



**FIR**  
**Nathalie Lhayani & Caroline Le Meaux**

**48 rue Sainte-Anne**  
**75002 PARIS France**

*Amsterdam, April 13, 2023*

**Answer to your letter dated March 20, 2023**

Dear Ladies,

We thank you warmly for your questions and your interest in Stellantis.

Please find below our answers to your questions. This year our annual general meeting of shareholders will be held as an in-person meeting. Dutch applicable rules do not provide for submission of questions in advance of the shareholders meeting. We are however pleased to respond to your questions with this letter.

**Environment**

1. a) In the context of the Paris Agreement, how does each of your actions related to the reduction of your direct and indirect GHG emissions contribute to your decarbonization objective on all scopes (percentage of emissions reduced thanks to the action)?

What is the share of negative emissions in your decarbonization goals?

Stellantis is committed to achieve carbon net zero by 2038, with more than 90% reduction in intensity vs the 2021 level and a single digit % negative emissions to compensate all residual emissions.

As a part of the Dare Forward strategic plan, a comprehensive roadmap towards carbon net zero has been defined, including a reduction by 50% of our global carbon footprint vs 2021 – assuming constant sales volumes. To achieve this objective, Stellantis plans:

- to reduce by 75% the GHG emissions related to scopes 1 & 2, notably through energy consumption reduction and the use of 100% decarbonized electricity by 2030
- to reduce by 50% emissions per vehicle sold through:
  - Fleet electrification (100% PC EU, 50% PC+ LDT US)

- Reduction by 40% of scope 3 upstream emissions (purchasing & logistics) per electric vehicle vs 2021.

b) Could you associate an amount of investment required for each of the actions deployed, related to the reduction of your direct and indirect emissions, resulting from your decarbonization strategy?

Stellantis' ambition is to embrace breakthrough ideas to offer innovative, clean, safe and affordable mobility with more than €30 billion of R&D, capex and joint venture investments in electrification and software for 2021-2025. As mentioned in page 235 of our Annual Report, EU taxonomy aligned CAPEX amounted to €1,959 million in 2022. The Taxonomy Aligned Capex KPI only considers Capex investments for 2022 as defined above and therefore does not fully reflect current and future spending on electrification, including investments in our battery JVs, as set out in the Dare Forward 2030 strategic plan.

c) On which reference scenario(s) is your decarbonation strategy based? Is it aligned with a 1.5°C scenario?

Stellantis is computing its carbon footprint in accordance with the Green House Gas Protocol and consistently with the ISO 14064 standard. Targets are established referring to the available Science-Based Targets initiative (SBTi) methodology at the time of the roadmap definition, based on the Sectoral Decarbonization Approach for the transport sector. The 2030 intermediate targets covering absolute GHG emissions from scopes 1 and 2 and Well-to-Wheel CO<sub>2</sub> emissions from scope 3 are in line with the Paris Agreement and 1.5°C scenario.

2. a) Have you recently carried out an assessment of the impacts and dependence (direct and indirect) of your activities on and towards biodiversity?

b) If not, why not? If yes, has your estimate of the dependence (direct and indirect) of your activities on biodiversity (expressed as a percentage of turnover, net banking income, etc.) changed compared to last year?

c) Based on your evaluation work, what are your expenditures on biodiversity (protection, restoration...)? Thank you for providing us with an amount.

Stellantis is currently conducting a double materiality assessment of its CSR impacts which will allow to position biodiversity. Results will be available in FY2023 disclosures.

3. a) In a context of inflation, geopolitical crises, global warming and biodiversity degradation, how do you assess the financial and economic impact of the scarcity of or difficulties in accessing your strategic natural resources on your business models?

Climate change and related changes in the global agenda have resulted in our governments and political actors enacting new regulations that Stellantis must comply with. Stellantis has no choice other than to comply. The immediate consequence is a change in the automotive technologies with a switch from ICE to EV that has indeed financial and economic impacts. We are doing our best to limit them in order to ensure that our vehicles will still be affordable. Public incentives to sustainability are a key trigger in this economic context. The new EV technology creates high dependency on various raw materials, with scarcity risks. Stellantis is deploying a vertical integration strategy for LEV production as well as a strong circular economy plan in order to mitigate such effects and dependencies. The different risks are regularly assessed and included in our technical and

purchasing strategy updates. For all existing and future EV projects the current economic impacts and new challenges in supply chains are considered as part of the overall business case. This way we ensure that all risks of whatever nature are considered as part of our risk assessment for each and every program.

b) Have you assessed the cost increase caused by these difficulties (specify the cost change in percentage or value)?

As described above, these difficulties and costs are part of the business model of our current and future products. This way we ensure a correct control of cost from the beginning of each project.

c) What measures have you taken to reduce your consumption and circularize your business model (specify the part of the company's activities concerned by these solutions)?

Throughout the full vehicle life cycle, we promote a circular use of resources and products to make them last as long as possible, thus minimizing waste, reducing the demand and consumption of new raw materials and reducing energy consumption and CO2 emissions. In particular, we focus on three main measures: designing for circular economy, extending the products usage life span (by remanufacturing, repairing and reusing parts and HVB (high voltage batteries)) and returning material to the production loop by recycling. These activities span across most of our company, involving Manufacturing, Engineering, Design, Purchasing and Circular Economy team members in a transversal way, as we evolve our business processes to achieve carbon net zero by 2038.

## Social

4. a) Could you specify how the E&S criteria integrated in the short and long term variable remuneration policies (if applicable) of your executives reflect the most material E&S issues facing your company?

The performance metrics in our Short-Term Incentive & Long-Term Incentive plans focus on the technological transformation and electrification of our vehicles - to achieve net carbon zero by 2038. Relevant Function incentives integrate social criteria such as strengthening diversity, employee well-being and safety.

b) How does the Board ensure that E&S objectives are met, in particular on the basis of what quantitative criteria? Is the level of requirement systematically re-evaluated when achievement rates are high?

The ESG Committee is responsible for, inter alia, monitoring and evaluating reports on the strategy, targets, achievements, disclosures and reporting relating to ESG matters globally of the Company and its subsidiaries; and reviewing, assessing and making recommendations regarding significant emerging and current trends and stakeholders' views regarding ESG matters in addition to the review of the Company's annual Sustainability Report.

c) Can you describe how the remuneration (bonus, long term, profit-sharing, other) of your employees (excluding managers) integrates environmental and social criteria (E&S)? Please specify the number of employees concerned and give as much detail as possible about the E&S criteria and their share in the employees' remuneration.

At the operational level, around 200,000 non-manager employees are engaged in reaching the economic, environmental, and social performance targets set for their perimeter of responsibility, in line with the strategic plan. Their compensation increase is linked to their individual achievements.

d) Do you plan to increase the proportion of E&S criteria included in the long-term variable compensation of your executives? The majority of other CAC 40 companies have 20% or more.

The weighting for the E&S metric for our LTI will increase from 20% to 30% beginning with the 2023 LTI grant.

5. a) As part of your value-sharing policy, how much of your share buybacks have you allocated to your employees over the last five years (excluding performance shares)? What was the proportion of employees concerned in France and abroad?

Not applicable to Stellantis

b) Over the same period, could you break down the allocation of your share buybacks (cancellation, employee shareholding operation, allocation of performance shares, other beneficiaries, other allocations)?

Stellantis will be offering an employee stock purchase plan to employees beginning in 2023, to pursue a target of employee ownership equal to 5% of Stellantis capital in 2030.

c) More generally, do you have a policy defining the allocation of your share buybacks? Is this policy public? If so, can you describe it?

All the shares repurchased through the Share Buyback will be cancelled in due course as announced on February 22, 2023.

6. For two years in a row, you have not provided a definition of a living wage to the IRF. This issue is particularly important for responsible investors, and it is all the more meaningful in a context of global inflation. For us, it is essential to have a clear definition in order to assess the group's vision of its global strategy. A living wage can be defined as: *"The remuneration received for a normal workweek by a worker in a given location, sufficient to provide a decent standard of living for the worker and his or her family. The elements of a decent standard of living include food, water, shelter, education, health care, transportation, clothing and other basic needs, including provision for unforeseen events,"* as defined by the Global Living Wage Coalition. A living wage is also distinct from the local legal minimum wage.

a) For example, since last year, have you adopted a definition of living wage such as the one mentioned above or equivalent? If so, which one?

We are in the beginning stages of analyzing the wages vs a living wage. We have engaged a third party, the "Fair Wage Network" for assistance with the analysis and definition of a living wage.

b) What specific measures have you put in place to ensure that a decent wage is paid to all your employees and those of your suppliers (work with specialized initiatives, studies to determine the level of decent wage for each country, integration of the criterion in your supplier charters, due diligence of suppliers, etc.)?

General increases have been deployed in all Stellantis countries to face local inflation. In addition, for countries with a high level of inflation, such as France, Germany, Italy, Poland, ... several purchasing

power actions have been implemented by providing a premium that ranged up to 1,000 Euros per employee.

For our suppliers: we have published Stellantis Responsible Purchasing Guidelines which we ask our Tier 1 suppliers to commit to. They include a specific focus on remuneration, where we request our suppliers to ensure wages respecting laws and regulations and remind them that their compensation practices should seek to provide their workers and their families decent wages to afford reasonable and adequate shelter, food and other necessities.

Our suppliers are also assessed on their CSR performance through a recognized external partner (Ecovadis). One of the four areas assessed focuses on "Labor & Human Rights", including fair remuneration of employees.

In addition, a whistleblowing process is in place, and it also addressing also our suppliers' employees. In case of alert or issues, Stellantis conducts further investigation and takes appropriate measures whenever needed.

c) Have you set minimum wage thresholds in all your countries of operation for your employees and your suppliers' employees and where do they stand in relation to local minimum wages? If so, do you conduct audits to ensure that these thresholds are respected and evolve according to the cost of living?

Stellantis is committed to offering compensation and benefits to all members of its workforce in full respect of local legislation. In all of our manufacturing sites we have defined minimum pay thresholds, either under collective bargaining agreements or under our local HR policies.

For our suppliers, on top of what is described above, Stellantis performs a risk analysis to identify specific supplier locations where on-site audits are needed. One of the key triggers of this analysis is the country, based on the global right index and on the Ecovadis country risk classification. These on-site audits include employee remuneration (12). In case of noncompliance, we require action plans and monitor the relevant implementation. Suppliers that do not improve and collaborate with Stellantis to resolve the issues identified might ultimately be excluded from Stellantis' supplier panel.

d) Have you considered and mapped the systemic risks that may impede the payment of a living wage to your employees and the employees of your suppliers (such as the lack of respect for freedom of association)?

As stated before, the living wage analysis is ongoing and decisions will be taken according to the outcome.

For suppliers, see both answers above. Our Responsible Purchasing Guidelines do include a focus on freedom of association where we remind our suppliers that they should support their workforce's freedom of association and abstain from forms of anti-union activity that are not consistent with local legislation. The Ecovadis scorecard includes questions and requirements for Human Rights that cover the GRI 407 item: Freedom of Association and Collective Bargaining. In addition, also for this subject the employees of our suppliers can use our "Integrity helpline" - the Stellantis Whistleblowing Process - in order to report any non-compliances. All cases are independently and carefully reviewed.

7. a) France: apart from investments in your company's securities, what proportion of the employee savings funds offered to your employees is labeled responsible (SRI, Greenfin, CIES, Finansol or foreign labels)? Please mention the

name of the label funds, the percentage of the total assets and the percentage of the funds excluding employee shareholding that are labeled, the percentage of the group's employees who benefit from this label and the evolution compared to last year.

Our responsibility as a Company is to create sustainable and shared value for our people. Stellantis employees in France are offered a savings plan with employee share ownership. In addition, they are offered to invest in a saving fund « ISR Impact rendement solidaire » (ISR label). At the end of 2022, the outstanding amount of Stellantis employees in this fund “ISR Impact rendement solidaire” represented M€19.92 or about 4.5% of the total amounts of wage savings. At the end of 2021, these amounts represented M€ 19.72 or about 4.6% of the total wage savings.

Around 43% of employees in France are also eligible to a supplementary retirement plan for which an ISR fund “AXA Génération tempéré solidaire” is proposed. At the end of 2022, 2% of the total outstanding in free management of the supplementary retirement plan were invested in this fund.

b) If so, please explain why not all your employee savings funds are labeled? If some are not labeled but include ESG criteria, please explain how these criteria demonstrate a robust and selective ESG approach?

We provide a variety of savings funds for employees to choose from according to their investment criteria.

c) In your other countries of operation: What employee savings schemes, excluding employee share ownership, have been set up for your employees outside France? Do they include robust ESG criteria? If yes, which ones? If not, why not?

We provide defined contribution plans that allow a variety of investment funds for employees to choose.

d) How do you involve your employees in the choice and monitoring of the responsible commitment funds?

Stellantis organizes education & communication for employees through our third-party vendors that administer the savings plans. In some countries, trustees contribute to the choice and control of the funds.

## **Governance**

8. For the fiscal responsibility of the company to be in line with its corporate social responsibility, the Board of Directors or Supervisory Board must be fully involved in the choices built around fiscal citizenship (aligned with principles such as those of the B Team initiative). In this logic, the FIR expects a public fiscal responsibility report, reviewed and signed by the Board of Directors, detailed country by country, to exist, and to be aligned with GRI 207.

The Stellantis Tax Policy, which has been approved by the Audit Committee of the Stellantis Board of Directors, requires Stellantis to manage its business and fiscal affairs responsibly through a strong, group-wide commitment to the highest standards of integrity, accountability and transparency. Stellantis' policy is to pay all taxes legally due in countries in which it operates, consistent with our industrial or commercial activities; the Group's tax policy is not driven by fiscal considerations or artificial arrangements that shift value to low-tax jurisdictions. The Stellantis tax policy is available

at: [https://www.stellantis.com/content/dam/stellantis-corporate/group/governance/corporate-regulations/Stellantis\\_Tax\\_Policy\\_2021.pdf](https://www.stellantis.com/content/dam/stellantis-corporate/group/governance/corporate-regulations/Stellantis_Tax_Policy_2021.pdf).

Thus:

a) Do you publish a document detailing your commitments to fiscal responsibility? How does it fit into your corporate social responsibility policy, going beyond compliance? Is it reviewed and approved by the Board? (Please attach a link or specify the location of the document and a detailed explanation). Do you specify in the document the tax practices that you consider unacceptable?

Stellantis publishes its Tax Policy on the Stellantis website which details Stellantis' tax responsibility commitments. The Stellantis Tax Policy is available at: [https://www.stellantis.com/content/dam/stellantis-corporate/group/governance/corporate-regulations/Stellantis\\_Tax\\_Policy\\_2021.pdf](https://www.stellantis.com/content/dam/stellantis-corporate/group/governance/corporate-regulations/Stellantis_Tax_Policy_2021.pdf).

Under the Stellantis tax policy, it is not acceptable to implement artificial arrangements that shift value to low-tax jurisdictions or to take tax positions that are not sufficiently supported by relevant law.

b) Are you making your country-by-country tax reporting public? If not, how are you preparing for the EU directive scheduled for 2024 that will require country-by-country reporting for EU member countries? Do you plan to publish country-by-country reporting beyond the requirements of the directive?

Stellantis currently prepares and files country-by-country tax reporting with the Dutch tax authorities. Stellantis will fully and timely comply with any and all public disclosure requirements with respect to country-by-country tax reporting as required by EU and other applicable law.

9. a) What public decisions are targeted by your lobbying activities? Please detail them for the last two years, focusing on lobbying related to human rights (including fundamental social rights), climate and governance, for the main jurisdictions in which you lobby (including the EU, US, emerging markets and other regions)?

Stellantis has approved positions, which are aligned to our Dare Forward 2030 strategy, on key topics including CO2 vehicle emissions and our carbon footprint, ethics in governance and business practices, and vehicle safety.

All our positions for 2021 are available in our 2021 CSR Report. For 2022, they will be included in our 2022 CSR Report, due to be published shortly.

The governance for our lobbying activity can be found on our website.

b) How do you monitor and ensure alignment between your ESG objectives and the positions of the industry associations of which you are a member, as well as any potential divergence from your own positions? Do you publish a report in which you detail how your company's and your industry associations' positions are aligned, but also where they may differ from each other?

Stellantis reviews all its professional memberships and associations every year and aims to ensure alignment with our positions. When there are divergences of opinion between Stellantis and the associations we are members of, processes are in place to escalate the issue to a higher decision level.

c) What resources do you allocate to your lobbying activities (human and financial resources) for all your markets worldwide?

Stellantis is transparent with regards to its disclosure of global public affairs expenditure. In 2022, the budget for public affairs activity was €10,66 million, inclusive of membership association fees and internal expenditures. A breakdown of this budget will be available in the 2022 CSR Report, which will be published shortly.

10. a) What measures are you taking to anticipate the short- and medium-term effects of the ecological transition on jobs and on the evolution of skill requirements within your group, but also in your value chain (subcontractors, suppliers, franchisees, etc.)?

Our electrification process relies on a strong comprehensive strategy, which includes among others battery repair and reuse and which will create workforce opportunities for our five gigafactories managed through dedicated Joint Ventures, twenty-one e-repair centers, and a battery expertise center in Rüsselsheim, Germany. These new opportunities will be used to support the workforce transition from Internal Combustion Engine vehicles (ICE) to Electric Vehicles (EV). Stellantis is supporting this workforce transition by training and offering skill enhancement to employees to assist them with their chosen professional paths internally or externally.

Regarding suppliers, the change in technology has been shared with Stellantis community including our suppliers through our Dare forward strategic plan to anticipate as much as possible. Changes are included in our requirements for new projects. We do address the subject with our suppliers on a case-by-case basis through business reviews with them. Our vertical integration is also a way for Stellantis to support and participate in this transition.

b) How is the environmental issue addressed with the social partners? At what level(s) (local, national, European, global) and in what frameworks? Can you also indicate whether these exchanges are based on information sharing, consultations or negotiations? We would be grateful if you could be more specific about the different scenarios that may arise.

We shared with our local employee representative bodies our Dare Forward strategy. In our last ordinary meeting with both European Works Councils in November 2022, we shared our carbon net zero strategy and informed about upcoming actions. Depending on the matter, some actions are shared with local employee representatives by the local management.

c) What means do you give to the social partners so that they can be involved in the environmental policy of your group (training, specific commissions, etc.)?

We are offering to all employees but also to our social partner specific environmental trainings within our climate school training path as well as in other trainings. In many countries the social partners are informed of the content of such trainings in advance and depending on the local legislation may be requested to approve them. Additionally in most countries we established Health & Safety & Environmental committees in which local management, local employee representatives and often local Health & Safety & Environmental specialists discuss occurring environmental issues and define local actions.



d) The environmental prerogatives explicitly attributed to the CSE by the Labour Code (law Has the "Climate and Resilience" initiative led to new practices in your company?

As required by the French Labor Code, the consultation of the works council now includes environmental matters. As an example, the works council was informed and consulted on environmental consequences of the project Alto ("Green" campus in Poissy). New information relating to environmental data are available in the "BDESE" (economic, social and environmental data base available for works council members).

We remain at your disposal if necessary.

Best regards.

Giorgio Fossati  
General Counsel