

Parts Holding Europe (PHE)

1. General information

1.1. Basis for preparation **BP-1, -2**

Given the specific nature of its activities within the D'leteren Group, the ESG performance and achievements of the PHE Group are the subject of a dedicated chapter.

This chapter covers the PHE Group's own operations as well as its impacts, risks and opportunities in the value chain, both upstream and downstream. However, the PHE Group has at this stage focused on the data from its own operations. Operations in the upstream and downstream value chains are not assessed quantitatively in this report.

The social and governance data has been reported for all the entities in which the PHE Group holds a majority stake, in accordance with the financial statements of the D'leteren Group.

With regard to the collection of environmental data, as this is the first time that CO2 emissions have been measured, the PHE Group has chosen to focus on collecting data from its own operations (Scopes 1 and 2) and in particular on the scope which encompasses: PHE's B2B activities in France excluding operations for heavy goods vehicles "AD Poids Lourds". The scope of environmental data therefore includes the following entities: Autodistribution LV, ACR Group & Cora Automobile and the following platforms: Logisteo and Plateforme Technique Nationale Montajault (PTNM), which account for approximately 50% of PHE's total sales.

In order to reconcile the perimeters of the financial and sustainable development reports to the European reporting standards, D'leteren Group has worked with PHE to estimate the remaining scope of environmental data that had not been collected by PHE. This estimate has a higher degree of uncertainty, and its methodology is explained on page 354.

These estimates have not been included in this chapter on PHE.

1.2. Governance

1.2.1. THE ROLE OF THE MANAGEMENT, ADMINISTRATIVE AND SUPERVISORY BODIES **GOV-1**

The main governance bodies of the PHE Group are composed of men and are as follows:

The Lake Supervisory Committee

The Lake Supervisory Committee validates the strategic direction, monitors and supports the PHE Group's management team and approves or rejects a certain number of reserved decisions as defined in the Articles of Association.

The Chairman and the Managing Director of the PHE Group (executive members), the representatives of the shareholders, the management team of D'leteren Group and the Chairmen of D'leteren Automotive and TVH (non-executive members) all meet four times a year.

The PHE Group Executive Committee

The members of this committee (executive managers) are responsible for defining and implementing the company's strategy, taking into account both its short- and long-term objectives. They are also responsible for overseeing day-to-day operations, steering performance, monitoring key indicators, and review the PHE Group's risk mapping annually.

The General Management of the PHE Group, the Business Unit (BU) General Managers and the Central Sectors General Managers contribute to the decisions taken by this body at monthly meetings.

The "PHE business review meeting"

The PHE Group's economic and operational performance is discussed at these monthly meetings by PHE Group Management (executive members) with D'leteren Group Management (non-executive members). These meetings also provide an opportunity to discuss PHE's strategic directions and their implementation.

Audit Committee

Each quarter, the representatives of D'Ieteren Group (non-executive members), the General Management of PHE Group (executive members), the Internal Audit and Compliance Director of PHE Group and the external auditors review the accounting and financial information (half-yearly and annual financial reports), the management of risk and the effectiveness of the internal control system, internal audit missions and the work of the external auditors.

Risk Committee

This consultative body meets bi-annually is responsible for coordinating the PHE Group's risk mapping activity. It also ensures that ESG-related risks are taken into account (materiality of environmental and climate impacts, financial materiality related to HSE, compliance and ethics breaches, governance, non-compliance with standards and non-financial reporting requirements). This multidisciplinary committee is chaired by the Chief Executive Officer of the PHE Group and is led by the Internal Audit and Compliance Director of the PHE Group.

Regulatory Compliance Committee

This meeting, is held three times a year and is attended by the PHE Finance and Management General Director, the PHE Group Deputy Finance Director, the PHE Group Internal Audit and Compliance Director, the PHE Group General Counsel and other invitees (specialists in the areas concerned), is used to review the regulatory compliance maturity indicators (including areas such as anti-corruption, environment, alerts, labour law and competition), the indicators on specific areas of compliance, by BU (such as RGPD), the alignment of the PHE Group's strategy and the monitoring of action plans.

Ethics Committee

The role of the Ethics Committee is to help define and update the ethical principles and rules of conduct that should guide the day-to-day behaviour of PHE Group employees. This committee deals with any matter brought to its attention, where appropriate by means of the whistleblowing system.

The PHE Group's Human Resources Director, Chief Financial Officer, General Counsel and Internal Audit and Compliance Director meet at least four times a year.

In addition to these bodies responsible for the Group's ESG governance, there are also:

Specific bodies for each BU to supervise and/or manage operational activities as closely as possible, in line with the strategic priorities defined by the bodies detailed above.

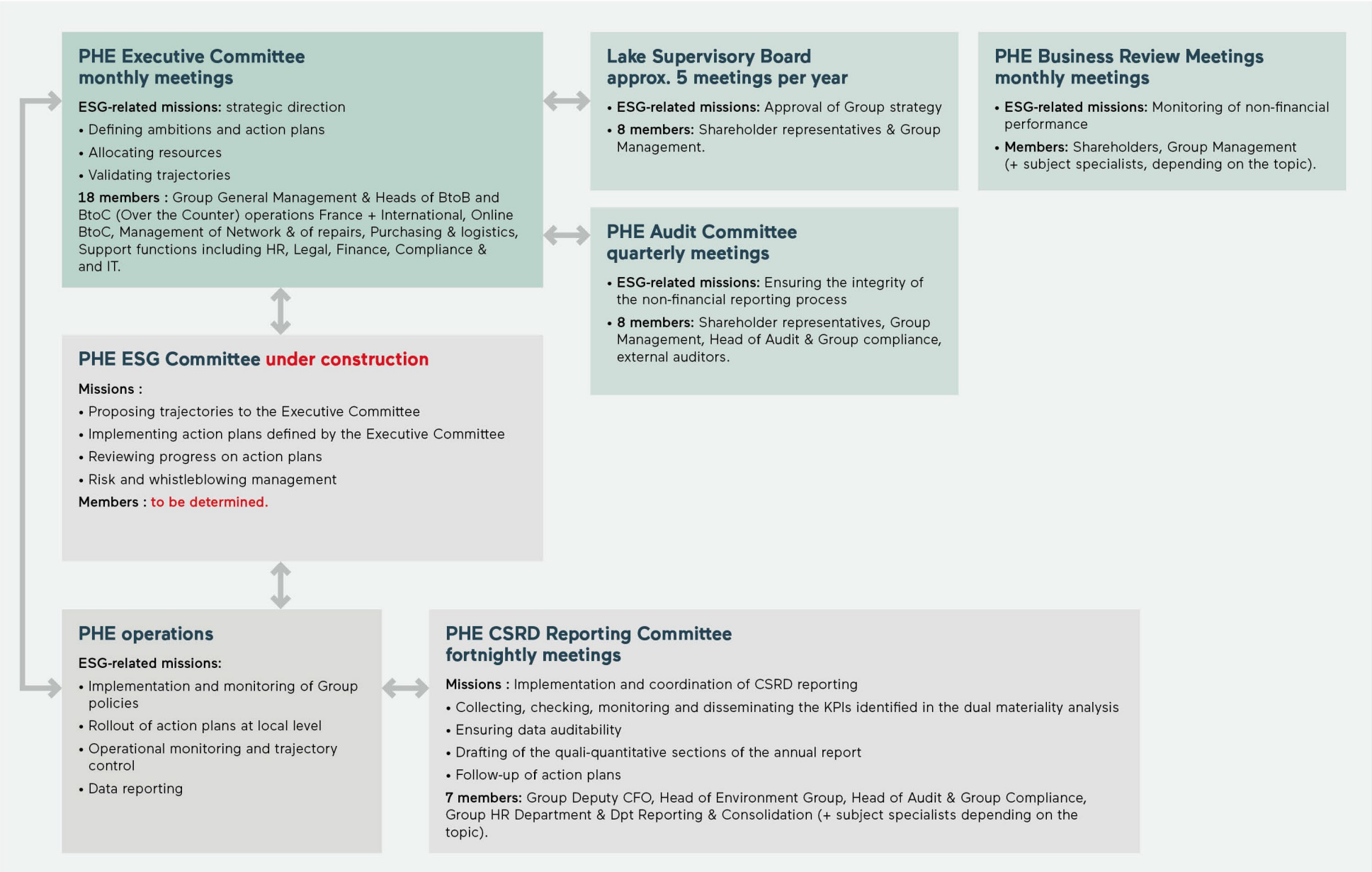
1.2.2. SUSTAINABILITY MATTERS ADDRESSED BY MANAGEMENT GOV-2

The PHE Group's commitment to sustainable development is cross-departmental and supported by the bodies described below.

In 2024, the Executive Committee decided to create the post of Environmental Director, with the aim of setting up a process for collecting environmental data and developing and implementing an environmental strategy. The recruitment of this role reflects the PHE Group's commitment to reducing its environmental footprint and fulfilling its corporate mission to serve affordable and sustainable mobility in coordination with the management of the business units.

In terms of roles and responsibilities, the Environment, Human Resources and Internal Audit and Compliance Directors are responsible for ensuring the reliability of the data collected.

The Reporting & Consolidation Department is responsible for data consolidation. It ensures that the data submitted is complete and consistent, and coordinates both the general data collection process and the relations with the Group's external auditors.



1.2.3. INCENTIVE SCHEMES **GOV-3**

D’Ieteren Group has integrated objectives relating to environmental, social and governance aspects within the variable remuneration plans of the CEOs of its companies. The main objective lies in enabling the deployment of sustainable development strategies tailored to the business model of each company, as indicated in the D’Ieteren Group’s Responsible Investment Charter.

15% of the annual variable remuneration of the CEO of the PHE Group is linked to social objectives:

- 10% are linked to “people” objectives (in particular, obtaining external recognition as a top employer, the percentage of payroll dedicated to staff training, and the percentage reduction in the number of work-related accidents in France)
- 5% relates to the collection of non-financial data for the first year of CSRD reporting.

The final performance assessment is the responsibility of the CEO of D’Ieteren Group, who makes the remuneration proposal to the Remuneration Committee, which is then validated by the Board of Directors.

1.2.4. STATEMENT ON DUE DILIGENCE **GOV-4**

Core elements of due diligence	Paragraphs in the sustainability statement
Embedding due diligence in governance, strategy and business model	1.2. Governance 1.3. Strategy 1.4. Impact, risk and opportunity management
Engaging with affected stakeholders in all key steps of the due diligence	1.4.1. Double materiality assessment process 1.3.2 Interests and views of stakeholders 3.1.3. Engagement with the workforce 3.1.4. Processes to remediate impacts and channels to raise concerns
Identifying and assessing adverse impacts	1.4.1. Double materiality assessment process 1.3.3. Double materiality assessment result
Taking actions to address those adverse impacts	2. Environmental information 3. Social information 4. Governance
Tracking the effectiveness of these efforts and communicating	2. Environmental information 3. Social information 4. Governance

1.2.5. SUSTAINABILITY REPORTING RISK MANAGEMENT **GOV-5**

In preparing its sustainability report, the PHE Group has focused on its risk management and internal control systems. This process has involved identifying the main reporting risks and then developing strategies to mitigate them, primarily through robust controls and a comprehensive data collection process.

The main risk identified during the preparation of the PHE Group’s sustainability report was to ensure the availability and timely collection of data. The diverse nature of the PHE Group entities, combined with the fact that this is the first year of data collection, has posed challenges in terms of gathering all the necessary data within the required timeframe.

To meet these challenges, the PHE Group, with the assistance and expertise of external consultants, has mapped the data collection process for each indicator to ensure a comprehensive approach. Thanks to this mapping process, the PHE Group has put in place streamlined data collection processes in all its entities. The aim of this initiative is to collect quantitative information in a more coherent and efficient way.

Data traceability is also assured thanks to the data collection system used by the PHE Group. The indicators have been classified according to their level of control and risk, in the following categories: direct measurement, reliable data without direct measurement, estimated data and order of magnitude. In addition, a validation process has been put in place, whereby the data submitted by each contributor is first validated by the local finance department and then by the person responsible for the indicator at PHE Group level.

The data collection process for 2024 is as follows:

- Environmental data is collected using the Traace tool. This tool, rolled out in 2024, enables the owners of the environmental data on energy consumption and waste to report the information back to Group level. It can also be used to translate these data into CO2 emissions according to the standards in force in each region.
- The company data for France is centralised via the ADP payroll software. Data from the international subsidiaries are collected using Excel.
- Governance data are centralised by the Internal Audit and Compliance department.

1.3. Strategy

1.3.1. STRATEGY, BUSINESS MODEL AND VALUE CHAIN **SBM-1**

Business model

For 60 years, the PHE Group has been one of the leading distributors of parts for light and heavy vehicles in the Independent Aftermarket (IAM) in Western Europe.

The Group's core business is the distribution of automotive parts and equipment in four sectors, via the IAM market:

- Parts for the maintenance and repair of light vehicles,
- Bodywork parts for the repair of light vehicles,
- Parts for the maintenance and repair of heavy goods vehicles,
- Equipment and tools for garages.

PHE's extensive logistics network, both in France and internationally, enables it to deliver a very wide range of parts quickly and efficiently.

The PHE Group is a multi-channel player with a well-organised supply chain and distribution system that incorporates:

- Central purchasing units (CPUs), which buy spare parts, equipment and tools from suppliers, which are then sold to affiliated or independent distributors, as well as to online retailers;
- Logistics platforms (such as ACR, Cora, Bremstar or Logisteo) to supply local distributors;
- Distribution sites in France, the Benelux countries, Italy and Spain, enabling to sell a wide range of spare parts for light vehicles and heavy goods vehicles to garage and wholesalers
- An e-commerce site for B2C sales, via the subsidiary Oscaro.

The Group's central purchasing units (CPUs) purchase parts, equipment and tools from suppliers. The Group uses the CPUs to monitor customer purchases across the network and to adjust its product portfolio to meet customer demand. The Group's CPU management strategy is based on purchasing sufficient quantities of key parts, so that the savings from bulk buys can offset the costs associated with maintaining stock levels in its warehouses.

The PHE Group's operations model is centred around four components: supplier sourcing, upstream logistics, local distribution and customers.

The PHE Group's business model is based on a two-part differentiated offer: the distribution of products to customers, combined with the provision of value-added services (particularly digital or online services) to both suppliers and customers.

For suppliers, the PHE Group offers a superior sourcing proposition by giving them unique access to a large, diverse and fragmented customer base that suppliers cannot effectively service themselves. The Group also offers suppliers a number of value-added services,

such as marketing support and access to its state-of-the-art automated storage facility, which enables suppliers to route their deliveries to a single delivery point. For customers (mainly independent garages, and networks of garages), the PHE Group offers a comprehensive product assortment and best-in-class delivery times, combined with value-added services such as sales, technical and training support, a strong, integrated brand and online tools, which drive high customer loyalty and gains in market share.

The PHE Group considers its target market to be vehicles between five and thirty years old.

The PHE Group benefits from total control of its value chain, state-of-the-art logistics, a strong dealer network, a strong position in the online B2C market and a unique range of value-added services.

Value chain

Upstream

The PHE Group obtains its supplies from automotive suppliers (vehicle manufacturers/OEM), Original Equipment Suppliers (OES) and generic parts manufacturers. The Group cultivates long-term relationships with most of its suppliers. These are the Tier 1 Upstream Third parties.

The PHE Group's suppliers are geographically diversified in countries where the Group operates, such as France (Valeo, Michelin and Facom) and Italy (Sogefi), as well as in other countries where it does not operate, such as Germany (Bosch, Knorr-Bremse and Schaeffler), Sweden (SKF) and the United States (Gates, Tenneco, TRW Automotive and DriV). This sourcing approach enables the Group to cover the entire portfolio of products required by its customers, while retaining control of supplier relations while optimising and diversifying its supplies in multiple countries. The Group generally maintains multiple suppliers for the parts it distributes, with a strategy that generally focuses on two to three suppliers for each product family.

In addition to its supply operations, the PHE Group also distributes products under its own private brands, Isotech, Requal and Xenergy. These products are sourced from manufacturers to whom the Group subcontracts production. Finally, PHE has its own workshop for remanufacturing defective pumps and injectors: the National Technical Platform Montajault (PTNM). PTNM collects out-of-service pumps and injectors, disassembles them, repairs them, and then recalibrates them to original standards using processes approved by the equipment manufacturers.

Further up the value chain, the Group's direct suppliers in turn source raw materials such as copper and aluminium. Automotive spare parts manufacturers supply both the IAM and the OEM markets.

Downstream

The PHE Group's main customers are from the automotive trade.

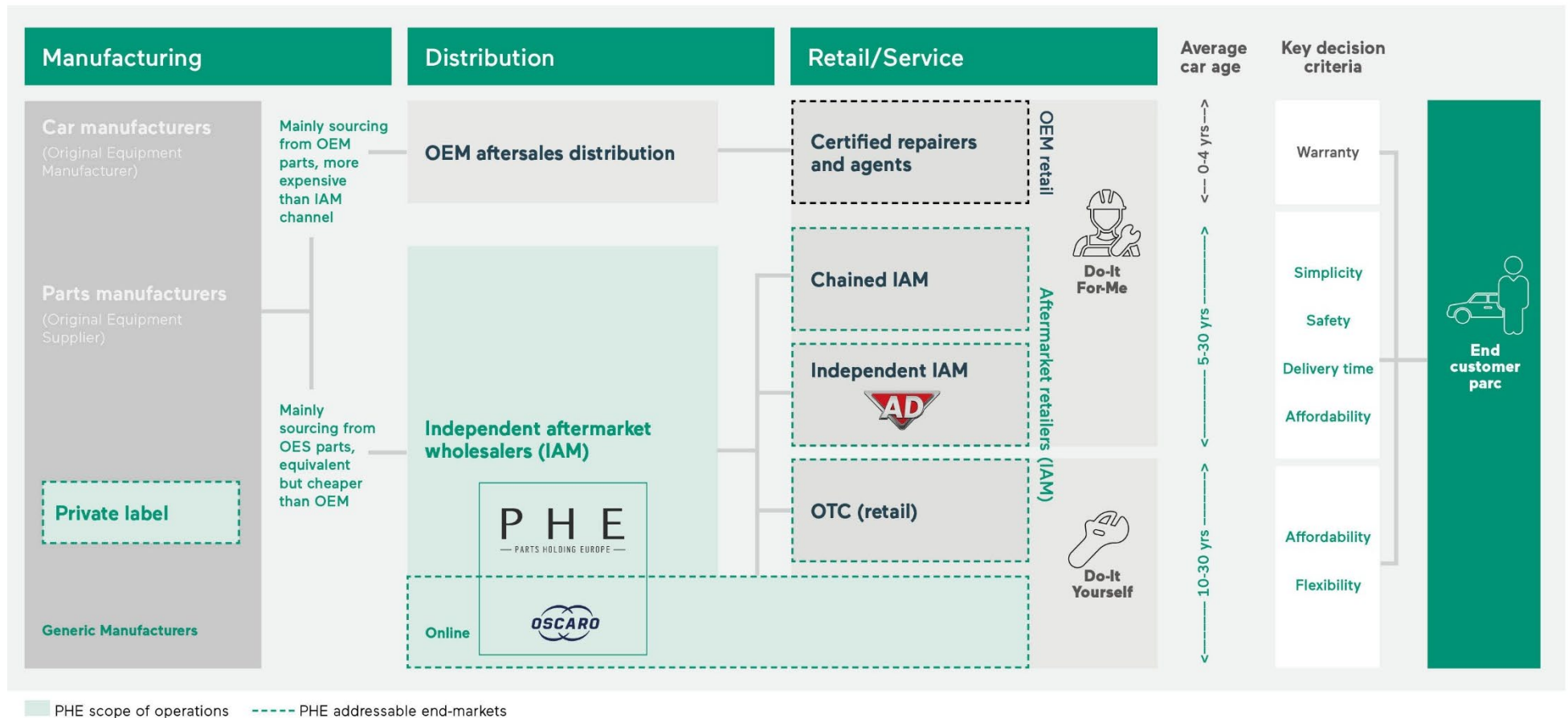
The PHE Group's trade customers include independent and network garages, body shops, rapid assembly centres, online traders and in-house workshops. Some garages are affiliated and operate under brands owned by PHE Group (e.g. AD), although these garages are not owned by the PHE Group. Other garages operate under their own brand.

The PHE Group's trade customers also include retailers, certified repair shops, HGV fleet owners and operators, and online vendors.

The PHE Group also serves end customers via its B2C offer and some of its online offerings. Since the acquisition of Oscaro in 2018, the Group has become an omnichannel (offline and online) retailer focusing on both business-to-business ("B2B") and business-to-consumer ("B2C").

The PHE's B2C customers include a significant number of "DIY" customers who directly buy parts and carry out repairs themselves. Conversely, "Do It For Me" ("DIFM") customers use garages to carry out repairs to their vehicles.

Once used, these parts feed the recycling and remanufacturing markets further down the value chain, within dedicated industries.



Own operations

In terms of its own operations, the Group's stakeholders are essentially its shareholders and employees.

Strategy

In the French market, the PHE Group is looking to strengthen its footprint by improving the distribution model, with a strategy of concentrating suppliers and making strategic investments in logistics platforms to boost operational efficiency, improve customer service and streamline product flows. It is also focusing on developing its online business to strengthen its position as an omnichannel retailer.

Internationally, the Group is developing its growth strategy through a number of acquisitions. The M&A process is centred on a careful evaluation of potential targets, which are mainly local leaders that offer significant opportunities for creating synergies and increasing the Group's footprint in the IAM. External growth is focused on neighbouring European countries with markets similar to those of France.

The PHE Group is a leader in the independent distribution of parts for vehicles in Western Europe, with a presence in France, Belgium, the Netherlands, Luxembourg, Italy and Spain. The PHE Group's 9,727 employees at the end of December 2024 are committed to promoting affordable, sustainable mobility.

Sustainability strategy

PHE's activities are closely linked to ESG issues. Firstly, the Group is a player in the circular economy: by enabling cars to be repaired, it reduces the number of vehicles scrapped and this helps to limit the use of natural resources in the production of new cars.

In addition, the electrification of the car fleet promoted by the European Union represents a change in the Group's commercial environment, and this will have an impact on the PHE Group's business in the medium and long term. Battery electric vehicles (BEVs) are expected to represent approximately 4 to 6% of the car fleet over 5 years old by 2030, which is the addressable market for the PHE Group.

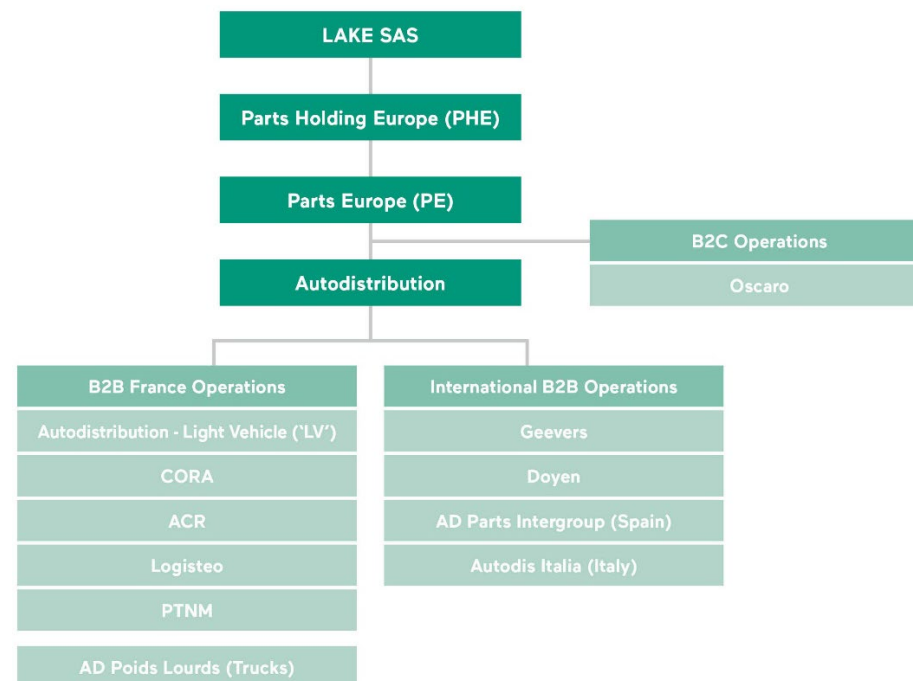
Major and mature players of the IAM market such as PHE are well positioned in the long term to take advantage of the electrification opportunity, as they benefit from an extensive product offering (600,000 SKUs for B2B and around 1 million SKUs for B2C), strong relationships with customers and trusted brands.

The PHE Group also plays a social role by extending the lifespan of cars for people who cannot afford to buy a new vehicle and by helping to improve their safety on the road. Finally, the PHE Group has strong local roots, contributing to employment and training at regional level.

The PHE Group recognises the link between its business activities and sustainability issues. Although a strategy defining the sustainability objectives has not yet been drawn up, the PHE Group plans to develop one over the next two years.

Shareholders

The PHE Group has belonged to D'Ieteren Group since 2022, through the French entity Lake. Its simplified organisation chart is as follows:



Growth and sales

Total sales 2024	2,763.3 €m
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All revenues are generated in a single ESRS sector: wholesale and retail trade.

The PHE Group's historic growth is based on two pillars: strong organic growth, and frequent external growth operations. The PHE Group intends to continue growing through these two engines for the foreseeable future.

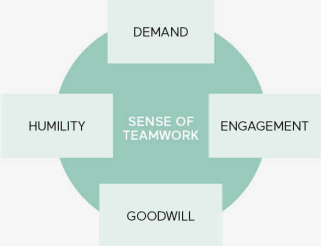

Workforce

The PHE Group's 9,727 employees cover a diverse set of roles in the sales area (sales area managers, network coordinators and salespeople), workshops (HGV mechanics and maintenance technicians), logistics (delivery drivers and warehousemen), purchasing (category managers), support functions, digital and IT (project managers and traffic managers).

The workforce of the PHE Group is exclusively present in the EMEA region.

1.3.2. INTERESTS AND VIEWS OF STAKEHOLDERS SBM-2

The PHE Group's relations with all its stakeholders are governed by mutual commitments, with the aim of applying the Group's values. The table below lists the main stakeholders and the commitments they have made to respect our corporate culture.

Upstream	Own operations	Downstream
<p>Equipment manufacturers</p> <p>PHE sources its products from the leading automotive equipment manufacturers, with whom the Group forges long-term partnerships.</p> <p>Suppliers undertake to comply with the PHE Group's business conduct policy by signing a supplier code of conduct.</p> <p>This sets out the Group's rules in terms of:</p> <ul style="list-style-type: none"> • Health and safety • Forced labour • Work that endangers health, safety or morals - Child labour • Non-discrimination • Salaries and benefits • Freedom of association and freedom from reprisals • Protection of the environment • Bribery / Influence peddling • Control and auditing • Whistleblowing policy 	<p>Employees</p> <p>The Group's values are strongly communicated to employees through seminars, publications and posters at all Group sites. Our values (details of which are available on the PHE website) help to raise awareness and unite the teams. They define the company's culture and the way in which our employees interact with others. This naturally creates an ongoing dialogue.</p> <div style="text-align: center;">  </div> <p>In addition,</p> <ul style="list-style-type: none"> • in France, a Workplace equality agreement has been in place since 2020. It is designed to give impetus to a policy of equal treatment in all the Group's French subsidiaries. The agreement, signed unanimously by the trade unions, was renewed for 4 years in January 2024. • Dialogue with Social partners enables to negotiate and/or renew key agreements for the benefit of employees, particularly in the areas of pay, pensions and professional equality. • The PHE Social Barometer is a survey sent to all Group employees every 2 years and then analysed by an independent company. The survey outcomes are shared with the staff representative bodies, and actions are then taken based on these results. • A Web portal has been designed to meet the career progression and internal mobility needs of employees within the PHE Group. • The Group Code of ethics governs the attitudes to be adopted, particularly in purchasing operations, in terms of integrity, conflicts of interest, corruption, competition law and the environment. 	<p>A General customer satisfaction questionnaire is analysed by an independent company. The results are shared with Comex and the management team, so that each person can identify the survey trends, and the actions required.</p> <div style="text-align: center;">  </div> <p>Mechanics and body repairers</p> <p>In each of its markets, PHE develops and builds repair networks with its members.</p> <p>Insurers, brokers and fleets</p> <p>PHE sets up contracts and framework agreements with car fleet managers. These fleets can access the repair networks run by PHE subsidiaries.</p> <p>Key Accounts</p> <p>Dedicated Key Account teams allow to provide tailor-made support.</p> <p>Motorists</p> <p>PHE helps to preserve and maintain motorists' vehicles. By offering a wide range of parts, quality repairs and digital services, the Group can meet all the needs of motorists.</p>
<p>Industry federations</p> <p>PHE is actively involved in industry federations, as the automotive maintenance and repair industry is constantly adapting to technological developments (such as assisted driving systems or access to manufacturer data) and environmental issues (eco-maintenance or reused parts, for example).</p>		
<p>The Whistleblowing policy is open to all internal and external stakeholders.</p>		

1.3.3. DOUBLE MATERIALITY ASSESSMENT RESULT **SBM-3**

The PHE Group has a long history of managing environmental, social and governance issues, although it does not have a comprehensive sustainability strategy as such. In 2024, the PHE Group finalised the process of a double materiality assessment in accordance with the CSRD guidelines, assisted by an external consultant. The results of this assessment have helped the PHE Group to identify the main priorities for its future integrated sustainable development strategy.

The statement below presents the topics identified as material at the consolidated level of D'leteren Group, taking into account the materiality of all the companies in the Group's portfolio. However, the results of this consolidation remain consistent with the material aspects of the PHE Group.

1.4. Impact, risk and opportunity management

1.4.1. DOUBLE MATERIALITY ASSESSMENT PROCESS **IRO-1**

The PHE Group has adjusted the dual materiality assessment methodology used by D'leteren Group, as detailed on page 354 of the methodologies section, to better suit its specific operations and the interests of its stakeholders. The purpose of this adjustment is to include in the analysis the particular impacts, risks and opportunities relevant to the PHE Group.

The key aspects of the PHE Group's activities that were incorporated into the dual materiality assessment include the following:

Relations with third-party suppliers

The PHE Group does not manufacture any of the products it distributes and depends on the capacity of its third-party suppliers to meet its product requirements. The Group has implemented a supplier concentration strategy. This resulted in a decrease in the number of suppliers, and a streamlined negotiation process with a smaller group.

The PHE Group's activities are heavily dependent on its suppliers' capacity to deliver the products. The supply chain can be disrupted by various factors such as factory closures, natural disasters, social or political unrest and transport restrictions.

If the suppliers are affected by operational or financial difficulties, the PHE Group could experience stock shortages, leading to unfulfilled orders and loss of revenue, as well as damage to its reputation and customer relations. If the PHE Group is unable to obtain products on favourable terms, its margins could be adversely affected.

Finally, the consequences of any corruption and/or bribery in the upstream value chain could damage the PHE Group's reputation and ultimately affect its market share.

The expanding organisational structure

The PHE Group has a successful history of M&A operations involving strategic targets in adjacent geographic markets. When making these acquisitions, the PHE Group evaluates and estimates some of the cost savings and synergies expected post-merger. However, the PHE Group's assumptions concerning these cost savings or synergies may prove to be incorrect.

When making an acquisition, the PHE Group evaluates the compatibility of the target entity with the Group's culture. Integrating an acquired business and its systems, operations and personnel can be more difficult and time-consuming than anticipated, resulting in increased operating costs, loss of key employees and customers, and a failure to achieve the anticipated savings. The PHE Group may also be required to make additional capital expenditure, which could be significant.

The commitment of its workforce:

The PHE Group relies heavily on its employees. The Group's success is partly based on its ability to attract, motivate and retain skilled employees, while controlling labour costs. The PHE Group's ability to support its global strategy may be limited by its ability to attract and recruit, to guarantee the health and safety of employees, to promote training and skills development, to encourage diversity and to motivate and retain sufficient qualified staff.

In order to motivate and retain its skilled personnel, the Group focuses on developing employee skills, which it considers essential to its performance and business development.

The PHE Group's ability to meet its labour requirements while controlling costs at the same time depends on many external factors, including competition for skilled staff, unemployment rates, wages, insurance costs, levels of union membership and changes in labour laws. The supply of qualified personnel is limited, and competition is intense. The Group may not be able to attract and retain qualified staff in the future, which could hamper its development. Competition to hire and retain qualified staff could lead to higher labour costs.

The close connection to all customers in the value chain

In terms of technological advances, the demand for products distributed by the PHE Group is influenced by technological and quality improvements in new vehicles, particularly the development of EVs and hybrids. The vehicle market is characterised by frequent technical advances, automation and an increase in the complexity of existing components. Some parts may require complex or innovative technology that can only be serviced by people with specific training or at specialist garages. The success of the PHE Group depends to a large extent on its ability to access, monitor, interpret and react quickly and appropriately to changing technological and quality specifications.

In order to develop its offering effectively, the PHE Group needs access to new and detailed information about the vehicles supplied by manufacturers. If the manufacturers refuse to provide appropriate and timely access to this information, or if new regulations restrict such access, the PHE Group will be unable to effectively develop its customer offer. This would adversely affect its operating results and financial position.

New technology may also require ongoing training and regular updates for a particular model of vehicle. For example, repairs to sensors and air conditioning systems require special skills, training and equipment.

Logistics and transport performance

The success of the PHE Group depends on its capacity to supply the right product to the right place at the right time. The smooth operation of its supply chain and logistics platforms, including the warehouse and transport network and its digital capabilities, is crucial. Any significant disruption to these factors could have an adverse effect on its reputation, business, results and financial position.

Problems or disruptions at warehouses, distribution sites logistics centres or transport networks caused by catastrophic events (fire, bad weather, natural disasters, public health situations, social and political unrest, terrorism, war, industrial action or an inadequate transport infrastructure) could disrupt the PHE Group's ability to meet customer demand, thereby affecting its reputation and results.

The PHE Group uses third-party logistics service providers to ship part of its products. Increases in transport costs, strikes, plant closures, natural disasters and other events may affect these suppliers and, consequently, the operations of the PHE Group. Any disruption to transport services or increases in transport costs could have a negative impact on the activities and results of the PHE Group.

Finally, disruptions that lengthen delivery times could make the PHE Group less competitive and affect its relations with customers, thereby impacting its business, results, financial situation and reputation.

In addition, the unique characteristics of the PHE value chain have been carefully considered. This encompasses the following elements:

- **Upstream Tier 2+:** a high-level, sector-based analysis (based on industry benchmarks using SASB, MSCI and/or sector-specific ESRS projects) on the following industries: steel, aluminium, petroleum products, rubber, textiles, glass, rare/conflict materials, fuel.
- **Upstream Tier 1:** an analysis of the main suppliers and standards related to the industries of its suppliers. Analysis of the main suppliers of goods and services (cars, digital, consultancy) using industry references and company materiality analyses.
- **Tier 0:** a peer analysis.
- **Downstream Tier 1:** sector-specific standards relating to online sales and retailing. Analysis of the main direct customers (retail) based on company sustainability reports and industry references.
- **Downstream Tier 2:** an analysis of the end-of-life process and associated material topics.
- Transport and logistics operations were analysed and included in each level of the value chain.

Stakeholder identification and engagement

A key feature of the PHE Group's dual materiality assessment was the involvement of its Executive Committee, alongside the seven categories of stakeholders presented in the list below:

- Stakeholders affected:
 - Employees
 - Customers
 - Suppliers
 - Shareholders/investors
- Users of sustainability reports: Financial institutions
- In-house specialists:
 - Executive Committee
 - Director of Internal Audit and Compliance
 - Reporting & Consolidation Office
 - Environment Director
- External specialists

Two types of active engagement were carried out:

- Internal stakeholder engagement to validate the identified impacts, risks and opportunities; and
- Engagement with internal and external stakeholders to assess the identified impacts, risks and opportunities.

In addition, passive engagement has taken the form of value chain mapping (collecting the ESG data about stakeholders, via reports and websites), as outlined in EFRAG's implementation guidance for materiality assessment.

Impact materiality

Impact identification: PHE Group's ESG team has worked with external consultants to create a list of key ESG topics related to PHE Group's operations and value chain, using the D'leteren Group methodology. The team conducted research and discussed the associated impacts on the environment and society. Each topic was contextualised in a logbook, in which the associated social and environmental impacts were also detailed. To improve the quality of this assessment, all internal stakeholders, including members of the Executive Committee, were consulted to assess the completeness and relevance of the impacts of the PHE Group's activities. Adjustments have been made where necessary. As a result, certain entity-specific issues that had not been identified as potentially material topics have been added to the impact materiality assessment:

- Fleet management
- Community involvement
- Material and waste management
- People engagement
- Product quality and safety

Impact assessment: Having identified, described and adapted the impacts on the activities of the PHE Group, an assessment of the materiality of the impacts was carried out in accordance with ESRS 1 (para. 37-51). In particular, the internal and external stakeholders were engaged through surveys or interviews in order to validate the provisional scores given by the PHE Group project team (finance team and environment director) and the external consultants. The ESG discussions were tailored to each stakeholder group, focusing on relevant topics such as health and safety with employees and value chain issues with suppliers and customers. In this context, stakeholder engagement validated the assessment of the ESG topics, to ensure that the PHE Group's assessment was aligned with stakeholder interests. The impact scores were then adjusted accordingly.

Financial materiality

Financial identification: With regard to financial materiality, the risks and opportunities related to ESG criteria were identified through research and discussions with PHE's ESG team, risk management and the HR representative.

Financial assessment: Having identified the risks and opportunities, a financial materiality assessment was carried out in accordance with ESRS 1 (para. 37-51). In a similar way to impact materiality, the external consultants provided a preliminary assessment of the risks and opportunities, which was discussed at several meetings with internal stakeholders, including:

- the PHE Group Human Resources Director
- the PHE Group's Internal Audit and Compliance Director
- the B2B Director for the PHE Group

The scores were adjusted on the basis of these discussions, and the topic of fleet management was integrated into climate change mitigation.

Consolidation

Finally, the results of the identification and assessment of impacts, risks and opportunities were consolidated, both in terms of impacts and from a financial perspective. The materiality thresholds for the IROs identified were set in collaboration with external consultants. The IROs exceeding the thresholds are considered material. For borderline topics - those just below or above the threshold - further review and analysis was carried out with the finance team and the Chairman of the PHE Group. At this meeting, all the final scores were validated.

Where appropriate, the IROs identified as material are grouped and aligned with relevant reporting topics in accordance with the applicable thematic ESRS reporting requirements. In this process, the thematic ESRS deal only with sector-neutral (sub) topics. For areas not aligned with these sector-neutral topics, specific issues such as community impact, product quality and safety, employee engagement and customer satisfaction were taken into account.

2. Environmental information

2.1. Climate change

2.1.1. CLIMATE PLAN E1-1

The PHE Group is in the process of carving a climate transition plan, of which the company's carbon footprint will be the central element. Launched in 2024 for scopes 1 and 2 of the B2B France activities excluding HGVs (see entities detail in section 1.1), this assessment currently covers around 50% of sales.

It is based on data collected from over 250 sites, consolidated and converted into CO₂ equivalent using the Traace ESG reporting tool.

The PHE Group has given itself until the end of 2025 to determine the timetable for extending this carbon assessment to the entire reporting perimeter, including scopes 1, 2 and 3, as well as all its activities in France and abroad. This approach is fundamental to structuring the transition plan, which explains why it has not yet been finalised.

EU Paris-aligned Benchmarks. The company is not excluded from the EU Paris-aligned Benchmarks, as D'leteren does not meet any of the criteria that could lead to exclusion.

2.1.2. CLIMATE-RELATED IROS SBM-3

		Impacts	Risks/Opportunities	Time horizon (R/O)
Climate change adaptation	Own operations	<p>Actual moderate negative impact The property assets of PHE and the vehicle fleets are vulnerable to the impacts of global warming, particularly the amplification and multiplication of extreme phenomena such as floods, storms and hailstorms, among others.</p>	<p>Moderate opportunity The amplification and multiplication of extreme events in Europe (such as flooding, storms and hail) could generate a surge in activity for the vehicle repair sector. PHE could potentially benefit more from such a scenario than its competitors thanks to the resilience offered by its very good local coverage.</p>	Long term
	Value chain	<p>Actual moderate negative impact PHE's upstream value chain, which includes all the stages involved in the manufacture of products purchased from its suppliers, from the extraction of raw materials to their processing and assembly, is vulnerable to the impacts of climate change.</p>		

		Impacts	Risks/Opportunities	Time horizon (R/O)
Change mitigation	Own operations	<p>Actual significant negative impact</p> <p>PHE's operations generate greenhouse gas emissions directly from fossil fuel consumption (gas and fuel) and indirectly from electricity consumption.</p> <p>The carbon footprint of PHE's sites comes mainly from the use of natural gas for heating, as the Group benefits from France's largely carbon-free electricity mix.</p> <p>The car fleet is a major contributor to the Group's carbon footprint, as it currently consists mainly of internal combustion vehicles.</p>	<p>Moderate risk</p> <p>The carbon footprint of the sites has been sharply reduced thanks to energy sobriety actions by employees and investments in energy efficiency (insulation and LEDs). This leaves the greening of the car fleet as the main challenge in decarbonising PHE's operations.</p> <p>However, this transformation requires significant investments (charging points, more expensive vehicles), a long transition period (vehicles kept for 3-6 years with a mix of ownership and leasing), and there may also be a lack of vehicles suitable for intensive use.</p> <p>The intensification of regulations and penalties to support fleet greening would pose a financial risk for PHE if the pace were to accelerate too quickly.</p>	Medium term
	Value chain	<p>Actual significant negative impact</p> <p>Within PHE's upstream value chain, the extraction of raw materials from the environment (ores and hydrocarbons) and their transformation into basic materials (metals or polymers) are carbon-intensive processes.</p> <p>Within the upstream and downstream value chains, each phase in the transporting of products sold by PHE and their precursors (raw materials and semi-finished products) is essentially carried out by road and sea using fossil fuels.</p>		
Energy	Own operations	<p>Actual moderate negative impact</p> <p>PHE's energy consumption comes from its fleet of vehicles, as well as from the sites operated by the Group. The fleet, mainly powered by internal combustion engines, consists of light commercial vehicles (used to deliver parts to customers) and service and company vehicles, mainly for the sales teams.</p> <p>The majority of PHE's locations are distribution sites (storage and order preparation, sales counters, sales offices) and therefore they do not house energy-intensive industrial processes. Most of the energy used on these sites is used for lighting and heating.</p>		
	Value chain	<p>Actual significant negative impact</p> <p>Within PHE's upstream value chain, the extraction of raw materials from the environment (ores and hydrocarbons) and their transformation into basic materials (metals or polymers) are based on very energy-intensive processes.</p> <p>Within the upstream and downstream value chains, every phase in the transporting of products sold by PHE and their precursors (raw materials and semi-finished products) is also energy-intensive.</p>		

2.1.3. IDENTIFICATION OF CLIMATE-RELATED IROS IRO-1

The starting point for the PHE Group's environmental strategy has been the completion of a dual materiality assessment of its own operations and value chain, through which the organisation recognises climate change as a material topic of central importance. Adapting to climate change has been identified as a material financial opportunity within the PHE Group's own operations. The extreme weather events caused by climate change generally have a positive effect on the PHE Group's revenues, as these events lead to an increase in the rate of vehicle repairs and therefore in the demand for parts.

The process used to identify and assess material climate-related impacts, risks and opportunities as part of the PHE Group's dual materiality assessment began with a preliminary study, to understand how the PHE Group's business model may be affected by transitional and physical climate risks. This involved evaluating both the positive and negative effects/consequences of the subject on the organisation and its stakeholders. This was followed by a process of stakeholder engagement with experts on material topics, to validate the materiality of the issues identified. According to the experts' contributions, climate adaptation represents a financial opportunity within the PHE Group's own operations.

In 2024, the PHE Group decided to deepen its understanding of its climate-related impacts, risks and opportunities for its own operations and value chain by undertaking a TCFD (Task Force on Climate-related Financial Disclosures) exercise.

This process relies on scenario analysis, based on the Intergovernmental Panel on Climate Change's (IPCC) sixth assessment. It was supplemented by insights from the Network for Greening the Financial System (NGFS) Climate Scenarios 2022. The main scenarios reflect two potential future realities:

- Context of low greenhouse gas emissions: Net-Zero by 2050
- Context of high greenhouse gas emissions: SSP 5-8.5

The process began with a review of the physical (acute and chronic) and transitional (policy, market, reputation, technology and liability) risks and opportunities likely to impact PHE over the following time horizons:

- Short term: 0-5 years
- Medium term: 6-10 years
- Long term: 11+ years

The identified risks and opportunities were then assigned a quantitative rating for vulnerability (potential financial impact) and the probability of occurrence in different plausible future scenarios. The climate-related risks and opportunities with the highest combined vulnerability and likelihood of occurrence scores were prioritised for further assessment using scenarios, market trends and sector reviews. A resilience analysis will be carried out on the selected material risks, in order to evaluate the PHE Group's ability to withstand and adapt to the impacts of climate change.

The PHE Group has also started a quantification process for one of its most material risks (i.e., the risk that with the end of the production of thermal vehicles in Europe by 2035,

spare parts manufacturers will focus on electric vehicles and related parts, to the detriment of spare parts for thermal vehicles), with the aim of better understanding its potential impact and developing effective mitigation strategies.

The results of this ongoing exercise will be disclosed during the 2025 financial year following approval by PHE Group management. These findings will also be incorporated into the PHE Group's updated dual materiality analysis.

2.1.4. POLICIES E1-2

The PHE Group does not yet have a global climate policy, but in 2022 it demonstrated a concrete and pragmatic commitment by launching an action plan to reduce the energy consumption and buildings-related emissions across the Group. In 2024, this commitment was strengthened by extending these initiatives to the vehicle fleet within the perimeter of Autodistribution LV (France).

2.1.5. ACTIONS E1-3

The PHE Group is concentrating its efforts on the two main areas of its own energy consumption: the management of its property portfolio, in particular its logistics platforms, and the decarbonisation of its vehicle fleet.

Reducing buildings-related emissions across the PHE Group

An ambitious investment programme has been launched to modernise the following infrastructure:

- Lighting systems: Replaced with more efficient LED technologies and installation of motion detectors.
- Insulation and heating: Insulation improved; heating systems have been replaced at certain sites.

At the same time, energy-saving measures have been deployed to transform behaviours within the teams:

- Reducing the setpoint temperature.
- Systematically switching off unused lights and electrical equipment.
- Raising awareness and empowering employees through specific campaigns

Reduction in emissions from the vehicle fleet in the Autodistribution LV scope in France

In France, Autodistribution LV has launched a two-part fleet greening programme:

- **Infrastructure:** 80 electric charging points rolled out by 2024 at Autodistribution LV sites - this is an essential requirement for green fleet management.
- **Fleet renewal:** Integration of 52 low-emission vehicles in 2024 (less than 50 gCO₂e per km).

As the Group's first Scope 1 & 2 emissions report was only carried out in 2024, the quantified monitoring of the impacts of these actions is not yet possible but will be in the future.

Starting with these initiatives, the Group is now working on a trajectory to decarbonise its fleet, taking into account the lifespan of the assets and the performance of the EVs available on the market. Autodistribution LV has discovered that around **40% of the current routes** are compatible with commercial EVs, based on actual observed performance.

These actions are part of a global approach aimed at reducing the PHE Group's carbon footprint, while also anticipating regulatory and technological developments in the sector.

2.1.6. TARGETS E1-4

The PHE Group aims to define its decarbonisation trajectory once its carbon footprint has been firmly established and the decarbonisation levers have been clearly identified, quantified and timed.

2.1.7. ENERGY CONSUMPTION AND MIX E1-5

Data on Energy consumption were collected with the following levels of granularity:

- From each site, for buildings-related energy consumption.
- From each BU, for consumption linked to vehicle fleets.

The data on gas and electricity consumption received from our energy partners (in MWh) were entered directly into the Traace tool.

For fuels, the data provided by PHE suppliers, expressed in litres and classified by fuel type (petrol, diesel etc.), were converted into MWh by applying the conversion factors defined in the government order of 2 May 2012 on the energy content of biofuels and motor fuels.

For the intensity indicator, which shows energy consumption in proportion to turnover, all the sales in the scope (France B2B excluding HGVs) were used for this first report. This is because the Group operates in the distribution sector, generally considered as a high climate impact sector.

The indicators below concern the perimeter restricted to B2B France excluding HGVs (see details of entities in section 1.1), representing approximately 50% of total PHE Group sales for 2024.

Energy consumption and mix	Unit	2024
Fuel consumption from coal and coal products	MWh	0
Fuel consumption from crude oil and petroleum products	MWh	46,394
Fuel consumption from natural gas	MWh	11,448
Fuel consumption from other fossil sources	MWh	0
Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources	MWh	897
Total fossil energy consumption	MWh	58,739
Share of consumption from fossil sources in total energy consumption	%	82%
Consumption from nuclear sources	MWh	8,940
Share of consumption from nuclear sources in total energy consumption	%	12%
Fuel consumption from renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	MWh	290
Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	MWh	3,670
Consumption of self-generated non-fuel renewable energy	MWh	0
Total renewable energy consumption	MWh	3,960
Share of consumption from renewable sources in total energy consumption	%	6%
Total energy consumption	MWh	71,639

Energy production	Unit	2024
Non-renewable energy production	MWh	0
Renewable energy production	MWh	0

Energy intensity per net revenue	Unit	2024
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors	MWh/€m	54

2.1.8. GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS E1-6

The indicators below concern the perimeter restricted to scope 1 & 2 B2B France excluding HGVs (see details of entities in section 1.1), representing approximately 50% of total PHE Group sales for 2024.

	Retrospective 2024
Scope 1 GHG emissions	
Gross Scope 1 GHG emissions (tCO ₂ eq)	13,628
Scope 2 GHG emissions	
Gross location-based Scope 2 GHG emissions (tCO ₂ eq)	466
Gross market-based Scope 2 GHG emissions (tCO ₂ eq)	466
Total GHG emissions	
Total GHG emissions (location-based) (tCO ₂ eq)	14,095
Total GHG emissions (market-based) (tCO ₂ eq)	14,095
Revenue information	
	2024
Net revenue used to calculate GHG intensity (€m)	1,330
Net revenue (other) (€m)	1,434
Total net revenue (in financial statements) (€m)	2,763
GHG intensity per net revenue	
	2024
Total GHG emissions (location-based) per net revenue (tCO ₂ eq/€m)	11
Total GHG emissions (market-based) per net revenue (tCO ₂ eq/€m)	11

2.2. Pollution, water and biodiversity in the value chain

2.2.1. IDENTIFICATION OF POLLUTION, WATER AND BIODIVERSITY RELATED IROS **IRO-1** **SBM-3**

Impacts		Risks /opportunities
Pollution	Value chain	Actual significant negative impact Within PHE’s upstream value chain, the extraction of raw materials from the environment (minerals and hydrocarbons) and their transformation into basic materials (metals or polymers) can release pollutants into the atmosphere. In the downstream value chain, the wearing of brakes and tyres can generate fine particles.
Biodiversity		Actual significant negative impact Within PHE’s upstream value chain, the extraction of raw materials from the environment (minerals and hydrocarbons) and their transformation into basic materials (metals or polymers) have a significant impact on local ecosystems and biodiversity.
Water		Actual significant negative impact Within the PHE Group’s upstream value chain, the processes required to obtain the basic materials needed by industry (chemical industry, extraction of metals from raw ores) are very water-intensive.

2.2.2. POLICIES **E2-1** **E3-1** **E4-2**

The PHE Group has not implemented a global policy on environmental issues relating to pollution, water resources and biodiversity in its value chain. Its action in this area is now reflected in its supplier code of conduct.

2.2.3. ACTIONS **E2-2** **E3-2** **E4-3**

The PHE Group requires all its approved suppliers to adhere to its code of conduct, which is included in the annual agreement signed with the Group. This code requires suppliers to comply with environmental laws at every level (local, national and international), to integrate environmental issues into their businesses and to minimise their negative environmental impact.

This action relates to environmental issues in their entirety, and adherence to this code of conduct is currently being piloted by the Group’s purchasing teams.

2.2.4. TARGETS **E2-3** **E3-3** **E4-4**

The PHE Group has not set any quantified targets for environmental issues relating to pollution, water resources and biodiversity in its value chain.

2.3. Resource use and circular economy

2.3.1. IDENTIFICATION OF IROS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY IRO-1

		Impacts	Risks/opportunities	Time horizon (R/O)
Waste	Own operations	<p>Actual moderate negative impact PHE mainly generates non-hazardous waste, which principally comes from the packaging used in supplier deliveries (cardboard and wooden pallets). The Group also generates hazardous waste from the batteries returned by customers, as well as paint and solvent residues, and waste from some of the Group's repair workshops.</p>		
	Value chain	<p>Actual significant negative impact Within PHE's upstream value chain, the mining industry, which exploits ore deposits and mines raw metals, is a major generator of waste. Downstream of PHE, the waste generated by garages consists of dismantled end-of-life vehicle parts, as well as oils and fluids replaced during vehicle servicing.</p>		
Resource outflows	Own operations	<p>Actual moderate positive impact As a parts distributor, PHE plays a role in the used car and vehicle repair market. By extending the life of the vehicles, PHE indirectly helps reduce the demand for new ones. The PHE range also includes parts sourced from the circular economy, including remanufactured parts operating on a deposit system, which help to reduce waste and conserve resources.</p>	<p>Moderate risk The growing demand from insurers for reused parts may penalise PHE in relation to other market players who own breakers' yards and who are directly involved in dismantling end-of-life vehicles (ELVs). PHE mitigates this risk by setting up partnerships with specialists in ELV centres.</p>	Medium term
	Value chain	<p>Actual significant negative impact Downstream of PHE, many automotive parts and equipment sets are not designed to be remanufactured or recycled for circular use when they become obsolete. Metal components are recycled into lower-quality alloys, while plastic components are recycled for energy or landfilled. As a result, manufacturers have to make new parts using virgin metal and plastic resources.</p>	<p>Moderate risk Regulations that force manufacturers to increase the proportion of recycled raw materials in their products could lead to significant inflation in the price of spare parts. The same applies to the extension of eco-contribution schemes, the cost of which would be passed on to PHE by the manufacturers.</p>	
Resource inflows	Value chain	<p>Actual significant negative impact PHE's upstream value chain is a major consumer of virgin resources extracted from the environment. Some of these resources, particularly metals, are under strain due to high demand and limited deposits.</p>	<p>Moderate risk The strong demand for the metals needed for the energy transition could lead to inflation or scarcity.</p>	Medium term

2.3.2. POLICIES E5-1

The PHE Group does not yet have a global policy on the use of resources and the circular economy, but it has long demonstrated a concrete commitment in this area, particularly through its role in the remanufactured parts ecosystem.

2.3.3. ACTIONS E5-2

For the PHE Group's own operations

Waste

In 2024, the PHE Group started collecting data on the waste generated from its B2B France activities excluding HGVs (see entities detail in section 1.1), representing approximately 50% coverage in terms of sales.

Collecting this data is an essential step in structuring a global waste policy and makes it possible to systematise and quantify the actions already implemented, which are of two types:

- Minimising and reusing the packing boxes and pallets received from suppliers: reusing incoming packaging materials has allowed the Group to reduce the amount of waste generated and to avoid the consumption of virgin materials.
- Sorting waste and routing it towards appropriate recycling channels: separating the main waste flows helps to optimise the impact of the treatment of waste materials.

Circular economy

For its activities relating to the circular economy, the PHE Group, with the help of its suppliers, has conducted a survey of the remanufactured parts bought in by the Group. This has made it possible to establish the proportion of sales linked to the circular economy.

The distribution of remanufactured parts is based on the efficient management of return flows of returnable defective parts, collected daily from all the Group's business units. These returns are generally handled by the same mode of transport used to deliver the parts to the customer. The consignments are checked and consolidated either directly at the dispatching logistics sites, or at the specialist returns processing site in Villefranche, France.

In France, in 2024 Autodistribution identified all the parts from the circular economy on its Autossimo sales portal, in order to make this information available to all its customers.

Finally, Autodistribution LV has launched a project aimed specifically at its repairer customers in the AD Carrosserie network. The aim is to enable them to also order reused parts (from the dismantling of ELVs) via a platform that puts them in contact with approved ELV specialists.

For the value chain

In France, Autodistribution LV has launched projects to support its repairer customers in dealing with their waste. Autodistribution LV has therefore negotiated agreements with

waste carriers and waste treatment service providers and has made these agreements available to its repairer customers, to enable them to direct their waste towards the appropriate treatment channels.

2.3.4. TARGETS E5-3

The PHE Group has not yet set quantified targets relating to the use of resources and the circular economy. However, the Group is paying close attention to the impact of new technologies on accessible sources of remanufactured parts. Although the offer is mature and structured for parts fitted to combustion engines, there is not yet an established ecosystem of potential remanufacturing suppliers for electronic parts and parts specific to electric engines.

2.3.5. RESOURCE INFLOWS E5-4

The PHE Group's resource inflows are mainly limited to the packaging materials used in logistics operations.

In its upstream value chain, PHE's supplier equipment manufacturers use numerous raw materials (steel, plastic, aluminium, glass, rubber, copper, and fiberglass) to produce the parts distributed by the Group.

2.3.6. RESOURCE OUTFLOWS E5-5

Over 85% of the Group's waste is non-hazardous. Most of it is cardboard packaging, paper, wood and mixed non-hazardous waste from its distribution operations. The hazardous waste mainly consists of used starter batteries (over 70%), with the remainder consisting of paint or solvent residues from spray preparation workshops and lubricants or liquids from the repair workshops (coolants and aqueous cleaning liquids).

The data on waste were collected from each site, using the Traace tool.

For hazardous waste, all the figures came from the French public platform "Trackdéchets", which tracks the waste emitted by each site using the French company directory identification system, SIRET. For the non-hazardous waste, it was necessary to contact the many service providers used to retrieve information, in particular using the 6-8 waste flow certificates and billing data.

For the smaller sites, where non-hazardous waste is collected and unsorted by the municipal waste carriers, it was necessary to estimate the quantity of waste generated. This was then broken down by type of treatment, based on the Ministry of Ecology study "Waste production and recycling in 2020 and 2021 in France - Summary of knowledge in 2023".

The indicators below concern the perimeter restricted to B2B France excluding HGVs (see details of entities in section 1.1), representing approximately 50% of total PHE Group sales for 2024.

Waste-related data	Unit	2024
Total amount of waste generated	Tonnes	7,985
Total amount of hazardous waste	Tonnes	1,017
Total amount by weight diverted from disposal	Tonnes	6,077
Total hazardous waste generated diverted from disposal	Tonnes	948
Total hazardous waste generated diverted from disposal to preparation for reuse	Tonnes	0
Total hazardous waste generated diverted from disposal to recycling	Tonnes	642
Total hazardous waste generated diverted from disposal to other recovery operations	Tonnes	306
Total non-hazardous waste generated diverted from disposal	Tonnes	5,129
Total non-hazardous waste generated diverted from disposal to preparation for reuse	Tonnes	660
Total non-hazardous waste generated diverted from disposal to recycling	Tonnes	4,087
Total non-hazardous waste generated diverted from disposal to other recovery operations	Tonnes	383
Total amount by weight directed to disposal	Tonnes	1,907
Total hazardous waste generated directed to disposal	Tonnes	69
Total hazardous waste generated directed to incineration	Tonnes	52
Total hazardous waste generated directed to landfill	Tonnes	9
Total hazardous waste generated directed to other disposal operations	Tonnes	8
Total non-hazardous waste generated directed to disposal	Tonnes	1,838
Total non-hazardous waste generated directed to incineration	Tonnes	949
Total non-hazardous waste generated directed to landfill	Tonnes	861
Total non-hazardous waste generated directed to other disposal operations	Tonnes	28
Non-recycled waste	Unit	2024
Total amount of non-recycled waste	Tonnes	3,256
Percentage of non-recycled waste	%	41

3. Social information

3.1. Own workforce

3.1.1. OWN WORKFORCE IROS SBM-3

	Impacts	Risks/Opportunities	Time horizon (R/O)
Health and safety	<p>Potential moderate negative impact The PHE workforce includes workers operating:</p> <ul style="list-style-type: none"> - At logistics platforms. The goods handlers are mainly exposed to the risks of falling objects, injuries linked to moving loads, and bruising. - At customer-facing sites. Drivers and delivery staff at these sites are at risk of traffic accidents. - To a lesser extent, in vehicle repair workshops. These workers are exposed to certain toxic products through inhalation or skin contact (oils, fuels, solvents and exhaust fumes). - In the offices. The main health and safety concern for these employees is the workload, which can lead to mental health issues. 	<p>Moderate risk The prevention campaigns introduced at all the Group's operational sites, as well as a pay policy that includes performance bonuses for reduced accident rates, are helping to limit the risk of accidents occurring.</p>	Short term
Diversity	<p>Actual moderate negative impact PHE's operations continue to be characterised by a lower proportion of female workers, particularly in the goods handling and delivery roles.</p> <p>The breakdown of employees by job category is therefore highly gendered, with male employees predominantly in the skilled manual jobs, and female employees predominantly in administrative roles.</p>		
Training and career development	<p>Actual moderate positive impact Training and skills development for the PHE Group's workforce is a key factor in responding:</p> <ul style="list-style-type: none"> - to the challenges of transforming the automotive distribution sector; - to the need to recruit new talent; - to the adaptability of our teams to the new technologies; - to the drive to achieve greater competitiveness. 		

The PHE Group now has 9,727 employees. Depending on peaks in activity, some of the subsidiaries (primarily the logistics sites) use temporary workers. The head office also employs a limited number of service providers.

For all its subsidiaries, the PHE Group is careful to guarantee the health and safety of employees, to promote occupational training and skills development, and to encourage diversity. The Group's high standards and strong values prevent the risks and impacts that would result from failure to meet these challenges. The Human Resources (HR) Department reports to the Executive Committee on the measurement of these results and the measures taken to maintain performance.

Generally speaking, the PHE Group is convinced that HSE practices have a strong impact on employee commitment and productivity and contribute significantly to the reputation of the employer's brand. They also have a significant financial impact in terms of compensation for time off work, taxes and insurance.

The nature of the PHE Group's activities in the storage and distribution of car and HGV parts means that these risks are present. The "handling" roles (including warehouse staff and forklift drivers) and transport jobs are particularly exposed to these risks. The Group is therefore vigilant about the strict application of its risk prevention strategy and continuing to reduce the number of workplace accidents. HS issues are monitored on a quarterly basis by the Executive Committee. Each subsidiary manages a local prevention policy adapted to its own context. This area is monitored by the HR Committees.

Staff training and skills development are key elements of the PHE Group's HR strategy. The continuous updating of knowledge, adaptation to changes in the industry and the broadening of employees' skillset are all factors that make a real contribution to promoting a culture of operational excellence and to the competitiveness and growth of the PHE Group.

In addition to the legal obligations - where these exist at national level - the Group's training programme has benefited from substantial funding, which has seen significant growth over several years. Each year, the training policy is the subject of a policy paper presented to the various company bodies (COMEX, the HR Committee and workers' councils). The training plan is monitored on a quarterly basis by the HR Committee and an annual review is presented to the relevant bodies.

Training and skills development programmes are being stepped up across the Group. These efforts are required of all the European subsidiaries. In France, the training plan represents an investment of €3m.

In a traditionally male-dominated sector, the deployment of a culture of diversity and non-discrimination is an important focus for PHE. By making the Group's career roles more attractive to women, improving their working conditions and raising management awareness of workplace equality, PHE has exceeded the average employment rate for women in this sector (21% vs. 18%).

As its own operations are limited to Europe, the PHE Group is not subject to any risk of incidents arising from forced labour or child labour.

3.1.2. POLICIES **S1-1**

In a context with multiple subsidiaries that embraces diverse cultures but shares a common need, the PHE Group's social policy aims above all to take into account the specificities of each entity and to place these within a framework of shared fundamental values: Quality, Caring, Engagement, Humility and Sense of Community.

The PHE Group's social policy and its local variations are guided by a number of general principles.

The PHE Group is committed to implementing an active policy of occupational health and safety and to ensuring that it is applied consistently. The most exposed BUs have an HS Officer, who reports to the BU's HR Department. The objectives of reducing accidents in the workplace and improving working conditions are translated locally into specific prevention action plans, based on the characteristics of each site. The Group carries out global monitoring on a quarterly basis. These topics have been integrated into the PHE Group's Code of Conduct

The Group's training and career development policy is set out in an annual policy document that applies to all subsidiaries. It is drawn up by the Group HR Department in coordination with the HR offices of each BU. The policy sets out the main strategies of the training programme for the coming year. It is then shared with the Executive Committee and workers' councils. The aim of the annual training policy is to support the dynamic growth of the Group by offering training programmes that meet the operational challenges of all the subsidiaries. It defines the subsidiaries' training investment, the breakdown of that investment and the main thrusts of the training plan for the year (see section 3.1.5. for more details on training programmes).

Diversity and inclusion are topics that are also covered in the PHE Group's Code of Conduct. The policy includes zero tolerance for harassment and discrimination of any kind. It also ensures equal opportunities in all aspects of career development.

Following the workplace equality agreement drawn up by the social partners in France in 2020 and renewed for 4 years in 2024, a policy of equal treatment has been put in place in all the French subsidiaries. The HR Department is responsible for its implementation. The agreement is reviewed annually. Although the agreement underpinning this policy was only signed by the French entities, the resulting policy is shared by all the subsidiaries. The aim of this policy is to:

- Guarantee non-discrimination in recruitment and to continue the efforts made in terms of recruitment communications, in order to raise the Group's visibility among women and to attract a growing number of applications. In this regard:
 - The PHE Group is taking part in the WAVE exhibition, which promotes female employment in the automotive sector;
 - The visuals for the recruitment campaigns feature women in particular

- The recruitment communications, whether written or oral, are designed to counter the masculine image traditionally associated with jobs in the automotive sector
- Ensure balanced access to training and career progression, so that women and men can benefit equally from skills development programmes and can have equal access to career opportunities.
- Combat any sexist comments or behaviour or behaviours that may be considered sexual harassment.

This agreement affirms “a general principle of non-discrimination and equality between employees, regardless of gender, origin, age, religion, or political or trade union affiliation”. The policy specifically covers issues relating to gender and sexual harassment, as women are at greater risk of discrimination in the PHE Group’s industry. It highlights the Group’s commitment to taking positive actions in favour of women. The procedures for managing any instances of discrimination and harassment are detailed in the following sections: remediation and reporting (3.1.4), preventive action (3.1.5).

The PHE Group, which operates only in Europe, is bound by legal obligations in terms of labour and human rights. It is also subject to unannounced inspections by the employment authorities. Because of this, the Group has no specific human rights policies aligned with international legislative instruments.

However, the Code of Conduct does state that the PHE Group:

- Applies the international conventions of the International Labour Organisation (ILO), in particular those relating to the protection of workers, the prohibition of forced labour and child labour
- Adheres to the principles of the United Nations Global Compact, particularly with regard to corporate, societal and environmental issues.

3.1.3. ENGAGEMENT WITH THE WORKFORCE S1-2

The PHE Group promotes regular and committed dialogue with workers and their representatives, encouraging everyone to commit to responsible practices, mainly through:

- social dialogue with trade unions (France) enables agreements to be signed and renewed for the benefit of employees;
- a system of annual appraisals, which encourages dialogue between managers and employees and also contributes to skills development and job mobility;
- A bi-annual social barometer is sent to all employees to measure their commitment, the impact of the social policy and its progress, and to refine the guidelines for future years.

The PHE Group promotes its employees’ right to free expression and the right to belong to a trade union. It develops an active dialogue with employees and their representatives. The PHE Group provides the workers’ representatives with the information and resources legally required to carry out their duties.

At European level, a European Works Council has been in place since 2017. Each country has asked for employee representation bodies to be set up within its own legal framework. The role of these bodies is to provide feedback on issues raised by the workers, and to gather information about the Group’s financial and economic results and its growth prospects.

In France, a workplace equality agreement has been in force since 2020. It was renewed in 2024 and has been signed by all the social partners and the PHE Group’s HR management team. The agreement has opened a discussion about the potentially negative impacts of diversity and helps determine the approach to mitigating these impacts. Each year, a progress report is presented to the signatories, based on the monitoring of a certain number of indicators linked to the topics addressed by the agreement.

PHE organises a biennial survey of all its employees (France and the foreign subsidiaries) to assess the effectiveness of the processes put in place in relation to the material IROs and to measure employee satisfaction with these issues. The last survey was carried out in 2024. The company survey includes questions on staff engagement, career development, training, health and safety, and industrial relations. It is a means of engaging directly with employees about issues relating to material impacts and risks. It enables us to assess the effectiveness of mitigating actions, and the scale of the positive impact in relation to training and skills development. The results of the survey are then examined by the Executive Committee, the country directors and all the managers. Actions are taken based on the results from each subsidiary, in order to improve results in future years. The effectiveness of this communication is monitored by analysing the survey response rate, and by tracking changes in the results since 2019. The PHE Group’s Head of Corporate Affairs is responsible for conducting the survey. The global and local results are communicated to all employees.

A system of annual appraisals is in place within the subsidiaries, to encourage employees’ career progression. In France, the appraisals system is systematised and formalised. The appraisal interview takes place between the employee and their manager and helps to determine the employee’s objectives and career plans. The topics addressed during this interview also concern the employee’s training requirements. Regular follow-up feedback sessions can be arranged with managers, to ensure that progress is being made on the points discussed during the annual reviews. Appraisal interviews are used to assess the efficacy of the measures taken to reinforce the positive impact of training and professional development within the PHE Group.

3.1.4. PROCESSES TO REMEDIATE IMPACTS AND CHANNELS TO RAISE CONCERNS S1-3

Health and safety

In the event of a negative impact on the health and safety of employees in France - and specifically in the event of a workplace accident - an official legal procedure is started. A workplace accident report will be sent to the health insurer within 48 hours. In serious cases, this is followed by a compulsory investigation into the causes of the accident. At local level, remedial measures will be taken in order to address any shortcomings identified in the aftermath of an accident. All accidents and remedial measures are monitored at PHE Group level during the quarterly HR committee meetings. The effectiveness of the measures put in place is then assessed on the basis of changes in the HS indicators at the various PHE Group sites.

Complaints procedure

Management, and the HR offices, are the first point of contact for an employee in the event of complaints relating to a negative impact on health and safety and/or harassment or discrimination. Complaints reported directly to management are dealt with on a case-by-case basis; there is no general complaints handling process. In France, each subsidiary has appointed a harassment officer, who is responsible for dealing with discrimination and harassment issues locally. If there is a case of harassment, an investigation will be launched in agreement with the social partners in order to determine whether the behaviour has been proven, and the actions to be implemented or sanctions to be taken if necessary. Cases of harassment are recorded and monitored by the PHE Group.

Whistleblowing

The Group has a whistleblowing system managed and implemented by the PHE Group's Internal Audit and Compliance Office. The system has been presented to the workers' representatives and communicated to employees. The existence of the whistleblowing system is communicated in the works councils, and through various channels such as websites and local internal regulations. From 2025 it will also be posted on the intranet sites currently being developed in France and Belgium. The whistleblowing system is also accessible to PHE Group stakeholders (trainees, temporary staff, external service providers, customers and suppliers). Whistleblowers can choose from a range of reporting channels, such as Management or HR. A confidential e-mail address for the PHE Group's Internal Audit and Compliance Director has also been set up. This secure messaging system guarantees the confidentiality of exchanges between the whistleblower and the whistleblowing officer. The PHE Group has a whistleblower protection policy and refrains from disclosing any information that could identify a whistleblower unless it obtains their prior consent. If the Whistleblowing Officer deems the complaint to be admissible, he or she will refer the matter to the Ethics Committee. If circumstances so require, the Ethics Committee may decide to start an internal investigation, the details of which are set out in a dedicated guide.

Whistleblowing reports are monitored by the Internal Audit and Compliance Office. Firstly, the validity of the complaint will be investigated. If the complaint is deemed admissible, a notification will be sent to the whistleblower. If a complaint is accepted, the whistleblowing officer will refer the matter to the Ethics Committee, which launches an investigation. Based on this investigation, the results will be presented. The Ethics Committee will decide what action to take, if any, and will contact the relevant departments (HR and/or Legal). Within a period of no more than three months after acknowledgement of receipt of the complaint, the whistleblowing officer will inform the whistleblower of the investigations carried out to assess the accuracy of the facts reported and of the action taken. They may also indicate whether any corrective or preventive measures have been taken to avoid a recurrence.

3.1.5. MANAGING IMPACTS ON THE WORKFORCE S1-4

The PHE Group attaches great importance to the prevention of risks and negative impacts linked to health and safety and is attentive to the working conditions and environment of its employees. The following actions are part of this prevention approach;

- Workplace safety procedures and instructions are communicated to all employees (permanent staff and temporary workers) and are in effect at all sites where occupational risks exist.

- Investments are regularly made to improve the ergonomics of certain workstations, to limit the carrying of heavy loads, and to improve the workplace environment. In 2024, the Group Works Council set up an "arduous work" commission.
- Occupational risk prevention training sessions are held every year, along with workplace safety awareness and training programmes. In 2024, over 22,000 hours of safety training were given to 3,000 employees across the Group.

At local level, remedial actions are also implemented on a case-by-case basis, based on the results of investigations carried out following negative impacts on employee health and safety. The effectiveness of HS prevention and remediation measures is measured by analysing the trends in health and safety indicators during the quarterly workplace accident reviews presented to the Executive Committee.

The values of the PHE Group are all about caring. The Group is taking a number of steps to reduce the negative impact of diversity, and in particular the negative impact on women employed by PHE:

- Management training reminds employees of the principles of non-discrimination and fairness and emphasises the practical application of the Group's values on a daily basis.
- The HR team is given training on discrimination-free recruitment.
- By developing its employer brand, the PHE Group now enjoys a positive reputation and can attract more and more applicants, with a view to promoting diversity.
- The visuals used on job adverts feature more female staff, in all roles. They are now attracting more female applicants: the figure has risen by 4.5 points (31.5%) compared with 2020 (all roles combined)
- Raising awareness of sexist behaviour and harassment among all employees to encourage people to report any unwanted behaviours.
- The introduction of various career adjustments to accommodate maternity leave and workers with dependent children.
- A project is underway to develop and implement an employment policy for disabled people (employee training and accessibility).

At local level, remedial actions are also implemented on a case-by-case basis, based on the results of investigations carried out following complaints about negative impacts resulting from harassment or discrimination. Remedial actions relating to proven incidents of harassment are monitored at PHE Group level to ensure that the subsidiaries' approach is effective.

The PHE Group's commitment to ensuring the long-term involvement of its employees guides its social policy and is reflected in the concrete implementation of various actions to promote the positive impacts of training and professional development for its employees:

- An internal mobility policy has been launched in response to employees' wishes regarding their career progression within the PHE Group.
- Training provision has been significantly strengthened in order to develop employees' skills and help them adapt to technical and economic changes. The training courses developed by the PHE Academy in 2024 cover the following areas:
 - Development of business skills, particularly in relation to growth opportunities;
 - Continued development of managerial skills;
 - Mastering new technologies, data security and business processes;
 - Maintaining and building a culture of employee safety;
 - Improving communication skills in foreign languages.

Employee training is a major commitment for the PHE Group. In France, the training budget has been increased by 75% in 3 years. The training provision responds to the dual challenge of developing skills, and prevention in areas such as preventing workplace risks, cyber security and data security (GDPR). As far as the foreign subsidiaries are concerned, despite the fact that there are virtually no legal obligations to provide training, courses are delivered that do address these issues.

These programmes are conducted every year. In France, they are regularly evaluated via the following reports:

- The annual training report, presented to the employee representatives;
- The quarterly monitoring of workplace accidents and measures to prevent risks and improve working conditions, presented to the Executive Committee;
- The annual report on workplace equality, presented to the employee representatives;
- The biennial Social Barometer and annual measurement of commitment is presented to the Executive Committee and workers' representatives.

The effectiveness of the various actions is measured using a range of indicators:

Training and professional development

- Training budget: +75% between 2020 and 2023
- Rate of access to training: from 27% in 2020 to 64% in 2023
- Number of hours of training provided: from 31,886 in 2021 to 51,733 in 2023
- Evaluation of employee take-up of training provision (source: Social Barometer): 6.3/10 in 2019 to 7.6/10 in 2024

Health and safety

- Number of hours of risk prevention training: 16,700 hours in 2024
- Employee rating of knowledge of safety rules (source: Social Barometer): 7.1/10 in 2019 to 8.4/10 in 2024
- Employee rating of the quality of workplace design (source: Social Barometer): 6.6/10 in 2019 to 7.6/10 in 2024
- Employees' rating of the quality of their workstation layout (source: Social Barometer): 6.7/10 in 2019 to 7.9/10 in 2024

Workplace equality

- Proportion of women in the workforce: 20.1% in 2019, 21.1% in 2024
- The workplace equality index calculated for all the Group's French employees gives an overall score of 88, which is higher than the minimum of 85 required by law
- The rate of access to training for women is proportionately lower than for men. 18% of trainees are women, although they represent 21.1% of the workforce

There are also indicators to measure, by entity, the number of collective measures taken to adapt working hours, the number of staff sick days and the number of reports and sanctions taken during the year in relation to sexism and sexual harassment.

Not all the resources allocated to these action plans are currently available.

There are no specific activities of the PHE Group likely to cause negative impacts in addition to the material negative impacts mentioned above.

3.1.6. TARGETS S1-5

There are currently no quantified targets for all the action plans. The processes used to assess the effectiveness of the policies and actions put in place to mitigate and remedy the risks and impacts associated with the PHE Group's workforce are set out in section 3.1.5.

The PHE Group's ambition is to constantly improve the monitoring of material topics important to its workforce. For example, in terms of health and safety, the aim is to keep reducing the number of workplace accidents. In France, this objective has been quantified, with a target of a 10% reduction in the number of accidents at work. In terms of diversity, the aim is to increase the number of female applicants and recruits.

A target training budget as a percentage of total payroll has been set. For 2024, the Group's subsidiaries were aiming to invest between 2.4% and 2.7% of the payroll.

3.1.7. CHARACTERISTICS OF EMPLOYEES S1-6

Employment characteristic					2024
Headcount	Female	Male	Other	Not disclosed	Total
Employees	1,735	7,992	-	-	9,727
Permanent employees	1,592	7,486	-	-	9,078
Temporary employees	143	506	-	-	649
Non-guaranteed hours employees	0	0	0	0	0

Headcount by country	2024
France	6,384
Belgique	510
Netherlands	197
Italy	581
Spain	2,032

Note: only includes country with more than 50 employees or 10% of the workforce.

Turnover	Unit	2024
Total employee turnover	n	1,694
Employee turnover rate	%	19%

3.1.8. NON-EMPLOYEES S1-7

Non-employees ⁽¹⁾	2024
Total number of non-employees in the workforce	-

(1) The phase-in option is used for this data.

3.1.9. DIVERSITY METRICS S1-9

Employees in top management by gender	Headcount	Share
Male	63	93%
Female	5	7%
Other	-	-
Not disclosed	-	-
Total employees	68	

Age distribution of employees*	Headcount	Share
Under 30 years old	1,911	20%
Between 30 and 50 years old	5,049	52%
Over 50 years old	2,767	28%

3.1.10. HEALTH & SAFETY S1-14

Health and safety management	Employees	Non-employees ⁽¹⁾	2024
			Total
Percentage of employees covered by H&S management system	100%	-	-
Number of fatalities due to work-related injuries and ill health	0	0	0
Number of recordable work-related accidents	481	-	-
Rate of recordable work-related accidents	29.76	-	-

(1) The phase-in option is used for this data. The total is not calculated as information related to non-employees is not available.

	2024
Employee cases of recordable work-related ill-health	0
Days lost to work-related injuries, ill health and fatalities	13,869

3.1.11. INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS S1-17

	2024
Number of incidents of discrimination within own workforce (including harassment)	10
Number of complaints to the company (including grievances)	10
Number of complaints filed to National Contact Points for OECD Multinational Enterprises	0
Total amount of fines, penalties and compensation (€m)	0.08

3.2. Workers in the value chain

3.2.1. VALUE CHAIN WORKERS IROS SBM-3

Impacts		Risks /opportunities
Health and safety	Value chain	<p>Potential significant negative impact</p> <p>Upstream value chain: The automotive industry is a manufacturing sector with high competitive intensity and a requirement for high productivity. Just-in-time working and shift systems in the factories of automotive suppliers and manufacturers tend to increase the frequency of accidents on production lines. In addition, the constant pressure to improve efficiency can lead to mental health or social issues, due to high levels of workplace stress.</p> <p>Downstream value chain: workers in independent garages are also exposed to workplace accidents through the use of dangerous tools and exposure to certain chemicals.</p>
Child labour and forced labour	Value chain	<p>Potential significant negative impact</p> <p>In some parts of the world, where labour laws are non-existent, child labour and other serious human rights violations are still present, and are exacerbated by high risks of corruption. Within the global automotive industry, these practices can be found in the raw materials mining and manufacturing processes.</p>

As the PHE Group's business model is based on parts distribution rather than manufacturing, its business model involves a careful selection of its product suppliers and a close, ongoing relationship with them. It therefore applies its own ethical standards when sourcing and selecting suppliers.

3.2.2. POLICIES S2-1

The PHE Group has introduced a code of conduct for its product suppliers and service providers. The Chief Procurement Officer of the PHE Group is responsible for applying this code.

It applies to all suppliers and concerns their compliance with rules of ethics in the social and environmental fields. The Code of Conduct was drawn up in compliance with current legislation, in particular Article 17 (II) (2) of the French anti-corruption law (known as the "Sapin II Law") and Article L. 225-102-4 of the French Commercial Code, which stems from the French law on the Duty of Vigilance. As a result, the Code has not been designed in conscious alignment with the various international guidelines on human rights and workers' rights.

In accordance with the Code of Conduct, the PHE Group requires its suppliers to:

- comply with all national, European and international rules relating to standards of ethical and responsible behaviour, including standards dealing with human rights, corruption and child protection, as was environmental protection and sustainable development;
- adopt and apply the Group's ethical standards and commitments, and to make progress in these areas.

The PHE Group supports its suppliers throughout the supply relationship, to ensure the effective implementation of this code of conduct.

It also seeks to build long-term relationships with its suppliers. The aim is to work in partnership with suppliers and to demonstrate responsible supply chain management.

The PHE Group's expectations of its suppliers

The PHE Group is committed to the highest social, environmental, health and safety standards, and expects its suppliers to do the same. They must therefore comply with local and national laws and regulations. In addition, the PHE Group expects its suppliers to adhere to the standards set out below (a non-exhaustive list focusing on topics identified as material for PHE and at consolidated Group level).

Health and safety

PHE Group suppliers must guarantee healthy and safe working conditions for their employees and their own subcontractors or suppliers. They are required to comply with local and national laws and regulations on health and safety in the workplace, and to obtain the authorisations, licences and permits required by the local and national authorities. Suppliers must have documented HS policies and/or procedures in place, as well as adequate safety infrastructure and equipment.

Forced labour

The use of forced labour, slavery, servitude or human trafficking by suppliers, as well as the withholding of identity papers or work permits, the demand for any kind of security deposit from workers, or the use of any other form of coercion, are strictly prohibited. All employees have the right to accept or leave a job of their own free will. Suppliers cannot force workers to work to pay off a debt owed to them or to a third party.

Work that endangers health, safety or morals - Child labour

Nobody must be allowed to perform any type of work likely to compromise health, safety or morals. It is strictly forbidden to employ children under the age of 16. In countries where local legislation provides for a higher working age, or extends compulsory schooling beyond the age of 16, the higher age limit applies.

3.2.3. ENGAGEMENT WITH VALUE CHAIN WORKERS **S2-2**

The PHE Group has not adopted a general engagement process with workers in the value chain.

3.2.4. PROCESSES TO REMEDIATE IMPACTS AND CHANNELS TO RAISE CONCERNS **S2-3**

The PHE Group has set up a professional whistleblowing system that makes it possible to report, in particular:

- Behaviours or situations that conflict with the PHE Group code of conduct
- Serious violations of human rights and fundamental freedoms
- Serious harm to people's health and safety

The whistleblowing system is open to employees of the PHE Group and to all stakeholders, in particular its suppliers, and can be accessed at the following address: alrete-ethique@partsholdingeurope.com

There is currently no generalised, formalised approach to providing or contributing to a remedy in the event of a negative impact on workers in the value chain.

Remedial action may be taken on a case-by-case basis, depending on the specific nature of the negative impact. Actions may include monitoring of the remediation by the PHE Group, a request to draw up a remediation plan or in the most serious cases, termination of contract.

To date, the PHE Group is not aware of any such impacts in its value chain.

There is currently no generalised, formalised approach to dealing with negative impacts on human rights in the value chain. In the event of such an impact, it is the responsibility of PHE's General Management to decide on the measures to be taken. This will depend on factors such as the seriousness of the impact, its location, and the responsibility of the PHE Group.

3.2.5. MANAGING IMPACTS ON THE VALUE CHAIN WORKERS **S2-4**

The PHE Group ensures that suppliers comply with the principles of its code of conduct.

Suppliers are required to provide all the information needed to conform to the code of conduct. They must inform PHE immediately if they become aware that they have breached their obligation to respect these principles.

The PHE Group reserves the right to monitor compliance with these principles and to conduct compliance audits of its suppliers. Suppliers are therefore asked to provide all the necessary information and to cooperate with representatives of the Group who wish to check compliance with the requirements of the Code. Suppliers must agree to improve or correct any deficiencies found.

In the event of non-compliance, the PHE Group must be notified immediately, followed by an improvement plan to be implemented within the specified timeframe.

3.2.6. TARGETS **S2-5**

The PHE Group has not defined any specific objectives with regard to workers in its value chain.

4. Governance

4.1. Business Conduct

4.1.1. IDENTIFICATION OF BUSINESS CONDUCT IROS IRO-1

Impacts		Risks /opportunities
Corruption & bribery	Value chain	<p>Potential significant negative impact</p> <p>The scale of global supply chains, the demands of international trade and intense competitive pressure mean that the automotive industry has to address these risks.</p> <p>While the systematic prevention of corruption has reached a high level in the automotive industry, certain corruption offences are still being investigated by the authorities, particularly in relation to bribery and kickbacks in mining operations.</p>
Corporate culture	Own operations	<p>Potential moderate positive impact</p> <p>PHE contributes to a fair and ethical business environment by implementing the right corporate culture to conduct its business ethically and in compliance with applicable regulations.</p>

4.1.2. THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES GOV-1

The Group Executive Committee validates the entire business management system.

The main indicators for implementing and monitoring the Regulatory Compliance system are presented to the Group Audit Committee.

The compliance maturity indicators for the anti-corruption and whistleblowing systems, together with the related action plans, are shared and validated by the Group Compliance Committee

The Ethics Committee is a collective body that steers the PHE Group’s ethics and compliance policy and ensures that the underlying principles and rules are respected. It is made up of the Chief Financial Officer, the Head of HR, the General Counsel and the Head of Internal Audit and Compliance

The general role of the Ethics Committee is to:

- Contribute to defining and updating the ethical principles and rules of conduct that should guide the day-to-day behaviour of the Group’s employees; to this end, the Committee prepares and updates the PHE Group Code of Conduct and proposes changes to the Group’s ethics and compliance guidelines;
- Ensure that the Group’s ethical principles are properly disseminated, understood and applied; to this end, the Committee examines and monitors the systems and procedures in place to implement the Group’s ethical principles; it defines and proposes the priority areas requiring work as part of the roll-out and development of the compliance programme;
- Ensure compliance with ethical and compliance standards; to this end, the Committee will deal with any issue brought to its attention, where appropriate by means of the whistleblowing system (see specific mission).

The Ethics Committee’s remit is to deal with complaints received via the whistleblowing system or reported through the hierarchy or any other communication channel.

At the start of the Group’s compliance programme, members received training from specialist consultants on the SAPIN 2 (Ethics and Anti-Corruption) law. The external specialists have many years’ professional experience in this area.

The Internal Audit and Compliance Director has also completed a number of training courses in business conduct, as part of his previous role at a French car manufacturer and has completed training in CSRD at IFACI (Institut Français de l’Audit et du Contrôle Interne). He is also a Certified Fraud Examiner (CFE).

4.1.3. BUSINESS CONDUCT AND CORPORATE CULTURE POLICIES **G1-1**

The PHE Group has formalised its approach to conducting business with a policy based on the Group Code of Conduct. The policy covers the following areas:

1. Legal compliance, including adherence to the principles of the UN Global Compact, particularly in the corporate, societal and environmental fields
2. Integrity and sincerity.
3. Dignity, respect and protection of employees
4. Freedom of expression and social dialogue
5. Protection of Group assets
6. Conflicts of interest
7. Customers
8. Suppliers and service providers
9. Gifts, benefits and gratuities
10. Corruption and influence peddling
11. Health and Safety
12. Environment

The PHE Group's Business Conduct Policy expresses the Group's clear and unconditional commitment to the fight against corruption and contributes to the dissemination of its culture of ethics and values.

The policy applies to the entire Group and its subsidiaries, without exclusion. The policy is supported at the highest level of the company, with a formal commitment from the Chairman and approval by the Group's Executive Committee and Audit Committee.

Suppliers are required to comply with this policy by signing the supplier code of conduct.

An anti-corruption code of conduct is being finalised and is expected to be validated during 2025. The objectives of this code are to:

- Define what constitutes corruption and influence peddling;
- Give examples of prohibited and high-risk situations;
- Set out the behaviour to adopt and the procedures to follow in order to control these risks;
- Direct employees towards detailed procedures that complement the Code of Conduct.

To reinforce the code, PHE has also conducted a mapping of those areas of the organisation that present high risks of corruption, and of the industry benchmarks. These studies have identified the areas most exposed to the risks of corruption and bribery:

- Executive Committee and Management Committees
- Purchases
- Supply Chain and Logistics
- Trade
- Marketing/Events
- Finance Management (including Audit and Legal)
- HR

All the PHE Group subsidiaries operating in Western Europe are considered to be at the same level of risk of corruption.

Actions relating to the conduct of business

To date, the main measures taken by the PHE Group in terms of business conduct are as follows:

- Implementation of a business management policy for the PHE Group (based on 2018 version and subsequent updates)
- Drafting of a PHE Code of Conduct, signed by all employees (in France - to be rolled out to foreign subsidiaries by 2025)
- Updating of the corruption risk maps.
- Development of the Whistleblowing system in 2023
- Development of the Third party rating system in 2024
- An Anti-Corruption Code of Conduct is now in preparation, and will be appended to the internal regulations of the Group companies during 2025
- Amendments to the Gifts and Invitations procedure (extension to include Deferred Commercial Discounts and Commercial Challenges) in 2025
- Definition of anti-corruption accounting controls in 2024 (implementation and traceability) in 2025

4.1.4. PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY G1-3

The PHE Group's system for preventing and combating fraud, corruption and bribery has three complementary components:

Prevention, which is based on the implementation of the following documents: the Group Values, the PHE Code of Conduct, the draft anti-corruption code of conduct, training initiatives (in 2021 and 2022) and awareness-raising on anti-corruption day (8 December). The signature by our suppliers of a specific code of conduct formalises the reciprocal commitment of the Group and its suppliers in the fight against corruption and bribery. The carrying out of checks on Third parties completes this first component.

Detection of possible cases of corruption and bribery, through specific accounting controls:

1. Review of gift / invitation / donation / patronage / sponsorship accounts
2. Checking of expense claims
3. Reviewing of sensitive accounts (sundry customers, unallocated accounts, supplier advances)
4. Reviewing of external fees and services
5. Settlement of year-end discounts
6. Suppliers and payments in high-risk countries
7. Exceptional expenses
8. Invoices without orders
9. Direct allocation of costs to bank
10. Manual entries with atypical wording

The Whistleblowing system also allows for the collection and processing of reports of possible cases of corruption and bribery but is not limited to these. The purpose of the Whistleblowing procedure in France is to:

- Define the scope of the PHE Group's whistleblowing system;
- Specify its operating procedures;
- Specify how complaints are handled;
- Provide information on the protection offered to whistleblowers;
- Illustrate the guarantees regarding the protection of personal data.

The whistleblowing system is deployed within the PHE Group companies, i.e. all the companies controlled by PHE, whether located in France or abroad. However, the procedure only applies to the French entities. The non-French entities prepare specific procedures to take account of applicable local legislation.

To date, no cases have been reported.

Resolution of suspected and actual cases of corruption and bribery described in the PHE internal investigation guide. The purpose of the internal investigation is to examine these facts and enable the Group to adopt the appropriate consequences. The conduct of an internal investigation is strictly supervised and managed by the Internal Audit and Compliance Office. The results of the investigations are presented to the Ethics Committee.

Generally speaking, an internal investigation may result in the following decisions, depending on the nature of the facts established and their context:

- Adoption of corrective measures such as changes to internal procedures, updating of the risk map of the entity concerned, introducing or reinforcing controls;
- Adoption of proportionate disciplinary measures against the employees concerned;
- Filing of a complaint with the judicial authorities or reporting of a crime;
- Internal investigation closed with no further action.
- The results of the internal investigation may also be communicated to the administrative or judicial authorities.

The training of PHE Group employees is an integral part of the fight against corruption and bribery.

As soon as the system was implemented, training campaigns were run by a specialist external organisation. The aim of this is to ensure that, by the end of the course, the trained employees is able to prevent, identify and manage high-risk situations involving corruption and influence peddling.

The training programme covers:

- The key concepts related to the obligations of the Sapin II law, the issues at stake for PHE and the associated risk of sanctions
- The concepts and forms of corruption and influence peddling
- Knowledge of the risk areas for breaches of integrity in the processes of departments identified as being at risk (Management, Purchasing, Sales and Support) - Knowledge of the methodological elements of the Group's anti-corruption system
- Detecting and managing risk situations by acquiring the right reflexes for dealing with them

The training programme was validated by a knowledge test.

- 195 managers (including the Executive Committee) and employees in the targeted risk areas were trained in France and Belgium between June and July 2021.
- 22 managers and employees in the targeted risk areas were trained in Italy in May 2022.

In addition to these initial courses, a specific e-Learning programme has been designed and will be published on the PHE Académie platform in 2025. The e-Learning programme will enable all Group employees to learn about developments in the Group’s anti-corruption and bribery policy, through 5 modules and a quiz:

- Module 1: Introduction (Anti-corruption: legal framework, issues and risks)
- Module 2: Code of conduct
- Module 3: Gifts and invitations
- Module 4: Conflicts of interest
- Module 5: Whistleblowing

Employees identified as working in a risk area are required to pass the quizzes.

An awareness campaign for the French-speaking countries will be launched in the first half of 2025. The rollout of e-learning to the international subsidiaries will be based on the capacity to open up the entire PHE Académie platform, with translations planned into Italian, Spanish, Flemish and Dutch.

	2024 ⁽¹⁾
Number of functions-at-risk of bribery and corruption (FAR)	-
Percentage of FAR receiving training (%)	-

(1) The phase in option is used for this data

4.1.5. INCIDENTS OF CORRUPTION OR BRIBERY G1-4

There have been no cases of corruption or bribery involving PHE Group companies or managers, or in its value chain, where PHE Group employees have been directly involved

	2024
Number of convictions	0
Amount of fines (€m)	0