PSA PEUGEOT CITROËN

2010
Sustainable Development Performance Indicators

Cover Photos:
Mu by Peugeot display at the Peugeot Darl'Mat Alésia dealership in Paris,
Aerial view of the photovoltaic panel array at Sochaux,
Travelling show on road safety in China – teaching children about road risks by helping them learn the basic rules of the road,
Citroën C-ZERO at the PSA Peugeot Citroën booth at the Planète Durable exhibition on sustainable consumption.

PSA PEUGEOT CITROËN

Sustainable Development Performance Indicators 2010

In addition to the 2010 Sustainable Development and Annual Report and its website (http://ar2010.psa-peugeot-citroen.com), this document covers the economic, environmental, social, societal and governance aspects of the sustainable development performance of PSA Peugeot Citroën companies. In addition, readers may visit the dedicated sustainable development website (www.sustainability.psa-peugeot-citroen.com/) to find out the latest news, deepen their understanding of the Group's sustainable development challenges and impacts and learn more about its policies, programmes and accomplishments. Taken together, these media make up PSA Peugeot Citroën's sustainable development reporting for 2010.

Global Reporting Initiative (GRI) Guidelines

For the eighth straight year, the Group's sustainable development reporting follows the sustainability reporting guidelines issued by the Global Reporting Initiative, using the G3 version for the fifth year. According to the criteria recommended in the "G3 Guidelines, Application Levels", the Group's own assessment of the 2010 sustainable development reporting results in an A+ application level, checked by the GRI (the GRI application level check Statement is available on p 169 below).

Audit

In their capacity as PSA Peugeot Citroën's Statutory Auditors, PricewaterhouseCoopers has performed the necessary verifications aimed at expressing moderate assurance on:

- the Group's procedures for compiling i) the environmental indicators from PCA, PCI and PMTC production plants, Peugeot and Citroën dealerships, Gefco and Faurecia, and ii) the social indicators from the Automotive Division, Peugeot and Citroën dealerships and Gefco published in this Report. These indicators are preceded by this symbol:
- certain PCA environmental indicators and certain Automotive Division social indicators. These indicators are preceded by this symbol:

Unaudited indicators are preceded by this symbol:

The full review report by one of the statutory auditors, PricewaterhouseCoopers, may be found on page 165 below.

Contacts

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The Group's Sustainable Development Commitments

Message From the Chairman of the Managing Board

4 ambitions
4 achievements

"Our consolidated financial results improved very significantly in 2010, allowing us to end the year with recurring operating income of €1.8 billion, substantially pared-down debt and a net profit of €1.1 billion. This positive trend was seen across the Group, as the Automotive Division returned to profit, Faurecia confirmed its strong upturn, Gefco significantly lifted its performance and Banque PSA Finance generated record net banking revenue.

In addition to these good results, the progress made during the year towards achieving our four key ambitions – stay a step ahead, be a global player, set the benchmark in operating efficiency and commit to responsible development – shows that we are on the right strategic path in our Vision for 2020.

The year was shaped by our first ambition to stay a step ahead in design, environmental performance and services, as we move our brands to a higher level.

Supported by their attractive design and renewed brand identities, the Citroën DS3, Citroën C4 and Peugeot RCZ made very successful market debuts, while the Peugeot 3008, Peugeot 5008 and new Citroën C3 confirmed their strong appeal. Improved service quality also added to the brands' momentum.

True to our word on environmental performance, we now have low-carbon vehicles for every use based on a CO_2 plan built around conventional, hybrid and electric powertrains. In 2010, we inaugurated our new e-HDi technology, launched four electric vehicles and signed a joint venture agreement on hybrid technology with BMW. Technological innovation remains an integral part of our business, which is why PSA Peugeot Citroën has been the top patent filer in France for the past four years.

In the area of services, our brands continued to broaden their onboard telematics while offering pragmatic solutions to the challenges of urban mobility with Mu by Peugeot and Citroën Multicity.

During the year, we also made great strides in our ambition to be a global player, selling 39% of our vehicles outside Europe compared with 34% the year before. This growth was particularly noticeable in China, thanks to our enhanced partnership with Dongfeng and plans to set up a new joint venture agreement with Chang'an. To better consider our further development from within Asia, we decided to set up an Asia Department in Shanghai in 2010.

In Latin America, the new management team deployed a new strategy supported by sizeable investments. Elsewhere in the world, we began production at the plant in Kaluga, Russia, and decided to move into India with the Peugeot brand.

Our third ambition, to lift operating efficiency to benchmark levels, remained a constant focus for all of our teams. The fact that we greatly exceeded our initial performance targets in 2010 is truly a collective achievement. To rank among the top global volume manufacturers, we will continue to pay close attention to strengthening our industrial competitiveness in Europe and to deploying the PSA Excellence System in every aspect of our business.

Excellence in supplier relations is also a priority. Alongside our 13 key strategic suppliers, we want to build up a group of major suppliers who are robust both industrially and financially and able to support our R&D and geographic expansion.

Lastly, we can only achieve our ambitions if we keep our commitment to responsible development. We owe this to our customers, our partners and each of our employees. A number of measures were taken in 2010, notably to continue promoting new behaviours in the areas of health, well-being and workplace safety. The lost-time occupational accident (LTIF) rate declined by 16% during the year. We also created a corporate university to help our team members learn and grow and launched an ethics awareness campaign to support our updated Code of Ethics.

Automotive recurring operating income is expected to be higher in 2011 than in 2010, with the performance plan's contribution amply offsetting significant increases in raw material and other input costs. Faurecia, Gefco and Banque PSA Finance are all expected to deliver increased recurring operating income in 2011. Free cash flow, after higher capitalised R&D and capital expenditure amounting to €3 billion, is expected to be positive.

By putting itself back on a growth track and taking tangible steps to achieve its ambitions, your Group is living up to the heritage of its two brands, Peugeot and Citroën, who celebrated their 200th and 90th anniversaries in 2010 and unveiled their new "Motion & Emotion" (Peugeot) and "Créative Technologie" (Citroën) baselines. I would like to take this opportunity to congratulate everyone at PSA Peugeot Citroën for these results and for their individual and collective commitment.

I am convinced that our shareholders, employees, suppliers and public and private partners are pleased with the new direction in which we are heading."

Philippe Varin
Chairman of the Managing Board

The Automobile Industry's Major Sustainable Development Challenges

By enabling individual mobility, automobiles are an intrinsic part of economic and social development. At the same time, they present challenges throughout their lifecycle for society and the environment. This is particularly the case during the "in use" phase, which is associated with three key challenges: the greenhouse effect, road safety and urban mobility. The impact of the Group's technological responses is heavily influenced by relations with customers, suppliers, legislators and other stakeholders. Every one involved needs to pull together and take meaningful action to address these challenges effectively. PSA Peugeot Citroën is also taking appropriate steps to deal with other issues raised by automobiles throughout their lifecycle and, more generally, by the Group's size and businesses.

Greenhouse Effect

There is now a broad consensus in the scientific community that the level of greenhouse gases (GHG) in the atmosphere from human activity has increased and is affecting the global climate. In its Fourth Assessment Report issued in 2007, the International Panel on Climate Change (IPCC) estimated that, to keep the global temperature from rising by more than 2°C, atmospheric concentrations of CO_2 would have to be limited to between 400 and 550 ppm. The increase in man-made CO_2 emissions has led governments to implement tracking and regulatory measures to keep the greenhouse effect under control.

The transport industry in general and the automobile industry in particular account for a significant and rising share of global greenhouse gas emissions. According to a 2005 World Resources Institute Report, cars are responsible for 10% of the world's CO_2 emissions generated by human activities. CO_2 emissions, as measured in g/km, are directly proportional to fuel consumption in l/km and to the fuel's chemical composition. Based on the chemical equations for combustion, the coefficient stands at around 23.5 for petrol and 26.5 for diesel fuel. This means, for example, that a vehicle that consumes five litres of diesel per 100 km emits 133g of CO_2 per km.

As the greenhouse effect is a major challenge, PSA Peugeot Citroën has made it a priority to continue reducing the CO_2 emissions of its entire line-up.

Road Safety

Thanks to extensive optimisation, vehicles now offer a very good level of passenger protection in the event of a crash (secondary safety). Safety also means inventing effective ways to avoid accidents (primary safety) and to facilitate speedy response and rescue if an accident occurs (tertiary or post accident safety). Driver training and better infrastructure are also key factors in solving the equation of road safety.

Urban Mobility

The number and size of megacities worldwide is constantly growing, notably in the emerging economies. Intensive and growing road transport creates urban congestion that is both costly and harmful for the environment. From PSA Peugeot Citroën's perspective, the solution lies in more widespread use of low-emission, networked or smart cars that leverage the latest technological advances, as well as in more effective policies for traffic management, alternative transportation systems and land use planning.

Air Quality

Automobiles contribute to air pollution, with health consequences that are particularly noticeable in cities. For this reason, the Group is working to eliminate contaminants like NO_x, HC and particulates from tailpipe emissions and to introduce zero-emission vehicles.

Resource Management and Recycling

Automobiles also have an environmental impact at the start of their lifecycle, in terms of raw materials, and at the end, with end-of-life recovery and recycling. PSA Peugeot Citroën carefully manages resources starting at the drawing board and does everything it can to facilitate end-of-life recycling.

The Environmental Impact of Manufacturing Operations

Although automobile manufacturing in itself does not entail any major environmental risks, series production requires large facilities that use water and energy and generate waste. These impacts can be attenuated by using natural resources and energy responsibly and by taking steps to lower contaminant and GHG emissions, reduce effluent, carefully manage hazardous waste and materials, eliminate the risk of accidental pollution, respect biodiversity and diminish noise and odours. As part of its continuous improvement drive in the areas of safety, health and the environment, PSA Peugeot Citroën has deployed an environmental management system and best available technologies at an acceptable cost.

Employee Relations Policies

Automobile production is labour intensive and traditionally uses a largely male workforce. In response to this situation, PSA Peugeot Citroën has made improving working conditions and safety, developing and rewarding talent and promoting equal opportunity a major focus of its global human relations policy. The Group is committed to respecting and promoting human rights and best practices in all host countries.

Supplier Relations

Standard parts and components represent 70-75% of a vehicle's average production cost. Work done by suppliers to fulfil Group orders contributes to the automobile industry's overall social and environmental impact. For PSA Peugeot Citroën, solid, longterm supplier relations cannot be solely based on quality, costs and deadlines. Suppliers must also comply with social and environmental responsibility requirements that are aligned with the Group's and be committed to continuous improvement in this area. In an environment shaped by a changing industrial base, evolving skills sets and the need for innovation, the automobile industry's consolidation is a major challenge.

Customer Relations

As a big-ticket item, automobiles must respond to growing consumer expectations for comfort, safety, environmental friendliness and other features while remaining affordable. Customers need to have all the necessary information to make the right buying decision. PSA Peugeot Citroën is committed to offering customers quality products and services to meet their specific requirements, with appropriate financing packages if needed. Customer satisfaction is a top priority starting in the showroom and continuing on through years of use. The Group has published a responsible communication charter to support transparent, respectful customer relations.

Partnerships in Host Countries and Communities

With 198,220 employees worldwide and numerous facilities (around 30 manufacturing plants; a dozen administrative, R&D and design complexes; and hundreds of dealerships – just for the Automotive Division), the Group has a considerable impact on its host communities as a business partner and employer. PSA Peugeot Citroën is committed to forging deep ties in these communities by listening closely to employees, local officials and neighbours and by getting involved in infrastructure projects, sponsorship campaigns and other local programmes.

Sustainable Development Commitments and Objectives

A real desire to understand and effectively manage these issues enabled PSA Peugeot Citroën to deploy a sustainable development process that is now mature and fully integrated into the Group's strategic Vision defined by the Managing Board in late 2009. This Vision has set the course for the next ten years. It is structured around operating priorities, expressed in the form of three strategic ambitions: to stay one step ahead in products and services, to be a global player and to set the industry benchmark in operating efficiency. These three ambitions are all underpinned by a fourth, a commitment to responsible development.

An integral part of the Group's strategy, our sustainable development approach responds to a series of commitments and is expressed in a number of objectives that are regularly reviewed by the Executive Committee. This year, the Executive Committee added six new indicators and deemed that five had been reached.

Commitments and Objectives	2010 Achievements and Results	More details on page:
Ambition 1 Stay a step ahead in products and services		
Fuel-efficient, low-carbon vehicles		
◆ Increase the proportion of low-carbon vehicles in the sales mix		
Sell one million vehicles emitting less than 120 g/km of CO_2 in Europe each year as from 2012	In 2010, PSA Peugeot Citroën sold more than 800,000 vehicles in Europe emitting less than 120 g/km of CO_2.	41-45
◆ Offer hybrid and electric vehicles		
Put four electric vehicles on the market by end-2010	Four electric vehicles were on the market at the end of 2010: the Peugeot iOn, the Citroën C-ZERO, the Peugeot Partner Origin and the Citroën Berlingo First.	49
Equip a total of one million vehicles with e-HDi technology by end-2013	e-HDi technology was introduced in 2010 on the Citroën C5, followed by the Citroën C3, DS3 and C4 and the Peugeot 508.	48
Eco-design		
◆ Sharply increase the proportion of green materials (recycled, natural or biosourced) in Peugeot and Citroën vehicles		
Use 20% green materials in vehicle polymers in 2011 and up to 30% in 2015 for new vehicle projects	Green materials make up 15% of the polymers in the Citroën C4 and 14.3% of the polymers in the Peugeot 508.	52
◆ Optimise vehicle mass		
By 2012, reduce the mass of new vehicles in Europe by 100 kg compared with the vehicles they replace	Reversing the trend, the new Citroën C4 does not weigh any more than its predecessor. The Peugeot 508 weighs 25 kg less than the Peugeot 407, and the SW version weighs 50 kg less.	50
◆ Ensure that end-of-life vehicles are recovered and recycled		
Achieve a recovery rate for end-of-life vehicles of 95% as from 2015 and a re-use/recycling rate of 85%	PSA Peugeot Citroën complies with the current European Directive that calls for a minimum recycling/ recovery rate of 85%.	53
Safety and mobility		
◆ Extend driver support, passenger restraint, emergency assistance and other safety systems across the vehicle line-up		
Equip one million vehicles in Europe with the emergency call system in 2011 and another 500,000 in 2012	As of end-2010, 781,000 Peugeot and Citroën vehicles were equipped with the emergency call service. With the new telematics box that offers better service at a lower cost, the objective of one million vehicles should be met in 2011.	57-58

New objective — Objective being met — Objective deadline reached

Commitments and Objectives	2010 Achievements and Results	More details on page:
◆ Be the first carmaker to offer customised, multi-product mobility services		
In cities with a population of more than 300,000, deploy Mu by Peugeot at 115 sites by end-2011	The Mu by Peugeot mobility service was available at 40 sites in 14 European cities in six countries at the end of 2010.	59
Introduce a Citroën mobility services solution by 2011 Deploy Citroën Multicity in seven European countries, Brazil and China by 2015	Citroën offers a subscription-free rental service that delivers a car when and where needed (Call Car), as well as a dedicated travel planning website (Citroën Multicity), launched in early 2011.	59
Ambition 2 Be a global player		
Meeting customer expectations		
◆ Offer products and services aligned with the needs of PSA Peugeot Citroën's different markets and delivering the quality customers expect		
Rank among the top carmakers in Europe by 2015 in comparative quality surveys	In 2010, the Group commissioned numerous surveys on product and service quality in its various host markets.	60-61
◆ Manage the environmental and societal impacts of the Peugeot and Citroën dealership networks more effectively		
Deploy an environmental and social scorecard in the dealership network in 2011	The necessary resources for deploying the environmental and social scorecard were provided to the dealership network in the first half of 2011. The deployment roadmap is currently being defined by the Peugeot and Citroën brands for their dealership network.	66
◆ Pursue a responsible communication strategy developed with an honest view of the environmental, societal and business challenges posed by automobiles		
Ambition 3 Set the industry benchmark in operating efficiency		
Environmental management		
◆ Continue to reduce the environmental footprint of the Group's manufacturing operations		
Carefully manage energy consumption, with a target of 2.05 MWh per vehicle produced in 2012	Greenhouse gas emissions per vehicle have been cut by 41% since 1995.	70
Reduce VOC emissions to 3.42 kg per vehicle produced in 2012	Volatile organic compound (VOC) emissions have declined by 55% to 3.75 kg per vehicle from more than 8 kg in 1995.	77
Reduce water consumption to 4 cubic meters per vehicle produced in 2012	Over the 1995-2010 period, water withdrawn per vehicle was reduced by 66%, to 4.85 cubic metres from 14.16 cubic metres.	79
Supplier relations		
◆ Develop sustainable, mutually beneficial relationships that comply with the highest social responsibility and environmental responsibility requirements		
Have 500 suppliers sign PSA Peugeot Citroën's social and environmental responsibility requirements in 2010 Ensure that 90% of purchasing expenditure is covered by a supplier commitment in 2012	500 suppliers had signed PSA Peugeot Citroën's social and environmental responsibility requirements as of end-2010. These suppliers represent 81% of purchasing expenditure. The Group is pursuing it signature campaign and including sustainable development clauses in its series purchasing contracts to get suppliers on board through one of these two procedures.	35

New objective — Objective being met — Objective deadline reached

Commitments and Objectives	2010 Achievements and Results	More details on page:
Ambition 4 Commit to responsible development		
Respect for human rights, gender balance and diversity		
◆ Promote respect for basic human rights throughout the Group's worldwide operations		
Renew the Global Framework Agreement in 2010	On 20 May 2010, PSA Peugeot Citroën renewed its Global Framework Agreement on Social Responsibility after four years of application.	139-140
◆ Promote all types of diversity, ensure equal opportunity and prevent discrimination		
Raise the percentage of women in the senior management team in France to 15% in 2012	In 2010, women accounted for 21.8% of all Group employees, 19.3% of managers and 6.5% of senior managers.	134-138
Well-being in the workplace and skills development		
◆ Provide employees with a safe, healthy workplace in which their talent can flourish		
Reduce the lost time incident frequency rate, including temporary employees, to less than 1 in 2013	The Groupwide lost-time incident frequency (LTIF) rate, including temporary employees, stood at 3.87 in 2010, down 16% from 4.63 in 2009.	110-113
Continue to improve plant workstation ergonomy, with the goal of reducing the percentage of "heavy" workstations to 8% and increasing the percentage of "light" workstations to 58% in 2012	Between 2005 and end-2010, the percentage of workstations rated as "heavy" declined to 9% from 18%, while the percentage of "light" workstations rose to 53% from 37%.	114
◆ Develop and recognise employee capabilities so that each team member can contribute more fully and autonomously to the company's performance		
Create a corporate university in 2010	Since it was founded in April 2010, the university has offered a variety of training courses designed to help the Group fulfil its ambitions. The university guarantees that the technical and managerial skills acquired through these courses meet a defined level of excellence.	106-107
Increase the number of training hours per employee to 28 hours in 2013	Each employee received an average of 24.6 hours of training in 2010, with 97,850 employees attending at least one training course during the year.	105-107
Ethical practices and corporate governance		
◆ Strengthen the rules of ethical behaviour across the Group		
Deploy an updated and expanded Code of Ethics in 2010, along with an operating guide, and set up a new ethics governance system	In 2010, PSA Peugeot Citroën confirmed its commitment by deploying a new, expanded Code of Ethics with 16 guidelines. The Code of Ethics is available in eight languages. It has been signed by 736 senior and executive managers.	162
Set up a whistleblower system in 15 countries in 2012 (covering 115,000 people)		
Familiarise 20,000 people with the ethical guidelines through an e-learning course in 2011		
Corporate citizenship		
◆ Provide an additional contribution to civil society in response to environmental and social issues, with a focus on mobility, local development and solidarity		142-147
Launch a corporate foundation in 2011 with a €2 million annual endowment through 2015	The bylaws of the PSA Peugeot Citroën "Un monde en mouvement" foundation were submitted to and approved by officials at the Ile-de France and Paris prefectures.	

New objective — Objective being met — Objective deadline reached

Organisation

The Group's sustainable development policy and management system are an integral part of its corporate governance.

The Sustainable Development Department, which reports directly to the Corporate Communication Senior Vice-President, has pursued a structured approach since 2003. It works with a network of front-line correspondents in all the Group's departments who are experts in the different areas of corporate responsibility (human resources, environmental management, purchasing, marketing, sponsorship, etc.). A Sustainable Development Committee is convened at least every quarter to meet with the network's members.

The correspondents who participate in the Sustainable Development Committee have a network of correspondents within their own departments. The environmental network, for example, has nearly 500 members and is present in all host countries, facilities and subsidiaries.

The main sustainable development indicators are included in the Executive Committee's monthly scorecard. The sustainable development commitments and objectives are reviewed and approved by the Executive Committee.

Standards and Commitments

In implementing its sustainable development approach, the Group refers to a structured set of international or industry standards and benchmarks, including:

- ISO 14001 for the environment;
- ISO 26000, Guidance for social responsibility (voluntary standard). The Group ensures that its sustainable development approach is aligned to the standard's guidelines as much as possible;
- The third generation (G3) sustainability reporting guidelines issued by the Global Reporting Initiative for reporting;
- The Global Compact for ten universally accepted principles in the areas of human rights, labour, environment and anticorruption. PSA Peugeot Citroën joined the Global Compact in 2003 and Gefco in 2009. In 2009 PSA Peugeot Citroën joined Caring for Climate, a voluntary and complementary action platform for UN Global Compact participants who seek to demonstrate leadership on the issue of climate change;
- The responsible advertising charter issued by the French Advertisers' Association (UDA) for advertising.

In addition, the Group has developed its own benchmarks and guidelines in the following areas:

- Social responsibility: Global Framework Agreement on Social Responsibility signed with the International Metalworkers' Federation (IMF) and the European Metalworkers' Federation (EMF) in 2006 and renewed in 2010;
- Ethics: The Code of Ethics. The new Code of Ethics issued in 2010 updates and expands on the Code of Ethics published in 2003;
- Purchasing: PSA Peugeot Citroën's Requirements Regarding Social and Environmental Responsibility with Respect to its Suppliers;
- Responsible marketing and advertising: PSA Peugeot Citroën's Responsible Communications Charter.

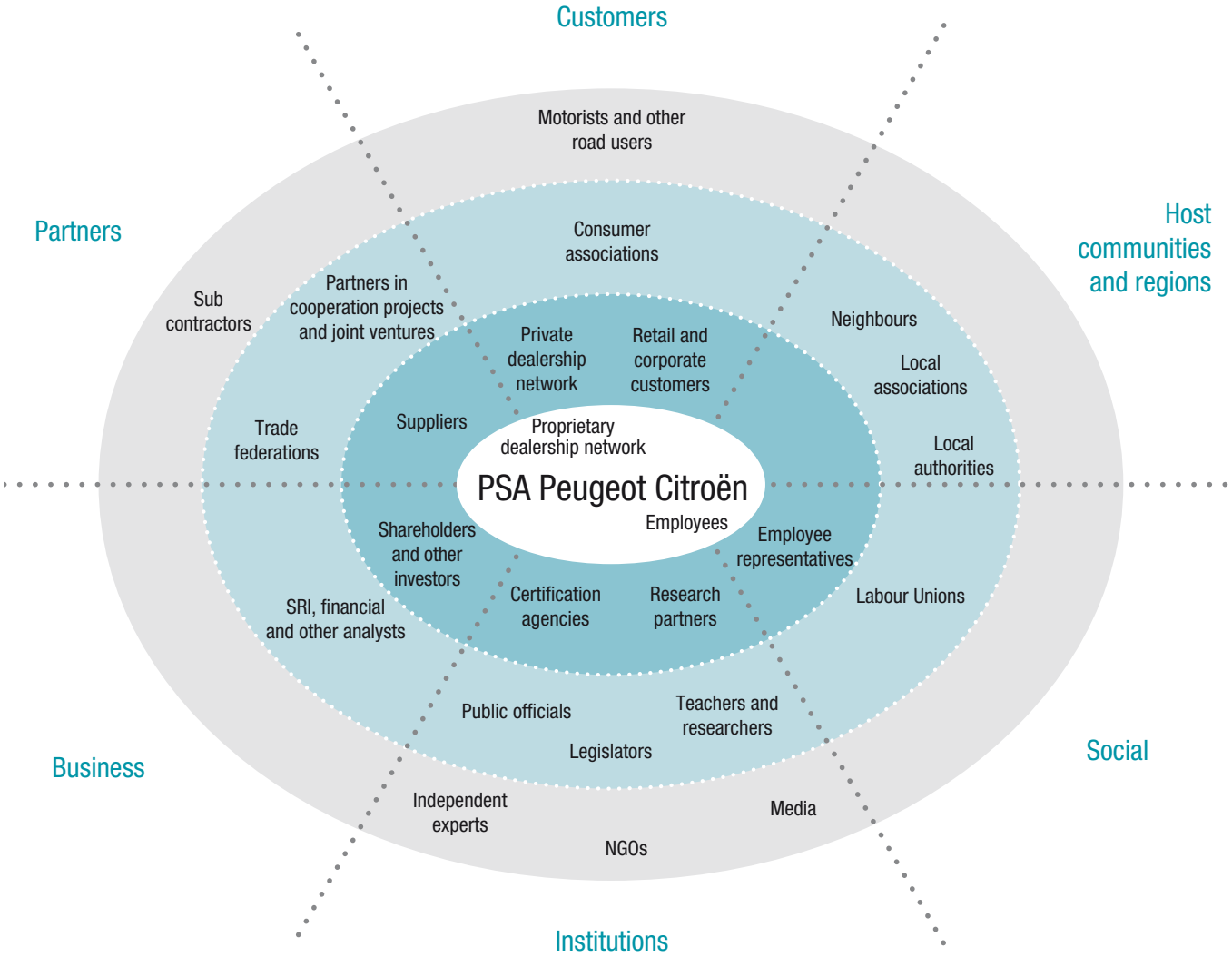
The Group belongs to several French organisations that promote sustainable development, including Comité 21, the Study Centre for Corporate Responsibility (ORSE), the French Advertisers'Association (UDA), the college of sustainable development managers (C3D) and the Businesses for the Environment association (EpE). PSA Peugeot Citroën participates in a variety of working groups within these organisations.

Lastly, PSA Peugeot Citroën has been a member of the China Business Council for Sustainable Development (CBCSD) since March 2006.

Relations with Stakeholders

Stakeholders and Forums

Stakeholders



Dialogue Resources

The expectations of customers, employees and shareholders are a core concern at PSA Peugeot Citroën. The Group is committed to including community representatives in its circle of dialogue alongside industrial and business partners.

Stakeholder	Information – communication	Dialogue – consultation	Agreements – partnerships
Employees	◆ Internal communication through newsletters, websites, events, etc. ◆ Awareness campaigns on sustainable development, diversity, disabilities, eco-driving, safe driving, etc.	◆ Daily dialogue with management ◆ Discussion within teams: Basic Units ◆ Suggestion boxes ◆ Dialogue through employee representatives ◆ Annual satisfaction surveys and a monthly review	◆ Training ◆ Support for individual outreach projects, for example through the solidarity trophies programme
Employee representatives		◆ Social agenda ◆ Expanded European Works Council with International Scope ◆ Joint Union-Management Strategy Committee ◆ Specific sessions on site	◆ Global Framework Agreement on Social Responsibility ◆ Nearly 150 agreements signed in 2010, of which more than 90 outside France
Customers and consumer associations	◆ Peugeot and Citroën websites ◆ Responsible communication Charter ◆ Information on road safety features when a vehicle is delivered	◆ Dealership networks and customer services ◆ Consultation with consumer panels ◆ Consumer relations teams	
Dealership networks		◆ Customer satisfaction and quality feedback	◆ Analysis of all types of risk (including ethics) before a dealership contract is signed ◆ Inclusion of sustainable development clauses in dealership contracts
Shareholders and other investors	◆ Letter to Shareholders ◆ Sustainable Development and Annual Report and Registration Document ◆ Corporate website ◆ Annual and interim financial results	◆ Consultation Committee ◆ Annual Shareholders' Meeting ◆ Investor meetings ◆ Numerous conferences	
Suppliers	◆ Monthly information meetings	◆ Supplier trophies ◆ Innovation days ◆ Strategy Meeting (CEO + 300 largest suppliers) and products/ projects meeting ◆ Four regional delegates appointed ◆ Supplier relations teams	◆ Social and environmental responsibility requirements guidelines for suppliers ◆ Sustainable development clauses in contracts and general selling conditions ◆ Involvment in France's PFA – a platform set up into foster on-going discussion and exchange between auto industry stakeholders
Partners in cooperation projects and joint ventures		◆ Presence in national (CCFA), regional and global organisations	◆ Joint development and production of vehicle components and bases, notably for electric vehicles, hybrid components and Euro 6 compliance
Other carmakers		◆ Member of the European Automobile Manufacturers' Association (ACEA) ◆ Member of national associations in all host counties	
Financial and SRI rating agencies	◆ Publication of Sustainable Development Performance Indicators report ◆ Sustainable development website	◆ Respond to questionnaires and periodic requests	
NGOs and associations	◆ Publication of Sustainable Development Performance Indicators report ◆ Sustainable development website	◆ Discussions with the French Advertisers' Association (UDA) ◆ Respond to requests ◆ Meetings with NG0s	◆ Participation in the local community (infrastructure, local associations, etc.) ◆ Local Philanthropy and Social Action Plans
Institutions		◆ Regular contacts with European and international institutions, as well as with French authorities	

Stakeholder	Information – communication	Dialogue – consultation	Agreements – partnerships
Host communities and site neighbours	◆ Events on road safety, environmental issues, sustainable mobility and other topics	◆ Discussions with local officials ◆ Open houses	◆ Sponsorship focused on local development
Media	◆ Press releases ◆ Website and media centre (corporate and brands)	◆ Dedicated press relations teams	
Teachers and researchers	◆ Forum for France's leading business and engineering schools ◆ Awareness campaigns with local schools	◆ Integrating interns and apprentices, laboratory space for doctoral candidates under a CIFRE contract ◆ Work on urban mobility within the City on the Move Institute (IVM)	◆ Partnerships with national educational systems in each host country

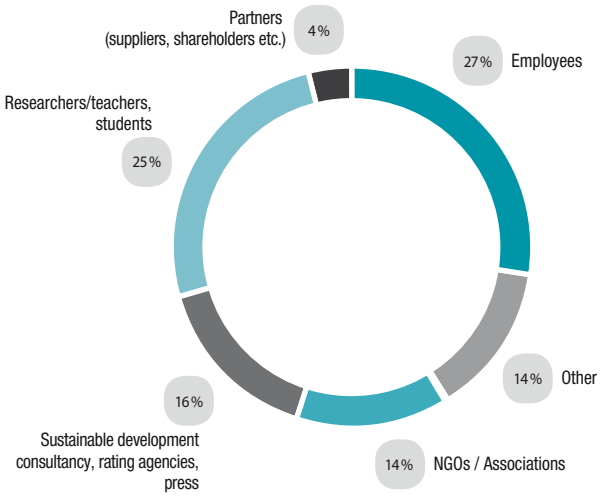
Reporting Survey

Presentation

The Sustainable Development Department sent a survey on the Group's sustainable development commitment and reporting to a select panel of stakeholders to collect feedback. The survey was also posted on the sustainable development website.

The results provided valuable feedback on stakeholder perceptions concerning the quality of PSA Peugeot Citroën's reporting and the appropriateness of the Group's sustainable development measures. The survey also gave a better view of stakeholder expectations.

The table below is based on data from the 51 surveys that were completely filled out. Respondents identified themselves as follows:



Of the respondents, 92% answered "completely" or "somewhat" to the statement "Sustainable development is a subject on which you are well informed", and 84% answered "completely" or "somewhat" to the statement "Sustainable development is a subject in which you are involved". Environmental issues were the most important to the respondents.

Opinion on 2009 Reporting Presentation

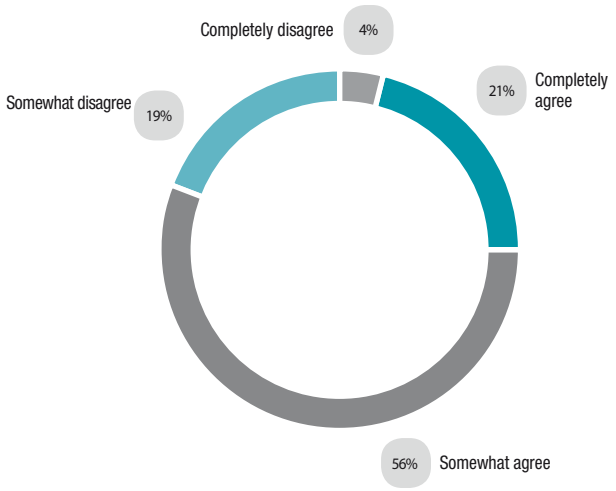
Overall, the Group's annual sustainable development publications were found to be useful and practical.

Survey respondents found the 2009 Annual Report easy to read, modern and pleasant. Respondents said they would like to see more testimonials, figures and charts.

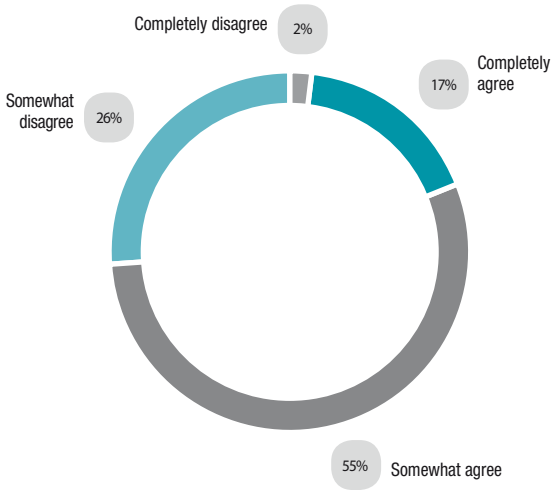
Opinion on 2009 Reporting Content

57% of respondents answered “completely” or “somewhat” to the question “Do you think the Group has correctly informed you of its sustainable development activities?”.

PSA Peugeot Citroën has an ambitious approach to sustainable development

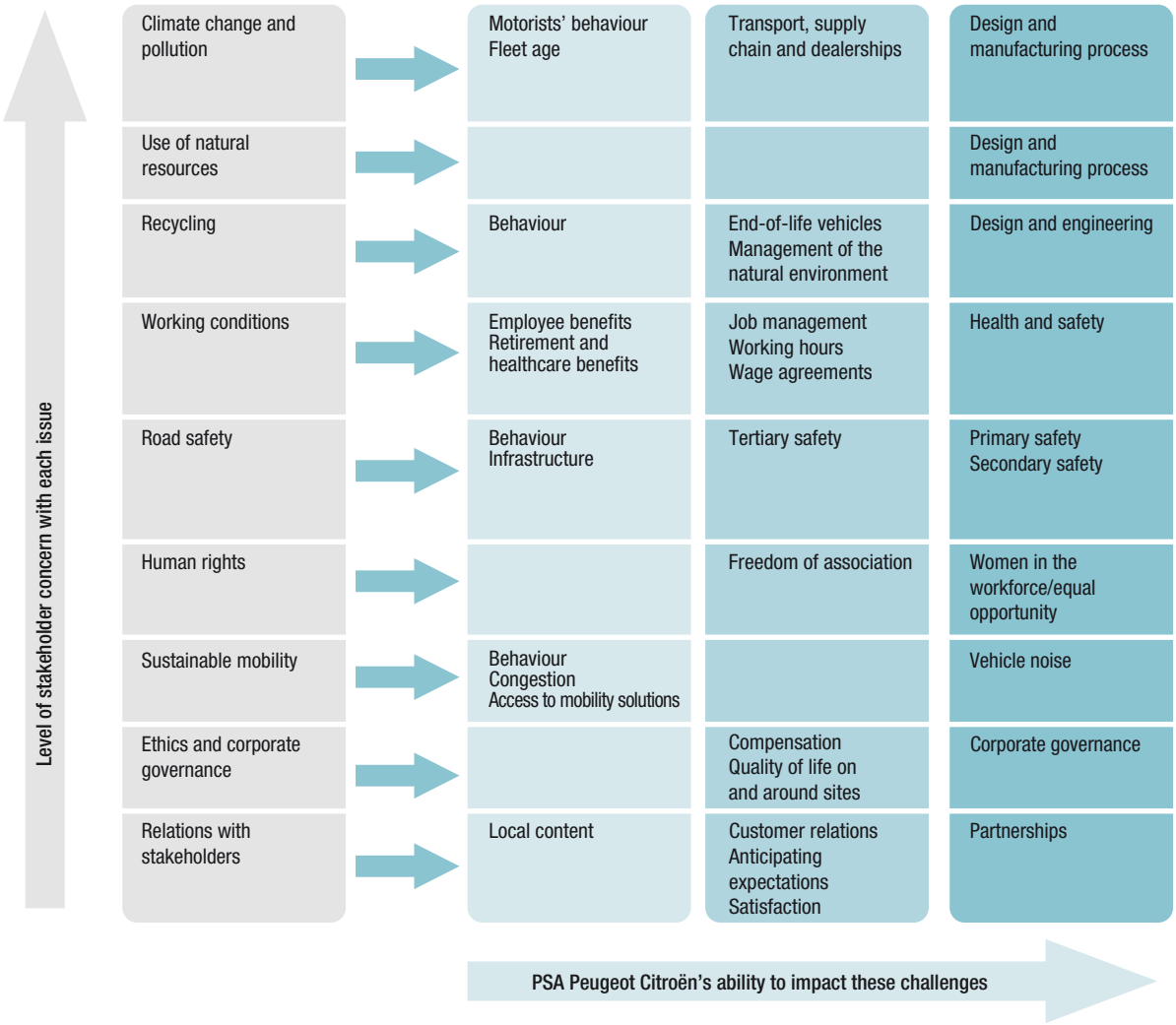


PSA Peugeot Citroën sets a good example compared with its competitors or other large companies on sustainable development



The questions and concerns raised in the survey cover tracking of the sustainable development objectives, the key indicators table and the sustainable development approach’s visibility for the end user.

Importance of the Main Challenges and Issues Involved



The level of concern with each issue has been ranked on the basis of the survey results and therefore reflects the opinions of a limited panel, with a majority of French participants.

Public Policy and Lobbying

Automotive Carbon Emissions

As the global community becomes increasingly aware of climate change issues, the eco-car of the future remains a major topic of public debate.

Concerning regulations on automotive carbon emissions, PSA Peugeot Citroën defends the position that test cycles and procedures should be harmonised worldwide.

More generally, PSA Peugeot Citroën feels that there is not a "one-size-fits-all" technology that will produce a carbon-free automobile. Instead, reducing overall carbon emissions will require the commercial development of several closely related technologies to meet the different usage patterns and price requirements of carbuyers around the world. It is widely believed that vehicles equipped with internal combustion engines will still account for 85% of automobile sales in 2020, and electric and hybrid vehicles 15%.

Working with public authorities, the Group is helping to define the conditions that would enable the emergence of a market for low-carbon vehicles. As part of this process, it is helping to develop and assess electric infrastructure technologies and standards, particularly EV recharging technologies and plug-in hybrids. In addition, PSA Peugeot Citroën would like for governments to support the development of electric vehicles, hybrids and plug-in hybrids with incentives to stimulate emerging demand for these vehicles. For this new market to reach maturity, it is vitally important that these incentives be highly visible and stable over time.

Concerning biofuels, the Group is in favour of introducing blends of up to 10% to achieve a meaningful impact quickly. That said, it is important to apply sustainability criteria in developing a biofuel industry, notably to address the potential conflict between using crops for fuel instead of food.

Telematics and Road Safety

In the future, cars will be increasingly connected to roadway infrastructure and, more generally, to the outside world. This should improve both safety and the driving experience while reducing the automobile's carbon footprint and promoting more fluid traffic flows.

The future pan-European eCall system will have to be compatible with PSA Peugeot Citroën's emergency call system, which is already widely deployed on 781,000 vehicles. It is part of a high performance PSA Peugeot Citroën telematics solution that can serve as a springboard for innovative telematics services, including emergency calls, assistance, fleet management support and electronic service records. PSA Peugeot Citroën intends to remain the leader in post-accident (or tertiary) safety.

At the same time, safety performance is improving even as vehicle weight is reduced to meet lower carbon emissions targets.

More and more, the focus is on accident avoidance as the way to cut down on road fatalities, notably through the use of new communication technologies and driver assistance systems.

The deployment of Latin NCAP in 2010 shows that expectations concerning secondary safety are converging worldwide.

The Environmental Impact of Manufacturing Operations

PSA Peugeot Citroën has pursued an energy and emissions management policy for many years. Substantial investments will be required to further reduce fossil fuel consumption, in compliance with legal obligations. Energy use in industrial processes is coming under increasingly heavy tax and regulatory constraints, with the extension of the carbon emissions trading system and new environmental laws, notably in the wake of France's environmental summit.

Manufacturing is heavily regulated, in particular with the recast Industrial Emissions Directive (formerly IPPC). The revised directive will help to further reduce the environmental impact of PSA Peugeot Citroën plants, which has already been declining for many years. The directive is currently being transposed into French law.

Innovation

The automobile industry is facing major innovation challenges that will be embodied in technological paradigm shifts.

France has a national R&D strategy based on companies cooperating on research projects upstream from the competitive stage. The government also wants to encourage cooperative ventures between companies and government or private-sector laboratories. PSA Peugeot Citroën participates in numerous research programmes with research laboratories and institutes. As part of these programmes it has hired 50 doctoral candidates under CIFRE contracts, taken part in government-sponsored automotive clusters in France (Véhicules du Futur, ID4car and MOVéO) and created the Science Technologies Exploratory Lean Laboratory (StelLab) within the OpenLabs network (these research units bring together Group teams and the top laboratories).

The Group has also participated in or led innovation and experimentation projects on electric vehicles, hybrid vehicles, lighter-weight vehicles and other topics as part of innovation programmes in France and the rest of Europe. To achieve the technological breakthroughs required, notably to reduce vehicle CO_2 emissions, PSA Peugeot Citroën must find new sources of R&D financing. Although support from the European Investment Bank and the EU R&D Framework Programme is quite necessary, it is not enough, given the global environment. The Group feels that R&D support for the automobile industry needs to be adapted so that European carmakers can meet the challenges of the future and remain competitive in a highly competitive global market.

Economic Environment

In a still-challenging economic environment, public debate has increasingly focused on the need to retain manufacturing jobs in France and to develop a European industrial policy. With deep roots in France and keenly aware of cost of labour issues, PSA Peugeot Citroën needs a robust, competitive manufacturing base.

The Group has taken a front-line stand in supporting the French automobile industry, notably by participating in the PFA auto industry platform, creating a dedicated team within the Purchasing Department and appointing regional delegates to work in liaison with government appointed "Automobile Representatives" who report to the regional prefects.

It intends to go even farther and create a new relationship with suppliers to prepare the future more effectively. This is reflected in the development of a Best Practices Code, the deployment of programme to certify supplier production sites and upstream collaboration with 13 strategic suppliers.

Taxation

To drive a general reduction in carbon emissions, PSA Peugeot Citroën supports the need for a technology-neutral regulatory and tax framework. However, certain high-cost technologies need incentives to jump-start wider demand for products that are currently too expensive for most people, such as electric vehicles and plug-in hybrids.

There is an increasing trend towards taxing cars based on CO_2 emissions, with the goal of encouraging sales of lower-carbon models. This trend, which has become even more pronounced since 2004, has prompted a shift in sales towards low-margin segments and led to greater fragmentation of the European market. PSA Peugeot Citroën and all other carmakers would like changes in taxation to be foreseeable.

A pionner in particulate filter, the Group does not support any move to discourage diesel sales, which would suddenly disrupt European car markets and hamper efforts to reduce vehicle CO_2 emissions.

Social Responsibility

PSA Peugeot Citroën is building its growth on socially responsible principles.

Its employee relations policies are designed to encourage social cohesion by focusing on:

- workplace health and safety, with the deployment of a new workplace health and safety management system;
- human resources growth and development, with renewed hiring, an emphasis on learning, measures to provide job opportunities, a commitment to retaining and motivating seniors and the creation of a corporate university;
- ethical and responsible development, with the new Global Framework Agreement on Social Responsibility, a new Code of Ethics, a commitment to gender diversity and equal opportunity and an industrial and social commitment towards the automobile industry.

These issues are discussed with government representatives and institutions.

Sustainable Development Reporting

Reporting Scope and Methodology

The Group reports on its sustainable development performance annually on the basis of operating indicators. The audited results are presented in this Sustainable Development Performance Indicators report, the Sustainable Development and Annual Report and on the sustainable development website.

This report concerns the economic, social and environmental performance of fully consolidated PSA Peugeot Citroën companies.

For the eighth year in a row, the Group's reporting follows the sustainability reporting guidelines issued by the Global Reporting Initiative, with the goal of continuously improving transparency. The third generation (G3) guidelines have been applied for the past five years.

According to the criteria recommended in the "G3 Guidelines, Application Levels", the Group's own assessment of its 2010 sustainable development reporting results in an A+ application level (the GRI application level check Statement is available on p 169 below).

The information in this document complies with French corporate governance legislation (*"Nouvelles Régulations Économiques"* Act), as described in the Registration Document.

All of the information concerning Faurecia, a listed company 57.4%-owned by Peugeot S.A., may be found in its Registration Document.

Scope of Reporting

Indicator scope and consolidation methods are described at the beginning of each section, or, as appropriate, with the indicator concerned.

The scope of reporting does not include subsidiaries jointly owned with other carmakers or joint ventures accounted for by the equity method.

PSA Peugeot Citroën owns a stake in six automobile manufacturing joint ventures:

- TPCA, located in Kolin in the Czech Republic, in cooperation with Toyota;
- DPCA, located in Wuhan and Xiangyang, Hubei Province, China, in cooperation with Dongfeng Motor Corp.;
- Sevelnord, located in Hordain, France, in cooperation with Fiat;
- Sevelsud, located in Val di Sangro, Italy, in cooperation with Fiat;
- Française de Mécanique, located in Douvrin, France, in cooperation with Renault;
- PCMA Automotiv RUS, located in Kaluga, Russia, in cooperation with Mitsubishi Motors Corp.

In these joint ventures, PSA Peugeot Citroën exercises its role as shareholder and industrial partner in a commitment to supporting each one's long-term development. As part of this process, it maintains regular dialogue on environmental and social issues.

In 2006, the Group agreed to present its Global Framework Agreement on Social Responsibility to its industrial partners, thereby encouraging them to apply the international ILO conventions on which the Agreement is based.

Depending on the management structure adopted with the industrial partner, the joint ventures report on their social and environmental performance at different levels.

In 2007, at PSA Peugeot Citroën's initiative and with the agreement of co-shareholder Dongfeng Motor Corp., DPCA published its first Sustainable Development Report – the first such report ever prepared by a carmaker in China. The report was updated in 2008, 2009 and 2010.

Period under Review

The data and indicators presented in this document concern 2010 and provide values as of 31 December, to which several first-quarter 2011 highlights have been added.

Most of the indicators are presented with comments explaining any changes in their scope of reporting or calculation method.

Comparative data is generally provided for three years, wherever possible, or more to include information from a reference year in which a policy or action plan was implemented.

Audit

Audit

The methods for compiling the social and environmental data from Group production plants, Peugeot and Citroën sales subsidiaries and Gefco, as well as the Faurecia environmental indicators published in this report and certain PCA environmental indicators and certain Automotive Division social indicators have all been checked by PricewaterhouseCoopers, an independent audit firm.

Indicators for which data has been audited are preceded by this symbol:

Indicators for which the processes for establishing data have been audited are preceded by this symbol:

Unaudited indicators are preceded by this symbol:

The full review report by one of the statutory auditors, PricewaterhouseCoopers, may be found on page 165 below.

Main Indicators

▶ Data reviewed by one of the statutory auditors, PricewaterhouseCoopers. The processes for compiling the other indicators were reviewed.

Main Environmental Indicators

	Units		2008	2009	2010
Direct Energy Consumption	*(MWh ncv)*	TOTAL	2,760,946	2,430,864	**2,831,584**
		of which PCA	2,450,119	▶ 2,141,828	**▶ 2,507,405**
Indirect Energy Consumption	*(MWh)*	TOTAL	3,132,807	2,868,712	**3,151,666**
		of which PCA	2,877,076	▶ 2,648,210	**▶ 2,920,763**
Direct greenhouse gas emissions	*(tonnes CO_2 eq)*	TOTAL	595,046	523,703	**607,710**
		of which PCA	527,472	▶ 460,405	**▶ 537,116**
Indirect CO_2 emissions	*(tonnes)*	TOTAL	N/A	N/A	**410,197**
		of which PCA	363,360	282,653	**353,690**
Direct SO_2 emissions	*(tonnes)*	TOTAL	41.1	73.3	**32.6**
		of which PCA	24.1	▶ 56.2	**▶ 15.6**
Direct NO_2 emissions	*(tonnes)*	TOTAL	581.3	524.5	**598.6**
		of which PCA	507.9	▶ 455.7	**▶ 522.0**
Paintshop VOC releases	*VOC (tonnes)*	PCA	9,505	▶ 7,589	**▶ 8,390**
	Ratio (kg/vehicle)	PCA	4.13	▶ 3.76	**▶ 3.75**
Annual water withdrawal	*(cu.m)*	TOTAL	12,597,953	11,197,982	**11,804,957**
		of which PCA	11,592,727	▶ 10,331,003	**▶ 10,864,641**
Weight of waste (excluding metal waste)	*(tonnes)*	TOTAL	398,030	324,410	**361,166**
		of which PCA	358,978	287,835	**325,909**

N/A: Consolidation not available.

Scope:

Total = PCA, AP/AC, PCI, PMTC, Gefco.

PCA = Manufacturing operations of the Automotive Division.

AP/AC = Peugeot and Citroën brands.

PCI = Process Conception Ingenierie.

PMTC = Peugeot Motocycles.

Definitions:

Greenhouse gas: CO_2 = Carbon dioxide; N_2O = Nitrous oxide; CH_4 = Methane.

SO_2 = Sulphur dioxide.

NO_2 = Nitrogen dioxide.

VOC = Volatile organic compounds.

Main Social Indicators

(At 31 December)	Units	2008	2009	2010
Employees under permanent or fixed-term contracts		201,700	186,220	**198,220**
Employees under fixed-term contracts*	*(average annual number)*	10,350	6,900	**8,050**
Total payroll costs*	*(in thousands of euros)*	6,539,331	6,293,134	**6,381,080**
Employees hired under permanent contracts*		8,840	4,075	**7,465**
Separation rate*	*(% of total workforce)*	8.7%	9.0%	**7.3%**
Total Lost-Time Incident Frequency Rate**		3.43	▶ 3.43	**▶ 2.79**
Disabled employees*		6,315	6,050	**5,925**
Hours of training*	*(in thousands of hours)*	2,935	2,680	**3,100**
	(average per employee in hours)	20.4	21.1	**24.6**
Percentage of women employees*	*(% of Group workforce)*	21.6%	21.9%	**21.8%**

Scope:

* *Consolidated Group, excluding Faurecia.*

** *Manufacturing operations of the Automotive Division.*

Presence in Indices, Awards and Distinctions Received

Presence in Socially Responsible Investment (SRI) Indices

A number of SRI indices, including FTSE4Good, ASPI Eurozone® and the Ethibel Excellence Index®, have included PSA Peugeot Citroën in recognition of its sustainable development performance. PSA Peugeot Citroën has been granted Prime status in the sustainability rating carried out by oekom research AG.

FTSE4Good
Environmental Leader

EthiFinance is the French agency that rates PSA Peugeot Citroën and submits its research and analysis to EIRiS, which supplies data for the FTSE4Good index.

The ASPI Eurozone® (Advanced Sustainable Performance Indices) selects the 120 best rated listed companies in the euro-zone on the basis of Vigeo's corporate social responsibility ratings.
PSA Peugeot Citroën leads the automobile industry in four areas: human resources, human rights, business behaviour and community commitment.

INCLUDED IN
ETHIBEL SUSTAINABILITY INDEX EXCELLENCE

The Peugeot S.A. share has been included in the Ethibel Sustainability Index (ESI) Pioneer and Excellence indices since 12 May 2006. On the basis of the Group's CSR profile, this presence was reconfirmed on 6 July 2010.

Corporate Responsibility Prime
rated by oekom research

oekom research, a German sustainable development rating agency, awards Prime status to those companies which according to the oekom corporate rating are among the leaders in their industry and which meet industry-specific minimum requirements.

The Group has responded to both the Carbon Disclosure Project Questionnaire (CDP) and the Carbon Disclosure Project SCLC Questionnaire (CDP SCLC). The Carbon Disclosure Project rates companies' transparency concerning climate change issues, on the basis of a publicly disclosed methodology that changes each year. In 2010, PSA Peugeot Citroën obtained a rating of 87/100. As a result, it was included in the 2010 Carbon Disclosure Leadership Index (CDLI), coming in at no. 5 in the French ranking and obtaining a Carbon Performance Score of B. PSA Peugeot Citroën's responses may be viewed on the Carbon Disclosure Project website.

In accordance with its Global Compact commitments, the Group reports on improvements made during the year in each of the ten principles in its communication on progress.

PSA Peugeot Citroën's communication on progress is available on the Global Compact's website, as well as on the Group's sustainable development website.

Awards

Awards Received in 2010

- Following an audit by Afnor Certification, the Diversity label first awarded to PSA Peugeot Citroën in 2009 was renewed in 2010. The label recognises good human resources practices to promote diversity and equal opportunity and to prevent discrimination. In 2005, PSA Peugeot Citroën was the first French company to obtain France's Gender Equality label.

- The Group also ranks among the top three in Capitalcom's 6th annual survey of gender equality at CAC 40 companies, reflecting its commitment to providing equal job opportunities for women.
- In China, the Group's social responsibility efforts were rewarded in 2010 by the Golden Bee award, one of the most widely recognised and influential awards of its kind. The jury cited PSA Peugeot Citroën for its ongoing road safety initiatives in China.
- At the 2010 Paris Motor Show, Euro NCAP awarded the first Euro NCAP Advanced award to carmakers who have deployed technologies that have a meaningful impact on safety. Among the ten innovations recognised, Peugeot and Citroën were singled out in the area of post-accident (or tertiary) safety for their emergency call system. In all, six vehicles won an award: the Peugeot 308, 3008 and 5008 for Peugeot Connect SOS, and the Citroën DS3, C4 and C5 for the Citroën location-aware emergency call service.
- In June 2010, Automotive News Europe honoured the Mu by Peugeot programme, which has also received awards for innovation in Germany and Belgium.

1

ECONOMIC PERFORMANCE

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Policies designed to generate direct economic value and distribute it among stakeholders are presented on the "Our Responsibility" pages in the following sections of the sustainable development website: Our Shareholders, Our Clients, Our Suppliers and Communities.

1.1. Shareholders

1.1.1. Ownership Structure and Form of Incorporation

Most of the financial and business information may be found in the 2010 Registration Document.

Ownership Structure

	31 December 2008			31 December 2009			31 December 2010		
Main identified shareholders *	Shares outstanding	% interest	% of exercisable voting rights	Shares outstanding	% interest	% of exercisable voting rights	Shares outstanding	% interest	% of exercisable voting rights
Établissements Peugeot Frères**	6,923,760	2.96	4.64	6,923,760	2.96	4.56	19,115,760	8.17	12.47
La Française de Participations Financières (LFPF)	12,156,000	5.19	7.64	12,156,000	5.19	8.00	-	-	-
Foncière, Financière et de Participations (FFP)	51,792,738	22.13	32.79	51,792,738	22.13	33.15	51,792,738	22.13	33.79
Comtoise de Participation	36,000	0.02	0.02	36,000	0.02	0.02	-	-	-
Maillot I	-	-	-	-	-	-	100	0.00	0.00
Peugeot family	**70,908,498**	**30.30**	**45.10**	**70,908,498**	**30.30**	**45.73**	**70,908,598**	**30.30**	**46.26**
Other individual shareholders ***	14,246,389	6.09	4.89	14,908,642	6.37	5.11	18,413,671	7.87	6.15
Employees	6,468,981	2.76	3.80	6,546,866	2.80	4.00	6,538,348	2.79	3.88
Groupe BNP Paribas	2,641,800	1.13	1.77	2,641,800	1.13	1.74	2,491,800	1.06	1.63
Other French institutions	55,383,993	23.66	18.56	50,849,816	21.72	16.75	41,218,587	17.61	13.45
Other foreign institutions	77,210,923	32.99	25.88	81,006,070	34.61	26.67	87,290,771	37.30	28.63
Treasury stock	7,188,214	3.07	-	7,187,450	3.07	-	7,187,450	3.07	-
TOTAL	**234,048,798**	**100**	**100**	**234,049,142**	**100**	**100**	**234,049,225**	**100**	**100**

* *Source Euroclear France – TPI 31 December 2010 – and Phoenix Investor Relations.*

** *Comtoise de Participation et LFPF were combined within EPF as from December 2010.*

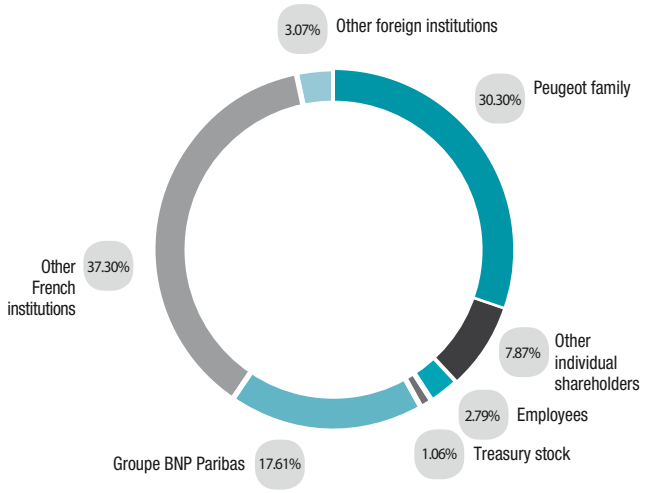
*** *Shares held in invidual securities accounts and others (by difference).*

Each share entitles the holder to vote at the Annual Shareholders' Meeting. However, shares registered in the name of the same shareholder for at least four years carry double voting rights.

Percentages of voting rights are based on exercisable voting rights (i.e. not including rights attached to shares held in treasury). The breakdown of potential voting rights by shareholder is presented in section 18.1 of the 2010 Registration Document.

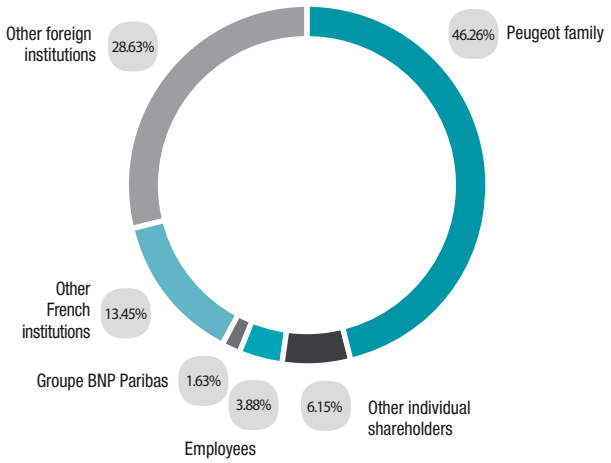
Shareholder Structure

(At 31 December 2010)



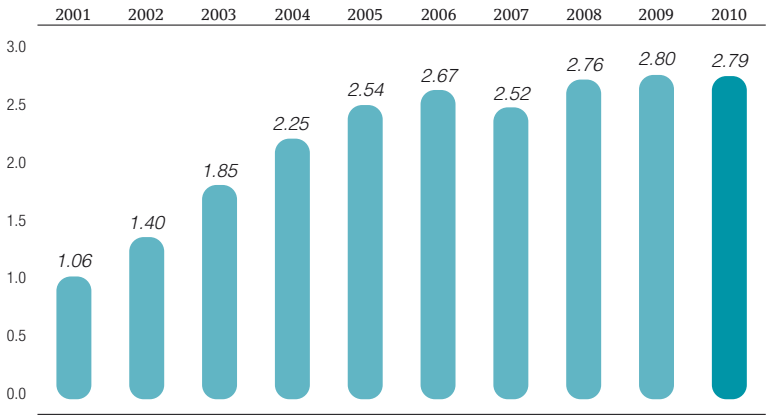
Exercisable Voting Rights, by Shareholder

(At 31 December 2010)



Percentage of Capital held by Employees through Employee Shareholding Plans

(In Germany, Spain, France, the United Kingdom and Portugal, at 31 December)



More than 44,500 employees or former employees are Peugeot S.A. shareholders.

1.1.2. Payments to Capital Providers

Performance of the Peugeot S.A. Share versus the CAC 40 Index and the FTSEurofirst 300 Autos & Parts

(1 January 2008 to 31 December 2010 , base 100)

The Peugeot S.A. share gained 20% in 2010, ending the year at €28.41. This compared with a decrease of 3.34% in the CAC 40 index and an increase of 43% in the FTSEurofirst 300 Autos & Parts index over the year.

Over the past three years, the Peugeot S.A. share has declined by 45%, compared with a 32% decrease in the CAC 40 index and an 8% decline in the FTSEurofirst 300 Autos & Parts index.

Track the Peugeot S.A. share price in real time at www.psa-peugeot-citroen.com/en/hp1.php

Dividend History

	2008	2009	2010
Dividend per share *(in euros)*	0	0	1.10*

* *Subject to shareholder approval at the 31 May 2010 Annual Shareholders' Meeting.*

Following a two-year break and given the results of 2010, it will be proposed to the Annual Shareholders' Meeting to pay a dividend of €1.1 per share.

Total Shareholder Return (TSR)

(Total shareholder return on the Peugeot S.A. share)

	TSR compared with 31 December of the year before	TSR compared with 31 December 1999
31 December 2010	+ 24.67%	+ 12.96%
31 December 2009	N/R	N/R
31 December 2008	N/R	N/R

N/R: Not relevant.

Total Shareholder Return (TSR) corresponds to the potential capital gain plus dividends received as compared to the stock price on the date of purchase.

Finance Costs

(In million euros)

	2008	2009	2010
Interest on other borrowings*	(218)	(401)	(395)
Interest on bank overdrafts	(72)	(33)	(25)
Interest on finance lease liabilities	(20)	(21)	(20)
Foreign exchange gain/(loss) on financial transactions	(16)	(28)	(8)
Other	(16)	(8)	(7)
TOTAL	**(343)**	**(491)**	**(455)**

* *Interest on borrowings includes €87 million in borrowing costs capitalised in accordance with IAS 23 – Borrowing Costs (€41 million in 2009).*

Retained Earnings

Information concerning the appropriation of income for the year and the payment of a dividend may be found in the third resolution submitted to shareholders at the Annual Shareholders' Meeting, as presented in the Notice of Meeting.

The Notice of Meeting is available on the PSA Peugeot Citroën website.

Direct Economic Value Distributed

	2008		2009		2010	
Sales and revenue *(in million euros)*	54,356		48,417		56,061	
Distributions	*(in million euros)*	*(as a % of sales and revenue)*	*(in million euros)*	*(as a % of sales and revenue)*	*(in million euros)*	*(as a % of sales and revenue)*
CAPEX +R&D*	4,574	8.3%	4,236	7.7%	4,230	7.7%
Public sector**	1,161	2.1%	940	1.7%	1,230	2.2%
Employees***	363	0.7%	356	0.6%	453	0.8%
Shareholders***	361	0.7%	10	0.0%	6	0.0%

* *Excluding research tax credit and subsidies.*

** *Income tax, customs duties, etc. (estimated figure for Faurecia).*

*** *Discretionary and non-discretionary profit-sharing plans, variable bonuses and raises (3.5%).*

*****Dividends.*

The value distributed for community investment amount to €4.7 million in 2010. It includes brand and corporate initiatives, as well as Local Philanthropy and Social Action Plans.

Financial Assistance Received from Governments

(Automotive Division)

A total of €121million in financial assistance received from governments in Europe was recognized in income for 2010, versus €145 million for 2009.

1.2. Customers

1.2.1. Automobile Sales

Consolidated Worldwide Sales by Region

(Total assembled vehicles and Completely Knocked Down units, passenger cars and light commercial vehicles)

		2008	2009	2010
Europe 30	Peugeot	1,190,600	1,132,400	1,172,100
	Citroën	1,071,000	1,026,200	1,023,200
	Total PSA Peugeot Citroën	**2,261,600**	**2,158,600**	**2,195,300**
Russia	Peugeot	53,300	29,500	39,600
	Citroën	13,200	13,000	19,900
	Total PSA Peugeot Citroën	**66,500**	**42,400**	**59,500**
Latin America	Peugeot	166,400	139,900	173,800
	Citroën	96,900	92,400	120,500
	Total PSA Peugeot Citroën	**263,300**	**232,300**	**294,300**
Asia	Peugeot	87,200	118,200	164,200
	Citroën	104,000	162,500	227,600
	Total PSA Peugeot Citroën	**191,200**	**280,700**	**391,800**
Rest of the World	Peugeot	115,300	94,500	120,400
	Citroën	53,800	37,200	63,900
	Total PSA Peugeot Citroën	**169,000**	**131,700**	**184,300**
Total assembled vehicles	Peugeot	1,612,800	1,514,500	1,670,000
	Citroën	1,338,800	1,331,300	1,455,100
	Total PSA Peugeot Citroën	**2,951,600**	**2,845,800**	**3,125,200**
Total CKD units	Peugeot	291,400	327,000	471,700
	Citroën	17,400	15,200	5,300
	Total PSA Peugeot Citroën	**308,800**	**342,200**	**477,000**
TOTAL ASSEMBLED VEHICLES AND CKD UNITS	Peugeot	1,904,100	1,841,500	2,141,800
	Citroën	1,356,200	1,346,400	1,460,400
	Total PSA Peugeot Citroën	**3,260,400**	**3,188,000**	**3,602,200**

Figures have been rounded to the nearest 100.

Registrations in European Markets

(Passenger car and light commercial vehicle)

	2008		2009		2010	
	Units	Market share *(%)*	Units	Market share *(%)*	Units	Market share *(%)*
France	794,200	31.6%	871,700	32.6%	871,900	32.7%
Germany	189,500	5.7%	249,800	6.3%	173,900	5.6%
Austria	29,500	9.0%	32,400	9.4%	32,400	9.1%
Belgium and Luxembourg	129,600	19.6%	111,000	19.1%	124,800	19.0%
Denmark	32,800	17.8%	22,800	17.8%	29,100	17.1%
Spain	254,300	19.1%	205,800	19.4%	203,000	18.5%
Finland	12,400	7.9%	6,100	6.2%	8,200	6.9%
Greece	21,200	7.3%	14,200	6.0%	11,800	7.7%
Ireland	10,200	5.6%	3,700	5.5%	5,300	5.3%
Iceland	200	2.4%	0	0.7%	0	1.0%
Italy	234,700	9.8%	251,300	10.8%	238,900	11.1%
Norway	12,600	8.6%	10,600	8.6%	16,300	10.3%
Netherlands	74,600	12.8%	56,400	12.8%	70,700	13.2%
Portugal	43,700	16.3%	32,000	16.0%	43,600	16.2%
United Kingdom	237,200	9.8%	204,000	9.3%	217,400	9.6%
Sweden	25,500	8.7%	16,800	7.0%	22,600	6.9%
Switzerland	28,000	8.9%	27,500	9.5%	32,300	10.1%
Total Western Europe – 18 Countries	**2,130,300**	**13.8%**	**2,116,000**	**14.0%**	**2,102,300**	**14.5%**
Croatia	13,900	14.2%	7,500	15.0%	5,400	12.9%
Hungary	14,200	8.1%	4,900	6.9%	3,900	7.4%
Poland	42,200	11.1%	29,600	8.1%	35,800	9.5%
Czech Republic	20,300	10.0%	16,800	9.3%	15,200	8.5%
Slovakia	13,200	13.6%	13,200	14.6%	9,100	12.8%
Slovenia	12,200	15.5%	9,400	15.0%	10,500	15.9%
Total CEEC	**116,000**	**11.2%**	**81,400**	**9.9%**	**79,800**	**10.1%**
Baltic States*	6,400	8.6%	2,500	9.8%	3,500	12.6%
Bulgaria – Romania	24,100	6.6%	12,400	7.3%	7,700	5.7%
TOTAL EUROPE – 30 COUNTRIES	**2,276,800**	**13.5%**	**2,212,300**	**13.8%**	**2,193,200**	**14.2%**

* *"Baltic States" includes: Estonia, Latvia and Lithuania.*

Figures have been rounded to the nearest 100.

Worldwide Sales by Model

(Passenger cars and light commercial vehicles, assembled vehicles and CKD units)

		2008	2009	2010
Peugeot	107	106,500	118,600	111,900
	1007	11,000	5,200	100
	206	292,300	370,800	472,800
	207	468,300	411,100	353,100
	307	142,300	93,600	86,900
	308	290,100	252,100	226,200
	3008	400	59,500	129,600
	5008	-	14,000	73,400
	405	211,100	234,700	299,400
	406	1,700	-	-
	407	81,400	39,500	31,300
	408	-	-	4,200
	508	-	-	1,400
	607	3,900	1,900	1,000
	807	13,500	7,100	5,700
	4007	13,700	9,400	8,400
	RCZ	-	100	16,600
	BIPPER	25,100	34,300	44,500
	PARTNER	147,600	133,300	160,200
	EXPERT	39,900	24,300	28,500
	BOXER	55,300	31,900	48,800
	Total	**1,904,100**	**1,841,500**	**2,141,800**
	Of which diesel-powered versions	*877,900*	*773,600*	*907,700*
	Of which passenger cars	*1,671,500*	*1,676,600*	*1,937,100*
	Of which light commercial vehicles	*232,600*	*164,900*	*204,700*

		2008	2009	2010
Citroën	C1	106,700	117,000	105,200
	C2	67,100	52,400	9,300
	DS3	-	500	64,500
	C3	241,500	226,700	308,300
	C3 Picasso	600	86,500	83,700
	ZX	68,500	75,500	71,800
	XSARA	76,000	54,000	38,200
	C4	194,500	216,900	235,000
	C4 Picasso	188,800	143,800	128,800
	DS4	-	-	200
	XANTIA	14,100	12,500	4,000
	C5	87,900	87,600	116,000
	DS5	-	-	200
	C6	2,800	1,500	1,400
	C8	8,800	5,800	5,500
	C-CROSSER	12,300	9,400	8,500
	NEMO	30,600	43,300	43,500
	BERLINGO	162,400	159,700	169,800
	JUMPY	39,500	22,800	27,700
	JUMPER	54,000	30,700	38,700
	Total	**1,356,200**	**1,346,400**	**1,460,400**
	Of which diesel-powered versions	*788,900*	*709,700*	*769,000*
	Of which passenger cars	*1,132,400*	*1,190,600*	*1,283,200*
	Of which light commercial vehicles	*223,900*	*155,800*	*178,000*
PSA Peugeot Citroën	**Total**	**3,260,400**	**3,188,000**	**3,602,200**
	Of which diesel-powered versions	*1,666,800*	*1,483,300*	*1,676,700*
	Of which passenger cars	*2,803,900*	*2,867,200*	*3,220,300*
	Of which light commercial vehicles	*456,500*	*320,700*	*381,900*

Figures have been rounded to the nearest 100.

1.2.2. Revenue

Consolidated Revenue by Business

(In millions euros)	Automotive Division	Automotive Equipment Division	Transport and Logistics Division	Finance Division	Other businesses	Intersegment eliminations	TOTAL
2010 revenue							
- from sales to outside customers	41,386	11,760	1,217	1,559	139	-	56,061
- from intragroup sales	19	2,036	2,134	293	79	(4,561)	-
2010 TOTAL	**41,405**	**13,796**	**3,351**	**1,852**	**218**	**(4,561)**	**56,061**
2009 revenue							
- from sales to outside customers	38,250	7,432	1,046	1,532	157	-	48,417
- from intragroup sales	15	1,860	1,842	291	119	(4,127)	-
2009 TOTAL	**38,265**	**9,292**	**2,888**	**1,823**	**276**	**(4,127)**	**48,417**
2008 revenue							
- from sales to outside customers	41,621	9,532	1,365	1,651	187	-	54,356
- from intragroup sales	22	2,479	2,171	437	89	(5,198)	-
2008 TOTAL	**41,643**	**12,011**	**3,536**	**2,088**	**276**	**(5,198)**	**54,356**

Consolidated Revenue by Region

In the table below:

- revenue is presented by destination of products sold;
- capital expenditure and assets are presented by geographic location of the subsidiary concerned.

(In millions euros)		Western Europe	Central and Eastern Europe	Latin America	Rest of the world	TOTAL
2010	**Revenue**	**40,775**	**4,067**	**4,770**	**6,449**	**56,061**
	Non-current assets excluding deferred tax assets and financial assets	**16,237**	**1,024**	**1,141**	**604**	**19,006**
2009	Revenue	38,384	2,845	3,236	3,592	48,417
	Non-current assets excluding deferred tax assets and financial assets	16,013	956	977	305	18,251
2008	Revenue	41,429	4,314	3,617	4,996	54,356
	Non-current assets excluding deferred tax assets and financial assets	16,332	1,028	707	346	18,413

The Group's operations are organised around five main segments:

- the Automotive Division, covering the design, manufacture and sale of passenger cars and light commercial vehicles under the Peugeot and Citroën brands;
- the Automotive Equipment Division, corresponding to the Faurecia group and comprising Interior Systems, Automotive Seating, Automotive Exteriors and Emissions Control Technologies;
- the Transportation and Logistics Division, corresponding to the Gefco group comprising logistics and vehicle & goods transportation;
- the Finance Division, corresponding to the Banque PSA Finance group, which provides retail financing to customers of the Peugeot and Citroën brands and wholesale financing to the two brands' dealer networks;
- Other Businesses, which include the activities of the holding company, Peugeot S.A., and Peugeot Motocycles.

Detailed information on the breakdown of net revenue by business and region may be found in section 20.3, Notes 3.1 and 3.3 to the consolidated financial statements in the 2010 Registration Document.

1.3. Suppliers

1.3.1. Global Purchases

Total Worldwide Purchasing Expenditure

(In Europe and Latin America, in billion euros)

	2008	2009	2010
TOTAL	**24.6**	**22.5**	**25**
Of which standard and replacement parts	20.3	17.2	20.5

PSA Peugeot Citroën's purchasing expenditure in Europe and Latin America totalled €25 billion in 2010. Purchases of non-standard parts and components came to €4.5 billion.

In Europe and Latin America, PSA Peugeot Citroën committed €19 billion to purchase standard parts and components used in vehicle manufacturing, which together represent 70 to 75% of a vehicle's average production cost.

In 2010, half of these purchases were sourced from 20 suppliers: Faurecia, Bosch, Valeo, Continental, Lear, Delphi, Arcelor Mittal, Michelin, Johnson-Controls, JTEKT, TRW, Visteon, ThyssenKrupp, Plastic Omnium, Total, Leoni, Yazaki, Gestamp Corporacion, FSD and Magneti Marelli.

As of 1 January 2010, PSA Peugeot Citroën sourced standard and replacement parts in Europe from 1,100 group or independant suppliers, or a total of 1,776 companies.

1.3.2. Supplier Relations

Supplier Commitments

Alongside quality, lead times and cost, PSA Peugeot Citroën intends to make compliance with its social responsibility practices a core component of its purchasing policy. For example, one of the key criteria in the supplier approval process is compliance with International Labour Organisation principles. Suppliers who fail to respect human rights must respond immediately with corrective action plans, while continued violations will lead to sanctions, including exclusion from the Group's list of approved suppliers.

PSA Peugeot Citroën's social and environmental requirements have been extended to suppliers through guidelines published by the Purchasing Department and distributed to the 1,000 largest suppliers, who must formally pledge to comply with them. Together, these suppliers account for around 95% of the Group's worldwide purchases.

As of 31 December 2010, 87% of worldwide standard parts purchases were covered by a supplier agreement, compared with 76% two years earlier. Around 500 standard and non-standard parts suppliers are now involved in the process.

The PSA Peugeot Citroën's Requirements Regarding Social and Environmental Responsibility with Respect to its Suppliers may be downloaded from the Group's business-to-business website.

Supplier Audits

To build awareness of social and environmental issues, dedicated programmes are undertaken with suppliers in sectors considered "at risk." These suppliers may also receive a self-assessment questionnaire. Suppliers are informed that certain requests for proposals issued by purchasing officers in an "at risk" area may trigger an audit at their own plants or at subcontractors' facilities.

In 2010, 13 audits were performed in China, Turkey, Indonesia, Argentina, Bulgaria, Brazil and Portugal. Of these, three were return visits to sites audited in 2008. During these visits, the auditors were able to verify significant improvements in the industrial hygiene, safety and environmental issues that were addressed in the initial action plans.

Supplier Risk

The parts and components developed and delivered by outside suppliers represent some 70% of vehicle production cost, and these companies' technical and logistical performance and financial strength are critical to the Group's efficient operation and future growth. Temporary or permanent failure by suppliers to fulfil their commitments may have an impact on the Group, the most serious risk being an interruption of parts deliveries leading to production stoppages at the plants and delays in the execution of vehicle, mechanical engineering or industrial projects.

Risks related to the quality of suppliers, their financial and commercial viability, and the reliability of parts and components that they deliver are closely monitored. The Purchasing Department leverages its extensive expertise in production costing and raw materials price management, and its in-depth understanding of global markets, to efficiently manage competitive bidding processes and supplier relationships as part of its purchasing strategy. Close attention is paid to supplier risk, particularly the risk of supply chain disruption or of supplier bankruptcy. A dedicated unit has been set up to pro-actively manage supplier bankruptcy risks and deal with the consequences of any bankruptcies. Suppliers are selected according to seven main criteria: price competitiveness, quality, the ability to develop new products and manufacture them in large quantifies, supply chain efficiency, research and development capabilities, geographic reach and long-term viability.

To strengthen processes designed to prevent the occurrence of supplier risks, purchasing strategies by product family and supplier choices are submitted to the Purchasing Executive Committee for approval. The Committee's decision is based on a review of the supplier's financial position, strategy, growth outlook and compliance with the social and environmental standards in the sustainable development guidelines, as well as on an assessment of the extent to which the Group is dependent on the supplier.

Suppliers identified as representing a higher than normal risk are monitored by the Purchasing Department's Industrial Strategy and Supplier Risks unit. This unit analyses the main suppliers' financial results and consolidates information about their industrial strategies. It is helping to formally define the Group's make-or-buy policy, by working with the Purchasing Department and the management of the divisions to produce analyses of the socio-economic impact of the Group's industrial choices. In addition, it monitors supplier compliance with the PSA Peugeot Citroën social and environmental standards.

At the same time, strategic partnerships with a certain number of leading national and international suppliers are being strengthened in order to drive pervasive innovation and secure critical aspects of the Group's current and future supply. In particular, the Group is stepping up the diversification of its supplier base and expanding its safety stock policies.

The unit set up to help suppliers withstand the effects of the economic and financial crisis was expanded in 2008. The 40-strong team of purchasing, finance, supply chain, legal and labour relations specialists remained in place in 2010 to monitor the Group's fulfilment of the commitments given at the height of the crisis to pay suppliers more quickly and comply with the High-Performance and Best Practices Code. Thirty of them are still actively involved in the work of the PFA – a platform set up in France in 2009 to foster on-going discussion and exchange between auto industry stakeholders – and the Group has also maintained its participation in the FMEA fund established to support automotive equipment suppliers. The unit is continuing to closely monitor the situation of suppliers in the still fragile economic environment and to support the Group's international growth projects in India, Russia and China.

In 2010, 79 suppliers were the subject of preventive and remedial action plans, representing 5.30% of total purchases. This compares with 100 suppliers representing 15% of total purchases in 2009.

During the year, French carmakers and their suppliers kept up their efforts to enhance dialogue across the auto industry, mainly through the PFA. In order to lead its contribution, at regional level, to addressing the industrial and social issues arising from the transformation and restructuring of the French automotive industry, the Group appointed four regional delegates in late 2010 to support changes in the supplier base. These regional delegates work with the team set up within the Purchasing Department, in partnership with the PFA and local, economic, political and social stakeholders.

The reciprocal commitments of PSA Peugeot Citroën and its suppliers concerning the sharing of intellectual property rights are in line with the provisions of France's *Loi de Modernisation de l'Économie* (LME) Act and the High Performance and Best Practices Code. In particular:

- an agreement is signed with each supplier containing a confidentiality clause applicable to both parties and a reciprocal commitment to respect the intellectual property rights represented by the shared information;
- the information may not be used for any purpose other than the execution of the contracts (unless otherwise agreed between the parties);
- the rules and procedures governing the transfer and/or use of intellectual property rights or know-how are defined in the contract;
- the rules governing the payment of R&D costs and supplier payment terms comply with the LME Act.

The earthquake in Japan on 11 March 2011 and subsequent disaster impacted certain Group suppliers, causing some disruption in European diesel engine output over a limited one-week period.

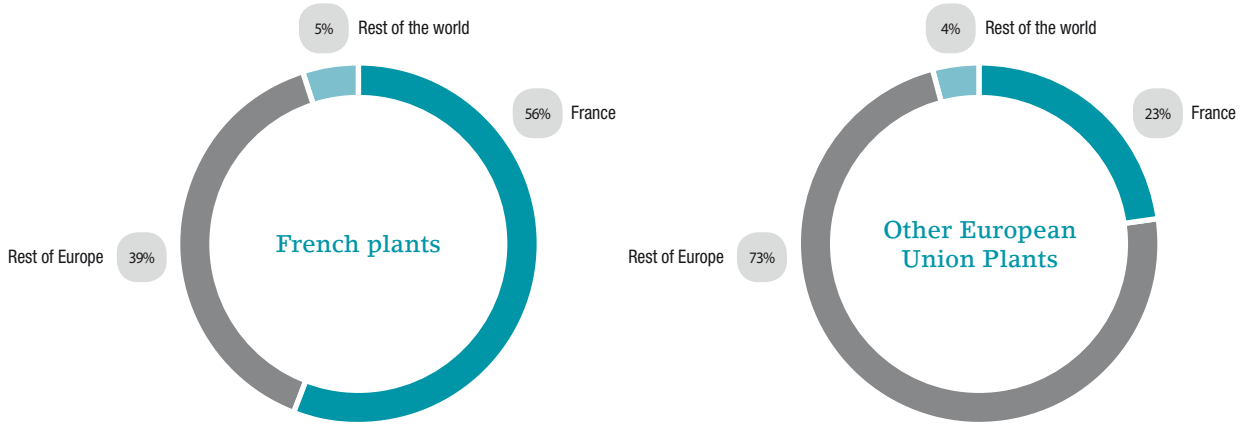
An Industrial and Social Commitment with Automobile Industry Suppliers and Subcontractors

In line with French government initiatives stemming from the January 2009 Automobile Summit and the creation of the Automotive Industry Platform, PSA Peugeot Citroën is stepping up measures to support the automobile industry. To speed and support changes in the manufacturing base and initiatives in the area of innovation, the Group has named four regional delegates to reinforce actions undertaken by the government-appointed "Automobile Representatives" who report to the regional prefects. Backed by solid experience in the automobile industry and the Group's size and scope, the representatives will work with different regional stakeholders to actively bolster the French automobile industry. PSA Peugeot Citroën is also involved in Automotive Industry Platform discussions alongside employee representatives. It has emphasised the need to develop assessment tools for each job family and to analyse current and future changes in the various professions in order to effectively organise transformations in the manufacturing base. Social dialogue is also crucial.

1.3.3. Purchasing by Country and Local Content

Standard Parts Production by Region of Origin

(Standard parts production by region of origin, as a percentage of 2010 standard/replacement parts purchasing expenditure. Europe: European Union)



PSA Peugeot Citroën actively supports the local production of inputs for its manufacturing plants around the world.

Local Content

In the Latin America region, an average 75% of the parts used at the Porto Real plant in Brazil are locally sourced in the region, while at the Buenos Aires, Argentina plant, local content varies between 60% and 75%.

In Central Europe, 65% of purchases at the Kolín facility in the Czech Republic are locally sourced and local content (from Central and Eastern European countries) at the Trnava, Slovakia plant has increased to 50% at end-2010 from 5% in 2005.

The percentage of local content corresponds to the amount of local purchases divided by the plant's total purchasing expenditure, including intragroup deliveries (such as PSA Peugeot Citroën engines delivered to an assembly plant). For example, the local region for the Trnava plant is Central and Eastern Europe, which, as defined by PSA Peugeot Citroën, comprises the following countries: Albania, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Macedonia, Moldavia, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia and Ukraine.

2

PRODUCTS AND SERVICES

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The environmental and social impacts of PSA Peugeot Citroën's products are described on the "Our Impacts" pages in the following subsections of the Environment section on the sustainable development website: Greenhouse Effect, Air Quality, Resource Use, and Recycling. Other aspects are presented in the "Our Responsibility" pages in the following sub-sections of the Corporate Citizenship section: Road Safety, Customers Relations and Urban Mobility.

2.1. R&D and Eco-Design

R&D and Innovation

PSA Peugeot Citroën is continuing to build the future by maintaining its capital expenditure and R&D budgets. Automotive Division outlays amounted to €3,496 million in 2010, €3,764 million in 2009 and €3,817 million in 2008, and will be increased slightly in 2011, thereby enabling the Group to continue developing strategic models and conducting research on innovative technological solutions, while pursuing its international expansion.

PSA Peugeot Citroën is committed to becoming a global enterprise, generating 50% of its sales outside Europe in 2015. This ambitious objective requires investing in the priority growth regions of Asia, Latin America and Russia.

Each Peugeot or Citroën car is created through a seamless design and development process involving daily input from more than 14,000 engineers and technicians. Backed by a substantial budget – totalling more than €2 billion in 2010 for the Automotive Division, including development costs on existing vehicles, and €2,340 million for the Group as a whole – the R&D commitment should enable the Group to reaffirm its leadership in low-carbon vehicles.

As part of its commitment to sustainable development, the Group dedicates half of its technological research efforts to clean technologies that help to shrink its vehicles' environmental footprint by:

- improving fuel efficiency and reducing carbon emissions;
- making vehicles lighter, which in turn increases fuel efficiency and reduces raw materials content;
- using green materials, which are recycled, natural materials or bio-sourced.

In an industry where model line-ups have become much more diversified, innovation is the only way to create the competitive advantages so critical to driving growth. Innovation is a priority for PSA Peugeot Citroën, which every day has to convince thousands of customers around the world to choose its models from among the dizzying array on offer. But it is also what enables the Group to ensure compliance with changing standards and legislation, sometimes ahead of their implementation dates, and to create new competitive advantages.

To create this innovation-led competitive advantage, PSA Peugeot Citroën pays careful attention to the needs, whether expressed or implied, of its customers and the wider community. At the same time, it makes sure that every automotive project assimilates and integrates the possibilities offered by new technologies, which have grown exponentially in recent years. It is the combination of these two approaches that generates innovative new ideas.

Attesting to its intensive commitment to innovation, PSA Peugeot Citroën was France's leading patent filer for the third year in a row, with 1,152 patents filed in 2010. These new patents have strengthened the portfolio of innovations that are supporting the Group's strategic vision, particularly its goal of staying one step ahead in the area of low-carbon vehicles.

To maintain its leadership in next-generation automotive products and services, in 2010, PSA Peugeot Citroën strengthened its scientific partnerships with advanced scientific laboratories in Europe, Asia and America by creating a network of OpenLabs. These research units bring together teams and resources provided by the Group and its partner laboratories, including *Institut des Sciences du Mouvement* in Marseille and *Laboratoire de l'Intégration du Matériau au Système* in Bordeaux. These joint research units are exploring major issues impacting the future of the automobile, while closely tracking scientific discoveries worldwide. In October, the Research and Advanced Engineering Department created the Science Technologies Exploratory Lean LABoratory (STELLAB) to deploy and lead the OpenLabs network.

Main Challenges at Every Stage in the Life cycle

PSA Peugeot Citroën teams are fully engaged in the eco-design process, which helps to shrink a vehicle's environmental footprint to a minimum at every stage in its life cycle by improving fuel efficiency, reducing carbon and other pollutant emissions, using natural resources reasonably and enhancing recyclability. In addition to ensuring that its vehicles comply with local environmental legislation, eco-design also gives the Group a competitive advantage by helping it to create the automotive products of the future.

Life cycle stage	Main challenges
Product definition	◆ Define new automotive products and services aligned with consumers' mobility needs around the world, local legislation, and societal expectations concerning environmental, safety and other issues
Design and engineering	◆ Design vehicles at an acceptable cost and attenuate their impact: – on the environment, by reducing their CO_2 and other local emissions, using resources responsibly and improving their recyclability – on society, by improving their safety performance, reducing noise pollution and easing traffic congestion
Production	◆ Reduce the environmental impact of automobile manufacturing ◆ Ensure workplace safety ◆ Participate in the economic and social life of local communities
Transport and marketing	◆ Integrate environmental concerns into supply chain and dealership network management ◆ Responsibly inform customers, in advertising and labelling, and ensure a satisfying ownership experience with effective sales and customer service processes
Use	◆ Help to attenuate the impact of using an automobile, by promoting safer, more environmentally responsible driving practices
End of life	◆ Facilitate the collection and processing of end-of-life vehicles and parts by organisations specialised in pollution abatement, recycling, recovery and re-use

2.2. Greenhouse Effect

Regulations

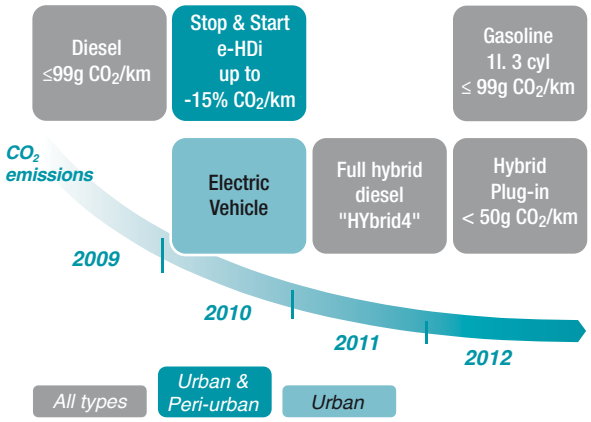
In a number of markets, CAFE legislation is requiring automakers to improve their corporate average fuel economy and carbon emissions. While divergent today, the targets set by the European Union, the United States and China are closing in on 130 to 155 g of CO_2/km in 2015 and could converge by 2020. In Europe current legislation calls for carmakers to achieve corporate average CO_2 emissions of 130 g/km in 2015, corresponding to a threshold of 120 g/km including the impact of such additional measures as biofuels and eco-innovations.

Group Strategy

Fully aware of the automobile industry's responsibilities in reducing greenhouse gas emissions, PSA Peugeot Citroën is developing a range of increasingly fuel-efficient, low-emissions cars that continue to meet the growing mobility needs of individuals, giving them access to employment, education and healthcare. The Group's strategy is based on a holistic approach, which is the only way to meet the challenge of reducing automotive CO_2 emissions over the next ten years and provide customers with a low-carbon vehicle.

As part of this approach, PSA Peugeot Citroën is deploying a wide array of technological solutions, aligned with the ways customers actually use their cars and structured around three main objectives:

- improving the fuel efficiency of petrol and diesel-powered internal combustion engines as well as the overall fuel efficiency of its vehicles, in particular by optimising vehicle architecture (aerodynamics and mass) and equipment (gearboxes, tyres, air conditioning systems, etc.);
- deploying Stop & Start, diesel hybrid and plug-in hybrid technologies designed to deliver powerful breakthroughs in reducing CO_2 emissions;
- launching electric vehicles in 2010.



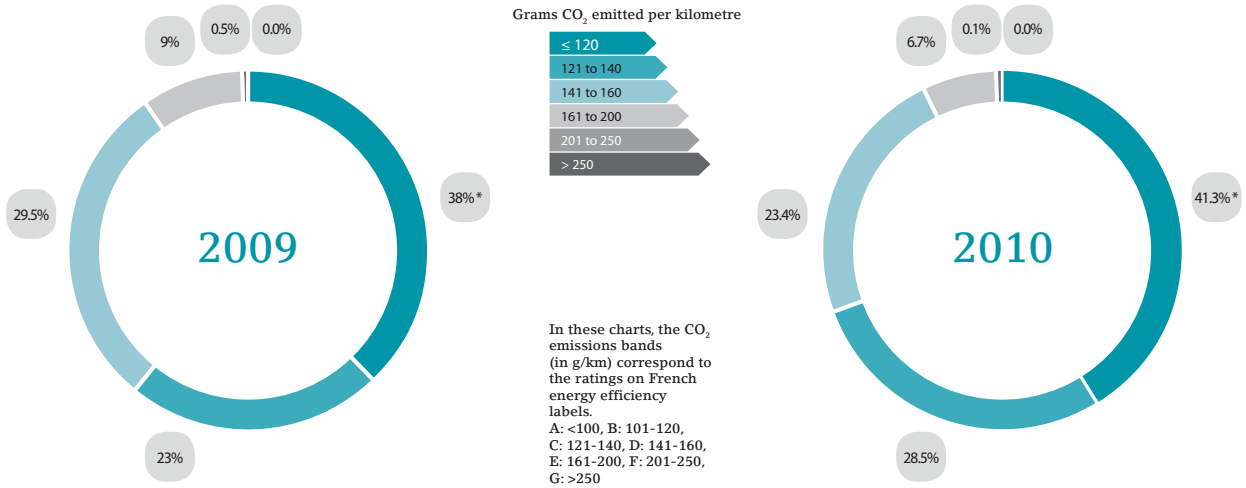
As of 2012, the Group has set the target of selling a million vehicles emitting less than 120 g/km of CO_2 in Europe each year.

As announced in late 2009, it aims at reducing carbon emissions from its vehicles sold in China by 50% by 2020, thereby bringing them in line with projected European standards for that year, which will remain the world's strictest.

2.2.1. Registrations by CO_2 Emissions Level

PSA Peugeot Citroën Registrations by CO_2 Emissions Level

(Passenger cars, registrations in 14-country Europe)



* Of which 15% emitting less than 110 g CO_2/km.

* Of which 23% emitting less than 110 g CO_2/km

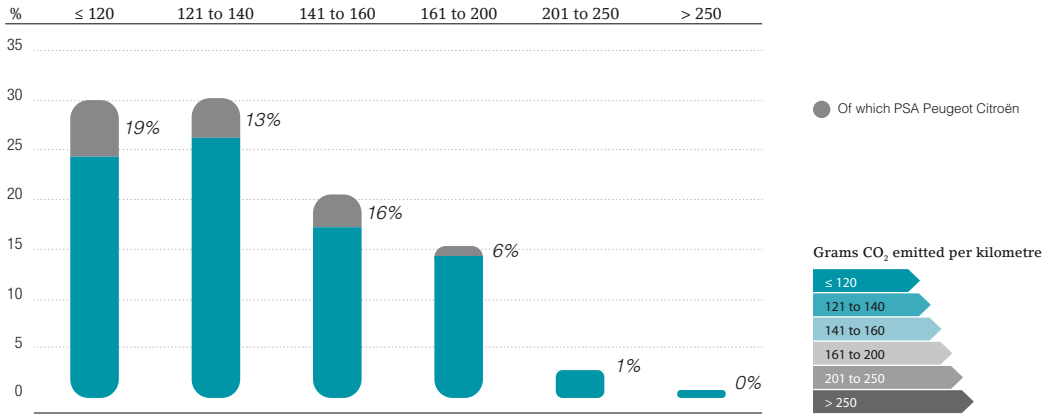
70% of Peugeot and Citroën vehicles sold in Europe in 2010 emit less than 140 g CO_2/km, with the figure rising to 78% in France.

Thanks to its range of highly fuel-efficient, low-emission engines, the Group's average corporate CO_2 emissions in Europe stood at 131.8 g/km in 2010, versus 135.8 g/km in 2009 and 140.1 g/km in 2008.

The results also reflect the Group's decision to focus on technological solutions widely accessible and applicable to mass-produced cars, which is the only way to have a real impact on the environment.

Breakdown of the European Automobile Market by CO_2 Emissions Level

(Passenger cars, 2010 registrations in 14-country Europe)



A comparison of PSA Peugeot Citroën registrations and the total European market by range of CO_2 emissions in 2010 highlights the Group's contribution to reducing new vehicle emissions in Europe.

In 2010, for example, the Group sold more than a million vehicles (1,020,850) emitting less than 130 g/km of CO_2 worldwide, and 870,100 emitting less than 120 g/km.

The Group is also the European leader in passenger vehicles emitting less than 120 g/km, with 19.1% of the market in 2010, and in vehicles emitting less than 110 g/km, with more than 29.6% of the market.

2.2.2. Fuel Efficiency and CO_2 Emissions

Fuel Consumption and CO_2 Emissions by Vehicle in 2010

Twenty-one Peugeot and Citroën model families and 124 models are sold in versions that emit less than 130 g/km of CO_2. The current model line-up also includes versions emitting less than 100 g/km of CO_2, such as the Peugeot 207, Citroën C3 and Citroën DS3.

The models below were selected on the basis of their sales and environmental performance. For each one, the table shows data for the petrol and diesel versions offering the lowest CO_2 emissions and fuel consumption. Models in boldface are the best-selling petrol or diesel version in France. In some cases, the best selling models are also the most fuel-efficient.

		Fuel	Displacement	Horsepower	Fuel consumption *(litres/100 km)*			CO_2	Noise
Peugeot			*cc*	*kW*	**City**	**Highway**	**Combined**	*g/km*	*dB(A)*
Peugeot iOn		**Electric**	**-**	**47**	**0**	**0**	**0**	**0**	**66.0**
Peugeot 107	**1.0 68**	**Petrol**	**998**	**50**	**5.4**	**4.0**	**4.3**	**103**	**70.0**
Peugeot 206+	1.1	Petrol	1,124	44	7.8	4.6	5.8	133	71.4
	1.4 75	**Petrol**	**1,360**	**54**	**8.2**	**4.7**	**6.0**	**139**	**71.9**
	1.4 HDi 70	**Diesel**	**1,398**	**50**	**4.9**	**3.5**	**4.0**	**104**	**74.6**
Peugeot 207	**1.4 VTi 95**	**Petrol**	**1,397**	**70**	**7.6**	**4.8**	**5.8**	**135**	**72.0**
	1.6 HDi	Diesel	1,560	66	4.9	3.2	3.8	99	71.6
	1.6 HDi 92	**Diesel**	**1,560**	**68**	**5.2**	**3.5**	**4.2**	**110**	**74.3**
Peugeot 308	**1.6 VTi 120**	**Petrol**	**1,598**	**88**	**9.1**	**4.9**	**6.4**	**147**	**72.8**
	1.6 HDi 112	**Diesel**	**1,560**	**82**	**5.1**	**3.9**	**4.5**	**114**	**72.0**
Peugeot 3008	1.6 VTi 120	Petrol	1,598	88	9.4	5.5	6.9	159	73.3
	1.6 THP 156	**Petrol**	**1,598**	**115**	**9.9**	**5.6**	**7.1**	**167**	**73.1**
	1.6 HDi 112	**Diesel**	**1,560**	**82**	**5.8**	**4.4**	**4.9**	**129**	**69.6**
Peugeot 5008	1.6 VTi 120	Petrol	1,598	88	9.4	5.5	6.9	159	73.8
	1.6 THP 156	**Petrol**	**1,598**	**115**	**9.8**	**5.7**	**7.1**	**167**	**72.9**
	1.6 HDi 112	**Diesel**	**1,560**	**82**	**6.2**	**4.7**	**5.2**	**136**	**69.5**
Peugeot 407	**1.6 HDi 110**	**Diesel**	**1,560**	**80**	**6.4**	**4.1**	**4.9**	**129**	**73.5**
Peugeot 407 Coupé	**2.0 HDi 163**	**Diesel**	**1,997**	**120**	**6.9**	**4.5**	**5.4**	**140**	**73.6**
Peugeot 4007	**2.2 HDi 156**	**Diesel**	**2,179**	**115**	**9.0**	**5.9**	**7.0**	**185**	**74.9**
Peugeot 807	**2.0 HDi 136**	**Diesel**	**1,997**	**100**	**7.4**	**5.0**	**5.9**	**155**	**73.9**
Peugeot Bipper Tepee	**1.4 75**	**Petrol**	**1,360**	**54**	**8.2**	**5.6**	**6.6**	**152**	**72.5**
	1.3 HDi 75	**Diesel**	**1,248**	**55**	**5.1**	**3.8**	**4.3**	**113**	**74.0**
Peugeot Partner Tepee	**1.6 VTi 120**	**Petrol**	**1,598**	**88**	**9.6**	**6.0**	**7.3**	**169**	**74.0**
	1.6 HDi 90	**Diesel**	**1,560**	**66**	**6.2**	**4.8**	**5.3**	**139**	**74.5**
Peugeot Expert Tepee	1.6 HDi 90	Diesel	1,560	66	8.4	6.6	7.3	194	74.4
	2.0 HDi 120	**Diesel**	**1,997**	**88**	**8.8**	**6.5**	**7.3**	**194**	**74.9**
Peugeot RCZ	**1.6 THP 156**	**Petrol**	**1,598**	**115**	**9.3**	**5.2**	**6.7**	**155**	**71.0**
	2.0 HDi 163	**Diesel**	**1,997**	**120**	**6.8**	**4.5**	**5.3**	**139**	**73.6**

Citroën		Fuel	Displacement	Horsepower	Fuel consumption *(litres/100 km)*			CO_2	Noise
			cc	*kW*	City	Highway	Combined	*g/km*	*dB(A)*
Citroën C-Zero		**Electric**	**-**	**47**	**0**	**0**	**0**	**0**	**66.0**
Citroën C1	**1.0**	**Petrol**	**998**	**50**	**5.4**	**4.0**	**4.5**	**103**	**70.0**
Citroën C3	**1.1**	**Petrol**	**1,124**	**44**	**7.9**	**4.9**	**5.9**	**137**	**73.8**
	VTi 95	Petrol	1,397	70	7.6	4.8	5.8	134	73.9
	e-HDi 90	Diesel	1,560	50	4.3	3.2	3.6	93	71.4
	HDi 70	**Diesel**	**1,398**	**68**	**4.9**	**3.5**	**4.0**	**104**	**72.1**
Citroën DS3	VTi 95	Petrol	1,397	70	7.6	4.8	5.8	134	73.9
	VTi 120	**Petrol**	**1,598**	**88**	**7.9**	**4.8**	**5.9**	**136**	**73.5**
	HDi 90	**Diesel**	**1,560**	**68**	**4.9**	**3.4**	**4.0**	**104**	**72.1**
	e-HDi 90	Diesel	1,560	68	4.3	3.2	3.6	95	71.4
Citroën C3 Picasso	**VTi 95**	**Petrol**	**1,397**	**70**	**8.3**	**5.2**	**6.4**	**149**	**74.0**
	HDi 90	**Diesel**	**1,560**	**68**	**5.5**	**4.0**	**4.6**	**119**	**74.9**
Citroën Nemo Combi	**1.4**	**Petrol**	**1,360**	**54**	**8.2**	**5.6**	**6.6**	**152**	**72.5**
	HDi 70	Diesel	1,398	50	5.7	3.8	4.5	119	71.0
	HDi 75	**Diesel**	**1,248**	**55**	**5.1**	**3.8**	**4.3**	**113**	**74.0**
Citroën Berlingo	**1.6 16v**	**Petrol**	**1,587**	**66**	**10.8**	**6.8**	**8.2**	**195**	**73.3**
	VTi 95	Petrol	1,598	72	9.6	5.7	7.1	164	74.0
	HDi 92	**Diesel**	**1,560**	**66**	**6.4**	**4.8**	**5.3**	**140**	**73.9**
	HDi 75	Diesel	1,560	55	6.1	4.8	5.3	139	73.6
Citroën C4	**VTi 120**	**Petrol**	**1,598**	**88**	**8.8**	**4.7**	**6.2**	**143**	**71.6**
	VTi 95	Petrol	1,397	70	8.2	4.9	6.1	140	73.6
	HDi 110	**Diesel**	**1,560**	**68**	**5.8**	**3.9**	**4.6**	**119**	**74.1**
	e-HDi 110	Diesel	1,560	68	4.7	3.8	4.2	109	71.8
Citroën C4 Picasso	**VTi 120**	**Petrol**	**1,598**	**88**	**9 .3**	**5.4**	**6.9**	**159**	**73.8**
	HDi 110	**Diesel**	**1,560**	**82**	**6.4**	**4.5**	**5.2**	**135**	**70.1**
	e-DHi 110	Diesel	1,560	82	5.1	4.5	4.8	125	72.5
Citroën C5	**THP 155 BVA**	**Petrol**	**1,598**	**110**	**10.5**	**5.6**	**7.3**	**169**	**72.1**
	VTi 120 BMP6	Petrol	1,598	88	8.3	5.0	6.2	144	71.4
	HDi 110	**Diesel**	**1,560**	**82**	**6.0**	**4.4**	**5.0**	**129**	**71.7**
	e-HDi 110	Diesel	1,560	82	5.5	4.1	4.6	120	70.3
Citroën C6	**V6 HDi 240 FAP**	**Diesel**	**2,993**	**177**	**10.0**	**5.8**	**7.3**	**190**	**72.8**
Citroën C8	**HDi 135**	**Diesel**	**1,997**	**88**	**7.4**	**5.0**	**5.9**	**155**	**73.9**
Citroën C-Crosser	**HDi 160 DCS**	**Diesel**	**2,179**	**115**	**9.3**	**6.0**	**7.2**	**189**	**71.8**
	HDi 160	Diesel	2,179	115	9.0	5.9	7.0	185	74.9

In tests by an independent organisation, CO_2 emissions are measured with the vehicle on a chassis dynamometer running the European standard Motor Vehicle Emission Group (MVEG) test procedure, which covers both city and highway driving cycles. The measured emissions are then calculated per kilometre, providing a basis for determining consumption by type of fuel. The resulting data enable consumers to compare the performance of vehicles offered by different brands.

The method used to measure noise levels is described in UN-ECE Regulation no. 51 and is based on the ISO 362 standard, which defines speed and acceleration conditions for test runs. Noise levels are measured by microphones placed along the test track. Units of measurement dB(A) express a level of intensity weighted to reflect the physiological characteristics of the human ear.

2.2.3. Petrol and Diesel Engines

PSA Peugeot Citroën is continuing to optimize conventional internal combustion engines to improve their fuel efficiency and reduce their carbon footprint, by deploying advanced technological solutions in engine architecture, fuel intake systems and injection systems. For the past decade, the Group has been assertively downsizing its engines, enabling them to deliver the same performance in smaller, more fuel-efficient forms.

PSA Peugeot Citroën Sales by Region and Type of Fuel

(Billings – Western Europe = 18 countries)

Fuel		Western Europe	Rest of the world	TOTAL
Petrol	**2010**	**649,040**	**1,285,180**	**1,934,220**
	2009	752,075	914,120	1,666,195
	2008	663,205	939,320	1,602,525
Diesel	**2010**	**1,418,625**	**265,635**	**1,684,260**
	2009	1,257,035	166,925	1,423,960
	2008	1,384,740	289,915	1,674,655

Improving Fuel Efficiency and Reducing Diesel Exhaust Emissions

PSA Peugeot Citroën has developed extensive expertise in diesel powertrains, which consume less fuel and emit less CO_2 while delivering the same performance as equivalent petrol engines. Developed in cooperation with Ford Motor Company, commonrail, direct-injection HDi diesel engines deliver outstanding driving comfort and reduce CO_2 emissions by a significant 20% compared with the previous-generation diesels. These benefits have made the HDi one of the best selling engines in Europe, where diesels represented nearly 55% of unit sales in 2010. Ongoing programmes are steadily improving the emissions control performance of HDi engines, which have been equipped with a particulate filter since 2000. Some 1.65 million HDi powerplants were produced in 2010, bringing total output to more than 15.8 million units since 1998.

Brought to market in 2009 and 2010, the diesel versions of the Peugeot 207 and Citroën C3 and DS3 emit just 99 g/km of CO_2 thanks to a particularly efficient technical package that includes special aerodynamics and optimised engine calibration.

Improving Fuel Efficiency and Reducing Petrol Exhaust Emissions

Since 2006, PSA Peugeot Citroën has been offering the 1.4-litre and 1.6-litre, 4-cylinder petrol engines developed jointly with BMW group, which deliver a 10 to 15% reduction in CO_2 emissions compared with their predecessors. By the end of 2010, 1.8 million of these engines had already been produced.

A new stage in the partners' cooperation began in January 2010 with the signature of an agreement to jointly develop the next generation of Euro 6-compliant 4-cylinder petrol engines.

At the same time, the Group is also working on a new family of 1-litre and 1.2-litre, 3-cylinder petrol engines, which are scheduled for launch in 2012. The new powerplant will make it possible to offer cars that emit less than 100 g of CO_2/km without additional technology.

In line with PSA Peugeot Citroën's strategy of reducing its vehicles' CO_2 emissions in China by 50% in 2020 as announced in late 2009, the engine offering will be totally renewed over the next five years, with the launch of six new engines delivering between 60 kW and 150 kW of power. At the same time, the Group is fully committed to developing hybrid vehicles by launching Stop & Start vehicles in 2011, to be followed by a full hybrid line-up. In this way, PSA Peugeot Citroën's local initiatives will provide significant support to China's efforts to reduce carbon emissions while satisfying the expectations of different customer profiles.

2.2.4. Using Alternative Fuels

Another way to reduce a vehicle's carbon footprint is to explore the use of other fuels than petrol and diesel, such as natural gas and biofuels. PSA Peugeot Citroën has reaffirmed its commitment to the responsible use of biofuels, while emphasising the need to take sustainability criteria into account in developing products and the related industry segments.

Compressed Natural Gas (CNG)

(Billings, Western Europe = 18 countries)

	Western Europe	Outside Western Europe	Worldwide
2010	**3,045**	**0**	**3,045**
2009	5,180	5	5,185
2008	3,210	10	3,220

PSA Peugeot Citroën markets vehicles that run on compressed natural gas (CNG) in markets where CNG is already a viable alternative to petrol and diesel, i.e. in countries like Argentina or regions like the Middle East, where local conditions (strong political commitment, secure CNG supply, etc.) favour the development of CNG as an automobile fuel. Using CNG can not only help to reduce tank-to-wheel carbon emissions by 20% compared with conventional petrol fuels, it also enables engines to deliver high fuel efficiency.

In addition, CNG versions of the Peugeot Partner and Citroën Berlingo light commercial vehicles (for businesses) and the Citroën C3 supermini (for consumers) were marketed in 2010 in a number of European countries, with the majority sold in Italy and France.

A 1.6-litre dual-fuel petrol/CNG engine designed to be offered worldwide is currently marketed in Iran and China.

As part of the cooperation agreement with Karsan, the Group is also working on CNG versions of the stretch Peugeot Partner Origin and Citroën Berlingo First produced in Turkey.

Ethanol and Flex-Fuel Vehicles

(Billings, Western Europe = 18 countries)

	Western Europe	Of which France	Outside Western Europe	Worldwide
2010	**395**	**15**	**146,790**	**147,185**
2009	950	20	117,500	118,450
2008	2,935	575	103,650	106,585

Ethanol and its derivative, ethyl tertiary butyl ether (ETBE), which are made from cereals and sugar beets in Europe and sugar cane in Brazil, are biofuels that can be blended with petrol.

SP95-E10, a fuel introduced in France in 2009, is a blend of regular unleaded petrol (SP95) and 10% plant-derived ethanol. All of the Group's petrol-powered models produced since 1 January 2000 can run on SP95-E10.

PSA Peugeot Citroën has also developed flex-fuel engines that can run on ethanol/petrol blends of up to 85% ethanol in Europe (E85 fuel) and from 20 to 100% ethanol in Brazil, the world's largest market for ethanol blends and flex-fuel vehicles. In the latter country, the Group markets flex-fuel versions of the Peugeot 206 and the Citroën C3, C4 and Xsara Picasso. In 2010, these vehicles accounted for more than 65% of the petrol vehicles sold by the Group in Latin America (Argentina, Brazil and Paraguay) and more than 80% of those sold in Brazil.

In addition, flex-fuel versions of the Peugeot 308 and Citroën C4 and C5 were marketed in several European countries in 2010, with the majority sold in Sweden.

Biodiesel

Biodiesels are a blend of diesel fuel and vegetable oil ethyl esters or methylesters (VOEEs or VOMEs), which are made from oilseeds such as rapeseed. The biodiesels currently on retail sale (at the pump) in Europe contain up to 7% biodiesels.

Higher biofuel blends are more beneficial when used in captive fleets, where issues with fuel storage, refuelling and the need for stricter maintenance are easier to resolve. For example, the Group's service fleet has been running on B30 fuel (a 30% biodiesel/70% diesel blend) for more than a decade.

All of the Group's diesel vehicles can run on B10 (with up to 10% biodiesel) and B30, provided that the fuel is of high quality and the vehicle is maintained accordingly. This includes the vehicles equipped with the new e-HDi and HYbrid4 technologies.

PSA Peugeot Citroën is participating in various research programmes in Europe, notably in France where it is a member of the Diester Partners association, which has tested biodiesel fuels over more than 100,000 kilometres. It is also partnering the Ladetel laboratory in Brazil, where Phase III of the joint programme will be launched in spring 2011, with road tests using advanced biodiesels.

PSA Peugeot Citroën and the *Fédération Nationale des Syndicats d'Exploitants Agricoles* (FNSEA), France's largest farmers' union, are committed to jointly developing ethanol and biodiesel-based biofuels in line with the objectives of the European Union directive on renewable energies, which sets a target of sourcing at least 10% of land transport fuel from renewables by 2020.

The Group is still actively involved in developing biofuel standards to ensure the minimal quality levels required to support efficient engine performance, proper vehicle operation and a satisfying driving experience. It is also a member of the steering committee of the European Biofuels Technology Platform.

Advanced Biofuels

Extending the use of biofuels, without detracting from their positive social and environmental impact, requires the development of so-called "advanced" biofuels, which can be made from biomass feedstocks, such as crop residue, non-food crops, organic waste or even microalgae. PSA Peugeot Citroën is contributing to this process by participating in research projects and real-world trials. Two examples are the Shamash project, which aims to produce a lipid biofuel from microalgae supplied by Alpha Biotech, and the proposed partnership with the administrative authority for the greater Lille region to test the use of biogas in public transit applications.

2.2.5. Deploying Breakthrough Technologies: Hybrids and Electric Vehicles

More than ever, the environmental challenges associated with automobile use are being met by technological solutions designed to drive powerful breakthroughs in fuel efficiency and carbon emissions. The deployment of Stop & Start, hybrid and zero-emission vehicle solutions will enable PSA Peugeot Citroën to consolidate its position in the European low-carbon vehicle segment and extend its expertise to other markets.

e-HDi Technology

e-HDi technology allows the engine to shut down automatically when the vehicle is standing still – at a red light, for example – and to start up again instantly and noiselessly when reactivated by the driver. As a result, it helps to reduce carbon emissions by up to 15% in city driving. When combined with the system's cost-effectiveness, these features offer an efficient solution to a number of traffic-related issues in cities, where 75% of Europeans now live.

The technology's first-generation was introduced on the Citroën C2 and C3 in 2004. The second generation, known as e-HDi, delivers superior driveability, faster restart and other premium features. Fitted on an HDi diesel engine, the new reversible starter-alternator is more efficient and enables regenerative braking. Introduced in the second half of 2010 on the Citroën C5, the e-HDi technology will be extended across the entire Peugeot and Citroën line-up in 2011.

The Group's objective is to have sold a total of one million vehicles equipped with e-HDi technology by the end of 2013.

Hybrids

PSA Peugeot Citroën's HYbrid4 diesel hybrid technology will represent a major breakthrough in the European market in terms of fuel efficiency and carbon emissions, offering gains of up to 30% compared with the equivalent HDi diesel model and emitting less than 100g/km of CO_2. The drivetrain combines the high fuel efficiency of the HDi diesel in highway driving with all the benefits of electric propulsion on city and suburban roads. It will also offer all-wheel drive capability, thanks to the electric motor mounted on the rear axle assembly, as well as the e-HDi system and a particulate filter.

The first diesel hybrid on the market, the Peugeot 3008 HYbrid4, will be equipped with the technology in 2011, to be followed by the Citroën DS5 HYbrid4.

As part of its strategy to reduce the carbon footprint of vehicles sold in China, the Group plans to bring HYbrid4 petrol hybrids to the Chinese market by 2015.

In late 2010, PSA Peugeot Citroën and BMW announced their intention to extend their cooperation to hybrid systems by creating an equally owned joint venture in early 2011. Known as BMW Peugeot Citroën Electrification, the venture will focus on developing and producing hybrid powertrain components, including battery packs, E-machines, generators, power electronics and chargers, while also developing software for hybrid systems. Joint research and development, production and component purchasing will leverage significant economies of scale for both companies. The joint initiative is also aimed at creating an open European platform for those technologies, which will help the European industry to structure itself in the field of hybridization. Subject to approval by competition authorities, the joint venture is expected to launch its operations in the second quarter of 2011. The new hybrid components will equip both partners' vehicles from 2014 onwards.

Plug-in Hybrids

PSA Peugeot Citroën is working on a plug-in hybrid, a multi-functional vehicle that can be recharged on an ordinary electric socket. An enhanced battery pack will enable the plug-in to run in all-electric mode for between 15 and 50 kilometres, which corresponds to most motorists' daily needs. It therefore offers all the benefits of an EV for day-to-day use, but can also handle longer distances thanks to its internal combustion engine.

Trials will be carried out ahead of the technology's market launch in 2014. The long-term objective is to reduce these plug-ins' CO_2 emissions to less than 50 g/km.

Electric Vehicles

In late 2010, PSA Peugeot Citroën introduced the Peugeot iOn and the Citroën C-Zero, two new-generation city EVs developed in conjunction with Mitsubishi Motors Corporation. With a driving range of 150 kilometres in the standard European cycle, the models are capable of satisfying 90% of motorists' daily transport needs. The lithium-ion battery pack placed under the vehicle floor can be fully charged in six hours from a simple electric socket or fast-charged to 80% of its rated capacity in 30 minutes. In addition, these city cars are aligned with customer expectations in terms of both spaciousness, with four seats and 166 litres of storage space, and comfort and safety, with ESP as standard equipment, six airbags and a system to protect the battery in the event of a collision. The Group is exploring various avenues for getting these vehicles on the road, including direct sales, all-inclusive leasing contracts and participation in car-sharing schemes.

The Group's EV line-up also includes two electric commercial vehicles, the Peugeot Partner Origin and Citroën Berlingo First, developed in cooperation with Venturi Automobiles and also brought to market in 2010. Designed more specifically for fleet use, these vehicles offer three cubic metres of storage space and can carry loads of up to 500 kg. Their Zebra sodium nickel chloride battery, located under the bonnet, offers a range of 100 kilometres and can be charged from a simple mains socket. 250 of these versions have been ordered under a tender from the French Post Office.

In 2010, a cooperation agreement was signed with Mitsubishi Motors Corporation to develop electric versions of the Peugeot Partner and the Citroën Berlingo.

Fuel Cell Vehicles

Over the longer term, PSA Peugeot Citroën is exploring possible applications of hydrogen fuel cell technology.

After building seven technology demonstrators, the Group remains on active technology watch and is leading a fundamental research partnership with the French Atomic Energy Commission (CEA) on the Genepac fuel cell stack and as part of the EU's StorHy programme to store hydrogen at 700 bar. The Genepac fuel cell developed with the CEA offers one of the highest energy-to-size ratios in the world. It can be used as a range extender, with the 20 kW module, or for propulsion, with several 80 kW stacks.

However, fuel cell vehicles are still a long way from the technical and economic maturity needed to support mass-market production. As a result, series production and mass marketing doesn't seem foreseeable until after 2020. Although considerable progress has been made, hydrogen fuel cell technology must still overcome a number of obstacles, including the cost of the fuel cell system, the fuel cell's lifespan, the size, mass and cost of the hydrogen storage system and the deployment of the necessary infrastructure to market hydrogen to the general public.

2.2.6. Optimizing Vehicle Architecture and Equipment

Further gains in fuel efficiency and carbon emissions are being driven by improvements in various vehicle sub-assemblies and equipment, as well as in vehicle architecture and aerodynamics. These improvements are being made without sacrificing any of the vehicle's critical features, such as safety, handling, comfortable ride, attractive styling and equipment. They are also being incorporated into models designed specifically for markets outside Europe.

Equipment

In addition to working on engines, PSA Peugeot Citroën is improving the overall fuel efficiency of its vehicles by optimising various vehicle components and equipment. Solutions include:

- equipping certain models with electronic manual gearboxes, which can improve fuel efficiency by up to 5%;
- optimizing air-conditioning components, like the evaporator and compressor, to reduce the energy required to run the system, and eventually replacing R134a, the current refrigerant, with new solutions that contribute less to global warming;
- selecting tyres that offer the best trade-off between grip (primary safety) and low rolling resistance, A 10% reduction in rolling resistance reduces a vehicle's CO_2 emissions by an average of 2 g/km. PSA Peugeot Citroën prefers very low rolling resistance (VLRR) tyres and is widely deploying tyre pressure sensors;
- offering a gear change indicator that promotes eco-driving by indicating the best time to upshift.

Vehicle Mass and Aerodynamics

Mass has a direct influence on a car's fuel efficiency, and therefore on its CO_2 emissions, with a 100 kg reduction in weight delivering a gain of an average 4 g/km.

To shrink the environmental footprint of its models, PSA Peugeot Citroën is therefore actively reducing their mass, with the goal of making vehicles in development more than 100 kg lighter than the previous models, while continuing to meet cost and performance specifications, particularly in the area of safety. Teams also pay careful attention in selecting a vehicle's base materials, starting with the metals that on average account for around 70% of its total weight. One example is the increasing use of very stiff high-tensile steel. Whenever technically feasible and cost effective, mass is being reduced by choosing lower density materials, such as the aluminium or plastics used in the place of steel. Another source of improvement lies in the use of innovative assembly techniques, such as hot stamping and laser welding, which help to reduce car body weight while improving impact resistance. A vehicle's performance also depends on its aerodynamics.

PSA Peugeot Citroën uses wind tunnel testing and digital modelling to reduce a car's drag area (CdA) without compromising on the other technical, practical, aesthetic and regulatory parameters involved in vehicle design, such as styling, safety, stability, storage space, engine cooling, rainwater drainage and acoustics. A 0.05 m^2 reduction in drag area reduces a vehicle's CO_2 emissions by 2.5 g/km.

2.3. Air Quality

2.3.1. Reducing Vehicle Exhaust Emissions

Complying with Euro 4, Euro 5 and Euro 6 standards

These standards set maximum admissible levels of CO, HC, NO_x and particulate matter emissions. Euro 5 and Euro 6 standards reduce the maximum admissible levels of particulate matter and NO_x emissions of diesel-powered vehicles to very low levels.

	Petrol vehicle* – CNG – LPG *(g/km)*			Diesel vehicle *(g/km)*		
Exhaust emissions	**Euro 4**	**Euro 5**	**Euro 6**	**Euro 4**	**Euro 5**	**Euro 6**
CO	1.00	1.00	1.00	0.50	0.50	0.50
Non-methane HC	0.10	0.068	0.068	-	-	-
THC	-	0.10	0.10		-	-
NO_x	0.06	0.06	0.06	0.25	0.18	0.08
THC+NO_x	-			0.30	0.23	0.17
Particulate matter	-	0.005/0.0045**	0.0045**	0.025	0.005/0.0045**	0.0045**
Durability *(km)*	100.000	160.000	160.000	100.000	160.000	160.000

	Petrol vehicle* – CNG – LPG *(g/test cycle)*			Diesel vehicle *(g/test cycle)*		
Evaporation emissions	**Euro 4**	**Euro 5**	**Euro 6**	**Euro 4**	**Euro 5**	**Euro 6**
HC	2.00	2.00	2.00	-	-	-

* *Applies only to vehicles with lean-burn, direct-injection petrol engines since Euro 5.*

** *In 2013, a change in the measurement procedure will reduce the maximum admissible level to 0.0045 from 0.005 (equivalent theoretical value). Euro 6 will also introduce particle number emission limits.*

HC: Unburned hydrocarbons; CO: Carbon monoxide; NO_x: Nitrogen oxides

In Europe, the Group's petrol and diesel-powered passenger cars have complied with Euro 5 standards since September 2009 for new models introduced and since January 2011 for all models currently being sold.

The following stage, Euro 6, will come into effect on 1 September 2014 for new models and in September 2015 for all new car registrations.

In the rest of the world, vehicles sold by PSA Peugeot Citroën meet or exceed the applicable standards in each local market and are equipped with the latest technologies developed for the European market.

Eliminating Particulate Emissions with the Particulate Filter

The FAP particulate filter is an after-treatment system that eliminates close to 100% of even the smallest particulate matter in exhaust gases. It has further enhanced the environmental performance of diesel engines and is playing an important role in improving the quality of air in urban environments. Launched by PSA Peugeot Citroën in 2000, the FAP particulate filter has set the new standard for European diesels. Peugeot and Citroën models equipped with the FAP particulate filter already more than meet Euro 5 and Euro 6 particulate emissions standards.

A pioneer in this field, the Group had sold a total of 4.3 million FAP equipped diesel vehicles by the end of 2010. With the advent of the Euro 5 stage, the FAP particulate filter with additive technology has been extended to all Peugeot and Citroën diesel models, including the Peugeot 207, 308, 3008, 5008, 407, 508, 807, 4007, RCZ, Partner, Expert, Boxer and Bipper and the Citroën DS3, C3, C4, C4 Picasso, Xsara Picasso, C5, C6, C8, C-Crosser, Berlingo, Jumpy, Jumper and Nemo. In 2010, more than 47% of the diesels sold worldwide by the Group were equipped with the FAP particulate filter, versus more than 37% in 2009.

Reducing NO_x Emissions with Selective Catalytic Reduction (SCR)

To prepare for Euro 6 standards, PSA Peugeot Citroën has decided to deploy selective catalytic reduction (SCR) technology across the diesel model line-up.

This new after-treatment technology substantially reduces nitrogen oxide (NO_x) emissions by injecting a reduction agent into the exhaust stream before it enters a special catalyst chamber.

Integrated into a new emission control architecture including a particulate filter, SCR helps to optimise fuel efficiency and limits CO_2 emissions.

2.4. Resource Management and Recycling

2.4.1. Use of Materials

In its commitment to optimising the use of resources and limiting the its products' environmental footprint, PSA Peugeot Citroën analyses and selects materials for new projects based on the findings of life cycle assessments, which review every stage in a material's life cycle, along with the related environmental impacts.

An Assertive Commitment to Using Green Materials

PSA Peugeot Citroën is focusing much of its research on polymers, which account for 20% of a vehicle's total mass. Most of the other materials, such as metals and fluids, are already recyclable and extensively recycled.

For the Group, green materials include three families of materials: recycled plastics, natural materials (wood, vegetable fibres, etc.) and biosourced materials (polymers made from renewable instead of petrochemical feedstocks). Their use offers a number of benefits, such as reducing the use of fossil plastics and fostering the development of plastics recycling processes by increasing demand.

Since 2008, the Group has deployed an ambitious plan to increase the proportion of green materials, by weight, in a vehicle's total polymers (excluding tyres) to 20% by 2011 and to 30% by 2015, from an average 6% in 2007.

This process is also being applied in Latin America, with a target of 20% in 2015.

The wider application of green materials requires the development of robust supply chains and more research on new materials. To meet its targets, the Group is actively selecting and certifying materials that offer the best cost/technical trade-offs, to create a portfolio of solutions for future vehicle projects. In 2010, this portfolio was expanded to include 17 new green materials, representing 55% of all materials certified during the year.

To spur faster development of the biomaterials industry and expand the use of these materials in automobiles, PSA Peugeot Citroën is involved in a large number of scientific partnerships. It is leading the MATORIA project to develop new injection plastics made from renewable resources and suitable for automobile applications. It is also participating in the Biocer project to develop thermoplastic composites made from natural fibres, which offer improved collision behaviour. Lastly, the Group is helping to financially support the Bioplastics university chair at the MINES ParisTech engineering school, notably by funding five doctoral dissertations on natural fibres, bio-sourced polymers and a variety of other subjects.

Using Green Materials in Vehicles

Each vehicle project has a contractual objective for the use of green materials.

Progress towards fulfilling the green materials plan may be seen in the latest Peugeot and Citroën cars brought to market. On the Citroën C3 Picasso, green materials make up around 11% of the car's 170 kg of polymers (excluding tyres). Examples include natural fibres, used to make the rear parcel shelves, boot carpeting and door insets, and recycled automotive plastics, used as raw material for mudguards.

In Latin America, the Citroën Aircross comprises 20 kg of green materials, in particular in the boot carpeting and door insets.

The 200 kg of polymers (excluding tyres) used in the new Citroën C4 include 15% green materials, the highest percentage on any PSA Peugeot Citroën vehicle to date, while the 230 kg of polymers (excluding tyres) used in the Peugeot 508 include 14.3% green materials. In both cases, the green component comprises 40% natural materials and 60% recycled materials, which are found in around thirty parts or sub-assemblies, such as the rear bumper, soundproofing, boot carpets, seats and air filters.

2.4.2. Recycling End-of-Life Vehicles

Eco-Designing for Recycling

Upstream, the impacts of recycling end-of-life vehicles (ELVs) are designed into every new model and component. Vehicle materials are selected according to increasingly strict criteria that are designed to foster the development of a recovery and recycling industry. To ensure that its vehicles are highly recyclable, the Group is committed to:

- using easily recyclable materials;
- reducing the variety of plastics in a car, to facilitate sorting after shredding, optimize the related recovery processes and ensure their profitability;
- using a single family of plastics per major function, so that an entire sub-assembly can be recycled without prior dismantling;
- marking plastic parts with standardized codes, to ensure identification, sorting and traceability.

At the same time, designing recycled and other green materials into car models is supporting the emergence or development of new markets for certain materials.

As a participant in the International Dismantling Information System (IDIS) consortium, the Group provides ELV treatment operators (dismantlers and shredders) with disassembly instructions for Peugeot and Citroën vehicles.

French testing laboratory UTAC has certified that PSA Peugeot Citroën implemented the processes needed to ensure that all Peugeot and Citroën vehicles are 95% recoverable by weight, of which 85% is reusable or recyclable.

Downstream, PSA Peugeot Citroën is working with ELV treatment operators (dismantlers and shredders) who have demonstrated superior recycling and resource recovery performance, as well as the capability of complying with the European Directive mandating that ELVs must be 85% recovered today and 95% as from 2015. Through these operators, the Peugeot and Citroën brands can offer ELV owners the possibility of leaving their car at a local collection centre, to be picked up free-of-charge and disposed of in full compliance with environmental standards.

2.5. Road Safety

PSA Peugeot Citroën has considered the safety of all road users to be a top priority for many years, a position that has enabled it to develop some of the safest vehicles in the world. The Group is focusing on technologies that have shown a proven ability to make automobiles fuel efficient and safe, at an affordable cost for the largest number of motorists.

However, addressing road safety issues involves more than just installing increasingly sophisticated onboard safety systems, which make vehicles heavier and therefore less fuel efficient. Roadway infrastructure must also be upgraded, while motorists and other road users must be effectively educated in safe driving and road use practices. At PSA Peugeot Citroën, corporate social responsibility also means a daily focus on sponsoring and outreach. In 2010, the Group pursued its efforts to raise awareness about road safety, with campaigns targeted to children, employees and the general public.

2.5.1. Primary Safety: Avoiding Accidents

Chassis Systems

Capitalising on its recognised expertise in suspensions, steering, braking and other chassis systems, PSA Peugeot Citroën designs cars that are naturally safe to drive, with technology that compensates, to the extent possible, for bad driving, faulty infrastructure and adverse weather conditions. Their architecture is engineered to deliver handling performance, precision steering and braking power that rank among the best in the market.

Moreover, to attenuate the consequences of certain emergency situations, the Group offers such driver assistance technologies as anti-blocking systems (ABS), which are now standard on every model, electronic brakeforce distribution (EBD), emergency braking assist (EBA), and electronic stability programmes (ESP), which help drivers maintain control even in a skid.

The Grip Control system, which is integrated into the electronic stability programme, is available on the Peugeot 3008 and new Partner and on the Citroën C4 Picasso, C5 and new Berlingo.

Tyre pressure monitoring systems help to detect under-inflated tyres that can reduce vehicle stability and threaten occupant safety.

By regularly prompting motorists to check their tyre pressure, such systems help to reduce tyre noise, improve fuel efficiency and increase tread life.

Visibility, Speed and Safe Following Distances

Certain Peugeot and Citroën models come with such efficient, practical innovations as:

- innovative lighting systems: static directional lighting even in the compact segment, Xenon dual-function directional headlights in the executive segment, automatic activation of emergency flasher lights in the event of sudden deceleration, LED daytime running lights on the Citroën DS3, and automatic dipped beam/main beam switching on the Peugeot 508;
- a blind spot information system is available on the new Citroën C4. The system indicates the presence of a vehicle in a blind spot zone through a pictogram in the corresponding wing mirror;
- a speed limiter system that deactivates the accelerator pedal when the driver tries to exceed his or her pre-set speed limit. When necessary, however, pressing strongly on the pedal overrides a hard spot and allows the driver to exceed the set limit. PSA Peugeot Citroën is the European leader in driver-activated speed limiter equipment;
- a distance alert system, available on the Peugeot 3008 and 5008, that indicates on the head-up display the time it would take to close with the vehicle in front at the current speed. The alert time point can be set by the driver;
- the AFIL lane departure warning system, available on the Citroën C4, which alerts the driver who drifts across a lane by vibrating the seat on the side the lane was crossed.

Ergonomics and Man-Machine Interface (MMI)

Road safety is a major concern that is consistently designed into onboard systems, such as driver assistance, comfort and information/entertainment systems, and into the man-machine interfaces (MMI) of controls and displays. In addition to integrating driver needs and expectations to ensure that the systems are useful and efficient, design criteria and robust validation methods help to deliver systems and interfaces that are not only easy to use, but also safe, leaving no room for manual error and involving no cognitively demanding tasks, distractions or risks of inappropriate use. Upstream scientific studies are helping to enhance Group standards for addressing the emerging ergonomic issues associated with new onboard technologies.

Environmental concerns are also channelled into the development of driver assistance systems that promote “eco-responsible” driving habits.

2.5.2. Secondary Safety: Protecting Passengers and Pedestrians during an Accident

Body Structure

Secondary safety is a priority that is designed into every Peugeot and Citroën vehicle, whose structural components resist impact and absorb energy to provide the highest degree of occupant protection regardless of the type of collision – frontal, side, rear or even rollovers.

Vehicles are structurally engineered to gradually dissipate the kinetic energy from an impact, with effectively positioned impact absorption structures and deformable crash boxes transforming the passenger compartment into a survival cell. At the same time, these structures make the body components easier to repair.

On cabriolet models, the roll-over protection system consists of active, pyrotechnically-charged roll-bars and windscreen pillar stiffener tubes.

Airbags and other Pyrotechnic Equipment

In addition to structural impediments to impact injury, Peugeot and Citroën models are equipped with up to nine airbags:

- two front airbags, whose pressure and volume when inflated adjust automatically to the severity of impact;
- two front side airbags, which protect the thorax, pelvic region and abdomen of the driver and front-seat passenger;
- a steering column (or knee) airbag, which protects the lower limbs by cushioning the impact on the knees and shins;
- two curtain airbags, which protect the side of the head of the front and rear passengers;
- two rear lateral airbags, which protect the thorax of the rear passengers in the event of a side impact.

Thanks to an impact sensor and pyrotechnic mechanism, the active bonnet rises automatically in the event of a pedestrian impact, thereby absorbing more energy and limiting the risk of injury to the pedestrian’s head. The system is available on both the Citroën C6 and Peugeot RCZ.

Restraint Systems

Restraint systems – which include Isofix attachment points for easy and efficient installation of child seats, seatbelt load-limiting retractors and, on some models, airbags with dual energy levels – are all carefully calculated to maximise protection for everyone in the vehicle, regardless of their age or where they are seated. Already fitted on front seatbelts, load-limiting retractors are now gradually being installed for back seats as well. These systems adjust occupant restraints while limiting pressure on the chest, thereby reducing the frequency of thoracic and abdominal injuries. Buckle-up reminders sound a warning and light up when someone has not buckled their belt. Rear seat reminders are also gradually being introduced across all the model ranges.

EuroNCAP and China-NCAP Safety Ratings

Every Peugeot and Citroën model from the entry level on up ranks among the world's best in secondary safety, as attested by the results of impact tests conducted by the European New Car Assessment Programme (Euro NCAP), an independent organisation that rates vehicle occupant protection.

Eight Group vehicles have obtained the maximum 5-star overall rating under the stricter new protocol introduced in 2009. Under the new protocol, vehicles tested receive an overall rating based on protection offered to adult and child occupants as well as pedestrians and also considers the safety potential of advanced driver assistance technologies. As of year-end 2008, a total of 13 Group vehicles had obtained the maximum 5-star rating for adult protection under the former Euro-NCAP system.

Euro NCAP

		Assessment protocol in effect until 2008				Assessment protocol in effect from 2009	
Model	**Year launched**	**Year tested**	**Adult Occupant***	**Pedestrian***	**Child Occupant***	**Year tested**	**Overall rating**
Citroën C-zéro Peugeot iOn**	2010					2011	****
New Citroën C4	2010					2010	*****
Citroën Nemo	2010					2010	***
New Citroën C3	2009					2009	****
Citroën DS3	2009					2009	*****
Peugeot 5008	2009					2009	*****
Peugeot 3008	2009					2009	*****
Citroën C3 Picasso	2009					2009	****
Peugeot 308 CC	2008	2008	*****	**	***	2009	*****
Citroën Berlingo Peugeot Partner**	2008	2008	****	**	****		
Citroën C5	2008	2008	*****	**	****	2009	*****
Peugeot 308	2007	2007	*****	***	****	2009	*****
Peugeot 207 CC	2007	2007	*****	**			
Citroën Grand C4 Picasso	2006	2006	*****	**	****	2009	*****
Peugeot 207	2006	2006	*****	***	****		
Citroën C6	2006	2005	*****	****	****		
Peugeot Coupé 407	2005	2005	*****	**	****		
Citroën C1 Peugeot 107**	2005	2005	****	**	****		
Citroën C4	2004	2004	*****	***	****		
Peugeot 407	2004	2004	*****	**	****		
Peugeot 307 CC	2003	2003	****	**			
Citroën C3 Pluriel	2003	2003	****	**			
Peugeot 807 Citroën C8**	2002	2003	*****	*			
Citroën C3	2002	2003	****	**			
Peugeot 307	2001	2001	****	**			
Peugeot 607	2000	2002	****	*			
Citroën Xsara Picasso	2000	2001	****	**			
Peugeot 206	1998	2000	****	**			

* *Occupant protection rated out of five stars/Pedestrian protection rated out of four stars.*

** *Vehicles appearing on the same line have the same technical specifications.*

China NCAP

Model	Year launched	Year tested	Overall rating
Peugeot 408	2010	2010	*****
Citroën C5	2010	2010	*****
Peugeot 307 Sedan	2009	2009	*****
Citroën C-Quatre	2008	2009	****
Citroën C-Triomphe	2006	2007	*****
Peugeot 307	2004	2006	****

LAB

The *Laboratoire d'Accidentologie et de Biomécanique* (LAB) is a road safety association created jointly by PSA Peugeot Citroën and Renault. A unique organisation, LAB has conducted research projects for 40 years to enhance understanding of accident mechanisms and their related injury mechanisms. Its areas of expertise are:

- accidentology, meaning the analysis of road accidents. Its database comprises some 15,000 accidents;
- biomechanics, which helps to identify injury mechanisms.

For more than 40 years, LAB's research projects have helped to guide the Group's technological choices and to assess their real-life performance on the road. LAB is behind a number of major advances in automobile safety, from seatbelts to load-limiting retractors, airbags, pre-tensioners and stronger structural components for passenger compartments.

2.5.3. Tertiary Safety: Post-Accident Emergency Response

Emergency Call System

PSA Peugeot Citroën has played a pioneering role and remains the European leader in post-accident or tertiary safety, which helps to attenuate the effects of an accident by facilitating emergency rescue. It is the only volume carmaker to have deployed a wide-scale, location aware emergency call system, without a subscription or any cut-off date.

The new autonomous telematics box (ATB) developed by PSA Peugeot Citroën includes a SIM card, which eliminates the need for radio, navigation and telephone functions.

In the event of an accident or medical emergency in an ATB-equipped vehicle, occupants can alert a dedicated assistance centre simply by pressing the SOS button. In the case of a collision, the same alert is sent automatically. Calls are routed to operators speaking the occupants' language.

Thanks to the car's GPS system and onboard GSM mobile phone link, assistance personnel can pinpoint the car's location, thereby enabling rescue services to respond more quickly and effectively.

According to the European Commission, equipping every vehicle on the road with such a system would save 2,500 lives a year in Europe.

	Total as of end-2008*	Total as of end-2009*	Total as of end-2010*
Number of Peugeot and Citroën vehicles equipped with the Premium emergency call service**	546,000	630,000	643,000
Alerts sent to emergency services	2,700	3,300	3,900
Countries in which the Premium emergency call service is available***	Belgium, France, Germany, Italy, Luxembourg, the Netherlands and Spain	Austria, Belgium, France, Germany, Italy, Luxembourg, the Netherlands, Portugal and Spain	Austria, Belgium, France, Germany, Italy, Luxembourg, the Netherlands, Portugal, Spain and Switzerland

* *Cumulative figures since the service was introduced in January 2003.*

** *In the countries where the Premium emergency call service is available, the vehicle alerts the Inter Mutuelles Assistance (IMA) emergency assistance call centre, which verifies the incident and notifies the local public rescue or ambulance services. In other European countries, the vehicle dials 112, the European emergency number.*

There are nearly 140,000 Peugeot and Citroën vehicles equipped with the standard emergency call system (based on 112, the European emergency number, which does not support GPS localisation) in European countries where the Premium service is not available. In all, around 781,000 Peugeot and Citroën vehicles equipped with the emergency call system are on the road in Europe.

At the 2010 Paris Motor Show, Euro NCAP awarded the Euro NCAP Advanced award to carmakers who have deployed technologies that have a meaningful impact on safety. Among the ten innovations recognised, Peugeot and Citroën were singled out in the area of post-accident (or tertiary) safety for their emergency call system. In all, six vehicles won an award: the Peugeot 308, 3008 and 5008 for Peugeot Connect SOS, and the Citroën DS3, C4 and C5 for the Citroën location-aware emergency call service.

Victim Removal Instructions

To facilitate the job of rescue workers after an accident, PSA Peugeot Citroën works with French rescue teams to prepare victim removal instructions for each of its models.

2.5.4. Peugeot Motocycles

Safety

A major player in the European market under the Peugeot Scooters banner, Peugeot Motocycles has focused on scooter and motorbike safety for many years. In particular, it was the first manufacturer in the world to apply the anti-lock braking system (ABS) developed for automobiles to its 125 scooters. All of this attests to Peugeot Scooters' long-term commitment to promoting safer and more responsible urban mobility solutions.

2.6. Telematics and Mobility

In addition to such traditional services as maintenance, financing and insurance, PSA Peugeot Citroën is developing solutions that leverage the latest technological advances and a new vision of mobility to support its leadership strategy in connected and mobility-related services.

2.6.1. Telematics

PSA Peugeot Citroën's new telematics services are designed to make mobility more efficient and more environmentally friendly.

Since 2002, Peugeot and Citroën have offered a range of assistance services based on the shared RTx/NaviDrive telematics platform that combines, in a single unit, a radio, CD player, GSM hands-free telephone, GPS navigation system and traffic information.

Introduced in the Peugeot and Citroën line-ups in 2009, the vehicle integrated autonomous telematics box (ATB) is equipped with an embedded SIM card that enables drivers to connect to the emergency call and location-aware assistance system 24/7, free of charge, for an unlimited period, with no subscription and without having to acquire an integrated navigation, radio and telephone system. Thanks to the GPS system, customers benefit from much faster roadside assistance, including repairs and towing service. The deployment of autonomous telematics boxes will make onboard connected services more widely available.

In addition, the Group's Active Fleet Data remote fleet management service, introduced in 2008, provides remote access to all the data needed to support fleet use and maintenance, including odometre readings, the number of kilometres before next inspection and diagnostics for mechanical components such as the gearbox and emissions control system. Fleet managers are alerted in real time by e-mail if the system detects safety issues such as low oil, worn brake pads or under-inflated tyres. By promoting regular maintenance, the Active Fleet Data service also helps reduce the fleet's environmental impact.

Peugeot

Peugeot Connect offers a range of innovative services based on information sent directly from the vehicle. These include:

- Peugeot Connect SOS, for location-aware emergency calls;
- Peugeot Connect Assistance, for location-aware repair assistance;
- Peugeot Connect Fleet, for fleet management;
- Peugeot Connect Electric, which provide data on battery charge levels and driving range for the iOn via smartphone or computer.

In its Eco-consulting pack, Peugeot offers professional customers:

- a CO_2 footprint analysis based on an assessment of CO_2 emissions from the entire vehicle fleet;
- eco-driving training, comprising an Internet-based platform and on-road sessions. The programme offers environmental benefits, cutting down CO_2 emissions and fuel consumption by around 20%, and enhances road safety;
- tracking of fuel consumption and CO_2 emissions via Peugeot Connect Fleet, which uses onboard telematics solutions that also handle emergency call and location-aware assistance services.

Citroën

Citroën eTouch offers a range of services including:

- a location-aware emergency call system and assistance service thanks to an embedded SIM card;
- a virtual log and an eco-driving service available via My CITROËN and smartphone.

These services allow motorists to track their fuel consumption and CO_2 emissions, as well as receive maintenance reminders and real-time vehicle alerts. They are available for free during the vehicle warranty period.

Citroën's Send-To-Car service allows users to forward the results of a Google Maps search from their computer to the onboard NaviDrive 3D platform, which then guides them to their destination or connects them to a phone number.

2.6.2. Mobility Services

Mu by Peugeot

Mu by Peugeot is an innovative card-based mobility service. This highly original offering enables anyone – whether or not they are Peugeot customers – to access an array of mobility services online or via a smartphone application. It matches mobility needs to the most appropriate transportation solution through:

- the rental of Peugeot products or accessories. As and when needed, customers will be able to rent a bicycle, scooter, car, light utility vehicle, replacement vehicle (car or scooter) or accessories like a GPS device or a roof box;
- access to mobility services offered by Peugeot partners. For example, customers can contact a partner travel agent to book a train or plane ticket, or arrange a get-away weekend. Driving lessons, eco-driving courses or advanced driving techniques can also be booked via the same call centre.

Already available at 40 sites in 14 cities in six countries in Europe, Mu by Peugeot will continue to be deployed until 2013, with 75 sites to be added each year, mainly in European cities with more than 300,000 inhabitants.

The programme received an award from Automotive News Europe in June 2010 and two innovation awards in Germany and Belgium.

Citroën MULTICITY

With the new Citroën MULTICITY mobility offering, the brand has launched an offer – available to everyone without subscription – that has positioned Citroën as a travel facilitator.

Citroën MULTICITY includes:

- Citroën Call Car, which allows drivers anywhere in France to rent a car by the hour or for several days and, in major French cities, to order a car for delivery in less than three hours to the location of the person's choice;
- a dedicated Citroën MULTICITY Internet portal for planning trips and travel. Taking into account different modes of transportation when calculating itineraries, the service provides customised solutions with information on CO_2 emissions, cost and travel time for suggested itineraries. Users can also reserve airplane tickets, rental cars and hotel rooms. This innovative service saves time and makes travel easy. The website will give users access to a special section that features an array of dedicated products and services to help them use their car more effectively. They will, for example, be able to download maps for an onboard navigation system or subscribe to a services contract.

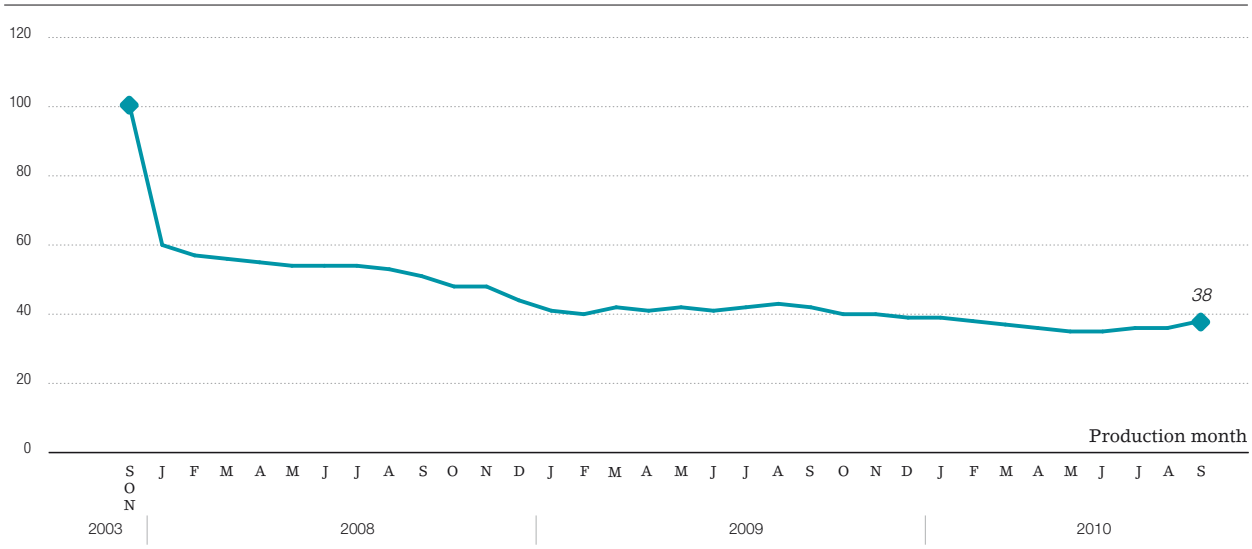
2.7. Customer Relations

2.7.1. Quality

PSA Peugeot Citroën is delivering continuous improvement in the quality of its vehicles and services. In customer service, both brands are making steady progress in the purchase/delivery experience and in maintenance/repair services. The frequency of warranty claims has been slashed by 62% and their cost by over 68% over the past seven years in Europe. The number of end-of-line factory defects declined by 58% over the past three years.

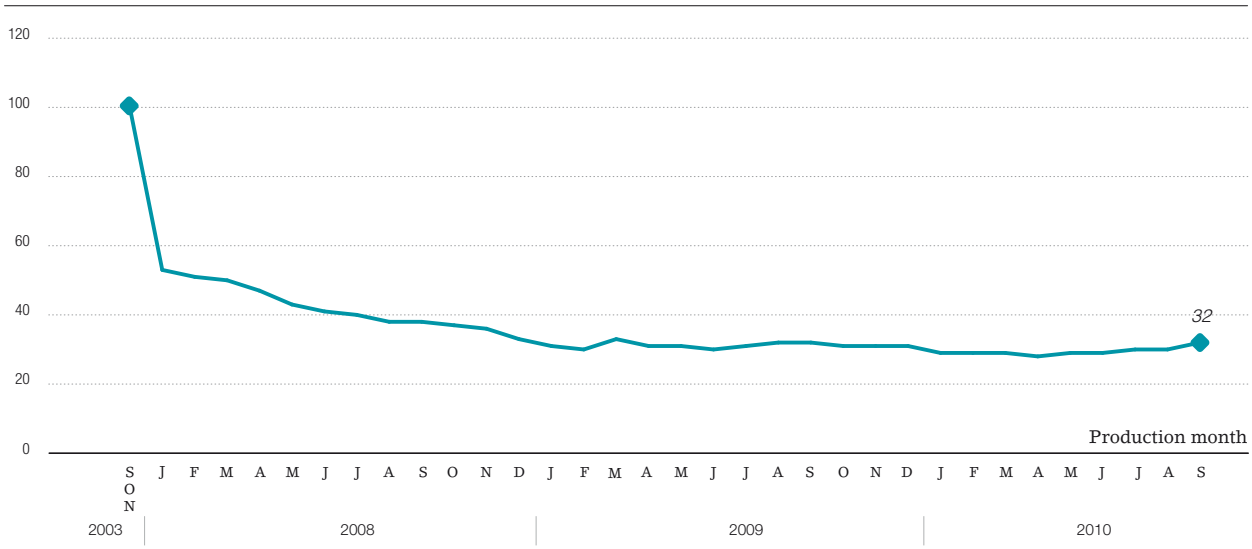
Frequency of Warranty Claims

(8-country Europe, first 3 months in service, base 100 = September-November 2003)



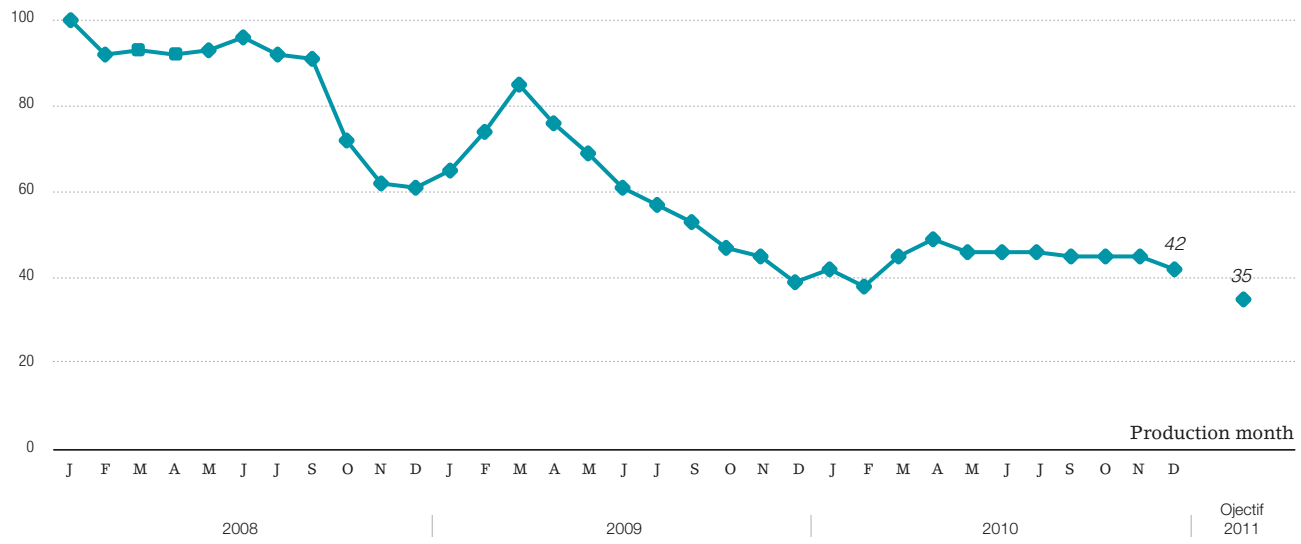
Warranty Costs

(8-country Europe, first 3 months in service, base 100 = September-November 2003)



Production Quality: Number of Factory Defects per Vehicle

(End-of-line defects in European plants, base 100)



2.7.2. Compliance with Health, Safety and Customer Privacy Standards

Non-Compliance with Regulations Concerning Customer Health and Safety

(Peugeot and Citroën subsidiaries)

PSA Peugeot Citroën was not cited for any cases of non-compliance with regulations concerning customer health and safety in 2010.

Non-Compliance with Regulations Concerning Customer Privacy

(Personal data protection legislation, Peugeot and Citroën subsidiaries)

PSA Peugeot Citroën was not cited for any cases of non-compliance with regulations concerning customer privacy in 2010.

2.7.3. Advertising, Communication and Consumer Information

Non-Compliance with Regulations Concerning Advertising, Marketing, Labelling and Consumer Information

(Peugeot and Citroën subsidiaries)

In 2010, four incidents of non-compliance were reported:

- Citroën Spain was fined €1,000 for posting CO_2 emissions in undersized print;
- Peugeot Italy was fined €16,300 for not carrying out a contest in accordance with the published rules;
- Peugeot Brazil was ordered to modify information in the vehicle manual on the conditions under which the warranty does not apply. Failure to do so will result in a fine.

Labelling and Consumer Information

To improve car buyer information, Peugeot and Citroën provided their dealers with fuel-efficiency labels in early 2006, ahead of the regulatory deadline. The labels display each model's average fuel consumption and carbon emissions.

In September 2007, the brands introduced new eco-labels to identify environmentally friendly cars.

Peugeot's Blue Lion eco-label

The Blue Lion label is awarded to Peugeot's most eco-friendly models, which must meet the following three criteria:

- emit less than 130 g/km of CO_2 (for fossil-fuel powered vehicles);
- be manufactured in a plant certified to ISO 14001 standards, which are based on continuous improvement in environmental performance;
- be 95%-recyclable at end-of-life, including resource recovery and the possibility of being used as fuel in waste-to-energy plants.

Citroën's AIRDREAM® eco-label

The AIRDREAM® label identifies the most environmentally friendly vehicles in the Citroën line-up in three areas:

- CO_2 performance. Fossil-fuel powered AIRDREAM® vehicles emit less than 140 g CO_2/km;
- manufacturing performance. AIRDREAM® vehicles are manufactured in ISO 14001-certified plants;
- materials performance. AIRDREAM® vehicles are designed to be 95% recyclable at end-of-life, including resource recovery and the use of some materials as fuel in waste-to-energy plants.

Responsible Communications Charter

Prepared in 2007 by PSA Peugeot Citroën corporate teams in association with the Peugeot and Citroën Marketing Departments, the responsible communications charter helps to ensure that Group advertising reflects corporate social responsibility concerns, such as respect for people, the environment and awareness of the economic issues involved in buying a car.

The PSA Peugeot Citroën responsible communications charter is available on the Group's sustainable development website.

The charter applies to all of the advertising produced by the Group, the brands, regional offices or dealer networks, including TV, online and print advertising, events and POS displays and collaterals, regardless of target audience, media or country.

Available in French, English, Spanish and Chinese, the charter has been distributed since 2008 to Group and brand teams involved in communication, marketing, legal affairs, procurement and other departments, as well as to their suppliers.

In November 2007, the Group also signed the responsible advertising charter published by France's *Union des Annonceurs* (UDA).

3

ENVIRONMENT

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PSA Peugeot Citroën's environmental actions and priorities are presented on the "Our Impacts" pages of the Environment section of the Group's sustainable development website: Greenhouse Effect, Air Quality, Resource Use, Recycling and Natural Habitats.

Reporting Methodology

The following environmental indicators comply with Articles L. 225-102-1 and R. 225-105 of the French Commercial Code and with the Global Reporting Initiative guidelines.

The reported data concerned the production plants (PCA, PCI and Peugeot Motocycles), the research and design centres, the main office sites, the Peugeot and Citroën proprietary dealership networks and the logistics platforms of fully consolidated companies.

Faurecia, a listed company 57.4%-owned by Peugeot S.A., manages its business independently and therefore prepares and publishes its own indicators in its Registration Document. The company's performance in its main indicators is presented below, however.

Certain 2008 and 2009 results have been restated to reflect more detailed data reported after their publication in 2010. The restatements have been explained each time the difference with last year's published figure exceeded 1%.

Scope and Boundary

The scope of reporting covers the following plants and facilities operated by the Automotive Division (PCA), Process Conception Ingenierie (PCI) and PMTC (Peugeot Motocycles).

PCA (34 sites)	France	Aulnay Belchamp Bessoncourt Caen Carrières-sous-Poissy Charleville Hérimoncourt La Ferté Vidame La Garenne	Melun-Sénart Metz Meudon Mulhouse Paris Grande-Armée Paris 17e Poissy Poissy Pôle Tertiaire Rennes	Saint-Ouen Sept-Fons Sochaux Trémery Valenciennes Vélizy Vesoul Citroën Racing Peugeot Sport
	Spain	Madrid	Vigo	
	Portugal	Mangualde		
	Slovakia	Trnava		
	Argentina	Jeppener	Buenos Aires	
	Brazil	Porto Real		
PCI (1 site)	France	St Etienne		
PMTC (2 sites)	France	Dannemarie	Mandeure	

The scope of reporting for the Automotive Division (PCA) includes production facilities, technical and IT centres, replacement parts warehouses and the main office buildings. In 2010, the Jeppener engine plant and the Peugeot and Citroën motor sports units were included as well.

In the case of Automobiles Peugeot and Automobiles Citroën (AP/AC) the scope of reporting includes:

- proprietary Peugeot and Citroën dealerships;
- head offices of the import subsidiaries;
- PSA Peugeot Citroën replacement parts warehouses;
- regional training centres;
- regional departments.

The list of subsidiaries reporting data in 2010 is presented below. Two new subsidiaries were created in 2010: Citroën Ireland and Peugeot Citroën Ukraine.

Changes in the scope of reporting compared with 2009, other than those resulting from subsidiary openings or closings, were as follows:

- additions: Peugeot Czech Republic, Citroën Brazil and Citroën Slovenia;
- exclusions: Peugeot Brazil and Peugeot Chile.

A subsidiary may have more than one site, with the result that more than 500 Peugeot and Citroën facilities, dealerships and other sites are covered by the scope of reporting.

Brands (47 subsidiaries)	**Peugeot (24 subsidiaries)**	Algeria Argentina Austria Belgium China Croatia Czech Republic France Germany	Hungary Italy Japan* Mexico Netherlands Poland Portugal Russia* Slovakia	Slovenia South Africa* Spain Switzerland Turkey United Kingdom
	Citroën (26 subsidiaries)	Argentina Austria Belgium Brazil Croatia Czech Republic Denmark France Germany	Hungary Ireland Italy Japan* Netherlands Norway Poland Portugal Romania	Russia* Slovakia Slovenia South Africa* Spain Sweden Switzerland United Kingdom

* *Joint Citroën/Peugeot subsidiary.*

Gefco's 2008 and 2009 indicators reflect data reported only from the logistics sites, excluding offices, the head office and outsourced operations in customer or sub-contractor facilities. The 2010, offices were added to the scope of reporting.

A subsidiary generally has a large number of sites. In 2010, reporting covered nearly 260 sites compared with more than 150 the year before.

Gefco (23 subsidiaries)	Argentina Austria Baltic States Benelux* Brazil Chile China Czech Republic	France Germany Hungary Italy Morocco Poland Portugal Romania	Russia Slovakia Spain Switzerland Turkey Ukraine United Kingdom

* *Belgium and Netherlands.*

The total number of sites covered the Peugeot and Citroën brands and for Gefco has changed because of site closings, openings or relocations and the consolidation of operations.

Coverage rates for the Peugeot and Citroën brands, Gefco and Faurecia, presented under each chart correspond to the percentage of total sites concerned by the given indicators that reported data for the year. Note that failure to report data may also be due to the inability to calculate the indicator concerned, for example if metering systems are not installed. Unless otherwise mentioned, data concern all sites.

The reporting period for the Peugeot and Citroën brands, Gefco and Faurecia runs from 1 November of year Y-1 to 31 October of year Y.

Managing the Group's Industrial Environment

For many years, the Group has been engaged in assertive environmental stewardship at its production and R&D facilities, in a commitment to ensuring that their operations comply not only with local regulations but also safeguard the neighbouring environment and the quality of life in host communities. This initiative is also being gradually deployed in the Peugeot and Citroën dealership networks. To support this commitment, manufacturing strategy integrates environmental protection as part of a continuous improvement process, based on a disciplined organisation, a method structured around ISO 14001 certification, the allocation of substantial funding and an environmental reporting and management tool known as ORGE, whose database contains measurements of each facility's environmental performance since 1989. This process efficiently manages the most significant environmental aspects of the Group's operations.

An Industrial Environment Department leads and coordinates general activities in this area and manages the ORGE application as well as the annual investment budget. In addition, at each plant, an environmental compliance officer is backed by a dedicated service and correspondents appointed in each workshop and facility. The technical department also has environmental specialists who provide technical support for the plants, particularly during capital projects. In all, some 500 people are directly involved in managing the Group's industrial environment.

An Active Certification Policy

Environmental management systems have been introduced at all production facilities worldwide, based on ISO 14001 certification, the internationally recognised standard for environmental management and organisation.

This type of management system makes it possible for each facility to identify the significant environmental aspects of its operations and deploy an environmental strategy, describe the procedures used to implement and manage the strategy, guarantee compliance and drive continuous improvement, which is the foundation of good environmental management.

As part of the ISO 14001 process, all employees, whether fixed term or permanent, as well as temporary workers and interns, receives training in environmental skills or awareness tailored to their job and business.

Contract workers employed at the plants undergo similar training.

Launched more than 10 years ago, the certification process is now fully implemented in the production plants, which are all ISO 14001 certified. Today the process is being deployed in the technical centres, replacement parts facilities and new production plants.

ISO 14001 certification history:

1999	2000	2001	2002	2003	2004	2005	2007	2010
Mulhouse Sochaux	Poissy Vigo Trémery Madrid Buenos Aires	Aulnay Rennes Porto Real	Caen Charleville Sept-Fons Valenciennes	Metz Mangualde	Saint-Ouen	Hérimoncourt*	La Garenne Vesoul Trnava	Belchamp

* *Included in PCA data since 2005 (certified since 2001).*

Five automobile production joint ventures are also certified: TPCA in Kolín, Czech Republic; DPCA in Wuhan and Xiangyang (Hubei Province), China; Sevelnord in Hordain, France; Sevelsud in Val Di Sangro, Italy; and Française de Mécanique in Douvrin, France.

Peugeot and Citroën Brands

Environmental initiatives undertaken in the Peugeot and Citroën dealership networks are led and coordinated by a corporate team, supported by a correspondent for each brand (or for both brands) in every country in which a subsidiary has been set up. The correspondent network cascades down environmental processes and monitors changes in local legislation and practices.

Since 2008, environmental data has been collected, verified and consolidated using an Internet-based system.

In addition, particular attention has been paid to new buildings, with the definition of new dealership construction guidelines covering energy efficiency, insulation, heating and ventilation, lighting, water and waste management.

Lastly, the brands have deployed a number of country-specific initiatives. In France, for example, Citroën has introduced the GreenPact environmental programme, which is designed to help local dealers keep up with changing French and European legislation while continuously reducing their environmental footprint. The programme leverages a full range of communication resources – including a website, an environmental guide, a magazine, a newsletter and information meetings – and facilitates contacts between dealers and other specialised stakeholders, such as organisations that collect end-of-life vehicles and parts or process waste coolant.

Gefco

All of Gefco's logistics and overland, maritime and air transport businesses are ISO 9001: 2000-certified. These operations are carried out through an integrated international network comprising more than 250 sites.

The company is also actively certifying its facilities to ISO 14001 standards, with certification already earned by operations in Slovakia and the Czech Republic, an initial site in Germany and four sites in France. This process will be gradually extended, particularly in France, Germany, the United Kingdom, Romania and Italy.

First, a global network of 150 environmental correspondents continuously tracks energy use, waste production and other environmental impact indicators in all of the company's operations.

Since 2008, environmental data has been collected, verified and consolidated using an Internet-based system.

In its day-to-day operations, Gefco constantly strives to respond as proactively as possible to its customers' sustainable development needs. In this way, it can not only enhance their productivity and competitiveness, but also deliver real environmental value added thanks to a wide range of resources deployed in several key areas.

In a further commitment to the environment, logistical platforms are now being built in compliance with French HQE environmental quality standards.

Faurecia

In line with its environmental stewardship commitment and as part of the Faurecia Excellence System, Faurecia's facilities are gradually deploying environmental management systems based on the international ISO 14001 standard. ISO 14001 certification is also enabling Faurecia to comply with customer requirements.

The number of ISO 14001-certified facilities is steadily increasing, with a total of 136 sites certified in 2010 compared with 107 in 2009. In addition, 61 sites currently have an action plan in place to deploy a certified management system. New or recently acquired facilities with more than 50 employees are expected to earn certification within three years.

The roll-out of ISO 14001 management systems is supported by environmental training and awareness campaigns. In 2010, 16,974 employees received more than 17,400 hours of training, an increase of 53% from the year before. This trend reflects Faurecia's commitment to making environmental issues an integral part of all employees' daily work.

In 2010, 28 additional sites were included in Faurecia's scope of reporting, for a total of 217. This 15% increase from 2009 reflects acquisitions made during the year.

In 2006, Faurecia installed a database and an environmental, safety and health data reporting system for all its plants worldwide, which enable the company to track improvements in its environmental performance.

3.1. Greenhouse Effect

3.1.1. Direct and Indirect Energy Consumption

Direct Energy Consumption

(Consolidated Group)

(Unit: MWh ncv)		HSFO	LSFO	VLSFO	HHO	NG + LPG	Coke	TOTAL
PCA	**2010**	**-**	**-**	**3,709**	**11,830**	**2,386,220**	**105,646**	**2,507,405**
	2009	-	-	26,789	11,494	2,014,738	88,807	2,141,828
	2008	-	-	8,313	13,242	2,305,628	122,936	2,450,119
AP/AC	**2010**	**-**	**-**	**889**	**37,378**	**196,954**	**-**	**235,221**
	2009	-	-	1,578	36,338	169,486	-	207,402
	2008	-	-	1,678	35,066	191,727	-	228,471
PCI	**2010**	**-**	**-**	**-**	**-**	**5,123**	**-**	**5,123**
	2009	-	-	-	-	3,420	-	3,420
	2008	-	-	-	-	4,458	-	4,458
PMTC	**2010**	**-**	**-**	**-**	**10**	**27,890**	**-**	**27,900**
	2009	-	-	-	16	23,660	-	23,676
	2008	-	-	-	29	23,113	-	23,142
Gefco	**2010**	**-**	**-**	**-**	**5,644**	**50,291**	**-**	**55,935**
	2009	-	-	-	3,539	50,999	-	54,538
	2008	-	-	-	3,924	50,832	-	54,756
TOTAL	**2010**	**0**	**0**	**4,598**	**54,862**	**2,666,478**	**105,646**	**2,831,584**
	2009	0	0	28,367	51,387	2,262,303	88,807	2,430,864
	2008	0	0	9,991	52,261	2,575,758	122,936	2,760,946
Faurecia	**2010**	**36**	**747**	**3,944**	**18,197**	**724,479**	**-**	**747,402**
	2009	4	43	2,032	8,467	527,184	-	537,730
	2008	4	103	980	10,174	650,863	-	662,124

HSFO = High-Sulphur Fuel Oil. LSFO = Low-Sulphur Fuel Oil. VLSFO = Very Low-Sulphur Fuel Oil. HHO = Home Heating Oil. NG = Natural Gas. LPG = Liquefied Petroleum Gas. -: Not relevant.

Energy indicators are expressed in the same unit of measurement (MWh ncv) by applying officially recognised conversion coefficients.

Data from Peugeot and Citroën brands were reported from an average 92% of their sites in 2010, versus 93% in 2009 and 94% in 2008, for direct energy consumption.

Data from Gefco were reported from an average 78% of its sites in 2010, versus 93% in 2009 and 88% in 2008, for direct energy consumption. Most of the Gefco sites that did not report data are leased facilities, where consumption figures are included in rental expense and were therefore unavailable for reporting.

In the case of Faurecia, direct energy consumption data concerned an average 90% of its sites in 2010, versus 100% in 2009 and 2008.

The increase in energy consumption reflected the upturn in production and a harsh winter (notably in Europe). Other factors were the wider scope of reporting, in the case of the Brands, Gefco and Faurecia, and a more reliable reporting process, in the case of the Brands and Gefco.

Indirect Energy Consumption

(Consolidated Group)

(Unit: MWh)		Electricity	Steam	TOTAL
PCA	**2010**	**2,646,213**	**274,550**	**2,920,763**
	2009	2,386,080	262,130	2,648,210
	2008	2,601,683	275,393	2,877,076
AP/AC	**2010**	**153,775**	**13,577**	**167,352**
	2009	155,463	12,979	168,442
	2008	157,673	16,809	174,482
PCI	**2010**	**1,837**	**-**	**1,837**
	2009	1,104	-	1,104
	2008	1,473	-	1,473
PMTC	**2010**	**12,869**	**-**	**12,869**
	2009	10,196	-	10,196
	2008	13,849	-	13,849
Gefco	**2010**	**48,845**	**-**	**48,845**
	2009	40,760	-	40,760
	2008	65,927	-	65,927
TOTAL	**2010**	**2,863,539**	**288,127**	**3,151,666**
	2009	2,593,603	275,109	2,868,712
	2008	2,840,605	292,202	3,132,807
Faurecia	**2010**	**1,216,051**	**17,372**	**1,233,423**
	2009	870,879	17,459	888,338
	2008	1,063,532	19,876	1,083,408

-: Not relevant.

Data from the Peugeot and Citroën brands were reported from an average 88% of their sites in 2010, versus 94% in 2009 and 2008, for indirect energy consumption.

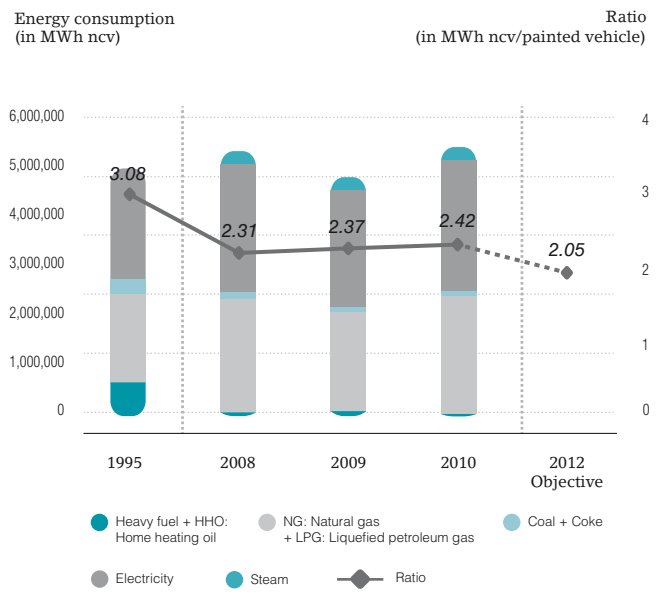
Data from Gefco were reported from 89% of its sites in 2010, versus 95% in 2009 and 84% in 2008, for indirect energy consumption. Most of the Gefco sites that did not report data are leased facilities, where consumption figures are included in rental expense and were therefore unavailable for reporting.

In the case of Faurecia, indirect energy consumption data concerned an average 93% of its sites in 2010, versus 100% in 2009 and 2008.

The increase in energy consumption reflected the upturn in production and a harsh winter (notably in Europe). Other factors were the wider scope of reporting, in the case of the Brands, Gefco and Faurecia, and a more reliable reporting process, in the case of the Brands and Gefco.

Energy Consumption

(PCA)



The above chart includes energy consumption by PSA Peugeot Citroën group foundries.

Energy is used in a wide variety of manufacturing processes, including casting, machine cooling, paint curing and heat treatment, as well as for lighting and heating.

Energy use has risen sharply since 1995, reflecting:

- the increase in PCA's automobile output;
- the production of engines for other carmakers;
- the increased used of water-based paints, which reduce VOC emissions but require more electricity in the drying phase;
- the increase in the scope of reporting.

An energy policy deployed over the last several years has improved the Group's energy profile and reduced the amount of energy consumed per painted vehicle by 21%. The policy includes measures to upgrade heating plants, notably by replacing oil-fired boilers with natural gas units, and energy saving programmes to build employee awareness, install metering and automated systems and share best practices.

The energy management plan has also enabled the Group to define technological solutions for facilities with the highest energy use so as to reverse the upward trend in per-vehicle energy consumption and achieve the target set for 2012.

Lastly, the environmentally conscious Sochaux plant inaugurated a 1.4 MWp photovoltaic plant in September 2010 in partnership with Veolia Environnement. The 9,300 square-meter array, installed at one of the plant's car parks, will feed more than one million kWh into the French power grid each year.

Geographically, 92% of the Group's energy in 2010 was used in Europe and 8% in the rest of the world.

3.1.2. Greenhouse Gas Emissions

Direct Greenhouse Gas Emissions by Weight

(Consolidated Group)

(Unit: tonnes)		CO_2	N_2O	CH_4	TOTAL CO_2 equivalent
PCA	**2010**	**529,711**	**21.6**	**34.3**	**537,116**
	2009	454,097	18.4	29.3	460,404
	2008	520,303	20.9	33.3	527,472
AP/AC	**2010**	**50,833**	**2**	**3**	**51,511**
	2009	45,086	1.7	2.7	45,679
	2008	49,343	1.9	3	50,002
PCI	**2010**	**1,053**	**0.1**	**0.1**	**1,069**
	2009	703	0	0.1	714
	2008	916	0	0.1	930
PMTC	**2010**	**5,736**	**0.3**	**0.3**	**5,822**
	2009	4,868	0.2	0.3	4,941
	2008	4,759	0.2	0.3	4,830
Gefco	**2010**	**12,028**	**0.5**	**0.7**	**12,192**
	2009	11,805	0.5	0.6	11,966
	2008	11,648	0.5	0.7	11,811
TOTAL	**2010**	**599,361**	**24.3**	**38.4**	**607,710**
	2009	516,559	20.8	32.9	523,703
	2008	586,969	23.5	37.3	595,046
Faurecia	**2010**	**157,955**	**6.7**	**9.8**	**160,238**
	2009	112,857	4.8	7.2	115,025
	2008	138,374	5.9	8.8	140,393

CO_2 = Carbon dioxide. N_2O = Nitrous oxide. CH_4 = Methane.

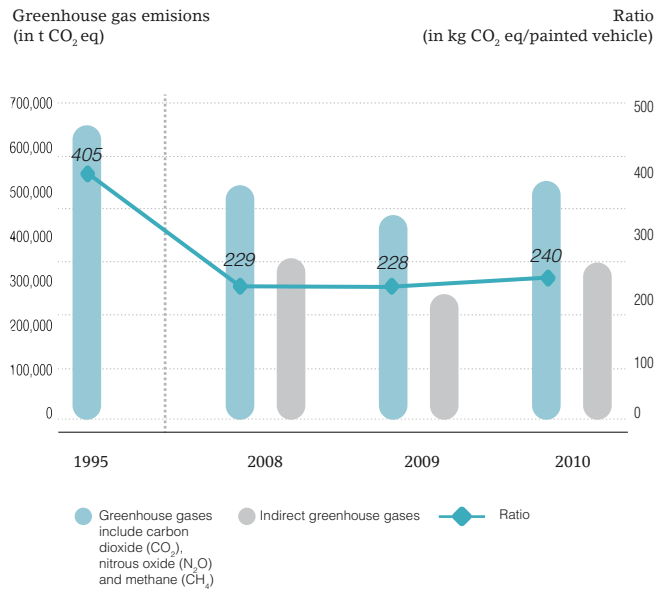
Direct greenhouse gas emissions are calculated using consumption data for fossil fuels (fuel-oil, coal, coke, natural gas and LPG) and applying international emission factors recommended by French authorities (ruling of 31 March 2008 for CO_2 and circular of 15 April 2002 for all other gases).

To be compared and consolidated with CO_2 emissions, N_2O and CH_4 emissions have been expressed in terms of CO_2 equivalent. This has been calculated using Global Warming Potential (GWP) coefficients of 310 for N_2O and 21 for CH_4, in line with recommendations issued by the *Centre Interprofessionnel Technique d'Études de la Pollution Atmosphérique* (CITEPA) and the 1995 IPCC Report.

Data from the Peugeot and Citroën brands, as well as for Gefco and Faurecia, were reported from the same percentage of sites as those reporting direct energy consumption.

Greenhouse Gas Emissions, 1995-2010

(PCA)



As they are directly linked to energy consumption, greenhouse gas emissions track changes in the energy profile.

Since 1990, programmes to upgrade installations, shift from oil and fuel to natural gas, develop combined heat and power (CHP) plants and scale back energy use have helped to improve energy efficiency and reduce greenhouse gas emissions.

Greenhouse gas emissions per finished vehicle stood at 240 kg in 2010, down 41% since 1995.

Geographically, 83% of the Group's direct greenhouse gases in 2010 were emitted in Europe and 17% in the rest of the world.

Participation in the Carbon Emission Allowance Scheme

(Transposition of European Directive 2003/87/EC of 13 October 2003)

For the 2008 to 2012 period, eight plants (Sochaux, Mulhouse, Rennes, Poissy, Vesoul et Vélizy in France; Madrid and Vigo in Spain) that operate installations rated over 20 MW qualify for the carbon emission allowance scheme set up in application of European Union Directive 2003/87/EC, amended, on greenhouse gas emissions trading.

For the eight plants, changes in the allocation rules have led to a 21% reduction in allowances compared with the 2005-2007 period. Thanks to the deployment of energy management policies, however, this has not had any impact on the Group, which remains self-sufficient in terms of allowances.

Annual emissions are calculated on the basis of energy use, according to a method prescribed by regulations and verified by a certified organisation.

PSA Peugeot Citroën is carefully monitoring work on the third phase of the EU Emissions Trading Scheme (2013-2020), currently under discussion at the national and community levels. Based on texts published so far, the scheme will extend to four new facilities (three assembly plants and one foundry) and to all operations (casting, foundry work, etc.) in the eight facilities already covered, for their combustion installations. In addition, because the automobile industry is not deemed to be exposed to carbon leakage by the European Commission, the number of free allowances allocated will decline as from 2013 in all operations except foundries.

3.1.3. Indirect Greenhouse Gas Emissions

Indirect CO_2 Emissions

(Consolidated Group)

(Unit: tonnes)		Indirect CO_2 emissions
PCA	**2010**	**353,690**
	2009	282,653
	2008	363,360
AP/AC	**2010**	**44,210**
	2009	N/A
	2008	N/A
PCI	**2010**	**83**
	2009	42
	2008	63
PMTC	**2010**	**579**
	2009	388
	2008	589
Gefco	**2010**	**11,635**
	2009	N/A
	2008	N/A
TOTAL	**2010**	**410,197**
	2009	283,083
	2008	364,011
Faurecia	**2010**	**444,448**
	2009	N/A
	2008	N/A

N/A: consolidation not available.

Indirect greenhouse gas emissions have been reported since 2008 for PCA, PCI and PMTC and since 2010 for all other units.

Indirect CO_2 emissions are calculated based on applying emissions factors, either obtained from suppliers or published by the International Energy Agency (2008 data), to the purchased electricity and steam.

Data from the Peugeot and Citroën brands, as well as for Gefco and Faurecia, were reported from the same percentage of sites as those reporting indirect energy consumption.

Fuel Consumption and CO_2 Emissions in Logistics Operations

	2008		2009		2010		% change vs.2009	No. of lorries			% change vs.2009
	(cu.m)	CO_2 *(kg)*	(cu.m)	CO_2 *(kg)*	(cu.m)	CO_2 *(kg)*		2008	2009	2010	
Argentina	1,583	4,211,091	1,290	3,432,812	1,217	3,239,657	-6%	33	33	32	-3%
Benelux	1,775	4,721,021	1,662	4,421,319	1,820	4,844,734	10%	47	51	50	-2%
France	16,913	44,988,101	13,846	36 830 982	12,209	32,500,888	-12%	569	529	492	-7%
Switzerland	292	777,013	337	896,686	304	810,020	-10%	10	10	10	0%
United Kingdom	1,376	3,661,224	893	2,375,380	859	2,287,744	-4%	66	57	56	-3%
Russia	372	989,520	289	769,644	365	970,831	26%	7	5	7	40%
TOTAL	**22,311**	**59,347,970**	**18,318**	**48,726,824**	**16,774**	**44,653,874**	**-8%**	**732**	**685**	**647**	**-6%**

The fleet continued to be renovated and streamlined in 2010.

Although Gefco's business increased in 2010, CO_2 emissions from its own fleet declined by 8% from 2009. This reflects the use of subcontractors, whose fuel consumption is not included in own fleet statistics; programmes such as eco-driving training for fleet drivers to reduce fuel use; and moves to upgrade the fleet with the purchase of 60 Euro 5-compliant car carriers.

Gefco calculates its carbon emissions based on fuel consumption of its 7.5 tonne lorries, using CITEPA recommended conversion factors.

At the end of 2009, Gefco signed the voluntary charter of commitments to reduce CO_2 emissions prepared by the French Environment and Energy Management Agency (ADEME). Fulfilling these commitments requires an audit and an action plan focused on vehicles (maintenance, fleet renewal, etc.), fuel (measures to track consumption), drivers (training) and transport organisation.

In the next three years, Gefco intends to:

- renew its fleet;
- install speed-limiting devices on some one hundred car carriers to reduce maximum speed to 85 km/h;
- track fuel consumption;
- train its nearly 300 drivers in eco-driving techniques, which alone will deliver 90% of the reduction in carbon emissions.

According to ADEME estimates, these measures could potentially reduce CO_2 emissions by 4%, equivalent to nearly 650,000 litres of fuel.

Of the 304 merchandise transport vehicles in Gefco's own fleet in France, 64% are Euro-3 compliant and 30% are Euro 4-compliant.

Of the 188 car carriers in Gefco's own fleet in France, 60% comply with Euro 3 standards, 7% with Euro 4 and 32% with Euro 5.

Gefco constantly reviews its transport and logistics routing plans to achieve the most efficient cost/quality/carbon ratio. One solution is greater use of alternative modes of transport, which now account for 25% of the flows handled by Gefco.

For nearly 30 years, Gefco has offered a combined road-sea-road solution between Vigo, Spain and Saint-Nazaire, France. It also offers road-sea-river-road transport in China to Wuhan and road-rail-road transport for plant supply flows between Paris and Madrid.

In March 2010, Gefco set up rail transport for Semi Knocked Down (SKD) components between Vesoul, France and Kaluga, Russia. The first complete trainload of SKD components arrived at the PSA Peugeot Citroën – Mitsubishi plant in Kaluga on 10 March, after travelling 3,000 kilometres in five days. The multimodal system is one of the Europe's most ambitious in terms of freight volumes carried. By replacing the equivalent of 36 outbound lorries a day and shortening delivery times from eight to five days, the daily deliveries are helping to drive a sharp reduction in carbon emissions, In all, this strategic choice means 576 fewer trucks on the road between France and Russia.

3.2. Air Quality

PSA Peugeot Citroën is committed to abating atmospheric emissions of sulphur oxides, nitrogen oxides and volatile organic compounds, not only because they are regulated, but also because they are a contributing factor in acidification (by forming acid rain), eutrophication (by increasing nitrogen availability and disrupting an ecosystem's biological balance) and photochemical smog (by forming oxidising agents such as ozone).

3.2.1. NO_2, SO_2 and VOC Emissions

Direct SO_2 and NO_2 Emissions by Business

(Consolidated Group)

(Unit: tonnes)		SO_2	NO_2
PCA	**2010**	**15.6**	**522.0**
	2009	56.2	455.7
	2008	24.1	507.9
AP/AC	**2010**	**14.8**	**56.5**
	2009	15.6	50.7
	2008	15.4	55.1
PCI	**2010**	**0.0**	**1.1**
	2009	0.0	0.7
	2008	0.0	1.0
PMTC	**2010**	**0.1**	**6.0**
	2009	0.1	5.1
	2008	0.1	5.0
Gefco	**2010**	**2.1**	**12.9**
	2009	1.4	12.3
	2008	1.5	12.4
TOTAL	**2010**	**32.6**	**598.6**
	2009	73.3	524.5
	2008	41.1	581.3
Faurecia	**2010**	**16.9**	**166.6**
	2009	9.0	119.0
	2008	7.3	144.9

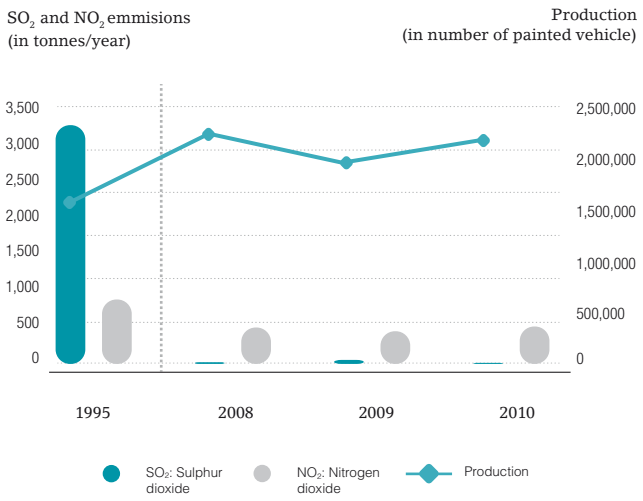
SO_2 = Sulphur dioxide.
NO_2 = Nitrogen dioxide.

NO_2 and SO_2 emissions are calculated using consumption data for fossil fuels (fuel-oil, coal, coke and gas) and applying international emission factors. Figures for fuel sulphur content are stated in regulations.

Data from the Peugeot and Citroën brands, as well as for Gefco and Faurecia, were reported from the same percentage of sites as those reporting direct energy consumption.

Direct SO_2 and NO_2 Emissions, 1995-2010

(PCA)



The Group's assertive commitment to replacing fuel oil by natural gas whenever possible and buying more cogenerated steam has resulted in a spectacular decline in NO_2 and SO_2 emissions between 1995 and 2010, with reductions of, respectively, 42% and 99% over the period. Taken together, these reductions help improve air quality around Group sites.

The Rennes and Sochaux plants eliminated the use of heavy fuel oil in 2009, followed by Mulhouse at the end of 2002. These initiatives have reduced SO_2 emissions to very low levels.

NO_2 emissions, which stem directly from the combustion of natural gas at the various facilities, have stabilised at around 500 tonnes. Further declines will come from energy management measures taken at all sites.

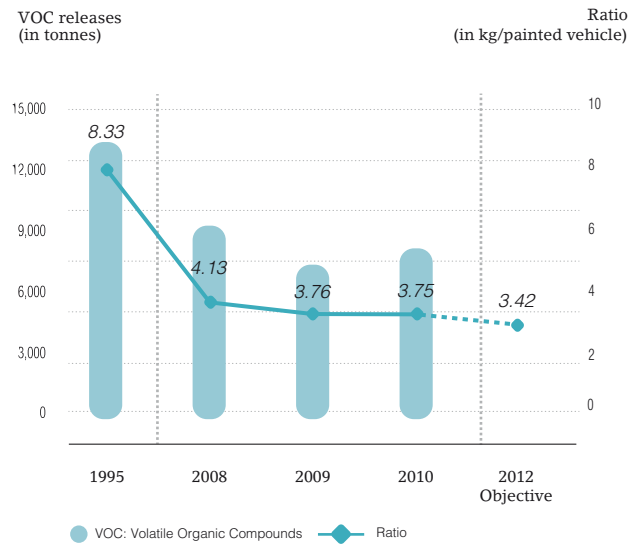
Paintshop VOC Releases by Business

(Unit: tonnes)		VOC
PCA	**2010**	**8,390**
	2009	7,589
	2008	9,505
PMTC	**2010**	**4**
	2009	7
	2008	12
TOTAL	**2010**	**8,394**
	2009	7,597
	2008	9,517

VOC = Volatile Organic Compounds.

Paintshop VOC Releases, 1995-2010

(PCA)



Volatile organic compound (VOC) emissions are the main environmental challenge for paintshops. In France, the Group's automobile assembly plants account for less than 1% of total VOC emissions produced by human activity (source: CITEPA. In 2008, human activity produced 1,086 kt of released VOCs.).

PSA Peugeot Citroën's VOC emissions have declined by 55% per painted vehicle since 1995 through the sustained implementation of the best, most cost-effective technologies. Examples include:

- shifting to water-based paints;
- optimising application practices (with robots) and use;
- installing thermal oxidation units;
- sharing good practices among sites.

In 2010, VOC emissions stabilised at 3.75 kg per finished vehicle as output increased by 11%. This performance demonstrates the validity of the Group's policy, which has as its target 3.42 kg per finished vehicle in 2012.

This same process is being applied at the Sochaux, Mulhouse and Caen mechanical component plants, where existing production facilities are being brought into compliance with European directives on VOCs. All of the European plants comply with release standards set in the European directive.

Geographically, 89% of the Group's VOC emissions came from Europe in 2010 and 11% from the rest of the world.

VOC emissions from PCA and PMTC paintshops are calculated using the materials balance method, in compliance with European directive 1999/13/EC on the limitation of emissions of volatile organic compounds due to the use of organic solvents in certain activities and installations.

3.2.2. Use and Emissions of Ozone-Depleting Substances

Use and Emissions of Ozone-Depleting Substances

Reducing emissions of ozone-depleting gases is a key concern in the Group's Environmental Management System.

While the use of trichloroethane and halon was discontinued between 1999 and 2003, CFCs and HFCs are still present in some refrigerating units used to cool production resources (such as machine tool cutting fluids), electrical control enclosures or workplace areas.

Leak-tightness of installations containing ozone-depleting fluids is checked every year and corrective action is taken in the event leaks are detected. Although refilling equipment with CFCs has been prohibited since 2001, refills with recycled/reclaimed HCFCs is authorised through 2014.

The Group is tracking the Assessment Report on the application of the European regulation on refrigerants, which will be issued in July 2011 and may identify authorised substitutes for HCFCs.

3.3. Use of Resources

3.3.1. Total Water Use

Total Annual Water Withdrawal by Source and by Business

(Consolidated Group)

(Unit: cu.m)		City water	Surface water	Underground water	TOTAL
PCA	**2010**	**2,084,888**	**4,035,499**	**4,744,254**	**10,864,641**
	2009	2,232,974	3,632,252	4,465,777	10,331,003
	2008	2,611,790	4,036,944	4,943,993	11,592,727
AP/AC	**2010**	**660,891**	**5,115**	**5,431**	**671,437**
	2009	684,335	4,740	5,004	694,079
	2008	732,905	9,140	6,554	748,599
PCI	**2010**	**2,379**	**-**	**-**	**2,379**
	2009	1,987	-	-	1,987
	2008	2,684	-	-	2,684
PMTC	**2010**	**14,977**	**-**	**-**	**14,977**
	2009	16,132	0	-	16,132
	2008	12,914	11,604	-	24,518
Gefco	**2010**	**221,718**	**0**	**29,805**	**251,523**
	2009	128,340	0	26,441	154,781
	2008	201,346	0	28,079	229,425
TOTAL	**2010**	**2,984,853**	**4,040,614**	**4,779,490**	**11,804,957**
	2009	3,063,768	3 636 992	4,497,222	11,197,982
	2008	3,561,639	4,057,688	4,978,626	12,597,953
Faurecia	**2010**	**1,634,306**	**835,576**	**421,911**	**2,891,793**
	2009	1,127,576	1,159,318	365,152	2,652,046
	2008	1,368,065	944,179	415,166	2,727,410

-: Not relevant.

Water withdrawal data is based either on water bills or meter readings.

Data from Peugeot and Citroën were reported from 83% of their sites in 2010, versus 90% in 2009 and 84% in 2008.

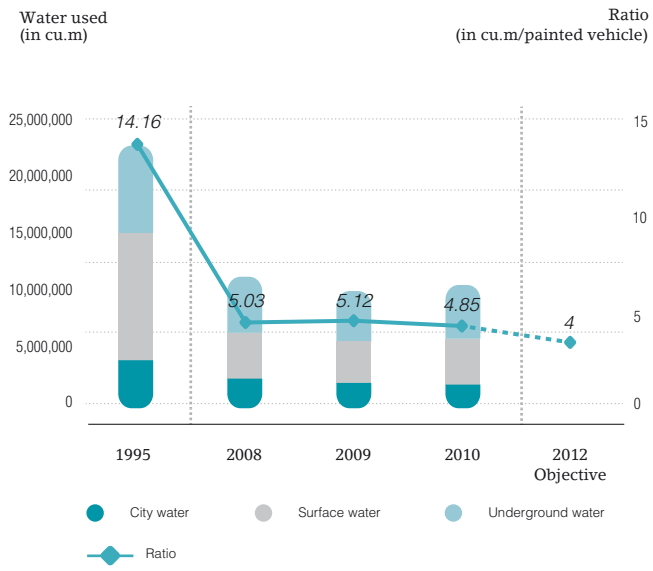
Data from Gefco were reported from 78% of its sites in 2010, versus 76% in 2009 and 70% in 2008. Most of the sites that did not report data are leased facilities, whose consumption figures are included in rental expense and were therefore unavailable for reporting.

Data from Faurecia were reported from 97% of its sites in 2010, versus 100% in 2009 and 2008.

For Gefco, the sharp rise in water use was due to a larger scope of reporting and a more reliable reporting process.

Total Water Withdrawal by Source, 1995-2010

(PCA)



Total water withdrawals have been halved since 1995 thanks to the deployment of a dedicated plan that called for the widespread use of meters and upgrading of recycling systems, among other things.

During the same period, there was a threefold decline in water withdrawals per painted vehicle. To meet the Group's target for 2012 of 4 cu.m per vehicle, the downtrend seen in 2010 will have to accelerate in the short term. The Sochaux plant, which has the highest water use in the Group, performed a very precise audit of water use in 2010, workstation by workstation, to define water saving measures.

Geographically, 91% of the Group's water in 2010 was withdrawn in Europe and 9% in the rest of the world.

Annual Water Withdrawals

The concept of available resources is specific to each site. Impact studies include an analysis to determine the future facility's water requirements, such as how much river water will need to be withdrawn.

When there is a risk of depleting water sources, particularly from the water table, programmes are undertaken to reduce withdrawals to a minimum, in particular through the use of metering systems, the display of the least water-intensive operating parameters for each workstation and the deployment of recycling systems. This is how the Aulnay and Rennes plants produced very good results in 2010, with respectively 1.4 cu.m and 1.9 cu.m per painted vehicle.

3.3.2. Materials Used

Raw and Recycled Materials Consumed

(For PCA, standard parts)

The Group's 2010 raw materials use was as follows:

- direct: 1,060,000 tonnes of steel and 65,000 tonnes of non-ferrous metals;
- indirect: 1,650,000 tonnes of steel, 230,000 tonnes of non-ferrous metals and 700,000 tonnes of synthetics (of which 20,000 tonnes of recycled materials).

Managing Paper Use

The use of paper, both for internal office printing or for outsourced brochures, marketing collateral, annual reports and other publications, is managed and measured at every level across the Group, including production plants, office facilities and dealerships.

Concerning office printer paper, awareness building campaigns and the shared-printer print management system installed at most of the French sites have helped to keep consumption under control. Most waste printer paper is now sorted and collected by outside service providers who deliver it to recycling plants.

In producing print publications, the Group pays careful attention to the origin of the paper used, with a preference for PEFC and FSC certified papers made exclusively with fibres from responsibly managed forests. In addition, as a founding member of the French government's paper-recycling programme EcoFolio, PSA Peugeot Citroën annually reports the tonnage of produced publications and pays an eco-tax to local authorities to finance the collection, recycling and reuse of the paper.

3.4. Recycling

3.4.1. Total Weight of Waste by Type and Disposal Method

Total Weight of Waste by Business

(PCA in 2010)

In 2010, Group sites produced 967,210 tonnes of waste.

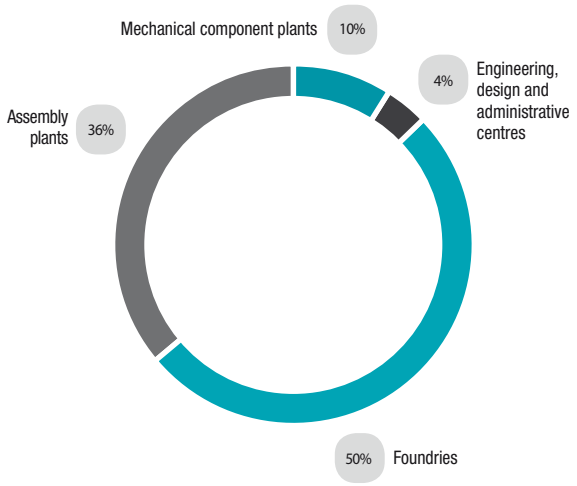
Most of this (641,300 tonnes) was metal waste, which is not included in the charts and tables below because all of it is recovered as a byproduct and reused either in steel mills, or for around 99,500 tonnes, directly in the Group's foundries.

In addition, the foundries purchased around 105,800 tonnes of outside metal waste (scrap, cast iron and aluminium) for reuse in 2010.

The other process waste, totalling 325,910 tonnes, breaks down very unevenly by facility as follows: 166,000 tonnes from foundries, 116,280 tonnes from assembly plants, 31,100 tonnes from mechanical component plants and 12,530 tonnes from engineering and design centres.

Waste Production by Facility

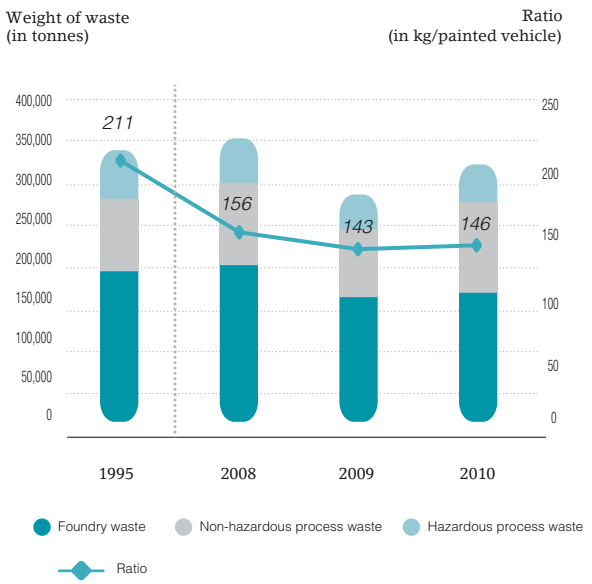
(PCA in 2010, excluding metal waste)



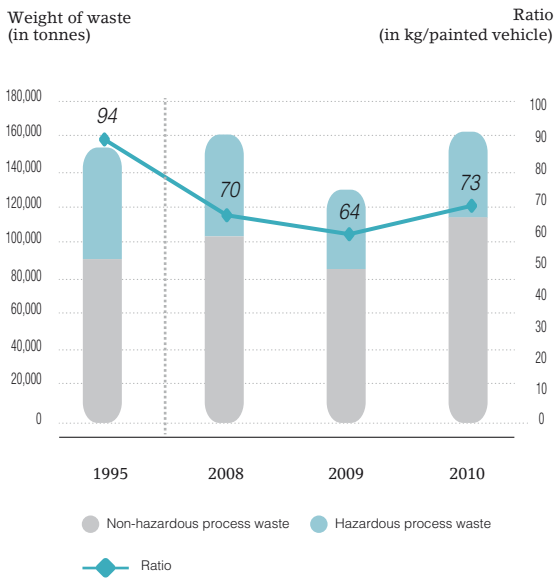
Due to the nature of their operations, the Charleville and Sept-Fons foundries alone accounted for half of total waste volumes, or 73 kg per vehicle. Most of this waste is spent foundry sand, much of which is recycled internally after on-site regeneration.

Total Weight of Waste by Type, 1995-2010

(PCA, excluding metal waste, nearly 100% of which is recycled)



(PCA, excluding foundry waste and metal waste, nearly 100% of which is recycled)



The change in waste volumes was due in very large part to the increase in business activity at the Group's foundries. The quantity of waste generated per painted vehicle came to 146 kg in 2010.

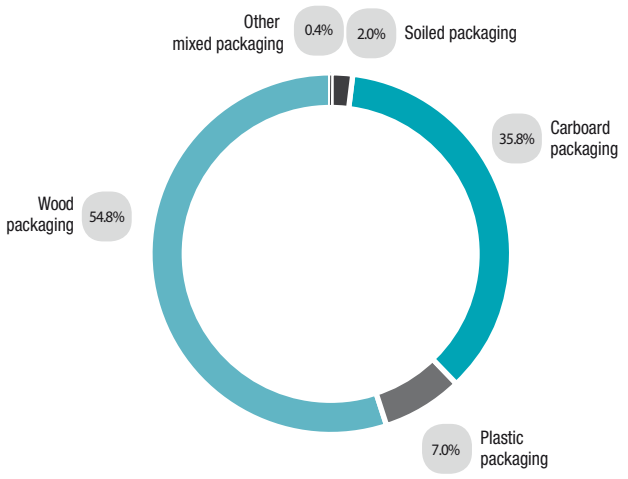
Geographically, 89% of the Group's waste in 2010 was produced in Europe and 11% in the rest of the world.

The amount of waste generated per vehicle stands at around 73 kg, excluding foundry waste.

Waste production data are based on European Union definitions of waste types and disposal methods.

Packaging Waste

(PCA in 2010)

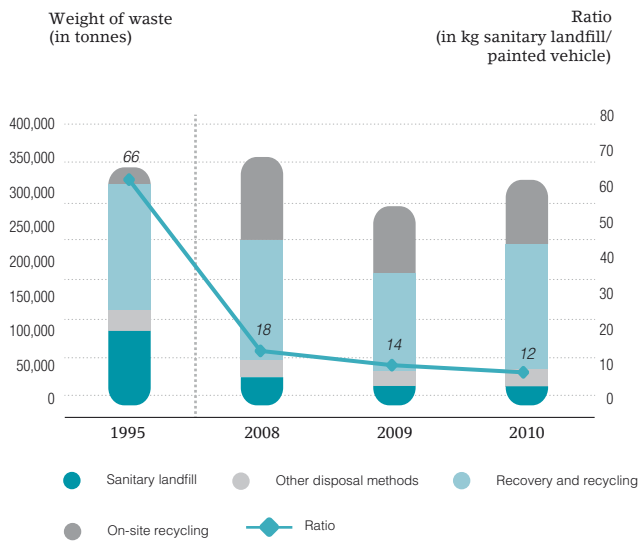


Primarily composed of wood and cardboard, packaging waste accounted for 66,130 tonnes, or 20%, of total non-metal waste produced in 2010 versus 50,870 tonnes in 2009. A full 98% is classified as non-hazardous process waste and more than 99% of packaging waste is recovered, reused or recycled.

The increase in packaging waste between 2009 and 2010 reflects increased business activity, notably at the Buenos Aires and Porto Real facilities, as well as the inclusion of the Jeppener site. Because these three plants receive a large number of components from Europe, they generate a high volume of packaging waste.

Total Weight of Waste by Disposal Method, 1995-2010

(PCA, excluding metal waste, nearly 100% of which is recycled)



Improved on-site waste management systems have considerably increased the percentage of waste that is recovered or recycled, resulting in a 74% reduction in landfilled waste between 1995 and 2010. Much of this progress has been driven by the on-site reuse of spent foundry sand, which has increased fivefold over the period. The weight of waste per vehicle produced has been reduced by 31%.

Careful analysis and characterisation of waste produced during the different stages of production (casting, foundry work, mechanical parts manufacture, stamping, paint and final assembly) have made it possible to identify processing channels that provide an alternative to landfilling. In addition, the gradual deployment of new outlets, depending on locally available treatment solutions, is driving a steady increase in the waste recovery rate, which has now reached 84% excluding metal waste. The Poissy and Sochaux plants, for example, no longer landfill any waste, and Mulhouse and Rennes are following in their footsteps.

Taking into account metal waste, which has a natural outlet in the steel industry or Group foundries, the overall recovery rate for manufacturing waste is 95%.

Recovery and recycling, landfilling and other waste disposal methods are defined as follows:

Recovery and recycling:

- resource recovery involves reclaiming resources for use in a different application (e.g. recovering foundry sand for use in road building);
- recycling involves reclaiming resources for use in the same application (e.g., repairing wooden pallets);
- energy recovery involves burning the waste as fuel to generate steam or electricity.

Landfilling involves storing or burying waste. Landfills are classified according to the type of waste as hazardous, non-hazardous or inert.

Other disposal methods:

- incineration without energy recovery;
- physical/chemical treatments, such as neutralisation, oxidation-reduction and metal precipitation;
- biological treatments, such as aerobic or anaerobic decomposition.

Since the end of 2010, the Group has been shipping metal waste between Mulhouse and Sept-Fons by river and sending foundry parts on the return trip to reduce the supply chain's environmental impact.

Total Weight of Waste by Type and Disposal Method

(PCA)

(Unit: tonnes)		Landfill	Recovery and recycling	On-site recycling	Other disposal methods	TOTAL
Foundry waste	**2010**	**10,943**	**60,783**	**91,616**	**86**	**163,428**
	2009	9,705	52,867	95,283	46	157,900
	2008	15,734	64,605	117,927	49	198,315
Non-hazardous process waste	**2010**	**13,627**	**98,450**	**1,271**	**1,217**	**114,565**
	2009	13,496	69,062	1,832	1,352	85,743
	2008	18,373	83,143	1,985	402	103,904
Hazardous process waste	**2010**	**2,935**	**20,761**	**-**	**24,221**	**47,917**
	2009	4,788	19,338	-	20,066	44,192
	2008	6,570	26,716	-	23,473	56,759
TOTAL	**2010**	**27,505**	**179,994**	**92,886**	**25,524**	**325,909**
	2009	27,989	141,267	97,115	21,464	287,835
	2008	40,678	174,464	119,912	23,924	358,978

-: Not relevant.

The table does not include the 641,300 tonnes of metal waste produced in 2010, almost all of which was recycled.

The increase in waste was due to changes in the scope of reporting (with the integration of Jeppener, Peugeot Sport and Citroën Racing), an increase in worksite waste (repairs following hailstorms in Sochaux that damaged nearly 500,000 sq.m of roof, the construction of a new building in Vesoul and major upgrades to wastewater networks in Belchamp), an increase in operations (spent sand from the Sept-Fons foundry and packaging waste from the Buenos Aires and Porto Real facilities) and a process malfunction (Valenciennes).

(Automobiles Peugeot and Automobiles Citroën)

(Unit: tonnes)		Landfill	Recovery and recycling	Other disposal methods	TOTAL
Non-hazardous process waste	**2010**	**5,539**	**10,239**	**156**	**15,934**
	2009	6,988	9,517	607	17,113
	2008	11,309	8,430	739	20,479
Hazardous process waste	**2010**	**1,543**	**3,149**	**292**	**4,984**
	2009	1,906	3,120	553	5,579
	2008	1,331	2,781	922	5,034
TOTAL	**2010**	**7,081**	**13,388**	**448**	**20,917**
	2009	8,894	12,638	1,160	22,692
	2008	12,640	11,211	1,661	25,512

Data from the Peugeot and Citroën brands were reported from an average 91% of their sites in 2010, versus 87% in 2009 and 78% in 2008. When the disposal method is not known, the waste is considered to have been landfilled.

Data in the above table do not include the 3,710 tonnes of metal waste produced in 2010, 73% of which was recycled.

(PCI and PMTC)

(Unit: tonnes)		Landfill	Recovery and recycling	Other disposal methods	TOTAL
Foundry waste	**2010**	**-**	**-**	**126**	**126**
	2009	-	-	107	107
	2008	-	-	227	227
Non-hazardous process waste	**2010**	**122**	**551**	**0**	**673**
	2009	157	551	1	709
	2008	220	885	-	1,105
Hazardous process waste	**2010**	**6**	**130**	**482**	**618**
	2009	12	145	469	627
	2008	11	186	589	785
TOTAL	**2010**	**128**	**681**	**608**	**1,417**
	2009	168	697	577	1,442
	2008	231	1,070	816	2,117

-: Not relevant.

The table does not include the 340 tonnes of metal waste produced in 2010, almost all of which was recycled.

(Gefco)

(Unit: tonnes)		Landfill	Recovery and recycling	Other disposal methods	TOTAL
Non-hazardous process waste	**2010**	**5,842**	**5,750**	**676**	**12,267**
	2009	6,715	3,695	192	10,601
	2008	5,645	3,891	324	9,860
Hazardous process waste	**2010**	**129**	**489**	**38**	**656**
	2009	145	532	1,163	1,839
	2008	438	1,001	124	1,563
TOTAL	**2010**	**5,971**	**6,239**	**714**	**12,923**
	2009	6,859	4,227	1,354	12,441
	2008	6,083	4,892	448	11,423

Data from Gefco were reported from an average 76% of its sites in 2010, versus 61% in 2009 and 51% in 2008. Most of the sites that did not report data are smaller facilities located outside France, where waste is managed by municipal sanitation departments. As a result, the related tonnages are not available. When the disposal method is not known, the waste is considered to have been landfilled.

Data in the above table do not include the 487 tonnes of metal waste produced in 2010, 98% of which was recycled.

(Faurecia)

(Unit: tonnes)		Landfill	Recovery and recycling	On-site recycling	Other disposal methods	Total
Non-hazardous process waste	**2010**	**36,874**	**49,283**	**22,786**	**5,736**	**114,678**
	2009	36,902	35,594	9,178	4,074	85,748
Hazardous process waste	**2010**	**3,290**	**6,157**	**-**	**7,686**	**17,132**
	2009	1,725	4,527	-	6,228	12,480
TOTAL	**2010**	**40,163**	**55,440**	**22,786**	**13,421**	**131,810**
	2009	38,627	40,121	9,178	10,302	98,228
	2008	71,093	44,220	9,387	16,990	141,690

Data from Faurecia were reported from 98% of their sites in 2010, versus 100% in 2009 and 2008.

There are no individual figures for hazardous and non-hazardous process waste for 2008.

The table does not include the 69,546 tonnes of metal waste produced in 2010, almost all of which was recycled.

3.4.2. Transported Waste Shipped Internationally

Transported Waste Shipped Internationally in 2010

In 2010, less than 0.2% of total waste produced (excluding metal waste) was shipped from France to another EU member state (Belgium). This waste included:

- various types of sludge (596 tonnes);
- spent filter media (31 tonnes).

Disposal involved resource recovery processes that were selected, in the same way as other recovery methods, following a positive assessment of their reliability.

Plants and other facilities based outside France did not ship any waste to other EU member states during the year.

3.5. Natural Habitats

3.5.1. Material Effluent Discharge

Gross Effluent Discharge, ex-Works

(Consolidated Group)

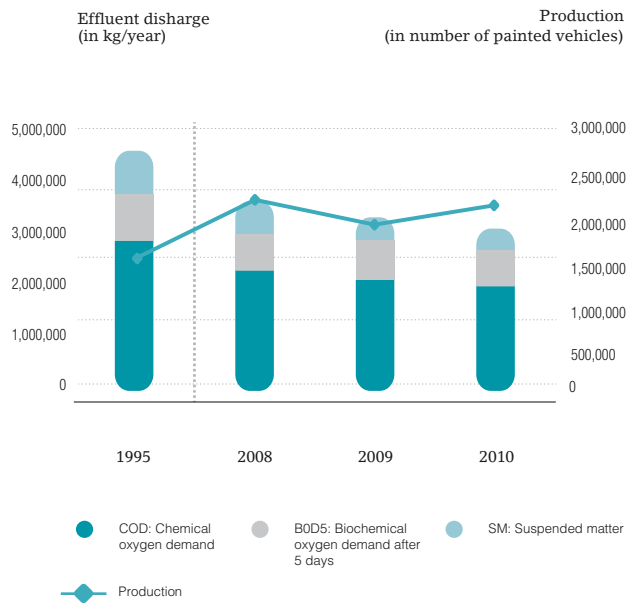
(Unit: kg/year)		COD	BOD5	SM
PCA	**2010**	**2,044,413**	**708,937**	**424,608**
	2009	2,170,531	766,040	461,662
	2008	2,351,932	705,537	661,771
AP/AC	**2010**	**-**	**-**	**-**
	2009	-	-	-
	2008	-	-	-
PCI	**2010**	**-**	**-**	**-**
	2009	-	-	-
	2008	-	-	-
PMTC	**2010**	**1,110**	**293**	**78**
	2009	838	288	192
	2008	536	122	83
Gefco	**2010**	**-**	**-**	**-**
	2009	-	-	-
	2008	-	-	-
TOTAL	**2010**	**2,045,523**	**709,230**	**424,686**
	2009	2,171,369	766,328	461,854
	2008	2,352,468	705,659	661,854
Faurecia				**N/A**

COD = Chemical oxygen demand; BOD5 = Biochemical oxygen demand after 5 days; SM = Suspended matter; -: Not relevant; N/A: Not available.

Before release into the environment, 10% of these discharges are treated in an integrated plant and 90% are further treated in a public wastewater plant.

Gross Effluent Discharge, ex-Works, 1995-2010

(PCA)



Whether connected to the public wastewater treatment network or equipped with their own integrated treatment plant, each facility tracks releases using indicators defined in their operating permits. In particular, these include chemical oxygen demand, biochemical oxygen demand after 5 days and suspended matter. The results of the tracking operations are reported to administrative authorities on a frequent basis. This organisation ensures that aqueous releases are not harmful to the surroundings.

To continuously improve the quality of its releases, the Group has developed a pragmatic approach to the various available solutions.

For example, mechanical component plant cutting fluids and washing machine effluent are increasingly treated by evaporation-based concentration technologies that separate the oil phase from the water phase, so that the oil can be treated by specialty processes and the water discharged into the sewage network. Most of the mechanical component plants now use this technology.

In 2010, the Rennes production facility, whose out-dated integrated system could no longer ensure compliance with stricter nitrogen effluent standards, invested €2 million to connect its wastewater system to the new, highly efficient, state-of-the-art inter-community treatment plant.

Lastly, most of the manufacturing facilities are involved in a compulsory programme to detect hazardous substances in water. This programme will allow the Group to characterise aqueous releases from the sites very precisely. Depending on the results, the Group may have to restrict or substitute certain products used in its manufacturing processes in the short term to reduce these releases.

Geographically, 98% of the Group's process effluent in 2010 was released in Europe and 2% in the rest of the world.

The indicator measures the gross annual discharge by sites that carry out regular self-monitoring, which accounted for 98% of all the water withdrawn by PCA facilities in 2010.

For reasons of consistency, annual discharge is measured using an in-house standard based on the procedure for calculating pollution fees charged by France's Water Agencies, applicable since 1 January 2008. Because this calculation uses the month with the highest level of pollution, the result exceeds the actual data.

3.5.2. Accidental Spills

Accidental Spills in 2010

An accident is said to have a material impact on the environment if it is serious enough to be reported to the public authorities.

In 2010, only one production facility incident was reported to the authorities in France when nitrous gas was released during a tank purging operation in Valenciennes. The incident was effectively controlled by local emergency response crews. A post-incident review led to changes in the procedure for purging, cleaning and refilling tanks at the site.

Amount of Penalties Paid Following a Legal Ruling Concerning the Environment

The Group did not have to pay any penalties in this regard in 2010.

3.5.3. Biodiversity

Respecting the Biological Balance and Managing Odours and Noise

Measures required to preserve natural habitats, flora and fauna, as well as to ensure the tranquillity of neighbouring communities, are assessed and defined during initial or supplemental environmental impact studies, in accordance with prevailing legislation. These studies assess the sensitivity of the plant's immediate surroundings, particularly their proximity to areas specially regulated for the protection of flora and fauna. They are conducted when new facilities are built and again at every important phase in a facility's development, such as capacity extensions or the installation of new plant or equipment. In accordance with legislation, they are submitted to public hearings and to the approval of administrative authorities.

Around ten such impact studies are conducted on Group sites a year. In addition, all of the ISO 14001-certified sites perform annual audits of the environmental impact of their operations as part of the ISO 14001 environmental management system. These audits cover:

- environmental issues such as greenhouse gas emissions, biodiversity, energy use and health impacts;
- a description of the site's immediate environment (environmental protection area, built-up urban area, etc.);
- the possibility of ranking environmental aspects depending on their impact.

Their findings support the management of these issues, by helping to set targets and track results.

Facilities Located near Protected Areas

PSA Peugeot Citroën's global manufacturing base mainly comprises 21 production plants and 13 engineering, design and administrative centres. Together, these facilities cover around 3,650 hectares, of which 45% has been waterproofed. Waterproofing prevents water from leaching into the ground, and as such, can be a factor in flooding, depending on the receiving stream. In response, the Group has deployed a variety of systems to manage rainwater run-off, particularly during extension projects with, for example, the installation of stormwater detention basins.

In addition, most of these facilities are located in suburban industrial estates. None are located in wetlands (as defined under the Ramsar Convention) or in areas that are specially regulated for the protection of flora and fauna (natural parks, Natura 2000 areas, nature reserves, areas covered by decrees on biotopes, etc.). While a few facilities, such as Aulnay, Bessoncourt, Caen, Charleville, La Ferté Vidame, Mulhouse, Sept-Fons, Valenciennes and Vesoul, are sited near areas of this type, their presence has not yet had any identifiable impact on the nearby natural habitats.

Facility	Operations	Surface area (sq.m)	Waterproofed surface area	Proximity to a regulated area: Distance from the facility to the area	Proximity to a regulated area: Type of area
Aulnay	Automobile production	1,685,814	72%	Between 1 and 3 km	Natura 2000 area
Bessoncourt	IT centre	57,400	53%	Between 1 and 3 km	Natura 2000 area
Caen	Mechanical component plant	585,000	47%	More than 3 km	Natura 2000 area
Charleville	Foundry	550,000	35%	Between 1 and 3 km	Nature reserve
La Ferté Vidame	Test centre	8,080,000	4%	Between 1 and 3 km	Natura 2000 area
Mulhouse	Automobile production	3,048,474	79%	Less than 1 km	Natura 2000 area
Sept-Fons	Foundry	202,262	48%	Less than 1 km	Natura 2000 area
Trnava	Automobile production	1,920,000	32%	More than 3 km	Natura 2000 area
				Between 1 and 3 km	Regional natural park
Valenciennes	Gearbox production	1,920,000	35%	Less than 1 km	Natura 2000 area
				Less than 1 km	Prefectural biotope decree
Vesoul	Replacement parts warehouse	1,275,051	84%	More than 3 km	Nature reserve

Managing Biodiversity

Since facilities and the regions in which they are located have very different characteristics, each facility is granted considerable independence in setting up its biodiversity management programme.

Here are a few noteworthy examples:

- at the plants in Rennes, France and Madrid, Spain, for example, native flora audits have revealed the existence of three wild orchid species and 70 plant species, respectively. The sites have adjusted their greenspace management systems to help preserve these plants;
- the facility in Porto Real, Brazil has built its car parks in such a way as to create a protected area for planting more than 14,000 trees of different species;
- after the use of heavy fuel oil was discontinued at the plant in Sochaux, France, the dedicated railway and stripping area were fully rehabilitated through a landscaping programme that called for the re-introduction of ground cover and local tree species throughout the entire area;
- forests located on the edge of the La Ferté Vidame and Belchamp facilities have earned Pan-European Forest Certification (PEFC) for their sustainable management practices.

Soil Contamination

PSA Peugeot Citroën is committed to identifying any soil contamination pre-existing at its sites.

Either at the instigation of public authorities or at the Group's initiative, soil contamination has been assessed at a large number of sites. After in-depth surveys, the experts concluded that some of the sites required only self-monitoring. Depending on the site, these surveys were supported by a small number of one-time remediation or prevention programmes. Assessments are also carried out when manufacturing or commercial facilities are acquired or sold, or when certain installed equipment is divested.

Upstream, the Group is also applying strict procedures to prevent soil contamination in the first place, in particular:

- by installing retention basins for liquid storage facilities;
- by avoiding, to the extent possible, the use of underground pipelines to carry liquid contaminants.

4

SOCIAL AND SOCIETY

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PSA Peugeot Citroën's social actions and priorities are presented in the "Our Responsibility" pages of the Employee section of the Group's sustainable development website: Dialogue, Human Rights & Ethics, Working conditions, Employment, Remuneration.

Reporting Methodology

PSA Peugeot Citroën's social responsibility policies have been deployed worldwide and are regularly monitored. Data are reported annually by every subsidiary around the world via a dedicated social reporting system, in full compliance with France's *Nouvelle Régulation Économique* legislation (French decree no. 2002-221, 2002) and Global Reporting Initiative guidelines.

For each indicator in the following chapter, information is provided about the results or the programmes underway. For reasons of space, however, information about calculation procedures and reference agreements has been omitted. The definitions used are those found in international standards.

Scope of Reporting

With the exception of tables concerning headcount and hiring, the following employee relations indicators have been prepared on the basis of data from all the companies fully consolidated by PSA Peugeot Citroën, other than Faurecia, the Automotive Equipment Division.

Faurecia, a listed company 57.4%-owned by Peugeot S.A., manages its business independently and therefore prepares and publishes its own human resources and other indicators in its Registration Document. Consequently, the policies described in this chapter do not concern Faurecia.

In 2010, SCEMM and the Peugeot S.A. holding company were reclassified, as follows:

- the "Automotive Division" includes both the Automotive Division and SCEMM (versus the Automotive Division and the Peugeot S.A. holding company previously);
- the "Other businesses" comprise the Peugeot S.A. holding company, PMTC France, PMTC Germany and PMTC Italy (versus SCEMM, PMTC France, PMTC Germany and PMTC Italy previously).

The scope of reporting does not include employees of joint ventures with Dongfeng Motor Corp. (DPCA), Toyota (TCPA), Fiat (Sevelnord and Sevelsud), Renault (Française de Mecanique) and Mitsubishi Motors Corporation (PCMA Automotiv RUS).

The "manufacturing" scope includes all of the Group's automobile production plants, mechanical component plants and foundries. "Offices and R&D facilities" refers to Group's offices and automotive innovation and research facilities. The "sales unit" comprises all of the Group's sales subsidiaries.

Definitions

The "manager" category includes engineers and managers with a job description similar to managers in France.

ETAM is the French acronym for "administrative employees, technicians and supervisors".

4.1. Jobs and Capabilities

4.1.1. Group Workforce

Number of Employees under Permanent or Fixed-Term Contracts by Division, 2005-2010

(Consolidated Group, at 31 December)

	2005	2006	2007	2008	2009	2010
Automotive Division	140,050	140,000	134,345	129,890	121,365	120,880
Banque PSA Finance	2,370	2,365	2,330	2,390	2,470	2,595
Gefco	9,370	9,900	9,980	10,060	9,335	9,380
Faurecia	54,960	57,810	59,765	58,140	52,065	64,190
Other Businesses	1,750	1,675	1,430	1,220	985	1,175
TOTAL	**208,500**	**211,750**	**207,850**	**201,700**	**186,220**	**198,220**

To support its strategy and growth, PSA Peugeot Citroën began hiring again in 2010 in response to renewed demand in western Europe and expanding markets in Latin America and Asia.

The increase in the Faurecia workforce primarily reflects the acquisition of Emcon (6,640 employees) and Plastal (2,700 employees).

Number of Employees under Permanent or Fixed-Term Contracts by Region and Division

(Consolidated Group, at 31 December 2010)

	France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	79,595	29,530	11,755	120,880
Banque PSA Finance	830	1,630	135	2,595
Gefco	4,510	3,705	1,165	9,380
Faurecia	12,775	29,200	22,215	64,190
Other Businesses	1,135	40	0	1,175
TOTAL	**98,845**	**64,105**	**35,270**	**198,220**

PSA Peugeot Citroën employs 198,220 people in three core businesses.

Excluding Faurecia, the Group had 134,030 employees at 31 December 2010, of which 125,925 under permanent contracts (94% of the total) and 8,105 under fixed-term contracts.

Number of Employees under Permanent or Fixed-Term Contracts by Region

(Consolidated Group, at 31 December)

	2008	2009	2010
France	108,620	101,330	98,845
Rest of Europe	66,050	59,790	64,105
Rest of Western Europe	48,885	45,045	48,585
Central and Eastern Europe	17,160	14,745	15,520
Rest of the world	27,030	25,100	35,270
Africa	2,115	2,150	2,995
South America	13,665	12,135	15,775
North and Central America	7,635	7,165	11,035
Asia and Middle East	3,620	3,650	5,465
TOTAL	**201,700**	**186,220**	**198,220**

Western Europe: Austria, Belgium, Denmark, Germany, Italy, Luxembourg, Malta, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.
Central and Eastern Europe: Croatia, Czech Republic, Hungary, Latvia, Poland, Romania, Russia, Slovakia, Slovenia and Ukraine.
Africa: Algeria, Morocco, South Africa and Tunisia.
South America: Argentina, Brazil and Chile.
North and Central America: Canada, Mexico and the United States.
Asia and Middle East: China, India, Iran, South Korea, Thailand, Turkey, Malaysia and Japan.

In 2010, 50% of employees worked outside France, of which 32% in other European countries and 18% in the rest of the world.

Supporting and Promoting an International Profile

99,375 employees work outside France, in more than 42 countries. In each one, PSA Peugeot Citroën is committed to hiring locally and to leveraging local skills. Fully 90.5% of managers based outside France in the Automotive, Finance, and Transportation & Logistics Divisions are nationals.

Particular attention is paid to the orientation and integration of newly hired local managers, with programmes designed to improve their understanding of how the Group works and their knowledge of its basic management principles and practices.

Around the world, PSA Peugeot Citroën deploys experts and managers with capabilities and profiles that match the global diversity and local specificities of the markets in which the Group wants to expand. A dedicated Peugeot Citroën subsidiary for international skills management has been created to:

- motivate experts and managers from all countries;
- create career paths that give a view of the international challenges stemming from the globalised economy;
- give local team members the opportunity to take on more responsibility within the Group.

As the Group takes on an increasingly international profile, more non-French members will join the management teams and English will become the day-to-day working language.

Number of Seconded Employees by Division

(Consolidated Group, excluding Faurecia, at 31 December)

	2008	2009	2010
Automotive Division	660	620	610
Banque PSA Finance	30	30	35
Gefco	70	60	65
Other Businesses	5	5	0
TOTAL	**765**	**715**	**710**

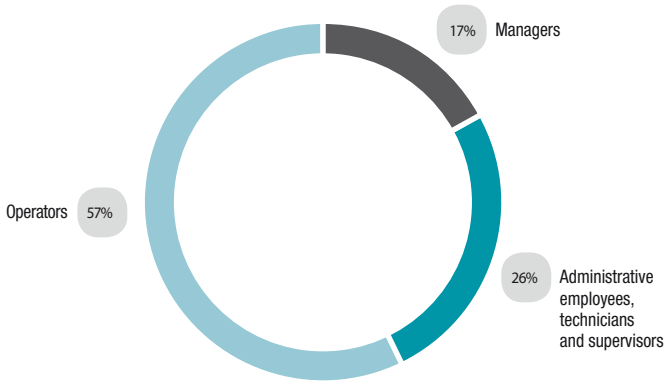
In 2010, 710 employees were involved in foreign postings, with an average assignment of 36 months. 95 employees were seconded in France, 235 in the rest of Europe and 380 outside Europe.

The above table does not include the 195 Faurecia employees seconded during the year.

In addition, 270 employees had longterms assignments outside France and 2,355 in France (excluding Faurecia).

Employees under Permanent or Fixed-Term Contracts by Category

(Consolidated Group, at 31 December 2010)



Employees under Fixed-Term Contracts

(Consolidated Group, excluding Faurecia, average annual number)

		France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	**2010**	**3,690**	**3,040**	**755**	**7,485**
	2009	2,610	3,100	965	6,675
	2008	2,980	5,315	1,850	10,145
Banque PSA Finance	**2010**	**40**	**160**	**0**	**200**
	2009	30	155	5	190
	2008	0	150	5	155
Gefco	**2010**	**140**	**135**	**40**	**315**
	2009	N/A	N/A	N/A	N/A
	2008	140	265	5	410
Other Businesses	**2010**	**50**	**0**	**0**	**50**
	2009	35	0	0	35
	2008	45	5	0	50
TOTAL	**2010**	**3,920**	**3,335**	**795**	**8,050**
	2009	2,675	3,255	970	6,900
	2008	3,165	5,735	1,860	10,760

N/A: Not available.

In 2010, 840 employees (or 11.3% of new hires under permanent contracts) were hired worldwide (excluding Faurecia) under permanent contracts following a fixed-term assignment.

For information, Faurecia had 455 employees under fixed-term contracts (average annual number).

The average annual number of employees under fixed-term contracts is calculated by dividing by 12 the sum of the number of these employees at each month-end.

Temporary Employees

(Consolidated Group excluding Faurecia, average annual number)

Along with its temporary employment agency partners, PSA Peugeot Citroën applies the charter governing working conditions for temporary workers in France. In particular, the charter stipulates that temporary employees cannot work for more than 15 consecutive months in the Group, so that they have an idea of when their assignment will end.

This charter also guarantees temporary workers that they will enjoy the same working conditions as regular employees.

		France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	**2010**	**6,560**	**670**	**390**	**7,620**
	2009	3,665	440	240	4,345
	2008	5,650	490	300	6,440
Banque PSA Finance	**2010**	**0**	**95**	**10**	**105**
	2009	0	110	5	115
	2008	15	85	5	105
Gefco	**2010**	**555**	**575**	**150**	**1,280**
	2009	310	600	150	1,060
	2008	680	960	405	2,045
Other Businesses	**2010**	**50**	**0**	**0**	**50**
	2009	40	0	0	40
	2008	90	0	0	90
TOTAL	**2010**	**7,165**	**1,340**	**550**	**9,055**
	2009	4,015	1,150	395	5,560
	2008	6,435	1,535	710	8,680

In 2010, more than 835 people (or 11.2% of new hires under permanent contracts) were hired worldwide (excluding Faurecia) under permanent contracts following a temporary assignment with the Group.

The above table does not include the average 10,255 people who worked on temporary assignments at Faurecia in 2010.

The average annual number of temporary employees is calculated by dividing by 12 the sum of the number of these employees at each month-end.

Number of Contractor Employees Working on Group Sites

(Consolidated Group, excluding Faurecia, at 31 December, full-time equivalents)

		France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	**2010**	**7,310**	**2,360**	**2,955**	**12,625**
	2009	5,875	2,185	2,600	10,660
	2008	6,130	2,590	4,750	13,470
Banque PSA Finance	**2010**	**30**	**40**	**40**	**110**
	2009	30	35	35	100
	2008	25	40	35	100
Gefco	**2010**	**145**	**320**	**285**	**750**
	2009	245	260	75	580
	2008	220	265	95	580
Other Businesses	**2010**	**10**	**0**	**0**	**10**
	2009	20	0	0	20
	2008	20	0	0	20
TOTAL	**2010**	**7,495**	**2,720**	**3,280**	**13,495**
	2009	6,170	2,480	2,710	11,360
	2008	6,395	2,895	4,880	14,170

Only long-term positions under annual service contracts (such as food or security services) are included.

4.1.2. Changes in the Workforce

Net Jobs Created or Eliminated, 2008-2010

(Consolidated Group, at 31 December)

	Employees at 31 December 2008	Net jobs added (lost) through acquisitions and disposals 2008-2010	Net jobs created (eliminated)	Employees at 31 December 2010
Rest of Europe	66,045	5,380	-7,320	64,105
Africa	2,115	485	395	2,995
North and Central America	7,635	2,250	1,150	11,035
South America	13,665	1,685	425	15,775
Asia and Middle East	3,620	420	1,425	5,465
Worldwide except France	**93,080**	**10,220**	**-3,925**	**99,375**
France	108,620	-35	-9,740	98,845
WORLDWIDE	**201,700**	**10,185**	**-13,665**	**198,220**

Between 2008 and 2010, the Group shed 13,665 jobs. The decrease since 2009 primarily reflects measures taken to align the workforce with business levels. This downsizing process was carried out responsibly and without disruption or conflict. The significant number in the acquisitions/disposals column primarily reflects Faurecia's acquisition of Plastal (2,700 employees) and Emcon (6,640 employees).

Employees Hired under Permanent Contracts

(Consolidated Group, at 31 December)

PSA Peugeot Citroën began hiring again in 2010 in response to renewed demand in western Europe and expanding markets in Latin America and Asia. Designed to support strategic projects and growth, the recruiting drive has focused on leading-edge skills sets, notably in low-carbon R&D, as well as on manufacturing and marketing.

A major hiring programme was carried out in France (excluding Gefco and Faurecia), bringing in nearly 1,600 engineers, sales people and technicians and more than 1,150 line operators. In addition, a number of production sites provided employees in less demanded skills sets with training, re-training and mobility opportunities.

A global sourcing reference centre has been set up to define policy in this area and shared services centres for recruitment have been opened in the main countries now hiring. In France, the shared services centre reinstated employer brand campaigns, featuring evening events, job fairs in schools and partnerships with employment agencies or the government job centre. It also renovated its hiring resources to make the most of social networks, with dedicated "PSA MyExperience" and "PSA IngéTek" Facebook pages, virtual forums and a new jobs booth for schools.

The induction process was enhanced during the year to facilitate onboarding for new employees. The corporate university has created a 360° tour to help new hires get a clear view of the Group, its challenges and organisation, and to provide an opportunity for them to talk with employees from a variety of backgrounds.

		France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	**2010**	**2,660**	**1,605**	**2,110**	**6,375**
	2009	975	1,340	1,045	3,360
	2008	1,995	3,155	1,695	6,845
Banque PSA Finance	**2010**	**60**	**180**	**20**	**260**
	2009	40	105	10	155
	2008	45	170	10	225
Gefco	**2010**	**100**	**430**	**270**	**800**
	2009	30	300	220	550
	2008	315	875	580	1,770
Faurecia	**2010**	**195**	**2,230**	**6,440**	**8,865**
	2009	80	1,280	4,640	6,000
	2008	625	5,405	4,160	10,190
Other Businesses	**2010**	**30**	**0**	**0**	**30**
	2009	10	0	0	10
	2008	0	0	0	0
TOTAL	**2010**	**3,045**	**4,445**	**8,840**	**16,330**
	2009	1,135	3,025	5,915	10,075
	2008	2,980	9,605	6,445	19,030

In 2010, the Group hired 16,330 people, of which nearly 55% in the Automobile Equipment Division (Faurecia) and 4.9% in the Transportation & Logistics Division (Gefco).

More than 81% of new employees were hired outside France.

Employees Hired under Permanent Contracts by Category

(Consolidated Group, at 31 December 2010)

	France			Rest of Europe			Rest of the world			TOTAL		
	Operators	ETAM	Managers	Operators	ETAM	Managers	Operators	ETAM	Managers	Operators	ETAM	Managers
Automotive Division	1,155	785	720	675	700	230	1,260	605	245	3,090	2,090	1,195
Banque PSA Finance	0	55	5	0	160	20	0	15	5	0	230	30
Gefco	20	40	40	70	335	25	145	120	5	235	495	70
Faurecia	35	30	130	1,695	370	165	4,975	700	765	6,705	1,100	1,060
Other Businesses	0	5	25	0	0	0	0	0	0	0	5	25
TOTAL	**1,210**	**915**	**920**	**2,440**	**1,565**	**440**	**6,380**	**1,440**	**1,020**	**10,030**	**3,920**	**2,380**

New employees hired under permanent contracts represented 8.2% of the total workforce in 2010, versus 5.4% in 2009 and 9.4% in 2008.

Employees Hired under Fixed-Term Contracts

(Consolidated Group, at 31 December 2010)

	France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	3,600	2,110	980	6,690
Banque PSA Finance	85	150	0	235
Gefco	150	125	15	290
Faurecia	360	2,190	4,920	7,470
Other Businesses	35	0	0	35
TOTAL	**4,230**	**4,575**	**5,915**	**14,720**

Of the total employees hired under fixed-term contracts during the year excluding Gefco and Faurecia, 54.7% were women, 80.7% were operators, 17.7% were administrative employees, technicians and supervisors (ETAM) and 1.5% were managers.

Separation Rates

(Consolidated Group, excluding Faurecia, at 31 December)

	2008	2009	2010
Separation rate	8.7%	9.0%	7.3%

In 2010, the Groupwide separation rate (excluding Faurecia) was 7.3%, including separations as part of the jobs and capabilities redeployment plan.

The separation rate is calculated by dividing the total number of separations involving during the year employees under permanent or fixed-term contracts (through resignations, redundancies, dismissals, retirement, death, etc.) by the total number of employees under permanent or fixed-term contracts (excluding Faurecia) at 31 December.

Separations of Employees under Permanent or Fixed-Term Contracts by Age Group and Gender

(Consolidated Group, excluding Faurecia, at 31 December 2010)

	<20 years		20/29 years		30/39 years		40/49 years		≥ 50 years		TOTAL	
	M	W	M	W	M	W	M	W	M	W	M	W
Resignations	40	5	775	265	830	290	385	130	210	40	2,240	730
Dismissals	0	30	395	90	320	120	285	40	515	80	1,515	360
Redundancies	0	0	85	30	190	90	195	55	1,585	440	2,055	615
End of fixed-term Contracts, retirement or death and other separation	410	165	2,185	940	585	380	210	115	1,585	285	4,975	1,885
TOTAL	**450**	**200**	**3,440**	**1,325**	**1,925**	**880**	**1,075**	**340**	**3,895**	**845**	**10,785**	**3,590**

M: Men.

W: Women.

Separations of Employees under Permanent or Fixed-Term Contracts by Region

(Consolidated Group, excluding Faurecia, at 31 December 2010)

	France	Rest of Europe	Rest of the world	TOTAL
Resignations	1,055	1,325	590	2,970
Dismissals	745	690	440	1,875
Redundancies	2,365	265	40	2,670
Retirement or death and other separation	1,435	775	35	2,245
TOTAL	**5,600**	**3,055**	**1,105**	**9,760**
Separation rate	**6.5%**	**8.8%**	**8.5%**	**7.3%**

Resignations of Employees under Permanent Contracts

(Consolidated Group, excluding Faurecia, at 31 December)

		France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	**2010**	**710**	**890**	**445**	**2,045**
	2009	1,155	995	355	2,505
	2008	1,010	1,815	375	3,200
Banque PSA Finance	**2010**	**25**	**70**	**0**	**95**
	2009	10	55	5	70
	2008	25	95	5	125
Gefco	**2010**	**225**	**200**	**100**	**525**
	2009	160	255	65	480
	2008	240	485	125	850
Other Businesses	**2010**	**0**	**0**	**0**	**0**
	2009	90	5	0	95
	2008	40	5	0	45
TOTAL	**2010**	**960**	**1,160**	**545**	**2,665**
	2009	1,415	1,310	425	3,150
	2008	1,315	2,400	505	4,220

The number of resignations amounted to 2.8% of total employees under permanent contracts in 2010, versus 3.2% in 2009.

A total of 305 employees under fixed-term contract (excluding Faurecia) resigned during the year.

The above table does not include the 2,655 Faurecia employees who resigned during the year.

Premature Terminations or Dismissals of Employees under Permanent or Fixed-Term Contracts

(Consolidated Group, excluding Faurecia, at 31 December)

		France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	**2010**	**660**	**590**	**370**	**1,620**
	2009	465	780	255	1,500
	2008	775	665	310	1,750
Banque PSA Finance	**2010**	**5**	**25**	**0**	**30**
	2009	5	15	0	20
	2008	5	15	0	20
Gefco	**2010**	**75**	**80**	**65**	**220**
	2009	105	130	145	380
	2008	100	80	220	400
Other Businesses	**2010**	**5**	**0**	**0**	**5**
	2009	30	0	0	30
	2008	35	0	0	35
TOTAL	**2010**	**745**	**695**	**435**	**1,875**
	2009	605	925	400	1,930
	2008	915	760	530	2,205

The above figures include all dismissals during the year, including premature termination of work contracts for incapacity and disability, and dismissals for personal reasons.

The above table does not include the 3,925 Faurecia employees who were prematurely terminated or dismissed during the year.

Retirement, Death and other Separation of Employees under Permanent or Fixed-Term Contracts

(Consolidated Group, excluding Faurecia, at 31 December 2010)

	France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	1,360	740	35	2,135
Banque PSA Finance	15	20	0	35
Gefco	60	15	0	75
Other Businesses	0	0	0	0
TOTAL	**1,435**	**775**	**35**	**2,245**

The above table does not include the 315 Faurecia employees under permanent contracts who retired, died or otherwise left the company during the year.

Dismissals or Redundancies of Employees under Permanent or Fixed-Term Contracts (Including through the Jobs and Capabilities Redeployment Plan)

(Consolidated Group, excluding Faurecia, at 31 December)

		France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	**2010**	**2,365**	**230**	**15**	**2,610**
	2009	2,105	800	375	3,280
	2008	2,485	195	100	2,780
Banque PSA Finance	**2010**	**0**	**0**	**0**	**0**
	2009	0	5	0	5
	2008	0	0	0	0
Gefco	**2010**	**0**	**35**	**25**	**60**
	2009	45	175	0	220
	2008	10	290	0	300
Other Businesses	**2010**	**0**	**0**	**0**	**0**
	2009	15	0	0	15
	2008	25	0	0	25
TOTAL	**2010**	**2,365**	**265**	**40**	**2,670**
	2009	2,165	980	375	3,520
	2008	2,520	485	100	3,105

The number of worldwide dismissals and redundancies (excluding Faurecia) in 2010 was again primarily attributable to the jobs and capabilities redeployment plan carried out in 2009 and wound down in March 2010.

The above table does not include the 1,075 people made redundant at Faurecia during the year.

4.1.3. Developing Human Resources and Nurturing Talent

Working with Employee Representatives to Prepare Jobs and Capabilities for the Future

Proactively responding to an evolving skills base, accurately predicting the capabilities needed in the future and improving employee visibility of over-the-horizon technologies and manufacturing processes are all critical challenges for PSA Peugeot Citroën. A forward-looking view is needed to initiate effective policies for training, career development, job mobility, hiring and jobs and skills redeployment. It is the company's responsibility to take this type of approach so that it can make the necessary adjustments smoothly, without sudden upheavals and last minute retraining.

Forward-looking management involves analysing situations with employee representatives, discussing policies deployed and considering their foreseeable impact on jobs and skills.

A new human resources planning and development agreement signed in France in 2010 and based on the agreement in force since 2007 provides for a comprehensive system designed to meet three key goals:

- improve the ability to foresee changes in jobs, skills sets and capabilities by enhancing employee visibility of over-the-horizon technologies and manufacturing processes;
- instil a new dynamic for individual career management to encourage personal investment and job mobility in a commitment to developing the Group's skills and capabilities base;
- provide a support system for employees concerned by corporate transformation programmes, such as retraining, collective transfers or developments in less demanded professions.

The Group has oversight committees in its main host countries to discuss future trends in jobs, capabilities and skills sets with employee representatives. This forward-looking approach provides a qualitative and quantitative outlook for managing strategic skills sets, technological or organisational changes, alignment programmes and other issues.

Anticipating Transformations and Helping Employees Navigate Change

PSA Peugeot Citroën systematically deploys measures to support employees through major transformations and changes in both the manufacturing and non-manufacturing sides of the business to maintain social cohesion.

A structured approach is applied during each change project to analyse the impacts and consequences and prepare support measures.

In France, for example, the Group is gradually managing the redeployment of operations at the Moissy Cramayel site, primarily through internal transfers. All of the measures included in the jobs and skills redeployment plan are based on voluntary participation and all employees benefit from the dedicated job mobility department's resources. The Group is also involved in promoting new activities to support the local job base.

The Jobs and Capabilities Redeployment Plan in France

(Automotive Division in France, at 31 December 2010)

The measures implemented in France in January 2009 under the jobs and capabilities redeployment plan ended on 31 March 2010.

Separations recorded in 2010:

	Operators	ETAM	Managers	TOTAL
Personal projects	290	65	30	385
Outplacement leaves	1,175	535	270	1,980
Voluntary retirements	285	75	130	490
TOTAL	**1,750**	**675**	**430**	**2,855**

Mapping Out Skills Using the Job Families and Professions Approach

PSA Peugeot Citroën's jobs and capabilities policy is designed to prepare the professions it will be needing to achieve high performance in the years ahead. The Group is organised into 20 job families, or cross-functional skills communities with worldwide scope, that provide a vision of jobs, professions and capabilities over a five-year period. The job families define action plans for each profession concerning hiring, expertise, training, retraining, mobility, localisation and internationalisation.

Two major steps were taken in 2010 to enhance this approach.

First, the job families were structured into 120 professions. A profession is a consistent set of operations within a job family that requires a uniform group of skills, resources and processes.

This division into professions helps employees:

- understand the functions and skills involved in each profession and how they will change;
- access their specific profession's standards, processes and resources;
- be involved in local management of their profession at the appropriate level;
- share best practices in their profession;
- know about and access the approved training in their profession.

Second, a sponsor from the Executive Committee was appointed for each job family to ensure that its concerns are voiced at the highest level of management.

This new approach provides a solid framework for anticipating the professions of tomorrow and for giving employees the opportunity to grow.

Developing Human Resources

A new global human resources development policy was adopted in June 2010. Expressed and led by executive management, this policy is designed to promote the professional development of all employees and to make managers responsible for their teams' growth. The policy comprises seven core principles:

- each employee is an active participant in his or her career growth;
- each manager is responsible for developing his or her team;
- all employees are entitled to an annual performance review;
- career paths are defined by job family, through each family's professions;
- training represents a major investment for both the company and employees;
- professional mobility allows interested employees to expand their career horizons and develop their skills;
- PSA Peugeot Citroën manages jobs responsibly.

The policy is also intended to support the Group's international expansion and enhance its competitiveness by attracting and retaining top talent, providing employees with the necessary training to stay at the top of their game, and helping team members navigate the changes caused by major shifts in the automotive industry.

Percentage of Employees Having a Performance Review

(Consolidated Group, excluding Faurecia, 2010)

	France	Rest of Europe	Rest of the world	TOTAL
Operators	79.0%	61.0%	27.2%	69.3%
ETAM	76.7%	66.3%	69.8%	73.0%
Managers	91.2%	83.8%	79.9%	88.9%
TOTAL	**81.0%**	**65.2%**	**48.0%**	**73.8%**

The purpose of the annual performance review is for employees and their supervisors to define objectives and expected outcomes for the year ahead, as well as the behaviours needed for effective on-the-job performance. It also provides an opportunity to discuss mutual expectations and review the employee's career prospects.

Supporting Active Job Path Management and Career Growth

At PSA Peugeot Citroën, capabilities are at the centre of career development and training. This focus makes its possible to clarify employees' career development prospects and anticipate more effectively the Group's needs in terms of both skills and workforce levels. Each year, career committees and succession planning committees review career development possibilities. Organised within each division, these committees map out employee career paths and develop succession plans for strategic positions.

The use of tools based on skills assessment and individual performance has been extended across the global organisation. All employees now have an annual performance review to discuss the results of the past year and set objectives for the year ahead. These reviews provide an opportunity to identify the necessary behaviours for effective performance and define a plan to develop the employee's technical capabilities and working methods. They are a key component of the human resources development policy and major lever for deploying the Group's Vision and ambitions. In 2010, an employee-support programme, based on specific training for managers and the distribution of an e-learning module, was deployed worldwide to enhance the quality of the annual performance review process.

Giving Priority to Internal Resources in Job Mobility

Priority is given to internal resources in human resources planning. Every effort is made to give employees ample information so that they can see where the professions are headed and which paths may be open to them. In this way, they can anticipate moves that will be beneficial to their career development, with the company's support.

In France, for example, mobility and career development units have been set up at all sites, while in Spain, a dedicated mobility programme has improved communication about available positions.

The Group's expansion in China, Russia and Latin America, as well as its cooperation strategy, provide further opportunities for career growth and diversification.

In 2010, more than 21% of engineers and managers changed positions and 3,890 people took assignments in another region or country.

Changes in Job Category

The vast array of jobs available within the Group provides employees with attractive paths to career advancement. In 2010, around 15.7% of Automotive Division employees were promoted or changed job categories.

4.1.4. Training

Hours of Training by Region

(Consolidated Group, excluding Faurecia, at 31 December)

	Total hours of training *(in thousands)*			Average hours of training per employee		
	2008	2009	2010	2008	2009	2010
France	1,665	1,515	2,015	17.9	18.0	24.5
Rest of Europe	890	905	825	23.1	27.9	26.3
Rest of the world	380	260	260	31.3	24.9	21.4
TOTAL	**2,935**	**2,680**	**3,100**	**20.4**	**21.1**	**24.6**

Each employee received an average of 24.6 hours of training in 2010, with 97,850 employees attending at least one training course during the year.

Employees also benefited from 51,000 hours of online language training not included in the table above.

At Faurecia, training amounted to an average 20.1 hours per employee in 2010.

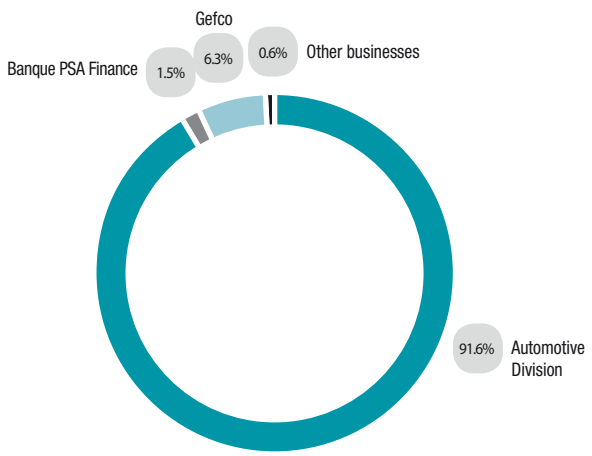
Average Hours of Training by Employee and by Category

(Automotive Division manufacturing companies worldwide, at 31 December)

	2008	2009	2010
Operators	20	22	26
ETAM	36	31	33
Engineers and managers	21	21	28
AVERAGE	**23**	**24**	**28**

Training Expenditure by Division

(Consolidated Group, excluding Faurecia, at 31 December 2010)



The 3.1 million hours of training conducted throughout the Group represented an outlay of close to €125 million.

Faurecia offered nearly 1.2 million hours of training, representing a budget of more than €18 million for the year.

The Corporate University's Global Role and Missions

As a core player in the transformation process, the corporate university is responsible for transmitting knowledge, behaviours and working methods aligned with the Group's values and policies. Since it was founded in April 2010, the university has offered a variety of training courses designed to help the Group fulfil its ambitions. The university guarantees that the technical and managerial skills acquired through these courses meet a defined level of excellence.

Basic courses are offered for all the divisions in a number of areas, including management, English as a foreign language, diversity, the PSA Excellence System, the Workplace Safety Management System, employee well-being, quality, individual performance reviews, ethics, the onboarding process, economy, the impact of globalisation and cultural diversity on business and new employee induction. Backed by innovative teaching resources and a solid understanding of the latest systems for sharing knowledge, the university also provides training in key skill areas that will allow the Group to remain a step ahead in products and services.

The training catalogue now comprises nearly 5,000 courses.

Offering Courses that Meet Recognised Standards

The 120 professions identified by the job families will undergo a certification process by end-2012. The quality assurance certification will be awarded to each profession's training cluster every other year on the basis of rigorous specifications with five key requirements: describe and justify skills, deploy the related training clusters worldwide, offer three levels of training (beginner, advanced and senior), provide a system for validating the concepts mastered and ensure that the teaching system is appropriate in the local environment. Certified training clusters are organised in accordance with a standard model.

Fostering Strategic Partnerships

Among its missions, the corporate university is responsible for nurturing strategic relationships with schools and universities worldwide to enhance the Group's attractiveness among students, teachers and researchers. Examples include PSA Peugeot Citroën-sponsored chairs, foundations and long-term partnerships. Under these systems, researchers supported by three or four students can work full time for three to six months on technical topics that are of key importance to the company.

4.2. Social Relations

4.2.1. Social Dialogue

Deployed across the world, the Group's social policies are designed to foster a sense of community built on the strong values of solidarity, tolerance and commitment. At the core of these policies is a commitment to continuous dialogue with employee representatives. In initiating its major change projects, the Group has actively engaged in social dialogue, based on employee information and involvement. This approach has led to numerous agreements in all host countries.

PSA Peugeot Citroën actively supports employee freedom of association and representation and is committed to respecting the independence and pluralism of trade unions in all its facilities.

More than 96% of employees are represented by unions or employee representatives.

Managing with an Open Ear

On a daily basis, social dialogue is lead by the Group's managers. Effective dialogue requires employee involvement, ongoing discussions with employee representatives, active communication and leadership, and the ability to understand difficulties encountered in the front lines and to resolve them through continuous improvement. This type of local employee relations management helps to create a positive working environment. Managers receive specific training in employee relations to help them get a good grasp of their mission.

To ensure that it has the best front-line human resources capabilities, the Group also trains professionals in the human resources function who need to have a full understanding of the techniques and regulatory changes in their particular areas. This training in employee relations has been approved by the corporate university.

As concerns health and safety, preventive measures and results are monitored by Safety and Health Committees that span from senior unit management down to front-line management. Each manager participates in a committee and is informed of standards to be applied in the area of prevention, along with expected outcomes. As committee members, managers are also able to provide valuable feedback about difficulties encountered in implementing measures or changes in risks. This approach is designed to ensure effective top-down and bottom-up communication. In addition, whistle-blower procedures have been set up for use by employees or supervisors so that corrective and preventive action can be taken as quickly as possible to avoid occupational illnesses or accidents.

A Large Number of New Agreements

The Group's commitment to social dialogue has resulted in a large number of innovative, consistently pioneering agreements that reflect and embrace the social changes reshaping our world. They also reflect the Group's commitment to extending best human resources policies across the business base and to promoting such strong values as respect for human rights, equal opportunity, team diversity and workplace health and safety.

Unions and employee representative bodies are consistently informed and consulted before any major changes are undertaken in the Group.

In 2010, nearly 150 company agreements were signed, including more than 90 outside France. These agreements covered a wide range of topics, from organisation of the workweek and human resources planning and development to the evaluation and prevention of job related stress, job classifications and career development, and retaining and motivating seniors. All of the agreements were approved by a large majority.

Worldwide, 94% of the Group's employees (excluding Faurecia) are covered by a collective bargaining agreement.

Agreements Signed Worldwide

The following list gives examples of agreements signed in 2010 in the Group's leading host countries. These agreements concern one or more Group companies (Automobiles Peugeot, Automobiles Citroën, Banque PSA Peugeot Citroën Finance, production plants, Gefco, etc.).

Argentina

- Agreement on flexible working, signed in April.

Belgium

- Agreement on wage indexation, signed in March.
- Agreement on procedures and payment for compensatory rest, signed in November.

Brazil

- Profit-sharing agreement, signed in June.
- Agreement on salary negotiations and employee relations clauses, signed in November.

China

- Agreement on compensation for meals, signed in February.

France

- Amendment to the agreement on labour union rights, signed in January.
- Agreement on retaining and motivating seniors, signed in January.
- Agreement on the new jobs and capabilities dynamic, signed in April.
- Agreement on discretionary and non-discretionary profit-sharing plans and employee savings, signed in May.
- Agreement on jobs and flexibility in manufacturing facilities, signed in October.
- Agreement on effective working hours, the organisation of working hours and vacation time, signed in December.
- Agreement on the organisation of electronic voting in non-production and R&D sites, signed in December.
- Amendment to the agreement on vocational training and compensation during short-time working, signed in December.

Germany

- Agreement on developing employee compensation, signed in March.
- Agreement on Key Account Managers' variable bonuses, signed in March.

Italy

- Agreement on flexible working hours, respect for working hours and payment of working hours, signed in July.
- Agreement on labour union relations and rights, signed in December.

Japan

- Agreement on the procedures and conditions for re-employing individuals after the mandatory retirement age, signed in January.

Spain

- Agreement on the time bank, signed in January.
- Agreement on corporate shuttles, signed in February.
- Agreement on continuous shift organisation in the body shop and paintshop, signed in February.
- Agreement on work organisation and salaries, signed in March.

United Kingdom

- Agreement on attendance bonuses, signed in January.
- Agreement on retirement plans, signed in April.

Social Agenda

In all of the Group's major host countries, social dialogue is making it possible to lead corporate transformation programmes in collaboration with employee representatives.

In the sites, the social dialogue process is structured according to a "social agenda", which is issued in draft form every six months to allow participants to prepare major issues for discussion. The agenda is updated quarterly as each item on the agenda is addressed. The agenda reflects the legal deadlines for meeting with employee representative bodies and mandatory commissions. It also sets aside time for meetings with employee representatives to discuss current issues that may be resolved through agreements.

Since 2010, the main collective negotiations have converged thanks to monthly tracking of the labour agreement agenda in Europe.

Expanded European Works Council with International Scope

The European Works Council provides management and employee representatives with a dedicated forum in which to discuss the Group's strategy, performance and outlook.

The European Works Council was extended to include Argentina and Brazil in 2006. China and Russia will join this global council in 2011.

The European Works Council and its Liaison Committee of officers met ten times in 2010. These meetings featured a number of presentations, as well as work on the deployment and application of Lean approaches, with the goal of drawing up an assessment and producing suggestions with senior management. The extended European Works Council also met to prepare and sign the amendment to the Global Framework Agreement on Social Responsibility.

These organisations, which promote social dialogue worldwide, are an integral part of the Group's contractual agreements. They give management a place to hear employee concerns, expectations and suggestions and to initiate the necessary discussions when a major cross-functional project is in the works.

The Joint Union-Management Strategy Committee

The Committee is a forum for analysis, dialogue and discussion between management and French trade unions. In 2008, it was extended to unions outside France through an agreement signed with IG Metall, T&GWU, SIT-FSI, UGT and CC-OO. The Committee explores in more detail issues related to the Group's short and medium-term situation and development, including products, markets, competitors, partnerships and cooperative ventures, international development and other topics and trends that could have an impact on jobs.

The members met three times in 2010 to consider the Group's industrial competitiveness, measures to reduce carbon emissions, strategy in Asia and other major issues.

Employee Information and Satisfaction

Employees are kept regularly informed through newsletters, bulletin board postings, intranet sites and a variety of other media. Employees worldwide can access the human resources intranet, which is also available in English and Spanish. To ensure that employees are kept fully and transparently informed, Group facilities and subsidiaries regularly organise information sessions and staff meetings for the entire unit.

Employee satisfaction surveys are carried out every year in many countries, notably France, the United Kingdom, Russia, Spain, Portugal, Germany, Argentina, Italy, Slovenia, Croatia, Malta, Algeria and Chile. These surveys cover a variety of topics, including internal communication, corporate culture, working conditions, professional development, training, compensation, employee-manager relations, Group policy and strategy, team work and food services. The 2010 surveys show that PSA Peugeot Citroën employees, in their vast majority, are satisfied.

Nurturing Employee Commitment

As a responsible employer, PSA Peugeot Citroën listens carefully to its employees so that it can stimulate people to give the most of themselves, both individually and collectively.

In 2010, an opinion survey conducted among the Group's managers enabled the Group to identify levers and deploy action plans to improve managerial practices. A common survey for all units is expected to be rolled out to the entire workforce in 2011. This survey should help the Group make the most of its strengths and work on new areas for development.

Participatory management programmes encourage employee initiative and involvement at every level and in every business, to nurture a culture of continuous improvement.

Minimum Notice Periods Prior to Changes

Unions and employee representative bodies are consistently informed and consulted before any major changes are undertaken in the Group. Similarly, employees are informed through regular procedures.

Except in exceptional circumstances, employees are informed at least two months ahead of any major planned change and one month in advance for any major changes in work schedules.

4.3. Safety, Health and Working Conditions

4.3.1. Workplace Safety Management System

Transforming the Group's Safety Culture

PSA Peugeot Citroën's workplace health and safety policy, signed by the Executive Committee on 12 January 2010, is defined and promoted at the highest level of the company. This policy, which applies to all subsidiaries and units, represents a completely new approach to workplace health and safety management and requires radical changes in behaviour on the part of both managers and employees.

At all Group sites, employees and outside contractors must be able to work in complete safety without any risk to their health. This is a critical factor in the Group's responsible development, anchored in respect and consideration for individuals. Employee health and safety is a prerequisite for continuous improvement.

The Group systematically assesses and manages risk in all of its actions and decisions, with prevention guided by three core behaviours: lead by example, maintain vigilance and respond swiftly.

The workplace health and safety policy has also been formalised in the Global Framework Agreement on Social Responsibility, which expresses the Group's commitment to implementing the best standards and practices in this area and makes health and accident prevention a priority.

PSA Peugeot Citroën complies with International Labour Organisation recommendations concerning workplace health and safety and fulfils its obligations in every host country.

Meeting safety targets is also a criterion for determining executive bonuses, alongside operating income and quality performance.

Since 2010, all employees have had a direct stake in the Group's safety results with the creation of personal targets for managers and the inclusion of safety as a criterion in discretionary profit sharing agreements.

Uncompromising Application of the New Workplace Safety Management System

The Group's workplace health and safety policy is deployed through the Workplace Safety Management System, which comprises 22 requirements that define areas needing special attention and management. Applicable to all subsidiaries and units, the Workplace Safety and Management System is based on six fundamental principles:

- executive management involvement;
- structured leadership;
- clearly established and applied standards;
- defined roles;
- effective warning systems;
- effective monitoring and improvement resources.

Managers in units around the world apply the approach on a daily basis using a Workplace Safety Management System roadmap. This roadmap includes five steps that are crucial to instilling lasting change: raise awareness, change mindsets, change behaviours, change habits and align the corporate culture. It provides a framework for cascading best practices and for measuring results against objectives.

On 30 March 2010, more than 800 managers and prevention specialists from all Group sites and businesses attended the first workplace health and safety convention during which they were reminded of the Group's commitments and were presented with a progress report on the Workplace Safety Management System's deployment, backed by front-line accounts.

In addition to cross-functional training designed to help managers assimilate the knowledge they need to deploy the Workplace Safety Management System effectively, the Group conducts health and safety audits to ensure that the principles are put into practice. In 2010, corporate teams audited 12 manufacturing facilities and 12 sales areas (for a total of 80 units) in addition to local audits covering all subsidiaries.

Workplace Safety Management System Tools and Applications

In Vigo, Spain, management has invented a safety training resource for all employees called the Safety Box. Packed with Q&A quizzes and interactive games, the Safety Box gets people to think in a fun way about such important topics as driving rules and behaviour, individual protective gear and machine and installation safety. The Safety Box has been so successful that the Group has decided to introduce it at all manufacturing sites. In France, the first Safety Boxes have been inaugurated at the Aulnay, Poissy and Sochaux sites, with the goal of training all employees in 2011.

The Safety Gates programme calls for posting safety rules at strategic locations throughout sites. Highly visible signs at plant and building entrances notify staff and non-staff of mandatory safety rules, notably concerning individual protective gear and precautions to be taken when moving about in workshops. The principle behind Safety Gates is to encourage employees, temporary staff, outside contractors and visitors to make sure they are in compliance before entering an area.

The Same Exacting Safety Standards for Everyone

Safety is a priority for everyone present at PSA Peugeot Citroën sites, including employees of outside contractors. Without taking on their legal responsibility, the Group ensures that these companies comply with safety practices and requires outside contractors to apply its standards within the scope of the Workplace Safety Management System.

A support system has been set up with temporary employment agencies as part of the framework agreement on temporary employment. The Group includes workers from temporary employment agencies in its safety statistics monitoring.

4.3.2. Safety Performance

Eliminating Risky Situations to Achieve an Accident-Free Workplace

The Group believes that the only acceptable goal is an accident-free work environment and that no real progress can be achieved without ensuring employees' safety. This uncompromising focus on safety must be the same in every country and every business.

The improvement seen in 2010 provides a compelling reason to continue deploying the Work Safety Management System. The target for 2011 calls for a 30% decrease in the LTIF rate to 2.8, a midway point towards the goal of less than 1 set for 2013. This target has already been met in a number of units, including Porto Real, Buenos Aires, Mangualde and Tremery.

Deploying the Work Safety Management System and Measuring Results

(Consolidated Group, excluding Gefco and Faurecia)

Thanks to measures taken in 2010, safety performance improved noticeably in all the Group's subsidiaries and units. The Groupwide lost-time incident frequency (LTIF) rate, including temporary employees, stood at 3.87 in 2010, down 16% from 4.63 in 2009.

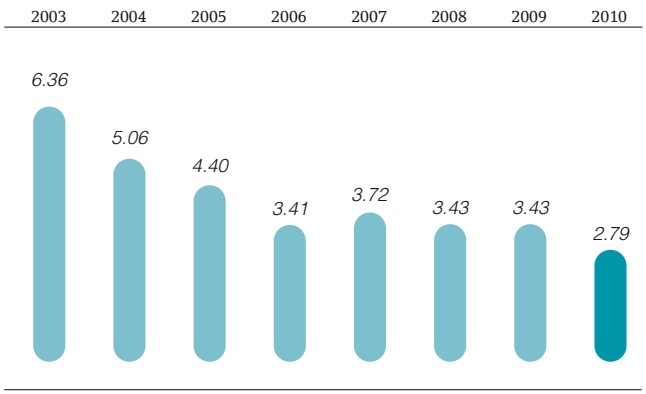
This reflects good results for both permanent staff and temporary employees, who have been included in the scope of consolidation since 2009. After stagnating for several years, the LTIF rate for Group employees improved by 18% in 2010 to 2.79, while the LTIF rate for temporary employees declined by nearly 50% to 25.1 from 48.2 in 2009.

Tangible measures contributing to this performance included:

- the assertive deployment of the Work Safety Management System, which led all subsidiaries through roadmap step 1 (raise awareness) in 2010;
- the implementation of the workplace alert system to help employees voice their difficulties at specific workstations.

Total Lost-Time Incident Frequency Rate

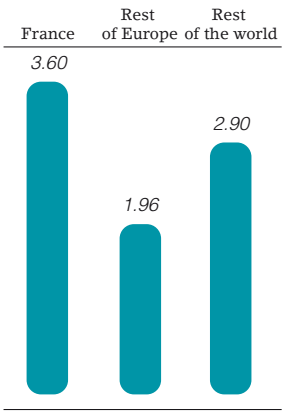
(Manufacturing, office, R&D and sales units worldwide, excluding Faurecia and Gefco)



The lost-time incident frequency (LTIF) rate corresponds to the number of lost-time occupational accidents multiplied by one million and divided by the number of hours worked.

Total Lost-Time Incident Frequency Rate by Region

(Manufacturing, office, R&D and sales units worldwide, excluding Faurecia and Gefco, in 2010)



In 2010, the Groupwide lost-time incident frequency (LTIF) rate stood at 2.79 (3.87 including temporary employees), down more than 50% from 2005.

The recordable incident frequency rate declined to 11.45 from 11.58 in 2009, while the first-aid frequency rate fell to 37 from 46 the year before.

Gefco saw a slight increase in its LTIF rate, to 7.4 from 6.94 in 2009. To reverse this trend and meet its targets, Gefco is applying Group directives concerning workplace health and safety in all its host countries.

Safety Performance

(Manufacturing and sales units, Consolidated Group, excluding Gefco and Faurecia, 2010)

	Sales units		Manufacturing units	
	Frequency rate	Severity rate	Frequency rate	Severity rate
Europe	2.33	0.13	4.17	0.42
Africa	0	0		
South America	0	0	0.47	0.03
Asia and Middle East	0	0		
TOTAL	**2.14**	**0.12**	**3.66**	**0.37**

The Group does not have any manufacturing facilities outside Europe and South America.

The sales units include import subsidiaries and dealerships.

The frequency rate, also known as LTIF rate, corresponds to the number of accidents multiplied by one million and divided by the number of hours worked. The severity rate corresponds to the number of consecutive days lost to accidents multiplied by one thousand and divided by the number of hours worked.

Commuting Accidents

(Manufacturing and R&D facilities, France)

	2008	2009	2010
Frequency index	3	3.3	4.4

The frequency rate corresponds to the number of commuting accidents with lost-time multiplied by one thousand and divided by the number of employees.

Fatal Accidents

(Consolidated Group, excluding Faurecia, 2010)

	France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	4	0	1	5
Banque PSA Finance	0	0	0	0
Gefco	0	0	0	0
Other Businesses	0	0	0	0
TOTAL	**4**	**0**	**1**	**5**

There were five fatal accidents in 2010, four of them in France. All five occurred during the commute between work and home.

Number of Occupational Accidents Requiring First-Aid Involving Contractor or Temporary Employees

(Consolidated Group, excluding Gefco and Faurecia, at 31 December 2010)

Safety conditions for contractor employees are the same as for Group employees. First-aid and follow-up care are provided for contract and temporary employees who are victims of occupational accidents.

	France		Rest of Europe		Rest of the world		TOTAL	
	Contractor employees	Temporary employees	Contractor employees	Temporary employees	Contractor employees	Temporary employees	Contractor employees	Temporary employees
Occupational accidents	934	1,572	180	110	105	55	1,240	1,750

Gefco also recorded one fatal accident in 2010, involving a contractor employee.

The work accident statistics include 44 accidents among external service providers and 74 among temporary staff.

4.3.3. An Active Commitment to Preventing Health and Safety Risks

To meet its responsibility in preserving employees' health and safety, PSA Peugeot Citroën has strengthened its overall approach by focusing on five priority commitments that reflect the major risks to which the Group is exposed:

- preventing musculoskeletal disorders;
- managing chemical risks;
- preventing psychosocial risks;
- preventing road risks;
- promoting workstation safety with STOP audits.

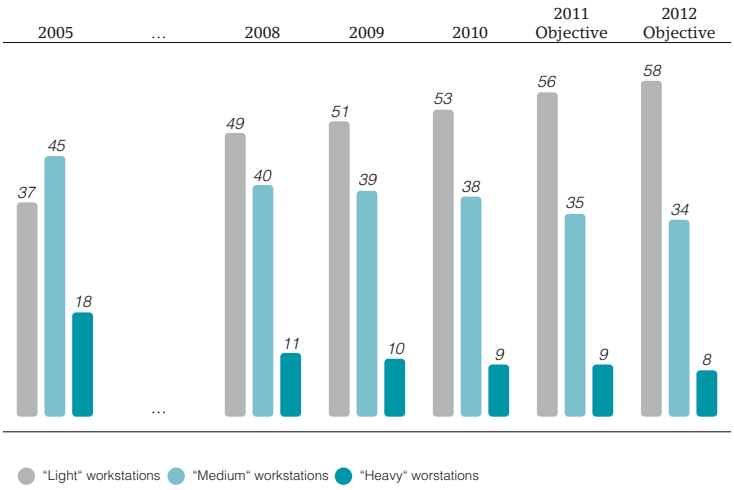
Preventing Musculoskeletal Disorders

Preventing musculoskeletal disorders (MSDs) is a key workplace health and safety policy priority. MSDs are a leading cause of work-related injuries in the automotive industry. These disorders often stem from physical factors, such as exertion and repetitive movement, as well as from non-physical factors, such as work organisation, mental stress and operators' perception of their work. The measures taken fall into three broad categories:

- improving workstations. Manufacturing sites focus on alleviating physical and postural stress by reducing the number of workstations rated as "heavy". The process, structured by a workplace and organisation assessment method, is led by multi-disciplinary teams, comprising occupational physicians, engineers, safety technicians, ergonomists and managers. Between 2005 and end-2010, the percentage of workstations rated as "heavy" declined to 9% from 18%, while the percentage of "light" workstations rose to 53% from 37%. The Group intends to pursue this trend and has set a target of just 8% "heavy" workstations for 2012, increasing the percentage of "light" workstations to 58%;
- collecting employee input. A workplace alert system has been deployed to continuously collect employee input and identify and resolve problem areas in the earliest stages. The approach is designed to ensure that employees open up about strenuous situations and report any difficulties they may encounter as soon as possible. Supervisors analyse the information and take appropriate measures;
- training individuals involved in workplace health and safety. These team members learn about preventing MSDs in ergonomics training sessions approved by PSA Peugeot Citroën's corporate university.

The Changing Proportion of "Light", "Medium" and "Heavy" Workstations

(Automobile manufacturing units Consolidated Group – as a %, as rated by the METEO method)



Managing Chemical Risks

Preventing chemical risks is a critical health challenge in light of the risks related to the use of products and the pollution generated by certain processes.

PSA Peugeot Citroën complies fully with all regulatory standards, including REACH and Classification, Labelling and Packaging (CLP). All chemical products located at a site or unit are inventoried and recorded. The data is carefully analysed so that the Group can assess risks, determine the type of information necessary, take preventive measures or find an effective substitute. A plan has also been deployed to track air quality. Information on the risks and specific measures for preventing chemical risks is available to employees who handle these products and is included in their initial job training. This approach is led by multi-disciplinary teams to ensure that the most effective protective measures are applied.

Preventing Psychosocial Risks

Psychosocial risks are a reality in the workplace. Starting in 2007, PSA Peugeot Citroën decided to look at stress head on and to recognise psychosocial risks as job-related risks. The deployment of preventive measures helps managers improve their management techniques so they can achieve high performance in a more serene environment.

A company-wide agreement was signed in October 2009 with five labour unions to implement a psychosocial risk prevention plan in all countries and all divisions. The plan calls for:

- close monitoring of identified cases of psychological distress and of collective situations that can create psychosocial risks;
- enhanced measures to help employees voice their problems and receive individualised support;
- a self-evaluation system to raise managerial awareness;
- a shared methodology for evaluating workplace stress that makes it possible to determine employees' stress levels and identify collective job-related factors;
- the development and deployment of collective action plans, prepared according to identified stress factors and risk situations.

In 2010, more than 14,000 employees in France volunteered to fill out a confidential questionnaire to measure workplace stress and identify job-related causes. The feedback is used for collective analyses that serve as the basis for developing prevention plans and, if necessary, individual monitoring by occupational physicians. A similar survey is being conducted in Spain. Each month, PSA Peugeot Citroën's senior management team receives a report on employee well-being prepared in cooperation with the workplace health departments.

The process includes new or enhanced systems for listening to individual employees and providing the support they need. These include working closely with occupational health services, raising managerial awareness and vigilance, monitoring and handling complaints of harassment and discrimination, organising local units to identify and resolve distress situations and providing access to psychologists.

Awareness training for managers covering stress factors and measures to prevent psychological risks is provided in several countries.

Preventing Road Risks

As a carmaker, PSA Peugeot Citroën naturally puts a high priority on road safety. In association with employee representatives, an occupational road risk prevention manual was reissued in 2010 to provide employees with guidelines on how to use their cars when on business trips or commuting. All employees have been made aware of the manual, in part through presentations by their managers.

During the year, several units provided hands-on driver training, including for motorcycles and scooters, or worked with public officials to raise employee awareness using such resources as driving and rollover simulators, booths, conferences and free breathalysers. In Algeria, for example, the Group produced a manual on good driving habits to support the government's road safety programme. All employees and customers received the manual, along with a sticker for their cars.

As in previous years, the Group continued to work closely with local road safety associations to improve road safety through public awareness campaigns in all its host countries. Specific initiatives were carried out in China, Brazil and Russia.

Promoting Workstation Safety with STOP Audits

The STOP preventive observation procedure helps employees develop their ability to detect risky situations or behaviours at workstations. This procedure encourages discussions among employees and managers and facilitates adoption of preventive measures. STOP audits involve observing the working environment to identify factors that might result in an incident. This process, which is widely used at production sites, was gradually extended to sales sites in 2010.

4.3.4. Promoting Employee Well-Being

Organising Work with a Focus on People

For PSA Peugeot Citroën, people are a critical factor in the equation when it comes to how work is organised. Management techniques allow employees to develop their skills in a work environment that is conducive to well-being and high performance. At all levels of the company, the application of Lean principles and a culture of continuous improvement are driving efforts to simplify working methods. Discussion, decision making and autonomy are facilitated by the implementation of measures that give each employee a clear mission and define long-term, motivating targets for individuals and teams. This type of organisation is designed to develop employee well-being and to eliminate factors that do not promote an efficient, stress-free workplace. On a daily basis, the approach makes use of resources like visual management, working standards and basic work units.

Achieving a Better Work-Life Balance

Innovative local services have been introduced to assist employees in achieving a better work-life balance, such as company concierge services, travel agencies, special bus lines, carpooling sites or help with administrative formalities. By becoming a founding member of the French Labour Ministry's "Businesses and Daycare" initiative, the Group enhanced its commitment to helping employees find good childcare solutions. In 2010, more than 100 openings were offered in French daycare facilities.

Involvement in outside activities is also encouraged, with more than 80 sports, cultural and charity associations active within the Group. The PSA Peugeot Citroën Challenges multi-site sports events in different host countries are growing in popularity as well. In 2010, 20 of these fun-filled events were held, for even greater participation and diversity. Lastly, Works Councils supported by the company offer a wide variety of social, athletic and cultural activities.

Improving Working Conditions

In all subsidiaries and all facilities and across all businesses, the Group is committed to creating a friendly, safe work environment that complies with the highest international standards. In line with this commitment, the Group pays special attention to providing quality workspaces, rest areas and other amenities.

Specific agreements define guidelines for workspace design and architecture, including standards for washrooms, lighting and office layout.

4.3.5. An Active Commitment to Health

Keeping Employees Healthy throughout their Careers

Good health is essential to sustaining the performance of human resources and business operations. For PSA Peugeot Citroën, health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity.

The Group's health policy focuses on developing well-being in the workplace and keeping employees healthy throughout their careers. Leveraging social dialogue and structured coordination among occupational physicians, the policy takes an individual and collective approach with five priority objectives:

- maintain a responsive occupational disease tracking system;
- educate and train employees to prevent negative impacts on health;
- correct disease-causing situations in the workplace and promote all types of measures that foster workplace well-being;
- prevent non-work related illnesses when measures in the workplace are possible;
- support employees with health issues inasmuch as is possible.

Plans and programmes developed for all Group employees make use of internal, multi-disciplinary skills and take each region's environment, regulations and healthcare priorities into account.

Health-Related Programmes Underway in the Group

As part of the health plan, various training, prevention, assistance and treatment programmes are offered throughout the Group. The following table shows examples of the main health-related programmes underway in the Group.

Beneficiary	Educational programmes	Preventive programmes	Assistance programmes	Treatment programmes
Employees	◆ Training and information on workplace health ◆ Training on preventing psychosocial risks ◆ Ergonomics training ◆ Training on chemical products ◆ Information and awareness building on the issue of noise and the mandatory use of hearing protectors ◆ Life Power Training for managers on the issue of workplace stress ◆ Safety training (first-aid, rescue, fire, chemical risks, prevention of workplace accidents etc.) ◆ Awareness campaigns and distribution of brochures addressing a variety of health and safety issues (AIDS, smoking, alcohol, healthy eating to combat diabetes and obesity, back problems, hepatitis, etc.) ◆ Awareness campaigns on healthy eating, obesity and the benefits of exercise, as well as nutritional advice	◆ Vaccination campaign for seasonal flu ◆ Preventive testing for hepatitis C, certain types of cancer, high blood pressure, diabetes, etc. ◆ Driving test ◆ Prevention unit to monitor psychosocial risks ◆ Assessment of psychosocial risks ◆ Stress prevention unit ◆ Alcohol and drug prevention unit ◆ Medical examinations (check-ups, eye tests, testing for various illnesses, such as cardiovascular disease, diabetes and cancer, etc.) ◆ Inquiries, audits, etc. ◆ Lombal'GYM class to prevent lower back injuries ◆ Educational programme on preventing serious illnesses ◆ Sessions on preventive back care and proper use of computer screens ◆ Deployment of defibrillators	◆ Onsite occupational physicians ◆ Social workers ◆ Psychologists and psychological counselling units ◆ Freephone hotline for employees in distress ◆ Help in quitting smoking ◆ Re-entry assistance for workers on long-term sick leave	◆ Mutual insurance plan ◆ Medical insurance ◆ Hospital insurance ◆ Possibility of homecare assistance in the event of a workplace accident ◆ Post-operation rehabilitation therapy ◆ Various financial aid or support programmes
Employee families	◆ Awareness campaigns addressing a variety of issues, including smoking, alcohol, healthy eating habits to combat diabetes, obesity, etc. ◆ Brochure sent to employees' homes on the importance of looking for signs of mental suffering. ◆ Distribution of a brochure on road risks and home accidents before the summer and winter holidays	◆ Support, consulting and advice for families ◆ Cardiovascular risk prevention programme	◆ Support, advice and psychological assistance for employees and their families in the case of serious or chronic illness affecting an employee ◆ Assistance from medical staff and social workers ◆ Personal services for employee families, home care and remote assistance for elderly and dependent individuals ◆ Financial assistance for families of injured employees	◆ Supplementary insurance plan, extended family healthcare benefits ◆ Medical and travel insurance
Local communities	◆ First-aid training ◆ Participation in a variety of health-related campaigns and events	◆ Prevention plan and monitoring of air quality (asbestos, etc.) ◆ Home and road accident prevention programme ◆ AIDS/HIV prevention programmes	◆ Financial assistance for associations (disabled people, etc.) ◆ Blood and platelet drives, etc.	◆ Community AIDS/HIV screening financed by the Group in South Africa ◆ Financial assistance for associations that help persons with medicalor social difficulties, as part of Local Philanthropy and Social Action Plans

Occupational Illnesses by Region

(Consolidated Group, excluding Faurecia, 2010)

The priority focus is on job-related diseases, which are covered by active prevention programmes in every plant and facility.

	France	Rest of Europe	Rest of the world	TOTAL
Musculoskeletal disorders of the upper limbs	415	45	5	465
Musculoskeletal disorders of the spine	20	0	10	30
Asbestos-related occupational illnesses	25	0	0	25
Noise-related hearing loss	10	0	5	15
Other	20	0	0	20
TOTAL	**490**	**45**	**20**	**555**

In 2010, Group units (excluding Faurecia) declared occupational illnesses for 555 employees, compared with 420 in 2009 and 422 in 2008. 88% of the illnesses were declared in France, 8% in the rest of Europe and 4% in the rest of the world.

Of the total, 84% concerned illnesses related to musculoskeletal disorders of the upper limbs, 5% musculoskeletal disorders of the spine, 4% asbestos-related illnesses, 3% hearing loss and 4% other illnesses.

4.3.6. Joint Management-Worker Health and Safety Agreements and Committees

Joint Management-Worker Health and Safety Committees – Percentage of Employees Represented

In most host countries, joint management-worker organisations are in charge of monitoring the application of employee health and safety practices. The following table provides examples in the countries where the Group has the most employees.

Country	Organisation	Members
Algeria	Joint Health and Safety Commission	Employer representatives Employee representatives Occupational physicians
	Health Committee	Employer representatives Employee representatives Occupational physicians
Argentina	Safety, Ergonomics and Fire Prevention Committee	Employee representatives Employer representatives
Austria	Central Safety Council	Employer representatives Members of the works council Safety engineer Occupational physicians
Belgium	Prevention and Workplace Protection Committee	Prevention consultant Employer representatives Employee representatives
Brazil	Internal Accident Prevention Commission	Employee representatives Employer representatives
China	Environment and Safety Commission	Employer representatives Group of employees
France	Health, Safety and Working Conditions Committee	Employer representatives Employee representatives Occupational physicians Safety manager Union representatives Representative of the regional health insurance fund
Germany	Safety and Health Committee	Employer representatives Employee representatives Occupational physicians Safety manager External consultant
Italy	Prevention and Protection Services	Employer representatives Employee representatives Medical officer Prevention and Protection Services Manager
Morocco	Safety and Health Committee	Employer representatives Employee representatives Occupational physicians
Poland	Industrial Hygiene and Safety Commission	Employee representatives Employer representatives
Portugal	Industrial Hygiene and Safety Committee	Employee representatives Health and safety manager Employer representatives Occupational physicians
Romania	Safety and Health Committee	Employer representative Employee representatives Occupational physicians
Russia	Investigation Committee	Employee representatives Employer representatives
Slovakia	Working Conditions Committee	Employee representatives Employer representatives Production centre Chief Executive
	Industrial Hygiene and Safety Committee	Employee representatives Employer representatives
Spain	Safety and Health Committee	Employee representatives Employer representatives
Turkey	Safety and Health Committee	Employer representative Employee representatives Occupational physicians Health and safety engineer

More than 96% of Group employees (excluding Faurecia) are represented by joint management-worker health and safety committees.

Health and Safety Agreements

The Group is committed to implementing the best workplace health and safety standards and practices and has made health and safety a priority. The commitment is also expressed in several national company agreements.

Health and safety agreements have been signed in a number of host countries, including:

China

- Agreement on annual medical check-ups for employees, signed in April.
- Agreement on insurance for commuting accidents, signed in August.

France

- Agreement on workplace well-being and the prevention of psychosocial risks, for Française de Mécanique, signed in March.
- Agreement on assessing and preventing workplace stress, signed in April.

Germany

- Agreement on managing employees returning from long-term sick leave, signed in November.

Italy

- Agreement on the installation of a video surveillance system, signed in April.

Slovakia

- Collective agreement on workplace health and safety, signed in January.

4.3.7. Organisation of Working Hours

In every host country, working hours are consistently equal to or less than the legal workweek or industry practices.

Maintaining Flexibility to Preserve Jobs

Job creation relies to a great extent on the Group's ability to make its manufacturing base more competitive. PSA Peugeot Citroën constantly searches for the best solutions to adapt to changes in demand. All organisational modifications are negotiated beforehand to balance employees' interests with the need for flexibility and competitiveness.

In France, an agreement on enhancing flexibility and adding new hires at manufacturing facilities was signed in September 2010. Among other things, it calls for the possibility of introducing variable night shifts based on shorter night-time hours, with daily worktimes depending on order intake. This innovative agreement – the first of its kind in the French automobile industry – led to the recruitment of 900 additional employees under permanent contracts in 2010.

Number of Part-Time Employees under Permanent or Fixed-Term Contracts

(Consolidated Group, excluding Faurecia, at 31 December)

Part-time employees are defined as employees who work fewer hours per week or fewer average hours over a period of up to one year, than a comparable full-time employee.

PSA Peugeot Citroën offers individualised working schedules that let employees balance their work and personal lives. Requests for part-time work are approved whenever possible, with individualised solutions that align employee needs with efficient team performance. Part-time schedules also take into account legal and medical considerations. These solutions include working part of a day or half-day, as well as working a reduced number of total hours.

Part-time work is chosen by employees and not dictated by the Group.

		France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	**2010**	**2,715**	**2,760**	**10**	**5,485**
	2009	2,815	5,335	20	8,170
	2008	2,940	5,130	10	8,080
Banque PSA Finance	**2010**	**45**	**190**	**0**	**235**
	2009	40	285	0	325
	2008	45	240	0	285
Gefco	**2010**	**170**	**170**		**340**
	2009	305	175	0	480
	2008	290	175	0	465
Other Businesses	**2010**	**65**	**0**	**0**	**65**
	2009	40	0	0	40
	2008	25	5	0	30
TOTAL	**2010**	**2,995**	**3,120**	**10**	**6,125**
	2009	3,200	5,795	20	9,015
	2008	3,300	5,550	10	8,860

At 31 December 2010, 6,125 employees worked part-time worldwide (excluding Faurecia), of which nearly 950 worked half-time. Of the total, 58% were women and 42% were men.

The decline of total number of part-time employees from the previous year primarily reflects a change in the classification of employees on partial retirement in Spain. Since 1 January 2010, these employees are accounted for on the basis of actual hours worked rather than as part-time employees.

Maternity, Paternity and Parental Leave

(Consolidated Group, excluding Faurecia, at 31 December 2010)

In 2010, 1,745 Group employees worldwide (excluding Faurecia) took maternity leave. These leaves are recognised in accordance with local legislation and comply with legally prescribed length-of-leave periods. Of the women taking maternity leave during the year, 21% were operators, 51% were administrative employees, technicians and supervisors (ETAM) and 28% were managers.

A total of 3,925 Group employees worldwide (excluding Faurecia) took paternity leave in 2010. These leaves are recognised in accordance with local legislation and comply with legally prescribed length-of-leave periods. Of the men taking paternity leave during the year, 55% were operators, 26% were administrative employees, technicians and supervisors (ETAM) and 19% were managers.

A total of 1,180 Group employees worldwide (excluding Faurecia) took parental leave in 2010. Parental leave enables employees in certain countries to take time off from work following childbirth so that they may raise their children themselves. Of the employees taking parental leave during the year, 30% were operators, 56% were administrative employees, technicians and supervisors (ETAM) and 14% were managers.

Special Work Schedules

(Consolidated Group, excluding Faurecia, at 31 December)

		France			Rest of Europe			Rest of the world			TOTAL		
		2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010
Automotive Division	Double shift	26,185	25,970	25,930	9,155	11,660	10,450	3,235	4,345	5,285	38,575	41,975	41,665
	Triple or night shifts	9,185	8,825	8,275	3,300	1,795	1,975	1,735	160	840	14,220	10,780	11,090
	Weekend*	1,085	1,005	1,310	60	30	175	10	0	0	1,155	1,035	1,485
Banque PSA Finance	Double shift	0	0	0	0	0	0	0	0	0	0	0	0
	Triple or night shifts	0	0	0	0	0	0	0	0	0	0	0	0
	Weekend	0	0	0	0	0	0	0	0	0	0	0	0
Gefco	Double shift	720	1,040	1,385	610	400	445	330	325	380	1,660	1,765	2,210
	Triple or night shifts	125	110	130	255	255	305	35	0	15	415	365	450
	Weekend	15	30	0	155	430	5	0	0	0	170	460	5
Other Businesses	Double shift	515	410	350	0	0	0	0	0	0	515	410	350
	Triple or night shifts	0	0	5	0	0	0	0	0	0	0	0	5
	Weekend	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	**DOUBLE SHIFT**	**27,420**	**27,420**	**27,665**	**9,765**	**12,060**	**10,895**	**3,565**	**4,670**	**5,665**	**40,750**	**44,150**	**44,225**
	TRIPLE OR NIGHT SHIFTS	**9,310**	**8,935**	**8,410**	**3,555**	**2,050**	**2,280**	**1,770**	**160**	**855**	**14,635**	**11,145**	**11,545**
	WEEKEND	**1,100**	**1,035**	**1,310**	**215**	**460**	**180**	**10**	**0**	**0**	**1,325**	**1,495**	**1,490**

* *Weekend shifts (generally Friday, Saturday and Sunday) are shorter than regular shifts.*

In 2010, some 57,260 employees worked under special work schedules.

Overtime

(Consolidated Group, excluding Faurecia, at 31 December)

		France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	**2010**	**873,535**	**1,016,890**	**1,430,435**	**3,320,860**
	2009	688,495	977,060	672,835	2,338,390
	2008	969,920	815,035	1,656,370	3,441,325
Banque PSA Finance	**2010**	**20,785**	**30,130**	**0**	**50,915**
	2009	13,040	28,945	5	41,990
	2008	12,240	22,545	0	34,785
Gefco	**2010**	**249,210**	**217,815**	**237,145**	**704,170**
	2009	182,860	205,320	128,335	516,515
	2008	195,515	212,925	181,260	589,700
Other Businesses	**2010**	**7,545**	**0**	**0**	**7,545**
	2009	6,300	0	0	6,300
	2008	10,615	0	0	10,615
TOTAL	**2010**	**1,151,075**	**1,264,835**	**1,667,580**	**4,083,490**
	2009	890,695	1,211,325	801,175	2,903,195
	2008	1,188,290	1,050,505	1,837,630	4,076,425

In most countries, working hours are determined on an annual or multi-year basis.

Short-Time Working

		TOTAL
Automotive Division	**2010**	**1,737,650**
	2009	4,838,885
	2008	5,350,200
Banque PSA Finance	**2010**	**20**
	2009	0
	2008	0
Gefco	**2010**	**300**
	2009	49,685
	2008	24,060
Other Businesses	**2010**	**14,840**
	2009	0
	2008	20,155
TOTAL	**2010**	**1,752,810**
	2009	4,888,570
	2008	5,394,415

Short-time work offers an alternative to unemployment and redundancies. It has allowed the Group to preserve jobs despite the recession while developing employee skills to prepare for the future. In France, PSA Peugeot Citroën signed two accords with the government between 2009 and 2010 on long-term short-time working that led to agreements on compensation and training for employees during unworked periods. In all, the Group recorded 1.75 million unworked hours in 2010.

Paid Absences Other than Vacation

(Consolidated Group, excluding Faurecia, at 31 December)

		France		Rest of Europe		Rest of the world		TOTAL	
		Sick leave	Other paid leave	Sick leave	Other paid leave	Sick leave	Other paid leave	Sick leave	Other paid leave
Automotive Division	**2010**	**3,586,680**	**559,245**	**1,540,460**	**830,100**	**452,235**	**248,600**	**5,579,375**	**1,637,945**
	2009	3,949,325	907,960	1,690,580	926,740	417,285	279,075	6,057,190	2,113,775
	2008	4,209,145	976,715	1,760,045	736,225	550,145	52,520	6,519,335	1,765,460
Banque PSA Finance	**2010**	**28,775**	**12,115**	**85,990**	**45,395**	**85**	**580**	**114,850**	**58,090**
	2009	28,880	20,020	73,275	54,800	145	150	102,300	74,970
	2008	34,035	21,870	50,380	30,205	0	720	84,415	52,795
Gefco	**2010**	**268,740**	**78,270**	**161,275**	**59,940**	**13,075**	**14,320**	**443,090**	**152,530**
	2009	228,855	58,490	228,965	58,030	10,655	8,950	468,475	125,470
	2008	238,830	92,305	184,405	79,830	8,595	5,945	431,830	178,080
Other Businesses	**2010**	**59,400**	**4,285**	**1,275**	**305**	**0**	**0**	**60,675**	**4,590**
	2009	90,690	8,035	2,445	280	0	0	93,135	8,315
	2008	86,905	7,815	2,840	95	0	0	89,745	7,910
TOTAL	**2010**	**3,943,595**	**653,915**	**1,789,000**	**935,740**	**465,395**	**263,500**	**6,197,990**	**1,853,155**
	2009	4,297,750	994,505	1,995,265	1,039,850	428,085	288,175	6,721,100	2,322,530
	2008	4,568,915	1,098,705	1,997,670	846,355	558,740	59,185	7,125,325	2,004,245

Paid absences other than vacation totalled 8,051,145 hours, of which 6,197,990 for sick leave, 625,455 for maternity leave, 476,775 for accident-related absences and 750,925 for other reasons.

Based on the nearly 240 million hours worked, the overall absenteeism rate stood at 3.4% for 2010, versus 3.7% for 2009.

4.4. Compensation

4.4.1. Compensation Practices

In all host countries, compensation policies are designed to maintain employee purchasing power, while rewarding performance, offering compensation that is fair and competitive with market practices and giving employees a stake in the value they help to create.

In 2010, 25 agreements were signed with employee representatives in France, the United Kingdom, Brazil, Argentina, Sweden, China, Spain and Portugal. These agreements not only maintained purchasing power, but also provided for individual performance-based bonuses.

In addition to across-the-board raises, merit raises are awarded each year to individual employees in all job categories, based on their performance, job proficiency and career development. Processes are strictly monitored to prevent any discrimination.

To give employees a stake in their company's performance and provide more effective support for their personal projects, a variety of company savings plans are also offered in the host countries.

Total Payroll by Region

(Consolidated Group, excluding Faurecia, at 31 December)

(in thousand euros)	France	Rest of Europe	Rest of the world	TOTAL
2010	**4,621,763**	**1,391,183**	**368,134**	**6,381,080**
2009	4,619,340	1,419,552	254,242	6,293,134
2008	4,776,909	1,492,919	269,504	6,539,331

In 2010, total payroll costs (excluding Faurecia) came to €4,549,634,000, while related payroll taxes amounted to €1,831,446,000.

Group Minimum Wage Versus Local Statutory Minimum Wage

(Consolidated Group, excluding Faurecia and Gefco, base 100, by Country in 2010)

Country	Group minimum wage/ local statutory minimum wage	Local statutory minimum wage
Argentina	158	Local statutory minimum wage
Austria	100	Regional minimum wage
Belgium	129	Local statutory minimum wage
Brazil	234	Local statutory minimum wage
China	380	Regional minimum wage (Shanghai)
Czech Republic	350	Local statutory minimum wage
France	127	Local statutory minimum wage
Germany	138	Regional minimum wage
Italy	121	Industry minimum wage
Netherlands	100	Local minimum wage (for people over 23)
Poland	152	Local statutory minimum wage
Portugal	113	Local statutory minimum wage
Russia	296	Regional minimum wage
Slovakia	188	Local statutory minimum wage
Spain	135	Local statutory minimum wage
Switzerland	-	No statutory minimum wage; no industry agreements
Turkey	128	Local statutory minimum wage
United Kingdom	100	Local statutory minimum wage

Information is reported for countries representative of the Group's organisation (excluding Faurecia), where there are more than 300 employees.

The ratio is calculated based on each country's statutory minimum wage (when one exists), without considering any regional variations.

Ratio of Average Salaries of Men to Women Operators and ETAM in France

(Peugeot Citroën Automobile France, in 2010, base 100)

The ratios of the average salary of men to women are defined according to the classification table in the Metal Industry Collective Agreement.

Operators	
	Ratio of the average salary of men to the average salary of women
170	99.7
175	99.5
180	100.8
185	100.9
190	101.2
195	100.4
200	100.8
215	101.0
225	101.7
240	102.5
255	103.7
270	NM
285	NM

Administrative employees, technicians and supervisors (ETAM)	
	Ratio of the average salary of men to the average salary of women
190	NM
195	NM
200	NM
215	NM
225	106.7
240	104.5
255	104.0
270	100.9
285	98.8
305	98.0
320	99.0
335	96.0
365	97.6

NM: not material.

In 2010, the average increase in compensation (across-the-board raises, individual raises and promotions and increases in seniority bonuses) was higher for women than men among both operators and administrative employees, technicians and supervisors (ETAM), at 1.78% for women and 1.76% for men.

By category, the average increase came to 1.78% for women and 1.77% for men among operators and 1.77% for women and 1.76% for men among administrative employees, technicians and supervisors (ETAM).

Ratio of Average Salaries of Men to Women Managers in France

(Countries where the Group has manufacturing operations, in 2010, base 100)

The following indicator concerns managers in sales subsidiaries, finance companies and production plants in countries where the Group has manufacturing operations.

For countries other than France, managers are defined according to the Group's job classification standards, while in France, they are defined according to the Metal Industry Collective Agreement and any relevant company agreements.

France (PCA)

Managers	Ratio of the average salary of men to the average salary of women
K92	100.6
1	101.1
2	100.3
3A	101.0
3B	101.4
3C	113.1

These indicators show that since 2004, the average monthly and annual salary in every job category was the same for men and women with the same grade or job classification, except for the 3C category for which the gap has contracted since 2007.

Argentina, Brazil, Spain, Portugal, Slovakia

	Ratio of the average salary of men to the average salary of women				
	Argentina	Brazil	Spain	Portugal	Slovakia
Senior executives	NM	NM	NM	NM	NM
Senior managers	NM	101.2	98.8	NM	NM
Upper management	95.7	109.0	114.9	83.6	121.4
Middle management	104.4	109.2	78.9	111.1	105.5
Junior managers	NM	NM	NM	NM	101.8

NM: not material.

4.4.2. Employee Benefits

Profit-Sharing and Incentive Bonuses

(Consolidated Group, excluding Faurecia, at 31 December)

In every host country around the world, full-time and part-time employees under permanent contracts or fixed-term contracts exceeding three months are paid an incentive bonus based on operating income, as part of the Group's commitment to enabling employees to share in the value they create.

(Rounded to the nearest million euros)	2008	2009	2010
Total France – profit-sharing and incentive bonuses (Group agreement)	55	4	56
Incentive and/or profit-sharing programmes in other French subsidiaries*	7	7	13
Incentive programmes in foreign subsidiaries	0	0	11
TOTAL	**12**	**11**	**80**

* *Gefco in 2010. Société Commerciale Citroën (SCC) and Gefco in 2008 and 2009.*

In France, an enhanced profit-sharing agreement for 2010-2012 was signed, along with a discretionary profit-share agreement that recognises employees' contribution to the achievement of strategic targets. Group employees outside France also benefit from a profit sharing system. In 2011, €80 million will be distributed for 2010 to Automotive, Finance and Transportation & Logistics Divisions employees in the form of discretionary and non-discretionary profit shares.

Encouraging Individual and Collective Performance

In addition to collective discretionary and non-discretionary profit sharing systems, bonuses are paid to managers in positions of responsibility that have a critical impact on the Group's earnings, reflecting a commitment to encouraging a results-orientated culture and to offering competitive compensation aligned with market practices. In 2010, the variable bonus system was extended to certain employees in China, Latin America and Europe.

Employee Savings Plans (PEAG, PED and PEP)

(Consolidated Group, excluding Faurecia)

Corporate savings plans have been set up to give employees a way to benefit from the Group's growth. In France, employees have the opportunity to invest in a PSA Peugeot Citroën employees' fund, while in Germany, Spain, Portugal and the United Kingdom, they can select from a variety of investment vehicles depending on local legislation. The Group provides a matching contribution.

The corporate savings plan comprises three components:

- the plan invested in Peugeot S.A. shares;
- the diversified savings plan, introduced on 1 January 2004, which allows employees to invest in socially responsible funds as an alternative to Group shares;
- a long term insurance-based savings plan.

All employees, including those under limited term contracts (provided seniority criteria are met), are entitled to invest in the plans under the same terms and conditions, adjusted for hours worked in the case of part-time workers.

	Employee contributions 1 Jan.–31 Dec. *(in million euros)*			Employer contributions 1 Jan.–31 Dec. *(in million euros)*			Number of employees investing* 1 Jan.–31 Dec.		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Automotive Division	78.03	14.86	21.07	10.56	5.79	9.34	134,604	22,222	12,799
Banque PSA Finance	0.87	0.33	0.44	0.21	0.13	0.20	1,480	579	183
Gefco	1.90	1.08	1.83	0.57	0.35	0.59	8,677	5,167	1,686
Other Businesses	0.37	0.11	0.51	0.07	0.05	0.22	490	62	222
TOTAL	**81.16**	**16.38**	**23.85**	**11.42**	**6.32**	**10.35**	**145,251**	**28,030**	**14,890**

* *Reinvestment of profit-shares, incentive bonuses and voluntary contributions.*

The Group paid more than €10.3 million in matching contributions into the local savings plans in 2010.

International Employee Savings Plan

(Consolidated Group, excluding Faurecia, at 31 December)

	Employee contributions *(in million euros)*			Employer contributions *(in million euros)*			Number of participants		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
United Kingdom	1.07	0.89	0.92	0.36	0.30	0.47	919	874	877
Spain	0.45	0.17	0.22	0.16	0.06	0.11	1,487	920	188
Germany	0.29	0.37	0.27	0.10	0.12	0.14	680	997	244
Portugal	0.03	0.01	0.04	0.01	0.01	0.02	112	186	25
TOTAL	**1.84**	**1.44**	**1.45**	**0.63**	**0.49**	**0.74**	**3,198**	**2,977**	**1,334**

Supplementary Pension Plans by Division

(Consolidated Group, excluding Faurecia)

		Employer contributions 1 Jan.–31 Dec. *(in thousand euros)*	Employee contributions 1 Jan.–31 Dec. *(in thousand euros)*	Number of participating employees
Automotive Division	**2010**	**37,150**	**15,798**	**55,349**
	2009	34,890	14,000	57,455
	2008	45,526	15,755	62,864
Banque PSA Finance	**2010**	**2,116**	**660**	**1,322**
	2009	2,203	631	1,210
	2008	1,982	534	1,208
Gefco	**2010**	**5,222**	**1,534**	**3,674**
	2009	3,593	1,495	4,480
	2008	2,711	1,899	3,842
Other Businesses	**2010**	**566**	**283**	**841**
	2009	153	74	679
	2008	229	114	831
TOTAL	**2010**	**45,053**	**18,275**	**61,186**
	2009	40,839	16,200	63,824
	2008	47,448	18,302	68,745

Supplementary Pension Plans by Region

(Consolidated Group, excluding Faurecia)

	Employer contributions 1 Jan.–31 Dec. *(in thousand euros)*			Employee contributions 1 Jan.–31 Dec. *(in thousand euros)*			Number of participating employees		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
France	25,581	20,254	22,424	12,746	10,281	11,192	49,044	43,876	41,452
Rest of Europe	20,938	18,868	21,010	4,542	4,742	5,368	17,839	17,820	17,356
Rest of the world	929	1,717	1,619	1,017	1,177	1,715	1,862	2,128	2,378
TOTAL	**47,448**	**40,839**	**45,053**	**18,302**	**16,200**	**18,275**	**68,745**	**63,824**	**61,186**

To help employees prepare for the future, supplemental defined contribution retirement plans are being set up in all host countries and wherever they are necessary to offset insufficient mandatory pension schemes and market practices. Such plans have already been introduced in Germany, Brazil, Spain, France, Japan, the Netherlands, the Czech Republic, Slovakia and the United Kingdom.

Managed by joint labour-management commissions in line with local practices, these systems are not designed to replace pay-as-you-go schemes in countries where such schemes are available. Rather, they have been created to provide beneficiaries with supplemental retirement income to offset the expected drop in replacement rates, as well as to harmonise retirement benefits across subsidiaries in each country.

Extending Pension Coverage with Defined Benefit Plans

At 31 December 2010, future benefit obligations under defined benefit plans amounted to €3,610 million, of which €2,902 million was covered by external funds.

In accordance with IAS 19, these obligations are measured every year by an international firm of actuaries, based on assumptions reviewed by the Group's auditors.

Strong Social Safety Net

In all host countries, insurance plans are being introduced to provide at least death and disability cover. Employer-funded healthcare plans have also been put in place in several countries. In 2010, death and disability coverage was introduced in Slovenia and Croatia and a health coverage plan was also set up in Croatia.

Social Services

Depending on the national and local situation, all Group companies and plants contribute to social and cultural activities and help to improve the quality of work life.

In all, the Automotive, Finance and Transportation & Logistics Divisions paid more than €249 million in employee benefits in 2010. Representing over 3.9% of payroll, this amount encompasses employer payments for housing, transportation, food services, health and social services, corporate concierge services, daycare centres, health care and personal protection insurance, as well as subsidies paid to Works Councils in France for employee welfare programmes.

4.5. Equal Opportunity and Human Rights

4.5.1. Diversity

Bringing the Best Talent Together

PSA Peugeot Citroën has chosen to highlight the diversity of its people and their cultures and to make equality and respect for differences a founding principle of its responsible growth. All of the host countries are concerned by this societal challenge and the Group intends to go beyond local legal requirements in applying and promoting best human resources practices.

Diversity in the workforce is a societal challenge, since it is unacceptable to exclude particular categories of people from the job market. The Group seeks to bring in more young people without previous experience, as well as seniors, people without degrees, people from immigrant families and the disabled. It also wants to hire more women.

Because PSA Peugeot Citroën's business performance benefits from team diversity, the Group needs to hire people from a variety of backgrounds that reflect its host communities and environments. Diversity is a source of synergy, social harmony and economic efficiency. Diversity also stimulates the emergence of different points of view, making it an important source of creativity and innovation.

Ensuring Equal Opportunity and Promoting Diversity

PSA Peugeot Citroën also fights against all forms of discrimination and intolerance towards difference, considering that capabilities are the key factor in hiring and career development.

Promoting diversity means recruiting, bringing together and nurturing the brightest talent, regardless of nationality, gender, lifestyle, sexual orientation, age, marital status, pregnancy or parenthood, genetic characteristics, real or supposed belonging to an ethnic group, nation or race, political opinion, union activity, religious conviction, physical appearance, name, pre-existing health conditions or disability.

The Group guarantees respect for employees' private lives.

The Group has further diversified its employee and skills base by pursuing new hiring channels. These include partnerships with educational systems and government employment services, online hiring initiatives and unsolicited applications. To ensure equal opportunity at every stage of the process, hiring practices have been made more objective through the deployment of such tools as best practice guides for recruiters, anonymous CVs, simulation-based hiring techniques and training courses designed to help prevent discrimination.

In April 2009, PSA Peugeot Citroën was one of the first French companies to obtain France's Diversity label in recognition of its human resources policy and practices to promote diversity and equal opportunity and to prevent discrimination. The label was renewed in 2010.

In France and Spain, joint labour-management diversity and equal opportunity oversight committees have been created to monitor effective application of agreements. They are responsible for ensuring that commitments are met and for analysing measures taken locally.

Each year, PSA Peugeot Citroën takes new steps to promote diversity. In 2010, it surveyed some 12,000 employees to find out more about sexual orientation discrimination based on what is already known about discrimination against disabilities and gender equality.

Ten pilot countries participated in qualitative and quantitative testing to get a better view of the state of diversity in each one. The Group used this snapshot to discover and review specific situations in each country, with the goal of expanding its commitment to diversity.

Articulating a Worldwide Diversity Commitment

PSA Peugeot Citroën has chosen to formalise its position in a worldwide diversity commitment that is applicable in all host countries.

Included in the PSA Excellence System, this commitment comprises seven founding principles that provide an overall view of diversity and its challenges. The goal is to improve the Group's action in this area and to help the subsidiaries make progress in implementing and promoting diversity measures.

In December 2010, global diversity correspondents met for the first time in Paris to launch the worldwide diversity commitment. Appointed in each country, these correspondents will be responsible for leading and deploying the commitment in the different subsidiaries, supported by a deployment kit and best practices sharing within the correspondents' network.

As part of the joint monitoring process with employee representatives, an annual self-assessment will be conducted to measure each the level of each subsidiary's commitment to diversity and the progress made during the year. In each country, diversity action plans are implemented to create a climate of continuous improvement in the subsidiaries.

Providing Managers with Diversity Training

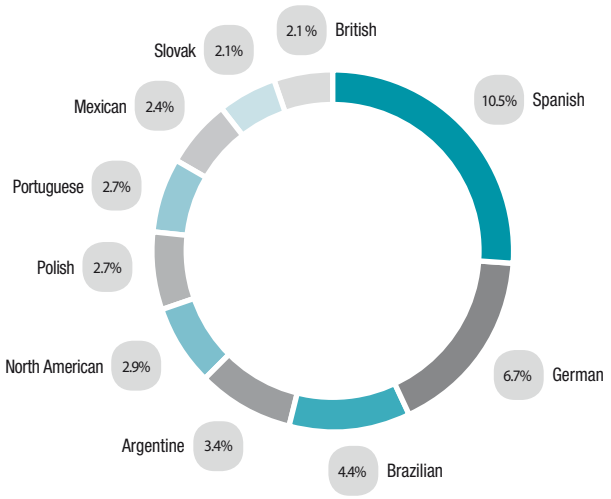
Training sessions on managing diversity launched in France in 2008 continued to be deployed in 2009 and 2010. The module provides managers with tangible responses and resources for handling real life equal opportunity issues within their teams. The idea is to help managers apply the principles underlying respect for difference, prevention, and zero tolerance for any type of discrimination. Nearly 2,500 managers completed the course in the first three years of deployment and another 1,150 will be trained in 2011.

As part of the worldwide diversity commitment, diversity training is being expanded to the different host countries, notably Spain, Portugal, Italy and Belgium.

In Spain, Gefco managers have attended sessions on diversity and equal opportunity, while in Poland, employees have been made aware of discrimination against seniors.

Top Ten Nationalities Other than French Represented in the Group

(Consolidated Group, at 31 December 2010 – percentage of total workforce)

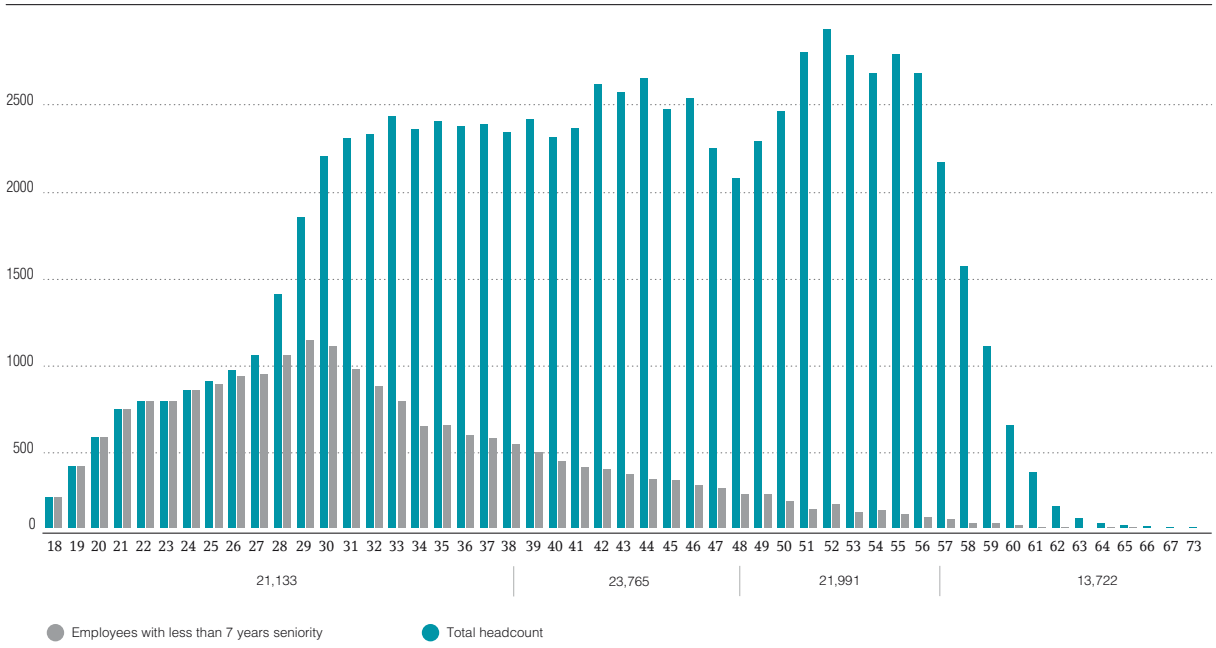


The top ten nationalities other than French represented in the Group accounted for 40% of the total workforce.

More than 103,000 employees are non-French, or 52% of the workforce, and some 128 nationalities are represented.

Age Pyramid

(Automotive Division, France – employees under permanent and fixed-term contracts, at 31 December 2010))



A balance has been attained between the different employee age groups.

Committing to Opportunities for Young People

PSA Peugeot Citroën is interested in attracting and hiring young people to prepare its future. For this reason, it pursued in 2010 an ambitious work-study programme launched in June 2009 to nurture the skills the Group will be needing in the years ahead. In response to current social and societal challenges, the programme includes a significant number of measures targeted to young people with few or no qualifications. It gives these individuals a real chance to envision their future and enter the workforce by discovering first-hand the jobs and values of a large manufacturer like PSA Peugeot Citroën. In 2010, more than 4,000 interns and nearly 3,200 students were taken on under work-study, skills acquisition and apprenticeship contracts.

A number of targeted measures have also been deployed. In 2008, for example, the Group signed on to a French government plan to provide job opportunities for young people from disadvantaged neighbourhoods. Over three years, this led to contracts for 776 workstudy students, 916 interns and more than 300 temporary and permanent employees. In Italy, the *Puntiamo su di te* (We're Counting on You) programme is designed to give young people with high potential experience in different departments throughout the company.

Women accounted for 31% of interns and 28% of work-study programme participants (work-study, skills acquisition and apprenticeship contracts).

Retaining and Motivating Seniors in Europe

PSA Peugeot Citroën does not believe in having a separate policy for employees over 50, who represent nearly 30% of the total workforce excluding Gefco and Faurecia. On the contrary, managing seniors is part of the Group's overall jobs and capabilities policy, which guarantees equal opportunity and treatment and anticipates demographic trends.

As part of this policy, agreements to retain and motivate seniors were signed in France and Japan in 2010. In particular, these agreements are designed to foster age diversity within teams, maintain motivating salary packages and career advancement opportunities, adapt working conditions to seniors, and manage end-of-career schedules and the transition to retirement. The goal is to recognise seniors' role in the company and consider their experience as an advantage for PSA Peugeot Citroën's success.

Having different generations work side by side also promotes social cohesion and business efficiency. For this reason, the issue of retaining and motivating seniors needs to be linked to that of providing job opportunities for young people, to anticipate demographic trends and prepare generational renewal. With this in mind, the Group calls on seniors to mentor and sponsor young people coming into the workforce.

Disabled Employees

(Consolidated Group, excluding Faurecia, at 31 December)

		France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	**2010**	**5,095**	**490**	**40**	**5,625**
	2009	5,260	500	35	5,795
	2008	5,515	515	55	6,085
Banque PSA Finance	**2010**	**10**	**20**	**0**	**30**
	2009	10	15	0	25
	2008	5	15	0	20
Gefco	**2010**	**185**	**35**	**0**	**220**
	2009	140	40	0	180
	2008	100	45	0	145
Other Businesses	**2010**	**50**	**0**	**0**	**50**
	2009	50	0	0	50
	2008	65	0	0	65
TOTAL	**2010**	**5,340**	**545**	**40**	**5,925**
	2009	5,460	555	35	6,050
	2008	5,685	575	55	6,315

Worldwide, the Group (excluding Faurecia) directly employs 5,925 disabled people, as defined by local legislation.

PSA Peugeot Citroën is committed to hiring and retaining disabled employees. In the Automotive Division in France, 7.9% of employees are classified as handicapped (including sheltered workers under contract), above the mandatory national rate of 6%.

In all, 79% of disabled employees are operators, 17% are administrative employees, technicians and supervisors (ETAM) and 4% are managers.

In France, more than €4.7 million was spent in 2010 on programmes related to hiring and retaining the disabled.

The above table does not include the 1,155 disabled people who work for Faurecia.

In addition to these direct hires, PSA Peugeot Citroën was the leading manufacturer in France for sourcing from sheltered workshops, with purchases representing value added of €30 million.

Agreements on social integration and job opportunities for the disabled people have been concluded and implemented, backed by numerous awareness campaigns and tangible measures. In January 2011, for example, a partnership agreement was signed with three associations specialised in placing and hiring disabled applicants, with the goal of giving new momentum to employment of the disabled people.

4.5.2. Gender Equality in the Workplace

Bringing More Women into the Group

Over the last several years, PSA Peugeot Citroën has taken active measures to promote gender diversity and gender equality. Building on an initial agreement signed in 2003 and renewed in 2007, the Group signed a greatly expanded agreement in February 2011 to promote gender equality and the development of jobs for women.

The new agreement strengthens measures already in place and makes further commitments. These include increasing the number of women in the workforce by hiring at least the same percentage of women as the percentage of women applicants and guaranteeing equal pay for men and women.

Guaranteeing Equal Pay and Career Paths

In all job categories, men and women are offered the same job classifications and salary levels when they are hired.

In line with the company agreement on diversity and social cohesion signed in 2004 and renewed in 2008, promotions to a higher coefficient, category or level of responsibility are based solely on capabilities and results. This practice ensures equal opportunity and treatment for employees, with the possibility of salary adjustments if gaps are identified.

A Recognised Commitment

PSA Peugeot Citroën was the first company in France to receive the Equal Opportunity Employer label from the Ministry of Social Cohesion and Equality in 2005. The label was renewed in 2008 in recognition of the Group's ongoing commitment to gender equality. In 2010, the Group extended this commitment to the rest of Europe by participating in working groups on gender equality with a view to creating a European label. Measures have been taken to obtain labels in France, Spain, Belgium and Italy as from early 2011.

Giving More Women a Place in the Group and its Professions

Gender diversity promotes synergy, social balance and business efficiency. Although the technical courses that lead to jobs in the automotive industry have traditionally attracted fewer women students, the percentage of women in the workforce has risen. This reflects both trends in the labour market and various measures taken, notably to improve working conditions.

Since 2002, the percentage of women in the Group's workforce has risen from 17.6% to 21.8%. PSA Peugeot Citroën intends to sustain this increase and make its jobs and professions more open to women.

Promoting Gender Diversity in Management

True gender diversity means that women should have access to the same career paths and opportunities as men, notably as concerns positions of responsibility.

For this reason, the same criteria for detecting high potential individuals are applied to both women and men. These criteria do not take age and seniority into account so that women who take maternity leave are not disadvantaged. They are based solely on capabilities, effectiveness and performance.

At 31 December 2010, the executive and senior management teams (excluding Faurecia and Gefco) included 49 women and 752 men, for a rate of 6.5% versus 5% in 2008. Executive management has set an objective of 11% for the senior management teams by end-2011.

A network of women managers was created within the Group in the spring of 2010. The network now has more than 100 members from different departments and divisions and helps promote the goal of bringing more women into the Group. It is driven by a desire to share experience, advice and ideas and to support women along their career paths.

Number of Women Employees under Permanent or Fixed-Term Contracts

(Consolidated Group, at 31 December)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	% increase 2002-2010
Operators	16,235	16,295	19,105	19,060	21,065	22,365	21,635	19,980	21,190	+30.5%
ETAM	14,420	15,510	16,655	16,395	16,175	15,650	15,610	14,600	15,285	+6.0%
Managers	4,245	4,580	5,325	5,945	6,320	6,255	6,310	6,155	6,650	+56.7%
TOTAL	**34,900**	**36,385**	**41,085**	**41,400**	**43,560**	**44,270**	**43,555**	**40,735**	**43,125**	**+23.6%**

Women account for 19.3% of engineers and managers, 29.8% of administrative employees, technicians and supervisors (ETAM) and 18.8% of operators.

PSA Peugeot Citroën's commitments to gender equality were first expressed in the 12 November 2003 agreement on gender equality and employment for women (renewed in 2007 and early 2011). As a result, 2002 has been chosen as the reference year.

Percentage of Women Employees under Permanent and Fixed-Term Contracts

(Consolidated Group, at 31 December)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Percentage of total headcount	17.6%	18.2%	19.8%	19.8%	20.6%	21.3%	21.6%	21.9%	21.8%

The number of women employees rose by nearly 6% in 2010. The slight decline in the percentage of women in the workforce reflected the acquisitions made by Faurecia during the year.

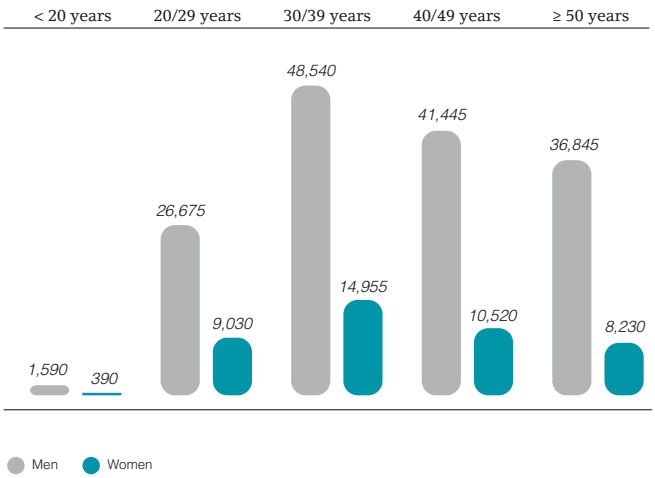
Employees under Permanent and Fixed-Term Contracts by Gender and Region

(Consolidated Group, at 31 December 2010)

	France		Rest of Europe		Rest of the world		TOTAL	
	Women	Men	Women	Men	Women	Men	Women	Men
Automotive Division	13,790	65,805	6,240	23,290	1,555	10,200	21,585	99,295
Banque PSA Finance	485	345	850	780	50	85	1,385	1,210
Gefco	1,425	3,085	1,410	2,295	245	920	3,080	6,300
Faurecia	2,890	9,885	7,310	21,890	6,475	15,740	16,675	47,515
Other Businesses	390	745	10	30	0	0	400	775
Total	18,980	79,865	15,820	48,285	8,325	26,945	43,125	155,095

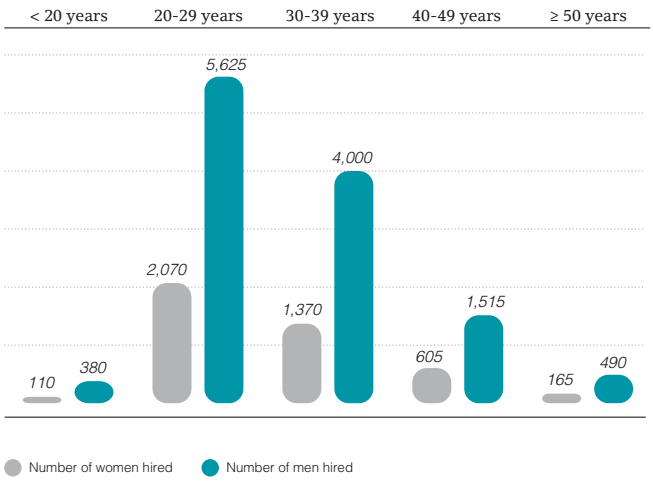
Employees under Permanent or Fixed-Term Contracts by Age Group and Gender

(Consolidated Group, at 31 December 2010)



New Employees Hired under Permanent Contracts by Age Group and Gender

(Consolidated Group, excluding Faurecia and Gefco, at 31 December 2010)



Percentage of Women Employees under Permanent Contracts, by Age Group

(Consolidated Group, excluding Faurecia and Gefco, at 31 December 2010)

	< 20 years	20-29 years	30-39 years	40-49 years	≥ 50 years	TOTAL
Number of women hired	110	2,070	1,370	605	165	4,320
Percentage of total hires	22.4%	26.9%	25.5%	28.5%	25.2%	26.5%

Percentage of Women Managers by Age Group

(Consolidated Group, at 31 December 2010)

	< 30 years	30-39 years	40-49 years	≥ 50 years
Number of women managers	900	3,080	1,770	900
Total number of managers	2,995	12,835	11,605	7,000
Percentage of women managers	30.1%	24.0%	15.3%	12.9%

Women accounted for 30.1% of managers under 30 and 12.9% of managers 50 and better.

Percentage of Women Managers

(Consolidated Group, at 31 December)

	2003	2004	2005	2006	2007	2008	2009	2010
Percentage of women managers	15.3%	16.5%	17.3%	17.9%	18.6%	18.9%	19.1%	19.3%

Senior Managers

(Consolidated Group, excluding Gefco and Faurecia, at 31 December 2010)

	30-39 years	40-49 years	≥ 50 years	TOTAL
Men	22	340	341	703
Women	4	24	21	49
Total	26	364	362	752

At PSA Peugeot Citroën, "senior managers" include the members of Executive Committee, along with the senior executives and senior managers in charge of adapting and implementing the Group's strategic Vision, policies and programmes.

Nationality	Number	Percentage
French	642	85.4%
Spanish	31	4.1%
German	14	1.9%
British	13	1.7%
Argentine	9	1.2%
Belgian	9	1.2%
Italian	7	0.9%
Switzerland	5	0.7%
Brazilian	4	0.5%
Portuguese	3	0.4%
American	2	0.3%
Austrian	2	0.3%
Chinese	2	0.3%
Dutch	2	0.3%
Canadian	1	0.1%
Danish	1	0.1%
Luxembourger	1	0.1%
Moroccan	1	0.1%
Norwegian	1	0.1%
Polish	1	0.1%
Rumanian	1	0.1%
TOTAL	**752**	**100.0%**

Executive Management

(Automotive Division, at 31 December 2010)

PSA Peugeot Citroën is headed by a five-member Managing Board, supported by an Executive Committee, which comprises the five members of the Managing Board and five Executive Vice-Presidents reporting to the Chairman of the Managing Board.

In addition to the Executive Committee, three Vice-Presidents report to the Chairman of the Managing Board.

The Group executive management team is comprised of 13 people, including one woman. Ten members are French, one is Portuguese, one is German and one is from Luxembourg.

Preventing Workplace Harassment, Discrimination and Violence

(Consolidated Group, excluding Faurecia, 2010)

PSA Peugeot Citroën condemns all infringements of respect for individual rights and dignity, as well as verbal or physical abuse, harassment, workplace violence and discrimination. This type of behaviour is liable to sanctions, and specific measures have been drawn up in all countries to prevent it. Employees are informed about the Group's policy on a regular basis and a large number of managers have been targeted through awareness building campaigns. Employees who are victims of or witnesses to cases of harassment, discrimination or violence at the workplace may contact their Human Resources Department. In the event of complications in using traditional channels, employees may anonymously contact identified managers responsible for diversity and/or harassment issues.

A standard tracking procedure aligned with the local legal framework has been established in all host countries. When a problem is identified, the information is reported to human resources and a review is carried out. In 2010, 137 complaints alleging workplace harassment, discrimination or violence were reported to the corporate Human Resources Department.

15% of complaints are still being reviewed by the Human Resources Departments concerned or by an outside authority. Of the complaints handled, 53% were deemed unfounded and 25% resulted in disciplinary action for the person concerned.

With this system, the Group has demonstrated that there is no place for discrimination or harassment at PSA Peugeot Citroën.

Combating Spousal Abuse

PSA Peugeot Citroën promotes public awareness of the problem of spousal abuse. In November 2009, the Group signed a spousal abuse prevention protocol in France. This protocol follows on initiatives in Spain, where an agreement to combat domestic violence was signed in 2005.

With this protocol the Group undertakes to:

- inform employees of national campaigns to prevent and combat spousal abuse;
- promote awareness among specialists in the human resources, social services and occupational medicine departments and train them to address the issue of spousal abuse;
- maintain an open-door policy for victims of spousal abuse, with consultations and referral.

A number of initiatives were launched across the Group in 2010 to raise awareness, including poster campaigns, dedicated meetings, participation in a cross-border seminar on educating and counselling abusers and signature of a victim-support agreement.

These actions reflect the Group's commitment to responsible development and to promoting uncompromising respect for human rights at all its units.

4.5.3. Human Rights

Upholding Fundamental Human Rights

PSA Peugeot Citroën is committed to growth founded on socially responsible principles and practices, consistently applied in every host country and business around the world.

In 2003, the Group pledged to uphold and promote the ten principles of the United Nations Global Compact, an agreement inspired by the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption. The Group promotes the respect of human rights in every host country, even in regions where such respect is not always forthcoming. The Group's policies demonstrate to employees that it is deeply committed to the Universal Declaration of Human Rights. This commitment is expressed to the public on the Group's sustainable development website and to employees around the world on the human resources intranet site, with a direct link to the Universal Declaration of Human Rights on the UN website.

None of the Group's subsidiaries was convicted in 2010 of involvement in human rights violations or the use of forced labour.

Moreover, PSA Peugeot Citroën actively supports employee freedom of association and representation around the world and is committed to respecting the independence and pluralism of trade unions. Active, ongoing social dialogue is maintained with union representatives in every host country.

Global Framework Agreement on Social Responsibility

On 20 May 2010, PSA Peugeot Citroën renewed its Global Framework Agreement on Social Responsibility after four years of application. The agreement, which was signed by Executive Management, the International Metalworkers' Federation (IMF), the European Metalworkers' Federation (EMF) and members of the European Works Council Liaison Committee, commits nearly 90 unions in the Group's host countries. It applies to all of the 127 subsidiaries of the Automotive, Finance and Transportation & Logistics Divisions, based in 33 countries on four continents.

With this agreement, the Group has pledged to uphold and promote the fundamental human rights outlined in the Universal Declaration of Human Rights and to apply best practices in management and human resources development. Partners, suppliers and independent dealership networks are also asked to comply with these requirements.

The results after the first four years are very encouraging, showing that all the subsidiaries have taken the commitments contained in the agreement to heart. Each year, labour unions and employee representatives were involved in implementing innovative measures and sharing best practices.

The renewed agreement includes a fifteenth commitment on environmental protection and enhanced social commitments. It will provide new impetus for social and environmental progress.

The Global Framework Agreement on Social Responsibility is available on the sustainable development website.

Global Framework Agreement on Social Responsibility – Fifteen Commitments
1. Avoid complicity in human rights abuses
2. Uphold freedom of association and the effective recognition of the right to collective bargaining
3. Effectively abolish child labour
4. Eliminate discrimination in respect of employment and occupation
5. Work against all forms of corruption
6. Focus on safety, working conditions and health
7. Develop the skills of the future through continuing training
8. Provide employees with the means to participate
9. Advance planning for changes to professional and job profiles
10. Apply fair remuneration practices
11. Ensure social protection
12. Negotiate organisation of work and scheduling
13. Share social requirements with suppliers, subcontractors, industrial partners and distribution networks
14. Take into account the impact of the company's business on the areas in which it operates
15. Preserve the environment

Providing Enhanced Support for Deploying Action Plans

As part of the agreement, all the subsidiaries and units implement three priority action plans each year. These innovative plans, backed by defined targets, help ensure that the commitments are effectively taken into account. In 2010, the subsidiaries defined and deployed more than 360 priority action plans.

With the agreement's renewal, the Group decided to provide enhanced support within the subsidiaries to give new momentum to the concept of corporate social responsibility.

Internal and external audits are performed at the subsidiaries to ensure that the agreement is applied properly. Between 2007 and 2010, more than 20% of the subsidiaries were audited.

The agreement has led to tangible measures in all subsidiaries. Numerous action plans have been carried out to fight against discrimination, harassment and workplace violence. Training and awareness campaigns have been deployed in Poland, Denmark, Spain, the Netherlands, Norway and Slovakia; alert systems have been developed and enhanced in Hungary, Ukraine, Argentina and Portugal; and formal procedures have been issued in Slovakia, Croatia and Austria. Units in the Netherlands, Russia, Ukraine and other countries have deployed action plans to share PSA Peugeot Citroën's social requirements with suppliers. In Brazil, the subsidiaries introduced programmes to promote jobs and training for local residents as a way to contribute to social and economic development. Lastly, in Germany and Poland, managers underwent training to identify and eliminate workplace stress.

Training in Human Rights Policies and Procedures

(Consolidated Group, excluding Faurecia, 2010)

			Of which security staff	
Topics	**Number of hours**	**Number of employees**	**Number of hours**	**Number of employees**
Equal opportunity, diversity, anti-discrimination, etc.	14,855	4,185	590	75
Compliance with internal rules, Global Framework Agreement, Code of Ethics, data privacy guidelines, etc.	14,470	8,100	185	105
Corruption, conflicts of interest, etc.	3,400	3,040	110	135
Other	3,845	750	25	5
TOTAL	**36,570**	**16,075**	**910**	**320**

In 2010, some 16,075 employees, or 12.8% of the global workforce (excluding Faurecia), participated in training in human rights policies and procedures.

Some of the courses focused on an issue related to the employee's duties, such as the anti-money laundering course designed to combat money laundering, prevent fraud and avoid financing terrorist activities, which was a required course for all finance company employees. Others, concerning human rights and antidiscrimination practices, were specifically intended for managers and recruiters. Still others were presented in the form of a module in a more general programme, such as orientation training for young hires.

In addition, the Group's human rights policies and procedures are explained on the human resources intranet site and illustrated by the different agreements signed by the Group, including the text of the Universal Declaration of Human Rights and the Global Compact's ten principles.

Global Social Audit

PSA Peugeot Citroën's social responsibility policies have been deployed worldwide and are regularly monitored. Social audits are a tracking tool that helps to drive continuous improvement in processes and ensure effective application of social policy. The social audit is designed to ensure compliance with legal and regulatory requirements, contractual commitments and the Group's social responsibility principles.

Social audits are carried out by more than 20 full-time auditors, with support from nearly 120 people around the world. These internal audits are supplemented by external compliance audits concerning employee relations information and social responsibility commitments.

The process relies heavily on self-assessments by sites, country organisations, departments and divisions. The auditor's role is to:

- perform targeted audits on the selected priority issues;
- guide senior management and unit managers in the self-assessment process;
- prepare audit grids for this process;
- work with the sites to ensure rapid implementation of the necessary corrective measures.

In 2010, nearly 40 sites or units were audited, with a focus on application of the Global Framework Agreement on Social Responsibility, hiring procedures and non-discrimination practices, the use of temporary workers, gender equality, diversity, social cohesion, and workplace health and safety. By recommending remedial actions and regularly tracking their application, social audits help to impel a dynamic of continuous improvement.

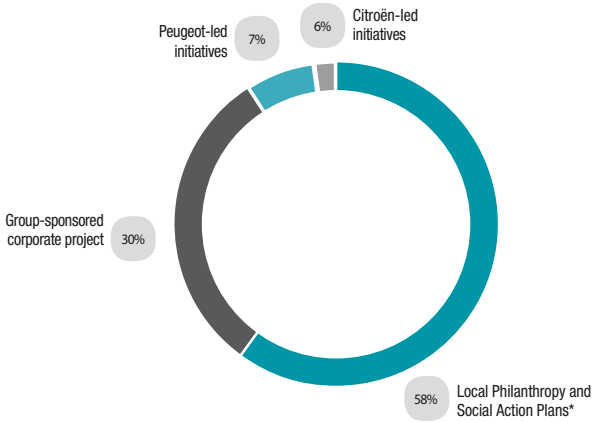
As a socially responsible company, PSA Peugeot Citroën shares its social requirements with suppliers. In 2010, 13 social and environmental audits were performed at tier 1 to tier 3 suppliers identified as potentially at risk, as part of the deployment of the Purchasing Department's sustainable development action plan. Conducted by an external, independent organisation, these audits led to corrective action plans whenever cases of non-compliance were detected.

4.6. Corporate Citizenship

PSA Peugeot Citroën's social actions and priorities are presented in the "Our Responsibility" pages of the Employee section of the Group's sustainable development website: Dialogue, Human Rights & Ethics, Working conditions, Employment, Remuneration.

Group Contribution to Social Responsibility Programmes

(2010)



* *Local Philanthropy and Social Action Plans account for more than half of the Group's corporate citizenship budget. Managed by local plants and facilities, these initiatives demonstrate the Group's commitment to playing an active role in local communities.*

4.6.1. The City on the Move Institute (IVM)

Created by PSA Peugeot Citroën in 2000, the City on the Move Institute (IVM) has initiated and promoted research and trials aimed at understanding how urban mobility is changing. It supports the emergence of innovative urban mobility solutions through research programmes and initiatives that bring together business people, researchers, academics, architects, urban planners, urban developers, transport providers, local authorities, people involved in society and the arts, and members of associations. Each partner is a stakeholder in a given project, supporting the research or initiative with financing, resources or expertise.

PSA Peugeot Citroën allocated a budget of €1,085,000 to IVM in 2010.

Among the different issues addressed in 2010, IVM pursued its programme, launched in 2009, of public hearings and debates on "Climate Change, Urban Mobility and Cleantech", in which a host panel of European experts exchange ideas with their visiting North American counterparts. The purpose of the programme is to explore how the United States – a country with a vast array of mobility solutions – is confronting mobility and energy challenges and, in particular, how it is stimulating and supporting the development of clean or green technologies at a time when climate change is a major issue.

The programme uses an innovative format inspired by public hearings held by the US Congress, with a commission of experts questioning an American scientist and mobility professional on a specific topic. The persons addressing the commission respond to questions submitted in advance by the experts. In addition to developing a better understanding of how the US deals with clean technologies, the project also aims to showcase a range of approaches, compare ideas and opinions, enrich discussions in France, and more accurately identify the challenges and areas for action for governments, organisations and manufacturing companies.

With the "City at your Doorstep" mobility and services programme in France, the IVM wants to enhance understanding of emerging demand and identify new players and innovation potential, especially in the areas of workplace practices and mobility for employees in the personal services sector. The objective for 2011 is to conduct experiments on new organisational and/or technical solutions, in partnership with businesses, associations and public authorities.

Launched in 2007, the IVM's research and action programme on taxis has broadened discussion of the issue, since the taxi represents an excellent intermediary mobility solution between mass transit and individual transport. This international programme is intended to study the taxi's potential resources, role and possible integration in mobility strategies and to open discussions with researchers, public authorities, transport operators and companies, and the public at large, with the goal of supporting the development of this mode of transportation. Following on from an international conference on taxis it organised in 2007, the IVM led the initial special session on taxis in Lisbon in 2010 and announced the creation of an international research network.

After setting up offices in Shanghai in 2001 and Buenos Aires in 2005, the IVM is continuing to extend its international initiatives in 2010:

- in Brazil, with the opening of an office in Rio de Janeiro;
- in China, the IVM partnered the Better Mobility, Better Life Award and student contest, which is intended to identify and promote innovative civil society initiatives to support urban mobility. Award-winners included a bike-sharing service for residents of Shanghai's suburbs, a programme to provide public access to private car parks at certain times of the day in Ningbo, and a car-pooling service for inhabitants of a Wuhan neighbourhood. The awards ceremony took place in the Shenzhen Pavilion at Expo Shanghai 2010 and a seminar on the topic was held in the Alsace Pavilion. The award's theme was chosen by the Association of Urban Planning Schools for its annual student contest organised in partnership with the IVM;
- in Argentina, through an experiment launched with the city of Buenos Aires to deploy and test information systems for urban transport networks. An initial pilot project submitted for assessment is being carried out on a bus line in Buenos Aires. International experts are working together to develop this innovative concept that is adapted to cities in emerging markets. Surveys on user needs have been conducted and prototype systems built;
- in Peru, an exhibition and symposium on the theme of "A City for Everyone" was organised with universities, research centres and the French embassy.

In late 2010, to celebrate its 10th anniversary and demonstrate its commitment to the future, the IVM reviewed the results of its programmes at a public event in Paris.

In its partnerships with academic institutions, the IVM signed a new convention with Université Paris-Est for its University Chair in Europe.

Outside France, the institute continued to host visiting scientists in China and created a university Chair in Latin America. To consolidate the work of its three university Chairs in Europe, China and Latin America and to provide a global, crosscutting vision of urban mobility, a project was launched to organise an international symposium involving the three Chairs, to be held in early 2012.

In partnership with Fondation EDF Diversiterre, IVM developed the "Dream Cities, Sustainable Cities" exhibition, which was inaugurated in October 2009 in Paris. In 2010, the exhibition travelled to Mulhouse.

Lastly, the exhibition "The Street" and its catalogue continued their world tour, traveling to China, Brazil (Rio de Janeiro and Sao Paulo), Argentina, Spain, Portugal, Uruguay and Peru.

4.6.2. Group and Brand Outreach Programmes

Group-Sponsored Projects

For over a decade, PSA Peugeot Citroën has supported the **Paris emergency** service agency (SAMU). This socially responsible commitment is fully aligned with the Group's policy of promoting access to mobility, which helps to integrate individuals into society, fight social exclusion and foster community ties. As part of this commitment, the Group donates and maintains the agency's roaming fleet of 15 vehicles, and has lent additional vehicles on several occasions, particularly as reinforcement during the winter months.

PSA Peugeot Citroën currently serves on the agency's Board of Directors.

PSA Peugeot Citroën is a member of the **Villette-Entreprises Foundation,** which helps to disseminate scientific knowledge by fostering relationships between companies and science or technology museums. Through the foundation, the Group sponsored the renovation of the permanent exhibits at Paris'flagship science museum, the *Cité des Sciences et de l'Industrie,* and is continuing its support in 2011.

Reflecting its deep commitment to improving road safety in cooperation with other road-use stakeholders, PSA Peugeot Citroën was a cofounder of the **French Road Safety Foundation**, created in 2004 at the initiative of the French Ministry of Research. The Foundation, which was declared in the public interest in 2005, is financed both by the government and by private French companies such as PSA Peugeot Citroën, Renault and Plastic Omnium. Like all French research foundations, it brings together public and private organisations, in this case to identify, promote and finance road-safety research projects. It provides a unique forum for all types of road safety stakeholders, including government representatives, carmakers, public transit and road transport specialists, trade federations and public health

professionals. By promoting these projects, the Foundation wants to help meet the French government's target of reducing the number of road fatalities to fewer than 3,000 by 2010, while also reducing the number of people seriously injured in road accidents.

In 2010, PSA Peugeot Citroën was one of the main corporate sponsors for **France-Russia Year 2010**, a cross-cultural event. The Group's sponsorship supported the organisation of events in both countries including live shows, films and concerts, as well as seminars and symposiums.

Initiatives Supported by the Peugeot Brand

Since 1998, Peugeot has sponsored a **carbon sink project** in the Amazon, which is reforesting vast areas of deteriorated land and restoring biodiversity in the Brazilian state of Mato Grosso, while studying the relationship between reforestation and the absorption of atmospheric CO_2. The reforestation initiative is helping to revitalise native plant species, with the aim of restoring balance to the ecosystem. More than two million trees representing some 50 species have already been planted, over a total estimated surface area of 2,000 hectares. The Amazon rainforest is home to more than half of the world's terrestrial biodiversity. In its first decade in existence, the Peugeot carbon sink absorbed an estimated 53,000 tonnes of CO_2, or an average 5.1 tonnes per hectare per year. Depending on tree spacing and the species planted, sequestration may vary from 2 to 12 tonnes per hectare per year from one plot to another. These calculations are based on the ARACM001 methodology prepared by the International Panel of Experts on Climate Change. The sink's long-term success hinges on its seamless integration into the region's economic and social fabric. This has led to the creation of local jobs to help raise awareness about the future of forests and the importance of preserving them. Since 2009, Peugeot, the French Forestry Commission (ONF) and the Mato Grosso government have had an agreement designating the carbon sink as a Private Natural Heritage Reserve, which serves as a life-size laboratory for the research needs of the Brazilian and international scientific community. Tree felling and logging are prohibited throughout the reserve, which comprises 1,800 hectares of natural forest.

Peugeot also continued its programme, introduced in 1994, of lending vehicles to ***Solidarité Sida,*** an association that educates the public about AIDS and solicits donations for medical research. Through the programme, three vehicles are made available to the association for the entire year, with others lent for timely operations such as the Solidays festival.

Initiatives Supported by the Citroën Brand

In 2010, Citroën pursued its partnership with **Action Against Hunger** (ACF), which was launched in 2009 in honour of their respective anniversaries, the 90th for Citroën and the 30th for ACF. The brand also continued to participate in an initial project in Burkina Faso to facilitate access to drinking water in Tapoa Province schools.

For the second year in a row, the brand distributed Citroën-brand miniature cars, stuffed animals and other items as **Christmas** presents to some 3,000 hospitalised, needy or orphaned children in France and a number of other countries in Europe, including Switzerland, Germany, Belgium, Portugal and Austria.

In China, the Group supported the **Crayon Rouge** association at Expo Shanghai 2010, in partnership with the Beijing Youth Development Foundation. A nationwide initiative for children from low-income families was carried out in six major Chinese cities. Citroën offered an under-resourced school with supplies and organised a contest in which children drew a picture of what the exhibition looked like to them. In all, 600 drawings were submitted and posted on the largest Chinese web portal of its kind. Visitors to the site and a special Citroën committee voted for the 40 best drawings and awarded 10 grand prizes.

Initiatives Supported by the Citroën and Peugeot Brands

At the request of Peugeot and Citroën, **vocational teachers "without borders"** regularly conduct training programmes as needed. In 2010, missions were carried out by three teachers – in English, French and Spanish – in three countries (Nigeria, Tunisia and Cuba).

4.6.3. Local Philanthropy and Social Action Plans

Allocation of Funding in 2010

Local Philanthropy and Social Action Plans enable Group sites to structure their outreach programmes to local communities, institutions, associations and other stakeholders in their regions, while fostering more effective dialogue with both employees and the public. The plans are deployed in France and other countries by production plants and office facilities.

Their components focus on the following areas:

- local development, with initiatives that reflect the Group's commitment to its host communities;
- road safety, with safe driving programmes to inform people, raise their awareness and teach correct practices;
- urban mobility, with programmes to support sustainable, responsible and widely accessible mobility;
- environmental issues, with programmes to preserve or restore natural sites, raise people's awareness or train them in environmental techniques.

In 2010, funding committed to these plans was mainly allocated to programmes concerning local development (73%), road safety (12%), mobility (10%) and environmental stewardship (5%).

Developing Community Ties

In 2010, the Group undertook a number of local outreach initiatives in communities near its production facilities and office sites. Examples included:

- providing environmental, business start-up or industrial organisation consulting services for small and medium-sized enterprises located near the plants in Aulnay, Mulhouse, Poissy, Rennes (through Performance Bretagne and PB2i), in Sochaux (through the Franche-Comté Entreprendre association and participation in the automotive cluster) and in Trémery (through Partenaires Superforce Lorraine);
- supporting initiatives to promote the hiring of young people from sensitive areas in partnership with the E2C Nord association in Valenciennes and pursuing the partnership with the Iochpe Foundation in Brazil. Since March 2008, the Porto Real facility has provided space for the Formare programme, which provides vocational training for young people from low-income families in the area. The programme's second graduating class completed their training in late 2010 and 20 additional young people were hired. PSA Peugeot Citroën allows employees to volunteer as teachers for the programme during their working hours. In addition to providing professional training, the programme prepares students for the job market by exposing them to real-life work experiences. In Russia, PSA Peugeot Citroën set up a training programme in cooperation with schools to promote employment opportunities by taking on young people with specialised skills from developing regions;
- participating in educational projects with academic institutions. These include career Day programmes held in La Garenne, Madrid, Mulhouse, Rennes, Valenciennes, Sept-Fons and Vesoul, as well as a cooperation project with the China Foundation for Poverty Alleviation to enable underprivileged children to complete their studies;
- donating used computers and other equipment to schools and non-profit organisations in Buenos Aires, Madrid, Mangualde, Vigo and China;
- donating cars, vehicle body parts, mechanical components and spare parts to serve as vocational training aids in Buenos Aires, La Ferté Vidame, Madrid, Metz, Rennes, Sept-Fons, Trémery, Valenciennes, Vesoul and China;
- supporting community outreach associations, such as the French telethon in Aulnay, the Hospital Italiano marathon in support of child cancer survivors in Buenos Aires, Semilla in Madrid, *Fondation de la Deuxième Chance* and *Fondation Agir Contre l'Exclusion* in Rennes, the Spread Hope association in Sochaux, Fondation Porto Real in Brazil and similar organisations in Vigo and Mangualde;
- supporting local cultural and sports associations in Aulnay, Buenos Aires, La Ferté Vidame, Madrid, Rennes, Sept-Fons, Valenciennes, Vesoul, Vigo and China;
- lending vehicles throughout the year to various associations in Sochaux, the Paris area (Trans-Forme, Voiture&CO and Mission Locale de Poissy) and Valenciennes;
- collecting and donating toys in Madrid and Buenos Aires;
- organising site visits for host communities in Aulnay, Charleville, Madrid, Poissy, Rennes, Sept-Fons, Sochaux and Valenciennes.

Moreover, special action plans are also being deployed by some of the Group's facilities or countries.

The Madrid plant continued to sponsor "The Southern Perspective", a radio programme put together by schools in the surrounding area to address environmental and gender equality issues.

To encourage community outreach projects, three facilities organised the Solidarity Trophies, a competition designed to provide financial support for employees seeking to organise – either personally or as part of an association – a local or international solidarity project that delivers collective benefits in five categories: Ecology, Education, Integration, Mobility and Emergency/Topical. In 2010, approximately 40 applications were submitted in the facilities (La Garenne and Rennes in France and Madrid in Spain) and eleven employees were awarded trophies, along with financial backing from the Group to enable them to pursue their projects.

Following earthquakes in the Qinghai and Sichuan regions of China, PSA Peugeot Citroën and its DPCA joint venture were involved in charitable initiatives, donating funds and equipment.

In Argentina, the Group supports the NGO "A Roof for My Country" through a team of employee volunteers who provide transportation and take part in house construction projects. In February 2010, a campaign was launched in Argentina to collect staples for victims of the Chilean earthquake.

Promoting Road Safety

Raising driver awareness of road safety issues is a major focus of the Group's corporate citizenship commitment. In 2010, the French production and office facilities led road safety awareness-building programmes for employees and/or their host community, generally in partnership with academic institutions and organisations such as local fire brigades, the national police, the gendarmerie, the French motorcycle federation, the MACIF insurance company and the Centaure network of driver training sites. Examples included:

- conducting remedial and safe driving courses, including training in slippery road driving, in La Ferté Vidame, Sept-Fons and Vesoul;
- donating vehicles for drills and training courses in La Ferté Vidame, Mulhouse, Poissy and Vélizy to learn how to free people trapped inside after an accident;
- preparing and distributing information and awareness-building booklets in La Garenne, Poissy, Valenciennes and Vélizy;
- distributing safety kits containing a reflective vest and warning triangle in Buenos Aires and breathalysers in La Garenne;
- setting up exhibits and events, such as driving simulators, barrel crash simulations, drunk driving tests and vehicle inspection campaigns, in Aulnay, Charleville, La Ferté Vidame, La Garenne, Metz, Poissy and Trémery;
- organising road safety contests in Aulnay, Caen and Trémery;
- helping to create a go-kart driving school in Aulnay to teach children of employees and local parents about road safety hazards.

Facilities in Argentina, Brazil and China were also highly active during the year.

In Argentina, in addition to actions organised to provide employees with road safety kits, other initiatives were set up for young people, including a road safety drawing contest and an awareness-raising programme for children in 90 schools. Secondary school students were invited to take part in a contest involving short films on road safety, which was supported by a TV campaign. Initiatives were also organised for the general public, including a safe driving training programme.

In Brazil, the Group is sponsoring the Global Road Safety Partnership NGO's participation in a road safety programme in Resende, helping to prepare brochures for local distribution and awareness-building campaigns for the general public, for example at the start of the school year, during Carnival and on a special day organised for two-wheel vehicles.

In China, the Group continued to support the travelling exhibition to teach pre-school children about road safety. In 2010, the exhibition visited five pre-schools and a dealership in five different cities, distributing educational road safety brochures to 20,000 people and training 5,000 children in a variety of workshops, such as a bike-riding course, sing-alongs, a road safety board game and a road sign draw-and-guess game.

In 2010, the Group's social responsibility efforts were rewarded by the Golden Bee award, one of the most widely recognised and influential awards of its kind in China. The jury cited PSA Peugeot Citroën for its ongoing road safety initiatives in China. The Group has played a pioneering role in helping to make driving safer in China by leading discussions on road safety issues and organising conferences that bring together journalists and experts.

Supporting Sustainable Mobility

Mobility is one of the basic building blocks of modern society, determining access to jobs, healthcare and culture. Encouraging sustainable, responsible and mutually supportive mobility also means supporting the inalienable right to mobility, ensuring the right balance between the different modes of transport and promoting technologies that contribute to the smooth flow of automobile traffic.

Online car-pooling sites have been opened on the corporate intranet to make office commutes easier, particularly in Aulnay, La Garenne, Rennes and Vélizy. Car-pooling services are also available to employees at other sites in France and elsewhere in Europe.

In addition, PSA Peugeot Citroën continued to i) lend or donate vehicles to programmes that promote solutions for the disadvantaged like the Rio Solidario project for favela-dwellers in Brazil; ii) support the Down's Syndrome Foundation of Madrid, which helps to integrate people with trisomy 21 or a mental disability into the workplace iii) and lend vehicles to the French telethon, in partnership with the Aulnay Mayor's Office, and to the Clayes Handisports association, through the Group's plant in Poissy. During the year, Sochaux donated the 20 millionth vehicle manufactured at the site to the Haitian Protestant Federation for driving orphans to and from school.

The sites also organise initiatives to benefit the mobility-challenged, such as:

- recycling plastic bottle caps at the Aulnay, Buenos Aires, Caen, La Garenne, Paris, Poissy, Saint-Ouen, Trémery, Valenciennes and Vélizy facilities, with proceeds donated to help-the-handicapped associations;
- organising disability awareness days in Aulnay, La Ferté Vidame, La Garenne, Metz, Mulhouse, Poissy, Rennes, Sept-Fons, Valenciennes, Vélizy and Vesoul involving, for example, the preparation and distribution of educational booklets on the importance of hiring disabled people, showings of short films about disability, situational exercises simulating visual or physical impairment, a seeing eye-dog demonstration, an exhibition of mobility adapted vehicles, Braille writing workshops, and meetings with employers who have successfully integrated mobility solutions into the workplace;
- installing equipment and renovating access points at the Aulnay and Caen sites to improve access for mobility-challenged individuals;
- participating, through the Vélizy site, in the 14th "Childhood Dreams" air show that enables two children – one with a disability and one without – to fly for the first time and lending vehicles to the event organisers.

Supporting Environmental Initiatives

In 2010, PSA Peugeot Citroën launched a wide range of environmental initiatives, including:

- organising and taking part in environmental events. These include World Environment Day programmes in Argentina, La Garenne and Porto Real, an exhibition for sustainable development week in Aulnay, forums and discussions on environmental issues at the Porto Real facility, nature films in Sept-Fons, a partnership with the *Vive La Seine* association in Poissy, and support for the Vigo Mayor's Office Foundation, which promotes sustainable energy resources in Vigo, Spain;
- sponsoring an Environment Day at the Sochaux site. The event was attended by more than 3,000 people, including 2,000 children, who took part in workshops designed to raise awareness of environmental protection issues, in partnership with a number of non-profit organisations. As part of Water Day, launched with the Porte de Hainaut Urban Community, the Valenciennes plant hosted around 100 primary school children, who participated in workshops on sorted waste and water recycling and reuse;
- supporting the deployment of a waste-sorting system at Mulhouse and Saint-Ouen;
- Helping to rehabilitate nature sites in Poissy.

Capitalising on its environmental expertise, the Group is leading a number of educational campaigns to promote eco-friendly practices. Examples include:

- participating in monthly environmental discussion sessions in Porto Real;
- pursuing the "Eco-Logical" environmental information and awareness campaign in La Garenne and two initiatives at the Aulnay plant: a quarterly environmental briefing and the "Stop and Start Attitude" programme designed to encourage employees to turn everything off at the end of the day;
- organising workshops to train students in environment-related jobs in Mulhouse;
- offering local students, employees and their families in Poissy the opportunity to learn about the environment by observing animal and plant life from a barge on the Seine River;
- giving environmental protection quizzes and advice at Caen, Trémery and Porto Real.

Ongoing support was provided in Argentina to NGO Cascos Verdes which, through the "Crear Conciencia" programme, helps give mentally disabled young people a chance to attend university and play a role in society, thanks to a two-year training course on environmental protection.

5

CORPORATE GOVERNANCE AND ETHICAL PRACTICES

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5.1. Corporate Governance

Since 1972, Peugeot S.A. has had a two-tier management structure comprising a Managing Board, responsible for strategic and operational management, and a Supervisory Board, responsible for oversight and control. This separation is especially effective in addressing the concern for a balance of power between the executive and oversight functions, as reflected in the principles of good corporate governance.

5.1.1. Information about the Administrative, Management or Supervisory Bodies

The Supervisory Board

The Supervisory Board has twelve members plus two non-voting advisors (censeurs). The members are elected by shareholders for six-year terms. No member of the Supervisory Board is a salaried employee of a Group company.

The other functions exercised by Supervisory Board members and advisors are listed in section 14.1.1 of the 2010 Registration Document, along with the dates when they were elected to the Supervisory Board and when their terms expire.

The Supervisory Board comprises the following members: Thierry Peugeot (Chairman), Jean-Philippe Peugeot, Jean-Louis Silvant, Marc Friedel, Jean-Louis Masurel, Jean-Paul Parayre, Robert Peugeot, Henri Philippe Reichstul, Marie-Hélène Roncoroni, Geoffroy Roux de Bézieux, Ernest-Antoine Seillière, Joseph F. Toot Jr., François Michelin (advisor), Roland Peugeot (advisor).

The Supervisory Board comprises five members of the Peugeot family and seven members qualified as independent based on the criteria applied by the Group.

The Board had one woman member in 2010. In accordance with French Act 2011-103 of 27 January 2011 concerning gender balance among Board members, the Supervisory Board conducted studies and undertook the necessary measures, taking into account the expiry dates of the current members' terms, to ensure that its membership complies with gender balance principles. At least 20% of members will be women following the 2014 Annual Shareholders' Meeting and at least 40% after the 2017 Annual Shareholders' Meeting. In particular, at its 8 February 2011 meeting, the Board decided to put forward a proposal at the 2011 Annual Shareholders' Meeting to elect another woman as director.

More generally, the Appointments and Governance Committee has undertaken a member selection process designed to change the Board's membership structure.

Members of the Managing Board

Managing Board members are appointed by the Supervisory Board for four-year terms. They may be removed from office by the Supervisory Board pursuant to the company's bylaws, or by shareholders in a Shareholders' Meeting, in accordance with French company law.

The current members of the Managing Board, who were appointed on 17 June 2009, are Philippe Varin, Chairman, Guillaume Faury, Jean-Marc Gales, Grégoire Olivier and Frédéric Saint-Geours. In addition to their collective decision-making role, the Managing Board members also have the following specific areas of responsibility: Guillaume Faury is in charge of research and development, Jean-Marc Gales leads the Brands Department, Grégoire Olivier heads the Asia Division and Frédéric Saint-Geours is in charge of Finance and Strategic Development.

Executive Committee

The Executive Committee comprises the five members of the Managing Board and five Executive Vice-Presidents reporting to the Chairman of the Managing Board: Yannick Bezard (Purchasing), Claude Brunet (Human Resources and Quality), Jean-Claude Hanus (Corporate Secretary), Denis Martin (Industrial Operations) and Jean-Christophe Quémard (Programmes).

Pierre Todorov – who joined PSA Peugeot Citroën on 1 March 2011 – will be appointed Corporate Secretary on 1 September 2011 to take over from Jean-Claude Hanus, who is retiring after 39 years with the Group.

In addition to the Executive Committee, three Senior Vice-Presidents report to the Chairman of the Managing Board: Carlos Gomez (Latin America), Caroline Mille (Corporate Communications) and Bernd Schantz (Russia, Ukraine and CIS).

The other functions exercised by Managing Board members and advisors are listed in section 14.1.2 of the 2010 Registration Document, along with the dates when they were elected to the Managing Board and when their terms expire.

5.1.2. Compliance with Best Corporate Governance Practices

Application of the AFEP-MEDEF Corporate Governance Code

At its 16 December 2008 meeting, the Supervisory Board decided to adopt the AFEP/MEDEF Corporate Governance Code, as applicable to French joint-stock companies with a Supervisory Board and Managing Board. The consolidated version of the Code, issued in April 2010, may be viewed at Peugeot S.A.'s head office or on the MEDEF website at www.medef.com.

While Peugeot S.A. applies the vast majority of the recommendations set out in the Code, there are a certain number that it has elected not to apply. These exceptions are described below.

- Independence criteria
  The Supervisory Board has elected not to apply two of the AFEP/MEDEF's independence criteria, as follows:
  - **not being a director or Supervisory Board member of the corporation for more than twelve years.** The Supervisory Board does not apply this recommendation as it considers that the automotive experience of its members is extremely valuable, especially in a business requiring a medium and longterm vision. In addition, the Supervisory Board's internal rules state that one of the Board's key missions is to "ensure that the strategy proposed and applied by the Managing Board fits with the Group's long-term vision, as defined by the Supervisory Board";
  - **not holding a directorship or equivalent position in another Group company in the past five years.** The Board considers that the fact of having recently been a director of another Group company does not give rise to any risk of the type of conflict of interest that the AFEP/MEDEF independence rules are designed to avoid. In addition, no member of the Supervisory Board exercises any senior executive responsibilities or is a salaried employee of a Group company. Consequently Jean-Louis Silvant is considered to be independent, even though he sits on the Board of Directors of Peugeot Suisse, a company whose operations only represent a small proportion of the Group's automotive business.

  In total, the Supervisory Board considers that Jean-Louis Masurel, Jean-Paul Parayre, Henri Philippe Reichstul, Geoffroy Roux de Bézieux, Ernest-Antoine Seillière, Joseph F. Toot Jr. and Jean-Louis Silvant can be qualified as independent. These independent members represent seven out of the 12 members of the Supervisory Board, which means that, based on the independence criteria applied by the Group, Peugeot S.A. complies with the AFEP/MEDEF recommendation that in controlled companies at least one third of Board members should be independent.

  When selecting new Supervisory Board candidates based on the recommendations of the Appointments and Governance Committee, the Board seeks to appoint a greater number of independent members and to ensure that there are staggered renewals of members' terms of office. It is also considering the election of new members qualified as independent in accordance with the AFEP/MEDEF criteria and the re-election of certain members for terms of less than six years. At the same time, the Supervisory Board is committed to increasing the percentage of women members, in accordance with new legal requirements (Act 2011-103 of 27 January 2011) and based on the guidelines recently included in the AFEP/MEDEF Corporate Governance Code.
- Having a certain proportion of independent members on the Board's Committees. As an exception to the recommendations in the AFEP/MEDEF Corporate Governance Code concerning the proportion of independent members of Board Committees (at least two thirds for the Finance and Audit Committee and a majority for the Appointments Committee), the membership structure of the Finance and Audit Committee and the Appointments and Governance Committee takes into account the requirement to have representatives from members of the Peugeot family, which is the Group's majority shareholder.
- Setting Board members' terms of office at four years. Supervisory Board members' terms of office are set at six years rather than four as recommended in the Code, as the Supervisory Board considers that a supervisory and oversight body needs to be in place for a certain amount of time in order to be able to effectively perform its duties. The term of office for Managing Board members is four years however. The dates on which the terms of office of the current Supervisory Board members are due to end are staggered between 2011 and 2016.
- Having a variable component of attendance fees. Attendance fees payable to Supervisory Board members do not include any variable component based on actual attendance at Board and Committee meetings. Attendance rates at Supervisory Board meetings were 90% in 2010 and 96% in 2009 and attendance rates at the various Committee meetings ranged from 95% to 100% in 2010. Furthermore, the Chairman of the Supervisory Board frequently consults Board members on issues outside of scheduled meetings, and likewise, Board members regularly take the initiative of informing the Chairman of their opinions and recommendations.

Information on the Situation of Members of the Supervisory Board and Managing Board

The membership structure of the Supervisory Board appropriately reflects the percentage of capital held by the company's main shareholder, the Peugeot family.

The Board comprises five family members: Thierry Peugeot, Jean-Philippe Peugeot, Robert Peugeot, Marie-Hélène Roncoroni and Marc Friedel. Marie-Hélène Roncoroni is Thierry Peugeot's sister, and Thierry Peugeot, Jean-Philippe Peugeot, Robert Peugeot and Marc Friedel are second cousins. There are no family ties among the other Supervisory Board or Managing Board members.

Jean-Louis Masurel, Henri Philippe Reichstul, Geoffroy Roux de Bézieux, Ernest-Antoine Seillière and Joseph F. Toot Jr. have no ties with the company, its Group or its management and contribute their international finance and managerial experience to the Board's deliberations.

A former member of the Executive Committee, Jean-Louis Silvant contributes his long experience in a large number of executive positions with the Group, particularly in production and human resources management.

Jean-Paul Parayre, former Chairman of the Peugeot S.A. Managing Board and Chairman of the Supervisory Board of Vallourec, contributes his knowledge of the automotive industry and the Group's operating procedures, as well as of British and American corporate governance practices.

Conflicts of Interest Concerning Supervisory Board or Managing Board Members

To the best of the company's knowledge, there are no conflicts of interest between the duties of Supervisory Board and Managing Board members to Peugeot S.A. and their private interests or other duties.

No loans or guarantees have been granted to or on behalf of any members of the Supervisory Board or Managing Board by the company or any Group entities.

No assets required for the operation of the business are owned by any members of the Supervisory Board or Managing Board or their families.

In addition, corporate officers pledge to comply with the Stock Market Code of Ethics introduced in February 2010, which states that "corporate officers shall refrain from trading in any stocks or other securities, directly or indirectly, on their own behalf or for a third party, during the 30 calendar days preceding the publication of the annual financial statements, the interim financial statements and the consolidated revenue figures".

Sanctions Applicable to Supervisory Board or Managing Board Members

To the best of the company's knowledge, in the last five years no member of the Supervisory Board or Managing Board has (i) been convicted of any fraudulent offence, (ii) been a member of the administrative, management or supervisory body of a company that has been declared bankrupt, or placed in liquidation or receivership, (iii) been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities or (iv) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

5.1.3. The Supervisory Board's Roles, Responsibilities and Operating Procedures

Internal Rules

At its 9 February 2010 meeting, the Supervisory Board revised its internal rules that were originally adopted in February 2003. The new version defines the Board's roles and responsibilities as follows:

- the Supervisory Board appoints members of the Managing Board, can remove them from office and determines their compensation packages;
- the Supervisory Board sets the amount of compensation for its Chairman and Vice-Chairman or Chairmen and determines the procedures for allocating attendance fees among its members;
- in accordance with the law, the Supervisory Board acts as the oversight body of the company, which is administered and managed by the Managing Board.

  The Supervisory Board is therefore responsible for:
  - overseeing the Managing Board's management of the company by performing any checks and controls it deems appropriate,
  - carrying out periodic controls of the company's management (i) on a quarterly basis by reviewing business reports presented by the Managing Board and (ii) within three months of each year-end, by examining and issuing its opinion and comments on the annual financial statements of the company and Group, as presented by the Managing Board, and on the Management Report to the Annual Shareholders' Meeting;
- the Supervisory Board ensures that the strategy proposed and applied by the Managing Board fits with the Group's long-term vision as defined by the Supervisory Board. The Board reviews the strategic plan and the various multi-year business plans, as well as the capital expenditure plan and the budget.

The internal rules also stipulate that the Supervisory Board is required to authorise in advance the following actions by the Managing Board as provided for in article 9 of the company's bylaws:

- shareholder-approved share issues (whether paid up in cash or by capitalising retained earnings) and capital reductions;
- any and all issues of ordinary or convertible bonds;
- the drafting of any merger agreements or agreements for the sale of a business;
- the signature or termination of any manufacturing or sales agreements representing a future commitment for Peugeot S.A., with companies whose corporate purpose is similar or related to that of Peugeot S.A., and generally the execution of any major transaction which substantially alters the scope of the business or the balance sheet structure of the company or the Group.

The Managing Board may carry out the following actions only with the unanimous backing of all of its members or, failing that, with the prior authorisation of the Supervisory Board:

- the purchase, sale, exchange or transfer of any and all operating real estate and businesses in transactions representing an amount in excess of the ceiling set by the Supervisory Board (currently €50 million);
- the purchase, acquisition or sale of any equity interest in any and all existing or future enterprises directly or indirectly representing an immediate or future investment, expense, debt guarantee or seller's warranty involving an amount in excess of the ceiling set by the Supervisory Board;
- the signature of loan agreements, other than for bond issues, for a period or an amount in excess of the limits set by the Supervisory Board (currently €100 million).

Lastly, guarantees given on behalf of subsidiaries are submitted for Supervisory Board approval when the amount exceeds a certain level. In 2010, such approval was required for individual guarantees exceeding €25 million, or when the cumulative amount of guarantees given during the year exceeded €125 million (excluding customs and tax bonds).

The Supervisory Board's internal rules also set out the following:

- Supervisory Board information procedures, practices and guidelines;
- the minimum number of Board meetings that must be held per year (currently five), as well as the procedures to be applied when holding the meetings and preparing the agenda;
- the roles and responsibilities of Supervisory Board Committees;
- the procedures for assessing the Board's performance;
- the obligations of Board members, particularly the requirement to comply with the Stock Market Code of Ethics introduced in 2010, which each Board member has signed.

Operating Procedures

Two weeks before each Supervisory Board meeting all of the Board's members receive the agenda of the forthcoming meeting and the draft minutes of the previous meeting. In addition, at the end of the week preceding the planned meeting, the Board members are sent an information pack containing a copy of the minutes of the previous meeting, the presentations to be given for each agenda item, the minutes of the meetings of the Board Committees and, where the meeting involves examining a quarterly business review, the Report of the Managing Board. The packs also contain the schedule for the meetings of the Supervisory Board and the Board Committees for the year in progress and the following year, an update of the "blackout periods" during which Board members are prohibited from trading in the company's securities (as specified in the Stock Market Code of Ethics), press articles that have been published about the Group since the last Board meeting, and any external financial analyses that have been released. A supplementary pack is usually also provided in the meeting itself.

The members of the Managing Board attend Supervisory Board meetings and the Statutory Auditors attend the meetings where the annual and interim financial statements are examined.

The schedule for each year's meetings is prepared in April of the preceding year. Ordinary Supervisory Board meetings are systematically preceded by meetings held by the Finance and Audit Committee, the Appointments and Governance Committee and the Compensation Committee.

Each ordinary Supervisory Board meeting lasts for a minimum of three and a half hours, but may be longer when required. The Chairman of the Board may call special meetings where necessary.

Assessment of the Board's Performance

In February and March 2010 the Supervisory Board carried out a formal assessment of its own work and the work performed by its committees based on an individual questionnaire completed by each Board member.

In summary, the findings of the self-assessment showed that the Board's membership structure is generally considered to be appropriate and that the members believe the quality of Board meetings to be high, with increasingly open discussions, enabling them to effectively deal with the items on the agenda. The Supervisory Board members also feel that the committees effectively fulfil their role of preparing the Board's discussions.

However, a number of areas for improvement were also identified during the assessment process. For example, half of the Board's members felt that they do not receive the preparatory documents in sufficient time for meetings.

Concerning the Supervisory Board's membership structure, recommendations were put forward on the need to increase the proportion of women on the Board and to appoint an independent non-French member with proven financial experience who is also familiar with the business environment in Asia. The Appointments and Governance Committee subsequently launched a process to find candidates corresponding to this profile.

In addition, following recommendations expressed during the self assessment, Supervisory Board meetings have been extended by between thirty and sixty minutes, and time discipline has been improved to leave room for discussion at the end.

Also further to suggestions made during the assessment process, the Board's programme for training and on-site visits was stepped up in 2010, with the introduction of two half-day sessions to be systematically held every year on the Group's future product ranges and long-term strategy. Supervisory Board members have also been provided with a list of on-site visits that they can make if they so wish.

Another area for improvement expressed during the self-assessment was for Board members to have a better understanding of the Group's strategy in Latin America and China. This request was fulfilled in October 2010 when the members of both the Supervisory Board and Managing Board spent five days in China. During the trip, they met local managers and freely discussed the Group's current position and outlook in the country. They also visited the manufacturing plants and sales units managed by the Group's joint ventures, and met its manufacturing partners as well as certain local political and administrative representatives. A similar visit to Latin America is scheduled for 2011.

The Supervisory Board carried out another self-assessment in January 2011 based on a more detailed questionnaire sent to the Board's members.

Supervisory Board Meetings in 2010

The Supervisory Board met eight times in 2010, with an average attendance rate of 90%.

During five of these meetings – held on 9 February, 20 April, 27 July, 19 October and 21 December – the Board reviewed business reports presented by the Managing Board concerning the Group's sales and manufacturing performance, as well as the financial results of its various divisions, and its overall financial situation. During these meetings, the Board was also informed about events affecting employees and quality, and gave its opinion on the Group's strategic growth vision, which it discussed in detail with the Managing Board during the February and April meetings.

The 9 February and 27 July meetings were attended by the Statutory Auditors and included, respectively, presentations of the full-year 2009 financial statements of the company and the Group and the results for the first half of 2010.

At its February meeting, the Supervisory Board adopted the revised version of its internal rules (it subsequently adopted the internal rules of the Strategy Committee, the Appointments and Governance Committee and the Compensation Committee at its 20 April meeting and those of the Finance and Audit Committee on 27 July).

During the same meeting in February the Board adopted a Stock Market Code of Ethics, which sets out the rules concerning transactions carried out by Supervisory Board members and non-voting advisors as well as Managing Board members in securities issued by Peugeot S.A., Société Foncière Financière et de Participations (FFP) and Faurecia. The Code provides for preventive measures under which Board members can trade in these securities while complying with market integrity rules.

Also at its 9 February meeting, the Board approved the new regulations applicable to the top hat pension plan for the Group's senior executives and set the performance criteria underlying Managing Board members' incentive bonuses for 2010.

On 20 April, the Supervisory Board examined the agenda, Report of the Managing Board and draft resolutions for the 2010 Annual Shareholders' Meeting and approved its own report to the meeting. In addition it reviewed the findings of its self-assessment, examined the independence of its members and defined the requisite profile for candidate members, as part of an underlying aim to diversify the Board's membership structure by increasing the number of women, non-French and independent members.

At its 19 October meeting – which took place in Shanghai in the offices of the Group's new Asia Division – the Managing Board gave a presentation on the Group's medium-term plan.

In December, the Supervisory Board was given a presentation by the Managing Board on the 2011 budget and announced the two audit firms whose reappointment as the Group's Statutory Auditors will be submitted to the 2011 Annual Shareholders' Meeting.

The Board's remaining three meetings during the year were held on 2 June, 29 September and 29 November.

At the 2 June meeting, the Board unanimously decided to appoint Thierry Peugeot as Chairman of the Supervisory Board for the remainder of his term as a Supervisory Board member, which was renewed at the Annual Shareholders' Meeting held on that same day and attended by all of the Supervisory Board members.

At each of these three meetings, the Board authorised the issue of bonds, in accordance with article 9 of the company's bylaws. It also gave its opinion, took decisions or gave approvals as required on various matters, based on preparatory work performed by the Board Committees.

5.1.4. Supervisory Board Committees

The Supervisory Board is assisted by four specialised committees: the Finance and Audit Committee, the Strategy Committee, the Appointments and Governance Committee and the Compensation Committee.

The Compensation Committee and the Appointments and Governance Committee were set up in 2010 to replace the combined Compensation and Appointments Committee as the Board felt that, in view of the underlying strategic importance of appointments and the central role of corporate governance, the Group should have a committee specifically dedicated to these two areas. Furthermore, by having a committee that deals exclusively with compensation issues, the Group can track market practices more closely and enhance the effectiveness of its compensation policies.

The role of these committees is to prepare certain matters to be discussed at Supervisory Board meetings. They therefore issue proposals, recommendations and opinions on the areas falling within their terms of reference and submit them to the Supervisory Board at its meetings.

The Finance and Audit Committee

Roles and Responsibilities

The Finance and Audit Committee's internal rules were revised in 2010, in particular to bring them in line with the AMF Report of the Audit Committee Working Group. The new version was approved by the Supervisory Board on 27 July.

In accordance with article 823-19 of the French Commercial Code, the Finance and Audit Committee oversees issues concerning the preparation and control of accounting and financial data. In particular, it oversees the process of preparing financial information, the effectiveness of internal control and risk management systems, the statutory auditing of the parent company and consolidated financial statements and the independence of the Statutory Auditors. It is also responsible for informing the Supervisory Board of its opinion on off balance sheet commitments and any corporate action or other project requiring prior approval by the Board. As part of its duty to oversee the effectiveness of internal control systems, the Committee issues an opinion on the internal audit plan for the coming year and is informed of the findings of the internal audits performed in implementing the plan. The Committee reports on its work at each Supervisory Board meeting.

The Finance and Audit Committee, which enjoys free access to all the information it needs, can meet with the head of internal audit and with the Statutory Auditors, with or without any Managing Board members attending.

Membership

The Finance and Audit Committee comprises five members, who are appointed in their own name and may not be represented by another party. Two of these five members are independent based on the criteria applied by the Group. The Committee's current members are: Jean-Paul Parayre (Committee Chairman), Marc Friedel, Jean-Louis Masurel, Robert Peugeot and Marie-Hélène Roncoroni.

It is chaired by a Supervisory Board member who is classified as independent in accordance with the criteria applied by the Group, and as required by law, includes another independent member specialised in financial or accounting matters (Jean-Louis Masurel who is the Chairman of another company's Finance Committee) and who has served as Co. Chairman and Chief Executive Officer of large listed companies.

Marie-Hélène Roncoroni, who represents the company's main shareholder, has specific knowledge in financial and accounting matters, and worked for seven years in the Group's Finance Department.

Finance and Audit Committee Meetings in 2010

The Finance and Audit Committee met eight times in 2010, with an average attendance rate of 98%.

In January, the Committee and the Chief Financial Officer examined the possible financial arrangements and potential financial conditions for a strategic development project, as well as its potential financial impact.

In February, the Committee met with the Statutory Auditors and the Chief Financial Officer to review the 2009 consolidated and parent company financial statements. During a second meeting held in February, attended by the Chief Financial Officer and the Chairman of the Managing Board, the Committee examined the financial outlook in general and the potential financial consequences of the strategic development projects in progress. It also examined with an external consultant the rating methods used by financial ratings agencies and how these are applied for the Group.

In April, the Committee reviewed the first quarter results for 2010 – with a particular focus on changes in the Group's debt – and examined the draft resolutions to be tabled at the Annual Shareholders' Meeting.

In July it met with the Statutory Auditors and Chief Financial Officer to examine the consolidated financial statements for the first half of 2010. It also reviewed the Group's financing and strategic outlook and began the Statutory Auditor selection process in view of the upcoming expiry of the current Auditors' terms of office. At this same meeting the Committee reviewed the Group's various risk exposures in conjunction with the line managers concerned, as well as the processes used to manage and track these risks. In addition, it examined the structure and operating procedures of the Group's internal audit function as well as the findings of the assignments performed by the internal audit teams.

At its September meeting, which was attended by the Group Vice-President, Finance and Treasury, the Committee analysed the proposed issue of Peugeot S.A. bonds as part of the on-going EMTN programme. At the same time, with the Chief Financial Officer and the Corporate Secretary, it reviewed the status of the OCEANE convertible bond issue carried out in June 2009.

In October, the Committee reviewed the Group's medium-term plan and related projects as well as issues relating to the Group's financial rating. It also decided on the date for hearing the Statutory Auditors' service and fee proposals as part of the Auditor selection process.

Lastly, in December, the Finance and Audit Committee examined the end-of-year forecasts and the 2011 budget. It also issued its recommendation to the Board concerning the two audit firms short-listed during Statutory Auditor reproposal process.

The 2011 audit plan, which was provided to the Finance and Audit Committee in December 2010, was examined by the Committee during its meeting in January 2011, which was not attended by the Chief Financial Officer. At this meeting, which was specifically dedicated to audit matters, the Vice-President, Internal Audit, updated the Committee on the internal audit programme and the Committee gave its opinion on the organisation of the internal audit function.

The Strategy Committee

Roles and Responsibilities

The role of the Strategy Committee – whose internal rules were revised and adopted by the Supervisory Board at its 20 April 2010 meeting – is to examine the Group's long-term future, reflect on potential avenues of growth and recommend to the Supervisory Board the Group's overall strategic vision. It also ensures that the strategy proposed and applied by the Managing Board fits with the Group's long-term vision as defined by the Supervisory Board and issues recommendations on the long-term strategic plans and Medium-Term Plan presented by the Managing Board.

The Strategy Committee examines all major projects from their outset and is kept informed of the projects' terms and conditions (particularly their financial structure), as well as of any changes and developments.

In particular, the Committee meets to discuss any project that falls within the scope of article 9 of the company's bylaws, whereby the Supervisory Board must approve in advance "the signature or termination of any manufacturing or sales agreements representing a future commitment for Peugeot S.A., and generally the execution of any major transaction which substantially alters the scope of the business or the balance sheet structure of the company or the Group".

Membership

The Strategy Committee comprises seven members, who are appointed in their own name and may not be represented by another party. The Committee's current members are: Robert Peugeot (Committee Chairman), Jean-Paul Parayre, Jean-Philippe Peugeot, Thierry Peugeot, Henri Philippe Reichstul, Ernest-Antoine Seillière, Jean-Louis Silvant.

Four of these seven members are independent based on the criteria applied by the Group.

Strategy Committee Meetings in 2010

The Strategy Committee met three times in 2010, with an average attendance rate of 95%. The meetings were attended by the members of the Managing Board and Group executives involved in the issues discussed.

At the March meeting, the Committee primarily examined the Group's strategic development projects and the outlook for current or future co-operation agreements, particularly in China.

In May, the Committee discussed the Group's long-term goals, as expressed by the Peugeot and Citroën brands, and in September it examined the Group's Medium-Term Plan, ways to improve the Group's competitiveness, and potential new co-operation agreements.

The Appointments and Governance Committee

Roles and Responsibilities

The Appointments and Governance Committee – whose internal rules were adopted at the Supervisory Board meeting held on 20 April 2010 – prepares Supervisory Board discussions concerning the appointment of new Supervisory Board and Managing Board members, by proposing selection criteria, organising the selection process, recommending candidates for appointment or re-appointment, and monitoring succession plans for members of the Managing Board. In addition, it tracks changes in French legislation concerning the governance of listed companies, as well as all of the recommendations issued by market regulators and representatives of listed companies.

It also submits opinions or recommendations to the Supervisory Board concerning governance issues.

Membership

The Committee comprises six members, who are appointed in their own name and may not be represented by another party. The Committee's current members are: Jean-Philippe Peugeot (Committee Chairman), Robert Peugeot, Thierry Peugeot, Geoffroy Roux de Bézieux, Ernest-Antoine Seillière, Jean-Louis Silvant.

Three of these six members are independent based on the criteria applied by the Group.

Appointments and Governance Committee Meetings in 2010

The Appointments and Governance Committee met five times in 2010, with a 100% attendance rate.

At the beginning of the year, the Committee discussed (i) the membership structure of the Supervisory Board Committees, (ii) the amendments to the internal rules of the Supervisory Board and its committees and (iii) the introduction in February 2010 of a Stock Market Code of Ethics applicable to Supervisory Board members, non-voting advisors and Managing Board members.

Also during the year, the Committee reviewed the criteria applied by the Supervisory Board when assessing the independence of its members, as well as future changes to the Board's membership to align it with best market practices. As part of this review, the Committee launched a process to find new Supervisory Board members with a view to increasing the proportion of women, non-French and independent members and creating a more diverse Board.

The Committee participated in the Board's process for assessing its own performance in 2010, by (i) finalising the questionnaire given to the members and (ii) recommending measures in response to the observations made in the questionnaires and to ensure that the Board continues to function effectively and applies best corporate governance practices. These recommendations were put into practice in 2010. A further self-assessment of the Supervisory Board's performance was performed in January 2011 based on a more detailed questionnaire.

Also in 2010, the Committee kept itself closely informed of actions implemented by the Group concerning ethics and conduct (such as the processes for revising and enriching the Code of Ethics and setting up an Ethics Committee) and undertook a review of the succession plans for a number of senior executives.

The Compensation Committee

Roles and Responsibilities

The Compensation Committee – whose internal rules were adopted at the Supervisory Board meeting held on 20 April 2010 – prepares Supervisory Board discussions regarding all aspects of compensation and benefits for the Chairman, Vice-Chairmen and other members of the Supervisory Board as well as for Board Committee members and the Chairman and other members of the Managing Board.

To fulfil these responsibilities, the Committee stays informed of

- current and emerging market compensation practices;
- the pay levels and forms of compensation of senior executives who are not on the Managing Board, as well as the Managing Board policies for reviewing and updating these compensation packages.

Membership

The Compensation Committee comprises five members, who are appointed in their own name and may not be represented by another party. The Committee's current members are: Thierry Peugeot (Committee Chairman), Jean-Philippe Peugeot, Ernest-Antoine Seillière, Jean-Louis Silvant, Geoffroy Roux de Bézieux.

Three of these five members are independent based on the criteria applied by the Group.

Compensation Committee Meetings in 2010

The Compensation Committee met seven times in 2010, with a 100% attendance rate.

At the beginning of the year, the Committee determined the incentive bonuses for Managing Board members for 2010, examining, for each member, the maximum percentage of the base salary that the bonus could represent and the applicable Group and personal performance criteria.

Also in 2010, the Committee examined the new rules for the supplementary pension plan for the Group's senior executives.

Towards the end of the year, the Committee set the base salary of the members of the Managing Board as well as the terms and conditions for calculating their incentive bonuses for 2011.

In addition, the Committee reviewed the methods used for allocating attendance fees among Supervisory Board members out of the aggregate amount approved by shareholders.

At several of the meetings held in 2010, the Committee members examined the long-term incentive plan proposed by the Managing Board that involved granting performance shares to 291 senior executives and managers.

5.2. Remuneration and Benefits of Board Members

5.2.1. Managing Board Compensation

Compensation Policy

The compensation paid to each Managing Board member is determined by the Supervisory Board after reviewing the recommendations of the Compensation and Appointments Committee.

The annual compensation paid to Managing Board members includes a base salary and an incentive bonus based on the achievement of a certain number of qualified and quantified objectives.

At the end of the year, the Supervisory Board determines the base salary that will be paid to Managing Board members the following year and, at the beginning of the year, it calculates the incentive bonus based on an evaluation of how well each member met his or her assigned objectives over the year. Also at the beginning of the year, the Supervisory Board sets objectives for each Managing Board member for the current year.

2010 Compensation

For 2010, **annual base salaries** amounted to €1,300,000 for the Chairman of the Managing Board and €618,000 for the other members of the Managing Board, unchanged from 2009. Grégoire Olivier, who is based in China, also received a distance allowance corresponding to half of his salary on an annualised basis.

The Chairman and members of the Managing Board were also eligible to receive an **incentive bonus** in 2010, subject to performance conditions based on the achievement of objectives. Barring exceptional circumstances, the Chairman of the Managing Board could receive a bonus of up to 150% of his base salary if all of his objectives were met and the other members could be awarded up to 100% of their base salary.

The five members of the Managing Board were assigned both shared and personal objectives for 2010:

- the portion of the incentive bonus based on **shared objectives** corresponded to a maximum of 75% of the base salary of each of the Managing Board members. These quantified objectives were based on the following performance criteria: consolidated recurring operating income, recurring operating income for the Automotive Division, the free cash flow of the manufacturing and sales companies*, workplace safety, vehicle quality and customer service. The achievement level for each of the objectives was calculated based on accounting data or information provided by external organisations. Although the required achievement levels cannot be disclosed, they were determined precisely, in relationship with the corresponding budget items;
- the portion of the incentive bonus corresponding to **personal objectives** corresponded to a maximum of 35% of base salary for the Chairman of the Managing Board and 25% for the other members. These personal objectives – which related to each member's individual executive responsibilities – included criteria such as strategic development in Asia, implementing the excellence system, recurring operating income for certain divisions, the performance of vehicle projects, market share gains, and the services strategy.

The Supervisory Board was also entitled to grant the Chairman of the Managing Board an additional incentive bonus, equal to up to 40% of his base salary, for his overall performance in heading the Group, as assessed by the Supervisory Board.

In early 2011, the Supervisory Board determined the incentive bonus due to each member of the Managing Board, based on the extent to which his 2010 objectives were met.

In addition, in view of the particularly outstanding results achieved in 2010, the Supervisory Board decided to grant additional bonuses to Philippe Varin and the other members of the Managing Board, amounting to €300,000 and €120,000 respectively.

** Net cash generated by the operating activities of manufacturing and sales companies (excluding BPF) in 2010, less net cash used in investing activities.*

2011 Compensation

For 2011, the Supervisory Board has decided that, barring exceptional circumstances, the incentive bonus payable to the Chairman of the Managing Board may represent a maximum of 150% of his base salary, unchanged from 2010. The maximum percentage for the other members of the Managing Board has been increased to 110%, again barring any exceptional circumstances.

As in 2010, the incentive bonus for 2011 will be based on the achievement of both shared and personal objectives set for the five Managing Board members.

The shared Group objectives will be based on the following performance criteria: consolidated recurring operating income, recurring operating income for the Automotive Division, implementation of the Automotive Division Performance Plan, the net cash position of the manufacturing and sales companies, workplace safety, vehicle quality and customer service. The achievement level for each of the objectives will be calculated based on accounting data or information provided by external organisations.

For the Chairman of the Managing Board, the portion of the incentive bonus determined by reference to shared Group objectives and personal objectives will correspond to a maximum of, respectively, 90% and 30% of his base salary. The additional incentive bonus based on the Supervisory Board's assessment of his overall performance in heading the Group may represent a maximum of 30% of his base salary.

For the four other Managing Board members, the portions of their incentive bonus corresponding to shared Group objectives and personal objectives will remain unchanged in 2011, at 75% and 25% of their base salary respectively. The Supervisory Board will also be able to allocate each of these Managing Board members an additional bonus – representing up to 10% of their base salary – following an overall assessment of their performance.

Pension Benefits under an Insured Plan

The Group has set up a top hat pension plan for its senior executives (including eligible Managing Board members) to supplement the retirement benefits payable under statutory schemes. The eligibility criteria and the applicable terms and conditions are set out in the plan.

For the current members of the Managing Board:

For current Managing Board members, the top hat plan guarantees a level of pension benefit in the aggregate for all plans (statutory and supplementary) equal to up to 50% of a benchmark salary, taken to be the average of the three highest gross annual salaries (including incentive bonus) received over the last five years with the Group.

The additional benefits comprise i) a fixed portion equivalent to 30% of the benchmark salary and ii) an additional 2% of the benchmark salary per year of service with the Group, up to a maximum 20%. To be entitled to this additional pension benefit, a member must have served as a senior executive of the Group (as defined in the plan) for at least five years and must end his career with the Group.

For future members of the Managing Board:

The following terms and conditions will apply to future Managing Board members: the reference benchmark salary will correspond to the average of their base salary for the last three years in their position plus a percentage equal to the average of the ratios of their incentive bonus/base salary for the eight years preceding their retirement from the PSA Peugeot Citroën Group.

The additional benefits will comprise i) a fixed portion equivalent to 20% of the benchmark salary and ii) an additional 1.75% of the benchmark salary per year of service with the Group, up to a maximum 30%. The overall pension benefits payable under all plans (statutory and supplementary) will be capped at 50% of the benchmark salary and at 29 times the annual ceiling used for social security contributions. To be entitled to this additional pension benefit, a member must have served as a senior executive of the Group (as defined in the plan) for at least eight years and end his or her career with the Group.

Employment Contracts

None of the members of the Managing Board has an employment contract that would be reinstated after he or she ceases to be a corporate officer. Consequently none of them would be entitled to receive any benefits for the termination of an employment contract.

Stock-Options/Stock Grants Without Consideration

None of the members of the Managing Board was granted any stock-options or performance shares in 2010.

The Managing Board members who received stock-options in 2007 and 2008 are subject to lock-up rules and are prohibited from using hedging instruments.

Details of previous stock-option plans in effect at 31 December 2010 are presented in Note 26.3 to the consolidated financial statements in section 20 of the 2010 Registration Document. Table 5 (§ 15.3 of the 2010 Registration Document) shows that none of these options were exercised by Managing Board members during the year.

To the best of the company's knowledge, none of these options have been covered by a hedging instrument.

Other Benefits

The only benefit in kind provided to Managing Board members is a company car.

No other commitments have been given to past or present Managing Board members concerning any other benefits to be paid when they cease to be a member. Details of the different types of compensation, commitments and benefits granted to Managing Board members in respect of their office in 2010 are presented in tables 1, 2 and 10 in section 15 of the 2010 Registration Document.

5.2.2. Supervisory Board Compensation

Supervisory Board members and advisors are paid annual attendance fees up to an aggregate amount determined in advance by the Annual Shareholders' Meeting. Pursuant to the decision of the Annual Shareholders' Meeting of 28 May 2008, this amount has been set at €600,000 until further notice.

In 2010, €30,000 was allocated to each member of the Supervisory Board and €17,000 to each advisor. The members of the Supervisory Board Committees were paid an additional €10,000, with the Chairmen of the Strategy Committee, the Appointments and Governance Committee and the Compensation Committee receiving an additional €15,000 and the Chairman of the Finance and Audit Committee €20,000.

The Chairman of the Supervisory Board also received €425,000 in compensation for 2010, unchanged since 2002, and each of the Vice-Chairmen of the Supervisory Board received €30,000.

No benefits in kind were awarded to Supervisory Board members, with the exception of a company car provided for the Chairman.

Details on the different types of compensation, commitments and benefits granted to Supervisory Board members in respect of 2010 are presented in the tables in section 15 of the 2010 Registration Document.

In addition, Thierry Peugeot, Jean-Philippe Peugeot, Robert Peugeot and Marie-Hélène Roncoroni receive compensation for working or holding corporate offices in the Peugeot family's companies. Details regarding this compensation are provided in the *Foncière, Financière et de Participations* (FFP) Management Report.

The Supervisory Board has decided to increase its Chairman's annual compensation to €550,000 as from 2011 and to put forward a recommendation to the Annual Shareholders' Meeting to raise to €1 million the directors' fees allocated to Supervisory Board members for their duties as members of the Board and/or members/Chairmen of the Board Committees. The Supervisory Board considers that this recommendation is justified in view of the volume of work carried out by its members as well as the significant amount of time devoted to preparing and attending Board and Committee meetings.

5.3. Internal Control Systems

The applicable internal control processes are described in the Report of the Chairman of the Supervisory Board in section 16 of the 2010 Registration Document.

Objectives of the PSA Peugeot Citroën Internal Control Systems

As part of its commitment to preventing and limiting the effect of internal and external risks, the Group has set up risk management and internal control to ensure:

- compliance with laws and regulations;
- application of the Managing Board's instructions and strategic guidelines;
- efficient internal processes, particularly those that help to safeguard the assets of the Group's companies;
- reliable financial reporting.

More generally, these procedures and processes also contribute to the proficient management of the Group's businesses, the effectiveness of its operations and the efficient use of its resources.

The Group's internal controls are implemented based on its operational organisation as well as its legal structure.

Internal Control Principles

PSA Peugeot Citroën's internal control system was designed with five key goals in mind:

- to reflect the Group's strategic objectives, which are to be a global, profitable, independent company that ranks among the world's leading broadline automobile manufacturers:
  - the entire process is designed to proactively identify the risks capable of affecting the Group over the medium to long term,
  - all of the Group's companies are involved in the process, managing risks and ensuring internal control compliance in all of their operations,
  - the process focuses on action plans and outcomes, with a constant view to supporting operating efficiency,
  - the process is underpinned by compliance with applicable laws and regulations, exemplary behaviour and ethical practices, which the Group believes to be essential to responsible growth.
- to integrate a formal system, the Global Risk Management System (GRMS);
- to structure the system in such a way that it enables each department or division to deploy the same risk management and internal control process;
- to deploy the system with the support of dedicated standards and IT resources;
- to make the system auditable based on quality indicators.

Risk Management and Control Guidelines

At its monthly meetings, the Executive Committee systematically tracks the Group's major risks, with a focus on new developments or the emergence of new risks. During these meetings, it is informed of any difficulties encountered in managing these risks and plays careful attention to the effectiveness and quality of the action plans being deployed.

In general, Senior Management is responsible for the quality of internal control and risk management systems, whose design and implementation it delegates to the Corporate Secretary, and more particularly to the Risk Management and Control Department.

Each operating Division and corporate Department has its own reference manual, accessible by every employee on a dedicated intranet site and describing its operating procedures and processes as well as interfaces with the other Departments or Divisions. It offers an effective working framework to provide employees with the information they need to correctly perform the tasks assigned to them.

In accordance with the corresponding risk management and control guidelines, each Division or Department is responsible for managing and controlling its own risk. As such, each one applies in its remit the iterative five-step process described in the Global Risk Management System: (i) identify, (ii) analyse, (iii) assess, (iv) address and (v) control risks. Deployment of this process is managed by an Executive Risk Controller and by the Site Risk Managers, backed as needed by a network of specialists capable of managing specific risks, such as financial and legal risks, information system risks, environmental risks and supplier risks.

The Risk Management and Control Department, which reports to the Corporate Secretary, designs and maintains the Global Risk Management System and the dedicated information system. In this capacity, it works in close cooperation with the network of Executive Risk Controllers and Site Risk Managers, who submit the information that the Department consolidates and analyses to prepare an updated risk map. Every month, the updated map is sent to the Executive Committee along with comments on any difficulties encountered in managing the identified risks and the action plans to be implemented or enhanced.

The Internal Audit Department, which is part of the Corporate Secretary, uses the risk map created from the Global Risk Management System as a base for preparing its annual audit plan, which is defined independently and subsequently submitted to Senior Management and the Finance and Audit Committee for review. In 2010, the Internal Audit Department carried out 85 audits, whose general conclusions were reported to Senior Management and to the external auditors for the purpose of their accounting and financial reports. The Internal Audit Department is also responsible for assessing the quality of the Group's internal control system.

The Legal Affairs Department, which is part of the Corporate Secretary, is responsible for preparing or verifying the Group's contractual commitments and ensuring their legal and regulatory compliance. It is also in charge of organising the Group's defence in the event of disputes with third parties. In this way, it helps to limit and manage the Group's exposure to legal risks as an employer and in connection with the design and distribution of vehicles, the purchase of components and the supply of services.

Management controls within the Group are organised around an integrated three-tier structure:

- a Corporate Department is responsible for the entire system and for issuing finance and management standards and procedures, describing the methods to be used, the related software applications and the timelines for the various tasks;
- the second tier consists of management control structures at divisional level, with Automotive Division controls organised around the main entities (the brands, production, R&D);
- the third tier corresponds to management control structures in each operating unit, such as a plant or a marketing and sales subsidiary for the Automotive Division.

The Supervisory Board, with the support of the Finance and Audit Committee ensures that the risk management and internal control system operates effectively. It is informed of the internal control system and the risk map, with particular emphasis of risks capable of having an impact on the Company's financial and accounting information, and ensures that these systems are sufficiently mature and proficiently managed. It was with these objectives in mind that the Risk Management and Control Department presented the Group's internal control and risk management procedures and risk mapping methodology to the Finance and Audit Committee at its July meeting.

The Finance and Audit Committee also reviews the Internal Audit Department's organisational and operating principles, expresses an opinion on the internal audit plan and is informed of the findings of (i) the internal audits performed as part of the plan and (ii) the follow-up audits to check that the recommendations have been implemented. As part of this process, a session was devoted entirely to the Internal

Audit Department at the Finance and Audit Committee's January 2011 meeting, which was attended without the Chief Financial Officer and other members of the Managing Board. During the meeting, the Committee reviewed the findings of the 2010 audits, the progress made on the resulting action plans, the 2011 audit plan and the organisation and resources deployed to lead these audits and track their outcomes.

The Finance and Audit Committee may also be asked by the Managing Board, the head of internal audit, the head of internal control or the Statutory Auditors to review any event exposing the Group to significant risk.

5.4. Ethical Practices

5.4.1. Code of Ethics

New Code of Ethics

PSA Peugeot Citroën's corporate culture is based on respect and responsibility, reflecting both the history of the Group and that of the Peugeot and Citroën brands. This ethical outlook was reaffirmed in the strategic Vision statement unveiled in 2009, which had as its core ambition of responsible development.

This ambition is evidenced in collective commitments to key stakeholders, including customers, employees, shareholders, partners and the community. To meet these commitments, everyone in the corporate community must comply with shared ethical guidelines, compiled in the Group's Code of Ethics.

In 2010, PSA Peugeot Citroën emphasised the importance of ethical practices by deploying a new, expanded Code of Ethics. Available in eight languages and comprising 16 rules of ethical conduct, the Code of Ethics is designed to provide employees with updated guidelines that reflect the company's business, social and environmental responsibilities.

All employees may refer to the Code of Ethics, which is posted on the Group intranet.

In line with its pledge to support the Global Compact, PSA Peugeot Citroën ensures that its actions always reflect the principles defined in the Code of Ethics, particularly with respect to not financing political parties, avoiding conflicts of interest and preventing acts of corruption.

Structured Cascading

Managers from all levels were deeply involved in the extensive deployment of the new Code of Ethics. The Group's 752 executive and senior managers were asked to personally sign the Code and cascade its rules to their teams. In addition, the Management Committees have been asked to spend at least two meetings each year formally measuring their practices against the Code of Ethics.

The Group also has an Ethics Committee that reports to the Executive Committee. Its members include the Corporate Secretary (Chairman), the head of Human Resources and the head of internal audit. If necessary, employees can reach the Ethics Committee directly via a dedicated e-mail address. Employees who witness non-compliant behaviours or situations have several options available to them. They may express their concerns to their supervisor, their human resources manager or a member of the Executive Committee. In 2011, all managers, employees, technicians and supervisors will be asked to formally accept the Code's rules of conduct.

Lastly, an international network of Chief Ethics Officers was put into place to deploy the process in every host country and to systematically report to the Ethics Committee any local ethical issues or breaches of compliance.

The PSA Peugeot Citroën Code of Ethics may be downloaded from the sustainable development website.

5.4.2. Conflicts of Interest, Corruption and Anti-Competitive Behaviour

Preventing Corruption and Avoiding Conflicts of Interest

Under the terms of the Global Framework Agreement on Social Responsibility, PSA Peugeot Citroën is committed to fighting against all forms of corruption and avoiding conflicts of interest. Every employee has been informed of this commitment and made aware of its importance.

Demonstrating the commitment to fighting against corruption is based on the following key factors:

- the involvement of every employee;
- an analysis of risks and the definition of processes to control them;
- the traceability of every transaction;
- the separation of powers and multiple signatures depending on the amount of the transaction;
- careful selection of partners.

In addition, employees may report suspected cases of corruption or potential corruption to their supervisor or to the Ethics Committee.

Suppliers are also expected to demonstrate their commitment to preventing corruption and avoiding conflicts of interest, as stipulated in PSA Peugeot Citroën's Requirements Regarding Social and Environmental Responsibility with Respect to its Suppliers. Purchasing directives have also been defined to discourage corrupt practices.

In addition to legally mandated control processes in force at Banque PSA Finance, every audit of a Group plant, site or subsidiary includes procedures designed to analyse the risk of corruption, in order to prevent any occurrence. A variety of audits and other internal control procedures are performed every year to detect any cases of corruption, with disciplinary action taken in line with the severity of the case.

In every aspect of its business, and particularly where competition rules are concerned, PSA Peugeot Citroën fully complies with applicable national or European Union law and regulations. To improve employee understanding of competition rules, an intranet-based e-learning programme designed to discourage anti-competitive behaviour is now offered in the catalogue of courses of PSA Peugeot Citroën.

Cases of Conflict of Interest

(Consolidated Group, excluding Faurecia)

There were no major cases of conflict of interest reported in 2010.

Cases of Corruption

(Consolidated Group, excluding Faurecia)

There were no convictions for corruption in 2010.

Cases of Anti-Competitive Behaviour

(Consolidated Group, excluding Faurecia)

Group companies did not record any fines in 2010 that had a material impact on the consolidated financial statements. A provision was set aside for a case involving Peugeot's subsidiary in Turkey.

REVIEW REPORT BY ONE OF THE STATUTORY AUDITORS

This is a free translation into English of the report by one of the Statutory Auditors issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Review report by one of the Statutory Auditors on the Processes for Compiling Certain Environmental and Social Indicators and on a Selection of PSA Peugeot Citroën Group Data Published in the 2010 Sustainable Development Performance Indicators Report

To the Management of PSA Peugeot Citroën,

At the request of PSA Peugeot Citroën and in our capacity as the Group's Statutory Auditors, we have performed a review for the purpose of enabling us to express moderate assurance on:

- the Group's processes for compiling i) certain environmental indicators from the Group's plants, offices and other facilities, and ii) social indicators for the Group with the exception of Faurecia;
- data of a selection of environmental indicators for production facilities operated by Peugeot Citroën Automobiles (PCA) and certain social indicators for the Automotive Division.

The corresponding 2010 indicators are shown in the "Environment" and "Social and Society" chapters of the 2010 Sustainable Development Performance Indicators document, where they are indentified by the following symbols:

- ◆ for Group environmental indicators and Group social indicators with the exception of Faurecia, the compilation processes of which have been reviewed within the context of our work;
- ◆ for PCA plant environmental indicators and Automotive Division social indicators, the data of which have been reviewed within the context of our work.

The above-mentioned indicators were prepared and compiled under the responsibility of PSA Peugeot Citroën management in accordance with the Group's 2010 reporting standards. Information concerning these standards may be requested from the Group Sustainable. Development Department at contact.sustainability@mpsa.com.

Our responsibility, based on our review, is to express a conclusion on the processes for compiling indicators and on the selection of the above-mentioned data.

Nature and Scope of our Work

We carried out our work in accordance with professional standards applicable in France.

We performed the procedures described below to obtain moderate assurance that no irregularities exist with regard to data of the selection of reported environmental and social indicators and the processes enabling their compilation.

We did not perform all of the procedures required to obtain reasonable assurance (a higher level of assurance).

- We assessed the processes used by the different Group units to report environmental and social indicators to head office, with regard to their relevance, reliability, objectivity and understandability.
- We selected a sample of facilities, as described below, based on the quantitative and qualitative criteria applied to the data (such as relative weighting, region or business) and in line with the findings of our previous reviews. In the selected facilities and units, we conducted interviews with the persons responsible for compiling the data to verify that the processes were properly understood and correctly implemented. We performed detailed assessments, on a test basis, to verify that the selected data had been correctly calculated and were consistent with the supporting documentation.

Sample selected for environmental indicators:

PCA	Manufacturing sites in Caen, Poissy and Sochaux (France) and in Vigo (Spain)
Faurecia	The facilities in Augsburg and Essen (Germany) and Pitesti (Romania)
Gefco	The Gefco subsidiaries in France and the Czech Republic
Peugeot and Citroën Brands	Peugeot France regional headquarters
	Peugeot and Citroën subsidiaries in Spain

Sample selected for the social indicators:

PCA	Manufacturing facilities in Mulhouse, Poissy and Rennes (France) and Vigo (Spain)
Gefco	The Gefco subsidiaries in France and the Czech Republic

The PCA production plants or Automotive Division facilities whose data were reviewed represent the following contributions:

- for environmental indicators, an average of 30% of the PCA plants' energy consumption, 30% of their direct greenhouse gas emissions, 13% of their sulphur dioxide emissions, 32% of their nitrogen dioxide emissions, 58% of their volatile organic compound emissions and 42% of their water consumption;
- for social indicators, 39% of the hours worked in the Automotive Division facilities used to calculate lost-time incident frequency and severity rates.

- For environmental indicators, we prepared a questionnaire to enable us to assess, on a test basis, whether the indicators reporting processes were properly applied and the internal controls effectively performed. This questionnaire was sent to:
  - 22 Faurecia facilities in 15 countries,
  - 5 Gefco subsidiaries in 5 countries,
  - 5 Peugeot and Citroën subsidiaries in 3 countries.
- We prepared similar questionnaires for social indicators and sent them to six Peugeot and Citroën subsidiaries.
- Lastly, at Group level, we performed analytical procedures and verified, on a test basis, that the data had been correctly consolidated and calculated.

This work involved, in particular, interviews with the persons responsible for preparing and applying the processes and consolidating the data, as follows:

Groupe / PCA	The Industrial Environment Unit, part of the Institutional Relations Department in the Corporate Secretary, which is in charge of compiling and consolidating environmental reporting data from PCA production plants and for centralising Group environmental indicators
Faurecia	An outside service provider in charge of compiling and consolidating Faurecia's environmental data
	The Health, Safety and Environment (HSE) coordinators for each of Faurecia's four Business Groups (Automotive Seating, Interior Systems, Emissions Control Technologies and Automotive Exteriors)
	The HSE managers in charge of validating environmental indicators for:
	◆ The Automotive Seating Business Group
	◆ The Northern Europe division of the Automotive Exteriors Business Group, the Spain-Portugal-United Kingdom division of the Interior Systems Business Group and the Europe-South Africa division of the Emissions Control Technologies Business Group
Gefco	An outside service provider in charge of compiling and consolidating Gefco's environmental data
	The Sustainable Development Officer in the Quality Department in charge of validating Gefco environmental reporting data.
Peugeot and Citroën Brands	An outside service provider in charge of compiling and consolidating the Peugeot and Citroën brands' environmental data
	The Environment Manager in the Customer Service Department responsible for compiling and consolidating environmental reporting data from the Peugeot and Citroën brands

For social indicators:

Group	The Employee Relations and Labour Department, part of the Industrial Department and the Human Resources Reporting Department which reports to the Human Resources and Quality Department, in charge of compiling social reporting data, establishing certain data on workforce, training, working hours and workweek organisation, and consolidating social indicators
Gefco	The Gefco Human Resources Management Control Department, part of the Human Resources, Communication and Organisation Department, in charge of reviewing employee data compiled by Gefco subsidiaries

In performing our work, we were assisted by experts from our Sustainable Development Department.

Conclusion

Concerning the environmental indicators, our review revealed limited or non-existent internal controls of environmental reporting data from the Peugeot and Citroën brands and Gefco.

Based on our review and subject to the mentioned above exception, no material irregularities came to light causing us to believe that the following processes and data do not comply with the Group's 2010 reporting standards and procedures:

- the processes for compiling environmental indicators from the plants, and the social indicators for the Group (with the exception of social indicators of Faurecia),
- the data of a selection of environmental indicators reported for PCA production facilities and the Automotive Division social indicators, specified in the first paragraph.

Neuilly-sur-Seine, 12 April 2011

Pierre Riou	Sylvain Lambert
Partner	Partner
Statutory Auditor	Sustainable Development Department

GRI STATEMENT AND CROSS REFERENCE TABLES

The Global Reporting Initiative (GRI) Statement

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **PSA Peugeot Citroën** has presented its report "2010 Sustainable Development Performance Indicators" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 12 May 2011

GA+ GRI REPORT GRI CHECKED

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

The "+" has been added to this Application Level because PSA Peugeot Citroën has submitted this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: *Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 2 May 2011. GRI explicitly excludes the statement being applied to any later changes to such material.*

GRI Index

		2010 Sustainable Development and Annual Report (relevant pages)	2010 Sustainable Development Performance Indicators (relevant pages)	Registration Document (relevant pages)	Reporting status
1.	**STRATEGY AND ANALYSIS**				
1.1	Executive management statement	4-5, 8-9	6		
1.2	Description of key impacts, risks, and opportunities		7-8	13-26	
2.	**ORGANISATION PROFILE**				
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2.3	Operational structure	6-7, 10-11	150-151	85-90	
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2.5	Country operations	12-13	64-65	92-93	
2.6	Nature of ownership and legal form	50	26-27	192	
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2.8	Scale of the reporting organisation	12-13	30, 34, 93		
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3.9	Data measurement techniques		20, 64-65, 92		
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3.13	External assurance for the report		1, 21		
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4.12	Endorsement of external sustainablity charters/initiatives		12		
4.13	Significant memberships in associations		12		
4.14	Listing of stakeholder groups		13		
4.15	Basis for stakeholders identification/selection		13-15		
4.16	Stakeholder engagement approaches		14-15		
4.17	Key stakeholder issues and concerns		15-17		

Indicator		2010 Sustainable Development and Annual Report (relevant pages)	2010 Sustainable Development Performance Indicators (relevant pages)	Registration Document (relevant pages)	Reporting status
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EC1	Economic value generated and distributed	12-13	29		
EC2	Financial implications, risks and opportunities due to climate change		7-8, 40-42		(3)
EC3	Defined benefit plan obligations		129		
EC4	Financial assistance received from government		29		
EC5	Wages comparison		125-127	184	
EC6	Spending on locally based suppliers		37-38		
EC7	Local hiring		94		
EC8	Infrastructure investments and public benefit		142-147		
EC9	Indirect economic impacts		7-8, 35-37		(4)
ENVIRONMENT			39-54, 63-90		
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EN2	Percentage of materials used that are recycled		52, 79	39-40, 46	(5)
EN3	Direct energy consumption broken down by primary source	49	68, 70	47	
EN4	Indirect energy consumption broken down by primary source	49	69, 70	48	(6)
EN5	Energy saved due to conservation and efficiency improvements		40-43, 70	41	
EN6	Initiatives to provide energy-efficient products/services, and energy saved	15-17	40-50	35-38	(7)
EN7	Initiatives to reduce indirect energy consumption		40-50, 71-72	31-34	(8)
EN8	Total water withdrawal by source	49	78-79	45	
EN9	Water sources significantly affected by withdrawal of water		79		(9)
EN10	Percentage and total volume of water recycled and reused				(10)
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EN12	Description of significant impacts of activities on protected areas		88-89		
EN13	Area of habitats protected or restored		88-89, 147		
EN14	Programmes for managing impacts on biodiversity		88-89		
EN15	IUCN Red List species and national conservation list species affected by operations		88-89		
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EN21	Total water discharge by quality and destination		86-88	42, 46	
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EN26	Initiatives to manage environmental impacts of products and services across product lifecycle		41, 52		
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Indicator		2010 Sustainable Development and Annual Report (relevant pages)	2010 Sustainable Development Performance Indicators (relevant pages)	Registration Document (relevant pages)	Reporting status
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EN29	Significant environmental impacts of transport for logistics		73-74		
EN30	Total environmental protection expenditures		40		(12)
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LA2	Employee turnover by age/gender/region	49	97-101		
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LA4	Employees covered by collective bargaining agreements		107	172	
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LA6	Management-worker health and safety committees		119		
LA7	Rates of injury, occupational diseases, lost days, absenteeism and fatalities, by region	43-44, 49	110-118, 123	164-165	
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LA9	Health and safety topics covered in formal agreements		120		
LA10	Average hours of training	49	105-106	187	
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LA12	Performance and career evaluations		104	187-188	
LA13	Employee and governance body demographics	6-7, 10-11	130-138	185-186	
LA14	Ratio of basic salary of men to women by employee category		126-127		
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HR1	Investment agreements with human rights clauses		35-36		
HR2	Human rights screening of major suppliers/contractors		35-36		
HR3	Employee training on human rights policies and procedures		140-141		
HR4	Total number of incidents of discrimination and actions taken		138		
HR5	Freedom of association		107-109, 139-141	171-172	
HR6	Child labor risk and elimination		35-36, 139-141	173	
HR7	Forced and compulsory labor risk and elimination		35-36, 139-141	173	
HR8	Security practices (security personnel training)		135-136		
HR9	Indigenous rights		139-141		

Indicator		2010 Sustainable Development and Annual Report (relevant pages)	2010 Sustainable Development Performance Indicators (relevant pages)	Registration Document (relevant pages)	Reporting status
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PR2	Non-compliance with health and safety regulations		61		
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PR6	Marketing communications' adherence to regulations		62		
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PR8	Complaints regarding breaches of customer privacy		61		
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SO2	Business units analysed for risks related to corruption		160-163		
SO3	Extent of training and risk analysis to prevent corruption	44-45	160-163		
SO4	Actions taken in response to instances of corruption		163		
SO5	Participation in public policy development and lobbying		18-19		
SO6	Financial and in-kind contributions to political parties		162		
SO7	Anti-competitive behaviour, anti-trust, and monopoly practices		163		
SO8	Monetary value of significant fines/sanctions for non-compliance with laws/regulations		61-62, 88, 163	43	

Standard indicators are in black. Additional indicators are in grey.

Fully reported *Partially reported* *Not reported; N/R: Not relevant*

Note that this document does not necessarily contain all of PSA Peugeot Citroën's response to a given indicator, even though its reporting status shows that it is partially or fully reported. This is because the reporting status reflects information disclosed in other media, such as the PSA Peugeot Citroën sustainable development website (www.sustainability.psa-peugeot-citroen.com).

The GRI content index template is available on the Group's sustainable development website.

Notes:

(1) For defining report content, material issues have been studied thanks to the stakeholders' feedback collected in our survey on the Group sustainable development commitment and reporting and thanks to our own assessment of our main impacts at every step of the life cycle of the products. Main challenges and results are also reported in the 2010 Sustainable Development and Annual Report. This process complies with the GRI's 'Guidance on Defining Report Content'.

(2) Not relevant – The governance of PSA Peugeot Citroën is based on an Executive Board and a Supervisory Board.

(3) The Group has responded to the Carbon Disclosure Project questionnaire (CDP). Financial implications and other risks and opportunities for the organisation's activities due to climate change are indicated in the Group's answers to this questionnaire. Risk factors are described in 2010 Registration Document, section 4.

(4) Not available. Indirect economic impact is difficult to assess by company. The ratio in industry between direct employment and ancillary employment can be estimated at 3 to 4. Other impact types are covered in certain studies, but it is still difficult to make reliable economic assessments.

(5) The use of renewable materials is monitored internally. The key focus is on recyclability and the effective recycling of vehicles.

(6) Not available. The Group consumes outsourced electricity and steam. No detail on all suppliers' primary sources is available. The Group will be able to provide this indicator for PCA's perimeter (manufacturing operations of the Automotive Division) for the next reporting session and is tempting to retrieve the information for Gefco and APIAC in mid or long-term.

(7) The energy challenges of the automotive industry concerning its products are closely linked to the greenhouse effect. Cf. EN18.

(8) Not available. The energy consumption of suppliers of automotive parts for Peugeot and Citroën vehicles is neither compiled nor estimated. PSA Peugeot Citroën encourages its suppliers to make progress through its purchasing requirements.

(9) Not relevant. PSA Peugeot Citroën's sites are not located in areas with water withdrawal restrictions, so have no significant impact on the water source.

(10) Not available. Optimising water consumption at PCA automotive sites is factored in from the design phase of the new site and is one of the objectives of the Environmental Management System. Water recycling and other processes to limit water consumption are encouraged. Open circuit cooling is forbidden at all new facilities. PSA Peugeot Citroën prefers to monitor its water consumption (cf. water consumption indicator) rather than measure the quantity of water recycled at each site.

(11) Weight not available, but a complete action plan is set up. The Group's is studying the feasibility to consolidate this indicator in order to be able to provide reliable data in long-term.

(12) Not available. Only R&D expenses dedicated to environmental issues are estimated and published. This indicator is not consolidated. As of today, no methodology exists to assess this cost within a reliable bracket for all industrial activities. The Group monitors trends in these costs on a case-by-case basis, notably investments in this area, and has started internal discussions on the subject in parallel with the development of a possible international standard.

Correspondance between Global Compact and GRI indicators

Areas	Principle	GRI G3 indicators
1. Human Rights	1. Businesses are asked to support and respect the protection of international human rights within their sphere of influence.	HR1,HR2,HR3,HR5,HR6,HR7,HR8,HR9
	2. Make sure their own corporations are not complicit in human rights abuses.	1.1,EC1,HR1,HR2,HR8
2. Labour	3. Businesses are asked to uphold the freedom of association and the effective recognition of the right to collective bargaining.	HR5,LA4,LA5
	4. The elimination of all forms of forced and compulsory labour.	HR7
	5. The effective abolition of child labour.	HR6
	6. The elimination of discrimination in respect of employment and occupation.	HR4,LA2,LA10,LA13,LA14
3. Environment	7. Businesses are asked to support a precautionary approach to environmental challenges.	2.1
	9. Encourage the development and diffusion of environmentally friendly technologies.	EN2,EN5,EN6,EN7,EN10,EN13,EN14, EN 18,EN21,EN22,EN26,EN27,EN30
	8. Undertake initiatives to promote greater environmental responsibility.	EN2,EN5,EN6,EN7,EN10,EN18,EN26, EN27
4. Anti-Corruption	10. Business should work against corruption in all its forms, including extortion and bribery.	SO2,SO3,SO4

ISO 26000 Guidance on Social Responsibility

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Issue 3	Avoidance of complicity	139-141
Issue 4	Resolving grievances	139-141
Issue 5	Discrimination and vulnerable groups	130-138
Issue 6	Civil and political rights	139-141
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Issue 3	Social dialogue	107-109
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Issue 5	Human development and training in the workplace	105-107
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Issue 2	Sustainable resource use	52-53
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Issue 3	Sustainable consumption	59, 62
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Issue 6	Access to essential services	146
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Issue 5	Wealth and income creation	29
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