



Stellantis N.V.

Annual Report and Form 20-F
for the year ended December 31, 2022

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This copy of the annual financial reporting of Stellantis N.V. for the year ended 31 December 2022 is not presented in the ESEF-format as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815). The ESEF single reporting package is available at: <https://www.afm.nl/en/sector/register>.

BOARD OF DIRECTORS

Chairman

John Elkann

Vice Chairman

Robert Peugeot⁽³⁾

Chief Executive Officer

Carlos Tavares

Directors

Andrea Agnelli^{(1),(3)}

Henri de Castries^{(1),(2),(3)}

Fiona Clare Cicconi^{(1),(3)}

Nicolas Dufourcq⁽¹⁾

Ann Frances Godbehere⁽²⁾

Wan Ling Martello^{(2),(3)}

Jacques de Saint-Exupéry

Kevin Scott⁽¹⁾

INDEPENDENT AUDITOR

Ernst & Young Accountants LLP (AFM annual report filing)⁽⁴⁾

EY S.p.A (SEC Form 20-F filing)⁽⁴⁾

(1) Member of the Environmental, Social Governance Committee (“ESG”)

(2) Member of the Audit Committee

(3) Member of the Remuneration Committee

(4) Refer to “About this Report” for additional information relating to these regulatory filings

MESSAGE FROM THE CHAIRMAN AND THE CEO

MESSAGE FROM THE CHAIRMAN

2022 was the second year of Stellantis. In this period of time marked by various market and geopolitical challenges, Stellantis proved to be strong, vibrant and even more determined to "dare forward" as we seized opportunities to achieve the 2030 strategic plan.

We accelerated our transformation into a sustainable mobility tech company, guided by the ambition to rethink the way we move while reducing our carbon footprint. We have the ingenuity, drive, and focus to keep Stellantis at the forefront of the future of mobility.

We do it not only by building iconic vehicles and creating innovative services. We are also shaping a diverse and inclusive organization, one that gathers people and ideas across borders and cultures to exceed our customers' different needs and foster their freedom.

As part of the wider society, Stellantis pursues its stringent environmental, social and governance policy, acting as a steward for the communities where it operates.

The first Stellantis Student Awards is a primary example of it. Started 26 years ago, this year's program recognized more than 600 students from 20 countries around the world with monetary awards for their dedication to continuous learning and education. We are proud to support those who are committed to building a sustainable, better future: for the world and for themselves.

The Stellantis Foundation, our philanthropic arm aligned with the United Nations Sustainable Development Goals, aims to support projects identified at both local and global levels to impact our communities. Stellantis is driven by our social commitment, to empower people through access to education and mobility.

Thanks to our shareholders, who facilitate our steady development, Stellantis will continue to lead the way the world moves and help make the planet more sustainable for future generations.

February 24, 2023

/s/

John Elkann

Chairman

MESSAGE FROM THE CEO

This was a year where disruptions seemed relentless with cumulative crises. War, weaker economic conditions, and an intensifying climate crisis caused exceptional uncertainty, requiring businesses to deliver results while becoming more and more resilient and agile. Even in this context, Stellantis continued its transformation to a sustainable mobility tech company at a pace not yet seen in our industry.

Stellantis pursued this balancing act by launching our Dare Forward 2030 long-term strategic plan in March 2022. The bold business plan aims to achieve greater efficiency with a breakeven point among the lowest in the industry, enabling us to respond to turbulence while bolstering our position on the global tech scene.

The plan is anchored in an ambitious decarbonization strategy consistent with science-based recommendations. Through aggressive and clear targets, it sets out deep emission cuts to slash CO₂ in half by 2030⁽¹⁾, benchmarking our 2021 metrics, and putting us on track to achieve carbon net zero by 2038⁽²⁾.

Our electrification offer continued at lightning speed. We unveiled our latest battery electric vehicles, including the all-new Jeep® Avenger, the first-ever fully electric Jeep SUV and the European Car of the Year for 2023. We do not focus solely on battery power, though.

Our growth also relies on a hydrogen fuel cell zero emission solution. This technology is particularly suited to the needs of light commercial vehicle customers and is already available for Peugeot, Citroën, and Opel mid-size vans. To further reinforce our role as a front runner in this field, we recently announced our plans to acquire a substantial stake in Symbio, a global leader in zero-emission hydrogen mobility.

As we work to achieve a decarbonized world, we continued strengthening our global electrification ecosystem with leading partners that share with us the same environmental objectives, including Automotive Cells Company, LG Energy Solution, Samsung SDI, and Factorial, to name a few. At the end of 2022, we also deepened our strategic partnership with Archer and are now joining forces to manufacture the flagship electric vertical take-off and landing (“eVTOL”) aircraft, Midnight.

We also put a greater focus on a rigorous, 360-degree circular economy business aimed at bringing additional financial value to the Company and providing a more sustainable path for the scarce resources of our planet.

And building on our software know-how, we demonstrated how human-focused innovation is enabling us to embrace the future and render the status quo obsolete. Our software team is building a promising business with several decisive partnerships signed with world-class tech companies: Amazon, Foxconn and Qualcomm.

Stellantis also shifted its lobbying approach toward a more direct and transparent interaction with citizens and stakeholders supporting the Freedom of Mobility Forum. Planned for early 2023, the forum will be a meeting of passionate problem solvers committed to fact-based discussion addressing how we can bring sustainable mobility in the face of global warming implications.

We combined all these activities with financial sustainability, recording a 13.0 percent margin in the face of stiff competition.

We delivered Net revenues of €179.6 billion, which is up 18 percent. We registered Adjusted operating income of €23.3 billion, up 29 percent, and Net profit from continuing operations of €16.8 billion, up 26 percent.

It was a stellar performance made possible by the huge commitment of our people and the crucial support of our shareholders.

These elements give me the confidence that what you have seen from Stellantis in our first two years is just a glimpse of the major impact we will have on mobility ecosystems in the future.

(1) Scopes 1-2-3 intensity tCO₂eq/veh

(2) With single-digit percent compensation

Powered by our diversity, we will continue to lead the way the world moves, delivering cutting-edge products and services that provide clean, safe and affordable mobility solutions on the roads, and in the air.

This is the mission that guides us daily and our commitment to the society in which we operate.

February 24, 2023

/s/

Carlos Tavares

Chief Executive Officer

BOARD REPORT

INTRODUCTION

About this Report

On January 16, 2021, Peugeot S.A. (“PSA”) merged with and into Fiat Chrysler Automobiles N.V. (“FCA N.V.”), with FCA N.V. as the surviving company in the merger (the “merger”). On January 17, 2021, the combined company was renamed Stellantis N.V., the current members of the board of directors were appointed and the Stellantis articles of association became effective. On this date, the Stellantis management and board of directors collectively obtained the power and ability to control the assets, liabilities and operations of both FCA and PSA. As such, under IFRS 3, *Business Combinations*, January 17, 2021 is the acquisition date for the business combination.

In 2021, the merger was accounted for by Stellantis using the acquisition method of accounting in accordance with IFRS 3, which requires the identification of the acquirer and the acquiree for accounting purposes. Based on the assessment of the indicators under IFRS 3 and consideration of all pertinent facts and circumstances, management determined that PSA was the acquirer for accounting purposes and as such, the merger has been accounted for as a reverse acquisition. As a result, the financial statements of Stellantis N.V. will represent the historical financial statements of PSA.

This document, referred to hereafter as the “Annual Report and Form 20-F”, constitutes both the Statutory annual report in accordance with Dutch legal requirements and the annual report on Form 20-F (“Form 20-F”), applicable to Foreign Private Issuers, pursuant to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, for Stellantis N.V., formerly known as Fiat Chrysler Automobiles N.V., for the year ended December 31, 2022, except as noted below.

A table that cross-references the content of this report to the Form 20-F requirements is set out in the *FORM 20-F CROSS REFERENCE* section included elsewhere in this report.

The *Annual Report and Form 20-F* is filed with the Netherlands Authority for Financial Markets (*Autoriteit Financiële Markten*, the “AFM”) and unless otherwise stated, all references in this document to “Annual Report” refer to the AFM filing. The following sections have been removed for our Annual Report filing with the AFM:

- *FORM 20-F cover page;*
- *REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (EY S.p.A. in respect of Internal Control over Financial Reporting for the SEC filing);*
- *REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (EY S.p.A. in respect of the PCAOB audit of the 2022 and 2021 financial statements for the SEC filing);*
- *REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (Mazars and ERNST & YOUNG et Autres in respect of the PCAOB audits of the 2020 financial statements for the SEC filing);*
- *Exhibits; and*
- *SIGNATURES.*

The *Annual Report and Form 20-F* and related exhibits are filed with the U.S. Securities and Exchange Commission (“SEC”) and unless otherwise stated, all references in this document to “Form 20-F” refer to the SEC filing. The following sections have been removed for our Form 20-F filing with the SEC:

- *MESSAGE FROM THE CHAIRMAN AND THE CEO*
- *CORPORATE GOVERNANCE - Responsibilities in Respect to the Annual Report;*
- *NON-FINANCIAL INFORMATION;*

- *CONTROLS AND PROCEDURES - Statement by the Board of Directors;*
- *2023 STELLANTIS GUIDANCE AND OUTLOOK;*
- *COMPANY FINANCIAL STATEMENTS; and*
- *Independent auditor's report (Ernst & Young Accountants LLP in respect of the AFM filing).*

Where information relating to PSA has been presented, this does not include the operations of Faurecia S.E. ("Faurecia"), which were excluded from the continuing operations of PSA as of December 31, 2019. Refer to *Faurecia distribution and deconsolidation* included elsewhere in this report.

Documents on Display

The SEC maintains an internet site at <http://www.sec.gov> that contains reports, information statements, and other information regarding issuers that file electronically with the SEC. The address of the SEC's website is provided solely for information purposes and is not intended to be an active link. Reports and other information concerning our business may also be inspected at the offices of the New York Stock Exchange, 11 Wall Street, New York, New York 10005.

We also make our periodic reports, as well as other information filed with or furnished to the SEC, available free of charge through our website, at www.stellantis.com, as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. The information on our website is not incorporated by reference in this report.

Certain Defined Terms

In this report, unless otherwise specified, the terms "we", "our", "us", the "Company" and "Stellantis" refer to Stellantis N.V., together with its consolidated subsidiaries, or any one or more of them, as the context may require.

References to "FCA" and "FCA N.V." mean Fiat Chrysler Automobiles N.V. or Fiat Chrysler Automobiles N.V. together with its consolidated subsidiaries, or any one or more of them, as the context may require.

References to "PSA" and "Groupe PSA" mean Peugeot S.A. or Peugeot S.A. together with its consolidated subsidiaries, or any one or more of them, as the context may require.

References to the "merger" refer to the merger between PSA and FCA completed on January 16, 2021 and resulting in the creation of Stellantis.

Presentation of Financial and Other Data

This report includes the consolidated financial statements of Stellantis as of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020 prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), as well as IFRS as adopted by the European Union. There is no effect on these consolidated financial statements resulting from differences between IFRS as issued by the IASB and IFRS as adopted by the European Union. The consolidated financial statements and the notes to the consolidated financial statements are referred to collectively as the "Consolidated Financial Statements".

All references in this report to "Euro" and "€" refer to the currency issued by the European Central Bank. Stellantis' financial information is presented in Euro. All references to "U.S. Dollars", "U.S. Dollar", "USD" and "\$" refer to the currency of the United States of America ("U.S.").

The language of this report is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Certain totals in the tables included in this report may not add due to rounding.

Except as otherwise disclosed within this report, no significant changes have occurred since the date of the audited Consolidated Financial Statements included elsewhere in this report.

Market and Industry Information

In this report, we include or refer to industry and market data, including market share, ranking and other data, derived from or based upon a variety of official, non-official and internal sources, such as internal surveys and management estimates, market research, publicly available information and industry publications. Market share, ranking and other data contained in this report may also be based on our good faith estimates, our own knowledge and experience and such other sources as may be available. Market share data may change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data-gathering process, different methods used by different sources to collect, assemble, analyze or compute market data, including different definitions of vehicle segments and descriptions and other limitations and uncertainties inherent in any statistical survey of market shares or size. Industry publications and surveys and forecasts generally state that the information contained in such publications, surveys and forecasts has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of the included information. Although we believe that this information is reliable, we have not independently verified the data from third-party sources. In addition, we typically estimate market share for automobiles and commercial vehicles based on registration data.

In markets where registration data are not available, we calculate our market share based on estimates relating to sales to final customers. Such data may differ from data relating to shipments to our dealers and distributors. While we believe our internal estimates with respect to our industry are reliable, our internal company surveys and management estimates have not been verified by an independent expert, and we cannot guarantee that a third party using different methods to assemble, analyze or compute market data would obtain or generate the same result. The market share data presented in this report represents the best estimates available from the sources indicated as of the date of this report but, in particular as they relate to market share and our future expectations, involve risks and uncertainties and are subject to change based on various factors, including those discussed in the section *Risk Factors* in this report.

Cautionary Statements Concerning Forward Looking Statements

Statements contained in this report, particularly those regarding possible or assumed future performance, competitive strengths, costs, dividends, reserves, our growth, industry growth and other trends and projections and estimated company earnings are “forward-looking statements” that contain risks and uncertainties. In some cases, words such as “may”, “will”, “expect”, “could”, “should”, “intend”, “estimate”, “anticipate”, “believe”, “remain”, “on track”, “design”, “target”, “objective”, “goal”, “forecast”, “projection”, “outlook”, “prospects”, “plan”, or similar terms are used to identify forward-looking statements. These forward-looking statements reflect our current views with respect to future events and involve significant risks and uncertainties that could cause actual results to differ materially.

These risks and uncertainties include, without limitation:

- our ability to launch new products successfully and to maintain vehicle shipment volumes;
- changes in the global financial markets, general economic environment and changes in demand for automotive products, which is subject to cyclicalities;
- our ability to realize the anticipated benefits of the merger;
- our ability to offer innovative, attractive products, and to develop, manufacture and sell vehicles with advanced features, including enhanced electrification, connectivity and autonomous-driving characteristics;
- the continued impact of unfilled semiconductor orders;
- the continued impact of the COVID-19 pandemic;
- our ability to successfully manage the industry-wide transition from internal combustion engines to full electrification;

- our ability to produce or procure electric batteries with competitive performance, cost and at required volumes;
- our ability to successfully launch new businesses and integrate acquisitions;
- a significant malfunction, disruption or security breach compromising information technology systems or the electronic control systems contained in our vehicles;
- exchange rate fluctuations, interest rate changes, credit risk and other market risks;
- increases in costs, disruptions of supply or shortages of raw materials, parts, components and systems used in our vehicles;
- changes in local economic and political conditions;
- changes in trade policy, the imposition of global and regional tariffs or tariffs targeted to the automotive industry, the enactment of tax reforms or other changes in laws and regulations;
- the level of governmental economic incentives available to support the adoption of battery electric vehicles;
- the impact of increasingly stringent regulations regarding fuel efficiency requirements and reduced greenhouse gas and tailpipe emissions;
- various types of claims, lawsuits, governmental investigations and other contingencies, including product liability and warranty claims and environmental claims, investigations and lawsuits;
- material operating expenditures in relation to compliance with environmental, health and safety regulations;
- the level of competition in the automotive industry, which may increase due to consolidation and new entrants;
- our ability to attract and retain experienced management and employees;
- exposure to shortfalls in the funding of our defined benefit pension plans;
- our ability to provide or arrange for access to adequate financing for dealers and retail customers and associated risks related to the establishment and operations of financial services companies;
- our ability to access funding to execute our business plan;
- our ability to realize anticipated benefits from joint venture arrangements;
- disruptions arising from political, social and economic instability;
- risks associated with our relationships with employees, dealers and suppliers;
- our ability to maintain effective internal controls over financial reporting;
- developments in labor and industrial relations and developments in applicable labor laws;
- earthquakes or other disasters; and
- other factors discussed elsewhere in this report.

Furthermore, in light of the inherent difficulty in forecasting future results, any estimates or forecasts of particular periods that are provided in this report are uncertain. We expressly disclaim and do not assume any liability in connection with any inaccuracies in any of the forward-looking statements in this report or in connection with any use by any third party of such forward-looking statements. Actual results could differ materially from those anticipated in such forward-looking statements. We do not undertake an obligation to update or revise publicly any forward-looking statements.

Additional factors which could cause actual results and developments to differ from those expressed or implied by the forward-looking statements are included in the section “*Risk Factors*” in this report.

MANAGEMENT REPORT

FCA-PSA Merger

On December 17, 2019, FCA and PSA entered into a combination agreement providing for the combination of FCA and PSA through a cross-border merger, with FCA as the surviving legal entity in the merger (“Stellantis N.V.”).

On September 14, 2020, FCA and PSA agreed to amend the combination agreement. According to the combination agreement amendment, the FCA Extraordinary Dividend, to be paid to former FCA shareholders was reduced to €2.9 billion, with PSA’s 46 percent stake in Faurecia S.E. (“Faurecia”) planned to be distributed to all Stellantis shareholders promptly after closing following approval of the Stellantis board and shareholders.

On January 4, 2021, PSA and FCA held their respective extraordinary general shareholder meetings in order to, among other matters, approve the merger transaction. The respective shareholder meetings approved the merger. Following the respective shareholder approvals and receipt of the final regulatory clearances, FCA and PSA completed the legal merger.

The conditions agreed to as part of the regulatory clearance did not have a material impact on the cash flows or financial positions for the Company.

On January 17, 2021, the board of directors was appointed, the Stellantis articles of association became effective and the combined company was renamed Stellantis. On this date, the Stellantis management and board of directors collectively obtained the power and the ability to control the assets, liabilities and operations of both FCA and PSA. As such, under IFRS 3 - Business Combinations (“IFRS 3”), January 17, 2021 is the acquisition date for the business combination.

On January 29, 2021, the approximately €2.9 billion extraordinary distribution was paid to holders of FCA common shares of record as of the close of business on Friday, January 15, 2021. Refer to Note 3, *Scope of consolidation*, within the Consolidated Financial Statements included elsewhere in this report for additional information.

Identification of the accounting acquirer

The merger was accounted for by Stellantis using the acquisition method of accounting in accordance with IFRS 3, which requires the identification of the acquirer and the acquiree for accounting purposes. Based on the assessment of the indicators under IFRS 3 and consideration of all pertinent facts and circumstances, management determined that PSA is the acquirer for accounting purposes and as such, the merger has been accounted for as a reverse acquisition. In identifying PSA as the acquiring entity, notwithstanding that the merger was effected through an issuance of FCA shares, the most significant indicators were (i) the composition of the combined group’s board, composed of eleven directors, six of whom were to be nominated by PSA, PSA shareholders or PSA employees, or were current PSA executives, (ii) the combined group’s first CEO, who is vested with the full authority to individually represent the combined group, and was the president of the PSA Managing Board prior to the merger, and (iii) the payment of a premium by pre-merger shareholders of PSA. Refer to Note 3, *Scope of consolidation*, within the Consolidated Financial Statements included elsewhere in this report for additional information.

Faurecia Distribution

On January 25, 2021, an extraordinary general meeting of the shareholders was convened in order to approve the distribution by Stellantis to the holders of its common shares of up to 54,297,006 ordinary shares of Faurecia (an automotive equipment supplier) and up to €308 million, which are the proceeds received by Peugeot S.A. in November 2020 from the sale of certain ordinary shares of Faurecia. The distribution represented the legacy PSA ownership in Faurecia and approximately 39 percent of the share capital of Faurecia and became unconditional on March 10, 2021, with (i) ex-date on Monday, March 15, 2021; and (ii) record date on Tuesday, March 16, 2021. Holders of Stellantis common shares have been entitled to: (i) 0.017029 ordinary shares of Faurecia; and (ii) €0.096677 for each common share of Stellantis they hold on the record date for the Distribution. The distribution occurred on March 22, 2021, resulting in 53,130,574 ordinary shares of Faurecia and €302 million in cash distributed. The Company lost control of Faurecia on January 11, 2021. Refer to Note 3, *Scope of consolidation*, and to Note 27, *Equity*, within the Consolidated Financial Statements included elsewhere in this report for additional information on Faurecia deconsolidation and distribution.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

This Unaudited Pro Forma Consolidated Financial Information has been prepared to give effect to completion of the merger of PSA and FCA to create Stellantis, which was completed on January 17, 2021, as if it had been completed on January 1, 2020. The Unaudited Pro Forma Consolidated Financial Information includes the unaudited pro forma consolidated income statement for years ended December 31, 2021 and 2020 and the related explanatory notes (the “Unaudited Pro Forma Consolidated Financial Information”). The Unaudited Pro Forma Consolidated Financial Information has been prepared for illustrative purposes only with the aim to provide comparative period income statement information, and does not necessarily represent what the actual results of operations would have been had the merger been completed on January 1, 2020. Additionally, the Unaudited Pro Forma Consolidated Financial Information does not attempt to represent, or be an indication of, the future results of operations or cash flows of Stellantis. No pro forma statement of financial position has been presented as the effects of the merger have been reflected in the Consolidated Statement of Financial Position of Stellantis as of December 31, 2021. Please refer to the Consolidated Statement of Financial Position as of December 31, 2021 included elsewhere within this report for additional information.

Refer to the section *FCA-PSA Merger* included above for information on the reverse acquisition presentation of the financial statements and to Note 3, *Scope of consolidation* in the Consolidated Financial Statements included elsewhere within this report for additional information on the merger.

The Unaudited Pro Forma Consolidated Financial Information presented herein is derived from (i) the Consolidated Income Statement of Stellantis for the years ended December 31, 2021 and 2020 included elsewhere in this report, (ii) FCA’s Consolidated Income Statement for the year ended December 31, 2020, contained in FCA’s Annual Report on Form 20-F filed with the SEC on March 4, 2020, (iii) the consolidated statement of income included in the audited consolidated financial statements of PSA for the year ended December 31, 2020 in the Consolidated Financial Statements and Management’s Discussion and Analysis of Groupe PSA on Form 6-K, furnished to the SEC on March 4, 2021, and (iv) FCA’s accounting records for the period from January 1, 2021 to January 16, 2021. The Unaudited Pro Forma Consolidated Financial Information should be read in conjunction with the historical consolidated financial statements referenced above and the accompanying notes thereto, as well as the other information contained in this report.

The consolidated financial statements of Stellantis, PSA and FCA are prepared in accordance with IFRS as issued by the IASB and in accordance with IFRS as adopted by the European Union. There is no effect on the consolidated financial statements resulting from differences between IFRS as issued by the IASB and IFRS as adopted by the European Union. The Unaudited Pro Forma Consolidated Financial Information is prepared on a basis that is consistent with the accounting policies used in the preparation of the Consolidated Financial Statements of Stellantis as of and for year ended December 31, 2021 and 2020 included elsewhere in this report.

The historical consolidated financial information has been adjusted in the accompanying Unaudited Pro Forma Consolidated Financial Information to give effect to unaudited pro forma events that are directly attributable to the merger and factually supportable. Specifically, the pro forma adjustments relate to the following:

- The purchase price allocation, primarily to reflect adjustments to depreciation and amortization associated with the acquired property, plant and equipment and intangible assets with a finite useful life, as well as a reduction in the interest expense related to the fair value adjustment to financial liabilities.
- The alignment of accounting policies of FCA to those applied by Stellantis.
- The elimination of intercompany transactions between FCA and PSA.

The pro forma adjustments relate to the two periods from January 1, 2020 to December 31, 2020 and from January 1, 2021 to January 16, 2021.

The Unaudited Pro Forma Consolidated Financial Information does not reflect any anticipated synergies, operating efficiencies or cost savings that may be achieved, or any integration costs that may be incurred, following the completion of the merger.

**UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

	For the year ended December 31, 2021					Stellantis Pro Forma Consolidated Income Statement
	Stellantis	Pro Forma adjustments			Stellantis Pro Forma Consolidated Income Statement	
		January 1 - 16, 2021 results of FCA	Purchase Price Allocation	Other adjustments		
(€ million, except per share amounts)	Note 1	Note 2	Note 3	Note 4		
Net revenues	€ 149,419	€ 2,704	€ 2	€ (6)	€ 152,119	
Cost of revenues	119,943	2,322	(52)	(6)	122,207	
Selling, general and other costs	9,130	192	(2)	—	9,320	
Research and development costs	4,487	113	(40)	—	4,560	
Gains/(Losses) on disposal of investments	(35)	—	—	—	(35)	
Restructuring costs	698	—	—	—	698	
Operating income/(loss)	15,126	77	96	—	15,299	
Net financial expenses	734	29	(17)	—	746	
Profit/(loss) before taxes	14,392	48	113	—	14,553	
Tax expense	1,911	21	7	—	1,939	
Share of the profit of equity method investees	737	3	—	—	740	
Net profit/(loss) from continuing operations	13,218	30	106	—	13,354	
Profit/(loss) from discontinued operations, net of tax	990	—	—	—	990	
Net profit/(loss)	€ 14,208	€ 30	€ 106	€ —	€ 14,344	
Net profit/(loss) attributable to:						
Owners of the parent	€ 14,200	€ 30	€ 106	€ —	€ 14,336	
Non-controlling interests	€ 8	€ —	€ —	€ —	€ 8	
Net profit/(loss) from continuing operations						
Owners of the parent	€ 13,210	€ 30	€ 106	€ —	€ 13,346	
Non-controlling interests	€ 8	€ —	€ —	€ —	€ 8	
Earnings per share:						
Basic earnings per share	€ 4.64				€ 4.69	
Diluted earnings per share	€ 4.51				€ 4.55	
Earnings per share from continuing operations:						
Basic earnings per share	€ 4.32				€ 4.36	
Diluted earnings per share	€ 4.19				€ 4.23	

The accompanying notes are an integral part of the Unaudited Pro Forma Consolidated Financial Information.

For the year ended December 31, 2020

(€ million, except per share amounts)	PSA Historical Consolidated (as adjusted) ⁽¹⁾	Pro Forma adjustments			Stellantis Pro Forma Financial Information
		FCA Historical Consolidated	Purchase Price Allocation	Other adjustments	
	Note 1	Note 2	Note 3	Note 4	
Net revenues	€ 47,656	€ 86,676	€ 110	€ (560)	€ 133,882
Cost of revenues	38,250	75,962	(1,266)	(759)	112,187
Selling, general and other costs	3,923	5,501	(52)	25	9,397
Research and development costs	2,231	2,979	(960)	301	4,551
Gains/(Losses) on disposal of investments	174	4	—	—	178
Restructuring costs	416	73	—	—	489
Operating income/(loss)	3,010	2,165	2,388	(127)	7,436
Net financial expenses	94	993	(380)	(35)	672
Profit before taxes	2,916	1,172	2,768	(92)	6,764
Tax expense	504	1,332	240	8	2,084
Share of the profit of equity method investees	(74)	184	—	—	110
Net profit from continuing operations	2,338	24	2,528	(100)	4,790
Profit/(loss) from discontinued operations, net of tax	(315)	—	—	—	(315)
Net profit/(loss)	€ 2,023	€ 24	€ 2,528	€ (100)	€ 4,475
Net profit/(loss) attributable to:					
Owners of the parent	€ 2,173	€ 29	€ 2,512	€ (100)	€ 4,614
Non-controlling interests	€ (150)	€ (5)	€ 16	€ —	€ (139)
Net profit/(loss) from continuing operations attributable to:					
Owners of the parent	€ 2,353	€ 29	€ 2,512	€ (100)	€ 4,794
Non-controlling interests	€ (15)	€ (5)	€ 16	€ —	€ (4)
Earnings per share:					
Basic earnings per share	€ 1.41				€ 1.48
Diluted earnings per share	€ 1.34				€ 1.43
Earnings per share from continuing operations:					
Basic earnings per share	€ 1.52				€ 1.54
Diluted earnings per share	€ 1.45				€ 1.49

(1) Refer to Note 3, Scope of consolidation in the Consolidated Financial Statements included elsewhere in this Report

The accompanying notes are an integral part of the Unaudited Pro Forma Consolidated Financial Information.

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Note 1 – Stellantis / PSA Historical Consolidated (as adjusted)

This column represents the Consolidated Income Statement of Stellantis for the year ended December 31, 2021 and the PSA Historical Consolidated Income Statement (as adjusted) for the year ended December 31, 2020, which is derived from the historical consolidated statement of income of PSA for the year ended December 31, 2020.

In accordance with IFRS 3, PSA was determined to be the acquirer for accounting purposes, therefore, the year ended December 31, 2020 represents the continuing operations of PSA adjusted for the discontinuation of Faurecia. Refer to Note 3, *Scope of consolidation*, within the Consolidated Financial Statements included elsewhere within this report for additional information.

Note 2 – FCA Historical

This column represents FCA's results for the period from January 1, 2021 to January 16, 2021, as derived from FCA's accounting records as well as the FCA consolidated income statement included in FCA's audited consolidated financial statements for the year ended December 31, 2020. In order to conform to the presentation of Stellantis in its Consolidated Income Statement for the years ended December 31, 2021 and 2020 included elsewhere within this report, Results from investments related to equity method investments are reclassified to Share of the profit of equity method investees, and Results from Investments other than equity method investments are reclassified to Net financial expenses.

Note 3 – Purchase Price Allocation

As noted in the introduction to this Unaudited Pro Forma Consolidated Financial Information, the merger has been accounted for using the acquisition method of accounting in accordance with IFRS 3, with PSA identified as the accounting acquirer (reverse acquisition accounting). The acquisition method of accounting under IFRS 3 applies the fair value concepts defined in IFRS 13 and requires, among other things, that the assets acquired and the liabilities assumed in a business combination be recognized by the acquirer at their fair values as of the merger date, which for accounting purposes was January 17, 2021. As a result, the acquisition method of accounting has been applied and the assets and liabilities of FCA have been recognized at the merger acquisition date at their respective fair values, with limited exceptions as permitted by IFRS 3. The excess of the consideration transferred over the fair value of FCA's assets acquired and liabilities assumed has been recorded as goodwill. Refer to Note 3, *Scope of consolidation*, within the Consolidated Financial Statements included elsewhere within this report for additional information.

The Unaudited Pro Forma Consolidated Financial Information reflects the effects of the purchase accounting adjustments, where applicable, on the unaudited pro forma consolidated income statement for the years ended December 31, 2021 and 2020 as if the merger had occurred on January 1, 2020.

The following tables provide a summary of the pro forma effects of the purchase price allocation adjustments in the unaudited pro forma consolidated income statement for the years ended December 31, 2021 and 2020.

For the period January 1 - 16, 2021

(€ million)	January 1-16, 2021				
	Intangible assets	Property, plant and equipment	Financial liabilities	Other	Total
	(A)	(B)	(C)	(D)	
Net revenues	€ —	€ —	€ —	€ 2	€ 2
Cost of revenues	—	45	—	7	52
Selling, general and other costs	—	2	—	—	2
Research and development costs	40	—	—	—	40
Net financial expenses/(income)	—	—	21	(4)	17
Tax expenses	(4)	—	(3)	—	(7)
Net profit	€ 36	€ 47	€ 18	€ 5	€ 106

For the year ended December 31, 2020

(€ million)	For the year ended December 31, 2020				
	Intangible assets	Property, plant and equipment	Financial liabilities	Other	Total
	(A)	(B)	(C)	(D)	
Net revenues	€ —	€ —	€ —	€ 110	€ 110
Cost of revenues	(4)	1,092	—	178	1,266
Selling, general and other costs	8	44	—	—	52
Research and development costs	960	—	—	—	960
Net financial expenses/(income)	—	—	462	(82)	380
Tax expenses	(90)	(28)	(74)	(48)	(240)
Net profit	€ 874	€ 1,108	€ 388	€ 158	€ 2,528

The pro forma adjustments are described in further detail below.

A. Intangible assets

The fair value of brands (Jeep, Ram, Dodge, Fiat, Maserati, Alfa Romeo and Mopar) was determined through an income approach based on the relief from royalty method, which requires an estimate of future expected cash flows. The useful life associated with the brands is determined to be indefinite. For capitalized development expenditures, the fair value has been assessed according to a multi-criteria approach based on relief from royalty method and an excess-earning method. The fair value for the Dealer network has been assessed using the replacement cost method. The fair value of reacquired rights has been valued based on the discounted cash flows expected from the related agreement.

Amortization of intangible assets has been calculated on the fair value taking into account the estimated remaining useful life of the acquired assets. The related change in amortization as a result of the fair value adjustment to intangible assets was a net decrease in amortization expense of €40 million and €964 million for the period January 1 to January 16, 2021 and for the year ended December 31, 2020, respectively, of which €40 million and €960 million has been recorded within Research and development costs in relation to capitalized research and development costs and other intangible assets, respectively, and €8 million has been recorded within Selling, general and other costs in relation to the dealer network and (4) million has been recorded within Cost of revenues in relation to reacquired rights for the year ended December 31, 2020.

B. Property, plant and equipment

The fair value of property, plant and equipment was determined primarily through the replacement cost method, which requires an estimation of the physical, functional and economic obsolescence of the related assets. A market approach, which requires the comparison of the subject assets to transactions involving comparable assets, was applied to determine the fair value of land. The fair value of certain assets was determined through an income approach.

Depreciation has been calculated on the fair value taking into account the estimated remaining useful life of the acquired assets. The related change in depreciation as a result of the fair value adjustment to property, plant and equipment was a decrease in depreciation expense of €47 million and €1,136 million for the period January 1 to January 16, 2021 and for the year ended December 31, 2020, respectively, of which €45 million and €1,092 million has been recorded within Cost of revenues and €2 million and €44 million has been recorded within Selling, general and other costs in the Unaudited Pro Forma Consolidated Financial Information.

C. Financial liabilities

Purchase price adjustments were recognized to step up to fair value the financial liabilities based on quoted market prices for listed debt and based on discounted cash flow models for debt that is not listed. The fair value adjustments to financial liabilities resulted in a decrease in interest expense due to the decrease of the effective interest rate based on current market conditions, of €21 million and €462 million for the period January 1 to January 16, 2021 and for the year ended December 31, 2020, respectively, and has been recorded within Net financial income (expense) in the Unaudited Pro Forma Consolidated Financial Information.

D. Other

Primarily reflects:

- the recognition of additional revenue of €2 million and €54 million for the period January 1 to January 16, 2021 and for the year ended December 31, 2020, respectively, as a result of a step up to fair value of deferred revenue relating to extended warranty service contracts, as well as additional finance costs of €4 million and €93 million for the period January 1 to January 16, 2021 and for the year ended December 31, 2020, respectively, due to the recognition of the fair value adjustments of the related liabilities.
- the reversal of the impact on cost of revenues of €7 million and €232 million for the period January 1 to January 16, 2021 and for the year ended December 31, 2020, respectively, of certain prepaid assets that were written off as part of the purchase price allocation.

The step up in the value of inventories has not been recognized as a pro forma adjustment as this impact has been recognized in Stellantis results for the year ended December 31, 2021.

E. Tax expense

Represents the tax effects on the pro forma adjustments reflected in the unaudited pro forma consolidated income statement, calculated based on statutory tax rates applicable in the relevant jurisdictions.

Note 4 – Other Adjustments

Other adjustments mainly include the following:

- the elimination of the intercompany transactions with Sevel in the Stellantis Consolidated Income Statement for the year ended December 31, 2020 of €534 million. Sevel is a joint operation that was previously owned 50 percent each by both PSA and FCA. Upon completion of the merger, Stellantis holds 100 percent of Sevel, which is fully consolidated from that date;
- the alignment of FCA’s accounting policies to Stellantis accounting policies resulting in a net decrease in Net profit of €100 million for the year ended December 31, 2020, primarily relating to an increase in Research and development expenditures expensed;
- the alignment of the classification of certain items to align to Stellantis’ income statement presentation.

Note 5 - Pro Forma Earnings per Share

Refer to Note 28, *Earnings per share*, included within the Consolidated Financial Statements for the year ended December 31, 2021 for additional detail on the calculation of earnings per share.

Regarding the pro forma basic and diluted earnings per share from continuing operations for the year ended December 31, 2020:

(i) Pro forma weighted average number of outstanding Stellantis common shares for the year ended December 31, 2020 includes PSA weighted average number of outstanding common shares for the year ended December 31, 2020 converted with the merger exchange ratio of 1.742 and Stellantis common shares issued at the merger date;

(ii) The number of the equity warrants on PSA ordinary shares delivered to General Motors (“GM”), amounting to 39,727,324, have been included in the diluted number of shares and converted with the merger exchange ratio of 1.742;

(iii) Pro forma weighted average number of outstanding Stellantis common shares resulting from dilutive equity instruments performance share plans issued by PSA and converted with the merger exchange ratio of 1.742; and

(iv) Pro forma weighted average number of outstanding Stellantis common shares resulting from the equity instruments issued under FCA’s equity incentive plan.

Pro Forma Basic earnings per share

	Year ended December 31, 2021		
	Stellantis	Continuing operations	Discontinued operations
(€ million except otherwise noted)			
Net profit attributable to owners of the parent, as adjusted	€ 14,200	€ 13,210	€ 990
Add: FCA Net profit attributable to owners of the parent, January 1 - 16, 2021	30	30	—
Add: Pro forma adjustments	106	106	—
Pro Forma Net profit attributable to owners of the parent (A)	€ 14,336	€ 13,346	€ 990
Weighted average number of shares outstanding for basic earnings per share (thousand), January 17 - December 31, 2021 (B)	3,059,284	3,059,284	3,059,284
Pro Forma Basic earnings per share (€ per share) (A/B)	€ 4.69	€ 4.36	€ 0.32

	Year ended December 31, 2020		
	Stellantis	Continuing operations	Discontinued operations
(€ million except otherwise noted)			
Net profit/(loss) attributable to owners of the parent, as adjusted	€ 2,173	€ 2,353	€ (180)
Add: FCA Net profit attributable to owners of the parent, January 1 - December 31, 2020	29	29	—
Add: Pro forma adjustments	2,412	2,412	—
Pro Forma Net profit/(loss) attributable to owners of the parent (A)	€ 4,614	€ 4,794	€ (180)
Pro Forma Weighted average number of shares outstanding for diluted earnings per share (thousand) (B)	3,119,935	3,119,935	3,119,935
Pro Forma Basic earnings/(loss) per share (€ per share) (A/B)	€ 1.48	€ 1.54	€ (0.06)

Pro Forma Diluted earnings per share

	Year ended December 31, 2021		
	Stellantis	Continuing operations	Discontinued operations
(€ million except otherwise noted)			
Net profit attributable to owners of the parent, as adjusted	€ 14,200	€ 13,210	€ 990
Add: FCA Net profit attributable to owners of the parent, January 1 - 16, 2021	30	30	—
Add: Pro forma adjustments	106	106	—
Pro Forma Net profit attributable to owners of the parent (A)	€ 14,336	€ 13,346	€ 990
<i>Weighted average number of shares outstanding (thousand), January 17 - December 31, 2021</i>	3,059,284	3,059,284	3,059,284
<i>Number of shares deployable for share-based compensation, January 17 - December 31, 2021 (thousand)</i>	23,651	23,651	23,651
<i>Equity warrants delivered to GM (thousand)</i>	68,497	68,497	68,497
Pro Forma Weighted average number of shares outstanding for diluted earnings per share (thousand) (B)	3,151,432	3,151,432	3,151,432
Pro Forma Diluted earnings per share (€ per share) (A/B)	€ 4.55	€ 4.23	€ 0.31

	Year ended December 31, 2020		
	Stellantis	Continuing operations	Discontinued operations ⁽¹⁾
(€ million except otherwise noted)			
Net profit/(loss) attributable to owners of the parent, as adjusted	€ 2,173	€ 2,353	€ (180)
Add: FCA Net profit attributable to owners of the parent, January 1 - December 31, 2020	29	29	—
Add: Pro forma adjustments	2,412	2,412	—
Pro Forma Net profit/(loss) attributable to owners of the parent (A)	€ 4,614	€ 4,794	€ (180)
<i>Weighted average number of shares outstanding (thousand)</i>	3,119,935	3,119,935	3,119,935
<i>Number of shares deployable for share-based compensation (thousand)</i>	39,137	39,137	39,137
<i>Equity warrants delivered to GM (thousand)</i>	68,497	68,497	68,497
Weighted average number of shares outstanding for diluted earnings per share (thousand) (B)	3,227,569	3,227,569	3,227,569
Pro Forma Diluted earnings/(loss) per share (€ per share) (A/B)	€ 1.43	€ 1.49	€ (0.06)

(1) Number of shares deployable for share-based compensation and equity warrants delivered to GM have not been taken into consideration in the calculation of diluted loss per share for the year ended December 31, 2020 as this would have had an anti-dilutive effect

STELLANTIS OVERVIEW

Stellantis is a global automaker and mobility provider which is engaged in designing, engineering, manufacturing, distributing and selling vehicles, components and production systems worldwide. Stellantis designs, engineers, manufactures, distributes and sells vehicles across five portfolios: (i) luxury vehicles under the Maserati brand; (ii) premium vehicles covered by Alfa Romeo, DS and Lancia brands; (iii) global sport utility vehicles under the Jeep brand; (iv) American brands covering Dodge, Ram and Chrysler vehicles and (v) European brands covering Abarth, Citroën, Fiat, Opel, Peugeot and Vauxhall vehicles. Stellantis centralizes design, engineering, development and manufacturing operations, to allow it to efficiently operate on a global scale. Stellantis supports its vehicle shipments with the sale of related service parts and accessories, as well as service contracts, worldwide for mass-market vehicles. Stellantis makes retail and dealer financing, leasing and rental services available through its subsidiaries, joint ventures and commercial arrangements with third party financial institutions. In addition, Stellantis operates in the components and production systems sectors under the Teksid and Comau brands. Refer to Note 3, *Scope of consolidation* in the Consolidated Financial Statements included elsewhere in this report for detail on the sale of Teksid's cast iron automotive components business.

In connection with our Dare Forward 2030 strategic plan, we have also increased our focus on generating growth in several of our other areas, such as the two mobility brands, Free2move and Share Now, as well as independent aftermarket parts and services and software with a particular focus on data services. The focus on software also includes the deployment of technology across our vehicle platforms and leveraging over-the-air features and services. We have created Stellantis Ventures which funds investments in early and later-stage start up companies that develop innovative, customer-centric technologies that targets the automotive and mobility sectors.

Stellantis aims to reach carbon net zero by 2038. This is supported through our circular economy business, whose main objectives are to extend the life of vehicles and parts, returning material and end-of-life vehicles back to the manufacturing process for new vehicles and products.

In 2022, Stellantis shipped 6,003 thousand vehicles (including the Company's unconsolidated joint ventures), with Net revenues of €180 billion and Net profit of €16.8 billion, and generated €10.8 billion of Industrial free cash flows (See *Non-GAAP Financial Measures*). At December 31, 2022, the Company's available liquidity was €62.7 billion (including €12.7 billion available under undrawn committed credit lines).

History of Stellantis

Stellantis N.V. ("Stellantis") was incorporated as a public limited liability company (*naamloze vennootschap*) under the laws of the Netherlands on April 1, 2014 under the name Fiat Chrysler Automobiles N.V. ("FCA").

In its current configuration, Stellantis is the result of the merger of FCA and PSA, each of which were leading independent global automotive groups prior to the merger.

Fiat S.p.A., the predecessor to FCA, was founded as Fabbrica Italiana Automobili Torino on July 11, 1899 in Turin, Italy as an automobile manufacturer. Fiat grew in Italy and internationally in the following decades both organically and through the acquisition of several prominent brands and manufacturers including Lancia, Alfa Romeo, Maserati and Ferrari. In 2009, FCA US LLC, then known as Chrysler Group LLC ("FCA US"), acquired the principal operating assets of the former Chrysler LLC as part of a government-sponsored restructuring of the North American automotive industry. Between 2009 and 2014, Fiat S.p.A. expanded its initial 20 percent ownership interest to 100 percent of the ownership of FCA US and on October 12, 2014, Fiat S.p.A. completed a corporate reorganization resulting in the establishment of FCA as the parent company of the FCA Group, with its principal executive offices in the United Kingdom. In January 2011, the separation of Fiat S.p.A.'s non-automotive capital goods business was completed with the creation of Fiat Industrial, now known as CNH Industrial N.V. In October 2015, the initial public offering of Ferrari N.V. was completed, followed by the spin-off of FCA's remaining interest in Ferrari to its shareholders in January 2016.

Peugeot S.A. began manufacturing and selling vehicles to consumers in 1896 and also expanded its automotive business, particularly in the second half of the twentieth century. In 1974, PSA acquired all of the outstanding shares of Citroën S.A. and then merged the two companies in 1976. In 1978, PSA acquired Chrysler Corporation's stake in its industrial and commercial subsidiaries in Europe, as well as Chrysler Financial Corporation's European commercial financing subsidiaries. In 1995, PSA Finance Holding, which provided financing for Peugeot and Citroën vehicle sales, was transformed into a bank and subsequently renamed "Banque PSA Finance". PSA acquired the Opel and Vauxhall subsidiaries of GM on August 1, 2017. As contemplated by the business combination agreement for the merger of FCA and PSA, on March 22, 2021, Stellantis distributed to shareholders its entire interest (approximately 39 percent) in Faurecia, an automotive equipment supplier and formerly the automotive equipment division of PSA, to holders of Stellantis common shares.

On December 17, 2019, FCA and PSA entered into a combination agreement (as amended, the "combination agreement") agreeing to merge the two groups. On January 16, 2021, PSA merged with and into FCA, with FCA as the surviving legal entity in the merger. On January 17, 2021, the combined company was renamed Stellantis, the board of directors was appointed and the Stellantis articles of association became effective. On this date, the Stellantis management and board of directors collectively obtained the power and the ability to control the assets, liabilities and operations of both FCA and PSA. As such, under IFRS 3 - Business Combinations ("IFRS 3"), January 17, 2021 is the acquisition date for the business combination.

On January 18, 2021, Stellantis common shares began trading on Euronext Milan and Euronext Paris, and on January 19, 2021, began trading on the NYSE. Stellantis common shares trade under the following symbols: Euronext Milan: "STLAM"; Euronext Paris: "STLAP"; NYSE: "STLA". From October 13, 2014, the common shares of FCA were traded on the NYSE under the symbol "FCAU" and on Euronext Milan under the symbol "FCA".

The principal office of Stellantis is located at Taurusavenue 1, 2132LS, Hoofddorp, the Netherlands (telephone number: +31 23 700 1511). Its agent for U.S. federal securities law purposes is Christopher J. Pardi, c/o FCA US LLC, 1000 Chrysler Drive, Auburn Hills, Michigan 48326.

Major Shareholders

As of February 21, 2023, the largest shareholders of Stellantis were Exor N.V. (“Exor”) (holding 13.99 percent of the outstanding common shares), Établissements Peugeot Frères (“EPF”) (holding 6.98 percent of the outstanding common shares) and Bpifrance Participations S.A. via Lion Participations SAS (“BPI”) (holding 6 percent of the outstanding common shares). As of February 21, 2023, none of these shareholders held any special voting shares of Stellantis.

Upon the effectiveness of the merger, on January 16, 2021, PSA shareholders received 1.742 FCA common shares for each PSA ordinary share held immediately prior to the merger as consideration in connection with the merger, which represented 1,545,220,196 shares. In addition, all special voting shares of FCA held by Exor were repurchased by FCA for no consideration. Therefore, none of our major shareholders held any special voting shares immediately following the merger.

In accordance with the resolution adopted by the General Meeting of Shareholders held on April 15, 2021, all the 449,410,092 Class B special voting shares held by Stellantis were cancelled as of October 8, 2021.

On December 21, 2022, all the outstanding special voting shares B were exchanged with newly issued special voting shares A in accordance with article 7.5 of the terms and conditions of the special voting shares (the "SVS Terms and Conditions"). As a result, all the 208,622 issued special voting shares B were held in the Company’s treasury. At December 31, 2022 there were 178,790 issued special voting shares A and 208,622 issued special voting shares B (208,622 at December 31, 2021), all with a par value of €0.01 each.

As of February 21, 2023 the share capital of the Company consists of the following: 3,213,372,229 common shares (of which 69,125,544 shares are owned by the Company), 178,790 Class A special voting shares and 208,622 Class B special voting shares.

Based on the information in Stellantis’ shareholder register, regulatory filings with the AFM and the SEC and other sources available to Stellantis, the following persons owned, directly or indirectly, in excess of three percent of Stellantis’ capital and/or voting interest as of February 21, 2023:

Stellantis Shareholders	Number of Issued Common Shares ⁽¹⁾	Percentage of Issued Common Shares
Exor	449,410,092	13.99
EPF ⁽²⁾	224,228,121	6.98
BPI ⁽³⁾	192,703,907	6
Dongfeng ⁽⁴⁾	99,223,907	3.09
BlackRock Inc. ⁽⁵⁾	95,379,376	2.97

(1) Issued shares includes common shares as well as 178,790 Class A special voting shares and 208,622 Class B special voting shares. Refer also to Corporate Governance - Articles of Association and Information on Stellantis Shares - Share Capital for additional information

(2) EPF, through Peugeot Invest and its subsidiary Peugeot 1810, owns 224,228,121 common shares (6.98 percent of the issued shares)

(3) BPI owns 192,703,907 common shares (6 percent of the issued shares). BPI is a joint venture of EPIC Bpifrance (Bpi Groupe) and Caisse des Dépôts et Consignations (both holding a 49.3 percent interest in Bpifrance SA). Caisse des Dépôts et Consignations also (directly and indirectly) holds an additional 9,338,752 Stellantis Common Shares, representing an additional 0.29 percent of the common shares and 0.29 percent of the issued share capital and voting rights of Stellantis

(4) Dongfeng owns 99,223,907 common shares (3.09 percent of the issued shares). Refer to “Risk Factors - Resales of Stellantis common shares following the merger may cause the market value of Stellantis common shares to decline.” included elsewhere in this report for additional information on the requirement for Dongfeng to sell part of its shareholding

(5) BlackRock Inc. owns 95,379,376 common shares (2.97 percent of the issued shares) and 127,563,832 voting rights (3.97 percent of outstanding common shares and of the issued shares)

Based on the information in Stellantis’ shareholder register and other sources available to us, as of February 21, 2023, approximately 566 million Stellantis common shares, or approximately 18 percent of the Stellantis common shares, were held in the United States. As of the same date, approximately 370 record holders of Stellantis common shares had registered addresses in the United States.

Until the date that is three years after closing of the merger, Exor, BPI and EPF are subject to a lock-up in respect of their shareholdings in Stellantis, except that BPI is permitted to reduce its shareholdings by a stake no greater than 2.5 percent of Stellantis common shares. We have agreed to release each such shareholder from its respective lock-up obligation in the event the Board of Directors recommends a transaction in which a person or group would acquire 50 percent or more of the Stellantis common shares (including a merger of Stellantis with or into another entity unless the shareholders of Stellantis immediately prior to the merger are entitled to receive more than the majority of the share capital and voting rights in the surviving entity of the merger).

Dare Forward 2030 Strategic Plan

On March 1, 2022, Stellantis' Chief Executive Officer Carlos Tavares presented the Company's Dare Forward 2030 strategic plan, which included the following four core targets to be achieved by 2030:

1. Reducing our carbon emissions footprint by half versus 2021 metrics on the path to achieving carbon net zero emissions by 2038;
2. Reaching 100 percent of passenger car battery electric vehicles ("BEV") sales mix in EU and 50 percent passenger car and light-duty truck BEV sales mix in the United States;
3. Achieving the number one position in customer satisfaction for our products and services in every market; and
4. Achieving €300 billion of Net revenues (doubling versus Pro Forma 2021) while transforming our business model and sustaining double-digit Adjusted operating income ("AOI") margins throughout the plan period.

The following are the key elements of Dare Forward 2030:

Foundation

Diversity, operational excellence, house of iconic brands, and a differentiated product portfolio are Stellantis' 'second to none' differentiators propelling the Company forward.

- Achieve 100 percent of the €5 billion annual cash merger synergies target by the end of 2024;
- Maintain break-even point at less than 50 percent of 2021 consolidated shipments;
- Global BEV sales of five million units in 2030;
- Lead industry with more than 75 BEVs, including the Jeep brand's first-ever 100 percent battery-electric SUV launching in early 2023, followed by the Ram Promaster BEV later in 2023 and the all-new-all-electric Ram 1500 REV pickup truck in 2024;
- Specific U.S. product offensive of more than 25 all-new BEVs; and
- New car revenues from premium and luxury vehicle segments to increase fourfold from 2021.

Tech

Stellantis' ambition is to embrace breakthrough ideas to offer innovative, clean, safe and affordable mobility.

- Confirmation of more than €30 billion of R&D, capex and joint venture investments in electrification and software for 2021-2025 and software revenue of approximately €20 billion by 2030;
- To increase planned battery capacity to approximately 400 GWh;
- Expand hydrogen fuel cell technology to large vans in 2024; first U.S. offering in 2025; further expands to heavy-duty trucks; and
- With Waymo, pave the way for sustainable "Delivery as a Service".

Care

Ethical responsibility is at the core of Stellantis to ensure a sustainable future of mobility for our customers, our employees, and our planet.

- 50 percent carbon emissions reduction by 2030, compared with 2021 metrics, on the way to carbon net zero by 2038;
- Target top rankings for customer satisfaction across products and services;
- Women to hold at least 35 percent of leadership roles. For year ended December 31, 2022, we have more than 27% of leadership positions held by women, targeting to achieve 30% by 2025;
- Double the number of leaders with profit and loss responsibility; and
- Roll out Software and Data and Electric academies to support transformation.

Value

Stellantis' ambition is to be 'second to none' in value creation for all stakeholders while unleashing an entrepreneurial mindset.

- Reach one-third of global sales online in 2030; launch a global digital marketplace offering customers a seamless journey through the entire Stellantis galaxy of products and services;
- More autonomy to seven accretive businesses: mobility, financial services, pre-owned cars, aftermarket, data as-a-service, circular economy, commercial vehicles;
- Leadership in commercial vehicle market powered by 26 new vehicle launches and electric offerings in all segments, including the all-new-all-electric Ram 1500 REV pickup truck to be launched in 2024;
- More than 25 percent of global Net revenues coming from regions outside Enlarged Europe and North America; and
- China: Plan for asset-light business model to reduce fixed costs and limit exposure to geopolitical risk.

Financials

Stellantis will manage the transition period toward electrification while delivering double-digit AOI margins and maximizing shareholder value.

- Net revenues to double to €300 billion by 2030 while sustaining double-digit AOI margins through the plan period;
- Generate more than €20 billion in Industrial free cash flows in 2030; and
- Target a 25-30 percent dividend payout ratio through 2025 and the repurchase of up to 5 percent of outstanding common shares.

Expected Merger Synergies

As a result of the merger, we expect that we will achieve significant synergies from the integration of the legacy businesses, in particular in the following four areas:

- *Technology, Platforms and Products.* The sharing and convergence of platforms, modules and systems, along with the optimization of R&D investments, manufacturing processes and tooling, are expected to create significant efficiencies;
- *Purchasing.* Procurement savings are expected to result from leveraging the Company's enlarged scale and combined product development processes, leading to lower product costs, improved price alignment and broader access to suppliers;
- *Selling, General and Administrative Expenses ("SG&A").* Savings are expected from the integration of functions such as sales and marketing, and the optimization of costs in regions where both businesses had a well-established presence (*i.e.*, Enlarged Europe and South America); and
- *All Other Functions.* Synergies are expected from the optimization of other functions, including logistics, where savings are expected from the optimization of logistics for new cars and the effect of the procurement volume increase on the Company's combined expenditures, as well as supply chain, quality and after-market operations.

For the year ended December 31, 2022, the Company has achieved €7.1 billion of net cash synergies compared to €3.2 billion for the year ended December 31, 2021 exceeding the €5 billion annual steady state target more than two years earlier than planned at the time of the merger.

Overview of Our Business

Stellantis' activities during the year ended December 31, 2022, were carried out through the following six reportable segments:

- (i) North America: Stellantis' operations to manufacture, distribute and sell vehicles in the United States, Canada and Mexico, primarily under the Jeep, Ram, Dodge, Chrysler, Fiat and Alfa Romeo brands. Manufacturing plants are located in: US, Canada and Mexico;
- (ii) Enlarged Europe: Stellantis' operations to manufacture, distribute and sell vehicles in Europe (which includes the 27 members of the European Union, the United Kingdom and the members of the European Free Trade Association). Primarily under Peugeot, Citroën, Opel/Vauxhall, DS and Fiat brands. Manufacturing plants are located in: France, Italy, Spain, Germany, United Kingdom ("UK"), Poland, Portugal, Serbia and Slovakia;
- (iii) Middle East & Africa: Stellantis' operations to manufacture, distribute and sell vehicles primarily in Turkey, Egypt and Morocco under the Peugeot, Citroën, Opel, Fiat and Jeep brands. Manufacturing plants are located in Morocco and in Turkey, through our joint venture with Tofas-Turk Otomobil Fabrikasi A.S. ("Tofas");
- (iv) South America: Stellantis' operations to manufacture, distribute and sell vehicles in South and Central America, primarily under the Fiat, Jeep, Peugeot and Citroën brands, with the largest focus of its business in Brazil and Argentina. Manufacturing plants are located in the main markets of: Brazil and Argentina;
- (v) China, India & Asia Pacific: Stellantis' operations to manufacture, distribute and sell vehicles in the Asia Pacific region (mostly in China, Japan, India, Australia and South Korea) carried out in the region through both subsidiaries and joint ventures, primarily under the Jeep, Peugeot, Citroën, Fiat, DS and Alfa Romeo brands. Manufacturing plants are located in China, India and Malaysia, through our joint ventures with GAC Fiat Chrysler Automobiles Co ("GAC-Stellantis JV") until January 2022, Dongfeng Peugeot Citroën Automobiles ("DPCA JV"), India Fiat India Automobiles Private Limited ("FIAPL JV") and our wholly owned subsidiary Stellantis Gurun (Malaysia); and
- (vi) Maserati: Stellantis' operations to design, engineer, develop, manufacture, distribute worldwide and sell luxury vehicles under the Maserati brand.

Stellantis also owns or holds interests in companies operating in other activities and businesses. These activities are grouped under "Other Activities", which primarily consists of the Company's industrial automation systems design and production business, under the Comau brand name, and its cast iron and aluminum business, which produce cast iron components for engines, gearboxes, transmissions and suspension systems, and aluminum cylinder heads and engine blocks, under the Teksid brand name, mobility businesses through the brands Free2move and Share Now, circular economy whose business objectives are extending the life of vehicles and parts through return to the manufacturing process for new vehicles and parts, the Company's software and data businesses as well as the financial services activities of dealer and customer financing primarily in North America, Enlarged Europe, South America and China. Refer to "Sales Overview" included elsewhere in this report for additional information. Also included are our companies that provide services, including accounting, payroll, tax, insurance, purchasing, information technology, facility management and security for the Company and management of central treasury activities. Refer to Note 3, *Scope of consolidation* in the Consolidated Financial Statements included elsewhere in this report for details on the sale of Teksid's cast iron automotive components business in Mexico and U.S. and the GAC-Stellantis JV bankruptcy filing.

Definitions and abbreviations

Passenger cars include sedans, station wagons and three- and five-door hatchbacks, that may range in size from "micro" or "A-segment" vehicles of less than 3.7 meters in length to "large" or "F-segment" cars that are greater than 5.1 meters in length.

Utility vehicles ("UVs") include sport utility vehicles ("SUVs"), which are available with four-wheel drive systems that provide true off-road capabilities, and crossover utility vehicles, ("CUVs"), which are not designed for heavy off-road use. UVs can be divided among six main groups, ranging from "micro" or "A-segment", defined as UVs that are less than 3.9 meters in length, to "large" or "F-segment", defined as UVs that are greater than 5.2 meters in length.

Light trucks may be divided between vans (also known as light commercial vehicles, or “LCVs”), which typically are used for the transportation of goods or groups of people, and pickup trucks, which are light motor vehicles with an open-top rear cargo area. Minivans, also known as multi-purpose vehicles (“MPVs”) typically have seating for up to eight passengers.

A vehicle is characterized as “all-new” if it is a new product with no prior model year, or if its vehicle platform is significantly different from the platform used in the prior model year and/or it has had a full exterior renewal.

A vehicle is characterized as “significantly refreshed” if it continues its previous vehicle platform but has extensive changes or upgrades from the prior model year.

Design and Manufacturing

We sell vehicles in the SUV, passenger car, truck and LCV markets. Our SUV and CUV portfolio includes vehicles such as the Grand Wagoneer, Wagoneer, Jeep Grand Cherokee, all-new Jeep Meridian, all-new Alfa Romeo Tonale, Citroën C5 Aircross, Dodge Durango, DS 3 Crossback, all-new Maserati Grecale and Peugeot 3008. Our passenger car product portfolio includes vehicles such as the Opel and Vauxhall Mokka, Fiat New 500, Alfa Romeo Giulia, Chrysler 300, Dodge Charger, DS 9, Lancia Ypsilon, Maserati Quattroporte, Peugeot 308 and minivans such as the Chrysler Pacifica. We sell light duty and heavy duty pickup trucks such as the Ram 1500, Ram 2500/3500, the Fiat Strada, the significantly refreshed Fiat Toro, and chassis cabs such as the Ram 3500/4500/5500. Our LCVs include vans such as the Fiat Professional Doblò, Peugeot Partner, Citroën Berlingo, Opel/Vauxhall Combo and Ram ProMaster.

In 2022, Stellantis deployed the Stellantis Production Way (“SPW”) principles in its manufacturing operations. SPW is intended to achieve best in class performance as measured by health and safety, quality, throughput, cost and environmental metrics, through empowerment of employees, enhancement of employee skill-sets, the sharing of best practices and the improved and economical use of production assets.

Research and Development

Stellantis is continuing a commitment to research and development activities building on the legacy of both FCA and PSA. Stellantis is engaged in research and development activities aimed at improving the design, performance, safety, energy efficiency, reliability, consumer perception and sustainability of its products and services and to address the challenges faced by the automotive industry, including environmental and safety regulations, emerging mobility trends, connectivity, software and autonomous driving.

With respect to product development, Stellantis’ recent research initiatives have been mainly concentrated in the areas of mobility electrification and clean energy, autonomous driving, and connectivity technologies. In 2022, Stellantis announced its Dare Forward 2030 strategic plan and confirmed its target for 100 percent of its passenger car sales mix in Europe and 50 percent of its passenger car and light duty truck sales mix in North America will be BEVs in 2030. As a result, its research and development activities have shifted to focus on electrification and related technologies, as well as autonomous technology and vehicle connectivity. Significant activity has also continued with a focus to reduce overall vehicle energy demand, fuel consumption and emissions based on traditional technologies. Recent fuel consumption and emissions reduction activities have primarily focused on propulsion system technologies, including engines, transmissions, axles and drivelines, hybrid and electric propulsion and alternative fuels.

Strategic Initiatives

Modular Vehicle Platforms

In 2022, Stellantis continued development of its BEV platform strategy comprised of four platforms intended to meet BEV customer and market needs in the different vehicle segments. The four platforms are:

- STLA Small, with an estimated BEV range of up to 500 kilometers/300 miles, designed for ultra-compact cars;
- STLA Medium, with an estimated BEV range of up to 700 kilometers/440 miles, designed for compact to mid-size cars;

- STLA Large, with an estimated BEV range of up to 800 kilometers/500 miles, designed for mid-size to full-size vehicles; and
- STLA Frame, with an estimated BEV range of up to 800 kilometers/500 miles, designed for full-size SUV and pickup trucks.

Each platform is designed to have a high level of flexibility (length and width). The platforms will also share electrified components and be capable of adapting over time to evolutions in technology.

Full-Electric Propulsion Systems

Stellantis is developing new electric propulsion systems centered on flexibility, modularity and efficiency to be utilized on all four of the vehicle platforms. The strategy includes three families of electric drive modules (“EDM”) that combine the motor, gearbox and inverter, each designed to meet different performance needs.

The EDMs can be configured for front-wheel drive, rear-wheel drive and all-wheel drive. A program of hardware upgrades and over-the-air (“OTA”) software updates is expected to extend the life cycle of the propulsion systems and, therefore, the vehicles. Stellantis intends to internally develop software and controls in order to maintain characteristics unique to each brand.

Battery Cell Chemistry and Design

Development and research on battery technology is ongoing and it is planned that, by 2024, Stellantis vehicles will be supported by two main battery chemistries:

- Nickel-based (“NMC”) module configuration with an energy density of 300-700Wh/L; and
- Nickel cobalt-free alternative cell to pack configuration with an energy density of 400-500 Wh/L.

By design, the two chemistries are intended to be upgradeable, with the ability for potential future developments, such as cost reduction, range extensions and charging speed increases.

In 2022, Stellantis made a minority equity investment in Factorial Inc., a U.S.-based battery development company focused on the development, commercial production and deployment of solid-state battery technology that could offer up to 50 percent greater driving range than current lithium-ion technology.

Autonomous Driving Technology

In December 2022, Stellantis acquired aiMotive, a developer of advanced artificial intelligence and autonomous driving software. The aiMotive technology product portfolio is focused on four key areas within artificial intelligence and autonomous driving: embedded software stack for autonomous driving; artificial intelligence operations and data tooling; expertise and intellectual property for silicon microchips; and software simulation for development of autonomous driving.

In July 2020, a second phase of the collaboration with Waymo (formerly the Google self-driving car project) was announced. The first phase integrated Waymo’s self-driving technology into the Chrysler Pacifica Hybrid as a development platform for the autonomous fleets that Waymo is operating in several cities around the U.S. The second phase is expected to focus on LCVs and to explore the potential of Level 4 automation for goods distribution.

A collaboration with Aptiv on the development of a Level 2+ (hands-off the wheel, eyes-on road) autonomous driving system began in 2018. Testing on a fleet of vehicles with this capability has been completed and a launch is planned for 2023.

A team of Stellantis and BMW engineers are working to develop an SAE Level 3 (hands-off the wheel, eyes-off the road) capable autonomous driving platform which is intended to have the ability to be updated through OTA upgrades. Prototype vehicles running early versions of the SAE Level 3 system have been running on public roads in Italy and the U.S., since 2020. A new generation of prototype vehicles having STLA AutoDrive, an updated SAE Level 3 system, will start testing in 2023.

Connectivity and Software

Stellantis' development of the "STLA Brain" is underway, which will reduce the number of electronic control units per vehicle and enable technology enhancements and improvements. STLA Brain is a new electronic and software architecture targeted to launch across its four battery electric vehicle platforms. This service-oriented architecture is intended to be fully integrated with the cloud and connects electronic control units within the vehicle to the vehicle's high-performance computers. The STLA Brain enables software developers to create and update features more quickly without having to update hardware. In addition, STLA Brain is intended to be OTA capable, which will reduce costs and simplify maintenance.

In 2021, Stellantis entered into the "Mobile Drive" joint venture with Hon Hai Technology Group ("Foxconn") and began developing the "STLA SmartCockpit" solutions. The STLA SmartCockpit is intended to be layered on top of the STLA Brain to deliver AI-based applications such as navigation, voice assistance, e-commerce, and payment services. Stellantis entered into a partnership with Amazon in early 2022 to integrate software technology into the STLA SmartCockpit. The launch of STLA SmartCockpit technology is planned for end of 2024.

Hydrogen

Stellantis' Hydrogen and Fuel Cells Center of Competence in Russelsheim, Germany is developing fuel cell electric vehicle technology. In the fuel cells, hydrogen is combined with air to produce electricity to drive an electric motor where the only exhaust emission is pure water vapor. As a result, the hydrogen fuel cell electric vehicles offer a combination of zero emissions, fast refueling and long driving range. In May 2021, Stellantis introduced its first hydrogen fuel cell-powered LCV, the Opel Vivaro-e HYDROGEN. In addition, Stellantis has entered into partnerships with two suppliers, Faurecia and Symbio, for development of the hydrogen storage system and the fuel cell system, respectively.

BEV Propulsion System Technologies

Jeep introduced its first-ever BEV, the all-new Jeep Avenger, at the 2022 Paris Motor Show. The Ram 1500 Revolution BEV Concept and Peugeot Inception Concept were unveiled at the CES 2023 in Las Vegas (Nevada) in January 2023. The Peugeot Inception Concept is based on the STLA Large platform and is powered by a 100kWh battery and two electronic motors, which provides a range of approximately 497 miles and almost 680hp. The Ram Revolution Concept incorporates an efficient battery pack configuration and is powered by two EDMs, enabling the cabin to be moved forward, increasing the cabin space and configuration flexibility. Using 800-volt DC fast charging at up to 350kW, the Revolution Concept is able to add up to 100 miles of range in approximately 10 minutes.

Beginning in 2020, Stellantis launched seven full battery electric LCV's in Europe, including the Peugeot e-Partner, e-Boxer and e-Expert. As of December 31, 2021, the full LCV portfolio under the Peugeot and Opel brands were offered in BEV versions.

In early 2020, as an alternative to public transport (bus, tramway, metro) and individual, two-wheeler means of transport such as bikes and scooters, Citroën launched the fully electric AMI, an ultra-compact two-seat vehicle, which has a battery that can recharge in three hours from a standard European electrical socket. A BEV variant of the Fiat 500, the Fiat New 500, launched in October 2020 and is manufactured for the European market at the Mirafiori plant in Turin, Italy. The Fiat New 500 is offered in electric ranges of 320 km and 180 km. The Fiat Ducato Electric was also unveiled in 2019 and launched in Europe in 2021.

Beginning in 2019, the full battery electric DS 3 Crossback E-Tense, Peugeot e-208 and e-2008, Opel Corsa-e and Mokka-e and Citroën ë-C4 were sold in Europe. These models offer ranges of between 320 and 350 km based on Worldwide Harmonized Light Vehicle Testing Procedures ("WLTP").

Hybrid Propulsion Technologies

In 2022, Stellantis broadened its hybrid Jeep offering with the launch of the Jeep Grand Cherokee 4xe in the North American market. Offering up to 48 km of all-electric range and up to 51 km of all-electric city range, the 2023 Grand Cherokee 4xe features a PHEV system that combines a 2.0 liter four-cylinder turbocharged engine with two electric motors, a high-voltage battery pack and a TorqueFlite eight-speed automatic transmission.

The Jeep hybrid lineup expanded for Model Year 2021 with the launch of the Jeep Wrangler 4xe for North America, Europe and China markets. In 2021, the DS9 E-Tense, Peugeot 508 PSE, Peugeot 308 Hybrid, DS4 E-Tense, Opel Vauxhall Astra Hybrid and Citroën C5 X Hybrid were also launched.

In 2020, the Jeep Renegade and Compass 4xe launched in the European market with a range of up to 50 km on full electric propulsion at zero emission. The electric units are integrated with the 1.3L turbo gasoline engine to increase efficiency and overall power with the simultaneous action of the internal combustion engine and the electric motor delivering up to 240 hp. Also in 2020, Maserati took its first step on its electrification path with the new Maserati Ghibli mild hybrid equipped with a 2.0L turbo with e-booster and 48-volt BSG.

Beginning in 2019, the DS7 Crossback E-Tense, Peugeot 3008 Hybrid, Peugeot 508 Hybrid and 508 SW Hybrid, Opel Vauxhall Grandland X Hybrid and Citroën C5 Aircross SUV Hybrid were also launched. These vehicles are available with two- and four-wheel drive, and have total power of 300hp in the four-wheel drive version and 225hp in the two-wheel drive version. These vehicles offer ranges of up to 59km (4x4) and 56km (4x2) in full electric mode (WLTP).

Battery Technology

In 2022, Stellantis finalized a joint venture with Samsung SDI for the production of battery cells and modules for North America, targeted to begin production in Kokomo, Indiana (U.S.) in 2025 with initial annual production capacity of 23 GWh. In 2022, Stellantis and LG Energy Solution also announced a plan to invest \$5 billion CAD in a joint venture for Canada's first large scale lithium-ion battery production plant, which will be built in Windsor, Canada. The agreement between Stellantis and LG Energy Solution is subject to customary closing conditions.

In 2022, Stellantis also announced the expansion of its Automotive Research and Development Centre in Canada to, among other things, establish a battery lab intended to be a center for the development and validation of BEV and PHEV vehicle cells, modules and battery packs.

In 2020, Automotive Cell Company ("ACC"), a joint venture was formed with Total/Saft, for the development and manufacture of high-performance batteries for the automotive industry. A research and development center in Bordeaux and a pilot site in Nersac (France) were established by Automotive Cell Company to develop high-performance lithium-ion technologies for electric car batteries. Production by the joint venture is planned to be launched in Douvrin (France) in 2023. In May 2022, Mercedes-Benz AG joined ACC as its third partner.

ACC has also committed to gigafactories located in Kaiserslautern (Germany) and Termoli (Italy), in addition to the ACC facility in Douvrin (France). These three facilities are expected to combine for aggregate battery production capacity of 120 gigawatt hours (GWh) by 2030.

Vehicle Energy Demand

Stellantis research and development efforts regarding vehicle energy demand have been focused on reducing energy loss, enhancing integration and improving overall vehicle efficiency.

Reductions in energy losses have been concentrated on weight reduction with the adoption of lightweight materials for closures and structural components; aerodynamic drag improvements through static shape, aero shields, adjustable height suspension and active front air dams; and lower rolling resistance tires. Additional development has also included reductions in driveline energy loss, and the optimization of several electrical loads through the implementation of technologies.

Stellantis continues to undertake development activities on systems integration to find technical solutions for vehicle energy demand. Internal combustion engines with 12v batteries are designed to be recharged by high efficiency alternators. The climate control systems on PHEV and BEVs are designed to integrate both the cabin and battery cooling systems with the adoption of fully electric air conditioning and advanced thermal management systems to control cabin temperatures.

Intellectual Property

Stellantis owns a significant number of patents, trade secrets, licenses, trademarks and service marks, including, in particular, the marks of its vehicle and component and production systems brands, which relate to its products and services. We expect the number to grow as we continue to pursue technological innovations. We file patent applications in Europe, the U.S. and around the world to protect technology and improvements considered important to our business. No single patent is material to our business as a whole.

Property, Plant and Equipment

As of December 31, 2022, Stellantis manufacturing facilities (including passenger vehicle and light commercial vehicle assembly, propulsion systems and components plants, and excluding joint ventures), are primarily located in Enlarged Europe (mainly in France, Germany, Italy, Spain and UK), North America (U.S., Canada and Mexico) and South America (Brazil and Argentina). Stellantis companies have also historically owned other significant properties including parts distribution centers, research laboratories, test tracks, warehouses and office buildings. The total carrying value of Stellantis' property, plant and equipment as of December 31, 2022 was €36.2 billion.

A number of Stellantis manufacturing facilities and equipment, including land and industrial buildings, plant and machinery and other assets, were and are subject to mortgages and other security interests granted to secure indebtedness to certain financial institutions. As of December 31, 2022, property, plant and equipment reported as pledged as collateral for loans amounted to approximately €1.4 billion, excluding Right-of-use assets (refer to Note 11, *Property, plant and equipment*).

Stellantis was not aware of any environmental issues that would materially affect the utilization of fixed assets. See *Industrial Environmental Control*.

Supply of Raw Materials, Parts and Components

Stellantis purchases a variety of components (including but not exclusively, mechanical, steel, electrical, electronic and plastic components as well as castings and tires), raw materials, supplies, utilities, logistics and other services from numerous suppliers. The purchase of raw materials, parts and components has historically accounted for 70-80 percent of total Cost of revenues. Of these purchases, approximately 15-20 percent relates to the cost of raw materials, including but not exclusively steel, rubber, aluminum, resin, copper, lead, precious metals (including platinum, palladium and rhodium) and battery materials (including lithium, manganese, nickel and cobalt).

Stellantis' focus on quality improvement, cost reduction, product innovation and production flexibility requires the Company to rely upon suppliers with a focus on quality and the ability to provide cost reductions. Stellantis has valued relationships with suppliers, and works to establish closer ties with a significantly reduced number of suppliers by selecting those with a leading position in the relevant markets. In addition, Stellantis formed various partnerships this year in an effort to secure specific critical raw materials, including but not limited to, nickel, cobalt, lithium, manganese. Some supply agreements include take or pay conditions or investments in the supplier's equity. Refer to Note 26, *Guarantees granted, commitments and contingent liabilities* for additional information.

Stellantis continued to experience production losses in 2022 as a result of unfilled semiconductor orders and shortages of certain key components. Stellantis also experienced a significant increase in the cost of raw materials which has partially been mitigated with merger synergies. Stellantis regularly sources some of its systems, components, parts, equipment and tooling from a single provider or limited number of providers. As with unfilled semiconductor orders in 2022, we are at risk of production delays and lost production should any supplier fail to deliver goods and services on time. In addition, although we have recently entered into several significant agreements with battery and raw material suppliers, as we implement our vehicle electrification strategy, our dependence on a significant supply of battery components and related raw materials will also increase. See also "*Risk Factors - We face risks associated with increases in costs, disruptions of supply or shortages of raw materials, parts, components and systems used in our vehicles.*" and "*Risk Factors - The coronavirus (COVID-19) pandemic could continue to disrupt the manufacture and sale of our products and the provision of our services and adversely impact our business.*"

Supply of raw materials, parts and components can also be disrupted or interrupted by natural disasters. In such circumstances, Stellantis works proactively with suppliers to identify material and part shortages and take steps to mitigate their impact by deploying additional personnel, accessing alternative sources of supply and managing its production schedules. Stellantis also continues to refine processes to identify emerging capacity constraints in the supplier tiers given the ramp up in manufacturing volumes to meet volume targets. Furthermore, Stellantis continuously monitors supplier performance according to key metrics such as part quality, delivery, performance, financial solvency and sustainability.

Employees

At December 31, 2022, Stellantis had a total of 272,367 employees (excluding employees of joint arrangements, associates and unconsolidated subsidiaries) and a 3.3 percent decrease from December 31, 2021, and a 8.9 percent decrease from December 31, 2020 on a Pro Forma basis. The following table provides a breakdown of employees as of December 31, 2022, 2021 and 2020 on a Pro Forma basis by geographical area. Figures at December 31, 2020 are the aggregation of former FCA and former PSA excluding Faurecia.

	At December 31,		
	2022	2021	2020 Pro forma
North America	88,835	91,289	95,151
Enlarged Europe	142,681	150,807	158,277
Middle East & Africa	5,311	5,983	4,617
South America	28,968	29,352	35,851
China, India & Asia Pacific	6,572	4,164	4,983
Total	272,367	281,595	298,879

Stellantis employees are free to join any trade union, provided they do so in accordance with local laws and the rules of the related trade union. Local collective agreements are led by the regions and/or countries which take the global Company policies into account and reflect local particularities. As of December 31, 2022, approximately 88 percent of our employees were covered by collective bargaining agreements.

An active dialogue has been maintained in 2022 with various employee representation bodies existing at the national or transnational level. This is represented in Europe through the European Works Councils of PSA, Fiat and Opel and Vauxhall, in North America through the union, UAW and in Canada through the union, Unifor.

Trade Unions and Collective Bargaining

Stellantis' social relations strategy is based on six commitments:

- Stellantis supports the principles of the United Nations Universal Declaration of Human Rights and the provision of a decent equitable work environment. We work towards providing competitive and living wages and have contracted with the Fair Wage network, an independent, recognized authority on fair and living wages;
- Stellantis is committed to comply with all applicable labor laws and regulations and aims to apply best practices in human resources management;
- Stellantis bases social dialogue on relationships with independent labor unions and employee representatives and seeks workplace cooperation;
- Stellantis' objective is to negotiate collective bargaining agreements that are pragmatic, inclusive and protective of its employees;
- Stellantis fosters social dialogue with the workforce on a daily basis; and
- Stellantis monitors social indicators in its subsidiaries and globally discloses in a transparent manner to its stakeholders.

The Company endorses the International Labor Organization's ("ILO") declaration on fundamental principles and rights at work.

In 2022, approximately 582 collective agreements were in place worldwide.

Stellantis is committed to enacting a high-quality collective agreements strategy, based on a sound understanding of the Company, seeking out innovative solutions and demonstrating a capacity to reconcile the Company's economic and social challenges. During 2022, these included:

- Official launch of a negotiation body to install a common unique European Works Council;
- In Germany, an agreement to merge the commercial operations into one Stellantis National Sales Company and to align the working conditions of its employees;
- In Poland, a new collective framework agreement for the new LCV plant; and
- Various agreements in Morocco, Argentina and Brazil.

Sales Overview

New vehicle sales represent sales of vehicles primarily by dealers and distributors, or, directly by us in some cases, to retail customers and fleet customers. Sales include mass-market and luxury vehicles manufactured at our plants, as well as vehicles manufactured by joint ventures and third party contract manufacturers and distributed under our brands. Sales figures exclude sales of vehicles that we contract manufacture for other OEMs. While vehicle sales are illustrative of our competitive position and the demand for our vehicles, sales are not directly correlated to Net revenues, Cost of revenues or other measures of financial performance in any given period, as such results were primarily driven by vehicle shipments to dealers and distributors or to retail and fleet customers. For a discussion of our shipments, see *FINANCIAL OVERVIEW—Shipment Information*. Sales and market shares for 2020 reported in the tables below are the aggregation of FCA and PSA while 2021 also includes FCA for the period from January 1 to January 16, prior to the merger. Figures in all tables represented in this section may not add due to rounding. Additionally, prior period figures have been updated to reflect current information provided by third party industry sources.

The following table shows new vehicle sales by geographic market for the periods presented:

	Years ended December 31,		
	2022	2021	2020
	(millions of units)		
North America	1.8	2.0	2.1
Enlarged Europe	2.6	3.1	3.1
Middle East & Africa	0.4	0.4	0.4
South America	0.8	0.8	0.6
China and India & Asia Pacific	0.2	0.2	0.2
Total Regions	5.8	6.6	6.3
Maserati	0.02	0.02	0.02
Total Worldwide	5.8	6.6	6.3

North America

North America Sales and Competition

The following table presents vehicle sales and estimated market share in the North America segment for the periods presented:

North America	Years ended December 31,					
	2022 ⁽¹⁾		2021 ⁽¹⁾		2020 ⁽¹⁾	
	Sales	Market Share	Sales	Market Share	Sales	Market Share
	Thousands of units (except percentages)					
U.S.	1,547	11.0%	1,777	11.5%	1,821	12.2%
Canada	169	11.4%	161	9.9%	179	11.6%
Mexico	74	6.6%	66	6.3%	59	6.0%
Total	1,791	10.7%	2,005	11.1%	2,058	11.8%

(1) Estimated market share data presented are based on management's estimates of industry sales data, which use certain data provided by third-party sources: Canada - DesRosiers Automotive consultants, Mexico - INEGI (Government National Institute), U.S. - Ward's Automotive Maserati excluded from volumes and market share

The following table presents estimated new vehicle market share information for Stellantis and our principal competitors in the U.S., our largest market in the North America segment:

U.S. Automaker	Years ended December 31,		
	2022	2021	2020
	Percentage of industry		
GM	16.1%	14.4%	17.1%
Toyota	15.0%	15.2%	14.3%
Ford	13.2%	12.4%	13.7%
Stellantis⁽¹⁾	11.0%	11.5%	12.2%
Hyundai/Kia	10.4%	9.7%	8.2%
Honda	7.0%	9.5%	9.1%
Nissan	5.2%	6.4%	6.0%
Other	22.2%	21.0%	19.3%
Total	100%	100%	100%

(1) Excluding Maserati

Estimated market share data presented are based on management's estimates of industry sales data, which use certain data provided by third-party sources: Canada - DesRosiers Automotive consultants, Mexico - INEGI (Government National Institute), U.S. - Ward's Automotive

U.S. industry sales, including medium and heavy-duty vehicles, in addition to commercial vehicles, were down 1.3 million units in 2022 from 15.4 million units in 2021. Despite an increasing supply of semiconductor chips that affected 2021 sales growth, the industry sales decline in 2022 was due to headwinds driven by inflation, low consumer confidence, pricing actions and continuing supply chain and production challenges.

Our vehicle line-up in the North America segment primarily leveraged the brand recognition of the Jeep, Ram, Dodge and Chrysler brands to offer utility vehicles, pickup trucks, cars and minivans under those brands. Vehicle sales and profitability in the North America segment were generally weighted towards larger vehicles such as utility vehicles, trucks and vans, consistent with overall industry sales trends in the North America segment, which have become increasingly weighted towards utility vehicles and trucks in recent years.

The decrease in our 2022 sales compared to 2021 resulted primarily from continuing production headwinds due to supply chain issues, pricing actions and headwinds driven by inflation. The Company did see pent-up demand for Jeep and Ram brand vehicles. Product highlights in 2022 include the Jeep Grand Cherokee 4xe and Jeep Wrangler 4xe electric plug-in models, in addition to strong demand for the Jeep Compass, Ram commercial vehicles, Dodge Charger, Chrysler Pacifica, and the Grand Wagoneer/Wagoneer.

North America Distribution

In the North America segment, our vehicles are sold primarily to dealers in our dealer network for sale to retail consumers and to fleet customers. Fleet sales in the commercial channel are typically more profitable than sales in the government and daily rental channels since they more often involve customized vehicles with more optional features and accessories; however, vehicle orders in the commercial channel are usually smaller in size than the orders made in the daily rental channel. Fleet sales in the government channel are generally more profitable than fleet sales in the daily rental channel primarily due to the mix of products included in each respective channel.

North America Dealer and Customer Financing

In the North America segment, on November 1, 2021, Stellantis acquired First Investors Financial Services Group, which has been renamed Stellantis Financial Services US Corp (“Stellantis Financial Services U.S.”). Stellantis Financial Services U.S. will provide U.S. customers and dealers with a complete range of financing options in the near-to-medium term, including retail loans, leases, and floorplan financing. However, while Stellantis Financial Services U.S. grows, Stellantis also utilizes independent financial service providers, including Santander Consumer USA Inc. (“SCUSA”) to provide financing for dealers and retail customers in the U.S. In February 2013, FCA entered into a private label financing agreement with SCUSA (the “SCUSA Agreement”), under which SCUSA will continue to provide a wide range of wholesale and retail financial services to dealers and retail customers in the U.S., under the Chrysler Capital brand name. In April 2022, the SCUSA Agreement was amended and extended through 2025, allowing SCUSA to serve a complementary role to Stellantis Financial Services U.S. Under the SCUSA Agreement, SCUSA has certain rights, including limited exclusivity to participate in specified minimum percentages of certain retail financing subvention programs.

As of December 31, 2022, of the current approximately 2,600 Stellantis dealers in the U.S., SCUSA provided wholesale lines of credit to approximately 9 percent of the dealers while Ally provided 29 percent. For the 2022 sales year, approximately 80.4 percent of the retail vehicles sold to U.S. retail customers were financed or leased. Of those financed or leased retail sales, SCUSA, Ally, and Stellantis Financial Services U.S. (still in start-up phase) market share represented 30.5 percent, 13.4 percent, and 1.2 percent respectively.

In Mexico, we have a private label agreement with Banco Inbursa Group in order to provide dealer and retail customer financing programs.

Following the decision of Stellantis to regroup all financing activities in Mexico for all brands under the partnership with Inbursa, a share purchase agreement was signed in November 2021, by Banque PSA Finance (“BPF”) with Grupo Financiero Inbursa for the acquisition by the latter of the entire share capital of BPF Finance México S.A. de C.V., SOFOM. The sale was completed on December 14, 2022, following the obtaining of necessary authorization by the Mexican competent authorities.

Enlarged Europe

Enlarged Europe Sales and Competition

The following table presents Stellantis vehicle sales and market share in the Enlarged Europe segment for the periods presented:

Enlarged Europe	Years ended December 31,					
	2022		2021		2020	
	Sales	Market Share	Sales	Market Share	Sales	Market Share
Thousands of units (except percentages)						
France	620	33.1%	749	35.8%	755	36.8%
Italy	535	36.3%	637	39.0%	609	39.7%
Germany	371	12.9%	417	14.4%	415	13.0%
UK	268	14.1%	315	15.7%	302	15.6%
Spain	213	22.9%	257	25.4%	259	25.6%
Other	539	14.0%	677	16.3%	696	17.1%
Europe⁽¹⁾	2,547	19.7%	3,051	22.1%	3,036	22.0%
Other Europe ⁽²⁾	22	2.0%	47	2.1%	35	1.6%
Total	2,570	18.3%	3,098	19.3%	3,071	19.2%

(1) EU30 = EU27 (excluding Malta), Iceland, Norway, Switzerland and UK. Industry and market share information is derived from third-party industry sources (e.g. Agence Nationale des Titres Sécurisés (“ANTS”), Ministry of Infrastructure and Sustainable Mobility (“MIMS”) and ANFAC Spain) and internal information

(2) Other Europe = Eurasia (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Moldova, Russia, Ukraine, Uzbekistan) and other Europe (Albania, Bosnia, Kosovo, Malta, Montenegro, North Macedonia and Serbia)

Maserati excluded from volumes and market share of the region

The following table summarizes new passenger vehicle market share information and our principal competitors in Europe, our largest market in the Enlarged Europe segment:

Europe ⁽¹⁾ Passenger Cars	Years ended December 31,		
	2022	2021	2020
Automaker	Percentage of industry		
Volkswagen	23.0%	22.9%	23.7%
Stellantis⁽²⁾	19.7%	22.1%	22.0%
Renault	10.1%	10.2%	10.9%
Hyundai/Kia	8.2%	7.4%	6.1%
Toyota	6.8%	6.1%	5.4%
Daimler	6.5%	6.3%	7.1%
Ford	6.5%	6.5%	7.1%
BMW	6.3%	6.2%	6.2%
Other	12.9%	12.2%	11.4%
Total	100%	100%	100%

(1) 27 members of the European Union excluding Malta and including Iceland, Norway, Switzerland and UK

(2) Excluding Maserati

Estimated market share information is derived from third-party industry sources (e.g., Agence Nationale des Titres Sécurisés ("ANTS"), Ministry of Infrastructure and Sustainable Mobility ("MIMS") and ANFAC Spain) and internal information

In 2022, the automotive industry in the Europe 30 decreased by 6.2 percent as compared to 2021 due to supply constraints and the impact of the war in Ukraine.

The decrease of the Company's overall market share in 2022 in Europe 30 to 19.7 percent is primarily due to a 16.5 percent volume decrease. This is mainly due to a decrease of 17.6 percent in Peugeot, 20.9 percent in Fiat and 18.1 percent in Citroën. This is offset by marked increases in DS and Alfa Romeo.

Showing the unique strength of our product portfolio, the Company has 4 of the top 10 models based on sales in the Europe 30: Peugeot 208 at number 1, Fiat 500 at number 6, Opel/Vauxhall Corsa at number 7 and Citroën C3 at number 8.

In 2022, Stellantis reinforced its sales leadership in Passenger Cars ("PC") and LCV being number 1 in France, Italy, Spain, Portugal, Belgium and Greece. We also consolidated our leadership in the LCV segment in Europe 30 with a market share of 30.6 percent.

Stellantis continues to accelerate towards electrification: we are the leader in LEV (PC and LCV) in France, Italy, Spain and Portugal.

In Enlarged Europe, our sales are largely weighted to passenger cars, with an estimated 65.0 percent of total vehicle sales in the small car segment (A and B segments) for 2022. This reflects the demand for smaller vehicles due to driving conditions prevalent in many European cities and stringent environmental regulations.

Enlarged Europe Distribution

In Europe, our relationship with individual dealer entities may be represented by a number of contracts (typically, we enter into one agreement per brand of vehicles to be sold), and the dealer can sell those vehicles through one or more points of sale.

We sell our vehicles directly to independent and our owned dealer entities located in most European markets, as well as to fleet customers (including government and rental). In other markets and in segments in which we do not have a substantial presence, we have agreements with general distributors.

During 2021, Stellantis engaged in a transformation process by terminating its distribution contracts and at the same time consulting its networks on the future distribution model. This process was undertaken in anticipation of implementing new distribution schemes starting July 2023.

Enlarged Europe Dealer and Customer Financing

In the Enlarged Europe segment, dealer and retail customer financing is managed by FCA Bank, a 50 percent joint venture with Crédit Agricole Consumer Finance S.A. (“CACF”) as for the former FCA brands (Abarth, Alfa Romeo, Dodge, Fiat, Jeep, Lancia, Chrysler, Maserati and Ram), and by BPF as for the former PSA brands (through two partnerships described below). FCA Bank operates in Europe, including the five major markets of Italy, France, Germany, Spain and the UK, and provides dealer and retail financing and, within selected countries, also rentals to support the former FCA vehicle brands. FCA Bank provides its services to the Maserati luxury brand, as well as certain other OEMs, including Ferrari. The joint venture with CACF was initially entered into in 2006 and was thereafter renewed with a term extended through December 31, 2024. BPF operates through two 50 percent joint ventures under the umbrella of two major partnerships in Europe, one with Group Santander Consumer Finance (“SCF”) for the Peugeot, Citroën and DS brands, and one with BNP Paribas Personal Finance (“BNPP PF”) for the Opel and Vauxhall brands. The partnership with SCF began in 2015 with an initial duration of 10 years and with BNPP PF in 2017 with an initial duration of 12 years.

On December 17, 2021, Stellantis announced the intention to reorganize its leasing activities in Europe with the intention to create a European multi-brand operational leasing company with CACF, (with each of Stellantis and CACF holding a 50 percent interest) that would result from the combination of the leasing activities of Leasys, a subsidiary transferred at December 31, 2022, from FCA Bank to LeaseCo, a joint venture held 50 percent by both Stellantis and CACF, and the activities of Free2Move Lease (“F2ML”), a business unit created within the former Groupe PSA and which aims to develop the business to business (“B2B”) long-term leasing activity. In addition, the joint ventures with BNPP PF and SCF are planned to be reorganized so the joint ventures with BNPP PF will operate financing activities in Germany, Austria and in the UK and joint ventures with SCF will operate financing activities in France, Italy, Spain, Belgium, Poland, the Netherlands and through a commercial agreement with SCF in Portugal. The joint ventures’ financing activities will cover all Stellantis brands. The binding agreements governing this reorganization were signed on March 31, 2022, between Stellantis and each of BNP Paribas Personal Finance, Crédit Agricole Consumer Finance and Santander Consumer Finance and the proposed transactions are targeted to be completed during the first half of 2023, subject to regulatory approvals including from relevant authorities and market regulators.

Sales activities within certain Eastern European countries are supported by private label agreements with local banks covering both the wholesale and retail financing needs.

Middle East & Africa

Middle East & Africa Sales and Competition

The following table presents Stellantis vehicle sales and market share in the Middle East & Africa segment for the periods presented:

Middle East & Africa	Years ended December 31,					
	2022		2021		2020	
	Sales	Market Share	Sales	Market Share	Sales	Market Share
	Thousands of units (except percentages)					
Turkey	250	31.9%	219	29.7%	248	32.1%
Morocco	34	20.8%	37	21.1%	27	20.3%
Gulf ⁽¹⁾	26	2.4%	33	3.2%	24	2.9%
Overseas France ⁽²⁾	24	33.8%	23	31.6%	20	30.5%
Israel Zone ⁽³⁾	22	8.1%	24	7.9%	18	8.0%
Egypt	18	16.5%	42	22.9%	33	25.2%
Other ⁽⁴⁾	41	4.4%	33	3.3%	26	3.5%
Total	415	12.0%	411	11.8%	396	13.6%

(1) Includes: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, UAE and Yemen

(2) Includes: French Guiana, Mayotte, Reunion, Martinique and Guadeloupe

(3) Includes: Israel and Palestine

(4) Without banned countries: Iran, Sudan and Syria

Estimated market share information is derived from third-party industry sources of MEA countries (e.g., AMIC (Egypt), ODD (Turkey), AMBG (Saudi Arabia, Qatar, United Arab Emirates, Yemen) AIVAM (Morocco)) and internal information

Maserati excluded from volumes and market share of the region

In 2022, the total industry volume of Middle East & Africa slightly decreased by 0.8 percent, despite growth in the Middle East and South Africa markets. Both the Egyptian and Algerian markets decreased by 42.0 percent and 23.9 percent, respectively, as a result of supply constraints and the sensitivity around the geopolitical environments. Despite these headwinds, the Company increased its sales volumes by 1.1 percent with 4.4 thousand more deliveries and market share gains in most of the major countries.

Overall market share of the region reached 12.0 percent, up by 20 basis points compared to 2021. The increase was primarily due to positive performance in Turkey, Overseas France, South Africa, Israel, Algeria and Tunisia. Despite being one of the main market brands in Egypt and Algeria, we were limited by supply availability during the year.

Commercial vehicle sales increased by 3.0 percent, up to 108 thousand units, or 15.1 percent market share. Stellantis secured its number two commercial vehicles position in the region.

The following table summarizes new passenger vehicle market share information and our principal competitors in the Middle East & Africa:

G5 ⁽¹⁾ Middle East & Africa Passenger Cars	Years ended December 31,		
	2022	2021	2020
Automaker	Percentage of industry		
Toyota	20.3%	18.9%	18.2%
Stellantis⁽²⁾	14.9%	15.2%	17.1%
Hyundai/Kia	13.9%	14.1%	12.8%
Renault	9.2%	9.2%	11.1%
Volkswagen	6.7%	8.1%	8.6%
Ford	4.7%	4.5%	6.0%
BMW	1.1%	1.1%	1.0%
Daimler	1.4%	1.2%	1.3%
Other	27.8%	27.6%	23.9%
Total	100%	100%	100.0%

(1) G5: Turkey, Morocco, Israel zone, Gulf and Overseas France

Israel Zone: Israel and Palestine

Gulf: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, UAE and Yemen

Overseas France: French Guiana, Mayotte, Reunion, Martinica and Guadeloupe

(2) Excluding Maserati

Estimated market share information is derived from third-party industry sources of MEA countries (e.g. AMIC (Egypt), ODD (Turkey), AMBG (Saudi Arabia, Qatar, United Arab Emirates, Yemen) AIVAM (Morocco)) and internal information

Middle East & Africa Distribution

In Turkey, Peugeot, Citroën, DS and Opel brands are distributed through a national sales company, consolidating operations for these four brands, whereas Fiat, Alfa Romeo and Jeep brands are distributed by a joint venture with Koc Automotiv Group, Tofas.

In Morocco, a national sales company is in charge of distributing Fiat, Alfa Romeo, and Jeep, while Peugeot, Citroën, DS and Opel Brands are managed by local importers.

In South Africa we also operate through a national sales company that distributes Peugeot, Citroën, Opel, Fiat, Jeep and Alfa Romeo.

In all other markets of the region, we distribute through agreements with local general distributors, with the regional offices of Stellantis located in Cairo and Dubai coordinating operations in Egypt and Middle East.

Middle East & Africa Dealer and Customer Financing

We operate in Turkey, where the activities related to the FCA brands, are carried out through a 100 percent owned subsidiary of our joint venture, Tofas that provides financial services mainly to retail customers, while the activities related to the PSA brands are carried out by a subsidiary of BPF, which markets a range of retail financing and insurance products in cooperation with a TEB Finansman AS, a subsidiary BNPP PF, and from November 2022, with Garanti Bank, a subsidiary of BBVA.

Finally, we operate vendor programs with bank partners in other markets to provide access to dealer and retail customer financing in those markets:

- In South Africa the Stellantis brands sales are supported by Wesbank (South Africa market) covering both wholesale and retail financing under the FCA Finance South Africa brand; and
- In Morocco by FCA Bank for the dealer financing activity (limited to the FCA brands) while sales to retail customers are supported by private label agreements with Wafasalaf.

South America

South America Sales and Competition

The following table presents our vehicle sales and market share in the South America segment for the periods presented:

South America	Years ended December 31,					
	2022 ⁽¹⁾		2021 ⁽¹⁾		2020 ⁽¹⁾	
	Sales	Market Share	Sales	Market Share	Sales	Market Share
	Thousands of units (except percentages)					
Brazil	647	32.9%	636	32.0%	461	23.5%
Argentina	117	30.7%	103	29.1%	83	25.6%
Other South America	81	6.2%	73	6.1%	49	5.9%
Total	844	23.2%	812	22.9%	592	19.0%

(1) Estimated market share data presented are based on management's estimates of industry sales data, which use certain data provided by third-party sources, National Organization of Automotive Vehicles Distribution and Association of Automotive Producers
Maserati excluded from volumes and market share

The following table presents Stellantis vehicle market share information and our principal competitors in Brazil, our largest market in the South America segment:

Brazil	Years ended December 31,		
	2022 ⁽¹⁾	2021 ⁽¹⁾	2020 ⁽¹⁾
Automaker	Percentage of industry		
Stellantis ⁽²⁾	32.9%	32.0%	23.5%
GM	14.8%	12.2%	17.3%
Volkswagen	14.3%	15.9%	17.4%
Ford	1.1%	2.0%	7.2%
Other	36.9%	37.9%	34.6%
Total	100%	100%	100%

(1) Estimated market share data presented are based on management's estimates of industry sales data, which use data provided by ANFAVEA (Associação Nacional dos Fabricantes de Veículos Automotores)

(2) Excluding Maserati

Automotive industry volumes within the countries in which the South America segment operates increased by 2.7 percent to 3.6 million vehicles (PC and LCV) in 2022 as compared to 2021, which was primarily driven by the unfilled semiconductor orders which limited vehicle production in 2021. Overall, there was a 0.8 percent decrease in the industry in Brazil, reflecting the unfilled semiconductor orders, which has affected the production capacity, and a 7.0 percent increase in the industry in Argentina, reflecting the gradual recovery of sales.

Stellantis' market share in South America increased 30 basis points from 22.9 percent in 2021 to 23.2 percent in 2022, primarily reflecting market share growth in Brazil, with Fiat as the brand leader. In Brazil, overall market share increased 90 basis point to 32.9 percent in 2022 from 32.0 percent in 2021 while, in Argentina, overall market share increased 160 basis point to 30.7 percent in 2022 from 29.1 percent in 2021.

Our vehicle line-up in South America leverages the brand recognition of Fiat, as well as the relatively urban population of countries like Brazil, and offers vehicles in smaller segments, such as the Fiat Argo as well as the Fiat Mobi. Fiat also led the pickup truck market in Brazil, with the Fiat Strada and the Fiat Toro (both represent a total of 49.9 percent market share in the segment). Jeep achieved 7.0 percent of the total sales in Brazil and led the SUV segment with 20.0 percent of market share primarily based on the performance of the Jeep Renegade, the Jeep Compass and the Jeep Commander. Peugeot and Citroën are conquering new consumers and sales grew 41.5 percent and 37.6 percent, respectively compared to 2021.

South America Distribution

In South America, law in each country regulates retail vehicle distribution. In Brazil and Argentina, distribution is through dealers of each brand, although it is common for the same distributor to have several stores in order to offer different brands. In other countries, distribution is through multi-brands importers or dealers.

South America Dealer and Customer Financing

In the South America segment, we provide access to dealer and retail customer financing as well as rental products through 100 percent owned captive finance companies and also through strategic relationships with financial institutions.

We have three 100 percent owned captive finance companies in the South America segment that offer dealer and retail customer financing as well as rental services: Banco Fidis S.A. (“Banco Fidis”) and FCA Rental Locadora de Automoveis Ltda (commercially known as Flua) in Brazil and FCA Compañia Financiera S.A. in Argentina. We also have two 50 percent owned joint ventures that offer dealer and retail customer financing, PSA Finance Argentina Compañia Financiera S.A., with Banco Bilbao Vizcaya Argentaria S.A. owning the other 50 percent, and Banco PSA Finance Brasil S.A., with Banco Santander Brasil S.A. owning the other 50 percent.

In November 2022, two contracts were signed with Banco Santander Brasil S.A. to purchase its 50 percent shares of both Banco PSA Finance Brasil S.A., a finance company, and PSA Corretora de Seguros e Services Ltd., a company providing insurance services. Both of these contracts are 50/50 joint ventures with Banco Santander Brasil S.A. The closings of those two deals are expected to happen before the end of 2023. In addition, in Brazil we have two significant commercial partnerships with Banco Itaú and Bradesco to provide financing to retail customers purchasing our branded vehicles. Banco Itaú is a leading vehicle retail financing company in Brazil and our partnership was renewed in August 2013 for a ten-year term ending in 2023. Under this agreement, which applied only to our retail customers purchasing Fiat branded vehicles, Banco Itaú has exclusivity on our promotional campaigns and preferential rights on non-promotional financing. We receive commissions in connection with each vehicle financing above a certain threshold. In July 2015, Fiat Chrysler Automoveis Brasil (“FCA Brasil”) and Banco Fidis signed a ten-year partnership contract with Bradesco, one of the leading Brazilian banks, through its affiliate Bradesco Financiamentos, whereby Bradesco Financiamentos finances retail sales of Jeep, Chrysler, Dodge and Ram vehicles in Brazil. Under this agreement, Bradesco has exclusivity on promotional campaigns and FCA Brasil promotes Bradesco as FCA Brasil’s official financial partner. Banco Fidis is in charge of the commercial management of this partnership and receives commissions for this partnership agreement and for acting as banking agent, based on profitability and penetration.

China and India & Asia Pacific

China and India & Asia Pacific Sales and Competition

The following table presents our vehicle sales and market share in the China and India & Asia Pacific segment:

China and India & Asia Pacific	Years ended December 31,					
	2022 ⁽¹⁾⁽⁵⁾		2021 ⁽¹⁾⁽⁵⁾		2020 ⁽¹⁾⁽⁵⁾	
	Sales	Market Share	Sales	Market Share	Sales	Market Share
	Thousands of units (except percentages)					
China ^{(2)*}	94	0.4%	124	0.6%	108	0.5%
Japan	34	1.0%	45	1.2%	41	1.1%
India ⁽³⁾	20	0.5%	13	0.4%	5	0.2%
Australia	18	1.7%	18	1.8%	14	1.6%
Asean & General Distributors ⁽⁴⁾	17	0.5%	13	0.5%	10	0.4%
South Korea	9	0.6%	13	0.9%	12	0.7%
New Zealand	4	2.5%	4	2.8%	3	2.6%
China and India & Asia Pacific major Markets	197	0.6%	230	0.7%	193	0.6%
Total	197	0.5%	230	0.6%	193	0.5%

* Includes Hong Kong and Taiwan

(1) Estimated market share information is derived from third-party industry sources of China & Asia Pacific countries (e.g. CADA and CPCA (China PC Domestic), CATARC (China PC Import), FCAI (Australia), SIAM (India PC), JADA and JALA (Japan), MIA (New Zealand), IHS (Thailand), MAA (Malaysia)) and internal information

(2) Data include vehicles sold by our joint ventures in China for Stellantis brands

(3) India market share is based on wholesale volumes

(4) Asean & General Distributors ("AGD") includes Bangladesh, Brunei, Cambodia, French Polynesia, Indonesia, Malaysia, Myanmar, Nepal, New Caledonia, Philippines, Singapore, Sri Lanka, Thailand and Vietnam

(5) Sales reflect retail deliveries. China and India & Asia Pacific industry reflects aggregate for major markets where the Company competes (China (PC), Japan (PC), India (PC), South Korea (PC and Pickups), Australia, New Zealand and AGD). Market share is based on retail/registrations except, as noted above, in India where market share is based on wholesale volumes

Maserati excluded from volumes and market share

The automotive industry in the India & Asia Pacific segment has shown a year-over-year growth, with industry sales increased by 7.4 percent to 13.6 million units in 2022 compared to 2021. The increase in demand was primarily driven by key markets: India with an increase of 23.0 percent due to new model launches from local OEMs lifting the market, AGD with an increase of 14.9 percent and in Australia an increase of 1.8 percent, as both markets started to recover from the semiconductor shortage. However, South Korea experienced a decrease of 2.9 percent and Japan a decrease of 6.2 percent, with both markets impacted negatively by unfilled semiconductor orders during the year. In 2022, 26.9 million vehicles (passengers cars and commercial vehicles) were sold in China, which represents a 2.1 percent year-over-year increase.

We sell a range of vehicles in the China and India & Asia Pacific segment, including small and compact cars, premium mid-size cars, utility vehicles and light commercial vehicles. Although our smallest segment by vehicle sales, China and India & Asia Pacific segment represents a significant growth opportunity and we are invested in building relationships with key partners in India to increase our manufacturing footprint and presence in the region. In the China and India & Asia Pacific segment we also distribute vehicles that are manufactured in the U.S. and Europe through our dealers and distributors.

China and India & Asia Pacific Distribution

In the key markets in the China and India & Asia Pacific segment (China, Australia, India, Japan, South Korea and AGD), we sell our vehicles through 100 percent owned subsidiaries or through our joint venture, DPCA JV to local independent dealers. On October 31, 2022, the two shareholders of the GAC-Stellantis JV have approved a resolution authorizing the JV to file for bankruptcy. Stellantis will focus on distributing imported vehicles for the Jeep brand in China through an asset-light approach. The Dongfeng Peugeot Citroën Automobile Sales Co ("DPCS") markets the vehicles produced by DPCA in China. We operate through national sales companies in Australia, Japan, India and South Korea. In AGD and smaller markets, we have agreements with general distributors.

China and India & Asia Pacific Dealer and Customer Financing

In China, we operate a 100 percent owned captive finance company, FCA Automotive Finance Co., Ltd, which supports our sales activities in China through dealer and retail customer financing. Cooperation agreements are also in place with third-party financial institutions to provide dealer network and retail customer financing in India, South Korea, Australia and Japan.

In 2022, Stellantis and Dongfeng Motor Group (“Dongfeng”) agreed to reshape the relationships initially established through two joint finance companies, namely Dongfeng Peugeot Citroën Auto Finance Company Ltd (“DPCAFC”) and Dongfeng Peugeot Citroën Financial Leasing Co (“DPCFLC”), which provide the financing of the Dongfeng Peugeot and Dongfeng Citroën brands in China as well as leasing solutions. This resulted in the signature of two equity transfer agreements, one relating to the acquisition by Dongfeng of all of the equity shares held in DPCAFC by Stellantis and by DPCA JV, and one relating to the acquisition by Stellantis of all of the equity shares held in DPCFLC by Dongfeng. Following the signature of these two agreements, the acquisition by Dongfeng of the entire equity shares in DPCAFC occurred on December 15, 2022. The acquisition by Stellantis of Dongfeng’s equity shares held in DPCFLC is expected to close in the first half of 2023 after the necessary regulatory approvals.

Maserati

In 2022, Maserati launched the all-new Grecale SUV which is available in three versions (GT, Modena and Trofeo) and with a wide choice of propulsion systems, from conventional combustion to hybrid engines. In addition, Maserati revealed the spyder version of its MC20: Maserati MC20 Cielo, with a retractable hard top.

The following table shows the distribution of Maserati sales by geographic regions and as a percentage of total sales for each of the years ended December 31, 2022, 2021 and 2020:

	2022 Sales	As a percentage of 2022 sales	2021 Sales	As a percentage of 2021 sales	2020 Sales	As a percentage of 2020 sales
U.S./Mexico	6,945	29.7 %	7,765	32.0 %	5,258	30.6 %
Europe top 4 ⁽¹⁾	5,442	23.3 %	3,434	14.1 %	2,649	15.4 %
China	4,680	20.0 %	7,357	30.3 %	4,602	26.8 %
Japan	1,238	5.3 %	1,080	4.5 %	893	5.2 %
Other countries	5,099	21.8 %	4,633	19.1 %	3,764	21.9 %
Total	23,404	100 %	24,269	100 %	17,166	100 %

*(1) Italy, United Kingdom, Germany and Switzerland
China includes Hong Kong
U.S. includes Mexico and Puerto Rico*

In 2022, a total of 23.4 thousand Maserati vehicles were sold, slightly lower compared to 2021 as a result of sales performance in China mainly due to pandemic restrictions partially offset by significant increase in Europe and other key markets as a result of the Grecale launch.

FCA Bank provides access to dealer and retail customer financing for Maserati brand vehicles in Europe and our 100 percent owned captive finance company, FCA Automotive Finance Co. Ltd, provides dealer and retail financing in China. In the U.S., JPM Chase provides retail financing. In other regions, we rely on local agreements with financial services providers for the financing of Maserati brand vehicles to dealers and end customers.

Cyclical Nature of the Business

As is typical in the automotive industry, Stellantis' vehicle sales are highly sensitive to general economic conditions, availability of low interest rate vehicle financing for dealers and retail customers and other external factors, including fuel prices, and as a result could vary substantially from quarter to quarter and year to year. Retail consumers tend to delay the purchase of a new vehicle when disposable income and consumer confidence is low. Moreover, increases in inflation may lead to subsequent increases in the cost of borrowing and availability of affordable credit for vehicle financing, which may further influence retail consumers to delay the purchase of a new vehicle. In addition, Stellantis' vehicle production volumes and related revenues could vary from month to month, sometimes due to plant shutdowns, which could occur for several reasons including raw material or component unavailability, production changes from one model year to the next and actions to balance vehicle supply and demand fluctuations and also to adjust dealer stock levels appropriately. Plant shutdowns, whether associated with model year changeovers or other factors such as temporary supplier interruptions, could have a negative impact on Stellantis' revenues and working capital as Stellantis continues to pay suppliers under established terms while Stellantis would not receive proceeds from vehicle sales. Refer to *Liquidity and Capital Resources—Liquidity Overview* for additional information.

Legal Proceedings

Takata airbag inflators

Putative class action lawsuits were filed in March 2018 against FCA US LLC ("FCA US"), a wholly owned subsidiary of Stellantis, in the U.S. District Courts for the Southern District of Florida and the Eastern District of Michigan, asserting claims under federal and state laws alleging economic loss due to Takata airbag inflators installed in certain of our vehicles. The cases were subsequently consolidated in the Southern District of Florida. On November 8, 2022, the Court granted summary judgement in FCA US's favor against all claimants except those in Georgia and North Carolina. FCA US has moved to dismiss all remaining claims and decisions on those motions are pending.

Emissions Matters

On January 10, 2019, FCA US announced it had reached final settlements on civil environmental and consumer claims with the U.S. Environmental Protection Agency ("EPA"), the Civil Division of the U.S. Department of Justice ("DoJ"), the California Air Resources Board ("CARB"), the State of California, 49 other States and U.S. Customs and Border Protection, for which we accrued €748 million during the year ended December 31, 2018. Approximately €350 million of the amount accrued by FCA US, which was prior to the merger, was related to civil penalties to resolve differences over diesel emissions requirements. A portion of the amount accrued, prior to the merger, was attributable to settlement of a putative class action on behalf of consumers in connection with which FCA US agreed to pay an average of \$2,800 per vehicle to eligible customers affected by the recall. That settlement received final court approval on May 3, 2019. On April 9, 2021, FCA US reached an agreement with substantially all of the approximately 3,200 consumers that exercised their right to opt out of the class action settlement to settle their claims for an amount that is not material to the Company.

In September 2019, the DoJ filed criminal charges against an employee of FCA US for, among other things, fraud, conspiracy, false statements and violations of the Clean Air Act primarily in connection with efforts to obtain regulatory approval of the vehicles that were the subject of the civil settlements described above. In April 2021, two additional employees of a Stellantis subsidiary were indicted by the DoJ on similar charges. The three employees were placed on administrative leave following their indictments. On June 3, 2022, FCA US announced that it had agreed to a settlement to resolve the DoJ, Criminal Division's investigation as it relates to FCA US. The settlement, which received court approval, includes a guilty plea, a fine of approximately \$96 million, and the forfeiture of approximately \$204 million in gains. Prior to the merger, we accrued approximately €200 million during the three months ended September 30, 2020 as our best estimate of probable loss with regard to matters under discussion. In light of subsequent progress in our discussions with the DoJ, Criminal Division, we increased our accrual for this matter to approximately €266 million as of December 31, 2021, which is sufficient to cover the forfeiture and penalty imposed by the plea agreement. We remain subject to a number of related private lawsuits (the "Non Opt-Out Litigation").

We have also received inquiries from other regulatory authorities in a number of jurisdictions as they examine the on-road tailpipe emissions of several automakers' vehicles and, when jurisdictionally appropriate, we continue to cooperate with these governmental agencies and authorities.

In Europe, we have continued to work with the Italian Ministry of Transport (“MIT”) and the Dutch Vehicle Regulator (“RDW”), the authorities that certified FCA diesel vehicles for sale in the European Union, and the UK Driver and Vehicle Standards Agency in connection with their review of several diesel models.

We also responded to inquiries from the German authority, the Kraftfahrt-Bundesamt (“KBA”), regarding emissions test results for FCA diesel vehicles, and discussed the KBA reported test results, our emission control calibrations and the features of the vehicles in question. After these initial discussions, the MIT, which has sole authority for regulatory compliance of the vehicles it has certified, asserted its exclusive jurisdiction over the matters raised by the KBA, tested the vehicles, determined that the vehicles complied with applicable European regulations and informed the KBA of its determination. Thereafter, mediations were held under European Commission (“EC”) rules, between the MIT and the German Ministry of Transport and Digital Infrastructure, which oversees the KBA, in an effort to resolve their differences. The mediation concluded and no action was taken with respect to FCA. In May 2017, the EC announced its intention to open an infringement procedure against Italy regarding Italy's alleged failure to respond to EC's concerns regarding certain FCA emission control calibrations. The MIT responded to the EC's allegations by confirming that the vehicles' approval process was properly performed. On December 2, 2021, the EC notified Italy of its position that Italy did not comply with its obligation to enforce EU emission type approval rules.

In December 2019, the MIT notified FCA of communications with the Dutch Ministry of Infrastructure and Water Management (“I&W”) regarding certain irregularities allegedly found by the RDW and the Dutch Center of Research TNO in the emission levels of certain Jeep Grand Cherokee Euro 5 models and a vehicle model of another OEM containing a Euro 6 diesel engine supplied by FCA. In January 2020, the Dutch Parliament published a letter from the I&W summarizing the conclusions of the RDW regarding those vehicles and engines and indicating an intention to order a recall and report their findings to the Public Prosecutor, the EC and other Member States. FCA engaged with the RDW to present our positions and cooperate to reach an appropriate resolution of this matter. FCA proposed certain updates to the relevant vehicles that have been tested and approved by the RDW and are now being implemented. Nevertheless, this matter is still pending.

In addition, as part of the judicial investigation of several automakers in France, commencing in 2016 and 2017, Automobiles Peugeot and Automobiles Citroën were placed under examination by the Judicial Court of Paris in June 2021 on allegations of consumer fraud in connection with the sale of Euro 5 diesel vehicles in France between 2009 and 2015. In July 2021, FCA Italy was placed under examination by the same court for possible consumer fraud in connection with the sale of Euro 6 diesel vehicles in France between 2014 and 2017. FCA Italy was also designated as a material witness in connection with allegations of obstruction of the actions of an economy ministry antifraud inspector in 2016 and 2017. As is typical in a French criminal inquiry, each of the companies were required to pay bail for the potential payment of damages and fines and to ensure representation in court, and to provide a guarantee for the potential compensation of losses. None of these amounts were, individually or in the aggregate, material to the Company.

In July 2020, unannounced inspections took place at several of FCA's sites in Germany, Italy and the UK at the initiative of the Public Prosecutors of Frankfurt am Main and of Turin, as part of their investigations of potential violations of diesel emissions regulations and consumer protection laws. In April 2022, former FCA companies received an order to produce documents to the Public Prosecutors. In October 2022, inspections took place at the Italian offices of FCA Italy and Maserati and at the German office of Maserati Deutschland. The Public Prosecutor of Frankfurt has also informed us that it is conducting a criminal investigation regarding the emissions of certain PSA diesel engines installed in approximately 1,000 PSA vehicles and 29,000 Mitsubishi vehicles sold in Germany. We continue to cooperate with these investigations.

We also face class actions and individual claims in several European countries. Several former FCA and PSA companies and our Dutch dealers have been served with two class actions filed in the Netherlands by Dutch foundations seeking monetary damages and vehicle buybacks in connection with alleged emissions non-compliance of certain diesel vehicles. We have also been notified of a potential class action on behalf of Dutch consumers alleging emissions non-compliance of certain former FCA vehicles sold as recreational vehicles, as well as a securities class action in the Netherlands, alleging misrepresentations by FCA, now Stellantis. A class action alleging emissions non-compliance has also been filed in Portugal regarding former FCA vehicles and similar claims in the UK regarding former FCA and PSA vehicles are in a pre-litigation phase. We are also defending approximately 11,300 individual consumer claims alleging emissions non-compliance of certain former FCA vehicles in Germany and approximately 150 in Austria.

In December 2018, the Korean Ministry of Environment (“MOE”) announced its determination that approximately 2,400 FCA vehicles imported into Korea during 2015, 2016 and 2017 were not emissions compliant and that the vehicles with a subsequent update of the emission control calibrations voluntarily performed by FCA, although compliant, would have required re-homologation of the vehicles concerned. In May 2019, the MOE revoked certification of the above-referenced vehicles and announced an administrative fine for an amount not material to the Company which has been paid by our Korean subsidiary. Our appeal of the MOE’s decision was rejected and we are no longer pursuing appeals other than in connection with calculation of the fine. Our Korean subsidiary has also paid an administrative fine, in an amount not material to the Company, imposed by the Korean Fair Trade Commission for a purported breach of the Act on Fair Labeling and Advertisement in connection with these vehicles.

In November 2021, the MOE issued notice of its intention to impose a recall order, revocation of certification and an administrative fine on the basis of the alleged non-compliance of approximately 2,250 other FCA vehicles. The amount of the administrative fine is not material to the Company. We are waiting for the MOE to issue the final disposition on this matter. Our subsidiary in Seoul, Korea is also cooperating with local criminal authorities in connection with their review of these matters. In both cases, the authorities decided to not refer the matter to prosecutors, as they had found no evidence of wrongdoing by our Korean subsidiary.

National Training Center

On January 27, 2021, FCA US announced an agreement with the U.S. Attorney’s Office for the Eastern District of Michigan to resolve its investigation into past misconduct of certain former FCA US employees involving the UAW-Chrysler National Training Center (“NTC”). Pursuant to the agreement, which received court approval on July 19, 2021, FCA US agreed to plead guilty to a single count of conspiracy to violate the Labor Management Relations Act and the payment of a fine in an amount that is not material to the Company and which was accrued prior to the merger. FCA US also agreed to implement an independent compliance monitor for three years with respect to the dissolution of the NTC and internal controls as they relate to the trusts being implemented to replace the NTC.

Several putative class action lawsuits have been filed against FCA US in U.S. federal court alleging harm to UAW workers as a result of these acts. Those actions have been dismissed both at the trial court stage and on appeal. Three plaintiffs in these lawsuits also filed charges alleging unfair labor practices with the U.S. National Labor Relations Board (the “Board”). The Board issued a complaint regarding these allegations and sought a cease and desist order as well as the posting of a notification with respect to the alleged practices, but subsequently dismissed the charges.

On July 20, 2020, a group of employees in FCA’s Toledo, Ohio Jeep plant filed a lawsuit in U.S. District Court for the Northern District of Ohio against FCA US, the UAW and certain individuals claiming violations of the Racketeer Influenced and Corrupt Organizations (“RICO”) Act and civil conspiracy. On October 20, 2020, FCA US filed a motion to dismiss. Plaintiffs filed their second amended complaint on June 25, 2021. Briefing on the motion to dismiss has been stayed pending decisions on motions to dismiss in two related cases in the U.S. District Court for the Eastern District of Michigan.

On October 16, 2020 and February 28, 2021, lawsuits were filed in U.S. District Court for the Eastern District of Michigan, by groups of current and former employees making similar claims. The court granted our motion to dismiss one of the cases and that decision has been appealed by plaintiffs. Our motion to dismiss the other case remains pending.

General Motors Litigation

On November 20, 2019, General Motors LLC and General Motors Company (collectively, “GM”) filed a lawsuit in the U.S. District Court for the Eastern District of Michigan against FCA US, FCA N.V., now Stellantis N.V., and certain individuals, claiming violations of the RICO Act, unfair competition and civil conspiracy in connection with allegations that FCA US made payments to UAW officials that corrupted the bargaining process with the UAW and as a result FCA US enjoyed unfair labor costs and operational advantages that caused harm to GM. GM also claimed that FCA US had made concessions to the UAW in collective bargaining that the UAW was then able to extract from GM through pattern bargaining which increased costs to GM and that this was done by FCA US in an effort to force a merger between GM and FCA N.V. The court dismissed GM’s lawsuit with prejudice. GM subsequently appealed the dismissal to the U.S. Court of Appeals for the Sixth Circuit the court affirmed the dismissal of GM’s complaint. On January 9, 2023, GM filed a petition with the U.S. Supreme Court, seeking review of the Sixth Circuit’s decision.

Following dismissal of its Federal court case, GM filed an action against FCA US and FCA N.V., now Stellantis N.V., in Michigan state court, making substantially the same claims as it made in the federal litigation. On October 15, 2021, the court granted Stellantis N.V. and FCA US's motion for summary disposition. GM filed a motion for reconsideration and on December 6, 2021, the court granted GM's motion, permitting GM to amend its complaint. GM filed a second amended complaint on December 23, 2021. On May 16, 2022, the court denied FCA US's motion for summary disposition and permitted discovery to proceed against FCA US. On July 20, 2022, the court granted Stellantis N.V.'s motion for summary disposition, but on November 28, 2022 the court granted GM's motion for reconsideration and permitted jurisdictional discovery to proceed against Stellantis N.V..

Tigershark Engine

In addition, putative class action lawsuits have been filed against FCA US and consolidated into a single action in U.S. District court in Michigan asserting claims under federal and state laws claiming manufacturing and design defects in certain vehicles equipped with the 2.4L Tigershark engine, which has been installed in approximately 1.6 million vehicles sold in the U.S. The claims allege excessive oil consumption and related excess emissions. In November 2021, we entered into an agreement in principle to settle the litigation, contingent on court approval, for an amount that is not material to the Company. The court granted final approval of the settlement in December 2022.

Environmental and Other Regulatory Matters

At Stellantis, we engineer, manufacture and sell our products and offer our services around the world, subject to requirements applicable to our products that relate to vehicle emissions, fuel economy, emission control software calibration and on-board diagnostics and vehicle safety, as well as those applicable to our manufacturing facilities that relate to stack emissions, the management of waste, water and hazardous materials, prohibitions on soil contamination, and worker health and safety. Our vehicles and the propulsion systems that power them must also comply with extensive regional, national and local laws and regulations (including those that regulate end-of-life vehicles (“ELVs”) and the chemical content of our parts). In addition, vehicle safety regulations are becoming increasingly strict.

We are subject to a range of global regulatory requirements affecting our facilities and products, and compliance with these requirements involves significant costs and risks. We consistently monitor the relevant global regulatory requirements affecting our facilities and products and adjust our operations and processes as we seek to remain in compliance, although we may from time to time fail to meet a particular regulatory requirement. See *“Risk Factors-Risks Related to the Legal and Regulatory Environment in which We Operate-Current and more stringent future or incremental laws, regulations and governmental policies, including those regarding increased fuel efficiency requirements and reduced greenhouse gas and tailpipe emissions, have a significant effect on how we do business and may increase our cost of compliance, result in additional liabilities and negatively affect our operations and results.”* and *“Risk Factors-Risks Related to the Legal and Regulatory Environment in which We Operate-We remain subject to ongoing diesel emissions investigations by several governmental agencies and to a number of related private lawsuits, which may lead to further claims, lawsuits and enforcement actions, and result in additional penalties, settlements or damage awards and may also adversely affect our reputation with consumers.”*

Automotive Tailpipe Emissions

Numerous laws and regulations place limits on vehicle emissions, including standards on tailpipe exhaust emissions standards and evaporative emissions. These standards govern a category of emissions called “criteria emissions” that does not include greenhouse gases (“GHGs”). Related laws impose requirements on how vehicles’ emission control systems are designed to ensure emissions are controlled in normal, real driving conditions, as well as requirements to employ diagnostic software to identify and diagnose problems with emission control components, which if undiagnosed could lead to higher emissions. This diagnostic software is called an on-board diagnostic system (“OBD”).

All global jurisdictions require manufacturers to conduct vehicle testing to demonstrate compliance with these emissions limits for the useful life of a vehicle as a prerequisite to obtaining emission compliance certification before any vehicle can be sold.

These requirements become more challenging each year, especially in light of increased global scrutiny of diesel emission control systems and we expect these emissions and certification requirements will continue to become even more rigorous worldwide.

North America Region

The U.S. Environmental Protection Agency (“EPA”) has established federal Tier 3 emissions standards, and federal law allows the CARB to also establish its Low Emission Vehicle (“LEV”) III emission standards. CARB is now in the process of adopting Advanced Clean Car II Regulations (“ACC II”), which will establish revised standards for new 2026 and subsequent model year California light-duty vehicles.

EPA and CARB both review manufacturers’ emission control software design as part of their emission certification evaluation, whereas EPA has delegated the administration of OBD software requirements to CARB.

In addition to its LEV III emissions standards, CARB regulations also require that a specified percentage of cars and certain light-duty trucks sold in California qualify as zero emission vehicles, such as electric vehicles, hybrid electric vehicles or hydrogen fuel cell vehicles. ACC II will require that ZEV sales increase to 100 percent of new vehicle sales by the 2035 model year. Federal law further allows other states to adopt CARB’s criteria emission, GHG and ZEV standards. Other states have adopted or are in the process of adopting CARB standards.

Manufacturers must comply with EPA’s and CARB’s criteria emission standards at a vehicle-level as well as a sales-weighted fleet level, whereas CARB’s ZEV requirements, to the extent enforceable, are fleet-only standards.

For a discussion of inquiries into our compliance with certain regulations in the U.S., see Note 26, *Guarantees granted, commitments and contingent liabilities* within the Consolidated Financial Statements included elsewhere in this report. See also “*Risk Factors-Risks Related to the Legal and Regulatory Environment in which we Operate-Current and future more stringent or incremental laws, regulations and governmental policies, including those regarding increased fuel efficiency requirements and reduced greenhouse gas and tailpipe emissions, have a significant effect on how we do business and may increase our cost of compliance and negatively affect our operations and results.*”

Enlarged Europe Region

In Europe, emissions are regulated by the European Union (“EU”) and the United Nations Economic Commission for Europe (“UNECE”). The EC imposes standardized emission control requirements on vehicles sold in all 27 EU member states, while non-EU countries bound by the “1958 UN Agreement” (an agreement concerning the adoption of uniform technical prescriptions for wheeled vehicles, equipment and parts which can be fitted or used on wheeled vehicles and the conditions for reciprocal recognition of approvals granted on the basis of these prescriptions) apply regulations under the UNECE framework. EU Member States can provide tax incentives/contributions for the purchase of vehicles that are rated as zero emission vehicles (such as BEVs) or for vehicles that meet emission standards earlier than the compliance date. Vehicles must meet emission requirements and receive specific approval from an appropriate Member State authority before they can be sold in any EU Member State, and these regulatory requirements include random testing of newly assembled vehicles and market surveillance testing of vehicles in the field for emission compliance.

Euro 6 emission levels are currently in effect for all passenger cars and light commercial vehicles which required additional technologies and increased the cost of diesel engines compared to prior Euro 5 standards. These new technologies have put additional cost pressures on the already challenging European market for small and mid-size diesel-powered vehicles. Further requirements of Euro 6 have been developed by the EU and are effective for all new passenger cars and light commercial vehicles. In addition to WLTP, the new real driving emissions (“RDE”) test procedure to directly assess the regulated emissions of light duty vehicles under real driving conditions is effective. More stringent test requirements related to RDE, as well as requirements relating to On-board Fuel and/or Energy Consumption Monitoring Device for Fuel Consumption Monitoring, is effective for all new passenger cars registered after January 1, 2021 and all new light commercial vehicles registered after January 1, 2022.

For a discussion of inquiries from relevant governmental agencies in the European Union, see Note 26, *Guarantees granted, commitments and contingent liabilities* within the Consolidated Financial Statements included elsewhere in this report. See also “*Risk Factors-Risks Related to the Legal and Regulatory Environment in which we Operate-We remain subject to diesel emissions investigations by several governmental agencies and to a number of related private lawsuits, as well as other claims and lawsuits which may lead to further enforcement actions, penalties or damage awards and may also adversely affect our reputation with consumers*”

South America Region

Certain countries in South America follow U.S. procedures, standards and OBD requirements, while others follow the European procedures, standards and onboard diagnostic requirements described above. In Brazil, vehicle emission standards are regulated by the Ministry of the Environment and have been in place since 1988 for passenger cars and light commercial vehicles (PROCONVE). The current phase of regulations (PROCONVE L7) set new fuel efficiency and safety standards from January 2022 and a next step (PROCONVE L8) will come into effect in January 2025 with fleet target limits (US BIN methodology) and RDE limits. Argentina has implemented regulations that mirror the EU Euro 5 standards for all new vehicles. In Chile, implementation of Euro 6 standards occurred in 2022 for new homologations and will go into effect in 2023 for all licensed vehicles.

China and India & Asia Pacific Region

China 6 standards were released in 2016 and were applied nationwide, beginning in January 2021, with China 6a thresholds and will be updated by July 2023 with China 6b thresholds. China 6a and 6b have more stringent tailpipe emissions thresholds than Euro 6, implement OBD requirements similar to U.S. OBD II and evaporative emission control requirements, and add RDE and U.S. onboard refueling vapor recovery requirements. Prior to July 2023, RDE is required for monitoring only and the emission durability mileage is set at 160,000 kilometers. Beginning July 2023, RDE conformity factor 2.1 will be implemented and emission durability mileage will be extended to 200,000 kilometers. Some regions within China implemented China 6b in 2019 such as Shanghai, Guangzhou, Shenzhen, Yangtze River Delta, Pearl River Delta, Chengdu, Chongqing and Tianjin. Beijing implemented China 6b at the beginning of 2020.

South Korea implemented regulations that are similar to California's LEV III regulations beginning in 2016 and became fully required in 2019 for all gasoline vehicles. Diesel vehicles are required to meet Euro 6 EU emissions requirements. Japan adopted the WLTP without Extra High phase in 2018 for new models and for all models beginning January 2021. WLTP is a global harmonized standard for regulating GHG emissions, non-GHG pollutants, and fuel or energy consumption for light-duty vehicles and electric range for battery electric vehicles or hybrids.

India implemented nationwide Bharat Stage VI ("BSVI") Emission norms (equivalent to Euro 6) in April 2020. Stage 2 of BSVI norms (with more stringent OBD limits, RDE and an in-use performance ratio) will be implemented beginning April 2023. The conformity Factor ("CF") for RDE has not been confirmed but a two-stage implementation for RDE CF (Stage 1 in April 2023 and Stage 2 in April 2024) is under discussion. Currently E5 fuel is the reference fuel for BSVI, and there is a plan to change the fuel to E20 in April 2025.

In addition, Australia is developing a revised Regulatory Impact Statement to introduce mandatory Euro 6 standards beginning in 2027 while Euro 5 standards are expected to remain in force until that time.

Automotive Fuel Economy and Greenhouse Gas Emissions

North America Region

In the U.S., since the enactment of the 1975 Energy Policy and Conservation Act, the National Highway Traffic Safety Administration ("NHTSA") has enforced minimum CAFE for fleets of new passenger cars and light-duty trucks sold in the U.S. for each model year. CAFE standards apply to all domestic and imported passenger car and light-duty truck fleets and currently target year-over-year increases in fuel economy. The requirement is scaled based on vehicle footprint size. The CAFE standards require that passenger cars imported into the U.S. from outside of North America are averaged separately from those manufactured within North America, and domestic cars and light duty trucks are also considered separately.

In 2012, EPA promulgated its first GHG rule under the federal Clean Air Act, which required manufacturers to comply with a similar footprint-based GHG standard, the stringency of which increases year-over-year through 2025. The GHG rule does not require separate domestic passenger car compliance reporting but, like the CAFE program, light trucks are reported separately from passenger cars.

In September 2019, EPA and NHTSA issued the first two parts of a new rule, which the agencies called the Safer Affordable Fuel Efficient Vehicle Rule (the "SAFE Rule").

In April 2020, EPA and NHTSA issued SAFE Part 2, which established new GHG and CAFE standards.

In August and September 2021, EPA and NHTSA published proposed GHG and fuel economy regulations, respectively. These regulations impose GHG and fuel economy standards that are stricter than the SAFE 2 Rule's standards. EPA published its final GHG regulation in December 2021, which includes stricter standards for model years 2023 through 2026. Similarly, NHTSA published its final fuel economy regulation in April 2022, which increased stringency for model years 2024 through 2026. In addition, EPA reinstated California's legal right to have and enforce its GHG and ZEV programs in March 2022. For more information, please refer to "*RISK MANAGEMENT - Risk Factors - Current and more stringent future or incremental laws, regulations and governmental policies, including those regarding increased fuel efficiency requirements and reduced greenhouse gas and tailpipe emissions, have a significant effect on how we do business and may increase our cost of compliance, result in additional liabilities and negatively affect our operations and results.*"

In April 2022, NHTSA published a final rule repealing an interim final rule issued in January 2021 and reverting to the December 2016 final rule which, beginning with the 2019 Model Year, increased the CAFE civil penalty rate from \$5.00 to \$14.00 for every tenth of a mile per gallon the new vehicles fall short of required fuel economy standards. This amount is multiplied by the number of noncomplying vehicles sold. NHTSA is expected to continue to make mandatory inflation adjustments to the CAFE civil penalty rate, as required by law for all civil monetary penalties. Applying the annual inflation adjustment procedures did not result in an increase in the \$14.00 rate through 2021 Model Year, but did result in an increased fine rate to \$15.00 for 2022 Model Year vehicles. For more information, refer to Note 26, *Guarantees granted, commitments and contingent liabilities* in the Consolidated Financial Statements included elsewhere in this report.

On March 9, 2022, the EPA reinstated California's authority under the Clean Air Act to enforce its own, more stringent, GHG emission standards for passenger vehicles and light duty trucks (the "California Waiver"). California emission standards covered by the California Waiver may be adopted by other states and to date 17 other states and the District of Columbia (the "California Waiver States") have adopted California's GHG emissions standards under the California Waiver.

Prior to the EPA's withdrawal of the California Waiver, automotive OEMs were deemed to be compliant with California's GHG emissions standards if they were compliant with the EPA's GHG standards. This "deemed to comply" mechanism was removed from the California regulation prior to the reinstatement of the California Waiver. As interpreted by CARB, the EPA's reinstatement of the California Waiver together with the removal of the "deemed to comply" mechanism means that automotive OEMs are retroactively subject to the separate California GHG standards beginning with the model year 2021 fleet. OEMs may achieve compliance with the California GHG emission standards in several ways, including through the sale of emission-compliant vehicles within their fleet for a given model year, through the carryforward or carryback of excess credits generated by a compliant fleet in past or future years, by the purchase of California-specific regulatory credits from third parties or by a combination of the foregoing.

For heavy duty vehicles (>8,500 pound gross vehicle weight rating), the U.S. GHG and fuel consumption standard is utility based (payload and towing) and is increasing in stringency through 2027.

The Canadian and Mexican markets have adopted GHG standards derived from the U.S. government's footprint-based structure and generally align with its technology-adoption compliance approach.

In 2012, Mexico adopted a fleet average target for CO₂ per kilometer. The annual target is based on the footprint of each vehicle and since 2012 the stringency of the annual target has increased annually and will do so until 2025, when it will reach 85-116.7 grams of CO₂ per kilometer. The Mexican government has also made available CO₂ credits for the use of efficient technologies, including electric vehicles, off-cycle technologies and efficient air conditioning systems.

Enlarged Europe Region

Each automobile manufacturer must meet a specific registrations-weighted fleet average target for CO₂ emissions. This regulation sets an industry fleet average target of 95 grams of CO₂ per kilometer starting in 2020 for passenger cars (130g/km until 2019). In order to promote the sale of ultra-efficient vehicles, automobile manufacturers that have registered vehicles emitting less than 50 grams of CO₂ per kilometer earned additional CO₂ credits from 2020 to 2022. Furthermore, automobile manufacturers that make use of innovative technologies, or eco-innovations, which improve real-world fuel economy but may not show results in the test cycles, such as solar panels or LED lighting, may gain an average credit for the manufacturer's fleet of up to seven grams of CO₂ per kilometer.

The EU has also adopted standards for regulating CO₂ emissions from LCVs. This regulation set an industry fleet average target of 147 grams of CO₂ per kilometer for LCVs.

In April 2019, the Regulation (EU) 2019/631 which sets new CO₂ emissions targets starting from 2025 and 2030 was adopted and requires a 15 percent reduction from 2021 levels in 2025 (both passenger cars and LCV), a 37.5 percent reduction for passenger cars and a 31 percent reduction for LCV in 2030 from 2021 levels.

WLTP entered into force in September 2018 for all registered passenger cars and in September 2019 for all registered LCVs. WLTP is intended to provide CO₂ emissions and fuel consumption values that are more representative of real driving conditions.

The quantity of CO₂ emissions in 2023 will be affected not only by market evolution (such as the expected reduction of diesel market share), but also by the continued commercialization of low-emission and electrified vehicles.

Other countries in Enlarged Europe region outside of the EU perimeter, such as Switzerland, have introduced specific regulations aimed to reduce vehicle CO₂ emissions or fuel consumption. The United Kingdom is continuing to follow the EU GHG policy for cars and LCVs post-Brexit, but changes are currently under discussion that might diverge from that regulation in the future.

South America Region

In December 2018, the first regulations related to the Rota 2030 Program were enacted in Brazil. Rota 2030 is a long-term program (three cycles of five years each) that replaced the Inovar Auto Program and establishes mandatory requirements for vehicle commercialization in Brazil: (a) adhesion to Vehicle Labeling Program; (b) commitment to achieve a minimum level of energy efficiency; and (c) commitment to achieve a minimum level of structural performance and driver assistance technologies. The regulation for the next phase of Energy Efficiency (CO₂ /fuel efficiency) beginning in 2022 incorporates three fleets split into passenger, large SUV and light commercial vehicle categories. Among other things, the rule rewards the improvement of sugar cane ethanol combustion efficiency and also recognizes and provides credit flexibilities for technologies that provide benefits in conditions that are not seen on the standardized government test cycles.

In Argentina, although there is no current mandatory greenhouse gas requirement, the government is in the process of implementing a comparative labeling based on the European statements (NEDC cycle) and legal text was published at the end of 2021 and implemented in 2022.

In Chile, a federal law was published to establish an energy efficiency program. The technical rules and targets were defined in February 2022 and must target implementation in February 2024 for light vehicles.

China Region

Beginning in 2021, China adopted WLTP for conventional and plug-in hybrid electric vehicles (“PHEVs”) and a unique Chinese test cycle is applied to battery electric vehicles in the same year. The 2021-2025 Phase V Corporate Average Fuel Consumption (“CAFC”) rules were released in 2019 by the Chinese government with increasing stringency reaching a target of 4.6 liters per 100 kilometers by 2025. The dual credit management rule for 2021-2023 was released in 2020, and the 2024-2025 CAFC and New Energy Vehicle (“NEV”) Credits are expected to be issued at a later date.

NEVs consist of PHEVs, BEVs, and fuel cell vehicles, which generate positive NEV credits, improve CAFC performance and provide a volume multiplier in the CAFC calculation, subject to meeting certain criteria. Currently, off-cycle credit flexibilities in China are available in the areas of high efficiency air conditioning and regenerative braking technologies, subject to meeting certain standards.

In June 2020, China’s Ministry of Industry and Information Technology released administrative rules regarding CAFC and NEV credits that became effective in January 2021. Non-compliance with the CAFC target in these administrative rules can be offset through carry-forward CAFC credits, transfer of CAFC credits within affiliates, the OEMs use of its own NEV credits, or the purchase of NEV credits. Non-compliance with the NEV target can only be offset by the purchase of NEV credits. The homologation of new products that exceed CAFC targets will be suspended for OEMs that are unable to offset CAFC and/or NEV deficits until the deficits are offset.

India & Asia Pacific Region

Certain markets within the India & Asia Pacific region have enacted fuel consumption and GHG targets. For example, India began enforcing phase I CAFC targets (CO₂ ~130gm/km @ 1037 kg) starting in April 2017 with more stringent phase II CAFC targets (CO₂ ~113gm/km @ 1082 kg) beginning in April 2022.

South Korea implemented a phase II of CAFE/CO₂ standards beginning in 2016. Phase III, with more stringent targets, became effective in January 2021. Japan implemented a new fuel economy standard in 2020 that switched from vehicle weight class average to corporate average fuel economy. In Australia, although there is no mandatory GHG standard, the Federal Chamber of Automotive Industries member companies implemented a voluntary CO₂ target for light vehicles starting in 2020. A new regulatory framework for CAFE/CO₂ standards is expected to be published in 2023 and to be equally or more stringent than EU new car CO₂ standards.

Management of end-of-life products

In European markets, pursuant to the EU End-of-Life Vehicle Directive (2000/53/EC) (the “EU ELV Directive”), all vehicle manufacturers are required to set up a take-back network with professional dismantling partners to collect the vehicles from their last owners or holders when such vehicles have reached the end of their lives, and recycle them to achieve a minimum recycling and recovery rate of 95 percent of the average weight vehicle. The EU is reviewing the EU ELV Directive for application beginning in 2024 to integrate the principles of eco-design and the obligations of recycled materials in new vehicles into the December 2015 circular economy directive by the European Commission. The EU has also initiated the revision of the European directive on batteries with a particular focus on automotive traction batteries.

In December 2022, France published a new ELV decree that aims to reduce illegal activity, take charge of abandoned ELVs, and offer a free service for collection of ELVs from the last owners residing in the French territories, including overseas. The Decree imposes the establishment either of an “Eco-Organism” (a collective non-profit system) on behalf of OEMs or a “Particular System” by each OEM to directly assume the collection and processing of all its ELVs. The OEMs have opted for implementation of the Particular System.

Vehicle Safety

North America Region

Under U.S. federal law, all vehicles sold in the U.S. must comply with Federal Motor Vehicle Safety Standards (“FMVSS”) promulgated by NHTSA, and must be certified by their manufacturer as being in compliance with all such standards at the time of the first purchase of the vehicle. In addition, if a vehicle contains a defect that is related to motor vehicle safety or does not comply with an applicable FMVSS, the manufacturer must notify NHTSA and vehicle owners and provide a remedy at no cost. Moreover, the TREAD Act authorized NHTSA to promulgate regulations requiring Early Warning Reporting (“EWR”). EWR requires manufacturers to provide NHTSA several categories of information, including all claims which involve one or more fatalities or injuries; all incidents of which the manufacturer receives actual notice which involve fatalities or injuries alleged or proven to have been caused by a possible defect in such manufacturer’s motor vehicle or motor vehicle equipment in the U.S.; and all claims involving one or more fatalities in a foreign country when the possible defect is in a motor vehicle or motor vehicle equipment that is identical or substantially similar to a motor vehicle or motor vehicle equipment offered for sale in the U.S., as well as aggregate data on property damage claims from alleged defects in a motor vehicle or in motor vehicle equipment; warranty claims; consumer complaints and field reports about alleged or possible defects. The rules also require reporting of customer satisfaction campaigns, consumer advisories, recalls, or other activity involving the repair or replacement of motor vehicles or items of motor vehicle equipment, even if not safety related.

NHTSA has secured a voluntary commitment from manufacturers to equip future vehicles with automatic emergency braking (“AEB”) systems. The commitment made these braking systems standard on virtually all light-duty cars and trucks with a gross vehicle weight of 8,500 pounds or less beginning September 1, 2022 and these systems will become standard on virtually all trucks with a gross vehicle weight between 8,501 pounds and 10,000 pounds beginning no later than September 1, 2025. In 2023, NHTSA is expected to propose a rule regarding the requirement and standardization of AEB systems.

In September 2019, the Alliance of Automobile Manufacturers, Inc. and the Association of Global Automakers, Inc., which have combined to form the Alliance for Automobile Innovation, announced a voluntary commitment from auto manufacturers to introduce technology including a combination of auditory and visual alerts to remind parents and caregivers to check the back seat upon leaving a vehicle to help address the risk of pediatric heatstroke in children left in cars. The commitment is to install such technology in essentially all new cars and trucks by the 2025 model year or sooner.

At times, organizations like NHTSA or the U.S. Insurance Institute of Highway Safety issue or reissue safety ratings applicable to vehicles. In October 2019, NHTSA announced a plan to propose significant updates and upgrades to its New Car Assessment Program, also known as the Five-star Safety Ratings Program. The details are not known at this time, but are expected to include new test dummies, changes to the mandatory label, new test procedures and evaluation of new technologies. Depending on the content of the final changes, this set of changes could impact the market competitiveness of the affected vehicles.

NHTSA has also issued and updated non-binding guidelines for addressing cybersecurity issues in the design and manufacture of new motor vehicles, as well as guidance for the investigation and validation of cybersecurity measures.

In November 2020, voters in the State of Massachusetts passed a ballot initiative appearing to conflict with NHTSA cybersecurity guidelines and may require manufacturers to disable or compromise some of the cybersecurity measures they have put in place. The complete effects of this new law are still under review. In the meantime, the Alliance for Automation Innovation, an industry association to which Stellantis belongs, has filed a lawsuit seeking to enjoin enforcement of the new law and the litigation is pending.

A new FMVSS requiring artificial sound in electric and hybrid electric vehicles took effect for new motor vehicles built on or after March 1, 2021. The artificial sound is intended to provide persons with impaired vision an audible notice of the presence of a BEV or hybrid electric vehicle.

In January 2018, Mexico issued an amendment to the Consumers' Protection Law ("CPL") regarding safety regulations based on U.S. standards. The CPL, among other things, includes a deadline for vehicle manufacturers to provide to the Federal Consumer Protection Agency (i) the launch date and a detailed description of every safety campaign applicable to vehicles sold in Mexico, (ii) mandatory recall campaigns, based on international agencies' investigations and guidelines, (iii) mandatory repurchase, repair or replacement (with a new vehicle model having the same characteristics) of vehicles that risk the consumer's safety, health or life or threatens the consumer's personal financial condition, and (iv) mandatory product withdrawal, when the Federal Consumer Protection Agency determines that the vehicle could risk the consumer's safety, health or life or affect the consumer's personal financial condition. The consumer may also be eligible for compensation related to a recall. The rules of the CPL became effective in December 2019.

Enlarged Europe

Vehicles sold in Europe are subject to vehicle safety regulations established by the EU or, in very limited cases and aspects, by individual Member States. In 2009, the EU established a uniform legal framework for vehicle safety, repealing more than 50 then-existing directives and replacing them with a single regulation known as the "General Safety Regulation" aimed at incorporating relevant United Nations standards. The incorporation of United Nations standards commenced in 2012, leading adoption of Regulation (EU) 2019/2144, repealing various previous European regulations (the "New GSR"). Implementation of the New GSR for new vehicles and vehicle types started in 2022. The New GSR will lead, through deadlines scheduled in 2024, 2026 and 2029, to the gradual implementation of a variable suite of passive and active safety technologies, depending on vehicle type and classification. The significant items for the most common vehicles include, other than the manufacturer's certification for the cybersecurity features and related application on vehicles, mandatory features such as advanced emergency braking, intelligent speed assistance, emergency lane keeping, driver drowsiness and attention warning, advanced driver distraction warning, reversing detection, event data recorder, protection of pedestrians (including an extension of the pedestrian head protection area), cyclists and other vulnerable road users, and an expanded scope and addition of new test modes for front and side crash testing. Also included in the New GSR are the approvals of autonomous vehicle features, such as a driver availability monitoring system, automated lane keeping systems, systems to replace driver's control and vehicle platooning.

The most recent development for homologation purposes concerning automated driving is Regulation EU 2022/1426 in August 2022, defining standards to be complied with by level 4 automated driving systems (driverless vehicles, e.g., shuttles, valet parking, robot taxi, where no driver expected). UN Regulation on "highway chauffeur", setting new technical regulation on level 3 automated driving (hands off the steering wheel), will be included beginning in January 2023, in addition to "Traffic jam chauffeur". The UN Regulation on Software Updates for already registered vehicles is also expected to be introduced in Europe and will require manufacturers to trace the link between each software update and the vehicle type approval and define the requirements for securing software updates. In addition, in-vehicle emergency call systems became mandatory for new type-approved vehicles in the EU, Israel and Turkey markets in 2018. In Russia, a similar in-vehicle emergency call system became mandatory in 2015.

Effective in September 2020, Regulation (EU) 2018/858 improved the current legal framework for EU type-approval and introduced new provisions on market surveillance. This new regime on market surveillance specifies the obligations of the economic operators in the automotive supply chain (manufacturers, manufacturer's representatives, importers and distributors), the responsibilities of the enforcement authorities in the Member States, and the measures to be taken when vehicles and related components on the market appear to be affected by non-conformities to type approval and/or serious safety or environmental risks.

South America Region

Vehicles sold in the South America region are subject to different vehicle safety regulations according to each country, generally based on European and United Nations standards. Brazil published a draft of its 10-year safety regulatory roadmap in 2017, providing a staged approach to implementation of new testing requirements and active safety technology. More costly active safety technologies will be scheduled for implementation after 2024. In July 2018, the first regulation related to Rota 2030 was enacted. Rota 2030 is a long-term program (three cycles of five years each) which includes principles related to mandatory safety for all vehicles sold in Brazil. These regulations were approved by the Brazilian Congress and sanctioned by the Brazilian President in December 2018 as well as ordinary regulations to address certain minimum requirements and other metrics.

China and India & Asia Pacific Regions

China, India and many countries in the Asia Pacific region, including Australia, Japan and South Korea have adopted their own new car assessment program and vehicle safety regulations. As UN ECE1958 agreement countries, Australia, Japan and South Korea accept UN ECE safety requirements and are harmonizing their regulations with UN ECE. The U.S.-Korea Free Trade Agreement allows for the sale in Korea of U.S. vehicles that are manufactured in the U.S.

Most of the Chinese vehicle safety regulations are equivalent to UN ECE, but China has unique electric vehicle safety regulations and has developed a roadmap of autonomous driving and connectivity regulations. China published the Regulation for Administration of Recall of Defective Vehicles effective in 2013 and the Implementation Provisions on the Regulation for Administration of Recall of Defective Vehicles effective in 2016. In 2019, State Administration for Market Regulation in China issued a notice requiring close supervision of defects reporting and recall of new energy vehicles. China issued rules on emission recalls effective in July 2021. Further, beginning in early 2021, various authorities have issued administrative rules on cybersecurity and the software update of vehicles.

India has implemented vehicle crash regulations effective in 2019 for all models and pedestrian protection regulations effective in 2020 for all models. Provision of important safety features such as airbag on driver side, vehicle rear parking alert system, safety belt reminder for driver and passenger side, speed alert system and manual override for door latches have been mandatory for all models beginning in June 2019. Further, fitment of airbag on passenger side was made mandatory effective December 2021. Rules for vehicle recalls were also implemented, effective April 2021, and brake and electronic stability control system regulations will be aligned to EU regulations, beginning in 2022 for all models.

In Korea, the amended Motor Vehicle Management Act ("MVMA"), which changed the overall recall procedures for automobiles, while also imposing heightened obligations on vehicle manufacturers, took effect in February 2021. The amended MVMA increased the upper limit of administrative surcharges imposed for delayed recalls, to an amount three times higher than the previous cap. In addition, under the amended MVMA, if a delayed recall causes harm to a person's life, body or property, such person may file a claim for damages, including punitive damages of up to five times the amount of actual damages. Under the amended MVMA, vehicle manufacturers are also subject to increased administrative and criminal sanctions.

Industrial Environmental Control

Our operations are subject to a wide range of environmental protection laws including those laws regulating air emissions, water discharges, waste management and related environmental effects, and environmental clean-up if waste disposal was done outside of legal requirements. Certain environmental statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal, or ownership of a disposal site. Under certain circumstances, these laws impose liability for related damages to natural resources.

To best comply with these requirements, Stellantis imposes a self-governing environmental management system (“EMS”) on its operations, which are designed to prevent or reduce the environmental impact of our manufacturing activities, and conduct internal environmental audits at our facilities. This program formalizes our commitment to responsible environmental management of our manufacturing methods and processes. We have established a corporate requirement that all of our manufacturing facilities become certified under the EMS requirements set forth in the ISO 14001 standard (ISO is an international standard-setting organization). As of December 31, 2022, the majority of Stellantis manufacturing plants had an ISO 14001 certified EMS in place.

Workplace Health and Safety

Stellantis implemented a self-governing occupational health and safety management system (“OHSMS”) on its operations, which are designed to prevent or reduce the occupational injuries and incidents and conduct internal health and safety audits at our facilities. The goal of achieving zero accidents was formalized by internally-established OHSMS requirements. At December 31, 2022, 63 of Stellantis’ manufacturing plants were certified under the International Organization of Standardization’s global 45001 standard.

Applicability of Banking Law and Regulation to Financial Services

Several of our finance companies are regulated as financial institutions in the jurisdictions in which they operate.

In Italy, FCA Bank S.p.A., an equity method joint venture, is subject to European Central Bank (“ECB”) and Bank of Italy supervision. Within FCA Bank Group, FCA Bank G.m.b.H., an Austrian subsidiary, is subject to the supervision of the ECB and of local central banks. Certain other Stellantis subsidiaries are subject to the supervision of the local supervisory financial or banking authority: Banco Fidis S.A. is subject to Brazilian Central Bank supervision, FCA Compañía Financiera S.A., incorporated in Argentina, is subject to Argentinian Central Bank supervision and FCA Automotive Finance Co., Ltd, is subject to the supervision of the Chinese Banking and Insurance Regulatory Commission and People’s Bank of China.

In France, Banque PSA Finance S.A., a wholly owned consolidated entity, is subject to the supervision of the French local supervisory banking authority (ACPR), and Compagnie pour la Location de Véhicules S.A.(CLV), Crédipar, PSA Banque France S.A. and Opel Bank S.A. are subject to the supervision of ECB and the ACPR. In Germany, PSA Bank Deutschland GmbH is subject to the supervision of the ECB and the Federal Financial Supervisory Authority (BaFin). In Italy, Banca PSA Italia S.p.A. is subject to ECB and Bank of Italy supervision. In Spain, PSA Financial Services Spain EFC SA is subject to the supervision of the Bank of Spain. Banco PSA Finance Brasil S.A. is subject to Brazilian Central Bank supervision. Dongfeng Peugeot Citroën Financial Leasing is subject to the supervision of the Chinese Banking and Insurance Regulatory Commission and People’s Bank of China. With the exception of Banque PSA Finance S.A, all of the above entities are joint ventures accounted by equity method.

In the U.S., Stellantis Financial Services US Corp., a wholly owned consolidated entity, is a financial services company which conducts sales finance and consumer lending activities in the U.S. market under the supervision of the Consumer Financial Protection Bureau (“CFPB”) and various state regulatory agencies.

As a result of the regulation described above, these companies are, in certain circumstances, subject to requirements in a wide range of areas including solvency, capital, reporting, customer protection and account administration, among other matters.

FINANCIAL OVERVIEW

Management's Discussion and Analysis of the Financial Condition and Results of Operations

The following discussion of our financial condition and results of operations should be read together with the information included under “STELLANTIS OVERVIEW” and the Consolidated Financial Statements included elsewhere in this report. This discussion includes forward-looking statements and involves numerous risks and uncertainties relating to Stellantis, including, but not limited to, those described under “Cautionary Statements Concerning Forward Looking Statements” and “Risk Factors”. Actual results may differ materially from those contained in any forward looking statements.

Management's Discussion and Analysis of the Financial Condition and Results of Operations of the Company for the year ended December 31, 2020 on an IFRS and on a Pro Forma basis was previously included in the section “FINANCIAL OVERVIEW” in the 2021 Annual Report and Form 20-F, as filed with the SEC on February 25, 2021.

Trends, Uncertainties and Opportunities

The trends, uncertainties and opportunities facing Stellantis are summarized below:

Impact of Unfilled Semiconductor Orders. Our operations have been, and continue to be, affected by a significant semiconductor supply shortage as a result of unfilled orders that began in 2020, and increased chip delivery lead times, which has resulted in reduced vehicle production volumes, and increased costs to source available semiconductors. To the extent this unavailability of semiconductor chips as a result of unfilled orders continues or worsens, and we are unable to mitigate its effects, our ability to deliver planned quantities of our vehicles will continue to be adversely affected.

Shipments and Sales. Vehicle shipments are generally driven by expectations of consumer demand for vehicles, which is affected by economic conditions, availability and cost of dealer and customer financing and incentives offered to retail customers, as discussed further below.

In our financial information presented in this report, we recognized revenue at the same time as the transfer of control of goods sold. For new vehicles, this transfer generally corresponds to the date when the vehicles were made available to independent dealers or, in the case of direct sales to end-customers through owned dealers, the delivery date of the vehicle to end-customers.

Revenues from service contracts and connectivity services are generally recognized over the contract period in proportion to the costs expected to be incurred based on the Company's historical experience. These services are either included in the selling price of the vehicle or separately priced. Revenue for services is allocated based on the estimated stand-alone selling price. Costs associated with these services are deferred and are subsequently amortized to expense consistent with how the related revenue is recognized.

Logistics Challenges. Our overall vehicle shipment volumes were negatively impacted in 2022 by the continuing effects of logistics challenges in Europe. In particular, Europe is experiencing a continuing shortage of delivery drivers and specialized equipment to transport finished vehicles from production facilities to retailers or other points of sale. As a result, we experienced a significant increase in Company-owned inventory as of December 31, 2022 compared to December 31, 2021. We expect that this trend may continue in 2023.

Financing. Given that a large percentage of the vehicles we sell to dealers and retail customers worldwide are financed, the availability and cost of financing is a significant factor affecting our vehicle shipment volumes and Net revenues. Availability of customer financing could affect the vehicle mix, as customers who have access to greater financing are able to purchase higher priced vehicles, whereas when customer financing is constrained, vehicle mix could shift towards less expensive vehicles. The low interest rate environment in recent years has had the effect of reducing the effective cost of vehicle ownership. In response to the inflationary surge in Europe, in the United Kingdom, in the U.S. and elsewhere, central banks have aggressively increased interest rates in 2022 and such increases are being reflected in rates across credit markets, including consumer credit. More expensive vehicle financing may make our vehicles less affordable to retail consumers or steer consumers to less expensive vehicles that would be less profitable for us.

Electrification. In March 2022, we announced our Dare Forward 2030 long-term strategy and confirmed our plans to make significant investments in electrification and set aggressive targets for future low emission vehicle sales, including global annual BEV sales of five million vehicles by 2030. Our ability to meet our targets and recoup our significant anticipated investments will be subject to several factors, including BEV market demand, charging network deployment and the availability of government incentives.

Product Development and Technology. A key driver of consumer demand, and therefore our performance, is the continued refresh, renewal and evolution of our vehicle portfolio, and we have announced commitments of significant capital and resources toward the introduction of new vehicle platforms and new software technologies. In order to realize a return on the significant investments we intend to make, and to achieve competitive operating margins, we will have to continue significant investment in new vehicle launches. We believe past efforts in developing common vehicle platforms and propulsion systems have accelerated the time-to-market for many of our vehicle launches and over time resulted in cost savings. We expect this positive trend to accelerate as a result of the merger and ongoing integration, as well as our announced plans to converge on four vehicle platforms for future vehicle launches. However, achieving the benefits of integration and particularly the convergence of platforms will require significant investments over the medium term.

The costs associated with product development, vehicle improvements and launches, impact our Net profit. In addition, our ability to continue to make the necessary investments in product development, and recover the related costs, depends in large part on the market acceptance and success of the new or significantly refreshed vehicles we introduce. New launches are supported by marketing and profitability studies carried out several years prior to their actual launch, which increases the risk of not meeting customer preferences, resulting in lower volumes than forecasted or selling at lower prices and impacting profitability.

The research and development expenses presented in the financial information in this report include the cost of scientific and technical activities, intellectual property rights, and the education and training necessary for the development, production or implementation and marketing of new or substantially improved materials, methods, products, processes, systems or services. Development expenditures were recognized as an intangible asset if we could demonstrate (i) our intention to complete the intangible asset as well as the availability of technical, financial and other resources for this purpose; (ii) that it was probable that the future economic benefits attributable to the development expenditure will flow to the entity; and (iii) that the cost of the asset could be measured reliably. Capitalized development expenditures included related borrowing costs.

Future developments in our product portfolio could lead to significant capitalization of development assets and thereafter amortization of such assets. Our time to market is approximately 24 months, but varies depending on the specific product, from the date the design is signed-off for tooling and production, after which the product goes into production, resulting in an increase in amortization. Therefore, our operating results are impacted by the cyclicity of our research and development expenditures based on our product plans and our ability to bring projects timely into production.

In order to meet expected changes in consumer demand and regulatory requirements, we intend to invest significant resources in product development and research and development. New markets for alternative fuel source vehicles and autonomous vehicles are also continuing to emerge and we expect both to invest resources in these areas and to optimize our R&D investments as a result of the progressive integration of the former FCA and PSA businesses.

Vehicle Profitability. Our results of operations reflect the profitability of the vehicles we sell, which tends to vary based upon a number of factors, including vehicle size and model, the content of those vehicles, brand positioning, and the mix of internal-combustion, electric and hybrid engines. Vehicle profitability also depends on sales prices to dealers and fleet customers, net of sales incentives, costs of materials and components, as well as transportation and warranty costs.

Our larger vehicles, such as UVs and pickup trucks, have historically been more profitable on a per vehicle basis than smaller vehicles. In recent years, consumer preferences for certain larger vehicles, such as SUVs, have increased; however, there is no guarantee this trend will continue.

Newly introduced internal-combustion models are generally more profitable than older models, and vehicles equipped with additional options are generally more profitable than those with fewer options. As a result, our ability to offer attractive vehicle options and upgrades is critical to our ability to increase our profitability on these vehicles. In addition, in the U.S. and Europe, our vehicle sales to dealers for sale to their retail consumers are normally more profitable than our fleet sales, in part because the retail consumers are more likely to prefer additional optional features while fleet customers increasingly tend to concentrate purchases on smaller vehicles with fewer optional features, which have historically had a lower profitability per unit.

Vehicles sold under certain brand and model names are generally more profitable when there is strong brand recognition of those vehicles. In some cases this is tied to a long history of the brands and models, and in other cases to customers identifying these vehicles as being more attractive and responsive to customer needs.

In addition, against a backdrop of significant technological development, changing consumer patterns and new competitive forces, the cost of complying with tightening regulatory requirements could negatively impact our profitability. Vehicle models that are equipped with BEV or PHEV propulsion systems tend to have lower margins than those equipped with internal-combustion engines, with the significant costs of batteries largely accounting for this differential. Although battery prices are expected to gradually decline in the coming years and are partially offset in some cases by governmental subsidies and tax exemptions, we expect that in the near term the profitability of BEV or PHEV vehicles will continue to lag behind those equipped with internal-combustion engines.

Pricing. The automotive industry has historically experienced intense price competition resulting from the variety of available competitive vehicles and excess global manufacturing capacity. Manufacturers have typically promoted products by offering dealer, retail and fleet incentives, including cash rebates, option package discounts, and subsidized financing or leasing programs, leading to increased price pressure and sharpened competition within the industry. We plan to continue to use such incentives, as needed, to price vehicles competitively and to manage demand and support inventory management profitability.

Our ability to maintain or increase pricing has impacted, and will continue to impact, our results of operations and profitability. In 2022, our ability to maintain strong pricing across all of the regions where we operate, particularly in North America and Enlarged Europe, allowed us to offset significant inflationary, supply chain and logistics-related pressure.

Production costs. Production costs include purchases (including costs related to the purchase of components and raw materials), labor costs, depreciation, amortization, logistic and product warranty and recall campaign costs. We purchase a variety of components, raw materials, supplies, utilities, logistics and other services from numerous suppliers. Fluctuations in production costs are primarily related to the number of vehicles we produce and sell along with shifts in vehicle mix, as newer models of vehicles generally have more technologically advanced components and enhancements and therefore higher costs per unit.

Production costs may also be affected by fluctuations in raw material prices. For example, some of the batteries contained in our electric and hybrid models include rare raw materials, which are exposed to heightened shortage risks and potentially rising procurement costs. The cost of raw materials has historically comprised approximately 15-20 percent of our total purchases described above, while the remaining 80-85 percent of our total purchases is made of components, conversion of raw materials and overhead costs. In 2021, we experienced an increase in the cost of raw materials of approximately €2.2 billion and in 2022 we experienced a further increase of €6.7 billion. To the extent the cost of raw materials continues to increase as a result of inflationary pressures, and we are unable to mitigate its effects, our future profitability could be impacted.

We typically seek to manage production costs and minimize their volatility by using fixed price purchase contracts, commercial negotiations and technical efficiencies.

Despite our efforts, our production costs related to raw materials and components have increased as a result of tariffs introduced in recent years; uncertainty related to tariffs and trade policy in our larger markets including the U.S., the European Union and China has made it more difficult to predict our raw material and components costs. Our production costs have also increased as we have significantly enhanced the content of our vehicles as we renew and refresh our product offerings. Over time, technological advancements and improved material sourcing may reduce the cost to us of the additional enhancements. In addition, we seek to recover higher costs through pricing actions, but even when market conditions permit this, there may be a time lag between the increase in our costs and our ability to realize improved pricing. Accordingly, our results are typically adversely affected, at least in the short term, until price increases are accepted in the market.

Further, in many markets where our vehicles are sold, we are required to pay import duties on those vehicles, which are included in production costs. We reflect these costs in the price charged to our customers to the extent market conditions permit. However, for many of our vehicles, particularly in the mass-market vehicle segments, we cannot always pass along increases in those duties to our dealers and distributors and remain competitive. Our ability to price our vehicles to recover those increased costs has affected, and will continue to affect, our profitability.

Economic Conditions. Demand for new vehicles tends to reflect economic conditions in the various markets in which we operate because retail sales depend on individual purchasing decisions, which in turn are affected by many factors including inflation, employment levels, consumer confidence, and levels of disposable income. Fleet sales and sales of light commercial vehicles are also influenced by economic conditions, which drive vehicle utilization and investment activity. Further, demand for light commercial vehicles and pickup trucks is driven, in part, by construction and infrastructure projects. Therefore, our performance is directly correlated with the macroeconomic trends in the markets in which we operate.

Several of the markets in which we operate are entering a challenging macroeconomic climate with recessions probable in the near term. Fuel prices, in addition, have been highly volatile following Russia's invasion of Ukraine and volatility and price increases may continue. Consumers are facing challenging cost inflation, negative real wages and higher borrowing rates, which may translate into lower sales, particularly in the more profitable segments of our product mix.

Russia & Ukraine War. In response to the on-going Russia-Ukraine war, various governments around the world have applied economic, trade and financial sanctions against Russia.

In Russia, we have a joint venture assembly plant, accounted for as a joint operation, as well as national sales companies. In March 2022, the import and export of vehicles to and from Russia were suspended by Stellantis. In April 2022, operations at the joint venture assembly plant were suspended. In Ukraine, we have a national sales company.

Due to the sustained Russia-Ukraine conflict, the continued economic, trade and financial sanctions imposed by various governments around the world and continued uncertainty related to the future of our operations in Russia, we have recognized an impairment of our assets in Russia for €137 million in the six months ended December 31, 2022. The impairment charges are comprised of €43 million related to inventories, €47 million related to tax assets and €47 million related to other assets.

Regulation. We are subject to a complex set of regulatory regimes throughout the world in which vehicle safety, emissions and fuel economy regulations have become increasingly stringent and the related enforcement regimes increasingly active. These developments may affect our vehicle sales as well as our profitability and reputation. We are subject to applicable national and local regulations with which we must comply in order to continue operations in every market, including a number of markets in which we derive substantial revenue. Developing, engineering and manufacturing vehicles that meet these requirements and therefore may be sold in those markets requires a significant expenditure of management time and financial resources.

We expect that our plans to converge on four platforms for future vehicle launches will allow us to deploy electrification technologies and CO₂ abating technologies across our range of brands and react quickly to changes in regulation. However, these costs and the costs incurred to meet other regulatory requirements may be difficult to pass through to customers, so the increased costs may affect our results of operations and profitability.

In addition, regulatory requirements in relation to GHG emissions from vehicles are increasingly stringent. For example, on March 9, 2022, the EPA reinstated California's authority under the Clean Air Act to enforce its own, more stringent, GHG emission standards for passenger vehicles and light duty trucks (the "California Waiver"). California emission standards covered by the California Waiver may be adopted by other states and to date 17 other states and the District of Columbia (the "California Waiver States") have adopted California's GHG emissions standards under the California Waiver.

Prior to the EPA's withdrawal of the California Waiver, automotive OEMs were deemed to be compliant with California's GHG emissions standards if they were compliant with the EPA's GHG standards. This "deemed to comply" mechanism was removed from the California regulation prior to the reinstatement of the California Waiver. As interpreted by CARB, the EPA's reinstatement of the California Waiver together with the removal of the "deemed to comply" mechanism means that automotive OEMs are retroactively subject to the separate California GHG standards beginning with the model year 2021 fleet. OEMs may achieve compliance with the California GHG emission standards in several ways, including through the sale of emission-compliant vehicles within their fleet for a given model year, through the carryforward or carryback of excess credits generated by a compliant fleet in past or future years, by the purchase of California-specific regulatory credits from third parties or by a combination of the foregoing.

We did not meet the California GHG targets for model year 2021 and do not expect to meet the California GHG targets for model year 2022, as in planning both model years prior to reinstatement of the California Waiver we assumed the ability to utilize existing credits based on regulations in force at the time. We intend to be compliant with the California GHG program, and for those years and any other model year with deficits, we intend to seek to cover such deficits with excess credits generated through our compliance in model years within the applicable five-year carryback period.

We are executing on several important steps to support our carryback strategy, including the allocation of significant capital to the development of electrified platforms for North American vehicles and the planned electrification of the Ram portfolio as well as agreements to secure battery production and related raw materials. Additionally, we expect to launch thirteen battery electric vehicles in the U.S. between 2023 and 2025. For more information regarding our electrification activities, refer to "*STELLANTIS OVERVIEW- Overview of Our Business - Research and Development*". The success of our carryback strategy depends on future levels and mix of production and sales, as well as general market demand for battery electric vehicles, all of which are inherently speculative. Moreover, the financial impact of our efforts to change the mix of vehicles we sell in California and the California Waiver States as we seek to comply are unclear but may be significant, and may have a material adverse impact on our financial position and results of operations in future years.

We understand that certain other automobile OEMs are subject to less stringent California GHG emissions standards pursuant to settlement agreements entered into with CARB on terms that are not available to us. We are currently evaluating the enforceability of the California GHG emissions standards as applied by CARB, particularly in light of their retroactive application following the EPA's reinstatement of the California Waiver, as well as the disparate treatment of other automotive OEMs which are not subject to the same standards. If we were to challenge the retroactive or disparate application of the California GHG emissions standards, the direct and indirect costs of such challenge may be significant and there can be no assurance that it would be successful.

Effects of Foreign Exchange Rates. We are affected by fluctuations in foreign exchange rates (i) through translation of foreign currency financial statements into Euro for consolidation, which we refer to as the translation impact, and (ii) through transactions by our subsidiaries in currencies other than their own functional currencies, which we refer to as the transaction impact. Given our presence in numerous countries outside the Eurozone, a strengthening of foreign currencies (in particular of the U.S. Dollar, given the size of our U.S. operations) against the Euro generally would have a positive effect on our financial results, which are reported in Euro, and on our operations in relation to sales in those countries of vehicles and components produced in Europe. Our 2022 results benefited from the strength of the U.S. Dollar, which has traded at historically high levels against the Euro. Additionally, a significant portion of our operating cash flow is expected to be generated in U.S. Dollars and, although a portion of our debt is denominated in U.S. Dollars, the majority of our indebtedness is denominated in Euro. Given the mix of our debt and liquidity, strengthening of the U.S. dollar against the Euro generally has provided a positive impact on our net cash position. The recent strength of the U.S. Dollar against the Euro may reverse in future periods, which could have a correspondingly negative impact on our financial results and net cash position.

In order to reduce the impacts of foreign exchange rates, we historically hedged a percentage of certain exposures. Refer to Note 31, *Qualitative and quantitative information on financial risks* within the Consolidated Financial Statements included elsewhere in this report for additional information.

Shipment Information

As discussed in *STELLANTIS OVERVIEW—Overview of Our Business*, our activities were carried out through six reportable segments: five regional reportable vehicle segments North America, Enlarged Europe, Middle East & Africa, South America and China and India & Asia Pacific and the Maserati global luxury brand segment. The following table sets forth vehicle shipment information by segment. Vehicle shipments are generally aligned with current period production which is driven by plans to meet consumer demand. Revenue is recognized when control of our vehicles, services or parts has been transferred and the Company's performance obligations to customers has been satisfied. The Company has determined that our customers from the sale of vehicles and service parts are generally dealers, distributors, fleet customers or directly to retail customers. Transfer of control, and therefore revenue recognition, generally correspond to the date when the vehicles or service parts were made available to the customer, or when the vehicles or service parts were released to the carrier responsible for transporting them to the customer. New vehicle sales with guaranteed residual value guarantees provided by the Company are recognized as revenue when control of the vehicle transferred to the customer, except in situations where the Company issued a put option for which there is a significant economic incentive to exercise. The Company also sold vehicles where, the contract included a put option whereby the customer could require the Company to repurchase the vehicles. For these types of arrangements, the Company assessed whether a significant economic incentive did not exist for the customer to exercise its put option, then revenue was recognized when control of the vehicle transferred to the fleet customer. Refer to Note 2, *Basis of preparation*, within the Consolidated Financial Statements included elsewhere in this report for further details on our revenue recognition policy.

For a description of our dealers and distributors see *STELLANTIS OVERVIEW—Sales Overview*. Accordingly, the number of vehicles sold does not necessarily correspond to the number of vehicles shipped for which revenues were recorded in any given period.

(thousands of units)	Years ended December 31,	
	2022	2021
North America	1,861	1,764
Enlarged Europe	2,626	2,847
Middle East & Africa	283	272
South America	859	811
China and India & Asia Pacific	127	118
Maserati	26	24
Total Consolidated shipments	5,782	5,836
Joint venture shipments	221	213
Total Combined shipments	6,003	6,049

For discussion of shipments for North America, Enlarged Europe, Middle East & Africa, South America, and China and India & Asia Pacific and Maserati for 2022 as compared to 2021 refer to *Results by Segment* below.

Non-GAAP Financial Measures

We monitor our operations through the use of several non-generally accepted accounting principles (“non-GAAP”) financial measures: Adjusted operating income, Industrial free cash flows and Industrial net financial position. We believe that these non-GAAP financial measures provide useful and relevant information regarding our operating results and enhance the overall ability to assess our financial performance. They provide us with comparable measures which facilitate management’s ability to identify operational trends, as well as make decisions regarding future spending, resource allocations and other operational decisions. These and similar measures are widely used in the industry in which we operate, however, these financial measures may not be comparable to other similarly titled measures of other companies and are not intended to be substitutes for measures of financial performance as prepared in accordance with IFRS as issued by the IASB, as well as IFRS as adopted by the European Union.

Adjusted operating income: Adjusted operating income/(loss) excludes from Net profit/(loss) from continuing operations adjustments comprising restructuring, impairments, asset write-offs, disposals of investments and unusual operating income/(expense) that are considered rare or discrete events and are infrequent in nature, as inclusion of such items is not considered to be indicative of the Company's ongoing operating performance, and also excludes Net financial expenses/(income), Tax expense/(benefit) and Share of the profit/(loss) of equity method investees.

Unusual operating income/(expense) are impacts from strategic decisions as well as events considered rare or discrete and infrequent in nature, as inclusion of such items is not considered to be indicative of the Company's ongoing operating performance. Unusual operating income/(expense) includes, but may not be limited to:

- Impacts from strategic decisions to rationalize Stellantis’ core operations;
- Facility-related costs stemming from Stellantis’ plans to match production capacity and cost structure to market demand; and
- Convergence and integration costs directly related to significant acquisitions or mergers.

For the year ended December 31, 2021, Pro Forma Adjusted operating income includes the Adjusted operating income of FCA for the period January 1 - January 16, 2021. For the year ended December 31, 2020, Pro Forma Adjusted operating income includes the Adjusted operating income result of FCA for the period January 1 - December 31, 2020.

Adjusted operating income is used for internal reporting to assess performance and as part of the Company's forecasting, budgeting and decision making processes as it provides additional transparency to the Company's core operations. We believe this non-GAAP measure is useful because it excludes items that we do not believe are indicative of the Company’s ongoing operating performance and allows management to view operating trends, perform analytical comparisons and benchmark performance between periods and among our segments. We also believe that Adjusted operating income is useful for analysts and investors to understand how management assesses the Company’s ongoing operating performance on a consistent basis. In addition, Adjusted operating income is one of the metrics used in the determination of the annual performance bonus for the Chief Executive Officer of the Company and other eligible employees, including members of the Top Executive Team.

Refer to the sections *Company Results* and *Results by Segment* below for further discussion and for a reconciliation of this non-GAAP measure to Net profit from continuing operations, which is the most directly comparable measure included in our Consolidated Income Statement. Adjusted operating income should not be considered as a substitute for Net profit from continuing operations, cash flow or other methods of analyzing our results as reported under IFRS.

Industrial free cash flows: is our key cash flow metric and is calculated as Cash flows from operating activities less: cash flows from operating activities from discontinued operations; cash flows from operating activities related to financial services, net of eliminations; investments in property, plant and equipment and intangible assets for industrial activities, contributions of equity to joint ventures and minor acquisitions of consolidated subsidiaries and equity method and other investments; and adjusted for: net intercompany payments between continuing operations and discontinued operations, proceeds from disposal of assets and contributions to defined benefit pension plans, net of tax. For the year ended December 31, 2021, Pro Forma Industrial free cash flows include the Industrial free cash flows of FCA for the period January 1 - January 16, 2021. The timing of Industrial free cash flows may be affected by the timing of monetization of receivables and the payment of accounts payables, as well as changes in other components of working capital, which can vary from period to period due to, among other things, cash management initiatives and other factors, some of which may be outside of the Company's control. In addition, Industrial free cash flows is one of the metrics used in the determination of the annual performance bonus for the Chief Executive Officer of the Company and other eligible employees, including members of the Top Executive Team.

Refer to *Liquidity and Capital Resources —Industrial free cash flows* for further information and the reconciliation of this non-GAAP measure to Cash flows from operating activities, which is the most directly comparable measure included in our Consolidated Statement of Cash Flows. Industrial free cash flows should not be considered as a substitute for Net profit from continuing operations, cash flow or other methods of analyzing our results as reported under IFRS.

Industrial net financial position is calculated as: Debt plus derivative financial liabilities related to industrial activities less (i) cash and cash equivalents, (ii) financial securities that are considered liquid, (iii) current financial receivables from the Company or its jointly controlled financial services entities and (iv) derivative financial assets and collateral deposits. Therefore, debt, cash and cash equivalents and other financial assets/liabilities pertaining to Stellantis' financial services entities are excluded from the computation of the Industrial net financial position. Industrial net financial position includes the Industrial net financial position classified as held for sale. We believe Industrial net financial position is useful in providing a measure of the Company's net cash, considering cash and cash equivalents and financial securities. Due to different sources of cash flows used for the repayment of the financial debt between industrial activities and financial services (by cash from operations for industrial activities and by collection of financial receivables for financial services) and the different business structure and leverage implications, we provide a separate analysis of Net financial position between industrial activities and financial services. Refer to *Liquidity and Capital Resources —Industrial net financial position* for further information.

Results of Operations

Company Results – 2022 compared to 2021

The following is a discussion of the Company's results of operations for the year ended December 31, 2022 as compared to the year ended December 31, 2021, on both an IFRS and pro forma basis (refer to *UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION* for additional information).

Years ended December 31,		Pro Forma Year ended December 31, 2021				
2022	2021					
			(€ million)			
€	179,592	€	149,419	Net revenues	€	152,119
	144,327		119,943	Cost of revenues		122,207
	8,981		9,130	Selling, general and other costs		9,320
	5,200		4,487	Research and development costs		4,560
	72		(35)	Gains/(Losses) on disposal of investments		(35)
	1,144		698	Restructuring costs		698
	20,012		15,126	Operating income/(loss)		15,299
	768		734	Net financial expenses/(income)		746
	19,244		14,392	Profit/(loss) before taxes		14,553
	2,729		1,911	Tax expense/(benefit)		1,939
	264		737	Share of the profit/(loss) of equity method investees		740
	16,779		13,218	Net profit/(loss) from continuing operations		13,354
	—		990	Profit/(loss) from discontinued operations, net of tax		990
€	16,779	€	14,208	Net profit/(loss)	€	14,344
Net profit/(loss) attributable to:						
€	16,799	€	14,200	Owners of the parent	€	14,336
€	(20)	€	8	Non-controlling interests	€	8
Net profit/(loss) from continuing operations attributable to:						
€	16,799	€	13,210	Owners of the parent	€	13,346
€	(20)	€	8	Non-controlling interests	€	8
Net profit/(loss) from discontinued operations attributable to:						
€	—	€	990	Owners of the parent	€	990
€	—	€	—	Non-controlling interests	€	—

Net revenues

Years ended December 31,		Increase/ (Decrease)			Pro Forma			
2022	2021				Year ended December 31, 2021	Increase/ (Decrease)		
		2022 vs. 2021	(€ million)		2021	2022 vs. Pro Forma 2021		
€	179,592	€	149,419	20.2 %	Net revenues	€	152,119	18.1 %

For a discussion of Net revenues on an IFRS and pro forma basis for each of the six reportable segments (North America, Enlarged Europe, Middle East & Africa, South America, China and India & Asia Pacific and Maserati) for 2022 as compared to 2021 see *Results by Segment* below.

Cost of revenues

Years ended December 31,		Increase/ (Decrease)		Pro Forma Year ended December 31,	Increase/ (Decrease)
2022	2021	2022 vs. 2021	(€ million)	2021	2022 vs. Pro Forma 2021
€ 144,327	€ 119,943	20.3 %	Cost of revenues	€ 122,207	18.1 %
80.4 %	80.3%		Cost of revenues as % of Net revenues	80.3 %	

Cost of revenues includes purchases (including commodity and components costs), labor costs, depreciation, amortization, logistics cost, product warranty and recall campaign costs.

The increase in Cost of revenues in 2022 on an IFRS basis compared to the IFRS and Pro Forma 2021 was primarily related to synergies for purchasing, manufacturing and supply chain activities more than offset by: (i) higher raw material costs (ii) product line mix in North America and South America (iii) higher volumes in North America (iv) higher energy and logistics costs (v) foreign currency translation differences mainly due to the fluctuations of the U.S. Dollar and Brazilian Real against the Euro and (vi) amounts that have been excluded from Adjusted operating income primarily related to an increase of €660 million in the provision related to Model Year 2019 - 2021 U.S. CAFE penalty rate adjustment and €951 million for extension of the Takata airbags recall campaign in Enlarged Europe, North America, Middle East & Africa and South America.

Selling, general and other costs

Years ended December 31,		Increase/ (Decrease)		Pro Forma Year ended December 31,	Increase/ (Decrease)
2022	2021	2022 vs. 2021	(€ million)	2021	2022 vs. Pro Forma 2021
€ 8,981	€ 9,130	(1.6)%	Selling, general and other costs	€ 9,320	(3.6)%
5.0%	6.1%		Selling, general and other costs as % of Net revenues	6.1 %	

The decrease in Selling, general and other costs in 2022 on an IFRS basis compared to the IFRS and Pro Forma 2021 was primarily related to synergies and cost containment actions partially offset by foreign currency translation differences.

Research and development costs

Years ended December 31,		Increase/ (Decrease)		Pro Forma Year ended December 31,	Increase/ (Decrease)
2022	2021	2022 vs. 2021	(€ million)	2021	2022 vs. Pro Forma 2021
€ 3,233	€ 2,761	17.1 %	Research and development expenditures expensed	€ 2,818	14.7 %
1,889	1,575	19.9 %	Amortization of capitalized development expenditures	1,591	18.7 %
78	151	(48.3)%	Impairment and write-off of capitalized development expenditures	151	(48.3)%
€ 5,200	€ 4,487	15.9 %	Total Research and development costs	€ 4,560	14.0 %

Years ended December 31,				Pro Forma
2022	2021	(€ million)		Year ended December 31, 2021
1.8 %	1.8 %		Research and development expenditures expensed as % of Net revenues	1.9 %
1.1 %	1.1 %		Amortization of capitalized development expenditures as % of Net revenues	1.0 %
— %	0.1 %		Impairment and write-off of capitalized development expenditures as % of Net revenues	0.1 %
2.9 %	3.0 %		Total Research and development costs as % of Net revenues	3.0 %

The increase in Research and development expenditures expensed in 2022 on an IFRS basis compared to the IFRS and Pro Forma 2021 was primarily related to increased early vehicle development spending as well as foreign currency translation.

The increase in Amortization of capitalized development expenditures in 2022 on an IFRS basis compared to the IFRS and Pro Forma 2021 was primarily related to the launch of the all-new Wagoneer/Grand Wagoneer and all-new Jeep Grand Cherokee during 2021 and foreign currency translation.

The following table summarizes total Research and development expenditures for the years ended December 31, 2022 and 2021 and total Pro Forma research and development expenditures for the year ended December 31, 2021:

Years ended December 31,			Increase/ (Decrease)		Pro Forma	Increase/ (Decrease)
2022	2021	2022 vs. 2021	(€ million)		Year ended December 31, 2021	2022 vs. Pro Forma 2021
€ 3,487	€ 2,976	17.2 %	Capitalized development expenditures ⁽¹⁾		€ 3,055	14.1 %
3,233	2,761	17.1 %	Research and development expenditures expensed		2,818	14.7 %
€ 6,720	€ 5,737	17.1 %	Total Research and development expenditures		€ 5,873	14.4 %
51.9 %	51.9 %		Capitalized development expenditures as % of Total Research and development expenditures		52.0 %	
3.7 %	3.8 %		Total Research and development expenditures as % of Net revenues		3.9 %	

(1) Does not include capitalized borrowing costs of €102 million and €140 million for the years ended December 31, 2022 and 2021, respectively, and €140 million for the year ended December 31, 2021, on a pro forma basis, in accordance with IAS 23 - Borrowing costs (Revised)

The Company conducts research and development for new vehicles and technology to improve the performance, safety, fuel efficiency, reliability, consumer perception and environmental impact of its vehicles. Research and development costs consist primarily of material costs, services and personnel related expenses that support the development of new and existing vehicles with propulsion systems technologies. For further details of research and development costs, see *Trends, Uncertainties and Opportunities—Product Development and Technology* and *Overview of Our Business - Research and Development*.

The increase in total Research and development expenditures in 2022 on an IFRS basis compared to the IFRS and Pro Forma 2021 was primarily related to increased early vehicle development spending as well as increased spending on development of electrified vehicles and foreign currency exchange rates.

Restructuring Costs

Years ended December 31,			Increase/ (Decrease)		Pro Forma	Increase/ (Decrease)
2022	2021	2022 vs. 2021	(€ million)		Year ended December 31, 2021	2022 vs. Pro Forma 2021
€ 1,144	€ 698	63.9 %	Restructuring costs		€ 698	63.9 %

The increase in Restructuring costs in 2022 on an IFRS basis compared to the IFRS and Pro Forma 2021 was primarily related to workforce reduction mainly in Enlarged Europe, North America and South America.

Net financial expenses/(income)

Years ended December 31,		Increase/ (Decrease)		Pro Forma Year ended December 31,	Increase/ (Decrease)
2022	2021	2022 vs. 2021	(€ million)	2021	2022 vs. Pro Forma 2021
€ 768	€ 734	4.6 %	Net financial expenses/(income)	€ 746	2.9 %

The increase in Net financial expenses in 2022 on an IFRS basis compared to the IFRS and Pro Forma 2021 primarily reflects the cost of hedging and currency depreciation in Argentina, the application of hyperinflationary accounting for entities whose functional currency is the Turkish Lira, the increased interest expense on notes and the lower amount of borrowing costs capitalized, partially offset by the increased return on cash investments.

Tax expense/(benefit)

Years ended December 31,		Increase/ (Decrease)		Pro Forma Year ended December 31,	Increase/ (Decrease)
2022	2021	2022 vs. 2021	(€ million)	2021	2022 vs. Pro Forma 2021
€ 2,729	€ 1,911	42.8 %	Tax expense/(benefit)	€ 1,939	40.7 %
14.2 %	13.3 %	+90 bps	Effective tax rate	13.3 %	+90 bps

The effective tax rate was 14.2 percent and 13.3 percent for the years ended December 31, 2022, and 2021, respectively. The increase of 90 bps was primarily related to a lower tax benefit for net recognition of Deferred tax assets, primarily in Enlarged Europe.

Share of the profit/(loss) of equity method investees

Years ended December 31,		Increase/ (Decrease)		Pro Forma Year ended December 31,	Increase/ (Decrease)
2022	2021	2022 vs. 2021	(€ million)	2021	2022 vs. Pro Forma 2021
€ 264	€ 737	(64.2)%	Share of the profit/(loss) of equity method investees	€ 740	(64.3)%

The decrease in Share of the profit of equity method investees in 2022 on an IFRS basis compared to the IFRS and Pro Forma 2021 was primarily related to the impairment related to GAC-Stellantis JV for an amount of €297 million and an estimated loss of €133 million from the planned sale of FCA Bank to CACF in 2023. Refer to Note 3, *Scope of consolidation* within the Consolidated Financial Statements included elsewhere in this report for additional information.

Net profit/(loss) from continuing operations

Years ended December 31,		Increase/ (Decrease)		Pro Forma Year ended December 31,	Increase/ (Decrease)
2022	2021	2022 vs. 2021	(€ million)	2021	2022 vs. Pro Forma 2021
€ 16,779	€ 13,218	26.9 %	Net profit/(loss) from continuing operations	€ 13,354	25.6 %

The increase in Net profit from continuing operations in 2022 on an IFRS basis compared to the IFRS and Pro Forma 2021 was primarily related to higher operating performance particularly in North America, South America and Enlarged Europe which is partially offset by higher restructuring expenses and lower share of profit of equity method investees.

Profit/(loss) from discontinued operations, net of tax

Years ended December 31,		Increase/ (Decrease)		Pro Forma Year ended December 31,	Increase/ (Decrease)
2022	2021	2022 vs. 2021	(€ million)	2021	2022 vs. Pro Forma 2021
€ —	€ 990	(100.0)%	Profit/(loss) from discontinued operations, net of tax	€ 990	(100.0)%

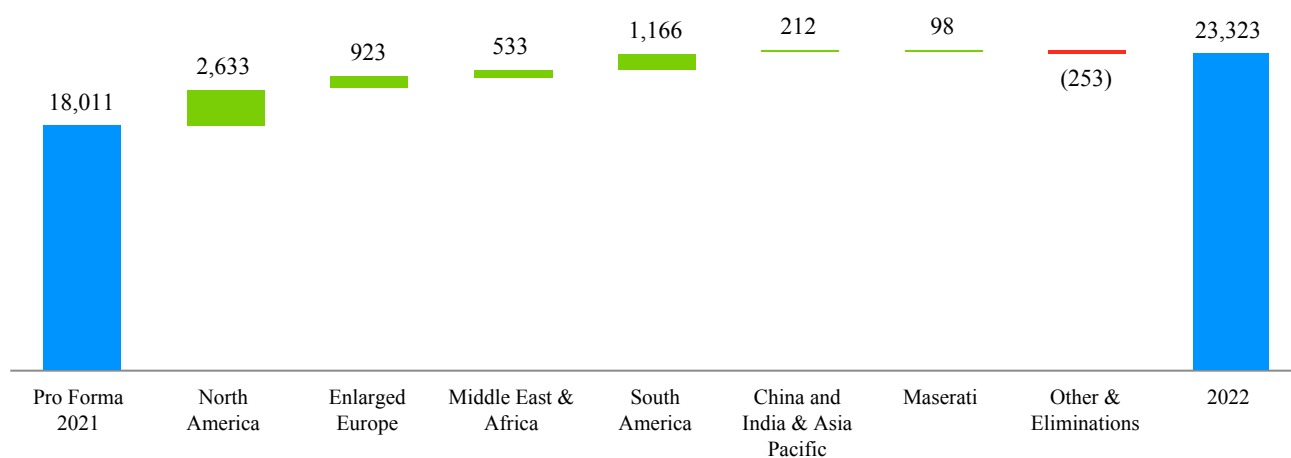
For the year ended December 31, 2021, Profit/(loss) from discontinued operations related to the results of Faurecia. Following the loss of control of Faurecia at the beginning of January 2021, a gain of €990 million has been recognized consisting of a gain of €515 million upon the classification of the investment in Faurecia as a financial asset and the subsequent remeasurement at fair value through profit and loss of €475 million. Refer to Note 3, *Scope of consolidation*, within the Consolidated Financial Statements included elsewhere in this report for additional information.

Adjusted operating income

Years ended December 31,		Increase/ (Decrease)		Pro Forma Year ended December 31,	Increase/ (Decrease)
2022	2021	2022 vs. 2021	(€ million)	2021	2022 vs. Pro Forma 2021
€ 23,323	€ 17,827	30.8 %	Adjusted operating income	€ 18,011	29.5 %
13.0 %	11.9 %	+110 bps	Adjusted operating income margin (%)	11.8 %	+120 bps

The following charts present Company's Adjusted operating income walk by segment for 2022 compared to the corresponding period in 2021 Pro Forma:

**Adjusted operating income by segment
2022 compared to Pro Forma 2021
(€ million)**



For a discussion of Adjusted operating income and Pro Forma Adjusted operating income for each of our six reportable segments (North America, Enlarged Europe, Middle East & Africa, South America, China and India & Asia Pacific, and Maserati) in 2022 as compared to Pro Forma 2021 see *Results by Segment* below.

The following table summarizes the reconciliation of Net profit from continuing operations, which is the most directly comparable measure included in the Consolidated Income Statement, to Adjusted operating income:

(€ million)	Year ended December 31, 2022	
Net profit from continuing operations	€	16,779
Tax expense		2,729
Net financial expenses		768
Share of the profit of equity method investees		(264)
Operating income		20,012
Adjustments:		
Restructuring and other costs, net of reversals		1,144
Takata recall campaign		951
CAFE penalty rate		660
Change in estimate of non-contractual warranties		314
Impairment expense and supplier obligations		237
Patents litigation		134
Other		(129)
Total adjustments		3,311
Adjusted operating income	€	23,323

The following table is the reconciliation of Net profit from continuing operations, which is the most directly comparable measure included in the Consolidated Income Statement, to Pro Forma Adjusted operating income:

(€ million)	Year ended December 31, 2021	
Net profit from continuing operations	€	13,218
Tax expense		1,911
Net financial expenses		734
Share of the profit of equity method investees		(737)
Operating income		15,126
Add: FCA operating income, January 1 - 16, 2021		77
Add: Pro Forma adjustments		96
Pro Forma Operating income		15,299
Adjustments:		
Restructuring and other costs, net of reversals		873
Change in estimate of non-contractual warranties		732
Reversal of inventory fair value adjustment in purchase accounting		522
Impairment expense and supplier obligations		309
Brazilian indirect tax - reversal of liability/recognition of credits		(253)
Other		529
Total adjustments January 1 - December 31, 2021		2,712
Pro Forma Adjusted operating income	€	18,011

The following table is the reconciliation of Net profit from continuing operations, which is the most directly comparable measure included in the Consolidated Income Statement, to Adjusted operating income:

(€ million)	Year ended December 31, 2021	
Net profit from continuing operations	€	13,218
Tax expense		1,911
Net financial expenses		734
Share of the profit of equity method investees		(737)
Operating income		15,126
Adjustments:		
Restructuring and other costs, net of reversals		873
Change in estimate of non-contractual warranties		732
Reversal of inventory fair value adjustment in purchase accounting		522
Impairment expense and supplier obligations		309
Brazilian indirect tax - reversal of liability/recognition of credits		(253)
Other		529
Total adjustments January 1 - December 31, 2021		2,712
Less: Adjustments January 1- 16, 2021		11
Adjusted operating income	€	17,827

During the year ended December 31, 2022, Adjusted operating income excluded adjustments primarily related to:

- €1,144 million of restructuring costs, primarily related to workforce reductions mainly in Enlarged Europe, North America and South America;
- €951 million for an extension of Takata airbags recall campaign. Refer to Note 21, *Provisions*, within the Consolidated Financial Statements included elsewhere in this report for additional information;
- €660 million, resulting from an increase in provision related to Model Year 2019 - 2021 CAFE penalty rate adjustment;
- €314 million of further refinements in estimate for warranty costs incurred after the contractual warranty period;
- €237 million, primarily of impairment expense in Enlarged Europe, mainly related to Russia, as well as North America and South America;
- €134 million of provision related to litigation by certain patent owners related to the use of certain technologies in prior periods; and
- €129 million of Other, mainly related to release of litigation provisions, changes in ownership of equity method investments, partially offset by net losses on disposals.

During the year ended December 31, 2021, Pro Forma Adjusted operating income excluded adjustments primarily related to:

- €873 million of restructuring and other costs related to the reorganization of operations and the dealer network primarily in Enlarged Europe;
- €732 million of change in estimate for warranty costs incurred after the contractual warranty period. Refer to Note 21, *Provisions*, within the Consolidated Financial Statements included elsewhere in this report for additional information;
- €522 million of reversal of fair value adjustment recognized in purchase accounting on FCA inventories;
- €309 million of impairment primarily related to certain vehicle platforms in Enlarged Europe;

- €253 million benefit related to final decision of Brazilian Supreme Court on calculation of state value added tax, resulting in the recognition of €87 million in Net revenues and €166 million in Selling, general and other costs. Refer to Note 23, *Other liabilities*, within the Consolidated Financial Statements included elsewhere in this report for additional information; and
- €529 million of other costs primarily related to merger and integration activities.

During the year ended December 31, 2021, Adjusted operating income excluded the same adjustments excluded for Pro Forma Adjusted operating income, as well as, adjustments for the period January 1 - 16, 2021, which were primarily costs related to the merger.

Results by Segment – 2022 compared to 2021

(€ million, except shipments which are in thousands of units)	Net revenues		Adjusted operating income		Consolidated Shipments	
	Years ended December 31,					
	2022	2021	2022	2021	2022	2021
North America	€ 85,475	€ 67,715	€ 13,989	€ 11,103	1,861	1,764
Enlarged Europe	63,311	58,728	6,293	5,419	2,626	2,847
Middle East & Africa	6,453	5,165	1,078	554	283	272
South America	15,620	10,496	2,048	873	859	811
China and India & Asia Pacific	4,505	3,927	654	444	127	118
Maserati	2,320	2,003	201	116	26	24
Other activities	3,169	2,768	(495)	(713)	—	—
Unallocated items & eliminations ⁽¹⁾	(1,261)	(1,383)	(445)	31	—	—
Total	€ 179,592	€ 149,419	€ 23,323	€ 17,827	5,782	5,836

(1) Primarily includes intercompany transactions which are eliminated on consolidation

(€ million, except shipments which are in thousands of units)	Pro Forma		
	Net revenues	Adjusted operating income	Consolidated Shipments
	Year ended December 31, 2021		
North America	€ 69,736	€ 11,356	1,820
Enlarged Europe	59,060	5,370	2,860
Middle East & Africa	5,201	545	273
South America	10,681	882	830
China and India & Asia Pacific	3,980	442	120
Maserati	2,021	103	24
Other activities	2,728	(718)	—
Unallocated items & eliminations ⁽¹⁾	(1,288)	31	—
Total	€ 152,119	€ 18,011	5,927

(1) Primarily includes intercompany transactions which are eliminated on consolidation

Refer to Note 29, *Segment reporting* included elsewhere in this report for additional detail on the Company's reportable segments.

The following is a discussion of IFRS Net revenues and shipments and Adjusted operating income for each of our six reportable segments for the year ended December 31, 2022 as compared to IFRS and Pro Forma for the year ended December 31, 2021. We review changes in our results of operations with the following operational drivers:

- **Operating environment**

- **Industry & Market Mix:** reflects changes in volumes of products sold to customers driven by industry volumes and market mix. Reflects also the gap between production and shipments (fixed manufacturing costs absorption).

- **Performance**

- **Vehicle Net Price & Content:** reflects changes in net prices including discounts and incentives and related to new product content and option take rates. Includes also channel and trim mix;
- **Vehicle Line Mix:** reflects the changes in nameplate mix;
- **Market Share & Market Mix:** reflects changes of market share and market mix on new vehicle business;
- **Industrial:** reflects manufacturing, logistics and purchasing efficiencies and inefficiencies, as well as changes to costs of raw materials. Warranty and compliance costs are also included here;

- **SG&A:** primarily includes costs for advertising and promotional activities, purchased services, information technology and administrative costs and other costs not directly related to the development and manufacturing of Stellantis products;
- **R&D:** includes research and development costs; and
- **FX and Other:** includes other items not mentioned above, such as used cars, parts & services, sales to other partners, owned dealer network, royalties, the difference between shipments and sales, as well as foreign currency exchange translation, transaction and hedging.

North America

Years ended December 31,		Increase/ (Decrease)		Pro Forma Year ended December 31,	Increase/ (Decrease)
2022	2021	2022 vs. 2021		2021	2022 vs Pro Forma 2021
1,861	1,764	5.5 %	Shipments (thousands of units)	1,820	2.3 %
€ 85,475	€ 67,715	26.2 %	Net revenues (€ million)	€ 69,736	22.6 %
€ 13,989	€ 11,103	26.0 %	Adjusted operating income (€ million)	€ 11,356	23.2 %
16.4 %	16.4 %	0 bps	Adjusted operating income margin (%)	16.3 %	+10 bps

Shipments

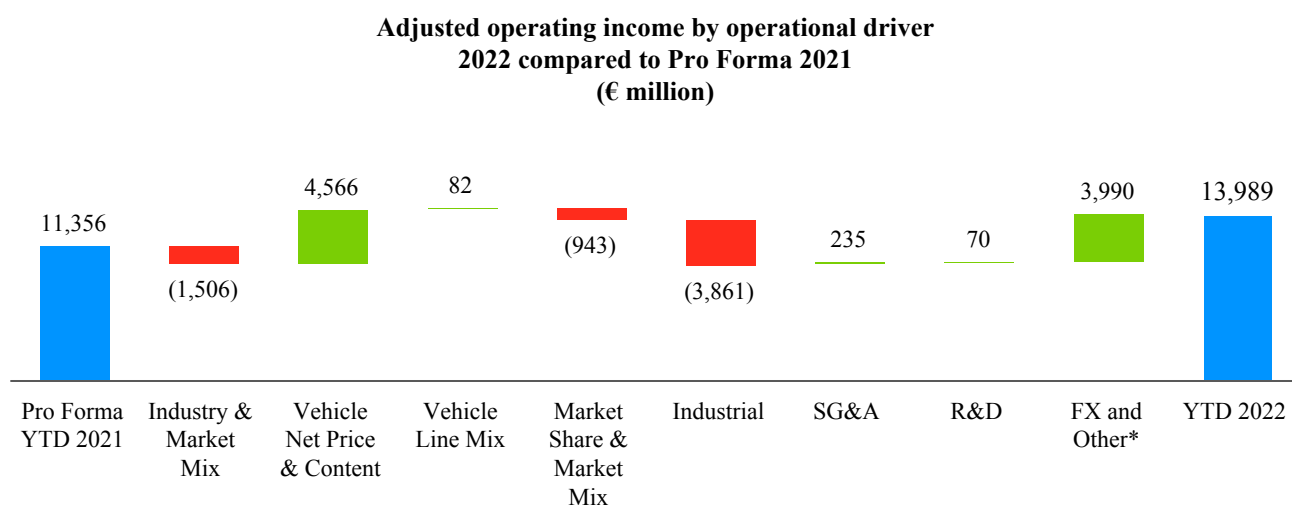
The increase in North America shipments on an IFRS basis in 2022 compared to the IFRS and Pro Forma basis for the corresponding period in 2021 was mainly due to higher volumes of all-new Grand Wagoneer, Jeep Compass and Chrysler Pacifica, partially offset by lower volumes of Grand Cherokee and Ram pickups.

Net revenues

The increase in North America Net revenues on an IFRS basis in 2022 compared to the IFRS and Pro Forma basis for the corresponding period in 2021 was primarily due to strong net pricing, favorable vehicle mix and positive foreign exchange translation effects.

Adjusted operating income

The following chart reflects the change in North America Adjusted operating income by operational driver for 2022 as compared to the same period in 2021 Pro Forma:



*Change in dealer stock +€2.3 billion

The increase in North America Adjusted operating income on an IFRS basis in 2022 compared to the Pro Forma basis for the corresponding period in 2021 was primarily due to higher Net revenues and favorable foreign exchange translation effects, partially offset by increased raw materials, components and logistics costs.

Enlarged Europe

Years ended December 31,			Increase/ (Decrease)	Pro Forma	
2022	2021	2022 vs. 2021		Year ended December 31,	Increase/ (Decrease)
				2021	2022 vs Pro Forma 2021
2,626	2,847	(7.8)%	Shipments (thousands of units)	2,860	(8.2)%
€ 63,311	€ 58,728	7.8 %	Net revenues (€ million)	€ 59,060	7.2 %
€ 6,293	€ 5,419	16.1 %	Adjusted operating income (€ million)	€ 5,370	17.2 %
9.9 %	9.2 %	+70 bps	Adjusted operating income margin (%)	9.1 %	+80 bps

Shipments

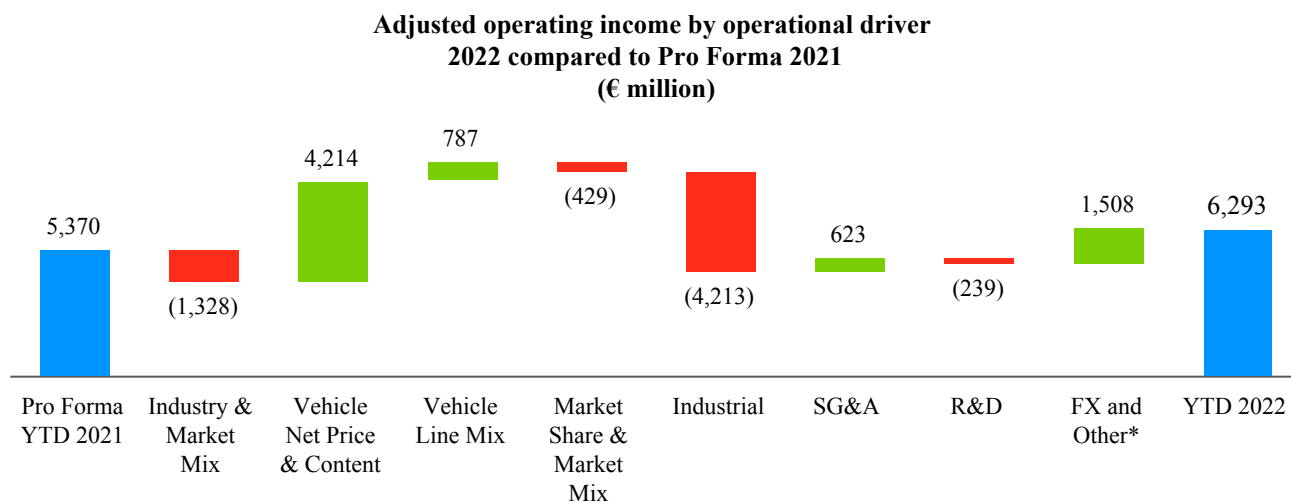
The Enlarged Europe shipments decreased on an IFRS basis in 2022 compared to the IFRS and Pro Forma basis for the corresponding period in 2021, with demand for all-new Peugeot 308, Fiat Panda, DS 4, Citroën C5 X and Alfa Romeo Tonale, more than offset by impact of unfilled semiconductor orders, logistics challenges and discontinuation of Peugeot 108 and Citroën C1 in 2022.

Net revenues

The Enlarged Europe Net revenues increased on an IFRS basis in 2022 compared to the IFRS and Pro Forma basis for the corresponding period in 2021, mainly due to positive net pricing, favorable vehicle mix, driven by new models, BEVs and PHEVs, and lower volumes with buyback commitments, partially offset by reduced shipment volumes.

Adjusted operating income

The following chart reflects the change in Enlarged Europe Adjusted operating income by operational driver for 2022 as compared to the same period in 2021 Pro Forma:



*Change in dealer stock +€1.0 billion

The increase in Enlarged Europe Adjusted operating income on an IFRS basis in 2022 compared to the Pro Forma basis for the corresponding period in 2021 was primarily due to increased Net revenues, cost containment actions and elevated used car profitability, partially offset by higher raw materials, energy, components and logistics costs.

Middle East & Africa

Years ended December 31,			Increase/ (Decrease)		Pro Forma	
2022	2021	2022 vs. 2021			Year ended December 31,	Increase/ (Decrease)
					2021	2022 vs Pro Forma 2021
426	387	10.1 %	Combined shipments (thousands of units)		389	9.5 %
283	272	4.0 %	Consolidated shipments (thousands of units)		273	3.7 %
€ 6,453	€ 5,165	24.9 %	Net revenues (€ million)		€ 5,201	24.1 %
€ 1,078	€ 554	94.6 %	Adjusted operating income (€ million)		€ 545	97.8 %
16.7 %	10.7 %	+600 bps	Adjusted operating income margin (%)		10.5 %	+620 bps

Shipments

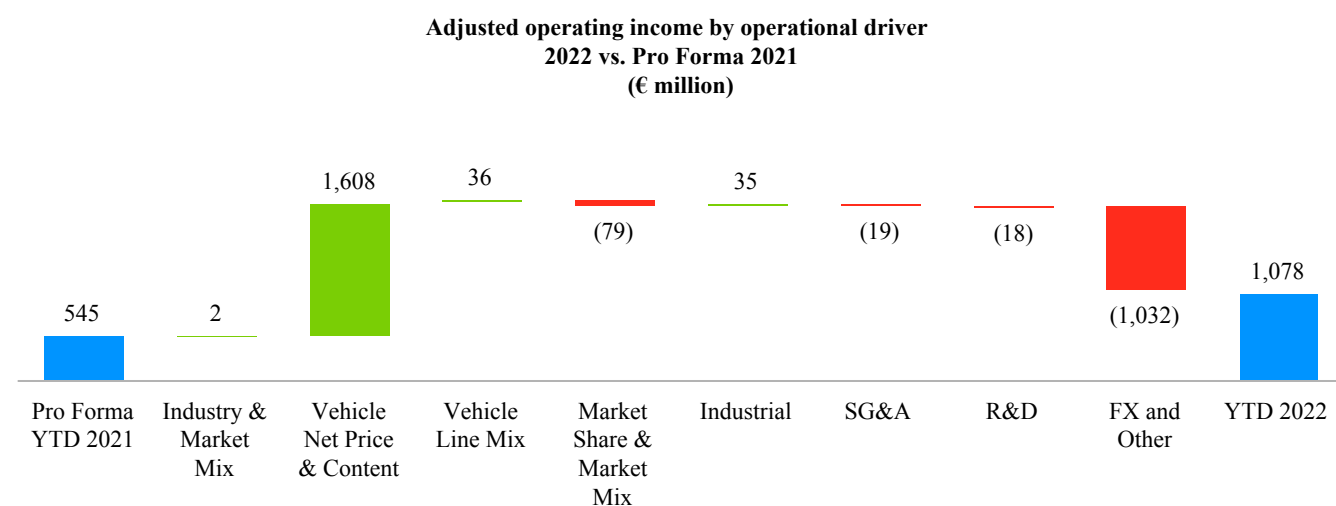
The increase in Middle East & Africa consolidated shipments on an IFRS basis in 2022 compared to the IFRS and Pro Forma basis for the corresponding period in 2021 was mainly due to higher volumes of Opel Mokka, Corsa and Crossland X.

Net revenues

The increase in Middle East & Africa Net revenues on an IFRS basis in 2022 compared to the IFRS and Pro Forma basis for the corresponding period in 2021 was primarily due to strong net pricing, including pricing actions to offset Turkish lira devaluation, and improved market mix, partially offset by negative foreign exchange translation effects, mainly from Turkish lira.

Adjusted operating income

The following chart reflects the change in Middle East & Africa Adjusted operating income by operational driver in 2022 compared to the same period in 2021 Pro Forma:



The increase in Middle East and Africa Adjusted operating income on an IFRS basis in 2022 compared to the Pro Forma basis for the corresponding period in 2021 was mainly due to higher Net revenues and strong operating leverage, partially offset by negative foreign exchange transaction and translation effects.

South America

Years ended December 31,			Increase/ (Decrease)		Pro Forma	
2022	2021	2022 vs. 2021			Year ended December 31,	Increase/ (Decrease)
					2021	2022 vs Pro Forma 2021
859	811	5.9 %	Shipments (thousands of units)		830	3.5 %
€ 15,620	€ 10,496	48.8 %	Net revenues (€ million)		€ 10,681	46.2 %
€ 2,048	€ 873	134.6 %	Adjusted operating income (€ million)		€ 882	132.2 %
13.1 %	8.3 %	+480 bps	Adjusted operating income margin (%)		8.3 %	+480 bps

Shipments

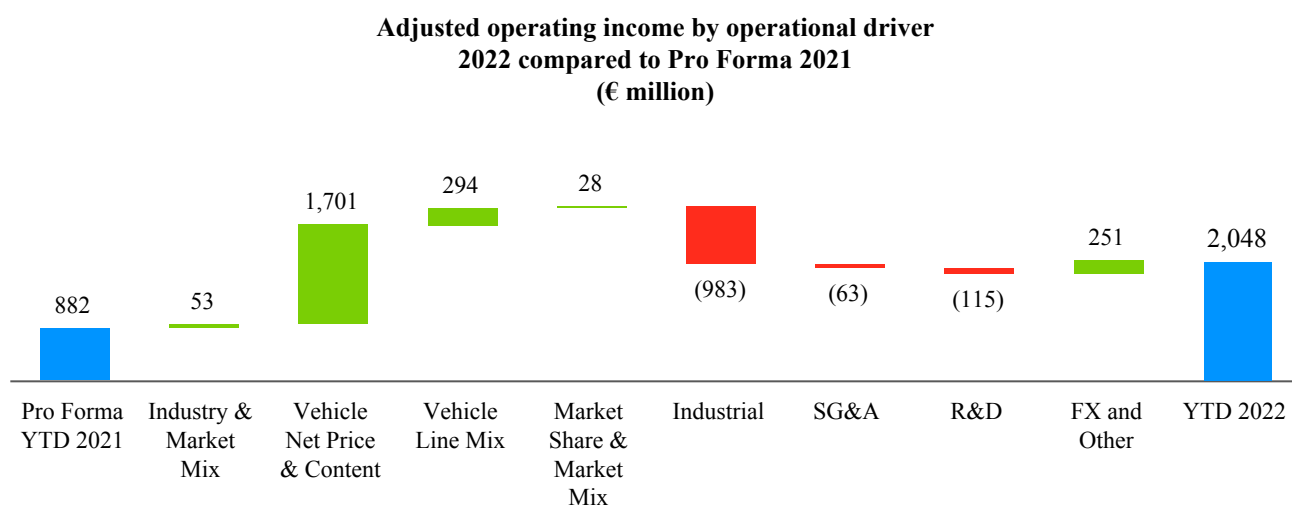
The increase in South America shipments on an IFRS basis in 2022 compared to the IFRS and Pro Forma basis for the corresponding period in 2021 was primarily due to demand for all-new Fiat Pulse, Jeep Commander and Citroën C3, and higher Peugeot 208 volumes, partially offset by lower Jeep Renegade and Fiat Argo volumes and discontinuation of Fiat Uno.

Net revenues

The increase in South America Net revenues on an IFRS basis in 2022 compared to the IFRS and Pro Forma basis for the corresponding period in 2021 was due to a combination of favorable net pricing, vehicle mix, volumes and foreign exchange translation effects, mainly Brazilian real.

Adjusted operating income

The following chart reflects the change in South America Adjusted operating income by operational driver for 2022 as compared to the same period in 2021 Pro Forma:



The increase in South America Adjusted operating income on an IFRS basis in 2022 compared to the Pro Forma basis for the corresponding period in 2021 was primarily due to increased Net revenues and favorable foreign exchange translation, more than offsetting higher raw materials costs.

China and India & Asia Pacific

Years ended December 31,			Increase/ (Decrease)	Pro Forma		
				Year ended December 31,	Increase/ (Decrease)	
2022	2021	2022 vs. 2021		2021	2022 vs Pro Forma 2021	
205	216	(5.1)%	Combined shipments (thousands of units)	219	(6.4)%	
127	118	7.6 %	Consolidated shipments (thousands of units)	120	5.8 %	
€ 4,505	€ 3,927	14.7 %	Net revenues (€ million)	€ 3,980	13.2 %	
€ 654	€ 444	47.3 %	Adjusted operating income (€ million)	€ 442	48.0 %	
14.5 %	11.3 %	+320 bps	Adjusted operating income margin (%)	11.1 %	+340 bps	

In China we manufactured and distributed various Jeep models through our 50 percent owned GAC-Stellantis JV. In January 2022, we announced a plan to increase our shareholding with GAC-Stellantis JV from 50 percent to 75 percent. Due to lack of progress in the previously announced plan, Stellantis is cooperating with GAC Group in an orderly termination of the joint venture. On October 31, 2022, the shareholders of the GAC-Stellantis JV approved a resolution authorizing the JV to file for bankruptcy. Stellantis will focus on distributing imported vehicles for the Jeep brand in China through an asset-light approach. We also locally manufacture vehicles under the Dongfeng Peugeot and Dongfeng Citroën brands in China through the 50 percent owned DPCA JV, based in Wuhan. DPCS markets the vehicles produced by DPCA in China. Until June 2020, vehicles under the DS brand were manufactured and marketed in China through CAPSA, a 50 percent joint venture between PSA and the Changan group. After the sale of the joint venture by PSA and Changan to Shenzhen Baoneng Motor Co. Ltd. in June 2020, Shenzhen Baoneng Motor Co. Ltd. continues to manufacture DS vehicles for the Company.

The results of these joint ventures are accounted for using the equity method, with recognition of our share of the net result of the joint venture in the line item “Share of the profit of equity method investees” within the Consolidated Income Statement. We fully impaired the equity method investment in GAC-Stellantis JV at June 30, 2022. Refer to Note 3, *Scope of consolidation* in the Consolidated Financial Statements included elsewhere in this report for additional information.

We also produce the Jeep Compass and Jeep Meridian in India through our joint operation with FIAPL and we recognize our related interest in the joint operation on a line by line basis.

Shipments distributed by our consolidated subsidiaries, which include vehicles produced by FIAPL, are reported in both consolidated and combined shipments. Shipments of the GAC-Stellantis JV and DPCA JV are not included in consolidated shipments and are only in combined shipments.

Shipments

The increase in China and India & Asia Pacific consolidated shipments on an IFRS basis in 2022 compared to the IFRS and Pro Forma basis for the corresponding period in 2021 was primarily due to the increased demand for Peugeot 3008.

Net revenues

The increase in China and India & Asia Pacific Net revenues on an IFRS basis in 2022 compared to the IFRS and Pro Forma basis for the corresponding period in 2021 was primarily due to positive net pricing, favorable foreign exchange translation effects and vehicle line mix.

Adjusted operating income

The increase in China and India & Asia Pacific Adjusted operating income on an IFRS basis in 2022 compared to the Pro Forma basis for the corresponding period in 2021 was primarily driven by favorable net pricing and vehicle mix, primarily related to Jeep Grand Cherokee L, Jeep Meridian and Ram 1500, partially offset by unfavorable market mix.

Maserati

Years ended December 31,			Increase/ (Decrease)		Pro Forma	
					Year ended December 31,	Increase/ (Decrease)
2022	2021	2022 vs. 2021			2021	2022 vs Pro Forma 2021
25.9	24.0	7.9 %	Shipments (thousands of units)		24.2	7.0 %
€ 2,320	€ 2,003	15.8 %	Net revenues (€ million)	€	2,021	14.8 %
€ 201	€ 116	73.3 %	Adjusted operating income (€ million)	€	103	95.1 %
8.7 %	5.8 %	+290 bps	Adjusted operating income margin (%)		5.1 %	+360 bps

Shipments

The increase in Maserati shipments on an IFRS basis in 2022 compared to the IFRS and Pro Forma basis for the corresponding period in 2021 was primarily due to the all-new Grecale launch, partially offset by reduced Ghibli and Levante volumes particularly in China.

Net revenues

The increase in Maserati Net revenues on an IFRS basis in 2022 compared to the IFRS and Pro Forma basis for the corresponding period in 2021 was primarily due to higher volumes, positive model mix driven by MC20 and favorable foreign exchange both in U.S. Dollar and Chinese Renminbi.

Adjusted operating income

The increase in Maserati Adjusted operating income on an IFRS basis in 2022 compared to the Pro Forma basis for the corresponding period in 2021 was mainly due to increased net pricing, positive vehicle mix, due to MC20 and all-new Grecale, and favorable foreign exchange transaction effects, partially offset by increased depreciation and amortization.

Liquidity and Capital Resources

Liquidity Overview

We require significant liquidity in order to meet our obligations and fund the business. Short-term liquidity is required to purchase raw materials, parts and components for vehicle production, as well as to fund selling, administrative, research and development, other expenses and funding our captive financial services business. In addition to our general working capital and operational needs, we expect to use significant amounts of cash for the following purposes: (i) capital expenditures to support our existing and future products; (ii) principal and interest payments under our financial obligations; (iii) pension and employee benefit payments; (iv) capital injections to our joint ventures and M&A initiatives; and (v) funding our captive financial services business. We make capital investments in the regions in which we operate primarily related to initiatives to introduce new products, including for electrification and autonomous driving, enhance manufacturing efficiency, improve capacity and for maintenance, and for regulatory and environmental compliance.

Our business and results of operations depended on our ability to achieve certain minimum vehicle shipment volumes. As is typical for an automotive manufacturer, we have significant fixed costs and, as such, changes in our vehicle shipment volumes could have a significant effect on profitability and liquidity. We generally receive payment from dealers and distributors shortly after shipment, whereas there is a lag between the time we receive parts and materials from our suppliers and the time we are required to pay for them. Therefore, during periods of increasing vehicle shipments, there is generally a corresponding positive impact on the Company's cash flow and liquidity. Conversely, during periods in which vehicle shipments decline, there is generally a corresponding negative impact on the Company's cash flow and liquidity. Delays in shipments of vehicles, including delays in shipments in order to address quality issues or components shortage and logistic constraints, tend to negatively affect the Company's cash flow and liquidity. In addition, the timing of the Company's collections of receivables for export shipments of vehicles, fleet sales, as well as sales of propulsion systems and pre-assembled parts of vehicles tend to be longer due to different payment terms. Although we regularly enter into factoring transactions for such receivables in order to transfer relevant risks to the factor and to accelerate collections, a change in vehicle shipment volumes could cause fluctuations in the Company's working capital. The increased internationalization of our product portfolio could also affect our working capital requirements as there could be an increased requirement to ship vehicles to countries different from where they are produced. In addition, working capital could be affected by the trend and seasonality of shipments of vehicles with a buy-back commitment.

Management believes that the funds currently available to Stellantis at the date of this report, in addition to those funds that would be generated from operating and financing activities, will enable the Company to meet its obligations and fund its businesses including funding planned investments and working capital needs, as well as fulfill the Company's obligations to repay its debts in the ordinary course of business.

Fidis S.p.A., a 100 percent owned captive finance company, supports working capital needs in all regions at a Company level (including the Maserati segment), as well as selected suppliers, through the offering of receivable and payable financing activity (also known as factoring). In addition, Fidis S.p.A. provides financing to selected dealers in Italy.

Liquidity needs are met primarily through cash generated from operations, including the sale of vehicles, service and parts to dealers, distributors and other consumers worldwide.

The operating cash management and liquidity investment of the Company is coordinated with the objective of ensuring effective and efficient management of the Company's funds. We raise capital in the financial markets through various funding sources.

Certain notes issued by the Company and its treasury subsidiaries include covenants which could be affected by circumstances related to certain subsidiaries. In particular there are cross-default clauses which could accelerate repayments in the event that such subsidiaries failed to pay certain of their debt obligations.

Long-term liquidity requirements could involve some level of debt refinancing as outstanding debt becomes due or the Company is required to make principal payments. We regularly evaluate opportunities to improve our liquidity position in order to enhance financial flexibility and to achieve and maintain a liquidity and capital position consistent with that of other companies in the Company's industry.

However, any actual or perceived limitations of the Company's liquidity may limit the ability or willingness of counterparties, including dealers, consumers, suppliers, lenders and financial service providers, to do business with the Company, or require the Company to restrict additional amounts of cash to provide collateral security for its obligations. The Company's liquidity levels are subject to a number of risks and uncertainties, including those described in *Risk Factors*.

For additional information on distribution of profits, refer to *ADDITIONAL INFORMATION FOR NETHERLANDS CORPORATE GOVERNANCE - Dividends* and Note 27, *Equity* within the Consolidated Financial Statements included elsewhere in this report, for additional information on Stellantis' distribution of profits.

Available liquidity

The following table summarizes the Company's Available liquidity:

(€ million)	At December 31,	
	2022	2021
Cash, cash equivalents and financial securities ⁽¹⁾	€ 49,960	€ 51,128
Undrawn committed credit lines	12,680	12,810
Cash, cash equivalents and financial securities - included with Assets held for sale	65	—
Total Available liquidity⁽²⁾	€ 62,705	€ 63,938
of which: Available liquidity of the Industrial Activities	€ 61,316	€ 62,706

(1) Financial securities are comprised of short term or marketable securities which represent temporary investments but do not satisfy all the requirements to be classified as cash equivalents as they may be subject to risk of change in value (even if they are short-term in nature or marketable)

(2) The majority of our liquidity is available to our treasury operations in Europe and U.S.; however, liquidity is also available to certain subsidiaries which operate in other countries. Cash held in such countries may be subject to restrictions on transfer depending on the foreign jurisdictions in which these subsidiaries operate. Based on our review of such transfer restrictions in the countries in which we operate and maintain material cash balances, (and in particular in Argentina, in which we have €959 million cash and securities at December 31, 2022, and Russia, in which we have €121 million cash at December 31, 2022), we do not believe such transfer restrictions had an adverse impact on the Company's ability to meet its liquidity requirements at the dates presented above. Cash and cash equivalents also include €107 million at December 31, 2022 held in bank deposits which are restricted to the operations related to securitization programs and warehouses credit facilities of Stellantis Financial Services U.S.

Available liquidity of the Industrial Activities at December 31, 2022 decreased €1.4 billion from December 31, 2021 primarily due to the repayment of the €6.3 billion Intesa Sanpaolo credit facility, the payment of €3.4 billion of dividends, the €0.9 billion paid in the share repurchase transaction with GM and other financing activities flows for a net negative €1.7 billion, partially offset by the €10.8 billion industrial free cash flow of the period and positive foreign exchange translation effects.

Our Available liquidity is subject to intra-month and seasonal fluctuations resulting from business and collection payment cycles as well as to changes in foreign exchange conversion rates. Refer to the section — *Cash Flows* below for additional information regarding the change in cash and cash equivalents and refer to Note 30, *Explanatory notes to the Consolidated Statement of Cash Flows*, within the Consolidated Financial Statements included elsewhere in this report for additional information.

Our liquidity is principally denominated in Euro and U.S. Dollar, with the remainder being distributed in various countries and denominated in the relevant local currencies. Out of the total €49.9 billion of cash, cash equivalents and current securities available at December 31, 2022, €22.1 billion, or 44 percent (€29.7 billion, or 58 percent, at December 31, 2021), were denominated in Euro and €21.6 billion, or 43 percent (€15.5 billion or 30 percent at December 31, 2021), were denominated in U.S. Dollar.

At December 31, 2022, undrawn committed credit lines of €12.7 billion include the syndicated revolving credit facility ("RCF") of €12.0 billion, signed in 2021 with a group of relationship banks. The RCF is available for use in general corporate purposes and is structured in two tranches: €6.0 billion, with a 3 year tenor, and €6.0 billion, with a 5 year tenor, with each tranche benefiting from two further extension options, each of 1-year. In June 2022, the first 1-year extension option has been exercised. Current maturities are July 2025 and July 2027, respectively, for the two tranches.

Refer to Note 22, *Debt* within the Consolidated Financial Statements included elsewhere in this report for additional information.

Euro Medium Term Note Programme Notes

On April 1, 2022, the Company issued €1.0 billion principal amount of 2.750 percent notes due April 1, 2032, under the €30 billion Euro Medium Term Note Programme.

Other Notes

On September 12, 2022, Stellantis Finance U.S. issued US\$0.6 billion 5.625 percent Senior Notes due January 12, 2028 and US\$0.7 billion 6.375 percent Senior Notes due September 12, 2032, both guaranteed by Stellantis N.V..

At December 31, 2022, all of the notes were rated Baa2 by Moody's Investors Service, BBB by S&P Global Ratings and BBB by Fitch Ratings.

Refer to Note 22, *Debt* within the Consolidated Financial Statements included elsewhere in this report for additional information.

Financial Services Facilities

Stellantis Financial Services U.S. activities are primarily funded through securitization programs which are settled through the collection of the portfolio of financing receivables originating from dealers or consumers. The amount outstanding under the securitization programs was €1.5 billion as of December 31, 2022.

In 2022, Stellantis Financial Services U.S. implemented two additional separate warehouse credit facilities. The first Stellantis Financial Services U.S. facility, Stellantis Financial Services Funding, was implemented on August 31, 2022 and matures on September 1, 2024. The €2.3 billion (\$2.5 billion) commitment bears interest based on variable commercial paper rates plus a spread or one month term Secured Overnight Funding Rate ("SOFR") plus a spread. The second Stellantis Financial Services U.S. facility, Stellantis Financial Services Funding II, was implemented on September 15, 2022 and matures on September 14, 2024. The €469 million (\$500 million) commitment bears interest based on variable commercial paper rates plus a spread or one month term SOFR plus a spread. Stellantis Financial Services U.S. uses interest rate derivatives in order to reduce the interest risks of certain warehouse credit facilities.

Refer to Note 22, *Debt* within the Consolidated Financial Statements included elsewhere in this report for additional information.

European Investment Bank Borrowings

In July 2022, Stellantis repaid at maturity a €420 million four-year loan granted in 2018 by the European Investment Bank ("EIB") to support research and development ("R&D") projects.

Intesa Sanpaolo Credit Facilities

On January 28, 2022, Stellantis repaid early the €6.3 billion credit facility entered in June 2020 with Intesa Sanpaolo was due to mature in March 2023. The facility was structured to support the restart and transformation of Italy's automotive sector after the COVID-19 outbreak by providing liquidity to the Company's business in Italy and to its Italian suppliers.

Refer to Note 22, *Debt* within the Consolidated Financial Statements included elsewhere in this report for additional information.

Cash Flows

The following table summarizes cash flows from operating, investing and financing activities for each of the years ended December 31, 2022, 2021 and 2020 and does not include the impact of any Pro Forma adjustments or results of former FCA prior to the merger. Refer to the Consolidated Statement of Cash Flows for the years ended December 31, 2022, 2021 and 2020 and to Note 30, *Explanatory notes to the Consolidated Statement of Cash Flows* included elsewhere in this report for additional detail.

(€ million)	Years ended December 31,		
	2022	2021	2020
Cash flows from operating activities - continuing operations	€ 19,959	€ 18,646	€ 5,105
Cash flows from operating activities - discontinued operations ⁽¹⁾	—	—	1,136
Cash flows from (used in) investing activities - continuing operations ⁽²⁾	(10,531)	11,789	(2,540)
Cash flows (used in) investing activities - discontinued operations ⁽¹⁾	—	(3,115)	(1,359)
Cash flows from (used in) financing activities - continuing operations	(13,167)	(1,366)	2,025
Cash flows from financing activities - discontinued operations ⁽¹⁾	—	—	1,091
Effect of changes in exchange rates	608	764	(397)
(Increase)/decrease in cash and cash equivalents included in asset held for sale	(65)	18	—
Increase/(decrease) in cash and cash equivalents	(3,196)	26,736	5,061
Net cash and cash equivalents at beginning of the period	49,629	22,893	17,832
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	€ 46,433	€ 49,629	€ 22,893

(1) Refer to Note 3, *Scope of consolidation within the Consolidated Financial Statements* included elsewhere in this report

(2) For the year ended December 31, 2021, Cash flow from (used) in investing activities includes the positive contribution of Cash and cash equivalents of FCA at the merger for €22,514 million

Industrial free cash flows

The following table provides a reconciliation of Cash flows from operating activities, the most directly comparable measure included in the Consolidated Statement of Cash Flows, to Industrial free cash flows for the years ended December 31, 2022 and 2021.

(€ million)	Years ended December 31,	
	2022	2021
Cash flows from operating activities	€ 19,959	€ 18,646
Less: Cash flows from operating activities - discontinued operations	—	—
Cash flows from operating activities - continuing operations	19,959	18,646
Less: Operating activities not attributable to industrial activities	211	276
Less: Capital expenditures and capitalized research and development expenditures and change in amounts payable on property, plant and equipment and intangible assets for industrial activities	8,938	10,081
Add: Proceeds from disposal of assets and other changes in investing activities	500	327
Less: Contributions of equity to joint ventures and minor acquisitions of consolidated subsidiaries and equity method and other investments	769	811
Add: Defined benefit pension contribution, net of tax	278	80
Industrial free cash flows	10,819	7,885
Add: Industrial free cash flows of FCA, January 1 - 16, 2021	—	(1,813)
Pro Forma Industrial free cash flows	€ —	€ 6,072

Industrial net financial position

(€ million)	At December 31, 2022			At December 31, 2021		
	Company	Industrial activities	Financial services	Company	Industrial activities	Financial services
Third parties debt (Principal)	(26,335)	(23,508)	(2,827)	(32,456)	(29,994)	(2,462)
<i>Capital market⁽¹⁾</i>	(19,088)	(18,488)	(600)	(17,920)	(17,475)	(445)
<i>Bank debt</i>	(2,937)	(2,264)	(673)	(10,567)	(9,442)	(1,125)
<i>Other debt⁽²⁾</i>	(2,051)	(517)	(1,534)	(1,483)	(608)	(875)
<i>Lease liabilities</i>	(2,259)	(2,239)	(20)	(2,486)	(2,469)	(17)
Accrued interest and other adjustments ⁽³⁾	(818)	(793)	(25)	(1,126)	(1,118)	(8)
Debt with third parties (excluding held for sale)	(27,153)	(24,301)	(2,852)	(33,582)	(31,112)	(2,470)
Debt classified as held for sale	(11)	(11)	—	—	—	—
Debt with third parties including held for sale	(27,164)	(24,312)	(2,852)	(33,582)	(31,112)	(2,470)
Intercompany, net ⁽⁴⁾	—	918	(918)	—	123	(123)
Current financial receivables from jointly-controlled financial services companies ⁽⁵⁾	321	321	—	103	103	—
Debt, net of intercompany, and current financial receivables from jointly-controlled financial service companies	(26,843)	(23,073)	(3,770)	(33,479)	(30,886)	(2,593)
Derivative financial assets/(liabilities), net and collateral deposits ⁽⁶⁾	52	52	—	(9)	(10)	1
Financial securities ⁽⁷⁾	3,527	3,326	201	1,499	1,370	129
Cash and cash equivalents	46,433	45,335	1,098	49,629	48,616	1,013
Cash and cash equivalents classified as held for sale	65	65	—	—	—	—
Net financial position	23,234	25,705	(2,471)	17,640	19,090	(1,450)

(1) Includes notes issued under the Medium Term Note Programme, or MTN Programme, and other notes for €18,003 million at December 31, 2022 (€16,990 million at December 31, 2021), Schuldschein for €485 million (€485 million at December 31, 2021) and other financial instruments issued in financial markets, mainly from South America financial services companies for €600 million (€445 million at December 31, 2021)

(2) Includes asset-backed financing, i.e., sales of receivables for which de-recognition is not allowed under IFRS, for €128 million at December 31, 2022 (€149 million at December 31, 2021), and debt for securitizations programs, for €1,527 million at December 31, 2022 (€844 million at December 31, 2021)

(3) Includes adjustments for purchase accounting and net (accrued)/deferred interest and other amortizing cost adjustments

(4) Net amount between industrial activities entities' financial receivables due from financial services entities (€1,116 million at December 31, 2022 and €550 million at December 31, 2021) and industrial activities entities' financial payables due to financial services entities (€198 million at December 31, 2022 and €427 million at December 31, 2021)

(5) Financial receivables due from FCA Bank and from the BPF JVs with Group Santander Consumer Finance and with BNP Paribas Personal Finance

(6) Fair value of derivative financial instruments (net positive €16 million at December 31, 2022 and net negative €42 million at December 31, 2021) and collateral deposits (€36 million at December 31, 2022 and €32 million at December 31, 2021)

(7) Excludes certain financial securities held pursuant to applicable regulations (€330 million at December 31, 2022 and €354 million at December 31, 2021) and non-liquid equity investments (€321 million at December 31, 2022 and €191 million at December 31, 2021) and other non-liquid securities (€143 million at December 31, 2022 and €173 million at December 31, 2021)

The €6.6 billion increase in Industrial net financial position at December 31, 2022, as compared to December 31, 2021, primarily reflects €10.8 billion of Industrial free cash flow, partially offset by a €3.4 billion dividend distributions including €130 million paid to GM in relation to the share repurchase transaction, as well as, and the €0.9 billion paid in the share repurchase transaction with GM.

Rating Agency updates

On March 18, 2022, S&P Global Ratings upgraded the long-term Issuer rating and Senior Unsecured Debt rating of Stellantis N.V. from “BBB -” to “BBB”, with the outlook on all ratings stable. The short-term credit rating was upgraded from “A-3” to “A-2”.

On August 4, 2022, Fitch Ratings upgraded Stellantis N.V.'s long-term Issuer Default Rating (“IDR”) and senior unsecured rating to from “BBB-“ to “BBB”, with the outlook on all ratings stable. The Short-Term IDR was upgraded from “F3” to “F2”.

On August 5, 2022, Moody's Investors Service upgraded the long-term issuer and senior unsecured instrument ratings of Stellantis N.V. from “Baa3” to “Baa2”, with the outlook on all ratings stable. Concurrently, Moody's upgraded the company's other short-term ratings from “(P)P-3“ to “(P)P-2”.

Refer to Note 22, *Debt* for further information regarding the Company's Capital Resources. Refer to Note 31, *Qualitative and quantitative information on financial risks* for further information regarding the Company's qualitative and quantitative information on financial risks. Refer to *Contractual Obligations*, included elsewhere in this report, for further information on the Company's significant contractual commitments as at December 31, 2022.

RISK MANAGEMENT

Risk Management

Risk management activities are an essential business driver to ensure the achievement of Stellantis' objectives and the sustainability of the business plan in the medium to long term. The Company has adopted an integrated approach aimed at strengthening the awareness, at every level of the organization, that adequate risk assessment and management can create and preserve value for Stellantis. A structured process has been implemented to integrate risks identification, assessment, monitoring and mitigation into business practices, and to provide Management with information necessary to take the appropriate decisions for achieving the strategic objectives.

Enterprise Risk Management (ERM) Framework

The Stellantis risk management framework is based on the principles of the 2017 COSO Framework "Enterprise Risk Management ("ERM") - Integrating with Strategy and Performance" and of the Dutch Corporate Governance Code.

In alignment with the COSO principles, the Stellantis ERM framework integrates risk management processes into the management of the Company's business with the aim of implementing the strategy, improving the performance measurement and creating long-term value.

The framework is integrated within the Stellantis organization and corporate governance and supports the protection of corporate assets, the efficiency and effectiveness of business processes, the reliability of financial information and the compliance with laws and regulations.

Stellantis ERM framework consists of five key components:

1. ERM Governance Structure

The risk management process is implemented across the whole organization. The Company leverages a risk management governance that involves several committees, regions and business functions, risk owners and ERM to manage business risks and to define the most effective strategies for their mitigation.

A Global Risk Management Committee ("GRMC") has been established to promote a culture of proactive risk management and monitoring throughout Stellantis and it is chaired by the Head of HR & Transformation. Other members are representatives from the legal, finance, internal audit, risk management and business functions. The GRMC provides guidance on the overall strategic risk management decisions and defines the Company's risk appetite.

The ERM team within the Risk Management function is responsible for designing and updating the Enterprise Risk Framework and working with business and global functions to support the identification, assessment, monitoring and reporting of risk exposures and their associated mitigation actions at a department level.

2. Strategy Setting and Risk Appetite

The alignment of business objectives to strategy is achieved through Stellantis governance committees which include senior management responsible for supporting risk governance. ERM is integrated into the strategic plan and business objectives through the GRMC members that are part of the governance committees. Through an integrated approach Stellantis governance committees support the Strategy Council that is ultimately responsible for risk management programs, providing guidance and direction, reviewing and approving the overall global Enterprise Risk Assessment results and ensuring accountability for effectively managing and mitigating significant risks. Status of risk monitoring and mitigating activities is assessed quarterly against the risk appetite and reported to the Strategy Council by the Head of Audit & Compliance. The Board of Directors has an oversight role over Stellantis' strategy and risk appetite.

Stellantis aligns its risk appetite to its business plan. Risk boundaries are set through Stellantis strategy, Code of Conduct, budgets and policies. Stellantis objectives are consistent with the organization's risk appetite.

Stellantis' risk appetite differs by risk category as shown below.

Risk category	Category description	Risk appetite
<i>Strategic</i>	Risk that may arise from the pursuit of Stellantis' business plan, from strategic changes in the business environment, and/or from adverse strategic business decisions.	We are prepared to take risks in a responsible way that takes our stakeholders' interests into account and is consistent with our business plan.
<i>Operational</i>	Risk relating to internal processes, people and systems or external events (including legal and reputational risks).	We look to mitigate operational risks to the maximum extent based on cost/benefit considerations.
<i>Financial</i>	Risk relating to uncertainty of return and the potential for financial loss due to financial performance.	We seek capital market and other transactions to strengthen our financial position while allowing us to finance our operations on a consolidated global basis.
<i>Compliance</i>	Risk of non-compliance with relevant regulations and laws, internal policies and procedures.	We hold ourselves, as well as our employees, responsible for acting with honesty, integrity and respect, including complying with our Code of Conduct, applicable laws and regulations everywhere we do business.

3. Enterprise Risk Assessment

The enterprise risk assessment is the assessment of the main risks that may affect the achievement of Stellantis' strategy and its sustainability despite the risk mitigations in place. It is performed annually to identify and prioritize the major risks based on their criticality, with a bottom-up approach that leverages on the departments' risk assessment results, continuous risk assessment surveys, and targeted interviews conducted with a representative range of regional and business function managers.

Risk scenarios and evaluation are carried out using likelihood, impact and control effectiveness criteria.

The results of the assessment are consolidated on a risk mapping and compared with risk thresholds to determine priority and risk treatment methods. The risk mapping is then reviewed by executive leadership before presentation for approval to the Strategy Council and final validation by the Audit Committee.

4. Risk Mitigation and Monitoring

Major risks assigned to Strategy Council members, are detailed in more specific sub-risks and assigned to sub-risk owners in charge of deploying adequate risk mitigation measures. Key Risk Indicators ("KRI"s) have been identified for implementing quantitative metrics to measure and monitor sub-risks exposure in a more predictive way and to facilitate a timely reporting of risk change. An estimated maximum loss is also evaluated for specific sub-risks scenarios in order to provide an estimate of the potential financial impact in the event of risk materialization and to support the setting of risk appetite.

Progress made in implementing mitigation actions, as well as KRIs trends are monitored by the ERM team and reported to the Strategy Council periodically.

5. Risk Management Integration and Culture Dissemination

Management uses relevant information from both internal and external sources to support enterprise risk management. To support the business in pursuing continuous risk management process improvement and to promote a culture that proactively identify, evaluate and monitor risks, ERM relies on the support of a compliance champions network responsible for building or updating annually the risk assessment of their departments and supervising the relative risk mitigation action plans. Compliance Champions attend monthly meetings on ERM awareness programs.

Significant Risks Identified and Control Measures

Results of the annual risk assessment were consolidated into a Stellantis report for review with members of the GRMC before the presentation of the most significant risks to the Stellantis Strategy Council. Once validated, results were discussed with the Audit Committee, assisting the Board of Directors in their responsibility for strategic oversight of risk management activities. Control measures and mitigating actions were identified or enhanced to ensure risks were appropriately addressed.

The list of risks, control measures and mitigating actions presented below is not exhaustive. The sequence in which these risks and mitigating actions are described does not reflect any order of importance, likelihood of occurrence or control measures effectiveness.

Monitoring of risk mitigating actions and KRIs metrics are responsibility of the ERM team and compliance champions.

Risk Category	Risk	Risk Description	Control / Mitigating Actions
Strategic	Transition to Electrification	Main risk factors for transition to electrification include: the evolving nature of the regulatory environment, the higher prices of EV vehicles that could result in a sharp decrease of the automotive market share in western countries, the entrance of new competitors through the EV market that could reduce the automotive market share, and the dependence of EV market share on government incentives.	Cost-reduction strategies to make electric vehicle’s price more affordable. Execution of battery/EDM (Electric Drive Module) roadmap to deliver performance at the right level. Secured access to key components and raw material by entering into long-term agreements or partnerships. Strategic partnerships to gain access to the latest innovations.
Operational	Supply Chain	Stellantis ability to manage critical supplies to prevent production interruptions, and the ability to manage limited availability and increased costs of commodities, energy and transportation.	To mitigate the risks related to potential unavailability of raw materials in the time required by production planning, Stellantis is: <ul style="list-style-type: none"> • analyzing the end-to-end value chain of supplies to identify possible critical resources; • monitoring global, political, environmental and economic events, to anticipate or identify events that could lead to supply chain disruption and implement timely mitigating actions; and • monitoring the suppliers’ risk to mitigate disruption due to any kind of failure.

Risk Category	Risk	Risk Description	Control / Mitigating Actions
Compliance	Compliance	The increasing complexity of compliance requirements in different fields (e.g., corporate liability, market regulations, export controls, anti-bribery, emissions and vehicle safety, data privacy etc.) puts the organization at risk of non-compliance, that could result in potential fines, increased costs, and reputational damages.	Continued reduction of CO ₂ emissions achieved through a combination of technologies aligned to the vehicle mix, consumer needs and regulatory framework in each market. Central coordination and regular oversight by senior management to monitor compliance with laws and regulatory requirements and to promote consistency in approach and process across Stellantis operations. Stellantis Code of Conduct clearly and affirmatively requires employees to report issues of non-compliance. The Stellantis Integrity Helpline program encourages employees, contractors, suppliers and dealers to report any issues that may concern vehicle safety, emissions or regulatory compliance. Stellantis continuously works to improve on emission compliance tools and implements these tools throughout the organization as appropriate.
Financial	Volatility of Macro-Economic Factors	The risk of being exposed to repeated increases and volatility in foreign exchange, raw material and energy prices, inflation and interest rates that could impact Stellantis plans and profitability. The impact of geopolitical tensions, protectionism and availability of natural resources on the global economy increases the criticality of this risk, and particularly its likelihood.	Risk is mitigated through: <ul style="list-style-type: none"> • natural and financial hedging strategies, • material substitution and circular economy strategy, • optimization in technical solutions to minimize the use of critical resources or find substitutions • constant monitoring of raw material market dynamics and of raw materials price trend.
Operational	Social Uprising	The extreme polarization and fragmentation of society in countries where Stellantis operates, exacerbated by geopolitical instability, financial inequality and disparate support of social networks, makes it more likely that unrest, violence or terrorist acts will occur in these countries that could impact on continuity and performance of Stellantis' operations.	Implementation of Stellantis business continuity policy and definition of business continuity and resumption plan at plant level to strengthen resilience in the event of acts that could endanger Stellantis' employees and operations.
Strategic	Carbon and Resources Neutrality	Risk due to the cost of potential plants and supply chain transformation to reach carbon neutrality considering also the carbon footprint of the entire value chain.	As part of the Dare Forward 2030 strategic plan, Stellantis committed to becoming the industry champion in climate change mitigation, reaching carbon net zero emissions by 2038 and with a 50 percent reduction by 2030.
Operational	Natural & Industrial Hazards	Global warming increases the likelihood of major climate events impacting production or distribution such as flash floods, tornadoes, hailstorms, heat waves or even water shortages.	Implementation and continuous monitoring of the prevention process and of the business continuity and resumption plan at plant level to reduce impact and reinforce resilience in case of fire, flood and other natural disasters.

Control measures and comprehensive mitigation actions for key global risks were monitored throughout the year by Stellantis senior leaders in the regions and in the business functions to ensure that these were relevant and sufficient, under the oversight of the related global leaders. This approach allowed Stellantis to address risks on a timely basis and ensure effectiveness of the control measures taken. A more detailed description of these risks and other operational risks is provided in the paragraph Risk Factors.

Improvements in the overall Stellantis risk management process

We will benchmark processes with peer companies and explore opportunities for improvement, in order to strengthen and improve ERM Governance. We will also continue engaging the business in reviewing our management and monitoring activities for top-risks throughout Stellantis.

Key Risk Indicators will be reviewed to ensure their consistency with the identified risks and KRI trends will be analyzed to identify needs for further remediation plans.

Risk Factors

We face a variety of risks in our business. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties that we are unaware of, or that we currently believe to be immaterial, may also become important factors that affect us.

Risks Related to Our Business, Strategy and Operations

If our vehicle shipment volumes deteriorate further, particularly shipments of pickup trucks and larger sport utility vehicles in the U.S. market, and overall shipments of vehicles in the European market, our results of operations and financial condition will suffer.

As is typical for automotive manufacturers, we have significant fixed costs primarily due to our substantial investment in product development, property, plant and equipment and the requirements of collective bargaining agreements and other applicable labor relations regulations. As a result, changes in certain vehicle shipment volumes could have a disproportionately large effect on our profitability. Our overall vehicle shipment volumes in 2022 were negatively impacted by supply chain constraints, European logistics challenges and the continuing effects of unfilled semiconductor orders.

Our profitability in North America, a region which contributed a majority of our profits and approximately 48 percent of our revenues in 2022, is particularly dependent on demand for pickup trucks and larger SUVs. Pickup trucks and larger SUVs have historically been more profitable than other vehicles and accounted for approximately 78 percent of our total U.S. retail vehicle shipments in 2022. Our profitability in North America is expected to continue to depend on demand for pickup trucks and larger SUVs in North America. Accordingly, a shift in consumer demand away from these vehicles within the North America region, and towards compact and mid-size passenger cars, whether in response to higher fuel prices, lower disposable income due to recession, higher borrowing costs or other factors, could adversely affect our profitability.

We are also significantly exposed to a further slowdown or downturn in economic conditions in Europe, as well as enhanced competition in, or a deterioration of, the European vehicle market, that would trigger a decline in vehicle shipments in that market. In 2022, we generated a significant percentage of our profits and approximately 35 percent of our revenues in the Enlarged Europe region.

In addition, our larger vehicles, such as SUVs, tend to be priced higher and be more profitable on a per vehicle basis than smaller vehicles, both across and within vehicle lines. In recent years, the profitability of these models has been supported by strong consumer preference for SUVs, but there is no guarantee that this trend will continue in the future, particularly in light of macroeconomic headwinds that are dampening consumer confidence. For additional information on factors affecting our vehicle profitability, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Trends, Uncertainties and Opportunities – Vehicle Profitability*”.

Moreover, we operate with negative working capital, as we generally receive payment for vehicles within a few days of shipment and there is a lag between the time when parts and materials are received from suppliers and when we pay for such parts and materials. As a result, in periods in which vehicle shipments decline materially, we may suffer a significant negative impact on cash flow and liquidity as we continue to pay suppliers for components purchased in a high-volume environment during a period in which we receive lower proceeds from vehicle shipments. If vehicle shipments decline, or if they were to fall short of our assumptions, due to downturn in economic conditions, changes in consumer confidence, geopolitical events, inability to produce sufficient quantities of certain vehicles, enhanced competition in certain markets, loss of market share, limited access to financing or other factors, such decline or shortfall could have a material adverse effect on our business, financial condition and results of operations.

Our business may be adversely affected by global financial markets, general economic conditions, enforcement of government incentive programs, and geopolitical volatility as well as other macro developments over which we have little or no control.

With operations worldwide, our business, financial condition and results of operations may be influenced by macroeconomic factors within the various countries in which we operate, including changes in gross domestic product, the level of consumer and business confidence, changes in interest rates for, or availability of, consumer and business credit, the rate of unemployment, foreign currency controls and changes in exchange rates, as well as geopolitical risks, such as government instability, social unrest, the rise of nationalism and populism and disputes between sovereign states.

We are also subject to other risks, such as increases in energy and fuel prices and fluctuations in prices of raw materials, including as a result of tariffs or other protectionist measures, changes to vehicle purchase incentive programs, and contractions in infrastructure spending in the jurisdictions in which we operate. In addition, these factors may also have an adverse effect on our ability to fully utilize our industrial capacity in some of the jurisdictions in which we operate. Several of the markets in which we operate are entering a challenging macroeconomic climate with recessions probable in the near term. Consumers are facing challenging cost inflation, negative real wages and higher borrowing rates, which may translate into lower sales, particularly in the more profitable segments of our product mix. Unfavorable developments in any one or a combination of these risks (which may vary from country to country) could have a material adverse effect on our business, financial condition and results of operations and on our ability to execute planned strategies. For further discussion of risks related to the automotive industry, see “*Risk Factors—Risks Related to the Industry in which We Operate*”.

We have operations in a number of emerging markets, including Turkey, Brazil, Argentina, India and Russia and are particularly susceptible to risks relating to local political conditions in these markets. For example, although we have not experienced a direct material impact on our business, financial condition or results of operations from the ongoing Russia-Ukraine military conflict, we have been significantly impacted by the global economic conditions that have followed, including substantially increased energy and commodity prices, disruptions to logistics and supply chains, and other costs. The long term impacts of the conflict remain uncertain.

We are also subject to import and/or export restrictions (including the imposition of tariffs on raw materials and components we procure and on the vehicles we sell), and compliance with local laws and regulations in these markets. For example, in Brazil, we have historically received certain tax benefits and other government grants, that favorably affected our results of operations which, if not further extended, would expire at the end of 2025. Expiration of these tax benefits and government grants without their renewal or any change in the amount of such tax benefits or government grants could have a material adverse effect on our business, financial condition and results of operations.

We are also subject to other risks inherent to operating globally. For a discussion of certain tax-related risks related to our operating globally, see “*Risk Factors—Risks Related to Taxation—We and our subsidiaries are subject to tax laws and treaties of numerous jurisdictions. Future changes to such laws or treaties could adversely affect us and our subsidiaries and our shareholders and holders of special voting shares. In addition, the interpretation of these laws and treaties is subject to challenge by the relevant governmental authorities*”. European developments in data and digital taxation may also negatively affect some of our autonomous driving and infotainment connected services. Unfavorable developments in any one or a combination of these risk areas (which may vary from country to country) could have a material adverse effect on our business, financial condition and results of operations and on our ability to execute planned strategies.

We are also significantly impacted by tariffs and other barriers to trade imposed between governments in various regions, in particular the U.S. and its trading partners, China and the European Union. For example, we manufacture a significant number of our vehicles outside the U.S. (particularly in Canada, Mexico and Italy) for import into the U.S. We also manufacture vehicles in the U.S. that are exported to China. Tariffs or duties that impact our products could reduce consumer demand, make our products less profitable or the cost of required raw materials more expensive or delay or limit our access to these raw materials, each of which could have a material adverse effect on our business, financial condition and results of operations. In addition, an escalation in tariff or duty activity between the U.S. and its major trading partners could negatively impact global economic activity, which could in turn reduce demand for our products.

We may fail to realize some or all of the anticipated benefits of the merger.

Before the closing of the merger in January 2021, FCA and PSA operated independently as separate companies. The success of the merger depends, in part, on our ability to realize the anticipated cost savings, growth opportunities and other benefits from combining the businesses. Although significant progress has been made, the achievement of the anticipated benefits of the merger continues to be subject to a number of uncertainties, including general competitive factors and other challenges in the marketplace and whether we are able to integrate the businesses of FCA and PSA in an efficient and effective manner. Failure to achieve these anticipated benefits could result in increased costs, decreases in our revenues and diversion of management's time and energy, and could materially impact our business, cash flows, financial condition or results of operations. If we are not able to successfully achieve these objectives, the anticipated cost savings, growth opportunities and other benefits that we expect to achieve as a result of the merger may not be realized fully, or at all, or may take longer than expected to realize. An inability to realize the full extent of the anticipated benefits of the merger, as well as any delays encountered in the integration process, could have an adverse effect on our business, cash flows, financial condition or results of operations, which may affect the value of our common shares.

Our future performance depends on our ability to offer innovative, attractive and relevant products.

Our success depends on, among other things, our ability to develop innovative, high-quality products that are attractive to consumers and provide adequate profitability. We may not be able to effectively compete with other automakers with regard to electrification, autonomous driving, mobility, artificial intelligence and other emerging trends in the industry.

In March 2022, we announced our Dare Forward 2030 long-term strategy and confirmed our plans to make significant investments in electrification and set aggressive targets for future low emission vehicle sales. If we are unable to deliver a broad portfolio of electrified vehicles that are competitively priced and meet consumer demands, if consumers prefer our competitors' electrified vehicles or if the adoption of electrified vehicles develops slower than we expect, we may experience a material adverse effect on our business, financial condition and results of operations. We face challenges developing electrified vehicles with increased vehicle range and battery energy density and we may not successfully invest in new technologies that enable us to develop competitive electrified vehicles relative to our peers. In addition, the availability of BEVs and PHEVs has fueled highly competitive pricing among automakers in order to win market share, which may significantly and adversely affect our profits with respect to the sale of such vehicles. Furthermore, technological capabilities acquired through costly investment may prove short-lived, for example, if technology and vehicle capability progresses more quickly than expected. Vehicle electrification may also negatively affect after-sales revenues.

In certain cases, the technologies that we plan to employ are not yet commercially practical and depend on significant future technological advances by us, our partners and suppliers. These advances may not occur in a timely or feasible manner, we may not obtain rights to use these technologies and the funds that we have budgeted or expended for these purposes may not be adequate. Further, our competitors and others are pursuing similar and other competing technologies, and they may acquire and implement similar or superior technologies sooner than we will or on an exclusive basis or at a significant cost advantage. Even where we are able to develop competitive technologies, we may not be able to profit from such developments as anticipated.

Further, as a result of the extended product development cycle and inherent difficulty in predicting consumer acceptance, a vehicle that is expected to be attractive may not generate sales in sufficient quantities and at high enough prices to be profitable. It can take several years to design and develop a new vehicle, and a number of factors may lengthen that schedule. For example, if we determine that a safety or emissions defect, mechanical defect or non-compliance with regulation exists with respect to a vehicle model prior to retail launch, the launch of such vehicle could be delayed until we remedy the defect or non-compliance. Various elements may also contribute to consumers' acceptance of new vehicle designs, including competitors' product introductions, fuel prices, general economic conditions and changes in consumer preferences. In addition, vehicles we develop in order to comply with government regulations, particularly those related to fuel efficiency, greenhouse gas and tailpipe emissions standards, may not be attractive to consumers or may not generate sales in sufficient quantities and at high enough prices to be profitable.

If we fail to develop products that contain desirable technologies and are attractive to and accepted by consumers, the residual value of our vehicles could be negatively impacted. In addition, the increasing pace of inclusion of new innovations and technologies in our and our competitors' vehicles could also negatively impact the residual value of our vehicles. A deterioration in residual value could increase the cost that consumers pay to lease our vehicles or increase the amount of subvention payments that we make to support our leasing programs.

The failure to develop and offer innovative, attractive and relevant products on a timely basis could have a material adverse effect on our business, financial condition and results of operations.

We may continue to experience a negative impact on our operations as a result of unfilled semiconductor orders.

Our ability to manufacture vehicles depends on continued access to semiconductors and components that incorporate semiconductors and we depend upon third parties to supply these semiconductors and related components. Many of the key semiconductors used in our vehicles come from limited or single sources of supply.

In 2020, we began experiencing a significant semiconductor supply shortage as a result of unfilled orders, which has resulted in increased chip delivery lead times, reduced vehicle production volumes, and increased costs to source available semiconductors. Our overall vehicle shipment volumes in 2021 were significantly impacted by unfulfilled semiconductor orders, representing a loss of approximately 20 percent of our planned production. The issue persisted in 2022, particularly in North America and Enlarged Europe.

To the extent such unfilled orders continue or worsen, and we are unable to mitigate its effects, our ability to deliver planned quantities of our vehicles will continue to be adversely affected, which may have a material adverse effect on our results of operations and financial condition. See “*Management’s Discussion and Analysis of the Financial Condition and Results of Operations*” for further discussion of the effect that unfilled semiconductor orders has had on our operations.

The coronavirus (COVID-19) pandemic could continue to disrupt the manufacture and sale of our products and the provision of our services and adversely impact our business.

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization, leading to government-imposed quarantines, travel restrictions, “stay-at-home” orders and similar mandates for many individuals to substantially restrict daily activities and for businesses to curtail or cease normal operations.

COVID-19 related disruptions have had a significant negative impact on and, if repeated, may continue to negatively impact, our supply chain and the availability and price at which we are able to source components and raw materials globally, which could reduce the number of vehicles we will be able to sell. Furthermore, the long-term impact of the COVID-19 pandemic may lead to financial distress for our suppliers or dealers, as a result of which they may have to permanently discontinue or substantially reduce their operations. These and other factors arising from the COVID-19 pandemic have had, and could continue to have, a material adverse impact on our business, financial condition and results of operations.

Although the scale and efficacy of vaccination programs have led in 2022 to significantly lower mortality rates and therefore a lifting of restrictions in many countries, future developments of the pandemic including the risk of new variants resistant to vaccines cannot be predicted. The extent to which the COVID-19 pandemic may impact our future results will depend on the scale, duration, severity and geographic reach of future developments, which are highly uncertain and cannot be predicted. In the event of a significant pandemic resurgence, the ultimate impact for us will depend on the length and severity of restrictions on business and individuals, the pandemic’s impact on customers, dealers, and suppliers, the impact of any permanent behavioral changes that the pandemic may cause, including with respect to remote work, and any future actions to mitigate the impact of the pandemic, whether government-mandated or elected by us.

The future impact of COVID-19 developments will be greater if the regions and markets that are most profitable for us are particularly affected. See “*If our vehicle shipment volumes deteriorate further, particularly shipments of pickup trucks and larger sport utility vehicles in the U.S. market, and shipments of vehicles in the European market, our results of operations and financial condition will suffer*”. These disruptions could have a material adverse effect on our business, financial condition and results of operations. In addition, the COVID-19 pandemic may exacerbate many of the other risks described in this report, including, but not limited to, the general economic conditions in which we operate, increases in the cost of raw materials and components and disruptions to our supply chain and liquidity.

Our success largely depends on the ability of our management team to operate and manage effectively and our ability to attract and retain experienced management and employees.

Our success largely depends on the ability of our senior executives and other members of management to effectively manage the company and individual areas of the business. Our management team is critical to the execution of our direction and the implementation of our strategies. If members of our management team choose to leave Stellantis, we may not be able to replace these individuals with persons of equivalent experience and capabilities.

Attracting and retaining qualified and experienced personnel in each of our regions is critical to our competitive position in the automotive industry. For example, our ability to attract and retain qualified software engineers is an important component of our Dare Forward 2030 strategy.

An additional reduction in available labor, caused by the COVID-19 pandemic or as a result of general macroeconomic factors, could further challenge our ability to attract and retain key personnel. If we are unable to find adequate replacements or to attract, retain and incentivize senior executives, other key employees or new qualified personnel, such inability could have a material adverse effect on our business, financial condition and results of operations.

Our future performance depends on our ability to successfully manage the industry-wide transition from internal combustion engines to full electrification.

Regulatory actions and developing customer preferences in several of our principal markets are accelerating the industry's transition toward BEVs and away from internal combustion engines. Our performance will depend on our ability to develop and deliver new products and technologies that are responsive to this trend, while continuing to satisfy demand for vehicles with internal combustion engines. Therefore, our business, financial condition and results of operations as we manage the transition from internal combustion engines will depend in part on our ability to successfully allocate resources between development and delivery of BEVs and production of internal combustion engines. In particular, because our profitability in North America is expected to continue to depend on demand for pickup trucks and larger SUVs, our performance will depend on our ability to continue to satisfy demand for pickup trucks and larger SUVs with internal combustion engines in North America while developing new BEVs, or BEV versions of existing nameplates, that will be responsive to anticipated changes in consumer preferences in that market. The process of designing and developing new technology, products and services is costly and uncertain and requires extensive capital investment and the ability to retain and recruit scarce talent, and we may not be successful in our efforts to develop new technologies and products that are attractive to consumers. If we are unable to achieve our electrification goals, we may be unable to earn a sufficient return on these investments, which could have a material adverse effect on our business, financial condition and results of operations.

In the short to medium term, the expected economic slowdown and concomitant pressure on customers' spending may disproportionately impact BEVs, which are significantly more expensive than internal combustion engine vehicles. This may adversely affect our sales of those vehicles that we are striving to bring to market.

In addition, we operate in a very competitive industry with our competitors routinely introducing new and improved vehicle models and features designed to meet rapidly evolving consumer expectations. As the automotive industry transitions away from internal combustion engines and toward fully electrified vehicles, there could be increased opportunities for our competitors, including new entrants, such as non-OEM startup technology companies that may enter into alliances with our competitors, as well as startup OEMs, to obtain market share by introducing disruptive solutions that are attractive to consumers. Our competitors' integration with non-OEM startup technology companies or the emergence of new significant OEM competitors could have a material adverse effect on our business, financial condition and results of operations. See *"The automotive industry is highly competitive and cyclical, and we may suffer from those factors more than some of our competitors."*

Our ability to transition successfully and profitably toward BEVs is also dependent on the development and implementation of government policies that support electrification in the markets in which we operate. If governments in the markets in which we operate do not establish policies that support electrification, including incentives that support consumer affordability and awareness, development of charging infrastructure and strengthening of the battery supply chain, this could have a material adverse effect on our business, financial condition and results of operations.

Labor laws and collective bargaining agreements with our labor unions could impact our ability to increase the efficiency of our operations, and we may be subject to work stoppages in the event we are unable to agree on collective bargaining agreement terms or have other disagreements.

Substantially all of our production employees are represented by trade unions, covered by collective bargaining agreements or protected by applicable labor relations regulations that may restrict our ability to modify operations and reduce personnel costs quickly in response to changes in market conditions and demand for our products. These and other provisions in our collective bargaining agreements may impede our ability to restructure our business successfully in order to compete more effectively, especially with automakers whose employees are not represented by trade unions or are subject to less stringent regulations, which could have a material adverse effect on our business, financial condition and results of operations. Additionally, our collective bargaining agreements with the UAW in the U.S. and Unifor in Canada will both expire in 2023. We may be subject to work stoppages in the event that we and our labor unions are unable to agree on collective bargaining agreement terms or have other disagreements. Any such work stoppage could have a material adverse effect on our business, financial condition and results of operations.

Our reliance on partnerships in order to offer consumers and dealers financing and leasing services exposes us to risks.

Unlike many of our competitors, we do not own and operate a wholly-owned finance company dedicated solely to our mass-market vehicle operations in the majority of key markets in Europe, Asia and South America. We have instead partnered with large international banks through joint ventures or commercial agreements, in order to provide financing to our dealers and retail consumers. In addition, although we are in the process of establishing a captive finance company in the U.S., we do not yet have a fully operational wholly-owned provider in that market. Our lack of a fully operational wholly-owned finance company in the U.S. and other key markets may increase the risk that our dealers and retail consumers will not have access to sufficient financing on acceptable terms, which may adversely affect our vehicle sales in the future.

Furthermore, many of our competitors are better able to implement financing programs designed to maximize vehicle sales in a manner that optimizes profitability for them and their finance companies on an aggregate basis. Since our ability to compete depends on access to appropriate sources of financing for dealers and retail consumers, our reliance on partnerships in those markets could have a material adverse effect on our business, financial condition and results of operations.

Potential capital constraints may impair the financial services providers' ability to provide competitive financing products to our dealers and retail consumers. For example, any financial services provider, including our joint ventures and controlled finance companies, will also face other demands on its capital, including the need or desire to satisfy funding requirements for dealers or consumers of our competitors as well as liquidity issues relating to other investments. Furthermore, they may be subject to regulatory changes that may increase their cost of capital or capital requirements.

To the extent that a financial services provider is unable or unwilling to provide sufficient financing at competitive rates to our dealers and retail consumers, such dealers and retail consumers may not have sufficient access to financing to purchase or lease vehicles. As a result, our vehicle sales and market share may suffer, which could have a material adverse effect on our business, financial condition and results of operations.

Our establishment of a captive financial services company in the U.S. will subject us to the risks inherent in that business.

In 2021, we completed the acquisition of a financial services company in the U.S., renamed Stellantis Financial Services US Corp., and in 2022 we began the process to grow it into a full-service captive finance arm that will provide U.S. customers, dealers and partners with a complete range of financing options. The growth and maintenance of a U.S. captive financial services company will subject us to the risks inherent in such business, including reliance on public debt markets to provide the capital necessary to support our financing programs, underwriting risk, default risk, compliance with laws and regulations related to consumer lending and competition with other consumer finance companies and third-party financial institutions.

We face risks related to changes in product distribution methods.

We are exposed to risks inherent in certain new methods of distribution, including the digitalization of points of sale and, more broadly, the transformation of our sales network in order to respond to developing trends in the automotive industry such as consumers' shift towards online sales, and the use of digital tools that are altering the relationship between brands and customers.

Stellantis is working on the development of online sales, now offered in most European countries as well as North America. Delays in the digital transformation of distribution methods, both at points of sale and in sales networks, as well as increased costs, whether as a result of the transformation of our sales network or new distribution methods, could impact our ability to effectively compete with other automakers. In addition, our employees may lack the necessary skills or training to implement or utilize such new distribution methods.

In 2023, Stellantis will also begin progressively implementing a retailer distribution model in Europe that makes dealers "genuine agents" and is intended to enable lower distribution costs, provide price transparency and introduce a more seamless customer experience. These and other changes in our product distribution methods may result in significant litigation with our dealer network, lengthen the timing or pattern of when we recognize revenue and increase our working capital requirements.

If there is a delay or failure to implement new distribution methods or such transitions are not successful, there may be a material adverse effect on our business, financial condition and results of operations.

A significant security breach compromising the electronic control systems contained in our vehicles could damage our reputation, disrupt our business and adversely impact our ability to compete.

Our vehicles, as well as vehicles manufactured by other original equipment manufacturers ("OEMs"), contain complex systems that control various vehicle processes including engine, transmission, safety, steering, brakes, window and door lock functions. These electronic control systems, which are increasingly connected to external cloud-based systems, are susceptible to cybercrime, including threats of intentional disruptions, loss of control over the vehicle, loss of functionality or services and theft of personal information. These disruptions are likely to increase in terms of sophistication and frequency as the level of connectivity and autonomy in our vehicles increases. In addition, we may rely on third parties for connectivity and automation technology and services, including for the collection of our customers' data. These third parties could unlawfully resell or otherwise misuse such information, or suffer data breaches. A significant malfunction, disruption or security breach compromising the electronic control systems contained in our vehicles could damage our reputation, expose us to significant liability and could have a material adverse effect on our business, financial condition and results of operations.

A significant malfunction, disruption or security breach compromising the operation of our information technology systems could damage our reputation, disrupt our business and adversely impact our ability to compete.

Our ability to keep our business operating effectively depends on the functional and efficient operation of our information, data processing and telecommunications systems, including our vehicle design, manufacturing, inventory tracking and billing and payment systems, as well as other central information systems and applications, employee workstations and other IT equipment. Our vehicles are also increasingly connected to external cloud-based systems while our industrial facilities have become more computerized. Our systems are susceptible to cybercrime and are regularly the target of threats from third parties, which could result in data theft, loss of control of data processed in an external cloud, compromised IT networks and stoppages in operations. In addition, the majority of our office personnel moved to a "remote work" model in response to the COVID-19 pandemic and full- or part-time remote work is now expected to be a permanent option for this personnel. Remote work relies heavily on the use of remote networking and online conferencing services, which exposes us to additional cybersecurity risks.

A significant or large-scale malfunction or interruption of any one of our computer or data processing systems, including through the exploitation of a weakness in our systems or the systems of our suppliers or service providers, could have a material adverse effect on our ability to manage and keep our manufacturing and other operations running effectively, and may damage our reputation. The computer systems of several of our suppliers and service providers have been the subject of unauthorized access but, to-date we have not been materially impacted by these events. A malfunction or security breach that results in a wide or sustained disruption to our business could have a material adverse effect on our business, financial condition and results of operations.

In addition to supporting our operations, our systems collect and store confidential and sensitive data, including information about our business, consumers and employees. As technology continues to evolve, it is expected that we will collect and store even more data in the future and that our systems will increasingly use remote communication features that are sensitive to both willful and unintentional security breaches. Much of our value is derived from our confidential business information, including vehicle design, proprietary technology and trade secrets, and to the extent the confidentiality of such information is compromised, we may lose our competitive advantage and our vehicle shipments may suffer. We also collect, retain and use personal information, including data gathered from consumers for product development and marketing purposes, and data obtained from employees. In the event of a breach in security that allows third parties access to this personal information, we will be subject to a variety of laws on a global basis that could require us to provide notification to the data owners and subject us to lawsuits, fines and other means of regulatory enforcement.

For example, the General Data Protection Regulation (Regulation (EU) 2016/679) (the “GDPR”) has increased the stringency of European Union data protection requirements and related penalties. Non-compliance with the GDPR can result in fines of the higher of €20 million or four percent of annual worldwide revenue. In addition, the California Consumer Privacy Act of 2018 became effective in 2020 and provides California residents with new data privacy rights. Several other U.S. states, and additional countries where we do business, are considering adopting laws and regulations imposing obligations regarding the handling of personal data. Complying with any new data protection-related regulatory requirements could force us to incur substantial expenses or require us to change our business practices in a manner that has a material adverse effect on our business, financial condition and results of operations.

Our reputation could also suffer in the event of a data breach, which could cause consumers to purchase their vehicles from our competitors. Ultimately, any significant compromise in the integrity of our data security could have a material adverse effect on our business, financial condition and results of operations.

Our reliance on joint arrangements in certain markets may adversely affect the development of our business in those regions. In addition, the termination of our joint arrangement with GAC in China may adversely affect the development of our business in China.

We operate, or expect to expand our presence, in markets, such as China and India, through partnerships and joint ventures. For instance, we operate a joint venture in China with Dongfeng Motor Group, namely Dongfeng Peugeot Citroën Automobile (“DPCA”), which manufactures vehicles under the Dongfeng Peugeot and Dongfeng Citroën brands in China, and Dongfeng Peugeot Citroën Automobile Sales Co, which markets the vehicles produced by DPCA in China. In India, we have a joint operation with TATA Motors Limited for the production of certain of our vehicles, engines and transmissions and joint ventures with CK Birla Group for the manufacture of vehicles and powertrains.

Although our sales in the markets where these arrangements exist are currently limited, our ability to grow in these markets is important to our strategy and any issues with these arrangements may adversely affect those growth prospects. Our reliance on joint arrangements to enter or expand our presence in some markets may expose us to the risk of disagreement with our joint arrangement partners and the need to divert management resources to oversee these arrangements. Further, as these arrangements require cooperation with third party partners, these joint arrangements may not be able to make decisions as quickly as we would if we were operating on our own or may take actions that are different from what we would do on a standalone basis in light of the need to consider our partners’ interests. As a result, we may be less able to respond timely to changes in market dynamics, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, in July 2022, we announced the termination of the GAC-Stellantis joint venture with Guangzhou Automobiles Group Co., Ltd., which locally produced the Jeep Cherokee, Jeep Renegade, Jeep Compass, Jeep Grand Commander and Jeep Commander PHEV primarily for the Chinese market. We expect to continue to market the Jeep brand in China, but the termination of GAC-Stellantis joint venture may adversely affect the development of the Jeep brand in China in the short-term and could adversely affect consumer perceptions about the Jeep brand in the medium-term.

Risks Related to the Industry in which We Operate

Vehicle retail sales depend heavily on affordable interest rates and availability of credit for vehicle financing and a substantial increase in interest rates could adversely affect our business.

In certain regions, including Europe and North America, financing for new vehicle sales had recently been available at relatively low interest rates for several years due to, among other things, expansive government monetary policies. In response to the inflationary surge in Europe, in the UK, in the U.S. and elsewhere, central banks have aggressively increased interest rates and such increases are being reflected in rates across credit markets, including consumer credit. More expensive vehicle financing may make our vehicles less affordable to retail consumers or steer consumers to less expensive vehicles that would be less profitable for us, adversely affecting our financial condition and results of operations. Additionally, if consumer interest rates continue to increase substantially or if financial service providers tighten lending standards or restrict their lending to certain classes of credit, consumers may not desire or be able to obtain financing to purchase or lease our vehicles. If recent and ongoing increases in inflation in key markets persist, there could be subsequent increases in the cost of borrowing and the availability of affordable credit for vehicle financing. As a result, a substantial increase in consumer interest rates or tightening of lending standards could have a material adverse effect on our business, financial condition and results of operations.

We face risks associated with increases in costs, disruptions of supply or shortages of raw materials, parts, components and systems used in our vehicles.

We use a variety of raw materials in our business, including steel, aluminum, lead, polymers, elastomers, resin and copper, and precious metals such as platinum, palladium and rhodium, as well as electricity and natural gas. Also, as we implement various electrified propulsion system applications throughout our portfolio, we will also depend on a significant supply of lithium, nickel and cobalt, which are used in lithium-ion batteries.

The prices for these raw materials fluctuate, and market conditions can affect our ability to manage our costs. Increased market power of raw material suppliers may contribute to such prices increasing. Additionally, as our production of electric vehicles increases, we will require substantially greater access to lithium cells and related raw materials. Accordingly, we may face shortages of these components and related raw materials and be forced to pay higher prices or, if we are unable to obtain them, reduce or suspend production of the impacted vehicles.

Substantial increases in the prices for raw materials would increase our operating costs and could reduce profitability if the increased costs cannot be offset by higher vehicle prices or productivity gains. In particular, certain raw materials are sourced from a limited number of suppliers and from a limited number of countries, particularly those needed in catalytic converters and lithium-ion batteries. From time to time these may be susceptible to supply shortages or disruptions. In addition, our industrial efficiency will depend in part on the optimization of the raw materials and components used in the manufacturing processes. If we fail to optimize these processes, we may face increased production costs.

We are also exposed to the risk of price fluctuations and supply disruptions and shortages, including due to supplier disputes, particularly with regard to warranty recovery claims, supplier financial distress, tight credit markets, trade restrictions, tariffs, natural or man-made disasters, epidemics or pandemics of diseases, or production difficulties. For example, we experienced a significant increase in the cost of raw materials and a shortage of certain key components in 2021 and these costs continued to increase in 2022. More broadly, inflationary pressures in many of the markets in which we operate have continued in 2022 at historically high levels in several markets and there is no certainty that the monetary policy response in these markets will effectively reduce inflation on a timely basis. Inflation has resulted in increased wages, fuel, freight and other costs and this trend may continue. To the extent we are unable to recoup related cost increases through pricing actions, our profits will decrease. In addition, even if we are able to increase prices, there may be a time lag between our cost increases and price adjustments, which may cause volatility in our earnings and cash flows. To the extent such inflation continues, increases, or both, it may reduce our margins and have a material adverse effect on our financial performance.

It is not possible to guarantee that we will be able to maintain arrangements with suppliers that assure access to these raw materials at reasonable prices in the future. Fluctuations in the price of parts and components can adversely affect our costs and profitability, and any such effect may be material. Further, trade restrictions and tariffs may be imposed, leading to increases in the cost of raw materials and delayed or limited access to purchases of raw materials, each of which could have a material adverse effect on our business, financial condition and results of operations.

Any interruption in the supply or any increase in the cost of raw materials, parts, components and systems could negatively impact our ability to achieve our vehicle shipment objectives and profitability and delay commercial launches. The potential impact of an interruption is particularly high in instances where a part or component is sourced exclusively from a single supplier. Long-term interruptions in the supply of raw materials, parts, components and systems may result in a material impact on vehicle production, vehicle shipment objectives, and profitability. Cost increases which cannot be recouped through increases in vehicle prices, or countered by productivity gains, could have a material adverse effect on our business, financial condition and results of operations. This risk can increase during periods of economic uncertainty such as the crisis resulting from the outbreak of COVID-19, as a result of regional economic disruptions such as that experienced in South America due to the deterioration in Argentina's economic condition in recent years or, beginning in early 2022, the Russia-Ukraine conflict. With respect to the potential impact of the outbreak of COVID-19 on our supply chain, see "*—The coronavirus (COVID-19) pandemic could continue to disrupt the manufacture and sale of our products and the provision of our services and adversely impact our business.*"

The automotive industry is highly competitive and cyclical, and we may suffer from those factors more than some of our competitors.

Substantially all of our revenues are generated in the automotive industry, which is highly competitive and cyclical, encompassing the production and distribution of passenger cars, light commercial vehicles and components and systems. We face competition from other international passenger car and light commercial vehicle manufacturers and distributors and components suppliers in Europe, North America, Latin America, the Middle East, Africa and the Asia Pacific region. These markets are all highly competitive in terms of product quality, innovation, the introduction of new technologies, response to new regulatory requirements, pricing, fuel economy, reliability, safety, consumer service and financial or software services offered. Some of our competitors are also better capitalized than we are and command larger market shares, which may enable them to compete more effectively in these markets. In addition, we are exposed to the risk of new entrants in the automotive market, which may have technological, marketing and other capabilities, or financial resources, that are superior to ours and of other traditional automobile manufacturers and may disrupt the industry in a way that is detrimental to us. In particular, we are exposed to risks from non-OEM startup technology companies that may enter into alliances with our competitors and enable them to introduce disruptive solutions, as well as risks from startup OEMs that have emerged in recent years as a result of the increased flow of capital toward potentially disruptive OEMs. Increased competition in our key U.S. pickup truck market may be particularly harmful to us.

If our competitors are able to successfully integrate with one another or enter into significant partnerships with non-OEM technology companies, or if new competitors emerge as a result of the increased flow of capital toward potentially disruptive OEMs, and we are not able to adapt effectively to increased competition, our competitors' integration or the emergence of new significant competitors could have a material adverse effect on our business, financial condition and results of operations. Our business, financial condition and results of operations may also experience a material adverse impact from the potential expansion of the Chinese automotive industry into European and U.S. markets and related competition given the lower costs of production for Chinese vehicle manufacturers.

In the automotive business, sales to consumers and fleet customers are cyclical and subject to changes in the general condition of the economy, the readiness of consumers and fleet customers to buy and their ability to obtain financing, as well as the possible introduction of measures by governments to stimulate demand, particularly related to new technologies (for example, technologies related to compliance with evolving emissions regulations). See "*— Our business may be adversely affected by global financial markets, general economic conditions, enforcement of government incentive programs, and geopolitical volatility as well as other macro developments over which we have little or no control.*"

The automotive industry is characterized by the constant renewal of product offerings through frequent launches of new models and the incorporation of new technologies in those models. A negative trend in the automotive industry or our inability to adapt effectively to external market conditions, coupled with more limited capital than our principal competitors, could have a material adverse effect on our business, financial condition and results of operations.

Intense competition, excess global manufacturing capacity and the proliferation of new products being introduced in key segments is expected to continue to put downward pressure on inflation-adjusted vehicle prices and contribute to a challenging pricing environment in the automotive industry for the foreseeable future. In the event that industry shipments decrease and overcapacity intensifies, our competitors may attempt to make their vehicles more attractive or less expensive to consumers by adding vehicle enhancements, providing subsidized financing or leasing programs, or by reducing vehicle prices whether directly or by offering option package discounts, price rebates or other sales incentives in certain markets. Manufacturers in countries that have lower production costs may also choose to export lower-cost automobiles to more established markets. In addition, our profitability depends in part on our ability to adjust pricing to reflect increasing technological costs (see “—*Our future performance depends on our ability to offer innovative, attractive and fuel efficient products*”). An increase in any of these risks could have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks related to natural and industrial disasters, terrorist attacks and climatic or other catastrophic events.

Our production facilities and storage facilities for finished vehicles, as well as the production and storage facilities of our key suppliers, are subject to risks related to natural disasters, such as earthquakes, fires, floods, hurricanes, other climatic phenomena, environmental disasters and other events beyond our control, such as power loss and uncertainties arising out of armed conflicts or terrorist attacks.

Any catastrophic loss or significant damage to any of our facilities would likely disrupt our operations, delay production, and adversely affect our product development schedules, shipments and revenue. For example, in 2011, the earthquake off the coast of Fukushima in Japan disrupted part of PSA’s diesel engine production due to a supply shortage at one of its Japanese suppliers.

In the last decade, seismic events affecting industrialized countries have demonstrated the risk of potential property damage and business interruption that we are exposed to as a result of our global manufacturing footprint. We are also exposed to industrial flood risk, with a number of our production sites identified by our industrial flood risk assessment as potentially exposed to flood risk. The occurrence of a major incident at a single manufacturing site could compromise the production and sale of several hundred thousand vehicles. In addition, any such catastrophic loss or significant damage could result in significant expense to repair or replace the facility and could significantly curtail our research and development efforts in the affected area, which could have a material adverse consequence on our business, financial condition and results of operations. Our key suppliers are similarly exposed to a potential catastrophic loss or significant damage to their facilities, and any such loss or significant damage to a key supplier’s manufacturing facilities could disrupt our operations, delay production, and adversely affect our product development schedules, shipments and revenue.

Measures taken to protect against climate change, and limit the impact of catastrophic climate events, such as implementing an energy management plan, which sets out steps to reuse lost heat from industrial processes, making plants more compact and reducing logistics-related CO₂ emissions, as well as using renewable energy, may also lead to increased capital expenditures.

We are subject to risks associated with exchange rate fluctuations, interest rate changes and credit risk.

We operate in numerous markets worldwide and are exposed to risks stemming from fluctuations in currency and interest rates. The exposure to currency risk is mainly linked to differences in the geographic distribution of our manufacturing and commercial activities, resulting in cash flows from sales being denominated in currencies different from those of purchases or production activities.

Additionally, a significant portion of our operating cash flow is generated in U.S. Dollars and, although a portion of our debt is denominated in U.S. Dollars, the majority of our indebtedness is denominated in Euro. Our 2022 results have benefited from the strength of the U.S. Dollar, which has traded at historically high levels against the Euro. This trend may reverse in future periods.

We use various forms of financing to cover funding requirements for our activities. Moreover, liquidity for industrial activities is principally invested in variable and fixed rate or short-term financial instruments. Our financial services businesses normally operate a matching policy to offset the impact of differences in rates of interest on the financed portfolio and related liabilities. Nevertheless, changes in interest rates can affect our net revenues, finance costs and margins.

In addition, although we manage risks associated with fluctuations in currency and interest rates through financial hedging instruments, fluctuations in currency or interest rates could have a material adverse effect on our business, financial condition and results of operations.

Our financial services activities are also subject to the risk of insolvency of dealers and retail consumers and this risk is expected to increase with the establishment of our U.S. captive financial service company. Despite our efforts to mitigate such risks through the credit approval policies applied to dealers and retail consumers, we may not be able to successfully mitigate such risks.

Risks Related to the Legal and Regulatory Environment in which We Operate

Current and more stringent future or incremental laws, regulations and governmental policies, including those regarding increased fuel efficiency requirements and reduced greenhouse gas and tailpipe emissions, have a significant effect on how we do business and may increase our cost of compliance, result in additional liabilities and negatively affect our operations and results.

As we seek to comply with government regulations, particularly those related to fuel efficiency, vehicle safety and greenhouse gas and tailpipe emissions standards, we must devote significant financial and management resources, as well as vehicle engineering and design attention, to these legal requirements. For example, we intend to make significant investments, including through joint ventures, to secure the supply of batteries that are a critical requirement to support our electrification strategy and fuel efficiency and greenhouse gas compliance plans.

In addition, government regulations are not harmonized across jurisdictions and the regulations and their interpretations are subject to change on short notice. Greenhouse gas emissions standards also apply to our production facilities in several jurisdictions in which we operate, which may require investments to upgrade facilities and increase operating costs. In addition, a failure to decrease the energy consumption of plants may lead to penalties, each of which may adversely affect our profitability. In addition, the European Union's Green Deal could result in changes to laws and regulations, including requiring, or incentivizing, financial institutions to reduce lending to industries responsible for significant greenhouse gas emissions, which could result in an increase in the cost of our European financings.

Regulatory requirements in relation to greenhouse gas emissions from vehicles, such as by the CARB in the U.S., are increasingly stringent. For example, on March 9, 2022, the EPA reinstated California's authority under the Clean Air Act to enforce its own, more stringent, GHG emission standards for passenger vehicles and light duty trucks (the "California Waiver"). California emission standards covered by the California Waiver may be adopted by other states and to date 17 other states and the District of Columbia (the "California Waiver States") have adopted California's GHG emissions standards under the California Waiver.

Prior to the EPA's withdrawal of the California Waiver, automotive OEMs were deemed to be compliant with California's GHG emissions standards if they were compliant with the EPA's GHG standards. This "deemed to comply" mechanism was removed from the California regulation prior to the reinstatement of the California Waiver. As interpreted by CARB, the EPA's reinstatement of the California Waiver together with the removal of the "deemed to comply" mechanism means that automotive OEMs are retroactively subject to the separate California GHG standards beginning with the model year 2021 fleet. OEMs may achieve compliance with the California GHG emission standards in several ways, including through the sale of emission-compliant vehicles within their fleet for a given model year, through the carryforward or carryback of excess credits generated by a compliant fleet in past or future years, by the purchase of California-specific regulatory credits from third parties or by a combination of the foregoing.

We did not meet the California GHG targets for model year 2021 and do not expect to meet the California GHG targets for model year 2022, as in planning both model years prior to reinstatement of the California Waiver we assumed the ability to utilize existing credits based on regulations in force at the time. We intend to be compliant with the California GHG program, and for those years and any other model year with deficits, we intend to seek to cover such deficits with excess credits generated through our compliance in model years within the applicable five-year carryback period.

We are executing on several important steps to support our carryback strategy, including the allocation of significant capital to the development of electrified platforms for North American vehicles and the planned electrification of the Ram portfolio as well as agreements to secure battery production and related raw materials. Additionally, we expect to launch thirteen battery electric vehicles in the U.S. between 2023 and 2025. For more information regarding our electrification activities, refer to "*STELLANTIS OVERVIEW- Overview of Our Business - Research and Development*". The success of our carryback strategy depends on future levels and mix of production and sales, as well as general market demand for battery electric vehicles, all of which are inherently speculative. Moreover, the financial impact of our efforts to change the mix of vehicles we sell in California and the California Waiver States as we seek to comply are unclear but may be significant, and may have a material adverse impact on our financial position and results of operations in future years.

We understand that certain other automobile OEMs are subject to less stringent California GHG emissions standards pursuant to settlement agreements entered into with CARB on terms that are not available to us. We are currently evaluating the enforceability of the California GHG emissions standards as applied by CARB, particularly in light of their retroactive application following the EPA's reinstatement of the California Waiver, as well as the disparate treatment of other automotive OEMs which are not subject to the same standards. If we were to challenge the retroactive or disparate application of the California GHG emissions standards, the direct and indirect costs of such challenge may be significant and there can be no assurance that it would be successful.

An increasing number of cities globally have also introduced restricted traffic zones, which do not permit entry to vehicles unless they meet strict emissions standards. As a result, consumer demand may shift towards vehicles that are able to meet these standards, which in turn could lead to higher research and development costs and production costs for us. A failure to comply with applicable emissions standards may lead to significant fines, vehicle recalls, the suspension of sales and third-party claims and may adversely affect our reputation. We are particularly exposed to the risk of such penalties in markets where regulations on fuel consumption are very stringent, particularly in Europe. In addition, the harmful effects of atmospheric pollutants, including greenhouse gases, on ecosystems and human health have become an area of major public concern and media attention. As a result, we may suffer significant adverse reputational consequences, in addition to penalties, in the event of non-compliance with applicable regulations.

The number and scope of regulatory requirements, along with the costs associated with compliance, are expected to increase significantly in the future, particularly with respect to vehicle emissions. These costs could be difficult to pass through to consumers, particularly if consumers are not prepared to pay more for lower-emission vehicles. For a further discussion of the regulations applicable to us, see the section "*STELLANTIS OVERVIEW—Environmental and Other Regulatory Matters*" in this report. For example, EU regulations governing passenger car and LCV fleet average CO₂ emissions have recently become significantly more stringent, imposing material penalties if targets are exceeded. The increased cost of producing lower-emitting vehicles may lead to lower margins and/or lower volumes of vehicles sold. Given the significant portion of our sales in Europe, our vehicles will be particularly exposed to such regulatory changes, as well as other European regulatory developments (including surcharges), which may have a serious impact on the number of cars we sell in this region and therefore on our profitability.

Our production facilities are also subject to a broad range of additional requirements governing environmental, health and safety matters, including those relating to registration, use, storage and disposal of hazardous materials and discharges to water and air (including emissions of sulphur oxide, nitrogen oxide, volatile organic compounds and other pollutants). A failure to comply with such requirements, or additional requirements imposed in the future, may result in substantial penalties, claims and liabilities which could have a material adverse effect on our business, financial condition and results of operations. We may also incur substantial cleanup costs and third-party claims as a result of environmental impacts that may be associated with our current or former properties or operations.

Furthermore, some of our competitors may be capable of responding more swiftly to increased regulatory requirements, or may bear lower compliance costs, thereby strengthening their competitive position compared to ours. See "*The automotive industry is highly competitive and cyclical, and we may suffer from those factors more than some of our competitors*".

Most of our suppliers face similar environmental requirements and constraints. A failure by our suppliers to meet applicable environmental laws or regulations may lead to a disruption of our supply chain or an increase in the cost of raw materials and components used in production and could have a material adverse effect on our business, financial condition and results of operations.

We remain subject to ongoing diesel emissions investigations by several governmental agencies and to a number of related private lawsuits, which may lead to further claims, lawsuits and enforcement actions, and result in additional penalties, settlements or damage awards and may also adversely affect our reputation with consumers.

We have received inquiries from regulatory authorities in a number of jurisdictions as they examine the on-road tailpipe emissions of several automakers' vehicles and, when jurisdictionally appropriate, we continue to cooperate with these governmental agencies and authorities.

In Europe, we have continued to work with the Italian Ministry of Transport ("MIT") and the Dutch Vehicle Regulator ("RDW"), the authorities that certified FCA diesel vehicles for sale in the European Union, and the UK Driver and Vehicle Standards Agency in connection with their review of several diesel models.

We also responded to inquiries from the German authority, the Kraftfahrt-Bundesamt ("KBA"), regarding emissions test results for FCA diesel vehicles, and discussed the KBA reported test results, our emission control calibrations and the features of the vehicles in question. After these initial discussions, the MIT, which has sole authority for regulatory compliance of the vehicles it has certified, asserted its exclusive jurisdiction over the matters raised by the KBA, tested the vehicles, determined that the vehicles complied with applicable European regulations and informed the KBA of its determination. Thereafter, mediations were held under European Commission ("EC") rules, between the MIT and the German Ministry of Transport and Digital Infrastructure, which oversees the KBA, in an effort to resolve their differences. The mediation concluded and no action was taken with respect to FCA. In May 2017, the EC announced its intention to open an infringement procedure against Italy regarding Italy's alleged failure to respond to EC's concerns regarding certain FCA emission control calibrations. The MIT responded to the EC's allegations by confirming that the vehicles' approval process was properly performed. On December 2, 2021, the EC notified Italy of its position that Italy did not comply with its obligation to enforce EU emission type approval rules.

In December 2019, the MIT notified FCA of communications with the Dutch Ministry of Infrastructure and Water Management ("I&W") regarding certain irregularities allegedly found by the RDW and the Dutch Center of Research TNO in the emission levels of certain Jeep Grand Cherokee Euro 5 models and a vehicle model of another OEM containing a Euro 6 diesel engine supplied by FCA. In January 2020, the Dutch Parliament published a letter from the I&W summarizing the conclusions of the RDW regarding those vehicles and engines and indicating an intention to order a recall and report their findings to the Public Prosecutor, the EC and other Member States. FCA engaged with the RDW to present our positions and cooperate to reach an appropriate resolution of this matter. FCA proposed certain updates to the relevant vehicles that have been tested and approved by the RDW and are now being implemented. Nevertheless, this matter is still pending.

In addition, as part of the judicial investigation of several automakers in France, commencing in 2016 and 2017, Automobiles Peugeot and Automobiles Citroën were placed under examination by the Judicial Court of Paris in June 2021 on allegations of consumer fraud in connection with the sale of Euro 5 diesel vehicles in France between 2009 and 2015. In July 2021, FCA Italy was placed under examination by the same court for possible consumer fraud in connection with the sale of Euro 6 diesel vehicles in France between 2014 and 2017. FCA Italy was also designated as a material witness in connection with allegations of obstruction of the actions of an economy ministry antifraud inspector in 2016 and 2017. As is typical in a French criminal inquiry, each of the companies were required to pay bail for the potential payment of damages and fines and to ensure representation in court, and to provide a guarantee for the potential compensation of losses. None of these amounts were, individually or in the aggregate, material to the Company.

In July 2020, unannounced inspections took place at several of FCA's sites in Germany, Italy and the UK at the initiative of the Public Prosecutors of Frankfurt am Main and of Turin, as part of their investigations of potential violations of diesel emissions regulations and consumer protection laws. In April 2022, former FCA companies received an order to produce documents to the Public Prosecutors. In October 2022, inspections took place at the Italian offices of FCA Italy and Maserati and at the German office of Maserati Deutschland. The Public Prosecutor of Frankfurt has also informed us that it is conducting a criminal investigation regarding the emissions of certain PSA diesel engines installed in approximately 1,000 PSA vehicles and 29,000 Mitsubishi vehicles sold in Germany. We continue to cooperate with these investigations.

We also face class actions and individual claims in several European countries. Several former FCA and PSA companies and our Dutch dealers have been served with two class actions filed in the Netherlands by Dutch foundations seeking monetary damages and vehicle buybacks in connection with alleged emissions non-compliance of certain diesel vehicles. We have also been notified of a potential class action on behalf of Dutch consumers alleging emissions non-compliance of certain former FCA vehicles sold as recreational vehicles, as well as a securities class action in the Netherlands, alleging misrepresentations by FCA, now Stellantis. A class action alleging emissions non-compliance has also been filed in Portugal regarding former FCA vehicles and similar claims in the UK regarding former FCA and PSA vehicles are in a pre-litigation phase. We are also defending approximately 11,300 individual consumer claims alleging emissions non-compliance of certain former FCA vehicles in Germany and approximately 150 in Austria.

We also remain subject to a number of emissions-related private lawsuits in the U.S.

The results of the unresolved governmental inquiries and private litigation cannot be predicted at this time and these inquiries and litigation may lead to further enforcement actions, penalties or damage awards, any of which may have a material adverse effect on our business, financial condition and results of operations. It is also possible that these matters and their ultimate resolution may adversely affect our reputation with consumers, which may negatively impact demand for our vehicles and consequently could have a material adverse effect on our business, financial condition and results of operations.

Our business operations and reputation may be impacted by various types of claims, lawsuits, and other contingencies.

We are involved in various disputes, claims, lawsuits, investigations and other legal proceedings relating to several matters, including product liability, warranty, vehicle safety, emissions and fuel economy, product performance, asbestos, personal injury, dealers, suppliers and other contractual relationships, alleged violations of law, environment, securities, labor, antitrust, intellectual property, tax and other matters. We estimate such potential claims and contingent liabilities and, where appropriate, record provisions to address these contingent liabilities. The ultimate outcome of the legal proceedings pending against us is uncertain, and such proceedings could have a material adverse effect on our financial condition or results of operations. Furthermore, additional facts may come to light or we could, in the future, be subject to judgments or enter into settlements of lawsuits and claims that could have a material adverse effect on our business, financial condition and results of operations. While we maintain insurance coverage with respect to certain claims, not all claims or potential losses can be covered by insurance, and even if claims could be covered by insurance, we may not be able to obtain such insurance on acceptable terms in the future, if at all, and any such insurance may not provide adequate coverage against any such claims. Further, publicity regarding such investigations and lawsuits, whether or not they have merit, may adversely affect our reputation and the perception of our vehicles with retail customers, which may adversely affect demand for our vehicles, and have a material adverse effect on our business, financial condition and results of operations.

For example, in November 2019, GM filed a lawsuit against FCA US, FCA N.V., now Stellantis N.V., and certain individuals, claiming violations of the RICO Act, unfair competition and civil conspiracy in connection with allegations that FCA US made payments to UAW officials that corrupted the bargaining process with the UAW and as a result FCA US enjoyed unfair labor costs and operational advantages that caused harm to GM. GM also claimed that FCA US had made concessions to the UAW in collective bargaining that the UAW was then able to extract from GM through pattern bargaining which increased costs to GM and that this was done by FCA US in an effort to force a merger between GM and FCA N.V. For more information regarding the GM litigation, refer to Note 26, *Guarantees granted, commitments and contingent liabilities* in the Consolidated Financial Statements included elsewhere in this report.

In addition, we and other Brazilian taxpayers have had significant disputes with the Brazilian tax authorities regarding the application of Brazilian tax law. We believe that it is more likely than not that there will be no significant impact from these disputes. However, given the current economic conditions and uncertainty in Brazil, new tax laws or more significant changes such as tax reform may be introduced and enacted. Changes to the application of existing tax laws may also occur or the realization of accumulated tax benefits may be limited, delayed or denied. Any of these events could have a material adverse effect on our business, financial condition and results of operations.

For additional risks regarding certain proceedings, see *“We remain subject to ongoing diesel emissions investigations by several governmental agencies and to a number of related private lawsuits, which may lead to further claims, lawsuits and enforcement actions, and result in additional penalties, settlements or damage awards and may also adversely affect our reputation with consumers”*.

We face risks related to quality and vehicle safety issues, which could lead to product recalls and warranty obligations that may result in direct costs, and any resulting loss of vehicle sales could have material adverse effects on our business.

Our performance is, in part, dependent on complying with quality and safety standards, meeting customer expectations and maintaining our reputation for designing, building and selling safe, high-quality vehicles. Given the global nature of our business, these standards and expectations may vary according to the markets in which we operate. For example, vehicle safety standards imposed by regulations are increasingly stringent. In addition, consumers' focus on vehicle safety may increase further with the advent of autonomous and connected cars. If we fail to meet or adhere to required vehicle safety standards, we may face penalties, become subject to other claims or liabilities or be required to recall vehicles.

The automotive industry in general has experienced a sustained increase in recall activity to address performance, compliance or safety-related issues. For example, in 2022, we voluntarily recalled more than 248,000 Ram Heavy Duty pickup trucks due to engine fire risk. Our costs related to vehicle recalls could increase in the future.

Recall costs substantially depend on the nature of the remedy and the number of vehicles affected and may arise many years after a vehicle's sale. Product recalls may also harm our reputation, force us to halt the sale of certain vehicles and cause consumers to question the safety or reliability of our products. Given the intense regulatory activity across the automotive industry, ongoing compliance costs are expected to remain high. Any costs incurred, or lost vehicle sales, resulting from product recalls could materially adversely affect our financial condition and results of operations. Moreover, if we face consumer complaints, or receive information from vehicle rating services that calls into question the safety or reliability of one of our vehicles and we do not issue a recall, or if we do not do so on a timely basis, our reputation may also be harmed and we may lose future vehicle sales. We are also obligated under the terms of our warranty agreements to make repairs or replace parts in our vehicles at our expense for a specified period of time. These factors, including any failure rate that exceeds our assumptions, could have a material adverse effect on our business, financial condition and results of operations.

We are subject to laws and regulations relating to corruption and bribery, as well as stakeholder expectations relating to human rights in the supply chain and a failure to meet these legislative and stakeholder standards could lead to enforcement actions, penalties or damage awards and may also adversely affect our reputation with consumers.

We are subject to laws and regulations relating to corruption and bribery, including those of the U.S., the United Kingdom and France, which have an international reach and which cover the entirety of our value chain in all countries in which we operate. We also have significant interactions with governments and governmental agencies in the areas of sales, licensing, permits, regulatory, compliance, environmental matters and fleet sales among others. A failure to comply with laws and regulations relating to corruption and bribery may lead to significant penalties and enforcement actions and could also have a long-term impact on our presence in one, or more, of the markets in which such compliance failures have occurred.

In addition, our customers may have expectations relating to the production conditions and origin of the products they purchase. Therefore, it is important for us to seek to demonstrate transparency across the entire supply chain, which may result in additional costs being incurred. A failure by us, or any of our suppliers or subcontractors, to comply with employment or other production standards and expectations may result in adverse consequences to our reputation, disruptions to our supply chain and increased costs as a result of remedial measures needing to be undertaken to meet stakeholder expectations, which could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to adequately protect our intellectual property rights, which may harm our business.

Our success depends, in part, on our ability to protect our intellectual property rights. If we fail to protect our intellectual property rights, others may be able to compete against us using intellectual property that is the same as or similar to our own. In addition, there can be no guarantee that our intellectual property rights will be sufficient to provide us with a competitive advantage against others who offer products similar to our products. For example, another OEM has produced a vehicle closely resembling one of our Jeep models for sale in the U.S. We have brought multiple proceedings to stop these practices, and have received rulings in our favor enjoining import and sale of the vehicle in the U.S. In response, the OEM created a redesigned model for which they originally received rulings that the redesign does not infringe the Jeep model trade dress. We are continuing to seek to enjoin the redesigned vehicle through the appeal process, but cannot be certain of the final outcome. More generally, despite our efforts, we may be unable to prevent third parties from infringing our intellectual property and using our technology for their competitive advantage. Any such infringement could have a material adverse effect on our business, financial condition and results of operations.

The laws of some countries in which we operate do not offer the same protection of intellectual property rights as do the laws of the U.S. or Europe. In addition, effective intellectual property enforcement may be unavailable or limited in certain countries, making it difficult to protect our intellectual property from misuse or infringement there. Our inability to protect our intellectual property rights in some countries could have a material adverse effect on our business, financial condition and results of operations.

It may be difficult to enforce U.S. judgments against us.

We are incorporated under the laws of the Netherlands, and a substantial portion of our assets are outside of the U.S. Most of our directors and senior management and our independent auditors are resident outside the U.S., and all or a substantial portion of their respective assets may be located outside the U.S. As a result, it may be difficult for U.S. investors to effect service of process within the U.S. upon these persons. It may also be difficult for U.S. investors to enforce within the U.S. judgments predicated upon the civil liability provisions of the securities laws of the U.S. or any state thereof. In addition, there is uncertainty as to whether the courts outside the U.S. would recognize or enforce judgments of U.S. courts obtained against us or our directors and officers predicated upon the civil liability provisions of the securities laws of the U.S. or any state thereof. Therefore, it may be difficult to enforce U.S. judgments against us, our directors and officers and our independent auditors.

As an employer with a large workforce, we face risks related to the health and safety of our employees, as well as reputational risk related to diversity, inclusion and equal opportunity.

We employ a significant number of people who are exposed to health and safety risks as a result of their employment. Working conditions can cause stress or discomfort that can impact employees' health and may result in adverse consequences for our productivity. In addition, as an automotive manufacturer, a significant number of our employees are shift workers in production facilities, involving physical demands which may lead to occupational injury or illness. The use or presence of certain chemicals in production processes may adversely affect the health of our employees or create a safety risk. As a result, we could be exposed to liability from claims brought by current or former employees and our reputation, productivity, business, financial condition and results of operations may be affected.

Our stakeholders are expected to place increased emphasis on the importance of diversity, inclusion and equal opportunity in the workplace, against a backdrop of developing legal requirements in these areas. We may suffer adverse effects on our reputation if we fail to meet our stakeholders' expectations, which could result in an adverse effect on our business, financial condition and results of operations.

Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 could have an adverse effect on our business and the value of our common shares.

Effective internal controls, enable us to provide reliable and accurate financial statements and to effectively prevent fraud. While we have devoted, and will need to continue to devote, significant management attention and resources to complying with the internal control over financial reporting requirements of the Sarbanes-Oxley Act of 2002, as amended, there is no assurance that material weaknesses or significant deficiencies will not occur or that we will be successful in adequately remediating any such material weaknesses and significant deficiencies. Furthermore, as we transform our business, our internal controls may become more complex, and we may require significantly more resources to ensure internal controls remain effective.

Risks Related to Our Liquidity and Existing Indebtedness

Limitations on our liquidity and access to funding, as well as our significant outstanding indebtedness, may restrict our financial and operating flexibility and our ability to execute our business strategies, obtain additional funding on competitive terms and improve our financial condition and results of operations.

Our performance depends on, among other things, our ability to finance debt repayment obligations and planned investments from operating cash flow, available liquidity, the renewal or refinancing of existing bank loans and/or facilities and possible access to capital markets or other sources of financing. Our indebtedness may have important consequences on our operations and financial results, including:

- we may not be able to secure additional funds for working capital, capital expenditures, debt service requirements or general corporate purposes;
- we may need to use a portion of our projected future cash flow from operations to pay principal and interest on our indebtedness, which may reduce the amount of funds available to us for other purposes, including product development; and
- we may not be able to adjust rapidly to changing market conditions, which may make us more vulnerable to a downturn in general economic conditions or our business.

In addition, while our credit ratings are investment grade, any deterioration of our credit ratings may significantly affect our funding and prospects.

We could, therefore, find ourselves in the position of having to seek additional financing or having to refinance existing debt, including in unfavorable market conditions, with limited availability of funding and a general increase in funding costs. In addition, should a general increase in market borrowing rates arise because of current inflationary pressures, the cost of our future debt may increase. Any limitations on our liquidity, due to a further decrease in vehicle shipments, the amount of, or restrictions in, our existing indebtedness, conditions in the credit markets, our perceived creditworthiness, general economic conditions or otherwise, may adversely impact our ability to execute our business strategies and impair our financial condition and results of operations. In addition, any actual or perceived limitations of our liquidity may limit the ability or willingness of counterparties, including dealers, consumers, suppliers, lenders and financial service providers, to do business with us, which could have a material adverse effect on our business, financial condition and results of operations.

We may be exposed to shortfalls in our pension plans which may increase our pension expenses and required contributions and, as a result, could constrain liquidity and materially adversely affect our financial condition and results of operations.

Certain of our defined benefit pension plans are currently underfunded. For example, as of December 31, 2022, our defined benefit pension plans were underfunded by approximately €2.8 billion and may be subject to significant minimum contributions in future years. Our pension funding obligations may increase significantly if the investment performance of plan assets does not keep pace with benefit payment obligations. Mandatory funding obligations may increase because of lower than anticipated returns on plan assets, whether as a result of overall weak market performance or particular investment decisions, changes in the level of interest rates used to determine required funding levels, changes in the level of benefits provided for by the plans, or any changes in applicable law related to funding requirements. Our defined benefit plans currently hold significant investments in equity and fixed income securities, as well as investments in less liquid instruments such as private equity, real estate and certain hedge funds. Due to the complexity and magnitude of certain investments, additional risks may exist, including the effects of significant changes in investment policy, insufficient market capacity to complete a particular investment strategy and an inherent divergence in objectives between the ability to manage risk in the short term and the ability to quickly re-balance illiquid and long-term investments.

To determine the appropriate level of funding and contributions to our defined benefit plans, as well as the investment strategy for the plans, we are required to make various assumptions, including an expected rate of return on plan assets and a discount rate used to measure the obligations under defined benefit pension plans. Interest rate increases generally will result in a decline in the value of investments in fixed income securities and the present value of the obligations. Conversely, interest rate decreases will generally increase the value of investments in fixed income securities and the present value of the obligations. See Note 2, *Basis of preparation—Significant accounting policies—Employee benefits* within the Consolidated Financial Statements included elsewhere in this report.

Any reduction in the discount rate or the value of plan assets, or any increase in the present value of obligations, may increase our pension expenses and required contributions and, as a result, could constrain liquidity and materially adversely affect our financial condition and results of operations. If we fail to make required minimum funding contributions to our U.S. pension plans, it could be subject to reportable event disclosure to the U.S. Pension Benefit Guaranty Corporation, as well as interest and excise taxes calculated based upon the amount of any funding deficiency.

Risks Related to the Ownership of Our Shares

Our maintenance of three exchange listings may adversely affect liquidity in the market for our common shares and result in pricing differentials of Stellantis common shares between the three exchanges.

Our common shares are currently traded on the NYSE, Euronext Milan and Euronext Paris. The tripartite listing of our common shares may adversely affect the liquidity of the shares in one or several markets. In addition, the tripartite listing of our common shares may result in price differentials between the exchanges. Differences in the trading schedules, as well as volatility in the exchange rate of the trading currencies, among other factors, may result in different trading prices for our common shares on the three exchanges.

Our loyalty voting structure may concentrate voting power in a small number of our shareholders and such concentration may increase over time.

Shareholders who hold our common shares for an uninterrupted period of at least three years may elect to receive one special voting share in addition to each common share held, provided that such shares have been registered in the Loyalty Register upon application by the relevant holder. If our shareholders holding a significant number of common shares for an uninterrupted period of at least three years elect to receive special voting shares, a relatively large proportion of voting power could be concentrated in a relatively small number of shareholders who would have significant influence over Stellantis. As a result, the ability of other shareholders to influence decisions would be reduced.

The loyalty voting structure may affect the liquidity of our common shares and reduce our share price.

Our loyalty voting structure could reduce the liquidity of our common shares and adversely affect the trading prices of our common shares. The loyalty voting structure is intended to reward our shareholders for maintaining long-term share ownership by granting persons holding shares continuously for at least three years the option to elect to receive special voting shares. Special voting shares cannot be traded and, immediately prior to the transfer of our common shares from the Loyalty Register, any corresponding special voting shares will be transferred to us for no consideration (*om niet*). This loyalty voting structure is designed to encourage a stable shareholder base and, conversely, it may deter trading by those shareholders who are interested in gaining or retaining special voting shares. Therefore, the loyalty voting structure may reduce liquidity in our common shares and adversely affect their trading price.

The loyalty voting structure may prevent or frustrate attempts by our shareholders to change our management and hinder efforts to acquire a controlling interest in us, and the market price of our common shares may be lower as a result.

Our loyalty voting structure may make it more difficult for a third party to acquire, or attempt to acquire, control of us, even if a change of control were considered favorably by shareholders holding a majority of our common shares. As a result of the loyalty voting structure, a relatively large proportion of voting power could be concentrated in a relatively small number of shareholders, which may make it more difficult for third parties to seek to acquire control of us by purchasing shares that do not benefit from the additional voting power of the special voting shares. The possibility or expectation of a change of control transaction typically leads to higher trading prices and conversely, if that possibility is low, trading prices may be lower. The loyalty voting structure may also prevent or discourage shareholders' initiatives aimed at changing our management.

Resales of Stellantis common shares following the merger may cause the market value of Stellantis common shares to decline.

Several reference shareholders of Stellantis are subject to restrictions on share sales for a three-year period following the merger, but will be free to sell once those restrictions expire. Furthermore, Dongfeng, which owned approximately 3 percent of our issued common shares as of February 21, 2023, has entered into an agreement with us describing the framework for our potential repurchase of their shares in certain circumstances, but is not otherwise subject to resale restrictions on its Stellantis common shares. All other shareholders, which own the majority of our common shares, are not subject to any resale restrictions. The resale of such shares in the public market from time to time, particularly on the part of Dongfeng, or on the part of any reference shareholder following expiration of the lock-up, or the perception that such resales may occur could have the effect of depressing the market value for Stellantis common shares.

Risks Related to Taxation

The French tax authorities may revoke or disregard in whole or in part the rulings confirming the neutral tax treatment of the merger for former PSA and the transfer of tax losses carried forward by the legacy PSA French tax consolidated group.

The French tax authorities have confirmed that the merger will fulfill the conditions to benefit from the favorable corporate income tax regime set forth in Article 210 A of the French Tax Code (which mainly provides for a deferral of taxation of the capital gains realized by PSA as a result of the transfer of all its assets and liabilities pursuant to the merger).

In addition, as required by law, a tax ruling was issued on February 18, 2022 by the French tax authorities confirming the transfer of the French tax losses carried forward of the former PSA French tax consolidated group to our French permanent establishment and the carry-forward of such French tax losses transferred to our French permanent establishment against future profits of our French permanent establishment and certain companies of the former PSA French tax consolidated group pursuant to Articles 223 I-6 and 1649 *nonies* of the French Tax Code.

Such tax regimes and tax rulings are subject to certain conditions being met and are based on certain declarations, representations and undertakings given by us to the French tax authorities. If the French tax authorities consider that the relevant declarations, representations, conditions or undertakings were not correct or are not complied with, they could revoke or disregard the rulings that have been granted in respect of the merger.

A decision by the French tax authorities to revoke or disregard the tax rulings in the future would likely result in significant adverse tax consequences to us that could have a significant effect on our results of operations or financial position. If the requested tax rulings are revoked or disregarded, the main adverse tax consequences for us would be that (i) all unrealized capital gains at the level of former PSA at the time of the merger would be taxed; and (ii) the tax losses carried forward at the level of former PSA would not have been validly transferred to our French permanent establishment or would be forfeited.

We operate so as to be treated exclusively as a resident of the Netherlands for tax purposes after the transfer of our tax residency to the Netherlands, but the tax authorities of other jurisdictions may treat us as also being a resident of another jurisdiction for tax purposes.

Since we are incorporated under Dutch law, we are considered to be resident in the Netherlands for Dutch corporate income tax and Dutch dividend withholding tax purposes. In addition, with effect from January 17, 2021 and taking into account the sanitary restrictions and limitations that applied under the COVID-19 crisis, we have operated so as to maintain our management and organizational structure in such a manner that we (i) should be regarded to have our residence for tax purposes (including, for the avoidance of doubt, withholding tax and tax treaty eligibility purposes) exclusively in the Netherlands, (ii) should not be regarded as a tax resident of any other jurisdiction (and in particular of France or Italy) either for domestic law purposes or for the purposes of any applicable tax treaty (notably any applicable tax treaty with the Netherlands) and (iii) should be deemed resident only in the Netherlands, including for the purposes of the France-Netherlands and Italy-Netherlands tax treaties. We also hold permanent establishments in France and Italy.

However, the determination of our tax residency primarily depends upon our place of effective management, which is a question of fact based on all circumstances. Because the determination of our residency is highly fact sensitive, no assurance can be given regarding the final determination of our tax residency.

If we were concurrently resident in the Netherlands and in another jurisdiction (applying the tax residency rules of that jurisdiction), we may be treated as being tax resident in both jurisdictions, unless such other jurisdiction has a double tax treaty with the Netherlands that includes either (i) a tie-breaker provision which allocates exclusive residence to one jurisdiction only or (ii) a rule providing that the residency needs to be determined based on a mutual agreement procedure and the jurisdictions involved agree (or, as the case may be, are compelled to agree through arbitration) that we are resident in one jurisdiction exclusively for treaty purposes. In the latter case, if no agreement is reached in respect of the determination of the residency, the treaty may not apply and we could be treated as being tax resident in both jurisdictions.

A failure to achieve or maintain exclusive tax residency in the Netherlands could result in significant adverse tax consequences to us, our subsidiaries and our shareholders and could result in tax consequences for our shareholders that differ from those described in the section entitled “*Taxation*”. The impact of this risk would differ based on the views taken by each relevant tax authority and, in respect of the taxation of shareholders and holders of special voting shares, on the specific situation of each shareholder or each holder of special voting shares.

We may not qualify for benefits under the tax treaties entered into between the Netherlands and other countries.

With effect from January 17, 2021, and taking into account the sanitary restrictions and limitations that applied under the COVID-19 crisis, we operate in a manner such that we should be eligible for benefits under the tax treaties entered into between the Netherlands and other countries, notably France, Italy and the U.S. However, our ability to qualify for such benefits depends upon (i) being treated as a Dutch tax resident for purposes of the relevant tax treaty, (ii) the fulfillment of the requirements contained in each applicable treaty as modified by the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (including, but not limited to, any principal purpose test clause) and applicable domestic laws, (iii) the facts and circumstances surrounding our operations and management and (iv) the interpretation of the relevant tax authorities and courts.

Our failure to qualify for benefits under the tax treaties entered into between the Netherlands and other countries could result in significant adverse tax consequences to us, our subsidiaries and our shareholders and could result in tax consequences for our shareholders that differ from those described in the section entitled “*Taxation*”.

The tax consequences of the Loyalty Voting Structure are uncertain.

No statutory, judicial or administrative authority directly discusses how the receipt, ownership, or disposition of special voting shares should be treated for French, Italian, UK, or U.S. tax purposes, and as a result, the tax consequences in those jurisdictions are uncertain.

In addition, the fair market value of the special voting shares, which may be relevant to the tax consequences, is a factual determination and is not governed by any guidance that directly addresses such a situation. Because, among other things, the special voting shares are not transferable and a shareholder will receive amounts in respect of the special voting shares only if we are liquidated, we believe and intend to take the position that the value of each special voting share is minimal. However, the relevant tax authorities could assert that the value of the special voting shares as determined by us is incorrect, which could result in significant adverse tax consequences to shareholders holding special voting shares.

The tax treatment of the loyalty voting structure is unclear and shareholders are urged to consult their tax advisors in respect of the consequences of acquiring, owning and disposing of special voting shares. See “*Taxation*” for further discussion.

There may be potential Passive Foreign Investment Company tax considerations for U.S. Shareholders.

We would be a “passive foreign investment company” (a “PFIC”) for U.S. federal income tax purposes with respect to a U.S. shareholder (as defined in “*Taxation—Material U.S. Federal Income Tax Consequences*”) if for any taxable year in which such U.S. shareholder held our common shares, after the application of applicable “look-through rules” (i) 75 percent or more of our gross income for the taxable year consists of “passive income” (including dividends, interest, gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business, as defined in applicable Treasury Regulations), or (ii) at least 50 percent of our assets for the taxable year (averaged over the year and determined based upon value) produce or are held for the production of “passive income”.

U.S. persons who own shares of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the dividends they receive from the PFIC, and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

In particular, if we were treated as a PFIC for U.S. federal income tax purposes for any taxable year during which a U.S. shareholder owned our common shares, then any gain realized by the U.S. shareholder on the sale or other disposition of our common shares would in general not be treated as capital gain. Instead, a U.S. shareholder would be treated as if it had realized such gain ratably over its holding period for our common shares. Amounts allocated to the year of disposition and to years before we became a PFIC would be taxed as ordinary income and amounts allocated to each other taxable year would be taxed at the highest tax rate applicable to individuals or corporations, as appropriate, in effect for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year. Similar treatment may apply to certain “excess distributions” as defined in the Code.

While we believe our common shares are not stock of a PFIC for U.S. federal income tax purposes, this conclusion is a factual determination made annually and thus may be subject to change. Moreover, we may become a PFIC in future taxable years if there were to be changes in our assets, income or operations. In addition, because the determination of whether a foreign corporation is a PFIC is primarily factual and because there is little administrative or judicial authority on which to rely to make a determination, the IRS may take the position that we are a PFIC. See “*Taxation*” for a further discussion.

The IRS may not agree with the determination that we should not be treated as a domestic corporation for U.S. federal income tax purposes, and adverse tax consequences could result to us and our shareholders if the IRS were to successfully challenge such determination.

Section 7874 of the Code provides that, under certain circumstances, a non-U.S. corporation will be treated as a U.S. “domestic” corporation for U.S. federal income tax purposes. In particular, certain mergers of foreign corporations with U.S. subsidiaries can, in certain circumstances, implicate these rules. We do not believe we should be treated as a U.S. “domestic” corporation for U.S. federal income tax purposes. However, the relevant law is not entirely clear, is subject to detailed but relatively new regulations (the application of which is uncertain in various respects, and whose interaction with general principles of U.S. tax law remains untested) and is subject to various other uncertainties. Therefore, the IRS could assert that we should be treated as a U.S. corporation (and, therefore, a U.S. tax resident) for U.S. federal income tax purposes pursuant to Code Section 7874. In addition, changes to Section 7874 of the Code or the U.S. Treasury Regulations promulgated thereunder, or interpretations thereof, could affect our status as a foreign corporation. Such changes could potentially have retroactive effect.

If the IRS successfully challenged our status as a foreign corporation, significant adverse tax consequences would result for us and for certain of our shareholders. For example, if we were treated as a domestic corporation in the U.S., we would be subject to U.S. federal income tax on our worldwide income as if we were a U.S. domestic corporation, and dividends we pay to non-U.S. shareholders would generally be subject to U.S. federal withholding tax, among other adverse tax consequences. If we were treated as a U.S. domestic corporation, such treatment could materially increase our U.S. federal income tax liability.

The closing of the merger was not conditioned on our not being treated as a domestic corporation for U.S. federal income tax purposes or upon a receipt of an opinion of counsel to that effect. In addition, neither former FCA nor former PSA requested a ruling from the IRS regarding the U.S. federal income tax consequences of the merger. Accordingly, while we do not believe we will be treated as a domestic corporation, no assurance can be given that the IRS will agree, or that if it challenges such treatment, it will not succeed.

If we fail to maintain a permanent establishment in France, we could experience adverse tax consequences.

We maintain a permanent establishment in France to which the assets and liabilities of former PSA were allocated upon the merger for French tax purposes. However, no assurance can be given regarding the existence of a permanent establishment in France and the allocation of each asset and liability to such permanent establishment because such determination is highly fact sensitive and may vary in case of future changes in our management and organizational structure.

If we were to fail to maintain a permanent establishment in France, the main adverse tax consequences would be that (i) all unrealized capital gains at the level of the permanent establishment at that time would be taxed and (ii) the tax losses carried forward that may still be available at that time would be forfeited. In addition, if, in the future, any of former PSA’s assets and liabilities cease to be allocated to such establishment, this may result in (i) Stellantis being taxed in France on unrealized capital gains or profits with respect to the assets and liabilities deemed transferred outside of France and (ii) a portion of the tax losses carried forward that may still be available at that time being forfeited.

We and our subsidiaries are subject to tax laws and treaties of numerous jurisdictions. Future changes to such laws or treaties could adversely affect us and our subsidiaries and our shareholders and holders of special voting shares. In addition, the interpretation of these laws and treaties is subject to challenge by the relevant governmental authorities.

We and our subsidiaries are subject to tax laws, regulations and treaties in the Netherlands, France, Italy, the U.S. and the numerous other jurisdictions in which we and our affiliates operate. These laws, regulations and treaties could change on a prospective or retroactive basis, and any such change could adversely affect us and our subsidiaries and our shareholders and holders of special voting shares.

Furthermore, these laws, regulations and treaties are inherently complex and we and our subsidiaries will be obligated to make judgments and interpretations about the application of these laws, regulations and treaties to us and our subsidiaries and our operations and businesses. The interpretation and application of these laws, regulations and treaties could differ from that of the relevant governmental authority, which could result in administrative or judicial procedures, actions or sanctions, which could be material.

Additionally, we operate in countries where the Organization for Economic Co-operation and Development (“OECD”) Pillar Two minimum taxation rules apply, and there is uncertainty surrounding the implementation and application of these rules. The OECD Pillar Two agreement has been joined by over 140 countries and aims to ensure that multinational corporations pay a minimum effective tax rate of 15 percent. Many countries have initiated domestic legislative procedures to enact these global minimum tax rules. Depending on each country’s final enactment, these rules may apply to Stellantis starting with our fiscal year beginning on January 1, 2024. While we have begun to analyze the impact of the global minimum tax rules on our operations, we are awaiting final legislation and detailed guidance to assess the full implications in the jurisdictions in which we operate.

On December 23, 2022, South Korea became the first country to codify the global minimum tax rules in its domestic legislation. Further details relating to the new legislation and implementation guidance are expected to be released later in 2023, therefore this new legislation is not considered substantially enacted at December 31, 2022. As we have operations in South Korea, we will continue to evaluate the impacts to Stellantis.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Introduction

Stellantis N.V. is a public company with limited liability, incorporated and organized under the laws of the Netherlands. The Company qualifies as a foreign private issuer under the New York Stock Exchange (“NYSE”) listing standards and its common shares are listed on the NYSE, on the regulated market of Euronext in Paris (“Euronext Paris”) and on the regulated market of Euronext in Milan (“Euronext Milan”).

In accordance with the NYSE listing rules, the Company is permitted to follow home country practice with regard to certain corporate governance standards. The Company has adopted, except as discussed below, the best practice provisions of the revised Dutch corporate governance code issued by the Dutch Corporate Governance Code Committee, which entered into force on January 1, 2017 (the “Dutch Corporate Governance Code”). The Dutch Corporate Governance Code contains principles and best practice provisions that regulate relations inter alia between the board of directors of a company and its committees and its relationship with the general meeting of shareholders.

In this report, the Company addresses its overall corporate governance structure. The Company discloses, and intends to disclose, any material departure from the best practice provisions of the Dutch Corporate Governance Code in its current and future annual reports.

Corporate Offices and Home Member State

The Company is incorporated under the laws of the Netherlands. It has its corporate seat (*statutaire zetel*) in Amsterdam, the Netherlands, and the place of effective management of the Company is in the Netherlands.

The business address of the Board of Directors and the senior managers is Taurusavenue 1, 2132LS Hoofddorp, the Netherlands.

The Company is registered at the Dutch trade register under number 60372958.

The Netherlands is Stellantis’ home member state for the purposes of the EU Transparency Directive (Directive 2004/109/EC, as amended).

Pursuant to Article 3 of the Company’s articles of association (the “Articles of Association”), the objects for which the Company is established are to carry on, either directly or through wholly or partially-owned companies and entities, activities relating in whole or in any part to passenger and commercial vehicles, transport, mechanical engineering, energy, engines, capital machinery and equipment and related goods and propulsion, as well as any other manufacturing, commercial, financial or service activity.

Board of Directors

Stellantis has a single-tier Board of Directors. Pursuant to the Company’s Articles of Association, its board of directors (the “Board of Directors”) consists of three or more directors (the “Directors”). The current slate of eleven Directors was elected on January 4, 2021, based on certain nomination arrangements included in the combination agreement. The election became effective as of January 17, 2021 (the “Governance Effective Time”), when the Stellantis governance came into force. Following the Governance Effective Time, the initial term of office of each of the Chairman, Chief Executive Officer, Senior Independent Director and Vice Chairman is five years. The initial term of office for each of the other Directors is four years beginning on the Governance Effective Time. Such initial terms of office shall lapse immediately after the close of the first annual general meeting held after four or five years (as applicable) have lapsed since the Governance Effective Time. Under the Articles of Association, after the initial term, the term of office of Directors is for a period of two years, provided that unless a Director has resigned at an earlier date the term of office will lapse immediately after the close of the first annual Stellantis general meeting held after two years have lapsed following the appointment. Each Director may be re-appointed for an unlimited number of terms at any subsequent general meeting of shareholders.

The Board of Directors as a whole is responsible for the strategy of the Company. According to Dutch Law and article 20.2 of Stellantis' Articles of Association the chairperson of the Board of Directors shall be independent and have the title of Senior Independent Director. The Board of Directors is composed of two executive Directors (i.e., the Chairman and the Chief Executive Officer) and nine non-executive Directors. The Chief Executive Officer has day-to-day responsibility for the management of the Company. Pursuant to Article 22 of the Articles of Association, the general authority to represent the Company shall be vested in the Board of Directors and the Chief Executive Officer acting individually. Pursuant to article 3(b) of the Regulations of the Board of Directors, if the Chairman is an executive director, he/she will be consulted and work together with the Chief Executive Officer on that basis on important strategic matters affecting the Company: budget/long-term strategic planning; mergers and acquisition transactions, including significant joint-ventures, investments and divestments; strategic evolution of the brand portfolio and significant product investment; appointments, succession planning and compensation for key positions in the Global Executive Committee; institutional relationships, including relationships with key governmental stakeholders, particularly on matters of strategic significance; significant public relations matters and major communication events/topics; interaction with principal shareholders and key partners; and providing leadership to the Board of Directors and, in crisis circumstances, to the executive management on governance matters and ad hoc crisis management, in each case, without prejudice to the powers of the Board of Directors.

On certain key industrial matters, the CEO is supported by the key governance committees, in particular the Strategy Council, Business Review and Global Programme and Allocation Committees, which are responsible for executing the decisions of the CEO and Board of Directors and the day-to-day management of the Company, primarily to the extent it relates to its operational management, including reviewing the operating performance of the businesses and collaborating on certain operational matters. Within this governance structure, the Board of Directors considers subjects that link to the strategic plan. Climate being a key topic, the Board of Directors ensures that the strategy fits with the Stellantis long-term vision and climate resilience, but also that related risks and opportunities stemming from the effects of climate change are properly identified and managed. The CEO and the Strategy Council are responsible for defining the overall environmental strategy, including climate related policies. The CEO reports to the Board of Directors. Major strategic projects with significant impact on the CO₂ emissions of the Company or its products are being brought to the Board of Directors for review and decisions. Those projects can be related to vehicle CO₂ emissions reduction, as well as product planning or new mobility offers with CO₂ emission reduction targets. Other major projects that can be impacted by the consequences of climate change, such as location of new sites, are also reviewed by the Board. The Board reviews the related financial implications of strategic projects with significant impact on CO₂ emissions, such as the capital expenditures or strategic transformation needed to implement these projects. The Board discusses these projects for approval after being informed about aspects such as CO₂ emission consequences and expected changes in the future mobility market. During Board meetings, Stellantis' strategic climate commitments, their implementation and their progress versus targets, are presented to the Board of Directors, in order to deliver relevant information on the climate-related CSR issues impacting the organization.

Set forth below are the names, year of birth and position of each of the persons currently serving as directors of Stellantis. The business address of each person listed below is c/o Taurusavenue 1, 2132LS Hoofddorp, the Netherlands. The term of office of the Chairman, Chief Executive Officer, Senior Independent Director and Vice Chairman will expire immediately after the close of the annual general meeting of shareholders that will be held in 2026. The term of office of the other Directors will expire immediately after the close of the annual general meeting of shareholders that will be held in 2025.

Name		Year of Birth	Position	Nationality	Term ⁽¹⁾	Independent
John Elkann	M	1976	Chairman and Executive Director	Italian	5 years	No
Carlos Tavares	M	1958	Chief Executive Officer and Executive Director	Portuguese	5 years	No
Robert Peugeot	M	1950	Vice Chairman and Non-Executive Director	French	5 years	No
Henri de Castries	M	1954	Senior Independent Director and Non-Executive Director	French	5 years	Yes
Andrea Agnelli	M	1975	Non-Executive Director	Italian	4 years	No
Fiona Clare Cicconi	F	1966	Non-Executive Director	British – Italian	4 years	Yes
Jacques de Saint-Exupéry	M	1957	Non-Executive Director	French	4 years	No
Nicolas Dufourcq	M	1963	Non-Executive Director	French	4 years	Yes
Ann Frances Godbehere	F	1955	Non-Executive Director	Canadian – British	4 years	Yes
Wan Ling Martello	F	1958	Non-Executive Director	U.S.	4 years	Yes
Kevin Scott	M	1972	Non-Executive Director	U.S.	4 years	Yes

(1) Since the Governance Effective Time

In accordance with the combination agreement, Kevin Scott and Wan Ling Martello were nominated by FCA; Henri de Castries and Ann Godbehere by PSA; John Elkann and Andrea Agnelli by Exor; Nicolas Dufourcq by BPI; Robert Peugeot by EPF/Peugeot Invest; and Fiona Clare Cicconi and Jacques de Saint-Exupéry in representation of FCA and PSA employees, respectively. See “—Articles of Association and Information on Stellantis Shares —Nomination Rights” below for a description of certain binding nomination arrangements set forth in the Articles of Association, which will apply to future terms of office.

We have determined that the following six of our eleven Board of Directors members qualify as independent for purposes of NYSE rules, Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and the Dutch Corporate Governance Code: Fiona Clare Cicconi, Henri de Castries, Nicolas Dufourcq, Ann Frances Godbehere, Wan Ling Martello, and Kevin Scott. The Board of Directors has also appointed Henri de Castries as Senior Independent Director and non-executive Director in accordance with Section 2.1.9 of the Dutch Corporate Governance Code.

Directors are expected to prepare themselves for and to attend all Board of Directors meetings, the annual general meeting of shareholders and the meetings of the committees on which they serve, with the understanding that, on occasion, a Director may be unable to attend a meeting.

During 2022, there were six meetings of the Board of Directors. The average attendance at those meetings was 100 percent, except for Ms. Wan Ling Martello due to personal circumstances.

Summary biographies for the current Directors of Stellantis are included below:

John Elkann (Chairman and Executive Director) – John Elkann is currently Chairman and Executive Director of Stellantis. He was appointed Chairman of Fiat S.p.A. on April 21, 2010, where he previously served as Vice Chairman beginning in 2004 and as a board member from 1997, he became Chairman of FCA on October 12, 2014, and he became Chairman of Stellantis on the Governance Effective Time. John Elkann is also Chief Executive Officer of Exor N.V. and Chairman of Giovanni Agnelli B.V.

Born in New York in 1976, John Elkann obtained a scientific baccalaureate from the Lycée Victor Duruy in Paris, and graduated in Engineering from Politecnico, the Engineering University of Turin (Italy). While at university, he gained work experience in various companies of the FCA Group in the United Kingdom and Poland (manufacturing) as well as in France (sales and marketing). He started his professional career in 2001 at General Electric as a member of the Corporate Audit Staff, with assignments in Asia, the United States and Europe. John Elkann is Chairman of Ferrari N.V. and Ferrari S.p.A. and Chairman of GEDI Gruppo Editoriale S.p.A. He also was a board member of The Economist Group from 2009 to 2020 and a board member of PartnerRe Ltd from 2016 to 2021. John Elkann is a member of the Board of Trustees and of the Nominating Committee of the Museum of Modern Art (MoMA). He also serves as Chairman of the Giovanni Agnelli Foundation.

Carlos Tavares (Chief Executive Officer and Executive Director) – Carlos Tavares is currently Chief Executive Officer and Executive Director of Stellantis. He joined the PSA Managing Board on January 1, 2014, he was appointed as Chairman of the PSA Managing Board on March 31, 2014, and he was appointed as Chief Executive Officer and Executive Director of Stellantis on the Governance Effective Time. Born in Portugal in 1958, Carlos Tavares graduated from École Centrale de Paris.

He held various positions within the Renault Group between 1981 and 2004, before joining the Nissan Group. Carlos Tavares was appointed Executive Vice President, Chairman of the Management Committee Americas and President of Nissan North America in 2009, before being appointed as Chief Operating Officer of Renault, a position he held until 2013. Carlos Tavares previously served as a member of the board of directors of the European Automobile Manufacturers' Association (ACEA) until the end of 2022. He also served as a director of Airbus S.E., from 2016 to 2022, and of TotalEnergies, from 2017 to 2020.

Robert Peugeot (non-executive Director) – Robert Peugeot, chairman of Peugeot Invest's board, is Vice Chairman and non-executive Director of Stellantis. Robert Peugeot joined the PSA Supervisory Board as permanent representative of FFP (now known as Peugeot Invest) on April 25, 2014, and became Vice Chairman and non-executive Director of Stellantis on the Governance Effective Time. Born in France in 1950, Robert Peugeot is a graduate of École Centrale de Paris and Institut Européen d'Administration des Affaires (INSEAD).

Robert Peugeot has held various executive positions within PSA. From 1998 to 2007, he was vice-president for innovation and quality, and a member of the PSA's Executive Committee. In addition, Robert Peugeot serves as chairman of the board of Peugeot Invest S.A.; board member of Peugeot 1810 S.A.S.; permanent representative of Peugeot 1810 on the board of Faurecia S.E.; director of Peugeot Invest UK Ltd.; chairman of F&P S.A.S.; managing director of SC Rodom; board member of Safran S.A.; member of the supervisory board of Signa Prime; member of the supervisory board of Signa Development; director of Sofina S.A.; member of the supervisory board of Soparexo S.C.A.; Governance Committee Chairman of Tikehau Capital Advisors S.A.S.; director of Asia Emergency Assistance Holdings Pte Ltd; and director of Financière Guiraud S.A.S. Until 2022 Mr. Peugeot was director of Établissements Peugeot Frères S.A., permanent representative of Peugeot Invest as Chairman of the board of Peugeot 1810 S.A.S., permanent representative of F&P S.A.S. on the board of directors of Safran S.A., director of Tikehau Capital Advisors S.A.S. and permanent representative of Maillot II S.A.S. on the board of directors of Sicav Armene 2.

He is a Knight of the French National Order of Merit and a Knight of the French Legion of Honour.

Henri de Castries (non-executive Director) – Henri de Castries is Senior Independent Director and non-executive Director of Stellantis. Born in France in 1954, he is a graduate of École des Hautes Etudes Commerciales (HEC) and École Nationale d'Administration (ENA).

Henri de Castries was the chairman of the management board of AXA S.A. from 2000 and chairman and chief executive officer from April 2010 until September 2016. He previously worked for the French Finance Ministry Inspection Office and the French Treasury Department. In addition, Henri de Castries currently serves as chairman of Europe Senior advisor of General Atlantic; chairman of the board of directors of AXA Assurances IARD Mutuelle; chairman of the board of directors of AXA Assurances Vie Mutuelle; and vice-chairman of the board of directors of Nestlé S.A. Henri de Castries became Senior Independent Director and non-executive Director of Stellantis on the Governance Effective Time.

Andrea Agnelli (non-executive Director) – Andrea Agnelli is a non-executive Director of Stellantis. On January 18, 2023 Andrea Agnelli announced that he will resign from his position as member of the Board of Directors of Stellantis effective as the closing of the 2023 Annual General Meeting of Stellantis. Andrea Agnelli is Chairman of Lamse (since 2007), a financial holding company, and Chairman of "Fondazione del Piemonte per l'Oncologia" (since 2017).

Born in Turin in 1975, he studied at Oxford (St. Clare's International College) and Milan (Università Commerciale Luigi Bocconi). Andrea Agnelli began his professional career in 1999 at Ferrari Idea in Lugano before moving to Lausanne to join Philip Morris International, from 2001 to 2004. In 2005, he returned to Turin to work in strategic development for IFIL Investments S.p.A. (now EXOR N.V.).

Andrea Agnelli is also a board member of Giovanni Agnelli B.V., board member of Exor N.V. and a member of the Advisory Board of BlueGem Capital Partners LLP. On January 18, 2023, Andrea Agnelli announced that he will not stand for re-election as non – executive director of Exor N.V. at the 2023 Annual General Meeting of Exor N.V.. Previously he served as board member of Lega Serie A and as board member of the “Fondazione per la mutualità generale negli sport professionistici”. From 2010 to January 2023 he served as Chairman of Juventus Football Club S.p.A.. From 2012 to 2021, he was a member of the Executive Board of the European Club Association (ECA), where he served as Chairman from September 2017. From 2015 to 2021, he held the position of ECA representative on the UEFA Executive Committee. Andrea Agnelli was appointed to the board of directors of Fiat S.p.A. on May 30, 2004, became a member of the board of directors of FCA on October 12, 2014, and became a member of the Board of Directors of Stellantis on the Governance Effective Time.

Fiona Clare Cicconi (non-executive Director) – Fiona Clare Cicconi is an employee representative on the Stellantis Board of Directors. Born in London in 1966, Fiona Clare Cicconi became Chief People Officer for Google in January 2021. Prior to that she was Executive Vice President and Chief Human Resources Officer at AstraZeneca PLC from 2014 to 2020. Fiona Clare Cicconi started her career at General Electric, where she held various human resources roles within the oil and gas business. Subsequently, she spent a number of years at Cisco, overseeing human resources in Southern Europe and then industrial and employee relations in EMEA, before joining F. Hoffmann La Roche in 2006. There, she was most recently responsible for global human resources for Global Technical Operations. Fiona Clare Cicconi became an employee representative on the Board of Directors of Stellantis on the Governance Effective Time.

Fiona Clare Cicconi holds a diploma in international business studies from Leeds Metropolitan University.

Jacques de Saint-Exupéry (non-executive Director) – Jacques de Saint-Exupéry is an employee representative on the Stellantis Board of Directors. Born in France in 1957, Jacques de Saint-Exupéry graduated from the Bordeaux Business School.

Jacques de Saint-Exupéry has held various positions within PSA since 1984. Since 2011, he has been working within the management control team covering the activities of the corporate finance and treasury department as well as the financial communication department.

In addition, Jacques de Saint-Exupéry has been involved in trade-union activity since 2008, including as secretary of the works council of PSA. Jacques de Saint-Exupéry became an employee representative on the Stellantis Board of Directors on the Governance Effective Time.

Nicolas Dufourcq (non-executive Director) – Nicolas Dufourcq is a non-executive Director of Stellantis. Born in France in 1963, Nicolas Dufourcq is a graduate of École des Hautes Etudes Commerciales (HEC) and École Nationale d'Administration (ENA).

Nicolas Dufourcq began his career at the French Ministry of Economy and Finance in 1988 and then joined the French Ministry of Health and Social Affairs in 1992, before joining France Telecom in 1994. In 1998, he created Wanadoo, the internet access leader, a subsidiary of France Telecom, and listed it for €20bn in 2000. Between 1998 and 2003, he was CEO of Wanadoo and executive director of France Telecom in charge of the internet, cable and pay TV. Nicolas Dufourcq joined Capgemini in 2003, where he was in charge of the central and southern Europe region. From 2004 to 2013, he served as chief financial officer and deputy chief executive officer of Capgemini. Since February 7, 2013, Nicolas Dufourcq has been the chief executive officer of Bpifrance SA. In addition, Nicolas Dufourcq serves as chief executive officer of Bpifrance Investissement S.A.S.; chief executive officer of Bpifrance Assurance Export S.A.S.; chairman and chief executive officer of Bpifrance Participations S.A.; vice-chairman of the supervisory board of STMicroelectronics N.V.. Nicolas Dufourcq became a non-executive Director of Stellantis on the Governance Effective Time. He served as permanent representative of Bpifrance Participations S.A. on the board of directors of Orange from January 2017 to January 2021.

Ann Frances Godbehere (non-executive Director) – Ann Frances Godbehere is a non-executive Director of Stellantis. Ann Frances Godbehere was born in Canada in 1955.

Ann Frances Godbehere started her career with Sun Life of Canada in 1976 in Montreal, Canada, and joined M&G Group in 1981, where she served as senior vice president and controller for life and health, and property and casualty businesses throughout North America. She joined Swiss Re in 1996, after it acquired the M&G Group, and served as chief financial officer from 2003 to 2007. From 2008 to 2009, she was interim chief financial officer and an executive director of Northern Rock bank in the initial period following its nationalization. Ann Frances Godbehere has also held several non-executive director positions at Prudential plc, British American Tobacco plc, UBS AG, and UBS Group AG. Most recently, and until May 2019, Ann Frances Godbehere served as a non-executive director of Rio Tinto plc and Rio Tinto Limited. She was also senior independent director of Rio Tinto plc. In addition, Ann Frances Godbehere serves as non-executive director of Shell plc. She is also a fellow of the Institute of Chartered Professional Accountants and a fellow of the Certified General Accountants Association of Canada. Ann Frances Godbehere became a non-executive Director of Stellantis on the Governance Effective Time.

Wan Ling Martello (non-executive Director) – Wan Ling Martello is a non-executive Director of Stellantis. Born in Manila, the Philippines, in 1958, Wan Ling Martello currently serves as a Founding Partner at BayPine, a private equity firm, a role she has held since 2020. From 2015 to 2018, Wan Ling Martello served as executive vice president and chief executive officer of the Asia, Oceania, and sub-Saharan Africa regions at Nestlé.

From 2012 to 2015, Wan Ling Martello served as Nestlé’s chief financial officer, and from 2011 to 2012 she served as Nestlé’s executive vice president. From 2005 to 2011, Wan Ling Martello was a senior executive at Walmart Stores, Inc., a retail corporation, where she served as executive vice president for global ecommerce and executive vice president, chief financial officer & strategy. Wan Ling Martello has served on the board of directors of Alibaba Group since 2015 and of Uber Technologies, Inc. since 2017. Wan Ling Martello became a non-executive Director of Stellantis on the Governance Effective Time.

Wan Ling Martello holds an MBA from the University of Minnesota and a BS from the University of the Philippines.

Kevin Scott (non-executive Director) – Kevin Scott is a non-executive Director of Stellantis. Born in Lynchburg, Virginia, in 1972, Kevin Scott is executive vice president of technology & research, and the chief technology officer of Microsoft since 2017. Kevin Scott’s 20-year career in technology spans both academia and industry as researcher, engineer, and leader.

Prior to joining Microsoft, Kevin Scott was senior vice president of engineering and operations at LinkedIn from 2011 to 2016. Earlier in his career, Kevin Scott oversaw mobile ads engineering at Google, including the integration of Google’s acquisition of AdMob. At AdMob, Kevin Scott was responsible for engineering and operations for the world’s leading platform for mobile monetization. Before joining AdMob, Kevin Scott held numerous leadership positions at Google in the search and advertising divisions of the company. Kevin Scott became a non-executive Director of Stellantis on the Governance Effective Time.

Kevin Scott is the founder of the non-profit organization Behind the Tech and a director of The Scott Foundation.

Kevin Scott holds an M.S. in computer science from Wake Forest University, a B.S. in computer science from University of Lynchburg, and has completed most of his Ph.D. in computer science at the University of Virginia.

Messrs. John Elkann and Andrea Agnelli, both Directors of Stellantis, are cousins.

Amount and Composition of the Remuneration of the Board of Directors

Details of the remuneration of the Board of Directors and its committees are set forth within the section “*REMUNERATION REPORT*” included elsewhere within this report.

Directors' Share Ownership

The table below shows the number of Stellantis common shares owned by members of the Board of Directors as at February 21, 2023:

Directors Owning Stellantis Common Shares	Shares	Percent of Class
John Elkann	740,791	— %
Carlos Tavares	984,190	— %
Robert Peugeot	10,094	— %
Henri de Castries	21,000	— %
Andrea Agnelli	36,102	— %
Fiona Clare Cicconi	—	— %
Jacques de Saint-Exupéry	348	— %
Nicolas Dufourcq	—	— %
Ann Frances Godbehere	9,650	— %
Wan Ling Martello	—	— %
Kevin Scott	—	— %

No members of senior management beneficially own 1 percent or more of the Company's common shares.

Board Practices and Committees

Board Regulations

On January 17, 2021, the Board of Directors adopted its current regulations that deal with matters that concern the Board of Directors and its committees internally.

The regulations contain provisions concerning the manner in which meetings of the Board of Directors are called and held, including the decision-making process. The regulations provide that meetings may be held by telephone or video conference, provided that all participating Directors can follow the proceedings and participate in real-time discussion of the items on the agenda.

The Board of Directors can only adopt valid resolutions when the majority of the Directors in office are present at the meeting or be represented thereat.

A Director may only be represented by another Director authorized in writing.

A Director may not act as a proxy for more than one other Director.

All resolutions shall be adopted by the favorable vote of the majority of the Directors present or represented at the meeting, in accordance with the regulations adopted by the Board of Directors. Each Director shall have one vote.

The Board of Directors shall be authorized to adopt resolutions without convening a meeting if all Directors shall have expressed their opinions in writing, unless one or more Directors shall object in writing against the resolution being adopted in this way prior to the adoption of the resolution.

The regulations are available on the Company's website.

Committees

On January 17, 2021, the Board of Directors appointed the following internal committees: (i) an Audit Committee; (ii) a Governance and Sustainability Committee, currently called ESG Committee; and (iii) a Remuneration Committee, with such appointments becoming effective as of the Governance Effective Time.

The Audit Committee

On August 2, 2021, the Board of Directors adopted the current charter of the Audit Committee. The Audit Committee is responsible for assisting and advising the Board of Directors with respect to, *inter alia*: (i) the integrity of the Company's financial statements, including any published interim reports, related press releases and other related corporate communications; (ii) the adequacy and effectiveness of the Company's internal control over financial reporting, financial reporting procedures and disclosure controls and procedures; (iii) the Company's policy on tax planning; (iv) the Company's financing; (v) the Company's applications of information and communication technology, including risks relating to cybersecurity; (vi) the systems of internal controls that management and the Board of Directors have established; (vii) the Company's compliance with legal and regulatory requirements; (viii) the Company's compliance with recommendations and observations of internal and independent auditors; (ix) the open and ongoing communications regarding the Company's financial position and results of operations between the Board of Directors, the independent auditors, the Company's management and internal audit department (x) the Company's policies and procedures for addressing certain actual or perceived conflicts of interest; (xi) the qualifications, independence, oversight and remuneration of the Company's independent auditors and any non-audit services provided to the Company by the independent auditors; (xii) the selection of the independent auditor by recommending an independent auditor for nomination, appointment or dismissal by the Company's general meeting of shareholders; (xiii) the performance of the Company's internal auditors and independent auditors; (xiv) risk management and risk assessment guidelines and policies, including major financial risk exposure, and the steps taken to monitor and control such risks; and (xv) the implementation and effectiveness of the Company's ethics and compliance program.

The Audit Committee currently consists of Ann Frances Godbehere (Chairperson), Wan Ling Martello and Henri de Castries. The Audit Committee is elected by the Board of Directors and is comprised of independent Directors. The Senior Independent Director or a former executive Director may not serve as chairman of the Audit Committee. Audit Committee members are required (i) not to have any material relationship with the Company or perform the functions of auditors or accountants for the Company; (ii) to be "independent", for purposes of NYSE rules, Rule 10A-3 of the Exchange Act and the Dutch Corporate Governance Code; and (iii) to be "financially literate" and have "accounting or selected financial management expertise" (as determined by the Board of Directors). At least one member of the Audit Committee should be a "financial expert" as defined by the Sarbanes-Oxley Act and the rules of the SEC and section 2(3) of the decree on the establishment of an audit committee (*Besluit instelling auditcommissie*). No Audit Committee member may serve on more than four audit committees for other public companies, absent a waiver from the Board of Directors which must be disclosed in the Company's annual report. Unless decided otherwise by the Audit Committee, the independent auditors of the Company, the Chief Financial Officer and the head of internal audit attend its meetings while the CEO is entitled to attend meetings of the Audit Committee unless the Audit Committee determines otherwise and shall attend the meetings of the Audit Committee if the Audit Committee so requires. The Audit Committee shall meet with the independent auditors at least once per year outside the presence of the executive Directors and management.

Our Board of Directors has determined that all Audit Committee members are "audit committee financial experts". All Audit Committee members are independent directors under the NYSE rules, Rule 10A-3 of the Exchange Act and the Dutch Corporate Governance Code.

During 2022, nine meetings of Stellantis' Audit Committee were held. The average attendance of its members at those meetings was 100 percent, except for Ms Wan Ling Martello due to personal circumstances. The Committee reviewed the Stellantis' financial results for the period ended on June 30, 2022, and the full year, as well as the shipments and revenues related to the first and the third quarter of the year. The Committee, with the assistance of the Stellantis' Chief Financial Officer and other Company officers mainly from finance and legal departments, focused on main business drivers in addition to key accounting, reporting matters and periodical reviews of the certain areas such as synergies, enterprise risk management, treasury, insurance, and employee benefits/pensions review with specific focus on the areas of major audit risks such as the evaluation of assets and liabilities requiring management judgment. Particular focus was dedicated to cybersecurity matters. The Audit Committee also presided over the audit tender process to select the Company's new auditor, starting in 2024, due to the mandatory rotation requirements in the Netherlands. Independent Auditors attended all the meetings providing regular information to the Committee on their activity. The Committee reviewed the annual internal audit plan, the performance of external auditor, and received updates on legal and compliance matters, with the General Counsel attending the Committee meetings. Internal Audit activity was reviewed on a regular basis with the Head of Audit and Compliance attending all the meetings and discussing with the Committee the main findings and remediating actions. Internal control over financial reporting was part of these reviews as well. In line with the policy adopted by the Company, the Committee was regularly involved in the review and approval of transactions entered into with related parties.

The Remuneration Committee

On January 17, 2021, the Board of Directors adopted the current charter of the Remuneration Committee. The Remuneration Committee is responsible for, *inter alia*, assisting and advising the Board of Directors in: (i) determining executive compensation consistent with the Company's remuneration policy; (ii) reviewing and approving the overall compensation strategy of the Company and the remuneration structure for the executive Directors; (iii) administering equity incentive plans and deferred compensation benefit plans; (iv) discussing with management the Company's policies and practices related to compensation and issuing recommendations thereon; and (v) preparing the remuneration report.

The Remuneration Committee currently consists of Wan Ling Martello (Chairperson), Andrea Agnelli, Henri de Castries, Fiona Clare Cicconi and Robert Peugeot. The Remuneration Committee is elected by the Board of Directors, which shall appoint one of its members as Chairperson of the Remuneration Committee, and is comprised of at least three non-executive Directors, more than half of whom shall be independent under Dutch Corporate Governance Code. Unless decided otherwise by the Remuneration Committee, the Head of HR and Transformation of the Company attends its meetings. For a period of four years from January 17, 2021, the Chairperson shall be selected from among the independent directors nominated by FCA (or his or her replacement) and shall meet the requirements set forth in Section 5.1.4 of the Dutch Corporate Governance Code as Chairperson of the Remuneration Committee.

During 2022, five meetings of Stellantis' Remuneration Committee were held with 100 percent attendance of its members at those meetings, except for Ms Wan Ling Martello due to personal circumstances. The Remuneration Committee reviewed the 2022 Remuneration Report and carefully assessed the shareholders' feedback on 2021 Remuneration Report. Details of the activities of the Remuneration Committee are included in the *REMUNERATION REPORT* section included elsewhere in this report.

The ESG Committee

On October 6, 2021, the Board of Directors adopted the current charter of the ESG Committee, which amended the former charter of the Governance and Sustainability Committee, by focusing on the ESG matters in addition to the tasks previously included. The ESG Committee is responsible for, *inter alia*, assisting and advising the Board of Directors with: (i) the identification of the criteria, professional and personal qualifications for candidates to serve as Directors; (ii) periodic assessment of the size and composition of the Board of Directors; (iii) periodic assessment of the performance of individual Directors and reporting on this to the Board of Directors; (iv) proposals for nomination and re-nomination of executive and non-executive Directors; (v) supervision of the policy on the selection and appointment criteria for senior management; (vi) proposing and supervising the policy regarding succession planning for the Board of Directors and senior management; (vii) monitoring and evaluating reports on the strategy, targets, achievements, disclosures and reports relating to ESG matters globally of the Company and its subsidiaries; and (viii) 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.

The ESG Committee currently consists of Henri de Castries (Chairperson), Andrea Agnelli, Fiona Clare Cicconi, Nicolas Dufourcq and Kevin Scott. The ESG Committee is elected by the Board of Directors and is comprised of at least three non-executive Directors according to its charter. More than half of its members shall be independent under the Dutch Corporate Governance Code. For a period of four years from January 17, 2021, the Chairperson shall be selected among the independent directors nominated by PSA (or his or her replacement).

During 2022, the Stellantis ESG Committee met twice with 100 percent attendance of its members at those meetings. The Committee reviewed the Corporate Social Responsibility ("CSR") achievements in 2021 and related disclosures, including the CSR Report and the Non-Financial Information to be included in the Annual Report, and focused on the 2022 CSR roadmap with respect to the Company's targets regarding climate change, including the target of achieving carbon neutrality by 2038, and other objectives concerning development of human capital, customer expectations, protection of human rights and support to a balanced economic development of territories. In addition, the Committee reviewed the Board of Director's and Committee's assessments, recommended for the Board approval the Policy on Bilateral Contacts with Shareholders, the Diversity Policy of the Board of Directors, and the Profile of non-Executive Directors. The Committee was provided with three induction session focusing on human capital, philanthropy strategy, and governance. As part of ESG matters, the governance session included shareholders engagement, board composition, diversity, corporate values, new reporting standards, new Dutch Corporate Governance Code and supplier due diligence.

Indemnification of Directors

Under the Articles of Association, Stellantis is required to indemnify any and all of its Directors, officers, former Directors, former officers (including former directors and officers of PSA) and any person who may have served at its request as a director or officer of another company in which it owns shares or of which it is a creditor who were or are made a party or are threatened to be made a party or are involved in, any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitrative or investigative (each, a “Proceeding”), or any appeal in such a Proceeding or any inquiry or investigation that could lead to such a Proceeding against any and all liabilities, damages, reasonable and documented expenses (including reasonably incurred and substantiated attorney’s fees), financial effects of judgments, fines, penalties (including excise and similar taxes and punitive damages) and amounts paid in settlement in connection with such Proceeding by any of them. Notwithstanding the above, no indemnification will be made in respect of any claim, issue, or matter as to which any of the above-mentioned indemnified persons will be adjudged in a final and non-appealable decision to be liable for gross negligence or willful misconduct in the performance of such person’s duty to Stellantis. This indemnification by Stellantis is not exclusive of any other rights to which those indemnified may be entitled otherwise.

Conflict of Interest

A Director shall not participate in discussions and decision-making with respect to a matter in relation to which he or she has a direct or indirect personal interest which is in conflict with the interests of the Company and the business associated with the Company (“Conflict of Interest”), which shall be determined outside the presence of the Director concerned. All transactions, where there is a Conflict of Interest, must be concluded on terms that are customary in the branch concerned and approved by the Board of Directors. In addition, the Board of Directors as a whole may determine that there is such a strong appearance of a Conflict of Interest of a Director in relation to a specific matter, that it would be inappropriate for such Director to participate in discussions and the decision-making process with respect to such matter. A Director shall promptly report any Conflict of Interest to the Chairman (or to the Senior Independent Director or another Director in case of the Chairman) and shall provide all relevant information concerning such Conflict of Interest.

At least annually, each non-executive Director shall assess in good faith whether he or she is independent under best practice provision 2.1.8 of the Dutch Corporate Governance Code and each Director shall assess in good faith whether he or she is independent under (a) the requirements of Rule 10A-3 under the Exchange Act, and (b) Section 303A of the NYSE Listed Company Manual.

The Directors shall inform the Board of Directors through the Senior Independent Director or the Secretary of the Board of Directors as to all material information regarding any circumstances or relationships that may impact their characterization as “independent” or impact the assessment of their interests, including by responding promptly to the annual questionnaires circulated by or on behalf of the Secretary that are designed to elicit relevant information regarding such Director’s business and other relationships relevant to the determination of independence.

Based on each Director’s assessment described above, the Board of Directors shall make a determination at least annually regarding such Director’s independence. These annual determinations shall be conclusive, absent a change in circumstances from those disclosed to the Board of Directors that necessitates a change in such determination.

Senior Management

The Company’s management is led by Stellantis’ Chief Executive Officer who is supported by a team of senior managers. From an operational perspective, each of our regions are led by Chief Operating Officers. These are supported centrally by corporate functions, including a Chief Human Resources & Transformation Officer, Chief Planning Officer, Chief Financial Officer and General Counsel.

The regional COOs and leaders of the key corporate functions are:

- Carlos Tavares as Chief Executive Officer;
- Uwe W. Hochgeschurtz as Chief Operating Officer Enlarged Europe;
- Mark Stewart as Chief Operating Officer North America;

- Antonio Filosa as Chief Operating Officer South America;
- Samir Cherfan as Chief Operating Officer Middle East & Africa;
- Gregoire Olivier as Chief Operating Officer China;
- Carl Smiley as Chief Operating Officer India and Asia Pacific;
- Xavier Chéreau as Chief Human Resources & Transformation Officer;
- Olivier Bourges as Chief Planning Officer;
- Richard K. Palmer as Chief Financial Officer; and
- Giorgio Fossati as General Counsel.

Summary biographies for these individuals are included below. For the biography of Carlos Tavares, see above.

Uwe W. Hochgeschurtz – Uwe W. Hochgeschurtz was appointed Chief Operating Officer for Enlarged Europe in June 2022 and has served as a member of Stellantis’ Top Executive Team since September 2021. Previously, he was Brand Chief Executive Officer (CEO) for Opel and Vauxhall, a position he held since joining Stellantis in September 2021.

Mr. Hochgeschurtz has more than 30 years of experience in the automotive industry. He started his career at Ford in 1990, where he held various management roles. For example, he was Sales Director for Ford Switzerland and Product Manager and Head of LCV Marketing in Germany. In 2001, he moved to VW as Head of Worldwide Marketing LCV. Three years later, he moved to Renault, where he worked in sales, marketing, and product planning before being appointed CEO of Renault Germany, Austria, and Switzerland in June 2016.

Mr. Hochgeschurtz studied in Germany (Wuppertal & Cologne), Great Britain (Birmingham) and France (Paris Dauphine) and has a master's degree in business administration and management. Mr. Hochgeschurtz was born in Koln (Germany) in 1963.

Mark Stewart - Mark Stewart is currently Chief Operating Officer North America. He was appointed FCA’s Chief Operating Officer for the North America region and named a member of the Group Executive Council (GEC) on December 6, 2018. Previously, Mr. Stewart was Vice President of Operations for Amazon since 2017. He was the lead executive for customer fulfillment across 200 operations facilities in North America. In this position, he was also responsible for overseeing operations, procurement, construction, and engineering with teams dedicated to pursuing automation, artificial intelligence and advanced robotics and conveyance. Prior to that, Mr. Stewart was Chief Operating Officer for ZF TRW Automotive from 2015. He also held a number of positions with increasing responsibility at TRW Automotive, Inc., from 2006. He spent the first years of his career in manufacturing with TRW Inc., and later Tower Automotive, Inc. where he served as Director of Operations and Executive Vice President. Mr. Stewart has been based in the U.S., Belgium, Germany, and China with a variety of experiences in production, quality, and engineering.

He holds a Bachelor of Engineering from Vanderbilt University and a Master of Business Administration from the University of Tennessee. Mr. Stewart was born in Madison (Alabama, U.S.A.), in 1967.

Antonio Filosa - Antonio Filosa is currently Chief Operating Officer South America. He was named FCA’s Chief Operating Officer of the LATAM region and a member of the GEC in March 2018. Previously, Mr. Filosa served as the Head of Argentina as well as the Head of Alfa Romeo and Maserati brands for the Latin America region, positions he held since 2016 and 2018, respectively.

Prior to those roles, he was responsible for all Purchasing activities in the LATAM region. Mr. Filosa has held a series of positions with increasing responsibility within the FCA Group including serving as plant manager of the Betim facility. He joined the FCA Group in 1999.

Mr. Filosa holds a master’s degree in engineering from Politecnico di Milano (Italy). Mr. Filosa was born in Castellammare di Stabia, Italy in 1973.

Samir Cherfan – Samir Cherfan is currently Chief Operating Officer Middle East & Africa. He has a broad experience across the automotive value chain including R&D, manufacturing, product & program management, and sales and marketing for various automotive groups. He started his career with Renault Group in 1992. During the first 11 years, he held various management positions in research, engineering and modules development and production. He then joined the program management department for 7 years and became program director of mid-range models designed for international markets. In 2010, he moved to the front line as Managing Director of Eastern Paris retail network at Renault Retail Group. In 2012, he joined Nissan Group in the Middle East, as Sales and Marketing Director before being appointed Managing Director one year later. He joined Groupe PSA in 2017 as Sales and Marketing Senior Vice President for Middle East & Africa region (MEA). In 2019, he was nominated Director of MEA Region and Executive Vice President. Mr. Cherfan was also head of the industrial and commercial diversity reduction cross functional team.

Mr. Cherfan is currently director of Société Tunisienne Automobile Financière Immobilière et Maritime – STAFIM and director of Société de Promotion Industrielle et Automobile au Maroc - SOPRIAM.

Mr. Cherfan was born in Hadath, Lebanon in 1967. He is an engineer graduate of Polytech Sorbonne, Paris, France.

Gregoire Olivier – Gregoire Olivier is currently Chief Operating Officer China. He has held a variety of operational responsibilities in the industrial sector for twenty years before joining PSA in 2006. He started as a civil servant in the French Ministry of Industry in 1984 and was appointed advisor to the Prime Minister for Industry and Environment in 1990. From 1992 to 1998, he worked for Pechiney, first as General Manager of Aluminium of Greece, then from 1995 as Chicago plant manager and subsequently Vice President of American National Can. From 1998 to 2000, he was head of the Electronics Division then General Manager of the Battery manufacturer SAFT. He was appointed CEO of the electronics company SAGEM in 2001, becoming SAFRAN in 2006. Mr. Olivier entered Groupe PSA in 2006, as CEO of Faurecia. He joined the PSA Executive Committee as SVP Programs and Strategy in 2007 and moved to China in 2010 as SVP China and South East Asia. He came back in 2016 as SVP Mobility Services, and became General Secretary in 2018, supervising Chinese activities from April 2020 onwards. Mr. Olivier currently serves as Chairman of the Board of directors of Laboratoire National de Métrologie et d'Essais.

Mr. Olivier was born in Algiers, Algeria in 1960. He is a graduate of Ecole Polytechnique (France), holds an engineering degree from Ecole des Mines de Paris and an MBA from the University of Chicago.

Carl Smiley – Carl Smiley is currently Chief Operating Officer India and Asia Pacific. He was appointed Chief Purchasing & Supply Chain Officer and a member of FCA's GEC in January 2019.

Previously, Mr. Smiley was a Senior Vice President and General Manager for TE Connectivity for the Asia Pacific Region since 2012. From 2006 to 2011, Mr. Smiley held a number of advancing roles within Magna Steyr.

Mr. Smiley began his career at GM and spent time in quality, purchasing, production management and supplier quality within the U.S., China and Mexico.

He holds a Bachelor of Arts from Alma College (Alma, Michigan) and a Master of Management with a focus on International Business and Finance from Regent University (Virginia Beach), Virginia. Mr. Smiley was born in Detroit, Michigan, U.S. in 1970.

Xavier Chéreau – Xavier Chéreau was appointed Chief Human Resources & Transformation Officer and a member of Stellantis' Top Executive Team in January 2021. He has built his entire career path within the field of HR and has alternated between the Head office and operations activities within different sites and divisions. These have included R&D, manufacturing, and support functions. He joined Groupe PSA in 1994 and subsequently held the position of Employment & Mobility Manager for Europe. He went on to become Social Relations Manager at the Poissy plant in France and then Head of Social Innovation and Management institute within the Group.

In 2006, he was appointed Vice President, Director of Human Resources and Social Relations for the Trémery and propulsion system plants. In 2009, he was appointed Senior Vice President, Industrial and R&D Division Human Resources. In 2010, he also took operational responsibility for the Engineering testing resources of the R&D department. From 2014 to 2015, he held the position of Director of Human Resources Development, Talents and Top Management. In 2015, he was appointed Executive Vice President of Human Resources of the Group and member of the Global Executive Committee. In 2018, he was appointed Director of Human Resources and Transformation, a division that includes the Digital, IT and Real Estate departments, and as of 2020, Compliance and Audit.

After a Bachelor's degree in Economic Management, Xavier Chéreau completed his Master's degree in Human Resources (Employment Management & Corporate Social Development) at the 'Institut Sciences Politiques de Paris', France.

Mr. Chéreau was born in Paris, France in 1968.

Olivier Bourges – Olivier Bourges is currently Chief Planning Officer. He joined Groupe PSA in 2014 to become General Secretary of the Company. He moved on to become Planning Executive Vice President in 2018, in charge of Corporate Planning (company strategic planning and Business Development), Global Product Planning, Vehicle Programs management and Corporate CO₂ management. He was also responsible within the Global Executive Committee for the sales finance activities. Prior to joining PSA, he held several positions in Renault, mainly as Investor Relations Officer or Vehicles Program Controller and later on as Corporate Controller, and in Nissan, responsible for Corporate Planning and Vehicle Program Management in North America. He started his career at the French Treasury where he held several positions in the banking supervisory activities and in the state owned companies supervisory activities. He also worked for the World Bank in Washington D.C.

Mr. Bourges was born in Auxerre, France in 1966. He is a graduate of Sciences Po Paris and the Ecole Nationale d'Administration.

Richard K. Palmer - Richard K. Palmer is currently Chief Financial Officer. He was appointed FCA's Chief Financial Officer and a member of its GEC in September 2011. In that role, he was responsible for all financial activities of the Group including control, treasury, and tax. He was also named Head of Business Development in July 2018. On April 12, 2019, he was appointed to the Board of Directors of FCA as an executive member. Previously he also served as Chief Operating Officer Systems and Castings. Mr. Palmer was Chief Financial Officer of FCA US from June 2009 until 2017. Mr. Palmer joined FCA US from the former Fiat Group Automobiles, where he held the position of Chief Financial Officer beginning in December 2006. In 2003, he joined the Fiat Group as Chief Financial Officer of Comau, and in 2005, moved to Iveco in the same role.

Prior to that appointment, he was Finance Manager for several business units at General Electric Oil and Gas. Mr. Palmer spent the first years of his career in audit with Price Waterhouse and later with United Technologies Corporation. Mr. Palmer served as a member of the Board of Directors of R.R. Donnelley & Sons Company from 2013 to September 2016. From October 2016 to September 2019, Mr. Palmer served as member of the Board of Directors of LSC Communications, Inc., which was spun off from R.R. Donnelly and Sons Company.

Mr. Palmer is a Chartered Accountant and member of ICAEW (UK) and holds a Bachelor of Science degree in Microbiology from the University of Warwick (UK). Mr. Palmer was born in Keynsham, England in 1966.

Giorgio Fossati - Giorgio Fossati is currently General Counsel. He was appointed Corporate General Counsel of FCA in November 2014. Previously, Mr. Fossati was General Counsel of Fiat, a position to which he was appointed in 2011. Previously he had been General Counsel of Fiat Auto since 2002, following other positions of increasing responsibility within the Fiat Legal department. Prior to that, Mr. Fossati worked in positions of increasing responsibility in the legal department at Iveco S.p.A.

Mr. Fossati earned his master's degree in law from the University of Turin School of Law. Mr. Fossati was born in Orbassano, Italy in 1961.

Senior Management

The aggregate compensation expense for senior management was €44 million for the year ended December 31, 2022, which included €16 million for share-based compensation expense, €14 million for short-term employee benefits and €3 million for pension and similar benefits.

Articles of Association and Information on Stellantis Shares

The following is a summary of material information relating to Stellantis common shares, including summaries of certain provisions of the Articles of Association, the terms and conditions in respect of Stellantis special voting shares (the "Terms and Conditions of Special Voting Shares"), and the applicable Dutch law provisions in effect at the date of this report. The summaries of the Articles of Association and the Terms and Conditions of Special Voting Shares as set forth in this report are qualified in their entirety by reference to the full text of the Articles of Association and the Terms and Conditions of Special Voting Shares.

Share Capital

As at December 31, 2020, prior to the closing of the merger, the authorized share capital of FCA was €40,000,000, divided into 2,000,000,000 FCA common shares with a nominal value of €0.01 each and 2,000,000,000 special voting shares with a nominal value of €0.01 each. At the Effective Time, (i) by way of a deed of amendment to the Articles of Association, FCA's authorized share capital was increased to €90,000,000, divided into 4,500,000,000 common shares with a nominal value of €0.01 each and 4,500,000,000 special voting shares with a nominal value of €0.01 each; (ii) FCA issued 1,545,220,196 new common shares to PSA shareholders, corresponding to an exchange ratio of 1.742 FCA common shares for each outstanding PSA ordinary share. As of the Governance Effective Time, by way of a deed of amendment to the Articles of Association, (i) FCA's name was changed into Stellantis; (ii) the authorized share capital of Stellantis was divided into 4,500,000,000 common shares with a nominal value of €0.01 each, 4,050,000,000 class A special voting shares with a nominal value of €0.01 each and 450,000,000 class B special voting shares with a nominal value of €0.01 each; (iii) the special voting shares of FCA were converted into class B special voting shares at the Governance Effective Time. The special voting shares held by Exor prior to the closing of the merger were repurchased by FCA at the Effective Time for no consideration. The Articles of Association provide that, following the deposit by the Board of Directors of a declaration at the Dutch Trade Register that the class B special voting shares held by Stellantis on the Effective Date were canceled, the authorized share capital of Stellantis shall amount to €90,000,000, divided into 4,500,000,000 common shares with a nominal value of €0.01 each, 4,499,750,000 class A special voting shares and 250,000 class B special voting shares. As of March 3, 2021, there were 208,622 class B special voting shares and no class A special voting shares outstanding, and the above-mentioned declaration has not been filed with the Dutch Trade Register. As of the same date, the Company held 449,410,092 class B special voting shares in treasury. At the extraordinary general meeting of the shareholders held on January 4, 2021, the shareholders approved inter alia the proposal to increase and, subsequently, decrease the Stellantis issued share capital in connection with the Faurecia Distribution, which has been approved by the extraordinary general meeting of shareholders of Stellantis held on March 8, 2021.

On April 15, 2021, the General Meeting of Shareholders resolved to cancel all 449,410,092 class B special voting shares held by the Company subject to completion of the formal procedures under Dutch law. All those repurchased shares have been cancelled as of October 8, 2021.

As of November 5, 2021, there were 188,622 class B special voting shares and no class A special voting shares outstanding. As of the same date, the Company held 20,000 class B special voting shares in treasury. As of February 2, 2022, due to the withdrawal of 10,000 special voting shares which were repurchased by the Company, there were 178,622 class B special voting shares and no class A special voting shares outstanding; as of the same date, the Company held 30,000 class B special voting shares in treasury.

On December 21, 2022, all the outstanding special voting shares B were exchanged with newly issued special voting shares A in accordance with article 7.5 of the terms and conditions of the special voting shares (the "SVS Terms and Conditions"). As a result, all the 208,622 issued special voting shares B were held in the Company's treasury. At December 31, 2022 there were 178,790 issued special voting shares A and 208,622 issued special voting shares B (208,622 at December 31, 2021), all with a par value of €0.01 each.

As of February 21, 2023, the share capital of the Company consists of the following: 3,213,372,229 common shares (of which 69,125,544 shares are owned by the Company), 178,790 Class A special voting shares and 208,622 Class B special voting shares.

On July 31, 2017, PSA issued 39,727,324 equity warrants in favor of GM, at the unit price of €16.3386515, giving entitlement to subscribe for PSA ordinary shares, on the basis of one PSA ordinary share for one equity warrant, at an exercise price of €1.00 per PSA ordinary share, between July 31, 2022, and July 31, 2026. At the Effective Time, each of the 39,727,324 outstanding equity warrants was converted into one equity warrant giving entitlement to subscribe 1.742 Stellantis common shares (each, a “Warrant”) at an exercise price equal to €1.00 per Warrant, between July 31, 2022, and July 31, 2026. GM and its affiliates did not have the right to sell or transfer the Warrants other than to GM affiliates. GM and its affiliates did not have any governance or voting rights in respect of the Warrants, and were obligated to sell the common shares received within 35 days from the date of exercise of the Warrants. The terms and conditions of the Warrants provided for protection of the rights of warrant holders in connection with certain transactions carried out by the issuer where the record date to benefit from or participate in such transactions and, in particular, to benefit from any dividend or other distribution announced or voted on or before that date, is prior to the delivery date of the underlying shares upon exercise of the Warrants. The contemplated transactions included, among others, any free allocation of shares or other securities to shareholders, regrouping or splitting of shares, increase of the par value of the common shares, merger, demerger, repayment of share capital, dividends, and other distributions. The terms and conditions of the Warrants set out the calculation formula to adjust the exercise ratio, provided that any such adjustment had to be made such that the value of the common shares that would have been obtained had the Warrants been exercised immediately before one of the contemplated transactions is equal, to the nearest 100th of a share, to the value of the shares that would have been obtained had the Warrants been exercised immediately after such transaction.

On September 13, 2022, Stellantis N.V. and General Motors Holdings LLC, a subsidiary of GM Company executed a share repurchase agreement (“SRA”) related to the 69,125,544 common shares in Stellantis, representing approximately 2.2 percent of Stellantis’ share capital (on a diluted basis), that GM was entitled to receive upon the exercise of the Warrants following the adjustment in connection with certain transactions carried out by Stellantis, as described above. Upon exercise of the Warrants, Stellantis also delivered to GM approximately 1.2 million common shares of Faurecia and an aggregate cash amount of approximately €130 million for rights to dividends paid by PSA and Stellantis. Pursuant to the SRA, the issue and the repurchase of Stellantis common shares both occurred on September 15, 2022. The purchase price paid by Stellantis for the common shares amounted, in total, to €923 million. Such amount was based on the volume-weighted average price of one Stellantis common share on the regulated market of Euronext in Milan over the last five trading days prior to September 14, 2022. The purchase of Stellantis common shares by Stellantis from GM was carried out under the authority granted by the general meeting of April 13, 2022.

Stellantis common shares and special voting shares have been created under the laws of the Netherlands.

Stellantis common shares are registered shares represented by an entry in the shareholders’ register of Stellantis. The Board of Directors may determine that, for the purpose of trading and transfer of shares on a foreign stock exchange, share certificates will be issued in such a form as will comply with the requirements of such a foreign stock exchange and Dutch law. A register of shareholders is maintained by Stellantis in the Netherlands and a branch register is maintained in the United States on Stellantis’ behalf by Computershare Trust Company, N.A., which serves as Stellantis’ branch registrar and transfer agent in the United States.

Beneficial interests in Stellantis common shares that are traded on the NYSE are held through the book-entry system provided by The Depository Trust Company (“DTC”) and are registered in Stellantis’ register of shareholders in the name of Cede & Co., as DTC’s nominee. Beneficial interests in Stellantis common shares traded on Euronext Milan are held through Monte Titoli S.p.A., the Italian central clearing and settlement system, as a participant (through Euroclear Bank) in DTC. Beneficial interests in Stellantis common shares traded on Euronext Paris are held through Euroclear France and its intermediaries Euroclear Bank and J.P. Morgan, the latter acting as a participant in DTC.

Special voting shares are registered shares represented by an entry in the shareholders’ register of Stellantis. No share certificates have been issued with respect to the special voting shares. No right of pledge may be established on special voting shares and the voting rights attributable to special voting shares may not be assigned to a usufructuary.

Additional information on Stellantis’ equity as of December 31, 2022, is contained in Note 27, *Equity*, to the Consolidated Financial Statements included elsewhere in this report.

Directors

Set forth below is a summary of the material provisions of the Articles of Association relating to our Directors. This summary does not restate the Articles of Association in their entirety.

The members of the Board of Directors are appointed by the general meeting of shareholders, taking into account the nomination rights set out in the Articles of Association and further described under “*Nomination Rights*”.

The initial term of office of each of the Chairman, CEO, Senior Independent Director, and Vice Chairman is five years, in each case beginning on the Governance Effective Time. The initial term of office for each of the other Directors is four years beginning on the Governance Effective Time. Such initial terms of office shall lapse immediately after the close of the first annual general meeting of shareholders held after four or five years (as applicable) have lapsed since the Governance Effective Time. Under Articles of Association, after the initial term, the term of office of the Directors is for a period of two years, provided that unless a Director has resigned at an earlier date the term of office shall lapse immediately after the close of the first annual general meeting of shareholders held two years following the appointment. Each Director may be reappointed for an unlimited number of terms.

Stellantis has a policy in respect of the remuneration of the members of the Board of Directors. With due observation of the remuneration policy, the Board of Directors may determine the remuneration for directors in respect of the performance of their duties. The Board of Directors must submit plans to award shares or the right to subscribe for shares to the general meeting of shareholders for its approval.

Stellantis shall not grant the Directors any personal loans or guarantees.

Additional information on the Board of Directors is contained in the *Report of the Non-Executive Directors* included elsewhere in this report.

Nomination Rights

The Articles of Association provide for certain rights of Exor, EPF/Peugeot Invest and BPI (each a “Nominating Shareholder”) to nominate the number of Directors mentioned below for future terms of office of the Board of Directors. In particular, and subject to the terms and conditions set forth in the Articles of Association:

- Exor shall have the right to nominate two directors;
- BPI (or EPF/Peugeot Invest, as further described below) shall have the right to nominate one director; and
- EPF/Peugeot Invest shall have the right to nominate one director.

Notwithstanding the above:

- if the number of Stellantis common shares held by BPI, and/or any of its affiliates, or EPF/Peugeot Invest, and/or any of their affiliates, falls below the number of shares corresponding to five percent of the issued and outstanding Stellantis common shares, such shareholder will no longer be entitled to nominate a Director (in which case, any Director nominated by BPI or EPF/Peugeot Invest, as the case may be, will be required to resign as promptly as reasonably practicable (and in any case, within ten days of the relevant threshold no longer being met)); and
- if, at any time within the six years following the Effective Time or on the sixth anniversary of the Effective Time, both (i) the number of Stellantis common shares held by EPF/Peugeot Invest and/or their affiliates increases to a number of shares corresponding to eight percent or more of the issued and outstanding Stellantis common shares and (ii) the number of Stellantis common shares held by BPI and/or its affiliates falls below the number of shares corresponding to five percent of the issued and outstanding Stellantis common shares, then EPF/Peugeot Invest will be entitled to nominate a second Director to the Board of Directors in replacement of the BPI nominee (the “EPF/Peugeot Invest Additional Director”).

As an exception to the foregoing paragraph, if at any time within the six years following the Effective Time:

- the number of Stellantis common shares held by BPI and its affiliates, on the one hand, or EPF/Peugeot Invest and their affiliates, on the other hand, represents between four percent and five percent of the issued and outstanding Stellantis common shares (the “Threshold Stake”);
- either BPI or EPF/Peugeot Invest has not otherwise lost its right to nominate a Director in accordance with the preceding paragraph; and
- the number of Stellantis common shares held by BPI, EPF/Peugeot Invest and their respective affiliates represents, in aggregate, eight percent or more of the issued and outstanding Stellantis common shares,

the Nominating Shareholder which holds the Threshold Stake will maintain its right to nominate a Director (the “Residual Director”) to the Board of Directors until the sixth anniversary of the Effective Time (it being understood that while BPI is entitled to nominate a Director pursuant to this exception, EPF/Peugeot Invest will not be entitled to nominate the EPF/Peugeot Invest Additional Director).

Additionally, Exor’s right to nominate representative(s) to the Board of Directors will decrease in the event Exor and/or its affiliates reduce their equity ownership in Stellantis as follows:

- if the number of shares held by Exor and/or its affiliates falls below the number of shares corresponding to eight percent of the issued and outstanding Stellantis common shares, Exor will be entitled to nominate one Director instead of two; and
- if the number of shares held by Exor and/or its affiliates falls below the number of shares corresponding to five percent of the issued and outstanding Stellantis common shares, Exor will no longer be entitled to nominate a Director.

In such cases, the Director designated by Exor for resignation from among the Directors nominated by Exor will be required to resign as promptly as reasonably practicable (and in any case, within ten days of the relevant threshold no longer being met) after the number of Stellantis common shares held by Exor and/or its affiliates falls below the applicable threshold.

Any event or series of events (including any issue of new shares) other than a transfer (including transfer under universal title) of Stellantis common shares will be disregarded for the purpose of determining whether the applicable Nominating Shareholder reaches the relevant threshold(s).

Pursuant to the Articles of Association, the general meeting of shareholders may at all times overrule a binding nomination for the appointment of a Director by a two-thirds majority of the votes cast, with such two-thirds majority of the votes cast representing more than half of the issued and outstanding share capital of Stellantis.

Additionally, the Articles of Association provide that the nomination rights of a Nominating Shareholder lapse upon a Change of Control of such Nominating Shareholder. A “Change of Control” is defined in Article 1.1. of Stellantis Articles of Association as any direct or indirect transfer carried out by a shareholder that is not an individual through one or a series of related transactions as a result of which (i) a majority of the voting rights in such shareholder; (ii) the *de facto* ability to direct the casting of a majority of the votes exercisable at general meetings of such shareholder; and/or (iii) the ability to appoint or remove a majority of the directors, executive directors or board members or executive officers of such shareholder or to direct the casting of a majority of the voting rights at meetings of the board of directors, management board or similar governing body of such shareholder has been transferred to the transferee of such shares, provided that no Change of Control will be deemed to have occurred if (a) the transfer of ownership and/or control is an intragroup transfer under the same controlling person, (b) the transfer of ownership and/or control is the result of the succession or the liquidation of assets between spouses or the inheritance, *inter vivos* donation or other transfer to a spouse or a relative up to and including the fourth degree, (c) the fair market value of the Qualifying Common Shares (as defined under “—*Loyalty Voting Structure*”) held by such shareholder represents less than 20 percent of the total assets of the Transferred Group at the time of the transfer and the Qualifying Common Shares held by such shareholder, in the sole judgment of Stellantis, are not otherwise material to the Transferred Group or the change of control transaction.

Article 1.1 of Stellantis Articles of Association defines “Transferred Group” as the relevant shareholder together with its affiliates, if any, over which control was transferred as part of the same Change of Control transaction.

No Liability to Further Capital Calls

All of the outstanding Stellantis common shares and special voting shares are fully paid and non-assessable.

Discriminating Provisions

Except for the voting limitations described in this section under “—*General Meeting of Shareholders and Voting Rights — Voting Limitations*”, there are no provisions of the Articles of Association that discriminate against a shareholder because of its ownership of a certain number of shares.

Rights of Pre-emption

Under Dutch law and the Articles of Association, each Stellantis shareholder has a right of pre-emption in proportion to the aggregate nominal value of its common shares upon the issuance of new Stellantis common shares, or the granting of rights to subscribe for Stellantis common shares. Exceptions to this right of pre-emption include the issuance of new Stellantis common shares, or the granting of rights to subscribe for Stellantis common shares: (i) to employees of Stellantis or another company of Stellantis pursuant to an equity incentive plan of Stellantis; (ii) against payment in kind (contribution other than in cash); and (iii) to persons exercising a previously granted right to subscribe for Stellantis common shares. Shareholders do not have any right of pre-emption in connection with the issuance of special voting shares. Rights of pre-emption may be exercised during a period of at least two weeks after the announcement of an issuance of new Stellantis common shares in the Dutch State Gazette.

The general meeting of shareholders may resolve to limit or exclude the rights of pre-emption upon an issuance of Stellantis common shares, which resolution requires approval of at least two-thirds of the votes cast if less than one-half of the issued and outstanding share capital is present or represented at the general meeting of shareholders. If more than one-half of the issued and outstanding share capital is present or represented at the general meeting of shareholders, an absolute majority of the votes cast is required. The Articles of Association, or the general meeting of shareholders, may also designate the Board of Directors to resolve to limit or exclude the rights of pre-emption in relation to the issuance of Stellantis common shares. Pursuant to Dutch law, the designation by the general meeting of shareholders may be granted to the Board of Directors for a specified period of time of not more than five years and only if the Board of Directors has also been designated or is simultaneously designated the authority to resolve to issue Stellantis common shares. In the proposal to the general meeting of shareholders in respect of the Board of Directors’ authority to resolve to limit or exclude such rights of pre-emption, the reasons for the proposal and the choice of the intended price of issue will be explained in writing.

The Board of Directors is irrevocably designated in the Articles of Association as the competent body to exclude or limit rights of pre-emption for an initial period of three years from January 16, 2021, in connection with the relevant authority to issue Stellantis common shares referred to under “—*Issuance of Shares*”, which designation may be extended by the general meeting of shareholders for additional periods up to a maximum of five years per period.

Repurchase of Shares

Upon agreement with the relevant shareholder, Stellantis may acquire fully paid-up shares in its own share capital at any time for no consideration (*om niet*), or, subject to certain provisions of Dutch law and the Articles of Association, for consideration if: (i) Stellantis’ shareholders’ equity less the payment required to make the acquisition does not fall below the sum of called-up and paid-in share capital and any reserves to be maintained pursuant to Dutch law and the Articles of Association; (ii) Stellantis would thereafter not hold a pledge over Stellantis common shares, or together with its subsidiaries, hold Stellantis common shares with an aggregate nominal value exceeding 50 percent of Stellantis’ issued share capital; and (iii) the Board of Directors has been authorized to do so by the general meeting of shareholders.

Stellantis’ equity, as shown in the last confirmed and adopted balance sheet, after deduction of the acquisition price for shares in the share capital of Stellantis, the amount of the loans as referred to in Article 2:98c of the Dutch Civil Code and distributions from profits or reserves to any other persons that became due by the company and its subsidiary companies after the date of the balance sheet, shall be decisive for purposes of items (i) and (ii) referred to in the immediately preceding paragraph. If no annual accounts have been confirmed and adopted when more than six months have expired after the end of any financial year, then an acquisition in reliance on the immediately preceding paragraph shall not be allowed until the relevant annual accounts are adopted.

The acquisition of fully paid-up shares by Stellantis other than for no consideration (*om niet*) requires authorization by the general meeting of shareholders. Such authorization may be granted to the Board of Directors for a period not exceeding 18 months and shall specify the number of shares, the manner in which the shares may be acquired and the price range within which shares may be acquired. The authorization is not required for the acquisition by Stellantis of shares for employees of Stellantis, or another company of Stellantis, under a scheme applicable to such employees and no authorization is required for repurchase of shares acquired in certain other limited circumstances in which the acquisition takes place by operation of law, such as pursuant to mergers or demergers. In case of acquisition of shares by Stellantis for employees of Stellantis, such shares must be officially listed on the price list of an exchange.

Stellantis may, jointly with its subsidiaries, hold Stellantis common shares in its own capital exceeding one-tenth of its issued and outstanding capital for no more than three years after acquisition of such Stellantis common shares for no consideration (*om niet*) or in certain other limited circumstances in which the acquisition takes place by operation of law, such as pursuant to mergers or demergers. Any Stellantis common shares held by Stellantis in excess of the amount permitted shall transfer to all members of the Board of Directors jointly at the end of the last day of such three-year period. Each member of the Board of Directors shall be jointly and severally liable to compensate Stellantis for the value of the Stellantis common shares at such a time, with interest payable at the statutory rate on such shares. The term Stellantis common shares as used in this paragraph shall include depositary receipts for shares and shares in respect of which Stellantis holds a right of pledge.

No votes may be cast at a general meeting of shareholders on the Stellantis common shares held by Stellantis or its subsidiaries. In addition, no voting rights may be cast at a general meeting of shareholders in respect of Stellantis common shares for which depositary receipts have been issued that are owned by Stellantis. Nonetheless, the holders of a right of usufruct or pledge in respect of shares held by Stellantis and its subsidiaries in Stellantis share capital are not excluded from the right to vote on such shares if the right of usufruct or pledge was granted prior to the time such shares were acquired by Stellantis or its subsidiaries. Neither Stellantis nor any of its subsidiaries may cast votes in respect of a share on which it or its subsidiaries holds a right of usufruct or pledge.

Reduction of Share Capital

The Stellantis common shares held in treasury by Stellantis and all issued class A special voting shares may be cancelled, and the nominal value of shares may be reduced, with the approval of the general meeting of shareholders.

A resolution to reduce the share capital requires a majority of at least two-thirds of the votes cast at the general meeting of shareholders if less than one-half of the issued and outstanding share capital is present or represented at the meeting. If more than one-half of the issued and outstanding share capital is present or represented at a general meeting of shareholders, an absolute majority of the votes cast is required.

Class A special voting shares may be cancelled by resolution taken by a majority of at least two-thirds of the votes cast at a general meeting of shareholders, subject to the approval of the meeting of holders of the class A special voting shares. Cancellation of class A special voting shares shall take place without repayment of the nominal value of the special voting shares, and such nominal value shall be added to the special capital reserve.

Any reduction of the nominal value of the Stellantis common shares without repayment must be made pro rata on all common shares. Any reduction of the nominal value of the special voting shares shall take place without repayment.

A partial repayment on Stellantis common shares shall only be allowed in implementation of a resolution to reduce the nominal value of the Stellantis common shares. Such partial repayment must be made in respect of all Stellantis common shares on a pro rata basis. The pro rata requirement may be waived with the consent of all the holders of Stellantis common shares.

Any proposal for a cancellation or reduction of nominal value is subject to general requirements of Dutch law with respect to reductions of share capital.

Transfer of Shares

In accordance with the provisions of Dutch law, pursuant to Article 13 of the Articles of Association, the transfer of Stellantis common shares or the creation of a right *in rem* in such shares requires a deed intended for that purpose and, save when Stellantis is a party to the deed, written acknowledgment by Stellantis of the transfer.

Common shares that have been entered into DTC's book-entry system will be registered in the name of Cede & Co. as nominee for DTC and transfers of beneficial ownership of shares held through DTC will be effected by electronic transfer made by DTC participants. Article 13 of the Articles of Association does not apply to the trading of such Stellantis common shares on a regulated market or the equivalent of a regulated market.

Transfers of shares held outside of (i) DTC or another direct registration system maintained by Computershare Trust Company, N.A., Stellantis' transfer agent in New York, (ii) Monte Titoli S.p.A. or (iii) Euroclear France (collectively, the "Regular Trading Systems") and not represented by certificates are effected by a deed intended for that purpose (including a stock transfer instrument) and, save where Stellantis is a party to the deed, require written acknowledgement by Stellantis. Transfer of common shares for which registered certificates have been issued is effected by presenting and surrendering the certificates to the transfer agent. A valid transfer requires the registered certificates to be properly endorsed for transfer as provided for in the certificates and accompanied by proper instruments of transfer and stock transfer tax stamps for, or funds to pay, any applicable stock transfer taxes. Stellantis may acknowledge the transfer by making an annotation on such certificate as proof of the acknowledgement or by replacing the surrendered certificate by a new share certificate registered in the name of the transferee.

Stellantis common shares are freely transferable. The number of Stellantis common shares registered in the Loyalty Register pursuant to Stellantis' loyalty voting structure and special voting shares is subject to the transfer restrictions described under "*—General Meeting of Shareholders and Voting Rights—General Meetings* and "*—Loyalty Voting Structure—Terms and Conditions of the Special Voting Shares—Withdrawal of Special Voting Shares*".

Exchange Controls and Other Limitations Affecting Shareholders

Under Dutch law, there are no exchange control restrictions on investments in, or payments on, Stellantis common shares. There are no special restrictions in the Articles of Association or Dutch law that limit the right of shareholders who are not citizens or residents of the Netherlands to hold or vote Stellantis common shares.

Annual Accounts and Independent Auditor

Stellantis' financial year is the calendar year. Within four months after the end of each financial year, the Board of Directors shall prepare and publish the annual accounts, consisting of a balance sheet, a profit and loss account and explanatory notes and which must be accompanied by an annual report and an auditor's report, alongside any other information that would need to be made public in accordance with the applicable provisions of law and the requirements of any stock exchange on which Stellantis common shares are listed. Stellantis shall make such annual accounts, annual report, and auditor's report available for inspection at Stellantis' office. All members of the Board of Directors are required to sign the annual accounts and in case the signature of any member is missing, the reason for this must be stated. The annual accounts are to be adopted by the annual general meeting of shareholders. The annual accounts, the annual report and independent auditor's report are made available through Stellantis' website to the shareholders for review as from the day of the notice convening the annual general meeting of shareholders. If it is justified in view of Stellantis' activities or the international structure of its Company, as determined by the Board of Directors, Stellantis' annual accounts or its consolidated accounts may be prepared in a foreign currency.

Payment of Dividends

Stellantis may make distributions to the shareholders and other persons entitled to distributions only to the extent that its shareholders' equity exceeds the sum of the paid-up and called-up portion of the share capital and the reserves that must be maintained in accordance with Dutch law and the Articles of Association. No distribution of profits or other distributions may be made to Stellantis itself for shares that Stellantis holds in its own share capital.

Stellantis may make a distribution of profits to the shareholders after the adoption of its statutory annual accounts. The Board of Directors, or the general meeting of shareholders upon a proposal of the Board of Directors, may resolve to make distributions from Stellantis' share premium reserve or from any other reserve (other than the special capital reserve), provided that payments from reserves other than the Special Voting Shares Dividend Reserve may only be made to holders of Stellantis common shares.

Holders of special voting shares shall not receive any dividends in respect of the special voting shares; however, Stellantis shall maintain a separate dividend reserve for the special voting shares for the sole purpose of the allocation of the mandatory minimal profits that accrue to the special voting shares (as further described under “—*Loyalty Voting Structure — General Meeting of Shareholders* and —*Voting Rights—General Meetings*”). A distribution from the Special Voting Shares Dividend Reserve or the (partial) release of the Special Voting Shares Dividend Reserve, shall require a prior proposal from the Board of Directors and a subsequent resolution of the meeting of holders of special voting shares, and shall be made exclusively to the holders of special voting shares in proportion to the aggregate nominal value of their special voting shares.

From the profits shown in the annual accounts, as adopted, such amounts shall be reserved as the Board of Directors may determine. The profits remaining thereafter shall first be applied to allocate and add to the Special Voting Shares Dividend Reserve an amount equal to one percent of the aggregate nominal amount of all special voting shares outstanding at the end of the financial year to which the annual accounts pertain. The special voting shares shall not carry any other entitlement to the profits.

Insofar as the profits have not been distributed or allocated to the reserves, they may, by resolution of the general meeting of shareholders, be distributed as dividends on the Stellantis common shares only. The Board of Directors may resolve that distributions will be made payable either in euro or in another currency. The Board of Directors, or the general meeting of shareholders upon a proposal by the Board of Directors, may resolve that a distribution will, wholly or partially, be made other than in cash, including in the form of Stellantis common shares or shares in another listed company, provided that, in case of a distribution in the form of Stellantis common shares, the Board of Directors has been designated as the body competent to pass a resolution for the issuance of shares.

The Board of Directors will have the power to declare one or more interim dividends or other distributions, subject to certain provisions of Dutch law and certain conditions set forth in the Articles of Association.

Dividends and other distributions will be made payable in the manner and at such date(s) as the Board of Directors or the general meeting of shareholders upon a proposal by the Board of Directors will determine.

The right to dividends and distributions shall lapse if the dividends or distributions are not claimed within five years following the day after the date on which they first became payable. Any dividends or other distributions made in violation of the Articles of Association or Dutch law shall have to be repaid by the shareholders who knew, or should have known, of such violation.

Information on the payment of dividends is contained in the section “*OTHER INFORMATION*” elsewhere in this report.

Amendments to the Articles of Association, including Variation of Rights

A resolution of the general meeting of shareholders to amend the Articles of Association or to wind up Stellantis may be approved only if proposed by the Board of Directors and approved by a vote of an absolute majority of the votes cast, provided that a resolution to amend Stellantis' corporate seat and/or place of effective management will require a majority of at least two-thirds of the votes cast.

The rights of shareholders may be changed only by amending the Articles of Association in compliance with Dutch law, provided that rights specific to Nominating Shareholders set out in the Articles of Association cannot be amended without the prior written approval of such shareholder.

Dissolution and Liquidation

The general meeting of shareholders may resolve to dissolve Stellantis upon a proposal of the Board of Directors thereto. In the event of dissolution, Stellantis will be liquidated in accordance with Dutch law and the Articles of Association and the liquidation shall be arranged by the members of the Board of Directors, unless the general meeting of shareholders appoints other liquidators. The general meeting of shareholders will appoint, and decide on the remuneration of, the liquidators. During liquidation, the provisions of the Articles of Association will remain in force as long as possible.

If Stellantis is dissolved and liquidated, whatever remains of Stellantis' equity after all its debts have been discharged shall first be applied to distribute the aggregate balance of share premium reserves and other reserves (other than the Special Voting Shares Dividend Reserve) to holders of Stellantis common shares in proportion to the aggregate nominal value of Stellantis common shares held by each holder; secondly, from any balance remaining, an amount equal to the aggregate amount of the nominal value of Stellantis common shares will be distributed to the holders of Stellantis common shares in proportion to the aggregate nominal value of Stellantis common shares held by each of them; thirdly, from any balance remaining, an amount equal to the aggregate amount of the Special Voting Shares Dividend Reserve will be distributed to the holders of special voting shares in proportion to the aggregate nominal value of the special voting shares held by each of them; fourthly, from any balance remaining, the aggregate amount of the nominal value of the special voting shares will be distributed to the holders of special voting shares in proportion to the aggregate nominal value of the special voting shares held by each of them; and, lastly, any balance remaining will be distributed to the holders of Stellantis common shares in proportion to the aggregate nominal value of Stellantis common shares held by each of them.

Liability of Directors

Under Dutch law, the management of a company with a one-tier board structure like Stellantis is a joint undertaking and each member of the Board of Directors can be held jointly and severally liable to Stellantis for damages in the event of improper or negligent performance of his or her duties. Furthermore, members of the Board of Directors can be held liable to third parties based on tort pursuant to certain provisions of the Dutch Civil Code. All Directors are jointly and severally liable for failure of one or more Directors. An individual Director is only exempted from liability if he or she proves that he or she cannot be held culpable for the mismanagement and that he or she has not been negligent in seeking to prevent the consequences of the mismanagement. In this regard a Director may, however, refer to the allocation of tasks between the Directors. In certain circumstances, Directors may incur additional specific civil and criminal liabilities.

Election and Removal of Directors

The Articles of Association provide that the Board of Directors shall be composed of three or more members.

Any Director may be suspended or dismissed at any time by resolution of the general meeting of shareholders. A resolution of the general meeting of shareholders to suspend or dismiss a Director appointed upon a binding nomination will require a majority of at least two-thirds of the votes cast, with such two-thirds majority of the votes cast representing more than half of the issued and outstanding share capital, unless the person who made the binding nomination for such director supports the suspension or dismissal (as the case may be), in which case an absolute majority of the votes cast is required.

Loyalty Voting Structure

Stellantis adopted the loyalty voting structure summarized below on January 17, 2021.

Shareholders of Stellantis may at any time elect to participate in the loyalty voting structure by requesting that Stellantis registers all or some of their common shares in a separate register (the “Loyalty Register”). The registration of common shares in the Loyalty Register blocks such shares from trading in the Regular Trading Systems. If such number of common shares (the “Electing Common Shares”) have been registered in the Loyalty Register (and thus blocked from trading in the Regular Trading Systems) for an uninterrupted period of three years in the name of the same shareholder (such a share a “Qualifying Common Share”), the relevant shareholder becomes eligible to receive one class A special voting share for each Qualifying Common Share. If, at any time, such common shares are de-registered from the Loyalty Register for whatever reason, the relevant shareholder shall lose its entitlement to hold a corresponding number of special voting shares. From January 17, 2021, shareholders will only be able to receive class A special voting shares and not class B special voting shares. Class B special voting shares were created at the Governance Effective Time in order to be held by FCA shareholders (other than Exor) who held FCA special voting shares prior to such time. The Board of Directors may resolve at any time that class B special voting shares shall be exchanged for class A special voting shares in accordance with the Terms and Conditions of Special Voting Shares.

A holder of Electing Common Shares or Qualifying Common Shares may at any time request the de-registration of some or all of the number of such shares from the Loyalty Register, which will allow such shareholder to freely trade such common shares. From the moment of such a request, the holder of Electing Common Shares or Qualifying Common Shares shall be considered to have waived his or her rights to cast any votes associated with such special voting shares to be de-registered from the Loyalty Register. Upon the de-registration from the Loyalty Register, the relevant number of common shares will therefore cease to be Electing Common Shares or Qualifying Common Shares. Any de-registration request would automatically trigger a mandatory transfer requirement pursuant to which the relevant special voting shares will be acquired by Stellantis for no consideration (*om niet*) in accordance with the Terms and Conditions of Special Voting Shares.

Stellantis common shares are freely transferable. However, any transfer or disposal of Stellantis common shares with which special voting shares are associated would trigger the de-registration of such common shares from the Loyalty Register and the transfer of all relevant special voting shares to Stellantis. Special voting shares are not admitted to listing and are transferable only in very limited circumstances (including, among other things, transfers to affiliates or to relatives through succession, donation, or other transfers, provided that the corresponding Qualifying Common Shares are also transferred to such party, or transfers with the approval of the Board of Directors). In particular, no shareholder shall, directly or indirectly: (a) sell, dispose of or transfer any special voting share or otherwise grant any right or interest in any special voting share, other than as permitted pursuant to the Articles of Association or the Terms and Conditions of Special Voting Shares; or (b) create or permit to exist any pledge, lien, fixed or floating charge or other encumbrance over any special voting share or any interest in any special voting share.

The purpose of the loyalty voting structure is to grant long-term shareholders an extra voting right by means of granting a special voting share (shareholders holding special voting shares are entitled to exercise one vote for each special voting share held and one vote for each Stellantis common share held), without entitling such shareholders to any economic rights, other than those pertaining to the common shares. However, under Dutch law, the special voting shares cannot be totally excluded from economic entitlements. As a result, pursuant to the Articles of Association, holders of special voting shares are entitled to a minimum dividend, which is allocated to a separate special voting shares dividend reserve (the “Special Voting Shares Dividend Reserve”). A distribution from the Special Voting Shares Dividend Reserve or the (partial) release of the Special Voting Shares Dividend Reserve will require a prior proposal from the Board of Directors and a subsequent resolution of the meeting of holders of special voting shares. The powers to vote upon the distribution from the Special Voting Shares Dividend Reserve and the cancellation of all class A special voting shares are the only powers that are granted to that meeting pursuant to the Articles of Association, which can only be convened by the Board of Directors as it deems necessary. The special voting shares do not have any other economic entitlement.

Section 11 of the Terms and Conditions of Special Voting Shares includes liquidated damages provisions intended to discourage any attempt by holders to violate the Terms and Conditions of Special Voting Shares. These liquidated damages provisions may be enforced by Stellantis by means of a legal action brought by Stellantis in the courts of Amsterdam, the Netherlands. In particular, a violation of the provisions of the Terms and Conditions of Special Voting Shares concerning the transfer of special voting shares may lead to the imposition of liquidated damages.

Pursuant to Section 13 of the Terms and Conditions of Special Voting Shares, any amendment to the Terms and Conditions of Special Voting Shares (other than merely technical, non-material amendments) may only be made with the approval of the shareholders at a general meeting of shareholders.

Special Voting Shares Foundation

Pursuant to the Articles of Association, Stichting Stellantis SVS, a Dutch foundation (*stichting*) (the “SVS Foundation”) has an option right to subscribe for a number of class A special voting shares up to the number of class A special voting shares included in the Company’s authorized share capital from time to time. This option right can only be exercised by the SVS Foundation to facilitate the loyalty voting structure as set forth in the Articles of Association and the Terms and Conditions of Special Voting Shares. An option right has been granted to the SVS Foundation for an unlimited period and is intended to ensure that holders of Qualifying Common Shares in the future will receive their special voting shares without requiring a resolution from the general meeting of shareholders. Under the structure of the SVS Foundation, once a shareholder of the Company becomes entitled to receive one special voting share for each Qualifying Common Share, the Company issues such special voting shares to the SVS Foundation pursuant to the SVS Foundation’s exercise of its option right and, thereafter, the SVS Foundation transfers the special voting shares to such shareholder. Issuing shares to the SVS Foundation is a technical device to ensure that special voting shares will be available for issue to eligible shareholders once such shareholders acquire the right to the special voting shares.

Terms and Conditions of the Special Voting Shares

The Terms and Conditions of Special Voting Shares apply to the issuance, allocation, acquisition, holding, repurchase and transfer of special voting shares in the issued share capital of Stellantis and to certain aspects of Electing Common Shares, Qualifying Common Shares and Stellantis common shares which are registered in the Loyalty Register.

Special Capital Reserve

Stellantis will maintain a separate capital reserve for the purpose of facilitating any issuance or cancellation of special voting shares. No distribution shall be made from the special capital reserve, except that the Board of Directors shall be authorized to resolve upon (i) any distribution out of the special capital reserve to pay up special voting shares or (ii) re-allocation of amounts to credit or debit the special capital reserve against or in favor of the share premium reserve.

Withdrawal of Special Voting Shares

Following a mandatory transfer to Stellantis of special voting shares after a de-registration of Qualifying Common Shares from the Loyalty Register, Stellantis may continue to hold the special voting shares as treasury stock, but will not be entitled to vote any such treasury stock. Alternatively, Stellantis may withdraw and cancel the special voting shares held in treasury, as a result of which the nominal value of such shares will be allocated to the special capital reserves of Stellantis. Stellantis may also cancel all issued and outstanding class A special voting shares subject to approval of the meeting of holders of the class A special voting shares. Consequently, the loyalty voting feature will terminate as to the relevant Qualifying Common Shares being deregistered from the Loyalty Register. No shareholder required to transfer special voting shares to Stellantis pursuant to the Terms and Conditions of Special Voting Shares will be entitled to any consideration for such special voting shares and each shareholder expressly waives any rights in that respect as a condition to participation in the loyalty voting structure.

Change of Control

A shareholder with common shares registered in the Loyalty Register must promptly notify Stellantis in the event of a Change of Control (as defined above) with respect to such shareholder and must make a de-registration request with respect to his or her Qualifying Common Shares or Electing Common Shares registered in the Loyalty Register. The de-registration request leads to a withdrawal of the special voting shares as described under “—*Withdrawal of Special Voting Shares*”. Notwithstanding Stellantis not receiving any such notification, it may, upon becoming aware of a Change of Control, initiate the de-registration of the relevant shareholder’s Qualifying Common Shares or Electing Common Shares.

General Meeting of Shareholders and Voting Rights

General Meetings

At least one general meeting of shareholders shall be held every year, with such meeting to be held within six months after the close of the financial year. The purpose of the annual general meeting of shareholders is, *inter alia*, the adoption of the annual accounts, the allocation of profits (including the proposal to distribute dividends), granting discharge to Directors in respect of the performance of their duties, the appointment of Directors, if applicable, and the discussion of any other item duly included in the agenda.

Furthermore, general meetings of shareholders shall be held as often as the Board of Directors, the Chairman, the Senior Independent Director, or the CEO deem it necessary to hold them or as otherwise required by Dutch law (including in the event Stellantis' equity has decreased to an amount equal to or less than one-half of the paid-up and called-up part of Stellantis' issued capital, as referred to in Section 2:108a of the Dutch Civil Code), without prejudice to what is provided in the next paragraph.

Shareholders individually or jointly representing at least ten percent of the issued share capital may request in writing, stating the matters to be dealt with, that the Board of Directors call a general meeting of shareholders.

If the Board of Directors fails to take the necessary steps to ensure a meeting can be held within eight weeks, then such shareholders may, on their application, be authorized by the interim provisions judge of the court (*voorzieningenrechter van de rechtbank*) to convene a general meeting of shareholders. The interim provisions judge (*voorzieningenrechter van de rechtbank*) shall reject the application if he or she is not satisfied that the applicants have previously requested in writing, stating the exact subjects to be discussed, that the Board of Directors convene a general meeting of shareholders.

General meetings of shareholders will be held in Amsterdam or Haarlemmermeer (Schiphol Airport), the Netherlands, and shall be called by the Board of Directors, the Chairman, the Senior Independent Director or the CEO, in such manner as is required to comply with the law and the applicable stock exchange regulations, no later than on the 42nd day prior to the day of the meeting. All convocations of general meetings of shareholders and all announcements, notifications and communications to shareholders shall be made by means of an announcement on Stellantis' corporate website and such an announcement shall remain accessible until the relevant general meeting of shareholders.

Any communication to be addressed to the general meeting of shareholders by virtue of Dutch law or the Articles of Association may be either included in the notice referred to in the preceding sentence or, to the extent provided for in such notice, on Stellantis' corporate website and/or in a document made available for inspection at the office of Stellantis and such other place(s) as the Board of Directors shall determine. Convocations of general meetings of shareholders may be sent to shareholders entitled to attend through the use of an electronic means of communication to the address provided by such shareholders to Stellantis for this purpose. The notice shall state the place, date and hour of the meeting and the agenda of the meeting as well as the other information required by law and the Articles of Association. An item proposed in writing by such a number of shareholders who, individually or in the aggregate, hold at least three percent of Stellantis' issued share capital, will be included in the notice or will be announced in a manner similar to the announcement of the notice, provided that Stellantis has received the relevant request, including the reasons for putting the relevant item on the agenda, no later than the 60th day before the day of the meeting.

Convocation, Agenda, Minutes and Attendance

The agenda of the annual general meeting of shareholders shall contain, *inter alia*, the following items:

- (a) adoption of the annual accounts;
- (b) non-binding advisory vote on the remuneration report;
- (c) discussion of the policy of Stellantis on additions to reserves and on dividends, if any;
- (d) granting of discharge to the Directors in respect of the performance of their duties in the relevant financial year;
- (e) if applicable, the appointment of Directors;

- (f) if applicable, the proposal to pay a dividend;
- (g) if applicable, discussion of any substantial change in the corporate governance structure of Stellantis; and
- (h) any matters decided upon by the person(s) convening the meeting and any matters placed on the agenda with due observance of applicable Dutch law.

The Board of Directors will provide the general meeting of shareholders with all requested information, unless this would be contrary to an overriding interest of Stellantis. If the Board of Directors invokes an overriding interest, it must give reasons.

When convening a general meeting of shareholders, the Board of Directors shall determine that, for the purpose of Article 24 and Article 26 of the Articles of Association, persons with the right to vote or attend meetings will be considered those persons who have these rights at the 28th day prior to the day of the meeting (the “Record Date”) and are registered as such in a register to be designated by the Board of Directors for such purpose, irrespective of whether they will have these rights at the date of the meeting. In addition to the Record Date, the notice of the meeting shall further state the manner in which shareholders and other parties with meeting rights may register for the meeting, the final registration date for that general meeting of shareholders (which final registration date will be the seventh day prior to the meeting unless otherwise determined by the Board of Directors (the “Final Registration Date”)) and the manner in which the right to vote or attend the meeting can be exercised.

The general meeting of shareholders shall be presided over by the Chairman, or, in his absence, by the Senior Independent Director or, in the absence of both the Chairman and the Senior Independent Director, by the person chosen by the Board of Directors to act as chairman for such meeting. One of the persons present designated for that purpose by the chairman of the meeting shall act as secretary and take minutes of the business transacted. The minutes shall be adopted by the chairman and secretary of the meeting and signed by them in witness of such adoption. The minutes of the general meeting of shareholders shall be made available, on request, to shareholders no later than three months after the end of the meeting, after which shareholders shall have the opportunity to react to the minutes in the following three months. In the event an amendment to the minutes is required, the amended minutes will then be adopted by the chairman and the secretary of the meeting and signed by them in witness of such adoption. If an official notarial record is made of the business transacted at the meeting then minutes need not be drawn up and it shall suffice that the official notarial record be signed by the notary.

As a prerequisite to attending the general meeting of shareholders and, to the extent applicable, exercising voting rights, the shareholders and other persons entitled to attend the meeting shall be required to inform the Board of Directors in writing of their intention to attend the general meeting of shareholders within the time frame mentioned in the convening notice. At the latest, this notice must be received by the Board of Directors on the Final Registration Date. Shareholders and those permitted by Dutch law to attend the general meetings of shareholders may choose to be represented at any meeting by a proxy duly authorized in writing, provided they notify Stellantis in writing of their wish to be represented at such time and place as shall be stated in the notice of the meeting. Such proxy is also authorized in writing if the proxy is documented electronically. The Board of Directors may determine further rules concerning the deposit of the powers of attorney; these shall be mentioned in the notice of the meeting. The chairman of the meeting shall decide on the admittance to the meeting of persons other than those who are entitled to attend.

For each general meeting of shareholders, the Board of Directors may decide that shareholders shall be entitled to attend, address and exercise voting rights at such a meeting through the use of electronic means of communication, provided that shareholders who participate in the meeting are capable of being identified through the electronic means of communication and have direct cognizance of the discussions at the meeting and the exercising of voting rights (if applicable). The Board of Directors may set requirements for the use of electronic means of communication and state these in the convening notice. Furthermore, the Board of Directors may, for each general meeting of shareholders, decide that votes cast by the use of electronic means of communication prior to the meeting and received by the Board of Directors shall be considered to be votes cast at the meeting. Such votes may not be cast prior to the Record Date. The notice will state whether the foregoing provisions regarding electronic voting apply and the procedure for exercising the electronic voting rights.

Prior to being allowed admittance to a general meeting of shareholders, a shareholder and each person entitled to attend the meeting, or its attorney, shall sign an attendance list, while stating his or her name and, to the extent applicable, the number of votes to which he or she is entitled. Each shareholder and other person attending a general meeting of shareholders by the use of electronic means of communication and identified in accordance with the above shall be registered on the attendance list by the Board of Directors. In case an attorney attends the meeting on behalf of a shareholder, or another person entitled to attend, the name(s) of the person(s) on whose behalf the attorney is acting, shall also be stated. The chairman of the meeting may decide that the attendance list must also be signed by other persons present at the meeting.

The chairman of the meeting may determine the time during which shareholders and others entitled to attend the general meeting of shareholders may speak, if he or she considers this desirable, with a view to the orderly conduct of the meeting as well as other procedures that the chairman considers desirable for the efficient and orderly conduct of the business of the meeting.

Stellantis is exempt from the proxy rules under the Exchange Act.

Voting Rights at General Meetings

Subject to the restrictions described under “—*Voting Limitations*,” every Stellantis share (whether common share or special voting share) shall confer the right to cast one vote at a general meeting of shareholders. Shares in respect of which Dutch law determines that no votes may be cast shall be disregarded for the purposes of determining the proportion of shareholders voting, present or represented or the proportion of the share capital present or represented. All resolutions shall be passed with an absolute majority of the votes validly cast unless otherwise specified in the Articles of Association or the Dutch Civil Code. Blank votes shall not be counted as votes cast.

All votes shall be cast in writing or electronically. The chairman of the meeting may, however, determine that voting by raising hands or in another manner shall be permitted. Voting by acclamation shall be permitted if none of the shareholders present or represented objects. No voting rights shall be exercised in the general meeting of shareholders for shares owned by the Company or by a subsidiary of the Company. However, pledgees and usufructuaries of shares owned by the Company and its subsidiaries shall not be excluded from exercising their voting rights if the right of pledge or usufruct was created before the shares were owned by the Company or a subsidiary. Neither the Company nor any of its subsidiaries may exercise voting rights for shares in respect of which it holds a right of pledge or usufruct.

Without prejudice to the Articles of Association, the Company shall determine for each resolution passed:

- (a) the number of shares on which valid votes have been cast;
- (b) the percentage that the number of shares as referred to under (a) represents in the issued and outstanding share capital;
- (c) the aggregate number of votes validly cast; and
- (d) the aggregate number of votes cast in favor of and against a resolution, as well as the number of abstentions.

Voting Limitations

No shareholder, acting alone or in concert, together with votes exercised by affiliates of such shareholder or pursuant to proxies or other arrangements conferring the right to vote, shall be able to exercise, directly or indirectly, voting rights at a general meeting of shareholders reaching or exceeding the Voting Threshold (i.e., 30 percent or more of the votes that could be cast at any general meeting of shareholders), including after giving effect to any voting rights exercisable through Stellantis special voting shares. Any voting right reaching or exceeding the Voting Threshold shall be suspended. Furthermore, the Articles of Association provide that, before each general meeting of shareholders, any shareholder that would be able to exercise voting rights reaching or exceeding the Voting Threshold must notify Stellantis, in writing, of its shareholding and total voting rights in Stellantis and provide, upon written request by Stellantis, within three days of such request being made, any information necessary to ascertain the composition, nature and size of the equity interest of that person and any other person acting in concert with it. The Voting Threshold restriction (i) may be removed following a resolution passed to that effect by the meeting of Stellantis shareholders with a majority of at least two-thirds of the votes cast (for the avoidance of doubt, without giving effect to any voting rights exercisable through Stellantis special voting shares, and subject to the aforementioned Voting Threshold) and (ii) shall lapse upon any person holding more than 50 percent of the issued Stellantis common shares (other than Stellantis special voting shares) as a result of a public offer for Stellantis common shares.

Shareholders' Votes on Certain Transactions

Any important change in the identity or character of Stellantis must be approved by the general meeting of shareholders, including (i) the transfer to a third party of the business of Stellantis or practically the entire business of Stellantis; (ii) the entry into or breaking off of any long-term cooperation of Stellantis or a subsidiary with another legal entity or company or as a fully liable partner of a general partnership or limited partnership, where such entry into or breaking off is of far-reaching importance to Stellantis; and (iii) the acquisition or disposal by Stellantis or a subsidiary of an interest in the capital of a company with a value of at least one-third of Stellantis' assets according to the consolidated balance sheet with explanatory notes included in the last adopted annual accounts of Stellantis.

Meetings of Holders of Shares of a Specific Class

Meetings of holders of shares of a specific class shall be held as frequently and whenever such a meeting is required by virtue of any statutory regulation or any provision in the Articles of Association.

Meetings of holders of shares of a specific class may be convened no later than on the sixth day before the day of such meeting. The provisions applicable to general meetings of shareholders, except those concerning the frequency, ultimate timing, notice period, right to put an item on the agenda and required agenda items, will apply mutatis mutandis to the meetings of holders of shares of a specific class. See “—*Voting Rights at General Meetings*” and “—*Voting Limitations*”.

Issuance of shares

The general meeting of shareholders, or alternatively the Board of Directors if it has been designated to do so at the general meeting of shareholders shall have authority to resolve on any issuance of shares and rights to subscribe for shares.

The Board of Directors has been irrevocably authorized, for a period of three years from January 16, 2021 to issue common shares and rights to subscribe for common shares up to in aggregate (i) ten percent of the issued common shares for general corporate purposes as of January 16, 2021, plus (ii) an additional ten percent of the issued common shares as of such date, if the issuance and/or the granting of rights to subscribe for common shares occurs in connection with the acquisition of an enterprise or a corporation, or, if such issuance and/or the granting of rights to subscribe for common shares is otherwise necessary in the opinion of the Board of Directors. The Board of Directors will also be designated, for a period of three years from January 16, 2021, as the authorized body to limit or exclude the rights of pre-emption of shareholders in connection with the foregoing authority of the Board of Directors to issue Stellantis common shares and grant rights to subscribe for Stellantis common shares. Refer to the “*Rights of Pre-emption*” section elsewhere in this report.

The general meeting of shareholders, or the Board of Directors if so designated in accordance with the Articles of Association, shall decide on the price and the further terms and conditions of issuance, with due observance of what is required in relation thereto under Dutch law and the Articles of Association.

If the Board of Directors is designated by the general meeting of shareholders to have authority to decide on the issuance of shares or rights to subscribe for shares, such a designation shall specify the class of shares and the maximum number of shares or rights to subscribe for shares that can be issued under such a designation. When making such designation the duration of the Board of Directors' relevant authority, which shall not be for more than five years, shall be resolved upon at the same time. The designation may be extended from time to time for periods not exceeding five years. The designation may not be withdrawn unless otherwise provided in the resolution in which the designation is made.

Payment for shares shall be made in cash unless another form of consideration has been agreed. Payment in a currency other than euro may only be made with the consent of the Board of Directors.

Disclosure of Holdings under Dutch Law

As a result of the listing of Stellantis common shares on Euronext Milan and Euronext Paris, pursuant to Chapter 5.3 of the Dutch Financial Markets Supervision Act ("FMSA"), which chapter is an implementation of Directive 2004/109/EC as amended by Directive 2013/50/EU into Dutch law, any person who, directly or indirectly, acquires or disposes of an actual or potential capital interest and/or actual or potential voting rights in Stellantis must without delay notify the AFM of such acquisition or disposal if, as a result of such acquisition or disposal, the percentage of capital interest and/or voting rights held by such person reaches, exceeds or falls below the following thresholds: three percent, five percent, ten percent, 15 percent, 20 percent, 25 percent, 30 percent, 40 percent, 50 percent, 60 percent, 75 percent and 95 percent (the "Notification Thresholds").

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must, *inter alia*, be taken into account: (i) shares and/or voting rights directly held (or acquired or disposed of) by any person; (ii) shares and/or voting rights held (or, acquired or disposed of) by such person's controlled entities or by a third party for such person's account; (iii) voting rights held (or acquired or disposed of) by a third party with whom such person has concluded an oral or written voting agreement; (iv) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights in consideration for a payment; and (v) shares which such person, or any controlled entity or third party referred to above, may acquire pursuant to any option or other right to acquire shares.

As a consequence of the above, special voting shares must be added to Stellantis common shares for the purposes of the above thresholds.

For the purpose of calculating the percentage of capital interest or voting rights, the following instruments qualify as 'shares': (i) shares; (ii) depository receipts for shares (or negotiable instruments similar to such receipts); (iii) negotiable instruments for acquiring the instruments under (i) or (ii) (such as convertible bonds); and (iv) options for acquiring the instruments under (i) or (ii).

Controlled entities (within the meaning of the FMSA) do not themselves have notification obligations under the FMSA as their direct and indirect interests are attributed to their (ultimate) parent. If a person who has a three percent or larger interest in Stellantis' share capital or voting rights ceases to be a controlled entity it must immediately notify the AFM and all notification obligations under the FMSA will become applicable to such former controlled entity.

Special rules apply to the attribution of shares and/or voting rights which are part of the property of a partnership or other form of joint ownership. A holder of a pledge or right of usufruct in respect of shares can also be subject to notification obligations if such person has, or can acquire, the right to vote on the shares. The acquisition of (conditional) voting rights by a pledgee or beneficial owner may also trigger notification obligations as if the pledgee or beneficial owner were the legal holder of the shares and/or voting rights.

Furthermore, when calculating the percentage of capital interest, a person is also considered to be in possession of shares if (i) such person holds a financial instrument the value of which is (in part) determined by the value of the shares or any distributions associated therewith and which does not entitle such person to acquire any shares; (ii) such person may be required to purchase shares on the basis of an option; or (iii) such person has concluded another contract whereby such person acquires an economic interest comparable to that of holding a share.

If a person's capital interest and/or voting rights reaches, exceeds, or falls below the above-mentioned thresholds as a result of a change in Stellantis' issued and outstanding share capital or voting rights, such person is required to make a notification not later than on the fourth trading day after the AFM has published Stellantis' notification as described below.

The notification to the AFM should indicate whether the interest is held directly or indirectly, and whether the interest is an actual or a potential interest.

In addition, each person who is or ought to be aware that, as a result of the exchange of certain financial instruments, such as options for shares, his or her actual capital or voting interest in Stellantis, reaches, exceeds or falls below any of the Notification Thresholds, *vis-à-vis* his or her most recent notification to the AFM, must give notice to the AFM no later than the fourth trading day after he or she became or ought to be aware of this change.

Stellantis is required to notify the AFM promptly of any change of one percent or more in its issued share capital or voting rights since a previous notification. Other changes in Stellantis' issued share capital or voting rights must be notified to the AFM within eight days after the end of the quarter in which the change occurred.

In addition to the above-described notification obligations pertaining to capital interest or voting rights, pursuant to Regulation (EU) No. 236/2012, notification must be made to the AFM of any net short position of 0.2 percent in the issued share capital of Stellantis and of every subsequent 0.1 percent above this threshold. Notifications starting at 0.5 percent and every subsequent 0.1 percent above this threshold will be made public via the short selling register of the AFM. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires confirmation of a third party that the shares have been located. Furthermore, gross short positions are required to be notified in the event that a threshold is reached, exceeded, or fallen below. With regard to gross short positions, the same disclosure thresholds as for holders of capital interests and/or voting rights apply, without any set-off against long positions.

The AFM keeps a public register of all notifications made pursuant to these disclosure obligations and publishes any notification received which can be accessed via www.afm.nl. The notifications referred to in this paragraph should be made through the online notification system of the AFM.

Non-compliance with these disclosure obligations is an economic offense and may lead to criminal prosecution. The AFM may impose administrative penalties for non-compliance and may publish the imposed penalties. In addition, a civil court can impose measures against any person that fails to notify or incorrectly notifies the AFM of matters required to be notified. A claim requiring that such measures be imposed may be instituted by Stellantis and/or by one or more shareholders who alone or together with others represent at least three percent of the issued and outstanding share capital of Stellantis or are able to exercise at least three percent of the voting rights. The measures that the civil court may impose include:

- an order requiring appropriate disclosure;
- suspension of the right to exercise the voting rights for a period of up to three years as determined by the court;
- voiding a resolution adopted by the general meeting of shareholders, if the court determines that the resolution would not have been adopted but for the exercise of the voting rights of the person with a duty to disclose, or suspension of a resolution adopted by the general meeting of shareholders until the court makes a decision about such voiding; and
- an order to refrain, during a period of up to five years as determined by the court, from acquiring shares and/or voting rights in Stellantis.

Shareholders are advised to consult with their own legal advisers to determine whether the disclosure obligations apply to them.

Mandatory Bid Requirement

Under Dutch law, any person who, acting alone or in concert with others, directly or indirectly acquires 30 percent or more of Stellantis' voting rights will be required to launch a public offer for all outstanding shares in Stellantis' share capital for a fair purchase price determined by law. A fair price is considered a price which is equal to the highest price paid by such person or the persons acting in concert with it for Stellantis' shares in the year prior to the announcement of the offer or, in the absence of such a purchase, the average share price of Stellantis' shares in the year prior to the announcement of the offer. At the request of the offeror, Stellantis, or any of the Stellantis shareholders, the Enterprise Chamber of the Court of Appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*) (the "Dutch Enterprise Chamber") may determine a different fair price. If a 30 percent shareholder fails to make a public offer, the Dutch Enterprise Chamber may require such shareholder to do so upon the request of, among others, Stellantis or any of the Stellantis shareholders.

Dutch Financial Reporting Supervision Act

On the basis of the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*, or the "FRSA"), the AFM supervises the application of financial reporting standards by, amongst others, companies whose corporate seat is in the Netherlands and whose securities are listed on a regulated Dutch or foreign stock exchange.

Pursuant to the FRSA, the AFM has an independent right to (i) request an explanation from Stellantis regarding its application of the applicable financial reporting standards and thereafter (ii) make informal arrangements with the Company that must be observed in the future or make a notification to the Company that its financial reports do not meet the applicable financial reporting standards, which notification may be accompanied by a recommendation to the Company to issue a press release on the subject matter. If we do not comply or comply adequately with such a request or recommendation, the AFM may request that the Enterprise Chamber order us to (i) provide an explanation of the way we have applied the applicable financial reporting standards to our financial reports; or (ii) prepare our financial reports in accordance with the Enterprise Chamber's instructions.

Compulsory Acquisition

Pursuant to article 2:92a of the Dutch Civil Code, a shareholder who, for its own account, holds at least 95 percent of the issued share capital of Stellantis may institute proceedings against the other shareholders jointly for the transfer of their shares to it. The proceedings are held before the Dutch Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure. The Dutch Enterprise Chamber may grant the claim for the squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary, after appointment of one to three expert(s) who will offer an opinion to the Dutch Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final before the Dutch Enterprise Chamber, the person acquiring the shares must give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to it. Unless the addresses of all of them are known to it, it must also publish the same in a Dutch daily newspaper with a national circulation. A shareholder can only appeal against the judgment of the Dutch Enterprise Chamber before the Dutch Supreme Court.

In addition, pursuant to article 2:359c of the Dutch Civil Code, following a public offer, a holder of at least 95 percent of the issued share capital and of voting rights of Stellantis has the right to require the minority shareholders to sell their shares to it. Any such request must be filed with the Dutch Enterprise Chamber within three months after the end of the acceptance period of the public offer. Conversely, pursuant to article 2:359d of the Dutch Civil Code, each minority shareholder has the right to require the holder of at least 95 percent of the issued share capital and the voting rights of Stellantis to purchase its shares in such a case. The minority shareholder must file such a claim with the Dutch Enterprise Chamber within three months after the end of the acceptance period of the public offer.

Disclosure of Trades in Listed Securities

Pursuant to the FMSA, each member of the Board of Directors must notify the AFM:

- within two weeks after his or her appointment of the number of shares he or she holds and the number of votes he or she is entitled to cast in respect of Stellantis' issued and outstanding share capital; and

- subsequently of each change in the number of shares he or she holds and of each change in the number of votes he or she is entitled to cast in respect of Stellantis' issued and outstanding share capital, immediately after the relevant change.

Furthermore, pursuant to Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 (as amended and supplemented, the "Market Abuse Regulation"), each of the members of the Board of Directors and any other person discharging managerial responsibilities within Stellantis and who in that capacity is authorized to make decisions affecting the future developments and business prospects of Stellantis and has regular access to inside information relating, directly or indirectly, to Stellantis (each, a "PDMR") must notify the AFM of all transactions, conducted or carried out for his or her own account, relating to Stellantis common shares, special voting shares or financial instruments the value of which is (in part) determined by the value of Stellantis common shares or special voting shares.

In addition, persons that are closely associated with members of the Board of Directors or any of the other PDMRs must notify the AFM of all transactions conducted for their own account relating to Stellantis' shares or financial instruments, the value of which is (in part) determined by the value of Stellantis' shares. The Market Abuse Regulation designates the following categories of persons: (i) the spouse or any partner considered by applicable law as equivalent to the spouse; (ii) dependent children; (iii) other relatives who have shared the same household for at least one year as of the relevant transaction date; and (iv) any legal person, trust or partnership, among other things, whose managerial responsibilities are discharged by a member of the board of directors or any other PDMR or by a person referred to under (i), (ii) or (iii) above.

The notifications pursuant to the Market Abuse Regulation described above must be made to the AFM no later than the third business day following the relevant transaction date by means of a standard form. Such notifications under the Market Abuse Regulation may however be postponed until the date that the value of the transactions carried out on a person's own account, together with the transactions carried out by the persons associated with that person, reaches, or exceeds the amount of €5,000 in the calendar year in question. Any subsequent transaction must be notified as set forth above. The AFM keeps a public register of all notifications made pursuant to the FMSA and the Market Abuse Regulation.

Non-compliance with these reporting obligations could lead to criminal penalties, administrative fines, and cease-and-desist orders (and the publication of such penalties, fines and orders), imprisonment or other sanctions.

Shareholder Disclosure and Reporting Obligations under U.S. Law

Holders of Stellantis common shares are subject to certain U.S. reporting requirements under the Exchange Act for shareholders owning more than five percent of any class of equity securities registered pursuant to Section 12 of the Exchange Act. Among the reporting requirements are disclosure obligations intended to keep investors aware of any plans or proposals that may lead to a change of control of an issuer.

If Stellantis were to fail to qualify as a foreign private issuer in the future, Section 16(a) of the Exchange Act would require Stellantis' directors and executive officers, and persons who own more than ten percent of a registered class of Stellantis' equity securities, to file reports of ownership of, and transactions in, Stellantis' equity securities with the SEC. Such directors, executive officers and ten percent stockholders would also be required to furnish Stellantis with copies of all Section 16 reports they file.

Disclosure Requirements under Italian law and European Union law

Further disclosure requirements will apply to Stellantis under Italian law and French law by virtue of the listing of Stellantis' shares on Euronext Milan and Euronext Paris, respectively. Summarized below are the most significant requirements to be complied with by Stellantis in connection with the admission to trading of Stellantis common shares on Euronext Milan and the admission to listing and trading on Euronext Paris. The breach of the obligations described below may result in the application of fines and criminal penalties (including, for instance, those provided for insider trading and market manipulation).

In particular, the following main disclosure obligations will apply to Stellantis:

- The following articles of Legislative Decree no. 58/1998, or the Italian Financial Act (as well as the implementing regulations enacted by CONSOB thereunder) effective as of the date of this report: article 92 (equal treatment principle), article 113-*ter* (general provisions on regulated disclosures), article 114 (information to be provided to the public), article 114-*bis* (information concerning the allocation of financial instruments to corporate officers, employees and collaborators), article 115 (information to be disclosed to CONSOB upon the authority's request), articles 180 through 187-*quaterdecies* (relating to insider trading and market manipulation) and article 193 (fines for breach of disclosures duties);
- the General Regulation of the AMF, article 223-16 (obligation to disclose on a monthly basis the total number of shares and voting rights comprising Stellantis' share capital if these numbers have changed compared to the most recently disclosed numbers) and article 223-20 (obligation to file with the AMF certain changes to the Articles of Association). The information required to be published in France may be published in French or English; and
- the applicable law concerning market abuse and, in particular, article 7 (Inside information), article 17 (Public disclosure of inside information), article 18 (Insider lists) and article 19 (Managers' transactions) of the Market Abuse Regulation, as well as implementing regulations promulgated thereunder.

In addition to the above, the applicable provisions set forth under the market rules (including those relating to the timing for the payment of dividends and relevant "ex date" and "record date") will apply to Stellantis.

The foregoing is based on the current legal framework and, therefore, it may vary following any potential regulatory changes adopted by the concerned member states and competent authorities.

Disclosure of Inside Information - Article 17 of the Market Abuse Regulation

Pursuant to the Market Abuse Regulation, Stellantis has to disclose to the public, without delay, any inside information which: (i) is of a precise nature; (ii) has not been made public; (iii) directly concerns Stellantis; and (iv) if it were made public, would be likely to have a significant effect on the prices of Stellantis' financial instruments (as such term is defined under the Market Abuse Regulation) or on the price of related derivative financial instruments (the "Inside Information"). In this regard:

- information is deemed to be of a precise nature if: (a) it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or an event which has occurred, or which may reasonably be expected to occur and (b) it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the financial instruments (*e.g.* Stellantis' common shares) or the related derivative financial instrument. In this respect, in the case of a protracted process that is intended to bring about, or that results in, particular circumstances or a particular event, those future circumstances or that future event, and also the intermediate steps of that process which are connected with bringing about or resulting in those future circumstances or that future event, may be deemed to be information of precise nature.
- information which, if it were made public, would be likely to have a significant effect on the prices of financial instruments or the related derivative financial instruments means information a reasonable investor would be likely to use as part of the basis of his or her investment decisions.

An intermediate step in a protracted process is deemed to be Inside Information if, by itself, it satisfies the criteria of Inside Information as referred to above.

The above disclosure requirement has to be complied with through the publication of a press release by Stellantis in accordance with the Market Abuse Regulation and Dutch, Italian and French law, which discloses to the public the relevant Inside Information. In addition, any Inside Information disseminated by Stellantis in any jurisdiction is required to be made public in a manner that permits full and prompt access to, and correct and timely evaluation of, such information by the public in compliance with the Market Abuse Regulation.

Under specific circumstances, the AFM, CONSOB and the AMF may request Stellantis and/or its main shareholders to disclose to the public, or provide, specific information or documentation. For this purpose, the AFM, CONSOB and the AMF have broad powers under applicable EU regulations, as well as Italian and French law, to, among other things, carry out inspections or investigations or request information from the members of the Board of Directors or the external auditors.

Stellantis may, under its own responsibility, delay disclosure to the public of Inside Information provided that all of the following conditions are met: (a) immediate disclosure is likely to prejudice the legitimate interests of Stellantis; (b) delay of disclosure is not likely to mislead the public; and (c) Stellantis is able to ensure the confidentiality of that information.

In the case of a protracted process that occurs in stages and that is intended to bring about, or that results in, a particular circumstance or a particular event, Stellantis may under its own responsibility delay the public disclosure of Inside Information relating to this process, subject to the conditions set forth under (a), (b) and (c) above.

Insiders' List - Article 18 of the Market Abuse Regulation

Stellantis, as well as persons acting on its behalf or on its account, are required to draw up and keep regularly updated, a list of all persons who have access to Inside Information and who are working for them under a contract of employment, or otherwise performing tasks pursuant to which they have access to Inside Information, such as advisers, accountants, or credit rating agencies (the “insider list”).

Stellantis, or any person acting on its behalf or on its account, is required to take all reasonable steps to ensure that any person on the insider list acknowledges in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to insider dealing and unlawful disclosure of Inside Information.

Prohibition on Insider Dealing – Article 14 of the Market Abuse Regulation

It is prohibited for any person to make use of inside information by acquiring or disposing of, for its own account or for the account of a third party, directly or indirectly, financial instruments to which that information relates, as well as an attempt to do so (“insider dealing”). The use of inside information by cancelling or amending of an order concerning a financial instrument also constitutes insider dealing. In addition, it is prohibited for any person to disclose inside information to anyone else (except where the disclosure is made strictly as part of the person’s regular duty or function) or, whilst in possession of inside information, recommend or induce anyone to acquire or dispose of financial instruments to which the information relates. Furthermore, it is prohibited for any person to engage in or attempt to engage in market manipulation, for instance by conducting transactions which could lead to an incorrect or misleading signal of the supply of, the demand for or the price of a financial instrument.

Prohibition to Trade During Closed Periods – Article 19 of the Market Abuse Regulation

A PDMR is not permitted to (directly or indirectly) conduct any transactions on its own account or for the account of a third party, relating to shares or debt instruments of the Company or other financial instruments linked thereto, during a closed period of 30 calendar days before the announcement of an annual or semi-annual financial report of the Company.

Transparency Directive

The Netherlands is the Company’s home member state for the purposes of Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 (as amended by Directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013) as a consequence of which the Company will be subject to the FMSA in respect of certain ongoing transparency and disclosure obligations.

Public Tender Offers

Certain rules provided for under Italian law with respect to both voluntary and mandatory public tender offers will apply to any offer launched for Stellantis common shares. In particular, among other things, the provisions concerning the tender offer price and the procedure, including the obligation to communicate the decision to launch a tender offer, the content of the offer document and the disclosure of the tender offer will be supervised by CONSOB and will be subject to Italian law.

Stellantis Policies

On January 17, 2021, the Board of Directors *approved an amended insider trading policy, as described further below under “—Insider Trading Policy”*.

On the same day, the Board of Directors resolved that, for a transitional period to be further determined by the Board of Directors, the FCA code of conduct and other corporate and compliance policies (other than FCA's insider trading policy) as in place immediately prior to the merger did remain applicable to the former FCA business, and the PSA code of ethics and other corporate and compliance policies (other than PSA's insider trading policy) as in place immediately prior to the merger did remain applicable to the former PSA business. The Board of Directors approved the Stellantis Code of Conduct on March 2, 2021, as further described below, and on February 22, 2022, the Board of Directors adopted the Diversity Policy of the Board of Directors, the Profile of non-Executive Directors and the Policy on Bilateral Contacts with Shareholders.

Code of Conduct

The Stellantis Board of Directors adopted the new “Stellantis Code of Conduct” on March 2, 2021.

The Code is a pillar of the integrity system, regulating the decision-making processes and operating approach of the Company and its employees in the interests of stakeholders. Integrity is regarded as a source of competitiveness, a foundation of the Company's sustainable growth and the way to build day after day Stellantis' reputation as a Company that customers, the workforce and stakeholders can trust and rely on. The Code sets the ethical principles of integrity that will guide the Company and its workforce ensuring compliance with laws, regulations, and best practices.

The Code establishes our engagement with sustainable practices and environmental protection, our commitment to an inclusive workplace, with explicit reference to the United Nations (“UN”) declaration on human rights and the ILO declaration on fundamental principles and rights at work, and our respect for the law, including laws regarding safety, emissions, data privacy, anti-corruption, trade controls, and others.

The Code applies to the members of the Stellantis Board of Directors, officers and to all full-time or part-time employees, temporary workers, and contract workers. Stellantis also expects its stakeholders, including suppliers, dealers, distributors, and Joint Venture partners, to act with integrity and in accordance with the Code.

The Code focuses on four main areas:

- (a) the protection of the Stellantis workforce, including a commitment to diversity, fairness, and health and safety;
- (b) the way Stellantis conducts business by engaging in sustainable practices, with a specific reference to the environmental protection, and in accordance with applicable law, including vehicle safety and emissions laws and regulations, anti-money laundering, competition, export and trade regulations, insider trading, data privacy, anti-bribery and private corruption, lobby, and political contribution;
- (c) the interaction with external parties, including the avoidance of conflicts of interest and the support of our communities; and
- (d) the protection of Stellantis assets and information.

The Stellantis Code of Conduct is supplemented by a set of policies and procedures that will be reviewed on an annual basis for the applicability and effectiveness.

Members of the workforce have the responsibility to become familiar with the Code, abide by it, and report any conduct that they believe may be in violation of its principles. A company-wide reporting hotline known as the Integrity Helpline, available 24/7 wherever permitted by law, allows employees, suppliers, clients, and other stakeholders to:

- (a) report any concerns about situations inconsistent with our Code;
- (b) report any concerns regarding vehicle safety, emissions, or regulatory compliance; and

(c) disclose conflicts of interest that can affect job performance.

Retaliation against anyone who reports a matter in good faith is strictly prohibited and will be subject to disciplinary action up to including termination.

Stellantis closely monitors the effectiveness of and compliance with the Code through appropriate governance and oversight by the Ethics and Compliance Committee and implementation of the Company's compliance roadmap, which is the result of, among other things, an analysis and investigation of the allegations made in the Integrity Helpline, benchmarking, risk assessments, and auditing. On a regular basis, the Chief Audit and Compliance Officer informs the Chief Executive Officer and the Audit Committee on the major findings. For all Code violations, disciplinary measures taken are commensurate with the seriousness of the case and comply with local legislation.

The Stellantis Code of Conduct and the Stellantis Integrity Helpline are available on the Governance section of the Company's website at <https://www.stellantis.com/en/group/governance/corporate-regulations>.

Insider Trading Policy

The insider trading policy was initially adopted on October 10, 2014, by the board of directors of Fiat Investments. This policy was amended by the Board of Directors of FCA on July 28, 2016, following the new applicable law concerning market abuse and, in particular, the MAR Regulation and its implementing regulations; the policy was further revised by the Board of Directors on October 2, 2019, effective as of November 4, 2019, to improve its effectiveness and scope. On January 17, 2021, the Board of Directors amended the policy in connection with the listing of Stellantis' common shares on Euronext Paris. The insider trading policy sets forth guidelines and recommendations to all Directors, officers, and employees of the Company with respect to transactions in the Company's securities. This policy, which also applies to immediate family members and members of the households of persons covered by the policy, is designed to prevent insider trading or allegations of insider trading, and to protect the Company's integrity and ethical conduct.

Sustainability Practices

Stellantis is committed to operating in an environmentally and socially-responsible manner. For a full description of sustainability governance, guidelines, targets, and results, refer to the section *NON-FINANCIAL INFORMATION* elsewhere in this report.

Diversity Policy

On February 22, 2022, the Board of Directors adopted a revised diversity policy for the Board of Directors (the "Diversity Policy"), as the Company believes that diversity in the composition of the Board of Directors in terms of age, gender, expertise, work and personal background and nationality is an important means of promoting debate, balanced decision-making, and independent actions of the Board of Directors.

The Company believes that diversity in the composition of the Board of Directors in terms of age, gender, expertise, work background and nationality is an important means of promoting debate, balanced decision making and independent actions of the Board of Directors. A combination of skills and experience is fundamental to the proper functioning of the Board of Directors. The size, complexity, and product offerings of the sectors in which the Company operates, and the geographic spread of its businesses, require that members of the Board of Directors have a broad and diverse mix of skills and backgrounds. International experience and an understanding of industrial and financial sectors are also reflected in the Board of Directors membership. By applying this Policy to the Board of Directors, the Company would like to formalize its efforts to achieve and maintain a truly diverse senior management.

Because of the size, complexity, and product offerings, and the geographic spread of the Company's business, it is important to carefully consider many factors including the mix of skills, experiences and backgrounds of individuals serving on the Board of Directors. There will be an overriding emphasis based on merit when nominating candidates for vacancies of the Board of Directors but within that scope the Company applies the following diversity aspects to the Board of Directors: age, gender, expertise, work and personal background and nationality. The Company considers each of these aspects key drivers to support the above-mentioned goals and to achieve sufficient diversity of views and the expertise needed for a proper understanding of current affairs and longer-term risks and opportunities related to the Company's business. The Board of Directors and its ESG Committee consider such factors when evaluating nominees for election to the Board of Directors and during the annual performance assessment process.

Stellantis has determined that the objective of this Policy, with an overriding emphasis based on merit, is that: a) at least 40 percent of the seats of the Board of Directors are occupied by women and at least 40 percent by men and that in 2025, as soon as the resolutions taken by shareholders in the context of the merger will expire and the renewal of seven members out of eleven of the Board of Directors will become feasible, the composition of the Board of Directors will meet this target; b) the nationality of the members of the Board of Directors shall be reasonably consistent with the geographic spread of Stellantis' business and no nationality should count for more than 60 percent of the members of the Board of Directors; and c) the age of the members of the Board of Directors should be more diverse by having one or more members of the Board of Directors aged under 50 at the day of their nomination. It being understood that in the selection of a candidate on the basis of the defined diversity criteria, rules, and generally accepted principles of non-discrimination (on grounds such as ethnic origin, race, disability, or sexual orientation) will be taken into account.

To ensure its correct implementation the Policy has been embedded in the Company in various ways. The targets mentioned above will be taken into account in (a) in the appointment and nomination of executive directors, and (b) in the adoption of a profile for non-executive directors as well as in nominating and recommending non-executive directors. The ESG Committee will be responsible for assisting and advising the Board of Directors with, to the extent relevant for purpose of this Policy: (i) the identification of the criteria, professional and personal qualifications for candidates to serve as Directors; (ii) periodic assessment of the size and composition of the Board of Directors; (iii) proposals for election of executive and non-executive Directors; (v) supervision of the selection criteria and appointment procedure for senior management. If members of the Board of Directors are put up for election by the general meeting, the profile that will be presented to the general meeting will contain sufficient information for the shareholders to understand the background of the proposed member of the Board of Directors and its alignment with this Policy. In addition, the Diversity Policy has been considered in the adoption of a profile for non-executive Directors. In the 2022 financial year, the targets relating to nationality and age have been realized. Three out of nine non-executive Directors are female Board Members representing one third of the non-executive Directors and 27 percent of the whole Board of Directors.

Compliance with Dutch Corporate Governance Code

The Dutch Corporate Governance Code contains principles and best practice provisions that regulate, among other things, relations between the Board of Directors and the shareholders (including the general meeting of shareholders). The Dutch Corporate Governance Code is divided into five chapters which address the following topics: (i) long-term value creation; (ii) effective management and supervision; (iii) remuneration; (iv) the general meeting of shareholders; and (v) one-tier governance structure.

Dutch companies whose shares are listed on a regulated market, such as Euronext Milan or Euronext Paris, or comparable system, such as the NYSE, are required under Dutch law to disclose in their annual reports whether or not they apply the provisions of the Dutch Corporate Governance Code and, in the event that they do not apply a certain provision, to explain the reasons why they have chosen to deviate.

Stellantis acknowledges the importance of good corporate governance and supports the best practice provisions of the Dutch Corporate Governance Code.

While the Company endorses the principles and best practice provisions of the Dutch Corporate Governance Code, its current corporate governance structure applies the following best practice provisions as follows:

- The initial term of appointment of the Chairman, Chief Executive Officer, Senior Independent Director and Vice Chairman amounts to five years instead of the maximum period of 4-years referred to in best practice provision 2.2.2. by the Dutch Corporate Governance Code. FCA and PSA agreed upon such initial term as part of the merger negotiations between both parties and taking into account the best interests of the Company.
- The Company does not have a retirement schedule as referred to in best practice provision 2.2.4. of the Dutch Corporate Governance Code, because, pursuant to the Articles of Association, the term of office of the Directors is approximately two years.
- Although the Board of Directors has appointed a non-executive Director with the title of Vice-Chairman, this person does not qualify as a vice-chairperson within the meaning of best practice provision 2.3.7 of the Dutch Corporate Governance Code. The Board of Directors has however appointed a non-executive Director as the chairperson of the Board of Directors referred to by Dutch law, with the title of Senior Independent Director. Pursuant to Board of Directors' regulations, the Chairman, or in his or her absence the Senior Independent Director, or in his or her absence, any other non-executive Director chosen by a majority of the Directors present at a meeting, will preside at a meeting of the Board of Directors. In addition, the Chairman of Stellantis acts as contact person for individual Directors regarding any conflict of interest of the Senior Independent Director. It is believed that this is sufficient to ensure that the functions assigned to the vice-chairperson by the Dutch Corporate Governance Code are properly discharged.
- Pursuant to best practice provision 4.1.8 of the Dutch Corporate Governance Code, every executive and non-executive Director nominated for appointment should attend the general meeting of shareholders at which votes will be cast on his or her nomination. By publishing the relevant biographical details and curriculum vitae of each nominee for (re)appointment, the Company ensures that the Company's general meeting of shareholders is well informed in respect of the nominees for (re)appointment and, in practice, only the executive Directors will therefore be present at the general meeting of shareholders.

Differences between Dutch Corporate Governance Practices and NYSE Listing Standards

The discussion below summarizes the significant differences between our corporate governance practices and the NYSE standards applicable to U.S. companies, as well as certain ways in which our governance practices (see above section *Compliance with Dutch Corporate Governance Code*) deviate from those suggested in the Dutch Corporate Governance Code.

- The NYSE requires that when an audit committee member of a U.S. domestic listed company serves on four or more audit committees of public companies, the listed company should disclose (either on its website or in its annual proxy statement or annual report filed with the SEC) that the board of directors has determined that this simultaneous service would not impair the director's service to the listed company. Dutch law does not require the Company to make such a determination.
- The Audit Committee is elected by the Board of Directors and is comprised of at least three independent Directors. Audit Committee members are also required (i) not to have any material relationship with the Company or to serve as auditors or accountants for the Company; (ii) to be "independent" for the purposes of NYSE rules, Rule 10A-3 of the Exchange Act and the Dutch Corporate Governance Code; and (iii) to be "financially literate" and have "accounting or selected financial management expertise" (as determined by the Board of Directors). Furthermore, the Audit Committee may not be chaired by the Chairperson of the Board of Directors or by a former executive of the Company. Currently, the Audit Committee consists of Ann Frances Godbehere (Chairperson), Wan Ling Martello and Henri de Castries.
- In contrast to NYSE rules applicable to U.S. companies which require that external auditors be appointed by the Audit Committee, the general rule under Dutch law is that external auditors are appointed by the general meeting of shareholders. In accordance with the requirements of Dutch law, the appointment and removal of our independent registered public accounting firm must be resolved upon at a general meeting of shareholders. Our Audit Committee is responsible for the recommendation to the shareholders of the appointment or dismissal and compensation of the independent registered public accounting firm and oversees and evaluates the work of our independent registered public accounting firm.

- NYSE rules require a U.S. listed company to have a compensation committee and a nominating/corporate governance committee composed entirely of independent directors. As a foreign private issuer, we do not have to comply with this requirement; however, the Dutch Corporate Governance Code also requires us to have a Remuneration Committee and a selection and appointment committee. There is no specific requirement as to the name of the selection and appointment committee (which we call our ESG Committee) and about its function being exclusive. Our Remuneration Committee Charter states that more than half of the members of the Remuneration Committee must be independent under the Dutch Corporate Governance Code. Three out of five of the current members of the Remuneration Committee are independent under both the NYSE rules and the Dutch Corporate Governance Code.
- Under NYSE listing standards, shareholders of U.S. companies must be given the opportunity to vote on all equity compensation plans and to approve material revisions to those plans, with the limited exceptions set forth in the NYSE rules. As a foreign private issuer, we are permitted to follow our home country laws regarding shareholder approval of compensation plans, and under Dutch law such approval from shareholders is not required for equity compensation plans for employees other than the members of the Board of Directors, to the extent the authority to grant equity rights has been delegated at a general meeting of shareholders to the Board of Directors. For equity compensation plans for members of the Board of Directors and/or in the event that the authority to issue shares and/or rights to subscribe for shares has not been delegated to the Board of Directors, approval by the general meeting of shareholders is required.

Report of the Non-Executive Directors

Introduction

This report renders an account of the supervision exercised by the non-executive Directors of Stellantis in the 2022 financial year as referred to in best practice provision 5.1.5 of the Dutch Corporate Governance Code.

It was the responsibility of the non-executive Directors of Stellantis to supervise the policies carried out by the executive Directors of Stellantis and the general affairs of Stellantis and its affiliated enterprise, including the implementation of the strategy of Stellantis regarding long-term value creation. In so doing, the non-executive Directors of Stellantis acted solely in the interest of Stellantis. With a view to maintaining supervision on Stellantis, during the 2022 financial year the non-executive Directors of Stellantis regularly discussed Stellantis' long-term business plans, the implementation of such plans and the risks associated with such plans with the executive Directors of Stellantis.

According to the Articles of Association of Stellantis the Board of Directors is a one-tier board and consists of three or more members, comprising both members having responsibility for the day-to-day management of Stellantis (executive Directors) and members not having such day-to-day responsibility (non-executive Directors). The Stellantis Articles of Association provided for the possibility to allocate tasks between the executive and non-executive Directors of Stellantis. Regardless of an allocation of tasks, all Directors of Stellantis remained collectively responsible for the proper management and strategy of the Company (including supervision thereof in case of non-executive Directors of Stellantis).

The composition of the Stellantis Board of Directors during the year ended December 31, 2022, was as follows:

Year of Birth	Name		Nationality
1976	J. Elkann	M	Italian
1958	C. Tavares	M	Portuguese
1950	R. Peugeot	M	French
1954	H. De Castries	M	French
1975	A. Agnelli	M	Italian
1966	F. C. Cicconi	F	British – Italian
1957	J. De Saint-Exupery	M	French
1963	N. Dufourcq	M	French
1955	A. F. Godbehere	F	Canadian - British
1958	W. L. Martello	F	U.S.
1972	K. Scott	M	U.S.

Details of the current composition of the Board of Directors (including the non-executive Directors) and its committees are set forth in the section “Board of Directors” above.

Supervision by the non-executive Directors

The non-executive Directors, being part of the Stellantis' one-tier Board of Directors, participate in all the board meetings and are fully involved in any discussion and resolution, including strategies and related implementation. In addition, the non-executive Directors cover all the positions of the Committees of the Board of Directors.

The non-executive Directors of Stellantis supervised the policies carried out by the executive Directors of Stellantis and the general affairs of Stellantis and its affiliated enterprises. In so doing, during the 2022 financial year the non-executive Directors of Stellantis have also focused on key areas such as strategy, long term value creation, climate change, culture, diversity, human resources, as well as the effectiveness of Stellantis' internal risk management and control systems, the integrity and quality of the financial reporting and Stellantis' long-term business plans, the implementation of such plans and the associated risks. The non-executive Directors also discussed regular business updates, brand, region and function reviews, technology reviews, strategic plan updates, competitive scenario analysis, risk management, budget review, ESG reviews, ERM, cybersecurity, as well as major transactions, shareholder engagement.

The non-executive Directors of Stellantis also determined the remuneration of the executive Directors of Stellantis. Furthermore, pursuant to the Stellantis Articles of Association, the Board of Directors of Stellantis had the possibility to allocate certain specific responsibilities to one or more individual Directors of Stellantis or to a committee comprised of eligible Directors of Stellantis and its subsidiaries. In this respect, the Board of Directors of Stellantis allocated certain specific responsibilities to the Audit Committee, the Remuneration Committee and the ESG Committee.

According to the Audit Committee charter in place in 2022, the responsibilities of the Audit Committee were to assist and advise the Stellantis Board of Directors *inter alia* with respect to: (1) the integrity of Stellantis' financial statements, including any published interim reports; (2) Stellantis' policy on tax planning adopted by management; (3) Stellantis' financing; (4) the application by Stellantis of information and communication technology; (5) the system of internal controls that Stellantis' management and/or Stellantis' Board of Directors established; (6) Stellantis' compliance with legal and regulatory requirements; (7) Stellantis' compliance with recommendations and observations of internal and independent auditors; (8) Stellantis' policies and procedures for addressing certain actual or perceived conflicts of interest; (9) the qualifications, independence and remunerations of Stellantis' independent auditors and any non-audit services provided to Stellantis by the independent auditors; (10) the functioning of Stellantis' internal auditors and independent auditors; (11) risk management guidelines and policies; and (12) the implementation and effectiveness of Stellantis' ethics and compliance program.

The Stellantis Audit Committee consisted of Ms. Ann Frances Godbehere (Chairperson), Ms. Wan Ling Martello and Mr. Henri de Castries.

During 2022, nine meetings of Stellantis' Audit Committee were held. The average attendance of its members at those meetings was 100 percent except for Ms. Wan Ling Martello due to personal circumstances. The Committee reviewed the Stellantis' financial results for the period ended on June 30, 2021, and the full year, as well as the shipments and revenues related to the first and the third quarter of the year. The Committee, with the assistance of the Stellantis' Chief Financial Officer and other Company officers mainly from finance and legal departments, focused on main business drivers in addition to key accounting, reporting matters and periodical reviews of the main areas such as synergies, enterprise risk management, treasury, insurance, and employee benefits/pensions review with specific focus on the areas of major audit risks such as the evaluation of assets and liabilities requiring management judgment. Particular focus was dedicated to cybersecurity matters. The Audit Committee also presided over the audit tender process to select the Company's new auditor, starting in 2024, due to the mandatory rotation requirements in the Netherlands. Independent Auditors attended all the meetings providing regular information to the Committee on their activity. The Committee reviewed the annual internal audit plan, the performance of external auditor, and received updates on legal and compliance matters, with the General Counsel attending the Committee meetings. Internal Audit activity was reviewed on a regular basis with the Head of Audit, and Compliance attending all the meetings and discussing with the Committee the main findings and remediating actions. Internal control over financial reporting was part of these reviews as well. In line with the policy adopted by the Company, the Committee was regularly involved in the review and approval of transactions entered into with related parties.

According to the Remuneration Committee charter in place in 2022, the responsibilities of the Remuneration Committee were to assist and advise the Stellantis Board of Directors *inter alia* with respect to: (1) compensation for executive Directors; (2) Stellantis' remuneration policy; (3) compensation of non-executive Directors; and (4) remuneration reports.

The Stellantis Remuneration Committee consisted of Ms. Wan Ling Martello (Chairperson), Mr. Agnelli, Mr. De Castries, Ms. Cicconi and Mr. Peugeot.

During 2022, five meetings of Stellantis' Remuneration Committee were held with 100 percent attendance of its members at those meetings, except for Ms Wan Ling Martello due to personal circumstances. The Remuneration Committee reviewed the 2022 Remuneration Report and carefully assessed the shareholders' feedback on 2021 Remuneration Report. Details of the activities of the Remuneration Committee are included in the REMUNERATION REPORT section included elsewhere in this report.

According to the ESG Committee charter in place in 2022, the responsibilities of the ESG Committee were to assist and advise the Stellantis Board of Directors inter alia with respect to: (1) drawing up the selection criteria and appointment procedures for Directors; (2) periodic assessment of the size and composition of the Stellantis Board of Directors and as appropriate making proposals for a composition profile of the Stellantis Board of Directors; (3) periodic assessment of the performance of individual directors and reporting on this to the Stellantis Board of Directors; (4) proposals to the non-executive Directors for the nomination and re-nomination of Directors to be elected by the Stellantis shareholders; (5) supervision of the policy on the selection and appointment criteria for senior management and on succession planning; and (6) monitoring, evaluation and reporting on the strategy, targets, achievements, disclosures and reports relating to ESG matters globally of the Company and its subsidiaries; (7) 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.

The Stellantis ESG Committee consisted of Mr. de Castries (Chairperson), Mr. Agnelli, Ms. Cicconi, Mr. Dufourcq and Mr. Scott.

During 2022, the Stellantis ESG Committee met twice with 100 percent attendance of its members at those meetings. The Committee reviewed the CSR achievements in 2021 and related disclosures, including the CSR Report and the Non-Financial Information to be included in the Annual Report, and focused on the 2022 CSR roadmap with respect to the Group's targets regarding climate change, including the target of achieving carbon neutrality by 2038, and other objectives concerning development of human capital, customer expectations, protection of human rights and support to a balanced economic development of territories. In addition, the Committee reviewed the Board of Director's and Committee's assessments and recommended for the Board approval the Policy on Bilateral Contacts with Shareholders, the Diversity Policy of the Board of Directors, and the Profile of non-executive Directors; the Board of Directors approved those policies. The Committee was provided with three induction session focusing on human capital, philanthropy strategy, and governance. As part of ESG matters, the governance session included shareholders engagement, board composition, diversity, corporate values, new reporting standards, new Dutch Corporate Governance Code and supplier due diligence.

According to the Profile of non-executive directors approved in 2022, the Stellantis board of directors shall be composed in such manner that its composition reflects an adequate mix of technical abilities, professional background, and experience, both general and specific, gained in an international environment and pertaining to the dynamics of the macro-economy and globalization of markets, more generally, as well as the industrial and financial sectors, more specifically. The size and composition of the board of directors also allows for a mix of skills and experience that is adequate in terms of the size of the Company and its Group, as well as the complexity and specific characteristics of the sectors in which the Company's group operates and the geographic distribution of its businesses. Stellantis non-executive directors are selected and recommended according to the following selection criteria: (a) background/education/training/degrees; (b) (international) experience; (c) skills; (d) nationality; (e) age and gender; (f) independence; and (g) diversity. In selecting and nominating new non-executive directors, the Company shall ensure that such new directors complement the knowledge and experience of the other non-executive directors and that the diversity policy of the board of directors is taken into account. Each non-executive director has to be capable of assessing the broad outline of the overall policy of the Company. The board of directors will designate the non-executive director(s) considered financial expert(s) as referred to in Section 2(3) of the Dutch Decree on the Establishment of an audit committee (i.e., a financial expert with relevant knowledge and experience of financial administration and accounting).

Details on the current duties of the Audit Committee, Remuneration Committee and ESG Committee, are set forth in the sections "The Audit Committee", "The Remuneration Committee" and "The ESG Committee", within "Board Practices and Committees" above.

During the 2022 financial year, the non-executive Directors of Stellantis supervised the adoption and implementation of the strategies and policies by Stellantis, received updates on legal and compliance matters, and they were regularly involved in the review and approval of transactions entered into with related parties. The non-executive Directors of Stellantis also reviewed the reports of the Board of Directors of Stellantis and its committees, the ESG achievement and objectives.

During 2022, there were six meetings of the Board of Directors of Stellantis. Portions of these meetings took place without the executive Directors of Stellantis being present. The average attendance at those meetings was 100 percent, except for Ms. Wan Ling Martello due to personal circumstances. An overview of the attendance of the individual Stellantis Directors per meeting of the Board of Directors of Stellantis and its committees set out against the total number of such meetings is set out below:

Name	Meeting Board of Directors	Audit Committee	ESG Committee	Remuneration Committee
John Elkann	6/6			
Carlos Tavares	6/6			
Robert Peugeot	6/6			5/5
Henri de Castries	6/6	9/9	2/2	5/5
Andrea Agnelli	6/6		2/2	5/5
Fiona Clare Cicconi	6/6		2/2	5/5
Jacques de Saint-Exupery	6/6			
Nicolas Dufourcq	6/6		2/2	
Ann Frances Godbehere	6/6	9/9		
Wan Ling Martello	3/6	3/9		4/5
Kevin Scott	6/6		2/2	

All the current Board members were appointed as directors at the extraordinary general meeting of shareholders held on January 4, 2021, as of January 17, 2021

During these meetings, the key topics discussed were, amongst others: the Long Term strategic plan “Dare Forward 2030”; the Stellantis’ strategy including the electrification, batteries and software strategy; analysis of investments, the Stellantis’ financial results and reporting, business performance by segment, the share buyback, acquisitions and divestitures, executive compensation, product plan and technological developments, brands’ strategy, risk management, legal and compliance matters, environmental-social-governance key targets and related roadmap, human resources, implementation and amendment of the Remuneration Policy, and the Remuneration Report; the Diversity Policy, the Profile for non-executive directors and Bilateral contact with shareholders.

Independence of the non-executive Directors

The non-executive Directors are required by Dutch law to act solely in the interest of the Company. The Dutch Corporate Governance Code stipulates the corporate governance rules relating to the independence of non-executive Directors and requires under most circumstances that a majority of the non-executive Directors be “independent.”

The Stellantis Board of Directors determined that, in 2022, six non-executive members of Stellantis’ eleven Board of Directors members qualified as independent for purposes of NYSE rules, Rule 10A-3 of the Exchange Act, and the Dutch Corporate Governance Code. The remaining directors, being John Elkann, Carlos Tavares, Robert Peugeot, Andrea Agnelli and Jacques de Saint-Exupery, did not qualify as independent for the purposes referred to in the preceding sentence.

The rules of the NYSE require that listed companies have a majority of independent directors, based on the NYSE independence standards. While Stellantis, as a foreign private issuer, is exempted from this rule, Stellantis’ board of directors determines on an annual basis which of its directors meet the NYSE independence requirements.

Pursuant to Section 303A of the NYSE Listed Company Manual, an independent director is a director who, as affirmatively determined by the board of directors, has no material relationship with the Company, either directly or as an officer, partner or stockholder of an entity that has a relationship with the company. A director will not be considered independent if:

- the director is, or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer, of the Company;

- the director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
- (1) the director is a current partner or employee of a firm that is the Company's internal or external auditor; (2) the director has an immediate family member who is a current partner of such a firm; (3) the director has an immediate family member who is a current employee of such a firm and personally works on the Company's audit; or (4) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the Company's audit within that time;
- the director or an immediate family member is, or has been with the last three years, employed as an executive officer of another company where any of the Company's present executive officers at the same time serves or served on that company's compensation committee; or
- the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2 percent of such other company's consolidated gross revenues.

Rule 10A-3 under the Exchange Act provides that no member of the Audit Committee may, other than in his or her capacity as a member of the Board of Directors or any committee thereof (including the Audit Committee):

- (i) accept directly or indirectly any consulting, advisory, or other compensatory fee from the Company or any of its subsidiaries (with limited exceptions for payments under a retirement plan with the Company); or
- (ii) be an “affiliated person” of the Company or any of its subsidiaries. The term affiliate of, or a person affiliated with, a specified person, means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified. Directors who are also employees of the company and/or any of its affiliates as well as any executive officer, general partner or managing member of the Company or any of its affiliates and, generally, any shareholder owning more than 10 percent of the voting share capital of the Company would be “affiliated persons” under the Exchange Act.

For purposes of the Dutch Corporate Governance Code (2.1.8), a non-executive director is “independent” if, in short, neither the director, nor the director’s spouse, registered partner or life companion, foster child or relative by blood or marriage up to the second degree: (i) is an employee or executive director in the five years prior to his or her appointment; (ii) receives personal financial compensation from the Company, or a company associated with the Company, other than the compensation received for the work performed as a non-executive director and in so far as this is not in keeping with the normal course of business; (iii) has, or has had in the year prior to his appointment, an important business relationship with the Company, or a company associated with it; (iv) is a member of the management board of a company in which an executive director of the Company is a supervisory director or a non-executive director; (v) has temporarily performed management duties during the previous twelve months in the absence or incapacity of the executive directors of the Company; (vi) has a shareholding in the Company of at least ten percent, taking into account the shareholding of natural persons or legal entities cooperating with him or her on the basis of an express or tacit, verbal or written agreement; or (vii) is a member of the management board or supervisory board, an executive director or non-executive director, or representative, of a legal entity which holds at least ten percent of the shares in the Company, unless such entity is a member of the same group as the Company.

Evaluation by the non-executive Directors

The non-executive Directors of Stellantis were responsible for supervising the Stellantis Board of Directors and its committees, as well as the individual executive and non-executive Directors of Stellantis, and are assisted by the ESG Committee in this respect.

Annually the Board of Directors, with a prominent role of the non-executive directors, reviews and discusses its own functioning and performance, and the functioning of its Committees and individual Directors. In 2022, the evaluation of the Board of Directors and its Committees consisted of a self-assessment facilitated by written questionnaires. The main topics of the questionnaire related to the composition, competence, performance, quality and timeliness of meeting information as well as oversight and involvement of the Board and the functioning of the Board Committees. In addition to the written questionnaires, the Senior Non-Executive Director and the Chairman held individual conversations with each of the Directors. Methodology and outcome of the assessment were discussed by the Board, which received the feedback and recommendations of the Senior Non-Executive Director and of the Chairman and discussed the overall functioning of the Board and of the individual Directors in a final meeting. The process took place in second part of 2022 and was concluded at the beginning of 2023. The overall conclusion on the composition and functioning of the Board is good and supportive and the Directors valued positively the open and constructive discussions as well as the discussions on purpose and long-term strategy. Adequacy of the size and composition of the Board and Committees as well as of the Board Regulations and the Charters of the Committees were confirmed. Effectiveness and organization of meetings and related agendas and involvement were positively assessed. Focus on strategic plan, strategy and brands, ESG matters, talent management and enterprise risk management was appreciated as a positive element. A conclusion that could be drawn on the basis thereof, as prescribed by the best practice provision 2.2.8 of the Dutch Corporate Governance Code, is that the Board would like to receive meeting materials well in advance of the relevant discussion and spend more time on certain of the topics discussed in the respective Committee meetings which will be addressed by selectively reserving more time in board meetings to matters considered of interest for the Board.

In accordance with the ESG Committee Charter in place in 2022, the ESG Committee assisted and advised the Stellantis Board of Directors with respect to periodic assessment of the performance of individual Directors. In this respect, the ESG Committee had, amongst others, in 2022, the duties and responsibilities to review the Board of Directors' performance and the performance of its committees. Following its review, the ESG Committee confirmed the adequacy of the size and composition of the Board, of the Board Regulations and the Charters of the Committees. The Committee considered positively the individual Directors performance.

The non-executive Directors of Stellantis were regularly informed by each committee as referred to in best practice provision 2.3.5 of the Dutch Corporate Governance Code and the conclusions of those committees were taken into account when drafting this report of the non-executive Directors of Stellantis.

The charters of the Committees were amended at the Governance Effective Time in connection with the implementation of the Stellantis governance arrangements following the merger.

The non-executive Directors of Stellantis were able to review and evaluate the mission of Stellantis' Audit Committee, ESG Committee and Remuneration Committee in 2021. Based on the evaluations, the charters of the Audit Committee and of the ESG Committee have been amended during the year 2021. Details on the current charters of the Audit Committee, the ESG Committee and the Compensation Committee, are set forth in the sections "The Audit Committee", "The Remuneration Committee" and "The ESG Committee", within "Board Practices and Committees" above.

Also, pursuant to Stellantis' Remuneration Committee Charter, in 2021 the Compensation Committee recommended the Amendment of the Remuneration Policy of the Board of Directors, also in view of the size of the Company following the merger, implemented and oversaw the Remuneration Policy as it applied to non-executive Directors of Stellantis, executive Directors of Stellantis and senior officers reporting directly to the executive Directors of Stellantis. The Remuneration Committee administered all the equity incentive plans and the deferred compensation benefits plans of Stellantis. On the basis of the assessments performed, the non-executive Directors determined the remuneration of the executive Directors of Stellantis. Furthermore, the Remuneration Committee recommended the review and approval of the Long Term Incentive Plan ("LTIP") and one-time award for the CEO.

The non-executive Directors of Stellantis have supervised the performance of Stellantis' Audit Committee, Remuneration Committee and ESG Committee.

Responsibilities in Respect to the Annual Report

The Board of Directors is responsible for preparing the Annual Report, inclusive of the Consolidated and Company Financial Statements and Board Report, in accordance with Dutch law and International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union (EU-IFRS).

In accordance with Section 5:25c, paragraph 2 of the Dutch Financial Supervision Act, the Board of Directors states that, to the best of its knowledge, the Financial Statements prepared in accordance with applicable accounting standards provide a true and fair view of the assets, liabilities, financial position and profit or loss for the year of Stellantis and its subsidiaries and that the Board Report provides a true and a fair view of the performance of the business during the financial year and the position at balance sheet date of Stellantis, developments during the year, together with a description of the principal risks and uncertainties that the Company faces.

February 24, 2023

The Board of Directors

John Elkann
Carlos Tavares
Robert Peugeot
Henri de Castries
Andrea Agnelli
Fiona Clare Cicconi
Jacques de Saint-Exupéry
Nicolas Dufourcq
Ann Frances Godbehere
Wan Ling Martello
Kevin Scott

REMUNERATION REPORT

This Remuneration Report provides an overview of our remuneration policy and practices, its application in 2022, and proposed future changes. It has been approved by the Remuneration Committee of the Board of Directors.

Letter from the Chairperson of the Remuneration Committee

Dear Shareholders,

I present Stellantis' 2022 Remuneration Report and a new Remuneration Policy ("Policy"), on behalf of the Remuneration Committee of the Board of Directors. As a Board, we recognize remuneration is an important, sensitive, and complex issue for shareholders and wider stakeholders. The responsibility of retaining and attracting world class executives in a global corporation and ensuring an appropriate incentive structure, which delivers in the uncertain economic conditions we are living in, is challenging but it is a responsibility which we are fully committed in the interests of all stakeholders. Whilst the Board was pleased with the financial results which have been delivered after the merger, we were disappointed with the 2022 AGM advisory vote result of 47.9 percent of the 2021 Remuneration Report and have focused on seeking to improve support in the future. This has been a constructive year and we have consulted extensively with our shareholders to understand and reflect on this result. ***In response to the feedback we received, we improved the transparency of our Remuneration Report and proposed a number of changes for the new Policy.***

We consulted with 56 percent of our institutional shareholders over the course of two rounds of engagement throughout 2022 and in early 2023. We sought feedback on the 2022 AGM vote and followed up to ask for feedback on a range of potential changes around disclosure of our executive remuneration and of changes to our Policy going forward. We also engaged with global proxy advisory organizations to share perspectives and gather additional feedback.

Our conversations throughout the outreach process proved that many shareholders shared common views about our 2021 Remuneration Report. The most expressed viewpoints, along with our response and actions, are summarized in short below:

Shareholder and Proxy Feedback	Stellantis Response
<ul style="list-style-type: none"> Peer Group used for benchmarking and comparing executive remuneration is too US focused – debate around who Stellantis should be benchmarked against 	<ul style="list-style-type: none"> Showing why US peers are important as 48% of global revenues are from North America - a significant proportion of the business and competition for talent against US peers Explaining that CEO remuneration is more focused on similar sized global automotive companies of the peer group Including pay for performance analysis vs peers
<ul style="list-style-type: none"> Insufficient disclosure of CEO’s one-time Transformation Incentive 	<ul style="list-style-type: none"> Enhancing transparency of the Award’s milestones/goals and how it is aligned with the Company’s long-term strategy and shareholders’ interests The design of the incentive reflects the Company’s bold strategy to transform itself to a sustainable mobility tech company – emphasizing the electrification and software of its vehicles, followed with its ambitious Dare Forward 2030 plan for carbon net zero by 2038.
<ul style="list-style-type: none"> Long-term incentive (“LTI”) Plan is partially not subject to performance by awarding Restricted Stock Units (“RSUs”) 	<ul style="list-style-type: none"> Presenting a revised Policy, the LTI plan will consist of 100% Performance Share Units (“PSUs”) for the Executive Directors beginning with the 2023 grant
<ul style="list-style-type: none"> Total Shareholder Return (“TSR”) allows for payout below median performance 	<ul style="list-style-type: none"> Effective with the 2023 LTI grant, the TSR metric does not allow for any vesting/payout for below-median performance
<ul style="list-style-type: none"> Level of cash retention bonus for CEO in 2021 	<ul style="list-style-type: none"> No cash retention award was paid to the CEO in 2022
<ul style="list-style-type: none"> Former FCA N.V. CEO termination package deemed excessive and insufficiently disclosed 	<ul style="list-style-type: none"> Stellantis had to honor the contractual agreement between the former FCA N.V. CEO and FCA N.V. prior to the merger Termination package was paid in 2022 and therefore is disclosed in this Remuneration Report
<ul style="list-style-type: none"> Too many simultaneous changes to Executive Director compensation in 2021 	<ul style="list-style-type: none"> Changes designed to align compensation to challenges with newly merged company and transformation of the industry to electrification and technology Disclosure for 2022 shows stability of plan design

As requested by our shareholders, we improved our overall disclosure and transparency with greater clarity on targets, how they are set, and on how performance drives outcomes. Furthermore, the proposed change to our Remuneration Policy removes RSUs from the LTI compensation (i.e., the LTI award includes 100 percent PSUs).

In order to allow for a more clear and specific feedback from the shareholders on the different matters reported this year, the shareholders will be requested to cast two advisory votes with respect to the Remuneration Report: one advisory vote on certain pre-merger legacy compensation matters (consisting in the fulfillment of obligations undertaken prior to the merger) and one advisory vote on the remainder of the report, which reflects post-merger compensation matters.

In light of the above, I hope that our shareholders vote in favor of this year’s Remuneration Report and Remuneration Policy. Based on our extensive consultation process with shareholders, we firmly believe that the changes introduced and greater transparency will be supported by shareholders. If the new Policy is not adopted with the required absolute majority of votes cast, we will be obligated to continue with our existing Policy which gives us limited scope to evolve our approach in line with shareholder views.

I would like to thank our shareholders for their insights and engagement over the past several months and welcome their feedback on this year’s Remuneration Report, which will be submitted for an advisory vote, and our Remuneration Policy as a binding vote, at our AGM on April 13, 2023. For more information, please refer to the AGM agenda at www.stellantis.com

Wan Ling Martello

Chair, Remuneration Committee

Our Company’s Performance

Since Stellantis was first formed on January 17, 2021, Stellantis has posted record results, accelerating the realization of merger synergies and building solid commercial performance, driven by clear focus on speed of execution since day one and continuing throughout 2022 under the leadership of its CEO, while leading the fast pace of transformation towards a sustainable tech mobility company.

After having unveiled its ambitious electrification and software plans in July 2021 with planned investments of more than €30 billion through 2025 and strong partnerships announced in battery technology, battery raw materials and software, Stellantis presented in March 2022 its Dare Forward 2030 Plan: a bold strategic plan that paves the way for the Company to achieve carbon net zero by 2038. The plan builds upon three fundamental pillars that will lead the Company to achieve its financial ambition of doubling our net revenues by 2030 (versus 2021) and sustaining double-digit adjusted operating income margins throughout the decade.

How did we perform?

2022 Performance

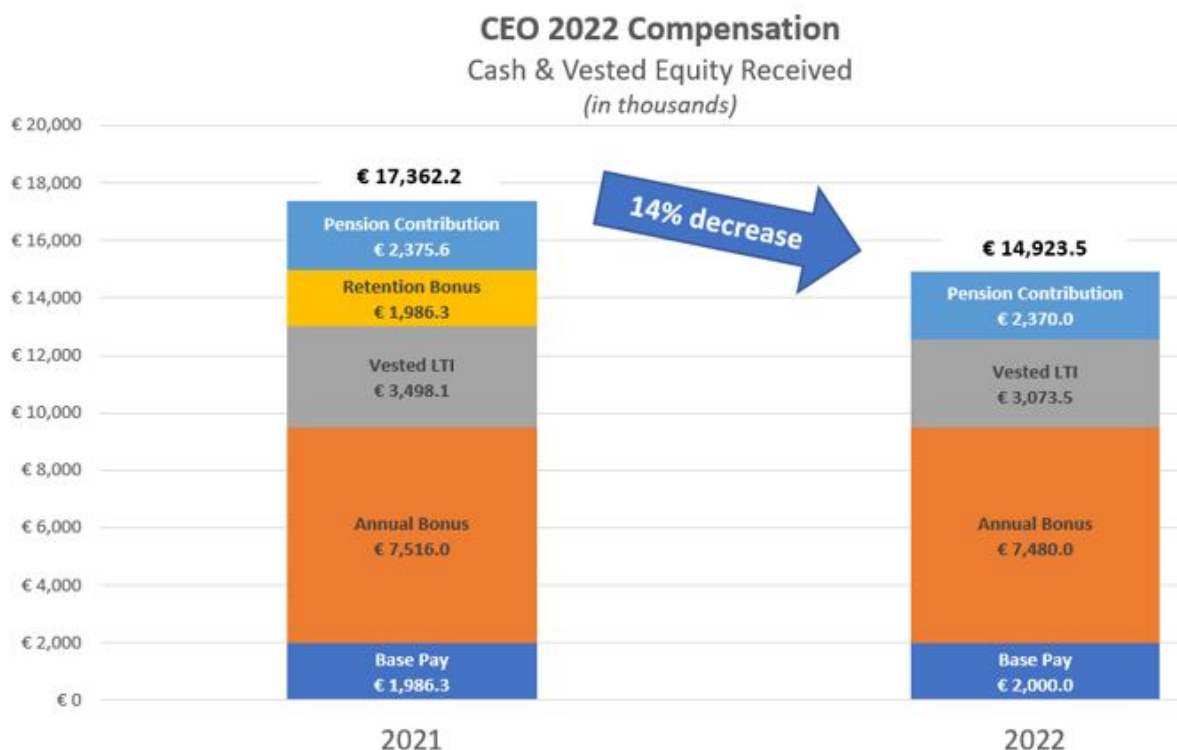


* as compared to 2021 Pro Forma results

- ★ Achievement of **≈ €7.1bn** net cash synergies – exceeding the €5bn annual steady state target more than 2 years earlier than planned at the time of the merger
- ★ Strong industrial available liquidity at **€61.3bn**

How did we pay our CEO in 2022?

The chart below shows the actual annual compensation (cash and vested equity awards) paid to our CEO for the year ended December 31, 2022 as compared to the amounts paid for the year ended December 31, 2021. A significant portion of total compensation is based on our pay-for-performance principles - our annual bonus is based on achievement of annual goals and the value of the long-term incentive received depends upon three-year goal achievement and share price.



Our Approach to Executive Remuneration

Clear alignment between executive rewards and shareholder interests is central to our Remuneration Policy. Our pay-for-performance philosophy has strong links between rewards and results for both our short-term and long-term incentive plans.

The Remuneration Committee has a clearly defined process for setting stretch targets for our incentive compensation plans and a framework for decision-making around executive remuneration. A third-party, independent consulting advisor provides recommendations and information on best market practices for remuneration structure and design. The Committee had extensive discussions, supported by its external advisor, to review the composition and key drivers of remuneration.

Facilitated by the announcement of our **Dare Forward 2030 strategic plan targets** in March 2022 and in line with the feedback from our shareholders, **the details of the milestone targets set for the CEO Transformation Incentive** will be disclosed beginning with this Remuneration Report. This approach is an important step toward further increasing transparency.

The Remuneration Committee determines executive remuneration on the basis of a set of principles (as shown in the table below) that demonstrate clear alignment with shareholder and other stakeholder interests with the responsibility to ensure that executive remuneration is closely aligned with financial and strategic performance.

Principles of Executive Remuneration	
Alignment with Stellantis Strategy	Compensation is strongly <i>linked to the achievement</i> of the Company’s disclosed performance targets.
Pay for Performance	Must <i>reinforce our performance-driven culture and principles of meritocracy</i> . Majority of pay is <i>linked directly to Company performance</i> through both short and long-term variable pay.
Competitiveness	Compensation will be <i>competitive</i> against the comparable global market and set in a manner to <i>attract, retain and motivate</i> expert leaders and highly qualified executives. For purposes of determining the companies in our Peer Group, we must consider competitive pay practices <i>across both the European and U.S.</i> talent market.
Creating Long-term Shareholder Value	Performance targets triggering any variable compensation payment should <i>align with the interests of shareholders and other stakeholders</i> .
Compliance	Compensation policies and practices are <i>designed to comply</i> with applicable laws and corporate governance requirements.
Risk Prudence	The compensation structure and design should <i>avoid incentives that encourage unnecessary or excessive risks</i> that could threaten the Company’s value.

Our Executive Remuneration Framework

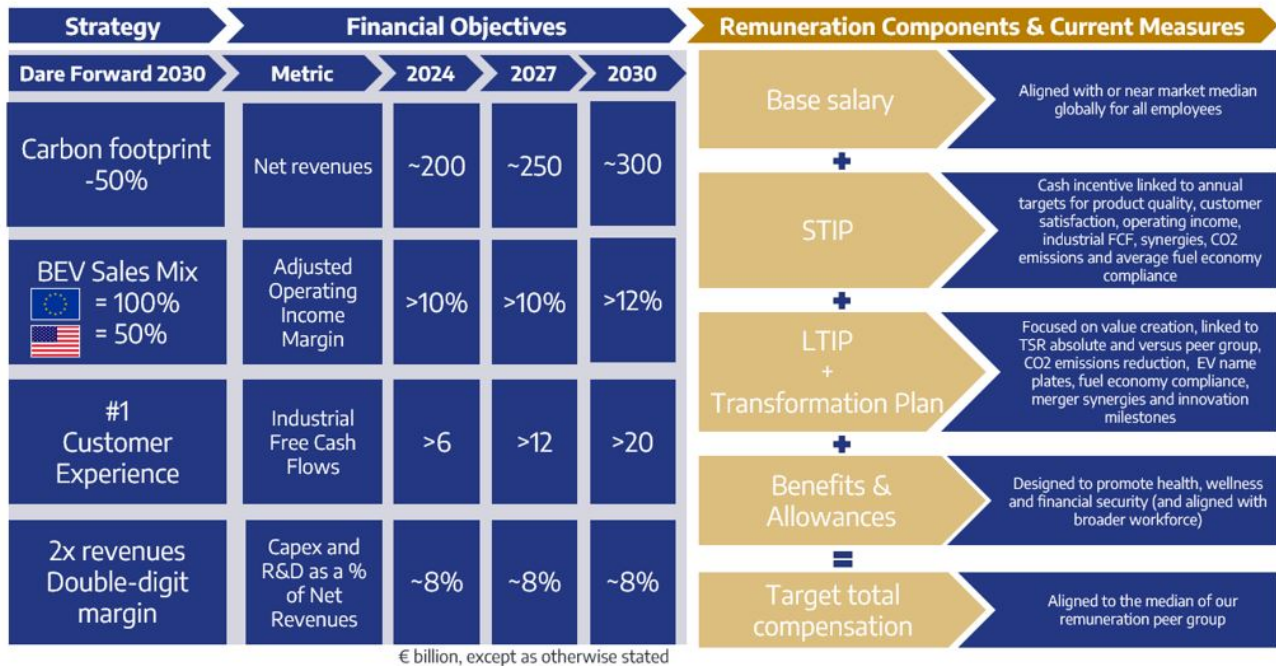
The table below provides a high-level summary of the core elements of the remuneration for our Executive Directors:

Remuneration Element	Key Feature	Alignment to Strategy and Shareholder Interests	Design Changes for 2023 as a result of Shareholder feedback
Base Salary	Market-based fixed cash compensation set competitively to large global automobile manufacturers with the peer group.	Set at a level to attract, motivate and retain the best talents in global and/or regional markets.	No change.
Short Term Incentive Plan - Stellantis Annual Incentive Plan (“SAIP”)	Paid annually in cash; the CEO’s target opportunity is 200% of base salary and maximum opportunity is 400% of base salary. Board Chair is not eligible.	Incentivize delivery of performance against our pre-established and challenging annual strategic and financial goals.	No change.
Long Term Incentive Plan (“LTI” Plan)	Equity Units: Conditional rights on ordinary shares, with 75% PSUs subject to a three-year vesting schedule and three-year performance targets and 25% RSUs subject to a three-year vesting schedule.	Incentivize delivery of financial performance and creation of sustainable long-term value; demonstrates long-term alignment with shareholder interests.	Effective with the 2023 LTI grant: <ol style="list-style-type: none"> Equity awards under the Plan will consist of 100% PSUs for Executive Directors, subject to approval of the Remuneration Policy at the 2023 AGM. No payout from the TSR metric for below median performance.

Share Ownership and Retention Guidelines	Executive Directors: Six x Annual Base Salary Required to retain 100% of net, after-tax shares of Common stock issued upon vesting and settlement of any equity awards granted until the fifth anniversary of the grant date of such award.	Establishes long-term alignment with shareholders; promotes focus on management of company risks.	No change.
Retirement Benefits	Defined contribution retirement savings plan that is available to the CEO and all employees in the country of employment. The Board Chair participates in a retiree health care benefit plan.	Provides appropriate retirement savings designed to be competitive in the relevant market.	No change.
Other Benefits & Allowances	Executive Directors may receive usual and customary fringe benefits such as severance, company vehicles, security, medical insurance, tax preparation, financial consulting and tax equalization.	Recognizes competitive practices.	No change.
CEO Transformation Incentive	One-time cash incentive with payout upon the achievement of innovative milestones/goals during a five-year period (2021-2025).	Designed to achieve results within an aggressive timeline toward carbon neutrality in mobility and technology competitive within the dynamic industry.	Improved disclosure in Remuneration Report. No future one-time incentives are planned.
CEO Shareholder Return Incentive	One-time equity incentive with payout if share price appreciates at least 80% for sixty consecutive days during a five-year period (2021-2025).	Directly aligned with Shareholder return on investment (absolute TSR).	Improved disclosure in Remuneration Report. No future one-time incentives are planned.

Aligning Company Strategy with our Remuneration Framework

Our philosophy, approach and delivery of remuneration is strongly linked to the Company’s performance and interests of our shareholders. All elements of our compensation structure are market-driven with a significant portion (88.9 percent) of overall compensation (base salary, short-term incentive and long-term incentive) subject to performance risk for our CEO. **The long-term incentive, Transformation Incentive and Shareholder Return Incentive are aligned with the long-term success and sustainability of Stellantis as it competes in a dynamic industry undergoing a significant transformation driven by electrification and software technologies.**



Our Compensation Peer Group

The Remuneration Committee reviews each year the compensation peer group for compensation comparisons and makes any updates as needed to align with the established criteria and Company strategy. Additional companies may be considered for benchmarking particular executive/director compensation when necessary.

The Committee strives to identify a peer group that best reflects all aspects of Stellantis' business and considers our global footprint, revenue, and market capitalization and/or enterprise value. It is important to note that to attract and retain our top executive talent, **we need to consider a blend of both U.S. and European companies** - as a significant portion of our business, revenue and profitability is driven by both regions. Given its global footprint, Stellantis N.V. needs to be considered a global company. The illustration below shows the financial impact of each region in terms of approximate percentages of global Net revenue and Adjusted Operating Income, our measure of profitability:



In addition to including U.S. and European automobile manufacturers, our peer group includes U.S. and European companies with a global presence that have significant manufacturing and/or engineering operations. We do not limit our peer group to our industry alone because we believe compensation practices at other large global multinational companies affect our ability to attract and retain diverse talent.

For 2022, the peer group approved by the Remuneration Committee is shown below (unchanged from 2021):

US Companies		European Companies	
• Boeing	• General Dynamics	• Airbus	• Renault
• Caterpillar	• General Electric	• ArcelorMittal	• Siemens
• Chevron	• General Motors	• BASF	• ThyssenKrupp
• Deere	• Honeywell	• BMW	• Total
• Exxon Mobil	• Lockheed Martin	• Continental	• Volkswagen
• Ford	• Raytheon Technologies	• Mercedes-Benz (formerly Daimler)	• Volvo

We review each element of compensation compared to the market and generally target our total direct compensation for Directors (for Executive Directors - base salary, short-term incentives and long-term incentives, and for Non-Executive Directors - retainers, meeting fees, committee service), on average, to be at or near market median. Although we include large global non-automotive companies in our peer group, the remuneration used to benchmark Executive Director remuneration considers only the similarly sized global automotive companies of our peer group (Volkswagen, Mercedes-Benz, BMW, Renault, Ford and General Motors).

In addition, we consider Stellantis' relative size and scope against those of our peers in assessing and setting our pay levels and program designs for our Directors. An individual compensation element or an individual's total direct compensation may be positioned above or below the market median because of his or her specific responsibilities, experience, and performance.

Pay for Performance

A key characteristic of Stellantis' Remuneration Policy is pay for performance. All elements of our compensation structure – base salary, incentive compensation and benefits, are benchmarked with our Peer Group and are designed to align in driving shareholder value.

We believe it is important to look at how our CEO's realizable pay compares to the Company's performance. To evaluate how the executive compensation program is delivering value for shareholders, we analyze the alignment between CEO pay with Company's performance (in 2021) relative to the peer group. Since the financial performance data of our peers is not publicly available at the time of this report's release, the pay-for-performance analysis reflects a one-year lag.

Given that 2021 was Stellantis' inaugural year, we considered actual total cash compensation (base and bonus). Long-term incentive compensation was not considered in the analysis (for Stellantis and the peer companies) since Stellantis did not have any LTI awards vest in 2021 (merger to form Stellantis was in 2021).

Executive Pay: Actual Total Cash Compensation in 2021

- Base salary received
- Actual short-term incentive bonus: Bonus amount earned based on 2021 performance (paid in 2022)
- Long-term incentives and unique, one-time awards were not considered for Company and peers

Performance:

- 2021 EBIT and Free Cash Flow as reported per each peer company's most recent fiscal year end

The following charts illustrate the relative ranking of 2021 *actual Total Annual Cash Compensation* for Stellantis' CEO as compared to 2021 EBIT and 2021 Free Cash Flow. In summary, Stellantis' 2021 Pro Forma Adjusted Operating Income (as compared to EBIT) and 2021 Pro Forma Industrial Cash Flow (as compared to Free Cash Flow) were among the highest in the peer group (fourth and second in the group, respectively) while 2021 total annual cash compensation was the highest in the peer group.

Pay for Performance Chart - EBIT



The shaded area in each graph denotes pay for performance alignment. Based on one-year EBIT performance, Stellantis' CEO's 2021 actual total cash compensation was aligned with its relative performance ranking.

Pay for Performance Chart – Cash Flow



The shaded area in each graph denotes pay for performance alignment. Based on one-year Free Cash Flow performance, Stellantis' CEO's 2021 actual total cash compensation was aligned with its relative performance ranking.

Risk Assessment

The Remuneration Committee reviews the compensation program on an ongoing basis to evaluate whether it supports the Company's Remuneration Policy and its principles annually. The Remuneration Committee's compensation consultant reports a risk assessment of the executive compensation structure including, but not limited to, its incentive program design. Our compensation practices include the following, each of which we believe reinforces our compensation objectives:

What we do:

- Pay for performance by structuring a significant percentage of target compensation in the form of variable, at risk compensation within Stellantis
- Predetermined stretch performance goals for incentive pay programs
- We align goals and values organization-wide through incentive pay and rigorous performance management
- Incorporate ESG goals into our short-term and long-term incentive plans
- Market comparison of Executive Director and non-Executive Director remuneration against relevant peers
- Conduct a rigorous and detailed analysis of CEO pay and Company performance against our peers
- We consider pay ratios within the Company in establishing Executive Directors' pay
- Use of an independent compensation consultant reporting directly to the Remuneration Committee
- We have robust stock ownership and share retention guidelines
- We have clawback policies incorporated into our incentive plans
- “Double-trigger” vesting of equity awards upon a change of control

What we do not do:

- We do not offer remuneration which encourages our Executive Directors and non-Executive Directors to take any unnecessary or excessive risks or to act in their own interests
- We do not reward for performance below threshold
- We do not have excessive pay programs
- We do not allow hedging, pledging or short-selling of our securities
- We do not pay out guaranteed bonuses
- We have no excessive perquisites

2022 Remuneration

The chart below shows the actual compensation (cash, vested equity awards) paid to our CEO for the year ended December 31, 2022 as compared to the amounts paid for the year ended December 31, 2021:

Year	Base Pay	Annual Bonus	Vested LTI	Legacy Retention Bonus	Pension Contribution	Total
2022	€2,000,000	€7,480,000	€3,073,489	€0	€2,370,000	€14,923,489
2021	€1,986,290	€7,516,000	€3,498,096	€1,700,000	€2,375,573	€17,075,959

Table 1 provided below does not reflect the compensation paid to our CEO in 2022. The post-retirement benefits expense reflects pension contributions for deferred retirement income, and the fringe benefits show the value of Company payments for services or benefits provided under the terms of the CEO agreement and are considered competitive in the market. The LTI reflects the accounting expense recognized during each period – not the actual LTI awards received upon vesting. Under IFRS, an award with market-based vesting conditions, which is the case for the LTI with TSR targets, is fair valued at grant date. The grant date fair value of the award is then recognized as expense over the vesting period irrespective of whether the market-based vesting condition will be satisfied or not.

Director's Total Remuneration in 2022

The following table summarizes the remuneration of the members of the Board of Directors for the year ended December 31, 2022.

Directors of Stellantis	Office Held	Year	Fixed Remuneration		Variable Remuneration			Other Compensation	Total Remuneration	Proportion of Fixed Remuneration	Proportion of Variable Remuneration
			Base salary/ Fees	Fringe benefits	Short-term incentive	Long-term incentive	Post Retirement Benefits Expense				
ELKANN John Philipp	Chairman	2022	€ 951,519	€ 1,124,290 ⁽¹⁾		€ 3,774,242 ⁽²⁾			€ 5,850,052	35%	65%
		2021	860,226	750,877		6,272,982 ⁽³⁾			7,884,085	20%	80%
TAVARES, Carlos	CEO	2022	2,000,000	14,345 ⁽¹⁾	€7,480,000	11,594,661 ⁽⁴⁾	€2,370,000		23,459,006	9%	91%
		2021	1,986,290	4,038	7,516,000	5,571,606	2,375,573	€1,700,000 ⁽⁵⁾	19,153,507		
PEUGEOT, Robert	Vice Chairman	2022	205,000	14,595 ⁽⁶⁾					219,595	100%	0%
		2021	196,191	7,591					203,782		
AGNELLI, Andrea	Director	2022	210,000	13,022 ⁽⁶⁾					223,022	100%	0%
		2021	216,565	9,571					226,136		
CASTRIES, Henri de	Director	2022	275,000	15,010 ⁽⁶⁾					290,010	100%	0%
		2021	263,184	10,541					273,725		
CICCONI, Fiona Clare	Director	2022	210,000	17,611 ⁽⁶⁾					227,611	100%	0%
		2021	200,978	7,083					208,061		
DUFOURCQ, Nicolas ⁽⁷⁾	Director	2022	-	-					-		
		2021	-	-					-		
GODBEHERE, Ann Frances	Director	2022	225,000	3,106 ⁽⁶⁾					228,106	100%	0%
		2021	215,335	13,123					228,458		
MARTELLO, Wan Ling	Director	2022	220,000	14,440 ⁽⁶⁾					234,440	100%	0%
		2021	210,547	10,999					221,546		
SAINT-EXUPERY, Jacques	Director	2022	200,000	1,853 ⁽⁶⁾					201,853	100%	0%
		2021	191,406	7,030					198,436		
SCOTT, Kevin	Director	2022	205,000	13,702					218,702		
		2021	196,191	7,307 ⁽⁶⁾					203,498	100%	0%
			€4,701,519	€1,225,579	€7,480,000	€15,368,903	€2,370,000		€31,152,396		

(1) The stated amount includes the use of transport, tax services and insurance premiums

(2) The stated amounts represent the Company's 2022 expense relating to the grants issued to the Chairman under the Stellantis N.V. Equity Incentive Plan (or successor plan)

(3) The stated amount represents the Company's 2021 expense relating to the grants issued to the Chairman under the Stellantis N.V. Equity Incentive Plan (or successor plan). Included in this amount is the expense relating to the conversion of unvested PSU units from the 2019 and 2020 grants to unvested RSU units consistent with the treatment approved by the Board of Directors and approved by the shareholders as part of their approval of the merger and as set forth in the Combination Agreement

(4) The stated amounts represent the Company's 2022 expense relating to the grants issued to the CEO under the Stellantis N.V. Equity Incentive Plan (or successor plan).

Included in this amount is €4,293,085 relating to the CEO Shareholder Return Incentive 2021-2025 Award, a description of which is provided in the Long Term Incentive section of the Remuneration Report

(5) The stated amount represents a retention award equal to one year's base salary (prior to the merger) as approved by Groupe PSA shareholders at the General meeting held on June 25, 2020. This award was paid in 2021

(6) The statement amounts include the use of transport and tax services

(7) In accordance, with internal regulations of Bpifrance S.A., the Company at which Mr. Dufourcq serves as Chief Executive Officer and Executive Director, Mr. Dufourcq does not receive any remuneration for the performance of his duties as a Director of Stellantis

Base Salary

We provide competitive base salaries to compensate our Executive Directors for their primary roles and responsibilities, and to provide a stable level of annual compensation. Actual salary levels are based on the Executive Director's role, level of responsibility, experience, individual performance, future potential and market value.

Executive Director	2022 Annual Base Salary
John Elkann, Board Chair	\$1,000,000
Carlos Tavares, Chief Executive Officer	€2,000,000

There were no increases in base salary to the Executive Directors in 2022, nor planned for 2023.

2022 Stellantis Annual Incentive Plan (SAIP)

The SAIP provides approximately 56,000 employees, including our CEO, with a cash incentive for the achievement of specific annual targets for a set of financial and non-financial performance measures. The SAIP threshold, target and maximum opportunity for our Executive Directors is shown below:

Executive Director	2022 Annual Incentive Target Opportunity (as a % of base pay)		
	Threshold	Target	Maximum
John Elkann, Board Chair	Not Eligible	Not Eligible	Not Eligible
Carlos Tavares, Chief Executive Officer	50%	200%	400%

All performance-related goals were approved by the Remuneration Committee before the end of the first quarter of 2022. Goals include both financial and strategic goals important for Company to achieve during 2022. Financial goals are based on the annual budget developed in-line with the long-term Dare Forward 2030 strategic plan. The 2022 SAIP also included a payout trigger whereby if the triggering metric is not achieved during the performance year, no annual incentive is payable - regardless of whether the other financial or non-financial metrics performed above the respective thresholds.

2022 Payout Trigger

For any SAIP award to be paid, the Company must have positive Industrial Free Cash Flow for 2022. If this trigger is not achieved, no SAIP award is paid, regardless of achievement of any of the other metrics.

2022 SAIP Metrics

Measure	Weighting	How performance is calculated
AOI	25%	SAIP financial targets are based on the annual budget developed in-line with the long-term Dare Forward 2030 strategic plan.
Industrial Free Cash Flow	25%	
Synergies (less implementation costs)	30%	
Quality	20%	Measured by product quality rates and service quality customer satisfaction. Goals set at beginning of the performance year which reflect improvement from prior year.

Performance below the threshold will result in a zero payout for that particular metric.

Adjusted Operating Income

Adjusted operating income/(loss) excludes from Net profit/(loss) from continuing operations adjustments comprising restructuring, impairments, asset write-offs, disposals of investments and unusual operating income/(expense) that are considered rare or discrete events and are infrequent in nature, as inclusion of such items is not considered to be indicative of the Company's ongoing operating performance, and also excludes Net financial expenses/(income), Tax expense/(benefit) and Share of the profit/(loss) of equity method investees.

Unusual operating income/(expense) are impacts from strategic decisions as well as events considered rare or discrete and infrequent in nature, as inclusion of such items is not considered to be indicative of the Company's ongoing operating performance. Unusual operating income/(expense) includes, but may not be limited to:

- Impacts from strategic decisions to rationalize Stellantis' core operations;
- Facility-related costs stemming from Stellantis' plans to match production capacity and cost structure to market demand; and
- Convergence and integration costs directly related to significant acquisitions or mergers. Refer to "*FINANCIAL OVERVIEW - Non-GAAP Financial Measures*" included elsewhere in this report for additional information.

Industrial free cash flows is our key cash flow metric and is calculated as Cash flows from operating activities less cash flows from operating activities from discontinued operations; cash flows from operating activities related to financial services, net of eliminations; investments in property, plant and equipment and intangible assets for industrial activities, contributions of equity to joint ventures and minor acquisitions of consolidated subsidiaries and equity method and other investments; and adjusted for: net intercompany payments between continuing operations and discontinued operations, proceeds from disposal of assets and contributions to defined benefit pension plans, net of tax. Refer to "*FINANCIAL OVERVIEW - Non-GAAP Financial Measures*" included elsewhere in this report for additional information.

Synergies (less implementation costs)

This is a crucial goal to ensure we deliver value from the merger between FCA N.V. and Groupe PSA. Synergies are measured net of implementation costs and considered on a cash basis.

Quality

Measured by failure rates and service customer satisfaction rates:

- **Failure Rate** corresponds to number of incidents after 3 months in service (repaired under warranty in the network). Based on feedback from customers on models marketed by Company globally and regarding the number of cars produced during the same period; and
- **Customer satisfaction** rate for New Vehicles ("NV") & After Sales ("AFS") correspond to the percentage of customers who rated their experience by giving a recommendation quote - based on Net Promoter Score ("NPS")

2022 Annual Bonus Performance Target Setting

The Remuneration Committee selects ambitious targets using the year's annual budget which considers opportunities and headwinds facing the Company and industry. Included in the review process is a comparison with prior year's goal-setting and actual results. The chart below shows how the 2022 SAIP targets compare with 2021 SAIP targets and actual performance. The 2022 performance targets and maximums represent a continuation of the record results achieved in 2021, while continuing to invest for Dare Forward 2030 targets.

Metric	2021 Targets	2021 Actual Performance	2022 Targets
AOI	Threshold: 5.3% Target: 6.6% Maximum: 7.5%	10.3%	Threshold: 9.0% Target: 10.0% Maximum: 12.1%
Industrial Free Cash Flow	Threshold: €3.0bn Target: €3.5b Maximum: €4.9bn	€6.1bn	Threshold: €2.5bn Target: €3.5b Maximum: €8.1bn
Synergies (less implementation costs)	Threshold: €0.7bn Target: €0.9b Maximum: €1.1bn	€3.2bn	Threshold: €3.6bn Target: €4.5b Maximum: €5.0bn
Quality <ul style="list-style-type: none"> Failure Rate Customer Satisfaction 	Not Disclosed	Not Disclosed	<ul style="list-style-type: none"> Failure Rate target set at a stretch 24% improvement from 2021 Customer Satisfaction Target set a stretch 5.2% improvement from 2021

Please note that **the 2023 annual bonus plan will include the additional ESG metric of reductions in carbon emissions** principally through the growth in production and sales of electric vehicles.

2022 SAIP Performance Results

In 2022, the Company achieved the payout trigger with a positive free cash flow. As a result, the amount of the 2022 SAIP payable to the CEO was determined as follows:

SAIP Performance Metric	Weight	Threshold	Target	Maximum	Actual	SAIP Result
Adjusted Operating Income	25%	<9.0%	10.0%	12.1%	13.0%	200%
Industrial Free Cash Flow	25%	€2.5bn	€3.5bn	€8.1bn	€10.8bn	200%
Synergies	30%	€3.6bn	€4.5bn	€5.0bn	€7.1bn	200%
Quality – 3 metrics						
Failure Rate 3MIS kppm	10%	ND*	ND*	ND*	ND*	127%
Customer Satisfaction – NPS NV	5%	ND*	ND*	ND*	ND*	200%
Customer Satisfaction – NPS AFS	5%	ND*	ND*	ND*	ND*	84.9%
Total Payout Percentage:						187%

* *Quality metrics information is deemed to be commercially sensitive information and the Company has therefore decided to not disclose the specific performance ranges and results*

The performance results determine the amount of the SAIP award for the CEO by multiplying the Base Pay by 200 percent (SAIP Target Opportunity Level) and the payout percentage above. The table below provides the payout of the CEO's 2022 SAIP relative to the incentive plan's performance/payout range.

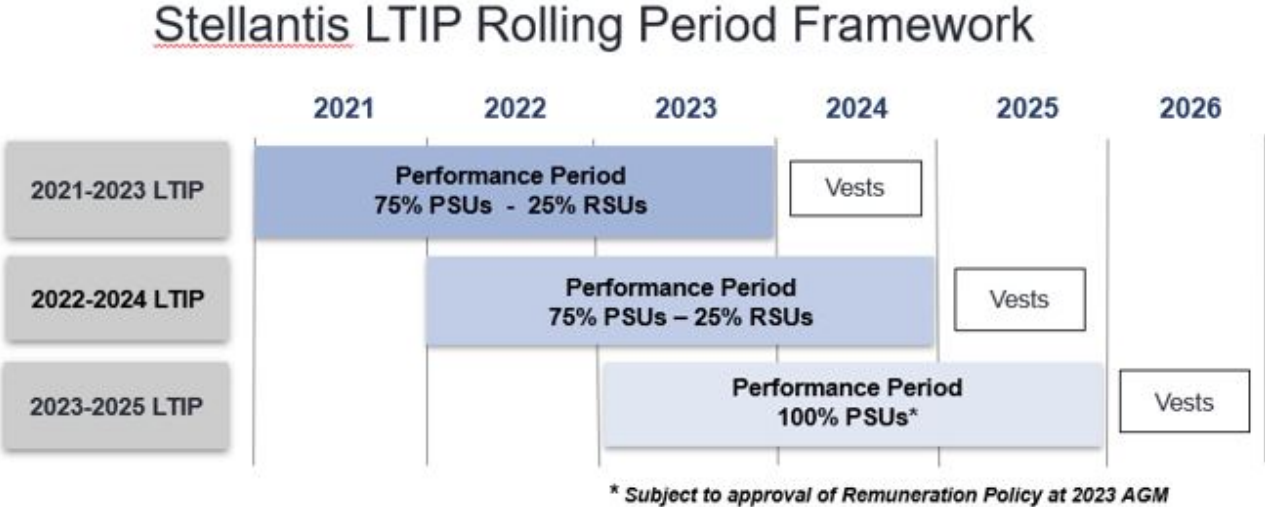
	Base Salary	Annual Cash Bonus Range				Actual 2022 SAIP Payout
		Below Threshold	Threshold	Target	Maximum	
Carlos Tavares	€2,000,000	€ 0	€2,000,000	€4,000,000	€8,000,000	€7,480,000

Long Term Incentive ("LTI") Plan

Our equity-based incentive awards are tied to Company performance and the future value of our common stock. These awards are intended to focus executive behavior on our longer-term interests because today's business decisions affect the Company over several years.

The Remuneration Policy sets out the operation of the LTI Plan. The design incorporates annual rolling grants directly linked to a three-year performance and vesting period. The annual LTI Plan award value for 2021 and 2022 grants consists of 75 percent of PSUs and the other 25 percent through restricted stock units (“RSUs”). We believe both PSUs and RSUs are forms of performance-based incentive compensation because both provide direct alignment with shareholder interests and the ultimate value realized fluctuates based on stock price performance. Each PSU and RSU award cliff vests after three years.

As requested by our Shareholders during our outreach campaign, grant awards beginning with the **2023-2025 LTI Plan will consist of 100 percent PSUs** for our Executive Directors and top management, subject to approval of the Remuneration Policy at the 2023 AGM.



The LTI Plan covers approximately 1,600 employees, including our Executive Directors. The LTI Plan target opportunity for our Executive Directors is determined as a percentage of base pay as shown below:

Executive Director	2022 Long-Term Incentive Target Opportunity (as a % of base pay)
John Elkann, Board Chair	300%
Carlos Tavares, Chief Executive Officer	600%

2021-2023 LTI & 2022-2024 LTI Plans

The actual payout of PSUs depends on meeting strategic, long term Company performance goals. The 2021-2023 LTI and 2022-2024 LTI Plans maintained the same performance metrics for PSUs. The process for setting targets for the LTI Plan starts with our Company strategy, which is generally formulated every three years, and our three-year financial plan, which is updated annually.

Measure	Weighting	How performance is calculated
Relative Total Shareholder Return	40%	Relative TSR performance as compared to peer group of companies. over a 3-year period.
Synergies (less implementation costs)	40%	Cumulative cash synergies net of implementation costs realized over the three-year period. Maximum payout for this metric is 100%.
The CO2 emissions reduction metric (weighted at 20% of the LTI) has two components equally weighted:		
CAFE Compliance	10%	Must be compliant in each year of the 3-year period with the Europe Corporate Average Fuel Economy (CAFE). Failure to comply in any one year will result in no payout for this metric.
Electrification of Vehicle Nameplates	10%	Projected number of EV nameplates at the end of a 3-year period. Maximum payout for this metric is 100%.

Because the 2021 and 2022 PSU grants have a three-year performance period, performance objectives and performance results will not be disclosed until the end of the respective performance periods. We are not disclosing the LTI PSU objectives now because such information would provide competitors with insight into our business plan that could substantially harm Stellantis' business interests. At the time the Remuneration Committee approved these targets, the Committee believed the targets to be ambitious and achievable while incentivizing executives to exceed expectations.

Total Shareholder Return

The relative TSR metric constitutes a market performance condition relative to eleven of the larger OEMs ("TSR peer group") and a payout scale subject to certain thresholds depending on the stock price appreciation plus dividends and any other shareholder distribution over each cumulative performance period of the Company in comparison with the companies forming part of the TSR peer group.

The TSR peer group consists of Volkswagen AG, Toyota Motor Corporation, Mercedes-Benz, General Motors Company, Ford Motor Company, Honda Motor Co. Ltd., BMW Group, Nissan Motor Corporation, The Hyundai Motor Company, Renault SA, and Kia Motors Corporation.

The table to the right provides the payout scale based on TSR performance during the 3-year performance period of 2021-2023 & 2022-2024 LTI plans.

Note: As a result of our Shareholder outreach campaign, beginning with the 2023-2025 LTI plan, **the TSR payout scale will no longer pay below median (Rank #6) performance.**

Stellantis Rank	Payout % of Target
1	200%
2	175%
3	150%
4	125%
5	100%
6	75%
7	50%
8	25%
9	—%
10	—%
11	—%
12	—%

Merger Synergies less implementation costs

The metric related to merger synergies less implementation costs on a cash basis; provides for a 50 percent payout of the target amount and shall be met if the Company reaches threshold performance of the synergy target, up to a maximum of 100 percent payout at target achievement. Note that this merger synergies metric will no longer be included in the LTI Plan design beginning with the 2023 LTI grant.

ESG Metric: CO2 Emissions Reduction

The CO2 emissions reduction metric has two components equally weighted: Europe Corporate Average Fuel Economy (“CAFE”) Compliance and a goal to increase the percentage of electrical vehicle nameplates in the U.S. and European markets.

For a payout to occur under the Europe CAFE Compliance, the Company must remain compliant in each of 2021, 2022 and 2023 calendar years. If the Company misses a target in any one year, there will be no payout for this metric.

The target for the electrification of vehicle nameplates is based on the availability of battery electric vehicles, plug-in hybrid electric vehicles, and hybrid electric vehicles in the U.S. and European markets. A payout of 50 percent will occur when threshold performance is achieved, up to a maximum of 100 percent payout at target achievement.

CEO Transformation Incentive 2021-2025

Beginning in 2021, Stellantis launched its bold strategy to transform itself to a sustainable mobility tech company – emphasizing the electrification and software of its vehicles, followed with its ambitious Dare Forward 2030 plan for carbon net zero by 2038.

Given the challenges that the automotive industry is facing with the transformation in global mobility, technology and the electrification of vehicles, and in recognition of Mr. Tavares’ essential role in leading Stellantis through the merger, on June 30, 2021, as provided under the terms of the Remuneration Policy, the Remuneration Committee recommended, and the Board approved, a **one-time transformation incentive** for the CEO. The design of the incentive, through the Remuneration Committee’s comprehensive and thoughtful consideration, reflects direct alignment between the Company’s direction of delivering value to Shareholders through the critical merger and integration period while successfully positioning the Company as a global leader in the innovation of electrification of mobility in the industry. It was for this reason that the one-time incentive was defined and awarded in 2021 (after the creation of Stellantis from the merger) - to lock-in long-term goals over a critical five-year performance period.

The transformation incentive award consists of a cash reward (“Transformation Incentive”) upon the achievement of significant and strategic innovation milestones over a five-year period and an equity reward (“Shareholder Return Incentive”) based on creating shareholder value through stock appreciation. Both rewards are considered “at-risk” with aggressive target setting in a very demanding context for the industry.

Transformation Incentive

The Transformation Incentive provides 250,000 performance cash units (“PCUs”) with a target value of €25,000,000. The amount of the incentive is determined upon the achievement of up to seven key innovative milestones in the development and execution of software engineering advancements and vehicle electrification by December 31, 2025. **These milestones are critical in executing our strategic Dare Forward 2030 plan for carbon net zero by 2038.** No incentive is paid until the second milestone is achieved.



As requested by our Shareholders during our 2022-2023 outreach campaign, we have disclosed the seven strategic milestones of the Transformation Incentive below.

Key Milestones to transform Stellantis through Dare Forward 2030, into a sustainable tech mobility Company; to offer a clean, safe and affordable mobility

Electrification Commitment

- Master technology leadership and value chain through ACC milestone achievements
 - Innovative approaches to develop **the first competitive solid state battery technology**
- Launch breakthrough e-motors made at Nidec
 - Transform our technology and manufacturing plants to achieve an efficient **electric engine at competitive cost**
- Produce benchmark eDCT electrified
 - A single **eDCT** modular concept to ensure best performance of both Mild Hybrid and Electric vehicles on the market
- Exceed customer expectation with **eCMP** (Common Modular Platform) increase range to 400 km and **eVMP** (Vehicles Modular Platform) extend range to 600 km
 - Begin vehicle production of EV platforms of improved range efficiency
- Achieve European LEV sales mix above 15%
 - **European leader on the LEV market**

Technology Commitment

- Create the condition to secure project with license WAYMO
 - Strategic partnership achieved to ensure Waymo L4 technology in onboard and management of the appropriate path to upskill and reskill **Stellantis** internal resources to support the integration and use of fully **autonomous vehicles technology**
- Achieve **over the Air Software update** of Vehicles
 - Increase the attractiveness and residual values of our vehicles; additional revenue opportunities over our vehicles' life cycle

Any cash award will be paid after the respective vesting and achievement of the above milestone(s) as reviewed and approved by the Remuneration Committee. The process for validating the achievement of each milestone includes the following:

1.	Milestone Validation	<ul style="list-style-type: none"> • Company’s Human Resources and the business owner responsible for the milestone confirms that the milestone was achieved. • Minutes/documentation necessary to support achievement, subject to internal audit verification.
2.	Milestone Assessment	<ul style="list-style-type: none"> • Detailed information about milestone achievement provided to Remuneration Committee for review and assessment.
3.	Committee Validation	<ul style="list-style-type: none"> • Committee makes determination that milestone was successfully achieved (vesting of the award).
4.	Incentive Payout	<ul style="list-style-type: none"> • Incentive is settled in cash no later than sixty days from vesting event. • CEO must remain in continuous employment throughout the achievement of each milestone.

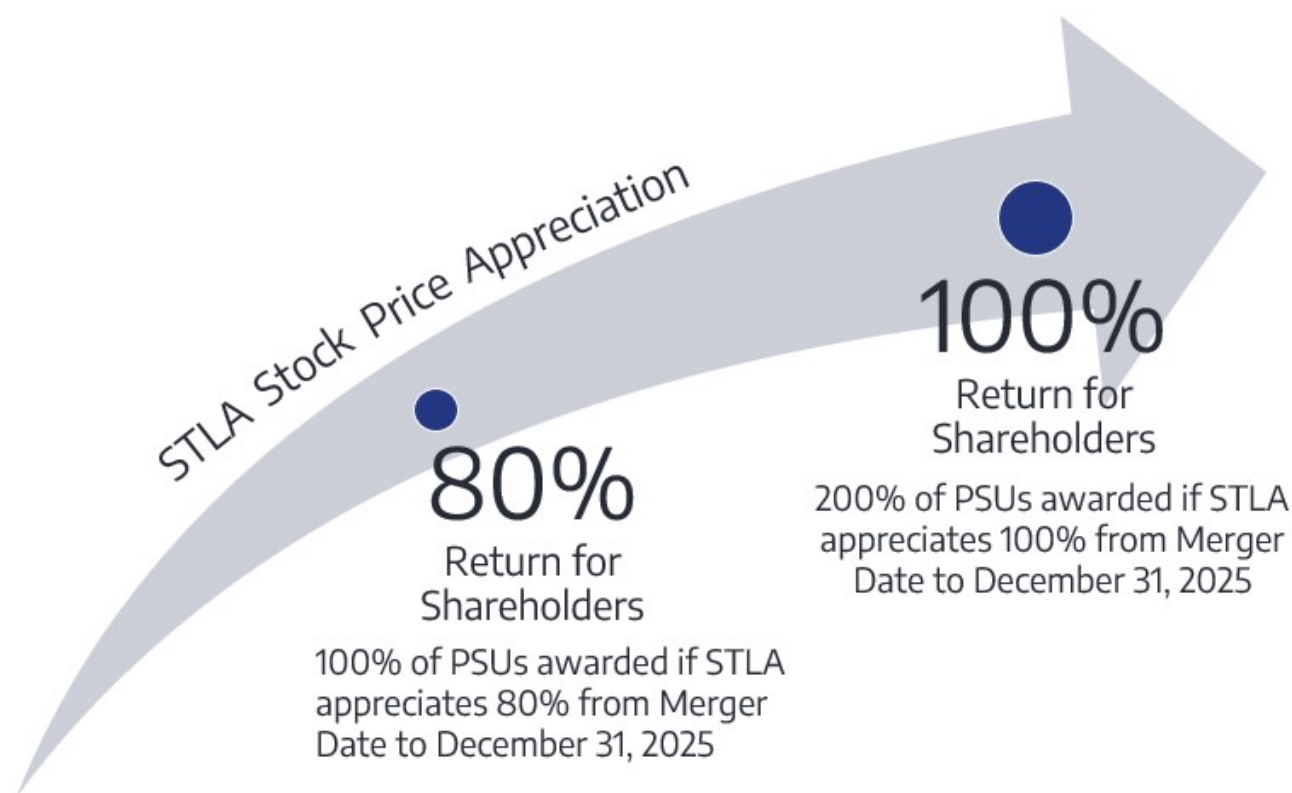
The performance-based vesting conditions for the Transformation Incentive is shown below:

Innovative Milestone Achieved during the 5-year Performance Period	Cash Award (percentage of Target Value)
0-1	0%
2	20%
3	40%
4	80%
5	120%
6	160%
7	200%

As of December 31, 2022, the European LEV Sales Mix milestone was achieved. In accordance with the above vesting schedule, no payout of the Transformation Incentive was made in 2022.

Shareholder Return Incentive

The Shareholder Return Incentive is directly aligned with shareholder interests as the incentive becomes vested only in the event **shareholders gain at least an 80 percent return on investment**. The Shareholder Return Incentive provides at target an equity grant of 1,000,000 PSUs to the CEO, based on the absolute TSR from the merger date to December 31, 2025.



How is the stock measured for purposes of the Shareholder Return Incentive?

The absolute TSR is measured using the average split-adjusted closing price per share over sixty consecutive trading days measured against the average split-adjusted closing price per share over twenty consecutive trading days from January 18, 2021. The share price is measured using the share price reported on the Euronext Milan.

Continuous Employment and Additional Holding Requirement

To receive any incentive, the CEO must remain continuously employed with the Company through January 17, 2026. If the performance metric is satisfied during the five-year period, the PSUs will vest on January 17, 2026 with **50 percent of any payout subject to an additional two-year holding period (until January 17, 2028)**.

Other Benefits

Retirement Plan: The CEO participates in a defined contribution plan. The Company makes annual contributions equal to 25 percent of base salary and annual bonus paid to his retirement account. Fifty percent of the contribution shall be attributable to tax payment and the remaining fifty percent directly to his retirement fund. The Board Chair does not participate in a retirement plan sponsored by the Company.

Health Care: The CEO participates in the same health care plan as other local based salaried employees. The Company provides health care coverage for the Board Chair who is eligible for a retiree healthcare plan as provided to other executives in Italy which provides for a reimbursement of a portion of health care costs incurred in retirement. Both Executive Directors participate in a comprehensive annual physical exam.

Severance Benefits: Pursuant to a service agreement between the CEO and the Company and in accordance with of Dutch Corporate Governance Code, a severance benefit equal to one-year's base salary would be provided in the event of termination of employment by the Company without cause. Severance benefits do not include any acceleration of equity awards.

Detail and compensatory value of the above and other benefits and/or perquisites provided or paid in 2022 are included in Table 1 of this Remuneration Report.

Share Plans Grant to Directors

The following table provides an overview of the share plans held by Executive Directors for the year ended December 31, 2022:

Name of Director, Position	Specification of Plan	Performance Period	Grant Date	Number of Units Granted	Fair Value at Grant Date ⁽³⁾	Vesting Date	End of Holding Period ⁽⁴⁾	Opening Balance - January 01, 2022	Shares Granted	Shares Vested ⁽⁵⁾	Closing Balance	Long Term Incentive Expense
ELKANN, John Phillip, Chairman	2019 LTI RSU ⁽¹⁾	2019- 2021	May 15, 2019	558,480	€ 7,376,023	May 1, 2020 May 1, 2021 May 1, 2022		257,190	-	257,190	-	€ 537,403
	2020 LTI RSU ⁽¹⁾	2020-2022	May 1, 2020	382,560	€ 2,968,739	May 1, 2023	May 1, 2025	477,106	-	-	477,106	€ 1,841,437
	2021 LTI RSU	2021-2023	April 15, 2021	42,580	€ 618,558	April 15, 2024	May 1, 2026	42,580	-	-	42,580	€ 220,415
	2021 LTI PSU	2021-2023	April 15, 2021	127,900	€ 1,970,632	April 15, 2024	May 1, 2026	127,900	-	-	127,900	€ 787,657
	2022 LTI RSU	2022-2024	May 15, 2022	54,950	€ 580,959	May 15, 2025	May 15, 2027		54,950		54,950	€ 89,160
	2022 LTI PSU	2022-2024	May 15, 2022	164,840	€ 1,686,462	May 15, 2025	May 15, 2027		164,840		164,840	€ 298,170

TAVARES, Carlos CEO	2018 LTI RSU	2018 -2020	April 09, 2018	130,000	€ 2,568,800	April 10, 2021 April 10, 2022		120,919		120,919	-	€ 55,101
	2019 LTI RSU	2019- 2021	May 20, 2019	130,000	€ 2,299,440	May 23, 2022 May 23, 2023		205,560	-	102,780	102,780	€ 302,776
	2020 LTI RSU	2020-2022	May 11, 2020	80,000	€ 826,880	May 11, 2023		144,638	-	-	144,638	€ 339,286
	2021 LTI RSU	2021-2023	April 15, 2021	204,180	€ 2,956,526	May 15, 2024	May 15, 2026	204,180	-	-	204,180	€ 1,056,936
	2021 LTI PSU	2021-2023	April 15, 2021	612,700	€ 9,484,596	May 15, 2024	May 15, 2026	612,700	-	-	612,700	€ 3,773,243
	2021 CEO PSU ⁽²⁾	2021-2026	June 28, 2021	1,000,000	€ 19,560,000	January 17, 2026	January 17, 2028	1,000,000	-	-	1,000,000	€ 4,293,085
	2021 LTI RSU ⁽⁶⁾	2021-2023	October 1, 2021	10,190	€ 143,068	October 1, 2024	May 1, 2026	10,190	-	-	10,190	€ 51,158
	2022 LTI RSU	2022-2024	May 15, 2022	232,220	€ 2,584,366	May 15, 2025	May 15, 2027		232,220		232,220	€ 396,623
	2022 LTI PSU	2022-2024	May 15, 2022	696,650	€ 7,502,483	May 15, 2025	May 15, 2027		696,650		696,650	€ 1,326,453

(1) Consistent with the treatment approved by the Board of Directors and approved by the shareholders as part of their approval of the merger and as set forth in the Combination Agreement, unvested PSU units from the 2019 and 2020 grants were converted to unvested RSU units. The Fair Value at Grant Date for these awards is as previously reported in prior year's Remuneration Reports

(2) CEO Shareholder Return Incentive 2021-2025 Award provided under the terms of the Remuneration Policy and approved by the Board

(3) Fair Value at Grant Date is calculated as described in Note 19, Share-based compensation, within the Consolidated Financial Statements included elsewhere in this report

(4) In 2019, the Board approved holding requirements for the Executive Directors effective for grants issued after January 1, 2020. The grant issued to the Chairman in 2019 is not subject to these holding requirements. Grants issued to the CEO prior to the merger are not subject to these guidelines

(5) The fair market value of the shares that vested during 2022 for the Chairman was €3,626,379 and the fair market value of the shares that vested during 2022 for the CEO was €3,074,553

(6) Amount reflects additional RSUs pursuant to the €1 billion extraordinary distribution on Stellantis common shares, contemplated by the combination agreement and approved at the Annual General Meeting of Shareholders of Stellantis held on April, 15, 2021. Refer to Note 19, Share-based compensation, within the Consolidated Financial Statements included elsewhere in this report for additional information

Non-Executive Board of Directors Compensation

Non-executive Directors receive cash retainers; they do not receive Board meeting fees and are not eligible for variable compensation or any incentive plans based on Company performance. Non-Executive Directors are eligible to receive one vehicle rotated annually and discounts on purchases and leases of vehicles (same discounts as for eligible employees). Vehicle benefits are subject to taxes for imputed income. Non-Executive Directors are not entitled to receive benefits in case of termination from the Board.

Current annual remuneration for the non-executive directors is shown in the table below:

Non-executive Director Remuneration	
Annual cash retainer:	€ 200,000
Additional retainer for Senior Independent Director:	€ 50,000
Additional retainer for Audit Committee Chair:	€ 25,000
Additional retainer for Audit Committee membership:	€ 10,000
Additional retainer for other Committee Chairs:	€ 10,000
Additional retainer for other Committee membership:	€ 5,000

Other Remuneration Matters

Compliance with Remuneration Policy

The remuneration paid to Executive and Non-executive Directors for 2022 as provided under this Remuneration Report was done in line with the Remuneration Policy approved by Shareholders at the April 15, 2021 Annual General Meeting.

Note that as a result of shareholder feedback, a proposal to amend the Remuneration Policy to award only PSUs in the long-term incentive plan will be made to shareholders at the 2023 AGM. If the new Policy is approved, the change would take effect with the 2023 LTI equity grant.

Derogations and deviations from Remuneration Policy

There were no deviations from the Remuneration Policy in 2022.

Terms of Engagement

The CEO is employed by the Company on the basis of a service agreement for a five-year period ending on April 15, 2026, subject to any earlier termination by either party. The Company and the Board Chair has entered an agreement which continues for an indefinite term, subject to shareholder approval and Company governing documents. Additional details regarding remuneration for the Executive Directors can be found in this Report and in the Remuneration Policy.

Restrictive Covenants

Pursuant to the services agreement between the CEO and the Company, the CEO is subject to a non-competition restriction for a period of one year following termination of employment. A customary provision regarding confidentiality is also included in the services agreement.

Stock Ownership and Retention Guidelines

Our Board recognizes the critical role that executive stock ownership and retention has in aligning the interests of management with those of shareholders. In 2021, the Board approved stock ownership and retention guidelines for Executive Directors and Non-executive Directors.

The Chairman and CEO are subject to stock ownership guidelines which require owning shares with an aggregate value of not less than six times base salary. Non-executive Directors are required to own shares with an aggregate value of not less than one year of the retainer fee. All are required to meet their required level of ownership within five years. As of December 31, 2022, the Executive Directors have satisfied the stock ownership guideline requirement.

The Chairman and CEO are required to retain 100 percent of net, after-tax shares of common stock issued upon vesting and settlement of any equity awards granted until the fifth anniversary of the grant date of such award.

Clawback Policy

The Company is dedicated to maintaining and enhancing a culture focused on integrity and accountability. Pursuant to the terms of the Equity Incentive Plan (“EIP”), the Company may recover, or clawback, incentive compensation, including the ability to retroactively adjust if any cash or equity incentive award is predicated upon achieving financial results and the financial results were subject to an accounting restatement. In the financial year 2022, no situation occurred where variable remuneration has been, or had to be, reclaimed.

Insider Trading Policy / Security Hedging Provisions

The Company maintains an insider trading policy applicable to all directors, employees, members of the households and immediate family members (including spouse and children) of persons listed and other unrelated persons, if they are supported by the persons listed. The insider trading policy provides that the aforementioned individuals may not buy, sell or engage in other transactions in the Company’s stock while in possession of material non-public information; buy or sell securities of other companies while in possession of material non-public information about those companies they become aware of as a result of business dealings between the Company and those companies; disclose material non-public information to any unauthorized persons outside of the Company; or engage in hedging transactions through the use of certain derivatives, such as put and call options involving the Company’s securities. The insider trading policy also restricts trading by specified individuals to defined window periods which follow the Company’s earnings and revenue releases.

To ensure alignment with shareholders' interest and to further strengthen our compensation risk management policies and practice, the Company’s insider trading policy prohibits all individuals to whom the policy applies from engaging in a short sale of the Company's or its subsidiaries' securities and derivatives (such as options, puts, calls, or warrants).

Internal Pay Ratios and Comparative Information

The Remuneration Committee considers internal pay ratios within the Company when setting the Executive Directors’ compensation. In line with the guidance provided under the Dutch Corporate Governance Code and the Dutch Civil Code, the CEO pay ratio and five-year average employee compensation are to be disclosed in the annual Remuneration Report.

To meet the five-year trend of average employee compensation requirement, total personnel costs reported in the annual report less any Executive Director compensation divided by the average headcount reported in the annual report less any Executive Directors who are included in the total average headcount was utilized and is illustrated in the tables below.

For purposes of providing historical information, the information included in the table below for years 2018 through 2020 is what was reported in the FCA N.V. 2020 Remuneration Report and includes personnel cost and average number of employees of FCA N.V. prior to the merger:

Employees excluding Executive Directors	2022	2021	2020⁽¹⁾	2019⁽¹⁾	2018⁽¹⁾	5 years average
Personnel cost (€ billion)	18.2	17.1	10.3	11.4	11.7	12.4
Average number of employees	282,926	292,432	191,703	198,770	203,120	216,613
Average employee compensation (€)	64,328	58,475	53,729	57,353	57,601	57,308

(1) These amounts reflect those reported in FCA N.V. 2020 Remuneration Report

For purposes of providing a five-year trend of the CEO's pay ratio, the information included in the table below for years 2018 through 2020 is what was reported in the FCA N.V. 2020 Remuneration Report and includes CEO compensation and average employee compensation of FCA N.V. prior to the merger:

	2022	2021 ⁽¹⁾	2020 ⁽²⁾	2019 ⁽²⁾	2018 ⁽²⁾	5 years average
CEO compensation (€)	23,459,006	17,453,507	11,729,558	13,280,913	13,946,984	15,970,394
Average employee compensation (€)	64,328	58,475	53,729	57,353	57,601	58,600
CEO Pay Ratio	365	298	218	232	242	273

(1) CEO Compensation used to calculate the 2021 CEO pay ratio excludes Other Compensation reported in table 1

(2) These amounts reflect those reported in FCA N.V. 2020 Remuneration Report

The increase in the CEO pay ratio from 2021 to 2022 is primarily attributable to the LTI expense from the CEO Shareholder Return Incentive. Excluding the LTI expense relating to the CEO Shareholder Return Incentive of €4,293,085 would result in a CEO pay ratio of 298.

In accordance with the guidance provided under the Dutch Corporate Governance Code, further pay ratios including scenario analysis reflecting incentive plan performance were conducted between the CEO and senior management. Considering base salary and incentive opportunities (both short-term and long-term incentives), the CEO pay ratio ranged from 3.6 to 8.

Comparative Table over Remuneration and Company Performance

In line with guidance provided under the Dutch Corporate Governance Code and the Dutch Civil Code, the performance of the Company, the remuneration of each Director and the average employee compensation other than directors from 2018 to 2022 financial years is disclosed in the following table. For purposes of providing historical information, the information included for years 2018 through 2020 is what was reported in the FCA N.V. 2020 Remuneration Report.

Company Performance	2022	2021	2020 ⁽¹⁾	2019 ⁽¹⁾	2018 ⁽¹⁾
Net revenues (€ million)	€ 179,592	€ 149,419	€ 86,676	€ 108,187	€ 110,412
Net profit/(loss) from continuing operations (€ million)	16,779	13,218	24	2,700	3,330
Diluted earnings/(loss) per share from continuing operations (€)	€ 5.31	€ 4.19	€ 0.02	€ 1.71	€ 2.12

(1) These amounts reflect those reported in FCA N.V. 2020 Remuneration Report

Director	Position	2022	2021	2020 ⁽¹⁾	2019 ⁽¹⁾	2018 ⁽¹⁾
ELKANN John Philipp	Chairman	€ 5,850,052	€ 7,884,085	€ 2,391,177	€ 3,849,946	€ 3,118,489
TAVARES, Carlos	CEO	23,459,006	19,153,507			
PEUGEOT, Robert	Director	219,595	203,782			
AGNELLI, Andrea	Director	223,022	226,135	45,888	180,157	169,355
CASTRIES, Henri de	Director	290,010	273,725			
CICCONI, Fiona Clare	Director	227,611	208,061			
DUFOURCQ, Nicolas	Director	-	-			
GODBEHERE, Ann Frances	Director	228,106	228,458			
MARTELLO, Wan Ling	Director	234,440	221,546			
SAINT-EXUPERY, Jacques	Director	201,853	198,436			
SCOTT, Kevin	Director	218,702	203,498			
MARCHIONNE, Sergio	Former CEO		26,080,867			10,966,555
MANLEY, Michael	Former CEO	51,184,773 ⁽²⁾	305,876	11,728,558	13,280,913	2,980,429
PALMER, Richard	CFO		14,766,580	4,471,542	4,035,288	-
ABBOTT, John	Former Director		8,456	43,775	178,655	86,677
BRANDOLINI D'ABBA, Tiberto	Former Director		9,169	44,691	180,968	170,429
EARLE, Glenn	Former Director		8,387	71,635	215,649	204,682
MARS, Valerie	Former Director		11,872	60,903	208,529	190,100
SIMMONS, Ruth J.	Former Director		-	-	99,835	180,505
THOMPSON, Ronald L.	Former Director		14,611	58,231	220,524	205,909
VOLPI, Michelangelo A.	Former Director		12,198	52,369	189,409	173,588
WHEATCROFT, Patience	Former Director		8,723	59,690	204,284	193,875
ZEGNA, Emenegildo	Former Director		24,479	68,037	205,626	191,242

(1) These amounts reflect those reported in the FCA N.V. 2020 Remuneration Report

(2) This amount represents the amount paid as described in the Pre-merger Legacy Matters – Remuneration of Former Executive Director of FCA N.V. section of this Report

Average employee compensation	2022	2021	2020 ⁽¹⁾	2019 ⁽¹⁾	2018 ⁽¹⁾
	€				
Average employee compensation	€ 64,328	€ 58,475	€ 53,729	€ 57,353	€ 57,601

(1) These amounts reflect those reported in the FCA N.V. 2020 Remuneration Report

Pre-merger Legacy Matters - Remuneration to Former Executive Director of FCA N.V.

Mr. Mike Manley was the Chief Executive Officer and an Executive Director of FCA N.V. prior to the merger with Groupe PSA that formed Stellantis N.V. in 2021. In March 2022 Stellantis made a final payment to Mr. Manley in fulfillment of an agreement entered into between Mr. Manley and FCA N.V. prior to the merger. The agreement was legally binding effective February 19, 2020.

Under the FCA N.V. Equity Incentive Plan (as applicable to all FCA N.V. beneficiary employees) the consummation of the merger along with the proposed change in Mr. Manley's role following the merger (as he would no longer be the Chief Executive Officer of the company after the merger) entitled Mr. Manley to terminate his employment with accelerated vesting of all his awards under the plan and payment of the severance contemplated by his employment agreement.

To secure Mr. Manley's continued leadership in the preparation of the merger and in the critical initial integration phase of the new company, FCA N.V. entered into a new agreement with him which replaced, with effect from the merger, (1) his pre-merger LTI PSUs and RSUs, vesting at closing of the merger, with a cash award corresponding to the value of such awards at the closing of the merger, (2) certain other severance rights, with a cash award equal to one times his annual base salary, and (3) provided a recognition award equivalent to approximately five times his annual base salary.

Namely, the pre-merger new agreement entitled Mr. Manley to receive the following payments:

Retention award equal to 1 x Base Salary (pursuant to Dutch law, retention award is capped at 1 x base salary)	€	1,367,521
The cash value of the accelerated vesting of his LTI awards, as required under FCA's Equity Incentive Plan	€	42,637,765
Recognition award for his continued leadership and efforts in both the pre-merger company during his tenure as an Executive Director and the critical integration of the merged Stellantis	€	7,179,487

In addition, Mr. Manley will be entitled to certain facilitations regarding the purchase of vehicles manufactured by the Company. He was also subject to a non-competition and non-solicitation of employees' covenant, which continues two years and three years, respectively, following his termination of employment. Mr. Manley retired from the Company effective November 1, 2021.

The terms of the new agreement with Mr. Manley were included in the Common Draft Terms of the Cross-Border merger between FCA N.V. and Groupe PSA governing the merger dated 27 October 2020 which were approved by the shareholders of FCA N.V. and by the shareholders of Groupe PSA at their respective extraordinary general meetings on January 4, 2021.

The Company completed the above payment in March 2022. No decision was made in 2022 by the Stellantis Board regarding this matter, as the above payments were contractually due under an agreement entered into prior to the merger.

NON-FINANCIAL INFORMATION

Business Model and Corporate Social Responsibility Governance

Stellantis is a leading global mobility player guided by a clear mission: to provide freedom of movement for all through distinctive, appealing, affordable and sustainable mobility solutions. Our corporate purpose - powered by our diversity, we lead the way the world moves - defines us.

We offer vehicle choices from luxury, premium and mass-market passenger vehicles to pickup trucks, SUVs and light commercial vehicles, as well as dedicated mobility, financial, parts and service brands.

In this new era of mobility, our portfolio of brands is uniquely positioned to offer distinctive and sustainable solutions to meet the evolving needs of customers, as they embrace electrification, connectivity, autonomous driving and shared ownership.

To increase the positive impacts and reduce the negative consequences of our activities throughout the value chain, Stellantis takes specific actions that are designed to maintain or develop the Company's environmental, relational, financial, human, industrial and intellectual capital. Refer to "*Dare Forward 2030 Strategic Plan*" which generally aligns with United Nations Sustainable Development Goals, and is included elsewhere in this report for information.

Our electrification and software strategies will support the shift to become a sustainable mobility tech company, leveraging the associated business growth with over-the-air features and services, and working to deliver the best experience to our customers.

In 2022, Stellantis announced the creation of a stakeholder initiative to contribute to a public and fact-based debate with a 360 approach about freedom of mobility in a decarbonized world. The Freedom of Mobility Forum is expected to become operational in 2023.

Materiality matrix

Stellantis has identified six CSR macro-risks which are the pillars of our approach to CSR. In light of the Company's activities, each macro-risk has been broken down into a number of CSR issues, which are considered to be material to the Company and its stakeholders.

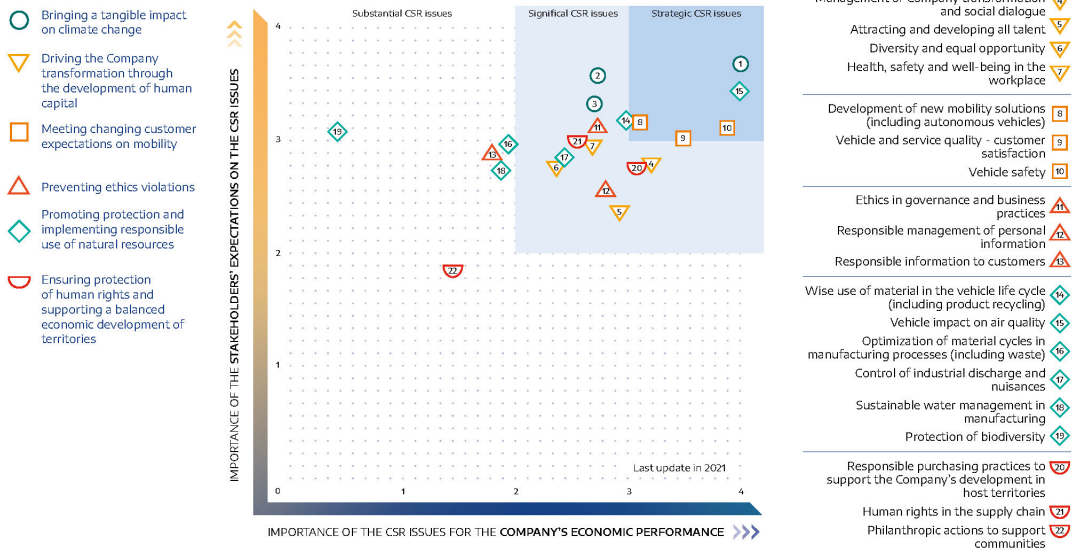
There are 22 CSR issues that are considered to be material by Stellantis experts and stakeholders. The two criteria are:

- those that reflect the environmental, economic and social impacts of the Company's activities; and
- those for which the environmental, economic and social contexts in which the Company operates have impact on the Company's performance.

Based on this double materiality approach, those CSR issues are considered as having a substantive influence on the stakeholders' assessments and decisions. Each CSR issue is a CSR challenge for Stellantis.

STELLANTIS MATERIALITY MATRIX

Mapping of 6 CSR macro risks/pillars developed in 22 CSR issues/challenges



This Non-Financial Information section presents Stellantis' ambition and the main initiatives and achievements related to each CSR challenge.

Throughout the year Stellantis reviews progress on the CSR issues/challenges and the status is validated by the members of the Top Executive Team and presented to the Board of Directors.

The Company adopts measures proportionate to the position of each CSR issue/challenge in the materiality matrix. These measures are presented in the following sections and will also be further described, with additional information and data, in the 2022 CSR Report to be released in 2023 and published on the corporate website.

CSR macro risks and issues are also embedded in the Top Risks process through interviews of a significant number of managers and top managers. The relevant actions are reflected in the mitigation plans implemented in operational divisions and included in training programs as needed. For more information, refer to "Risk Management" included elsewhere in this report.

CSR Policy

Our CSR policy finds its roots in the United Nations Global Compact Principles and embraces:

- a holistic approach of our environmental footprint: our actions strive to bring a tangible impact on climate change and make a wise use of natural resources. Life cycle analysis supports our decisions, notably when technology or material related changes impact key features of our products (mass, recyclability, etc.);
- a human-centered management of our activities and their social impacts: we promote the development of our teams, we leverage on their diversity as an asset to understand citizens' both common and specific expectations and desires all around the world, we support economic local development through responsible purchasing practices, we encourage social local initiatives through philanthropic actions in the communities around our locations; and

- strong ethical principles in governance and business relationships: the Stellantis governance model reflects our commitment to a culture dedicated to integrity, responsibility and ethical behavior in all areas of our activity and along the entire value chain. Our governance model supports our focus on creating a shared and lasting value for our stakeholders.

For Stellantis, value creation in the long run results from economic, environmental and social performance. We protect our sustainable development through responsible decisions and transparent business practices. Our CSR is based on these fundamental principles:

- We consider transparency as the basis of mutual trust with the society. Our responsibility is to make decisions knowing we will be accountable for them in the future. Stellantis strives to publish clear, extensive and accurate information to ensure our stakeholders have access to quality data. As an illustration, we obtain an independent auditor’s opinion on the truthfulness of its content. It also feeds the public debate, for the benefit of the general interest; and
- As a data-driven company, we base our decisions on facts, scientific approaches and close monitoring of our activities.

Stellantis regards its CSR policy as a collective and individual endeavor, which ensures that the principles of CSR are embedded into each business decision and guides the Company’s approach to its strategic challenges.

Board oversight on CSR matters

The Board of Directors, also through its ESG Committee, has oversight on the CSR issues presented in the materiality matrix. CSR related strategies are presented to the Board of Directors. Refer to “*CORPORATE GOVERNANCE - Board Practices and Committees*” included elsewhere in this report for additional information.

CSR Operational decision bodies to lead actions

The Stellantis CSR Global Office reports directly to the Executive Vice President (“EVP”) – Chief Communications and CSR Officer, who is a member of the Top Executive Team and reports to the Chief Executive Officer. The Stellantis CSR Global Office oversees a CSR network composed of subject matter experts: the CSR champions and CSR correspondents, who represent the global functions of the Company.

The CSR champions work to ensure that the CSR issues under their responsibility are considered appropriately in the decisions of their Division.

The CSR correspondents focus on proper and reliable disclosure of qualitative and quantitative information for the CSR issues under their responsibility.

Members of the Top Executive Team play a key role in the Company’s CSR roadmap: they validate the medium- and long-term CSR visions, ambitions and targets for the CSR issues that are under their responsibility, allocate resources according to priorities and are responsible for the achievements.

Bringing a tangible impact on climate change

Introduction

Stellantis has a holistic approach to climate change. Given its main sources of greenhouse gas emissions, the Stellantis decarbonization strategy is threefold:

- Cutting vehicle CO₂ emissions;
- Moving forward into a carbon-efficient production system; and
- Improving the environmental performance of the supply chain.

As CO₂ emissions regulations thresholds are becoming more stringent for vehicle manufacturers, Stellantis is:

- Developing increasingly low carbon offerings of products and services relying on an ambitious electrification roadmap;
- Investing in process improvements to transform production locations in a more efficient and sustainable condition to make them less energy-intensive and increase renewable energy usage;
- Engaging suppliers on climate-related issues to avoid supply chain disruptions due to more stringent emissions regulations; and
- Relying on a strong vertical integration strategy to reduce the Company's dependence on suppliers and to reduce the risk of supply chain disruptions.

Forward-looking vision and targets

Stellantis' ambition is to contribute to a global carbon neutrality, with an ambitious carbon footprint reduction roadmap, committing to be carbon net zero by 2038 with a single-digit percent compensation of residual emissions versus 2021 level.

Stellantis' vision for the CSR issue/challenge #1: "Vehicle CO₂ emissions" is to propose a wide range of low carbon mobility devices, rapidly available in countries of operations, to contribute to the race to carbon neutrality, by leading CO₂ emissions reduction.

By 2030, Stellantis targets to include a BEV version of all our passenger car models marketed in Europe and all our passenger car and light duty trucks models marketed in the U.S.

Stellantis' vision for the CSR issue/challenge #2: "Industrial and sites carbon footprint" is to contribute to a decarbonized economy by achieving net zero emissions within our activities worldwide (scope 1 and 2).

Stellantis' vision for the CSR issue/challenge #3: "Carbon footprint of the supply chain: purchasing and logistics" is to request our suppliers, and their supply base by reaching into them on a cascading basis, therein to support our road to carbon neutrality by bringing innovative solutions and by adopting their own GHG emissions reduction trajectories to comply or outreach the Paris Climate Agreement.

Stellantis has set short-, medium- and long-term carbon emissions targets to support its long-term carbon net-zero 2038 objective. Detailed targets have been disclosed in the FY 2021 CSR Report available on the Company's website at https://www.stellantis.com/content/dam/stellantis-corporate/sustainability/csr-disclosure/stellantis/2021/Stellantis_2021_CSR_Report.pdf. They support Stellantis' vision embedded in the strategic plan.

Operational decision bodies to lead actions

Within this governance structure, the Board of Directors considers subjects that link to the strategic plan. Climate being a key topic, the Board of Directors ensures that the strategy fits with the Stellantis long-term vision and climate resilience, and that related risks and opportunities stemming from the effects of climate change are properly identified and managed.

The CEO and the Strategy Council are responsible for defining the overall environmental strategy, including climate related policies. The CEO reports to the Board of Directors.

Major strategic projects with significant impact on the CO₂ emissions of the Company or its products are being brought to the Board of Directors for review or decisions. Those projects can be related to vehicle CO₂ emissions reduction, as well as product planning or new mobility offers with CO₂ emission reduction targets.

Other major projects that can be impacted by the consequences of climate change, such as the location of new sites, are also reviewed by the Board.

The Board reviews the related financial implications of strategic projects with significant impact on CO₂ emissions, such as the capital expenditures or strategic transformation needed to implement these projects. The Board discusses these projects for approval after being informed about aspects such as CO₂ emission consequences and expected changes in the future mobility market.

During Board meetings, Stellantis' strategic climate commitments, their implementation and their progress versus targets, are presented to the Board of Directors, in order to deliver relevant information on the climate-related CSR issues impacting the organization.

The Top Executive Team has a broad reach across the organization. Therefore, the Team has a global vision of climate-sensitive challenges and the impacts that these challenges have on the Stellantis business model and management bodies. The Top Executive Team monitors progress against climate commitments and objectives, and reviews the top risks with a particular focus on climate change, especially vehicle CO₂ emissions, as the most strategic CSR issue for Stellantis.

Therefore, climate-sensitive issues are embedded in decisions made by the Top Executive Team on reviewing and guiding major plans of action, annual budgets or business plans.

At the executive level, two committees review climate-related topics:

- The Strategy Council: its role is to look at the long-term future and potential courses of action for growth and to define the strategic plan and validate corresponding investment plans. Since the topic of CO₂ emissions of vehicles is a strategic issue for Stellantis, the Strategy Council's role is to verify that proposals on these topics fit the Company's strategy and its execution; and
- The Industrial Committee: the committee was established in 2021. Reflecting Stellantis's commitment, it embeds CO₂ issues in its decision making and provides executive bodies within Stellantis with a global overview of CO₂ issues within its industrial activities.

Vehicle CO₂ emissions

Policies to execute the strategy

Stellantis is committed to reducing its CO₂ emissions in the various regions in which it operates. Stellantis' strategy is to strive for compliance with CAFE and CO₂ regulations worldwide. As they are by far the Company's main carbon footprint component, emissions from use of sold products (use phase of new sold vehicles) are at the center of the Company's carbon net zero objective, which was determined using a Well-to-Wheel approach.

The main levers for the Company to reduce vehicle CO₂ emissions are:

- a LEV mix ramp-up, offering a wide range of BEVs and PHEVs;
- a zero-emission fuel cell offer for LCVs, complementary to full battery models;
- a BEV-by-design platform strategy to be operational from 2024;
- a vertical integration strategy aiming to control the LEV value chain and its costs, to secure supply and quality;
- the use of MHEV technologies; and
- the deployment of technical levers to improve all key aspects of energy consumption: for example, aerodynamics, rolling resistance and electrical consumption.

Main initiatives, achievements and results

Stellantis incorporates CO₂ emissions management from product planning to sales. Dedicated tools have been put in place to provide real-time information on the current status and forecasts of CO₂ emissions for all Stellantis brands, allowing the revision of production programs and commercial policy accordingly.

To limit CO₂ emissions from vehicles, Stellantis is continuing to develop efficient products by implementing technical solutions whose cost effectiveness is beneficial for its customers. The Company plans to make more than €30 billion from 2021 through 2025 in R&D, capex and joint venture investments for electrification and software.

The table below presents sales-weighted average fleet fuel economy and CO₂ emissions for major regulated markets.

Sales-weighted¹ average fleet fuel economy and CO₂ emissions:

Regulated region	Category	2022 results	2021 results
EU 27 + Norway + Iceland (gCO ₂ /km) ²	M1 (passenger cars)	105.5 gCO ₂ /km	114.8 gCO ₂ /km
	N1 (light commercial vehicles)	168 gCO ₂ /km	189 gCO ₂ /km
United States (mpg)	passenger cars domestic	27.2 mpg	27.7 mpg
	passenger cars import	30.7 mpg	32.3 mpg
	light duty trucks	27.0 mpg	26.9 mpg
Brazil (MJ/km)	Total Stellantis	1.7 MJ/km	1.9 MJ/km
China (L/100km) ³	Total domestic	5.4 L/100km	6.7 L/100km
	Total import	9.1 L/100km	10.1 L/100km
	Total Stellantis	6.0 L/100km	7.3 L/100km

In 2022, 48 percent of passenger cars nameplates (versus 40 percent in 2021) in Europe and 14 percent of passenger cars and light duty trucks nameplates (versus 10 percent in 2021) in the U.S were available in an electrified version.

Based on our internal estimates, LEV sales represented 18.3 percent of passenger cars in Europe 31⁴ in 2022 versus 12.8 percent in 2021, and 4.9 percent of passenger cars and light duty trucks in the U.S. in 2022 (versus 3.4 percent in 2021).

From 2024, sales of Stellantis' LEV products worldwide are expected to be driven by a four platform BEV-by-design strategy for passenger cars: Stella Small for the A, B and C segments; Stella Medium for C and D segments; Stella Large for D and E segments and Stella Frame platform will be dedicated to the electrified E and F segments SUVs and pickup trucks. Covering the various market segments and regions where Stellantis operates, these BEV-by-design platforms should enable high modularity with parts and technology commonality without any compromise on BEV performance. Until the launch of Stellantis' BEV-by-design platforms, existing multi-energy platforms will allow the manufacture of the next generation of electric vehicles.

Through its Hydrogen and Fuel cell Center of Competence in Rüsselsheim (Germany), Stellantis is leading research to develop Fuel Cell Electric Vehicle ("FCEV") technology. As a result, the Company began the launch in 2021 of an LCV fleet equipped with this FCEV technology. This technology combines hydrogen fuel cell and electric battery to provide energy to the electric motor. It allows Stellantis to place a zero emission FCEV solution, complementary to the 100 percent battery-electric solution. This technology is already available on Citroën, Peugeot and Opel models and production capacity is expected to reach 5,000 vehicles per year from 2024, because of new investments at Hordain plant in France.

¹ Considering registrations, shipments, productions or custom clearance according to local regulations, based on Stellantis operational reporting tools. Results are provided without regulatory flexibilities such as eco-innovation gain, LEV super-credits and off-cycle technologies credits

² Based on WLTP procedure since 2021 and excluding Maserati results. The PC value considering regulatory flexibilities is 103.3 gCO₂/km

³ Based on WLTC cycle since 2021

⁴ Europe 31 = EU 27 (excluding Malta), Norway, Iceland, UK and Switzerland

Stellantis is working to secure and grow its share of the added value relating to LEVs, having found a balance between partnerships with expert companies and in-house design and manufacturing. Stellantis is focused on securing its battery cells supply as it is the most cost-, quality- and performance sensitive matter of an EV. For that purpose, the ACC joint venture was created in September 2020. In 2022, Stellantis finalized a joint venture with Samsung SDI for the production of battery cells and modules for North America, targeted to begin production in Kokomo, Indiana (U.S.) in 2025 with initial annual production capacity of 23 GWh. In 2022, Stellantis and LG Energy Solution also announced a plan to invest \$5 billion CAD in a joint venture for Canada's first large scale lithium-ion battery production plant, which will be built in Windsor, Canada. The agreement between Stellantis and LG Energy Solution is subject to customary closing conditions. Other joint ventures, with Nidec Corporation and Punch Powertrain, were established to design and manufacture electric propulsion system-related components.

Stellantis is also securing its raw materials supply for batteries:

- On June 2, 2022, Stellantis announced the signing of a binding offtake agreement with Controlled Thermal Resources Ltd. ("CTR") for CTR to supply battery grade lithium hydroxide for use in Stellantis' North American electrified vehicle production (up to 25,000 tons per year). On June 24, 2022, Stellantis announced a €50 million (A\$76 million) equity investment in Vulcan Energy Resources Limited. and an extension of the original binding offtake agreement signed in November 2021 for supply in Europe from 5 years to 10 years (up to 99,000 tons per year). The equity investment will go towards Vulcan's planned production expansion drilling in its producing Upper Rhine Valley Brine Field. These are subject to customary closing conditions, including regulatory approvals.
- Non-binding MOU has been signed with Alliance Nickel Limited for the future sale of quantities of battery grade nickel and cobalt sulphate products from the NiWest Nickel-Cobalt Project in Western Australia.

The Company is also supporting the EV ecosystem through its joint venture with NHOA, Free2move eSolutions. Free2move eSolutions activities are expected to range from charging infrastructures (installation, servicing and operations), public and home charging subscriptions with monthly fee, to battery management and advanced energy services such as Vehicle-to-Grid ("V2G") integration and energy management solutions to reduce the total cost of vehicle ownership.

Industrial and sites carbon footprint

Policies to execute the strategy

Stellantis is committed to actions that preserve the environment, by implementing initiatives that minimize energy consumption, greenhouse gas emissions and other pollutants. Such initiatives include using alternative and renewable energy sources, supporting the purchase of energy-efficient products and services, and designing manufacturing processes for improvements in energy performance.

In an effort to manage energy use, we are defining our joint energy management system which is an integral part of the implementation of the "Stellantis Production Way".

Main initiatives, achievements and results

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

Stellantis total energy consumption during the year amounted to 15,495 GWh versus 16,058 GWh in 2021.

The CO₂ emitted resulted in 3,443 ktCO₂-eq versus 3,874 ktCO₂-eq emitted in 2021.

In 2022, the share of decarbonized electricity used by the Company amounted to 3,512 GWh versus 2,940 GWh in 2021.

In 2022, the percentage of decarbonized electricity resulted in 55 percent of the electricity consumed (versus 45 percent in 2021). Decarbonized electricity includes renewable electricity (1,698 GWh) representing 27 percent of the total consumed electricity versus 18 percent (1,170 GWh) of the total consumed electricity in 2021.

Stellantis focused on energy efficiency projects and initiatives as an integrated part of the CO₂ decarbonization strategy.

In 2022, Stellantis approved energy efficiency projects in line with the Company's ambitious Dare Forward 2030 plan.

Stellantis has approved a new project supply for renewable electricity in Michigan (U.S.) through the DTE-MIGreenPower program, developed with the supplier DTE Energy.

The project provides for the supply of 400 MWp of photovoltaic electricity guaranteed through a virtual power purchase agreement starting in 2025 at the latest. The signing of this contract represents an important step towards the decarbonization of the manufacturing activities based in the U.S. and Stellantis' CO₂ emissions is expected to be reduced annually by approximately 670,000 tCO₂-eq. The agreement is subject to obtaining relevant regulatory approvals.

Carbon footprint of the supply chain

Policies to execute the strategy

Suppliers to Stellantis are deeply involved in the Company's approach to reducing CO₂ emissions in the supply chain, including the emissions generated for the production of goods and services purchased by Stellantis. Our strategy to reduce greenhouse gas emissions in the entire supply chain consists of:

- selecting suppliers according to environmental criteria such as the ISO 14001 certification, or their capacity to develop products which incorporate green or recycled materials; and
- collecting a status report from major suppliers on their current and future CO₂ emissions.

A specific policy is defined to reduce GHG emissions from logistics and identify areas of improvement and actions needed. The logistics operations are handled by a variety of external operators and a minority of internal operations, depending on the origin and destination of the goods. The Company has adopted internal logistics guidelines that provide direction on how to reduce logistics carbon footprint including methodologies to reduce the impact of freight and vehicle movement.

Main initiatives, achievements and results

Most suppliers in the automotive industry face the same environmental issues as Stellantis, which pushes them to reduce their carbon footprint and water consumption, managing their industrial waste, improving waste recycling and protecting biodiversity. Stellantis involves them in the efforts to monitor our environmental roadmap.

Stellantis strives to integrate its suppliers in its decarbonization strategy, notably by encouraging them to set greenhouse gas emissions reduction targets compliant with the Paris Agreement. In 2022, more than 65 percent of our targeted suppliers had defined such trajectories (based on annual purchase value) versus 55 percent in 2021.

The Company has established a specific CO₂ requirement in its sustainable policy guidelines, and has included CO₂ performance as a criterion in its business award policy for the most intensive CO₂ emitting commodities that represent 80 percent of the CO₂ footprint of the supply chain.

In addition, Stellantis' electrification strategy relies on battery repair and reuse, which could contribute to reducing CO₂ emissions from the raw materials and parts supply chain by decreasing the quantity of materials that needs to be purchased.

Driving the Company transformation through the development of human capital

Management of Company transformations and social dialogue

Introduction

Through the Dare Forward 2030 strategic plan, our objective is to evolve from a legacy automaker to a sustainable mobility tech company. Anticipation and development of skills helps the organization to identify the best match between future needs and current resources. This challenge needs the support and ability of all employees and employee representatives to change. Stellantis promotes and supports constructive, trustful and responsible social dialogues with employee representatives at each level of the Company. In this way, management and employee representatives can tackle the major ongoing and upcoming challenges together and support economic and social performance for a sustainable future.

Stellantis has launched a global employee survey to get regular global and local data relative to engagement, sustainability, wellbeing, diversity and inclusion. The objective is to identify our strengths and drive improvements based on an employee data centric approach.

Forward-looking vision and targets

Stellantis' vision for the CSR issue/challenge #4: "Management of Company transformations and social dialogue" is to implement co-construction with trustful and transparent social dialogue with employee representatives and stakeholders to continuously develop and prepare the Company for future challenges.

Detailed targets have been disclosed in the FY 2021 CSR Report available on the Company's website at https://www.stellantis.com/content/dam/stellantis-corporate/sustainability/csr-disclosure/stellantis/2021/Stellantis_2021_CSR_Report.pdf. They support Stellantis' vision embedded in the strategic plan.

Operational decision bodies to lead actions

Stellantis has adopted a global operating model, with responsibilities at both local and corporate level.

The Chief Human Resources and Transformation Officer is involved in strategic decisions taking the human factor into account. This is a necessary condition to establish a quality and proactive social dialogue. By finding the right balance between corporate and local needs, the global operating model supports further integration of diversity in the Company. In this way, local needs are considered, while consistent and cohesive actions are taken. Local collective agreements are led by the regions or countries which take global Company policies into account and reflect local particularities.

To get a global social overview, social climate monitoring was implemented in each region or country with the objective to provide insight, create common understanding, allow forecasting on a corporate level and define further action plans, as needed. Each month, HR representatives from about 30 countries participate in a poll and share information about working rhythms and atmosphere, manufacturing, engineering, sales and union activities and local policies. These criteria enable sharing the state of the social climate from within the workforce to allow for actionable planning and preparedness.

Policies to execute the strategy

Stellantis social relations strategy is based on six commitments:

- Stellantis supports the principles of the United Nations Universal Declaration of Human Rights and the provision of a decent equitable work environment. We work towards providing competitive and living wages and have contracted with the Fair Wage Network, an independent, recognized authority on fair and living wages;
- Stellantis is committed to complying with all applicable labor laws and regulations and aims to apply best practices in human resources management;
- Stellantis bases social dialogue on relationships with independent labor unions and employee representatives and seeks workplace cooperation;
- Stellantis' objective is to negotiate collective bargaining agreements that are pragmatic, inclusive and protective of its employees;
- Stellantis fosters social dialogue with the workforce on a daily basis; and
- Stellantis monitors social indicators in its subsidiaries and globally discloses in a transparent manner to its stakeholders.

Main initiatives, achievements and results

Our co-construction approach with our social partners to anticipate and manage the upcoming transformation is a pillar we have implemented since the beginning of the merger through collective agreements.

At Stellantis, employee representatives are fully engaged and involved at global and local level. We have dedicated meetings for sharing a clear vision of the current and upcoming situation and the strategy, to protect the Company and its employees. Our goals are managing the transformations linked to market changes and regulation and together, pave the way to a sustainable future.

Our objective is to build the roadmap of technical strategic skills for current employability and future transformation and provide to our employees' proper development levers.

Key figures for 2022 demonstrate Stellantis' commitment to this objective⁵:

- 33,267 employees hired (versus 34,571 in 2021);
- 3,863 fixed contract converted into permanent (versus 2,480 in 2021);
- 26,948 leavers on permanent contract (versus 27,926 in 2021);
- 7.7 percent turnover rate excluding leavers under mutual separation programs (versus 7,4 percent in 2021); and
- as of December 31 2022, 263,932 employees worldwide (versus 281,595 in 2021).

Attracting and developing all talent

Introduction

Talent management takes center stage in Stellantis human resources activity and practice. We strive to attract and retain diverse talent. As announced in Dare Forward 2030, our objective is to have approximately 4,500 software employees by the end of 2024, achieved through a combination of hiring, upskilling and reskilling our existing talent. Our capacity to develop internal strategic skills in software, data and electrification, is key. Our aspiration is to build an agile learning organization by shifting the learning paradigm from a push to a pull learning model. This approach will provide more support to existing talent who want to develop their skills and find appropriate resources to perform in their current role.

Forward-looking vision and targets

Stellantis' vision for the CSR issue/challenge #5: "Attracting and developing all talent" is to recruit and empower talents, by increasing a 'learning enterprise culture' and developing strategic skills, with the right talents in the key roles to create a highly committed workforce and seize new business.

Detailed targets have been disclosed in the FY 2021 CSR Report available on the Company's website at https://www.stellantis.com/content/dam/stellantis-corporate/sustainability/csr-disclosure/stellantis/2021/Stellantis_2021_CSR_Report.pdf. They support Stellantis' vision embedded in the strategic plan.

Operational decision bodies to lead actions

The entire Top Executive Team ("TET") plays a vital role in building, reviewing and approving the top layers of the organization. The TET members worked, and continue to work, diligently with each other and their strategic Human Resources business partners on building, refining and improving the structure of their teams.

Succession planning activities to ensure that appropriate talent is available to fill critical or strategic managerial roles. Stellantis talent identification process aims to search for diverse profiles and experiences, identify and look for talent within the organization, assign diverse talent to key positions, support new businesses, protect knowledge and knowhow, promote and develop local skills and objectively reward performance.

Succession plans for critical and strategic roles are based on meritocracy, performance, technical and leadership assessments and take into consideration the aspirations of employees. Succession plans are reviewed specifically with TET members and are monitored by a team of HR professionals dedicated to the support of talent activities.

⁵ Workforce KPIs are based on the CSR scope 2022. Legal entities joining Stellantis less than six month ago or out from the HR consolidation tool are not taken into account. So 2021 and 2022 workforce KPIs are not comparable

Policies to execute the strategy

Based on meritocracy and contributing directly to the corporate strategy, the Stellantis talent management approach seeks to diversify profiles and experiences and to identify and look for talent within the organization. The focus on strategic skills allows the organization to identify the best match between future needs and current resources. A network of experts contributing to the Company's technological roadmap is in place, whose mission is to identify the skills required according to the technical needs within the Company. This approach can be defined as "Talent to value": we identify the roles that drive the performance and put our most talented people in the right roles.

Stellantis ambition is to create a widespread culture of continuous learning that leverages in-house experts and enhances learning in the flow of work and continuous development. This ambition is made possible by a strategy focused on two main axes: 1) progressively combine the "push" actions, recommended by the company, with other "pulls", which leave full autonomy to people and 2) segment initiatives, learning methods and measures according to their purposes:

- **common ground**, giving common identity while enhancing diversity. This includes initiatives related to common values, leadership behaviors, the rules that each of us must respect for safety and wellbeing;
- **create the future**, support the strategies by providing the knowledge that will be necessary to support them in the future. Prepare, for example, for entrepreneurship and new ways of working; and
- **employability**, providing or reinforcing the technical skills necessary to work efficiently in the short- and medium-term. The role of the academies described below is fundamental for the design of the training offer in collaboration with professional families.

Main initiatives, achievements and results

In 2022, Stellantis took an important step forward in the evolution of our talent strategy by launching a new program called **BOOST: Building On Our Singular Talents**. The BOOST program is intended to create a level of clarity and transparency to all employees on expectations and empower them to continue to grow and develop in their careers. The backbone of this program is the Employee Talent Journey. The Stellantis Employee Talent Journey is how we work together to drive the performance of the organization through development and growth.

One single learning experience platform was launched, including the provision of a rich offer of digital content targeting all white collars employees. Artificial intelligence engine activated into this platform aimed at matching individual skill development needs with the right content.

Stellantis prepares the transformation of the company into a tech company with the creation of two academies:

- **Software Academy**: in order to staff the new software organization, a recruitment effort is deployed in five main hubs, U.S., India, Italy, France and Germany, to provide software critical skills from the global tech labor market. The Data and Software Academy is working on an innovative format to have content available 24 hours a day, seven days a week by developing a virtual 3D online academy that is slated to launch in 2023. The idea of the virtual 3D academy is to propose a place that is accessible, at any time, using innovative technologies with a metaverse approach integrating a virtual reality experience to complement the experience and provide the feeling of being together with the teacher and colleagues; and
- **Electrification Academy**: The Academy delivers global e-learning programs around electrification and e-Mobility. Moreover, advanced upskill and reskill programs are in place to adapt competencies to electrification across job families, such as engineering, manufacturing and sales and marketing, by ensuring best in class level of skills and boosting internal employability.

In addition, Stellantis offers LTI for specific top managers and key talent. It is a significant component as it is designed to attract, retain and motivate expert leaders and talent.

In 2022, 1,789 employees (versus 1,920 employees in 2021) were covered by LTIs.

Diversity and Equal opportunity

Introduction

Powered by our diversity, we lead the way the world moves. Diversity is a strength for Stellantis and we encourage a diverse and inclusive environment, celebrating the differences that our employees bring to work every day. Three guiding principles define our approach to diversity and inclusion (“D&I”):

1. **Empower diversity with meritocracy:** meritocracy is key in Stellantis to drive company performance;
2. **Respect for local traditions and context:** understanding and respecting our employees and their backgrounds is key to driving a diverse and inclusive environment; and
3. **Find global common ground considering regional specificities:** we respect the specificities of each local context when deploying global strategy.

Forward-looking vision and targets

Stellantis’ vision for the CSR issue/challenge #6: “Diversity and equal opportunity” is to reinforce diversity, equal opportunities and inclusion as a strength for our teams and business by influencing the development of new ideas and solutions that will shape the future.

Detailed targets have been disclosed in the FY 2021 CSR Report available on the Company’s website at https://www.stellantis.com/content/dam/stellantis-corporate/sustainability/csr-disclosure/stellantis/2021/Stellantis_2021_CSR_Report.pdf. They support Stellantis’ vision embedded in the strategic plan.

Operational decision bodies to lead actions

The Global Diversity Council is chaired by the CEO and composed of the Stellantis TET, some of whom also have the responsibility as chairs of the Regional Diversity Councils for their region. The Council has the responsibility for setting the Company’s D&I strategy in alignment with the overall business strategy and objectives. It provides governance and oversight on the delivery of the key diversity and inclusion actions and the effectiveness of the D&I function.

The D&I office is responsible for defining and implementing the Company’s D&I strategy on a global level and coordinating the extension of the global strategy into our regions and countries of operation. Within our regions, the regional Chief Operating Officer chairs the Regional Diversity Council. Each Regional Council is responsible for establishing the regional D&I strategy and associated action plans.

Moreover, collective bargaining agreements, established in collaboration with our social partners, state our commitments on D&I, with a focus on the elimination of discrimination and the promotion of diversity.

Policies to execute the strategy

The Code of Conduct expresses the Company's commitment to maintaining a fair and inclusive workplace

The strategy shares our diversity and inclusion aspirations in relation to our customers, our employees, our future talent, our leadership and the communities where we are located, while setting up the key areas of our approach:

- **Commitment:** building a diverse and inclusive workspace that aims for stronger employee engagement, leading to greater business sustainability;
- **Learning and awareness:** ensuring all employees have equal access to training and development opportunities, and a specific learning and awareness program to raise awareness on key diversity and inclusion topics;
- **Employee voice:** the importance of employee voice and creating channels for them to be heard; and

- **Employer brand:** ensuring we reach a diverse audience with our employment opportunities and ensure that our selection processes are free of bias.

Main initiatives, achievements and results

A set forth in our Code of Conduct, Stellantis is committed to gender equality, and is aligned with the vision of the United Nations Sustainable Development Goal on Gender Equality. Also, Stellantis intends to sign up to the UN Women’s Empowerment Principles, which encourages companies to promote gender equality and the empowerment of women in the workplace, industry, and community. With this commitment, the Company shares its intention to adopt business practices that support gender equality and empower women within the Stellantis organization, globally and across the automotive industry.

In view of its traditionally male sector of activity, the Company promotes the gender balance of its core businesses and key positions as a fundamental objective of its responsible and sustainable development and of its employees’ quality of life at work. 20.79 percent of Stellantis employees are women in 2022 (versus 20.51 percent in 2021).

We target a workforce gender balance of 30 percent of leadership positions (L1, L2 and L3)⁶ held by women by 2025, 35 percent by 2030 and 40 percent by 2040, respectively. For the year ended December 31, 2022, more than 27 percent is female (i.e. approximately 630 female persons) while in 2021 it was 24 percent. The female male average wage ratio in 2021 and 2022 was 94 percent for blue collars and 91 percent for white collars employees. For percentage of women on the Board of Directors, refer to “CORPORATE GOVERNANCE - Stellantis Policies” included elsewhere in this report for additional information.

In 2022, several Stellantis organizations promoted mentoring programs at global and regional levels. For example, the “Women in Leadership” global development program involved the software, ICT, manufacturing and engineering functions. The program focuses on: impact and influence, career management and strategic acumen. Additionally, Stellantis saw the launch of the Supporting the Progression of Women workshop. The workshop addresses ways in which managers may support both their direct reports and the progression of women more generally. The global business resources group, Women Of Stellantis with over 5,000 employees has driven initiatives in all regions of Stellantis.

Diverse programs have been launched during 2022 for leaders to support them in managing international team. With 162 nationalities in 2022 (versus 170 nationalities in 2021) and the possibility to work remotely, some managers face the challenge of managing diverse teams. Stellantis employees can access the internal information hub dedicated to intercultural awareness and the ‘Country Navigator’ tool, which provides employees with the knowledge, skills and confidence to effectively communicate and collaborate with global colleagues, enabling a truly borderless workplace. Dedicated programs support the development of cultural intelligence.

Stellantis recognizes the value of engaging with and involving employees in our diversity and inclusion journey and has supported the establishment of a wide range of resource groups across the organization. In 2022, two new resource groups were created at a global level within Stellantis: Women of Stellantis and the DIVERSE•abilities Network Support.

Health, safety and wellbeing in the workplace

Introduction

Employee workplace wellbeing, health and safety is an increasing societal demand and a top priority for Stellantis. We attend to employee safety and wellbeing by applying a methodical approach that involves stakeholders, employees, employee representatives, the medical community and management.

We innovate by challenging the status quo, such as remote working encouraged where applicable to reduce CO₂ emissions associated with employee commutes and to expand wellbeing in the workplace, improve efficiency and quality of life by encouraging work-life balance.

⁶ Denotes level

Forward-looking vision and targets

Stellantis' vision for the CSR issue/challenge #7: "Health, safety and wellbeing in the workplace" is to create a safe and engaging work environment promoting employees' health and wellbeing at work for a greater work life balance.

Detailed targets have been disclosed in the FY 2021 CSR Report available on the Company's website at https://www.stellantis.com/content/dam/stellantis-corporate/sustainability/csr-disclosure/stellantis/2021/Stellantis_2021_CSR_Report.pdf. They support Stellantis' vision embedded in the strategic plan.

Operational decision bodies to lead actions

The governance process is overseen by the Strategy Council. In monthly business reviews the results related to wellbeing, health and safety are presented and discussed with the analysis of the impact on operations.

The Corporate Wellbeing Health and Safety ("WHS") organization ensures proper coordination of WHS activities, processes and targets throughout the regional Stellantis organizations. In each region a WHS leader is appointed and is in charge of contributing to the global policy, implementing the actions, supporting the operations in the region and providing the regional top management with results and analysis.

Policies to execute the strategy

The WHS policy is defined as part of the human resources ambitions for Stellantis.

We act to:

- prevent fatality, disability, injury and illness;
- promote health and safety to support and enhance a healthy and engaged workforce;
- empower everyone so that each contributes to improvement of the workplace; and
- deploy an efficient management system to provide strong standards, measure our results and impacts and support our continuous improvement.

Stellantis is committed to implement the best occupational health and safety standards. This commitment is demonstrated in the WHS policy, as well as in several national Company agreements with employees representatives.

Main initiatives, achievements and results

On the basis of its 'We All Care' Policy on wellbeing, health and safety, signed by all of its senior managers, Stellantis makes the wellbeing of its employees an essential commitment which, beyond its social and ethical dimension, constitutes a win-win stake at the heart of its strategy, to support the company's sustainable performance. Dedicated Wellbeing Program: in July 2022 Stellantis launched a new program dedicated to the wellbeing of all its employees: My Wellbeing. Through this program, that supports the Care pillar in the Dare Forward 2030 strategic plan, Stellantis has an ambitious vision of its employees' wellbeing, which complements its health and safety fundamentals, occupational health, safety, ergonomics and contributes to making Stellantis a great company to work for.

One of the health initiatives is the work done by the ergonomics team. The ergonomics team takes a comprehensive and collaborative approach to identify the top 10 critical workstations such as impact on safety, quality, etc. and provide different solutions based on the best practices implemented within the Stellantis scope. The focus is on manufacturing business units, including general assembly, painting, welding, chassis, propulsion system and press shop.

For safety, serious injury and fatality elimination is a focus. A program of serious injury and fatality elimination is strategically overseen at a global level and promoted by the development of common global standards for high-risk activities and the implementation of global "Call-to-Actions", charging all sites with the implementation of common action plans to eliminate and control such high-risk hazards.

During 2022, Stellantis recorded a lost-time injury rate of 1.25 (per 1,000,000 hours worked) and a severity rate of 0.05 days lost due to injury (per 1,000 hours worked).

Meeting changing customer expectations on mobility

Development of new mobility solutions (including autonomous vehicles)

Introduction

Stellantis is aware of the social, environmental and technical evolutions impact on customer mobility behavior and expectations and our business model includes mobility service offerings with Free2move and Leasys, which is currently being reorganized in Europe. Refer to Note 3, *Scope of consolidation* within the Consolidated Financial Statements included elsewhere in this report.

Research and development of technologies are continued in order to develop future mobility options including means of transport such as driverless autonomous vehicles.

Forward-looking vision and targets

Stellantis' vision for the CSR issue/challenge #8: "Development of new mobility solutions (including autonomous vehicles)" is to lead innovation for Mobility As A Service to support freedom of movement with affordable, safe and sustainable mobility solutions.

Detailed targets have been disclosed in the FY 2021 CSR Report available on the Company's website at https://www.stellantis.com/content/dam/stellantis-corporate/sustainability/csr-disclosure/stellantis/2021/Stellantis_2021_CSR_Report.pdf. They support Stellantis' vision embedded in the strategic plan.

Operational decision bodies to lead actions

The Company's mobility programs are led globally by the CEOs of Free2move and Chairman of Leasys. Each of the two organizations is responsible for setting overall strategies to address the needs of our customers through hypothesis, testing, implementation and adaptation. Stellantis Business Labs organization is designed to detect, test and transform opportunities into marketable products and services for Stellantis, which for instance led to the launch of Free2move Car On Demand.

Autonomous vehicle programs are jointly led by the technology EVPs (Chief Technology, Chief Engineering and Chief Software Officers) who are all members of the TET. Investment decisions are considered by the Strategy Council. With support of the global leadership, each region is responsible for adapting global strategies to align with the local context.

A dedicated Software team led by the Chief Software Officer, supports the shift to become a sustainable mobility tech company and to expand the options customers have to add innovative features and services, while transforming how they interact with vehicles. The Chief Software Officer operates in close cooperation with the Chief Engineer Officer and the Chief Technical Officer to plan, design and deliver the best technologies to customers.

Policies to execute the strategy

Guided by our Corporate purpose - Powered by our diversity, we lead the way the world moves, our strategy combines technological development with the expansion of mobility services offered to our private and business customers to address their evolving needs.

We embrace a culture of discontinuity to leverage our combined 200 years of automotive experience as a backdrop to innovation which pushes the definition of the traditional automotive company towards a world of dynamic change. While the technologies that underpin the rapid change in automobiles continue to mature, we must rethink the way in which our customers and stakeholders access and interact with transportation systems.

Main initiatives, achievements and results

Free2move and Leasys offer a variety of mobility services to B2C and B2B customers in some European countries and for Free2move in the U.S. too. Both brands offer rentals; Free2move services include also car-sharing subscription charging options and fleet solutions.

EV adoption can be accelerated by Stellantis mobility services to facilitate the use of EVs and to foster customer acceptance. Stellantis automotive subscription programs such as Free2move Car on Demand enable customers to experience an EV on a month-to-month basis. Stellantis car sharing programs such as Free2move Car Sharing provide additional opportunities for consumers to experience an EV on a short-duration basis as we continue to increase the mix of EVs in these fleets. In 2022, these initiatives have met with favorable market response and the number of infleeted LEVs, which in this context are those with emissions below 50g CO₂ per kilometer, was 61,304 (versus 49,800 in 2021), representing 17.4 percent of total vehicles infleeted in the year (versus 12.5 percent in 2021).

Vehicle and service quality - Customer satisfaction

Introduction

Stellantis is focused on increasing the reliability of our products, our ability to understand customer mobility needs that vary across markets, vehicle service quality, customer advocacy and improving customer relationship processes and communication channels.

We work to adhere to regulatory requirements and incorporate best practices to provide comprehensive information to customers, such as information related to warranties, repair and replace services, and along with applying certified international quality standards (e.g., IATF 16949 specific to the automotive industry) in our processes.

Forward-looking vision and targets

Stellantis' vision for the CSR issue/challenge #9: "Vehicle and service quality - Customer satisfaction" is to be TOP1, as defined below, in syndicated surveys of customer satisfaction with excellent quality vehicles, services and mobility, providing a seamless customer journey, worldwide. As presented below in the Quality Policy, brands are assessed in all their major markets.

Detailed targets have been disclosed in the FY 2021 CSR Report available on the Company's website at https://www.stellantis.com/content/dam/stellantis-corporate/sustainability/csr-disclosure/stellantis/2021/Stellantis_2021_CSR_Report.pdf. They support Stellantis' vision embedded in the strategic plan.

Operational decision bodies to lead actions

The customer experience organization represents the customer's voice inside Stellantis and it is their mission to satisfy the customer's expectations. The Chief Customer Experience Officer is an EVP member of the Top Executive Team and the Strategy Council. The Officer has the responsibility to decide when vehicles meet the needs of customers and are ready to be sold around the world. The Officer defines quality targets for products and services and the mid-term plan, which covers three years, and is reviewed with the Top Executive Team twice a year to ensure we are challenging ourselves to meet the ever-changing market. In order to meet these targets around the world, the Chief Customer Experience Officer delegates the authority to local business units and plant directors to capture their market needs and expedite the results.

The authority is defined in the Quality Policy, which governs the teams throughout the whole value chain: from the design of our products and our services, to the support of each of our customers, everywhere in the world.

Members of the Top Executive Team, including the Chief Customer Experience Officer, identify and confirm the strategic quality ambitions and guide the quality initiatives of the business units and regions. Stellantis has set quality targets consistent with its ambition in customer satisfaction. The customer experience division performs internal and external communication throughout the year to disseminate the concept of being customer-centric through technical and soft skills training, supplier quality meetings and internal communication channels.

Policies to execute the strategy

The Stellantis Quality Policy was signed by the CEO and communicated to employees worldwide. Managers have to ensure that everyone on their team is aware of the policy and implements the actions to support it within their scope.

For Stellantis, being TOP1 means: being the best in customer satisfaction with excellent quality vehicles, services and mobility, providing a seamless customer journey, worldwide. This includes:

- Customer experience being at top level;
- Targeting zero defects on products and zero complaints regarding the services for our brands;
- Sustainable quality throughout the product life cycle; and
- Exemplary responsiveness to customer feedback.

All Stellantis brands compete to be TOP1 in syndicated surveys in all their major markets. Through our Quality Policy, we commit to implement actions to reach this ambition.

Main initiatives, achievements and results

At Stellantis, we measure product and service quality through several surveys and KPIs to be sure multiple aspects of the customer experience are monitored and evaluated. The syndicated surveys are very important to measure our improvement as they allow us to see our relative position compared to competitors. Two of our main KPIs show this from different point of view:

- the NPS is a customer loyalty and satisfaction metric that measures the willingness of a customer to recommend a sales or after sales store. It takes into account promoters and detractors; and
- the rate of Stellantis brands at the first quartile level shows the position of our brands compared to competitors, taking into account customer satisfaction regarding product and service.

As values are confidential, the Stellantis 2021 NPS result is considered as base 100. Changes in the performance will be visible in next years. Results are published in the CSR report.

Stellantis plants are certified to widely accepted product quality standards to provide customers an external recognition of our ability to deliver products with a high level of quality. In 2022, 100 percent of the Stellantis vehicle assembly plants are certified ISO 9001 and 100 percent of the Stellantis propulsion system plants are certified ISO 9001 or IATF 16949.

Vehicle Safety

Introduction

Stellantis understands that safety is one of the most important expectations in society and impacts customer choices. We integrate such expectations in each phase of the design of our vehicles. We work to anticipate enhanced safety expectations related to connected and autonomous vehicles. In collaboration with our suppliers and partners, we research and develop technology and innovations while analyzing internal test results with a target of continuously improving design.

Forward-looking vision and targets

Stellantis' vision for the CSR issue/challenge #10: "Vehicle safety" is to develop and offer safe products all around the world, continuously striving for state-of-the-art level of safety risk avoidance, as well as crash protection for vehicle occupants and vulnerable road users.

Detailed targets have been disclosed in the FY 2021 CSR Report available on the Company's website at https://www.stellantis.com/content/dam/stellantis-corporate/sustainability/csr-disclosure/stellantis/2021/Stellantis_2021_CSR_Report.pdf. They support Stellantis' vision embedded in the strategic plan.

Operational decision bodies to lead actions

Stellantis created a unified Global Safety Forum led by the Technical Safety and Regulatory Compliance Officer and includes the Senior Vice-Presidents of R&D. This forum guides the Company on the application of future standards and ratifies future processes and procedures concerning vehicle safety and security. We are growing our Transversal Safety Expertise Networks to further develop and improve our safety processes and assess their implementation in our vehicles. At a regional level, decision making processes are in place to address potential vehicle safety issues.

Policies to execute the strategy

Delivering safe products to our customers is a fundamental objective of Stellantis and is among the essential responsibilities described in our Code of Conduct. We work to achieve compliance with regulatory standards to deliver quality products and services with a high level of safety and reliability for all road participants, including professional drivers. Employees are expected to comply with the implemented safety standards, taking appropriate steps to prevent, identify and correct any non-compliance with such standards. Any vehicle safety issue encountered must be immediately reported to supervisors, the Compliance or Legal Departments or through the Stellantis Whistleblowing Policy Integrity Helpline.

Main initiatives, achievements and results

Stellantis responds to consumer expectations of high tech solutions in their vehicles by devoting significant resources to research and develop technologies that support drivers and passengers' ability to safely interact with their vehicle and with the world around them.

Stellantis offers active (primary) and passive (secondary) features for diverse drivers and vehicle segments, along with tertiary safety elements. The intent of active safety systems is to help drivers avoid crashes by alerting them to certain potentially hazardous situations or assisting them in mitigating the risk posed by certain types of identified hazards.

Passive, or secondary, safety systems are designed to help mitigate the effects of a crash. These include occupant restraint technology and the use of more advanced materials that enable us to improve crash energy management.

In the area of tertiary safety, or post-accident emergency response, Stellantis provides emergency rescue sheets with information to rescue teams or first responders on special design elements and the position of components to be considered when assisting the occupants of vehicles involved in an accident.

When potential vehicle safety issues arise, we promptly investigate and take corrective action. This includes initiating safety recall campaigns when appropriate. Stellantis aims to improve the overall customer experience during the safety recall process through timely and accurate communication and reduced customer inconvenience. In 2022, there were 139 recall campaigns involving 14,708,345 initial recall notices concerning vehicles produced over several years worldwide (versus 124 recall campaigns involving 3,003,480 initial recall notices worldwide in 2021). Programs are in place to raise public awareness regarding the need for customers to regularly check for open recalls and the importance of getting recall repairs completed.

Securing customer data and our vehicles from cybersecurity threats is a priority for Stellantis. The Stellantis processes on cybersecurity concern all divisions involved in connected cars, from design until decommissioning. Specific end-to-end cybersecurity assessment is established for all new design, on embedded electronic components (Infotainment, Telematics, Gateway) and in off-board ICT platform for connected vehicles.

Preventing ethics violations by promoting our ethical culture

Ethics in governance and business practices

Introduction

Integrity and ethics are integral to our culture and business practices. They are our foundational principles, a source of competitiveness, and the basis for our sustainable growth. They help us avoid costly regulatory violations, and build a reputation that our customers, workforce and other stakeholders can rely on.

Forward-looking vision and targets

Stellantis' vision for the CSR issue/challenge #11: "Ethics in business and governance practices" - including relations with public institutions, balanced governance and distribution of added value - is to promote a culture of transparency and integrity by requiring our workforce to comply with our Code of Conduct, applying appropriate discipline for non-compliance, and requiring our business partners to adopt and apply similar ethical standards and controls.

Detailed targets have been disclosed in the FY 2021 CSR Report available on the Company's website at https://www.stellantis.com/content/dam/stellantis-corporate/sustainability/csr-disclosure/stellantis/2021/Stellantis_2021_CSR_Report.pdf. They support Stellantis' vision embedded in the strategic plan.

Operational decision bodies to lead actions

The management of the Company governance with regard to compliance, technical and business matters are carried out by the Ethics and Compliance Committee, Technical Compliance Committee and nine other committees, which are all comprised of members of the Top Executive Team, among others.

Our ethical culture begins in our governance bodies, their members, and their proper oversight of our business. Key aspects are described below and more information is available in the section *Corporate Governance* elsewhere in this report.

Policies to execute the strategy

The culture of integrity that begins with our governance bodies is based on values that are expressed at all levels and functions in key charter documents and appropriate policies.

The Stellantis Code of Conduct was approved by the Board of Directors of Stellantis in March 2021. It applies to the members of the Stellantis Board of Directors, Stellantis' officers, full-time and part-time employees, temporary and contract workers. Stellantis also expects its stakeholders, including suppliers, dealers, distributors, and joint venture partners, to act with integrity and in accordance with the Code.

The Code of Conduct focuses on four main areas: the protection of the Stellantis workforce, the way that Stellantis conducts business, the interaction of Stellantis' workforce with external parties, and the protection of Stellantis' assets and information.

The Stellantis Code of Conduct is available under the Governance section on the Company's website.

Stellantis policies provide further details and guidance regarding the principles established in the Code of Conduct. These include policies on Anti-corruption, Export Controls, Conflicts of Interest and others. The policies are tailored to the business of the Company, and emphasize integrity, transparency, compliance with applicable legal or regulatory frameworks, and establish a foundation for sustainability.

Stellantis has allocated human and economic resources to maximize the attainment of its ethical objectives.

Main initiatives, achievements and results

The Company has launched, or will shortly launch, various initiatives designed to continue developing its ethical culture. Some of the 2022 initiatives include the following: audits, pursuant to the audit plan of internal audit department, communication and trainings, enhancements to the Integrity Helpline, sanctions and export controls, and third party due diligence.

To reinforce ethics and compliance, the Ethics and Compliance Committee oversees a multi-year training plan. In November 2021, the Company released mandatory e-learning on the Code of Conduct targeted to all people. The training designed to be user-friendly and viewable on mobile devices. By December 2022, 77,353 people had been trained, comprising 90 percent of the active white collars employees at the end of the year.

The Company also launched an anti-corruption e-learning training in late 2021 and at the end of September 2022, 29,438 employees had completed the course.

Both training campaigns were completed in 2022 and exceeded the expected completion rate of 90 percent. Other ethics related courses were also released.

Stellantis closely monitors its relationships with public authorities with the intention of ensuring that the Company interacts with government officials in a transparent, responsible and ethical way.

Responsible management of personal information

Introduction

Given today's ever expanding connectivity and digitalization of activities, a lot of personal information is processed. The challenges for companies consist of implementing all due processes fulfilling related regulations such as the European General Data Protection Regulation and others, especially by providing customers' clear and transparent information.

Stellantis aims to maintain a relationship founded on trust by working to ensure that personal data is kept confidential and only processed for valid purposes. The Company is committed to the protection of consumer information and striving to ensure safety and security of data. These activities also support the Company's performance.

Forward-looking vision and targets

Stellantis' vision for the CSR issue/challenge #12: "Responsible management of personal information" is to protect personal data by processing information confidentially and according to applicable data protection regulations.

Detailed targets have been disclosed in the FY 2021 CSR Report available on the Company's website at https://www.stellantis.com/content/dam/stellantis-corporate/sustainability/csr-disclosure/stellantis/2021/Stellantis_2021_CSR_Report.pdf. They support Stellantis' vision embedded in the strategic plan.

Operational decision bodies to lead actions

The Stellantis Global Cybersecurity and Privacy Committee was established in 2021 to govern and monitor cybersecurity and privacy risks in our ICT systems, products and services. It is co-chaired by the Chief Human Resources and Transformation Officer and the Chief Financial Officer and it steers the cybersecurity and privacy programs for Stellantis.

As part of the global ethics and compliance program, the Stellantis N.V. Data Protection Officer (the "DPO") is the General Counsel of Stellantis, reporting to the Chief Executive Officer.

As of September 1, 2022, a privacy office was established and the activities were organized by areas of responsibility at global level for providing data privacy support:

- Customer and ICT processes (including digital marketing, websites, data analytic, data lake, software initiatives);
- Product development processes (including, autonomous driving, connectivity, artificial intelligence); and
- HR processes.

At regional and business levels, responsibility for providing data privacy support is assigned for each segment as follows: Enlarged Europe to the Head of Stellantis Privacy Office above mentioned. For the other segments (North America, Middle East and Africa, South America, China and India and Asia Pacific) and for Maserati to the respective General Counsel, in each case with the support of the regional privacy teams comprised of representatives of Legal and ICT.

Policies to execute the strategy

Stellantis sets up the proper governance and control structures, methods and procedures, regarding the protection of personal data:

- by giving transparent information to customers, employees and other data subjects;

- by improving the efficiency of consent management;
- by helping data subjects to exercise their rights regarding their personal data;
- by implementing “Privacy by Design/by Default” principles during projects;
- by improving the security of our data storage and networks;
- by monitoring potential security breaches and applying data breaches procedures;
- by ensuring the same level of data protection from our subcontractors;
- by raising awareness or training the managers and the employees;
- by monitoring and periodically auditing the organization; and
- by maintaining close relationships with data protection authorities.

Main initiatives, achievements and results

In order to provide transparent information to customers, periodic update of all privacy statements were carried out along with the consistent improvement of information provided to customers about the different purpose of use and the processing of their personal data in the vehicle.

Moreover, the Company has implemented and continues to implement several measures, such as:

- Improve the communication with our customer in relation to their questions and requests. In particular the procedure relating to data subject rights is consistently updated in an effort to comply with the more recent data protection authorities guidelines;
- Aim at improving the efficiency of consent management. During 2022, the Company checked privacy statements to detect non-compliant consent issues, also leveraging on the design and implementation of a central tool for consent management; and
- Ensure the same level of Stellantis data protection from the Company’s business partners, a template of the GDPR addendum to supplier contracts “Data Processing Agreement” has been defined based on the templates provided by EU; and our buyers are expected to be trained on using these documents.

In 2022, 100 percent of complaints raised by supervisory authorities for customer privacy/data protection infringements were handled within one month and/or the due date required by these authorities. The results for 2021 were also 100 percent.

Responsible information to customers

Introduction

Stellantis works to provide responsible information to the customer and to align its marketing practices with sustainability guidelines. We are committed to accountability of information in customer facing communications as well as environmental issues in line with applicable regulations (including CO₂ reduction, protection of biodiversity and natural habitats), health and safety.

The Company also advertises its products and services in ways that are intended to follow the regional regulations and encourage responsible behavior.

Forward-looking vision and targets

Stellantis' vision for the CSR issue/challenge #13: "Responsible information to customer" is to provide accurate and comprehensive information to consumers through responsible marketing practices in all mass market communications, and engage them with direct communication when they accept it.

Detailed targets have been disclosed in the FY 2021 CSR Report available on the Company's website at https://www.stellantis.com/content/dam/stellantis-corporate/sustainability/csr-disclosure/stellantis/2021/Stellantis_2021_CSR_Report.pdf. They support Stellantis' vision embedded in the strategic plan.

Operational decision bodies to lead actions

The Chief Sales and Marketing Officer, who is a member of the Top Executive Team and reports directly to the CEO, is responsible for a Stellantis common marketing strategy supported by CEOs of the brands, tasked with all aspects of brand strategy mission, development and positioning. Each brand has its own market share targets, brand image objectives and positioning, and is linked to the corporate values by a common marketing strategy.

The focus of the marketing and communication organizations is to increase the value of the brands through the development of a strategic vision for the business, on-brand marketing materials, and consumer facing communications.

Policies to execute the strategy

Aware of the social role that advertising plays, the Company has adopted customer centric positive values, a responsible approach to communication, and a sense of care towards future generations. In June 2022, Stellantis has made public its first Responsible Marketing, Advertising and Communication Guidelines available on the Company's website at <https://www.stellantis.com/en/company/governance/corporate-regulations> which clearly define the commitment to integrity and compliance in its communication and advertising.

These guidelines have been developed:

- to set and maintain standards of honesty, truth, accuracy and fairness in communication;
- to provide the criteria for responsible and sustainable advertising, marketing and communication; and
- to form a basis upon which Stellantis' communication is evaluated in response to stakeholders' request.

Stellantis is committed to integrity and compliance in its communication and advertising, and aims at meeting three key principles: all communication should be designed keeping in mind our societal and environmental responsibility, and the potential financial impact on the customer.

Main initiatives, achievements and results

Stellantis and its brands inform their stakeholders about the environmental and social impact of their products/services and educate them to encourage a responsible use.

Infringements of regulations on advertising, marketing, labelling and consumer information: in 2022, Stellantis was found liable in two material matters that involved marketing or labeling issues, the U.S. and Korea. Please see "MANAGEMENT REPORT - Stellantis Overview-Legal Proceedings- Emissions Matters" for a description of these two matters."

Promoting protection and implementing responsible use of natural resources

Wise use of materials in the vehicle life cycle (including product recycling)

Introduction

Stellantis is committed to change the consumption model and the way products are designed within a circular economy. The principle of a circular economy is embedded into Stellantis' business approach, focusing on extending the lifespan and reducing the use of natural resources starting from the production process, to the end of vehicle life, by reusing materials and returning waste and materials into the production loop.

We are developing ways to increase the use of renewable and recycled materials for new vehicles and to extend the aftersales offer of reused, repaired and remanufactured parts with new product lines and in new regions. We are committed to processing end-of-life products and vehicles in a responsible manner including batteries from electrified vehicles.

We are working to overcome the use of hazardous substances targeted by regulations such as REACH. We are also working to find alternatives for the use of rare and precious resources which are often indispensable for nanotechnologies. In some cases, these materials are required for connected vehicles and technologies making them dependent on their availability.

Forward-looking vision and targets

Stellantis' vision for the CSR issue/challenge #14: "Wise use of material in the vehicle life cycle (including product recycling)" is innovative with eco-design and leverage end-of-life opportunities in a circular economy approach to reduce the use of natural resources and the environmental impact to the lowest possible level.

Detailed targets have been disclosed in the FY 2021 CSR Report available on the Company's website at https://www.stellantis.com/content/dam/stellantis-corporate/sustainability/csr-disclosure/stellantis/2021/Stellantis_2021_CSR_Report.pdf. They support Stellantis' vision embedded in the strategic plan.

Operational decision bodies to lead actions

The Global Purchasing and Supply Chain EVP and the Engineering EVP, both direct reports to the CEO, and members of the Top Executive Team and the Strategy Council are responsible for the materials' strategy. Mapping of material risks for both current and forecasts, is performed according to specific criteria for each raw material.

Some of the criteria include:

- significant contribution to develop existing technologies;
- scarcity and geographic location;
- social and environmental impacts including recyclability and extraction or production conditions;
- geopolitical or logistical accessibility; and
- cost and share of our Stellantis needs compared to global market demand and market players.

Based on this risk mapping, the EVPs validate the R&D roadmap on substitute materials or alternative supplies, to manage and secure the Company's sourcing over the long-term, notably through collaborative actions with metallurgy and mining industries.

The finance department performs cost monitoring on materials in connection with operational purchasing plus research and development teams. Their goal is to anticipate and manage cost developments, help diversify and monitor the most strategic supplies. In the context of increasing scarcity and costs of raw materials in the long-term, the supplier relationship is a lever to implement the Company material and product development policies. Stellantis focuses its efforts on the materials used in batteries for electrified vehicles through the supply chain and supports initiatives for innovative sourcing of raw materials.

In order to further master the wise use of materials in the vehicle life cycle and reduce the environmental impact in terms of carbon footprint, Stellantis has created a business unit dedicated to Circular Economy. As one of the seven accretive business units outlined in Stellantis' Dare Forward 2030 strategic plan, its aim is to build a sustainable and profitable business based on circular economy principles.

Throughout the full vehicle life cycle we have developed a comprehensive 360-degree business based on the 4R Strategy in order to extend products (vehicles and high voltage batteries ("HVB")) lifespan and reduce waste by returning into the material loop. The circular economy 4R Strategy is:

- Reman - used, worn or defective parts are thoroughly dismantled, cleaned and remanufactured to OEM specifications;
- Repair - worn parts are repaired and reinstalled into customers' vehicles;
- Reuse - multi-brand parts in inventory, still in good condition, are recovered from end-of-life vehicles and sold; and
- Recycle - production scraps and end-of-life vehicles are fed back into the manufacturing process.

The Stellantis circular economy business launched the new label "SUSTAINera - Circular Economy - Making a better future": it embodies the Stellantis core value "We care for the future" through a responsible business entering a new era of sustainability. In addition, the circular economy business roadmap includes participation in innovative startups.

In parallel, Stellantis has decided to dedicate a specific business unit to pre-owned vehicles ("PROV"), with a worldwide scope. The PROV business unit is responsible for defining pre-owned activities strategy, targets, key projects, business guidelines and for supporting all regional entities. A certified pre-owned program provides customers pre-owned cars, which are checked, reconditioned, certified and warranted.

Policies to execute the strategy

Stellantis considers materials impact at all stages of the life cycle starting from the product definition through the design phase. The materials and circular economy policy is based on the following principles:

1. Eco-design to boost innovation and contribute to reduce material consumption and environmental impact of materials;
2. An assertive commitment to use green materials;
3. A commitment to reduce hazardous substances;
4. A commitment to responsible recyclability - as a prevention measure against material scarcity and environmental impact of raw material sourcing - and to a responsible end-of-life treatment; and
5. A commitment to provide customers with offers in the circular economy mindset: sustainable parts and service offers to increase the lifespan of their vehicle and its parts, including high voltage batteries.

Main initiatives, achievements and results

Stellantis conducts Life Cycle Assessment ("LCAs") on its vehicles and components. These studies analyze the multi-criteria environmental footprint of a vehicle, its components 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 for LCAs refers to ISO standards 14040/44 and critical reviews are conducted with external experts. The last critical review focused on battery electric vehicle DS3 Crossback e-tense performed by a third-party reviewer panel.

The results of life cycle assessments help to improve the vehicles' environmental record:

- highlighting the environmental advantage of one innovative solution compared to another, and more broadly, the overall environmental impact of a product;
- identifying possible pollution transfers from one phase of the life cycle to another;
- highlighting core environmental impacts; and
- choosing more environmentally friendly technologies and materials.

Analyses are conducted using software linked to environmental databases that makes it possible to calculate a product's environmental impact. The goal is to compare the environmental impact from a new model compared to the previous generation. The impact of new electrified propulsion systems is also evaluated. During 2022, 13 new LCAs (versus 23 LCAs in 2021) have been performed on the following vehicles allowing to cover more than 60 percent of the total sales:

- Alfa Romeo Tonale diesel and MHEV;
- Dodge Hornet gasoline;
- DS4 gasoline and eTense;
- Fiat 500 gasoline, MHEV and electric;
- Fiat Fastback flex fuel;
- Fiat Fiorino flex fuel;
- Maserati Grecale gasoline and MHEV;
- Opel Astra gasoline and PHEV; and
- New Peugeot 308 III gasoline and PHEV.

The Company is implementing collection and treatment procedures for its HVB used in hybrid and electric vehicles sold in Europe and other regions. Stellantis is responsible for the recycling of its HVBs and contracts with specific operators selected to collect and recycle HVBs from our plants, research and development sites, dealer network and end-of-life vehicles according to existing local regulations.

Stellantis high voltage batteries can be processed in up to three solutions:

- repair and remanufacturing, extends the use phase and avoid the premature recycling of HVBs;
- second life, solutions to repurpose for reuse HVBs in non-automotive business in order to use batteries as long as possible before sending them to recycling; and
- recycling process, to recycle higher battery volumes and optimize the associated logistics costs, Stellantis selected local recyclers by geographical zones.

Stellantis provides an extensive range of spare parts coming from the circular economy, under the SUSTAINera label. It is an eco-responsible complement to the Stellantis spare parts offer to provide customers with solutions that match their needs, budget, vehicle age or brand of vehicle.

The SUSTAINera parts and accessories program implements the 4R Strategy through:

- a full range of remanufactured original parts;
- a multi-brand reused parts catalog;

- a “repair and return” service for multi-brand automatic gearboxes and complex electronic components; and
- recycling of parts and materials coming from production, maintenance and end-of-life vehicle treatment.

Vehicle impact on air quality

Introduction

Stellantis continues its significant efforts to produce vehicles that comply with regulations and at the same time meet consumer demands, including the growing demands for sustainable mobility. This includes current and near-term plans to increase our portfolio of electrified vehicles. Stellantis is also developing advanced emission control technologies to minimize environmental impact of internal combustion engines. These combined actions support our goal of reducing emissions of our products.

Forward-looking vision and targets

The Stellantis vision for CSR issue/challenge #15: “Vehicle impact on air quality” is to meaningfully reduce impact on air quality by focusing in particular on development of a wide range of affordable Zero Emission Vehicles (“ZEV”).

Detailed targets have been disclosed in the FY 2021 CSR Report available on the Company’s website at https://www.stellantis.com/content/dam/stellantis-corporate/sustainability/csr-disclosure/stellantis/2021/Stellantis_2021_CSR_Report.pdf. They support Stellantis’ vision embedded in the strategic plan.

Operational decision bodies to lead actions

Emission compliance committee governance is used, in the form of engineering working groups associated with management oversight regional committees, to report emission compliance operation and policy decisions to the Global Technical Safety and Regulatory Compliance Manager and other Senior Management in Engineering, Planning, Legal, and related organizations, regarding tailpipe emissions, CO₂ emissions, hybrid and battery-electric vehicles all-electric range, evaporative emissions, and on-board diagnostics.

These regional committees, all structured in the same manner, are autonomous and include core and contributing members, which are independent and cross-functional, and which allow them to make objective and well-researched decisions. Decisions are made by considering regulatory, technical and legal expertise. Some of the activities include review of technical policy, regulatory assumptions, design rules, program approvals, guidance on emission compliance questions and guidelines. If necessary, these regional committees inform the Global Technical Safety and Regulatory Compliance Manager and other relevant members of senior management.

Policies to execute the strategy

Stellantis is focused on making responsible and prudent environmental policy decisions that touch our vehicles’ timeline, from initial concept to product launch, as well as the “in-use” phase, when our products are in the hands of our customers.

Main initiatives, achievements and results

To minimize particulate matter emissions, both in particle numbers and mass, optimized engine measures and the use of wall flow particulate filters are effective technologies. Particulate filters allow the screening of both fine and ultra-fine particulate matter. Depending on the fuel the result can achieve up to 99.7 percent by number and up to more than 95 percent by mass (according to French Agency for the Environment and Energy Management (“ADEME”): particulate and NOx emissions by road vehicles – May 2018). The particulate filter is an effective mechanical system which is fully operational throughout the phases of engine operation and driving conditions.

Driven by the electrification ramp-up, in 2022 in Europe, 14 percent of passenger cars nameplates versus 15 percent in 2021 were available in ZEVs including Battery Electric Vehicles and Fuel Cell Vehicles versions and ZEV sales of passenger cars sold represented 11.2 percent (versus 8 percent in 2021).

Industrial Environmental Footprint

Introduction

Stellantis' environmental stewardship endeavors to achieve the objective of reducing our environmental footprint and to contribute to the Company's financial success by reducing production costs. Through the adoption of a lean, smart and increasingly digital operating model, a commitment to sustainable innovation, and the direct participation of employees in the pursuit of excellence, we achieve consistent improvements in environmental performance at our manufacturing operations.

Governance and decision bodies to lead actions

The EVP of Manufacturing is responsible for the following issues:

- Industrial and sites carbon footprint;
- Optimization of material cycles in manufacturing processes (including waste);
- Control of industrial discharges and nuisances;
- Sustainable water management; and
- Protection of biodiversity.

In this role, the EVP of Manufacturing validates the CSR vision, ambitions and targets for these CSR issues and is responsible for their achievement.

On an annual basis, the plant managers of our production facilities are expected to prepare site-specific plans including targets, actions and necessary investments to meet our environmental CSR commitments. They are responsible for the environmental performance of their plant. By a new oversight process Stellantis verifies that local plant performance targets meet corporate commitments. Starting this year, individual plant targets for 2023 are calculated and proposed to each plant considering current performance status, local environmental infrastructure and business opportunities. Plants revise proposals, decide their targets and develop action plans with clearly defined measures and its resulting performance improvements.

In our manufacturing facilities, we have dedicated environmental specialists. These specialists are supported by a network of nominated environmental representatives from the key operational functions including but not limited to press shop, body shop, paint shop, general assembly and facility management. Most of the plants also include environmental service providers such as the waste manager in the supporting network. The environmental representatives are responsible to help ensure compliance with applicable regulation and for implementing the environmental policy, which includes managing the Environmental Management System (“EMS”) in compliance with ISO 14001 standards. They are also responsible for supporting the CSR activities at the facility level.

Policies to execute the strategy

In December 2022, we published the Stellantis corporate Environment and Energy Policy, which was developed with input from cross functional divisions reflecting contributions of the various functions to the Stellantis environmental performance. This policy describes how we protect the environment, provides guidance for our operations and employees and includes commitments required by ISO standards for environmental and energy management systems.

An important Company commitment is to implement environmental management systems. The systems meet the international standard ISO 14001, a recognized standard for management and organization.

Optimization of material cycles in manufacturing processes (including waste)

Introduction

Stellantis continues its development of a circular economy and industrial processes that allow us to reduce the usage of raw materials. This also includes material reuse, recovery and recycling. The processes are intended to avoid wasting natural resources and using only the quantity of raw materials necessary. By encouraging the use of recovery and recycling opportunities, this strategy also extends into waste management, striving for minimal environmental impact and our goal of zero waste to landfill.

Forward-looking vision and targets

The Stellantis vision for CSR issue / challenge #16: “Optimization of material cycles in manufacturing processes (including waste)” is to design industrial processes that allow minimal use of raw materials and ensure 100 percent waste recycling in local loops of circular economy.

Detailed targets have been disclosed in the FY 2021 CSR Report available on the Company’s website at https://www.stellantis.com/content/dam/stellantis-corporate/sustainability/csr-disclosure/stellantis/2021/Stellantis_2021_CSR_Report.pdf. They support Stellantis’ vision embedded in the strategic plan.

Main initiatives, achievements and results

Our waste management processes seek to avoid and reduce the generation of waste in our operational processes. If we cannot avoid waste being generated, we preferentially attempt to recover material rather than dispose of waste in landfills, which may have a long-term negative impact on the environment. Like other industries, vehicle manufacturing generates waste that needs to be managed and preferably recovered in local loops to reduce the need for raw materials.

In 2022, Stellantis generated 302,858 tons of waste (versus 305,468 tons in 2021), of which 273,597 tons (versus 287,850 tons in 2021) were generated at manufacturing sites and 29,261 tons (versus 31,618 tons in 2021) from retail activities. Total waste generated includes only material that we discard resulting from our operations. Therefore, we exclude waste generated in demolishing, building or remediation activities, which are not part of our operations. In addition, we exclude metal waste and some wastes that are specific for foundries to enable better comparison of data with other automobile manufacturers.

The normalized total waste generated for our manufacturing activities was 47.43 kg/vehicle produced (versus 48.15 kg/vehicle produced in 2021). Although multiple factors such as production volume and the usage or avoidance of one-way packaging are significantly influencing waste performance of a production facility, we compare our production plants to identify the best performers and share their best practices.

The waste streams with the biggest volumes generated at the manufacturing facilities consists of the following:

- packing waste (wood, cardboard and plastics);
- paint operations waste (paint sludge, purge solvents);
- municipal waste; and
- waste water treatment system waste (sludge, oil or water emulsions).

Depending on the specific retail activity, the waste generated is:

- warehouse packaging waste;
- municipal waste from offices; and
- oil and lubricant waste from dealerships with workshops and maintenance activities.

Packaging materials play an important role in waste generation and represents roughly 50 percent of the total waste generated from manufacturing sites (as in 2021). The main waste streams are wood, cardboard, plastics and mixed fractions. Reducing the generation of packaging waste requires cross-functional efforts by multiple functions such as supply chain, purchasing, quality and manufacturing. New vehicle projects require early planning for the packaging materials. The planning includes determining where the materials come from, and which materials should be used in order to limit and control waste generated at plants. To support decisions, a series of workshops were conducted by central functions and environmental engineers from some European production sites. A list was generated that includes preferred packaging materials and ones we recommend that we avoid. Additional value was created by generating less waste streams with higher volumes that have a positive impact on recycling options and prices. This list of materials was incorporated into the standard packaging specifications used by Global Purchasing and Supply Chain in their procurement processes.

Control of industrial discharges and nuisances

Introduction

Stellantis understands that the production processes use substances and processes that generate air emissions that could potentially affect air quality, natural environments and the quality of life in the surrounding neighborhoods of our plants.

We are implementing processes to limit and reduce air emissions, including the post-processing of residual emissions, noise and odor level monitoring and substitution of hazardous substances with non-hazardous ones where possible.

Forward-looking vision and targets

Stellantis' vision for the CSR issue/challenge #17: "Control of industrial discharges and nuisances" is to implement state of the art technical solutions to prevent industrial activities from causing nuisances to the surrounding areas.

Detailed targets have been disclosed in the FY 2021 CSR Report available on the Company's website at https://www.stellantis.com/content/dam/stellantis-corporate/sustainability/csr-disclosure/stellantis/2021/Stellantis_2021_CSR_Report.pdf. They support Stellantis' vision embedded in the strategic plan.

Main initiatives, achievements and results

The majority of Volatile Organic Compound ("VOC") emissions generated in our manufacturing operations come from vehicle painting operations or surface treatment processes. VOCs are significant constituents in the formulation of paints and cleaning materials used in paint shops. Even though paint shops using waterborne base coats contribute to our VOC emissions, paint shops with solvent-based base coats play the most important role. Approximately 35 percent of our paint shops use solvent-based base coats. When high production volumes are allocated to these plants, they become main drivers for our global VOC emissions.

In 2022, we emitted 24.25 g/m² painted surface (versus 24.95 g/m² in 2021) or 2.71 kg/vehicle (versus 2.82 kg/vehicle produced).

We focus our actions on reducing VOC emissions, efficiency measures, reducing consumption of paints and their solvent content, implementing low-emission technologies and installing air treatment equipment for incinerating VOC. Measures for recycling and reuse of solvents for cleaning purposes are ongoing.

Sustainable water management in manufacturing

Introduction

Stellantis aims to continuously adjust its manufacturing processes to use less water and to increase recycling and reuse of its industrial water, by monitoring our water consumption to continue to remain agile and to modify and improve processes. We are aware that there are water-stressed areas around the world where less-efficient water use may have adverse social and environmental effects due to reduced water availability, quality and disruption of ecosystems.

Forward-looking vision and targets

Stellantis' vision for the CSR issue/challenge #18: "Sustainable water management in manufacturing" is to promote responsible water stewardship to strive for zero water withdrawn by water recycling in industrial activities.

Detailed targets have been disclosed in the FY 2021 CSR Report available on the Company's website at https://www.stellantis.com/content/dam/stellantis-corporate/sustainability/csr-disclosure/stellantis/2021/Stellantis_2021_CSR_Report.pdf. They support Stellantis' vision embedded in the strategic plan.

Main initiatives, achievements and results

Our manufacturing facilities vary widely in terms of plant size, production volume, operations performed, technologies installed, age of facility, all of which can influence water use and treatment. We analyze the performance of the best performing plants to identify and share best practices. The main two water risks impacting operational management are related to water shortage resulting in increasing pressure of authorities to reduce water withdrawn as well as establishing more stringent discharge values to secure water quality. We apply best practices to support plants with the reduction of water usage and improvement of water quality. In 2022, we withdrew in total 26,661 thousand m³ of water (versus 27,540 thousand m³ of water in 2021), of which 26,285 thousand m³ (versus 27,142 thousand of m³ of water in 2021) were withdrawn by manufacturing sites and 376 thousand m³ (versus 398 thousand m³ in 2021) for retail activities. The normalized water withdrawn in 2022 was at 4.56 m³ per vehicle produced (versus 4.77 m³ in 2021).

Some examples of successful initiatives to reduce water usage or improve water quality include:

- Avoid or reduce losses and leakages;
- Cooling water reuse; and
- Process improvement.

In 2022, 35 plants (versus 36 in 2021) were located in a high or extremely high water-stressed area (according to the World Resources Institute Aqueduct "baseline water stress" indicator) for a total water withdrawn of 7,361 thousand m³ (versus 7,243 thousand m³ in 2021) and 4,849 thousand m³ of water discharged (versus 5,093⁷ thousand m³ in 2021).

Protection of biodiversity

Introduction

Even though the protection of biodiversity is a complex process and the impact of the Company's manufacturing operations on biodiversity is relatively limited, Stellantis has implemented dedicated measures aimed at further minimizing this issue, such as the commitment to a progressive approach to reduce impacts first, then restore and finally recover biodiversity. New operations on protected areas are prohibited. When Stellantis already operates in such areas, it applies mitigation hierarchy aimed at minimizing impact, including offsets for any remaining residual impact. Biodiversity protection activities at our sites are focused on biodiversity inventories, awareness campaigns for employees, and other stakeholders such as the community surrounding our manufacturing facilities, and working with students, all for preservation of natural habitats near its areas of operations.

Forward-looking vision and targets

Stellantis' vision for the CSR issue/challenge #19: "Protection of biodiversity" is to ensure the development of biodiversity on our sites by preserving natural habitats.

Detailed targets have been disclosed in the FY 2021 CSR Report available on the Company's website at https://www.stellantis.com/content/dam/stellantis-corporate/sustainability/csr-disclosure/stellantis/2021/Stellantis_2021_CSR_Report.pdf. They support Stellantis' vision embedded in the strategic plan.

⁷ The 2021 water discharge figures have been corrected

Main initiatives, achievements and results

Stellantis uses the tool RENATU to evaluate biodiversity at green areas located at its production facilities. RENATU is a self-assessment tool developed to evaluate the biodiversity of industrial sites or developed areas. It was developed by the University of Paris 1 Pantheon Sorbonne and has been designed and scientifically validated within the framework of the Infrastructure de Transport Terrestre ECOSystème et Paysage program of the French Ministry of the Ecological Transition and Solidarity.

The RENATU indicator consists of 11 categories that address such items as: invasive species, various vegetation layers, the presence of microhabitats, nesting sites and distance to biodiversity reservoirs. The assessment is conducted by site walkthroughs and data analysis. 29 percent of Stellantis production facilities (versus 26 percent in 2021) has conducted a RENATU evaluation and implemented a biodiversity project. Most of Stellantis production facilities are located in suburban industrial areas. However, 64 plants (versus 66 plants in 2021) are located less than 5 km from a nature protected area.

Ensuring protection of human rights and supporting a balanced economic development of territories

Responsible Purchasing Practices

Introduction

Building strong responsible supply chains is an important focus for Stellantis. We use assessment tools that focus on topics such as the environment, labor and human rights, ethics and sustainable procurement. This approach, based on due diligence processes, helps develop opportunities within the supplier organizations while minimizing risk and potential reputational damage in the event of a failure in the supply chain. In addition, Stellantis promotes compliance with its Code of Conduct and the respect for human rights by its partners, and is implementing measures to require potential business partners, and existing business partners that participate in new or renewal business bids, to commit to Global Responsible Purchasing Guidelines that emphasize our respect for human rights.

Forward-looking vision and targets

Stellantis' vision for the CSR issue/challenge #20: "Responsible purchasing practices (including local sourcing development) to support the Company's development in host territories" is to ensure selection of suppliers based on quality, competitiveness, and social, ethical and environmental standards, hence supporting responsible economic development in host territories.

Detailed targets have been disclosed in the FY 2021 CSR Report available on the Company's website at https://www.stellantis.com/content/dam/stellantis-corporate/sustainability/csr-disclosure/stellantis/2021/Stellantis_2021_CSR_Report.pdf. They support Stellantis' vision embedded in the strategic plan.

Operational decision bodies to lead actions

The Global Purchasing and Supply Chain organization ("GPSC") is the interface between Stellantis and its suppliers. The GPSC is responsible for meeting all legal and regulatory requirements under its scope and to mitigate exposure risk from its supply base by driving its suppliers to be compliant with these requirements. This is a major duty of care toward supplier management across the globe. To support the direction of the GPSC, the Global Purchasing and Supply Chain EVP is a direct report to the CEO, and a member of the Top Executive Team, and as such, a member of the Company's Strategy Council.

Global Purchasing and Supply Chain coordinates actions at different levels: centrally, in its international sites and within its various local offices spread globally.

The Stellantis sourcing process includes supplier CSR performance as a key evaluation factor for selected suppliers who are subjected to this review on risk-based approach. If the supplier performance is below the acceptable level a deviation with an action plan to correct issues is required. Governance is in place with monthly GPSC leadership team meetings, hosted by the Chief Global Purchasing and Supply Chain Officer to monitor supplier CSR performance during sourcing.

Global Purchasing and Supply Chain also focuses on raw material management and applies appropriate due diligence using a risk matrix for specific materials.

Policies to execute the strategy

The Stellantis Code of Conduct has specific language pertaining to responsible purchasing and this message is reinforced in internal and external policies.

Conducting our business with sustainable business practices is a core value at Stellantis. We encourage the adoption and sharing of sustainable practices among our business partners, suppliers and dealers through the Responsible Purchasing Guidelines. We strive to select all our suppliers considering based on the quality and competitiveness of their products and services and on their adherence to social, ethical and environmental principles while maintaining high standards of quality and taking care of the communities where we do business.

Stellantis reinforces that employees, suppliers, dealers, consumers and other stakeholders can and should report any concerns of alleged situations, events or actions that may have been inconsistent with Stellantis Code of Conduct.

Stellantis’ Code of Conduct and policies reflect our commitment to Human Rights and integrity, in general alignment with principles expressed in the Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights at Work and the United Nations Convention against Corruption to its suppliers.

Stellantis takes inspiration from the risk-based due diligence approach advocated by the OECD’ Guidelines for Multinational Enterprises. The Company is deploying its Responsible Purchasing Guidelines seeking to prevent child labor and forced labor in its supply chain, among other things, in line with the values expressed in ILO principles for human rights such as child labor and forced labor. In the Responsible Purchasing Guidelines, the Company encourages its suppliers to be vigilant for CSR risks within their supply chain. The Stellantis Responsible Purchasing Guidelines require new and renew suppliers to sign the guidelines and grant awards based on innovation, efficiency, economic performance and CSR performance.

Supporting the development of the automotive industry is important to help make progress on common topics. Stellantis contributed on the revision of the Automotive Guiding Principles with AIAG and Drive Sustainability.

Main initiatives, achievements and results

Stellantis has many initiatives that focus on responsible purchasing practices to support the Company’s development in host territories.

Stellantis uses risk analysis to identify and prioritize actual or potential CSR incidents in the supply chain such as environmental, social and ethical topics.

To support the supplier assessment process on CSR criteria and make it more robust, Stellantis has embarked on an assessment of its Tier 1 supply base using criteria related to the environment, workforce, ethics and subcontracting chain.

Stellantis supplier performance shows that they perform better than the EcoVadis benchmark based on the average score of all suppliers aggregated in the tool.

Score Distribution of suppliers based on EcoVadis assessment :

	00-14	15-24	25-34	35-44	45-54	55-64	65-100
2022 Stellantis score	0 %	1 %	8 %	18 %	30 %	27 %	16 %
2022 EcoVadis benchmark	0 %	4 %	21 %	25 %	27 %	17 %	6 %
2021 Stellantis score	0 %	1 %	8 %	19 %	32 %	26 %	13 %
2021 EcoVadis benchmark	0 %	4 %	23 %	26 %	27 %	15 %	6 %

Supplier briefings are held each month to provide suppliers with CSR updates, communicate the Company's CSR expectations and inform them of legal and regulatory developments in CSR matters.

Stellantis works to regularly reinforce the message that employees, suppliers, dealers, consumers and other stakeholders can and should report any concerns of alleged situations, events, or actions that may have been inconsistent with the Stellantis Code of Conduct.

Stellantis receives input from Non-Governmental Organizations ("NGOs") and actively collaborates with them on a partnership level. For example, we collaborate with selected NGO's on mica and leather programs.

Human rights in the supply chain

Introduction

Expectations from stakeholders are growing in terms of their interest to be informed about the origin of products and related production conditions for what they buy. Managing social, societal and ethical impacts in the supply chain is a core priority for Stellantis, given the extensive international expansion in emerging countries of our supply base.

In its Code of Conduct, its Human Rights Policy, in the Responsible Purchasing Guidelines, and in other initiatives, the Company expresses its commitment on human rights, in general alignment with human rights principles expressed in various recognized foundational documents, such as the OECD Guidelines for Multinational Enterprises, and of the UN Declaration of Human Rights and others.

Forward-looking vision and targets

Stellantis' vision for the CSR issue/challenge #21: "Human rights in the supply chain" is to require, monitor and control the total respect for human rights along the entire global supply chain process, involving all actors to ensure transparency and full alignment with Human Rights principles.

Detailed targets have been disclosed in the FY 2021 CSR Report available on the Company's website at https://www.stellantis.com/content/dam/stellantis-corporate/sustainability/csr-disclosure/stellantis/2021/Stellantis_2021_CSR_Report.pdf. They support Stellantis' vision embedded in the strategic plan.

Operational decision bodies to lead actions

Stellantis uses governance mechanisms to manage and monitor human rights in supply chain at various levels, in addition to those already described in the section Responsible Purchasing Practices:

- Our Conflict Minerals program: managed by regional and subsidiary conflict minerals team members. A global lead provides overall program management and consolidation direction to ensure that corporate obligations are fulfilled;
- On-site audit program: with protocols in place to manage audit activities;
- Diversity and Inclusion focus programs: training, mentoring, scholarship support, sponsorship and membership with Board and committee participation are some of the ways we support various diversity organizations; and
- Sheltered and adapted sector, where most workers are persons with disabilities: Stellantis has dedicated resources that support several national organizations, with a focus in France and Spain.

Policies to execute the strategy

Stellantis combined its Conflict Minerals policy and the Responsible Purchasing policy into the Responsible Purchasing Guideline, already presented in the section Responsible Sourcing Practices of this report.

Main initiatives, achievements and results

Stellantis incorporates workforce-related and social criteria into the purchasing process to ensure our focus on human rights is upheld within the extended global supply chain. Our suppliers are expected to sign and apply the requirements from our Responsible Purchasing Guidelines which has specific attention on compliance with social and ethical principles. Stellantis identifies the regions and areas that have the largest risk of human rights violations and modern slavery.

Stellantis works to apply due diligence to ensure that its social demands are met by its suppliers. We apply risk-based due diligence measures that seek to identify risks and prevent serious infringements of human rights and fundamental freedoms in our supply chain of subcontractors or suppliers with whom there is an established business relationship. We seek to incorporate our expectations into our engagement relationship with our suppliers, deriving inspiration from the OECD Due Diligence Guidance.

During 2022, 359 assessed or audited suppliers received a corrective action plan specifically focused on Human Rights issues, which is 12 percent of the total assessed or audited suppliers versus 333 in 2021 which accounted for 13 percent of the total assessed or audited suppliers.

Philanthropic actions to support communities

Introduction

As a corporate citizen, Stellantis wants to make a positive contribution to society in the countries where we operate. We want to share with our communities our values, knowledge and resources through our philanthropic actions.

Stellantis, as a member of the Global Compact, plays a role in building a more stable, inclusive and sustainable society. By mobilizing financial and human resources to help NGOs, Non-Profit Institutions (“NPI”) and support employee initiatives, we can develop and deploy philanthropic projects of general interest adapted to the specific needs of the communities in which we operate.

Forward-looking vision and targets

Stellantis’ vision for the CSR issue/challenge #22: “Philanthropic actions to support communities” is to empower people through access to mobility and education.

Detailed targets have been disclosed in the FY 2021 CSR Report available on the Company’s website at https://www.stellantis.com/content/dam/stellantis-corporate/sustainability/csr-disclosure/stellantis/2021/Stellantis_2021_CSR_Report.pdf. They support Stellantis’ vision embedded in the strategic plan.

Operational decision bodies to lead actions

Stellantis philanthropic activities are organized in three channels:

- The Stellantis Foundation (formerly known as “FCA Foundation” and renamed in 2022) is a separate legal entity under U.S. IRS regulations. Under the leadership of Foundation Chairman, John Elkann, a board of Trustees governs the Stellantis Foundation.
- Corporate donations to NGOs or NPOs for emergency aid, social issues or business related activities in the communities in partnership with charities are proposed for 2022 by the Head of Philanthropy or relevant EVPs to the CEO for approval.
- Employee volunteerism is under the responsibility of the Chief Human Resources and Transformation Officer.

Policies to execute the strategy

Stellantis made 2021 and 2022 years of transition by fulfilling the philanthropic commitments made prior to the merger of former Groupe PSA and FCA. We continue to support multi-year projects that started before the merger.

The Stellantis Foundation contributes to some United Nations Sustainable Development Goals (“SDG”). The social contributions focused on education to empower people and build resilient communities with effects that can extend generations into the future. Investments were made in programs that generated meaningful and measurable impact in our communities.

Main initiatives, achievements and results

In 2022, Stellantis demonstrated its corporate citizenship and supported 124 philanthropic projects (versus 100 in 2021) around the world, with a focus on emergency aid, education philanthropic initiatives and employee volunteerism program. In 2022, the total amount of philanthropic commitments consisted of €19.7 million (versus €14.4 million in 2021).

Methodology and Other Information

Methodology and scope of Non-Financial Information

The definitions of calculation rules or reference conventions used are international standards. Reference guides specifying the methodologies, definitions and calculation procedures are used by the reporting contributors to ensure the quality and consistency of the consolidated information.

Information presented in the Non-Financial Information sections above, follows a Pro Forma approach which has been prepared to give effect to completion of the merger of PSA and FCA to create Stellantis, which was completed on January 17, 2021, as if it had been completed on January 1, 2020.

This Non-Financial Information addresses the requirement of the Dutch Decree on Non-Financial Information, that incorporated the Directive 2014/95/EU into Dutch law and this Non-Financial Information is based on the GRI Standards reporting guidelines.

The data reported in the sections above will also be included and more detailed in the Stellantis 2022 CSR Report, that is submitted for assurance to Grant Thornton.

The Non-Financial Information scope of reporting covers the fully consolidated companies (consolidated line by line) and does not consider entities accounted for by the equity method or valued at cost in the consolidated financial statements, except where noted.

Selected entities or specific sites are excluded from the scope of reporting for some CSR issues. This is attributable to the inability to obtain data of satisfactory quality, or to immateriality in relation to the Company as a whole, or to newly-acquired entities or activities that are not yet fully operational, in the start up phase, under dismissal or sold during the reporting year. For this reason, to determine the Non-Financial Information scope of reporting, different filters are applied.

The sites are assessed to determine the inclusion in the scope of reporting against specific thresholds based on: number of employees working onsite, size (m²) and other criteria. Workforce KPIs are based on the CSR scope 2022. Legal entities joining Stellantis less than six month ago or out from the HR consolidation tool are not taken into account.

A selection of sites in the retail group, apply a different reporting period (November 1 - October 31) to allow data collection and validation by the time of the release of this Report.

Information related to vehicles and services offered to customers, may include data on vehicles produced and/or service offered by unconsolidated joint ventures.

Focus on workforce related KPIs

The KPIs:

- Employees hired;
- Fixed contract converted into permanent;

- Leavers on permanent contract;
- Turnover rate;
- Employees covered by long term incentives;
- Lost-time injury rate; and
- Severity rate.

Non-Financial Information Cross Reference

The table below sets out the location within the document of the information required by Dutch Decree on Non-Financial Information, that incorporated the Directive 2014/95/EU into Dutch law. The exact location is included in the column “Cross Reference”.

Topic	Subtopic	Cross Reference	Page
Business Model			
		Stellantis Overview	21
		Financial Overview	61
		Business Model and Corporate Social Responsibility (CSR) Governance	194
Relevant Social and Personnel matters (e.g. HR, Safety, etc.)			
	A description of the policies pursued, including due diligence	Stellantis Policies	154
		Environmental and Other Regulatory Matters	52
		Management of Company transformations and social dialogue	202
		Attracting and developing all talent	204
		Diversity and Equal opportunity	206
		Health, safety and wellbeing in the workplace	207
		Vehicle Safety	211
	The outcome of those policies	Environmental and Other Regulatory Matters	52
		Workplace Health and Safety	60
		Management of Company transformations and social dialogue	202
		Attracting and developing all talent	204
		Diversity and Equal opportunity	206
		Health, safety and well-being in the workplace	207
		Vehicle Safety	211
	Principle risks in own operations and within value chain	Environmental and Other Regulatory Matters	52
		Risk Factors	97
	How risks are managed	Risk Factors	97
		Management of Company transformations and social dialogue	202
		Attracting and developing all talent	204
		Diversity and Equal opportunity	206
		Health, safety and well-being in the workplace	207
		Vehicle Safety	211
	Non-financial key performance indicators	Management of Company transformations and social dialogue	202
		Attracting and developing all talent	204
		Diversity and Equal opportunity	206

	Health, safety and well-being in the workplace	207
	Vehicle Safety	211
Relevant Environmental matters (e.g. climate-related impacts)		
A description of the policies pursued, including due diligence	Stellantis Policies	154
	Design and Manufacturing	29
	Property, Plant and Equipment	33
	Environmental and Other Regulatory Matters	52
	Vehicle CO₂ emissions	198
	Industrial Environmental Footprint	221
	Carbon footprint of the supply chain	202
	Wise use of materials in the vehicle life cycle (including product recycling)	217
	Vehicle impact on air quality	220
	Industrial Environmental Footprint	221
The outcome of those policies	Design and Manufacturing	29
	Property, Plant and Equipment	33
	Environmental and Other Regulatory Matters	52
	Vehicle CO₂ emissions	198
	Industrial Environmental Footprint	221
	Carbon footprint of the supply chain	202
	Wise use of materials in the vehicle life cycle (including product recycling)	217
	Vehicle impact on air quality	220
	Industrial Environmental Footprint	221
Principle risks in own operations and within value chain	Environmental and Other Regulatory Matters	52
	Risk Factors	97
How risks are managed	Risk Factors	97
	Vehicle CO₂ emissions	198
	Industrial Environmental Footprint	221
	Carbon footprint of the supply chain	202
	Wise use of materials in the vehicle life cycle (including product recycling)	217
	Vehicle impact on air quality	220
	Industrial Environmental Footprint	221
Non-financial key performance indicators	Vehicle CO₂ emissions	198
	Industrial Environmental Footprint	221
	Carbon footprint of the supply chain	202
	Wise use of materials in the vehicle life cycle (including product recycling)	217
	Vehicle impact on air quality	220
	Industrial Environmental Footprint	221
Relevant matters with respect for Human Rights (e.g. labor protection)		
A description of the policies pursued, including due diligence	Stellantis Policies	154
	Management of Company transformations and social dialogue	202
	Responsible Purchasing Practices	225
	Human rights in the supply chain	227
The outcome of those policies	Management of Company transformations and social dialogue	202
	Responsible Purchasing Practices	225
	Human rights in the supply chain	227
Principle risks in own operations and within value chain	Risk Factors	97
	Management of Company transformations and social dialogue	202

	Responsible Purchasing Practices	225
	Human rights in the supply chain	227
How risks are managed	Management of Company transformations and social dialogue	202
	Responsible Purchasing Practices	225
	Human rights in the supply chain	227
Non-financial key performance indicators	Management of Company transformations and social dialogue	202
	Responsible Purchasing Practices	225
	Human rights in the supply chain	227
Relevant matters with respect to Anti-Corruption and Bribery		
A description of the policies pursued, including due diligence	Stellantis Policies	154
	Ethics in governance and business practices	212
The outcome of those policies	Ethics in governance and business practices	212
Principle risks in own operations and within value chain	Risk Factors	97
	Ethics in governance and business practices	212
How risks are managed	Risk Factors	97
	Ethics in governance and business practices	212
Non-financial key performance indicators	Ethics in governance and business practices	212
Insight into the diversity policy		
A description of the policies pursued, including due diligence	Board of Directors	120
	Stellantis Policies	154
Diversity targets	Board of Directors	120
	Stellantis Policies	154
Description of how the policy is implemented	Board of Directors	120
	Stellantis Policies	154
Results of the diversity policy	Board of Directors	120
	Stellantis Policies	154
	Ethics in governance and business practices	212

Taxonomy disclosure

EU Taxonomy Regulation

In 2020, the European Commission published Regulation (EU) 2020/852, a classification system for all European based companies to help establish whether an activity can be considered environmentally sustainable (the “EU Taxonomy Regulation”). The EU Taxonomy Regulation aims to enhance allocation of capital towards sustainable activities and projects, and therefore, navigate the transition to a low-carbon economy and meeting the EU’s climate and energy targets.

The EU Taxonomy Regulation identifies *taxonomy eligible activities* for which a set of technical screening criteria is defined to consider those as *taxonomy aligned*, providing that these activities are not causing significant harm to any of the other environmental objectives and meeting minimum social safeguards (e.g., the OECD Guidelines). So far, the European Commission has established the above criteria for only two out of six objectives: “Climate change mitigation” and “Climate change adaptation”. The EU Taxonomy Regulation is hence still being developed and expanded, and additional guidance may become available in the years to come.

In accordance with the EU Taxonomy Regulation, the main taxonomy eligible activity for Stellantis is the manufacturing, repair, maintenance, retrofitting, repurposing and upgrade of low carbon transport vehicles (activity 3.3 “Manufacture of low carbon technologies for transport”, as set out in Commission Delegated Regulation EU 2021/2139, the Climate Act). Based on Commission notice 2022/C 385/01, all vehicle manufacturing activities are eligible under this category. For light duty and passenger cars, this activity can be considered to meet the performance criteria if emissions until December 31, 2025 are lower than 50g CO₂/km or from January 1, 2026 if emissions of CO₂/km are zero. For heavy-duty vehicles not exceeding 7.5 tonnes, this activity can be considered to meet the performance criteria if emissions are zero. Regulatory requirements for assessing emissions vary from jurisdiction to jurisdiction and one global standard does not exist. As such, judgment is required to assess whether a vehicle is EU Taxonomy aligned based on the emission measurements used in the respective jurisdictions in which the vehicles are homologated.

In addition to determining whether for these KPIs Stellantis meets the relevant performance criteria as set out in the Climate Act, it has also been assessed that the activities that meet these performance criteria do no significant harm (“DNSH”) to any of the other environmental objectives and that minimum safeguards are met.

Do No Significant Harm (DNSH)

The applicable DNSH criteria for activity 3.3 (“Manufacture of low carbon technologies for transport”) are set out in the Climate Act. Stellantis assessed compliance with these criteria with regard to its activities that are taxonomy eligible and that meet the performance criteria set out in the Climate Act for the environmental objectives “Climate Change Mitigation” and “Climate Change Adaptation”, taking into account the analysis of senior executives within manufacturing, engineering and corporate social responsibility. The assessment concluded that the DNSH criteria have been met, noting that for the criteria of “Pollution prevention and Control” and its reference to the Appendix C of EU Taxonomy Regulation at this point in time only generic criteria are set out in the legislative framework. Accordingly, this assessment did not include consideration of subsections (f) and (g) from Annex C of Item 5 – Pollution prevention of the Climate Act. Given the current lack of guidance regarding these subsections, as well as the uncertainty regarding the meaning of “where their use has been proven to be essential for the society”, Stellantis is not able to meaningfully apply these criteria. We cannot exclude that, once sufficient guidance is made available enabling application of these specific subsections, the assessment regarding the DNSH criteria may change and certain economic activities currently classified as taxonomy aligned may no longer qualify as such.

Minimum Safeguards

Article 18 of the EU Taxonomy Regulation describes minimum safeguard standards regarding human rights and business conduct that must be met in order for an activity to be considered taxonomy aligned. In support of the assessment process used to determine whether each of the components of the minimum safeguard criteria (Human Rights, Corruption, Taxation and Fair Competition) have been met, senior executives responsible for the relevant subject matters were engaged and surveyed, and based on that assessment process the Company concluded that the minimum safeguard criteria has been met.

Taxonomy alignment

In accordance with the EU Taxonomy Regulation, the Company has assessed the weight of its taxonomy eligible and taxonomy aligned activities for three specific key performance indicators (“KPIs”): its Turnover, Capex and Opex, for the year ended December 31, 2022.

The EU Taxonomy Regulation requires companies to relate the three KPIs described above to a company’s financial reporting standards. For Stellantis, Turnover corresponds to the total Net revenues as reported in the Company’s Consolidated Income Statement included elsewhere in this Annual Report. Stellantis’ Turnover in 2022 for taxonomy eligible activities is 99.4 percent (99.1 percent for 2021). This is calculated by dividing the sum of net revenues generated by shipments of vehicles and related spare parts and service divided by the total Net revenues as reported in the Company’s Consolidated Income Statement included elsewhere in this Annual Report. Stellantis considers 7.0 percent of its Turnover to be taxonomy aligned, as the activities generating this part of the revenue meet the performance criteria outlined above.

For Stellantis, Capex corresponds to the aggregate of (i) investments in Property, plant and equipment and intangible assets excluding capitalized borrowing costs and (ii) change in amounts payable on property, plant and equipment and intangible assets as reported in the line “Net cash from (used in) investing activities” in the Consolidated Statement of Cash Flows included elsewhere in this Annual Report. The Capex KPI in 2022 is calculated by dividing the current year (2022) taxonomy aligned Capex by total Company Capex for the current year (2022), as reported in the Company’s Consolidated Statement of Cash Flow included elsewhere in this Annual Report. The KPI for Capex taxonomy eligible activities is 98.8 percent (99.5 percent for 2021). The KPI for Capex taxonomy aligned activities is 22.0 percent. Taxonomy aligned Capex includes 2022 investments on zero emission vehicles, platforms and propulsion systems, including BEV and FCEV, as well as investments on PHEV where emissions on the vehicles are expected to be below 50g CO₂/km. In some instances, Capex investments are on vehicles and platforms with multiple propulsion systems, including zero emission systems as well as internal combustion and hybrid applications. For these investments, a percentage of the Capex is considered taxonomy aligned based on the 2022 volumes of zero emission vehicles and PHEVs with emission below 50g CO₂/km volumes. 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.

For Stellantis, taking into account the guidance from EU Taxonomy Delegated Act Annexes, Opex corresponds to research and development expenditures expensed excluding amortization of capitalized development expenditures as reported in Note 5, *Research and development costs* in the Company’s Consolidated Financial Statements included elsewhere in this Annual Report. Stellantis Opex are 99.5 percent taxonomy eligible (99.4 percent for 2021) and 27.5 percent taxonomy aligned. This percentage is calculated by applying the same proportion of the capitalized development costs included in the Taxonomy aligned Capex described above to research and development expenditures expensed as reported in Note 5 *Research and development costs* in the Company’s Consolidated Financial Statements included elsewhere in this Annual Report.

For Turnover, Capex and Opex allocations, we have identified the relevant measures as well as the primary related economic activity in the Climate Act and ensured that no Turnover, Capex or Opex is double-counted.

The currently available definitions as included in the EU Taxonomy Regulation and Climate Act are broadly formulated which requires companies to interpret how to apply these regulations to its business activities when assessing taxonomy eligibility and alignment. We have applied judgment, interpretations and assumptions based on currently available information. Future guidance could result in changes to our future taxonomy reporting.

Total taxonomy and taxonomy aligned activities as percentages of the Company’s KPIs as follows:

Taxonomy eligible and aligned revenues for Stellantis																		
Economic activities		Substantial contribution criteria							DNSH (do not significantly harm) criteria							Category		
		€M	%	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystem	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystem	Minimum safe guard	Taxonomy aligned portion	Enabling activity
Environmentally sustainable activities (Taxonomy-aligned)																		
Vehicle manufacturing (manufacture of low carbon technologies for transport)	12,532	7.0%	100%	100%					n.a.	Y	Y	Y	Y	Y	Y	7.0%		E
Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Vehicle manufacturing (manufacture of low carbon technologies for transport)	165,876	92.4%																
Non eligible activities																		
	1,184	0.6%																
Total Stellantis	179,592	100.0%														7.0%		

Taxonomy eligible and aligned Capex for Stellantis

Economic activities	Substantial contribution criteria							DNSH (do not significantly harm) criteria					Category						
	€M	%	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystem	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystem	Minimum safe guard	Taxonomy aligned portion	Enabling activity	Transitional activity	
Environmentally sustainable activities (Taxonomy-aligned)																			
Vehicle manufacturing (manufacture of low carbon technologies for transport)	1,959	22.0%	100%	100%				n.a.	Y	Y	Y	Y	Y	Y	22.0%		E		
Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Vehicle manufacturing (manufacture of low carbon technologies for transport)	6,846	76.8%																	
Non eligible activities																			
	107	1.2%																	
Total Stellantis	8,912	100.0%													22.0%				

Taxonomy eligible and aligned Opex for Stellantis

Economic activities	Substantial contribution criteria							DNSH (do not significantly harm) criteria					Category						
	€M	%	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystem	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystem	Minimum safe guard	Taxonomy aligned portion	Enabling activity	Transitional activity	
Environmentally sustainable activities (Taxonomy-aligned)																			
Vehicle manufacturing (manufacture of low carbon technologies for transport)	888	27.5%	100%	100%				n.a.	Y	Y	Y	Y	Y	Y	27.5%		E		
Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
Vehicle manufacturing (manufacture of low carbon technologies for transport)	2,330	72.0%																	
Non eligible activities																			
	15	0.5%																	
Total Stellantis	3,233	100.0%													27.5%				

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision, and with the participation, of its management, including the Chief Executive Officer and Chief Financial Officer, Stellantis conducted an evaluation of the effectiveness of its disclosure controls and procedures as of December 31, 2022 pursuant to Exchange Act Rule 13a-15(b). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that Stellantis' disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in Stellantis' Exchange Act filings is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to Stellantis management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Principal Characteristics of the Internal Control System and Internal Control over Financial Reporting

Stellantis has designed a system of internal control over financial reporting based on the model provided in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Framework for Internal Controls, according to which the internal control system is defined as a set of rules, procedures and tools designed to provide reasonable assurance of the achievement of corporate objectives. In relation to the financial reporting process, reliability, accuracy, completeness and timeliness of the information contribute to the achievement of such corporate objectives. A periodic evaluation of the system of internal control over financial reporting is designed to provide reasonable assurance regarding the overall effectiveness of the components of the COSO Framework (control environment, risk assessment, control activities, information and communication, and monitoring) in achieving those objectives.

The approach adopted by Stellantis for the evaluation, monitoring and continuous updating of the system of internal control over financial reporting, is based on a 'top-down, risk-based' process consistent with the COSO Framework. This enables focus on areas of higher risk and/or materiality, where there is risk of significant errors, including those attributable to fraud, in the elements of the financial statements and related documents. The key components of the process are:

- identification and evaluation of the source and probability of material errors in elements of financial reporting;
- assessment of the adequacy of key controls in preventing or detecting potential misstatements in elements of financial reporting; and
- verification of the operating effectiveness of controls based on the assessment of the risk of misstatement in financial reporting, with testing focused on areas of higher risk.

Management's Report on Internal Control over Financial Reporting

Stellantis management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Exchange Act Rule 13a-15(f). The Stellantis internal control system was designed to provide reasonable assurance regarding the preparation and fair presentation of published financial statements in accordance with IFRS. All internal control systems, no matter how well designed, have inherent limitations and may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the reliability of financial reporting and the preparation and presentation of financial statements in accordance with IFRS. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

On January 16, 2021, Peugeot S.A. ("PSA") merged with and into FCA N.V., with FCA N.V. as the surviving company in the merger. On January 17, 2021, the combined company was renamed Stellantis, the board of directors was appointed and the Stellantis articles of association became effective. On this date, the Stellantis management and board of directors collectively obtained the power and the ability to control the assets, liabilities and operations of both FCA and PSA. As such, under IFRS 3, January 17, 2021 is the acquisition date for the business combination.

Prior to the merger, PSA was not previously subject to Section 404 of Sarbanes Oxley Act (“SOX”). Management consolidated and integrated a system of controls for Stellantis to ensure the appropriateness of control design and implementation to address underlying risks. Our management, with the participation of the CEO and CFO, assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2022, including the operations of PSA, which were previously excluded for the year ended December 31, 2021, due to the size, complexity and magnitude of the merger.

Management assessed the effectiveness of Stellantis internal control over financial reporting as of December 31, 2022, using the criteria set forth in the “Internal Control - Integrated Framework (2013)” issued by COSO. Based on that assessment, management concluded that the internal control over financial reporting was effective as of December 31, 2022.

Changes in Internal Control

As described in more detail under *Management’s Report on Internal Control Over Financial Reporting* above, the Stellantis merger was completed on January 16, 2021, which represented a change in internal control over financial reporting. Prior to the merger, PSA was not subject to SOX, and therefore was not required to design or maintain its controls in accordance with Exchange Act Rule 13a-15(f). In 2022, our management developed a full internal control over financial reporting framework for Stellantis, incorporating both legacy companies. For all areas of change noted, management believes the control design and implementation thereof have been appropriately modified to address underlying risks.

Other than changes that have and may continue to result from the integration activities noted above, there has been no other change in our internal control over financial reporting during the year ended December 31, 2022, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Statement by the Board of Directors

Based on the assessment performed, the Board of Directors believes that, as of December 31, 2022, Stellantis' Internal Control over Financial Reporting is considered effective and that (i) the Board Report provides sufficient insights into any material weakness in the effectiveness of the internal risk management and control systems (please refer to the section *CONTROLS AND PROCEDURES - Management's Report on Internal Control over Financial Reporting* in this Annual Report), (ii) the internal risk management and control systems are designed to provide reasonable assurance that the financial reporting does not contain any material inaccuracies (please refer to the section *CONTROLS AND PROCEDURES - Management's Report on Internal Control over Financial Reporting* on this Annual Report), (iii) based on the current state of affairs, it is justified that the Consolidated and the Company's financial reporting is prepared on a going concern basis (please refer to Note 2, *Basis of preparation* in the Consolidated Financial Statements for additional information on the basis of preparation and to the section Financial Overview - Liquidity and Capital Resources - Stellantis Liquidity and Capital resources considerations in this Annual Report for additional information on the circumstances that support the going concern basis), and (iv) the Board Report states those material risks and uncertainties that are, in the Board of Director's judgment, relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the Board Report (please refer to the section *Risk Factors* in this Annual Report).

February 24, 2023

/s/ John Elkann

John Elkann

Chairman and Executive Director

/s/ Carlos Tavares

Carlos Tavares

Chief Executive Officer and Executive Director

2023 STELLANTIS GUIDANCE AND OUTLOOK

2023 Stellantis Guidance

Adjusted Operating Income Margin	Double-Digit
Industrial Free Cash Flows	Positive

2023 Industry Outlook

- North America: +5 percent, with moderate growth expected in all markets;
- Enlarged Europe: +5 percent, with moderate growth expected in all major markets, particularly Spain and UK;
- Middle East & Africa: +5 percent, with moderate growth expected in major markets;
- South America: + 3 percent, with moderate growth expected overall, with strong growth in Brazil;
- India & Asia Pacific: +5 percent, with solid growth expected in Japan; and
- China: +2 percent, reflects late 2022 pull forward in demand due to end of temporary tax reduction on autos.

Source: China State Information Center (SIC), S&P Global, Ward's Automotive and Company estimates

February 24, 2023

The Board of Directors

John Elkann

Carlos Tavares

Robert Peugeot

Henri de Castries

Andrea Agnelli

Fiona Clare Cicconi

Jacques de Saint-Exupéry

Nicolas Dufourcq

Ann Frances Godbehere

Wan Ling Martello

Kevin Scott

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

STELLANTIS N.V. AND SUBSIDIARIES

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STELLANTIS N.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
(in € million, except per share amounts)

	Note	Years ended December 31,		
		2022	2021	2020 ⁽¹⁾
Net revenues	4	€ 179,592	€ 149,419	€ 47,656
Cost of revenues		144,327	119,943	38,250
Selling, general and other costs		8,981	9,130	3,923
Research and development costs	5	5,200	4,487	2,231
Gains/(Losses) on disposal of investments		72	(35)	174
Restructuring costs		1,144	698	416
Operating income/(loss)		20,012	15,126	3,010
Net financial expenses/(income)	6	768	734	94
Profit/(loss) before taxes		19,244	14,392	2,916
Tax expense/(benefit)	7	2,729	1,911	504
Share of the profit/(loss) of equity method investees	12	264	737	(74)
Net profit/(loss) from continuing operations		16,779	13,218	2,338
Profit/(loss) from discontinued operations, net of tax	3	—	990	(315)
Net profit/(loss)		€ 16,779	€ 14,208	€ 2,023
Net profit/(loss) attributable to:				
Owners of the parent		€ 16,799	€ 14,200	€ 2,173
Non-controlling interests		(20)	8	(150)
		€ 16,779	€ 14,208	€ 2,023
Net profit/(loss) from continuing operations attributable to:				
Owners of the parent		€ 16,799	€ 13,210	€ 2,353
Non-controlling interests		(20)	8	(15)
		€ 16,779	€ 13,218	€ 2,338
Earnings per share:				
	28			
Basic earnings per share		€ 5.35	€ 4.64	€ 1.41
Diluted earnings per share		€ 5.31	€ 4.51	€ 1.34
Earnings per share for Net profit from continuing operations:				
	28			
Basic earnings per share		€ 5.35	€ 4.32	€ 1.52
Diluted earnings per share		€ 5.31	€ 4.19	€ 1.45

(1) Refer to Note 3, Scope of consolidation

The accompanying notes are an integral part of the Consolidated Financial Statements.

STELLANTIS N.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in € million)

	Note	Years ended December 31,		
		2022	2021	2020
Consolidated profit/(loss) for the period		€ 16,779	€ 14,208	€ 2,023
Fair value remeasurement to cash flow hedges		(482)	149	107
<i>of which, reclassified to the income statement</i>		(353)	(98)	(32)
<i>of which, recognized in equity during the period</i>		(129)	247	139
Gains and losses from remeasurement of financial assets		3	6	—
<i>of which, reclassified to the income statement</i>		—	—	—
<i>of which, recognized in equity during the period</i>		3	6	—
Exchange differences on translating foreign operations		2,013	2,005	(377)
Income tax benefit/(expense)		89	(54)	(31)
Share of Other comprehensive income/(loss) for equity method investees		(7)	(47)	(43)
Items relating to discontinued operations, net of tax		—	—	(337)
Amounts to be potentially reclassified to profit or loss	27	1,616	2,059	(681)
Actuarial gains and losses on defined benefit pension obligations		1,753	2,488	(117)
Share of Other comprehensive income/(loss) for equity method investees		(5)	8	—
Income tax (expense)/benefit		(379)	(729)	31
Items relating to discontinued operations, net of tax		—	—	(42)
Amounts not to be reclassified to profit or loss	27	1,369	1,767	(128)
TOTAL CONSOLIDATED COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		€ 19,764	€ 18,034	€ 1,214
<i>of which, attributable to equity holders of the parent</i>		€ 19,781	€ 18,020	€ 1,591
<i>of which, attributable to non-controlling interests</i>		€ (17)	€ 14	€ (377)

The accompanying notes are an integral part of the Consolidated Financial Statements.

STELLANTIS N.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in € million)

		At December 31,	
	Note	2022	2021 ⁽¹⁾
Assets			
Goodwill and intangible assets with indefinite useful lives	9	€ 31,738	€ 29,921
Other intangible assets	10	19,006	16,635
Property, plant and equipment	11	36,205	35,488
Equity method investments	12	4,834	6,022
Non-current financial assets	13	710	607
Other non-current assets and prepaid expenses	16	6,723	6,266
Deferred tax assets	7	2,052	1,927
Tax receivables	16	112	105
Total Non-current assets		101,380	96,971
Inventories	14	17,360	11,361
Assets sold with a buy-back commitment		1,594	2,134
Trade receivables	16	4,928	2,998
Tax receivables	16	543	285
Other current assets and prepaid expenses	16	7,549	6,362
Current financial assets	13	4,323	1,903
Cash and cash equivalents	18	46,433	49,629
Assets held for sale	3	2,046	123
Total Current assets		84,776	74,795
Total Assets		€ 186,156	€ 171,766
Equity and liabilities			
Equity			
	27		
Equity attributable to owners of the parent		71,999	55,907
Non-controlling interests		383	400
Total Equity		72,382	56,307
Liabilities			
Long-term debt	22	19,469	22,624
Other non-current financial liabilities	17	—	6
Other non-current liabilities	23	8,129	7,696
Non-current provisions	21	8,460	7,270
Employee benefits liabilities	20	5,891	8,065
Tax liabilities	23	668	567
Deferred tax liabilities	7	4,332	4,374
Total Non-current liabilities		46,949	50,602
Short-term debt and current portion of long-term debt	22	7,684	10,958
Current provisions	21	11,311	9,909
Employee benefit liabilities	20	545	684
Trade payables		31,726	28,181
Tax liabilities	23	900	546
Other liabilities	23	14,528	14,439
Other current financial liabilities	17	18	89
Liabilities held for sale	3	113	51
Total Current liabilities		66,825	64,857
Total Equity and liabilities		€ 186,156	€ 171,766

(1) Refer to Note 3, Scope of consolidation

The accompanying notes are an integral part of the Consolidated Financial Statements.

STELLANTIS N.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(in € million)

	Note	Years ended December 31,		
		2022	2021	2020
Consolidated profit from continuing operations		€ 16,779	€ 13,218	€ 2,338
Adjustments for non-cash items:	30			
depreciation and amortization		6,797	5,871	2,376
(gains)/losses on disposals		(192)	(121)	(236)
change in deferred taxes		(711)	(654)	42
other non-cash items		391	99	180
Change in provisions		1,906	(1,152)	(1,085)
Result of equity method investments net of dividends received		(47)	(185)	373
Change in carrying amount of leased vehicles		(483)	358	(183)
Changes in working capital	15	(4,481)	1,212	1,300
Net cash from operating activities - discontinued operations		—	—	1,136
Net cash from operating activities		19,959	18,646	6,241
Proceeds from disposal of shares in consolidated companies and of investments in non-consolidated companies		235	161	359
Acquisitions of consolidated subsidiaries and equity method and other investments		(666)	(726)	(276)
Cash and cash equivalents of FCA at the merger		—	22,514	—
Proceeds from disposals of property, plant and equipment and intangible assets		545	295	171
Investments in property, plant and equipment and intangible assets		(8,615)	(8,687)	(2,733)
Change in amounts payable on property, plant and equipment and intangible assets		(399)	(1,426)	(217)
Net change in receivables from financing activities		(1,413)	(306)	37
Other changes		(218)	(36)	119
Net cash from/(used in) investing activities - discontinued operations		—	(3,115)	(1,359)
Net cash from/(used in) investing activities		(10,531)	8,674	(3,899)
Distributions paid:				
to Stellantis shareholders		(3,353)	(4,204)	—
to non-controlling shareholders of subsidiaries		(1)	—	(2)
Proceeds from issuance of shares		40	243	2
(Purchases)/sales of treasury shares		(923)	—	(163)
Changes in short-term debt and other financial assets and liabilities		(400)	(846)	529
Changes in long-term debt		(6,480)	4,106	978
Change in securities		(2,069)	(610)	686
Other changes		19	(55)	(5)
Net cash from/(used in) financing activities - discontinued operations		—	—	1,091
Net cash from/(used in) financing activities		(13,167)	(1,366)	3,116
Effect of changes in exchange rates		608	764	(397)
(Increase)/decrease in cash and cash equivalents included in asset held for sale		(65)	18	—
Increase/(decrease) in cash and cash equivalents		(3,196)	26,736	5,061
Net cash and cash equivalents at beginning of the period		49,629	22,893	17,832
Net cash and cash equivalents at end of the period	18	€ 46,433	€ 49,629	€ 22,893

The accompanying notes are an integral part of the Consolidated Financial Statements.

STELLANTIS N.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(in € million)

	Attributable to the Owners of the parent											
	Share capital ⁽¹⁾	Treasury shares	Retained earnings and other reserves ⁽¹⁾	Cash flow hedge reserve	Remeasurement of the fair value of financial assets	Actuarial gains and losses on pension obligations plans	Effect of change in exchange rates	Cumulative share of OCI of equity method investees	Equity - Attributable to Owners of the parent	Non-controlling interests	Total Equity	
At January 1, 2020	€ 20	€ —	€ 19,339	€ (1)	€ —	€ 377	€ (697)	€ 36	€ 19,074	€ 2,727	€ 21,801	
Other comprehensive income	—	—	—	75	—	(106)	(465)	(87)	(583)	(226)	(809)	
Net profit	—	—	2,173	—	—	—	—	—	2,173	(150)	2,023	
Total Other comprehensive income	—	—	2,173	75	—	(106)	(465)	(87)	1,590	(376)	1,214	
Faurecia distributions	—	—	44	—	—	—	—	—	44	262	306	
Distributions	—	—	—	—	—	—	—	—	—	(37)	(37)	
Share-based compensation	—	—	41	—	—	—	—	—	41	10	51	
Termination of Dongfeng repurchase agreement	—	—	446	—	—	—	—	—	446	—	446	
Other changes ⁽²⁾	—	—	98	—	—	—	—	—	98	(6)	92	
At December 31, 2020	20	—	22,141	74	—	271	(1,162)	(51)	21,293	2,580	23,873	
Other comprehensive income	—	—	—	95	6	1,759	2,000	(40)	3,820	6	3,826	
Net profit	—	—	14,200	—	—	—	—	—	14,200	8	14,208	
Total Other comprehensive income	—	—	14,200	95	6	1,759	2,000	(40)	18,020	14	18,034	
FCA - PSA merger	11	—	19,826	—	—	—	—	—	19,837	59	19,896	
Faurecia loss of control and distribution	—	—	(2,883)	—	—	—	118	—	(2,765)	(2,457)	(5,222)	
Distributions	—	—	(1,000)	—	—	—	—	—	(1,000)	—	(1,000)	
Share-based compensation	—	—	221	—	—	—	—	—	221	—	221	
Other changes ⁽²⁾	—	—	271	30	—	—	—	—	301	204	505	
At December 31, 2021	31	—	52,776	199	6	2,030	956	(91)	55,907	400	56,307	
Other comprehensive income	—	—	—	(393)	3	1,374	2,010	(12)	2,982	3	2,985	
Net profit	—	—	16,799	—	—	—	—	—	16,799	(20)	16,779	
Total Other comprehensive income	—	—	16,799	(393)	3	1,374	2,010	(12)	19,781	(17)	19,764	
Capital increase	1	—	39	—	—	—	—	—	40	—	40	
(Purchases) sales of treasury shares ⁽³⁾	—	(923)	—	—	—	—	—	—	(923)	—	(923)	
Distributions	—	—	(3,353)	—	—	—	—	—	(3,353)	(1)	(3,354)	
Share-based compensation	—	—	163	—	—	—	—	—	163	—	163	
Other changes ⁽²⁾	—	—	359	25	—	—	—	—	384	1	385	
At December 31, 2022	€ 32	€ (923)	€ 66,783	€ (169)	€ 9	€ 3,404	€ 2,966	€ (103)	€ 71,999	€ 383	€ 72,382	

(1) Refer to Note 27, Equity for additional information

(2) Includes:

- at December 31, 2021, the impact of the reduction in ownership of ARAMIS upon an IPO resulting in €178 million recognized as an increase in non-controlling interest and €121 million recognized as additional retained earnings. Refer to Note 27, Equity;
- deferred hedging gains transferred to inventory, net of tax of €25 million (€30 million at December 31, 2021 and nil at December 31, 2020); and
- the effect of hyperinflation for entities whose functional currency is the Turkish Lira, beginning from January 1, 2022, and the Argentine Peso, from July 1, 2018 of €398 million at December 31, 2022, €159 million at December 31, 2021 and €70 million at December 31, 2020.

(3) Refer to Note 27, Equity for additional information

The accompanying notes are an integral part of the Consolidated Financial Statements.

STELLANTIS N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Principal activities

On January 16, 2021, Peugeot S.A. (“PSA”) merged with and into Fiat Chrysler Automobiles N.V. (“FCA N.V.”), with FCA N.V. as the surviving company in the merger (the “merger”). On January 17, 2021, the current members of the board of directors were appointed, the Stellantis articles of association became effective and the combined company was renamed Stellantis N.V. On this date, the Stellantis management and board of directors collectively obtained the power and ability to control the assets, liabilities and operations of both FCA and PSA. As such, under IFRS 3, *Business Combinations*, January 17, 2021 is the acquisition date for the business combination. Stellantis N.V. was established as a public limited liability company (*naamloze vennootschap*), organized in the Netherlands, as the parent of Stellantis with its principal executive offices located at Taurusavenue 1, 2132LS, Hoofddorp, the Netherlands.

In 2021, the merger was accounted for by Stellantis using the acquisition method of accounting in accordance with IFRS 3, which requires the identification of the acquirer and the acquiree for accounting purposes. Based on the assessment of the indicators under IFRS 3 and consideration of all pertinent facts and circumstances, management determined that PSA is the acquirer for accounting purposes and as such, the merger has been accounted for as a reverse acquisition. As a result, the financial statements of Stellantis N.V. will represent the historical financial statements of PSA. Refer to Note 3, *Scope of consolidation*, included elsewhere in these financial statements for additional detail.

Stellantis and its subsidiaries are engaged in the design, engineering, manufacturing, distribution and sale of automobiles and light commercial vehicles, engines, transmission systems, mobility services, metallurgical products and production systems. In addition, Stellantis is also involved in certain other activities, including software and data businesses and financial services activities relating to dealer and customer financing.

Unless otherwise specified, the terms “we”, “our”, “us”, the “Company” and “Stellantis” refer to Stellantis N.V., together with its consolidated subsidiaries, or any one or more of them, as the context may require. References to “FCA”, “FCA N.V.” and “FCA Group” mean Fiat Chrysler Automobiles N.V. or Fiat Chrysler Automobiles N.V. together with its consolidated subsidiaries, or any one or more of them, as the context may require. References to “PSA” and “Groupe PSA” mean Peugeot S.A. or Peugeot S.A. together with its consolidated subsidiaries, or any one or more of them, as the context may require. References to the “merger” refer to the merger between PSA and FCA completed on January 17, 2021 and resulting in the creation of Stellantis.

All references in this report to “Euro” and “€” refer to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended. Stellantis financial information is presented in Euro. All references to “U.S. Dollars”, “U.S. Dollar”, “U.S.\$” and “\$” refer to the currency of the United States of America (“U.S.”).

Stellantis has filed a list of subsidiaries and associated companies, prepared in accordance with Sections 379 and 414, Book 2, Dutch Civil Code, at the Dutch trade register of Amsterdam.

2. Basis of preparation

Authorization of Consolidated Financial Statements and compliance with International Financial Reporting Standards

The Consolidated Financial Statements, together with the notes thereto, of Stellantis as of and for the year ended December 31, 2022 (“The Consolidated Financial Statements”) were authorized for issuance by the Stellantis Board of Directors on February 24, 2023 and have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), as well as IFRS as adopted by the European Union. There is no effect on these consolidated financial statements resulting from differences between IFRS as issued by the IASB and IFRS as adopted by the European Union. The designation “IFRS” includes International Accounting Standards (“IAS”) as well as all interpretations of the IFRS Interpretations Committee (“IFRIC”).

Basis of preparation

The Consolidated Financial Statements are prepared under the historical cost method, modified for the measurement of certain financial instruments as required, as well as on a going concern basis. In this respect, the Company's assessment is that no material uncertainties (as defined in IAS 1 - *Presentation of Financial Statements*) exist about its ability to continue as a going concern.

For the presentation of the Consolidated Income Statement, Stellantis uses a classification based on the function of expenses rather than based on their nature as it is considered more representative of the format used for internal reporting and management purposes and is consistent with international practice in the automotive sector.

Significant accounting policies

Basis of consolidation

Subsidiaries

Subsidiaries are entities over which the Company has control. Control is achieved when the Company has power over the investee, when it was exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of the investor's returns. Subsidiaries are consolidated on a line by line basis from the date which control is achieved by the Company. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The Company recognizes a non-controlling interest in the acquiree on a transaction-by-transaction basis, either at fair value or at the non-controlling interest's share of the recognized amounts of the acquiree's identifiable net assets. Net profit or loss and each component of Other comprehensive income/(loss) are attributed to Equity attributable to owners of the parent and to Non-controlling interests. Total comprehensive income/(loss) of subsidiaries is attributed to Equity attributable to the owners of the parent and to the non-controlling interest even if this results in a deficit balance in Non-controlling interests.

Changes in the Company's ownership interests in a subsidiary that do not result in the Company losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of Equity attributable to owners of the parent and Non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the carrying amount of the non-controlling interests and the fair value of the consideration paid or received in the transaction is recognized directly in Equity attributable to the owners of the parent.

Subsidiaries are deconsolidated from the date on which control ceases. When the Company ceases to have control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts, derecognizes the carrying amount of non-controlling interests in the former subsidiary if any and recognizes the fair value of any consideration received from the transaction. Any gain or loss is recognized in the Consolidated Income Statement. Any retained interest in the former subsidiary is then remeasured to its fair value.

All intra-group balances and transactions, and any unrealized gains and losses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements.

Interests in Joint Ventures and Associates

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement which exist only when decisions about the relevant activities require the unanimous consent of the parties sharing the control.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control over those policies.

Joint ventures and associates are accounted for using the equity method of accounting from the date joint control or significant influence is obtained. On acquisition, any excess of the investment over the share of the net fair value of the investee's identifiable assets and liabilities is recognized as goodwill and is included in the carrying amount of the investment. Any excess of the Company's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Company's share of the investee's profit/(loss) in the acquisition period.

Under the equity method, investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit/(loss) and other comprehensive income/(loss) of the investee. The Company's share of the investee's profit/(loss) is recognized in the Consolidated Income Statement. Distributions received from an investee reduce the carrying amount of the investment. Post-acquisition movements in Other comprehensive income/(loss) are recognized in Other comprehensive income/(loss) with a corresponding adjustment to the carrying amount of the investment.

Unrealized gains arising on transactions between the Company and its joint ventures and associates are eliminated to the extent of the Company's interest in the joint venture or associate. Unrealized losses are also eliminated unless the transaction provided evidence of an impairment of the asset transferred.

When the Company's share of the losses of a joint venture or associate exceeds its interest in that joint venture or associate, the Company discontinues recognizing its share of further losses. Additional losses are provided for and a liability is recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate.

The Company discontinues the use of the equity method from the date the investment ceases to be an associate or a joint venture, or when it is classified as held for sale.

Interests in Joint Operations

A joint operation is a type of joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Company recognizes its related interest in the joint operation including: (i) its assets, including its share of any assets held jointly, (ii) its liabilities, including its share of any liabilities incurred jointly, (iii) its revenue from the sale of its share of the output arising from the joint operation, (iv) its share of the revenue from the sale of the output by the joint operation and (v) its expenses, including its share of any expenses incurred jointly.

Assets held for sale, Assets held for distribution and Discontinued Operations

Pursuant to IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations*, non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such an asset or disposal group, and the sale is highly probable, with the sale expected to be completed within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell and are presented separately in the Consolidated Statement of Financial Position. Non-current assets and disposal groups are not classified as held for sale within the comparative period presented for the Consolidated Statement of Financial Position.

A discontinued operation is a component of the Company that either has been disposed of or is classified as held for sale and (i) represents either a separate major line of business or a geographical area of operations, (ii) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or (iii) is a subsidiary acquired exclusively with a view to resell and the disposal involves loss of control.

Classification as a discontinued operation occurs upon disposal or, if earlier, when the asset or disposal group meets the criteria to be classified as held for sale. When the asset or disposal group is classified as a discontinued operation, the comparative information is reclassified within the Consolidated Income Statement and the Consolidated Statement of Cash Flows as if the asset or disposal group had been discontinued from the start of the earliest comparative period presented. In addition, when an asset or disposal group is classified as held for sale, depreciation and amortization cease.

The classification, presentation and measurement requirements of IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations* outlined above also apply to an asset or disposal group that is classified as held for distribution to owners, whereby there must be commitment to the distribution, the asset or disposal group must be available for immediate distribution and the distribution must be highly probable.

Foreign currency

The functional currency of the Company's entities is the currency used in their respective primary economic environments. In individual companies, transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the date of the Consolidated Statement of Financial Position. Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those initially recorded, are recognized in the Consolidated Income Statement.

All assets and liabilities of foreign consolidated companies with a functional currency other than the Euro are translated using the closing rates as at the date of the Consolidated Statement of Financial Position. Income and expenses are translated into Euro on a monthly basis at the average exchange rate for each month. Translation differences arising from the application of this method are classified within Other comprehensive income/(loss) until the disposal of the subsidiary.

Average exchange rates for the period are used in preparing the Consolidated Statement of Cash Flows to translate the cash flows of foreign subsidiaries.

The principal exchange rates used to translate other currencies into Euro were as follows:

	2022		2021		2020	
	Average	At December 31	Average	At December 31	Average	At December 31
U.S. Dollar (USD)	1.054	1.067	1.183	1.133	1.139	1.227
Argentine Peso (ARS) ⁽¹⁾	n.a.	188.915	n.a.	116.360	n.a.	103.252
Brazilian Real (BRL)	5.441	5.568	6.377	6.320	5.800	6.393
Canadian Dollar (CAD)	1.370	1.444	1.483	1.439	1.528	1.563
Swiss Franc (CHF)	1.005	0.985	1.082	1.033	1.070	1.080
Chinese Renminbi (CNY)	7.079	7.358	7.633	7.195	7.865	8.023
Turkish Lira (TRY) ⁽²⁾	n.a.	19.953	15.100	15.100	9.113	9.113
Czech Koruna (CZK)	24.561	24.116	25.650	24.858	26.437	26.242
Pound Sterling (GBP)	0.853	0.887	0.860	0.840	0.889	0.899
Mexican Peso (MXN)	21.203	20.856	23.989	23.144	24.363	24.416
Polish Zloty (PLN)	4.686	4.690	4.566	4.599	4.442	4.560
Japanese Yen (JPY)	137.931	140.660	129.848	130.380	121.666	126.490

n.a. = not applicable

(1) From July 1, 2018, Argentina's economy was considered to be hyperinflationary. Transactions after July 1, 2018 for entities with the Argentinian Peso as the functional currency were translated using the spot rate at the end of the period. The price indices used are published by the Instituto Nacional de Estadística y Censos de la Republica Argentina

(2) From April 1, 2022, Turkey's economy was considered to be hyperinflationary. Transactions after January 1, 2022 for entities with the Turkish Lira as the functional currency were translated using the spot rate at the end of the period. The price indices used are published by the Turkish Statistical Institute

Intangible assets

Goodwill

Goodwill represents the excess of the fair value of consideration paid in a business combination over the fair value of net tangible and identifiable intangible assets acquired. Goodwill is not amortized but is tested for impairment annually or more frequently if events or changes in circumstances indicated that it might be impaired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives consist principally of brands which have no legal, contractual, competitive, economic or other factors that limit their useful lives. Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually, or more frequently if events or changes in circumstances indicated that the asset may be impaired.

Development expenditures

Development expenditures for vehicle production and related components, engines and production systems are recognized as an asset if all of the following conditions within IAS 38 – *Intangible assets* are met: (i) development expenditures can be measured reliably, (ii) technical feasibility of the product, projected volumes and pricing support the view that the development expenditure will generate future economic benefits and (iii) the intention to complete the intangible asset as well as the availability of adequate technical, financial and other resources for this purpose. Capitalized development expenditures include all costs that could be directly attributed to the development process. All other development expenditures are expensed as incurred.

Capitalized development expenditures are amortized on a straight-line basis from when the related asset is available for use, generally from the beginning of production, over the expected life cycle of the models (generally 5-7 years) or propulsion systems (generally 10-12 years) developed.

Refer to Note 2, *Basis of preparation - Recoverability of non-current assets with definite useful lives* for additional information on the effects of climate change.

Other internally developed or purchased intangible assets, excluding development expenditures

The portion of development expenditures relating to software for internal use that corresponds to directly attributable internal or external costs necessary to create the software or improve its performance is recognized as an intangible asset when it is probable that these costs will generate future economic benefits. Other software acquisition and developments costs are expensed as incurred.

Other intangible assets (consisting principally of patents) are amortized on a straight line basis over the estimated useful life, not to exceed twenty years.

Property, plant and equipment

Cost

Property, plant and equipment is initially recognized at cost and includes the purchase price, any costs directly attributable to bringing the assets to the location and condition necessary to be capable of operating in the manner intended by management and any initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located. Self-constructed assets are initially recognized at production cost. Subsequent expenditures and the cost of replacing parts of an asset are capitalized only if they increased the future economic benefits embodied in that asset. All other expenditures are expensed as incurred. When such replacement costs are capitalized, the carrying amount of the parts that are replaced is expensed to the Consolidated Income Statement.

Depreciation

During the years ended December 31, 2022, 2021 and 2020, assets depreciated on a straight-line basis over their estimated useful lives as follows:

	Years
Buildings	33 - 40
Plant, machinery and equipment	2 - 25
Other assets	2 - 34

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of property, plant or equipment or an intangible asset that is deemed to be a qualifying asset as defined in IAS 23 - *Borrowing Costs* are capitalized. Only assets with a construction period of 12 months or longer are considered. The amount of borrowing costs eligible for capitalization corresponds to the actual borrowing costs incurred during the period, less any investment income on the temporary investment of any borrowed funds not yet used. The amount of borrowing costs capitalized in the years ended December 31, 2022 and 2021 was €189 million and €262 million, respectively.

Leases

As a Lessee

At the inception of a contract, the Company assesses whether the contract has, or contains, a lease. A contract has, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Right-of-use asset

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located if required by the lease, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use asset is determined based on the nature of the asset, taking into consideration the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain corresponding remeasurements of the lease liability.

Lease liability

The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate is not readily determined, the Company's incremental borrowing rate. The incremental borrowing rate is determined considering macro-economic factors such as the risk free rate based on the relevant currency and term, as well as Stellantis specific factors contributing to Stellantis' credit spread, including the impact of security. The Company primarily uses the incremental borrowing rate as the discount rate for its lease liabilities.

Lease payments used to measure the lease liability include the following, if appropriate:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate applicable as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- if reasonably certain to exercise, the exercise price under a purchase option, or lease payments in an optional renewal period; and
- penalties for early termination of a lease unless the Company was reasonably certain not to terminate early.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it would exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in *Property, plant and equipment* and lease liabilities in *Long-term debt* and *Short-term debt and current portion of long-term debt* in the Consolidated Statement of Financial Position.

The Company elects to not recognize right-of-use assets and lease liabilities for short-term leases and low-value leases for all classes of leased assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a Lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If the risks and rewards are substantially transferred, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Impairment of long-lived assets

Annually, or more frequently if facts or circumstances indicate otherwise, the Company assesses whether there is any indication that its finite-lived intangible assets (including capitalized development expenditures) and its property, plant and equipment may be impaired.

If indications of impairment are present, the carrying amount of the asset is reduced to its recoverable amount which is the higher of fair value less costs of disposal and its value in use, if the carrying amount exceeds the recoverable amount. The recoverable amount is determined for the individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of the cash-generating unit ("CGU") to which the asset belonged. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In assessing the value in use of an asset or CGU, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

When an impairment loss for assets, other than goodwill, no longer exists or has decreased, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount but not in excess of the carrying amount that would have been recorded had no impairment loss been recognized. The reversal of an impairment loss is recognized in the Consolidated Income Statement. Refer to the section *Use of estimates* below for additional information.

Financial assets and liabilities

Financial assets primarily includes trade receivables, receivables from financing activities, investments in other companies, derivative financial instruments, cash and cash equivalents, and other financial securities that do not satisfy the requirements for being classified as cash equivalents.

Financial liabilities primarily consists of debt, derivative financial instruments, trade payables and other liabilities.

Receivables from dealer financing activities are typically generated by sales of vehicles and are generally managed under dealer network financing programs as a component of the portfolio of the Company's financial services companies. These receivables are interest bearing with the exception of an initial, limited, non-interest bearing period. The contractual terms governing the relationships with the dealer networks vary according to market and payment terms, which generally range from two to twelve months.

In addition, the Company generates receivables from financing activities related to installment sales contracts and promissory notes originated through its automobile dealer relationships or directly with consumers. The Company utilizes warehouse credit facilities with financial institutions to fund originations. When sufficient volume is originated, the Company will complete an on-balance sheet securitization and issue term notes, thereby freeing up capacity in the warehouse credit facilities.

In our securitizations, we transfer loans to securitization trusts ("Trusts"), which issue one or more classes of asset-backed securities. These asset-backed securities are then sold to investors. These Trusts are included in our consolidated financial statements, but they are separate legal entities. The assets held by these Trusts are legally owned by them and are not available to the Company's creditors or creditors of our other Trusts. When the securitized assets are transferred to a Trust, we make certain representations and warranties regarding the securitized assets. These representations and warranties relate to specific aspects of the securitized assets, such as origination, obligors, accuracy, and security interest, but not the underlying performance of the securitized asset. If a breach were to occur related to one or more of these representations that materially affects the noteholders' interest, we would be obligated to repurchase the securitized assets.

The transfers of assets in the Company's securitization transactions do not qualify for derecognition. The Company accounts for all securitization transactions as if they were secured financing and therefore the assets, liabilities, and related activity of these transactions are consolidated in the financial statements. As the securitized receivables amortize, finance charge collections are passed through to the investors at a specified rate for the life of the securitization and an interest in collections exceeding the specified rate is retained by the Company. The majority of these securitization transactions are within Stellantis Financial Services in the U.S.

Classification and measurement

The classification of a financial asset is dependent on the Company's business model for managing such financial assets and their contractual cash flows. The Company considers whether the contractual cash flows represent solely payments of principal and interest that are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial assets are classified and measured at fair value through profit or loss ("FVPL").

Financial asset cash flow business model	Initial measurement⁽¹⁾	Measurement category⁽³⁾
Solely to collect the contractual cash flows (Held to Collect)	Fair Value including transaction costs	Amortized Cost ⁽²⁾
Collect both the contractual cash flows and generate cash flows arising from the sale of assets (Held to Collect and Sell)	Fair Value including transaction costs	Fair value through other comprehensive income (“FVOCI”)
Generate cash flows primarily from the sale of assets (Held to Sell)	Fair Value	FVPL

(1) Trade receivables without a significant financing component, as defined by IFRS 15, are initially measured at the transaction price

(2) Receivables with maturities of over one year, which bear no interest or have an interest rate significantly lower than market rates were discounted using market rates

(3) On initial recognition, the Company could irrevocably designate a financial asset at FVPL that otherwise met the requirements to be measured at amortized cost or at FVOCI if doing so eliminated or significantly reduced an accounting mismatch that would otherwise arise

Factors considered by the Company in determining the business model for a group of financial assets include:

- past experience on how the cash flows for these assets were collected;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and future sales activity expectations;
- how the asset’s performance is evaluated and reported to key management personnel; and
- how risks are assessed and managed and how management is compensated.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Cash and cash equivalents included cash at banks, units in money market funds and other money market securities, commercial paper and certificate of deposits that are readily convertible into cash, with original maturities of three months or less at the date of purchase. Cash and cash equivalents are subject to an insignificant risk of changes in value and consist of balances across various primary national and international banks and of money market instruments. Money market funds consist of investments in high quality, short-term, diversified financial instruments that can generally be liquidated on demand and are measured at FVPL. Cash at banks and Other cash equivalents are measured at amortized cost.

Investments in other companies are measured at fair value. Equity investments for which there is no quoted market price in an active market and there is insufficient financial information in order to determine fair value may be measured at cost as an estimate of fair value, as permitted by IFRS 9 - *Financial Instruments* (“IFRS 9”). The Company may irrevocably elect to present subsequent changes in the investment’s fair value in Other comprehensive income (“OCI”) upon the initial recognition of an equity investment that is not held to sell. This election is made on an investment-by-investment basis. Generally, any dividends from these investments are recognized in Other income from investments within Result from investments when the Company’s right to receive payment is established. Other net gains and losses are recognized in OCI and will not be reclassified to the Consolidated Income Statement in subsequent periods. Impairment losses (and the reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value in OCI.

Impairment of financial assets

The Company’s credit risk differs in relation to the type of activity. In particular, receivables from financing activities, such as dealer and retail financing that are carried out through the Company’s financial services companies, are exposed both to the direct risk of default and the deterioration of the creditworthiness of the counterparty, whereas trade receivables arising from the sale of vehicles and spare parts, are mostly exposed to the direct risk of counterparty default. These risks are mitigated by different kinds of securities received and the fact that collection exposure is spread across a large number of counterparties.

The IFRS 9 impairment requirements are based on a forward-looking expected credit loss (“ECL”) model. ECL is a probability-weighted estimate of the present value of cash shortfalls.

The calculation of the amount of ECL is based on the risk of default by the counterparty, which is determined by taking into account the information available at the end of each reporting period as to the counterparty's solvency, the fair value of any guarantees and the Company's historical experience. The Company considers a financial asset to be in default when: (i) the borrower is unlikely to pay its obligations in full and without consideration of compensating guarantees or collateral (if any exist); or (ii) the financial asset is more than 90 days past due.

The Company applies two impairment models for financial assets as set out in IFRS 9: the simplified approach and the general approach. The table below indicates the impairment model used for each of the Company's financial asset categories. Impairment losses on financial assets are recognized in the Consolidated Income Statement within the corresponding line items, based on the classification of the counterparty.

Financial asset	IFRS 9 impairment model
Trade receivables	Simplified approach
Receivables from financing activities	General approach
Other receivables	General approach

In order to test for impairment, individually significant receivables and receivables for which collectability is at risk are assessed individually, while all other receivables are grouped into homogeneous risk categories based on shared risk characteristics such as instrument type, industry or geographical location of the counterparty.

The simplified approach for determining the lifetime ECL allowance is performed in two steps:

- All trade receivables that are in default, as defined above, are individually assessed for impairment; and
- A general reserve is recognized for all other trade receivables (including those not past due) based on historical loss rates.

The Company applies the general approach as determined by IFRS 9 by assessing at each reporting date whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The Company considers receivables to have experienced a significant increase in credit risk when certain quantitative or qualitative indicators have been met or the borrower was more than 30 days past due on its contractual payments.

The "three-stages" for determining and measuring the impairment based on changes in credit quality since initial recognition are summarized below:

Stage	Description	Time period for measurement of ECL
Stage 1	A financial instrument that is not credit-impaired on initial recognition	12-month ECL
Stage 2	A financial instrument with a significant increase in credit risk since initial recognition	Lifetime ECL
Stage 3	A financial instrument that is credit-impaired or has defaulted	Lifetime ECL

Considering forward-looking economic information, ECL is determined by projecting the probability of default, exposure at default and loss given default for each future contractual period and for each individual exposure or collective portfolio. The discount rate used in the ECL calculation is the stated effective interest rate or an approximation thereof. Each reporting period, the assumptions underlying the ECL calculation are reviewed and updated as necessary. Since adoption, there have been no significant changes in estimation techniques or significant assumptions that led to material changes in the ECL allowance.

The gross carrying amount of a financial asset is written-off to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determined that a debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities.

Derivative financial instruments

Derivative financial instruments are used for economic hedging purposes in order to reduce currency, interest rate and market price risks (primarily related to commodities). In accordance with IFRS 9, derivative financial instruments are recognized when we become a party to the contractual provisions of the instrument and, upon initial recognition, are measured at fair value. Subsequent to initial recognition, all derivative financial instruments are measured at fair value. Furthermore, derivative financial instruments qualify for hedge accounting when (i) there is formal designation and documentation of the hedging relationship and the Company's risk management objective and strategy for undertaking the hedge at inception of the hedge and (ii) the hedge is expected to be effective. If the hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, this ratio must then be rebalanced. Rebalancing consists in adjusting either the designated quantities of the hedged item or the hedging instrument of an already existing hedging relationship.

When derivative financial instruments qualify for hedge accounting, the following accounting treatments apply:

- *Fair value hedges* - where a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a recognized asset or liability attributable to a particular risk that could affect the Consolidated Income Statement, the gain or loss from remeasuring the hedging instrument at fair value is recognized in the Consolidated Income Statement. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in the Consolidated Income Statement.
- *Cash flow hedges* - where a derivative financial instrument is designated as a hedge of the exposure to variability in future cash flows of a recognized asset or liability or a highly probable forecasted transaction and could affect the Consolidated Income Statement, the effective portion of any gain or loss on the derivative financial instrument is recognized directly in Other comprehensive income/(loss). When the hedged forecasted transaction results in the recognition of a non-financial asset, the gains and losses previously deferred in Other comprehensive income/(loss) are reclassified and included in the initial measurement of the cost of the non-financial asset. The effective portion of any gain or loss is recognized in the Consolidated Income Statement at the same time as the economic effect arising from the hedged item that affects the Consolidated Income Statement. The gain or loss associated with a hedge or part of a hedge that has become ineffective is recognized in the Consolidated Income Statement immediately.

When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss realized to the point of termination remains and is recognized in the Consolidated Income Statement at the same time as the underlying transaction occurred. If the hedged transaction is no longer probable, the cumulative unrealized gain or loss held in Other comprehensive income/(loss) is recognized in the Consolidated Income Statement immediately.

- *Hedges of a net investment* - if a derivative financial instrument is designated as a hedging instrument for a net investment in a foreign operation, the effective portion of the gain or loss on the derivative financial instrument is recognized in Other comprehensive income/(loss). The cumulative gain or loss is reclassified from Other comprehensive income/(loss) to the Consolidated Income Statement upon disposal of the foreign operation.

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure the hedge relationships meet the effectiveness requirements (including the existence of an economic relationship between the hedged item and hedging instrument). The Company enters into hedge relationships where the critical terms of the hedging instrument match closely or exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. In the event there was a hedge relationship where the critical terms of the hedged item do not match closely or perfectly with the critical terms of the hedging instrument, the Company would perform a quantitative assessment to assess effectiveness.

Ineffectiveness is measured by comparing the cumulative changes in fair value of the hedging instrument and cumulative change in fair value of the hedged item arising from the designated risk. The primary potential sources of hedge ineffectiveness are mismatches in timing or the critical terms of the hedged item and the hedging instrument.

The hedge ratio is the relationship between the quantity of the derivative and the hedged item. The Company's derivatives have the same underlying quantity as the hedged items, therefore the hedge ratio is expected to be one for one.

If hedge accounting cannot be applied, the gains or losses from the fair value measurement of derivative financial instruments are recognized immediately in the Consolidated Income Statement.

Refer to Note 17, *Derivative financial and operating assets and liabilities*, for additional information on fair value measurements.

Transfers of financial assets

The Company derecognizes financial assets when the contractual rights to the cash flows arising from the asset are no longer held or if it transfers substantially all the risks and rewards of ownership of the financial asset. On derecognition of financial assets, the difference between the carrying amount of the asset and the consideration received or receivable for the transfer of the asset is recognized in the Consolidated Income Statement.

The Company transfers certain of its financial, trade and tax receivables, mainly through factoring transactions. Factoring transactions may be either with recourse or without recourse. Certain transfers include deferred payment clauses requiring first loss cover (for example, when the payment by the factor of a minor part of the purchase price is dependent on the total amount collected from the receivables), whereby the transferor has priority participation in the losses, or requires a significant exposure to the variability of cash flows arising from the transferred receivables to be retained. These types of transactions do not meet the requirements of IFRS 9 for the derecognition of the assets since the risks and rewards connected with ownership of the financial asset are not substantially transferred, and accordingly the Company continues to recognize these receivables within the Consolidated Statement of Financial Position and recognizes a financial liability for the same amount under Asset-backed financing, which is included within Debt. These types of receivables are classified as held-to-collect, since the business model is consistent with the Company's continuing recognition of the receivables.

Inventories

Raw materials, semi-finished products and finished goods inventories are stated at the lower of cost and net realizable value, with cost being determined on a first-in, first-out ("FIFO") basis. The measurement of Inventories includes the direct cost of materials and labor as well as indirect costs (variable and fixed). A provision is made for obsolete and slow-moving raw materials, finished goods, spare parts and other supplies based on their expected future use and realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs for sale and distribution.

The measurement of production systems construction contracts is based on the stage of completion, which is determined as the proportion of cost incurred at the balance sheet date over the estimated total contract cost. These items are presented net of progress billings received from customers. Any losses on such contracts are recorded in the Consolidated Income Statement in the period in which they are identified.

Employee benefits

Defined contribution plans

Costs arising from defined contribution plans are expensed as incurred.

Defined benefit plans

The Company's net obligations are determined separately for each defined benefit plan by estimating the present value of future benefits that employees have earned and deducting the fair value of any plan assets. The present value of defined benefit obligations is measured using actuarial techniques and actuarial assumptions that are unbiased, mutually compatible and attribute benefits to periods in which the obligation to provide post-employment benefits arise by using the Projected Unit Credit Method. Plan assets are recognized and measured at fair value.

When the net obligation is a potential asset, the recognized amount is limited to the present value of any economic benefits available in the form of future refunds or reductions in future contributions to the plan (asset ceiling).

The components of defined benefit cost are recognized as follows:

- Service cost is recognized in the Consolidated Income Statement by function and is presented within the relevant line items (Cost of revenues, Selling, general and other costs, and Research and development costs);
- Net interest expense on the defined benefit liability/(asset) is recognized in the Consolidated Income Statement within Net financial expenses and is determined by multiplying the net liability/(asset) by the discount rate used to discount obligations taking into account the effect of contributions and benefit payments made during the year; and
- Remeasurement components of the net obligation, which comprise actuarial gains and losses, the return on plan assets (excluding interest income recognized in the Consolidated Income Statement) and any change in the effect of the asset ceiling are recognized immediately in Other comprehensive income/(loss). These remeasurement components are not reclassified to the Consolidated Income Statement in a subsequent period.

Past service costs arising from plan amendments and curtailments and gains and losses on the settlement of a plan are recognized immediately in the Consolidated Income Statement.

Other long term employee benefits

The Company's obligations represent the present value of future benefits that employees have earned in return for their service. The effects of remeasuring other long-term employee benefits to the present value of future benefits are recognized within the Consolidated Income Statement in the period in which they arise.

Share-based compensation

The Company has several compensation plans that provide for the granting of share-based compensation to certain employees and directors. Share-based compensation plans are accounted for in accordance with IFRS 2 -*Share-based Payment*, which requires the recognition of share-based compensation expense based on fair value.

For equity-settled transactions, the cost is determined by the fair value at the date when the grant is determined with reference to the grant-date share price and, where applicable, using a Monte Carlo simulation model. Refer to Note 19, *Share-based compensation*, for further information.

Share-based compensation expense is recognized within *Selling, general and other costs* within the Consolidated Income Statement, together with a corresponding increase in equity, over the period in which the service and, where applicable, the performance conditions are fulfilled ("vesting period"). The cumulative expense is recognized for equity-settled transactions at each reporting date using the graded vesting method and reflected the Company's best estimate of the number of equity instruments that will ultimately vest. The expense, or credit, in the Consolidated Income Statement for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there were also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards included a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. Any incremental expense between the original grant and the modified grant, measured at the date of modification, is recognized over the modified vesting terms. Where an award is cancelled by the entity or by the counterparty, any unrecognized element of the fair value of the award is expensed immediately through the Consolidated Income Statement.

For cash-settled transactions, a liability is recognized for the fair value measured initially and at each reporting date up to and including the settlement date. The fair value is expensed over the period until the vesting date, with recognition of a corresponding liability. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

Revenue recognition

Revenue is recognized when control of the Company's vehicles, services or parts has been transferred and the Company's performance obligations to its customers have been satisfied. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. The timing of when the Company transfers the goods or services to the customer could differ from the timing of the customer's payment. The Company recognizes a contract liability when it invoices an amount to a customer prior to the transfer of the goods or services provided. When the Company gives its customers the right to return eligible goods, the Company estimates the expected returns based on an analysis of historical experiences. Sales, value added and other taxes that the Company collects on behalf of others concurrently with revenue generating activities are excluded from revenue and are recognized within the Other liabilities and the Tax liabilities line items in the Consolidated Statement of Financial Position. Incidental items that are immaterial in the context of the contract are recognized as expense.

The Company also enters into contracts with multiple performance obligations. For these contracts, the Company allocates revenue from the transaction price to the distinct goods and services in the contract on a relative standalone selling price basis. To the extent that the Company sells the good or service separately in the same market, the standalone selling price is the observable price at which the Company sold the good or service separately. For all other goods or services, the Company estimates the standalone selling price using a cost-plus-margin approach.

Shipments of vehicles and sales of other goods

The Company has determined that the Company's customers from the sale of vehicles and service parts are generally dealers, distributors or fleet customers. Transfer of control, and therefore revenue recognition, generally corresponds to the date when the vehicles or service parts are made available to the customer, or when the vehicles or service parts are released to the carrier responsible for transporting them to the customer. This is also the point at which invoices are issued, with payment for vehicles typically due immediately and payment for service parts typically due in the following month. For component part sales, revenue recognition is consistent with that of service parts. In the case of service parts sold that are expected to be used for repairs under warranty, no revenue is recognized upon shipment. The Company also sells tooling, with control transferring at the point in time when the customer accepts the tooling.

The cost of incentives, if any, is estimated at the inception of a contract at the expected amount that will ultimately be paid and is recognized as a reduction to revenue at the time of the sale. If a vehicle contract transaction has multiple performance obligations, the cost of incentives is allocated entirely to the vehicle as the intent of the incentives is to encourage sales of vehicles. If the estimate of the incentive changes following the sale to the customer, the change in estimate is recognized as an adjustment to revenue in the period of the change. Refer to the *Use of estimates - Sales incentives* for more information on these programs.

New vehicles sales with residual value guarantees provided by the Company are recognized as revenue when control of the vehicle transfers to the customer, except in situations where the Company issues a put option for which there is a significant economic incentive to exercise, as discussed below. Upon recognition of the vehicle revenue, the Company established a liability equal to the estimated amount of any residual value guarantee.

The Company also sells vehicles where, the contract includes a put option whereby the customer may require the Company to repurchase the vehicles. For these types of arrangements, the Company assesses whether a significant economic incentive exists for the customer to exercise its put option. If the Company determines that a significant economic incentive does not exist for the customer to exercise its put option, then revenue is recognized when control of the vehicle transferred to the fleet customer and a liability is recognized equal to the estimated amount of the residual value guarantee if any. If the Company determines that a significant economic incentive exists, then the arrangement is accounted for similarly to a repurchase obligation, as described in *Lease installments from assets sold with buy-back commitments*.

Other services provided

Other revenues from services provided are primarily comprised of maintenance plans, extended warranties, and connectivity services, and are recognized over the contract period in proportion to the costs expected to be incurred based on the Company's historical experience. These services are either included in the selling price of the vehicle or separately priced. Revenue for services is allocated based on the estimated stand-alone selling price. Costs associated with these services are deferred and are subsequently amortized to expense consistent with how the related revenue is recognized. The Company had €236 million of deferred costs related to these services at December 31, 2022 (€159 million at December 31, 2021) and recognized €91 million of amortization expense during the year ended December 31, 2022 (€58 million during the year ended December 31, 2021).

Contract revenues

Revenue from construction contracts, which is comprised of industrial automation systems, included within "Other activities", is recognized as revenue over the contract period in proportion to the costs expected to be incurred based on the Company's historical experience. A loss is recognized if the sum of the expected costs for services under the contract exceeds the transaction price.

Lease installments from assets sold with buy-back commitments

Vehicle sales to customers can include a repurchase obligation, whereby the Company is required to repurchase the vehicles at a given point in time. The Company accounts for such sales as an operating lease. Upon the transfer of vehicles to the customer, the Company records a liability equal to the proceeds received within Other liabilities in the Consolidated Statement of Financial Position. The difference between the proceeds received and the guaranteed repurchase amount is recognized as revenue over the contractual term on a straight-line basis. The cost of the vehicle is recorded within Assets sold with a buy-back commitment if the contract term is 12 months or less, and recorded in Property, plant and equipment if the contract term is greater than 12 months. The difference between the cost of the vehicle and the estimated residual value is recognized within Cost of revenues in the Consolidated Income Statement over the contractual term.

Interest income of financial services activities

Interest income, which is primarily generated from the Company by providing dealer and retail financing, is recognized using the effective interest method.

Cost of revenues

Cost of revenues comprises expenses incurred in the manufacturing and distribution of vehicles and parts. Historically the most significant element is the cost of materials and components and the remaining costs included labor (consisting of direct and indirect wages), transportation costs, depreciation of property, plant and equipment and amortization of other intangible assets relating to production. In addition, expenses which are directly attributable to the consolidated financial services companies, including interest expense related to their financing as a whole and provisions for risks and write-downs of assets, are recorded within Cost of revenues (€289 million, €68 million and €5 million for the years ended December 31, 2022, 2021 and 2020, respectively). Cost of revenues also included €31 million, €227 million and €74 million related to the decrease in value for assets sold with buy-back commitments for the years ended December 31, 2022, 2021 and 2020, respectively. In addition, estimated costs related to product warranty and recall campaigns were recorded within Cost of revenues (refer to the section *Use of estimates* below for further information).

Government Grants

Government grants are recognized in the Consolidated Financial Statements when there is reasonable assurance of the Company's compliance with the conditions for receiving such grants and that the grants will be received. Government grants are recognized as income over the same periods as the related costs which they are intended to offset.

Government grants are recognized as a reduction in the cost of the corresponding assets.

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest is measured as the difference between the initial carrying amount of the loan (fair value plus transaction costs) and the proceeds received, and it is accounted for in accordance with the policies used for the recognition of government grants.

Taxes

Income taxes include all taxes which are based on the taxable profits of the Company. Current and deferred taxes are recognized as a benefit or expense and are included in the Consolidated Income Statement for the period, except for tax arising from (i) a transaction or event which is recognized, in the same or a different period, either in Other comprehensive income/(loss) or directly in Equity, or (ii) a business combination.

Deferred taxes are accounted for under the full liability method. Deferred tax liabilities are recognized for all taxable temporary differences between the carrying amounts of assets or liabilities and their tax base, except to the extent that the deferred tax liabilities arise from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax assets are recognized for all deductible temporary differences to the extent that it was probable that taxable profit will be available against which the deductible temporary differences can be utilized, unless the deferred tax assets arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affected neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the substantively enacted tax rates in the respective jurisdictions in which the Company operates that are expected to apply to the period when the asset is realized or liability is settled.

The Company recognizes deferred tax liabilities associated with the existence of a subsidiary's undistributed profits when it is probable that this temporary difference will reverse in the foreseeable future, except when it is able to control the timing of the reversal of the temporary difference. The Company recognizes deferred tax assets associated with the deductible temporary differences on investments in subsidiaries only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets relating to the carry-forward of unused tax losses and tax credits, as well as those arising from deductible temporary differences, are recognized to the extent that it is probable that future profits will be available against which they can be utilized. The Company monitors unrecognized deferred tax assets at each reporting date and recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Refer to *Use of estimates - Recoverability of deferred tax assets* for additional detail.

Current income taxes and deferred taxes are offset when they relate to the same taxation jurisdiction and there is a legally enforceable right of offset. Other taxes not based on income, such as property taxes and capital taxes, are included within Cost of revenue, Selling, general and other costs and Research and development costs.

Refer to Note 7, *Tax expense/(benefit)*, for additional information on tax expense and deferred tax assets.

Fair Value Measurement

Fair value for measurement and disclosure purposes is determined as the consideration that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their own economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. In estimating fair value, the Company use market-observable data to the extent it is available. When market-observable data is not available, the Company use valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

IFRS 13 - *Fair Value Measurement* establishes a hierarchy which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs). In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy at the lowest level input that is significant to the entire measurement.

Levels used in the hierarchy are as follows:

- Level 1 inputs include quoted prices (unadjusted) in active markets for identical assets and liabilities that the Company can access at the measurement date. Level 1 primarily consists of financial instruments such as certain held to collect and sell and held to sell securities;
- Level 2 inputs include those which are directly or indirectly observable as of the measurement date. Level 2 instruments include commercial paper and non-exchange-traded derivatives such as over-the-counter currency and commodity forwards, swaps and option contracts, which are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for similar instruments in active markets, quoted prices for identical or similar inputs not in active markets, and observable inputs; and
- Level 3 inputs are unobservable from objective sources in the market and reflect management judgment about the assumptions market participants would use in pricing the instruments. Instruments in this category include non-exchange-traded derivatives such as certain over-the-counter commodity option and swap contracts that are complex or with non standard clauses.

Refer to Note 24, *Fair value measurement*, for additional information on fair value measurements.

Use of estimates

The Consolidated Financial Statements are prepared in accordance with IFRS which requires the use of estimates, judgments and assumptions that affect the carrying amount of assets and liabilities, the disclosure of contingent assets and liabilities and the amounts of income and expenses recognized. The estimates and associated assumptions are based on management's best judgment of elements that were known when the financial statements are prepared, on historical experience and on any other factors that are considered to be relevant.

Estimates and underlying assumptions are reviewed by the Company periodically and when circumstances require. Actual results could differ from the estimates, which would require adjustment accordingly. The effects of any changes in estimates are recognized in the Consolidated Income Statement in the period in which the adjustment is made, or in future periods.

Items requiring estimates for which there is a risk that a material difference could arise in the future in respect of the carrying amounts of assets and liabilities are discussed below.

Employee Benefits

The Company provides post-employment benefits for certain of its active employees and retirees, which vary according to the legal, fiscal and economic conditions of each country in which the Company operates and changes periodically. The plans are classified by the Company on the basis of the type of benefit provided as follows: pension benefits, health care and life insurance plans and other post-employment benefits.

The Company provides certain post-employment benefits, such as pension or health care benefits, to their employees under defined contribution plans whereby the Company pays contributions to public or private plans on a legally mandatory, contractual, or voluntary basis. The Company recognizes the cost for defined contribution plans as incurred and classifies this by function within Cost of revenues, Selling, general and other costs, and Research and development costs in the Consolidated Income Statement.

Pension plans

The Company sponsored both non-contributory and contributory defined benefit pension plans primarily in the U.S., Canada, the UK and Germany, the majority of which were funded. Non-contributory pension plans cover certain hourly and salaried employees and the benefits are based on a fixed rate for each year of service. Additionally, contributory benefits are provided to certain salaried employees under the salaried employees' retirement plans.

The Company's defined benefit pension plans are accounted for on an actuarial basis, which requires the use of estimates and assumptions to determine the net liability or net asset. The Company estimates the present value of the projected future payments to all participants by taking into consideration parameters of a financial nature such as discount rates, the rate of salary increases and the likelihood of potential future events estimated by using demographic assumptions, which may have an effect on the amount and timing of future payments, such as mortality, dismissal and retirement rates, which are developed to reflect actual and projected plan experience. Mortality rates are developed using Stellantis plan-specific populations where appropriate as well as recent mortality information published by recognized experts in this field such as the U.S. Society of Actuaries and the Canadian Institute of Actuaries and other data where appropriate to reflect actual and projected plan experience. Comparable country specific sources and methods are used for all other countries. The expected amount and timing of contributions is based on an assessment of minimum funding requirements. From time to time, contributions are made beyond those that are legally required.

Plan obligations and costs are based on existing retirement plan provisions. Assumptions regarding any potential future changes to benefit provisions beyond those to which the Company is presently committed are not made. Significant differences in actual experience or significant changes in the following key assumption may affect the pension obligations and pension expense:

- *Discount rates.* The Company's discount rates are based on yields of high-quality (AA-rated) fixed income investments for which the timing and amounts of maturities match the timing and amounts of the projected benefit payments.

The effects of actual results differing from assumptions and of amended assumptions are included in Other comprehensive income/(loss). The weighted average discount rates used to determine the defined benefit obligation for the defined benefit plans were 5.14 percent and 2.60 percent at December 31, 2022 and 2021, respectively.

At December 31, 2022, the effect on the defined benefit obligation of an increase in the discount rate, holding all other assumptions constant, is as follows:

	Effect on pension benefit obligation increase/ (decrease) in Net liability	Germany and France	UK	US and Canada	Other
			(€ million)		
25 basis point decrease in discount rate	609	96	51	455	7
25 basis point increase in discount rate	(580)	(91)	(48)	(435)	(6)

Refer to Note 20, *Employee benefits liabilities*, for additional information on the Company's pension plans.

Other post-employment benefits

The Company provides health care, legal, severance, indemnity life insurance benefits and other post-retirement benefits to certain hourly and salaried employees. Upon retirement, these employees may become eligible for a continuation of certain benefits. Benefits and eligibility rules may be modified periodically.

These other post-employment benefits ("OPEB") are accounted for on an actuarial basis, which requires the selection of various assumptions. The estimation of the Company's obligations, costs and liabilities associated with OPEB requires the use of estimates of the present value of the projected future payments to all participants, taking into consideration the likelihood of potential future events estimated by using demographic assumptions, which may have an effect on the amount and timing of future payments, such as mortality, dismissal and retirement rates, which are developed to reflect actual and projected plan experience, as well as legal requirements for retirement in respective countries. Mortality rates are developed using plan-specific populations, recent mortality information published by recognized experts in this field and other data where appropriate to reflect actual and projected plan experience.

Plan obligations and costs are based on existing plan provisions. Assumptions regarding any potential future changes to benefit provisions beyond those to which the Company are presently committed are not made.

Significant differences in actual experience or significant changes in the following key assumptions may affect the OPEB obligation and expense:

- *Discount rates.* Stellantis' discount rates are based on yields of high-quality (AA-rated) fixed income investments for which the timing and amounts of maturities matched the timing and amounts of the projected benefit payments.
- *Health care cost trends.* The Company's health care cost trend assumptions are developed based on historical cost data, the near-term outlook and an assessment of likely long-term trends.

At December 31, 2022, the effect of a decrease or increase in the key assumptions affecting the health care and life insurance plans, holding all other assumptions constant, is shown below:

	Effect on health care, life insurance and OPEB obligation
	(€ million)
25 basis point decrease in discount rate	70
25 basis point increase in discount rate	(67)
100 basis point decrease in health care cost trend rate	(18)
100 basis point increase in health care cost trend rate	20

Refer to Note 20, *Employee benefits liabilities*, for additional information on the Company's OPEB liabilities.

Recoverability of non-current assets with definite useful lives

Non-current assets with definite useful lives include property, plant and equipment, intangible assets and assets held for sale. Intangible assets with definite useful lives mainly consist of capitalized development expenditures primarily related to the North America and Enlarged Europe segments. The Company periodically reviews the carrying amount of non-current assets with definite useful lives when events or circumstances indicate that an asset may be impaired. The Medium-Term Plan (“MTP”) used to perform the impairment testing covers the period from 2023 to 2025. The recoverability of non-current assets with definite useful lives is based on the estimated future cash flows, using the Company’s MTP of the Cash Generating Units (“CGUs”) to which the assets relate to. The lowest level of asset groups that generate largely independent cash flows is the vehicle platform level, which is considered the CGU for impairment testing. Goodwill is allocated only to the operating segment. As such, the operating segments are the CGU for impairment testing for Goodwill and Intangible assets with indefinite useful lives.

The global automotive industry is experiencing significant change due to increased focus on climate change resulting in evolving regulatory requirements for fuel efficiency, driving electrification as well as changes in fuel efficiency, greenhouse gas emissions and other tailpipe emissions. This is in addition to technological changes, such as electrification and autonomous driving. The Company has announced significant investments in electrification and software which are reflected in the MTP. However, its business plans could change in response to these evolving requirements and technological changes or in relation to any future business plans or strategies developed as part of partnerships and collaborations. As the Company continues to assess the potential impacts of these evolving requirements, technological changes or future plans and strategies, and of operationalizing and implementing the strategic targets set out in the MTP, including reallocation of our resources, the recoverability of certain of the Company’s assets or CGUs may be impacted in future periods. For example, product development strategies may be affected by regulatory changes as well as changes in the expected costs of implementing electrification, including the cost of batteries. As relevant circumstances change, the Company expects to adjust its product plans which may result in changes to the expected use of certain of the Company’s vehicle platforms and propulsion systems.

These uncertainties may result in either impairments of, or reductions to the expected useful lives of, platforms and propulsion systems, or both. Any change in recoverability would be accounted for at the time such change to the business plan occurs. For the years ended December 31, 2022, 2021 and 2020, the impairment tests performed compared the carrying amount of the assets included in the respective CGUs to their value-in-use. The value-in-use of the CGUs is determined using a discounted cash flow methodology based on estimated pre-tax future cash flows attributable to the CGUs and a pre-tax discount rate reflecting a current market assessment of the time value of money and the risks specific to the CGUs.

During the year ended December 31, 2022, impairment losses of €237 million were recognized, mainly related to Enlarged Europe, primarily in Russia with €43 million related to inventories, €47 million related to tax assets and €47 million related to other assets.

During the year ended December 31, 2021, impairment losses of €309 million were recognized, primarily in relation to the impairment of certain vehicle platforms in the Enlarged Europe segment. These vehicle platforms were legacy platforms on which there are a limited number of models. The impairments are generated mainly as a result of the projections reflected in the MTP used to perform the impairment testing, in which these platforms had reduced volumes and profitability. The impairment loss of €309 million mainly relate to Property, plant and equipment of €137 million and €151 million of capitalized development expenditures.

During the year ended December 31, 2020, impairment losses totaling €202 million were recognized, mainly related to €135 million impairment of research and development assets in China, India and Asia Pacific, a €15 million impairment in South America CGU and a €53 million impairment in Enlarged Europe CGU, in each case due to decreased projections of volumes and profit, in particular as a result of market disruption caused by the COVID-19 pandemic.

Recoverability of Goodwill and Intangible assets with indefinite useful lives

In accordance with IAS 36 - *Impairment of Assets*, Goodwill and intangible assets with indefinite useful lives are not amortized and are tested for impairment annually or more frequently if facts or circumstances indicate that the asset may be impaired.

Goodwill and intangible assets with indefinite useful lives are allocated to operating segments or to CGUs within the operating segments. The impairment test is performed by comparing the carrying amount (which mainly comprises property, plant and equipment, goodwill, brands, capitalized development expenditures, working capital and reserves) and the recoverable amount of each CGU or group of CGUs to which Goodwill has been allocated. The recoverable amount of a CGU is the higher of its fair value less costs of disposal and its value-in-use. The balance of Goodwill and intangible assets with indefinite useful lives recognized by the Company primarily relate to the merger with FCA. Goodwill from the merger with FCA is allocated to the North America, South America, Maserati, India and Asia Pacific and Enlarged Europe operating segments. All other Goodwill balances relate primarily to Enlarged Europe, Other activities and to a lesser extent China.

The MTP is used as a basis to perform the Company's annual impairment test for Goodwill and intangible assets with indefinite useful lives. The Company's Goodwill and intangible assets with indefinite useful lives were tested for impairment on October 1, 2022, which is the new date the Company annually tests goodwill for impairment. In 2021, the Company performed the test on October 31.

- The estimate of the recoverable amount for purposes of performing the annual impairment test for each of the operating segments is determined using value-in-use and was based on the following assumptions:
 - The expected future cash flows covering the period from October 1, 2022 through December 31, 2025. These expected cash flows reflect the current expectations regarding economic conditions and market trends as well as the Company's initiatives for the period covered by the projections. These cash flows relate to the respective CGUs in their current condition when preparing the financial statements and exclude the estimated cash flows that might arise from restructuring plans or other structural changes. Volumes and sales mix used for estimating the future cash flow are based on assumptions that are considered reasonable and sustainable and represent the best estimate of expected conditions regarding market trends and segment, brand and model share for the respective operating segment over the period considered.
 - The expected future cash flows include a normalized terminal period to estimate the future result beyond the time period explicitly considered which incorporated a long-term growth rate assumption of 1.4 percent to 2.5 percent. The growth rate per region is determined by reference to the risk free rate and the rate of inflation considered in the regional discount rate. The long-term AOI margins are set considering the Company's long-term projections for each of the segments.
- The estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU that are not reflected in the estimated future cash flows.
- Pre-tax cash flows are discounted using a pre-tax discount rate which reflects the current market assessment of the time value of money for the period being considered, and the risks specific to those cash flows under consideration. The pre-tax Weighted Average Cost of Capital ("WACC") discount rate applied ranged from 14.7 percent to 32.4 percent.

The values estimated as described above are determined to be in excess of the carrying amount for each operating segment to which Goodwill is allocated. As such, no impairment charges were recognized for Goodwill and Intangible assets with indefinite useful lives for the year ended December 31, 2022.

No impairment charges were recognized for Goodwill and Intangible assets with indefinite useful lives for the year ended December 31, 2021.

There were impairment charges resulting from the impairment tests performed for the year ended December 31, 2020, of €150 million.

Recoverability of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax assets to be utilized. The recoverability of deferred tax assets is dependent on the Company's ability to generate sufficient future taxable income in the period in which it is assumed that the deductible temporary differences reverse and tax losses carried forward can be utilized. In making this assessment, the Company considers future taxable income arising based on the most recent business plan. Moreover, the Company estimates the impact of the reversal of taxable temporary differences on earnings and it also considers the period over which these deferred tax assets could be recovered. The estimates and assumptions used in the assessment are subject to uncertainty especially related to the Company's future performance as compared to the business plan. Therefore, changes in current estimates due to unanticipated events could have a significant impact on the Consolidated Financial Statements. Refer to Note 7, *Tax expense/benefit* for additional detail.

Sales incentives

The Company records the estimated cost of sales incentive programs offered to dealers and consumers as a reduction to revenue at the time of sale to the dealer. This estimated cost represents the incentive programs offered to dealers and consumers, as well as the expected modifications to these programs in order to facilitate sales of the dealer inventory. Subsequent adjustments to sales incentive programs related to vehicles previously sold to dealers are recognized as an adjustment to Net revenues in the period the adjustment is determinable.

The Company uses price discounts to adjust vehicle pricing in response to a number of market and product factors, including pricing actions and incentives offered by competitors, economic conditions, the amount of excess industry production capacity, the intensity of market competition, consumer demand for the product and the desire to support promotional campaigns. The Company may offer a variety of sales incentive programs at any given point in time, including cash offers to dealers and consumers and subvention programs offered to customers, or lease subsidies, which reduce the retail customer's monthly lease payment or cash due at the inception of the financing arrangement, or both. Sales incentive programs are generally brand, model and region specific for a defined period of time.

Multiple factors are used in estimating the future incentive expense by vehicle line, including the current incentive programs in the market, planned promotional programs and the normal incentive escalation incurred as the model year ages. The estimated incentive rates are reviewed monthly and changes to planned rates are adjusted accordingly, thereby impacting revenues. As there are a multitude of inputs affecting the calculation of the estimate for sales incentives, an increase or decrease of any of these variables could have a significant effect on Net revenues.

Product warranties, recall campaigns and product liabilities

The Company establishes reserves for product warranties at the time the related sale is recognized. The Company issues various types of product warranties under which the performance of products delivered is generally guaranteed for a certain period or term. The accrual for product warranties includes the expected costs of warranty obligations imposed by law or contract, as well as the expected costs for policy coverage, recall actions and buyback commitments. The estimated future costs of these actions are principally based on assumptions regarding the lifetime warranty costs of each vehicle line and each model year of that vehicle line, as well as historical claims experience for the Company's vehicles. In addition, the number and magnitude of additional service actions expected to be approved and policies related to additional service actions are taken into consideration. Due to the uncertainty and potential volatility of these estimated factors, changes in the assumptions used could materially affect the results of operations.

The Company periodically initiates voluntary service and recall actions to address various customer satisfaction as well as safety and emissions issues related to vehicles sold. Included in the reserve is the estimated cost of these service and recall actions. The Company accrues estimated costs for recalls when they are probable of occurring and a reliable estimate of the costs can be made.

Estimates of the future costs of these actions are subject to numerous uncertainties, including the enactment of new laws and regulations, the number of vehicles affected by a service or recall action and the nature of the corrective action. It is reasonably possible that the ultimate cost of these service and recall actions may require the Company to make expenditures in excess of (or less than) established reserves over an extended period of time and in a range of amounts that cannot be reasonably estimated. The estimate of warranty and additional service and recall action obligations is periodically reviewed during the year. Experience has shown that initial data for any given model year can be volatile; therefore, the Company's process relies upon long-term historical averages until sufficient data is available. As actual experience becomes available, it is used to modify the historical averages to ensure that the forecast is within the range of likely outcomes. Resulting accruals are then compared with current spending rates to ensure that the balances are adequate to meet expected future obligations.

In addition, the Company makes provisions for estimated product liability costs arising from property damage and personal injuries including wrongful death, and potential exemplary or punitive damages alleged to be the result of product defects. By nature, these costs can be infrequent, difficult to predict and have the potential to vary significantly in amount. The valuation of the reserve is actuarially determined on an annual basis based on, among other factors, the number of vehicles sold and product liability claims incurred. Costs associated with these provisions are recorded in the Consolidated Income Statement and any subsequent adjustments are recorded in the period in which the adjustment is determined.

Litigation

Various legal proceedings, claims and governmental investigations are pending against the Company on a wide range of topics, including vehicle safety, emissions and fuel economy, competition, tax and securities matters, alleged violations of law, labor, dealer, supplier and other contractual relationships, intellectual property rights, product warranties and environmental matters. Some of these proceedings allege defects in specific component parts or systems (including airbags, seats, seat belts, brakes, ball joints, transmissions, engines and fuel systems), in various vehicle models or allege general design defects relating to vehicle handling and stability, sudden unintended movement or crashworthiness. These proceedings seek recovery for damage to property, personal injuries or wrongful death and in some cases include a claim for exemplary or punitive damages. Adverse decisions in one or more of these proceedings could require the Company to pay substantial damages, or undertake service actions, recall campaigns or other costly actions.

Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. Moreover, the cases and claims against the Company are often derived from complex legal issues that are subject to differing degrees of uncertainty, including the facts and circumstances of each particular case, the manner in which the applicable law is likely to be interpreted and applied and the jurisdiction and the different laws involved. A provision is established in connection with pending or threatened litigation if it is probable there would be an outflow of funds and when the amount can be reasonably estimated. If an outflow of funds becomes probable, but the amount cannot be estimated, the matter is disclosed in the notes to the Consolidated Financial Statements. Since these provisions represent estimates, the resolution of some of these matters could require the Company to make payments in excess of the amounts accrued or may require the Company to make payments in an amount or range of amounts that could not be reasonably estimated.

The Company monitors the status of pending legal proceedings and consults with experts on legal and tax matters on a regular basis. As such, the provisions for the Company's legal proceedings and litigation may vary as a result of future developments in pending matters.

New standards and amendments effective January 1, 2022

The following amendments and interpretations, which were effective from January 1, 2022, were adopted by the Company. The adoption of these amendments did not have a material impact on the Consolidated Financial Statements.

- In May 2020, the IASB issued Annual Improvements to IFRSs 2018-2020, which includes amendments to the following standards: updating a reference in IFRS 3 - Business Combinations to the Conceptual Framework for Financial Reporting; in IAS 16 - Property, Plant and Equipment, prohibiting the deduction of amounts received from selling items produced whilst preparing the asset for its intended use from the cost of property, plant and equipment; in IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, specifying what costs are to be included when assessing whether a contract will be loss-making; and minor amendments to IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 9 - Financial Instruments, IAS 41 - Agriculture and the Illustrative Examples accompanying IFRS 16 - Leases.

New standards and amendments not yet effective

The following new standards and amendments were issued by the IASB. We will comply with the relevant guidance no later than their respective effective dates:

- In January 2020, the IASB issued Classification of Liabilities as Current or Non-current (Amendments to IAS 1), which affects the requirements in IAS 1 for the presentation of liabilities, including clarifying one of the criteria for classifying a liability as non-current. In October 2022, the IASB issued an amendment to further clarify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification as current or non-current, even if the covenant is only assessed after the entity's reporting date. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier adoption permitted. We do not expect a material impact on our Consolidated Financial Statements or disclosures upon adoption of the amendment.
- In June 2020, the IASB issued amendments to IFRS 17 - Insurance Contracts aimed at helping companies implement the standard and making it easier for them to explain their financial performance. The fundamental principles introduced when the Board first issued IFRS 17 in May 2017 remain unaffected. The amendments, which respond to feedback from stakeholders, are designed to: reduce costs by simplifying some requirements in the Standard; make financial performance easier to explain; and ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time. The amendment relates to insurers' transition to the new Standard only - it does not affect any other requirements in IFRS 17. In December 2021, the IASB issued a narrow-scope amendment to the transition requirements in IFRS 17 Insurance Contracts, providing insurers with an option aimed at improving the usefulness of information to investors on initial application of the new Standard. We are currently evaluating the impact of adoption, but do not expect this to have a material impact on the Consolidated Financial Statements.
- In February 2021, the IASB issued amendments to IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Change in Accounting Estimates and Errors. The amendments to IAS 1 require companies to disclose their material accounting policies rather than their significant accounting policies, including providing guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments to IAS 8 clarify how companies should distinguish change in accounting policies from changes in accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. We do not expect a material impact to our Consolidated Financial Statements or disclosures upon adoption of the amendments.
- In May 2021, the IASB issued targeted amendments to IAS 12, the IFRS Standard on income taxes, to specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. IAS 12 Income Taxes specifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognize both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognize deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted. We do not expect a material impact to our Consolidated Financial Statements or disclosures upon adoption of the amendments.
- In September 2022, the IASB issued a narrow-scope amendment to IFRS 16 - Leases, which adds to the requirements explaining how a company accounts for a sale and leaseback after the date of the transaction. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. We are currently evaluating the impact of adoption.

3. Scope of consolidation

The following table sets forth a list of the principal subsidiaries of the Company, which are grouped by reportable segments, as well as listing of companies within Other activities.

Name	Country	Percentage Interest Held
North America		
FCA US LLC	USA	100.00
FCA Canada Inc.	Canada	100.00
Stellantis Mexico, S.A. de C.V.	Mexico	100.00
South America		
FCA Fiat Chrysler Automoveis Brasil LTDA.	Brazil	100.00
FCA Automobiles Argentina S.A.	Argentina	100.00
Enlarged Europe		
FCA Italy S.p.A.	Italy	100.00
Automobiles Peugeot	France	100.00
Automobiles Citroën	France	100.00
Opel Automobile GmbH	Germany	100.00
Groupe PSA Italia S.p.A.	Italy	100.00
PSA Retail France SAS	France	100.00
PSA Automobiles S.A.	France	100.00
FCA Germany GmbH	Germany	100.00
Stellantis España, S.L.	Spain	99.99
Vauxhall Motors Limited	United Kingdom	100.00
FCA France S.A.S.	France	100.00
Peugeot Motor Company PLC	United Kingdom	100.00
PSA Retail UK Limited	United Kingdom	100.00
Peugeot Deutschland GmbH	Germany	100.00
Fiat Chrysler Automobiles Spain S.A.	Spain	100.00
Middle East & Africa		
Stellantis Automotiv Pazarlama Anonim Sirketi	Turkey	100.00
Stellantis Middle East FZE	United Arab Emirates	100.00
Peugeot Citroën Automobiles Maroc	Morocco	94.93
China and India & Asia Pacific		
Stellantis Japan Ltd.	Japan	100.00
Chrysler Group (China) Sales Ltd.	People's Rep.of China	100.00
Fiat India Automobiles Private Limited	India	50.00
Maserati		
Maserati S.p.A.	Italy	100.00
Maserati (China) Cars Trading Co., Ltd.	People's Rep.of China	100.00
Maserati North America Inc.	USA	100.00
Financial Services		
Banque PSA Finance	France	100.00
FCA Automotive Finance Co. Ltd.	People's Rep.of China	100.00
Stellantis Financial Services US Corp.	USA	100.00
Banco Fidis S.A.	Brazil	100.00
Fidis S.p.A.	Italy	100.00
Holdings & Other Companies		

FCA North America Holdings LLC	USA	100.00
GIE PSA Trésorerie	France	100.00
Fiat Chrysler Finance North America, Inc.	USA	100.00
Fiat Chrysler Finance Europe Société en nom collectif	Luxembourg	100.00
Fiat Chrysler Finance S.p.A.	Italy	100.00
Stellantis International S.A.	Switzerland	100.00

Local regulation allows for exemption from local statutory requirements according to sec. 264 of the German Commercial Code and the company has applied such exemption for the following legal entities: Citroën Deutschland GmbH, Stellantis Germany GmbH, PSA Retail GmbH, Peugeot Deutschland GmbH, Opel Group Warehousing GmbH, FCA Germany GmbH, FCA Motor Village Germany GmbH, Car2go GmbH and Share Now GmbH.

Russia & Ukraine War

In response to the on-going Russia-Ukraine war, various governments around the world have applied economic, trade and financial sanctions against Russia.

In Russia, we have a joint venture assembly plant, accounted for as a joint operation, as well as national sales companies. In March 2022, the import and export of vehicles to and from Russia were suspended by Stellantis. In April 2022, operations at the joint venture assembly plant were suspended. In Ukraine, we have a national sales company.

Due to the sustained Russia-Ukraine conflict, the continued economic, trade and financial sanctions imposed by various governments around the world and continued uncertainty related to the future of our operations in Russia, we have recognized an impairment of our assets in Russia for €137 million in the six months ended December 31, 2022. The impairment charges are comprised of €43 million related to inventories, €47 million related to tax assets and €47 million related to other assets.

Acquisitions

In order to strengthen our used car business which is one of our long term strategic priorities, on January 31, 2022, Stellantis announced it had acquired control through the purchase of 60 percent of Stimcar Holding, a company dedicated to the refurbishment of used vehicles. The total consideration was €58 million, of which €43 million was paid in cash on closing, and €15 million recognized as contingent consideration. As a result of the purchase accounting, the Company has recognized goodwill of €53 million, which is reported in the Enlarged Europe reporting segment.

On July 18, 2022, as a strategic step towards Stellantis Dare Forward 2030 goal of growing its profitable mobility service, Stellantis announced the completion of its 100 percent acquisition of Share Now, a car sharing company operating in 16 major European cities. The total consideration was €81 million, of which €56 million was paid in cash on closing, and €25 million recognized as contingent consideration. As a result of the preliminary purchase accounting, the Company has recognized preliminary goodwill of €74 million, which is reported in Other activities. The amounts reported above are provisional and could be subject to further adjustment during the one-year measurement period, in accordance with IFRS 3.

On December 22, 2022, Stellantis acquired 100 percent of aiMotive, an artificial intelligence company specializing in autonomous driving. This acquisition enhances Stellantis' artificial intelligence and autonomous driving core technology, expands its global talent pool, and boosts the mid-term development of the STLA AutoDrive platform which is part of the Dare Forward 2030 strategic plan. The total consideration was €240 million, paid in cash on closing. The preliminary purchase price allocation has not been completed due to the proximity of the acquisition date to the year end. The net assets acquired amounted to €11 million resulting in a preliminary goodwill of €229 million, which is reported in Other activities.

In December 2022, FCA US LLC paid a €141 million capital contribution to StarPlus Energy LLC for 49 percent of its equity. StarPlus Energy LLC is a joint venture with Samsung SDI for the production of batteries in the U.S. and is accounted for as an equity method investment.

Disposals

On April 8, 2022, Stellantis announced the sale of its 25 percent stake in GEFSCO S.A. ("GEFSCO"), which was previously reported as an equity method investment.

On December 20, 2022, Stellantis completed the sale of Vari-Form Manufacturing Inc. ("VF Canada"). Stellantis received consideration of €62 million for the sale of VF Canada and recognized a loss on sale of the entity of €19 million on disposal. Vari-Form originated the concept and application of tubular hydroforming to body, chassis and other automotive structural parts. The sale is subject to customary final confirmation of purchase price after adjustments by the buyer.

On December 15, 2022, Stellantis completed the sale of Dongfeng Peugeot Citroën Auto Finance Company Ltd ("DPCA Finco"), which was previously reported as an equity method investment in which it held a 25 percent direct interest as well as a 25 percent indirect interest through its 50 percent joint venture DPCA. Stellantis received consideration of €168 million for the sale of its 25 percent investment. DPCA Finco is a financial services company in China providing financing solutions for Peugeot and Citroën branded vehicles in China. The gain on sale of €40 million was reported in the Consolidated Income Statement in Gains/(losses) of disposal on investments. This is subject to customary final confirmation of purchase price after adjustments by the buyer.

Held for sale

On December 17, 2021, Stellantis announced the intention to reorganize its leasing activities in Europe with the intention to create a European multi-brand operational leasing company with Crédit Agricole Consumer Finance S.A. (“CACF”), (with each of Stellantis and CACF holding a 50 percent interest) that would result from the combination of the leasing activities of Leasys and the activities of Free2Move Lease (“F2ML”), a business unit created within the former Groupe PSA and which aims to develop the business to business (“B2B”) long-term leasing activity. In addition, the joint ventures with BNPP PF and SCF are planned to be reorganized so the joint ventures with BNPP PF will operate financing activities in Germany, Austria and in the UK and joint ventures with SCF will operate financing activities in France, Italy, Spain, Belgium, Poland, the Netherlands and through a commercial agreement with SCF in Portugal. The joint ventures’ financing activities will cover all Stellantis brands. The binding agreements governing this reorganization were signed on March 31, 2022 between Stellantis and each of BNP Paribas Personal Finance, Crédit Agricole Consumer Finance and Santander Consumer Finance.

As a result of the reorganization above of the leasing activities, Leasys was transferred from FCA Bank to LeaseCo, a joint venture held 50 percent by both Stellantis and CACF. Prior to the transaction Stellantis and CACF both held a 50 percent interest indirectly through FCA Bank, and following the transfer both Stellantis and CACF hold a 50 percent interest in Leasys indirectly through LeaseCo.

As a result of the reorganization discussed above, our 50 percent interest in FCA Bank is planned to be sold to CACF during the first half of 2023. As of December 31, 2022, the equity investment in FCA Bank met the criteria to be classified as held for sale under IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*. As the estimated consideration from the sale is expected to be less than book value, our investment in FCA Bank has been written down to approximately €1,700 million, with the estimated loss of €133 million recognized within Share of the profit/(loss) of equity method investees on the Income Statement. FCA Bank, a joint venture with CACF, operates in Europe, primarily in Italy, France, Germany, UK and Spain. FCA Bank provides retail and dealer financing services in the automotive sector, directly or through its subsidiaries as a partner of the FCA vehicle brands and for Maserati vehicles. The equity investment in FCA Bank was previously reported within Other activities.

The remaining transactions are targeted to be completed during the first half of 2023, and is subject to customary closing conditions, including the receipt of antitrust approvals.

During the year ended December 31, 2022, there were various minor businesses which met the criteria under IFRS 5 to be classified as held for sale with assets of €207 million and liabilities of €61 million.

Teksid Cast Iron Components Business

On October 1, 2021, Stellantis completed the sale of Teksid’s cast iron production legal entities in Brazil and Portugal, previously reported within the Other activities, with total assets and liabilities of €152 million and €144 million, respectively, which were previously reported as assets held for sale and liabilities held for sale. The loss on sale of €12 million was reported in the Consolidated Income Statement in Gains/(Losses) of disposal on investments.

On October 12, 2022, we entered into a binding agreement with Cummins Inc. for the sale of Teksid's cast iron production legal entities in Mexico and the U.S., which were previously reported within Other activities. The related assets of €139 million and liabilities of €52 million are classified as held for sale as of December 31, 2022. Consideration, subject to customary purchase price adjustments, will be paid at closing expected in Q1 2023. The proposed transactions are subject to customary closing conditions, including the receipt of antitrust approvals.

GAC-Stellantis JV

In January 2022, Stellantis announced a plan to increase its shareholding with GAC-Stellantis JV from 50 percent to 75 percent. Due to lack of progress in the previously announced plan for Stellantis to take a majority share in GAC-Stellantis JV, Stellantis is cooperating with GAC Group in an orderly termination of the joint venture. Stellantis will focus on distributing imported vehicles for the Jeep brand in China through an asset-light approach. As a result, Stellantis fully impaired the equity method investment in GAC-Stellantis JV of €126 million in the six months ended June 30, 2022. In addition, impairments were recognized for the loans granted to GAC-Stellantis JV of €106 million, €48 million related to trade receivables, as well as, €16 million primarily related to capitalized development expenditures. These amounts are recognized in Results from equity method investments. The GAC-Stellantis JV filed for bankruptcy in November 2022.

First Investors Financial Services Group acquisition

On November 1, 2021, Stellantis closed on the acquisition of F1 Holdings Corp., parent company to First Investors Financial Services Group ("First Investors"), which has been renamed Stellantis Financial Services US Corp. The total consideration paid was €255 million (\$289 million).

The following table shows the assets and liabilities acquired and are final:

(€ million)	At November 1, 2021	
Goodwill and intangible assets with indefinite useful lives	€	119
Other intangible assets		2
Property, plant and equipment		15
Other non-current assets		703
Other current assets and prepaid expenses		176
Cash and cash equivalents		108
Total assets	€	1,123
Total equity	€	256
Long-term debt		572
Short term debt and current portion of long-term debt		286
Trade payables and other payables		9
Total liabilities	€	1,123

Refer to the Consolidated Statement of Cash flows for the year ended December 31, 2021, for the net cash outflows arising from the acquisition of First Investors of €147 million classified in investing activities, which consists of the cash consideration net of the cash and cash equivalents transferred in the acquisition.

Merger of Groupe PSA and FCA

Timeline of the merger and business combination date

On December 17, 2019, FCA and PSA entered into a combination agreement providing for the combination of FCA and PSA through a cross-border merger, with FCA as the surviving legal entity in the merger (“Stellantis”).

On September 14, 2020, FCA and PSA agreed to amend the combination agreement. According to the combination agreement amendment, the FCA Extraordinary Dividend, to be paid to former FCA shareholders was reduced to €2.9 billion, with PSA’s 46 percent stake in Faurecia planned to be distributed to all Stellantis shareholders promptly after closing following approval of the Stellantis board and shareholders.

On January 4, 2021, PSA and FCA held their respective extraordinary general shareholder meetings in order to, among other matters, approve the merger transaction. The respective shareholder meetings approved the merger. Following the respective shareholder approvals and receipt of the final regulatory clearances, FCA and PSA completed the legal merger. The conditions agreed to as part of the regulatory clearance will not have a material impact on the cash flows or financial positions for Stellantis.

On January 17, 2021, the board of directors was appointed, the Stellantis articles of association became effective and the combined company was renamed Stellantis. On this date, the Stellantis management and board of directors collectively obtained the power and the ability to control the assets, liabilities and operations of both FCA and PSA. As such, under IFRS 3, January 17, 2021 is the acquisition date for the business combination (see the following paragraph “Accounting for the merger and Identification of the accounting acquirer” for further details on the accounting for the transaction).

On January 29, 2021, the approximately €2.9 billion extraordinary dividend was paid to holders of FCA common shares of record as of the close of business on Friday, January 15, 2021.

On March 22, 2021, the distribution by Stellantis to the holders of its common shares was completed of 53,130,574 ordinary shares of Faurecia and €302 million which are the proceeds received by PSA in November 2020 from the sale of ordinary shares of Faurecia, both net of shares and cash retained to serve the General Motors (“GM”) Warrants.

Primary reasons for the business combination

The following are the primary reasons for the merger:

- **A New Industry Leader with resilience.** The merger created a global automaker and mobility provider, with a balanced and profitable global presence with a portfolio covering all key vehicle segments;
- **Greater Geographic Balance.** The merger added scale and substantial geographic balance through leveraging FCA’s strength in North America and Latin America with PSA’s position in Europe, as well as creating opportunities to reshape the strategy in other geographic regions, primarily China;
- **Stronger Platform for Innovation.** The combined group is expected to be able to leverage its capabilities in new energy vehicles, sustainable mobility, autonomous driving and connectivity; and
- **Synergies.** The merger synergies are planned to be achieved in the following four areas: technology, platforms and products, purchasing, selling, general and administrative expenses (SG&A) and all other functions, such as logistics, supply chain, quality and after-market operations.

Accounting for the merger and identification of the accounting acquirer

The merger has been accounted for by Stellantis using the acquisition method of accounting in accordance with IFRS 3, which requires the identification of the acquirer and the acquiree for accounting purposes. Based on the assessment of the indicators under IFRS 3 and consideration of all pertinent facts and circumstances, management determined that PSA was the acquirer for accounting purposes and as such, the merger has been accounted for as a reverse acquisition. In identifying PSA as the acquiring entity, notwithstanding that the merger was effected through an issuance of FCA shares, the most significant indicators were (i) the composition of the combined group's board, which is composed of eleven directors, six of whom were to be nominated by PSA, PSA shareholders or PSA employees, or were current PSA executives, (ii) the combined group's first CEO, who was vested with the full authority to individually represent the combined group, and was the president of the PSA Managing Board prior to the merger, and (iii) the payment of a premium by pre-merger shareholders of PSA.

Computation of the consideration transferred

PSA shareholders received 1.742 FCA common shares for each PSA ordinary share held immediately prior to the merger as consideration in connection with the merger, which represented 1,545,220,196 shares. However, as required by IFRS 3, the consideration transferred is calculated as if PSA, as the accounting acquirer, issued shares to the shareholders of the accounting acquiree, FCA. The value of the consideration transferred has been measured based on the closing price of PSA's shares of €21.85 per share on January 15, 2021, which was the final share price of PSA prior to the acquisition date. The number of PSA shares that PSA is deemed to issue to FCA shareholders under reverse acquisition accounting provides the former FCA shareholders with the same ownership in the combined group as obtained in the merger. Based on the number of shares of FCA and PSA that are issued and outstanding as of January 16, 2021, the respective percentages of ownership of PSA and the former FCA shareholders are as follows:

	Number of shares issued and outstanding as of January 16, 2021	Exchange ratio	Adjusted number of shares on completion (i.e. Stellantis shares)		Exchange ratio	Deemed number of shares for consideration transferred calculation	
	(a)	(b)	(c) = (a)*(b)		(d)	(e) = (c)/(d)	
PSA	887,038,000 ⁽¹⁾	1.742	1,545,220,196	49.53 %	1.742	887,038,000	49.53 %
FCA	1,574,714,499 ⁽²⁾	1	1,574,714,499	50.47 %	1.742	903,969,288	50.47 %
Total			<u>3,119,934,695</u>			<u>1,791,007,288</u>	

(1) Number of shares as of January 16, 2021, net of 7,790,213 treasury shares

(2) The number of shares as of January 16, 2021 includes 7,195,225 shares that vested during 2020 in connection with FCA's Equity Incentive Plan

In addition to the above, in line with the guidance in IFRS 2 - Share-based payment and IFRS 3 - Business combinations, included within consideration transferred is a portion of the fair value of the share-based awards to former FCA employees. As a result of the merger, each outstanding FCA Performance Share Units ("PSU") award and each outstanding FCA Restricted Stock Units ("RSU") award has been replaced by Stellantis RSU awards, which will continue to be governed by the same terms and conditions, including service-based vesting terms. Both the FCA PSU Adjusted EBIT and PSU Total Shareholder Return ("TSR") awards were deemed to be satisfied at target upon conversion to Stellantis RSU awards. The portion of the fair value of the share-based payment awards that is included in the consideration transferred has been determined by multiplying the fair value of the original FCA awards as of January 16, 2021 by the portion of the requisite service period that elapsed prior to the merger divided by the total service period.

The computation of the consideration transferred under reverse acquisition accounting is summarized as follows:

Number of shares of PSA deemed to be issued to FCA shareholders under reverse acquisition accounting	Number of shares	903,969,288
Market price of PSA shares as of January 15, 2021	€	€ 21.85
Fair value of common shares deemed to be issued to FCA shareholders as of January 15, 2021	€ million	19,752
Additional consideration for share-based compensation	€ million	85
Consideration transferred	€ million	€ 19,837

Calculation of Goodwill

Goodwill arising from the acquisition was determined as follows:

(€ million)	At the acquisition date (January 17, 2021)
Consideration transferred	19,837
Add: minority interests	59
Less: fair value of FCA's Net assets acquired	8,390
Goodwill	11,506

Goodwill recognized on the acquisition relates to the expected growth, synergies, know-how and the value of FCA's workforce, which cannot be separately recognized as an intangible asset. This goodwill has been allocated to the Company's operating segments and is not expected to be deductible for tax purposes.

Purchase Accounting

The IFRS 3 acquisition method of accounting applies the fair value concepts defined in IFRS 13 - *Fair Value Measurement* ("IFRS 13") and requires, among other things, the assets acquired and the liabilities assumed in a business combination to be recognized by the acquirer at their fair values as of the acquisition date, with certain exceptions. As a result, the acquisition method of accounting has been applied and the assets and liabilities of FCA have been recorded at their respective fair values, with limited exceptions as permitted by IFRS 3. The excess of the consideration transferred over the fair value of FCA's assets acquired and liabilities assumed has been recorded as goodwill. PSA's assets and liabilities together with PSA's operations will continue to be recorded at their pre-merger historical carrying values for all periods presented in the consolidated financial statements of Stellantis. Following the completion of the merger, the earnings of the combined group reflect the impacts of purchase accounting adjustments, including changes in amortization and depreciation expense for acquired assets.

The identifiable assets acquired and identifiable liabilities assumed of FCA, as detailed below, have been measured at their acquisition date (January 17, 2021) fair value, with limited exceptions as permitted by IFRS 3. The fair values assigned to the assets acquired and liabilities assumed are final.

(€ million)	At the acquisition date (January 17, 2021)	
Assets		
Intangible assets with indefinite useful lives	€	12,797
Other intangible assets		8,256
Property, plant and equipment		20,667
Equity method investments		2,637
Non-current financial assets		320
Other non-current assets		3,833
Total Non-current assets		48,510
Inventories		9,333
Assets sold with a buy-back commitment		812
Trade receivables		1,970
Other current assets and prepaid expenses		4,408
Current financial assets		502
Cash and cash equivalents		22,514
Total Current assets		39,539
Total Assets	€	88,049
Liabilities		
Long-term debt	€	18,362
Other non-current financial liabilities		269
Other non-current liabilities		5,386
Non-current provisions		5,452
Employee benefits liabilities		8,181
Total Non-current liabilities		37,650
Short-term debt and current portion of long-term debt		4,052
Current provisions		7,540
Employee benefits liabilities		595
Trade payables		20,302
Other current financial liabilities		159
Other current liabilities		9,361
Total Current liabilities		42,009
Total Liabilities		79,659
Net assets acquired	€	8,390

Intangible assets

The fair value of brands (Jeep, Ram, Dodge, Fiat, Maserati, Alfa Romeo and Mopar) was determined through an income approach based on the relief from royalty method, which requires an estimate of future expected cash flows. The useful life associated with the brands is determined to be indefinite.

For capitalized development expenditures, fair values have been assessed according to a multi-criteria approach based on relief from royalty method and an excess-earning method. The fair value for the Dealer network has been assessed using the replacement cost method.

Property, plant and equipment

The fair value of property, plant and equipment was determined primarily through the replacement cost method, which requires an estimation of the physical, functional and economic obsolescence of the related assets. A market approach, which requires the comparison of the subject assets to transactions involving comparable assets, was applied to determine the preliminary fair value of land. The fair value of certain assets was determined through an income approach.

Equity method investments

The fair value of equity method investments was determined based on quoted market prices, where available, or through a combination of the dividend discount model, the trading multiples method and the regression analysis method.

Deferred taxes

Deferred tax assets and liabilities were calculated on the fair values using the statutory tax rates applicable in the relevant jurisdictions where the related temporary differences are expected to reverse in future periods. Recognized deferred tax assets were limited to the amount of deferred tax liabilities and taxable profits expected in the foreseeable future. The tax impacts which are directly linked to the merger and migration of Stellantis N.V. tax residency from the UK to the Netherlands have been reflected in goodwill.

Inventories

The fair value of work-in-process and finished goods Inventories was determined as the estimated selling prices, less the sum of (i) the cost to complete work-in-process, (ii) the cost of disposal, (iii) a reasonable profit allowance for the selling effort, (iv) an implied brand royalty charge and (v) holding costs. The book value of certain precious metals has been adjusted to reflect their respective fair values using market prices as of the merger date. The book value of all other raw materials, which are measured at the lower of cost and net realizable value and which have a high turnover, are considered to approximate fair value.

Financial liabilities

Fair value of financial liabilities were based on quoted market prices for listed debt and based on discounted cash flow models for debt that is not listed.

The acquired lease liability was measured using the present value of the remaining lease payments at the acquisition date. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the terms of certain leases relative to market terms.

Employee benefits

The present value of defined benefit obligations has been measured using actuarial techniques and actuarial assumptions by using the Projected Unit Credit Method. Plan assets have been measured at fair value.

Trade receivables and Receivables from financing activities

Included within the identifiable assets acquired were trade receivables with a fair value of €1,970 million and gross contractual amount of €2,181 million, of which €211 million was not expected to be collected. Included within the identifiable assets acquired were receivables from financing activities with a fair value of €1,888 million and gross contractual amount of €1,903 million, of which €15 million was not expected to be collected.

Contingent liabilities

As a result of the acquisition an incremental contingent liability of €163 million has been recognized for the potentially higher CAFE penalty base rate on vehicle shipments prior to the merger date. Refer to Note 26, *Guarantees granted, commitments and contingent liabilities* for additional information.

Although the specific timing of any outflow is uncertain, as a result of the acquisition, we have also recognized €141 million of contingent liabilities related to various matters, which are primarily related to indirect tax matters in Brazil.

Pro forma impact on revenues and net profit

From the acquisition date to December 31, 2021, the acquired business of FCA contributed revenues of approximately €100 billion and net profit of approximately €9 billion to the Company. If the acquisition had occurred on January 1, 2021, the Company's consolidated revenues and consolidated net profit after tax for the year ended December 31, 2021 would have been €152 billion and €14 billion respectively.

Faurecia distribution and deconsolidation

Following agreement between FCA and PSA, PSA announced on October 29, 2020 the sale of approximately 9.7 million ordinary shares of Faurecia, representing approximately 7 percent of Faurecia's outstanding share capital, with proceeds of approximately €308 million. This sale was recorded as a transaction with non-controlling interests. According to the combination agreement amendment, PSA's 39.34 percent stake in Faurecia as well as the proceeds from the 7 percent sale were intended to be distributed to all Stellantis shareholders promptly after the closing of the merger. At December 31, 2020, Faurecia continued to be consolidated within continuing operations of PSA's consolidated financial statements, as PSA concluded that Faurecia was not readily available for distribution until the merger was approved by PSA and FCA shareholders.

On January 12, 2021, PSA (i) converted the manner in which it held its remaining Faurecia ordinary shares resulting in the loss of the double voting rights attached to such Faurecia ordinary shares and (ii) caused its representatives on the board of directors of Faurecia to resign effective January 11, 2021. As a result of its loss of control over Faurecia on January 12, 2021, PSA discontinued the consolidation of Faurecia, recognizing a gain of €515 million after tax, with Faurecia being reported retrospectively as a discontinued operation in 2021 until Faurecia was distributed by Stellantis in March 2021. The remaining 39.34 percent investment in Faurecia has been accounted for as an investment in a non-consolidated entity measured at fair value under IFRS 9. During the year ended December 31, 2021, a gain of €475 million after tax was recognized up to the distribution.

On January 25, 2021, the extraordinary general meeting of shareholders ("EGM") was convened, in order to approve the distribution by Stellantis to the holders of its common shares of up to 54,297,006 ordinary shares of Faurecia and up to €308 million which are the proceeds received by PSA in November 2020 from the sale of ordinary shares of Faurecia. The EGM was held on March 8, 2021 and the distribution occurred on March 22, 2021 resulting in 53,130,574 ordinary shares of Faurecia and €302 million in cash distributed.

The following table summarizes the operating results of Faurecia that were excluded from the Consolidated Income Statement for the year ended December 31, 2020:

(€ million)	Year ended December 31, 2020⁽¹⁾	
Net revenues	€	13,078
Expenses		13,033
Net financial (income)/expenses		(223)
Profit/(loss) before taxes from discontinued operations		(178)
Tax (income)/expense		(124)
Share of the profit/(loss) of equity method investees		(13)
Profit/(loss) after taxes from discontinued operations	€	(315)

(1) Amounts presented are not representative of the income statement of Faurecia on a stand-alone basis; amounts are net of transactions between Faurecia and other companies of the Company

The operating results of Faurecia during the period from January 1, 2021 to its deconsolidation on January 11, 2021 were not material and the loss of control was treated as having taken place on January 1, 2021.

Consolidated Statement of Financial Position

The following summarizes the impact of reclassifications made to align previously reported assets and liabilities of PSA to the presentation adopted by Stellantis:

PSA Consolidated Statement of financial position	At December 31, 2020 (as previously reported)		Reclassifications	At January 1, 2021 (as adjusted)		Stellantis Consolidated Statement of financial position	Of which - Faurecia ⁽¹⁾
	€			€	€		
€ million							
Assets	Assets						
Goodwill	€	4,364	€	(4,364)	€	—	
		—		6,327		6,327	Goodwill and intangible assets with indefinite useful lives € 2,368
Intangible assets		10,658		(1,964)		8,694	Other intangible assets 2,668
Property, plant and equipment		16,776		(793)		15,983	Property, plant and equipment 3,727
Equity method Investments - manufacturing and sales companies		520		(520)		—	
Equity method investments - finance companies		2,632		(2,632)		—	
		—		3,152		3,152	Equity method investments 177
Other non-current financial assets - manufacturing and sales companies		721		(721)		—	
Other non-current financial assets - finance companies		—		—		—	
		—		412		412	Non-current financial assets (1,196)
Other non-current assets		1,485		610		2,095	Other non-current assets and prepaid expenses 604
Deferred tax assets		1,096		—		1,096	Deferred tax assets 475
		—		—		—	Tax receivables —
Total non-current assets	€	38,252	€	(493)	€	37,759	Total non-current assets € 8,823
Loans and receivables - finance companies		31		(31)		—	
Short-term investments - finance companies		67		(67)		—	
Inventories		5,366		—		5,366	Inventories 1,677
		—		793		793	Assets sold with a buy-back commitment —
Trade receivables		3,147		1,776		4,923	Trade receivables 3,065
Current taxes		216		—		216	Tax receivables 54
		—		2,393		2,393	Other current assets and prepaid expenses 635
Other receivables		2,789		(2,789)		—	
Derivative financial instruments on operating - assets		115		(115)		—	
Operating assets		11,731		—		—	
Current financial assets and Financial investments		627		308		935	Current financial assets 5
Cash and cash equivalents - manufacturing and sales companies		22,303		(22,303)		—	
Cash and cash equivalents - finance companies		590		(590)		—	
		—		22,893		22,893	Cash and cash equivalents 3,091
Assets held for sale		—		7		7	Assets held for sale —
Total current assets	€	35,251	€	2,275	€	37,526	Total current assets € 8,527
Assets held for sale		7		(7)		—	
TOTAL ASSETS	€	73,510	€	1,775	€	75,285	TOTAL ASSETS € 17,350

(1) Amounts are net of intercompany eliminations

PSA Consolidated Statement of financial position	At December 31, 2020 (as previously reported)	Reclassifications	At January 1, 2021 (as adjusted)	Stellantis Consolidated Statement of financial position	Of which - Faurecia ⁽¹⁾
Equity and liabilities	€ million			Equity and liabilities	
Equity				Equity	
Share capital	€ 895	(895)			
Treasury shares	(183)	183			
Retained earnings and other accumulated equity, excluding non-controlling interests	20,582	(20,582)			96
		21,293	21,293	Equity attributable to owners of the parent	—
Non-controlling interests	2,580	—	2,580	Non-controlling interests	2,459
Total equity	€ 23,874	€ (1)	€ 23,873	Total equity	€ 2,555
Non-current financial liabilities	11,083	(11,083)	—		
	—	11,068	11,068	Long-term debt	5,008
	—	17	17	Other non-current financial liabilities	12
Other non-current liabilities	5,361	(680)	4,681	Other non-current liabilities	117
Non-current provisions	1,578	32	1,610	Non-current provisions	63
	—	1,463	1,463	Employee benefits liabilities	483
	—	312	312	Tax liabilities	—
Deferred tax liabilities	801	—	801	Deferred tax liabilities	81
Total non-current liabilities	€ 18,823	€ 1,129	€ 19,952	Total non-current liabilities	€ 5,764
Financing liabilities - finance companies	236	(236)	—		
	—	2,635	2,635	Short-term debt and current portion of long-term debt	1,480
Current provisions	3,808	306	4,114	Current provisions	245
	—	50	50	Employee benefits liabilities	32
Trade payables	15,166	789	15,955	Trade payables	5,703
Current taxes	440	(312)	128	Tax liabilities	74
Other payables	8,712	(143)	8,569	Other liabilities	1,489
Derivative financial instruments on operating - liabilities	42	(42)	—		
Operating liabilities	28,404	—	—		
Current financial liabilities	2,409	(2,400)	9	Other current financial liabilities	8
	—	—	—	Liabilities held for sale	—
Total current liabilities	€ 30,813	€ 647	€ 31,460	Total current liabilities	€ 9,031
Liabilities held for sale	—	—	—		
TOTAL EQUITY AND LIABILITIES	€ 73,510	€ 1,775	€ 75,285	TOTAL EQUITY AND LIABILITIES	€ 17,350

(1) Amounts are net of intercompany eliminations

The reclassifications made to align previously reported assets and liabilities of PSA to the presentation adopted by Stellantis are mainly driven by the following criteria:

- Certain assets and liabilities expected to be recovered or settled after more than twelve months and previously classified as “current” by PSA were reclassified as “non-current” to conform to the operating cycle criteria adopted by Stellantis;
- PSA presented separately certain financial assets and liabilities for “manufacturing and sales companies” and for “finance companies” whereas Stellantis presentation is on a group basis only. As a result of the alignment, Equity method Investments, Other non-current financial assets and Cash and cash equivalents have been aggregated into a single line for each item;
- PSA combined in the same line the intangible assets with indefinite useful lives and those with definite useful lives, while Stellantis presents the intangible assets with indefinite useful lives in combination with the Goodwill. A reclassification has been made on historical PSA presentation accordingly; and
- In accordance with IFRS 3 - Business Combinations, as applied to a reverse acquisition, the share capital of Stellantis reflects the share capital of the legal acquirer, FCA N.V. with the difference between share capital of the legal acquirer and the accounting acquirer, PSA, being aggregated and shown as part of retained earnings and other reserves.

Consolidated Income Statement

The following summarizes the impact of reclassifications made to align the previously reported results of PSA to the presentation adopted by Stellantis and the presentation of Faurecia as a discontinued operation in line with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*:

PSA Consolidated income statement	Note	Year ended December 31, 2020 (as previously reported)	Reclassifications	Less: Faurecia discontinued operations	Year ended December 31, 2020 (as adjusted)	Stellantis Consolidated income statement
Continuing operations						
Revenue		€ 60,734	€ —	€ 13,078	€ 47,656	Net revenues
Cost of goods and services sold	(i), (ii), (iii)	49,584	526	11,860	38,250	Cost of revenues
Selling, general and administrative expenses	(i), (iii)	5,019	(367)	729	3,923	Selling, general and other costs
Research and development expenses	(ii)	2,446	128	343	2,231	Research and development costs
	(iii)	—	352	178	174	Gains/(Losses) on disposal of investments
Restructuring costs		695	—	279	416	Restructuring costs
Impairment of CGUs	(ii)	367	(367)	—	—	
Other operating (expense) income	(iii)	(432)	432	—	—	
Operating income (loss)		3,055	—	45	3,010	Operating income
Financial income	(iv)	(180)	180	—	—	
Financial expenses	(iv)	497	(497)	—	—	
Net financial expense (income)	(iv)	—	317	223	94	Net financial expenses/(income)
Income (loss) before tax of fully consolidated companies		2,738	—	(178)	2,916	Profit before taxes
Current taxes	(v)	644	(644)	—	—	
Deferred taxes	(v)	(16)	16	—	—	
Income taxes	(v)	—	628	124	504	Tax expense
Share in net earnings of equity method investments		(87)	—	(13)	(74)	Share of the profit/(loss) of equity method investees
Consolidated profit (loss) from continuing operations		2,023	—	(315)	2,338	Net profit from continuing operations
Attributable to Owners of the parent		2,173		(180)	2,353	Owners of the parent
Attributable to Non-controlling interests		(150)		(135)	(15)	Non-controlling interests
Consolidated profit (loss) from discontinued operations			—	(315)	(315)	Loss from discontinued operations, net of tax
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD		€ 2,023	€ —	€ —	€ 2,023	Net profit
Net profit/(loss) attributable to:						
Attributable to Owners of the parent		2,173	€ —	€ —	€ 2,173	Owners of the parent
Attributable to Non-controlling interests		(150)	€ —	€ —	€ (150)	Non-controlling interests
Net profit/(loss) from discontinued operations attributable to:						
		€ —	€ —	€ (180)	€ (180)	Owners of the parent
		€ —	€ —	€ (135)	€ (135)	Non-controlling interests
Earnings per share:						
Basic earnings per €1 par value share - attributable to Owners of the parent		€ 2.45			€ 1.41	Basic earnings per share
Diluted earnings per €1 par value share - attributable to Owners of the parent		€ 2.33			€ 1.34	Diluted earnings per share
Earnings per share for Net profit from continuing operations:						
Basic earnings per €1 par value share of continuing operations - attributable to Owners of the parent		€ 2.45			€ 1.52	Basic earnings per share
Diluted earnings per €1 par value share of continuing operations - attributable to Owners of the parent		€ 2.33			€ 1.45	Diluted earnings per share

The following reclassifications have been made to align PSA's historical income statement for the year ended December 31, 2020 with Stellantis' presentation following the merger.

- (i) Reclassification of warranty expense from Selling, general and administrative expenses to Cost of goods and services sold;
- (ii) Reclassification of impairment expense from Impairment of CGUs to Cost of revenues and Research and development expenses;
- (iii) Reclassification of Other operating income (expense) to Gain on disposal of investments, Cost of revenues and Selling general and other costs;
- (iv) Combination of Financial income and Financial expense into Net financial expenses; and
- (v) Combination of Current taxes, Deferred taxes and Income Taxes into Tax expense.

Changes in segment reporting

Prior to the merger, PSA's four reportable segments were the Automotive division, consisting of the historical Peugeot Citroën DS business segment and of the Opel Vauxhall business segment, the Automotive Equipment segment, corresponding to the Faurecia Group, and the Finance segment, corresponding to the Banque PSA Finance group. Subsequent to the completion of the merger, the historical results of the Company have been re-presented to reflect the six reportable segments presented by Stellantis: five regional vehicle segments (North America, South America, Enlarged Europe, Middle East & Africa, and China and India & Asia Pacific) and Maserati, our global luxury brand segment.

Refer to Note 29, *Segment reporting* for additional detail.

4. Net revenues

Net revenues were as follows:

	Years ended December 31,		
	2022	2021	2020
	(€ million)		
Revenues from:			
Shipments of vehicles and sales of other goods	€ 173,718	€ 144,559	€ 45,736
Other services provided	3,786	3,112	1,318
Construction contract revenues	779	602	—
Lease installments from assets sold with a buy-back commitment	849	994	578
Interest income of financial services activities	460	152	24
Total Net revenues	€ 179,592	€ 149,419	€ 47,656

Net revenues by geographical area were as follows:

	Years ended December 31,					
	2022		2021		2020	
	(€ million)					
Net revenues in:						
North America ⁽¹⁾	€	87,283	€	68,885	€	122
France		16,365		15,421		14,345
Brazil		11,363		7,607		282
Italy		10,840		10,065		3,513
Germany		9,046		7,891		5,545
United Kingdom		7,348		6,106		4,591
Spain		5,307		4,428		3,508
Turkey		3,110		2,294		1,658
Argentina		2,735		1,961		434
Belgium		2,552		2,214		2,185
China		1,811		2,013		133
Netherlands		1,376		1,192		1,030
Poland		1,230		1,273		753
Japan		1,152		1,174		440
Portugal		1,138		917		704
Austria		801		1,085		685
Switzerland		763		1,160		361
Other countries		15,372		13,733		7,367
Total Net revenues	€	179,592	€	149,419	€	47,656

(1) Refers to the geographical area and not our North America reporting segment

Net revenues attributed by segment for the years ended December 31, 2022, 2021 and 2020 were as follows:

2022	North America	Enlarged Europe	Middle East & Africa	South America	China and India & Asia Pacific	Maserati	Other activities	Total
	(€ million)							
Revenues from:								
Shipments of vehicles and sales of other goods	€ 84,239	€ 60,769	€ 6,399	€ 15,178	€ 4,455	€ 2,271	€ 407	€ 173,718
Other services provided	1,234	1,609	54	462	45	51	331	3,786
Construction contract revenues	—	—	—	—	—	—	779	779
Revenues from goods and services	85,473	62,378	6,453	15,640	4,500	2,322	1,517	178,283
Lease installments from assets sold with a buy-back commitment	1	848	—	—	—	—	—	849
Interest income from financial services activities	—	—	—	—	—	—	460	460
Total Net revenues	€ 85,474	€ 63,226	€ 6,453	€ 15,640	€ 4,500	€ 2,322	€ 1,977	€ 179,592

2021	North America	Enlarged Europe	Middle East & Africa	South America	China and India & Asia Pacific	Maserati	Other activities	Total
	(€ million)							
Revenues from:								
Shipments of vehicles and sales of other goods	€ 66,618	€ 56,315	€ 5,088	€ 10,191	€ 3,868	€ 1,962	€ 517	€ 144,559
Other services provided	1,072	1,309	77	283	56	40	275	3,112
Construction contract revenues	—	—	—	—	—	—	602	602
Revenues from goods and services	67,690	57,624	5,165	10,474	3,924	2,002	1,394	148,273
Lease installments from assets sold with a buy-back commitment	€ 16	€ 978	€ —	€ —	€ —	€ —	€ —	€ 994
Interest income from financial services activities	—	—	—	—	—	—	152	152
Total Net revenues	€ 67,706	€ 58,602	€ 5,165	€ 10,474	€ 3,924	€ 2,002	€ 1,546	€ 149,419
2020	North America	Enlarged Europe	Middle East & Africa	South America	China and India & Asia Pacific	Maserati	Other activities	Total
	(€ million)							
Revenues from:								
Shipments of vehicles and sales of other goods	€ 122	€ 40,662	€ 3,049	€ 1,091	€ 812	€ —	€ —	€ 45,736
Other services provided	—	1,143	5	62	52	—	56	1,318
Construction contract revenues	—	—	—	—	—	—	—	—
Revenues from goods and services	122	41,805	3,054	1,153	864	—	56	47,054
Lease installments from assets sold with a buy-back commitment	—	578	—	—	—	—	—	578
Interest income from financial services activities	—	—	1	—	—	—	23	24
Total Net revenues	€ 122	€ 42,383	€ 3,055	€ 1,153	€ 864	€ —	€ 79	€ 47,656

The Company recognized a net decrease in Net revenues of €524 million during the year ended December 31, 2022 (€921 million during the year ended December 31, 2021) from performance obligations satisfied in the prior year. This was primarily due to changes in the estimated cost of sales incentive programs occurring after the Company had transferred control of vehicles to the dealers.

5. Research and development costs

Research and development costs were as follows:

	Years ended December 31,		
	2022	2021	2020
	(€ million)		
Research and development expenditures expensed	€ 3,233	€ 2,761	€ 1,281
Amortization of capitalized development expenditures	1,889	1,575	822
Impairment and write-off of capitalized development expenditures	78	151	128
Total Research and development costs	€ 5,200	€ 4,487	€ 2,231

Refer to Note 2, *Basis of preparation - Use of estimates - Recoverability of non-current assets with definite useful lives* for detail on the impairment and write-off of capitalized development expenditures during the years ended December 31, 2022, 2021 and 2020.

Refer to Note 10, *Other intangible assets*, for information on capitalized development expenditures.

6. Net financial expenses/(income)

The following table summarizes the Company's financial income and expenses, included within Net financial expenses:

	Years ended December 31,		
	2022	2021	2020
	(€ million)		
Interest income and other financial income	€ 1,066	€ 188	€ 108
Financial expenses:			
Interest expense and other financial expenses:	959	545	178
<i>Interest expense on notes</i>	281	182	97
<i>Interest expense on borrowings from bank</i>	105	77	16
<i>Other interest cost and financial expenses</i>	573	286	65
Interest on lease liabilities	63	56	13
Write-down of financial assets	14	10	16
Net interest expense/(income) on employee benefits provisions	163	169	(8)
Total Financial expenses	1,199	780	199
Net expenses from derivative financial instruments and exchange rate differences	635	142	3
Total Financial expenses and Net expenses from derivative financial instruments and exchange rate differences	1,834	922	202
Net Financial expenses	€ 768	€ 734	€ 94

The increase in Interest income and other financial income for the year ended December 31, 2022 is primarily due to the improved yields on investments and a general rise in interest rate levels primarily in North America, Enlarged Europe and South America.

Net financial expenses for the year ended December 31, 2022, include €198 million losses (€68 million and €14 million losses for the years ended December 31, 2021 and 2020, respectively) on the net monetary position of entities whose functional currency is the currency of hyperinflationary economies including, from January 1, 2022, the Turkish Lira.

Net expenses from derivatives financial instruments and exchange gain differences are mostly impacted by the cost of hedging and currency depreciation in South America.

Net financial expenses for the year ended December, 2020, were referred to PSA only, and therefore did not include the Net financial expenses relating to the operations of FCA.

Interest income and other financial income for the year ended December 31, 2020 includes a benefit of €57 million resulting from the remeasurement of the financial liability recognized upon the commitment to repurchase 30.7 million Groupe PSA shares from Dongfeng Group in the context of the merger with FCA. Dongfeng Group ("DFG") agreed to sell, and Groupe PSA agreed to buy, 30.7 million shares prior to closing of the merger. At the date of commitment, December 17, 2019, a financial liability of €685 million was initially recognized against retained earnings. Subsequently, as at December 31, 2019, it was remeasured to €668 million against Net financial expenses for €17 million. The agreement was subsequently amended on December 15, 2020 when the outstanding amount of 20.7 million shares were cancelled and no obligation to repurchase shares from DFG was in place at December 31, 2020.

7. Tax expense/(benefit)

The following table summarizes Tax expense:

	Years ended December 31,		
	2022	2021	2020
	(€ million)		
Current tax expense	€ 3,565	€ 2,294	€ 434
Deferred tax (benefit)/expense	(840)	(342)	41
Tax (benefit)/expense relating to prior periods ⁽¹⁾	4	(41)	29
Total Tax expense/(benefit)	€ 2,729	€ 1,911	€ 504

(1) Tax expense/(benefit) relating to prior periods includes €161 million deferred tax expense and €297 million deferred tax benefit for 2022 and 2021, respectively, related to U.S. provision to return adjustments for prior years' tax positions

Effective tax rate reconciliation

The applicable tax rate used to determine theoretical income taxes is the statutory rate of the jurisdiction in which the Company is tax resident during each reported period. From 2021, as a result of the merger, Stellantis N.V. is tax resident in the Netherlands. For 2020, prior year comparative information represents the financial information of PSA, which was tax resident in France. The reconciliation between the theoretical income tax and actual tax is calculated on the basis of the Netherlands corporate income tax rate of 25.8 percent and 25.0 percent in 2022 and 2021, respectively, and the France corporate income tax rate of 32.0 percent in 2020, as follows:

	Years ended December 31,		
	2022	2021	2020
	(€ million)		
Profit/(loss) before tax	€ 19,244	€ 14,392	€ 2,916
Income tax rate	25.8%	25.0%	32.0%
Theoretical income taxes	€ 4,965	€ 3,598	€ 933
Tax effect on:			
Differences between foreign tax rates and the theoretical applicable tax rate and tax holidays	(495)	178	(102)
Recognition and utilization of previously unrecognized deferred tax assets	(1,153)	(1,954)	(410)
Deferred tax assets not recognized and write-downs	47	598	96
Permanent differences	(338)	(472)	(73)
Tax credits	(221)	(85)	(1)
Tax rate changes	—	53	—
Withholding tax	21	63	—
Other differences	(97)	(68)	61
Total Tax expense	2,729	1,911	504
<i>Effective tax rate</i>	<i>14.2%</i>	<i>13.3%</i>	<i>17.3%</i>

The increase in the effective tax rate to 14.2 percent in 2022 from 13.3 percent in 2021 is primarily related to a lower tax benefit for net recognition of Deferred tax assets, primarily in Enlarged Europe.

Net deferred tax position

The Company recognizes the net amount as either Deferred tax assets or Deferred tax liabilities, to the extent deferred taxes may be offset. Amounts recognized were as follows:

	At December 31,	
	2022	2021
	(€ million)	
Deferred tax assets ⁽¹⁾	€ 2,052	€ 1,927
Deferred tax liabilities ⁽¹⁾	(4,332)	(4,374)
Total Net deferred tax (liabilities)/assets	€ (2,280)	€ (2,447)

(1) Deferred tax assets and Deferred tax liabilities include the impacts of (i) Unrecognized deferred tax assets on temporary differences; (ii) Deferred tax assets arising from tax loss carry-forwards; and (iii) Unrecognized deferred tax assets on tax loss carry-forwards, which are reflected separately below in the Changes in deferred tax position by nature summary

The change in Net deferred tax liabilities was mainly due to an increase in deferred tax assets in Enlarged Europe, partially offset by an increase in deferred tax liabilities in North America. See Note 2, *Basis of preparation - Use of estimates - Recoverability of deferred tax assets* for additional detail.

Changes in deferred tax position by nature

The significant components of Deferred tax assets and liabilities and their changes during the years ended December 31, 2022 and 2021 were as follows:

	At January 1, 2022	Recognized in Consolidated Income Statement	Recognized in Equity	Transferred to Assets/ (Liabilities) Held for Sale	Translation differences and Other	At December 31, 2022
	(€ million)					
Deferred tax liabilities arising on:						
Accelerated depreciation	€ (2,662)	€ 19	€ —	€ —	€ (133)	€ (2,775)
Capitalized development assets	(4,313)	116	—	—	(99)	(4,296)
Other Intangible assets and Intangible assets with indefinite useful lives	(3,733)	(44)	—	—	(187)	(3,964)
Right-of-use assets	(397)	82	—	—	(16)	(331)
Provision for employee benefits	(591)	—	(477)	—	(18)	(1,086)
Other	(1,398)	(219)	162	—	(33)	(1,488)
Total deferred tax liabilities	€ (13,094)	€ (46)	€ (315)	€ —	€ (486)	€ (13,941)
Deferred tax assets arising on:						
Provisions	4,510	211	1	(10)	140	4,852
Provision for employee benefits	2,325	(342)	12	—	188	2,183
Lease liabilities	413	(60)	—	—	20	373
Impairment of tangible and intangible assets	1,590	(319)	—	—	(2)	1,269
Inventories	250	129	—	(2)	(2)	375
Allowances for doubtful accounts	115	(66)	—	(1)	10	58
Provision for buy back	131	42	—	—	(4)	169
Other	2,635	(178)	25	—	107	2,589
Total deferred tax assets	€ 11,969	€ (583)	€ 38	€ (13)	€ 457	€ 11,868
Unrecognized deferred tax assets on temporary differences	(3,462)	466	(26)	9	(170)	(3,183)
Deferred tax assets arising on tax loss carry-forwards	8,803	469	—	2	232	9,506
Unrecognized deferred tax assets on tax loss carry-forwards	(6,663)	373	—	(3)	(238)	(6,531)
Total Net deferred tax assets/ (liabilities)	€ (2,447)	€ 680	€ (303)	€ (5)	€ (205)	€ (2,280)

	At January 1, 2021	FCA PSA merger	Recognized in Consolidated Income Statement	Recognized in Equity (€ million)	Transferred to Assets/ (Liabilities) Held for Sale	Translation differences and Other ⁽¹⁾	At December 31, 2021
Deferred tax liabilities arising on:							
Accelerated depreciation	€ 44	€ (2,159)	€ (374)	€ —	€ 1	€ (174)	€ (2,662)
Capitalized development assets	(1,784)	(2,574)	(176)	—	—	221	(4,313)
Other Intangible assets and Intangible assets with indefinite useful lives	(188)	(3,331)	(16)	—	—	(198)	(3,733)
Right-of-use assets	(68)	(381)	69	—	—	(17)	(397)
Provision for employee benefits	—	(114)	44	(491)	—	(30)	(591)
Other	(742)	(375)	(21)	(62)	—	(198)	(1,398)
Total deferred tax liabilities	€ (2,738)	€ (8,934)	€ (474)	€ (553)	€ 1	€ (396)	€ (13,094)
Deferred tax assets arising on:							
Provisions	€ 665	€ 3,595	€ (2)	€ —	€ 9	€ 243	€ 4,510
Provision for employee benefits	892	1,424	306	(258)	2	(41)	2,325
Lease liabilities	80	377	(66)	—	—	22	413
Impairment of tangible and intangible assets	—	1,986	(394)	—	—	(2)	1,590
Inventories	290	117	26	—	1	(184)	250
Provision for buy-back	69	—	64	—	—	(2)	131
Allowances for doubtful accounts	—	126	(10)	—	—	(1)	115
Other	694	2,288	(177)	9	1	(180)	2,635
Total deferred tax assets	€ 2,690	€ 9,913	€ (253)	€ (249)	€ 13	€ (145)	€ 11,969
Unrecognized deferred tax assets on temporary differences	(938)	(3,439)	957	(16)	(6)	(20)	(3,462)
Deferred tax assets arising on tax loss carry-forwards	4,289	5,226	(130)	(33)	12	(561)	8,803
Unrecognized deferred tax assets on tax loss carry-forwards	(3,008)	(4,783)	539	33	(12)	568	(6,663)
Total Net deferred tax assets /(liabilities)	€ 295	€ (2,017)	€ 639	€ (818)	€ 8	€ (554)	€ (2,447)

(1) Translation differences and other includes the deconsolidation of Faurecia, which represents a change in scope of consolidation during 2021

In accordance with IAS 12 - Income Taxes, deferred taxes are calculated for all temporary differences between the tax base of assets and liabilities and their carrying amount. Deferred tax liabilities are systematically recognized, while deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit is available against which the deductible temporary differences could be utilized. A deferred tax liability is recognized for all taxable temporary differences associated with investments in subsidiaries and equity method investments for the variance between their tax and accounting value, except to the extent that both of the following conditions are satisfied: (i) Stellantis is able to control the timing of the reversal of the temporary difference; (ii) it is probable that the temporary difference will not reverse in the foreseeable future.

At December 31, 2022, the aggregate amount of temporary differences relating to investments in subsidiaries and interests in joint ventures for which deferred tax liabilities are not recognized is approximately €423 million.

As of December 31, 2022, the Company had total Deferred tax assets on deductible temporary differences of €11,868 million (€11,969 million at December 31, 2021), of which €3,183 million was not recognized (€3,462 million at December 31, 2021). As of December 31, 2022, the Company also had Deferred tax assets on tax loss carry-forwards of €9,506 million (€8,803 million at December 31, 2021), of which €6,531 million was not recognized (€6,663 million at December 31, 2021).

Tax loss carry-forwards

Recognition of deferred tax assets related to tax loss carry-forwards were tested for realizability based on forecasted future taxable income using estimates consistent with the main assumptions of the MTP. Deferred tax assets relating to the carry-forward of unused tax losses and tax credits, as well as those arising from deductible temporary differences, were recognized to the extent that it was probable that future profits would be available against which they could be utilized. The realization of these deferred tax assets was sensitive to the assumptions and judgments used in the determination of the taxable income in the future, as well as Stellantis' ability to implement tax planning strategies, as necessary. For the years ended December 31, 2022 and 2021, respectively, deferred tax assets were recognized in Enlarged Europe, primarily related to tax loss carry-forwards and temporary differences. While Stellantis has not yet recognized all deferred tax assets in all jurisdictions, it is possible the Company's assessment of realizability could change, resulting in the recognition of additional deferred tax assets in the Company's Consolidated Statement of Financial Position and the related income tax benefit in the Company's Consolidated Income Statement. Refer to Note 2, *Basis of preparation - Use of estimates - Recoverability of deferred tax assets* for additional detail.

	Tax loss carry-forward (after application of the current tax rate)	Recognized deferred tax assets on tax loss carry- forward	Unrecognized deferred tax assets on tax loss carry- forwards (after application of the current tax rate)
At December 31, 2022			
(€ million)			
Tax Groups:			
France	€ 2,066	€ (2,050)	€ 16
Germany	249	(249)	—
Spain	597	(53)	544
Italy	3,640	(486)	3,154
Other Jurisdictions:			
Brazil	2,252	—	2,252
Others	702	(136)	566
Total	€ 9,506	€ (2,975)	€ 6,531

	Tax loss carry-forward (after application of the current tax rate)	Recognized deferred tax assets on tax loss carry- forward	Unrecognized deferred tax assets on tax loss carry- forwards (after application of the current tax rate)
At December 31, 2021			
(€ million)			
Tax Groups:			
France	€ 2,088	€ (1,507)	€ 581
Germany	118	(118)	—
Spain	609	(54)	555
Italy	3,500	(421)	3,079
Other Jurisdictions:			
Brazil	1,853	—	1,853
Others	635	(40)	595
Total	€ 8,803	€ (2,140)	€ 6,663

At the end of December 2022 and December 2021, the Company had total tax-effected tax loss carry-forwards of €9.5 billion and €8.8 billion, respectively, of which €6.5 billion and €6.7 billion were not recognized, respectively. Tax loss carry-forwards in France, Germany, Italy, Spain, and Brazil do not expire. Tax loss carry-forwards relating to the French, German, Spanish and Italian tax groups are available within each tax group for offsetting against net deferred tax liabilities (subject to limitations provided under local tax law) and are recognized in the Consolidated Statement of Financial Position. In February 2022, the French tax authorities preliminarily agreed that upon merger, the French permanent establishment of Stellantis N.V., along with the companies within the former French consolidated tax group, succeeded to approximately €9.0 billion of French tax loss carry-forwards existing as of December 31, 2020.

8. Other information by nature

Personnel costs for the continuing operations of the Company for the years ended December 31, 2022, 2021 and 2020 amounted to €18.2 billion, €17.1 billion and €5.9 billion, respectively, and included costs that were capitalized mainly in connection with product development activities.

For the years ended December 31, 2022, 2021 and 2020, the continuing operations of the Company had an average number of employees of 282,926, 292,434 and 111,864, respectively.

Amounts relating to IFRS 16 recognized in Profit before taxes

Amounts recognized within Profit before taxes were as follows:

	Years ended December 31,		
	2022	2021	2020
	(€ million)		
Depreciation of right-of-use assets	€ 555	€ 529	€ 189
Interest expense on lease liabilities	63	56	13
Variable lease payments not included in the measurement of lease liabilities	5	5	4
Income from sub-leasing right-of-use assets	(108)	(95)	(9)
Expenses relating to short-term leases and to leases of low-value assets	107	137	24
Gains arising from sale and leaseback transactions	(119)	(22)	—
Total expense recognized in Net profit from continuing operations	€ 503	€ 610	€ 221

9. Goodwill and intangible assets with indefinite useful lives

Goodwill and intangible assets with indefinite useful lives at December 31, 2022 and 2021 are summarized below:

	Goodwill					Total Goodwill and intangible assets with indefinite useful lives
	Gross amount	Accumulated impairment losses	Total Goodwill	Brands	Other	
	(€ million)					
At January 1, 2021	€ 5,064	€ (700)	€ 4,364	€ 1,945	€ 18	€ 6,327
FCA-PSA merger	11,506	—	11,506	12,797	—	24,303
Additions	119	—	119	—	1	120
Change in scope of consolidation ⁽¹⁾	(2,963)	660	(2,303)	—	—	(2,303)
Translation differences and Other	689	—	689	785	—	1,474
At December 31, 2021	14,415	(40)	14,375	15,527	19	29,921
Additions ⁽²⁾	356	—	356	—	—	356
Disposals	(21)	—	(21)	—	—	(21)
Translation differences and Other	795	2	797	685	—	1,482
At December 31, 2022	€ 15,545	€ (38)	€ 15,507	€ 16,212	€ 19	€ 31,738

(1) Primarily relates to deconsolidation of Faurecia as a discontinued operation as from January 1, 2021

(2) Primarily relates to acquisition of aiMotive and Share Now. Refer to Note 3, Scope of consolidation for additional information

Translation differences in 2022 primarily related to foreign currency translation of U.S. Dollar and Pound Sterling to the Euro.

Brands

Brands, comprised of Jeep, Ram, Dodge, Mopar, Opel/Vauxhall, Fiat, Alfa Romeo and Maserati are allocated to North America, Enlarged Europe and Maserati segments. These rights are protected legally through registration with government agencies and through their continuous use in commerce. As these rights have no legal, contractual, competitive or economic term that limits their useful lives, they were classified as intangible assets with indefinite useful lives and were therefore not amortized but instead tested annually for impairment.

For the purpose of impairment testing, the carrying value of Brands is tested jointly with the goodwill allocated to the North America, Enlarged Europe and Maserati segments.

Goodwill

There were nil, nil and €150 million impairment charges recognized in respect of Goodwill and intangible assets with indefinite lives during the years ended December 31, 2022, 2021 and 2020, respectively. Refer to Note 2, *Basis of preparation - Use of estimates* for discussion of the assumptions and judgments relating to goodwill impairment testing.

The following table summarizes the allocation of Goodwill and Brands between the Company's reportable segments:

(€ million)	At December 31, 2022		At December 31, 2021	
	Goodwill	Brands	Goodwill	Brands
North America	€ 10,790	€ 12,220	€ 10,180	€ 11,509
Enlarged Europe	2,092	3,021	2,040	3,047
Middle East & Africa	—	—	—	—
South America	1,461	—	1,287	—
China and India & Asia Pacific	185	—	199	—
Maserati	514	971	514	971
Other activities ⁽¹⁾	465	—	155	—
Total Goodwill	€ 15,507	€ 16,212	€ 14,375	€ 15,527

(1) The increase relates to acquisitions. Refer to Note 3, Scope of Consolidation for additional information

10. Other intangible assets

	Capitalized development expenditures		Patents, concessions, licenses and credits		Other intangible assets		Total	
	(€ million)							
Gross carrying amount at January 1, 2021	€	23,996	€	318	€	3,053	€	27,367
Additions		3,128		59		704		3,891
FCA-PSA merger		6,292		339		1,624		8,255
Divestitures		(111)		(2)		(151)		(264)
Change in scope of consolidation		(4,818)		(92)		(1,543)		(6,453)
Translation differences and other changes		478		180		127		785
At December 31, 2021		28,965		802		3,814		33,581
Additions		3,589		88		535		4,212
Divestitures		(54)		(6)		(225)		(285)
Change in scope of consolidation		—		31		11		42
Translation differences and other changes		481		1		164		646
At December 31, 2022		32,981		916		4,299		38,196
Accumulated amortization and impairment losses at January 1, 2021		16,438		260		1,975		18,673
Amortization		1,575		102		157		1,834
Impairment losses and asset write-offs		151		—		1		152
Divestitures		(104)		(1)		(1)		(106)
Change in scope of consolidation		(2,758)		(66)		(965)		(3,789)
Translation differences and other changes		18		164		—		182
At December 31, 2021		15,320		459		1,167		16,946
Amortization		1,893		95		166		2,154
Impairment losses and asset write-offs ⁽¹⁾		67		—		6		73
Divestitures		(57)		(3)		(10)		(70)
Change in scope of consolidation		—		(1)		1		—
Translation differences and other changes		54		1		32		87
At December 31, 2022		17,277		551		1,362		19,190
Carrying amount at December 31, 2021	€	13,645	€	343	€	2,647	€	16,635
Carrying amount at December 31, 2022	€	15,704	€	365	€	2,937	€	19,006

(1) The €67 million reported for the year ended December 31, 2022 includes €10 million impairment and write-off of Capitalized development expenditure relating to Equity method investments which are reported in Share of the profit/(loss) of equity method investees within the Consolidated Income Statement

Other intangible assets of the former FCA Group with an acquisition fair value of €8.3 billion were recognized on completion of the merger. Refer to Note 3, *Scope of consolidation* for additional information.

Capitalized development expenditures included both internal and external costs that were directly attributable to the internal product development process, primarily consisting of material costs and personnel related expenses relating to engineering, design and development focused on content enhancement of existing vehicles, new models and propulsion system programs.

In 2022, €73 million of impairment losses and asset write-offs were recognized, refer to Note 2, *Basis of preparation - Use of estimates - Recoverability of non-current assets with definite useful lives* for further information on the impairment losses and asset write-offs recognized.

In 2021, €152 million of impairment losses and asset write-offs were recognized.

At December 31, 2022, translation differences primarily related to foreign currency translation of the U.S. Dollar and Brazilian Real to Euro. At December 31, 2021, translation differences primarily related to foreign currency translation of the U.S. Dollar to the Euro and Pound Sterling to Euro.

Amortization of capitalized development expenditures was recognized within Research and development costs within the Consolidated Income Statement, as described in Note 5, *Research and development costs*. Amortization of patents, concessions, licenses and other intangibles are recognized within Cost of revenues and Selling, general and other costs.

At December 31, 2022 and 2021, the Company had contractual commitments for the purchase of intangible assets amounting to €141 million and €160 million, respectively.

11. Property, plant and equipment

Property, plant and equipment comprises owned and leased assets that do not meet the definition of investment property under IAS 40 - *Investment Property*. The Company leases assets including land, buildings, plant machinery and equipment, and other assets.

	Land	Buildings	Plant, machinery and equipment	Other assets ⁽¹⁾	Advances and tangible assets in progress	Total
	(€ million)					
Gross carrying amount at January 1, 2021	€ 514	€ 7,595	€ 34,313	€ 5,071	€ 1,624	€ 49,117
Additions	2	348	2,995	214	1,569	5,128
FCA-PSA merger	1,237	4,371	9,799	807	4,452	20,666
Divestitures	(39)	(469)	(875)	(155)	(11)	(1,549)
Change in the scope of consolidation	(114)	(2,046)	(5,109)	(628)	(431)	(8,328)
Translation differences	51	272	816	83	128	1,350
Transfer from Assets held for sale	1	18	34	—	4	57
Other changes	(1)	143	3,575	682	(3,391)	1,008
At December 31, 2021	1,651	10,232	45,548	6,074	3,944	67,449
Additions	—	322	3,133	367	1,017	4,839
Divestitures and disposals	(39)	(491)	(1,018)	(280)	(67)	(1,895)
Change in the scope of consolidation	7	(6)	(10)	60	1	52
Translation differences	43	242	862	19	188	1,354
Transfer to Assets held for sale	(104)	(168)	(158)	(7)	(18)	(455)
Other changes	(9)	129	1,334	423	(1,402)	475
At December 31, 2022	1,549	10,260	49,691	6,656	3,663	71,819
Accumulated depreciation and impairment losses at January 1, 2021	23	4,648	27,101	1,338	24	33,134
Depreciation	1	545	3,096	350	—	3,992
Divestitures	—	(210)	(822)	(138)	—	(1,170)
Impairment losses and asset write-offs	—	66	71	—	—	137
Change in the scope of consolidation	(8)	(931)	(3,266)	(433)	—	(4,638)
Translation differences	—	18	56	11	—	85
Transfer from Assets held for sale	—	—	(3)	(1)	—	(4)
Other changes	1	33	287	104	—	425
At December 31, 2021	17	4,169	26,520	1,231	24	31,961
Depreciation	3	583	3,633	434	—	4,653
Divestitures and disposals	(1)	(250)	(1,012)	(154)	—	(1,417)
Impairment losses and asset write-offs	9	37	—	—	—	46
Change in the scope of consolidation	2	(2)	15	24	—	39
Translation differences	—	26	150	(3)	3	176
Transfer to Assets held for sale	—	(84)	(112)	(4)	—	(200)
Other changes	2	11	158	185	—	356
At December 31, 2022	32	4,490	29,352	1,713	27	35,614
Carrying amount at December 31, 2021	€ 1,634	€ 6,063	€ 19,028	€ 4,843	€ 3,920	€ 35,488
Carrying amount at December 31, 2022	€ 1,517	€ 5,770	€ 20,339	€ 4,943	€ 3,636	€ 36,205

(1) Other assets includes vehicles sold with a buy-back commitments for which the divestitures are reported on a net basis within the changes of gross carrying amount

Property, plant and equipment of the FCA Group with an acquisition fair value of €20.7 billion were recognized on completion of the merger. Refer to Note 3, *Scope of consolidation* for additional information.

Included within the total of €36,205 million Property, plant and equipment amounts presented above was owned property, plant and equipment of €34,244 million and right-of-use assets of €1,961 million at December 31, 2022.

Included within the total of €35,488 million Property, plant and equipment amounts presented above was owned property, plant and equipment of €33,162 million and right-of-use assets of €2,326 million at December 31, 2021.

Changes in Right-of-use assets are as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Plant, machinery and equipment</u>	<u>Other assets</u>	<u>Total</u>
	(€ million)				
Balance at January 1, 2021	€ 4	€ 1,357	€ 216	€ 107	€ 1,684
FCA-PSA merger	20	1,395	300	187	1,902
Depreciation	(1)	(285)	(125)	(118)	(529)
Additions	—	133	33	117	283
Divestitures	(2)	(178)	(18)	(4)	(202)
Change in the scope of consolidation	—	(745)	(73)	(79)	(897)
Translation differences	1	98	17	11	127
Other	—	(41)	(1)	—	(42)
Balance at December 31, 2021	22	1,734	349	221	2,326
Depreciation	(3)	(269)	(126)	(157)	(555)
Additions	—	124	46	208	378
Divestitures	(2)	(196)	(7)	(7)	(212)
Change in the scope of consolidation	4	(11)	(3)	—	(10)
Translation differences	1	59	11	9	80
Other	1	(40)	(5)	(2)	(46)
Balance at December 31, 2022	€ 23	€ 1,401	€ 265	€ 272	€ 1,961

For the year ended December 31, 2022, the Company recognized a total of €46 million of impairment losses and asset write-offs. Refer to Note 2, *Basis of preparation - Use of estimates - Recoverability of non-current assets with definite useful lives*, for further information on the impairment losses and asset write-offs recognized.

For the year ended December 31, 2021, the Company recognized a total of €137 million of impairment losses and asset write-offs.

These impairment charges were recognized within Cost of revenues in the Consolidated Income Statement for the years ended December 31, 2022, and 2021.

In 2022, translation differences of €1,178 million primarily reflected the foreign currency transaction impacts of U.S. Dollar and Brazilian Real to the Euro. In 2021, translation differences of €1,265 million primarily reflected the foreign currency transaction impacts of U.S. Dollar and of Pound Sterling to the Euro.

At December 31, 2022 and 2021, the carrying amounts of Property, plant and equipment of the Company (excluding the Right-of-Use assets described above) reported as pledged as security for debt and other commitments, was €1,400 million and €1,388 million, respectively.

At December 31, 2022 and 2021, the Company had contractual commitments for the purchase of Property, plant and equipment amounting to €1,960 million and €1,712 million, respectively.

12. Investments accounted for using the equity method

The following table summarizes Investments accounted for using the equity method:

	At December 31,	
	2022	2021
(€ million)		
Joint ventures	€ 4,561	€ 5,635
Associates	195	297
Other	78	90
Total Investments accounted for using the equity method	€ 4,834	€ 6,022

The Company's ownership percentages and the carrying value of investments in joint ventures accounted for under the equity method were as follows:

	Ownership percentage		Investment balance	
	At December 31,		At December 31,	
	2022	2021	2022	2021
Joint ventures	Ownership percentage		(€ million)	
Finance companies in partnership with Santander Consumer Finance	50.0%	50.0%	€ 2,092	€ 1,896
Finance companies in partnership with BNP Paribas Personal Finance	50.0%	50.0%	718	636
LeaseCo SAS	50.0%	—%	323	—
FCA Bank S.p.A. ⁽¹⁾	50.0%	50.0%	—	1,858
Tofas-Turk Otomobil Fabrikasi A.S.	37.9%	37.9%	932	727
Automotive Cells Company SE (“ACC”)	33.0%	50.0%	177	89
StarPlus Energy LLC	49.0%	—%	141	—
GAC FIAT Chrysler Automobiles Co.	50.0%	50.0%	—	130
Dongfeng Peugeot Citroën Auto Finance Company	—%	25.0%	—	137
Others			178	162
Total			€ 4,561	€ 5,635

(1) The investment in FCA Bank S.p.A for the year ended December 31, 2022 has been reclassified to held for sale. Refer to Note 3, Scope of consolidation for additional information

There were €158 million, €103 million and €7 million of unrecognized losses relating to investments in joint ventures for the years ended December 31, 2022, 2021 and 2020, respectively.

Equity investments of the FCA Group with an acquisition fair value of €2,637 million were recognized on completion of the merger. Refer to Note 3, *Scope of consolidation* for additional information.

On December 17, 2021, Stellantis announced the intention to reorganize its leasing activities in Europe with the intention to create a European multi-brand operational leasing company with Crédit Agricole Consumer Finance S.A. (“CACF”), (with each of Stellantis and CACF holding a 50 percent interest) that would result from the combination of the leasing activities of Leasys and the activities of Free2Move Lease (“F2ML”), a business unit created within the former Groupe PSA and which aims to develop the business to business (“B2B”) long-term leasing activity. In addition, the joint ventures with BNPP PF and SCF are planned to be reorganized so the joint ventures with BNPP PF will operate financing activities in Germany, Austria and in the UK and joint ventures with SCF will operate financing activities in France, Italy, Spain, Belgium, Poland, the Netherlands and through a commercial agreement with SCF in Portugal. The joint ventures’ financing activities will cover all Stellantis brands. The binding agreements organizing this overall reorganization were signed on March 31, 2022 between Stellantis and each of BNP Paribas Personal Finance, Crédit Agricole Consumer Finance and Santander Consumer Finance and the proposed transactions are targeted to be completed during the first half of 2023, subject to regulatory approvals including from relevant authorities and market regulators.

As a result of the reorganization above of the leasing activities, Leasys was transferred from FCA Bank to LeaseCo, a joint venture held 50 percent by both Stellantis and CACF. Prior to the transaction Stellantis and CACF both held a 50 percent interest indirectly through FCA Bank, and following the transfer both Stellantis and CACF hold a 50 percent interest in Leasys indirectly through LeaseCo. Refer to Note 3, *Scope of consolidation* for additional information on the FCA Bank investment impairment.

FCA Bank, a joint venture with CACF, operates in Europe, primarily in Italy, France, Germany, UK and Spain. FCA Bank provides retail and dealer financing services in the automotive sector, directly or through its subsidiaries as a partner of the FCA vehicle brands and for Maserati vehicles.

There are two partnerships with Santander Consumer Finance, which covers the activities of financing and insurance of the Peugeot, Citroën and DS brands’ operations in the following countries: France, the United Kingdom, Malta, Spain, Italy, the Netherlands, Belgium, Germany, Austria, Brazil and Poland.

The following tables include summarized financial information relating to the finance companies in partnership with Santander Consumer Finance:

	At December 31,			
	2022		2021	
	(€ million)			
Financial assets	€	33,616	€	31,959
<i>Of which: Cash and cash equivalents</i>		2,527		2,758
Other assets		1,600		1,147
Financial liabilities		28,558		27,445
Other liabilities		2,474		1,869
Total Equity		4,184		3,792
Carrying amount of interest				
Company’s share of net assets		2,092		1,896
Carrying amount of interest	€	2,092	€	1,896

	Years ended December 31,		
	2022	2021	2020
	(€ million)		
Interest and similar income	€ 2,592	€ 2,300	€ 2,249
Interest and similar expenses	(1,258)	(997)	(979)
Income tax expense	(219)	(210)	(227)
Profit from continuing operations	690	673	552
Net profit	690	673	552
Net profit attributable to owners of the parent (A)	345	336	276
Other comprehensive income/(loss) attributable to owners of the parent (B)	(8)	15	(24)
Total Comprehensive income attributable to owners of the parent (A+B)	€ 337	€ 351	€ 252
Company's share of net profit	€ 345	€ 336	€ 276

Tofas, the Company's joint venture with Koç Holding, is registered with the Turkish Capital Market Board and listed on the İstanbul Stock Exchange. At December 31, 2022, the market value of the Company's interest in Tofas was €1,572 million (€976 million at December 31, 2021).

The Company's proportionate share of the earnings of its joint ventures, associates and interests in unconsolidated subsidiaries accounted for using the equity method is included within Share of the profit/(loss) of equity method investees in the Consolidated Income Statement. The following table summarizes the share of profits of equity method investees included within Share of the profit/(loss) of equity method investees:

	Years ended December 31,		
	2022	2021	2020
	(€ million)		
Joint Ventures ⁽¹⁾	€ 286	€ 737	€ (95)
Associates	13	22	24
Other	(35)	(22)	(3)
Total Share of the profit/(loss) of equity method investees	€ 264	€ 737	€ (74)

(1) Includes FCA Bank

Immaterial Joint Ventures and Associates

The aggregate amounts recognized for the Company's share in all individually immaterial joint ventures and associates accounted for using the equity method were as follows:

	Years ended December 31,		
	2022	2021	2020
	(€ million)		
Joint ventures:			
Profit/(loss) from continuing operations	€ (152)	€ 168	€ (372)
Net profit/(loss)	(152)	168	(372)
Other comprehensive loss	(47)	(72)	(4)
Total Other comprehensive (loss)/income	€ (199)	€ 96	€ (376)
Associates:			
Income/(loss) from continuing operations	€ 13	€ 22	€ 24
Net income/(loss)	13	22	24
Other comprehensive income	—	13	—
Total Other comprehensive income	€ 13	€ 35	€ 24

13. Financial assets

Financial assets consisted of the following:

	Note	At December 31,					
		2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
		(€ million)					
Derivative financial assets	17	€ 13	€ 21	€ 34	€ 53	€ —	€ 53
Financial securities measured at fair value through other comprehensive income	24	96	62	158	67	38	105
Financial securities measured at fair value through profit or loss	24	573	367	940	629	378	1,007
Financial securities measured at amortized cost		3,171	52	3,223	1,087	29	1,116
Financial receivables		469	158	627	65	117	182
Collateral deposits ⁽¹⁾	24	1	50	51	2	45	47
Total financial assets		€ 4,323	€ 710	€ 5,033	€ 1,903	€ 607	€ 2,510

(1) Collateral deposits are held in connection with derivative transactions and debt obligations

Financial securities measured at amortized cost increased by €2,107 million during the year ended December 31, 2022, mainly driven by the investments of liquidity in financial assets which do not meet all of the conditions to be classified as cash equivalents.

During the year ended December 31, 2021, Credit Suisse Asset Management suspended redemptions and subscriptions of certain supply chain finance funds which the Company holds a position in, and approved the commencement of the liquidation process of the funds. The Company received cash proceeds of approximately 67 percent of its investment during 2021, with no further proceeds received during the year ended December 31, 2022. The remaining position of €137 million as of December 31, 2022 is expected to be fully collectible, as it is a fully insured fund.

14. Inventories

	At December 31,	
	2022	2021
	(€ million)	
Finished goods and goods for resale	€ 8,304	€ 5,144
Work-in-progress, raw materials and manufacturing supplies	8,781	6,019
Amount due from customers for contract work	275	198
Total Inventories	€ 17,360	€ 11,361

Inventories of FCA with an acquisition fair value of €9.3 billion were recognized on completion of the merger resulting in a revaluation of €522 million as compared to the book value in FCA that was reversed as the inventory turned during the first half of the year ended December 31, 2021. Refer to Note 3, *Scope of consolidation* for additional information.

The increase in total inventories in 2022 compared to 2021 reflects increases in raw materials and components costs and safety stock, as well as an increase in new vehicle inventory levels mainly as a result of logistic challenges. In addition, due to the continuing effects of logistical challenges in Enlarged Europe, there was a significant increase in Finished goods as of December 31, 2022.

The amount of inventory write-downs recognized primarily within Cost of revenues during the years ended December 31, 2022, 2021 and 2020 was €397 million, €479 million and €23 million, respectively. These mainly relate to finished goods.

The Construction contracts, net asset/(liability) related to the design and production of industrial automation systems and related products and is summarized as follows:

	At December 31,	
	2022	2021
	(€ million)	
Aggregate amount of costs incurred and recognized profits (less recognized losses) to date	€ 826	€ 696
Less: Progress billings	662	552
Construction contracts, net asset/(liability)	€ 164	€ 144
Construction contract assets	275	198
Less: Construction contract liabilities (Note 23)	111	54
Construction contracts, net asset/(liability)	€ 164	€ 144

Changes in the Company's construction contracts, net asset/(liability) for the year ended December 31, 2022, were as follows:

	At January 1, 2022	Advances received from customers	Amounts recognized within revenue	At December 31, 2022
	(€ million)			
Construction contracts, net asset/(liability)	€ 144	€ (759)	€ 779	€ 164

At December 31, 2022, the entire amount of Construction contracts, net asset/(liability) was expected to be recognized as revenue in the following 12 months.

15. Working capital

	Years ended December 31,		
	2022	2021	2020
	(€ million)		
(Increase)/decrease in inventories	€ (5,606)	€ 2,201	€ 844
(Increase)/decrease in trade receivables	(1,986)	246	191
Increase/(decrease) in trade payables	4,165	(1,273)	218
Other changes	(1,054)	38	47
Total change in working capital	€ (4,481)	€ 1,212	€ 1,300

The change in working capital in 2022 of €4,481 million includes (i) an increase of €5,606 million in inventories, reflecting increases in raw materials and components costs and safety stock, as well as an increase in new vehicle inventory levels mainly as a result of logistic challenges, (ii) an increase of €1,986 million in trade receivables primarily due to a reduction in level of factoring, (iii) an increase of €1,054 million in other receivables net of other payables mainly due to advances to suppliers and indirect taxes in Enlarged Europe, partially offset by (v) an increase of €4,165 million in trade payables, primarily reflecting increases in both inventories and costs of raw materials and components.

16. Trade receivables, other assets, prepaid expenses and tax receivables

Other assets and prepaid expenses consisted of the following:

	At December 31					
	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
	(€ million)					
Receivables from financing activities	€ 2,153	€ 2,553	€ 4,706	€ 2,296	€ 1,347	€ 3,643
Other receivables	3,506	1,730	5,236	2,679	2,122	4,801
Defined benefit plan assets (Note 20)	—	1,844	1,844	—	2,423	2,423
Derivative operating assets	587	286	873	641	114	755
Prepaid expenses and other	1,303	310	1,613	746	260	1,006
Total other assets and prepaid expenses	€ 7,549	€ 6,723	€ 14,272	€ 6,362	€ 6,266	€ 12,628

The following table summarizes Receivables from financing activities, Other receivables, Derivative operating assets and Tax receivables by due date:

	At December 31,									
	2022					2021				
	Total due within one year (current)	Due between one and five years	Due beyond five years	Total due after one year (non-current)	Total	Total due within one year (current)	Due between one and five years	Due beyond five years	Total due after one year (non-current)	Total
	(€ million)									
Receivables from financing activities	€ 2,153	€ 1,918	€ 635	€ 2,553	€ 4,706	€ 2,296	€ 923	€ 424	€ 1,347	€ 3,643
Other receivables	3,506	1,614	116	1,730	5,236	2,679	1,773	349	2,122	4,801
Derivative operating assets	587	286	—	286	873	641	114	—	114	755
Total	€ 6,246	€ 3,818	€ 751	€ 4,569	€ 10,815	€ 5,616	€ 2,810	€ 773	€ 3,583	€ 9,199
Tax receivables	€ 543	€ 79	€ 33	€ 112	€ 655	€ 285	€ 74	€ 31	€ 105	€ 390

Trade receivables

Trade receivables are shown net of an ECL allowance, calculated using the simplified approach. Changes in the allowance for trade receivables were as follows:

	At January 1, 2022	Provision	Use and other changes	Transferred to Assets held for sale	At December 31, 2022
	(€ million)				
ECL allowance - Trade receivables	€ 482	€ 159	€ (74)	€ (5)	€ 562

Trade receivables of an immaterial amount were written off during the year ended December 31, 2022, and are still subject to enforcement activities.

The following table provides information about the exposure to credit risk and ECLs for trade receivables:

	At December 31,					
	2022			2021		
	Current and less than 90 days past due	90 days or more past due	Total	Current and less than 90 days past due	90 days or more past due	Total
	(€ million)					
Gross amount	€ 4,820	€ 669	€ 5,489	€ 2,882	€ 593	€ 3,475
ECL allowance	(178)	(384)	(562)	(80)	(402)	(482)
Carrying amount	€ 4,642	€ 285	€ 4,927	€ 2,802	€ 191	€ 2,993

In addition to the amounts above, a further €1 million at December 31, 2022 (€5 million at December 31, 2021) of trade receivables were measured at FVPL. Refer to Note 24, *Fair value measurement*.

Receivables from financing activities

Receivables from financing activities mainly relate to the business of financial services companies fully consolidated by the Company and are summarized as follows:

	At December 31,	
	2022	2021
	(€ million)	
Dealer financing	€ 1,644	€ 1,499
Retail financing	2,475	1,438
Finance leases	7	5
Other	580	701
Total Receivables from financing activities	€ 4,706	€ 3,643

Receivables from financing activities are shown net of an ECL allowance. Changes in the allowance for receivables from financing activities were as follows:

	At January 1, 2022	Provision	Use and other changes	Transferred to Assets held for sale	At December 31, 2022
	(€ million)				
	€	€	€	€	€
ECL allowance - Receivables from financing activities	121	96	(45)	—	172

Receivables from financing activities of an immaterial amount were written off during the year ended December 31, 2022, and are still subject to enforcement activities.

The following table provides information about the exposure to credit risk and ECLs for receivables from financing activities:

	At December 31,							
	2022				2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(€ million)							
Gross amount	€ 4,492	€ 69	€ 58	€ 4,619	€ 3,359	€ 108	€ 45	€ 3,512
ECL allowance	(138)	(22)	(12)	(172)	(105)	(8)	(8)	(121)
Carrying amount	€ 4,354	€ 47	€ 46	€ 4,447	€ 3,254	€ 100	€ 37	€ 3,391

In addition to the amounts above, a further €259 million at December 31, 2022 (€252 million at December 31, 2021) of receivables from financing activities were measured at FVPL. Refer to Note 24, *Fair value measurement*.

Other receivables

At December 31, 2022, Other receivables primarily consisted of tax receivables for VAT and other indirect taxes of €3,545 million (€3,370 million at December 31, 2021).

During 2017, the Brazilian Supreme Court ruled that the state value added tax should be excluded from the basis for calculating a federal tax on revenue. The Brazilian government appealed this decision, and in May 2021, the Brazilian Supreme Court rendered a final and definitive decision confirming the 2017 decision. Certain of Stellantis' companies in Brazil had previously filed individual lawsuits on this matter.

During the year ended December 31, 2021, as a result of the Supreme Court ruling, the previously recognized provision of €166 million related to PSA was no longer considered probable and was reversed. Corresponding deposits of approximately €180 million remain recorded within Other receivables pending release by the courts.

During the year ended December 31, 2021, other receivables of €113 million of which €87 million were recognized within Net revenues and €26 million within Net financial results for previously paid amounts that have not yet been recovered as these amounts are now virtually certain. The Company also expects to recognize approximately an additional €48 million of previously paid taxes pending full resolution of these related cases.

During the year ended December 31, 2022, deposits of €144 million were released and received. The remaining amount of approximately €70 million is recorded within Other receivables.

Transfer of financial assets

At December 31, 2022, the Company had receivables due after that date, which had been transferred without recourse and which were derecognized in accordance with IFRS 9 – *Financial Instruments*, amounting to €13,935 million (€12,509 million at December 31, 2021), of which 66 percent (57 percent at December 31, 2021), was mainly due from the sales network, transferred to financing companies in partnership with Santander, BNP Paribas and Crédit Agricole.

At December 31, 2022 and 2021, the carrying amount of transferred financial assets not derecognized and the related liabilities were as follows:

	At December 31,					
	2022			2021		
	Trade receivables	Receivables from financing activities	Total	Trade receivables	Receivables from financing activities	Total
	(€ million)					
Carrying amount of assets transferred and not derecognized	€ 119	€ 9	€ 128	€ 137	€ 12	€ 149
Carrying amount of the related liabilities (Note 22)	€ 119	€ 9	€ 128	€ 137	€ 12	€ 149

17. Derivative financial and operating assets and liabilities

The following table summarizes the fair value of the Company's derivative financial instruments:

	At December 31,			
	2022		2021	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
	(€ million)			
Fair value hedges:				
Interest rate risk - interest rate swaps	€ —	€ —	€ —	€ —
Interest rate and currency risk - combined interest rate and currency swaps	—	—	1	(2)
Currency risk - forward contracts, currency swaps and currency options	25	(22)	184	(80)
Commodity price risk – commodity swaps and commodity options	—	—	—	—
Total Fair value hedges	25	(22)	185	(82)
Cash flow hedges:				
Interest rate risk - interest rate swaps	19	—	1	(3)
Currency risks - forward contracts, currency swaps and currency options	423	(266)	73	(160)
Commodity price risk – commodity swaps and commodity options	406	(637)	488	(274)
Total Cash flow hedges	848	(903)	562	(437)
Net investment hedges:				
Currency risks - forward contracts, currency swaps and currency options	—	—	—	—
Total Net investment hedges	—	—	—	—
Derivatives for trading	34	(25)	61	(82)
Total Fair value of derivative financial assets/(liabilities)	€ 907	€ (950)	€ 808	€ (601)
Financial derivative assets/(liabilities) - current	€ 13	€ (18)	€ 53	€ (89)
Financial derivative assets/(liabilities) - non-current	€ 21	€ —	€ —	€ (6)
Derivative operating assets/(liabilities) - current	€ 587	€ (708)	€ 641	€ (374)
Derivative operating assets/(liabilities) - non-current	€ 286	€ (224)	€ 114	€ (132)

Derivatives used in financing activities are reported in the financial assets/liabilities, while derivatives used in operating activities are reported in Other assets/liabilities.

The following table summarizes the outstanding notional amounts of the Company's derivative financial instruments by due date:

At December 31,								
2022					2021			
Due within one year	Due between one and five years	Due beyond five years	Total	Due within one year	Due between one and five years	Due beyond five years	Total	
(€ million)								
Currency risk management	€ 22,142	€ 5,831	€ —	€ 27,973	€ 19,842	€ 5,759	€ —	€ 25,601
Interest rate risk management	220	830	—	1,050	323	337	—	660
Interest rate and currency risk management	14	101	—	115	10	93	—	103
Commodity price risk management	3,291	3,252	—	6,543	2,131	1,635	—	3,766
Total Notional amount	€ 25,667	€ 10,014	€ —	€ 35,681	€ 22,306	€ 7,824	€ —	€ 30,130

Fair value hedges

The net gains and losses arising from the valuation of outstanding currency derivatives and interest rate and currency derivatives (for managing currency risk) were recognized in accordance with fair value hedge accounting and the net gains and losses arising from the respective hedged items are summarized as follows:

	Years ended December 31,		
	2022	2021	2020
(€ million)			
Currency and interest rate risk			
Change in ineffective portion	€ (34)	€ (16)	€ (10)
Net gains/(losses)	€ (34)	€ (16)	€ (10)

Ineffectiveness portion is recognized in Net financial expenses.

Cash flow hedges

Amounts recognized in the Consolidated Income Statement mainly related to currency risk management and commodity price risk management and, to a lesser extent, cash flows that were exposed to interest rate risk.

The Company's policy for managing currency risk and commodity price risk normally required hedging of projected future flows from trading activities which will occur within the following twenty-four and thirty-six months respectively. The hedging effect arising from this was recorded in the Cash flow hedge reserve within Other comprehensive (loss)/income and would be subsequently recognized in the Consolidated Income Statement, primarily during the following years, in particular, two years for currency risk and three years for commodity price risk.

For the year ended December 31, 2022 net losses of €6 million related to ineffectiveness were recognized in the Consolidated Income Statement (net gains €2 million for the year ended December 31, 2021 and nil for the year ended December 31, 2020).

The Company reclassified gains/(losses) arising on Cash flow hedges, net of the tax effect, from Other comprehensive income and Inventories to the Consolidated Income Statement as follows:

	Years ended December 31,		
	2022	2021	2020
	(€ million)		
Currency risk			
(Increase)/Decrease in Cost of revenues	€ (111)	€ (82)	€ 6
Net financial income/(expenses)	—	(86)	—
Result from investments	(10)	20	—
Interest rate risk			
Result from investments	(59)	(6)	—
Net financial expenses	—	2	—
Commodity price risk			
Decrease/(Increase) in Cost of revenues	464	18	(34)
Ineffectiveness and discontinued hedges	(6)	2	—
Tax expense	(99)	5	8
Total recognized in the Consolidated Income Statement	€ 179	€ (127)	€ (20)

Net investment hedges

In order to manage the Company's foreign currency risk related to its investments, the Company enters into hedges of a net investment in a foreign operation, in particular foreign currency swaps, forward contracts and currency options. For the year ended December 31, 2022, gains of €100 million (nil for the years ended December 31, 2021 and 2020) related to the hedges of a net investment in foreign operation were recognized in Other comprehensive gain within currency translation differences. There was no ineffectiveness for the year ended December 31, 2022.

Derivatives for trading

At December 31, 2022, 2021 and 2020, Derivatives for trading primarily consisted of derivative contracts entered into for hedging purposes which did not qualify for hedge accounting.

Information on the Company's risk management strategy and additional information on its hedging activities is provided in Note 31, *Qualitative and quantitative information on financial risks*.

18. Cash and cash equivalents

Cash and cash equivalents consisted of the following:

	At December 31,	
	2022	2021
	(€ million)	
Cash at banks	€ 9,836	€ 13,176
Money market securities measured at FVTPL	20,870	25,042
Other cash equivalents	15,727	11,411
Total Cash and cash equivalents	€ 46,433	€ 49,629

Cash and cash equivalents of the FCA Group with an acquisition fair value of €22,514 million were recognized on completion of the merger. Refer to Note 3, *Scope of consolidation* for additional information.

Cash and cash equivalents held in certain foreign countries (primarily in Argentina, with an amount of €910 million at December 31, 2022) were subject to local exchange control regulations providing restrictions on the amount of cash, other than dividends, that can leave the country. In addition, a certain amount of cash and cash equivalent was held related to our entities in Russia (totaling €121 million at December 31, 2022). Certain specific uses of these resources may be restricted by the trade and financial sanctions adopted by various governments around the world and the counter-sanctions imposed by the Russian government. Refer to Note 3, *Scope of consolidation* for additional information.

Cash and cash equivalents include €107 million at December 31, 2022 held in bank deposits which are restricted to the operations related to securitization programs and warehouse credit facilities of Stellantis Financial Services. These deposits are primarily used for the collection of the loan installments from customers and the payment of debt and service costs and to the originator Stellantis Financial Services itself, according to the programs and facilities regulation. Refer to Note 22, *Debt* for additional information on securitization programs and warehouse credit facilities.

19. Share-based compensation

2022-2024 Long Term Incentive Plan

At the General Meeting of Shareholders in April 2021, shareholders approved the Company's framework equity incentive plan under which the 2022-2024 Long-Term Incentive Plan ("2022-2024 LTIP") operates.

In July and September 2022, the Company granted a total of approximately 8.8 million Performance Share Units ("PSU") and approximately 4.3 million Restricted Share Units ("RSU") awards to eligible employees under the 2022-2024 LTIP.

In December 2022, the Company granted 0.6 million PSU and 0.6 million RSU additional awards.

The PSU awards, which represent the right to receive Stellantis common shares, have certain performance targets which are settled independently of each other. Of the total PSU awards, 40 percent are expected to vest based on certain market performance conditions ("PSU TSR awards") covering an approximate three year performance period from the grant date to December 31, 2024, with a payout scale ranging from 0 percent to 200 percent. Of the total PSU awards, 40 percent are expected to vest based on the Company's targets for the achievement of synergies less implementation costs ("PSU Synergies"), following the completion of the merger, covering an approximate three year period from the grant date to December 31, 2024, with a payout scale ranging from 0 percent to 100 percent. Ten percent of the PSU awards are expected to vest based on the achievement of certain regulatory emissions compliance targets ("PSU Compliance") in the years ending December 31, 2022, 2023 and 2024. The remaining 10 percent of the PSU awards are expected to vest based on the achievement of certain vehicle nameplate electrification targets ("PSU Electrification"), covering an approximate three-year period from the grant date to December 31, 2024, with a payout scale ranging from 0 percent to 100 percent. Accordingly, the total number of shares that are expected to be issued could vary from the original award of approximately 9.4 million units. If the performance goals for the respective periods are met, the PSU awards are expected to vest in one tranche in the second quarter of 2025.

The RSU awards ("2022 RSU awards"), which represents the right to receive Stellantis common shares, are expected to vest in the second quarter of 2025.

The fair values of the PSU Synergies, PSU Compliance, PSU Electrification and the RSU awards were measured using the Stellantis share price on the grant date, adjusted for expected dividends at a constant yield as these PSU and RSU awards do not have the right to receive ordinary dividends prior to vesting. The fair value of the PSU TSR awards were calculated using a Monte Carlo Simulation.

2021-2023 Long Term Incentive Plan

At the General Meeting of Shareholders in April 2021, shareholders approved the Company's framework equity incentive plan. under which the 2021-2023 Long-Term Incentive Plan ("2021-2023 LTIP") operates.

In June 2021, the Company granted a total of approximately 6.0 million PSU and approximately 2.7 million RSU awards to eligible employees under the 2021-2023 LTIP.

In September and October 2021, the Company granted approximately 1.3 million PSU and 1.0 million RSU additional awards.

In December 2021, the Company granted 0.4 million PSU special awards. These have certain performance targets which are settled independently of each other and are expected to vest based on the Company's targets for achievement of fixed costs, Adjusted operating income margin and break-even level, covering an approximate two year period from January 18, 2021 to December 31, 2022, with a payout scale ranging from 0 percent to 100 percent.

The PSU awards, which represent the right to receive Stellantis common shares, have certain performance targets which are settled independently of each other. Of the total PSU awards, 40 percent are expected to vest based on certain market performance conditions covering an approximate three year performance period from January 18, 2021 (the date of the completion of the merger) to December 31, 2023, with a payout scale ranging from 0 percent to 200 percent. Of the total PSU awards, 40 percent are expected to vest based on the Company's targets for the achievement of synergies less implementation costs, following the completion of the merger, covering an approximate three year period from January 18, 2021 to December 31, 2023, with a payout scale ranging from 0 percent to 100 percent. 10 percent of the PSU awards are expected to vest based on the achievement of certain regulatory emissions compliance targets in the years ending December 31, 2021, 2022 and 2023. The remaining 10 percent of the PSU awards are expected to vest based on the achievement of certain vehicle nameplate electrification targets, covering an approximate three-year period from January 18, 2021 to December 31, 2023, with a payout scale ranging from 0 percent to 100 percent. Accordingly, the total number of shares that are expected to be issued could vary from the original award of approximately 7.3 million units. If the performance goals for the respective periods are met, the PSU awards are expected to vest in one tranche in the second quarter of 2024.

The RSU awards ("2021 RSU awards"), which represents the right to receive Stellantis common shares, are expected to vest in the second and fourth quarters of 2024 for the awards granted during the six months ended June 30, 2021, and during the six months ended December 31, 2021, respectively.

The fair values of the PSU Synergies, PSU Compliance, PSU Electrification and the RSU awards were measured using the Stellantis share price on the grant date, adjusted for expected dividends at a constant yield as these PSU and RSU awards do not have the right to receive ordinary dividends prior to vesting. The fair value of the PSU TSR awards were calculated using a Monte Carlo Simulation.

Chief Executive Officer Shareholder Incentive Awards

In June 2021, the Company provided a long-term incentive award of 1.0 million PSUs to the Chief Executive Officer. The incentive award vests based on the achievement of absolute total shareholder return performance, covering the period starting January 18, 2021 and ending January 17, 2026, with a payout scale ranging from 0 percent to 200 percent.

The fair values of the special PSU awards were measured using a Monte Carlo Simulation.

Other Restricted Share Unit and Performance Share Unit Grants

During the year ended December 31, 2022, the Company granted approximately 0.3 million RSU awards and 0.1 million PSU awards to certain key employees of the Company, which represents the right to receive Stellantis common shares. A portion of these awards are expected to vest in 2023 with the remaining portion expected to vest in 2024, 2025 or 2026, in accordance with the award agreements. The fair values of the PSU Synergies, PSU Compliance, PSU Electrification and the RSU awards were measured using the Stellantis share price on the grant date, adjusted for expected dividends at a constant yield as these PSU and RSU awards do not have the right to receive ordinary dividends prior to vesting. The fair value of the PSU TSR awards were calculated using a Monte Carlo Simulation.

During the year ended December 31, 2021, the Company granted approximately 0.8 million RSU awards to certain key employees of the Company, which represents the right to receive Stellantis common shares. A portion of these awards are expected to vest in 2022, with the remaining portion expected to vest in 2023 or 2024, in accordance with the award agreements. The fair values of these RSU awards were measured using the Stellantis share price on the grant date, adjusted for expected dividends at a constant yield as these RSU awards do not have the right to receive ordinary dividends prior to vesting.

Share-based payment plans issued by the former FCA

As a result of the merger, each outstanding legacy FCA PSU award, and each outstanding legacy FCA RSU award has been replaced by Stellantis RSU awards (“replacement Stellantis RSU awards”), which will continue to be governed by the same terms and conditions, including service-based vesting terms. Both the legacy FCA PSU Adjusted EBIT and legacy FCA PSU TSR awards were deemed to be satisfied at target upon conversion to Stellantis RSU awards. On completion of the merger 24.3 million replacement Stellantis RSU awards were granted.

In line with the guidance in IFRS 2 - Share-based payment and IFRS 3 - Business combinations, the fair value of the Stellantis RSU awards was determined based on the FCA share price as of January 15, 2021, with a portion of this fair value included in the consideration transferred, which has been determined by multiplying the fair value of the original FCA awards as of January 15, 2021 by the portion of the requisite service period that elapsed prior to the merger divided by the total service period. The remaining portion of the fair value is expected to be recognized within the Stellantis income statement over the remaining vesting term.

The replacement Stellantis RSU awards, which represents the right to receive Stellantis common shares are expected to vest in 2023 in accordance with the award agreements.

Share-based payment plans issued by former PSA

As a result of the merger, each outstanding legacy PSA PSU award has been replaced by Stellantis RSU awards (“replacement Stellantis RSU awards”), which will continue to be governed by the same terms and conditions, including service-based vesting terms. The legacy PSA PSU awards were deemed to be either totally or partially satisfied upon conversion into Stellantis RSU awards. Refer below for further details regarding the conversion of the awards to Stellantis RSU awards.

2018 performance share plan

In 2018, a performance share plan was established. The allocation of performance shares was subject to a condition of service within PSA at the end of the vesting period. In light of the objectives, half of the shares vested in April 2021 with the remaining portion vested in April 2022. On completion of the merger 4.1 million replacement Stellantis RSU awards were granted, in respect of this plan, with an additional 0.2 million granted for the equal distribution of Faurecia.

2019 performance share plan

In 2019, a performance share plan was established. The allocation of performance shares was subject to a condition of service within PSA at the end of the vesting period. In light of the objectives, the shares are vested in two equal parts with one part vested in May 2022 and the remaining part expected to be vested in May 2023. On completion of the merger 4.3 million replacement Stellantis RSU awards were granted, in respect of this plan, with an additional 0.3 million granted for the equal distribution of Faurecia.

2020 performance share plan

In 2020, a performance share plan was established. The allocation of performance shares was subject to a condition of service within PSA at the end of the vesting period. The shares are expected vest in May 2023. On completion of the merger 4.6 million replacement Stellantis RSU awards were granted, in respect of this plan, with an additional 0.3 million granted for the equal for distribution of Faurecia.

PSU Awards

Changes during 2022 and 2021 for the PSU awards under the 2022-2024 and 2021-2023 LTIPs were as follows:

2022									
	PSU TSR	Weighted average fair value at the grant date (€)	PSU Synergies	Weighted average fair value at the grant date (€)	PSU Compliance	Weighted average fair value at the grant date (€)	PSU Electrification	Weighted average fair value at the grant date (€)	
Outstanding shares unvested at January 1	2,757,605	€ 17.07	2,757,605	€ 14.55	689,516	€ 14.55	689,285	€ 14.55	
Granted	3,803,956	10.38	3,803,956	11.29	950,992	11.29	950,986	11.29	
Vested	—	—	—	—	—	—	—	—	
Canceled	—	—	—	—	—	—	—	—	
Forfeited	(209,121)	16.50	(209,121)	14.27	(52,286)	14.27	(52,273)	14.27	
Outstanding shares unvested at December 31	<u>6,352,440</u>	€ 13.09	<u>6,352,440</u>	€ 12.61	<u>1,588,222</u>	€ 12.61	<u>1,587,998</u>	€ 12.61	
2021									
	PSU TSR	Weighted average fair value at the grant date (€)	PSU Synergies	Weighted average fair value at the grant date (€)	PSU Compliance	Weighted average fair value at the grant date (€)	PSU Electrification	Weighted average fair value at the grant date (€)	
Outstanding shares unvested at January 1	—	€ —	—	€ —	—	€ —	—	€ —	
Granted	2,934,454	17.07	2,934,454	14.55	733,729	14.55	733,498	14.55	
Vested	—	—	—	—	—	—	—	—	
Canceled	—	—	—	—	—	—	—	—	
Forfeited	(176,849)	17.07	(176,849)	14.55	(44,213)	14.55	(44,213)	14.55	
Outstanding shares unvested at December 31	<u>2,757,605</u>	€ 17.07	<u>2,757,605</u>	€ 14.55	<u>689,516</u>	€ 14.55	<u>689,285</u>	€ 14.55	

The fair values of the PSU TSR awards were calculated using a Monte Carlo simulation model.

The key assumptions utilized to calculate the grant-date fair values for the PSU TSR awards are summarized below:

Key assumptions	2022	2021
	PSU TSR Awards Range	
Grant date stock price	€12.51 - €13.33	€16.98 - €17.68
Expected volatility	42 %	41 %
Risk-free rate	0.4 %	(0.69)%

The expected volatility was based on the observed historical volatility for common shares of Stellantis. The risk-free rate was derived from the yield on Euro Area Government Bonds of appropriate term, as detailed by the European Central Bank.

The weighted average fair value of the PSU Synergies, PSU Compliance and PSU Electrification awards that were granted during year ended December 31, 2022 and 2021 were measured using the Stellantis stock price on the grant date, adjusted for expected dividends at a constant yield as these PSU awards do not have the right to receive ordinary dividends prior to vesting.

RSU awards

Changes during 2022 and 2021 for the RSU awards under the 2022-2024 and 2021-2023 LTIPs were as follows:

	2022		2021	
	RSUs	Weighted average fair value at the grant date (€)	RSUs	Weighted average fair value at the grant date (€)
Outstanding shares unvested at January 1	4,316,256	€ 14.62	—	€ —
Granted	5,186,760	11.45	4,499,970	14.62
Vested	(310,968)	16.11	—	—
Canceled	—	—	—	—
Forfeited	(367,105)	14.02	(183,714)	14.62
Outstanding shares unvested at December 31	8,824,943	€ 12.77	4,316,256	€ 14.62

The weighted average fair value of the RSU awards that were granted at December 31, 2022 and 2021, were measured using the Stellantis stock price on the grant date, adjusted for expected dividends at a constant yield as these RSU awards do not have the right to receive ordinary dividends prior to vesting.

Replacement Stellantis RSU awards

Changes during 2022 and 2021 for the Replacement Stellantis RSU awards from share-based payment plans issued by the former FCA Group were as follows:

	2022		2021	
	Replacement Stellantis RSU awards	Weighted average fair value at the grant date (€)	Replacement Stellantis RSU awards	Weighted average fair value at the grant date (€)
Outstanding shares unvested at January 1	17,520,829	€ 11.08	—	€ —
Anti-dilution adjustment	—	—	2,181,936	11.09
Granted	—	—	24,321,968	11.14
Vested	(6,923,401)	10.19	(8,438,777)	11.30
Canceled	—	—	—	—
Forfeited	(875,295)	10.05	(544,298)	10.32
Outstanding shares unvested at December 31	9,722,133	€ 9.95	17,520,829	€ 11.08

The weighted average fair value of the RSU awards that were granted at December 31, 2022 and 2021 were measured using the Stellantis stock price on the grant date, adjusted for expected dividends at a constant yield as these PSU and RSU awards do not have the right to receive ordinary dividends prior to vesting.

Changes during 2022, 2021 and 2020 for the Replacement Stellantis RSU awards from share-based payment plans issued by former PSA were as follows:

	2022		2021		2020	
	Replacement Stellantis RSU awards	Weighted average fair value at the grant date (€)	Replacement Stellantis RSU awards	Weighted average fair value at the grant date (€)	Replacement Stellantis RSU awards	Weighted average fair value at the grant date (€)
Outstanding shares unvested at January 1	11,573,960	€ 7.9	8,576,981	€ 15.3	9,574,500	€ 16.53
Anti-dilution adjustment	—	—	7,278,029	—	8,786	—
Granted	—	—	—	—	2,740,165	10.34
Vested	(4,187,770)	8.78	(4,245,183)	9.15	(2,153,500)	13.77
Canceled	—	—	—	—	(1,299,970)	16.79
Forfeited	(964,112)	7.76	(35,867)	8.99	(293,000)	11.35
Outstanding shares unvested at December 31	6,422,078	€ 6.71	11,573,960	€ 7.9	8,576,981	€ 15.3

The weighted average fair value of the RSU awards that were granted at December 31, 2022, 2021 and 2020 were measured using the Stellantis stock price on the grant date, adjusted for expected dividends at a constant yield as these PSU and RSU awards do not have the right to receive ordinary dividends prior to vesting.

Anti-dilution adjustments - RSU awards

The documents governing long-term incentive plans contain anti-dilution provisions which provide an adjustment to the number of awards granted under the plans in order to preserve, or alternatively prevent the enlargement of, the benefits intended to be made available to the recipients of the awards should an event occur that impacted the Company's capital structure.

There were no anti-dilution adjustments in 2022.

In March 2021, the Remuneration Committee approved the methodology to calculate the conversion factor of 1.0670166 that was applied to outstanding awards under the Long Term Incentive Plan to make equity award holders whole for the resulting diminution in the value of n Stellantis common share as a result of the distribution of Faurecia shares and cash to holders of Stellantis common shares on March 22, 2021 (March 15, 2021 ex-dividend date). In May 2021, the Remuneration Committee approved the methodology to calculate the conversion factor of 1.0216283 that was applied to certain of the outstanding awards under the Long Term Incentive Plan to make equity award holders whole for the resulting diminution in the value of a Stellantis common share as a result of the extraordinary Distribution contemplated by the merger, as approved by Shareholders on April 15, 2021, to holders of Stellantis common shares on April 28, 2021 (April 19, 2021 ex-dividend date).

There were no changes to the total cost of these awards to be amortized over the remaining vesting period as a result of these adjustments.

The following table reflects the changes resulting from the anti-dilution adjustments:

	2021 Anti-dilution adjustment
RSU Awards:	
Number of awards - as adjusted	3,179,903

Share-based Compensation Expense

Total expense for the PSU awards and RSU awards of approximately €170 million, €201 million and €34 million was recorded for the years ended December 31, 2022, 2021 and 2020, respectively.

20. Employee benefits liabilities

Employee benefits liabilities consisted of the following:

	At December 31,					
	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
	(€ million)					
Pension benefits	€ 43	€ 2,783	€ 2,826	€ 129	€ 4,045	€ 4,174
Health care and life insurance plans	126	1,596	1,722	126	2,132	2,258
Other post-employment benefits	56	771	827	66	1,090	1,156
Other provisions for employees	320	741	1,061	363	798	1,161
Total Employee benefits liabilities	€ 545	€ 5,891	€ 6,436	€ 684	€ 8,065	€ 8,749

Employee benefits liabilities of the FCA Group with an acquisition fair value of €8.8 billion were recognized on completion of the merger. Refer to Note 3, *Scope of consolidation* for additional information.

The Company recognized total expense related to continuing operations of €2,018 million for defined contribution plans for the year ended December 31, 2022 (€1,812 million in 2021 and €462 million in 2020).

The Company's defined benefit liabilities were remeasured at December 31, 2022 resulting in a decrease in the net liability of approximately €1.79 billion primarily due to increases in discount rates of €7.41 billion partially offset by a negative return on assets of €6.17 billion.

The following table summarizes the fair value of defined benefit obligations and the fair value of related plan assets:

	At December 31,	
	2022	2021
	(€ million)	
Present value of defined benefit obligations:		
Pension benefits	€ 23,652	€ 30,231
Health care and life insurance plans	1,722	2,258
Other post-employment benefits	805	1,125
Total present value of defined benefit obligations (a)	26,179	33,614
Fair value of plan assets (b)	22,676	28,475
Asset ceiling (c)	28	26
Total net defined benefit plans (a - b + c)	3,531	5,165
<i>of which:</i>		
<i>Net defined benefit liability (d)</i>	5,375	7,588
<i>Defined benefit plan asset (Note 16)</i>	(1,844)	(2,423)
Other provisions for employees (e)	1,061	1,161
Total Employee benefits liabilities (d + e)	€ 6,436	€ 8,749

Pension benefits

The Company's funding policy for defined benefits pension plans was to contribute the minimum amounts required by applicable laws and regulations or to directly pay benefit payments where appropriate. In the U.S., these excess amounts were tracked and the resulting credit balance can be used to satisfy minimum funding requirements in future years. At December 31, 2022, the combined credit balances for the U.S. and Canada qualified pension plans were approximately €1.6 billion, with the usage of the credit balances to satisfy minimum funding requirements subject to the plans maintaining certain funding levels. During the year ended December 31, 2022, the Company made pension contributions in the U.S. and Canada totaling €314 million. Contributions to the pension plans of the Company for 2023 are expected to be €123 million, including both contributions to pension funds and direct benefit payments to employees. Of this amount, €79 million relates to the U.S. and Canada, with €78 million being mandatory contributions and €1 million discretionary contributions, €8 million relates to the UK, and €12 million relates to Germany.

The expected benefit payments for pension plans are as follows:

	Expected benefit payments	
	(€ million)	
2023	€	1,746
2024	€	1,731
2025	€	1,728
2026	€	1,740
2027	€	1,736
2028-2032	€	8,539

The following table summarizes changes in pension plans:

	2022					2021				
	US and Canada	UK	France and Germany	Other	Total	US and Canada	UK	France and Germany	Other	Total
	(€ million)									
Projected benefit obligation										
At beginning of period: Present value	€ (24,197)	€ (2,480)	€ (3,141)	€ (413)	€ (30,231)	€ —	€ (2,132)	€ (4,603)	€ (180)	€ (6,915)
Effect of changes in scope of consolidation and other	22	1	(283)	34	(226)	(23,698)	(256)	444	(197)	(23,707)
Service cost	(160)	—	(57)	(11)	(228)	(153)	—	(74)	(11)	(238)
Interest cost	(729)	(44)	(46)	(9)	(828)	(613)	(32)	(25)	(8)	(678)
Benefit payments for the year	1,564	97	105	24	1,790	1,291	113	367	18	1,789
Participant contributions	(1)	—	—	—	(1)	(1)	—	—	(1)	(2)
Actuarial gains and (losses)	5,568	756	750	149	7,223	624	(13)	568	(26)	1,153
<i>Demographic assumptions and experience</i>	58	(71)	(219)	(23)	(255)	85	(74)	61	5	77
<i>Financial assumptions</i>	5,510	827	969	172	7,478	539	61	507	(31)	1,076
Effect of changes in exchange rates	(1,265)	128	—	(12)	(1,149)	(1,647)	(162)	—	(8)	(1,817)
Past service cost	(3)	(3)	—	2	(4)	—	2	182	—	184
Effect of curtailments and settlements/Other	—	—	1	1	2	—	—	—	—	—
At period-end: Present value	€ (19,201)	€ (1,545)	€ (2,671)	€ (235)	€ (23,652)	€ (24,197)	€ (2,480)	€ (3,141)	€ (413)	€ (30,231)
Plan Assets										
At beginning of period: Fair value	€ 21,856	€ 3,148	€ 3,238	€ 233	€ 28,475	€ —	€ 2,707	€ 4,022	€ 147	€ 6,876
Effect of changes in scope of consolidation and other	(29)	—	264	(26)	209	19,927	212	(245)	92	19,986
Expected return on assets	660	56	47	2	765	524	40	22	2	588
Participant contributions	1	—	—	—	1	1	—	—	1	2
Administrative Expenses	(82)	(1)	—	(1)	(84)	(72)	—	—	—	(72)
Actuarial gains and (losses)	(4,267)	(978)	(909)	(20)	(6,174)	1,359	56	(207)	(4)	1,204
Effect of changes in exchange rates	1,067	(165)	—	2	904	1,370	201	—	1	1,572
Employer contributions	309	26	8	2	345	35	45	7	4	91
Benefit payments for the year	(1,556)	(97)	(101)	(11)	(1,765)	(1,288)	(113)	(361)	(10)	(1,772)
At period-end: Fair value	€ 17,959	€ 1,989	€ 2,547	€ 181	€ 22,676	€ 21,856	€ 3,148	€ 3,238	€ 233	€ 28,475

	2022					2021				
	US and Canada	UK	France and Germany	Other	Total	US and Canada	UK	France and Germany	Other	Total
	(€ million)									
Present value of projected benefit obligation	€(19,201)	€ (1,545)	€ (2,671)	€ (235)	€(23,652)	€(24,197)	€ (2,480)	€ (3,141)	€ (413)	€(30,231)
Fair value of plan assets	17,959	1,989	2,547	181	22,676	21,856	3,148	3,238	233	28,475
Net (liability) asset recognized in the balance sheet before minimum funding requirement (IFRIC 14)	(1,242)	444	(124)	(54)	(976)	(2,341)	668	97	(180)	(1,756)
Minimum funding requirement liability (IFRIC 14)	(28)	—	—	—	(28)	(26)	—	—	—	(26)
Net (liability) asset recognized in the balance sheet	(1,270)	444	(124)	(54)	(1,004)	(2,367)	668	97	(180)	(1,782)
Of which, liability	(2,528)	(38)	(192)	(68)	(2,826)	(3,659)	(65)	(270)	(180)	(4,174)
Of which, asset	1,258	482	68	14	1,822	1,292	733	367	—	2,392

Amounts recognized in the Consolidated Income Statement were as follows:

	Years ended December 31,		
	2022	2021	2020 ⁽¹⁾
	(€ million)		
Current service cost	€ 228	€ 238	€ 208
Interest expense	828	678	99
Interest income	(765)	(588)	(111)
Other administration costs	83	73	—
Past service costs/(credits) and (gains)/losses arising from settlements/curtailments	3	(184)	(18)
Items relating to discontinued operations	—	—	(33)
Total recognized in the Consolidated Income Statement	€ 377	€ 217	€ 145

(1) 2020 amounts include Other post-employment benefits

During the year ended December 31, 2021, there was a prior service credit primarily due to an amendment to benefits offered which incentivizes employees to elect lump sum or installment options over annuity payouts.

The fair value of plan assets by class was as follows:

	At December 31,			
	2022		2021	
	Amount	of which have a quoted market price in an active market	Amount	of which have a quoted market price in an active market
	(€ million)			
Cash and cash equivalents	€ 961	€ 850	€ 922	€ 780
U.S. equity securities	908	906	1,244	1,242
Non-U.S. equity securities	641	641	732	731
Equity commingled funds	1,445	399	2,058	498
Equity instruments	2,994	1,946	4,034	2,471
Government securities	2,262	986	6,176	1,212
Corporate bonds (including convertible and high yield bonds)	4,333	14	8,375	—
Other fixed income	4,950	37	1,583	—
Fixed income securities	11,545	1,037	16,134	1,212
Private equity funds	2,965	—	3,125	—
Diversified Commingled funds	125	34	—	—
Real estate funds	1,343	4	1,015	—
Hedge funds	2,634	—	2,718	—
Investment funds	7,067	38	6,858	—
Insurance contracts and other	109	73	527	18
Total fair value of plan assets	€ 22,676	€ 3,944	€ 28,475	€ 4,481

Non-U.S. equity securities were invested broadly in developed international and emerging markets. Fixed income securities were debt instruments primarily comprised of long-term U.S. Treasury and global government bonds, as well as U.S., developed international and emerging market companies' debt securities diversified by sector, geography and through a wide range of market capitalizations. Private equity funds included those in limited partnerships that invest primarily in the equity of companies that are not publicly traded on a stock exchange. Private debt funds included those in limited partnerships that invest primarily in the debt of companies and real estate developers. Commingled funds included common collective trust funds, mutual funds and other investment entities. Real estate fund investments included those in limited partnerships that invest in various commercial and residential real estate projects around the world. Hedge fund investments included those seeking to maximize absolute return using a broad range of strategies to enhance returns and provide additional diversification.

The investment strategies and objectives for pension assets primarily in the U.S., Canada, France, Germany and UK reflected a balance of liability-hedging and return-seeking investment considerations. The investment objectives were to minimize the volatility of the value of pension assets relative to pension liabilities and to ensure that assets were sufficient to pay plan obligations. The objective of minimizing the volatility of assets relative to liabilities was addressed primarily through asset diversification, partial asset-liability matching and hedging. Assets were broadly diversified across many asset classes to achieve risk-adjusted returns that, in total, lower asset volatility relative to the liabilities. Additionally, in order to minimize pension asset volatility relative to the pension liabilities, a portion of the pension plan assets were allocated to fixed income securities. The Company policy for these plans ensured actual allocations were in line with target allocations as appropriate.

Assets were actively monitored and managed primarily by external investment managers. Investment managers were not permitted to invest outside of the asset class or strategy for which they had been appointed. The Company used investment guidelines to ensure investment managers invested solely within the mandated investment strategy. Certain investment managers used derivative financial instruments to mitigate the risk of changes in interest rates and foreign currencies impacting the fair values of certain investments. Derivative financial instruments could also be used in place of physical securities when it was more cost-effective and/or efficient to do so. Plan assets did not include the Company shares or properties occupied by Stellantis companies, with the possible exception of commingled investment vehicles where the Company did not control the investment guidelines.

Sources of potential risk in pension plan assets were related to market risk, interest rate risk and operating risk. Market risk was mitigated by diversification strategies and as a result, there were no significant concentrations of risk in terms of sector, industry, geography, market capitalization, manager or counterparty. Interest rate risk was mitigated by partial asset-liability matching. The fixed income target asset allocation partially matched the bond-like and long-dated nature of the pension liabilities. Interest rate increases generally will result in a decline in the fair value of the investments in fixed income securities and the present value of the obligations. Conversely, interest rate decreases will generally increase the fair value of the investments in fixed income securities and the present value of the obligations. Operating risks were mitigated through ongoing oversight of external investment managers' style adherence, team strength and firm health.

The weighted average assumptions used to determine defined benefit obligations were as follows:

	At December 31,									
	2022					2021				
	U.S.	Canada	UK	France	Germany	U.S.	Canada	UK	France	Germany
Discount rate	5.40%	5.27%	4.52%	4.01%	3.56%	2.85%	3.15%	1.82%	1.14%	1.38%
Future salary increase rate	—%	3.50%	2.55%	2.68%	2.80%	—%	3.50%	—%	1.82%	2.30%/2.55%

The average duration of U.S., Canada, UK, France and Germany liabilities was approximately 9, 10, 13, 7 and 15, respectively.

Health care and life insurance plans

Liabilities arising from these unfunded plans comprised obligations for retiree health care and life insurance granted to employees and to retirees only in the U.S. and Canada. Upon retirement from the Company, these employees may become eligible for continuation of certain benefits. Benefits and eligibility rules may be modified periodically. The expected benefit payments for unfunded health care and life insurance plans are as follows:

	Expected benefit payments
	(€ million)
2023	€ 127
2024	€ 126
2025	€ 126
2026	€ 125
2027	€ 125
2028-2032	€ 614

Changes in net defined benefit obligations for healthcare and life insurance plans were as follows:

	2022	2021
	(€ million)	
Present value of obligations at January 1	€ 2,258	€ —
FCA - PSA merger	—	2,230
Included in the Consolidated Income Statement	92	81
Included in Other comprehensive income:		
Actuarial (gains)/losses from:		
- Demographic and other assumptions	(45)	(11)
- Financial assumptions	(565)	(97)
Effect of movements in exchange rates	118	156
Other:		
Benefits paid	(136)	(101)
December 31	€ 1,722	€ 2,258

Amounts recognized in the Consolidated Income Statement were as follows:

	Years ended December 31,		
	2022	2021	2020
	(€ million)		
Current service cost	€ 21	€ 21	€ —
Interest expense	70	60	—
Past service costs/(credits) and losses/(gains) arising from settlements	1	—	—
Total recognized in the Consolidated Income Statement	€ 92	€ 81	€ —

Health care and life insurance plans were accounted for on an actuarial basis, which required the selection of various assumptions. In particular, it required the use of estimates of the present value of the projected future payments to all participants, taking into consideration the likelihood of potential future events such as health care cost increases and demographic experience.

The weighted average assumptions used to determine the defined benefit obligations were as follows:

	At December 31,			
	2022		2021	
	U.S.	Canada	U.S.	Canada
Discount rate	5.54%	5.27%	2.99 %	3.26 %
Salary growth	1.50%	1.25%	1.50 %	1.25 %
Weighted average ultimate healthcare cost trend rate	4.00%	4.00%	4.00 %	4.00 %

The average duration of the U.S. and Canadian liabilities was approximately 10 and 13 years, respectively.

The annual rate of increase in the per capita cost of covered U.S. health care benefits assumed for the next year and used in the 2022 plan valuation was 5.5 percent. The annual rate was assumed to decrease gradually to 3.9 percent through 2045 and remain at that level thereafter. The annual rate of increase in the per capita cost of covered Canadian health care benefits assumed for next year and used in the 2022 plan valuation was 4.4 percent. The annual rate was assumed to decrease gradually to 4.0 percent through 2040 and remain at that level thereafter.

Other post-employment benefits

Other post-employment benefits comprised other employee benefits granted to Company employees primarily in Europe.

Changes in defined benefit obligations for other post-employment benefits were as follows:

	2022	2021
	(€ million)	
Present value of obligations at January 1	€ 1,125	€ 752
FCA - PSA merger	—	779
Included in the Consolidated Income Statement	(34)	23
Included in Other comprehensive income:		
Actuarial (gains)/losses from:		
- Demographic and other assumptions	49	33
- Financial assumptions	(279)	(28)
Effect of movements in exchange rates	1	4
Other:		
Benefits paid	(56)	(113)
Change in scope of consolidation	—	(208)
Other changes	(1)	(117)
Present value of obligations at December 31	€ 805	€ 1,125

As at December 31, 2022, the above Other post-employment benefit liability is net of plan assets of €297 million.

Amounts recognized in the Consolidated Income Statement were as follows:

	Years ended December 31,		
	2022	2021	2020
	(€ million)		
Current service cost	€ 38	€ 95	€ 48
Interest expense	12	10	9
Past service costs/(credits) and losses/(gains) arising from settlements	(84)	(82)	—
Total recognized in the Consolidated Income Statement	€ (34)	€ 23	€ 57

Past service credits are primarily due to the impact on French plans of voluntary departures.

Other provisions for employees

Other provisions for employees primarily included long-term disability benefits, supplemental unemployment benefits, variable and other deferred compensation, as well as bonuses granted for tenure at the Company.

21. Provisions

Provisions consisted of the following:

	At December 31,					
	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
	(€ million)					
Product warranty and recall campaigns	€ 3,501	€ 5,764	€ 9,265	€ 3,461	€ 4,761	€ 8,222
Sales incentives	3,395	—	3,395	3,008	—	3,008
Restructuring	853	687	1,540	647	529	1,176
Legal proceedings and disputes	405	793	1,198	456	608	1,064
Commercial risks	2,444	228	2,672	1,441	292	1,733
Other risks	713	988	1,701	896	1,080	1,976
Total Provisions	€ 11,311	€ 8,460	€ 19,771	€ 9,909	€ 7,270	€ 17,179

Changes in Provisions were as follows:

	At January 1, 2022	Additional provisions	Settlements	Unused amounts	Translation differences	Transfer to Liabilities held for sale	Change in scope	Other	At December 31, 2022
	(€ million)								
Product warranty and recall campaigns	€ 8,222	€ 4,879	€ (4,094)	€ (101)	€ 314	€ (2)	€ 2	€ 45	€ 9,265
Sales incentives	3,008	6,418	(6,013)	(85)	63	(1)	—	5	3,395
Restructuring costs	1,176	1,167	(760)	(47)	(1)	—	—	5	1,540
Legal proceedings and disputes	1,064	259	(519)	(61)	85	(7)	22	355	1,198
Commercial risks	1,733	1,759	(553)	(129)	86	(4)	3	(223)	2,672
Other risks	1,976	439	(363)	(245)	23	(1)	10	(138)	1,701
Total Provisions	€ 17,179	€ 14,921	€ (12,302)	€ (668)	€ 570	€ (15)	€ 37	€ 49	€ 19,771

Product warranty and recall campaigns

During the year ended December 31, 2022, a total provision of €951 million was recognized in Product warranty and recall campaigns which related to an extension of a recall of Takata airbags in Enlarged Europe, North America, Middle East & Africa and South America. The estimated future costs of actions are principally based on assumptions regarding the lifetime warranty costs of each vehicle line and each model year of that vehicle line, as well as historical claims experience for the vehicles. In addition, the number and magnitude of additional service actions expected to be approved and policies related to additional service actions are taken into consideration.

The cash outflow for the non-current portion of the Product warranty and recall campaigns provision is primarily expected within a period through 2026.

Prior to 2021, certain warranty costs that were incurred beyond the contractual warranty period (“goodwill warranty”) were expensed as incurred due to the inability to reliably estimate the amount and frequency. As a result of converged process and methodology of legacy PSA and FCA entities, the Company was able to reliably estimate the cost of the goodwill warranty as of December 31, 2021. For the six months ended December 31, 2021, the change in estimate was recognized as an increase to the warranty provision of €732 million for vehicles sold in prior periods.

During 2022, further refinements to the model implemented during 2021 were made to consider new information related to expected future spending for individually significant actions. For the year ended December 31, 2022, the change in estimate was recognized as an increase to the warranty provision of €314 million. Refer to Note 29, *Segment reporting* for additional detail.

Sales incentives

As described within Note 2, *Basis of preparation - Use of estimates*, the Company recorded the estimated cost of sales incentive programs offered to dealers and consumers as a reduction to revenue at the time of sale of the vehicle to the dealer. At December 31, 2022, the Sales incentive provision increased primarily due to higher provisions for sales incentives in connection with increased dealer stock and higher per unit accruals.

Legal proceedings and disputes

As described within Note 2, *Basis of preparation - Use of estimates*, a provision for legal proceedings was recognized when it was deemed probable that the proceedings would result in an outflow of resources and when the amount could be reasonably estimated. As the ultimate outcome of pending litigation was uncertain, the timing of cash outflows for the Legal proceedings and disputes provision was also uncertain.

Commercial risks

Commercial risks arose in connection with the sale of products and services, such as onerous maintenance contracts, and as a result of certain regulatory emission requirements. For items such as onerous maintenance contracts, a provision was recognized when the expected costs to complete the services under these contracts exceeded the revenues expected to be realized. A provision for costs related to regulatory emission requirements was recognized at the time vehicles were sold based on the estimated cost to settle the obligation, measured as the sum of the cost of regulatory credits previously purchased plus the amount, if any, of the fine expected to be paid in cash. The cash outflow for the non-current portion of the Commercial risks provision was primarily expected within a period through 2025.

Corporate Average Fuel Economy ("CAFE") standards

The increase in the Commercial risks as at December 31, 2022, is primarily related to the incremental provision of €660 million as a result of the issuance of the final rule by the National Highway Traffic Safety Administration ("NHTSA") in March 2022. Refer to Note 26, *Guarantees granted, commitments and contingent liabilities* for additional information.

Restructuring costs

During the year ended December 31, 2022, a total provision for €1,167 million was recognized primarily related to workforce reduction mainly in Enlarged Europe, North America and South America (refer to Note 29, *Segment reporting*).

During the year ended December 31, 2021, a total provision for €678 million was recognized mainly in Enlarged Europe as part of the integration and optimization of the operations (refer to Note 29, *Segment reporting*).

Other risks

Other risks included, among other items: provisions for disputes with suppliers related to supply contracts or other matters that were not subject to legal proceedings, provisions for product liabilities arising from personal injuries including wrongful death and potential exemplary or punitive damages alleged to be the result of product defects, disputes with other parties relating to contracts or other matters not subject to legal proceedings and management's best estimate of the Company's probable environmental obligations, which also included costs related to claims on environmental matters. The cash outflow for the non-current portion of the Other risks provision was primarily expected within a period through 2025.

22. Debt

Debt classified within current liabilities included short-term borrowings from banks and other financing with an original maturity date falling within twelve months, as well as the current portion of long-term debt. Debt classified within non-current liabilities included borrowings from banks and other financing with maturity dates greater than twelve months (long-term debt), net of the current portion.

The following table summarizes the Company's current and non-current Debt by maturity date (amounts include accrued interest):

At December 31,

	2022					2021				
	Due within one year (current)	Due between one and five years	Due beyond five years	Total (non-current)	Total Debt	Due within one year (current)	Due between one and five years	Due beyond five years	Total (non-current)	Total Debt
	(€ million)									
Notes	€ 3,692	€ 7,662	€ 7,911	€ 15,573	€ 19,265	€ 1,782	€ 8,776	€ 7,935	€ 16,711	€ 18,493
Borrowings from banks	1,389	1,416	145	1,561	2,950	7,697	3,079	35	3,114	10,811
Asset-backed financing	1,009	558	88	646	1,655	420	523	50	573	993
Lease liabilities	634	896	729	1,625	2,259	431	1,090	965	2,055	2,486
Other debt	960	63	1	64	1,024	628	170	1	171	799
Total Debt	€ 7,684	€ 10,595	€ 8,874	€ 19,469	€ 27,153	€ 10,958	€ 13,638	€ 8,986	€ 22,624	€ 33,582

Debt reduced by approximately €6.4 billion primarily as a result of the early repayment of the €6.3 billion credit facility entered in June 2020 with Intesa Sanpaolo and the repayment at maturity of the €420 million EIB loan and the reduction in other bank debt, partially offset by the net increase in the notes outstanding and the increase in asset-backed financing liabilities in relation to Stellantis Financial Services U.S. growth. The main classes of debt are described below.

Notes

The following table summarizes the notes outstanding at December 31, 2022 and 2021:

(€ million)	Currency	Face value of outstanding notes (million)	Coupon %	Maturity	At December 31,	
					2022	2021
Stellantis (Peugeot S.A. issuances):						
STELLANTIS N.V. (Peugeot S.A.) 2016	EUR	500	2.375	Q2/2023	508	508
STELLANTIS N.V. (Peugeot S.A.) 2017	EUR	600	2.000	Q1/2024	608	608
STELLANTIS N.V. (Peugeot S.A.) 2017	EUR	100	2.000	Q1/2024	102	102
STELLANTIS N.V. (Peugeot S.A.) 2018	EUR	650	2.000	Q1/2025	658	658
STELLANTIS N.V. (Peugeot S.A.) 2019	EUR	600	1.125	Q3/2029	594	594
STELLANTIS N.V. (Peugeot S.A.) 2020	EUR	1,000	2.750	Q2/2026	1,011	1,011
STELLANTIS N.V. (Peugeot S.A.) Schuldschein 2019	EUR	100	1.050	Q4/2023	101	101
STELLANTIS N.V. (Peugeot S.A.) Schuldschein 2019	EUR	60	1.600	Q2/2026	61	61
STELLANTIS N.V. (Peugeot S.A.) Schuldschein 2019	EUR	50	1.810	Q2/2027	50	50
STELLANTIS N.V. (Peugeot S.A.) Schuldschein 2019	EUR	70	Euribor 6M + 1.050	Q4/2023	71	71
STELLANTIS N.V. (Peugeot S.A.) Schuldschein 2019	EUR	204	Euribor 6M + 1.400	Q2/2026	204	204
Medium Term Note Programme⁽¹⁾:						
Fiat Chrysler Finance Europe Senc 2014	EUR	1,350	4.750	Q3/2022	—	1,414
STELLANTIS N.V. (FCA N.V.) 2016	EUR	1,250	3.750	Q1/2024	1,340	1,385
STELLANTIS N.V. (FCA N.V.) 2020	EUR	1,250	3.375	Q3/2023	1,289	1,326
STELLANTIS N.V. (FCA N.V.) 2020	EUR	1,250	3.875	Q1/2026	1,420	1,460
STELLANTIS N.V. (FCA N.V.) 2020	EUR	1,000	4.500	Q3/2028	1,219	1,245
STELLANTIS N.V. 2021	EUR	1,250	0.625	Q1/2027	1,254	1,254
STELLANTIS N.V. 2021	EUR	1,250	0.750	Q1/2029	1,250	1,249
STELLANTIS N.V. 2021	EUR	1,250	1.250	Q2/2033	1,240	1,238
STELLANTIS N.V. 2022	EUR	1,000	2.750	Q2/2032	1,016	—
Other Notes:						
STELLANTIS N.V. (FCA N.V.) 2015	U.S.\$	1,500	5.250	Q2/2023	1,437	1,406
STELLANTIS FINANCE US 2021	U.S.\$	1,000	1.711	Q1/2027	942	884
STELLANTIS FINANCE US 2021	U.S.\$	1,000	2.691	Q3/2031	941	886
STELLANTIS FINANCE US 2022	U.S.\$	550	5.625	Q1/2028	520	—
STELLANTIS FINANCE US 2022	U.S.\$	700	6.375	Q3/2032	665	—
GIE PSA Trésorerie 2003	EUR	600	6.000	Q3/2033	764	778
Total Notes					€19,265	€18,493

(1) Listing on the Irish Stock Exchange was obtained

Notes Issued by Peugeot S.A

Bonds issued by Peugeot S.A. are governed by the terms and conditions of the Peugeot S.A. €5 billion EMTN Program that was renewed on June 8, 2020 for the last time. Those bonds are guaranteed by the GIE PSA Trésorerie.

In April 2019, Peugeot S.A. raised funds using a private investment under German law through a Schuldscheindarlehen. This transaction was structured in several tranches denominated in euros, with maturities ranging from Q4 2023 to Q2 2027.

Notes Issued Under the Medium Term Note Programme

Certain notes issued by Stellantis were governed by the terms and conditions of the Medium Term Note (“MTN”) Programme (previously known as the Global Medium Term Note Programme, or “GMTN” Programme) formerly available to FCA N.V., the predecessor of Stellantis N.V.. A maximum of €20 billion was allowed under this programme, and notes of €4.75 billion (principal amounts) were outstanding as at December 31, 2022.

After the merger, Stellantis established a Euro Medium Term Note Programme (“EMTN”) under which it may from time to time issue notes up to an amount of €30 billion.

In 2021 Stellantis N.V. issued notes under this programme for a total of €3.75 billion (principal amounts).

On March 15, 2022 Stellantis received the approval by the Central Bank of Ireland for the new Base Prospectus of its EMTN Programme.

On April 1, 2022, Stellantis N.V. issued €1.0 billion principal amount of 2.750 percent notes due April 1, 2032, under the EMTN Programme.

As at December 31, 2022, the outstanding principal amount of the notes issued under the successive versions of the programme was €9.5 billion. All the notes were rated Baa2 by Moody’s Investors Service, BBB by S&P Global Ratings and BBB by Fitch Ratings.

These notes impose covenants on the issuer, which include: (i) negative pledge clauses which require that in the case that any security interest upon assets of Stellantis N.V. is granted in connection with other notes or debt securities having the same ranking, such a security should be equally and ratably extended to the outstanding notes; (ii) *pari passu* clauses, under which the notes rank and will rank *pari passu* with all other present and future unsubordinated and unsecured obligations of Stellantis N.V.; (iii) periodic disclosure obligations; (iv) cross-default clauses which require immediate repayment of the notes under certain events of default on other financial instruments issued by Stellantis’ main entities; and (v) other clauses that are generally applicable to securities of a similar type. A breach of these covenants may require the early repayment of the notes. As of December 31, 2022, Stellantis was in compliance with the covenants under the MTN Programme.

From time to time, Stellantis may buy back notes in the market. Such buybacks, if made, depend upon market conditions, the Company’s financial situation and other factors which could affect such decisions.

Other Notes

On September 12, 2022, Stellantis Finance US issued US\$0.6 billion 5.625 percent Senior Notes due January 12, 2028 and US\$0.7 billion 6.375 percent Senior Notes due September 12, 2032, both guaranteed by Stellantis N.V.

As at December 31, 2022, all the Notes were rated Baa2 by Moody’s Investors Service, BBB by S&P Global Ratings and BBB by Fitch Ratings.

The Notes impose covenants on Stellantis N.V. including: (i) negative pledge clauses which require that in the case that any security interest upon assets of Stellantis N.V. is granted in connection with other notes or debt securities having the same ranking, such a security should be equally and ratably extended to the outstanding Notes; (ii) *pari passu* clauses, under which the Notes rank and will rank *pari passu* with all other present and future unsubordinated and unsecured obligations of Stellantis N.V.; (iii) periodic disclosure obligations; (iv) cross-default clauses which require immediate repayment of the Notes under certain events of default on other financial instruments issued by Stellantis’ main entities; and (v) other clauses that are generally applicable to securities of a similar type. A breach of these covenants may require the early repayment of the Notes. As of December 31, 2022, Stellantis was in compliance with the covenants of the Notes.

Borrowings from banks

European Investment Bank Borrowings

Stellantis had financing agreements with the European Investment Bank (“EIB”) for a total of €1.0 billion outstanding at December 31, 2022 (€1.5 billion at December 31, 2021), which were entered into to finance specific projects and investment plans among which: the manufacturing of PHEV vehicles at production plant in Melfi (Italy), the manufacturing of battery electric vehicles at the production plant in Mirafiori (Italy), the research, development and innovation for electrification, connectivity and self-driving technologies mainly conducted at laboratories in Turin (Italy) and the development of low emissions and fuel efficient propulsion systems in PSA Automobiles SA plants. In July 2022, Stellantis repaid at maturity a €420 million four-year loan granted in 2018 by EIB to support research and development projects.

Brazil

Stellantis’ Brazilian subsidiaries have access to various local bank facilities in order to fund investments and operations. Total debt outstanding under those facilities amounted to a principal amount of €0.6 billion at December 31, 2022 (€0.9 billion at December 31, 2021). The loans primarily include subsidized loans granted by public financing institutions, such as Banco Nacional do Desenvolvimento, with the aim to support industrial projects in certain areas. This provided the Company with the opportunity to fund large investments in Brazil with loans of sizeable amounts at attractive rates. At December 31, 2022, outstanding subsidized loans amounted to €0.3 billion (€0.4 billion at December 31, 2021), of which approximately €0.2 billion (€0.3 billion at December 31, 2021) related to the construction of the plant in Pernambuco (Brazil), which was supported by subsidized credit lines totaling Brazilian Real (“BRL”) 6.5 billion (€1.2 billion).

Intesa Sanpaolo Credit Facility

On January 28, 2022, Stellantis repaid early the €6.3 billion credit facility entered in June 2020 with Intesa Sanpaolo and maturity in March 2023. The facility was structured to support the restart and transformation of Italy’s automotive sector after the COVID-19 outbreak by providing liquidity to the Company’s business in Italy and to its Italian suppliers.

Undrawn committed credit lines

On July 23, 2021, Stellantis announced that it had signed a new syndicated revolving credit facility (“RCF”) of €12.0 billion, with a group of 29 relationship banks. This new RCF replaces the existing syndicated RCFs from the PSA Group (€3.0 billion) and FCA Group (€6.25 billion), thereby providing an increase in the Company’s overall liquidity and an extension of the duration of the facility and is available for use in general corporate purposes. The credit facility is structured in two tranches: €6.0 billion, with a 3 year tenor, and €6.0 billion, with a 5 year tenor, each tranche benefiting from two further extension options, each of 1-year. In June 2022, the first 1-year extension option has been exercised. Current maturities are July, 2025 and July, 2027 respectively for the two tranches.

At December 31, 2022, undrawn committed credit lines of €12.7 billion include the syndicated revolving credit facility of €12.0 billion, signed in 2021.

The covenants of the RCF include negative pledge, *pari passu*, cross-default and change of control clauses. Failure to comply with these covenants, and in certain cases if not suitably remedied, can lead to the requirement of early repayment of any outstanding amounts. As of December 31, 2022, Stellantis was in compliance with the covenants of the RCF.

Mexico Bank Loan

FCA Mexico, S.A. de C.V. (“FCA Mexico”), Stellantis’ principal operating subsidiary in Mexico, had a non-revolving loan agreement (“Mexico Bank Loan”), which was fully repaid on maturity on March 20, 2022.

Asset-backed financing

Asset-backed financing primarily represented the amount of financing received by Stellantis Financial Services U.S. through securitization programs of €1,527 million, that will be settled through the collection of a portfolio of receivables which originate from consumers.

The retail consumer contracts are pledged to special purpose entities as collateral.

The following table summarizes the asset-back financing amounts at December 31, 2022 and 2021:

(€ million)	Currency	Interest rate %	Maturity ⁽¹⁾	At December 31,	
				2022	2021
Warehouse Credit Facilities:					
FIARC	USD	Libor+spread	Q2/2023	101	191
SFS Funding I	USD	CP/SOFR+spread	Q3/2024	627	—
SFS Funding II	USD	CP/SOFR+spread	Q3/2024	10	—
Term Notes:					
Term Notes 2017-2020	USD	1.49%-7.31%	Q2/2027	114	274
Term Notes 2021-1	USD	0.45%-5.37%	Q2/2028	75	126
Term Notes 2021-2	USD	0.48%-3.14%	Q4/2028	158	253
Term Notes 2022-1	USD	2.03%-5.41%	Q2/2029	201	—
Term Notes 2022-2	USD	6.26%-9.50%	Q4/2029	241	—
Total				€ 1,527	€ 844

(1) Final maturity of the commitment for the warehouse credit facilities and the expected date of the last payment for the Term Notes

Warehouse Credit Facilities

There are three revolving warehouse credit facilities used to finance loan originations by Stellantis Financial Services U.S. The Company believes that the credit facilities will continue to be renewed or replaced, and that it will be able to secure additional sources of financing on satisfactory terms; however, there can be no assurance that it will be able to do so. In the event that the Company is unable to renew its facilities, the receivables pledged would amortize over time to pay down the warehouse credit facilities; however, the Company would not be able to finance new receivables without alternative sources of funding. Stellantis Financial Services U.S. uses interest rate derivatives in order to reduce the interest rate risk of certain warehouse credit facilities.

The Company has three separate USD warehouse credit facilities. First Investors Auto Receivables Corporation (“FIARC”) was implemented on August 31, 2012 and has a commitment through June 2023. The FIARC facility has a capacity of €281 million (\$300 million) and bears interest based on one month LIBOR plus a spread. Stellantis Financial Services U.S. has also implemented two additional separate warehouse credit facilities. The first Stellantis Financial Services U.S. facility, SFS Funding, LLC, was implemented on August 18, 2022 and matures on August 18, 2024. The €2.3 billion (\$2.5 billion) commitment bears interest based on variable commercial paper rates plus a spread or one month term SOFR, plus a spread. The second Stellantis Financial Services U.S. facility, SFS Funding II, LLC, was implemented on August 31, 2022 and matures on August 31, 2024. The €469 million (\$500 million) commitment bears interest based on variable commercial paper rates plus a spread or one month term SOFR, plus a spread.

ABS Term Notes

ABS Term Notes are issued in various classes ranging from Class A to Class E Notes. These notes are sequentially paid with Class A Notes paid first. The range in interest rates depends on the level of risk of loss and is determined by investor interest in each class of the notes.

The terms governing the warehouse credit facilities and ABS Term Notes contains numerous covenants relating to the issuer’s business, the observance of certain financial covenants, the avoidance of certain levels of delinquency experience and other matters. A breach of a covenant, if not cured within the time limits specified, could precipitate events of default that might result in the acceleration of the ABS Term Notes or warehouse credit facilities. The Company was not in default with respect to any financial and non-financial covenants governing these financing arrangements at December 31, 2022.

Refer to Note 24, *Fair value measurement* for further information on fair and carrying values of assigned receivables and related liabilities.

Other

Additionally, there is €128 million of debt relating to factoring transactions which do not meet the IFRS 9 derecognition requirements and are recognized within assets of the same amount as of December 31, 2022 (€149 million at December 31, 2021) in the Consolidated Statement of Financial Position, refer to Note 16, *Trade receivables, other assets, prepaid expenses and tax receivables*.

Other debt

Other debt also includes funds raised from financial services companies and deposits from dealers in South America, primarily in Brazil.

Lease liabilities

The following table summarizes the Company's current and non-current lease liabilities:

Lease liabilities included in the Statement of Financial Position

	At December 31,	
	2022	2021
	(€ million)	
Long-term debt (non-current)	€ 1,625	€ 2,055
Short-term debt and current portion of long-term debt (current)	€ 634	€ 431

Maturity analysis - contractual undiscounted cash flows

	At December 31, 2022	
	(€ million)	
Due within one year	€	634
Due between one and five years		896
Due beyond five years		729
Total undiscounted lease liabilities	€	2,259

In addition, the Company entered into commitments relating to leases not yet commenced of €70 million, of which the most significant relating to contracts in the U.S. and in Italy. In addition to the above, the Company entered into non-cancellable short-term leases, which have not been classified as lease liabilities, of €28 million which is expected to be settled within the next 12 months.

Debt secured by assets

At December 31, 2022, debt secured by assets of the Company amounted to €176 million (€366 million at December 31, 2021), excluding the Lease liabilities and Asset-backed financing as described above, mainly related to subsidized financing in South America and India & Asia Pacific.

The total carrying amount of assets acting as security for loans for the Company amounted to €1,360 million, excluding the Right-of-use assets as described in Note 11, *Property, plant and equipment*, at December 31, 2022 (€1,311 million at December 31, 2021).

23. Other liabilities

Other liabilities consisted of the following:

	At December 31,					
	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
	(€ million)					
Payables for buy-back agreements	€ 1,968	€ 4,931	€ 6,899	€ 3,027	€ 4,736	€ 7,763
Accrued expenses and deferred income	3,620	149	3,769	2,690	117	2,807
Indirect tax payables	1,563	23	1,586	1,625	118	1,743
Payables to personnel	2,700	6	2,706	2,736	13	2,749
Social security payables	633	14	647	647	19	666
Construction contract liabilities (Note 14)	111	—	111	54	—	54
Service contract liability	948	2,255	3,203	940	2,188	3,128
Derivatives operating liability	708	224	932	374	132	506
Other	2,277	527	2,804	2,346	373	2,719
Total Other liabilities	€ 14,528	€ 8,129	€ 22,657	€ 14,439	€ 7,696	€ 22,135

Other liabilities (excluding Accrued expenses, Deferred income and Service contract liability) by due date were as follows:

	At December 31,									
	2022				2021					
	Total due within one year (Current)	Due between one and five years	Due beyond five years	Total due after one year (Non-Current)	Total	Total due within one year (Current)	Due between one and five years	Due beyond five years	Total due after one year (Non-Current)	Total
	(€ million)									
Other liabilities (excluding Accrued expenses, deferred income and service contract liability)	€ 9,960	€ 2,449	€ 3,276	€ 5,725	€ 15,685	€ 10,809	€ 5,242	€ 149	€ 5,391	€ 16,200

Payables for buy-back agreements include the price received for the product, recognized as an advance at the date of the sale and, subsequently, the repurchase price and the remaining lease installments yet to be recognized.

During 2017, the Brazilian Supreme Court ruled that the state value added tax should be excluded from the basis for calculating a federal tax on revenue. The Brazilian government appealed this decision, and in May 2021, the Brazilian Supreme Court rendered a final and definitive decision confirming the 2017 decision. Certain of Stellantis' companies in Brazil had previously filed individual lawsuits on this matter.

During the year ended December 31, 2021, as a result of the Supreme Court ruling, the previously recognized provision of €166 million related to PSA was no longer considered probable and was reversed. Corresponding deposits of approximately €180 million remain recorded within Other receivables pending release by the courts. Refer to Note 16, *Trade receivables, other assets, prepaid expenses and tax receivables*.

During the year ended December 31, 2021, other receivables of €113 million of which €87 million were recognized within Net revenues and €26 million within Net financial results for previously paid amounts that have not yet been recovered as these amounts are now virtually certain. The Company also expects to recognize approximately additional €48 million of previously paid taxes pending full resolution of these related cases.

During the year ended December 31, 2022, deposits of €144 million were released and received. The remaining amount of approximately €70 million is recorded within Other receivables.

Service contract liability

The service contract liability was mainly comprised of maintenance plans and extended warranties. Changes in the Company's service contract liability for the year ended December 31, 2022, were as follows:

	<u>At January 1, 2022</u>	<u>Advances received from customers</u>	<u>Amounts recognized within revenue</u>	<u>Transfers to Assets/ (Liabilities) held for sale</u>	<u>Other Changes</u>	<u>At December 31, 2022</u>
	(€ million)					
Service contract liability	€ 3,128	€ 1,370	€ (1,268)	€ (1)	€ (26)	€ 3,203

Of the total Service contract liability at December 31, 2022, the Company expected to recognize approximately €944 million in 2023, €811 million in 2024, €694 million in 2025 and €754 million thereafter.

24. Fair value measurement

Assets and liabilities that are measured at fair value on a recurring basis

The following table shows the fair value hierarchy, based on observable and unobservable inputs, for financial assets and liabilities measured at fair value on a recurring basis:

Note	At December 31,								
	2022				2021				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
	(€ million)								
Financial securities and equity instruments measured at FVOCI	13	€ 99	€ 19	€ 40	€ 158	€ 71	€ 21	€ 13	€ 105
Financial securities and equity instruments measured at FVPL	13	726	—	214	940	878	—	129	1,007
Derivative financial assets	17	2	30	2	34	5	48	—	53
Derivative operating assets	17	—	873	—	873	—	754	1	755
Collateral deposits	13	51	—	—	51	32	—	15	47
Receivables from financing activities	16	—	—	259	259	—	—	252	252
Trade receivables	16	—	1	—	1	—	5	—	5
Other receivables	16	—	—	89	89	2	218	134	354
Investment held for sale		—	—	—	—	49	—	—	49
Money market securities	18	20,869	—	1	20,870	24,732	298	12	25,042
Total Assets		€ 21,747	€ 923	€ 605	€ 23,275	€ 25,769	€ 1,344	€ 556	€ 27,669
Derivative financial liabilities	17	—	18	—	18	—	93	2	95
Derivative operating liabilities	17	—	883	49	932	—	497	9	506
Total Liabilities		€ —	€ 901	€ 49	€ 950	€ —	€ 590	€ 11	€ 601

The fair value of derivative financial assets and liabilities was measured by taking into consideration market parameters at the balance sheet date and using valuation techniques widely accepted in the financial business environment, as described below:

- the fair value of forward contracts, swaps and options hedging currency risk was determined by using valuation techniques common in the financial markets and taking market parameters at the balance sheet date (in particular, exchange rates, interest rates and volatility rates);
- the fair value of interest rate swaps and forward rate agreements was determined by taking the prevailing interest rates at the balance sheet date and using the discounted expected cash flow method;
- the fair value of combined interest rate and currency swaps was determined using the exchange and interest rates prevailing at the balance sheet date and the discounted expected cash flow method; and
- the fair value of swaps and options hedging commodity price risk was determined by using valuation techniques common in the financial markets and taking market parameters at the balance sheet date (in particular, underlying prices, interest rates and volatility rates).

The fair value of money market securities was also based on available market quotations. Where appropriate, the fair value of cash equivalents was determined with discounted expected cash flow techniques using observable market yields (categorized as Level 2).

The fair value of Receivables from financing activities, which are classified in Level 3 of the fair value hierarchy, was estimated using discounted cash flow models. The most significant inputs used in this measurement were market discount rates that reflected conditions applied in various reference markets on receivables with similar characteristics, adjusted in order to take into account the credit risk of the counterparties.

The fair value of Other receivables is classified in Level 3 of the fair value hierarchy and was estimated using discounted cash flow models. The most significant inputs used in this measurement were market discount rates.

For assets and liabilities recognized in the financial statements at fair value on a recurring basis, the Company determined whether transfers occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

The following table provides a reconciliation of the changes in items measured at fair value and categorized within Level 3:

	Receivables from financing activities	Financial securities	Derivative financial assets/ (liabilities)	Collateral deposits	Money market securities	Other receivables
	(€ million)					
At January 1, 2022	€ 252	€ 142	€ (11)	€ 15	€ 12	€ 134
Gains/(Losses) recognized in Consolidated Income Statement	—	5	4	—	—	20
Losses recognized in Other comprehensive income/(loss)	—	—	(41)	—	—	—
Issues/Settlements	7	—	—	—	—	—
Purchases/Sales	—	58	—	—	(11)	—
Transfers to Assets/(Liabilities) held for sale	—	—	—	—	—	—
Transfers from Level 3	—	49	—	(15)	—	(65)
At December 31, 2022	€ 259	€ 254	€ (48)	€ —	€ 1	€ 89

	Receivables from financing activities	Financial securities	Derivative financial assets/ (liabilities)	Collateral deposits	Money market securities	Other receivables
	(€ million)					
At January 1, 2021	€ —	€ 111	€ —	€ 1	€ —	€ 187
FCA - PSA merger	473	28	—	—	—	63
Losses recognized in Consolidated Income Statement	—	20	—	—	—	(13)
Gains recognized in Other comprehensive income/(loss)	—	1	—	—	—	(2)
Issues/Settlements	(221)	(57)	—	—	—	(61)
Purchases/Sales	—	39	(11)	14	12	29
Transfers from Level 3	—	—	—	—	—	(69)
At December 31, 2021	€ 252	€ 142	€ (11)	€ 15	€ 12	€ 134

The gains/(losses) included in the Consolidated Income Statements were recognized within Cost of revenues and Net financial expenses. Of the total gains/(losses) recognized in Other comprehensive income, €41 million were recognized within Cash flow reserves (nil at December 31, 2021) and no amounts were recognized within Currency translation differences (nil at December 31, 2021).

Assets and liabilities not measured at fair value on recurring basis

The carrying value of debt securities measured at amortized cost, current receivables and payables was a reasonable approximation of fair value as the present value of future cash flows did not differ significantly from the carrying amount.

The carrying value of Cash at banks and Other cash equivalents usually approximated fair value due to the short maturity of these instruments (refer to Note 18, *Cash and cash equivalents*).

The following table provides the carrying amount and fair value of financial assets and liabilities not measured at fair value on a recurring basis:

	Note	At December 31,			
		2022		2021	
		Carrying amount	Fair Value	Carrying amount	Fair Value
(€ million)					
Dealer financing		€ 1,370	€ 1,365	€ 1,247	€ 1,244
Retail financing		2,475	2,301	1,438	1,444
Finance lease		7	7	5	5
Other receivables from financing activities		595	564	701	701
Total Receivables from financing activities⁽¹⁾	16	€ 4,447	€ 4,237	€ 3,391	€ 3,394
Asset-backed financing		€ 1,655	€ 1,629	€ 993	€ 993
Notes		19,265	17,321	18,493	18,790
Borrowings from banks & Other debt		3,974	3,901	11,610	11,573
Total Debt, excluding Lease liabilities	22	€ 24,894	€ 22,851	€ 31,096	€ 31,356

(1) Amount excludes receivables measured at FVPL

The fair value of Receivables from financing activities, which are categorized within Level 3 of the fair value hierarchy, was estimated with discounted cash flows models. The most significant inputs used in this measurement were market discount rates that reflected conditions applied in various reference markets on receivables with similar characteristics, adjusted in order to take into account the credit risk of the counterparties.

Notes that were traded in active markets for which close or last trade pricing was available are classified within Level 1 of the fair value hierarchy. Notes for which such prices were not available were valued at the last available price or based on quotes received from independent pricing services or from dealers who trade in such securities and are categorized as Level 2. At December 31, 2022, €16,841 million and €480 million of notes were classified within Level 1 and Level 2, respectively. At December 31, 2021, €18,286 million of notes were classified within Level 1 and €504 million of notes were classified within Level 2.

The fair value of Borrowings from banks and Other debt included in Level 2 of the fair value hierarchy was estimated using discounted cash flow models. The main inputs used were year-end market interest rates, adjusted for market expectations of the Company's non-performance risk implied in quoted prices of traded securities issued by the Company and existing credit derivatives on Company liabilities. The fair value of Borrowings from banks and Other debt that requires significant adjustment using unobservable inputs is categorized within Level 3. At December 31, 2022, €3,510 million and €387 million of Borrowings from banks and Other Debt was classified within Level 2 and Level 3, respectively. At December 31, 2021, €11,105 million and €468 million of Borrowings from banks and Other Debt was classified within Level 2 and Level 3, respectively.

25. Related party transactions

Related parties of the Company are entities and individuals capable of exercising control, joint control or significant influence over the Company and its subsidiaries. Related parties also include associates, joint ventures and unconsolidated subsidiaries of the Company, members of the Stellantis Board of Directors, executives with strategic responsibilities and certain members of their families. Related parties include companies belonging to Exor N.V. ("Exor"), which include Ferrari N.V., CNH Industrial N.V. ("CNHI") and Iveco Group N.V. ("Iveco"), which was spun-off from CNHI effective January 1, 2022.

Transactions carried out by Stellantis with its related parties are on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved, and primarily relate to:

- the purchase of engines and engine components for Maserati vehicles from Ferrari N.V.;
- the purchase of propulsion system components for light commercial vehicles from Iveco;
- the sale of propulsion system and other components to the companies of CNHI;
- the provision of services (accounting, payroll, tax administration, information technology and security) to the companies of CNHI and Iveco;
- the sale of vehicles for leasing, renting and resale to the joint ventures FCA Bank and Koç Fiat Kredi and to the joint ventures with Santander and BNP Paribas;
- the purchase of light commercial vehicles and passenger cars from the joint venture Tofas;
- the provision of services and the sale of goods to the GAC-Stellantis JV and to Dongfeng Peugeot Citroën Automobiles;
- the purchases of goods and services from GEFICO. Refer to Note 3, *Scope of consolidation* for additional information on the disposal;
- the purchase of vehicles from, and the provision of services and the sale of goods to, the joint operation Fiat India Automobiles Private Limited; and
- the Jeep brand sponsorship of Juventus Football Club (a subsidiary of Exor).

The most significant financial transactions with related parties generated Receivables from financing activities of the Company's financial services companies from joint ventures and Asset-backed financing relating to amounts due to FCA Bank for the sale of receivables, which did not qualify for derecognition under IFRS 9 – *Financial Instruments*. Refer to Note 3, *Scope of consolidation* for additional information.

The amounts for significant transactions with related parties recognized in the Consolidated Income Statements were as follows:

Years ended December 31,

	2022				2021				2020			
	Net Revenues	Cost of revenues	Selling, general and other costs, net	Net Financial expenses/(income)	Net Revenues	Cost of revenues	Selling, general and other costs, net	Net Financial expenses/(income)	Net Revenues	Cost of revenues	Selling, general and other costs, net	Net Financial expenses
	(€ million)											
Tofas	€ 1,129	€ 1,699	€ 24	€ —	€ 831	€ 1,220	€ 14	€ —	€ —	€ —	€ —	€ —
FCA Bank	2,007	33	30	21	1,666	19	(1)	39	—	—	—	—
GAC-Stellantis JV	24	—	—	(2)	45	—	—	(3)	—	—	—	—
Dongfeng Peugeot Citroën Automobiles	140	604	—	(7)	150	122	—	—	95	54	—	(2)
Partnership with Santander	4,358	504	1	(2)	3,955	632	57	—	3,799	558	—	—
Partnership with BNP Paribas Personal Finance ⁽¹⁾	3,415	119	—	—	3,296	15	—	—	3,318	272	—	—
Other	3	—	12	(4)	4	2	8	—	—	—	—	—
Total joint arrangements	11,076	2,959	67	6	9,947	2,010	78	36	7,212	884	—	(2)
GEFCO	—	—	—	—	25	2,048	—	—	23	1,913	—	—
Other	65	183	16	—	66	144	16	(2)	58	4	—	(3)
Total associates	65	183	16	—	91	2,192	16	(2)	81	1,917	—	(3)
CNHI	50	—	—	—	332	169	1	—	—	—	—	—
Iveco	233	26	(1)	—	—	—	—	—	—	—	—	—
Ferrari N.V.	22	83	—	—	27	115	—	—	—	—	—	—
Directors and Key Management	—	—	75	—	—	—	73	—	—	—	48	—
Other	1	1	48	—	179	5	49	—	—	—	—	—
Total CNHI, Ferrari, Directors and other	306	110	122	—	538	289	123	—	—	—	48	—
Total unconsolidated subsidiaries	17	50	5	(1)	261	11	5	(4)	—	—	—	—
Total transactions with related parties	€ 11,464	€ 3,302	€ 210	€ 5	€ 10,837	€ 4,502	€ 222	€ 30	€ 7,293	€ 2,801	€ 48	€ (5)
Total for the Company	€ 179,592	€ 144,327	€ 8,981	€ 768	€ 149,419	€ 119,943	€ 9,130	€ 734	€ 47,656	€ 38,250	€ 3,923	€ 94

(1) Net revenues for the years ended December 31, 2021 and 2020 previously reported have been increased by €2,563 million and €2,540 million respectively to reflect the sales of vehicles in certain markets that pass through a financial services joint venture before being directed to the independent dealer network

Assets and liabilities from significant transactions with related parties were as follows:

	At December 31,							
	2022				2021			
	Trade and other receivables	Trade payables and other liabilities	Asset-backed financing	Debt ⁽¹⁾	Trade and other receivables	Trade payables and other liabilities	Asset-backed financing	Debt ⁽¹⁾
	(€ million)							
Tofas	€ 214	€ 423	€ —	€ —	€ 25	€ 356	€ —	€ —
FCA Bank	272	122	2	113	105	115	1	88
GAC-Stellantis JV	—	14	—	—	125	5	—	—
Dongfeng Peugeot Citroën Automobiles	114	64	—	—	132	68	—	—
Partnership with Santander	538	100	55	16	165	139	120	26
Partnership with BNP Paribas Personal Finance	381	158	—	—	93	138	—	—
Other	14	16	—	—	2	14	—	—
Total joint arrangements	1,533	897	57	129	647	835	121	114
GEFCO	—	—	—	—	15	383	—	—
Other	102	27	—	—	19	54	—	—
Total associates	102	27	—	—	34	437	—	—
CNHI	19	1	—	—	29	12	—	—
Iveco	34	17	—	—	—	—	—	—
Ferrari N.V.	11	17	—	—	11	23	—	—
Other	1	39	—	—	55	31	—	—
Total CNHI, Ferrari N.V. and other	65	74	—	—	95	66	—	—
Total unconsolidated subsidiaries	95	91	—	8	61	34	—	28
Total originating from related parties	€ 1,795	€ 1,089	€ 57	€ 137	€ 837	€ 1,372	€ 121	€ 142
Total for the Company	€ 14,870	€ 54,383	€ 1,655	€ 25,498	€ 11,442	€ 50,316	€ 993	€ 32,589

(1) Relating to Debt excluding Asset-backed financing, refer to Note, 22 Debt

Commitments and Guarantees

As of December 31, 2022, the Company had a take-or-pay commitment with Tofas with future minimum expected obligations as follows:

	(€ million)
2023	€ 157
2024	€ 154
2025	€ —

In December 2019, the Company committed to pay €198 million over an 18 year period to Dongfeng Peugeot Citroën Automobiles for the promotion of the Company's brands, subject to presentation of detailed plans of use and effectiveness. The residual commitment at December 31, 2022 amounts to €150 million. As of December 31, 2022, the future minimum expected obligations were as follows:

	(€ million)	
2023	€	10
2024	€	10
2025	€	10
2026	€	10
2027	€	10
2028 and thereafter	€	100

For commitments related to joint ventures for battery production, refer to Note 26, *Guarantees granted, commitments and contingent liabilities* for additional information.

Compensation to Directors and Key Management

The fees of the Directors of the Company for carrying out their respective functions were €31 million and €29 million for the year ended December 31, 2022 and 2021, respectively.

The aggregate compensation expense for remaining executives with strategic responsibilities was approximately €44 million for 2022 (€44 million for 2021), which in addition to base compensation, included:

- €16 million in 2022 (€19 million in 2021) for share-based compensation expense;
- €14 million in 2022 (€12 million in 2021) for short-term employee benefits; and
- €3 million in 2022 (€4 million in 2021) for pension and similar benefits.

Refer to Note 19, *Share-based compensation*, for information related to the PSU and RSU awards granted to certain key employees.

26. Guarantees granted, commitments and contingent liabilities

Guarantees granted

At December 31, 2022, the Company had pledged guarantees on the debt or commitments of third parties totaling €24 million (€25 million at December 31, 2021), as well as guarantees on related party debt and commitments of €248 million at December 31, 2022 (€161 million at December 31, 2021).

SCUSA Private-label financing agreement

In February 2013, FCA US entered into a private-label financing agreement (the “SCUSA Agreement”) with Santander Consumer USA Inc. (“SCUSA”), an affiliate of Banco Santander, which launched on May 1, 2013. Under the SCUSA Agreement, SCUSA provides a wide range of wholesale and retail financing services to FCA US's dealers and consumers in accordance with its usual and customary lending standards, under the Chrysler Capital brand name.

The SCUSA Agreement has a ten-year term expiring in April 2023, subject to early termination in certain circumstances, including the failure by a party to comply with certain of its ongoing obligations under the SCUSA Agreement. In accordance with the terms of the agreement, SCUSA provided an upfront, non-refundable payment of €109 million (U.S.\$150 million) in May 2013, which was recognized as deferred revenue and is amortized over ten years. At December 31, 2022, €12 million (U.S.\$12 million) remained in deferred revenue.

On June 28, 2019, FCA US entered into an amendment (the “Amendment”) to the SCUSA Agreement. The Amendment modified certain terms of the agreement, with the remaining term unchanged through to April 2023, and in connection with its execution, SCUSA made a one-time, nonrefundable, non-contingent, cash payment of U.S. \$60 million (€53 million) to FCA US as part of a negotiated resolution of open matters. This amount was recognized by FCA during 2019. The duration of the agreement remained unchanged. In April 2022 the SCUSA Agreement was amended and extended through 2025, allowing SCUSA to serve a complementary role to Stellantis Financial Services. Under the SCUSA Agreement, SCUSA has certain rights, including limited exclusivity to participate in specified minimum percentages of certain retail financing subvention programs.

From time to time, FCA US worked with certain lenders to subsidize interest rates or cash payments at the inception of a financing arrangement to incentivize customers to purchase its vehicles, a practice known as “subvention”. FCA US has provided SCUSA with limited exclusivity rights to participate in specified minimum percentages of certain of its retail financing rate subvention programs. SCUSA has committed to certain revenue sharing arrangements, as well as to consider future revenue sharing opportunities. SCUSA bears the risk of loss on loans contemplated by the SCUSA Agreement. The parties share in any residual gains and losses in respect of consumer leases, subject to specific provisions in the SCUSA Agreement, including limitations on FCA US participation in gains and losses.

Other repurchase obligations

In accordance with the terms of other wholesale financing arrangements in Mexico, Stellantis Mexico was required to repurchase dealer inventory financed under these arrangements, upon certain triggering events and with certain exceptions, including in the event of an actual or constructive termination of a dealer’s franchise agreement. These obligations exclude certain vehicles including, but not limited to, vehicles that have been damaged or altered, that are missing equipment or that have excessive mileage or an original invoice date that is more than one year prior to the repurchase date. In December 2015, Stellantis Mexico entered into a ten-year private label financing agreement with STM Financial, S.A De C.V., Sofom, E.R., Grupo Financiero Inbursa (“STM Financial”), a wholly owned subsidiary of Banco Inbursa, under which STM Financial provides a wide range of financial wholesale and retail financial services to Stellantis Mexico's dealers and retail customers under the Stellantis Financial Mexico brand name. The wholesale repurchase obligation under the new agreement will be limited to wholesale purchases in case of actual or constructive termination of a dealer's franchise agreement.

At December 31, 2022, the maximum potential amount of future payments required to be made in accordance with these wholesale financing arrangements was approximately €264 million (\$282 million) and was based on the aggregate repurchase value of eligible vehicles financed through such arrangements in the respective dealer's stock. If vehicles are required to be repurchased through such arrangements, the total exposure would be reduced to the extent the vehicles can be resold to another dealer. The fair value of the guarantee was nil at December 31, 2022.

Arrangements with key suppliers

From time to time and in the ordinary course of business, the Company entered into various arrangements with key third party suppliers in order to establish strategic and technological advantages. A limited number of these arrangements contained unconditional purchase obligations to purchase a fixed or minimum quantity of goods and/or services with fixed and determinable price provisions. Future minimum purchase obligations under these arrangements at December 31, 2022 were as follows for the Company's continuing operations:

	(€ million)	
2023	€	971
2024	€	350
2025	€	277
2026	€	396
2027	€	418
2028 and thereafter	€	2,968

In December 2022, the Company committed to the purchase of batteries for the amount of €3,568 million over a 9 year period starting from 2025 with StarPlus Energy LLC. The residual commitment at December 31, 2022 amounts to €3,568 million. This commitment is included in the table above.

Other commitments, arrangements and contractual rights

On March 23, 2022, Stellantis announced that it will support ACC growth plans as it intends to build a third production site transforming Stellantis' existing Termoli (Italy) plant into a new electric vehicle battery facility and finalized the agreement to add Mercedes-Benz AG as a new, equal partner with TotalEnergies/Saft and Stellantis. The partners have also committed to increase ACC's total industrial capacity to at least 120 gigawatt hours (GWh) by 2030 and to scale up development and production of next-generation high-performance battery cells and modules.

On May 24, 2022, Stellantis and Samsung SDI Co., Ltd announced their plan to invest over €2.4 billion (\$2.5 billion) in a joint venture, that was incorporated in December 2022 under the name of StarPlus Energy LLC for a lithium-ion battery production plant in Kokomo, Indiana, U.S. Refer to Note 3, *Scope of consolidation* for additional information.

On March 23, 2022, Stellantis and LG Energy Solution announced their plan to invest over €3.7 billion (\$5 billion CAD) in a joint venture for Canada's first large scale lithium-ion battery production plant, which will be built in Windsor, Canada. The agreement is subject to customary closing conditions, including regulatory approvals.

At December 31, 2022, total capital commitments related to the above were €2.2 billion for the period 2023 through to 2025.

European leasing agreements

On December 17, 2021, Stellantis announced the intention to reorganize its leasing activities in Europe with the intention to create a European multi-brand operational leasing company with CACF, (with each of Stellantis and CACF holding a 50 percent interest) that would result from the combination of the leasing activities of Leasys, a subsidiary transferred at December 31, 2022, from FCA Bank to LeaseCo, a joint venture held 50 percent by both Stellantis and CACF, and the activities of F2ML, a business unit created within the former Groupe PSA and which aims to develop the B2B long-term leasing activity. In addition, the joint ventures with BNPP PF and SCF are planned to be reorganized so the joint ventures with BNPP PF will operate financing activities in Germany, Austria and in the UK and joint ventures with SCF will operate financing activities in France, Italy, Spain, Belgium, Poland, the Netherlands and through a commercial agreement with SCF in Portugal. The joint ventures' financing activities will cover all Stellantis brands. The binding agreements governing this reorganization were signed on March 31, 2022 between Stellantis and each of BNP Paribas Personal Finance, Crédit Agricole Consumer Finance and Santander Consumer Finance and the proposed transactions are targeted to be completed during the first half of 2023, subject to regulatory approvals including from relevant authorities and market regulators. Refer to Note 3, *Scope of consolidation* for additional information.

Contingent liabilities

In connection with significant asset divestitures carried out in prior years, the Company provided indemnities to purchasers with the maximum amount of potential liability under these contracts generally capped at a percentage of the purchase price. These liabilities refer principally to potential liabilities arising from possible breaches of representations and warranties provided in the contracts and, in certain instances, environmental or tax matters, generally for a limited period of time. Potential obligations with respect to these indemnities were nil as of December 31, 2022 (€5 million as of December 31, 2021). The Company provided certain other indemnifications that do not limit potential payment and as such, it was not possible to estimate the maximum amount of potential future payments that could result from claims made under these indemnities.

Takata airbag inflators

Putative class action lawsuits were filed in March 2018 against FCA US LLC ("FCA US"), a wholly owned subsidiary of Stellantis, in the U.S. District Courts for the Southern District of Florida and the Eastern District of Michigan, asserting claims under federal and state laws alleging economic loss due to Takata airbag inflators installed in certain of our vehicles. The cases were subsequently consolidated in the Southern District of Florida. On November 8, 2022, the Court granted summary judgement in FCA US's favor against all claimants except those in Georgia and North Carolina. FCA US has moved to dismiss all remaining claims and decisions on those motions are pending. At this stage of the proceedings, we are unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss.

Emissions Matters

On January 10, 2019, FCA US announced it had reached final settlements on civil environmental and consumer claims with the U.S. Environmental Protection Agency (“EPA”), the Civil Division of the U.S. Department of Justice (“DoJ”), the California Air Resources Board (“CARB”), the State of California, 49 other States and U.S. Customs and Border Protection, for which we accrued €748 million during the year ended December 31, 2018. Approximately €350 million of the amount accrued by FCA US, which was prior to the merger, was related to civil penalties to resolve differences over diesel emissions requirements. A portion of the amount accrued, prior to the merger, was attributable to settlement of a putative class action on behalf of consumers in connection with which FCA US agreed to pay an average of \$2,800 per vehicle to eligible customers affected by the recall. That settlement received final court approval on May 3, 2019. On April 9, 2021, FCA US reached an agreement with substantially all of the approximately 3,200 consumers that exercised their right to opt out of the class action settlement to settle their claims for an amount that is not material to the Company. As of December 31, 2022, our best estimate of a probable loss is reflected in the amount previously accrued prior to the merger.

In September 2019, the DoJ filed criminal charges against an employee of FCA US for, among other things, fraud, conspiracy, false statements and violations of the Clean Air Act primarily in connection with efforts to obtain regulatory approval of the vehicles that were the subject of the civil settlements described above. In April 2021, two additional employees of a Stellantis subsidiary were indicted by the DoJ on similar charges. The three employees were placed on administrative leave following their indictments. On June 3, 2022, FCA US announced that it had agreed to a settlement to resolve the DoJ, Criminal Division’s investigation as it relates to FCA US. The settlement, which received court approval, includes a guilty plea, a fine of approximately \$96 million, and the forfeiture of approximately \$204 million in gains. Prior to the merger, we accrued approximately €200 million during the three months ended September 30, 2020 as our best estimate of probable loss with regard to matters under discussion. In light of subsequent progress in our discussions with the DoJ, Criminal Division, we increased our accrual for this matter to approximately €266 million as of December 31, 2021, which is sufficient to cover the forfeiture and penalty imposed by the plea agreement. We remain subject to a number of related private lawsuits (the “Non Opt-Out Litigation”).

We have also received inquiries from other regulatory authorities in a number of jurisdictions as they examine the on-road tailpipe emissions of several automakers’ vehicles and, when jurisdictionally appropriate, we continue to cooperate with these governmental agencies and authorities.

In Europe, we have continued to work with the Italian Ministry of Transport (“MIT”) and the Dutch Vehicle Regulator (“RDW”), the authorities that certified FCA diesel vehicles for sale in the European Union, and the UK Driver and Vehicle Standards Agency in connection with their review of several diesel models.

We also responded to inquiries from the German authority, the Kraftfahrt-Bundesamt (“KBA”), regarding emissions test results for FCA diesel vehicles, and discussed the KBA reported test results, our emission control calibrations and the features of the vehicles in question. After these initial discussions, the MIT, which has sole authority for regulatory compliance of the vehicles it has certified, asserted its exclusive jurisdiction over the matters raised by the KBA, tested the vehicles, determined that the vehicles complied with applicable European regulations and informed the KBA of its determination. Thereafter, mediations were held under European Commission (“EC”) rules, between the MIT and the German Ministry of Transport and Digital Infrastructure, which oversees the KBA, in an effort to resolve their differences. The mediation concluded and no action was taken with respect to FCA. In May 2017, the EC announced its intention to open an infringement procedure against Italy regarding Italy's alleged failure to respond to EC's concerns regarding certain FCA emission control calibrations. The MIT responded to the EC's allegations by confirming that the vehicles' approval process was properly performed. On December 2, 2021, the EC notified Italy of its position that Italy did not comply with its obligation to enforce EU emission type approval rules.

In December 2019, the MIT notified FCA of communications with the Dutch Ministry of Infrastructure and Water Management (“I&W”) regarding certain irregularities allegedly found by the RDW and the Dutch Center of Research TNO in the emission levels of certain Jeep Grand Cherokee Euro 5 models and a vehicle model of another OEM containing a Euro 6 diesel engine supplied by FCA. In January 2020, the Dutch Parliament published a letter from the I&W summarizing the conclusions of the RDW regarding those vehicles and engines and indicating an intention to order a recall and report their findings to the Public Prosecutor, the EC and other Member States. FCA engaged with the RDW to present our positions and cooperate to reach an appropriate resolution of this matter. FCA proposed certain updates to the relevant vehicles that have been tested and approved by the RDW and are now being implemented. Nevertheless, this matter is still pending.

In addition, as part of the judicial investigation of several automakers in France, commencing in 2016 and 2017, Automobiles Peugeot and Automobiles Citroën were placed under examination by the Judicial Court of Paris in June 2021 on allegations of consumer fraud in connection with the sale of Euro 5 diesel vehicles in France between 2009 and 2015. In July 2021, FCA Italy was placed under examination by the same court for possible consumer fraud in connection with the sale of Euro 6 diesel vehicles in France between 2014 and 2017. FCA Italy was also designated as a material witness in connection with allegations of obstruction of the actions of an economy ministry antifraud inspector in 2016 and 2017. As is typical in a French criminal inquiry, each of the companies were required to pay bail for the potential payment of damages and fines and to ensure representation in court, and to provide a guarantee for the potential compensation of losses. None of these amounts were, individually or in the aggregate, material to the Company.

In July 2020, unannounced inspections took place at several of FCA’s sites in Germany, Italy and the UK at the initiative of the Public Prosecutors of Frankfurt am Main and of Turin, as part of their investigations of potential violations of diesel emissions regulations and consumer protection laws. In April 2022, former FCA companies received an order to produce documents to the Public Prosecutors. In October 2022, inspections took place at the Italian offices of FCA Italy and Maserati and at the German office of Maserati Deutschland. The Public Prosecutor of Frankfurt has also informed us that it is conducting a criminal investigation regarding the emissions of certain PSA diesel engines installed in approximately 1,000 PSA vehicles and 29,000 Mitsubishi vehicles sold in Germany. We continue to cooperate with these investigations.

We also face class actions and individual claims in several European countries. Several former FCA and PSA companies and our Dutch dealers have been served with two class actions filed in the Netherlands by Dutch foundations seeking monetary damages and vehicle buybacks in connection with alleged emissions non-compliance of certain diesel vehicles. We have also been notified of a potential class action on behalf of Dutch consumers alleging emissions non-compliance of certain former FCA vehicles sold as recreational vehicles, as well as a securities class action in the Netherlands, alleging misrepresentations by FCA, now Stellantis. A class action alleging emissions non-compliance has also been filed in Portugal regarding former FCA vehicles and similar claims in the UK regarding former FCA and PSA vehicles are in a pre-litigation phase. We are also defending approximately 11,300 individual consumer claims alleging emissions non-compliance of certain former FCA vehicles in Germany and approximately 150 in Austria.

In December 2018, the Korean Ministry of Environment (“MOE”) announced its determination that approximately 2,400 FCA vehicles imported into Korea during 2015, 2016 and 2017 were not emissions compliant and that the vehicles with a subsequent update of the emission control calibrations voluntarily performed by FCA, although compliant, would have required re-homologation of the vehicles concerned. In May 2019, the MOE revoked certification of the above-referenced vehicles and announced an administrative fine for an amount not material to the Company which has been paid by our Korean subsidiary. Our appeal of the MOE’s decision was rejected and we are no longer pursuing appeals other than in connection with calculation of the fine. Our Korean subsidiary has also paid an administrative fine, in an amount not material to the Company, imposed by the Korean Fair Trade Commission for a purported breach of the Act on Fair Labeling and Advertisement in connection with these vehicles.

In November 2021, the MOE issued notice of its intention to impose a recall order, revocation of certification and an administrative fine on the basis of the alleged non-compliance of approximately 2,250 other FCA vehicles. The amount of the administrative fine is not material to the Company. We are waiting for the MOE to issue the final disposition on this matter. Our subsidiary in Seoul, Korea is also cooperating with local criminal authorities in connection with their review of these matters. In both cases, the authorities decided to not refer the matter to prosecutors, as they had found no evidence of wrongdoing by our Korean subsidiary.

The results of the unresolved governmental inquiries and private litigation related to the emissions matters disclosed above cannot be predicted at this time and these inquiries and litigation may lead to further enforcement actions, penalties or damage awards, any of which may have a material adverse effect on our business, financial condition and results of operations. It is also possible that these matters and their ultimate resolution may adversely affect our reputation with consumers, which may negatively impact demand for our vehicles and consequently could have a material adverse effect on our business, financial condition and results of operations. At this stage, we are unable to evaluate the likelihood that a loss will be incurred with regard to the unresolved inquiries, Non Opt-Out Litigation and other private litigation or estimate a range of possible loss.

National Training Center

On January 27, 2021, FCA US announced an agreement with the U.S. Attorney's Office for the Eastern District of Michigan to resolve its investigation into past misconduct of certain former FCA US employees involving the UAW-Chrysler National Training Center ("NTC"). Pursuant to the agreement, which received court approval on July 19, 2021, FCA US agreed to plead guilty to a single count of conspiracy to violate the Labor Management Relations Act and the payment of a fine in an amount that is not material to the Company and which was accrued prior to the merger. FCA US also agreed to implement an independent compliance monitor for three years with respect to the dissolution of the NTC and internal controls as they relate to the trusts being implemented to replace the NTC.

Several putative class action lawsuits have been filed against FCA US in U.S. federal court alleging harm to UAW workers as a result of these acts. Those actions have been dismissed both at the trial court stage and on appeal. Three plaintiffs in these lawsuits also filed charges alleging unfair labor practices with the U.S. National Labor Relations Board (the "Board"). The Board issued a complaint regarding these allegations and sought a cease and desist order as well as the posting of a notification with respect to the alleged practices, but subsequently dismissed the charges.

On July 20, 2020, a group of employees in FCA's Toledo, Ohio Jeep plant filed a lawsuit in U.S. District Court for the Northern District of Ohio against FCA US, the UAW and certain individuals claiming violations of the Racketeer Influenced and Corrupt Organizations (RICO) Act and civil conspiracy. On October 20, 2020, FCA US filed a motion to dismiss. Plaintiffs filed their second amended complaint on June 25, 2021. Briefing on the motion to dismiss has been stayed pending decisions on motions to dismiss in two related cases in the U.S. District Court for the Eastern District of Michigan. At this stage, we are unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss.

On October 16, 2020 and February 28, 2021, lawsuits were filed in U.S. District Court for the Eastern District of Michigan, by groups of current and former employees making similar claims. The court granted our motion to dismiss one of the cases and that decision has been appealed by plaintiffs. Our motion to dismiss the other case remains pending. At this stage, we are unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss with regard to these lawsuits.

General Motors Litigation

On November 20, 2019, General Motors LLC and General Motors Company (collectively, "GM") filed a lawsuit in the U.S. District Court for the Eastern District of Michigan against FCA US, FCA N.V., now Stellantis N.V., and certain individuals, claiming violations of the RICO Act, unfair competition and civil conspiracy in connection with allegations that FCA US made payments to UAW officials that corrupted the bargaining process with the UAW and as a result FCA US enjoyed unfair labor costs and operational advantages that caused harm to GM. GM also claimed that FCA US had made concessions to the UAW in collective bargaining that the UAW was then able to extract from GM through pattern bargaining which increased costs to GM and that this was done by FCA US in an effort to force a merger between GM and FCA N.V. The court dismissed GM's lawsuit with prejudice. GM subsequently appealed the dismissal to the U.S. Court of Appeals for the Sixth Circuit the court affirmed the dismissal of GM's complaint. On January 9, 2023, GM filed a petition with the U.S. Supreme Court, seeking review of the Sixth Circuit's decision.

Following dismissal of its Federal court case, GM filed an action against FCA US and FCA N.V., now Stellantis N.V., in Michigan state court, making substantially the same claims as it made in the federal litigation. On October 15, 2021, the court granted Stellantis N.V. and FCA US's motion for summary disposition. GM filed a motion for reconsideration and on December 6, 2021, the court granted GM's motion, permitting GM to amend its complaint. GM filed a second amended complaint on December 23, 2021. On May 16, 2022, the court denied FCA US's motion for summary disposition and permitted discovery to proceed against FCA US. On July 20, 2022, the court granted Stellantis N.V.'s motion for summary disposition, but on November 28, 2022 the court granted GM's motion for reconsideration and permitted jurisdictional discovery to proceed against Stellantis N.V. At this stage, we are unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss.

Tigershark Engine – EPA Matter

In connection with internal testing, FCA US determined that approximately 935,000 vehicles equipped with the 2.4L Tigershark engine may have excess tailpipe emissions. FCA US discussed this issue and reviewed the proposed solution with the EPA and CARB. Prior to the merger, FCA US increased its warranty campaign provision by approximately €200 million associated with a recall campaign to implement this solution.

Tigershark Engine – Litigation

In addition, putative class action lawsuits have been filed against FCA US and consolidated into a single action in U.S. District court in Michigan asserting claims under federal and state laws claiming manufacturing and design defects in certain vehicles equipped with the 2.4L Tigershark engine, which has been installed in approximately 1.6 million vehicles sold in the U.S. The claims allege excessive oil consumption and related excess emissions. In November 2021, we entered into an agreement in principle to settle the litigation, contingent on court approval, for an amount that is not material to the Company. The court granted final approval of the settlement in December 2022.

Other matters

Corporate Average Fuel Economy (“CAFE”) standards

On August 31, 2020, the U.S. Court of Appeals for the Second Circuit vacated a final rule published by NHTSA in July 2019 that had reversed NHTSA's 2016 increase to the base rate of the CAFE penalty from \$5.50 to \$14.00. The base rate applies to each tenth of a mile per gallon that a manufacturer's fleet-wide average fuel efficiency is below the CAFE standard, and is multiplied by the number of vehicles in the manufacturer's fleet to arrive at an aggregate penalty. On January 14, 2021, NHTSA published an interim final rule with immediate effect, the result of which was to apply the increased fine rate that resulted from the Second Circuit's ruling to future model years. In particular, NHTSA's interim rule imposed a CAFE penalty base rate of \$5.50 through 2021 Model Year and increased the CAFE penalty base rate to \$14.00 prospectively from the 2022 Model Year. FCA accrued estimated amounts for any probable CAFE penalty based on the \$5.50 rate for Model Years 2021 and earlier. In addition, as a result of the acquisition, and in accordance with IFRS 3, we recognized an incremental contingent liability of €163 million for the potentially higher fine rate on vehicle shipments prior to the merger date.

On April 1, 2022, NHTSA published a final rule repealing the interim final rule issued in January 2021 and reverting to the December 2016 final rule which increased the CAFE civil penalty rate from \$5.00 to \$14.00, beginning with 2019 Model Year. NHTSA is expected to continue to make mandatory inflation adjustments to the CAFE civil penalty rate, as required by law for all civil monetary penalties. Applying the annual inflation adjustment procedures did not result in an increase in the \$14.00 rate through 2021 Model Year, but did result in an increased fine rate to \$15.00 for 2022 Model Year vehicles. An additional accrual of €655 million has been recognized resulting from an increase in the provision related to the Model Year 2019-2021 penalty rate adjustment. In addition, an accrual of €5 million has been recognized to reflect the Model Year 2022 inflation adjustment for vehicles sold in 2021, and penalties for Model Year 2022 vehicles sold in the current year have been accrued based on a penalty rate of \$15.00.

Greenhouse Gas Standards

On March 9, 2022, the EPA reinstated California’s authority under the Clean Air Act to enforce its own, more stringent, greenhouse gas (“GHG”) emission standards for passenger vehicles and light duty trucks (the “California Waiver”). California emission standards covered by the California Waiver may be adopted by other states and to date 17 other states and the District of Columbia (the “California Waiver States”) have adopted California’s GHG emissions standards under the California Waiver.

Prior to the EPA’s withdrawal of the California Waiver, automotive OEMs were deemed to be compliant with California’s GHG emissions standards if they were compliant with the EPA’s GHG standards. This “deemed to comply” mechanism was removed from the California regulation prior to the reinstatement of the California Waiver. As interpreted by CARB, the EPA’s reinstatement of the California Waiver together with the removal of the “deemed to comply” mechanism means that automotive OEMs are retroactively subject to the separate California GHG standards beginning with the model year 2021 fleet. OEMs may achieve compliance with the California GHG emission standards in several ways, including through the sale of emission-compliant vehicles within their fleet for a given model year, through the carryforward or carryback of excess credits generated by a compliant fleet in past or future years, by the purchase of California-specific regulatory credits from third parties or by a combination of the foregoing.

We did not meet the California GHG targets for model year 2021 and do not expect to meet the California GHG targets for model year 2022, as in planning both model years prior to reinstatement of the California Waiver we assumed the ability to utilize existing credits based on regulations in force at the time. We intend to be compliant with the California GHG program, and for those years and any other model year with deficits, we intend to seek to cover such deficits with excess credits generated through our compliance in model years within the applicable five-year carryback period.

While we are executing on several important steps to ensure our carryback strategy, the success of our carryback strategy depends on future levels and mix of production and sales, as well as general market demand for battery electric vehicles, all of which are inherently speculative. As we are unable to reliably estimate the cost of compliance, we have not recognized a provision.

We understand that certain other automobile OEMs are subject to less stringent California GHG emissions standards pursuant to settlement agreements entered into with CARB on terms that are not available us. We are currently evaluating the enforceability of the California GHG emissions standards as applied by CARB, particularly in light of their retroactive application following the EPA’s reinstatement of the California Waiver, as well as the disparate treatment of other automotive OEMs which are not subject to the same standards.

U.S. Import Duties

Historically, FCA paid a 2.5 percent duty on Ram ProMaster City vehicles imported into the U.S. as passenger vehicles rather than the 25 percent duty applicable to vehicles that are imported into the U.S. as cargo vans. The vast majority of these vehicles are converted into cargo vans after importation. Federal litigation against a competitor in a similar case resulted in the application of the 25 percent duty rate to the competitor’s vehicles. We believe there are facts that distinguish our case from that of the competitor. However, U.S Customs and Border Protection may seek to recover increased duties for our prior imports, plus interest, and may assert a claim for penalties. At this stage, we are unable to reliably evaluate the likelihood that a loss will be incurred or estimate a range of possible loss.

27. Equity

Share capital

At December 31, 2022, the authorized share capital of Stellantis was ninety million Euro (€90,000,000), divided into 4.5 billion (4,500,000,000) Stellantis common shares, nominal value of one Euro cent (€0.01) per share and 4.5 billion (4,499,750,000) class A special voting shares, nominal value of one Euro cent (€0.01) per share each and two hundred and fifty thousand (250,000) class B special voting shares with a nominal value of one euro cent (€0.01) each.

At December 31, 2022, fully paid-up share capital of Stellantis amounted to €32 million (€31 million at December 31, 2021) and consisted of 3,213,372,229 common shares (3,132,618,655 at December 31, 2021). This included 69,125,544 common shares held in Treasury (refer to *Exercise of GM Warrants* for further information) and therefore at December 31, 2022 there were 3,144,246,685 outstanding common shares. On December 21, 2022, all the outstanding special voting shares B were exchanged with newly issued special voting shares A in accordance with article 7.5 of the terms and conditions of the special voting shares. As a result all the 208,622 issued special voting shares B are held in the Company's treasury. At December 31, 2022 there were 178,790 issued special voting shares A and 208,622 issued special voting shares B (208,622 at December 31, 2021), all with a par value of €0.01 each.

In accordance with IFRS 3 - Business Combinations, as applied to a reverse acquisition, the share capital of Stellantis reflects the share capital of the legal acquirer, FCA N.V. with the difference between share capital of the legal acquirer and the accounting acquirer, PSA, being aggregated and shown as part of retained earnings and other reserves.

The following table summarizes the changes in the number of outstanding common shares and special voting shares of Stellantis during the year ended December 31, 2022:

	Common Shares	Special Voting Shares A	Special Voting Shares B	Total
Balance at January 1, 2022	3,132,618,655	—	208,622	3,132,827,277
Issuance of Special Voting Shares	—	178,790	—	178,790
Issuance upon the exercise of GM warrants	69,125,544	—	—	69,125,544
Purchase of Treasury shares	(69,125,544)	(98)	(208,622)	(69,334,264)
Shares issued to serve Long Term Incentive Plans	11,628,030	—	—	11,628,030
Balance at December 31, 2022	3,144,246,685	178,692	—	3,144,425,377

In June 2021, one of the Company's consolidated subsidiaries, ARAMIS SAS ("Aramis") listed a portion of its shares on the Euronext Paris stock exchange. Prior to the listing, the Company held a 70 percent interest in Aramis, and as a result of the IPO, the Company's interest has been diluted to 61 percent. As there was no loss of control as a result of the listing, the transaction has been accounted for as an equity transaction with €178 million recognized as an increase in non-controlling interest and €121 million recognized as additional retained earnings.

In the context of the contemplated merger with FCA, on December 17, 2019, DFG agreed to sell, and Groupe PSA agreed to buy, up to 30.7 million shares of PSA prior to the earlier of the closing of the merger or December 31, 2020 at a price based on the market price of PSA share when PSA is notified to effect a sale by DFG (those shares will be cancelled). On the date of commitment, a current financial liability of €685 million was initially recognized against equity to reflect the PSA repurchase obligation with subsequent remeasurement of the liability recorded as financial income (expense). At December 31, 2019, this liability was remeasured at €668 million against a net financial income (expense) of €17 million. On September 23, 2020, PSA repurchased 10 million of its own shares from DFG for a total purchase price of €164 million (excluding costs) that were subsequently cancelled and PSA and DFG agreed to amend the original agreement so that the remaining 20.7 million shares would have been sold by DFG to third parties by December 31, 2022 in the event those shares have not been sold to PSA by December 31, 2020. As under the amended agreement, as of December 15, 2020 the current financial liability was remeasured to €446 million and reversed against equity as PSA no longer had the obligation to repurchase these 20.7 million shares.

Pursuant to the Articles of Association, the Board of Directors is irrevocably authorized to issue shares (common and special voting shares) and to grant rights to subscribe for shares in the capital of the Company. This authorization is up to a maximum aggregate amount of shares as set out in the Articles of Association, as amended from time to time, and limits or excludes the right of pre-emption with respect to common shares.

Exercise of GM Warrants

As part of the acquisition of Opel/Vauxhall by Groupe PSA, on July 31, 2017, PSA issued warrants to Adam Opel GmbH (a GM company), hereafter referred to as “GM”. The equity warrants entitled the holder to subscribe for 39,727,324 shares in Peugeot S.A. with a par value of €1 per warrant, and each warrant being eligible for one share in PSA Automobiles S.A. (“PSA”). The warrants were exercisable between the 5th and the 9th year following issuance, meaning that the exercise window opened on July 31, 2022. On the merger date, each of the warrants issued by PSA to GM was converted into one equity warrant, each of which entitled the holder to subscribe for 1.74 Stellantis shares (same conversion ratio as for all other PSA shares), with an exercise price equal to €1 per original warrant (€39,727,324).

On September 15, 2022, upon the exercise of the warrants above by GM we issued 69,125,544 common shares, representing approximately 2.2 percent of Stellantis’ share capital (on a diluted basis) and with a cash proceed of €40 million. Following the agreement entered into with GM, we immediately repurchased all the shares issued with a cash disbursement of €923 million corresponding to €13.36 per share (such amount was based on the volume weighted average price of one Stellantis common share on the regulated market of Euronext in Milan over the previous five trading days). The issuance and subsequent share buy-back have been accounted for as separate transactions within equity.

In addition, the warrant agreement noted that in case of transactions including dividends, allocation of shares to shareholders, merger or spin-off, where the date for determining the shareholders entitlement to benefit from or participate in the transaction, the warrant holders rights are protected until the delivery date. Such transactions included cash dividends payable to GM by PSA prior to the merger and paid by Stellantis since the merger, the Faurecia spin-off in 2021 and the 2021 Faurecia dividends payable. The amounts paid were previously recognized as liabilities when such dividends were declared. The payments reduced the liability for the dividends declared in years prior to 2022 and recognized against equity for the dividends declared during 2022.

Equity Incentive Plans

On April 15, 2021, the Annual General Meeting of Shareholders (“AGM”) resolved to authorize, under certain conditions, the Board of Directors to issue common shares, to grant rights to subscribe for shares under the LTIP and its sub-plans, up to maximum of 100 million common shares, and to exclude pre-emptive rights of shareholders in that regard, both for a period of five years.

Furthermore, the AGM authorized the Board of Directors, for a period of 18 months from the date of the AGM, to repurchase up to a maximum of 10 percent of the Company’s common shares issued as of the date of the AGM. Pursuant to the authorization, which does not entail any obligation for the Company but is designed to provide additional flexibility, the Board of Directors may repurchase common shares in compliance with applicable regulations, subject to certain maximum and minimum price thresholds.

Other reserves:

Other reserves comprised the following:

- legal reserves of €18,037 million at December 31, 2022 (€13,030 million at December 31, 2021) determined in accordance with Dutch law and primarily relating to development expenditures capitalized by subsidiaries and their earnings, subject to certain restrictions on distributions to Stellantis;
- capital reserves of €20,119 million at December 31, 2022 (€20,840 million at December 31, 2021);
- retained earnings, after the separation of the legal reserve, of positive €13,873 million (positive €5,664 million at December 31, 2021); and
- profit attributable to owners of the parent of €16,799 million for the year ended December 31, 2022 (€14,200 million for the year ended December 31, 2021).

Other comprehensive income

Other comprehensive income was as follows:

	Years ended December 31,		
	2022	2021	2020
	(€ million)		
Fair value remeasurement of cash flow hedges	(482)	149	107
<i>of which, reclassified to the income statement</i>	(353)	(98)	(32)
<i>of which, recognized in equity during the period</i>	(129)	247	139
Gains and losses from remeasurement of financial assets	3	6	—
<i>of which, reclassified to the income statement</i>	—	—	—
<i>of which, recognized in equity during the period</i>	3	6	—
Exchange differences on translating foreign operations	2,013	2,005	(377)
Share of Other comprehensive income/(loss) for equity method investees	(7)	(47)	(43)
Items relating to discontinued operations	—	—	(337)
Total amounts to be potentially reclassified to profit or loss	1,527	2,113	(650)
Actuarial gains and losses on defined benefit pension obligations	€ 1,753	€ 2,488	€ (117)
Share of Other comprehensive income for equity method investees	(5)	8	—
Items relating to discontinued operations	—	—	(52)
Amounts not to be reclassified to profit or loss	1,748	2,496	(169)
Total Other comprehensive income/(loss) for the period	3,275	4,609	(819)
Income tax benefit (expense)	(290)	(783)	—
Income tax benefit (expense) - discontinued operations	—	—	10
Total Other comprehensive income/(loss) for the period, net of tax	€ 2,985	€ 3,826	€ (809)

Gains and losses arising from the remeasurement of defined benefit plans primarily include actuarial gains and losses arising during the period, the return on plan assets (net of interest income recognized in the Consolidated Income Statement) and any changes in the effect of the asset ceiling. These gains and losses are offset against the related defined benefit plan's net liabilities or assets (Note 20, *Employee benefits liabilities*).

The following table summarizes the tax effect relating to Other comprehensive income:

	Years ended December 31,								
	2022			2021			2020		
	Pre-tax balance	Tax income/ (expense)	Net balance	Pre-tax balance	Tax income/ (expense)	Net balance	Pre-tax balance	Tax income/ (expense)	Net balance
	(€ million)								
Fair value remeasurement of cash flow hedges	(482)	89	(393)	149	(54)	95	107	(31)	76
Gains and losses from remeasurement of financial assets	€ 3	€ —	€ 3	€ 6	€ —	€ 6	€ —	€ —	€ —
Actuarial gains and losses on defined benefit pension obligations	€ 1,753	€ (379)	€ 1,374	€ 2,488	€ (729)	€ 1,759	€ (117)	€ 31	€ (86)
Exchange differences on translating foreign operations	2,013	—	2,013	2,005	—	2,005	(377)	—	(377)
Share of Other comprehensive income/(loss) for equity method investees	(12)	—	(12)	(39)	—	(39)	(43)	—	(43)
Items relating to discontinued operations	—	—	—	—	—	—	(389)	10	(379)
Total Other comprehensive income/(loss)	€ 3,275	€ (290)	€ 2,985	€ 4,609	€ (783)	€ 3,826	€ (819)	€ 10	€ (809)

Policies and processes for managing capital

The objectives identified by the Company for managing capital were to create value for shareholders as a whole, safeguard business continuity and support the growth of the Company. As a result, the Company endeavored to maintain an adequate level of capital that, at the same time, enables it to obtain a satisfactory economic return for its shareholders and guarantee economic access to external sources of funds, including by means of achieving an adequate credit rating.

The Company constantly monitors its net financial position in comparison with net equity and the generation of cash from its industrial activities. In order to reach these objectives, the Company continues to aim for improvement in the profitability of its operations. Furthermore, the Board of Directors may make proposals to Stellantis shareholders at a general meeting to reduce or increase share capital or, where permitted by law, to distribute reserves. The Company may also make purchases of treasury shares, without exceeding the limits authorized at a general meeting of Stellantis shareholders, under the same logic of creating value, compatible with the objectives of achieving financial equilibrium and an improvement in the Company's rating.

Dividends proposed, declared and paid

On April 13, 2022, the AGM approved an ordinary dividend distribution of €1.04 per common share corresponding to a total distribution of approximately €3.3 billion, that was paid on April 29, 2022.

On February 22, 2023, the Company announced an ordinary dividend of €4.2 billion corresponding to €1.34 per share to be paid, subject to shareholder approval. The expected dates for NYSE, Euronext Milan and Euronext Paris will be as follows: (i) ex-date April 24, 2023, (ii) record date April 25, 2023, and (iii) payment date May 4, 2023.

Dividend policy

Common shares

The Company's dividend policy contemplates an annual ordinary dividend to the holders of common shares targeting a payout ratio of 25 percent - 30 percent of the Company's Net profit for the relevant prior financial year.

The actual level of dividend to be distributed by the Company will be determined by the Board of Directors in its sole discretion and will be subject to earnings, cash balances, commitments, strategic plans and any other factors that the Board of Directors may deem relevant at the time of a dividend distribution, including adjustments for income or costs that are significant in nature but expected to occur infrequently.

Special voting shares

The holders of special voting shares are not entitled to any distributions. However, pursuant to article 29.4 of the Company's articles of association, from any amount of profits not reserved by the Board of Directors, first an amount shall be allocated and added to a separate special voting shares dividend reserve for the benefit of the holders of special voting shares (the "Special Voting Shares Dividend Reserve"). The Company has no intention to propose any distribution from the Special Voting Shares Dividend Reserve.

28. Earnings per share

Basic earnings per share

Basic earnings per share for the years ended December 31, 2022, 2021 and 2020 was determined by dividing the Net profit attributable to the equity holders of the parent by the weighted average number of shares outstanding during each period.

The following tables provide the amounts used in the calculation of basic earnings per share:

		Years ended December 31,		
		2022	2021	2020
Net profit attributable to owners of the parent	million	€ 16,799	€ 14,200	€ 2,173
Weighted average number of shares outstanding	thousand	3,140,089	3,059,284	1,544,002
Basic earnings per share	€	€ 5.35	€ 4.64	€ 1.41

		Years ended December 31,		
		2022	2021	2020
Net profit from continuing operations attributable to owners of the parent	million	€ 16,799	€ 13,210	€ 2,353
Weighted average number of shares outstanding	thousand	3,140,089	3,059,284	1,544,002
Basic earnings per share from continuing operations	€	€ 5.35	€ 4.32	€ 1.52

		Years ended December 31,		
		2022	2021	2020
Net profit from discontinued operations attributable to owners of the parent	million	€ —	€ 990	€ (180)
Weighted average number of shares outstanding	thousand	3,140,089	3,059,284	1,544,002
Basic earnings per share from discontinued operations	€	€ —	€ 0.32	€ (0.12)

Diluted earnings per share

In order to calculate the diluted earnings per share, the weighted average number of shares outstanding was increased to take into consideration the theoretical effect of potential common shares that would be issued for the restricted and performance share units outstanding and unvested at December 31, 2022, 2021 and 2020 (Note 19, *Share-based compensation*), as determined using the treasury stock method. Additionally, in 2021 and in 2020 the weighted average number of shares outstanding was increased to reflect the 39,727,324 GM warrants issued by PSA in 2017, that became exercisable in July 2022.

2020 weighted average number of shares of former PSA have been adjusted by the exchange ratio of 1.742 to provide comparability in accordance with IFRS 3 - Business Combinations.

There were no instruments excluded from the calculation of diluted earnings per share because of an anti-dilutive impact for the years ended December 31, 2022, 2021 and 2020 except for the calculation of diluted earnings per share from discontinued operations which reported a loss in 2020.

The following tables provide the amounts used in the calculation of diluted earnings per share:

		Years ended December 31,		
		2022	2021	2020
Net profit attributable to owners of the parent	million €	16,799	€ 14,200	€ 2,173
Weighted average number of shares outstanding	thousand	3,140,089	3,059,284	1,544,002
Number of shares deployable for share-based compensation	thousand	23,870	23,651	14,441
Equity warrants delivered to GM	thousand	—	68,497	68,497
Weighted average number of shares outstanding for diluted earnings per share	thousand	3,163,959	3,151,432	1,626,940
Diluted earnings per share	€	€ 5.31	€ 4.51	€ 1.34

		Years ended December 31,		
		2022	2021	2020
Net profit from continuing operations attributable to owners of the parent	million €	16,799	€ 13,210	€ 2,353
Weighted average number of shares outstanding		3,140,089	3,059,284	1,544,002
Number of shares deployable for share-based compensation	thousand	23,870	23,651	14,441
Equity warrants delivered to GM	thousand	—	68,497	68,497
Weighted average number of shares outstanding for diluted earnings per share	thousand	3,163,959	3,151,432	1,626,940
Diluted earnings per share from continuing operations	€	€ 5.31	€ 4.19	€ 1.45

		Years ended December 31,		
		2022	2021	2020
Net profit from discontinued operations attributable to owners of the parent	million €	—	€ 990	€ (180)
Weighted average number of shares outstanding		3,140,089	3,059,284	1,544,002
Number of shares deployable for share-based compensation	thousand	23,870	23,651	14,441
Equity warrants delivered to GM	thousand	—	68,497	68,497
Weighted average number of shares outstanding for diluted earnings per share ⁽¹⁾	thousand	3,163,959	3,151,432	1,544,002
Diluted earnings per share from discontinued operations	€	€ —	€ 0.31	€ (0.12)

(1) Number of shares deployable for share-based compensation and equity warrants delivered to GM have not been taken into consideration in the calculation of diluted loss per share for the year ended December 31, 2020 as this would have had an anti-dilutive effect

29. Segment reporting

Prior to the merger, PSA's four reportable segments were the Automotive division, consisting of the historical Peugeot Citroën DS business segment and of the Opel Vauxhall business segment, the Automotive Equipment segment, corresponding to the Faurecia Group (refer to Note 3, *Scope of consolidation* for additional detail), and the Finance segment, corresponding to the Banque PSA Finance group, which provides exclusively retail financing to customers of the Peugeot, Citroën, DS, Opel and Vauxhall brands, as well as wholesale financing to the brands' dealer networks through joint ventures. Subsequent to the completion of the merger, the historical results of the Company have been re-presented to reflect the six reportable segments presented by Stellantis and include the impact of reclassifications made to align the previously reported results of PSA to the presentation adopted by Stellantis and the presentation of Faurecia as a discontinued operation.

The Company's activities are carried out through six reportable segments: five regional vehicle segments (North America, Enlarged Europe, Middle East & Africa, South America and China and India & Asia Pacific) and Maserati, our global luxury brand segment. These reportable segments reflect the operating segments of the Company that are regularly reviewed by the Chief Executive Officer, who is the "chief operating decision maker", for making strategic decisions, allocating resources and assessing performance, and that exceed the quantitative threshold provided in IFRS 8 – *Operating Segments* ("IFRS 8"), or whose information is considered useful for the users of the financial statements.

The Company's five regional vehicle reportable segments deal with the design, engineering, development, manufacturing, distribution and sale of passenger cars, light commercial vehicles and related parts and services in specific geographic areas: North America (U.S., Canada and Mexico), Enlarged Europe (primarily the countries of the European Union and United Kingdom), Middle East & Africa (primarily Turkey, Morocco, Egypt and Algeria), South America (including Central America and the Caribbean islands), and China and India & Asia Pacific (Asia and Pacific countries). The Company's global luxury brand reportable segment, Maserati, deals with the design, engineering, development, manufacturing, worldwide distribution and sale of luxury vehicles under the Maserati brand.

Transactions among the mass-market vehicle segments generally are presented on a "where-sold" basis, which reflect the profit/(loss) on the ultimate sale to third party customer within the segment. This presentation generally eliminates the effect of the legal entity transfer price within the segments. Revenues of the other segments, aside from the mass-market vehicle segments, are those directly generated by or attributable to the segment as the result of its usual business activities and includes revenues from transactions with third parties as well as those arising from transactions with segments, recognized at normal market prices.

Other activities includes the results of our industrial automation systems design and production business, our cast iron and aluminum components business, our mobility businesses, our software and data businesses and our financial services activities, as well as the activities and businesses that are not operating segments under IFRS 8. In addition, Unallocated items and eliminations includes consolidation adjustments and eliminations. Financial income and expenses, income taxes and share of the profit of equity method investees are not attributable to the performance of the segments as they do not fall under the scope of their operational responsibilities.

Adjusted operating income is the measure used by the chief operating decision maker to assess performance, allocate resources to the Company's operating segments and to view operating trends, perform analytical comparisons and benchmark performance between periods and among the segments. Adjusted operating income/(loss) excludes from Net profit/(loss) from continuing operations adjustments comprising restructuring, impairments, asset write-offs, disposals of investments and unusual operating income/(expense) that are considered rare or discrete events and are infrequent in nature, as inclusion of such items is not considered to be indicative of the Company's ongoing operating performance, and also excludes Net financial expenses/(income), Tax expense/(benefit) and Share of the profit/(loss) of equity method investees.

Unusual operating income/(expense) are impacts from strategic decisions as well as events considered rare or discrete and infrequent in nature, as inclusion of such items is not considered to be indicative of the Company's ongoing operating performance. Unusual operating income/(expense) includes, but may not be limited to:

- Impacts from strategic decisions to rationalize Stellantis' core operations;
- Facility-related costs stemming from Stellantis' plans to match production capacity and cost structure to market demand; and
- Convergence and integration costs directly related to significant acquisitions or mergers.

For the year ended December 31, 2021, Pro Forma Adjusted operating income includes the Adjusted operating income of FCA for the period January 1 - January 16, 2021. For the year ended December 31, 2020, Pro Forma Adjusted operating income includes the Adjusted operating income result of FCA for the period January 1 - December 30, 2020. See below for a reconciliation of Net profit from continuing operations, which is the most directly comparable measure included in our Consolidated Income Statement, to Adjusted operating income. Operating assets are not included in the data reviewed by the chief operating decision maker, and as a result and as permitted by IFRS 8, the related information is not provided.

The following tables summarize selected financial information by segment for the years ended December 31, 2022, 2021 and 2020:

2022	North America	Enlarged Europe	Middle East & Africa	South America	China and India & Asia Pacific	Maserati	Other activities	Unallocated items & eliminations	Stellantis
(€ million)									
Net revenues from external customers	€ 85,474	€ 63,226	€ 6,453	€ 15,640	€ 4,500	€ 2,322	€ 1,953	€ 24	€ 179,592
Net revenues from transactions with other segments	1	85	—	(20)	5	(2)	1,216	(1,285)	—
Net revenues	85,475	63,311	6,453	15,620	4,505	2,320	3,169	(1,261)	179,592
Net profit/(loss) from continuing operations									€ 16,779
Tax expense									€ 2,729
Net financial expenses									€ 768
Share of the profit of equity method investees									€ (264)
Operating income									€ 20,012
Adjustments:									
Restructuring costs and other costs, net of reversals ⁽¹⁾	€ 56	€ 1,020	€ —	€ 36	€ —	€ 2	€ 30	€ —	€ 1,144
Takata recall campaign ⁽²⁾	€ 382	€ 545	€ 22	€ 2	€ —	€ —	€ —	€ —	€ 951
CAFE penalty rate ⁽³⁾	€ 660	€ —	€ —	€ —	€ —	€ —	€ —	€ —	€ 660
Change in estimate of non-contractual warranties ⁽⁴⁾	€ —	€ 294	€ 14	€ 3	€ 3	€ —	€ —	€ —	€ 314
Impairment expense and supplier obligations ⁽⁵⁾	€ 99	€ 92	€ —	€ 45	€ —	€ —	€ —	€ 1	€ 237
Patents litigation ⁽⁶⁾	€ 93	€ 40	€ —	€ 1	€ —	€ —	€ —	€ —	€ 134
Other ⁽⁷⁾	€ (24)	€ (232)	€ (1)	€ 62	€ 36	€ —	€ 27	€ 3	€ (129)
Total adjustments Jan 1 - Dec 31, 2022	€ 1,266	€ 1,759	€ 35	€ 149	€ 39	€ 2	€ 57	€ 4	€ 3,311
Adjusted Operating income	€ 13,989	€ 6,293	€ 1,078	€ 2,048	€ 654	€ 201	€ (495)	€ (445)	€ 23,323
Share of profit of equity method investees	€ (2)	€ (75)	€ 110	€ —	€ (310)	€ —	€ 541	€ —	€ 264

(1) Primarily related to workforce reductions, mainly in Enlarged Europe, North America and South America

(2) Extension of Takata airbags recall campaign

(3) Increase in provision related to Model Year 2019 - 2021 CAFE penalty rate adjustment. Refer to Note 21, Provisions, for additional information

(4) Further refinements in estimate for warranty costs incurred after the contractual warranty period

(5) Primarily impairment expense in Enlarged Europe, mainly related to Russia, as well as North America and South America

(6) Provision related to litigation by certain patent owners related to the use of certain technologies in prior periods

(7) Mainly related to release of litigation provisions, changes in ownership of equity method investments, partially offset by net losses on disposals

2021	North America	Enlarged Europe	Middle East & Africa	South America	China and India & Asia Pacific	Maserati	Other activities	Unallocated items & eliminations	Stellantis
	(€ million)								
Net revenues ⁽¹⁾	€ 67,715	€ 58,728	€ 5,165	€ 10,496	€ 3,927	€ 2,003	€ 2,768	€ (1,383)	€ 149,419
Net revenues from transactions with other segments	(9)	(126)	—	(22)	(3)	(1)	(1,222)	1,383	—
Net revenues from external customers⁽¹⁾	67,706	58,602	5,165	10,474	3,924	2,002	1,546	—	149,419
Add: FCA Net revenues from external customers January 1 - January 16, 2021 ⁽²⁾	2,015	335	36	189	51	18	60	—	2,704
Add: Pro forma adjustments ⁽³⁾	3	(7)	—	—	—	—	—	—	(4)
Pro Forma Net revenues from external customers, January 1 - December 31, 2021	69,724	58,930	5,201	10,663	3,975	2,020	1,606	—	152,119
Net revenues from transactions with other segments	12	130	—	18	5	1	1,122	(1,288)	—
Pro Forma Net revenues⁽⁴⁾	€ 69,736	€ 59,060	€ 5,201	€ 10,681	€ 3,980	€ 2,021	€ 2,728	€ (1,288)	€ 152,119
Net profit from continuing operations									€ 13,218
Tax expense									€ 1,911
Net financial expenses									€ 734
Share of the profit of equity method investees									€ (737)
Operating income									€ 15,126
Add: FCA operating income, January 1 - 16, 2021									€ 77
Add: Pro forma adjustments									€ 96
Pro Forma Operating income									€ 15,299
Adjustments:									
Restructuring costs and other costs, net of reversals ⁽⁵⁾	€ (4)	€ 781	€ 2	€ 54	€ —	€ 1	€ 39	€ —	€ 873
Change in estimate of non-contractual warranties ⁽⁶⁾	€ 2	€ 581	€ 57	€ 68	€ 13	€ 11	€ —	€ —	€ 732
Reversal of inventory fair value adjustment in purchase accounting ⁽⁷⁾	€ 401	€ 89	€ —	€ 13	€ 19	€ —	€ —	€ —	€ 522
Impairment expense and supplier obligations ⁽⁸⁾	€ 58	€ 233	€ 6	€ 6	€ —	€ 6	€ —	€ —	€ 309
Brazilian indirect tax - reversal of liability/ recognition of credits ⁽⁹⁾	€ —	€ —	€ —	€ (253)	€ —	€ —	€ —	€ —	€ (253)
Other ⁽¹⁰⁾	€ 228	€ (17)	€ (6)	€ 41	€ 7	€ 2	€ 140	€ 134	€ 529
Total adjustments Jan 1 - Dec 31, 2021	€ 685	€ 1,667	€ 59	€ (71)	€ 39	€ 20	€ 179	€ 134	€ 2,712
Pro Forma Adjusted Operating income	€ 11,356	€ 5,370	€ 545	€ 882	€ 442	€ 103	€ (718)	€ 31	€ 18,011
Share of profit of equity method investees	€ (14)	€ (46)	€ 118	€ —	€ (7)	€ —	€ 686	€ —	€ 737

(1) Groupe PSA ("PSA") was identified as the accounting acquirer in the FCA-PSA merger, which was accounted for as a reverse acquisition, under IFRS 3 – Business Combinations, and, as such, it contributed to the results of the Company beginning January 1, 2021. FCA was consolidated into Stellantis effective January 17, 2021, the day after the merger became effective

(2) FCA consolidated Net revenues, January 1 - January 16, 2021, excluding intercompany transactions

(3) Reclassifications made to present FCA's Net revenues January 1 - January 16, 2021 consistently with that of PSA

(4) Pro forma Stellantis consolidated Net revenues, January 1 - December 31, 2021

(5) Restructuring and other costs related to the reorganization of operations and the dealer network primarily in Enlarged Europe

(6) Change in estimate for warranty costs incurred after the contractual warranty period. Refer to Note 21, Provisions, for additional information

(7) Reversal of fair value adjustment recognized in purchase accounting on FCA inventories

(8) Primarily related to certain vehicle platforms in Enlarged Europe

(9) Benefit related to the final decision of the Brazilian Supreme Court on the calculation of the state value added tax, resulting in the recognition of €87 million in Net revenues and €166 million in Selling, general and other costs. Refer to Note 23, Other liabilities, for additional information

(10) Includes other costs primarily related to merger and integration activities

2021	North America	Enlarged Europe	Middle East & Africa	South America	China and India & Asia Pacific	Maserati	Other activities	Unallocated items & eliminations	Stellantis	
(€ million)										
Net profit/(loss) from continuing operations										€ 13,218
Tax expense										€ 1,911
Net financial expenses										€ 734
Share of the profit of equity method investees										€ (737)
Operating income										€ 15,126
Adjustments:										
Restructuring costs and other costs, net of reversals ⁽¹⁾	€ (4)	€ 781	€ 2	€ 54	€ —	€ 1	€ 39	€ —	€ 873	
Change in estimates of non-contractual warranties ⁽²⁾	€ 2	€ 581	€ 57	€ 68	€ 13	€ 11	€ —	€ —	€ 732	
Reversal of inventory fair value adjustment in purchase accounting ⁽³⁾	€ 401	€ 89	€ —	€ 13	€ 19	€ —	€ —	€ —	€ 522	
Impairment expense and supplier obligations ⁽⁴⁾	€ 58	€ 233	€ 6	€ 6	€ —	€ 6	€ —	€ —	€ 309	
Brazilian indirect tax - reversal of liability/ recognition of credits ⁽⁵⁾	€ —	€ —	€ —	€ (253)	€ —	€ —	€ —	€ —	€ (253)	
Other ⁽⁶⁾	€ 228	€ (17)	€ (6)	€ 41	€ 7	€ 2	€ 140	€ 134	€ 529	
Total adjustments Jan 1 - Dec 31, 2021	€ 685	€ 1,667	€ 59	€ (71)	€ 39	€ 20	€ 179	€ 134	€ 2,712	
Less: Adjustments Jan 1-16, 2021 ⁽⁷⁾	€ —	€ —	€ —	€ —	€ —	€ —	€ —	€ —	€ 11	
Adjusted Operating income	€ 11,103	€ 5,419	€ 554	€ 873	€ 444	€ 116	€ (713)	€ 31	€ 17,827	

(1) Restructuring and other costs related to the reorganization of operations and the dealer network primarily in Enlarged Europe

(2) Change in estimate for warranty costs incurred after the contractual warranty period. Refer to Note 21, Provisions, for additional information

(3) Reversal of fair value adjustment recognized in purchase accounting on FCA inventories

(4) Primarily related to certain vehicle platforms in Enlarged Europe

(5) Benefit related to the final decision of the Brazilian Supreme Court on the calculation of the state value added tax, resulting in the recognition of €87 million in Net revenues and €166 million in Selling, general and other costs. Refer to Note 23, Other liabilities, for additional information

(6) Includes other costs primarily related to merger and integration activities

(7) Primarily costs related to the merger

2020	North America	Enlarged Europe	Middle East & Africa	South America	China and India & Asia Pacific	Maserati	Other activities	Unallocated items & eliminations	Stellantis
	(€ million)								
Net revenues from external customers, restated ⁽¹⁾	€ 122	€ 42,383	€ 3,055	€ 1,153	€ 864	€ —	€ 79	€ 0	€ 47,656
Add: FCA Net revenues from external customers January 1 - December 31, 2020 ⁽²⁾	60,307	14,497	1,680	5,236	2,267	1,376	1,313	—	86,676
Add: Pro forma adjustments ⁽³⁾	189	(490)	0	(134)	15	(3)	(27)	—	(450)
Pro Forma Net revenues from external customers	60,618	56,390	4,735	6,255	3,146	1,373	1,365	0	133,882
Net revenues from transactions with other segments	15	90	21	(3)	54	2	1,124	(1,303)	—
Pro Forma Net revenues⁽⁴⁾	60,633	56,480	4,756	6,252	3,200	1,375	2,489	(1,303)	133,882
Net profit from continuing operations									€ 2,338
Tax expense									€ 504
Net financial expenses									€ 94
Share of the loss of equity method investees									€ 74
Add: FCA operating income, January 1 - December 31, 2020									€ 2,165
Add: Pro forma adjustments									€ 2,261
Pro Forma Operating income									€ 7,436
Adjustments:									
Impairment expense and supplier obligations ⁽⁵⁾	€ 154	€ 319	€ (1)	€ 176	€ 135	€ 297	€ 5	€ 44	€ 1,129
Restructuring costs, net of reversal ⁽⁶⁾	€ 32	€ 414	€ —	€ 27	€ —	€ 3	€ 14	€ —	€ 490
Provision for U.S. investigation matters ⁽⁷⁾	€ —	€ —	€ —	€ —	€ —	€ —	€ —	€ 222	€ 222
Loss/(gain) on disposal of investments ⁽⁸⁾	€ —	€ 10	€ —	€ —	€ (204)	€ —	€ 16	€ —	€ (178)
Other ⁽⁹⁾	€ 10	€ (199)	€ (4)	€ (2)	€ —	€ 4	€ 141	€ 175	€ 125
Total adjustments	€ 196	€ 544	€ (5)	€ 201	€ (69)	€ 304	€ 176	€ 441	€ 1,788
Pro Forma Adjusted Operating income	€ 6,123	€ 3,059	€ 300	€ 156	€ 231	€ (91)	€ (487)	€ (67)	€ 9,224
Share of profit of equity method investees	€ —	€ (3)	€ 1	€ —	€ (446)	€ —	€ 374	€ —	€ (74)

(1) Net revenues from external customers of PSA as reported, re-presented to reflect the reportable segments presented by the Company, and to exclude the results of Faurecia S.E., which has been presented as a discontinued operation in the comparative Income Statement of the Company for the year ended December 31, 2020

(2) Net revenues from external customers of FCA as reported, re-presented to reflect the reportable segments presented by the Company

(3) Reclassifications made to present FCA's Net revenues consistently with that of PSA

(4) Pro forma Stellantis consolidated Net revenues presented as if the FCA-PSA merger had been completed on January 1, 2020

(5) Impairment expense and supplier obligations, primarily related to impairment expense in North America, South America, Enlarged Europe and China and India & Asia Pacific due to reduced volume expectations primarily as a result of the estimated impacts of COVID, impairments of certain assets in Maserati and certain B-segment assets in Enlarged Europe, as well as impairments in North America due to the change in CAFE penalty rates for future model years

(6) Restructuring costs related to reorganization of operations, primarily in Enlarged Europe

(7) Provision recognized for estimated probable loss to settle matters under investigation by the U.S. Department of Justice, primarily related to criminal investigations associated with U.S. diesel emissions matters

(8) Loss/(gain) on disposal of investment primarily related to the disposal of CAPSA, which was a joint venture in China

(9) Primarily includes other costs related to merger and litigation proceedings

Information about geographical area

The following table summarizes the non-current assets (other than financial instruments, deferred tax assets and post-employment benefits assets) attributed to certain geographic areas:

	At December 31,			
	2022		2021	
	(€ million)			
North America ⁽¹⁾	€	50,410	€	48,344
France		16,031		14,717
Italy		8,646		9,564
Germany		5,334		4,918
Brazil		3,556		2,946
Spain		2,030		2,096
United Kingdom		1,278		1,335
Poland		812		637
Slovakia		377		392
Serbia		105		109
Other countries		3,536		3,221
Total Non-current assets (other than financial instruments, deferred tax assets and post-employment benefits assets)		92,115		88,279

(1) Refers to the geographical area and not our North America reporting segment

30. Explanatory notes to the Consolidated Statement of Cash Flows

Non-cash items

For the year ended December 31, 2022, non-cash items of €6,285 million primarily included: (i) €6,797 million for depreciation and amortization expense, partially offset by (ii) a €711 million change in deferred taxes resulting primarily from the recognition of deferred tax assets previously unrecognized (Refer to Note 7, *Tax expense/(benefit)* for additional detail).

For the year ended December 31, 2021, non-cash items of €5,195 million primarily included: (i) €5,871 million for depreciation and amortization expense and (ii) a €654 million change in deferred taxes impacted by the recognition of deferred tax assets previously unrecognized primarily in France and Germany (Refer to Note 7, *Tax expense/(benefit)* for additional detail).

For the year ended December 31, 2020, non-cash items of €2,362 million primarily included €2,376 million of depreciation and amortization expense.

Operating activities

For the year ended December 31, 2022, net cash from operating activities of €19,959 million was primarily the result of: (i) net profit from continuing operations of €16,779 million adjusted by: (1) non-cash items of €6,285 million, (2) net increase in provisions of €1,906 million mainly attributable to product warranty, sales incentives and accruals for restructuring and CAFE penalty rates, (3) the negative effect of the change in working capital of €4,481 million, which was mainly driven by (i) an increase of €5,606 million in inventories, reflecting increases in raw materials and components costs and safety stock, as well as an increase in new vehicle inventory levels mainly as a result of logistic challenges, (ii) an increase of €1,986 million in trade receivables primarily due to a reduction in level of factoring, (iii) an increase of €1,054 million in other receivables net of other payables mainly due to advances to suppliers and indirect taxes in Enlarged Europe, partially offset by (iv) an increase of €4,165 million in trade payables, primarily reflecting increases in both inventories and costs of raw materials and components.

For the year ended December 31, 2021, net cash from operating activities of €18,646 million was primarily the result of: (i) net profit from continuing operations of €13,218 million adjusted by: (1) non-cash items of €5,195 million, (2) the positive effect of the change in working capital of €1,212 million, which was mainly driven by (i) a decrease of €2,201 million in inventories, primarily in Enlarged Europe and North America, (ii) a decrease of €246 million in trade receivables, partially offset by (iii) a decrease of €1,273 million in trade payables, primarily due to reduced volumes of production in Enlarged Europe and North America.

For the year ended December 31, 2020, net cash from operating activities of €6,241 million was primarily the result of: (i) net profit from continuing operations of €2,338 million adjusted by: (1) non-cash items of €2,362 million, (2) €1,136 million of cash from operating activities of discontinued operations and (4) the positive effect of the change in working capital of €1,300 million, which was primarily driven by (i) a decrease of €844 million in inventories as a result of stock management, (ii) an increase of €218 million in trade payables and (iii) a decrease of €191 million of trade receivables.

Investing activities

For the year ended December 31, 2022, net cash from investing activities of €10,531 million was primarily the result of (1) €8,615 million of investment in property, plant and equipment and intangible assets, including €3,487 million of capitalized development expenditures, (2) €399 million decrease in payables related to the investments in properties, plant and equipment and intangible assets, (3) an increase in receivables from financing activities of €1,413 million, which was mainly attributable to increased retail financing of Stellantis Financial Services U.S. and dealer financing in Brazil, (4) acquisitions of consolidated subsidiaries and equity method investments for €666 million including primarily the controlling interest in aiMotive, Share Now and Stimcar Holding and the capital contribution paid to StarPlus Energy LLC (Refer to Note 3, *Scope of consolidation* for additional detail), partially offset by the disposal of property, plant and equipment of €545 million and of investments in subsidiaries and associates of €235 million.

For the year ended December 31, 2021, net cash from investing activities of €8,674 million was primarily the result of (1) cash and cash equivalents of FCA at the date of the merger of €22,514 million, (2) €8,687 million of investment in property, plant and equipment and intangible assets, including €3,116 million of capitalized development expenditures, (2) €1,426 million decrease in payables related to the investments in properties, plant and equipment and intangible assets, and (3) an increase in receivables from financing activities of €306 million, which was mainly attributable to higher volumes of activity in South America and China, and (4) €726 million of acquisitions of consolidated subsidiaries net of their cash and equity method investments, including €147 million relating to the acquisition of First Investors Financial Services Group and €196 million capital injection in GAC-Stellantis JV. Investing activities also include the reduction of €3,115 million in cash and cash equivalents held by Faurecia at loss of control.

For the year ended December 31, 2020, net cash used in investing activities of €3,899 million was primarily the result of (1) €2,733 million of investment in properties, plant and equipment and intangible assets, including €1,238 million of capitalized development expenditures, (2) €217 million decrease in payables related to the investments in property, plant and equipment and intangible assets and (3) €1,359 million of cash used by discontinued operations, partially offset by (4) €359 million proceeds from disposal of consolidated subsidiaries and equity method investments.

Financing activities

For the year ended December 31, 2022, net cash used in financing activities of €13,167 million resulted primarily from (1) the net decrease in long-term debt of €6,480 million including (i) the repayment of €6,300 million Intesa San Paolo credit facility and of other long-term debt for €1,448 million, (ii) the repayment of bonds at maturity for €1,350 million, partially offset by the issuance of bonds for €2,231 million and new long-term debt for €387 million, (2) the distribution of dividends to Shareholders of €3,353 million, (3) the increase in securities of €2,069 million mainly driven by the investment of liquidity in financial assets which do not meet all the condition to be classified as cash equivalents, (4) the purchase of treasury shares for €923 million as a result of the exercise of GM Warrants (Refer to Note 27, *Equity* for additional detail), and (5) the changes in short-term debt and other financial assets and liabilities for negative €400 million.

For the year ended December 31, 2021, net cash used in financing activities of €1,366 million resulted primarily from (1) the distribution to Shareholders of €4,204 million, including (i) €2,897 million for an extraordinary distribution to FCA shareholders in accordance with the merger agreement, (ii) €1,000 million extraordinary distribution to Stellantis shareholders and (iii) €302 million distributed in cash as part of the Faurecia distribution (refer to Note 3, *Scope of consolidation* included elsewhere in this report), (2) the repayment at maturity of a bond issued by FCA for €1,000 million, (3) the repayment of other long-term debt for €637 million, (4) €610 million increase in investments in securities primarily by the treasury companies in North America, and (5) €846 million in net decrease in short-term debt. These were partially offset by the proceed from the issuance of notes under the EMTN Program for €3,671 million (€3,750 million nominal) and in North America for €1,770 million (US\$2.0 billion) (Refer to Note 22, *Debt* for further information) and from new long term debt for €309 million.

For the year ended December 31, 2020, net cash from financing activities of €3,116 million resulted primarily from the issuance of a note of €1,000 million, changes in short-term debt and other financial assets and liabilities of €529 million, decrease in securities held by central treasuries of €686 million and cash flows from financing activities of discontinued operations of €1,091 million.

The following is a reconciliation of liabilities arising from financing activities for the years ended December 31, 2022 and 2021:

	Years ended December 31,	
	2022	2021
	(€ million)	
Total Debt at January 1	€ 33,582	€ 13,703
Add: Derivative (assets)/liabilities and collateral at January 1	(1,205)	21
Add: Securities at January 1	(839)	(1,094)
Total Liabilities from financing activities at January 1	€ 31,537	€ 12,630
FCA-PSA merger	—	22,415
Add: Derivative (assets)/liabilities and collateral from FCA-PSA merger	—	(350)
Add: Securities from FCA-PSA merger	—	129
Cash flows	(8,949)	2,650
Foreign exchange effects	397	314
Fair value changes	(110)	(139)
Changes in scope of consolidation	389	(5,616)
Transfer to (Assets)/Liabilities held for sale	—	—
Other changes	(354)	(495)
Total Liabilities from financing activities at December 31	€ 22,910	€ 31,538
Less: Derivative (assets)/liabilities and collateral at December 31	(67)	(6)
Less: Securities at December 31	(4,176)	(2,038)
Total Debt at December 31	€ 27,153	€ 33,582

Interest expense and taxes paid

During the years ended December 31, 2022, 2021 and 2020, the Company paid interest of €937 million and received interest of €1,201 million, €1,185 million and €347 million, €88 million and €76 million, respectively. Amounts indicated are also inclusive of interest rate differentials paid or received on interest rate derivatives.

During the years ended December 31, 2022, 2021 and 2020, the Company made income tax payments, net of refunds, totaling €2,860 million, €2,170 million and €385 million, respectively.

Amounts relating to IFRS 16 recognized in Consolidated Statement of Cash Flows

During the year ended December 31, 2022, 2021 and 2020, the total cash outflow for leases recognized in accordance with IFRS 16 was €626 million, €616 million and €178 million, respectively, of which €568 million, €566 million and €177 million, respectively, related to cash payments for the principal portion of lease liabilities (recognized within Cash flows from financing activities in the Consolidated Statement of cash flows) and €58 million, €50 million and €1 million, respectively, related to cash payments for interest expense related to lease liabilities (recognized within Cash flows from operating activities in the Consolidated Statement of cash flows).

31. Qualitative and quantitative information on financial risks

The Company is exposed to the following financial risks connected with its operations:

- credit risk, principally arising from its normal commercial relations with final customers and dealers, and its financing activities;

- liquidity risk, with particular reference to the availability of funds and access to the credit market and to financial instruments in general;
- financial market risk (primarily relating to exchange rates, interest rates and commodity prices), since the Company operates at an international level in different currencies, uses financial instruments which generate interest and is exposed to the risk of changes in the price of certain commodities which are used in the production processes.

These risks could significantly affect the Company's financial position and results and for this reason, the Company systematically identifies and monitors these risks in order to detect potential negative effects in advance and take the necessary action to mitigate them, primarily through its operating and financing activities and if required, through the use of derivative financial instruments in accordance with established risk management policies.

Financial instruments held by the funds that manage the Company's pension plan assets are not included in this analysis (refer to Note 20, *Employee benefits liabilities*).

The following section provides qualitative and quantitative disclosures on the effect that these risks could have upon the Company. The quantitative data reported in the following does not have any predictive value, in particular the sensitivity analysis on finance market risks does not reflect the complexity of the market or the reaction which may result from any changes that were assumed to take place.

Credit risk

Overall, the credit risk regarding the Company's trade receivables and receivables from financing activities is concentrated mainly in North America, Enlarged Europe and South America.

The maximum credit risk to which the Company is potentially exposed at December 31, 2022 is represented by the carrying amounts of financial assets in the financial statements discussed in Note 16, *Trade receivables, other assets, prepaid expenses and Tax receivables* and the nominal value of the guarantees provided on liabilities and commitments to third parties discussed in Note 26, *Guarantees granted, commitments and contingent liabilities*.

In addition, the Company is exposed to credit risk in relation to the investment of cash and to transaction with derivatives counterparties, as disclosed in Note 17, *Derivative financial and operating assets and liabilities* and in the Note 18, *Cash and cash equivalents*.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. The Company monitors these exposures and established credit lines with single or homogeneous categories of counterparties.

Dealers and final customers for which the Company provides financing are subject to specific assessments of their creditworthiness under a detailed scoring system. To mitigate this risk, the Company could obtain financial and non-financial guarantees. These guarantees are further strengthened where possible by reserve of title clauses on financed vehicle sales to the sales network made by the Company financial service companies and on vehicles assigned under finance and operating lease agreements.

For further information regarding the exposure to credit risk and ECLs of Trade receivables, other receivables and financial receivables at December 31, 2022 and 2021, refer to Note 16, *Trade receivables, other assets, prepaid expenses and tax receivables*.

The Company differentiates Cash investments with primary bank counterparties and high rated liquid financial instruments. The investments are actively managed and constantly monitored, in compliance with policies that establish limits of concentration and duration, taking into account the creditworthiness of the counterparties and of the various countries in which the cash is invested. The policies also define limits in the operations with Derivatives counterparties. Even though the Company's current securities and Cash and cash equivalents consist of balances spread across various primary national and international banking institutions and money market funds that were measured at fair value, there was no exposure to sovereign debt securities at December 31, 2022 and 2021 which could lead to significant risk of repayment.

Liquidity risk

Liquidity risk represents the risk the Company is unable to obtain the funds needed to carry out its operations and meet its obligations. Any actual or perceived limitations on the Company's liquidity could affect the ability of counterparties to do business with the Company or may require additional amounts of cash and cash equivalents to be allocated as collateral for outstanding obligations.

The continuation of challenging economic conditions in the markets in which the Company operates and the uncertainties that characterize the financial markets, necessitate special attention to the management of liquidity risk. In that sense, measures taken to generate funds through operations and to maintain a conservative level of available liquidity are important factors for ensuring operational flexibility and addressing strategic challenges over the next few years.

The main factors that determined the Company's liquidity situation are the funds generated by or used in operating and investing activities, the debt lending period and its renewal features or the liquidity of the funds employed and market terms and conditions.

The Company adopted a series of policies and procedures whose purpose was to optimize the management of funds and to reduce liquidity risk as follows:

- centralizing the management of receipts and payments where it may be economical in the context of the local civil, currency and fiscal regulations of the countries in which the Company was present;
- maintaining a conservative level of available liquidity;
- diversifying the means by which funds were obtained and maintaining a continuous and active presence in the capital markets;
- obtaining adequate credit lines; and
- monitoring future liquidity on the basis of business planning.

The Company manages liquidity risk by monitoring cash flows and keeping an adequate level of funds at its disposal. The operating cash management and liquidity investment of the Company are centrally coordinated in the Company's treasury companies, with the objective of ensuring effective and efficient management of the Company's funds. These entities obtain funds in the financial markets from various funding sources.

Certain notes issued by the Company and its treasury subsidiaries include covenants which could be affected by circumstances related to certain subsidiaries; in particular, there are cross-default clauses which could accelerate repayments in the event that such subsidiaries fail to pay certain of their debt obligations.

Details of the repayment structure of the Company's financial assets and liabilities are provided in Note 16, *Trade receivables, other assets, prepaid expenses and Tax receivables* and Note 23, *Other liabilities* and in Note 22, *Debt*. Details of the repayment structure of derivative financial instruments are provided in Note 17, *Derivative financial and operating assets and liabilities*.

Financial market risks

Due to the nature of the Company's business, the Company is exposed to a variety of market risks, primarily foreign currency exchange rate risk, interest rate risk and commodity price risk.

The Company's exposure to foreign currency exchange rate risk arises both in connection with the geographical distribution of the Company's industrial activities compared to the markets in which it sells its products, and in relation to the use of external borrowing denominated in foreign currencies.

The Company's exposure to interest rate risk arises from the need to fund industrial and financial operating activities and the necessity to invest surplus funds. Changes in market interest rates could have the effect of either increasing or decreasing the Company's Net profit, thereby indirectly affecting the costs and returns of financing and investing transactions.

The Company's exposure to commodity price risk arises from the risk of changes in the price of certain raw materials and energy used in production. Changes in the price of raw materials could have a significant effect on the Company's results by indirectly affecting costs and product margins.

These risks could significantly affect the Company's financial position and results and for this reason, these risks were systematically identified and monitored, in order to detect potential negative effects in advance and take the necessary actions to mitigate them, primarily through its operating and financing activities and if required, through the use of derivative financial instruments in accordance with its established risk management policies.

The Company's policy permit derivatives to be used only for managing the exposure to fluctuations in foreign currency exchange rates and interest rates as well as commodities prices connected with future cash flows and assets and liabilities.

The Company utilizes derivative financial instruments designated as fair value hedges mainly to hedge:

- the foreign currency exchange rate risk on financial instruments denominated in foreign currency; and
- the interest rate risk on fixed rate loans and borrowings.

The instruments used for these hedges are mainly foreign currency forward contracts, interest rate swaps and combined interest rate and foreign currency financial instruments.

The Company uses derivative financial instruments as cash flow hedges for the purpose of pre-determining:

- the exchange rate at which forecasted transactions denominated in foreign currencies would be accounted for;
- the interest paid on borrowings, both to match the fixed interest received on loans (customer financing activity), and to achieve a targeted mix of floating versus fixed rate funding structured loans; and
- the price of certain commodities and components.

The foreign currency exchange rate exposure on forecasted commercial flows is hedged by foreign currency swaps and forward contracts. Interest rate exposures are usually hedged by interest rate swaps and, in limited cases, by forward rate agreements. Exposure to changes in the price of commodities is generally hedged by using commodity swaps and commodity options. Counterparties to these agreements are major financial institutions.

Information on the fair value of derivative financial instruments held at the balance sheet date is provided in Note 17, *Derivative financial and operating assets and liabilities*.

Quantitative information on foreign currency exchange rate risk

The Company is exposed to risk resulting from changes in foreign currency exchange rates, which could affect its earnings and equity. In particular:

- where a Stellantis company incurred costs in a currency different from that of its revenues, any change in exchange rates could affect the operating results of that company;
- the principal exchange rates to which the Company is exposed are:
 - EUR/GBP, relating to sales in the UK of vehicles produced in the Euro zone;

- CNY and JPY in relation to costs paid to Chinese and Japanese suppliers net of sales in China and Japan respectively originating from European and North America entities;
- U.S.\$/CAD and U.S.\$/MXP, primarily relating to sales in Canada and Mexico of produced vehicles, net of local cost and import in U.S. of Canadian produced vehicles;
- EUR/U.S.\$, relating to sales and purchases (mainly linked to commodity) in U.S.\$ made by European entities and to sales and purchases in Euro made by U.S. entities;
- TRY and PLN, in relation to sales in Turkish and Poland markets, net of manufacturing costs incurred in Turkey and Poland; and
- U.S.\$/BRL and EUR/BRL, relating to Brazilian manufacturing operations and the related import and export flows.

The Company's policy is to use derivative financial instruments to hedge a percentage of certain exposures subject to foreign currency exchange rate risk for the upcoming twenty-four months (including such risk before or beyond that date where it is deemed appropriate in relation to the characteristics of the business) and to hedge the exposure resulting from firm commitments unless not deemed appropriate.

The Stellantis entities could have trade receivables or payables denominated in a currency different from their respective functional currency. In addition, in a limited number of cases, it could be convenient from an economic point of view, or it could be required under local market conditions, for the Stellantis entities to obtain financing or invest funds in a currency different from their respective functional currency, e.g. Argentinean industrial companies (with U.S.\$ as functional currency) invest a significant amount of cash denominated in Argentinean Pesos. Changes in exchange rates could result in exchange gains or losses arising from these situations. The Company's policy is to hedge, whenever deemed appropriate, the exposure resulting from receivables, payables, cash and securities denominated in foreign currencies different from the respective Stellantis entity's functional currency.

Certain of the Stellantis entities are located in countries which are outside of the Eurozone, primarily the U.S., Brazil, Canada, Poland, Serbia, Turkey, Mexico, Argentina, India, China. As the Company's reporting currency is the Euro, the income statements of those entities that have a reporting currency other than the Euro are translated into Euro using the average exchange rate for the period. In addition, the assets and liabilities of those consolidated entities are translated into Euro at the period-end foreign exchange rate. The effects of these changes in foreign exchange rates are recognized directly in the Cumulative translation adjustments reserve included in Other comprehensive income. Changes in exchange rates could lead to effects on the translated balances of revenues, costs and assets and liabilities reported in Euro, even when corresponding items are unchanged in the respective local currency of these entities.

The Company monitors its principal exposure to conversion exchange risk and, in certain circumstances, enters into derivatives for the purpose of hedging the specific risk.

The potential loss in fair value of derivative financial instruments held for foreign currency exchange rate risk management (currency swaps/forwards) at December 31, 2022 resulting from a 10 percent change in the exchange rates would have been approximately €197 million on the Consolidated Income Statement and €1,404 million in Other comprehensive income.

This analysis assumes that a hypothetical, unfavorable 10 percent change in exchange rates as at year-end is applied in the measurement of the fair value of derivative financial instruments.

Receivables, payables and future trade flows whose hedging transactions have been analyzed were not included in this analysis. It is reasonable to assume that changes in market exchange rates would produce the opposite effect, of an equal or greater amount, on the underlying transactions that have been hedged.

Quantitative information on interest rate risk

The manufacturing companies and treasuries of the Company make use of external borrowings and invest in monetary and financial market instruments. In addition, the Stellantis entities sell receivables resulting from their trading activities on a continuing basis. Changes in market interest rates could affect the cost of the various forms of financing, including the sale of receivables, or the return on investments and the employment of funds, thus negatively impacting the net financial expenses incurred by the Company.

In addition, the financial services companies provide loans (mainly to customers and dealers), financing themselves using various forms of direct debt or asset-backed financing (e.g., factoring of receivables or securitizations). Where the characteristics of the variability of the interest rate applied to loans granted differ from those of the variability of the cost of the financing obtained, changes in the current level of interest rates could affect the operating result of those entities and the Company as a whole.

In order to manage these risks, the Company uses interest rate derivative financial instruments, mainly interest rate swaps and forward rate agreements, when available in the market, with the objective of mitigating, under economically acceptable conditions, the potential variability of interest rates on the Company's Net profit.

In assessing the potential impact of changes in interest rates, the Company segregated fixed rate financial instruments (for which the impact was assessed in terms of fair value) from floating rate and short term financial instruments (for which the impact was assessed in terms of cash flows).

The fixed rate financial instruments used by the Company consisted principally of part of the portfolio of the financial services companies (primarily customer financing and financial leases) and part of debt (including subsidized loans and notes). These instruments are measured at amortized cost and changes in market interest rates for these instruments do not affect Net profit or Equity. Certain financial securities are accounted for at FVPL. The impact of an unfavorable 50 basis points change in interest rate levels would result in increase in financial expenses of €13 million due to the change in fair values of these securities.

The Company entered in certain derivatives in order to manage interest rate risk on underlying debt exposures. A 50 basis points change in interest rates level applied to the interest rate derivatives outstanding at December 31, 2022 would have an immaterial impact on financial expenses, and a negative impact of €3 million on the Other comprehensive income.

In addition, financial services companies use derivatives in order to hedge the interest rate risk arising from the mismatch between financial receivables and related funding. A 50 basis points change in interest rates level applied to the interest rate derivatives outstanding at December 31, 2022 would have a negative impact of €6 million in the operating income. This impact would be offset by a corresponding effect on the underlying positions.

Floating rate financial instruments consisted principally of cash and cash equivalents, loans provided by the financial services companies to the sales network and part of debt. The effect of the sale of receivables was also considered in the sensitivity analysis.

A hypothetical 50 basis points change in short-term interest rates at December 31, 2022, applied to floating rate financial assets and liabilities, operations for the sale of receivables and derivative financial instruments, would result in increased net financial expenses, on an annual basis, of approximately €191 million.

This analysis is based on the assumption that there is an unfavorable change of 50 basis points of interest rate levels across homogeneous categories. A homogeneous category is defined on the basis of the currency in which the financial assets and liabilities are denominated. In addition, the sensitivity analysis applied to floating rate financial instruments assumes that cash and cash equivalents and other short-term financial assets and liabilities which expire during the projected 12-month period will be renewed or reinvested in similar instruments, that will reflect the hypothetical 50 basis points change in short-term interest rates.

Quantitative information on commodity price risk

The Company, in addition to supply agreements that provide protections to the price increases and supply shortages, entered into derivative contracts for certain commodities to hedge its exposure to commodity price risk associated with buying raw materials and energy used in its normal operations, primarily base metals and PGM (platinum, palladium and rhodium).

In connection with the commodity price derivative contracts outstanding at December 31, 2022, a hypothetical 10 percent change in the price of the commodities at that date would have caused a negative impact on the Other comprehensive income of €654 million. Future trade flows whose hedging transactions have been analyzed were not considered in this analysis. It is reasonable to assume that changes in commodity prices would produce the opposite effect, of an equal or greater amount, on the underlying transactions that have been hedged.

32. Subsequent events

On February 21, 2023, a share buyback of up to €1.5 billion was approved, to be executed by end of 2023 in the open market.

The Company has evaluated subsequent events through February 24, 2023, which is the date the financial statements were authorized for issuance.

COMPANY FINANCIAL STATEMENTS

STELLANTIS N.V.

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STELLANTIS N.V.
INCOME STATEMENT
(in € million)

	Note	Years Ended December 31,	
		2022	2021
Operating income	2	€ 222	€ 195
Personnel costs	3	(164)	(181)
Other operating costs	4	(257)	(309)
Net financial income/(expense)	5	(69)	16
Profit/(loss) before taxes		(268)	(279)
Income tax (expense)/benefit	6	779	44
Result from investments	1	16,288	14,435
Net profit from operations		€ 16,799	€ 14,200

The accompanying notes are an integral part of the Company Financial Statements.

STELLANTIS N.V.
STATEMENT OF FINANCIAL POSITION
(in € million - before appropriation of results)

	Note	At December 31,	
		2022	2021
Assets			
Property, plant and equipment	7	€ 6	€ 17
Investments in Stellantis companies and other equity investments	8	70,620	53,619
Asset from derivative financial instruments		19	—
Other financial assets	9	7,923	9,278
Deferred tax assets	6	2,094	1,577
Total Non-current assets		80,662	64,491
Current financial assets	10	7,100	9,183
Trade receivables	11	104	43
Other current receivables	12	946	606
Cash and cash equivalents	13	1	1
Total Current assets		8,151	9,833
Total Assets		€ 88,813	€ 74,324
Equity and Liabilities			
Equity	14		
Share capital		€ 32	€ 31
Capital reserves		20,119	20,840
Legal reserves		18,037	13,030
Other comprehensive income/(loss)		3,139	2,142
Retained profit		13,873	5,664
Profit for the year		16,799	14,200
Total Equity		71,999	55,907
Liabilities			
Provisions	15	90	98
Total Provisions		90	98
Non-current debt	16	11,858	14,402
Other non-current liabilities	17	10	24
Total Non-current liabilities		11,868	14,426
Trade payables	18	48	112
Other financial liabilities		2	59
Current debt	19	4,072	2,888
Other debt	20	734	834
Total Current liabilities		4,856	3,893
Total Equity and liabilities		€ 88,813	€ 74,324

The accompanying notes are an integral part of the Company Financial Statements.

STELLANTIS N.V.
NOTES TO THE COMPANY FINANCIAL STATEMENTS

PRINCIPAL ACTIVITIES

On January 16, 2021 PSA merged with and into FCA N.V., with FCA N.V. as the surviving company in the merger. On January 17, 2021, the current members of the Board of Directors were appointed, the Stellantis articles of association became effective, and the combined company was renamed Stellantis N.V. (also referred as “the Company”). On this date, the Stellantis management and board of directors collectively obtained the power and ability to control the assets, liabilities and operations of both FCA and PSA. As such, under IFRS 3, *Business Combinations*, January 17, 2021 is the acquisition date for the business combination. Stellantis N.V. was established as a public limited liability company (*naamloze vennootschap*), organized in the Netherlands, as the parent of the Stellantis Group with its principal executive offices located at Taurusavenue 1, 2132 LS, Hoofddorp, the Netherlands.

The Company has its corporate seat in Amsterdam and is registered at the Dutch trade register under number 60372958.

Distribution of Faurecia

On January 12, 2021, PSA (i) converted the manner in which it held its remaining Faurecia ordinary shares resulting in the loss of the double voting rights attached to such Faurecia ordinary shares and (ii) caused its representatives on the board of directors of Faurecia to resign effective January 11, 2021. As a result of its loss of control over Faurecia on January 12, 2021, PSA discontinued the equity valuation of Faurecia, recognizing a gain of €515 million before tax, with Faurecia being reported retrospectively as a discontinued operation in 2021 until Faurecia was distributed by Stellantis in March 2021. The remaining 39.34 percent investment in Faurecia has been accounted for as an investment measured at fair value through Profit and Loss under IFRS 9. During the year ended December 31, 2021, a gain of €475 million was recognized up to the distribution. Both gains have been classified within Results from investments in the Income Statement.

On January 25, 2021, the extraordinary general meeting of shareholders (“EGM”) was convened, in order to approve the distribution by Stellantis to the holders of its common shares of up to 54,297,006 ordinary shares of Faurecia and up to €308 million which are the proceeds received by PSA in November 2020 from the sale of ordinary shares of Faurecia. The EGM was held on March 8, 2021 and the distribution occurred on March 22, 2021 resulting in 53,130,574 ordinary shares of Faurecia and €302 million in cash distributed.

ACCOUNTING POLICIES

Basis of preparation

In 2021, the merger was accounted for by Stellantis using the acquisition method of accounting in accordance with IFRS 3, which requires the identification of the acquirer and the acquiree for accounting purposes. Based on the assessment of the indicators under IFRS 3 and consideration of all pertinent facts and circumstances, management determined that PSA is the acquirer for accounting purposes and as such, the merger has been accounted for as a reverse acquisition. The merger resulted in an increase in the net equity of €19,837 million corresponding to the fair value of the net assets contributed by FCA in the business combination that was primarily reflected in the value of the investments in subsidiaries and associates. Refer to Note 3, *Scope of consolidation* to the Consolidated Financial Statements included in this Annual Report for additional information on the merger.

The 2022 Company Financial Statements represent the separate financial statements of the parent company, Stellantis N.V., and have been prepared in accordance with the legal requirements of Title 9, Book 2 of the Dutch Civil Code. Section 362 (8), Book 2, Dutch Civil Code, allows companies that apply IFRS as adopted by the European Union in their consolidated financial statements to use the same measurement principles in their company financial statements. The accounting policies are described in a specific section, *Significant accounting policies*, of the Consolidated Financial Statements included in this Annual Report. However, as allowed by the law, investments in subsidiaries, joint ventures and associates are accounted for using the equity method in the Company Financial Statements.

Format of the financial statements

Given the activities carried out by Stellantis, presentation of the Company Income Statement is based on the nature of revenues and expenses. The Consolidated Income Statement for Stellantis is classified according to function (also referred to as the “cost of sales” method), which is considered more representative of the format used for internal reporting and management purposes and is in line with international practice in the industry.

The comparative Income Statement for the year ended December 31, 2021 include the operations of former PSA for the full year and those of former FCA for the period January 17 – December 31, 2021.

The Statement of Financial Position presents assets and liabilities classified as current if they are expected to be realized or settled within twelve months after the reporting period. All other assets and liabilities are classified as non-current.

Financial statements are prepared in Euro, also the Company's functional currency, representing the currency in which the main transactions of the Company are denominated.

The Statements of Income and of Financial Position and Notes to the Financial Statements are presented in millions of Euro, except where otherwise stated.

As parent company, Stellantis has also prepared consolidated financial statements for Stellantis and its subsidiaries for the year ended December 31, 2022.

Amounts due from subsidiaries

Amounts due from subsidiaries are stated initially at fair value and subsequently at amortized cost. Amortized cost is determined using the effective interest rate method. The Company recognizes a credit loss for financial assets (such as a loan) based on an expected credit loss (“ECL”) which will occur in the next twelve months or, after a significant decrease in credit quality or when the simplified model can be used, based on the entire remaining loan term. To avoid the difference between equity in the Consolidated and the Company’s Financial Statements any expected credit losses on intercompany receivables recognized in the Company’s statement of Profit or Loss are eliminated (reversed) through the respective intercompany receivable account recognized in the Company’s statement of Profit or Loss.

COMPOSITION AND PRINCIPAL CHANGES

1. Result from investments

The following table summarizes the Result from investments:

	Years Ended December 31,	
	2022	2021
	(€ million)	
Share of the profit/(loss) of subsidiaries and associates	€ 16,293	€ 13,443
Gain/(losses) from deconsolidation and remeasurement of Faurecia	—	990
Gain/(losses) from disposal of other companies	(7)	—
Dividends from other companies	2	2
Total Result from investments	€ 16,288	€ 14,435

2. Operating income

The following table summarizes the operating income:

	Years Ended December 31,	
	2022	2021
	(€ million)	
Revenues from services	€ 211	€ 186
Other income	11	9
Total operating income	€ 222	€ 195

Revenues from services consisted of services rendered to subsidiaries.

Other income included gains from the sale of real estate properties and insurance recoveries related to litigation.

3. Personnel costs

Personnel costs during the year ended December 31, 2022 and 2021 were €164 million and €181 million, respectively, of which €80 million (€87 million in 2021) for salaries and wages, €41 million (€64 million in 2021) for social contribution and €43 million (€30 million in 2021) for variable compensation and other costs. The average number of employees in 2022 was 616 (632 in 2021) based in France, the Netherlands (31 employees at December 31, 2022, 28 employees at December 31, 2021) and Italy.

4. Other operating costs

Other operating costs primarily includes costs for services rendered by subsidiaries (support and consulting in administration, IT systems, communication, payroll, security and facility management), costs for legal, administrative, financial, insurances and IT services. Also included are the costs related to the Share-based compensation plans for awards made to eligible employees, which was recognized directly in the equity reserve, as reported in Note 19, *Share-based compensation*, within the Consolidated Financial Statements.

5. Net financial income/(expense)

The following table summarizes Net financial income/(expense):

	Years Ended December 31,	
	2022	2021
	(€ million)	
Financial income	€ 239	€ 387
Financial expense	(303)	(352)
Currency exchange (losses)/gains	20	41
Derivative financial instruments (losses)/gains	(25)	(60)
Total Net financial income/(expense)	€ (69)	€ 16

Financial income relates primarily to interest on loans extended to FCA North America Holdings LLC (“FCA NAH LLC”) and on the Notes received from FCA UK LLP in December 2021 upon the reimbursement of the net equity, as included within Other financial assets and Current financial assets in the Statement of Financial Position.

In 2021 Financial income included a benefit of €224 million for termination fees paid by Fiat Chrysler Finance North America INC (“FCFNA INC”) upon the prepayment of two loans in advance of their original maturities of January 2026 and July 2028.

Financial expense relates to interest payable on the outstanding unsecured senior debt notes (Refer to Note 16, *Non-current debt* for additional information) and on the current accounts with Fiat Chrysler Finance S.p.A. and Fiat Chrysler Finance Europe SENC (Refer to Note 19, *Current debt* for additional information).

Currency exchange gain of €20 million for the year ended December 31, 2022 reflected the net impact of the revaluation of the U.S.\$ denominated intercompany loans extended to FCA NAH LLC and FCFNA INC as well as on the U.S.\$ denominated unsecured senior debt notes issued in April 2015. The Net loss on derivatives resulted from transactions entered into to hedge the foreign currency fluctuations related to the net exposure in U.S.\$.

6. Income tax (expense)/benefit

In 2022, income taxes were a benefit of €779 million (€44 million in 2021), and included current income tax benefit of €254 million (€63 million benefit in 2021) primarily related to the impacts from the income tax consolidation schemes in France and Italy as well as deferred income tax benefit of €525 million (€107 million benefit in 2021). The deferred income tax benefit primarily reflected the recognition of deferred tax assets previously unrecognized. Refer to Note 7, *Tax expense/(benefit)* within the Consolidated Financial Statements included in this Annual Report for additional information.

The effective tax rate was -290.7 percent in 2022 (15.7 percent in 2021) compared with a corporate tax rate of 25 percent in the Netherlands with the difference in both years mainly due to the recognition of deferred tax assets previously not recognized.

Changes in Deferred tax assets were as follows:

	At January 1, 2022	Recognized in the Income Statement	Recognized in OCI	At December 31, 2022
	(€ million)			
Deferred tax assets	€ 1,577	€ 525	€ (8)	€ 2,094

In 2021 changes in Deferred tax assets were as follows:

	At January 1, 2021	FCA - PSA Merger	Recognized in the Income Statement	Recognized in OCI	At December 31, 2021
	(€ million)				
Deferred tax assets	€ 1,127	€ 346	€ 106	€ (2)	€ 1,577

7. Property, plant and equipment

At December 31, 2022, the carrying amount of Property, plant and equipment was €6 million (€17 million at December 31, 2021), consisting of the gross carrying amount of assets of €50 million (€56 million at December 31, 2021) and accumulated depreciation of €44 million (€39 million at December 31, 2021). No property was subject to liens, pledged as collateral or restricted in use.

Changes occurred in 2022 are reported below:

	At January 1, 2022 Net Value	Net Increase/ (Decrease)	Depreciation and Amortization	At December 31, 2022 Net Value
Total	€ 17	€ (1)	€ (10)	€ 6

The net decrease of €1 million primarily related to the sale of a real estate property.

Depreciation of property, plant and equipment is recognized in the Income statement within Other operating costs.

Changes occurred in 2021 are reported below:

	At December 31, 2020 Net Value	FCA-PSA Merger Net Value	Net Increase/ (Decrease)	Depreciation and Amortization	At December 31, 2021 Net Value
Total	€ 17	€ 23	€ (13)	€ (10)	€ 17

The net decrease of €13 million primarily related to the sale of a real estate property.

8. Investments in Stellantis companies and other equity investments

The following table summarizes Investments in Stellantis companies and other equity investments:

	At December 31,	
	2022	2021
	(€ million)	
Investments in Stellantis companies	€ 70,598	€ 53,594
Other equity investments	22	25
Total Investments in Stellantis companies and other equity investments	€ 70,620	€ 53,619

Changes in investments in Stellantis companies, including subsidiaries and associates, were as follows:

	2022	2021
Balance at beginning of year	€ 53,594	€ 18,235
FCA - PSA merger	—	30,023
Capital injection into joint ventures	600	166
Net acquisition/(disposal) of subsidiaries/associates	197	—
Equity reimbursement from subsidiaries and loss of control of Faurecia	—	(9,665)
Net contributions made to subsidiaries	2,912	698
Dividends received from subsidiaries	(6,085)	(3,442)
Share of the net result of Stellantis companies	16,293	13,443
Cumulative translation adjustments and other OCI movements	3,007	3,830
Other	80	306
Balance at end of year	€ 70,598	€ 53,594

The increase in Investments in Stellantis companies in 2022 primarily reflected the share of the net result of Stellantis companies of €16,293 million as well as cumulative translation adjustments and other OCI movements of €3,007 million and net contributions made to subsidiaries of €2,912 million, which were primarily to FCA Participacoes Brasil Ltda for €2,500 million and Maserati S.p.A. for €200 million, capital injection to joint ventures for €600 million net of €6,085 million related to dividends received from subsidiaries.

9. Other financial assets

	At January 1, 2022	Additions	Repayments	Translation differences	Other changes	At December 31, 2022
	(€ million)					
Other financial assets	€ 9,278	€ 20	€ (48)	€ —	€ (1,327)	€ 7,923

At December 31, 2022, Other financial assets amounted to €7,923 million (€9,278 million at December 31, 2021) of which €7,841 million in Notes received from FCA UK LLP in December 2021 upon the reimbursement of the net equity. These Notes will expire between 2024 and 2026, and interest rates range between 0.55 percent and 4.64 percent per year.

Other changes primarily consisting of a loan extended in April 2015 to FCA NAH LLC expiring in October 2023 which was reclassified to Current financial assets.

Changes occurred in 2021 are reported below:

	<u>At January 1, 2021</u>	<u>FCA-PSA Merger</u>	<u>Additions</u>	<u>Repayments</u>	<u>Translation differences</u>	<u>Other changes</u>	<u>At December 31, 2021</u>
	(€ million)						
Other financial assets	€ 53	€ 2,911	€ 7,856	€ (1,070)	€ 128	€ (600)	€ 9,278

10. Current financial assets

At December 31, 2022, Current financial assets were €7,100 million (€9,183 million at December 31, 2021), including €5,679 million (€8,529 million at December 2021) of deposits with treasury management companies and €1,392 million, related to a loan extended in April 2015 to FCA NAH LLC expiring in October 2023.

Current financial assets also include €29 million in financial receivables entirely related to Stellantis companies.

11. Trade receivables

At December 31, 2022, Trade receivables totaled €104 million (€43 million at December 31, 2021) which consists of amounts related to Stellantis companies.

The carrying amount of trade receivables is deemed to approximate their fair value. All trade receivables are due within one year and there are no overdue balances. The risk of expected credit losses is considered insignificant.

12. Other current receivables

At December 31, 2022, Other current receivables amounted to €946 million, a net increase of €340 million as compared to December 31, 2021 and consisted of the following:

(€ million)	<u>At December 31,</u>	
	<u>2022</u>	<u>2021</u>
Receivable from subsidiaries for consolidated Italian corporate tax	€ 29	€ 29
VAT receivables	294	197
Italian corporate tax receivables	50	23
French corporate tax receivables	435	195
Other	138	162
Total Other current receivables	€ 946	€ 606

Receivables from subsidiaries for consolidated Italian corporate tax relate to income taxes calculated on the taxable income contributed by Italian subsidiaries participating in the domestic tax consolidation program.

As of December 31, 2022, VAT receivables related to VAT credits for Italian and French subsidiaries participating in the VAT tax consolidation programs. Effective January 1, 2022 the Italian VAT tax consolidation program was transferred from FCA Italy S.p.A. to the Italian branch of Stellantis N.V. which collects and offset VAT creditor and debtor positions of the Italian subsidiaries. The increase in VAT receivables reflects net creditor positions transferred to Stellantis N.V. from the Italian subsidiaries resulting in an increase in intercompany payables (Refer to Note 20 - *Other debt*).

Italian and French corporate tax receivables include credits transferred to Stellantis N.V. by Italian and French subsidiaries participating in the domestic tax consolidation program in 2022 and prior years. The increase in French corporate tax receivables is due to the advance payment for French income tax.

Other primarily refers to prepaid expenses.

13. Cash and cash equivalents

At December 31, 2022, Cash and cash equivalents totaled €1 million (€1 million at December 31, 2021) and is primarily represented by amounts held in Euro. The carrying amount of Cash and cash equivalents is deemed to be in line with their fair value.

Credit risk associated with Cash and cash equivalents is considered limited as the counterparties are leading national and international banks.

14. Equity

Changes in Shareholders' equity during 2022 and 2021 were as follows:

(€ million)	Share Capital	Capital Reserves	Legal Reserves: Cumulative translation adjustment	Legal Reserves: Other	OCI	Retained profit/(loss)	Profit/(loss) for the year	Total equity
At January 1, 2021	€ 20	€ 4,676	€ (1,162)	€ 8,670	€ 294	€ 6,622	€ 2,173	€ 21,293
FCA - PSA merger (FCA contribution)	15	19,822	—	—	—	—	—	19,837
FCA - PSA merger (Other)	(4)	4	—	—	—	—	—	—
Allocation of prior year result	—	—	—	—	—	2,173	(2,173)	—
Faurecia loss of control and distribution	—	(2,883)	118	—	—	—	—	(2,765)
Share-based compensation	—	221	—	—	—	—	—	221
Net profit for the year	—	—	—	—	—	—	14,200	14,200
Current period change in translation adjustments and OCI, net of taxes	—	—	2,000	—	1,848	—	—	3,848
Legal Reserve	—	—	—	3,404	—	(3,404)	—	—
Distribution (not dividends)	—	(1,000)	—	—	—	—	—	(1,000)
Other changes	—	—	—	—	—	273	—	273
At December 31, 2021	€ 31	€ 20,840	€ 956	€ 12,074	€ 2,142	€ 5,664	€ 14,200	€ 55,907
(€ million)	Share Capital	Capital Reserves	Legal Reserves: Cumulative translation adjustment	Legal Reserves: Other	OCI	Retained profit/(loss)	Profit/(loss) for the year	Total equity
At December 31, 2021	€ 31	€ 20,840	€ 956	€ 12,074	€ 2,142	€ 5,664	€ 14,200	€ 55,907
Allocation of prior year result	—	—	—	—	—	14,200	(14,200)	—
Capital Increase	1	39	—	—	—	—	—	40
Share-based compensation	—	163	—	—	—	—	—	163
Repurchase of treasury shares	—	(923)	—	—	—	—	—	(923)
Net profit for the year	—	—	—	—	—	—	16,799	16,799
Current period change in OCI, net of taxes	—	—	2,010	—	997	—	—	3,007
Legal Reserve	—	—	—	2,997	—	(2,997)	—	—
Distribution	—	—	—	—	—	(3,353)	—	(3,353)
Other changes	—	—	—	—	—	359	—	359
At December 31, 2022	€ 32	€ 20,119	€ 2,966	€ 15,071	€ 3,139	€ 13,873	€ 16,799	€ 71,999

Shareholders' equity increased by €16,092 million in 2022, primarily due to the Net profit for the year and movements in cumulative translation adjustments and OCI of €3,007 million, net of €3,353 million dividends distribution to shareholders and €923 million related to repurchase of treasury shares following the exercise of GM Warrants. Refer to Note 27, *Equity* within the Consolidated Financial Statements included in this Annual Report for additional information.

Share capital

At December 31, 2022, the fully paid-up share capital of Stellantis amounted to €32 million and consisted of 3,213,372,229 common shares and 387,412 special voting shares, all with a par value of €0.01 each. Refer to Note 27, *Equity* to the Consolidated Financial Statements included in this Annual Report for information on the changes in Share capital during 2022.

Shareholders of Stellantis may at any time elect to participate in the loyalty voting structure by requesting that Stellantis registers all or some of their common shares in a separate register (the “Loyalty Register”). The registration of common shares in the Loyalty Register blocks such shares from trading in the Regular Trading Systems. If such number of common shares (the “Electing Common Shares”) have been registered in the Loyalty Register for an uninterrupted period of three years in the name of the same shareholder (such a share a “Qualifying Common Share”), the relevant shareholder becomes eligible to receive one class A special voting share for each Qualifying Common Share. If, at any time, such common shares are de-registered from the Loyalty Register for whatever reason, the relevant shareholder shall lose its entitlement to hold a corresponding number of special voting shares. Stellantis common shares are freely transferable. However, any transfer or disposal of Stellantis common shares with which special voting shares are associated would trigger the de-registration of such common shares from the Loyalty Register and the transfer of all relevant special voting shares to Stellantis. The purpose of the loyalty voting structure is to grant long-term shareholders an extra voting right by means of granting a special voting share (shareholders holding special voting shares are entitled to exercise one vote for each special voting share held and one vote for each Stellantis common share held), without entitling such shareholders to any economic rights, other than those pertaining to the common shares.

Capital reserves

At December 31, 2022, capital reserves amounted to €20,119 million, primarily including share premium reserve, and consisted mainly of the FCA contribution in the FCA-PSA merger net of the repurchase of treasury shares following the exercise of the GM Warrants. In addition, capital reserves include recognition of Shared-based compensation costs.

Legal reserves

Pursuant to Dutch law, limitations exist relating to the distribution of shareholders' equity up to at least the total amount of the legal reserve.

At December 31, 2022, legal reserves amounted to €18,037 million (€13,030 million at December 31, 2021) related to: (i) the undistributable reserves reflecting the capitalized development expenditures recognized by subsidiaries of €10,922 million (€8,108 million at December 31, 2021), (ii) the earnings of subsidiaries subject to certain restrictions to distributions to the parent company and retained earnings of associates of €4,149 million (€3,966 million at December 31, 2021) which include a long term capital gains reserve in accordance with French tax law and related to PSA of €1,069 million (€1,069 million at December 31, 2021) and (iii) unrealized cumulative currency translation adjustments of €2,966 million (€956 million at December 31, 2021).

Other Comprehensive Income (OCI)

At December 31, 2022, OCI amounted to positive €3,139 million (€2,142 million at December 31, 2021) and included primarily actuarial gains of €3,404 million (€2,030 million at December 31, 2021) from the remeasurement of employee benefit plans and net loss from cash flow hedges of €169 million (€199 million gain at December 31, 2021).

Dividends proposed, declared and paid

Refer to Note 27, *Equity* to the Consolidated Financial Statements included elsewhere in this Annual Report.

15. Provisions

At December 31, 2022, non-current and current provisions for employee benefits and other provisions totaled €90 million, (€98 million at December 31, 2021) and mainly referred to long-term pension plans.

	At December 31, 2022			At December 31, 2021		
	Non-current	Current	Total	Non-current	Current	Total
	(€ million)					
Provisions for employee benefits	€ 65	€ 23	€ 88	€ 48	€ 33	€ 81
Other provisions	—	2	2	—	17	17
Total Provisions	€ 65	€ 25	€ 90	€ 48	€ 50	€ 98

At December 31, 2022, the non-current provisions for employee benefits totaled €65 million (€48 million at December 31, 2021) and includes mainly long-term pension plans. The €25 million current portion primarily reflects the estimate for variable compensation.

Changes occurred in 2022 are reported below:

	At January 1, 2022	Increase	Decrease	At December 31, 2022
		(€ million)		
Total Provision	€ 98	€ 10	€ (18)	€ 90

Changes occurred in 2021 are reported below:

	At January 1, 2021	FCA-PSA Merger	Increase	Decrease	At December 31, 2021
		(€ million)			
Total Provision	€ 63	€ 9	€ 31	€ (5)	€ 98

16. Non-current debt

At December 31, 2022, Non-current debt totaled €11,858 million, representing a decrease of €2,544 million and consisted of the following:

	At December 31,	
	2022	2021
	(€ million)	
Third-party debt:		
Unsecured senior debt securities	€ 11,827	€ 14,312
Other debt	€ 15	€ 74
Total third-party debt	€ 11,842	€ 14,386
Intercompany debt:		
Intercompany financial payables	€ 16	€ 16
Total intercompany debt	€ 16	€ 16
Total Non-current debt	€ 11,858	€ 14,402

The change in non-current debt is represented below:

	At January 1,	Issuance	Repayments	Other	At December
	2022				31, 2022
	(€ million)				
Total Non-current debt	€ 14,402	€ 1,000	€ (48)	€ (3,496)	€ 11,858

On April 1, 2022, Stellantis N.V. issued €1.0 billion principal amount of 2.750 percent notes due April 1, 2032, under the EMTN Programme. At December 31, 2022, these Notes were rated Baa2 by Moody's Investor Services, BBB by Standard & Poor's and BBB by Fitch.

Notes due in 2023 for €3,360 million have been reclassified to current debt.

The fair value of unsecured senior debt securities at December 31, 2022 amounts to €10,559 million.

At December 2021, the change in non-current debt is represented below:

	At January 1,	FCA-PSA	Issuance	Repayments	Other	At December
	2021	Merger				31, 2021
	(€ million)					
Total Non-current debt	€ 3,994	€ 6,811	€ 3,750	€ —	€ (153)	€ 14,402

The impact of the FCA-PSA merger was €6,811 million comprised of €6,795 million in Unsecured senior debt notes issued by FCA N.V. which include a fair value at the merger adjustment of €870 million as part of purchase accounting.

Refer to Note 22, *Debt* to the Consolidated Financial Statements included elsewhere in this Annual Report for the detail of the Notes outstanding at December 31, 2022 and additional information.

17. Other non-current liabilities

At December 31, 2022, Other non-current liabilities totaled €10 million:

	At December 31,	
	2022	2021
	(€ million)	
Other non-current liabilities	€ 10	€ 24
Total Other non-current liabilities	€ 10	€ 24

The €14 million decrease is primarily related to the reclassification to current liabilities within Other Debt for the amounts due in 2023.

18. Trade payables

At December 31, 2022, Trade payables totaled €48 million, a decrease of €64 million from December 31, 2021, and consisted of the following:

	At December 31,	
	2022	2021
	(€ million)	
Trade payables due to third parties	€ 29	€ 28
Intercompany trade payables	19	84
Total trade payables	€ 48	€ 112

Trade payables are due within one year and their carrying amount at the reporting date is deemed to approximate their fair value.

19. Current debt

At December 31, 2022, Current debt totaled €4,072 million, a €1,184 million decrease over December 31, 2021 and related to the following:

	At December 31,	
	2022	2021
	(€ million)	
Intercompany debt:		
- Current account with Fiat Chrysler Finance S.p.A.	€ 457	€ 311
- Current account with Fiat Chrysler Finance Europe SENC	—	2,349
Total intercompany debt	€ 457	€ 2,660
Third party debt:		
- Notes due in 2023	3,361	—
- Accrued interest payable	245	218
- Other debt	9	10
Total third party debt	€ 3,615	€ 228
Total current debt	€ 4,072	€ 2,888

Current accounts with Fiat Chrysler Finance Europe SENC and Fiat Chrysler Finance S.p.A. represent the overdraft as part of Stellantis' centralized treasury management.

Current intercompany debt of €457 million is denominated in Euro and the carrying amount approximates fair value.

Notes due in 2023 have been reclassified from Non - current debt as described in Note 16, *Non-current debt*.

The fair value of Notes due in 2023 at December 31, 2022 amounts to €3,371 million.

Accrued interest payable of €245 million relates to the unsecured senior debt securities referred to in Note 16, *Non-current debt*.

20. Other debt

At December 31, 2022, Other debt totaled €734 million, a net decrease of €100 million over December 31, 2021, and included the following:

	At December 31,	
	2022	2021
	(€ million)	
Intercompany other debt:		
- Consolidated corporate tax	€ 239	€ 263
- Consolidated VAT	134	12
- Other	18	79
Total intercompany other debt	€ 391	€ 354
Other debt and taxes payable:		
- Taxes payable	232	232
- Accrued expenses	49	70
- Other payables	62	178
Total Other debt and taxes payable	€ 343	€ 480
Total Other debt	€ 734	€ 834

Debt for consolidated corporate tax of €239 million consisted of compensation due to subsidiaries in France and Italy for tax losses and corporate tax credits contributed to the domestic tax consolidation program for 2022.

Intercompany debt relating to Consolidated VAT includes VAT payables for Italian and French subsidiaries participating in the VAT tax consolidation program. Effective January 1, 2022, the Italian VAT tax consolidation program was transferred from FCA Italy S.p.A. to the Italian branch of Stellantis N.V. resulting in an increase in payables (Refer to Note 12 - *Other current receivables* for additional information).

Other debt and taxes payable are all due within one year and their carrying amount is deemed to approximate their fair value.

21. Guarantees granted, commitments and contingent liabilities

Guarantees granted

At December 31, 2022, guarantees issued totaled €6,582 wholly provided on behalf of subsidiaries.

The main guarantees outstanding at December 31, 2022, were as follows:

- €3,905 million for Notes issued;
- €49 million for rental contracts;
- €1,779 million for borrowings, in favor of subsidiaries mainly related to industrial initiatives; and
- €849 million primarily for VAT reimbursements in prior years related to the VAT consolidation scheme in Italy and tax disputes in Spain.

No losses are expected to arise from the above guarantees.

Other commitments, contractual rights and contingent liabilities

Stellantis has significant commitments and rights derived from outstanding agreements in addition to contingent liabilities as described in the notes to the Consolidated Financial Statements at December 31, 2022, to which reference should be made.

22. Audit fees

The following table reports fees paid to the independent auditor Ernst & Young Accountants LLP, the member firms of Ernst & Young and their respective affiliates or entities in their network, for audit and other services:

(€ million)	Years Ended December 31,	
	2022	2021
Audit fees	€ 39.1	33.0
Audit-related fees	0.2	0.6
Tax fees	—	0.3
Total	€ 39.3	€ 33.9

Audit and audit related fees of Ernst & Young Accountants LLP amounted to €385 thousand in 2022 and €415 thousand in 2021, respectively. No other services were performed by Ernst and Young Accountants LLP.

23. Board remuneration

Detailed information on Board of Directors compensation (including their shares and share awards) is included in the *REMUNERATION REPORT* section of this report.

24. Subsequent events

The Company has evaluated subsequent events through February 24, 2023, which is the date the financial statements were authorized for issuance.

February 24, 2023

The Board of Directors

John Elkann
Carlos Tavares
Robert Peugeot
Henri de Castries
Andrea Agnelli
Fiona Clare Cicconi
Jacques de Saint-Exupéry
Nicolas Dufourcq
Ann Frances Godbehere
Wan Ling Martello
Kevin Scott

OTHER INFORMATION

ADDITIONAL INFORMATION FOR NETHERLANDS CORPORATE GOVERNANCE

Independent Auditor's Report

The report of the Company's independent auditor, Ernst & Young Accountants LLP, the Netherlands, is set forth following this Annual Report.

Dividends

Dividends will be determined in accordance with the article 29 of the Articles of Association of the Company. The relevant provisions of the Articles of Association read as follows:

Reserves and profits

1. The company shall maintain a special capital reserve to be credited against the share premium reserve exclusively for the purpose of facilitating any issuance or cancellation of special voting shares (the "**special capital reserve**"). Without prejudice to the next sentence, no distribution shall be made from the special capital reserve. The Board of Directors shall be authorized to resolve upon (i) any distribution out of the special capital reserve to pay up special voting shares or (ii) re-allocation of amounts to credit or debit the special capital reserve against or in favor of the share premium reserve.
2. The company shall maintain a separate dividend reserve for the special voting shares (the "**special voting shares dividend reserve**"). The special voting shares shall not carry any entitlement to any other reserve of the company. Distributions from the special voting shares dividend reserve shall be made exclusively to the holders of special voting shares in proportion to the aggregate nominal value of their special voting shares. Any distribution out of the special voting shares dividend reserve or the partial or full release of such reserve will require a prior proposal from the Board of Directors and a subsequent resolution of the meeting of holders of special voting shares.
3. From the profits, shown in the annual accounts, as adopted, such amounts shall be reserved as the Board of Directors may determine.
4. The profits remaining thereafter shall first be applied to allocate and add to the special voting shares dividend reserve an amount equal to one percent (1 percent) of the aggregate nominal value of all special voting shares outstanding at the end of the financial year to which the annual accounts pertain. The calculation of the amount to be allocated and added to the special voting shares dividend reserve shall occur on a time-proportionate basis. If special voting shares are issued during the financial year to which the allocation and addition pertains, then the amount to be allocated and added to the special voting shares dividend reserve in respect of these newly issued special voting shares shall be calculated as from the date on which such special voting shares were issued until the last day of the financial year concerned. The special voting shares shall not carry any other entitlement to the profits.
5. Any profits remaining thereafter shall be at the disposal of the general meeting of shareholders for distribution of profits on the common shares only, subject to the provision of Article 29.6.
6. The distribution of profits shall be made after the adoption of the annual accounts, from which it appears that the same is permitted.
7. The company shall only have power to make distributions to shareholders and other Persons entitled to distributions to the extent the company's equity exceeds the sum of the paid in and called up part of the share capital and the reserves that must be maintained pursuant to Dutch law and these Articles of Association. No distribution of profits or other distributions may be made to the company itself for shares that the company holds in its own share capital.

8. The Board of Directors, or the general meeting of shareholders upon a proposal of the Board of Directors, may resolve to make distributions from the company's share premium reserve or from any other reserve (other than the special capital reserve, to which Article 29.1 applies), provided that payments from the reserves other than the special voting shares dividend reserve may only be made to the holders of common shares.
9. The Board of Directors may resolve to make one or more interim distributions, provided that the requirements of Article 29.7 are duly observed as evidenced by an interim statement of assets and liabilities as referred to in Section 2:105 paragraph 4 DCC, taking into account Article 29.4. The provisions of Articles 29.2 and 29.3 shall apply *mutatis mutandis*.
10. The Board of Directors, or the general meeting of shareholders upon a proposal of the Board of Directors, may resolve that distributions shall be made other than in cash, including, without limitation, in the form of common shares or shares in another listed company, provided that, in case of a distribution of common shares, the Board of Directors is designated as the body competent to pass a resolution for the issuance of common shares in accordance with Article 7. The Board of Directors may also resolve that distributions will be made payable either in euro or in another currency.
11. Distributions of profits and other distributions shall be made payable in the manner and at such date(s) and notice thereof shall be given as the Board of Directors, or the general meeting of shareholders upon a proposal of the Board of Directors shall determine.
12. Distributions of profits and other distributions, which have not been collected within five (5) years and one (1) day after the same have become payable, shall become the property of the company.

Disclosures pursuant to Decree Article 10 EU-Directive on Takeovers

In accordance with the Dutch *Besluit artikel 10 overnamerichtlijn* (the “Decree”), the Company makes the following disclosures:

- a. For information on the capital structure of the Company, the composition of the issued share capital and the existence of the classes of shares, please refer to Note 14, *Equity* to the Company Financial Statements in this Annual Report. For information on the rights attached to the common shares, please refer to the Articles of Association which can be found on the Company's website. To summarize, the rights attached to common shares comprise pre-emptive rights upon issue of common shares, the entitlement to attend the general meeting of shareholders and to speak and vote at that meeting and the entitlement to distributions in accordance with the Articles of Association. For information on the rights attached to the special voting shares, please refer to the Articles of Association and the Terms and Conditions for the Special Voting Shares which can both be found on the Company's website and more in particular to the paragraph “*Loyalty Voting Structure*” of this Annual Report in the chapter “*CORPORATE GOVERNANCE*”. As at December 31, 2022, the issued share capital of the Company consisted of 3,213,372,229 common shares, representing approximately 99.99 percent of the aggregate issued share capital, 178,790 Class A special voting shares and 208,622 Class B special voting shares, representing approximately 0.01 percent of the aggregate issued share capital.
- b. The Articles of Association do not provide for transfer restrictions for common shares but do provide for transfer restrictions for special voting shares (Article 14). On December 17, 2019, the Company entered into shareholder undertaking agreements with each of Exor, Bpifrance, Lion Participations, EPF and Peugeot Invest. In these agreements, each of these shareholders agreed to not transfer any of their Stellantis common shares during a period of three years following the Effective Time, subject to certain exceptions.
- c. For information on participations in the Company's capital in respect of which pursuant to Sections 5:34, 5:35 and 5:43 of the Dutch Financial Supervision Acts (*Wet op het financieel toezicht*) notification requirements apply, please refer to the section “*Major Shareholders*” of this Annual Report. There you will find a list of Shareholders who are known to the Company to have holdings of 3 percent or more at the stated date.
- d. No special control rights accrue to shares in the capital of the Company.

- e. The Company does not operate an employee share participation scheme as mentioned in article 1 sub 1(e) of the Decree.
- f. No restrictions apply to voting rights attached to shares in the capital of the Company, except for the Maximum Voting Threshold (as defined in the Articles of Association). Please refer to the sections "*Voting Rights at General Meetings*" and "*Voting Limitations*" of this Annual Report. There are not any deadlines for exercising voting rights. The Articles of Association allow the Company to cooperate in the issuance of registered depositary receipts for common shares, but only pursuant to a resolution to that effect of the Board of Directors. The Company is not aware of any depositary receipts having been issued for shares in its capital.
- g. Other than disclosed under paragraph b. above, the Company is not aware of the existence of any agreements with Shareholders which may result in restrictions on the transfer of shares or limitation of voting rights.
- h. The rules governing the appointment and dismissal of members of the Board of Directors are stated in the Articles of Association. All members of the Board of Directors are appointed by the general meeting of shareholders, taking into account the (binding) nomination rights set out in the Articles of Association. Please refer to the section "*Nomination Rights*" of this Annual Report for more information on the (binding) nomination rights. The term of office of all members of the Board of Directors is for a period of two years after appointment, with such a period expiring immediately after the close of the first annual general meeting of shareholders held two years following the appointment. The initial term of John Elkann, Carlos Tavares, Robert Peugeot, and Henri de Castries is five years, started at January 17, 2021, and ending immediately after the close of the first annual general meeting of shareholders held after five years have lapsed since the appointment of the relevant director. The other Directors of the current Board of Directors, are appointed for a term of four years, started at January 17, 2021, and ending immediately after the close of the first annual general meeting of shareholders held after four years have lapsed since the appointment of the relevant director. The general meeting of shareholders has the power to suspend or dismiss any member of the Board of Directors at any time, taking into account the majority requirements set out in the Articles of Association. Please refer to the section "*Election and Removal of Directors*" of this Annual Report for more information on the majority requirements. An amendment of the Articles of Association requires a resolution of the general meeting of shareholders following a proposal from the Board of Directors. Such resolution requires an absolute majority of the votes cast, unless it concerns an amendment of article 2.2 of 2.3 of the Articles of Association in which case a majority of at least two-thirds of the votes cast is required.
- i. At the general meeting of shareholders held on January 4, 2021, it was resolved to amend the Articles of Association to irrevocably authorize the Board of Directors, for a period of 3 years as of the Effective Time: (a) to issue Stellantis common shares or grant rights to subscribe for such shares (i) up to 10 percent of Stellantis' issued common share capital as at the Effective Time for general purposes, and (ii) up to an additional 10 percent of Stellantis' issued common share capital as at the Effective Time in connection with the acquisition of an enterprise or a corporation, or as otherwise deemed necessary by the Board of Directors and (b) to limit or exclude the pre-emptive rights in respect of any issue of Stellantis common shares or grant of rights to subscribe for such shares referred to under (a). In the event of an issuance of special voting shares, shareholders have no right of pre-emptions. In addition, the Company has the authority to acquire fully paid-up shares in its own share capital, provided that such acquisition is made for no consideration. Further rules governing the acquisition of shares by the Company in its own share capital are set out in article 9 of the Articles of Association. In addition, the Board of Directors has been authorized to acquire common shares in the capital of the Company, either through purchase on a stock exchange, through a public tender offer, offer for exchange or otherwise, up to a maximum number of shares equal to 10 percent of the Company's issued common shares as per the date of the 2022 annual general meeting of shareholders (April 13, 2022) at a purchase price per share between, on the one hand, an amount equal to the nominal value of the shares and, on the other hand, an amount equal to 110 percent of the market price of the shares on the New York Stock Exchange and/or the Mercato Telematico Azionario and/or Euronext Paris (as the case may be); the market price being the average of the highest price on each of the five days of trading prior to the date on which the acquisition is made, as shown in the Official Price List of the New York Stock Exchange and/or the Mercato Telematico Azionario and/or Euronext Paris (as the case may be), for a period of 18 months from the date of the 2022 annual general meeting of shareholders (April 13, 2022) and therefore up to and including October 12, 2023.

- j. The Company is not a party to any significant agreements which will take effect, be altered or terminated upon a change of control of the Company as a result of a public offer within the meaning of Section 5:70 of the Dutch Financial Supervision Acts (*Wet op het financieel toezicht*), provided that some of the loan agreements guaranteed by the Company and certain bonds guaranteed by the Company contain clauses that, as it is customary for such financial transactions, may require early repayment or termination in the event of a change of control of the guarantor or the borrower. In certain cases, that requirement may only be triggered if the change of control event coincides with other conditions, such as a rating downgrade.

- k. Under the terms of the Company's Equity Incentive Plan ("EIP") and employment agreements entered into with certain executive officers, executives may be entitled to receive severance payments of up to two times annual cash compensation and accelerated vesting of awards under the EIP if, within twenty-four (24) months of a Change of Control (as defined therein), the executive's employment is involuntarily terminated by the Company (other than for Cause -as defined therein-) or is terminated by the participant for Good Reason (as defined therein).

ADDITIONAL INFORMATION FOR U.S. LISTING PURPOSES

Contractual Obligations

The following table summarizes payments due under Stellantis' significant contractual commitments as of December 31, 2022:

(€ million)	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt ⁽¹⁾	€ 21,221	€ 4,300	€ 4,145	€ 4,781	€ 7,995
Interest on Long-term debt ⁽²⁾	2,737	564	802	559	812
Lease liabilities ⁽³⁾	2,507	669	676	310	852
Short-term leases and Low-value assets obligations ⁽⁴⁾	70	40	21	6	3
Unconditional minimum purchase obligations ⁽⁵⁾	5,271	971	627	794	2,879
Purchase obligations ⁽⁶⁾	8,045	4,909	3,046	87	3
Pension contribution requirements ⁽⁷⁾	123	123	—	—	—
Total	€ 39,974	€ 11,576	€ 9,317	€ 6,537	€ 12,544

(1) Amounts presented related to the principal amounts of long-term debt excluding asset-backed financing transactions such as securitizations and factoring transactions which do not meet the IFRS 9 derecognition criteria as these will be settled through collection of the relevant secured assets. Amounts also exclude the related interest expense that would be paid when due, fair value adjustments, discounts, premiums and loan origination fees. For additional information see Note 22, Debt, within the Consolidated Financial Statements included elsewhere in this report

(2) Amounts included interest payments based on contractual terms and current interest rates on debt. Interest rates based on variable rates included above were determined using the current interest rates in effect at December 31, 2022

(3) Lease liabilities consisted mainly of industrial buildings and plant, machinery and equipment used in Stellantis' business. The amounts reported include all future cash outflows included in the undiscounted lease liabilities. See Note 22, Debt, within the Consolidated Financial Statements included elsewhere in this report

(4) Short-term leases and Low-value assets mainly related to leases for commercial and industrial properties, machinery and equipment used in Stellantis' business. The amounts reported above included the minimum rental and payment commitments due under such leases

(5) Unconditional minimum purchase obligations related to Stellantis' unconditional purchase obligations to purchase a fixed or minimum quantity of goods and/or services from suppliers with fixed and determinable price provisions. From time to time, in the ordinary course of Stellantis' business, Stellantis entered into various arrangements with key suppliers in order to establish strategic and technological advantages

(6) Purchase obligations were comprised of (i) the repurchase price guaranteed to certain customers on sales with a buy-back commitment in an aggregate amount of €5,944 million, (ii) commitments to purchase tangible fixed assets, mainly in connection with planned capital expenditure of various Stellantis companies, in an aggregate amount of approximately €1,960 million, and (iii) commitments to purchase intangible assets for an aggregate amount of approximately €141 million

(7) Pension contribution requirements were based on the estimate of Stellantis' minimum funding requirements under Stellantis' funded pension plans. Stellantis could elect to make contributions in excess of the minimum funding requirements. Stellantis contributions to pension plans for 2023 are expected to be €123 million. Of this amount, €79 million relates to the U.S. and Canada, with €78 million being mandatory contributions and €1 million discretionary contributions, €8 million relates to the UK, and €12 million relates to Germany. Stellantis' minimum funding requirements after 2023 would depend on several factors, including investment performance and interest rates. Therefore, the above excluded payments beyond 2023, since Stellantis could not predict with reasonable reliability the timing and amounts of future minimum funding requirements. Refer to Note 20, Employee benefits liabilities, within the Consolidated Financial Statements included elsewhere in this report for expected benefit payments for Stellantis' pension plans and for Stellantis' unfunded health care and life insurance plans

Product warranties, recall campaigns and product liabilities

The contractual obligations set forth above do not include payments for product warranty and recall campaign costs. Stellantis issues various types of product warranties under which the performance of products delivered is generally guaranteed for a certain period or term. The accrual for product warranties includes the expected costs of warranty obligations imposed by law or contract, as well as the expected costs for policy coverage, recall actions and buyback commitments. The estimated future costs of these actions are principally based on assumptions regarding the lifetime warranty costs of each vehicle line and each model year of that vehicle line, as well as historical claims experience for the Company's vehicles. The Company periodically initiates voluntary service and recall actions to address various customer satisfaction as well as safety and emissions issues related to vehicles sold. Included in the reserve is the estimated cost of these service and recall actions. The Company accrues estimated costs for recalls when they are probable of occurring and a reliable estimate of the costs can be made. Estimates of the future costs of these actions are subject to numerous uncertainties, including the enactment of new laws and regulations, the number of vehicles affected by a service or recall action and the nature of the corrective action. It is reasonably possible that the ultimate cost of these service and recall actions may require the Company to make expenditures in excess of (or less than) established reserves over an extended period of time and in a range of amounts that cannot be reasonably estimated. At December 31, 2022, Stellantis' product warranty and recall campaigns provision was €9,265 million.

Capital commitments

The contractual obligations set forth above do not include payments for capital commitments to joint ventures. At December 31, 2022, total capital commitments were €2.2 billion for the period 2023 through 2025.

Significant Vehicle Assembly Plants

The following table provides information about Stellantis' significant vehicle assembly plants as of December 31, 2022, excluding joint ventures, of which the largest by region are Warren Truck (U.S.), Betim (Brazil) and Sochaux (France).

Each of the assembly plants listed below have a covered area of more than 100,000 square meters:

Country	Location
North America	
<i>U.S.</i>	Warren Truck, Michigan
<i>U.S.</i>	Sterling Heights, Michigan
<i>U.S.</i>	Belvidere, Illinois
<i>U.S.</i>	Toledo North, Ohio
<i>U.S.</i>	Detroit Assembly Complex - Jefferson, Michigan
<i>U.S.</i>	Detroit Assembly Complex - Mack, Michigan
<i>U.S.</i>	Toledo South, Ohio
<i>Mexico</i>	Toluca, Estado de México
<i>Mexico</i>	Saltillo Truck, Coahuila
<i>Mexico</i>	Saltillo Van, Coahuila
<i>Canada</i>	Windsor, Ontario
<i>Canada</i>	Brampton, Ontario
South America	
<i>Brazil</i>	Betim
<i>Brazil</i>	Goiana
<i>Brazil</i>	Porto Real
<i>Argentina</i>	Buenos Aires
<i>Argentina</i>	Cordoba
Enlarged Europe	
<i>France</i>	Hordain
<i>France</i>	Mulhouse
<i>France</i>	Poissy
<i>France</i>	Rennes
<i>France</i>	Sochaux
<i>Germany</i>	Eisenach
<i>Germany</i>	Russelsheim
<i>Italy</i>	Turin (Mirafiori)
<i>Italy</i>	Cassino
<i>Italy</i>	Pomigliano
<i>Italy</i>	Melfi
<i>Italy</i>	Val Di Sangro
<i>Poland</i>	Gliwice
<i>Poland</i>	Tychy
<i>Slovakia</i>	Tnava
<i>Serbia</i>	Kragujevac
<i>Spain</i>	Madrid
<i>Spain</i>	Vigo
<i>Spain</i>	Zaragoza
<i>UK</i>	Ellesmere Port
<i>UK</i>	Luton

Our Share Information

On January 18, 2021, Stellantis common shares began trading on Euronext Milan and Euronext Paris, and on January 19, 2021, began trading on the NYSE. Stellantis common shares trade under the following symbols: Euronext Milan: “STLAM”; Euronext Paris: “STLAP”; NYSE: “STLA”. From October 13, 2014, the common shares of FCA were traded on the NYSE under the symbol “FCAU” and on Euronext Milan under the symbol “FCA”.

Dividend Policy

Refer to Note 27, *Equity* within the Consolidated Financial Statements included elsewhere in this report for additional detail on the proposed dividend to holders of Stellantis common shares and dividend policy.

For additional information on distribution of profits, refer to *ADDITIONAL INFORMATION FOR NETHERLANDS CORPORATE GOVERNANCE - Dividends* above.

Principal Accountant Fees and Services

EY S.p.A., the member firms of Ernst & Young and their respective affiliates (collectively, the “Ernst & Young Entities”) were appointed to serve as Stellantis’ independent registered public accounting firm for the year ended December 31, 2022 and December 31, 2021. Stellantis incurred the following fees from the Ernst & Young Entities for professional services for the years ended December 31, 2022 and 2021, respectively:

(€ million)	Years Ended December 31,	
	2022	2021
Audit fees	€ 39.1	€ 33.0
Audit-related fees	0.2	0.6
Tax fees ⁽¹⁾	—	0.3
Total	€ 39.3	€ 33.9

(1) Tax fees comprise services rendered for tax compliance and tax advice services

“Audit fees” were the aggregate fees billed by the Ernst & Young Entities for the audit of Stellantis’ consolidated annual financial statements, reviews of interim financial statements and attestation services that were provided in connection with statutory and regulatory filings or engagements. “Audit-related fees” were fees charged by the Ernst & Young Entities for assurance and related services that were reasonably related to the performance of the audit or review of Stellantis’ financial statements and were not reported under “Audit fees”. This category comprised fees for agreed-upon procedure engagements and other attestation services subject to regulatory requirements. “Tax fees” were fees charged by the Ernst & Young Entities primarily for activities related to tax refunds claims and tax compliance in different jurisdictions.

Audit Committee’s pre-approval policies and procedures

Our Audit Committee nominates and engages our independent registered public accounting firm to audit our consolidated financial statements. Our Audit Committee has a policy requiring management to obtain the Audit Committee’s approval before engaging our independent registered public accounting firm to provide any other audit or permitted non-audit services to us or our subsidiaries. Pursuant to this policy, which is designed to ensure that such engagements do not impair the independence of our independent registered public accounting firm, the Audit Committee reviews and pre-approves (if appropriate) specific audit and non-audit services in the categories Audit Services, Audit-Related Services, Tax Services, and any other services that may be performed by our independent registered public accounting firm.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

As part of the acquisition of Opel/Vauxhall by Groupe PSA, on July 31, 2017, PSA issued warrants to Adam Opel GmbH (a GM company), hereafter referred to as “GM”. The equity warrants entitled the holder to subscribe for 39,727,324 shares in Peugeot S.A. with a par value of €1 per warrant, and each warrant being eligible for one share in PSA Automobiles S.A. (“PSA”). The warrants were exercisable between the 5th and the 9th year following issuance, meaning that the exercise window opened on July 31, 2022. On the merger date, each of the warrants issued by PSA to GM was converted into one equity warrant, each of which entitled the holder to subscribe for 1.74 Stellantis shares (same conversion ratio as for all other PSA shares), with an exercise price equal to €1 per original warrant (€39,727,324).

On April 15, 2021, the Annual General Meeting of Shareholders (“AGM”) resolved to authorize the Board of Directors, for a period of 18 months from the date of the AGM, to repurchase up to a maximum of 10 percent of the Company’s common shares issued as of the date of the AGM. Pursuant to the authorization, which does not entail any obligation for the Company but is designed to provide additional flexibility, the Board of Directors may repurchase common shares in compliance with applicable regulations, subject to certain maximum and minimum price thresholds.

On September 15, 2022, upon the exercise of the warrants above by GM we issued 69,125,544 common shares, representing approximately 2.2 percent of Stellantis’ share capital (on a diluted basis) and with a cash proceed of €40 million. Following the agreement entered into with GM, we immediately repurchased all the shares issued with a cash disbursement of €923 million corresponding to €13.36 per share (such amount was based on the volume weighted average price of one Stellantis common share on the regulated market of Euronext in Milan over the previous five trading days).

The following table reports purchases of Stellantis N.V. shares by the Company during the year ended December 31, 2022, carried out under the authority granted by the AGM.

Period	Total Number of Shares Purchased	Average Price Paid per Share (€) ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Value of Shares that May Yet Be Purchased under the Plans or Programs (€)
Jan 1 to Jan 31, 2022	—	—	—	—
Feb 1 to Feb 28, 2022	—	—	—	—
March 1 to March 31, 2022	—	—	—	—
April 1 to April 30, 2022	—	—	—	—
May 1 to May 31, 2022	—	—	—	—
June 1 to June 30, 2022	—	—	—	—
July 1 to July 31, 2022	—	—	—	—
Aug 1 to Aug 31, 2021	—	—	—	—
Sept 1 to Sept 30, 2022	69,125,544	13.36	—	—
Oct 1 to Oct 31, 2022	—	—	—	—
Nov 1 to Nov 30, 2022	—	—	—	—
Dec 1 to Dec 31, 2022	—	—	—	—
Total	69,125,544	13.36	—	—

(1) Share repurchases made under the authority granted by the AGM

Taxation

Material U.S. Federal Income Tax Consequences

This section describes the material U.S. federal income tax consequences to U.S. Shareholders (as defined below) of owning Stellantis stock. When we refer to Stellantis, we refer to Stellantis or to former FCA, as applicable. It applies solely to persons that hold shares as capital assets for U.S. federal income tax purposes. This discussion addresses only U.S. federal income taxation and does not discuss all of the tax consequences that may be relevant to holders in light of their individual circumstances, including foreign, state or local tax consequences, estate and gift tax consequences, and tax consequences arising under the Medicare contribution tax on net investment income. This section does not apply to members of a special class of holders subject to special rules, including:

- a dealer in securities or foreign currencies;
- a regulated investment company;
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings;
- a tax-exempt organization;
- a bank, financial institution, or insurance company;
- a person liable for alternative minimum tax;
- a person that actually or constructively owns 10 percent or more of the combined voting power of the voting stock of Stellantis or of the total value of the stock of Stellantis;
- a person that holds shares as part of a straddle or a hedging, conversion, or other risk reduction transaction for U.S. federal income tax purposes;
- a person that acquired shares pursuant to the exercise of employee stock options or otherwise as compensation; or
- a person whose functional currency is not the U.S. Dollar.

This section is based on the Internal Revenue Code of 1986, as amended, the Code, its legislative history, existing and proposed regulations, published rulings and court decisions, as well as on applicable tax treaties, all as of the date hereof. These laws are subject to change, possibly on a retroactive basis.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in an entity treated as a partnership for U.S. federal income tax purposes holding shares should consult its tax advisors with regard to the U.S. federal income tax treatment of the ownership of Stellantis stock.

No statutory, judicial or administrative authority directly discusses how the ownership of Stellantis stock should be treated for U.S. federal income tax purposes. As a result, the U.S. federal income tax consequences of the ownership of Stellantis stock are uncertain. Shareholders should consult their own tax advisors regarding the U.S. federal, state and local and foreign and other tax consequences of owning and disposing of Stellantis stock in their particular circumstances.

For the purposes of this discussion, a “U.S. Shareholder” is a beneficial owner of shares that is:

- an individual that is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized under the laws of the United States;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or

- a trust if a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust.

Tax Consequences of Owning Stellantis Stock

Taxation of Dividends

Under the U.S. federal income tax laws, and subject to the discussion of PFIC taxation below, a U.S. Shareholder must include in its gross income the gross amount of any dividend paid by Stellantis to the extent of its current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). Dividends will be taxed as ordinary income to the extent that they are paid out of Stellantis' current or accumulated earnings and profits. Dividends paid to a non-corporate U.S. Shareholder by certain "qualified foreign corporations" that constitute qualified dividend income are taxable to the shareholder at the preferential rates applicable to long-term capital gains provided that the shareholder holds the shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meets other holding period requirements. For this purpose, stock of Stellantis is treated as stock of a qualified foreign corporation if such stock is listed on an established securities market in the United States. The common shares of Stellantis are listed on the NYSE. Accordingly, subject to the discussion of PFIC taxation below, dividends Stellantis pays with respect to the shares will constitute qualified dividend income, assuming the holding period requirements are met.

A U.S. Shareholder must include any foreign tax withheld from the dividend payment in this gross amount even though the shareholder does not in fact receive the amount withheld. The dividend is taxable to a U.S. Shareholder when the U.S. Shareholder receives the dividend, actually or constructively.

The dividend will not be eligible for the dividends-received deduction allowed to U.S. corporations in respect of dividends received from other U.S. corporations.

Distributions in excess of current and accumulated earnings and profits, as determined for U.S. federal income tax purposes, will be treated as a non-taxable return of capital to the extent of the U.S. Shareholder's basis in the shares of Stellantis stock, causing a reduction in the U.S. Shareholder's adjusted basis in Stellantis stock, and thereafter as capital gain.

Subject to certain limitations, any non-U.S. tax withheld and paid over to a non-U.S. taxing authority may be eligible for credit against a U.S. Shareholder's U.S. federal income tax liability except to the extent a refund of the tax withheld is available to the U.S. Shareholder under non-U.S. tax law or under an applicable tax treaty. The amount allowed to a U.S. Shareholder as a credit is limited to the amount of the U.S. Shareholder's U.S. federal income tax liability that is attributable to income from sources outside the U.S. and is computed separately with respect to different types of income that the U.S. Shareholder receives from non-U.S. sources. Subject to the discussion below regarding Section 904(h) of the Code, dividends paid by Stellantis will be foreign source income and will generally be "passive" income for purposes of computing the foreign tax credit allowable to a U.S. Shareholder.

Under Section 904(h) of the Code, dividends paid by a foreign corporation that is treated as 50 percent or more owned, by vote or value, by U.S. persons may be treated as U.S. source income (rather than foreign source income) for foreign tax credit purposes, to the extent the foreign corporation earns U.S. source income. In certain circumstances, U.S. Shareholders may be able to choose the benefits of Section 904(h)(10) of the Code and elect to treat dividends that would otherwise be U.S. source dividends as foreign source dividends, but in such a case the foreign tax credit limitations would be separately determined with respect to such "resourced" income. In general, therefore, the application of Section 904(h) of the Code may adversely affect a U.S. Shareholder's ability to use foreign tax credits. Stellantis does not believe that it is 50 percent or more owned by U.S. persons, but this conclusion is a factual determination and is subject to change; no assurance can therefore be given that Stellantis may not be treated as 50 percent or more owned by U.S. persons for purposes of Section 904(h) of the Code. U.S. Shareholders are strongly urged to consult their own tax advisors regarding the possible impact if Section 904(h) of the Code should apply.

Taxation of Capital Gains

Subject to the discussion of PFIC taxation below, a U.S. Shareholder that sells or otherwise disposes of its Stellantis common shares will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference between the U.S. Dollar value of the amount that the U.S. Shareholder realizes and the U.S. Shareholder's tax basis in those shares. Capital gain of a non-corporate U.S. Shareholder is generally taxed at preferential rates where the property is held for more than one year. The gain or loss will be U.S. source income or loss for foreign tax credit limitation purposes. The deduction of capital losses is subject to limitations.

Loyalty Voting Structure

NO STATUTORY, JUDICIAL OR ADMINISTRATIVE AUTHORITY DIRECTLY DISCUSSES HOW THE RECEIPT, OWNERSHIP OR DISPOSITION OF SPECIAL VOTING SHARES SHOULD BE TREATED FOR U.S. FEDERAL INCOME TAX PURPOSES AND AS A RESULT, THE U.S. FEDERAL INCOME TAX CONSEQUENCES ARE UNCERTAIN. ACCORDINGLY, WE URGE U.S. SHAREHOLDERS TO CONSULT THEIR TAX ADVISOR AS TO THE TAX CONSEQUENCES OF THE RECEIPT, OWNERSHIP AND DISPOSITION OF SPECIAL VOTING SHARES.

If a U.S. Shareholder receives special voting shares after requesting all or some of the number of its Stellantis common shares be registered on the Loyalty Register, the tax consequences of the receipt of special voting shares is unclear. While distributions of stock are tax-free in certain circumstances, the distribution of special voting shares would be taxable if it were considered to result in a "disproportionate distribution." A disproportionate distribution is a distribution or series of distributions, including deemed distributions, that have the effect of the receipt of cash or other property by some shareholders of Stellantis and an increase in the proportionate interest of other shareholders of Stellantis' assets or earnings and profits. It is possible that the distribution of special voting shares to a U.S. Shareholder that has requested all or some of the number of its Stellantis common shares be registered on the Loyalty Register and a distribution of cash in respect of Stellantis common shares could be considered together to constitute a "disproportionate distribution." Unless Stellantis has not paid cash dividends in the 36 months prior to a U.S. Shareholder's receipt of special voting shares and Stellantis does not intend to pay cash dividends in the 36 months following a U.S. Shareholder's receipt of special voting shares, Stellantis intends to treat the receipt of special voting shares as a distribution that is subject to tax as described above in "Consequences of Owning Stellantis Stock—Taxation of Dividends." The amount of the dividend should equal the fair market value of the special voting shares received. For the reasons stated above, Stellantis believes and intends to take the position that the value of each special voting share is minimal. However, because the fair market value of the special voting shares is factual and is not governed by any guidance that directly addresses such a situation, the IRS could assert that the value of the special voting shares (and thus the amount of the dividend) as determined by Stellantis is incorrect.

Ownership of Special Voting Shares

Stellantis believes that U.S. Shareholders holding special voting shares should not have to recognize income in respect of amounts transferred to the special voting shares dividend reserve that are not paid out as dividends. Section 305 of the Code may, in certain circumstances, require a holder of preferred shares to recognize income even if no dividends are actually received on such shares if the preferred shares are redeemable at a premium and the redemption premium results in a "constructive distribution." Preferred shares for this purpose refer to shares that do not participate in corporate growth to any significant extent. Stellantis believes that Section 305 of the Code should not apply to any amounts transferred to the special voting shares dividend reserve that are not paid out as dividends so as to require current income inclusion by U.S. Shareholders because, among other things, the special voting shares are not redeemable on a specific date and a U.S. Shareholder is only entitled to receive amounts in respect of the special voting shares upon liquidation, and even if the amounts transferred to the special voting shares dividend reserve that are not paid out as dividends are considered redemption premium, the amount of the redemption premium is likely to be minimal given that the value of each special voting share, as discussed above, is expected to be minimal. Stellantis therefore intends to take the position that the transfer of amounts to the special voting shares dividend reserve that are not paid out as dividends does not result in a "constructive distribution," and this determination is binding on all U.S. Shareholders of special voting shares other than a U.S. Shareholder that explicitly discloses its contrary determination in the manner prescribed by the applicable regulations. However, because the tax treatment of the loyalty voting structure is unclear and because Stellantis' determination is not binding on the IRS, it is possible that the IRS could disagree with Stellantis' determination and require current income inclusion in respect of such amounts transferred to the special voting shares dividend reserve that are not paid out as dividends.

Disposition of Special Voting Shares

The tax treatment of a U.S. Shareholder that has its special voting shares redeemed for zero consideration after removing its common shares from the Loyalty Register is unclear. It is possible that a U.S. Shareholder would recognize a loss to the extent of the U.S. Shareholder's basis in its special voting shares, which should equal (i) if the special voting shares were received in connection with the 2014 merger, the basis allocated to the special voting shares, and (ii) if the special voting shares were received after the requisite holding period on the Loyalty Register, the amount that was included in income upon receipt. Such loss would be a capital loss and would be a long-term capital loss if a U.S. Shareholder has held its special voting shares for more than one year. It is also possible that a U.S. Shareholder would not be allowed to recognize a loss upon the redemption of its special voting shares and instead a U.S. Shareholder should increase the basis in its Stellantis common shares by an amount equal to the basis in its special voting shares. Such basis increase in a U.S. Shareholder's Stellantis common shares would decrease the gain, or increase the loss, that a U.S. Shareholder would recognize upon the sale or other taxable disposition of its Stellantis common shares.

THE U.S. FEDERAL INCOME TAX TREATMENT OF THE LOYALTY VOTING STRUCTURE IS UNCLEAR AND U.S. SHAREHOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS IN RESPECT OF THE CONSEQUENCES OF ACQUIRING, OWNING, AND DISPOSING OF SPECIAL VOTING SHARES.

PFIC Considerations—Consequences of Holding Stellantis Stock

Stellantis believes that shares of its stock are not stock of a PFIC for U.S. federal income tax purposes, but this conclusion is based on a factual determination made annually and thus is subject to uncertainty and change as a result of the recent merger. As discussed in greater detail below, if shares of Stellantis stock were to be treated as stock of a PFIC, gain realized (subject to the discussion below regarding a mark-to-market election) on the sale or other disposition of shares of Stellantis stock would not be treated as capital gain, and a U.S. Shareholder would be treated as if such U.S. Shareholder had realized such gain and certain "excess distributions" ratably over the U.S. Shareholder's holding period for its shares of Stellantis stock and would be taxed at the highest tax rate in effect for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year. With certain exceptions, a U.S. Shareholder's shares of Stellantis stock would be treated as stock in a PFIC if Stellantis were a PFIC at any time during such U.S. Shareholder's holding period in the shares. Dividends received from Stellantis would not be eligible for the special tax rates applicable to qualified dividend income if Stellantis were treated as a PFIC in the taxable years in which the dividends are paid or in the preceding taxable year (regardless of whether the U.S. holder held shares of Stellantis stock in such year) but instead would be taxable at rates applicable to ordinary income.

Stellantis would be a PFIC with respect to a U.S. Shareholder if for any taxable year in which the U.S. Shareholder held shares of Stellantis stock, after the application of applicable "look-through rules":

- 75 percent or more of Stellantis' gross income for the taxable year consists of "passive income" (including dividends, interest, gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business, as defined in applicable Treasury Regulations); or
- at least 50 percent of its assets for the taxable year (averaged over the year and determined based upon value) produce or are held for the production of passive income.

Because the determination whether a foreign corporation is a PFIC is primarily factual and there is little administrative or judicial authority on which to rely to make a determination, the IRS might not agree that Stellantis is not a PFIC. Moreover, no assurance can be given that Stellantis would not become a PFIC for any future taxable year if there were to be changes in Stellantis' assets, income or operations.

If Stellantis were to be treated as a PFIC for any taxable year (and regardless of whether Stellantis remains a PFIC for subsequent taxable years), each U.S. Shareholder that is treated as owning Stellantis stock for purposes of the PFIC rules (i) would be liable to pay U.S. federal income tax at the highest applicable income tax rates on (a) ordinary income upon the receipt of excess distributions (the portion of any distributions received by the U.S. Shareholder on Stellantis stock in a taxable year in excess of 125 percent of the average annual distributions received by the U.S. Shareholder in the three preceding taxable years or, if shorter, the portion of the U.S. Shareholder's holding period for the Stellantis stock that preceded the taxable year of the distribution) and (b) on any gain from the disposition of Stellantis stock, plus interest on such amounts, as if such excess distributions or gain had been recognized ratably over the U.S. Shareholder's holding period of the Stellantis stock, and (ii) may be required to annually file Form 8621 with the IRS reporting information concerning Stellantis.

If Stellantis were to be treated as a PFIC for any taxable year and provided that Stellantis common shares are treated as "marketable stock" within the meaning of applicable Treasury Regulations, which Stellantis believes will be the case, a U.S. Shareholder may make a mark-to-market election. Under a mark-to-market election, any excess of the fair market value of the Stellantis common shares at the close of any taxable year over the U.S. Shareholder's adjusted tax basis in the Stellantis common shares is included in the U.S. Shareholder's income as ordinary income. These amounts of ordinary income would not be eligible for the favorable tax rates applicable to qualified dividend income or long-term capital gains. In addition, the excess, if any, of the U.S. Shareholder's adjusted tax basis at the close of any taxable year over the fair market value of the Stellantis common shares is deductible in an amount equal to the lesser of the amount of the excess or the amount of the net mark-to-market gains that the U.S. Shareholder included in income in prior years. A U.S. Shareholder's tax basis in Stellantis common shares would be adjusted to reflect any such income or loss. Gain realized on the sale, exchange or other disposition of Stellantis common shares would be treated as ordinary income, and any loss realized on the sale, exchange or other disposition of Stellantis common shares would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included by the U.S. Shareholder. It is not expected that the special voting shares would be treated as "marketable stock" and eligible for the mark-to-market election.

The adverse consequences of owning stock in a PFIC could also be mitigated if a U.S. Shareholder makes a valid "qualified electing fund" election, or QEF election, which, among other things, would require a U.S. Shareholder to include currently in income its pro rata share of the PFIC's net capital gain and ordinary earnings, based on earnings and profits as determined for U.S. federal income tax purposes. Because of the administrative burdens involved, Stellantis does not intend to provide information to its shareholders that would be required to make such election effective.

A U.S. Shareholder which holds Stellantis stock during a period when Stellantis is a PFIC will be subject to the foregoing rules for that taxable year and all subsequent taxable years with respect to that U.S. Shareholder's holding of Stellantis stock, even if Stellantis ceases to be a PFIC, subject to certain exceptions for U.S. Shareholders which made a mark-to-market or QEF election. U.S. Shareholders are strongly urged to consult their tax advisors regarding the PFIC rules, and the potential tax consequences to them if Stellantis were determined to be a PFIC.

Information with Respect to Foreign Financial Assets

Owners of "specified foreign financial assets" with an aggregate value in excess of U.S.\$50,000, (and in some cases, a higher threshold) may be required to file an information report with respect to such assets with their tax returns. "Specified foreign financial assets" include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons; (ii) financial instruments and contracts that have non-U.S. issuers or counterparties; and (iii) interests in foreign entities. U.S. Shareholders are urged to consult their tax advisors regarding the application of this legislation to their ownership of Stellantis stock.

Backup Withholding and Information Reporting

Information reporting requirements for a non-corporate U.S. Shareholder, on IRS Form 1099, will apply to:

- dividend payments or other taxable distributions made to such U.S. Shareholder within the U.S.; and
- the payment of proceeds to such U.S. Shareholder from the sale of Stellantis stock effected at a U.S. office of a broker.

Additionally, backup withholding (currently at a 24 percent rate) may apply to such payments to a non-corporate U.S. Shareholder that:

- fails to provide an accurate taxpayer identification number;
- (in the case of dividends) is notified by the IRS that such U.S. Shareholder has failed to report all interest and dividends required to be shown on such U.S. Shareholder's federal income tax returns; or
- in certain circumstances, fails to comply with applicable certification requirements.

A person may obtain a refund of any amounts withheld under the backup withholding rules that exceed the person's income tax liability by properly filing a refund claim with the IRS.

Material Netherlands Tax Consequences

This section solely addresses the principal Dutch tax consequences of the acquisition, ownership and disposal of Stellantis common shares and, if applicable, Stellantis special voting shares by non-resident holders of such shares (as described below). It does not purport to describe every aspect of Dutch taxation that may be relevant to a particular holder of Stellantis common shares and, if applicable, Stellantis special voting shares. Tax matters are complex and the tax consequences to a particular holder of Stellantis common shares and, if applicable, Stellantis special voting shares will depend in part on such holder's circumstances. Accordingly, a holder is urged to consult his own tax advisor for a full understanding of the Dutch tax consequences of acquiring, owning and disposing of Stellantis common shares and, if applicable, Stellantis special voting shares in their particular circumstances, including the applicability and effect of Dutch tax laws.

Where in this section English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. Where in this section the terms "the Netherlands" and "Dutch" are used, these refer solely to the European part of the Kingdom of the Netherlands.

This section assumes that Stellantis is organized and that its business will be conducted such that Stellantis is considered to be a resident of the Netherlands for purposes of the tax treaty between the Netherlands and any other jurisdiction. A change to the organizational structure or to the manner in which Stellantis conducts its business may invalidate the contents of this section, which will not be updated to reflect any such change.

This section is based on the tax law of the Netherlands (unpublished case law not included) as it stands at the date of this Form. The tax law upon which this description is based is subject to changes, possibly with retroactive effect. Any such change may invalidate the contents of this description, which will not be updated to reflect such change.

The summary in this Dutch taxation section does not address the Dutch tax consequences for a non-resident holder of Stellantis common shares and, if applicable, Stellantis special voting shares who:

- i. is a person who may be deemed an owner of Stellantis common shares and, if applicable, Stellantis special voting shares for Dutch tax purposes pursuant to specific statutory attribution rules in Dutch tax law;
- ii. is, although in principle subject to Dutch corporation tax, in whole or in part, specifically exempt from that tax in connection with income from Stellantis common shares and, if applicable, Stellantis special voting shares;
- iii. is an investment institution as defined in the Dutch Corporation Tax Act 1969;
- iv. is an entity that, although in principle subject to Dutch corporation tax, is fully or partly exempt from Dutch corporation tax;
- v. owns Stellantis common shares and, if applicable, Stellantis special voting shares in connection with a membership of a management board or a supervisory board, an employment relationship, a deemed employment relationship or management role;

- vi. has a substantial interest in Stellantis or a deemed substantial interest in Stellantis for Dutch tax purposes. Generally, a person holds a substantial interest if (a) such person – either alone or, in the case of an individual, together with his partner or any of his relatives by blood or by marriage in the direct line (including foster-children) or of those of his partner for Dutch tax purposes – owns or is deemed to own, directly or indirectly, 5 percent or more of the shares or of any class of shares of Stellantis, or rights to acquire, directly or indirectly, such an interest in the shares of Stellantis or profit participating certificates relating to 5 percent or more of the annual profits or to 5 percent or more of the liquidation proceeds of Stellantis, or (b) such person's shares, rights to acquire shares or profit participating certificates in Stellantis are held by him following the application of a non-recognition provision. The Stellantis common shares and the Stellantis special voting shares are considered to be separate classes of shares; or
- vii. is for Dutch tax purposes taxable as a corporate entity and resident of Aruba, Curaçao or Sint Maarten.

Scope of the summary

The summary of Dutch taxes set out in this section “Material Dutch tax consequences” only applies to a holder of Stellantis common shares and, if applicable, Stellantis special voting shares who is a non-resident holder of such shares (as described below).

For the purpose of this summary a holder of Stellantis common shares and, if applicable, Stellantis special voting shares is a non-resident holder of such shares if such holder is neither a resident nor deemed to be resident in the Netherlands for purposes of Dutch income tax or corporation tax as the case may be.

Taxes on income and capital gains

Non-resident holders of Stellantis common shares and, if applicable, Stellantis special voting shares

Individuals

A non-resident holder of Stellantis common shares and, if applicable, Stellantis special voting shares will not be subject to Dutch income tax in respect of any benefits derived or deemed to be derived from or in connection with Stellantis common shares and, if applicable, Stellantis special voting shares, except if:

- i. he derives profits from an enterprise, whether as an entrepreneur or pursuant to a co-entitlement to the net value of such enterprise, other than as a shareholder, and such enterprise is carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and his Stellantis common shares and, if applicable, Stellantis special voting shares are attributable to such permanent establishment or permanent representative;
- ii. he derives benefits or is deemed to derive benefits from or in connection with Stellantis common shares and, if applicable, Stellantis special voting shares that are taxable as benefits from miscellaneous activities performed in the Netherlands; or
- iii. he derives profits pursuant to the entitlement to a share in the profits of an enterprise, other than as a holder of securities, which is effectively managed in the Netherlands and to which enterprise his Stellantis common shares and, if applicable, Stellantis special voting shares are attributable.

Corporate entities

If a non-resident holder of Stellantis common shares and, if applicable, Stellantis special voting shares is a corporate entity, or an entity including an association, a partnership and a mutual fund, taxable as a corporate entity, it will not be subject to Dutch corporation tax in respect of any benefits derived or deemed to be derived from or in connection with Stellantis common shares and, if applicable, Stellantis special voting shares, except if:

- i. it derives profits from an enterprise directly which is carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and to which permanent establishment or permanent representative its Stellantis common shares and, if applicable, Stellantis special voting shares are attributable; or
- ii. it derives profits pursuant to a co-entitlement to the net value of an enterprise which is managed in the Netherlands, other than as a holder of securities, and to which enterprise its Stellantis common shares and, if applicable, Stellantis special voting shares are attributable.

General

A non-resident holder of Stellantis common shares and, if applicable, Stellantis special voting shares will for Dutch tax purposes not carry on or be deemed to carry on an enterprise, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands by reason only of the execution and/or enforcement of the documents relating to the issue of Stellantis common shares and, if applicable, Stellantis special voting shares or the performance by Stellantis of its obligations under such documents or under the Stellantis common shares and, if applicable, Stellantis special voting shares.

Dividend withholding tax

Stellantis is generally required to withhold Dutch dividend withholding tax at a rate of 15 percent from dividends distributed by it, subject to possible relief under Dutch domestic law, the Treaty on the Functioning of the European Union or an applicable Dutch income tax treaty depending on a particular holder of Stellantis common shares and, if applicable, Stellantis special voting shares individual circumstances.

The concept "dividends distributed by Stellantis " as used in this Dutch section paragraph includes, but is not limited to, the following:

- distributions in cash or in kind, deemed and constructive distributions and repayments of capital not recognized as paid-in for Dutch dividend withholding tax purposes;
- liquidation proceeds and proceeds of repurchase or redemption of Stellantis common shares and, if applicable, Stellantis special voting shares in excess of the average capital recognized as paid-in for Dutch dividend withholding tax purposes;
- the par value of Stellantis common shares and, if applicable, Stellantis special voting shares issued by Stellantis to a holder of Stellantis common shares and, if applicable, Stellantis special voting shares or an increase of the par value of Stellantis common shares or Stellantis special voting shares, as the case may be, to the extent that it does not appear that a contribution, recognized for Dutch dividend withholding tax purposes, has been made or will be made; and
- partial repayment of capital, recognized as paid-in for Dutch dividend withholding tax purposes, if and to the extent that there are net profits, unless (a) the general meeting of Stellantis' shareholders has resolved in advance to make such repayment and (b) the par value of the Stellantis common shares or Stellantis special voting shares concerned, as the case may be, has been reduced by an equal amount by way of an amendment to Stellantis' articles of association.

Gift and inheritance taxes

No Dutch gift tax or Dutch inheritance tax will arise with respect to an acquisition or deemed acquisition of Stellantis common shares and, if applicable, Stellantis special voting shares by way of gift by, or upon the death of, a holder of Stellantis common shares and, if applicable, Stellantis special voting shares who is neither resident nor deemed to be resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax except if, in the event of a gift whilst not being a resident nor being a deemed resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax, the holder of Stellantis common shares and, if applicable, Stellantis special voting shares becomes a resident or a deemed resident in the Netherlands and dies within 180 days after the date of the gift.

For purposes of Dutch gift tax and Dutch inheritance tax, a gift of Stellantis common shares and, if applicable, Stellantis special voting shares made under a condition precedent is deemed to be made at the time the condition precedent is satisfied.

Value Added Tax

No Dutch value added tax will arise in respect of any payment in consideration for the issue of Stellantis common shares and, if applicable, Stellantis special voting shares.

Registration taxes and duties

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, is payable in the Netherlands in respect of or in connection with a transfer of Stellantis common shares and, if applicable, Stellantis special voting shares.

Independent auditor's report

To: the shareholders and board of directors of Stellantis N.V.

Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements 2022 of Stellantis N.V. based in Amsterdam.

The financial statements comprise the consolidated and company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Stellantis N.V. as at December 31, 2022 and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), IFRS as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- the accompanying company financial statements give a true and fair view of the financial position of Stellantis N.V. as at December 31, 2022 and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2022
- the following statements for 2022: the consolidated income statement and the consolidated statements of comprehensive income, changes in equity and cash flows
- the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at December 31, 2022
- the company income statement for 2022
- the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Stellantis N.V. (the company) in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Stellantis N.V. is a global automaker and mobility provider which is engaged in designing, engineering, manufacturing, distributing and selling vehicles, components and production systems worldwide. The group is structured in group entities and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€ 980 million (2021: € 700 million)
Benchmark applied	5% of Profit before tax (2021: 5% of Profit before tax)
Explanation	We determined materiality based on our understanding of the company's business and our perception of the financial information needs of users of the financial statements. We consider that users of the financial statements of listed entities tend to focus on profit before tax (PBT). We believe that PBT is an important metric for the financial performance of the company. We determined materiality consistent with previous year.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the audit committee of the board of directors (the audit committee) that misstatements in excess of € 49 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Stellantis N.V. is the parent of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities. All such significant group entities (comprising 56 entities) were included in the scope of our group audit.

Accordingly, we identified 19 of Stellantis N.V.'s group entities, which in our view required an audit of their complete financial information due to their overall size and their risk characteristics. Specific scope audit procedures on certain balances and transactions were performed on 19 entities. Specified and group wide control (hereinafter: GWC) procedures were performed on a further 18 entities. The remaining 396 components which are not included in our group scope have been subject to risk-based analytics.

In establishing the overall approach to the audit, we determined the type of work that is needed to be done by us, as group auditors, or by component auditors from Ernst & Young Global member firms and operating under our instructions. Our audit and key audit matters were directed by the group audit team as follows:

- The group audit team audited the group consolidation, financial statements and disclosures and the key audit matter in relation to the recoverability of non-current assets with definite useful lives with reference to Enlarged Europe. The key audit matter in relation to the provision for North America product warranty and recall campaigns is audited by the US component team under our direction and supervision.
- The group audit team had physical and virtual team meetings at least once with local management and their auditors of the significant components and/or the regional audit teams. For each of these locations we reviewed the audit files of the component auditor and determined the sufficiency and appropriateness of the work performed, also in relation to our key audit matters.

The group audit team shared detailed instructions to all components’ auditors for the entities in scope, including key risk areas, and the group audit team reviewed their deliverables.

In total our group audit procedures represent 100% of the group’s total assets and 100% of revenues.



By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group’s financial information to provide an opinion on the consolidated financial statements.

Teaming and use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the automotive industry. We included specialists in the areas of IT audit, forensics, sustainability, treasury, share-based payments and income tax and have made use of our own experts in the areas of valuations, as well as actuaries.

Our focus on climate-related risks and the energy transition

Climate change and the energy transition are high on the public agenda. Issues such as CO2 reduction impact financial reporting, as these issues entail risks for the business operations, the valuation of assets and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO2 footprint.

The board of directors summarized the company's commitments and obligations, and included in the section "Non-financial information" of the annual report disclosures about governance, strategy, risk management and metrics and targets relating to climate change directly and indirectly impacting the company's business.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the possible effects of the energy transition and the company's commitments and (constructive) obligations, are taken into account in estimates and significant assumptions. Our audit procedures to address the assessed climate-related risks and the possible effects of the energy transition did not result in a separate key audit matter. However, in our audit approach for key audit matter "Recoverability of non-current assets with definite useful lives with reference to Enlarged Europe", we described our considerations and audit procedures responsive to the assessed risk related to climate risks and energy transition.

Furthermore, we read the other information included in the annual report and considered whether there is any material inconsistency between the non-financial information in the section "Non-financial information" and the financial statements.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the board of directors' process for responding to the risks of fraud and monitoring the system of internal control and how the audit committee exercises oversight, as well as the outcomes.

We refer to the risk management section of the board report for the board of directors' fraud risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls. For these risks we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in note 2 under “Use of estimates” to the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties. When identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition, in particular relating to cut-off of revenue for specific entities in the former Peugeot S.A. perimeter. We designed and performed our audit procedures relating to revenue recognition responsive to this presumed fraud risk.

These risks did however not require significant auditor’s attention.

We considered available information and made enquiries of relevant executives, directors (including internal audit, legal, compliance, human resources and regional directors) and the audit committee.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations (e.g. emissions matters) that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the board of directors, reading minutes, inspection of internal audit and compliance reports and performing substantive tests of details of classes of transactions, account balances or disclosures. Reference is made to note 26 to the financial statements.

We also inspected lawyers’ letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. In case of potential non-compliance with laws and regulations that may have a material effect on the financial statements, we assessed whether the company has an adequate process in place to evaluate the impact of non-compliance for its activities and financial reporting and, where relevant, whether the company implemented remediation plans. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section “Basis of preparation” in Note 2 to the financial statements and through the board of directors’ statement, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the board of directors made a specific assessment of the company’s ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the board of directors exercising professional judgment and maintaining professional skepticism. We considered whether the board of directors’ going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the audit committee. The key audit matters are not a comprehensive reflection of all matters discussed.

The key audit matter Accounting for the reverse acquisition of Fiat Chrysler Automobiles N.V. which was included in our last year’s auditor’s report, is not considered a key audit matter for this year as this related to an event taking place in 2021.

Provision for North America product warranty and recall campaigns	
Risk	<p>At December 31, 2022, the provision for product warranty and recall campaigns amounted to €9,265 million with the most significant amounts related to the North America region. The company establishes provisions for product warranty obligations, including the estimated cost of service and recall actions in the North America region, at the time the vehicle is sold. The estimated future costs of these actions, which are recorded in cost of revenues in the consolidated income statement, are principally based on assumptions regarding the lifetime warranty costs of each vehicle line and each model year of that vehicle line, as well as claims and past experience for the vehicles. The disclosures on warranty provisions are included in notes 2 and 21 to the consolidated financial statements.</p> <p>Auditing the board of directors’ provision for product warranty and recall campaign was complex in consideration of the judgment required to develop assumptions around future costs to be incurred for warranty provisions. The complexity in evaluating board of director’s estimate related to the North America region’s warranty and campaign provisions is driven by numerous uncertainties, including the nature and frequency of warranty claims and the estimated average costs of such claims. Due to the significance, the uncertainty, and potential volatility of these estimated future costs and other factors, changes in assumptions used could materially affect the result of the company’s consolidated financial statements and is therefore considered a key audit matter.</p>
Our audit approach	<p>Our audit procedures included, amongst others, evaluating the appropriateness of the company’s accounting policies related to the provision for product warranty and recall campaigns in accordance with IAS 37 Provisions, contingent liabilities and contingent assets, and whether the accounting policies have been applied consistently or whether changes, if any, are appropriate in the circumstances.</p> <p>The procedures designed to address the matter in our audit included, among others, obtaining an understanding, evaluating the design of and testing the operating effectiveness of controls over the company’s warranty and recall campaign process, including controls over the board of director’s review of the aforementioned significant assumptions.</p> <p>We involved actuarial specialists to assist us to evaluate and testing the Company's methodology and the assumptions developed by management in determining the warranty and recall campaign provisions. With the assistance of the actuarial specialists we performed sensitivity analyses and independently calculated a range of probable outcomes for the North America product warranty and recall campaigns provision. We compared current year development against expectations. We performed other audit procedures to evaluate the data applied in the model including, among others, (i) tested warranty payments made in the year, (ii) obtained external third-party confirmations in respect of the completeness and accuracy of current year claims for warranty and recall and (iii) tested estimated costs associated with approval recall campaigns. We evaluated the adequacy of the related disclosures made by the company in this area and whether significant judgments are disclosed and adequately convey the degree of estimation uncertainty in accordance with the requirements of IFRS relevant to accounting estimates.</p>
Key observations	<p>Based on the results of our procedures, including our assessment that the provision was within the range of possible outcomes independently determined by our own actuarial specialists, we are satisfied that the provision for North America product warranty and recall campaigns is appropriate at December 31, 2022.</p>

Recoverability of non-current assets with definite useful lives with reference to Enlarged Europe	
Risk	<p>At December 31, 2022, the non-current assets with definite useful lives amounted to €55,211 million. Non-current assets with definite useful lives include property, plant and equipment (€36,205 million) and intangible assets (€19,006 million), and also include assets historically recorded by Peugeot-Citroen-DS (PCD) in Europe.</p> <p>Intangible assets with definite useful lives mainly consist of capitalized development expenditures. The company reviews the carrying amount of non-current assets with definite useful lives when events or circumstances indicate that an asset may be impaired and, if required the carrying amount of the asset is reduced to its recoverable amount which is the higher of fair value less costs of disposal and its value in use. The recoverable amount is determined at the cash generating unit (CGU) level. The disclosures on non-current assets with definite useful lives are included in notes 2, 10 and 11 of the consolidated financial statements.</p> <p>Auditing the board of directors' assessment of the recoverability of non-current assets with definite useful lives with reference to Enlarged Europe for PCD was complex and highly judgmental due to the significance, the uncertainties and potential volatility involved in the forecast volumes and margins, which may be affected by regulatory changes as well as changes in the expected costs of implementing electrification. Changes in the assumptions used could potentially materially affect the recoverability of such non-current assets with definite useful lives. Therefore this matter was significant to our audit and considered a key audit matter.</p>
Our audit approach	<p>Our audit procedures included, amongst others, evaluating the appropriateness of the impairment methodology applied by the company related to the valuation of non-current assets with definite useful lives in accordance with IAS 36 'Impairment of Assets' and whether the methodology has been applied consistently or whether changes, if any, are appropriate in the circumstances. We focused specifically on the recoverability of non-current assets with definite lives with reference to Enlarged Europe.</p> <p>The procedures designed to address the matter in our audit included, among others, obtaining an understanding, evaluating the design and testing the operating effectiveness of controls over the company's non-current assets with definite useful lives impairment assessment process, including controls over the board of directors' review of the significant assumptions described above.</p> <p>To test the determination of the recoverable amount of the CGUs, we involved valuation specialists to assist in evaluating the methodology used by the company, including the impairment test model developed and the discount rates (Weighted Average Cost of Capital) applied. With the assistance of our valuation specialists, we performed independent calculations and sensitivity analyses over key assumptions for each CGU. We evaluated the key assumptions applied in determining the recoverable amount and evaluated the CGUs identified and tested the allocation of assets to the carrying value of each CGU. We assessed the cash flow forecasts for each CGU, by comparing volumes with those forecasted per automotive industry market research reports and comparing forecasted revenue and margins with actuals of other vehicles from the same brand and/or segment. We evaluated the consistency of the volumes mix derived from the impairment test with the Company's long-term strategy for electrification transition and the impact thereof on the cash flows used in determining the cash flows of the CGUs.</p> <p>We evaluated the historical accuracy of the company's forecasts by comparison to actual results and the adequacy of the related disclosures made by the company in this area and whether significant judgments are disclosed and adequately convey the degree of estimation uncertainty in accordance with the requirements of IFRS relevant to accounting estimates.</p>
Key observations	<p>We concur with the company's methodology used in performing the impairment test of the Enlarged Europe CGU as of December 31, 2022.</p> <p>As the recoverability of the carrying amount of non-current assets with definite lives in the Enlarged Europe CGU depends on the development and launch of additional vehicles, we agree with the disclosure made in the consolidated financial statements.</p>

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements

- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code for the remuneration report.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. The board of directors is responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the general meeting as auditor of Stellantis N.V. (previously: Fiat Chrysler Automobiles N.V. on October 28, 2014, as of the audit for the year 2014 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (“ESEF”)

Stellantis N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in the XHTML format, including the (partially) marked-up consolidated financial statements, as included in the reporting package by Stellantis N.V., complies in all material respects with the RTS on ESEF.

The board of directors is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the board of directors combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N “Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument” (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- obtaining an understanding of the company’s financial reporting process, including the preparation of the reporting package
- identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:

- obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
- examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of the board of directors for the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as issued by the IASB, EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board directors should prepare the financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Audit Committee assists the Board of Directors in fulfilling its responsibilities in relation to risk management, internal control and financial reporting, and carries out certain oversight functions on behalf of the Board of Directors.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The "Information in support of our opinion" section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, February 24, 2023

Ernst & Young Accountants LLP

/s/ O.E.D. Jonker

FORM 20-F CROSS REFERENCE

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