

PRESS RELEASE
MERGER BETWEEN GROUPE PSA AND FCA
QUESTIONS AND DOUBTS PERSIST
ON THE CONDITIONS AND PROSPECTS OF THIS OPERATION

Before and after the announcement of the signing of the binding Combination Agreement between Groupe PSA and FCA on last December, Phitrust raised a number of questions on the financial, environmental, social and governance (ESG) aspects of the project. Prior to the Annual General Meeting of Shareholders to be held on June 25th, Phitrust wrote and reiterated its questions to the Chairman of the Groupe PSA.

1/ On the merger agreement with FCA

Since the announcement of the merger of the Groupe PSA and FCA in the last quarter of 2019 and the entry into recession of the world economy, the Groupe PSA has shown its resilience thanks to its favourable cash position and good cost management; it has been different for the FCA group, whose financial equilibrium has appeared to be more fragile.

Already, in December 2019, the respective situation of the two groups hardly seemed to us to justify a 50/50 merger, taking into account the planned disposals and dividends distributions, the respective situation of the two groups in industrial (and social...) terms, their level of preparation for the next environmental standards and the changes imposed on the automotive sector. This situation appears today to be very different, and in any case even further away from that which was presented at the time of the announcement of the merger.

- **On merger parities:** will the parities and the terms of the merger evolve to take into account the situation highlighted by the crisis, and will the amounts of the planned distributions be revised accordingly?
- **On the consequences of a failure of the merger:** what is intended in the event of a breakdown in the merger project and on what financial terms?
- **On the social aspect:** in the presentation of the merger, the social aspect has not been specified. Given the current recession in the global economy and in the automotive markets in particular, what is the outlook in terms of capacity reductions and industrial site closures, and therefore in terms of workforce reductions by geographic area and overall for the new PSA-FCA Group?
- **On the strategic vision of the merger:** in view of the technological changes facing the automotive sector, which mean that it is no longer the manufacturers who have the innovative technologies (e.g. Google with autonomous driving), is the race for size with another manufacturer really the right answer?

2/ On the remuneration of the Management Board

Should the remuneration of the members of the Management Board not be reviewed in the light of the crisis facing the automotive sector and more specifically in view of the probable restructuring linked to the merger with FCA, which will mechanically lead to redundancies?

The Groupe PSA' Extraordinary General Meeting to be held on June 25th, 2020 should enable minority shareholders to exercise their power of control, in particular by rejecting the regulated agreements presented in resolutions 17, 18, 19 and 20, which show the support of the three main shareholders for the principle and the initial terms of the merger

About SICAV Phitrust Active Investors France

Since 2003, the SICAV (French Mutual Fund) Phitrust Active Investors has been working with major listed companies to develop their environmental, social and governance (ESG) practices. .

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