250125

### **Payback period**

1-3 years

### **Estimated lifetime of the initiative**

3-5 years

### **Comment**

### **Initiative category & Initiative type**

|  |  |
| --- | --- |
| Energy efficiency in production processes | Machine/equipment replacement |

### **Estimated annual CO2e savings (metric tonnes CO2e)**

424

### **Scope(s)**

Scope 2 (market-based)

### **Voluntary/Mandatory**

Please select

### **Annual monetary savings (unit currency – as specified in C0.4)**

146078

### **Investment required (unit currency – as specified in C0.4)**

225167

### **Payback period**

1-3 years

### **Estimated lifetime of the initiative**

11-15 years

### **Comment**

### **Initiative category & Initiative type**

|  |  |
| --- | --- |
| Other, please specify | Other, please specify (All other implemented initiatives) |

### **Estimated annual CO2e savings (metric tonnes CO2e)**

1660

### **Scope(s)**

Scope 1

Scope 2 (market-based)

### **Voluntary/Mandatory**

Voluntary

### **Annual monetary savings (unit currency – as specified in C0.4)**

356517

### **Investment required (unit currency – as specified in C0.4)**

247904

### **Payback period**

<1 year

### **Estimated lifetime of the initiative**

11-15 years

### **Comment**

## **C4.3c**

### **(C4.3c) What methods do you use to drive investment in emissions reduction activities?**

|  |  |
| --- | --- |
| **Method** | **Comment** |
| Compliance with regulatory requirements/standards | Groupe PSA is anticipating and financing compliance with all climate change regulations in all countries where it operates. |
| Dedicated budget for low-carbon product R&D | PSA 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. |
| Partnering with governments on technology development | Groupe PSA is involved in 5 automotive clusters where governments, companies and universities’ research departments work together on specific R&D projects related to low carbon mobility. Additionally, PSA has participated to the launch of VEDECOM (Carbon-free and Communicating Vehicle and its Mobility). VEDECOM is an energy transition institute which represents a unique research ecosystem in France made up of nearly 40 members that forms an unprecedented collaboration between companies from the automotive and aeronautic sectors, infrastructure and service operators from the mobility ecosystem, academic and local government research institutions in the Paris region. This ITE addresses the challenges of the autonomous vehicles and mobility of the future. Its role is to actively drive innovation, research and training applied to transport and responsible mobility. To reach its goal of becoming a European leader, VEDECOM focuses its research on the following three areas: > Electrification of vehicles; > Self-driving cars and connectivity; > Shared mobility and energy. |
| Other | Partnerships with energy suppliers to incite them to provide the with less emitting energy and to use renewable energy. Partnership with our suppliers to promote energy efficiency initiatives. |
| Internal price on carbon | PSA implemented 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. |
| Marginal abatement cost curve | Based on its internal carbon price, PSA engages every action that has a marginal abatement cost (€/kgCO2e) below a certain threshold. |

## **C4.5**

### **(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?**

Yes

## **C4.5a**

### **(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.**

### **Level of aggregation**

Group of products

### **Description of product/Group of products**

Low-emission vehicles (vehicles whose CO2 emission is lower than 100 gCO2/km)

### **Are these low-carbon product(s) or do they enable avoided emissions?**

Avoided emissions

### **Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**

Other, please specify (PSA own methodology )

### **% revenue from low carbon product(s) in the reporting year**

26

### **% of total portfolio value**

<Not Applicable>

### **Asset classes/ product types**

<Not Applicable>

### **Comment**

Groupe PSA vehicules have an average of 114 gCO2/km per passenger cars in Europe which is 6% below the European average (121.8 gCO2/km) and 9% below its European regulatory target, placing Groupe PSA cars are among the lowest emitting cars in the market. Vehicles that emit less than 100 g/km of CO2 accounted for 26% of the Group’s sales volumes in 2019. The Group therefore positions itself as a key player in the low-CO2 emissions segment. In 2019, 10 new low emission vehicles have been launched by the Brands: 6 PHEV, 4 BEVs. Their CO2 emissions level is less than 50 gCO2/km, and they represent around 1% of our total annual sales. The group ambition is to raise this share to 50% by 2035. In addition, the Group considers that customers using PSD&OV cars are avoiding emissions compared to the use of other cars on the market. Through the usage of its low-emission vehicles, Groupe PSA estimates that a cumulated 223 MtCO2e will be avoided globally 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. 2.3 MtCO2eq avoided emissions is the additional amount of emissions avoided compared to 2018.

## **C5. Emissions methodology**

## **C5.1**

### **(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).**

### **Scope 1**

### **Base year start**

January 1 2018

### **Base year end**

December 31 2018

### **Base year emissions (metric tons CO2e)**

901713

### **Comment**

Compared to the value provided in the 2019 CDP, this value includes the emissions related to the refrigerating agents in order not to exclude any scope 1 emissions.

### **Scope 2 (location-based)**

### **Base year start**

January 1 2018

### **Base year end**

December 31 2018

### **Base year emissions (metric tons CO2e)**

591005

### **Comment**

### **Scope 2 (market-based)**

### **Base year start**

January 1 2018

### **Base year end**

December 31 2018

### **Base year emissions (metric tons CO2e)**

435943

### **Comment**

Compared to the value provided in the 2019 CDP, this value has been corrected as it was filled out in the wrong column in 2019 ('location-based' instead of 'market-based').

## **C5.2**

### **(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**

Bilan Carbone

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

Other, please specify (ISO 14040/044)

## **C5.2a**

### **(C5.2a) Provide details of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**

## **C6. Emissions data**

## **C6.1**

### **(C6.1) What were your organization’s gross global Scope 1 emissions in metric tons CO2e?**

### **Reporting year**

### **Gross global Scope 1 emissions (metric tons CO2e)**

888847

### **Start date**

<Not Applicable>

### **End date**

<Not Applicable>

### **Comment**

This value includes the emissions related to the refrigerating agents and excludes no category. It therefore represents 100% of scope 1 emissions of PSA.

## **C6.2**

### **(C6.2) Describe your organization’s approach to reporting Scope 2 emissions.**

### **Row 1**

### **​Scope 2, location-based​**

We are reporting a Scope 2, location-based figure

### **Scope 2, market-based**

We are reporting a Scope 2, market-based figure

### **Comment**

## **C6.3**

### **(C6.3) What were your organization’s gross global Scope 2 emissions in metric tons CO2e?**

### **Reporting year**

### **Scope 2, location-based**

596149

### **Scope 2, market-based (if applicable)**

336272

### **Start date**

<Not Applicable>

### **End date**

<Not Applicable>

### **Comment**

## **C6.4**

### **(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?**

No

## **C6.5**

### **(C6.5) Account for your organization’s gross global Scope 3 emissions, disclosing and explaining any exclusions.**

### **Purchased goods and services**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

18113776

### **Emissions calculation methodology**

1. Types and sources of data Emissions factors used in the Carbon Footprint are derived from a Life Cycle Analysis (LCA) conducted by PSA in 2019 on its vehicles and components. The LCA follows the framework of the ISO 14040/044 standards. It analyses the multi-criteria environmental footprint of a vehicle and validates its components and materials design. It was carried out for all the vehicles produced during the year 2019. 2.\_ Methodologies, assumptions, allocations The Carbon Footprint includes, over one year of activity, emissions from: > Production of materials and components for the vehicles manufactured; > The Group’s manufacturing plants and tertiary sites; > Fuel extraction and production necessary to use the vehicles manufactured; > Use phase of the vehicles manufactured; > Vehicle end of life. 3.\_ Specific for ’Purchased goods and services’ The value provided includes the emissions related to the extraction of materials and production of parts used by the group for its business and the GHG balance for external final plants where PSA vehicles are produced. 100% of the mass and material information from all the vehicles part are provided by the suppliers and allow PSA to calculate the GHG emissions, thanks to LCA database (GABI). "

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

### **Please explain**

This category is deemed relevant because it represents around 15% of our total scope 3 emissions.

### **Capital goods**

### **Evaluation status**

Not relevant, explanation provided

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

Groupe PSA considers this category as ‘not relevant’ for two reasons: (1) The Carbon Footprint carried out in 2019 evaluated all the potential sources of emissions and this category was not identified as a relevant source of scope 3 emissions. (2) Additionally, Groupe PSA is considering scope 3 sources upon which it can have an influence on its emissions reduction. In this case, PSA’s influence is very limited, and does not enable us to estimate accurate CO2 emissions.

### **Fuel-and-energy-related activities (not included in Scope 1 or 2)**

### **Evaluation status**

Not relevant, explanation provided

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

Groupe PSA considers this category as ‘not relevant’ for two reasons: (1) The Carbon Footprint carried out in 2019 evaluated all the potential sources of emissions and this category was not identified as a relevant source of scope 3 emissions. (2) Additionally, Groupe PSA is considering scope 3 sources upon which it can have an influence on its emissions reduction. In this case, PSA’s influence is very limited, and does not enable us to estimate accurate CO2 emissions.

### **Upstream transportation and distribution**

### **Evaluation status**

Not relevant, calculated

### **Metric tonnes CO2e**

587046

### **Emissions calculation methodology**

1.\_ Types and sources of data Emissions factors used in the Carbon Footprint are derived from a Life Cycle Analysis (LCA) conducted by PSA in 2019 on its vehicles and components. The LCA follows the framework of the ISO 14040/044 standards. It analyses the multi-criteria environmental footprint of a vehicle and validates its components and materials design. It was carried out for all the vehicles produced during the year 2019. 2.\_ Methodologies, assumptions, allocations The Carbon Footprint includes, over one year of activity, emissions from: > Production of materials and components for the vehicles manufactured; > The Group’s manufacturing plants and tertiary sites; > Fuel extraction and production necessary to use the vehicles manufactured; > Use phase of the vehicles manufactured; > Vehicle end of life. 3.\_ Specific for ’Upstream transportation and distribution’ The value provided covers the emissions related to the transport of produced vehicles to retail outlets for sale. It has been entirely computed with GEFCO data on a worldwide perimeter.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

### **Please explain**

This category is deemed not relevant because it represents less than 1% of our total scope 3 emissions.

### **Waste generated in operations**

### **Evaluation status**

Not relevant, explanation provided

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

Groupe PSA considers this category as ‘not relevant’ for two reasons: (1) The Carbon Footprint carried out in 2019 evaluated all the potential sources of emissions and this category was not identified as a relevant source of scope 3 emissions. (2) Additionally, Groupe PSA is considering scope 3 sources upon which it can have an influence on its emissions reduction. In this case, PSA’s influence is very limited, and does not enable us to estimate accurate CO2 emissions.

### **Business travel**

### **Evaluation status**

Not relevant, calculated

### **Metric tonnes CO2e**

24411

### **Emissions calculation methodology**

1.\_ Types and sources of data Emissions factors used in the Carbon Footprint are derived from a Life Cycle Analysis (LCA) conducted by PSA in 2019 on its vehicles and components. The LCA follows the framework of the ISO 14040/044 standards. It analyses the multi-criteria environmental footprint of a vehicle and validates its components and materials design. It was carried out for all the vehicles produced during the year 2019. 2.\_ Methodologies, assumptions, allocations The Carbon Footprint includes, over one year of activity, emissions from: > Production of materials and components for the vehicles manufactured; > The Group’s manufacturing plants and tertiary sites; > Fuel extraction and production necessary to use the vehicles manufactured; > Use phase of the vehicles manufactured; > Vehicle end of life. 3.\_ Specific for ‘Business travel’ The value provided includes the emissions generated by business air travel in the PCD scope and for all trips leaving from Germany, Austria, Belgium, Spain, France, Italy, the Netherlands, Portugal and the United Kingdom, extended in 2019 to Argentina, Brazil, Morocco, Russia.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

### **Please explain**

This category is deemed not relevant because it represents less than 1% of our total scope 3 emissions.

### **Employee commuting**

### **Evaluation status**

Not relevant, calculated

### **Metric tonnes CO2e**

335150

### **Emissions calculation methodology**

1.\_ Types and sources of data This category includes emissions from the employee commuting. Two types of data were needed: >First, the number of employees. We obtained this data from the annual report. > Second, the distance travelled by employees to go to work and the mode of transportation. As no real data were available, an average value of 1,60525 tCO2e/employee was used to estimate commuting emissions. This emission factor is based on observation from a set of representative companies from the industry and was estimated by EcoAct based on the ADEME emission factors. Because of the lack of data, we assume equivalent distances travelled for employees working in other countries. 2.\_ Methodologies, assumptions, allocations The calculation methodology is standard. We use travel emission factors in kgCO2e per passenger per km. Then, we multiply them by the commuting distance travelled by our employees.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

### **Please explain**

This category is deemed not relevant because it represents less than 1% of our total scope 3 emissions.

### **Upstream leased assets**

### **Evaluation status**

Not relevant, explanation provided

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

Groupe PSA considers this category as ‘not relevant’ for two reasons: (1) The Carbon Footprint carried out in 2019 evaluated all the potential sources of emissions and this category was not identified as a relevant source of scope 3 emissions. (2) Additionally, Groupe PSA is considering scope 3 sources upon which it can have an influence on its emissions reduction. In this case, PSA’s influence is very limited, and does not enable us to estimate accurate CO2 emissions.

### **Downstream transportation and distribution**

### **Evaluation status**

Not relevant, calculated

### **Metric tonnes CO2e**

221627

### **Emissions calculation methodology**

1.\_Types and sources of data PSA conducted in 2019 a Life Cycle Analysis (LCA), within the framework defined in the ISO 14040/044 standards, on its vehicles and components. This study analyses the multi-criteria environmental footprint of a vehicle and validates its components and materials design. This LCA was carried out in 2019, for all the vehicles produced by the over 2019. 2.\_Methodologies, assumptions, allocations: This LCA assessment takes into account, over one year of activity, emissions from: >Production of materials and components for the vehicles manufactured; >The Group’s manufacturing plants and tertiary sites; >Fuel extraction and production necessary to use the vehicles manufactured; >Use phase of the vehicles manufactured; >Vehicle end of life. 3.\_Specific for the source of ’Downstream transportation and distribution The value provided covers the emissions related to the transport of produced vehicles to retail outlets for sale. It has been entirely computed with GEFCO data on a worldwide perimeter.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

### **Please explain**

This category is deemed not relevant because it represents less than 1% of our total scope 3 emissions.

### **Processing of sold products**

### **Evaluation status**

Not relevant, explanation provided

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

Groupe PSA considers this category as ‘not relevant’ for two reasons: (1) The Carbon Footprint carried out in 2019 evaluated all the potential sources of emissions and this category was not identified as a relevant source of scope 3 emissions. (2) Additionally, Groupe PSA is considering scope 3 sources upon which it can have an influence on its emissions reduction. In this case, PSA’s influence is very limited, and does not enable us to estimate accurate CO2 emissions.

### **Use of sold products**

### **Evaluation status**

Relevant, calculated

### **Metric tonnes CO2e**

104685836

### **Emissions calculation methodology**

1.\_Types and sources of data Emissions factors used in the Carbon Footprint are derived from a Life Cycle Analysis (LCA) conducted by PSA in 2019 on its vehicles and components. The LCA follows the framework of the ISO 14040/044 standards. It analyses the multi-criteria environmental footprint of a vehicle and validates its components and materials design. It was carried out for all the vehicles produced during the year 2019. 2.\_ Methodologies, assumptions, allocations The Carbon Footprint includes, over one year of activity, emissions from: > Production of materials and components for the vehicles manufactured; > The Group’s manufacturing plants and tertiary sites; > Fuel extraction and production necessary to use the vehicles manufactured; > Use phase of the vehicles manufactured; > Vehicle end of life. 3.\_ Specific for ‘Use of sold products’ The value provided includes the emissions related to the fuel and electricity production (well-to-tank, WTT), the exhaust emissions (tank-to-wheel, TTW) and the emissions related to vehicle maintenance (extraction of materials and production of spare parts). The vehicle maintenance emissions are computed based on the spare parts identified as recommended from technical after sale specification and usually changed during the vehicle life, the LCA on spare parts of the vehicles evaluated (gCO2e/kg vehicle) and the GHG impact of R1234yf refrigerant fluid emissions during the use. The WTT emissions are computed based on the fuel consumption from homologation for 150 000 km mileage and the liters consumption translated in gCO2/km. Finally, the TTW emissions are computed based on the CO2 emissions from homologation for 150 000 km, converted into real-life driving conditions. In fact, in order to be consistent with to the SBTi transport sectoral guidance and to demonstrate sectorial leadership, the 2019 TTW emissions have been computed based on the real-driving conditions while the 2018 emissions have been computed with the NEDC methodology, which significantly improved the accuracy of the computation from 2018 to 2019. From NEDC emissions to WLTP emissions, the emissions are increased by 25%. From WLTP to real-driving conditions, the emissions are increased by 10%. Therefore, the overall increase in TTW emissions from 2018 to 2019 is high, as is the accuracy of the figure.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

### **Please explain**

This category is deemed relevant because it represents more than 80% of our total scope 3 emissions.

### **End of life treatment of sold products**

### **Evaluation status**

Not relevant, calculated

### **Metric tonnes CO2e**

1043495

### **Emissions calculation methodology**

1.\_ Types and sources of data Emissions factors used in the Carbon Footprint are derived from a Life Cycle Analysis (LCA) conducted by PSA in 2019 on its vehicles and components. The LCA follows the framework of the ISO 14040/044 standards. It analyses the multi-criteria environmental footprint of a vehicle and validates its components and materials design. It was carried out for all the vehicles produced during the year 2019. 2.\_ Methodologies, assumptions, allocations The Carbon Footprint includes, over one year of activity, emissions from: > Production of materials and components for the vehicles manufactured; > The Group’s manufacturing plants and tertiary sites; > Fuel extraction and production necessary to use the vehicles manufactured; > Use phase of the vehicles manufactured; > Vehicle end of life. 3.\_Specific for ‘End of life treatment of sold products’ The valued provided includes the emissions related to the recycling and the recovery of end of life vehicles. It has been computed based on the generic end of life process defined in the LCA of the vehicles.

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

### **Please explain**

This category is deemed not relevant because it represents less than 1% of our total scope 3 emissions.

### **Downstream leased assets**

### **Evaluation status**

Not relevant, explanation provided

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

Groupe PSA considers this category as ‘not relevant’ for two reasons: (1) The Carbon Footprint carried out in 2019 evaluated all the potential sources of emissions and this category was not identified as a relevant source of scope 3 emissions. (2) Additionally, Groupe PSA is considering scope 3 sources upon which it can have an influence on its emissions reduction. In this case, PSA’s influence is very limited, and does not enable us to estimate accurate CO2 emissions.

### **Franchises**

### **Evaluation status**

Not relevant, explanation provided

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

Groupe PSA doesn't have franchises activities.

### **Investments**

### **Evaluation status**

Not relevant, explanation provided

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

Groupe PSA doesn't have investments activities.

### **Other (upstream)**

### **Evaluation status**

Not evaluated

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

N/A

### **Other (downstream)**

### **Evaluation status**

Not evaluated

### **Metric tonnes CO2e**

<Not Applicable>

### **Emissions calculation methodology**

<Not Applicable>

### **Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

### **Please explain**

N/A

## **C6.7**

### **(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?**

No

## **C6.10**

### **(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

### **Intensity figure**

0.00002151

### **Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

1225119

### **Metric denominator**

unit total revenue

### **Metric denominator: Unit total**

56963000000

### **Scope 2 figure used**

Market-based

### **% change from previous year**

8

### **Direction of change**

Decreased

### **Reason for change**

An internal study has been managed in 2016 to build the path of CO2 emission reduction of industrial activities and identify the main parameters which influence energy consumption. This study proposes targets for 2025, 2035 and 2050. To reach these objectives, PSA’ strategy takes into account the following elements, which contribute to reduce influence of some parameters on energy use: > Daily control of energy consumption to identify deviation and implement immediate corrective action > Implementation of processes using less energies, for new processes, but also by improving existing processes > Surface reduction of plants. > Use of an increasing part of renewable energies.

## **C7. Emissions breakdowns**

## **C7.1**

### **(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?**

Yes

## **C7.1a**

### **(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).**

|  |  |  |
| --- | --- | --- |
| **Greenhouse gas** | **Scope 1 emissions (metric tons of CO2e)** | **GWP Reference** |
| CO2 | 856152 | IPCC Fourth Assessment Report (AR4 - 100 year) |
| CH4 | 36 | IPCC Second Assessment Report (SAR - 100 year) |
| N2O | 60 | IPCC Second Assessment Report (SAR - 100 year) |
| HFCs | 21446 | IPCC Second Assessment Report (SAR - 100 year) |

## **C7.2**

### **(C7.2) Break down your total gross global Scope 1 emissions by country/region.**

|  |  |
| --- | --- |
| **Country/Region** | **Scope 1 emissions (metric tons CO2e)** |
| France | 321454 |
| Spain | 113008 |
| Portugal | 5917 |
| Slovakia | 20757 |
| Russian Federation | 12024 |
| Argentina | 3302 |
| Brazil | 9743 |
| United Kingdom of Great Britain and Northern Ireland | 41839 |
| Poland | 2822 |
| Germany | 337438 |
| Austria | 2259 |
| Hungary | 1676 |
| Other, please specify (Rest of World) | 13686 |

## **C7.3**

### **(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.**

By business division

## **C7.3a**

### **(C7.3a) Break down your total gross global Scope 1 emissions by business division.**

|  |  |
| --- | --- |
| **Business division** | **Scope 1 emissions (metric ton CO2e)** |
| Automotive division | 875161 |
| Automotive trade | 13686 |

## **C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4**

### **(C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4) Break down your organization’s total gross global Scope 1 emissions by sector production activity in metric tons CO2e.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Gross Scope 1 emissions, metric tons CO2e** | **Net Scope 1 emissions , metric tons CO2e** | **Comment** |
| Cement production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Chemicals production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Coal production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Electric utility activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Metals and mining production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (upstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (midstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (downstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Steel production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Transport OEM activities | 888847 | <Not Applicable> |  |
| Transport services activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |

## **C7.5**

### **(C7.5) Break down your total gross global Scope 2 emissions by country/region.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Country/Region** | **Scope 2, location-based (metric tons CO2e)** | **Scope 2, market-based (metric tons CO2e)** | **Purchased and consumed electricity, heat, steam or cooling (MWh)** | **Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)** |
| France | 155691 | 66612 | 1865120 | 189289 |
| Spain | 79131 | 50498 | 317094 | 206357 |
| Portugal | 7865 | 4475 | 16698 | 6735 |
| Slovakia | 43582 | 7298 | 102362 | 50173 |
| Russian Federation | 11379 | 11823 | 28372 | 5393 |
| Argentina | 8334 | 10901 | 16739 | 1317 |
| Brazil | 3508 | 0 | 37680 | 40425 |
| United Kingdom of Great Britain and Northern Ireland | 49623 | 21921 | 92652 | 40630 |
| Poland | 66838 | 55505 | 83994 | 8434 |
| Germany | 85849 | 33718 | 184174 | 32408 |
| Austria | 38067 | 39610 | 123404 | 19892 |
| Hungary | 11337 | 8331 | 25477 | 5834 |
| Other, please specify (Rest of World) | 0 | 10246 | 50934 | 9999 |

## **C7.6**

### **(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.**

By business division

## **C7.6a**

### **(C7.6a) Break down your total gross global Scope 2 emissions by business division.**

|  |  |  |
| --- | --- | --- |
| **Business division** | **Scope 2, location-based (metric tons CO2e)** | **Scope 2, market-based (metric tons CO2e)** |
| Automotive Division | 577983 | 326026 |
| Automotive Trade | 18166 | 10247 |

## **C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7**

### **(C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7) Break down your organization’s total gross global Scope 2 emissions by sector production activity in metric tons CO2e.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Scope 2, location-based, metric tons CO2e** | **Scope 2, market-based (if applicable), metric tons CO2e** | **Comment** |
| Cement production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Chemicals production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Coal production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Metals and mining production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (upstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (midstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (downstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Steel production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Transport OEM activities | 596149 | 336272 |  |
| Transport services activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |

## **C-TO7.8**

### **(C-TO7.8) Provide primary intensity metrics that are appropriate to your indirect emissions in Scope 3 Category 11: Use of sold products from transport.**

### **Activity**

Light Duty Vehicles (LDV)

### **Emissions intensity figure**

0.0002006

### **Metric numerator (Scope 3 emissions: use of sold products) in Metric tons CO2e**

104685836

### **Metric denominator**

p.km

### **Metric denominator: Unit total**

521864400000

### **% change from previous year**

59

### **Vehicle unit sales in reporting year**

3479096

### **Vehicle lifetime in years**

10

### **Annual distance in km or miles (unit specified by column 4)**

15000

### **Load factor**

1

### **Please explain the changes, and relevant standards/methodologies used**

1.\_ Changes From 2018 to 2019, the methodology to compute the use of sold products-related emissions have highly evolved in order to be compliant with the SBTi criteria for the transport sector. Therefore, the 2019 emissions are way more precise than those of 2018. > The 2019 exhaust emissions ('tank-to-wheel' emissions) have been computed based on the real-driving conditions emissions, while the 2018 value has been computed with the official NEDC methodology. From NEDC emissions to WLTP emissions, the emissions are increased by 25%. From WLTP to real-driving conditions, the emissions are increased by 10%. Therefore, the overall increase in tank-to-wheel emissions is high. > Moreover, in 2019, this figure takes into account the well-to-tank related emissions (around 18 000 000 tCO2e) and the emissions related to vehicle maintenance (around 2 000 000 tCO2e). These two categories represents 17% of the 2019 use of sold products emissions. Combined, these two factors explains why the emissions intensity figure related to the use of sold products increased significantly from 2018 to 2019. \_\_\_ 2.\_ Methodology > Types and sources of data: PSA follows the number of cars sold by type and region and the average CO2 emissions per km related to each category of car. > Methodologies, assumptions, allocations: We take the hypothesis that a car will last 10 years and will travel 15 000 km per year. We then calculate the emissions related to the entire lifetime of the cars."

## **C7.9**

### **(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Decreased

## **C7.9a**

### **(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Change in emissions (metric tons CO2e)** | **Direction of change** | **Emissions value (percentage)** | **Please explain calculation** |
| Change in renewable energy consumption | 87000 | Decreased | 7 | 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. |
| Other emissions reduction activities | 62000 | Decreased | 5 | 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. |
| Divestment |  | <Not Applicable> |  |  |
| Acquisitions |  | <Not Applicable> |  |  |
| Mergers |  | <Not Applicable> |  |  |
| Change in output | 34668 | Increased |  | Emissions from cogeneration plants increased from 112 000 tCO2e in 2018 to 146 668 tCO2e in 2019 because of an increase in activity. This results in a increase of scope 1 and 2 emissions of 34 668 tCO2e. |
| Change in methodology |  | <Not Applicable> |  |  |
| Change in boundary |  | <Not Applicable> |  |  |
| Change in physical operating conditions |  | <Not Applicable> |  | 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. |
| Unidentified |  | <Not Applicable> |  |  |
| Other |  | <Not Applicable> |  |  |

## **C7.9b**

### **(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Market-based

## **C8. Energy**

## **C8.1**

### **(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 0% but less than or equal to 5%

## **C8.2**

### **(C8.2) Select which energy-related activities your organization has undertaken.**

|  |  |
| --- | --- |
|  | **Indicate whether your organization undertook this energy-related activity in the reporting year** |
| Consumption of fuel (excluding feedstocks) | Yes |
| Consumption of purchased or acquired electricity | Yes |
| Consumption of purchased or acquired heat | No |
| Consumption of purchased or acquired steam | Yes |
| Consumption of purchased or acquired cooling | No |
| Generation of electricity, heat, steam, or cooling | Yes |

## **C8.2a**

### **(C8.2a) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Heating value** | **MWh from renewable sources** | **MWh from non-renewable sources** | **Total (renewable and non-renewable) MWh** |
| Consumption of fuel (excluding feedstock) | LHV (lower heating value) | 17673 | 4080035 | 4097708 |
| Consumption of purchased or acquired electricity | <Not Applicable> | 621604 | 2088876 | 2710480 |
| Consumption of purchased or acquired heat | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of purchased or acquired steam | <Not Applicable> | 0 | 257485 | 257485 |
| Consumption of purchased or acquired cooling | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of self-generated non-fuel renewable energy | <Not Applicable> | 0 | <Not Applicable> | 0 |
| Total energy consumption | <Not Applicable> | 639277 | 6426396 | 7065673 |

## **C8.2b**

### **(C8.2b) Select the applications of your organization’s consumption of fuel.**

|  |  |
| --- | --- |
|  | **Indicate whether your organization undertakes this fuel application** |
| Consumption of fuel for the generation of electricity | No |
| Consumption of fuel for the generation of heat | Yes |
| Consumption of fuel for the generation of steam | No |
| Consumption of fuel for the generation of cooling | No |
| Consumption of fuel for co-generation or tri-generation | Yes |

## **C8.2c**

### **(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.**

### **Fuels (excluding feedstocks)**

Natural Gas

### **Heating value**

LHV (lower heating value)

### **Total fuel MWh consumed by the organization**

3991488

### **MWh fuel consumed for self-generation of electricity**

<Not Applicable>

### **MWh fuel consumed for self-generation of heat**

2212352

### **MWh fuel consumed for self-generation of steam**

<Not Applicable>

### **MWh fuel consumed for self-generation of cooling**

<Not Applicable>

### **MWh fuel consumed for self-cogeneration or self-trigeneration**

1779135

### **Emission factor**

0.20555

### **Unit**

metric tons CO2 per MWh

### **Emissions factor source**

Internal PSA guide to performing air emission calculations

### **Comment**

Natural gas consumption is used in OV cogeneration plants, which produces electricity and steam. Only the natural gas used for PSA self-consumption is accounted for. The natural gas used to produce electricity for external clients is excluded.

### **Fuels (excluding feedstocks)**

Liquefied Petroleum Gas (LPG)

### **Heating value**

LHV (lower heating value)

### **Total fuel MWh consumed by the organization**

4642

### **MWh fuel consumed for self-generation of electricity**

<Not Applicable>

### **MWh fuel consumed for self-generation of heat**

4642

### **MWh fuel consumed for self-generation of steam**

<Not Applicable>

### **MWh fuel consumed for self-generation of cooling**

<Not Applicable>

### **MWh fuel consumed for self-cogeneration or self-trigeneration**

0

### **Emission factor**

2.944

### **Unit**

metric tons CO2 per metric ton

### **Emissions factor source**

Internal PSA guide to performing air emission calculations

### **Comment**

This is the consumption of Home Heating Oil, mainly for heating our buildings and also for the maintenance of our power generators.

### **Fuels (excluding feedstocks)**

Fuel Oil Number 2

### **Heating value**

LHV (lower heating value)

### **Total fuel MWh consumed by the organization**

3655

### **MWh fuel consumed for self-generation of electricity**

<Not Applicable>

### **MWh fuel consumed for self-generation of heat**

3655

### **MWh fuel consumed for self-generation of steam**

<Not Applicable>

### **MWh fuel consumed for self-generation of cooling**

<Not Applicable>

### **MWh fuel consumed for self-cogeneration or self-trigeneration**

0

### **Emission factor**

3.12

### **Unit**

metric tons CO2 per metric ton

### **Emissions factor source**

Internal PSA guide to performing air emission calculations

### **Comment**

These are heavy fuels used for PSA’s automotive trade activities additionned with those used in our distribution network.

### **Fuels (excluding feedstocks)**

Coke

### **Heating value**

LHV (lower heating value)

### **Total fuel MWh consumed by the organization**

71572

### **MWh fuel consumed for self-generation of electricity**

<Not Applicable>

### **MWh fuel consumed for self-generation of heat**

71572

### **MWh fuel consumed for self-generation of steam**

<Not Applicable>

### **MWh fuel consumed for self-generation of cooling**

<Not Applicable>

### **MWh fuel consumed for self-cogeneration or self-trigeneration**

0

### **Emission factor**

2.55

### **Unit**

metric tons CO2 per metric ton

### **Emissions factor source**

Internal PSA guide to performing air emission calculations

### **Comment**

The coke is used for PSA’s foundries, on Sept Fons site. The use of coke allows the plant to recycle a large amount of ferrous scraps, partly coming from other PSA’s plants, in short circular loops.

### **Fuels (excluding feedstocks)**

Wood Waste

### **Heating value**

LHV (lower heating value)

### **Total fuel MWh consumed by the organization**

17673

### **MWh fuel consumed for self-generation of electricity**

<Not Applicable>

### **MWh fuel consumed for self-generation of heat**

17673

### **MWh fuel consumed for self-generation of steam**

<Not Applicable>

### **MWh fuel consumed for self-generation of cooling**

<Not Applicable>

### **MWh fuel consumed for self-cogeneration or self-trigeneration**

0

### **Emission factor**

1.6744

### **Unit**

metric tons CO2 per metric ton

### **Emissions factor source**

Internal PSA guide to performing air emission calculations

### **Comment**

The wood furnace in the Vesoul plant (Groupe PSA central warehouse) produced heat by burning wood packaging waste directly “produced” on site. This action reduces waste transportation and avoids fossil fuel emissions.

### **Fuels (excluding feedstocks)**

Anthracite Coal

### **Heating value**

LHV (lower heating value)

### **Total fuel MWh consumed by the organization**

8678

### **MWh fuel consumed for self-generation of electricity**

<Not Applicable>

### **MWh fuel consumed for self-generation of heat**

8678

### **MWh fuel consumed for self-generation of steam**

<Not Applicable>

### **MWh fuel consumed for self-generation of cooling**

<Not Applicable>

### **MWh fuel consumed for self-cogeneration or self-trigeneration**

0

### **Emission factor**

2.62461

### **Unit**

metric tons CO2 per metric ton

### **Emissions factor source**

Internal PSA guide to performing air emission calculations

### **Comment**

Anthracite coal is used to produce cast iron in one of our foundry.

## **C8.2d**

### **(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Total Gross generation (MWh)** | **Generation that is consumed by the organization (MWh)** | **Gross generation from renewable sources (MWh)** | **Generation from renewable sources that is consumed by the organization (MWh)** |
| Electricity | 730114 | 214944 | 0 | 0 |
| Heat | 0 | 0 | 0 | 0 |
| Steam | 559593 | 480475 | 0 | 0 |
| Cooling | 0 | 0 | 0 | 0 |

## **C8.2e**

### **(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.**

### **Sourcing method**

Other, please specify (Low carbon energy mix)

### **Low-carbon technology type**

Low-carbon energy mix

### **Country/region of consumption of low-carbon electricity, heat, steam or cooling**

Other, please specify (Latin America (LATAM). Western Europe, CEE (Central and Eastern Europe), Asia Pacific (or JAPA), Middle and Near East, Southern Europe ,Europe ,Eastern Europe)

### **MWh consumed accounted for at a zero emission factor**

340330

### **Comment**

PSA asks every year to its suppliers its own emissions factor and the related renewable energy share of the supplier. Therefore, thanks to the suppliers PSA chose, more than 300 000 MWh consumed by PSA are produced with renewable energies.

### **Sourcing method**

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

### **Low-carbon technology type**

Other, please specify (Wind, Hydropower, Biomass (including biogas))

### **Country/region of consumption of low-carbon electricity, heat, steam or cooling**

Other, please specify (Central Europe, Latin America (LATAM), Southern Europe)

### **MWh consumed accounted for at a zero emission factor**

281274

### **Comment**

Before 2019, Groupe PSA signed contracts in Slovakia and Brazil that ensure the supply of 100% renewable electricity to cover all of their electricity requirements. In 2019, 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.

## **C-TO8.5**

### **(C-TO8.5) Provide any efficiency metrics that are appropriate for your organization’s transport products and/or services.**

### **Activity**

Light Duty Vehicles (LDV)

### **Metric figure**

0.339

### **Metric numerator**

tCO2e

### **Metric denominator**

Production: Vehicle

### **Metric numerator: Unit total**

1026635

### **Metric denominator: Unit total**

3028422

### **% change from previous year**

43.6

### **Please explain**

This figure represents the quantity of CO2e emitted (scope 1+2) per vehicle painted. Cogeneration emission are not accounted for in the calculation. From 2018 to 2019, this metrics decreased by 9% (372 to 339 kgCO2e/car). This is due to the Group’s efforts to manage its energy consumption and use renewable energy.

## **C9. Additional metrics**

## **C9.1**

### **(C9.1) Provide any additional climate-related metrics relevant to your business.**

### **Description**

Waste

### **Metric value**

107

### **Metric numerator**

kg

### **Metric denominator (intensity metric only)**

Painted vehicle

### **% change from previous year**

0

### **Direction of change**

No change

### **Please explain**

This metrics equals to the quantity of waste from foundries activities divided by the total number of vehicle painted in our automative activities. In 2019, the total quantity of waste output by the Automotive division is at a ratio of 107kg/car, at the same level than in 2018. \_\_\_ Compared with 2018 results, it can be noted an increase of buried waste, at 2.16kg per car. This is mainly due to demolition waste linked with surface reduction in some plants, with an important contribution of Sochaux and Caen this year. Part of this waste is considered as hazardous when they contain asbestos. This waste cannot be considered as production waste, and when we exclude it the ratio falls at 1.67kg/car, in line with 2018 result. Kenitra’s start of production contributes also to the result, while all waste treatment solutions are not yet in place, because of low production in the first months. As for previous years south America and Russian plants remain the main users of this way of treatment, due to the lack of alternative solutions. The average amount of waste per car remains stable from one year to the other. However, the reduction of non hazardous waste in other treatment solutions can be highlighted. It results of better sorting in plant, which allows to transfer the waste in more appropriated treatment solutions. > The target of landfill-free car production plants in Europe is not met for Trnava due to overcharge of incineration with heat recovery treatment plant. A solution is in construction, which will allow to come back to the target. For Mangualde and Madrid, common waste is collected by city, and plant cannot manage the ways of treatment. Some other component plants facilities are also landfill-free (except the tiny fraction required by law to be buried): Aspern, Szentgotthard, Tychy, Hérimoncourt, Valenciennes and Saint Ouen.

### **Description**

Energy usage

### **Metric value**

1.97

### **Metric numerator**

MWh

### **Metric denominator (intensity metric only)**

Painted vehicle

### **% change from previous year**

1

### **Direction of change**

Decreased

### **Please explain**

This metrics equals to the total quantity of energy consumed divided by the total number of cars painted in our automative activities. The average result of energy consumption per car produced reaches 1.97 MWh par car, in progress of 1.5% compared to 2018. Replacement of forklifts using HHO by gas (Charleville), plants surface reduction and continuous improvement in paintshops, share of best practices and monitoring of electricity usage explain this performance.

## **C-TO9.3/C-TS9.3**

### **(C-TO9.3/C-TS9.3) Provide tracking metrics for the implementation of low-carbon transport technology over the reporting year.**

### **Activity**

Light Duty Vehicles (LDV)

### **Metric**

Sales

### **Technology**

Plug-in hybrid vehicle (PHEV)

### **Metric figure**

9808

### **Metric unit**

Units

### **Explanation**

This value includes all the plug-in hybrid vehicles sold worldwide in 2019. > 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 2019, we launched 4 new BEV models, that adds up with our 6 models already available, and 6 new PHEV models. > 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.

### **Activity**

Light Duty Vehicles (LDV)

### **Metric**

Sales

### **Technology**

Battery electric vehicle (BEV)

### **Metric figure**

17606

### **Metric unit**

Units

### **Explanation**

This value includes all the BEV vehicles sold worldwide in 2019. > 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 2019, we launched 4 new BEV models, that adds up with our 6 models already available, and 6 new PHEV models. > 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.

### **Activity**

Light Duty Vehicles (LDV)

### **Metric**

Sales

### **Technology**

Vehicle using bio-fuel

### **Metric figure**

43382

### **Metric unit**

Units

### **Explanation**

This value includes all the vehicles using flex fuel sold worldwide in 2019. 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.

## **C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6**

### **(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?**

|  |  |  |
| --- | --- | --- |
|  | **Investment in low-carbon R&D** | **Comment** |
| Row 1 | Yes |  |

## **C-TO9.6a/C-TS9.6a**

### **(C-TO9.6a/C-TS9.6a) Provide details of your organization’s investments in low-carbon R&D for transport-related activities over the last three years.**

### **Activity**

Light Duty Vehicles (LDV)

### **Technology area**

Unable to disaggregate by technology area

### **Stage of development in the reporting year**

<Not Applicable>

### **Average % of total R&D investment over the last 3 years**

21-40%

### **R&D investment figure in the reporting year (optional)**

1650000000

### **Comment**

Mindful of sustainable development, the Group has devoted 37% of its research & development budget in 2019 to clean technologies, around the same as in 2018 (38%). 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.

## **C10. Verification**

## **C10.1**

### **(C10.1) Indicate the verification/assurance status that applies to your reported emissions.**

|  |  |
| --- | --- |
|  | **Verification/assurance status** |
| Scope 1 | Third-party verification or assurance process in place |
| Scope 2 (location-based or market-based) | Third-party verification or assurance process in place |
| Scope 3 | Third-party verification or assurance process in place |

## **C10.1a**

### **(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.**

### **Verification or assurance cycle in place**

Annual process

### **Status in the current reporting year**

Complete

### **Type of verification or assurance**

Reasonable assurance

### **Attach the statement**

[FY2019\_PSA\_CDP report.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/b1ez5asDPEy_MA4K-wWKeA/FY2019PSACDPreport.pdf)

### **Page/ section reference**

P.2 / Social, environmental and societal information covered by the reasonable assurance

### **Relevant standard**

ISAE3000

### **Proportion of reported emissions verified (%)**

100

## **C10.1b**

### **(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.**

### **Scope 2 approach**

Scope 2 location-based

### **Verification or assurance cycle in place**

Annual process

### **Status in the current reporting year**

Complete

### **Type of verification or assurance**

Reasonable assurance

### **Attach the statement**

[FY2019\_PSA\_CDP report.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/b1ez5asDPEy_MA4K-wWKeA/FY2019PSACDPreport.pdf)

### **Page/ section reference**

P.2 / Social, environmental and societal information covered by the reasonable assurance

### **Relevant standard**

ISAE3000

### **Proportion of reported emissions verified (%)**

100

## **C10.1c**

### **(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.**

### **Scope 3 category**

Scope 3: Purchased goods and services

### **Verification or assurance cycle in place**

Annual process

### **Status in the current reporting year**

Complete

### **Type of verification or assurance**

Reasonable assurance

### **Attach the statement**

[FY2019\_PSA\_CDP report.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/b1ez5asDPEy_MA4K-wWKeA/FY2019PSACDPreport.pdf)

### **Page/section reference**

P.2 / Social, environmental and societal information covered by the reasonable assurance

### **Relevant standard**

ISAE3000

### **Proportion of reported emissions verified (%)**

100

### **Scope 3 category**

Scope 3: Use of sold products

### **Verification or assurance cycle in place**

Annual process

### **Status in the current reporting year**

Complete

### **Type of verification or assurance**

Reasonable assurance

### **Attach the statement**

[FY2019\_PSA\_CDP report.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/b1ez5asDPEy_MA4K-wWKeA/FY2019PSACDPreport.pdf)

### **Page/section reference**

P.2 / Social, environmental and societal information covered by the reasonable assurance

### **Relevant standard**

ISAE3000

### **Proportion of reported emissions verified (%)**

100

### **Scope 3 category**

Scope 3: Upstream transportation and distribution

### **Verification or assurance cycle in place**

Annual process

### **Status in the current reporting year**

Complete

### **Type of verification or assurance**

Reasonable assurance

### **Attach the statement**

[FY2019\_PSA\_CDP report.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/b1ez5asDPEy_MA4K-wWKeA/FY2019PSACDPreport.pdf)

### **Page/section reference**

P.2 / Social, environmental and societal information covered by the reasonable assurance

### **Relevant standard**

ISAE3000

### **Proportion of reported emissions verified (%)**

100

## **C10.2**

### **(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

Yes

## **C10.2a**

### **(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?**

|  |  |  |  |
| --- | --- | --- | --- |
| **Disclosure module verification relates to** | **Data verified** | **Verification standard** | **Please explain** |
| C8. Energy | Other, please specify (Overall energy consumption) | ISAE3000 | > The global energy consumption is verified annually by a third-party, which provides an opinion on the data published. > The data relative to energy consumption is verified since it is a key metric to measure our industrial efficiency. > This data is mentioned in the question C8.2a. |
| C4. Targets and performance | Product footprint verification | The Group conducts life cycle analyses on its vehicles and components, within the framework defined in the ISO 14040/044 standards. These studies analyze 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 overall methodology to estimate the vehicle carbon footprint and the result was verified and approved by Eco Act – a specialized firm in environmental analysis and greenhouse gas diagnostics > 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. > This data is used in the questions C4.1b and C6.5. |

## **C11. Carbon pricing**

## **C11.1**

### **(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**

Yes

## **C11.1a**

### **(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.**

EU ETS

## **C11.1b**

### **(C11.1b) Complete the following table for each of the emissions trading schemes you are regulated by.**

### **EU ETS**

### **% of Scope 1 emissions covered by the ETS**

77

### **% of Scope 2 emissions covered by the ETS**

0

### **Period start date**

January 1 2019

### **Period end date**

December 31 2019

### **Allowances allocated**

527322

### **Allowances purchased**

0

### **Verified Scope 1 emissions in metric tons CO2e**

681535

### **Verified Scope 2 emissions in metric tons CO2e**

0

### **Details of ownership**

Facilities we own and operate

### **Comment**

Compared to 2017, OV activities are now integrated in the allowances. In total, 14 plants are involved: 5 for OV and 9 for PCD. Following energy performance improvement conducted for many years, the Velizy facility disinvests one of its boilers in 2017, and do not met anymore the ETS conditions, and do not appear in the list of plants. On OV side, 5 OV facilities are involved in ETS system and receive also free allowances for the part of their activity covered by ETS regulation. Cogeneration activity is out of the scope of ETS, and for this activity, which represents the greatest part of the emission, the 3 concerned plants do not receive any free allowance. This fact explains the deficit of quotas.

## **C11.1d**

### **(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?**

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, 5 for OV and 9 for PCD (PCD: Sochaux, Mulhouse, Rennes, Poissy, Vesoul, Sevel Nord and Sept-Fons in France and Vigo in Spain & OV: 2 plants in Germany, 2 plants in the UK, 1 plant in Spain).

\_\_\_

At the moment, the automotive sector is assessed by European regulations as “at risk of carbon leakage” since 2015. As a result, free quota allocations for PSA and other automakers will remain constant at 80% of a benchmark value (based on a European benchmark) until 2020. Within the revision of ETS scheme (phase 4 – 2021-2030), the system of free allocation will be prolonged only for sectors considered as the highest risk of relocating their production outside of the EU. This excludes the automotive sector, which will no longer be considered as “at risk of carbon leakage”. It will imply a phase out of free allocations after 2026 from a maximum of 30% to 0% at the end of phase 4 (2030). This financial risk is addressed either through the definition of an internal CO2 price, and also in the strategy to reduce CO2 emission of industrial activities, based on control and management of energy use in production processes, workshop surface reduction, for buildings and also for production processes, like compact painting processes.

\_\_\_

This strategy of reducing industrial CO2 emissions produced positive outcome in 2018 since the Vélizy facility stopped using one of its boilers in 2017 due to energy performance improvements made over many years. Consequently, this plant does not longer meet the ET conditions and does not appear in the list of plants covered by the EU-ETS scheme.

## **C11.2**

### **(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?**

Yes

## **C11.2a**

### **(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.**

### **Credit origination or credit purchase**

Credit origination

### **Project type**

Forests

### **Project identification**

The Peugeot carbon sink project in the Amazon

### **Verified to which standard**

VCS (Verified Carbon Standard)

### **Number of credits (metric tonnes CO2e)**

700000

### **Number of credits (metric tonnes CO2e): Risk adjusted volume**

638470

### **Credits cancelled**

Yes

### **Purpose, e.g. compliance**

Voluntary Offsetting

## **C11.3**

### **(C11.3) Does your organization use an internal price on carbon?**

Yes

## **C11.3a**

### **(C11.3a) Provide details of how your organization uses an internal price on carbon.**

### **Objective for implementing an internal carbon price**

Navigate GHG regulations

### **GHG Scope**

Scope 1

Scope 2

### **Application**

The internal carbon price is applied 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. Since 2018, the financial business unit is also involved due to the major financial implications associated with the new European GHG regulations.

### **Actual price(s) used (Currency /metric ton)**

20

### **Variance of price(s) used**

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.

### **Type of internal carbon price**

Shadow price

### **Impact & implication**

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.

## **C12. Engagement**

## **C12.1**

### **(C12.1) Do you engage with your value chain on climate-related issues?**

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain

## **C12.1a**

### **(C12.1a) Provide details of your climate-related supplier engagement strategy.**

### **Type of engagement**

Compliance & onboarding

### **Details of engagement**

Included climate change in supplier selection / management mechanism

Climate change is integrated into supplier evaluation processes

### **% of suppliers by number**

95

### **% total procurement spend (direct and indirect)**

87

### **% of supplier-related Scope 3 emissions as reported in C6.5**

87

### **Rationale for the coverage of your engagement**

Groupe PSA has decided to prioritize on direct material suppliers where 95% of our total procurement spend is covered. It represents 1507 supplier groups in total, or more than 95% of direct suppliers.

### **Impact of engagement, including measures of success**

1.\_ Engagement/measure of success: Groupe PSA aims to assess its entire supplier base on the basis of environmental, social, ethical and sustainable procurement. To achieve this target, Groupe PSA has chosen to entrust this evaluation to an external provider, EcoVadis. In 2019, 95% of PSA direct materials suppliers in procurement spend (1507 suppliers) and 60% of indirect suppliers were selected on the basis of CSR criteria. The target being met PSA decided to increase the target to 96% of direct material suppliers and extend scope for indirect suppliers to 70%. Suppliers not assessed must commit to be assessed by EcoVadis. All suppliers are aware that an Ecovadis assessment and signature of the Group PSA Charter is a mandatory prerequisite to remain in the supplier panel and also to be awarded for any future business. Increase Ecovadis CSR assessment further to: \_\_\_ 2.\_ Impact of supplier related-engagement: With an average score of 49.14 (Vs. 48.9 in 2018) , Groupe PSA suppliers outperformed all suppliers assessed by EcoVadis, who have an average score of 42.4.

### **Comment**

### **Type of engagement**

Compliance & onboarding

### **Details of engagement**

Other, please specify (Alignment with Paris Agreement)

### **% of suppliers by number**

6.1

### **% total procurement spend (direct and indirect)**

62

### **% of supplier-related Scope 3 emissions as reported in C6.5**

62

### **Rationale for the coverage of your engagement**

Groupe PSA requires 70% of its key suppliers and key partners (based on turnover) to commit to a CO2 trend which complies with the Paris Agreement by 2020 because they share close or essential relationship with Groupe PSA and they provide technical expertise in several products groups identified as strategy by Groupe PSA. In 2019, 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)

### **Impact of engagement, including measures of success**

1.\_ Engagement/measure of success: For key suppliers and key partners, the Group has decided to monitor the environmental roadmap, the action plans follow-up regarding the alignment with the Paris Agreement. \_\_\_ 2.\_Impact of supplier related-engagement: 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).

### **Comment**

### **Type of engagement**

Engagement & incentivization (changing supplier behavior)

### **Details of engagement**

Run an engagement campaign to educate suppliers about climate change

### **% of suppliers by number**

6.1

### **% total procurement spend (direct and indirect)**

62

### **% of supplier-related Scope 3 emissions as reported in C6.5**

62

### **Rationale for the coverage of your engagement**

This engagement is an on-going engagement that aims to cover 90% of total suppliers by 2025. So far, the engagement is made with key partners and key suppliers that represented 67.7% of the total procurement spend in 2018.

### **Impact of engagement, including measures of success**

1.\_ Engagement/measure of success: Groupe PSA is offering trainings on CSR risks and on the Group’s requirements for its suppliers. The Group’s ambition is to have trained 90% of its suppliers by 2025. To achieve this goal, PSA provides its suppliers with various learning, training and development tools. > Monthly supplier briefings > Access to an e-learning on CSR principles to evaluate & improve their CSR performance and how to build up robust internal processes supporting CSR via the dedicated platform. These trainings include all topics of CSR, including ethics, human rights, environment, climate change, etc.). Additionally, Groupe PSA organizes, on an annual basis, supplier awards event, which is an opportunity to praise the performance and industrial excellence of supplier plants that meet the Group’s quality requirements, from producing the vehicle to handing over the keys to the end customer. \_\_\_ 2. Impact of supplier related-engagement: In 2019, 15 suppliers were rewarded for their commitment and the quality of their response to the Group’s expectations. Moreover, Groupe PSA robust internal processes as well as the continuous and growing successful relationships with its supply base were awarded Best Portfolio CSR Performance Improvement by the EcoVadis’ 2019 Sustainable Procurement Leadership Awards. Among the companies considered for the award, PSA demonstrated the highest percentage of suppliers improving their CSR performance and EcoVadis average score. PSA as an active strategy of having a dialogue with our supplier. In 2019, a Groupe level WorkShop with strategic suppliers aimed at reducing their carbon initiative was launch and received a lot of interest. There is not fixed model for the workshop or agreement to formalize the initiative yet, in consequence no numbers on the success of the measure can be communicated.

### **Comment**

### **Type of engagement**

Engagement & incentivization (changing supplier behavior)

### **Details of engagement**

Other, please specify (Exclusive partnership with GEFCO (transport supplier))

### **% of suppliers by number**

0.1

### **% total procurement spend (direct and indirect)**

6

### **% of supplier-related Scope 3 emissions as reported in C6.5**

4.2

### **Rationale for the coverage of your engagement**

Groupe PSA and its logistic provider GEFCO have 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. As a key partner and the exclusive logistics provider, Groupe PSA is implementing a specific and dedicated supplier engagement policy. For confidentiality reasons, the % of purchasing value (6%) has been estimated on the basis of public press releases and not on the basis the exact 2019 figures.

### **Impact of engagement, including measures of success**

1.\_ Engagement/measure of success: Within the frame of this collaboration, and in order to reduce the environmental footprint of logistics operations and in particular its carbon footprint, Groupe PSA is undertaking a large set of actions including: > Monitoring of the environmental performance on a monthly basis with respect to the transport of components and vehicle distribution; > Improving the trucks and sea containers loading rate through the implementation of a tool for 3D visualisation of the truck loading and the massification of flows between several suppliers; > Optimising intercontinental flows thanks to redesign of procurement flows. 2.\_Impact of supplier related-engagement: Improving the environmental and carbon performance of logistics takes time and is tracking with the metric of kg CO2e / vehicle transported. However, we have already observed some successes. > Implementation of a tool for 3D visualisation of the theoretical loading of HGVs based on daily orders sent to suppliers. In 2019, this tool was tested for shipping containers. A Proof Of Concept was presented in October 2019 making it possible to optimize sea containers in real time and reach 85% filling rate. This solution is under study before being implemented > optimization of intercontinental flows: 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 > In 2019, the use of high cube container was mainstreamed allowing for further increase in efficiency.

### **Comment**

### **Type of engagement**

Innovation & collaboration (changing markets)

### **Details of engagement**

Run a campaign to encourage innovation to reduce climate impacts on products and services

### **% of suppliers by number**

33

### **% total procurement spend (direct and indirect)**

29.2

### **% of supplier-related Scope 3 emissions as reported in C6.5**

29.2

### **Rationale for the coverage of your engagement**

Groupe PSA involves key suppliers in projects to develop future green technologies. This concerns around 300 suppliers that have a strong financial structure and capacity for innovation.

### **Impact of engagement, including measures of success**

1.\_ Engagement/measure of success: The Group works with more than 300-400 suppliers on joint innovation projects to develop future technologies. Main areas of innovation are autonomous vehicle, driver assistance technologies and energy transfer (for electric vehicles of the future). In 2019, To meet new environmental and automotive safety regulations and anticipate customers’ future expectations, Groupe PSA selected 25 suppliers once again for innovation contracts. \_\_\_ 2.\_ Impact of supplier related-engagement: There is no direct measure of success insofar as this joint innovation with suppliers is long-term partnership that will eventually lead to the release of new products and services. However, The Purchasing Department also encourages its suppliers to share their innovations with Groupe PSA by organizing “Supplier Innovation Days”. 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%).

### **Comment**

## **C12.1b**

### **(C12.1b) Give details of your climate-related engagement strategy with your customers.**

### **Type of engagement**

Education/information sharing

### **Details of engagement**

Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

### **% of customers by number**

100

### **% of customer - related Scope 3 emissions as reported in C6.5**

99

### **Portfolio coverage (total or outstanding)**

<Not Applicable>

### **Please explain the rationale for selecting this group of customers and scope of engagement**

100% of our customers are likely to take part in this engagement since our web-based application enables all customers to get access to the real consumption of Groupe PSA’s vehicles. The application is now available on the brands’ websites in 12 European countries. This application is addressed to all of our existing and potential customers (100%) because our stakeholders, including customers, challenge and expect from us at least transparency and even a positive contribution to the environment. This engagement of transparency on the real consumption of our vehicles aims to provide some answers to our customers.

### **Impact of engagement, including measures of success**

1.\_ Engagement/measure of success: Groupe PSA takes two major climate-related engagement with its customers: > since 2015 Groupe PSA has been committed to being transparent with customers on its vehicles’ consumption and actual emissions. In 2017 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 a web-based application that enables customers to view the fuel consumption data for their model by entering in its characteristics and estimate their own consumption based on the actual use of their vehicle using an online configurator. > Propose on its vehicles onboard functions aimed at reducing fuel consumption. For instance, on the plug-in hybrid vehicles, Groupe PSA has launched in 2019 an onboard function aimed at helping the driver to optimize his/her fuel consumption in real time. \_\_\_ 2.\_ Impact of customer-related engagement: This engagement in favour of information and education achieved positive outcomes. > The first success is the number of vehicles covered by this web-based application. It is now possible to estimate the consumption in real-world driving conditions of more than 1,000 versions of PEUGEOT, CITROËN and DS AUTOMOBILES vehicles, and additional measurements have been made on Light Commercial Vehicles (LCV) in 2018-2019. This initiative, a first in the automotive world, won the ECOBEST 2018 award in early 2019. > The second measure of success is the frequency to which customers are using the web-based application. For instance, customers in France visit the website approximately 25,000 times per year.

### **Type of engagement**

Education/information sharing

### **Details of engagement**

Share information about your products and relevant certification schemes (i.e. Energy STAR)

### **% of customers by number**

100

### **% of customer - related Scope 3 emissions as reported in C6.5**

99

### **Portfolio coverage (total or outstanding)**

<Not Applicable>

### **Please explain the rationale for selecting this group of customers and scope of engagement**

Groupe PSA released a series of web-based tool with the goal to better inform individual and professional consumers choices with regard to electric and sustainable mobility. Groupe PSA understands the necessity to close the information gap on electric and sustainable mobility to better leverage their potential for GHG mitigation. Web-based tool were favored for their ability to reach out to the broadest audience: 1.\_ 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. 2.\_ Online TCO (Total Cost of Ownership) simulator on brand websites, comparing different versions of models in order to Facilitate customers’ access to e-mobility through commercial offers tailored to make LEV versions comparable to thermic versions 3.\_ Finally, in 2019, the five automotive brands have updated the “sustainable mobility” sections of their website and customer awareness was raised through ad-hoc programs: 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.). in addition, Opel and Vauxhall also launched the campaigns “Opel goes electric” and “Switch it up”, respectively to announce their electric offers.

### **Impact of engagement, including measures of success**

1.\_ Impact of engagement/measure of success: In these tools aim to reduce the psychological obstacles that might have customers when using an electric vehicle and show the competitiveness of electric vehicles. At the end, the intended impact is an increase of electric vehicles purchases by PSA customers and reduced GHG emissions \_\_\_ 2.\_ Impact of customer related-engagement: the long-term success of the operation will show in the sales of electric or sustainable mobility solutions. In the short term, 300,000 vehicles were leased through Free2Move with nearly 110,000 professional customers and the 9 videos that were realised as part of the “move to electric” series were viewed more than 60,000 times in less than a year.

### **Type of engagement**

Collaboration & innovation

### **Details of engagement**

Run a campaign to encourage innovation to reduce climate change impacts

### **% of customers by number**

100

### **% of customer - related Scope 3 emissions as reported in C6.5**

99

### **Portfolio coverage (total or outstanding)**

<Not Applicable>

### **Please explain the rationale for selecting this group of customers and scope of engagement**

100% of our customers are likely to take part in this engagement given that our new models will be equipped with these onboard functions. This engagement aims to give the capacity to every customer to act itself on its vehicle consumption and thereby on the environment. By encouraging the change in driving behaviours, CO2 emissions from vehicles could be dramatically reduced.

### **Impact of engagement, including measures of success**

1.\_ Impact of engagement/measure of succes: In 2019, Groupe PSA launches two new onboard functions aimed at reducing fuel consumption: > “The MyPEUGEOT, MyCITROËN, MyDS, MyOPEL and MyVAUXHALL services that allow customers to track and optimize the energy consumption of their vehicles. These apps can be downloaded free of charge on all smartphones. > The Peugeot Green Connect service, in partnership with Mobigreen, which trains drivers in eco-drivingtechniques through an e-learning module on a dedicated website in combination with on-road training. \_\_\_ 2.\_ Impact of customer-related engagement: These new onboard functions, which offer potential fuel savings of around 5%, will be gradually rolled out to all future lines and thereby will provide significant benefits to customers and to the environment. In addition the MyPEUGEOT App mentioned above gets top marks in car brand app rankings with 4.5 on iOS and 3.7 on Android. Overall, MyBrand apps (MyPEUGEOT, MyCITROËN, MyDS, MyOPEL and MyVAUXHALL) download rate increased in 2019 to reach +1.650 million downloads; my Peugeot accounting for more than half of the download. In addition the CITROËN ADVISOR website allows user to share their experience with Citroen cars and sales network and contribute to consumers step toward Electric vehicles: Citroen C-zero obtain a 4.4/5 score from 2940 customers.

## **C12.1d**

### **(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.**

Groupe PSA is deploying also its climate-related strategy with other partners in its value chain:

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Engagement with employees within the company:

In accordance with the commitments made under its Global Framework Agreement, the Group presents a review of its application of said agreement with respect to Groupe PSA social responsibility every year at the plenary meeting of the Group’s Works Council. The Group’s Works Council is a body for dialogue between management and with at least 500 employees’ representatives including the IndustriALL Global Union and IndustriALL European Union trade union federations. During the 2019 annual meeting, discussions were held on the initiatives undertaken under commitment No. 9 and 15 related Protection of the environment. Furthermore, worldwide environmental indicators are presented to the employee representatives and compared with the Group’s commitments in the field. Corrective action plans and good practices are presented and debated.

In addition, A joint Union-Management strategy 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. Issues relating to powertrain and gearbox industrial strategy have been on the committte agendas. Energy transition was again an important topic discussed on October 11, 2019 regarding new regulations to be enforced in 2020 and further evolutions by 2030.

Finally, in 2019, Groupe PSA launched a major action plan to anticipate intensive use of electric and plug-in hybrid electric vehicles by its employees. this plan includes a training programme, “Electric Quest”, which has been rolled out to support all employees in under-standing the changes related to energy transition. Participation has been massive: more than 39,000 persons have taken part. Annual awareness campaigns on sustainable development (sustainable development week, eco-driving....). are also in place.

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Engagement with technological partners:

PSA is developing several joint-venture with technological partners, allowing the group to develop new technologies related to electrification and the hybridation of PSA’s models as well as the development of Euro 6-compliant engines. This is exemplified with the Nidec Leroy-Somer partnership whose purpose is to develop e-motors or with the future joint-venture agreement with Punch Powertrain that aims to product the future generation of the electrified transmission (e-DCT) starting in 2022.

In addition, Groupe PSA is preparing for the electric future of mobility with a strategic move in 2019 to create a European Champion in EV cells and modules manufacturing activity, starting in 2023. The joint venture with Saft is part of Groupe PSA vertical integration strategy for electrified vehicles. The Automotive Cell Company project will leverage cutting-edge R&D, notably provided by Saft, which is bringing high-level expertise in battery technology.

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Engagement with mobility experts:

In 2018, the Group’s CEO, started a series of one-to-one dialogues with high-level experts on the seven megatrends that will shape the future of mobility – this dialogue session extended to 2019. The aim of these dialogues is to help to build the future strategic plan of the Company. All dialogues are filmed so that they can be shown to the public in a transparent way. 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”.

The group contributes to the Stel Lab network’s activities by organising Innovation Scientific Meetings that bring together universities, research laboratories, spin-offs, start ups and SMEs. In 2019, five meetings were held on topics of strategic importance for the Group one on autonomous & connected vehicle thus related to climate issues.

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Engagement with investors:

Investors and shareholders are informed of CSR performance through a letter and through the CSR report and the Registration document published every year. Moreover, Groupe PSA published in April 2018 for the first time a Climate Report, which complies with the recommendations of the FSB Taskforce on Climate-related Financial Disclosures (TCFD).This report that was updated in 2019. The Group also organizes consultation Committee and shareholders/investors meeting where environmental aspects can be discussed.

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Engagement with dealership networks:

Environmental performance of vehicles and manufacturing facilities as well as sustainable mobility subjects are discussed with dealership networks. Sales and marketing employees are trained on these subjects to better understand climate-related issues that the group is facing and the solutions that are being developed. This is done for instance through e-learning training. Furthermore, distribution and/or repair service contract include clauses related to sustainable development.

## **C12.3**

### **(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?**

Direct engagement with policy makers

Trade associations

Funding research organizations

Other

## **C12.3a**

### **(C12.3a) On what issues have you been engaging directly with policy makers?**

|  |  |  |  |
| --- | --- | --- | --- |
| **Focus of legislation** | **Corporate position** | **Details of engagement** | **Proposed legislative solution** |
| Other, please specify (CO2 fleet regulation) | Support with minor exceptions | 1.\_ Name of legislation: post 2020 CO2 emissions target regulation in Europe which will amend EC 443/2009 (CO2 emissions target based on NEDC procedure) 2.\_ Geographies of legislation: Europe 3.\_ Type of engagement: Groupe PSA engaged discussions, meetings, influence strategies activities towards MEEM (Ministère de l’Environnement, de l’Energie et de la Mer) and European Commission for proposing solutions to define a CO2 emissions target based on WLTP procedure derived of CO2 emissions target based on NEDC. | The Worldwide Harmonized Light Vehicles Test Procedure (WLTP) is a new procedure and replaced the NEDC procedure in Europe on September 2017. The WLTP procedure is more representative of real-life conditions: measured CO2 emissions will be increased. Groupe PSA supports WLTP introduction to restore its customers’ trust and has proposed a formula to calculate CO2 emissions target on WLTP based on CO2 emissions target on NEDC (95 g/km in 2020). For Groupe PSA, key factors are iso-stringency between NEDC and WLTP, and additive corrections (instead of multiplicative corrections). 100% of Groupe PSA’s passenger cars are certified under the WLTP new laboratory test and are publicly available for customers. |
| Other, please specify (Support Scheme for electric transportation) | Support with minor exceptions | 1.\_ Name of legislation: policy in favour of electrification of transport 2.\_ Geographies of legislation: Europe 2.\_ Type of engagement: Consultative supports | Group PSA embraces the Paris climate accord and addresses the related challenge. 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. In this context, 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. In addition, knowing that there is no “one-size-fits-all” technology leading to a carbon-free environment. The group promotes a true 360 degree view on the entire transport eco-system looking at the entire carbon footprint of each of these technologies in a holistic manner. |
| Other, please specify (Battery recycling) | Support with minor exceptions | 1.\_ Name of legislation: standards for batteries recycling 2.\_ Geographies of legislation: Europe and China 3.\_Type of engagement: PSA is closely involved in the development of a standard, via the European Automobile Manufacturer’s association (ACEA), and local joint ventures outside of Europe (China mainly). | Groupe PSA promotes the repair and recycling of batteries. For instance, PCD has a contract for the entire European market with a single, efficient partner, whose recycling rates in 2018 were 70.7% for Li-ion traction batteries of electric vehicles and 82.8% for the Ni-MH batteries of hybrid vehicles. These rates are significantly higher than the 50% regulatory thresholds for recycling efficiency. The agreement covers all of the PCD’s dealership networks and industrial sites for all traction battery technology across all European marketing regions. Other manufacturers could reach the same level of recycling rate with appropriate recycling partners. |
| Please select | Please select |  |  |

## **C12.3b**

### **(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?**

Yes

## **C12.3c**

### **(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.**

### **Trade association**

ACEA – European Automobile Manufacturers’ Association

### **Is your position on climate change consistent with theirs?**

Consistent

### **Please explain the trade association’s position**

The main topics are the vehicles’ fuel consumption efficiency and carbon emissions reduction of vehicles and processes. ACEA calls as well for greater balance between climate objectives and global competitiveness. For example, in 2018 ACEA worked on the best processes to establish for a better end-of-life vehicles dismantling and recycling treatment.

### **How have you influenced, or are you attempting to influence their position?**

Three specialized Departments (Public Affairs, Sustainability, Industrial Direction) are tasked with representing Groupe PSA in trade associations as ACEA. This way, Groupe PSA is actively participating in working groups to influence common positions. In addition, Carlos Tavares took over the Presidency of ACEA in 2018. As ACEA President, Mr Tavares had meetings with Commissioners Mr Canete, Mr Moedas, Mrs Malmstöm and Mr Katainen. Furthermore, Mr Tavares hosted the ACEA annual reception in January and took the opportunity to outline the industry challenges on CO2, safety and Brexit. As ACEA President, Mr Tavares held several meetings in 2019 to outline the automotive challenges several of them related to sustainable mobility In addition in September 2019, Mrs Gohin, VP Research & Innovation,participated in ACEA event “leading the mobility transformation”where she clarified Groupe PSA position on energytransition;

### **Trade association**

CCFA – Comité des Constructeurs Français d’Automobiles

### **Is your position on climate change consistent with theirs?**

Consistent

### **Please explain the trade association’s position**

CCFA supports the implementation of CSR policies in the automotive industry, by identifying the CSR best practices at each member company and standardizing them across working group members. Regarding environmental issues, the main topics tackled are regulations on the vehicles’ fuel consumption efficiency and carbon emissions reduction of vehicles and processes. For example, the French car manufacturers’ committee (CCFA), with the French government’s automotive industry platform (PFA) renewed the CSR Charter for the automotive sector on 6 October 2016. 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. 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.

### **How have you influenced, or are you attempting to influence their position?**

Three specialized Departments (Public Affairs, Sustainability, Industrial Direction) are tasked with representing Groupe PSA in trade associations as CCFA. This way, Groupe PSA is actively participating in working groups to influence common positions on regulations related to fuel consumption and CO2 emissions of vehicles. In addition, Groupe PSA has signed the second joint CSR Charter of the CCFA and PFA in October 2016.

## **C12.3d**

### **(C12.3d) Do you publicly disclose a list of all research organizations that you fund?**

Yes

## **C12.3e**

### **(C12.3e) Provide details of the other engagement activities that you undertake.**

Regarding the engagement with universities:

1.\_ Method of engagement: Groupe PSA has a scientific partnership with many universities, engineering schools and business schools, in France and abroad. For example, PSA has a long-term scientific partnership with the Bourgogne Franche Comté region, the French National Scientific Research Centre (CNRS), the Université de Franche Comté, the Université de Technologie de Belfort Montbéliard and the École Nationale Supérieure de Mécanique et Microtechnique de Besançon. PSA is also working on biofuels with several Brazilian universities and created an OpenLab with Moroccan universities.

2.\_ Topic of engagement: the long-term collaboration with regional university research laboratories will explore clean technologies, the autonomous vehicle, vehicle appeal and the plant of the future. The OpenLab launched with Moroccan universities is focused on “Sustainable Mobility for Africa”.

2.\_ Nature of the engagement: the partnership will take the form of collaborative projects, funding for doctoral students and assistance with creating startups. In addition, as part of the agreement, Groupe PSA employees will speak at the partner universities and scientific study will be promoted.

4.\_ Actions advocated: PSA supports academic and research projects in order to identify the breakthrough technologies of the vehicle of the future. The group also helps to accentuate innovation in the Bourgogne Franche Comté region and in Morocco, and therefore enhance both region’s economic and social appeal. PSA plants are engaging with universities about the biodiversity around the plants. In 2018, France Nature Environment (FNE) and Fondation PSA have been working together on shaping the future of sustainable mobility. They published a practical document for teachers and educators, which was the result of two years’ work, in order to promote sustainable mobility with educational and awareness- raising actions aimed at young people. This educational guide to sustainable mobility approved by the French Ministry of Education aims at supporting education institutions to raise awareness of sustainability issues.

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Regarding the engagement with stakeholders:

1.\_ Method of engagement: PSA organized several stakeholder dialogues in 2019, that brought together actors from civil society such as NGO representatives, researchers, economists, sociologists, etc.

2.\_ Topic of engagement: the stakeholders dialogue tackled in particular 3 topics: sustainable mobility, economic development of host regions and harnessing talent and paving the way for success

3.\_ Nature of engagement: from the various dialogues about the future mobility, Groupe PSA is developing a range of connected and mobility services in response to changes in customer behaviour and expectations and, through dialogue with civil society, Groupe PSA is inventing the transport of the future by incorporating digital into vehicle DNA and installing driver assistance systems to improve safety and traffic flow, with the aim of bringing the autonomous car within reach of as many people as possible.

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Regarding the engagement with VEDECOM:

1.\_ Method of engagement: PSA is a member of the VEDECOM (Carbon free and Communicating Vehicle and its Mobility) Institute. This energy transition institute (ITE) represents a unique research ecosystem in France made up of some 40 members that forms an unprecedented collaboration between companies from the automotive and aeronautic sectors, infrastructure and service operators from the mobility ecosystem, academic and local government research institutions in the Paris region.

2.\_ Topic of engagement: autonomous vehicles and mobility of the future by actively driving innovation, research and training applied to transport and responsible mobility.

3.\_ Nature of engagement: in the VEDECOM Institute, Groupe PSA works with aeronautic and IT companies on: future hybrid and electric engines (optimisation of the “powertrain”, engine + gearbox + steering) and developments around fuel hydrogen (in particular as a complement to battery­ operated electric engines whose autonomy will increase); the autonomous vehicle connected to its environment; inter modal transport, infrastructure, Smart Grids. 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 5 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).

4.\_ Actions advocated: support of research covering engines and connectivity of post 2020 vehicle to promote individual, low­-carbon and sustainable mobility.

## **C12.3f**

### **(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?**

All CSR issues are mapped and validated by the Executive Committee. The Executive Committee allocates resources according to the weight of each issue in the materiality matrix (which is public). CO2 emissions, i.e. climate change, rank first in the strategic issues. Influence strategies are conducted by the Public Affairs Department. The Public Affairs Department manages relations with governments, ministries, parliaments, public agencies and enterprises, local authorities, European Union institutions, foreign governments and, by extension, the business and professional communities and non­governmental organizations. This Department also represents the Group’s positions on climate change related issues.

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The Public Affairs Department is under the responsibility of the Corporate Secretary, who is member of the Executive Committee and reports directly on these issues to the Chairman of the Managing Board. Finally, the Public Affairs Department may be audited by the Group Audit and Risk Management Department, which acts completely independently. As mentioned earlier, this Risk Management Department is also in charge of climate change risks assessment.

In Latin America, China and Russia, dedicated external relations officers report directly to the Regional Chief Executive, who is a member of the Managing Board or reports to it.

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Besides, for any regions where Groupe PSA operates, consistency on climate change is also ensured at the Managing Board level, since Executive Vice President, Programs & Strategy, who is a member of the Managing Board and Executive Committee, holds direct and specific responsibility on climate change related issues.

## **C12.4**

### **(C12.4) Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

### **Publication**

In mainstream reports

### **Status**

Complete

### **Attach the document**

[Groupe-PSA-Universal-Registration-Document-2019-1(5).pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/M4JZ39hvCkGuazneZd8lpQ/GroupePSAUniversalRegistrationDocument201915.pdf)

### **Page/Section reference**

1.4. Risk management and internal control procedures p.21 1.5. Risk factors p.25 2.2. Embracing environmental issues p.55 2.2.1.1. Combating global warming and adapting to the consequences of climate change p.55 2.2.2.1. Energy performance and reduction in carbon footprint in the face of climate change p.63 4.5.2. Groupe PSA technological response p.163

### **Content elements**

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

### **Comment**

This Universal Registration Document, which contains all the information found in the Management Report, was filed on 21 April 2020 with the Financial Markets Authorities (AMF), the relevant body, in accordance with Regulation (EU) 2017/1129. The 2019 Registration Document is available on the Group's web site www.groupe-psa.com/en, in its “Regulated Information” section.

### **Publication**

In mainstream reports

### **Status**

Complete

### **Attach the document**

[Groupe\_PSA\_2019\_CSR\_Report.pdf](https://www.cdp.net/en/formatted_responses/files?file_path=k9me76vz7u2sozvqoi2gbw-cdp-credit360-com/iu3pgrxCJUmKRNbX-60KmQ/GroupePSA2019CSRReport.pdf)

### **Page/Section reference**

1.1. A CSR program that is fully integrated into the group strategy p.7 1.2. CSR in the value-creation model p.17 1.4. Governance geared towards sustainable growth p.34 2 Creating a tangible impact on climate (Climate report) p.39 4.2.2. Shared mobility p.144

### **Content elements**

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Other metrics

### **Comment**

The annual CSR Report presents all the work carried out by the Group on its societal issues, including climate issues. Contents were Audited by an independent third party. It connects financial and non-financial performance, in accordance with the recommendations of the International Integrated Reporting Council (IIRC) and of the Task Force on Climate-related Financial Disclosures (TCFD) Groupe PSA CSR Report has been awarded "Advanced" for five consecutive years by the United Nations Global Compact. This label rewards both transparency and best practices in sustainable development. The CSR Report is available on the Group’s web site, https://www.groupe-psa.com/en/automotive-group/responsibility/#csrreport

## **C15. Signoff**

## **C-FI**

### **(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

## **C15.1**

### **(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

|  |  |  |
| --- | --- | --- |
|  | **Job title** | **Corresponding job category** |
| Row 1 | Senior Vice President, Programmes | Board/Executive board |