PSA PEUGEOT CITROËN

2011

CORPORATE SOCIAL RESPONSIBILITY

STRATEGIC GUIDELINES, COMMITMENTS AND INDICATORS

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In addition to the 2011 Sustainable Development and Annual Report and its website (www.annualreport.psa-peugeot-citroen.com), this document covers the economic, environmental, social, societal and governance aspects of the corporate social responsibility performance of PSA Peugeot Citroën companies. It is designed to provide a deeper understanding of the Group's sustainable development challenges and impacts and explain more about its policies, programmes and 2011 accomplishments. Together, these publications make up PSA Peugeot Citroën's sustainable development reporting for 2011 and are available on the corporate website (www.psa-peugeot-citroen.com)

Global Reporting Initiative (GRI) Guidelines

For the ninth 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 its 2011 sustainable development reporting results in an A+ application level (the GRI application level check statement is available at the end of this report).

Audit

In its capacity as outside auditor, Grant Thornton has performed the necessary verifications aimed at expressing moderate assurance on:

- The Group's procedures for compiling i) the environmental data from PCA, PCI and PMTC production plants, Peugeot and Citroën dealerships, Gefco and Faurecia, and ii) the employee relations data from the Automotive Division, Peugeot and Citroën dealerships and Gefco published in this Report, which are indicated by this symbol: P
- Certain PCA environmental indicators and certain Automotive Division employee relations indicators. Indicators for which data has been audited are preceded by this symbol: D

Unaudited indicators are preceded by this symbol: ◆

The full review report by the auditor, Grant Thornton, is available at the end of this document.

Contact

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1.1. MESSAGE FROM THE CHAIRMAN OF THE MANAGING BOARD

2011 was a difficult year in which our performance did not live up to our ambitions. While it is true that we achieved recurring operating income of €1.3 billion, it was thanks to the good results of our subsidiaries Banque PSA Finance, GEFCO and Faurecia, all of which recorded growth in their respective businesses. The Automotive Division, on the other hand, had a mixed year, as the first half's gains were wiped out in the second half.

In the early summer, the economic situation started to deteriorate and our business environment became much more unfavourable than we had expected.

As the financial crisis picked up steam, the European automobile markets collapsed, especially in Southern Europe, where we traditionally make a large proportion of our sales. Plummeting demand starkly revealed the structural problem of excess production capacity facing Europe's carmakers.

Other factors specific to PSA Peugeot Citroën also weighed heavily on sales and profits, namely supply chain disruptions following the catastrophic tsunami in Japan and a halt in deliveries from one of our European suppliers.

In light of the European market's anticipated performance in the next two to three years, it is clear that our strategy of globalisation and moving the ranges upmarket is no longer simply an option: it is a necessity, and deployment must be accelerated.

The European markets will not return to their pre-crisis levels for several years. For this reason, we will have to continue focusing on growth in the emerging economies. We made new strides in this direction in 2011, with rising sales in China, Latin America and Russia. Markets outside Europe accounted for 42% of total sales, putting us on track to achieve our target of 50% in 2015 and 66% in 2020.

Enhancing the value of the Peugeot and Citroën brands is another key component in our drive to effectively harness market growth and preserve our margins. Here too, our strategy is on track. Premium vehicles accounted for 18% of our sales in 2011 versus 13% in 2010. The move upmarket is clearly visible in our latest models, as can be seen in the Peugeot 208 launched in early 2012.

Moving forward in 2012, we are confident in our strategy and aware of the difficulties that lie ahead. Our first priority is to significantly reduce our debt, notably through a disciplined cash management programme launched at the end of last year. The savings target in the 2012 action plan was recently increased to €1 billion, to be achieved by reducing purchasing and fixed costs and by postponing or cancelling certain projects.

In deploying our strategy, we will need to maintain a high level of capital expenditure to realise our goals. We must preserve the future while keeping today's constraints in mind. That said, we must also be more disciplined in our choices and priorities, so that all resources can be devoted to our major developments. This plan has led us to make sometimes difficult decisions concerning our teams. In making those decisions, we have maintained a continuous dialogue with employee representatives, in accordance with our corporate values, to ensure that an effective support network is in place for all those affected.

We have also launched an asset disposal programme worth some €1.5 billion to supplement the effects of the cost-reduction plan. The recent sale of our CITER rental car business was the first step in this programme. We also intend to sell part of our stake in GEFCO while maintaining our majority shareholder status with this long-term strategic partner.

In 2012, we will pursue our strategy of globalisation against a backdrop of declining demand in Europe, where the market is expected to contract by around 5%. In China, the new plants built via our two joint ventures will provide added production capacity, while in Latin America, our sustained capital expenditure will produce results. As for Russia, we are fully benefiting from the market's strong growth. The Kaluga plant is steadily ramping up and is scheduled to shift from assembly work to full-scale production this summer.

Several model launches will advance our upmarket strategy during the year, among them four diesel hybrids, in a world first. These new models will extend our already broad line-up of low-carbon vehicles. The year will also see the market introduction of the Peugeot 208, the new-generation model from the celebrated 2 series. Shorter and lighter, and featuring more technology and a smaller environmental footprint than its predecessor, the Peugeot 208 demonstrates that the move upmarket applies not only to niche vehicles but to core range models as well.

No matter which way the economy swings, we never lose sight of our corporate social responsibility commitments.

Addressing the challenges of sustainable development continues to be an integral part of our strategy. This is reflected our CSR approach's focus on:

- Laying the foundation for all components of sustainable mobility, including cleantechs and innovative services.
- Being a responsible employer.
- Being a full-fledged partner to our host communities.

We have publically expressed our commitments in these three areas and set out clear, shared objectives that manifest our participation in the Global Compact and the Caring for Climate initiative.

Our ability to overcome the difficulties facing us will demonstrate the strength of these responsible choices, which are embedded in our corporate culture.

Looking beyond the challenges facing us, our Group is writing an exciting new chapter in its history. Our teams are already busy at work on clearly identified projects as part of our new Global Strategic Alliance with General Motors. This Alliance is structured around two pillars: a global purchasing joint venture that will have the largest purchasing volume in the industry and the sharing of select vehicle platforms, components and modules in Europe and in emerging markets. Pooling our investments at the global level will make us more competitive and allow us to bring increasingly innovative technologies to the largest number of customers possible. Thanks to our €1 billion capital increase, we will be able to launch our first joint projects this year, with the objective of bringing models sold independently by each brand to the market in 2016.

Our Alliance with General Motors fits in perfectly with the strategy we defined for the Group in 2009. It offers a wealth of opportunities for the entire PSA Peugeot Citroën corporate community, as well as for all those who have an interest in our future success and growth.

In concluding, I would like to take this opportunity to thank our teams for their commitment and dedication. In a very difficult year, our employees showed even greater customer focus, capacity for innovation and commitment to quality and workplace safety, embodying once again the very best of PSA Peugeot Citroën.

Philippe Varin

Chairman of the Managing Board

1.2. PSA PEUGEOT CITROËN'S RESPONSE TO THE AUTOMOBILE INDUSTRY'S CSR CHALLENGES

1.2.1. THE AUTOMOBILE INDUSTRY'S MAJOR SUSTAINABLE DEVELOPMENT CHALLENGES

The automobile industry plays a major economic role in developed countries. According to the Pocket Guide published by the European Automobile Manufacturers in September 2011, the automobile industry accounted for more than 3% of Europe's GDP, 5% of its exports and 12 million direct and indirect jobs.

By enabling individual mobility, automobiles are an intrinsic part of economic and social development. At the same time, they present important challenges throughout their lifecycle for the environment, from production to use to end-of-life processing.

The automobile industry's social and environmental responsibilities are proportional to its economic impact. Everyone involved, including business, needs to pull together and take meaningful action to address the complex challenges of sustainable development effectively.

That's why, in devising long-term responses to these different challenges, PSA Peugeot Citroën maintains an on-going dialogue with all of its stakeholders, from customers to suppliers to lawmakers.

SOCIETAL CHALLENGES

SUSTAINABLE 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. For PSA Peugeot Citroën, mobility is a fundamental right that provides access to healthcare, education and jobs. The emergence of more harmonious urban mobility will guarantee this right. The solution lies in more widespread use of low-emission, networked or smart cars, as well as in more effective policies for traffic management, land-use planning and easy intermodal transportation.

ROAD SAFETY

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

SOCIAL CHALLENGES

EMPLOYEE RELATIONS POLICIES

As a major employer in the manufacturing sector, the automobile industry has to manage significant challenges in the area of employee relations.

With the rise of regional economies and the trend towards moving production centres closer to end-markets, both carmakers and automotive equipment manufacturers are restructuring in their home countries and setting up operations in emerging economies. On the one hand, they are faced with the problem of converting industrial sites and finding jobs for former employees, while on the other, they need to ensure compliance with human rights requirements and working conditions in countries that do not have a long tradition of providing a strong safety net for employees.

As a historically masculine profession, automobile manufacturing is also faced with the challenge of gender equality.

Ensuring respect for human rights, improving working conditions and safety, developing skills, retaining talent and promoting equal opportunity are among the key features of PSA Peugeot Citroën's employee relations policy in all of its host countries.

ENVIRONMENTAL CHALLENGES

GREENHOUSE EFFECT

Climate change is the main environmental challenge facing the automobile industry. 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 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 control and regulatory measures to limit the effects of human-generated greenhouse gases.

Because the transport industry in general and the automobile industry in particular account for around a quarter of the world's greenhouse gas emissions, they have a crucial role to play in combating climate change. 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. This means, for example, that a vehicle that consumes five litres of diesel per 100 km emits 133 g of CO_2 per km.

AIR QUALITY

Contaminants like NO_x, HC and particulates from tailpipe emissions generated by automobiles and motorised two-wheel vehicles are another environmental concern. Vehicle emissions have decreased significantly in the past few years and future legislation in developed countries will be even stricter. However, despite these advances, the European Union puts the number of premature deaths in Europe from air pollution at around 100,000 a year. New studies also show that, in heavy traffic, air pollution levels inside of automobile passenger compartments greatly exceed accepted health standards. Air quality will continue to be a pressing issue in developing countries for several decades.

RESOURCE MANAGEMENT AND RECYCLING

Automobiles 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. As numerous materials become scarcer and more expensive, resource management and recycling has become a crucial issue. Spectacular advances are paving the way to increased use of materials derived from renewable sources or recycled products.

THE ENVIRONMENTAL IMPACT OF MANUFACTURING OPERATIONS

Although automobile manufacturing in itself does not entail any major environmental risks, series production requires large facilities whose size accentuate the environmental impact. This impact can be attenuated by using natural resources and energy responsibly and by taking steps to lower contaminant and GHG emissions, reduce effluent, carefully manage waste and hazardous materials, eliminate the risk of accidental pollution, respect biodiversity, diminish noise and odours and blend facilities into the surrounding landscape.

ECONOMIC CHALLENGES IN OUR HOST REGIONS

Innovating means devising an original solution to stake out a new position in a market, with the goal of responding to increasingly swift and complex changes in demand. To do this, an innovator needs to improve the value chain by delivering a product and/or service that offers more value to all the different stakeholders involved – from end-users and manufacturers to upstream suppliers and distributors – and that provides benefits for society as a whole, as well as the environment.

Today, innovation is becoming a more cooperative endeavour, through horizontal collaboration among suppliers in the same market and vertical collaboration between customers and suppliers. It is in these sector or territory ecosystems that businesses must now learn to navigate.

SUPPLIER RELATIONS

Standard parts and components represent around 80% of a vehicle's average production cost. Work done by suppliers to fulfil Group orders represents a significant portion of the automobile industry's overall social and environmental impact. For PSA Peugeot Citroën, solid, long-term supplier relations cannot be based solely on quality, costs and deadlines. Suppliers must also comply with social and environmental standards 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 faster 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, with appropriate financing solutions if necessary. PSA Peugeot Citroën firmly believes that customers need to have access to all available information to make the right buying decision.

PARTNERSHIPS IN HOST COUNTRIES AND COMMUNITIES

The automobile industry 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, philanthropy campaigns and other local programmes.

1.2.2. AREAS IN WHICH PSA PEUGEOT CITROËN CAN HAVE AN IMPACT

The automobile industry's main challenges are highlighted in **boldface type**.

Product-related environmental impacts	Motorists' habits and behaviour Fleet age	Transport, supply chain and dealerships **End-of-life vehicles**	**Eco-design** Use of natural resources **Development of a low-carbon line-up** Climate change and pollution caused by vehicles
Sustainable mobility	Access to mobility solutions Behaviour Congestion	Vehicle-related disamenities	**Offer of a full range of mobility solutions**
Road safety	Infrastructure	Tertiary safety	**Primary safety** **Secondary safety**
Site-related environmental impacts		Waste management Greenhouse gas emissions	Energy management Atmospheric emissions Water use
Human resources	Employee benefits Retirement benefits and health insurance, behaviour	Remuneration practices Career management and measures to promote employability Working conditions, workstation ergonomics	**Health and safety** **Responsible management of jobs and restructuring**
Human rights		Freedom of association and employee representation	**Upholding and promoting human rights** Equal opportunity Preventing discrimination
Partnerships in host countries and communities		Economic and social development around sites	Quality of life on and around sites
Market conduct	Local content Preventing corruption and anti-competitive practices	Customer relations Supplier relations	Customer satisfaction Supplier compliance with CSR requirements
Ethical practices and corporate governance	Relations with stakeholders	Governance bodies' remuneration Investor relations Audit and internal control	Code of ethics

PSA Peugeot Citroën's ability to impact these challenges

1.2.3. PSA PEUGEOT CITROËN'S CSR POLICIES

Faced with the challenges of sustainable development, companies today are rethinking their models in terms not only of social responsibility but also of customer offerings, purchasing or human resources management.

Backed by 200 years of creation and innovation and fully aware of the challenges currently facing the automobile industry, PSA Peugeot Citroën has made responsible development one of the cornerstones of its strategy.

Confirmed as one of the Group's four ambitious objectives, responsible development is based on three other foundations that broaden its scope to include more than just cars.

PSA Peugeot Citroën serves as:

- a sustainable mobility specifier that is committed to reducing its environmental impact;
- a full-fledged partner to its host communities;
- the initiator of an innovative, responsible human resources policy.

Within the Group, the Sustainable Development Department reports to a member of the Executive Committee. Cross-functionally, the department manages the Corporate Social Responsibility process, backed in particular by a network of correspondents in each of the Group's major departments.

SETTING THE STANDARD IN SUSTAINABLE MOBILITY

The market leader in numerous technologies or the first volume carmaker to offer them across the model line-up, PSA Peugeot Citroën has focused its R&D strategy for the next five years on three priority objectives: reducing its environmental impact, developing on-board intelligence and responding to the challenges of urban mobility.

DEVELOPING TECHNOLOGIES TO MORE EFFECTIVELY MANAGE ENVIRONMENTAL IMPACT

Every year, the Group allocates considerable sums to reduce the CO_2 emissions of the vehicles its sells. Improvements in engine efficiency, combined with programmes to make vehicles lighter and more aerodynamic, have enabled the Group to reduce average emissions per vehicle produced to 127.9 g/km of CO_2 in 2011, putting it on target to meet the threshold of 95 g/km scheduled to take effect in Europe by 2020.

At the same, since the majority of customers will continue to favour internal combustion engines, the Group is pursuing its initiatives to reduce fuel consumption and thus emissions.

- 2009 and 2010: market launch of a number of diesel-powered vehicles emitting less than 99 g/km of CO_2;
- 2010: wider use of micro-hybrid e-HDi technology, which automatically shuts down the internal combustion diesel engine when the vehicle is at a standstill (at a red light, for example, or in a traffic jam), thereby reducing fuel consumption as well as CO_2 emissions by up to 15% in city use;
- 2011: launch, in a world first, of HYbrid4 technology, which combines a diesel internal combustion engine and an electric motor. This innovation is currently available on the Peugeot 3008 and 508 and the Citroën DS5. These models can operate in full electric mode from start-up and for the first three to four kilometres, up to speeds of 60 km/h. Then the internal combustion engine takes over and recharges the battery, notably every time the vehicle decelerates;
- 2012: launch of new three-cylinder petrol engines that emit fewer than 95 g/km of CO_2;
- during 2012: presentation of the first prototype of a plug-in diesel hybrid (<50 g/km of CO_2).

As cities install the necessary infrastructure, electric vehicles will increasingly become a plausible alternative solution, especially for urban use. A pioneer in this sector, PSA Peugeot Citroën was the first European carmaker to bring to market electric utility vehicles with the Citroën Berlingo and Peugeot Partner. In 2010, the Group strengthened its position with the Peugeot iOn and Citroën C-Zero, two consumer EVs. Lastly, in 2011, Peugeot launched the fully electric, e-Vivacity plug-in scooter.

CAREFULLY SELECTING MATERIALS FOR CITROËN AND PEUGEOT VEHICLES, BEGINNING IN THE DESIGN STAGE

The Group is promoting eco-design techniques. In particular, research and development teams are focused on integrating a maximum of green materials (excluding metallic and mineral materials) into its models, beginning in the design stage. As a result:

- in 2012, the goal is to achieve a 27% green material content for the Peugeot 208;
- by 2015, the objective is to have 30% green materials in the Group's new models.

At the same time, the Group is committed to optimising the use of natural resources and to limiting the environmental impact of its end-of-life products. To achieve this goal, it conducts life cycle analyses, which measure all of a vehicle's environmental impacts from the drawing board to end-of-life recovery and recycling, with the goal of choosing the most appropriate technologies and materials for use in new vehicle projects.

A MANUFACTURING SYSTEM COMMITTED TO REDUCING ENVIRONMENTAL IMPACTS

For PSA Peugeot Citroën, the production of low-carbon vehicles requires manufacturing facilities capable of effectively managing their own impacts and addressing key environmental challenges:

- helping to combat climate change;
- reducing the risk of pollution, including water pollution;
- protecting the natural environment, its resources and biodiversity;
- reducing and more effectively reusing waste.

To support these efforts, the Group is continuing to deploy lean processes throughout the organisation, extending its environmental management systems on production sites and encouraging its sales networks to pursue similar initiatives. It is also integrating suppliers into its environmental commitment by introducing contractual clauses requiring compliance with social and environmental responsibility criteria.

Lastly, to shrink the supply chain's environmental impact, subsidiary GEFCO is taking measures to reduce energy consumption. These include providing eco-driving training for lorry drivers, modernising its proprietary fleet, limiting engine speed on certain vehicles and optimising shipments.

EFFECTIVE RESPONSES TO EMERGING URBAN MOBILITY CHALLENGES

A carmaker's role is no longer restricted to designing, producing and selling automobiles. Customers are looking for new, convenient mobility solutions that do not systematically involve owning a car. PSA Peugeot Citroën has responded proactively to these new expectations by strengthening its range of existing services and developing offers for the future based on personalised solutions with:

- Mu by Peugeot, which enables the choice of a vehicle for each type of use;
- Citroën Multicity, which connects the automobile to other means of transportation.

In addition, the Group has made road safety an essential component of responsible mobility. What's more, the safety equipment it has developed is offered on all its model ranges and widely accessible. These innovations include the eCall emergency call service, as well as blind spot detection and distance alert systems. In addition, the Group is pursuing its on-board intelligence research projects to develop tools that provide users with access to a wide range of customised services designed to make traveling easier.

A FULL-FLEDGED PARTNER TO ITS HOST COMMUNITIES

INTERACTING WITH CIVIL SOCIETY

In recent years, the Group has focused its community commitment on mobility as a means of fostering social ties and helping to get people back into mainstream society.

- To support this commitment, PSA Peugeot Citroën created its World on the Move corporate foundation in May 2011. It provides backing for social, educational, cultural and environmental projects that fall within the scope of mobility. It deploys worldwide initiatives while responding to special local needs. In particular, the Foundation is also strongly committed to finding mobility solutions for segments of the population that have been deprived of this right. It also seeks to educate the public with regard to road safety by conducting awareness-building operations around the world, especially in China and Latin America.
- In addition, PSA Peugeot Citroën was a co-founder of the French Road Safety Foundation, which brings together private and public partners to identify, promote and finance research projects in this field.
- The Peugeot Industrial Heritage Endowment Fund is another example of the Group's community commitment.

  Inaugurated in September 2010 and financed by an endowment fund heavily supported by PSA Peugeot Citroën, the Terre Blanche Archives Centre is the new home for archival materials from all of the Group's manufacturing and business facilities. After a top-to-bottom renovation to restore building features typical of 19th century industrial architecture, the Centre now houses a rare collection of historical records, photographs, technical drawings and unusual artifacts that have been brought together for safekeeping. The Centre will also open its doors to historians, researchers and students interested in consulting its materials. The holdings are continuing to expand, thanks to gifts and contributions from automobile enthusiasts, including many former employees, whose invaluable but often fragile documents can be digitised and preserved under optimal conditions. More broadly, the archives offer a compelling perspective on the more than 200-year history of automobiles in Europe.
- Lastly, the Group, through the Peugeot brand, joined forces with ONF (France's National Forestry Service) in 1998 to launch a carbon sink project in the Amazon. The project involves reforesting a large plot of degraded land in Brazil, with the goal of sequestering carbon and supporting research work on the greenhouse effect and biodiversity.

SUPPLIER RELATIONS: CREATING LASTING COMPETITIVE ADVANTAGE

Standard parts and components represent around 80% of a vehicle's average production cost. Consequently, PSA Peugeot Citroën's leverages its relations with suppliers with the goal of becoming more competitive in terms of cost-effectiveness, quality, innovation and the creation of shared value.

Initiated in 2009, the Excellence in Supplier Relations project responds very far upstream to challenges involving all aspects of automobile projects, in such areas as research and development, technical issues and production. Deployment of the project is continuing. After selecting 13 strategic suppliers – all multinational companies with global operations – the Group is currently identifying around 100 major suppliers that have the necessary financial solidity and capacity for innovation to support the Group's development, especially in international markets.

For PSA Peugeot Citroën, forging solid, lasting relations with suppliers also requires these partners to comply with the Group's social and environmental standards and continuously improve their performance in this area.

The Group is also pursuing its local integration strategy, choosing suppliers that operate near its production facilities. By increasing the percentage of local purchases, PSA Peugeot Citroën is demonstrating that its operations support the economic development of its host regions and countries.

DEPLOYING AN INNOVATIVE, RESPONSIBLE HUMAN RESOURCES POLICY

HUMAN RESOURCES: A KEY PERFORMANCE DRIVER

To hire, retain and develop the skilled teams it needs, the Group is relying on its corporate university, launched in April 2010, to play a major role in driving its transformation. The university's mission is to transmit – around the world – skills, capabilities and attitudes that comply with PSA Peugeot Citroën's values and strategic objectives.

In 2011, two branches were created outside France – in Sao Paulo, Brazil and Shanghai, China – to share the Group's corporate values and work methods with teams in other regions.

Lastly, PSA Peugeot Citroën has chosen to promote personal and cultural diversity within the organisation and to make equal opportunity and respect for differences key building blocks of its responsible development commitment. The deployment of the Worldwide Diversity Commitment has provided the Group with a reference document. It contains seven founding principles designed to enable teams to take into consideration gender balance and diversity issues and the challenges they represent. Already the recipient of various national "diversity" and "equality" awards in recent years, the Group in 2011 obtained the first certification granted under the Gender Equality European Standard (GEES).

A COMMITMENT TO HEALTH AND SAFETY

PSA Peugeot Citroën's workplace health and safety policy is implemented through the Workplace Health and Safety Management System, All Group facilities are involved in this structured approach, which in two years has amply demonstrated its effectiveness. Considering that an accident-free workplace is the only acceptable target and that employee safety is a prerequisite for responsible development, PSA Peugeot Citroën has organised its actions around five key priorities: the prevention of musculoskeletal disorders, the elimination of chemical-related, psychosocial and road risks, and the detection of situations that put employees at risk.

The visible safety results in all the Group's operations and divisions clearly show that it has embarked on a process of continuous improvement with regard to workplace health and safety. The goal is to pursue this path, focusing efforts on individual and team behaviour to transform the Group's safety culture over the long term. The objective for 2013 is to reduce the lost-time incident frequency rate (for employees and temporary staff) to one point.

In 2010, personal safety objectives were set up for all managers and safety was included in discretionary profit-sharing plans to give all employees a stake in the Group's safety results.

DEVELOPMENT SUPPORTED BY INTERNATIONAL DIALOGUE

Around the world, PSA Peugeot Citroën's commitment to social dialogue is being pursued through international forums for dialogue and discussion, such as the European Works Council and the Joint Union-Management Strategy Committee. This dialogue is intended to create social cohesion within the Group based on powerful values such as solidarity, tolerance and commitment. It also reflects the Group's determination to extend best human resources practices throughout the organisation and to promote such strong principles as respect for human rights, equal opportunity, team diversity and workplace health and safety.

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. This public commitment is the basis for the Group's Global Framework Agreement on Social Responsibility, Signed in 2006 by more than 90 labour unions around the world and applied by all Group subsidiaries in all host countries, the agreement was renewed in 2010 to extend its initial commitments with the addition of a new objective in the area of environmental stewardship.

BEHAVIOUR GOVERNED BY THE GROUP'S ETHICAL STANDARDS

In line with its history and a corporate culture based on respect and responsibility, PSA Peugeot Citroën asks all employees to comply with its standards of behaviour when carrying out their economic, social and environmental responsibilities. Formally presented in a Group charter, the guidelines apply to all subsidiaries in which PSA Peugeot Citroën holds a majority stake (with the exception of Faurecia, which has its own Code of Ethics) and in all countries.

This ethical commitment is backed by a system has been strengthened since 2010 and gradually extended as follows:

- 2010: creation of a corporate ethical governance structure, the Ethics Committee; deployment of an up-to-date version of the Code of Ethics with practical examples in eight languages; pledge by all senior managers worldwide to support the Code of Ethics via an e-questionnaire;
- 2011: creation with ten Chief Ethics Officers of a network to relay the Ethics Committee in the main regions and deployment in 20 countries of the Code of Ethics translated into 15 languages. Overall 11,000 employees in 20 countries took part in an ethics-e-learning module and signed the Code;
- 2012-2013: pledge by all concerned employees to support the Code (including in Russia and China); deployment of supplementary tools (measures to combat fraud strengthened and global alert system introduced).

1.2.4. CSR COMMITMENTS AND OBJECTIVES

Our CSR approach, which responds to a real desire to understand and manage these issues, is fully aligned with our ambition to ensure responsible development. In fulfilling this ambition, PSA Peugeot Citroën intends to be:

- a specifier of sustainable mobility solutions with a firm commitment to environmental stewardship;
- a full-fledged partner to its host communities;
- a forward-looking employer with an innovative, responsible human resources policy.

The 15 commitments and 22 related objectives presented below are designed to support this ambition. They cover all areas of PSA Peugeot Citroën's corporate social responsibility, including human resources management, social dialogue, gender equality and diversity, ethics, governance, industrial environment, environmental impact of its products, purchasing policy and philanthropy.

The 15 commitments form our CSR roadmap.

In comparison with the 22 objectives published last year:

- six objectives with a 2010 deadline were achieved and are not included in this year's table:
  - put four electric vehicles on the market by end-2010,
  - launch Citroën Multicity (now covered by a commitment to deployment),
  - have 500 suppliers sign PSA Peugeot Citroën's social and environmental responsibility requirements in 2010 (replaced by an objective concerning supplier audits),
  - renew the Global Framework Agreement in 2010 (commitment to respect for human rights),
  - create a corporate university in 2010,
  - deploy an updated and expanded Code of Ethics among senior executives in 2010;
- three objectives were not carried over from last year:
  - reduce vehicle weight (this factor is now systematically integrated and tracked in all vehicle projects),
  - rank among the top carmakers in Europe in comparative quality surveys (the results are confidential and cannot be published),
  - pursue a responsible communication strategy (now systematic, as the Group has signed the responsible advertising charter issued by the French Advertisers' Association (UDA) for advertising);
- three new objectives have been set concerning the launch of diesel hybrids, marketing of electric vehicles and purchases from sheltered workshops;
- 19 objectives have been carried over or re-worded.

Commitment	Objective published last year	2011 results and remarks
Setting the standard in sustainable mobility		
Low carbon vehicles for all types of use		
I. Increase the proportion of low-carbon vehicles in the sales mix		
1	Sell one million vehicles emitting less than 120 g/km of CO_2 in Europe each year as from 2012	**2011 result in line with objective** 2011: 862,000 vehicles sold emitting less than 120 g/km of CO_2
II. Offer hybrid and electric vehicles		
2	Equip a total of one million vehicles with e-HDi technology by end-2013	**Result in line with objective** 2011 unit sales on trend
3		New objective for EVs
4		New 2012 objective for diesel hybrids
III. Sharply increase the proportion of green materials (recycled, natural or biosourced) in Peugeot and Citroën vehicles		
5	Use 20% green materials in vehicle polymers in 2011 and up to 30% in 2015 for new vehicle projects	**Objective met for 2011:** 25% of polymers for the Peugeot 3008 (market launch in 2012)
IV. Optimise vehicle mass		
	By 2012, reduce the mass of new vehicles in Europe by 100kg compared with the vehicles they replace	**2012 objective met in 2011** The mass of the Peugeot 208 is 110 kg less than that of the Peugeot 207
V. Ensure that end-of-life vehicles are recovered and recycled		
6	Achieve a recovery rate for end-of-life vehicles in Europe of 95% as from 2015 and a re-use/recycling rate of 85%	**Result in line with objective** PSA Peugeot Citroën complies with the European Directive* on end-of-life vehicle recovery in 22 out of 27 countries, including France, where the Group achieved a rate of 88%
On-board mobility and intelligence		
VI. Extend safety systems across the vehicle line-up		
7	Equip one million vehicles in Europe with the emergency call system in 2011 and another 500,000 in 2012	**Objective met for 2011:** A total of 1,016,676 vehicles in Europe were equipped with the emergency call system
VII. Be the first carmaker to offer customised, multi-product mobility services		
8	In cities with a population of more than 300,000, deploy Mu by Peugeot at 115 sites by end-2011	**Objective not met in 2011** Mu by Peugeot: 84 sites in Europe and nearly 10,000 active customers
9	Deploy Citroën Multicity in seven European countries, Brazil and China by 2015	**2011 result in line with objective** Launched in March 2011: 1.5 million visits and 14,000 transactions
A commitment to protecting the environment		
VIII. Manage the environmental and societal impacts of the Peugeot and Citroën dealership networks more effectively		
10	Deploy an environmental and social scorecard in the proprietary dealership network in 2011	2011: The necessary resources for deploying the scorecard were provided to the dealership network. Two pilot sites were chosen in France
IX. Continue to reduce the environmental footprint of manufacturing operations		
11	Carefully manage energy consumption, with a target of 2.05 MWh per vehicle produced in 2012	**2011 result in line with objective** 2.14 MWh per vehicle produced (PCA), compared with 2.42 MWh per vehicle produced in 2010
12	Reduce water consumption to less than 4 cu. m per vehicle produced in 2012	**2011 result in line with objective** 4.45 cu. m per vehicle produced (PCA), compared with 4.85 cu. m per vehicle produced in 2010
13	Reduce VOC emissions to 3.42 kg per vehicle produced in 2012	**2011 result in line with objective:** 3.65 kg per vehicle produced (PCA), compared with 3.75 kg in 2010

* *The current European Directive calls for a minimum recycling/recovery rate of 85%.*

Objective for 2012/2013:	Vision 2015/2020
As from 2012: Sell one million vehicles emitting less than 120 g/km of CO_2 in Europe, representing 44% of passenger car and light commercial vehicle sales	2015: **65%** of the Group's passenger cars and light commercial vehicles sold in Europe emit less than **120 g/km** of CO_2 **25%** of the Group's passenger cars and light commercial vehicles sold in Europe emit less than **100 g/km** of CO_2 These percentages are in line with the European CAFE target for 2020
2013: **Equip a total of one million vehicles equipped with Stop and Start diesel (e-HDi) and petrol technology by end-2013**	Objective for 2016-2020: 50% of PSA Peugeot Citroën vehicles sold in Europe in 2015 equipped with Stop & Start technology Looking forward to 2020: Wider deployment of Stop & Start technology
2012: **6,000 EVs sold in Europe**	2015 : Offer EVs in the catalogue whose results in terms of mix will be aligned with the market
2012: **Four promising diesel hybrid models launched in 2012**	2020: Offer diesel hybrids in the catalogue whose results in terms of mix will be aligned with the market
For vehicle projects finalised in 2012-2013, renewable or recyclable materials to account for 27% of non-metallic and non-mineral materials	For new vehicle projects in 2015, renewable or recyclable materials to account for 30% of non-metallic and non-mineral materials *Study underway to move from an indicator based exclusively on polymers to a comprehensive indicator that takes into account the percentage of recycled metal*
By year-end 2013: **Set up an organisation that ensures compliance with the end-of-life vehicle Directive in the 27 EU countries**	Achieve a recovery rate for end-of-life vehicles in Europe of 95% as from 2015 and a re-use/recycling rate of 85%
Total at year-end 2012: **A total of 1.5 million vehicles produced in Europe to be equipped with the emergency call system**	2015-2020: To be defined, in light of the introduction of a new European regulation
In cities with a population of more than 300,000, deployment of Mu by Peugeot • **At year-end 2012: 200 sites opened in Europe** • **At year-end 2013: 9 countries to be covered (France, Germany, United Kingdom, Italy, Spain, Netherlands Belgium, Switzerland and Austria)**	2015-2020: Develop a sustainable mobility solution for business customers (including car pooling, car sharing, and travel-related audits and carbon footprint analyses) in partnership with leading mobility operators For individual customers, continue deploying and developing Mu by Peugeot, including with partners
Develop Citroën Multicity **2012: 19,000 transactions and Multicity to be launched in Germany** **2013: Launch of Multicity in three other countries**	By 2015: Deploy Citroën Multicity in seven European countries, Brazil and China 2015-2020: Facilitate automobile travel through an array of customised services provided by the on-board Multicity Connect offering
2012: Deployment to continue at other pilot sites **2012-2013: Deployment to be launched in six European countries**	2015 – 2020: On-going deployment in Europe
2012: Carefully manage energy consumption, with a target of 2.05 MWh per vehicle produced (PCA)	2015: Carefully manage energy consumption, with a target of 2 MWh per vehicle produced (PCA)
2012: Reduce water consumption to less than 4 cu. m per vehicle produced (PCA) **(PCA)**	2015: 3.6 cu. m per vehicle produced (PCA)
2012: Reduce VOC emissions to 3.42 kg per vehicle produced (PCA)	Comply with European Directives

Commitment	Objective published last year	2011 results and remarks
A full-fledged partner to its host communities supplier relations		
X. Develop sustainable, mutually beneficial relationships that comply with the highest social responsibility and environmental responsibility requirements		
14	90% of purchasing expenditure covered by a supplier commitment in 2012	**2012 objective met in 2011**
15		New objective for 2012
The Group's social responsibility commitment: both global and local		
XI. Provide an additional contribution to civil society in response to environmental and social issues: mobility, local development and community outreach		
16	Launch a corporate foundation in 2011 with a €2 million annual endowment through 2015	**2011 objective met** Corporate foundation launched in 2011 with a €2 million annual endowment through 2015 53 projects chosen in 2011
A concerned corporate citizen respect for human rights, gender balance and diversity		
XII. Promote gender equality and diversity, ensure equal opportunity and prevent discrimination		
17	Raise the percentage of women in the senior management team in France to 15% in 2012	**Result slightly below the objective** 2011: 81 women senior managers or executives 9.5% women in the senior management team Group-wide
Well-being in the workplace and skills development		
XIII Provide employees with a safe, healthy workplace in which their talent can flourish		
18	Reduce the lost time incident frequency rate, including temporary employees, to less than 1 point in 2013	**2011 result in line with objective:** Lost time incident frequency rate, including temporary employees, of 2.42 points in 2011, an improvement of 38% over the previous year
19	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	**2011 result in line with objective:** In 2011, 8% of workstations were designated as "heavy" and 56% as "light"
XIV. Develop and recognise employee capabilities so that each team member can contribute more fully and autonomously to the Company's performance		
20	Increase the number of training hours per employee to 28 hours in 2013	**2011 result below the objective** Average hours of training per employee: 23,6 hours in 2011 in an environment shaped by budget constraints, (compared *with 24.6 hours in 2010*)
Ethical practices and corporate governance		
XV. Strengthen the rules of ethical behaviour across the Group		
21	Familiarise 20,000 people with the ethical guidelines through an e-learning course in 2011	**Objective not met in 2011** 11,000 people who received e-learning have signed the Code of Ethics. *The deployment via cascading in France led to a delay in the third wave (more than 10,000 people) until 2012, which explains the shortfall with regard to the objective of 20,000 people trained in 2011.* 20 countries covered: Code of Ethics available in 15 languages
22	Set up an alert system in 15 countries in 2012 (covering 115,000 people)	**Objective pushed back until 2013, in light of the budget situation**

Objective for 2012/2013:	Vision 2015/2020
Guarantee supplier commitment through audits: **2012:** • **20 CSR audits of suppliers identified as "at risk"** • **Follow-up inspections conducted for all audits that show serious or critical non-compliance**	2015- 2020: Deploy initiatives to raise awareness of CSR issues among suppliers in "at risk" regions as part of an auto industry programme
In 2012, maintain purchasing volumes from sheltered workshops and other organisations that employ the disabled at 2 to 2.5 points of the percentage of handicapped employees at PCA France *PSA Peugeot Citroën is France's leading buyer of standard parts from sheltered workshops*	2015-2020: Remain among France's leading purchasers from sheltered workshops and other organisations that employ the disabled and provide these suppliers with work plans that offer five-year visibility
Secure the foundation firmly within the Group through the involvement of 1,000 employees in 2012	Ensure the foundation's long-term viability and enable it to play a key role in sustainable mobility and community mobility projects in the Group's host regions
Objective pushed back to 2015, because of the reduction in hiring **100 women senior managers or executives in 2012** *(versus 81 in 2011)*	Raise the percentage of women senior managers and executives to 15% in 2015
Reduce the lost time incident frequency rate, including temporary employees, to less than 1 point at year-end 2013	Maintain the lost time incident frequency rate, including temporary employees, at less than 1 point
Pursue initiatives to improve workstations with 8% "heavy" and 58% "light" in 2012	Reduce the percentage of "heavy" workstations to **7%** and increase the percentage of "light" workstations to **60%** by 2020
In 2012: **Enable 100,000 employees to take part in at least one training course or e-learning session** **New teaching and skills enhancement technologies (virtual classes and e-learning modules) mean that measuring training in terms of hours is less and less relevant** *(97,850 employees trained in 2010)*	Pursue training initiatives with the goal of adapting skills to changes in auto industry professions
2012: 20,000 managers trained in the Code of Ethics	Annual audits of compliance with the Code of Ethics result in no major observations
2013: **Deployment of an alert system available to all employees worldwide**	Maintain the alert system

1.2.5. MAIN INDICATORS

▶ Data reviewed by Grant Thornton. The processes for compiling the other indicators were reviewed.

▶ Data reviewed by Price WaterHouse. The processes for compiling the other indicators were reviewed.

MAIN ENVIRONMENTAL INDICATORS

	Units		2009	2010	2011
Direct energy consumption	*MWh ncv*	Total	2,430,864	2,831,584	2,274,975
		o/w PCA	▶ 2,141,828	▶ 2,507,405	▶ **2,004,560**
Indirect energy consumption	*(MWh)*	Total	▶ 2,868,712	3,051,659	2,954,568
		o/w PCA	2,648,210	▶ 2,820,756	▶ **2,721,606**
Direct greenhouse gas emissions	*(tonnes CO_2 eq)*	Total	523,703	607,710	486,853
		o/w PCA	▶ 460,404	▶ 537,116	▶ **428,730**
Indirect CO_2 emissions	*(tonnes)*	Total	Non-consolidated	356,693	306,302
		o/w PCA	282,653	300,186	250,786
Direct SO_2 emissions	*(tonnes)*	Total	73.3	32.6	23
		o/w PCA	▶ 56.2	▶ 15.6	▶ **13.0**
Direct NO_2 emissions	*(tonnes)*	Total	524.5	598.6	473.3
		o/w PCA	▶ 455.7	▶ 522.0	▶ **411.5**
Paintshop VOC releases	*VOC (tonnes)*	PCA	▶ 7,589	▶ 8,390	▶ **8,059**
	Ratio (kg/vehicle)	PCA	▶ 3.76	▶ 3.75	▶ **3.65**
Annual water withdrawals	*(cu. m)*	Total	11,197,982	11,804,957	10,883,493
		o/w PCA	▶ 10,331,003	▶ 10,864,641	▶ **9,974,901**
Weight of waste (excluding metal waste)	*(tonnes)*	Total	324,410	361,166	352,405
		o/w PCA	287,835	325,909	319,968

Scope:
Total = PCA, AP/AC, PCI, PMTC, GEFCO.
PCA = Automotive Division production sites, R&D facilities and offices.
AP/AC = Peugeot and Citroën dealership network.
PCI = Process Conception Ingenierie.
PMTC = Peugeot Motocycles.

Definitions:
Greenhouse gases include carbon dioxide (CO2), nitrous oxide (N2O) and methane (CH4).
S_O2 = Sulphur dioxide.
NO_2 = Nitrogen dioxide.
VO_C = Volatile organic compounds.

MAIN SOCIAL INDICATORS

(At 31 December)	Units	2009	2010	2011
Employees under permanent or fixed-term contracts		186,220	198,220	209,019
Employees under fixed-term contracts*	(average annual number)	6,900	8,050	7,831
Total payroll costs*	(in thousands of euros)	6,293,134	6,381,080	6,618,854
Employees hired under permanent contracts*		4,075	7,465	10,873
Separation rate*	(% of total workforce)	9.0%	7.3%	5.7%
Total lost-time incident frequency rate**		▶ 3.43	▶ 2.79	▶ 1.99
Disabled employees*		6,050	5,925	5,983
Hours of training*	(in thousands of euros)	2,680	3,100	3,233
	(average per employee in hours)	21.1	24.6	23.6
Percentage of women employees*	(% of Group workforce)	21.9%	21.8%	22%

Scope:

* *Consolidated Group, excluding Faurecia.*
** *Consolidated Group, excluding GEFCO and Faurecia.*

1.3. CSR GOVERNANCE

1.3.1. 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 Vice-President, Corporate Communication – who herself reports to the Chairman of the Managing Board – 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, philanthropy, 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 sustainable development commitments and objectives are reviewed annually and are approved and tracked by the Executive Committee.

1.3.2. EXTERNAL 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 March 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: Supplier guidelines for PSA Peugeot Citroën's corporate social responsibility standards;
- responsible marketing and advertising: PSA Peugeot Citroën's Responsible Communications Charter.

The Group belongs to several organisations that promote sustainable development, including Comité 21, the French Study Centre for Corporate Responsibility (ORSE), the French Advertisers' Association (UDA), the French 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.

The Group became a member of the China Business Council for Sustainable Development (CBCSD) in March 2006.

1.3.3. CSR REPORTING

1.3.3.1. 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 Corporate Social Responsibility – Strategic Guidelines, Commitments and 2011 Indicators Report, which suppliements the Sustainable Development and Annual Report.

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

For the ninth 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 six years.

According to the criteria recommended in the "G3 Guidelines, Application Levels", the Group's own assessment of its 2011 sustainable development reporting results in an A+ application level (the GRI application level check statement is available at the end of this report).

The information in this supplement complies with French corporate governance legislation ("*Nouvelles Régulations Économiques*" Act), as described in the 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. All of the information concerning Faurecia, a listed company owned 57.4% by Peugeot S.A., may be found in its Registration Document.

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 XiangFan, Hubei Province, China, in cooperation with DongFeng Motor Corp;
- Sevelnord, located in Hordain, France, in cooperation with Fiat;
- Sevelsud, located in Val di Sandro, 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, is included in the social scope of this report but is not included in the environmental scope.

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

The joint ventures report their CSR data at different levels, depending on the management structure in place with the industrial partner.

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.

PERIOD UNDER REVIEW

The data and indicators presented in this document concern 2011 and provide values as of 31 December.

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.

In 2011, PSA Peugeot Citroën continued to exercise the same business activities as in previous year; there were no important events in the development of its business.

1.3.3.2. AUDIT

The methods for compiling the CSR 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 Grant Thronton, an independent audit firm.

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

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

Unaudited indicators are preceded by this symbol: ◆

The full review report by the auditor, Grant Thornton, is available at the end of this document.

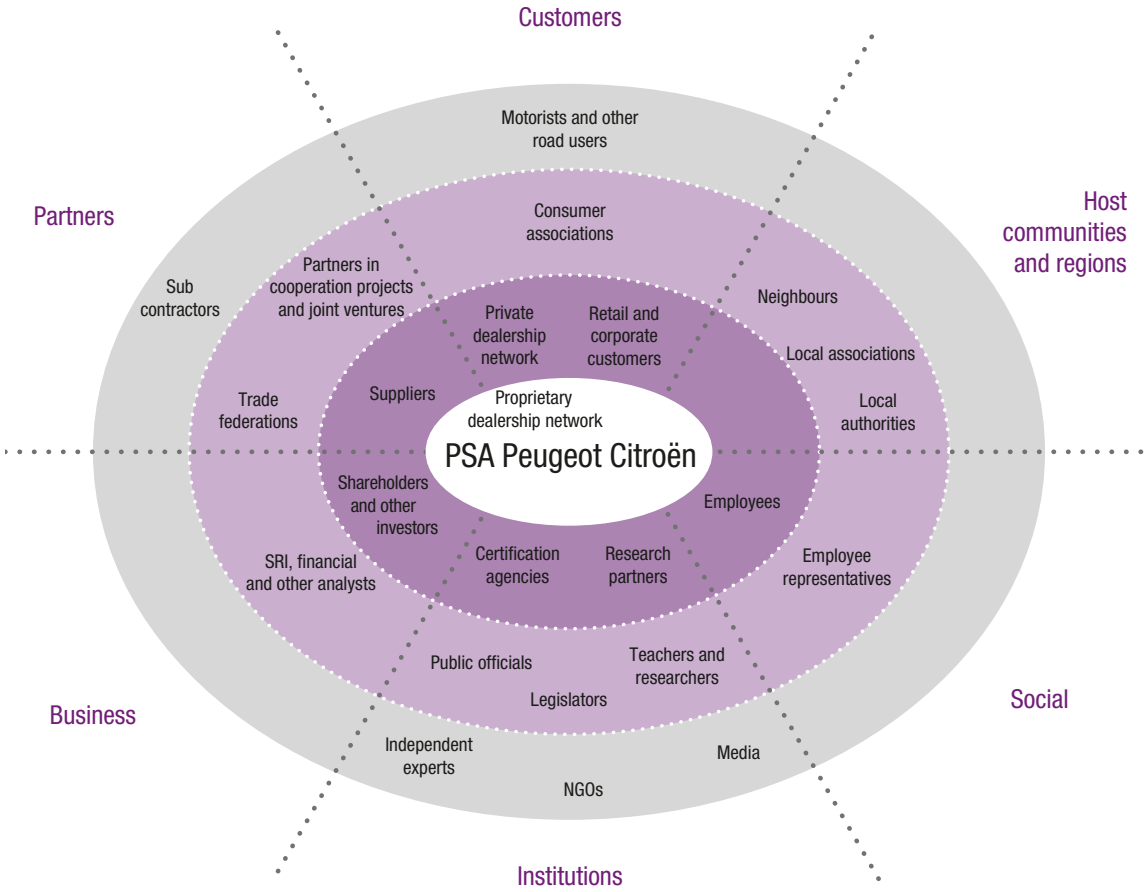
1.4. RELATIONS WITH STAKEHOLDERS

PSA Peugeot Citroën has maintained solid relations with all of its stakeholders for many years. This dialogue improves identification of social, environmental and business risks, as the on-going study of shifting expectations, needs and constraints fosters a better mutual understanding. The advantages of this system are that it makes it easier to prevent risks and conflicts and to adapt the Group's strategic objectives to global sociological, technological and institutional changes.

1.4.1. STAKEHOLDERS AND FORUMS

PSA Peugeot Citroën has identified its main stakeholder groups, which are presented in the diagram below by type and the importance of their relations with the Group.

◆ STAKEHOLDERS



1.4.2. 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.

The resources are divided into three levels: unilateral, bilateral and contractual.

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 • Bimonthly and annual satisfaction surveys	• Training
Employee representatives		• Social agenda • European Works Council expanded to a Global Council • Joint Union-Management Strategy Committee • Specific sessions on site	• Global Framework Agreement on Social Responsibility • Collective bargaining agreements and employee relations agreements signed with labour unions
Customers and consumer associations	• Peugeot and Citroën websites • Responsible communication charter • Information on road safety features when a vehicle is delivered	• Dealership network 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 requirements" guidelines for suppliers • Sustainable development clauses in contracts and general selling conditions • Involvement in France's PFA – a platform set up to foster on-going discussion and exchange among 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	• Corporate Social Responsibility Report	• Responses to questionnaires and periodic requests	
NGOs and associations	• Corporate Social Responsibility Report	• Responses to requests • Meetings with NGOs	• Participation in the local community (infrastructure, local associations, etc.) • Support from the Foundation for projects and associations
Institutions		• Regular contacts with European and international institutions, as well as with French authorities • Local contacts with consulates	
Host communities and site neighbours	• Events on road safety, environmental issues, sustainable mobility and other topics	• Discussions with local officials • Open houses	

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
CSR experts		• Discussion sessions	

1.4.3. DIALOGUE INITIATED IN 2011 WITH INDEPENDENT CSR EXPERTS

In 2011, PSA Peugeot Citroën added a new dimension to its circle of dialogue by initiating discussions with independent CSR experts. These discussions, moderated by an independent facilitator, target the Group's main CSR challenges.

A number of sessions were held during the year on such topics as mobility, host community relations and globalisation, with the goal of obtaining an outside opinion on the Group's CSR strategy to help foster continuous improvement.

Several meetings on specific topics were organised with NGO representatives, CSR officers from other companies, institutional experts, researchers and educators.

By providing an opportunity to compare the Group's projects with stakeholders' expectations, these meetings generated valuable input for enhancing the Group's CSR strategy and reporting system.

Takeaway:

- PSA Peugeot Citroën makes tangible efforts to be transparent in its CSR approach, as can be seen in the large amount of data provided. However, this abundance of information detracts from the strategic meaning;
- PSA Peugeot Citroën's desire to take CSR challenges into account is well perceived, but it is difficult to get a view of the Group's CSR strategy beyond its long-standing concern with vehicle emissions and employee relations policy;
- the Group still seems weak in the area of alternative mobility solutions and, more generally, the functional economy (also known as product-to-service), and needs to pursue its positioning as a mobility provider to become a benchmark in urban logistics;
- emerging economies are a major challenge, yet there is no specific vision for these regions.

PSA Peugeot Citroën's response:

- the Group is re-working its reporting system to offer a clearer view of its CSR objectives. A number of indicators have been expanded with specific data on Latin America and China;
- the Group's CSR objectives are being redefined, with streamlined commitments refocused on its main issues: mobility, host community relations and employee relations policy.

Although operational responses were not available immediately for certain expectations, the Group is committed to taking these concerns into account.

1.5. PRESENCE IN INDICES, AWARDS AND DISTINCTIONS RECEIVED

PRESENCE IN SOCIALLY RESPONSIBLE INVESTMENT (SRI) INDICES

FTSE4Good	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 sustainable rating carried out by oekom research.
EthiFinance	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.
ASPI	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.
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 13 December 2011.
Corporate Responsibility Prime oekom research	Oekom research, a German sustainable development rating agency, awards Prime status to those companies that, according to the oekom corporate rating, are among the leaders in their industry and that meet industry-specific minimum requirements.
STOXX	The STOXX Global ESG Leaders index offers a representation of the leading global companies in terms of environmental, social and governance criteria. The index is made of the following three ESG sub-indices: the STOXX Global ESG Environmental Leaders, the STOXX Global ESG Social Leaders and the STOXX Global ESG Governance Leaders indices.

The Group has responded to the Carbon Disclosure Project Questionnaires (CDP). The Carbon Disclosure Project rates companies' transparency concerning climate change issues, on the basis of a publicly disclosed methodology that changes each year. As in 2010, PSA Peugeot Citroën obtained a rating of 87/100 for transparency in 2011. It obtained a Carbon Performance Score of B in the Carbon Performance Leadership Index, tying for first place among automobile manufacturers in the "product" category. The Group's 2011 responses may be viewed on the Carbon Disclosure Project website.

PSA Peugeot Citroën ranked third in the automobile industry Green Rankings published by Newsweek based on Trucost's environmental performance data.

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

AWARDS

AWARDS RECEIVED IN 2011

- Following an audit by Afnor Certification, the Group's Gender Equality label was renewed in 2011. In 2005, PSA Peugeot Citroën was the first French company to obtain the label, which recognises businesses that are actively taking measures to promote gender equality and can demonstrate significant progress in this area.

- In 2011, PSA Peugeot Citroën was also certified under the first European gender equality label – the Gender Equality European Standard (GEES) – for its operations in Spain, France, Italy and Belgium. GEES recognises PSA Peugeot Citroën's commitment to promoting gender equality through a series of measures implemented at all Group sites and encourages continued action and new measures in this area.
- Since 2009, PSA Peugeot Citroën has been certified under France's Diversity label, which recognises good human resources practices to promote diversity and equal opportunity and to prevent discrimination.

PRODUCT AWARDS IN 2011

In November 2011, PSA Peugeot Citroën received the prestigious Goldenes Lenkrad (Golden Steering Wheel) award from Germany's Autobild magazine for its HYbrid4 diesel hybrid technology's contribution to reducing environmental impacts.

In April 2011, Peugeot won the Green Fleet Manufacturer of the Year 2011 award from Fleet News for its low carbon line-up, e-HDI microhybrid technology, iOn electric vehicle and 3008 HYbrid4 – the world's first series diesel full-hybrid.

The Peugeot 3008 HYbrid4 has also been recognised in:

- Germany, with the 2011 Goldenes Lenkrad (Golden Steering Wheel), the Goodyear 2011 innovation award from Auto Bild Allrad magazine, and the OkoGlobe award for vehicles that help reduce the automobile's environmental impact;
- United Kingdom, with the Best Eco Car of 2011 award from Diesel Car Magazine;
- Austria, with the ARBÖ-Umweltpreis 2011 environmental award handed out during the ARBÖ automobile club's annual ceremony;
- Poland, with the Green Steering Wheel award;
- Italy, with the Green Car of the Year 2012 award;
- Switzerland, with the "greenest car in Switzerland" award from Schweitzer Illustrierte magazine and four other prizes from the French and Italian-speaking regions of the country.

Citroën also received a number of awards in 2011, including the Van Fleet World Honours Environmental Award for its utility vehicles and, for the third year in a row, the GreenFleet award.

In China, Citroën was recognised as the Most Creative Brand of 2011.

In Slovenia, the Citroën C3 site won a Grand Prize for its web advertising. Along with promoting the vehicle, the site offered motorists valuable tips on how to drive safely and use less fuel.

Lastly, the Citroën DS5 won awards in the UK, where it was voted Family Car of the Year by Top Gear magazine, and in France, where it won the Green Car award from Argus magazine.

2

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2.1. THE INNOVATION PROCESS

2.1.1 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 that take urban, environmental, social and economic challenges into account while addressing the cultural aspects of mobility in leading cities around the world. Its projects 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 programme with financing, resources or expertise. In 2011, ties with corporate partners were enhanced by new research agreements with Vinci Group think tank Fabrique de la Cité and Véolia.

PSA Peugeot Citroën allocated a budget of €1, 050,000 to IVM in 2011.

During the year, IVM launched an international, interdisciplinary research programme and prepared a conference, held in March 2012, entitled "What is it that drives public action on urban mobility issues? The making of movement." The programme is headed by the members and staff of IVM's three academic chairs in China, Latin America and Europe. It is designed to deepen understanding about public urban mobility projects, by focusing on both the controversies and crises they cause and on the values, aspirations and representations that influence public opinion and mobility policy decisions. Case studies from Paris, Barcelona, Beijing, Shanghai, Lima, Mexico City, Buenos Aires, Santiago de Chile, Bogota, São Paulo and Rio de Janeiro are being analysed and a collaborative online platform, accessible by all the research teams, is facilitating the collection of data from each city. These include analyses of the general situation, case studies, fresh eyes reports, student proposals, photographs and videos.

Approaches from urban studies, planning, sociology, engineering and anthropology are being used to uncover the different stages of controversies associated with mobility projects, in a situation where traditional evaluation methods based on the public interest are contested. Lastly, university students from around the world have been invited to describe their vision of the future and ideals for urban mobility. Proposals have been submitted from universities in Barcelona, Daegu, Rio de Janeiro, São Paulo, Paris, Bogota, Buenos Aires, Beijing, Santiago de Chile, Eindhoven, Guangzhou, Shanghai and other cities.

With the "City at your Doorstep" mobility and services programme, 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. In 2011, IVM conducted a field survey on mobility and roving work among the staff at ASSAD Besançon Pontarlier, an association in France that provides in-home services, in collaboration with *Laboratoire Ville, Mobilité, Transport* (LVMT). The survey showed how daily mobility issues contributed to difficulties in organising work and highlighted the solutions implemented locally. Experiments on new systems will begin in 2012.

Launched in 2007, the IVM's research and action programme on taxis has broadened discussion of the issue, since the taxi represents an excellent mobility solution mid-way between mass and personal transport. The 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 an international conference on taxis organised by IVM in Lisbon in 2007, the findings of the first international survey on how taxis are used were released. At the same time, cultural events, films, a taxi stand design competition and exhibit were organised in the city, both Citroën and Peugeot presented taxi demonstrators. In 2010, IVM led the initial special session on taxis at the World Conference on Transport Research in Lisbon and announced the creation of an international research network, which was consolidated in 2011 with the creation of the Taxi Research Network. Other programmes during the year compared the different countries in northern Europe and took a broader look at the role taxis play in rural areas.

Outside France, IVM is continuing to extend its scope of action in regions with fast-growing cities, which are facing significant societal and urban challenges and offer great potential for innovation:

- in China, for the second year in a row, IVM organised the Better Mobility, Better Life Award and student contest, which is intended to identify and promote innovative solutions and new services to support urban mobility.

  IVM has also developed new approaches, such as "city workshops" designed to stimulate thinking and discussion on tangible, innovative projects with a city's technical department and decision makers. Topics such as carpooling and integrated management of mobility and parking were addressed in Hangzhou, Wuhan and at Tsinghua University;
- in Argentina, a first field experiment called "Reading the City" was conducted with the city of Buenos Aires in 2010 to provide and test multimodal information systems on the city's transportation networks. The project moved into higher gear in 2011, with a presentation at the Buenos Aires design festival, discussions with city officials to extend the system and the deployment of two bus routes. International experts are collaborating on this innovative concept, which is well suited to emerging cities, as well as on surveys of user needs and representation systems. This should lead to the development of new demonstrators in Salta, Argentina; Lima, Peru; and São Paulo and Rio de Janeiro, Brazil.

In its partnerships with academic institutions, IVM signed a new convention with Université Paris-Est for its University Chair in Europe, and continued to host visiting scientists in China. A University Chair in Latin America has been created with representatives from the universities of Santiago, Monterrey, Mexico City, Buenos Aires, Lima, Rio de Janeiro, Bogota and São Paulo.

Lastly, two IVM exhibits – "The Street Belongs to All of Us" and "Dream Cities, Sustainable Cities" – continued to tour in Europe, China, Brazil, Argentina, Spain, Portugal, Uruguay and Peru.

In 2012, "The Street Belongs to All of Us" is scheduled to stop at the UN-Habitat World Urban Forum (1-7 September) in Naples, as well as in Mexico City and Recife. The event attracts the world's main urban stakeholders, particularly mayors, who approach urbanisation with an inter-dependant worldview and bring to the international table universally applicable concepts, issues and tools.

2.1.2. R&D AND OPEN INNOVATION

To enable PSA Peugeot Citroën to build the future, introduce exciting new concepts and offer a comprehensive range of innovative models, research and development activities were backed by substantial budgets in 2011, totalling more than €2 billion for the Automotive Division (including development costs on existing vehicles) and €3 billion for the Group as a whole. The R&D budget will be maintained at €2 billion in 2012.

More generally, total capital expenditure related to automotive operations was increased significantly to €4,035 million in 2011, from €3,496 million in 2010 and €3,764 million in 2009, thereby enabling the Group to continue developing strategic models and exploring innovative technological solutions, while pursuing its international expansion.

2.1.2.1. RESEARCH AND DEVELOPMENT

AUTOMOTIVE EXPERTISE TO DELIVER USEFUL TECHNOLOGIES

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.

A priority for PSA Peugeot Citroën, innovation is a powerful lever for creating competitive advantage by addressing such major auto industry challenges as changing standards and legislation, rising environmental awareness, emerging mobility and networking needs and meeting customer expectations for product appeal. To continue actively preparing for the future, approximately €2 billion, or 5.3% of Automotive Division revenue, is allocated to research and development every year.

After pioneering the diesel particulate filter (DPF), which was marketed even before Euro 5 standards made such filters mandatory in September 2009 and has already been fitted on more than 3.5 million vehicles, PSA Peugeot Citroën is now blazing new trails in hybrid diesel technology with the e-HDI and HYbrid4 powertrains (see section 2.2.1). In 2011, for example, we introduced the world's first diesel hybrids with the Peugeot 3008 HYbrid4 and the Peugeot 508 HYbrid4, two high-performance, long-range vehicles that emit less than 100 g/km of CO_2.

The Group has six research and development centres worldwide – four in France (Vélizy, Sochaux-Belchamp, La Garenne and Carrières-sous-Poissy), one in Shanghai (China Tech Centre) and one in São Paulo, Brazil. The Automotive Design Network styling centre is home to the two brands' styling studios, plus all of the innovation and vehicle architecture teams, comprising nearly 1,000 people in all. Lastly, two vehicle test centres are located in Belchamp and La Ferté-Vidame, France.

Each Peugeot or Citroën car is created through a seamless design and development process involving daily input from more than 16,600 R&D engineers and technicians, of whom 14,700 are assigned to the Research & Development Department, 1,400 to the Latin American Division and 500 to the Asia Division.

To create competitive advantage, we pay careful attention to the needs, whether expressed or implied, of its customers and the wider community. At the same time, we make sure that every automobile 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.

Innovation programmes are guided by five main research avenues:

- clean technologies, with the objective of offering "a clean car for every use";
- safety, to globalise our European expertise;
- product appeal, by offering carbuyers innovative functionalities and design;
- competitiveness, so we can deliver affordable innovations;
- disruptive process technologies (robotics, new surface treating processes, etc.), to maintain efficient, state-of-the-art manufacturing facilities.

In 2011, programmes focused particularly on clean technologies and product appeal, resulting in:

- significantly faster development of solutions to reduce carbon emissions with measures to lower vehicle weight, make more energy efficient powertrains with a smaller carbon footprint and pave the way for alternative hybrid and electric powertrains;
- apriority focus on human machine interface (HMI), networking and on-board telematics to support the appeal of the connected products and services in terms of both functionality and design.

AN ACTIVE PATENT POLICY

According to the ranking released by National Intellectual Property Institute (INPI) on 27 March 2012, PSA Peugeot Citroën was once again France's leading patent filer, for the fifth consecutive year, with 1, 237 patents applications published in 2011 vs 1,152 patents applications published in 2010. Following on from the strong growth in previous years, this sustained high number of patent filings in a lacklustre business environment, attests to the deep commitment of the Group to R&D and innovation, which are core components of its strategic vision.

The new patents have strengthened a portfolio of innovations that offer real potential for differentiation in a demanding, constantly changing market and thereby setting us apart from the competition, in particular with a line-up of safer, more environmentally friendly cars.

In a compelling sign of the growing international presence of the Group, the Shanghai R&D centre filed its first patents in China in 2011.

To maintain its international presence and detect emerging developments in new fields of innovation, PSA Peugeot Citroën pursues a dynamic innovation policy through strengthened cooperation with a wide range of partners, including universities, laboratories, suppliers and other carmakers. More broadly, capital expenditure is designed to support the international expansion and help to make PSA Peugeot Citroën a truly global enterprise.

2.1.2.2. SCIENTIFIC PARTNERSHIPS

An outward-facing strategy is the key to successful innovation at a time when the automotive industry is facing many technological, environmental and social challenges and the ability to swiftly identify and develop technologies at less cost has become essential to sustaining competitive advantage. It also plays a critical role in identifying the breakthrough technologies that will enable the design of the vehicle of the future.

PSA Peugeot Citroën announced in 2010 the creation of the Science & Technologies Exploratory Lean LABoratory (StelLab) to lead its scientific partnerships. Its mission is to foster interdisciplinary discussion and dialogue, both in-house and with outside partners in academia, by offering a forum where doctoral candidates, research engineers, scientists and Group experts can come together and network. It also hosts students and outside researchers participating in Group-initiated scientific research programmes.

To remain at the forefront in automotive products and services, in 2011 StelLab organised partnerships with leading-edge scientific laboratories in Europe and the rest of the world through joint research facilities known as OpenLabs, which pool the partners' research teams and testing resources.

The six OpenLabs created in 2011 included:

- Automotive Motion Lab, with the Institute of Science and Motion (ISM) in Marseille;
- Electronics and Systems for Automotive with the *Laboratoire de l'Intégration du Matériau au Système* (IMS) in Bordeaux;
- Energetics with the PRISME laboratory in Orléans;
- The Materials and Processes competency centre in Metz with three academic partners, the Georgia Tech-CNRS *Unité Mixte Internationale* (UMI), the *École Nationale Supérieure d'Arts et Métiers de Metz*, and the *Centre de Recherche Publique* (CRP) Henri Tudor in Luxembourg;
- Fluidics in Poitiers with the Institut Pprime;
- Computational Mechanics in the Paris region, with the *École Polytechnique* Solid Mechanics Laboratory (LMS) and the Materials Centre of the *École des Mines*;

These partnerships, which already account for 10% of the Group's scientific research, will explore major issues concerning the future of the automobile and closely track future scientific discoveries around the world. Some 10% of scientific research is now carried out by OpenLabs.

The OpenLabs programme will be pursued in 2012, with two letters of intent already signed, one with Tongji University, Shanghai on human-machine interfaces and another with Pontifical Catholic University, Rio de Janeiro on biofuels. The StelLab@EPFL innovation unit was also inaugurated at the *École Polytechnique Fédérale* in Lausanne, Switzerland, providing the research teams of the Group with a presence on a top European campus that will enable them to identify the latest scientific discoveries as early as possible and transform them into technological breakthroughs.

In November 2011, StelLab inaugurated the Hub, a dedicated space for managing partnerships, leading scientific projects and hosting demonstration and experimental laboratories, as well as a collaborative online platform to support participative, de-siloed research.

2.1.2.3. THE PARTNERS PLAN

Another open innovation process is the Partners Plan, one of the priority action plans of the Research and Advanced Engineering Department (DRIA). It attests to the importance placed on building sharing, collaborative and mutually beneficial relationships with outside partners in a commitment to keeping the Group one step ahead.

The partners come from a variety of backgrounds, including universities, laboratories and other scientific organisations; technological institutes or agencies, such as *Institut Français du Pétrole* (IFP) and the French Alternative Energies and Atomic Energy Commission (CEA); technology companies in the automotive and other industries; and PSA Peugeot Citroën automotive equipment suppliers.

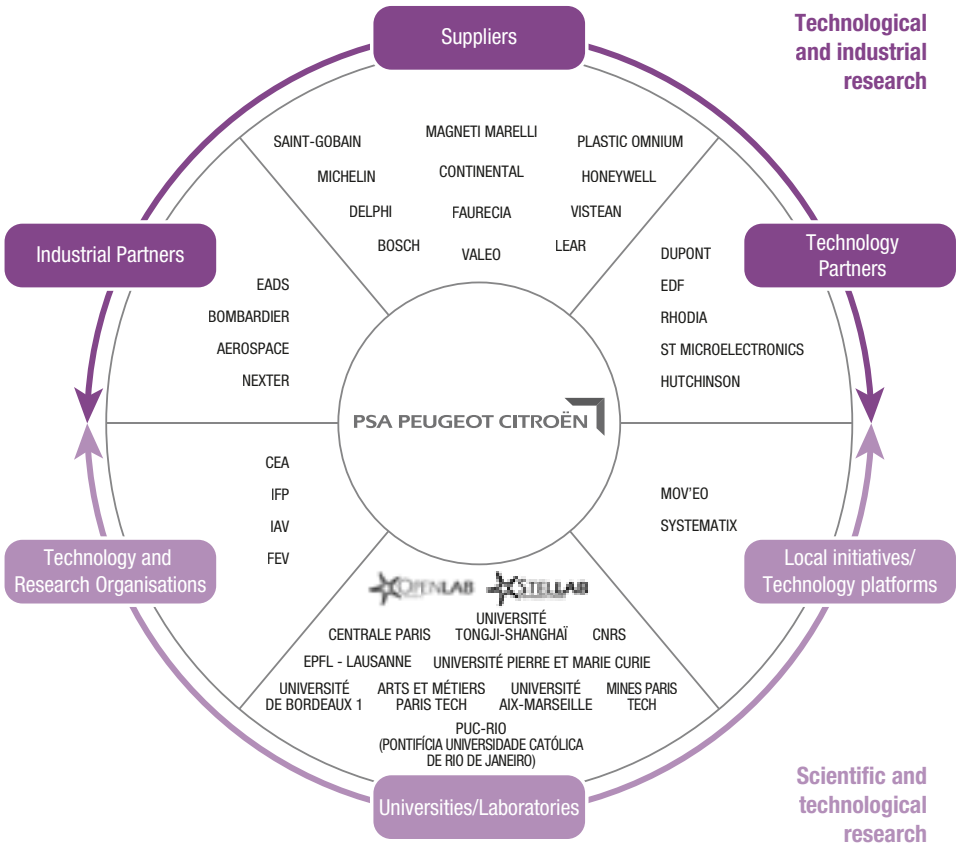
- the Group has long worked with certain partners like IFP, CEA and French national power utility EDF;
- as far back as 1999, a pioneering co-innovation process was initiated with its tier 1 equipment-makers, based on framework agreements signed with around ten of the leading suppliers (Bosch, Continental, Delphi, Faurecia, Valeo, etc.) to streamline the contractual interchange of information and projects and to define supplier relationship governance and management procedures. In this way, each partner can identify common issues far upstream, take appropriate action and track the project through each milestone to process engineering and production.
  Capitalising on these successful ventures, the global strategic suppliers initiative was launched in 2009 with around 15 leading suppliers, with the goal of fostering trustworthy, transparent, long-term cooperation in every aspect of the supplier relationship, including Innovation. In this way, these strategic partnerships will help to drive the creation of shared values and competitive advantage for each partner. Upstream, collaboration begins by sharing a vision of market and technology trends, so as to build a common roadmap and determine the most appropriate innovation projects to work on together;

At the same time, to more effectively address the challenges the auto industry is facing with fast changing technologies and markets, the DRIA is now broadening and deepening its outside partnerships.

- in the same way that strengthening the relationship with the scientific community led to the creation of StelLab and the OpenLabs network, in the field of innovation, the Group is expanding its existing partnerships, such as the one with EDF, and identifying potential new partners across the automotive supply chain as well as with non-automotive companies that share similar technological issues;
- to facilitate joint innovation projects, framework agreements with wording already used in the innovation plans have been signed with Aerospace, EADS and ST Microelectronics, while others are being discussed with other identified partners like DuPont de Nemours and Bombardier;
- the scope of these partnerships is not only technical, from research to development, but also methodological and international, in a commitment to identifying best practices to discover and select innovative solutions and to make them usable and accessible to as many people as possible. The partnerships are also designed to nurture these deeper relationships with leading players in the Group priority growth regions of Asia, Latin America and Russia.

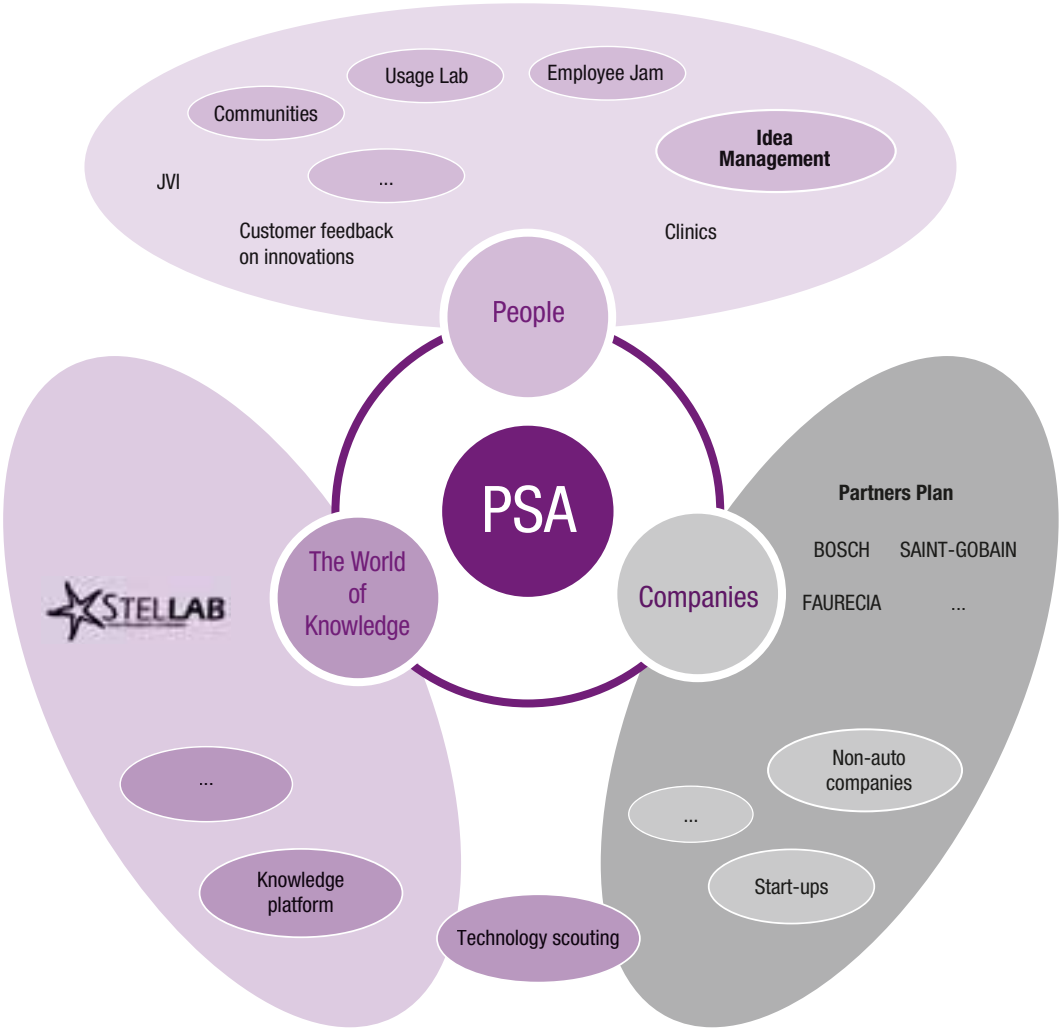
Today the Partners Plan comprises around 15 innovation plans, around 15 technological or research and advanced engineering organisations and 20 or so universities and laboratories.

PSA Peugeot Citroën Innovation Network



2.1.2.4. OPEN INNOVATION: AN INTEGRATED PROCESS

Open Innovation at PSA Peugeot Citroën today



By its very nature, the automotive industry has to constantly remain open to the outside world. The actions undertaken by PSA Peugeot Citroën over the past two years, such as the creation of StelLab and the broader collaborations with strategic suppliers and partners are two compelling examples of how this openness is gaining momentum.

This is particularly true in R&D, where many academics and manufacturers now talk about open innovation. In 2011, PSA Peugeot Citroën conducted an in-depth analysis and review of the meaning and aspects of open innovation, in order to recommend pathways to improve the current innovation processes. After defining open innovation as "a broader relationship policy, driven by the creation of shared value, to build and manage relationships with different ecosystems", the review developed practical roadmaps for the years ahead involving the three major ecosystems: the world of Knowledge, the world of Business and the world of People.

PSA Peugeot Citroën has already begun to transform its relations with the first two ecosystems. The StelLabs process opens the Group to the world of Knowledge and the Partners Plan strengthens its presence in the world of Business. Today, PSA Peugeot Citroën is starting to enhance its relationship with the third ecosystem by placing people (both employees and customers) in the centre of its innovation processes. Two recent examples of this latest transformation are the Citroën Creative Awards and the introduction of collaborative exchange and/or idea management platforms.

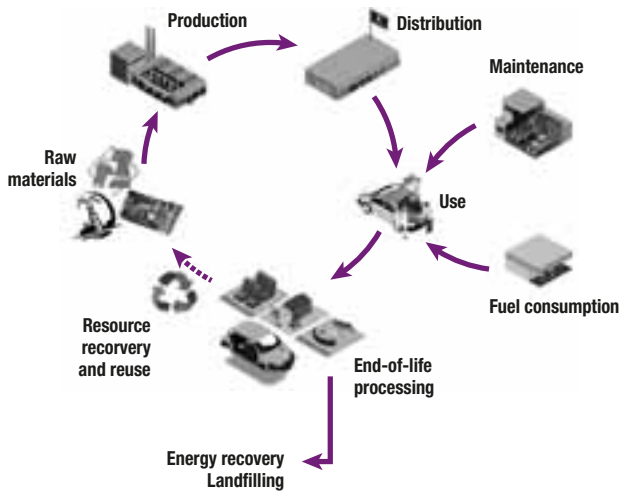
2.1.3. ECO-DESIGN AND LIFE CYCLE ANALYSIS

Beginning in the design phase, PSA Peugeot Citroën teams strive 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 guarantees that the Group will stay ahead of the competition in terms of sustainable mobility and new materials.

Life cycle stage	Major challenges
Product definition	• Define new automobile products and services taking into account the mobility needs of consumers around the world, local legislation and people's expectations with regard to the environment, safety, etc.
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, easing traffic congestion, etc.
Production	• Reduce the environmental impact of automobile manufacturing. • Ensure workplace safety. • Participate in the economic and social life of local communities.
Transport and sale	• 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, improving vehicle fuel efficiency and developing ever-more effective exhaust emissions control systems.
End of life	• Facilitate the collection and processing of end-of-life vehicles and components by specialised providers and optimise their recyclability (decontamination, recycling and resource recovery services).

Based on this principle, PSA Peugeot Citroën conducts life cycle analyses of its vehicles and components that comply with the framework defined in the ISO 14040/044 standards. These studies analyse the environmental footprint of a vehicle, its component design or materials. In this way, the entire product life cycle is taken into account from raw material extraction, to manufacture, use and end-of-life recycling

Simplified diagram of a vehicle life cycle



These analyses are carried using software linked to environmental databases that makes it possible contact a product's environmental impact.

PSA Peugeot Citroën tracks the following indicators, among others:

- climate change or the impact of CO_2 and other greenhouse gas emissions;
- acidification of the air, caused in part by sulphur emissions;
- eutrophication of water, caused by emissions of nitrous compounds;
- depletion of the ozone layer;
- primary energy consumption;
- depletion of oil and other natural resource;
- flows of non-recycled waste to landfill sites.

The results of life cycle analyses help to:

- compare the environmental impact of one innovative solution to another;
- identify possible pollution transfers from one phase of the life cycle to another;
- identify major environmental impacts;
- choose more environmentally responsible materials or technologies.

With regard to this last point, PSA Peugeot Citroën has developed a policy for integrating green materials that in some cases includes environmental assessments of the materials.

For example, a life cycle analysis of a thermoplastic component integrating hemp-fibre instead of fiberglass showed a 14% reduction in the component's climate change impact.

Similarly, a life cycle analysis carried out with Valeo and Rhodia showed that introducing recycled polyamide in the manufacture of a cooling fan significantly reduced the seven chosen environmental impact indicators, and in particular reduced the use of primary resources by around 30% compared with components made with new polyamide.

Generally carried out at the end of the product design phase, life cycle analyses can also be conducted during the innovation phase in order to take environmental impact into account. Consequently, the Group is developing a special methodology so that these criteria can be integrated into the innovation phase.

2.2. LOW CARBON VEHICLES FOR ALL TYPES OF USE

PSA Peugeot Citroën teams are proficient 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 emissions of carbon and other pollutants, using natural resources reasonably and enhancing recyclability. In addition to ensuring that its vehicles comply with local environmental legislation, eco-design also ensures that the Group will stay ahead of the competition in terms of sustainable mobility.

As part of its commitment to sustainable development, the Group dedicates a very substantial portion 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 that are recycled or bio-sourced.

2.2.1. GREENHOUSE-FRIENDLY TECHNOLOGIES

PSA PEUGEOT CITROËN'S CHALLENGES AND STRATEGY

Looking forward to 2020, the automobile industry will have to become more energy efficient and environmentally friendly.

In Europe, emissions regulations focus mainly on environmental protection, while in China the goal is more to achieve energy independence.

Europe is aiming for Corporate Average Fuel Efficiency (CAFE) of 95 g/km of CO_2 by 2020 and China has comparable objectives. Clearly, game-changing solutions will be required to meet these very ambitious targets. Carmakers who do not comply with the European CAFE target for 2020 will pay an annual fine of €95 per gram of overshoot multiplied by their unit sales the European Union.

In addition to CO_2 regulations, standards for NO_x and other pollutants will become more stringent. These standards will have to be aligned with the way vehicles are actually used, which will mean even higher requirements for carmakers.

Tax incentives, the trend toward urbanisation in all markets and the spread of limited-access downtown areas and low-emission zones are speeding the development of more environmentally responsible technologies.

Against this backdrop, PSA Peugeot Citroën aims to consolidate its environmental leadership. PSA Peugeot Citroën is developing a range of increasingly fuel-efficient, low-carbon cars that continue to meet the growing mobility needs of individuals, giving them access to employment, education and healthcare, while complying with regulatory standards.

The Group's current strategy is based on a segmented approach by major market and customer type (passenger car and utility vehicle, depending on type of use, expectations and budget) with a low-carbon vehicle for each segment. In 2011 and early 2012, the Group introduced in each European market segment high-volume vehicles that are well positioned in terms of carbon emissions.

HIGHLY FUEL-EFFICIENT VEHICLES LAUNCHED IN 2011 AND EARLY 2012

			g CO_2/km
Peugeot	207	1.6 HDi	98
Peugeot	208	1.4 e-HDi 68	87
Peugeot	308	1.6 e-HDi 112	98
Peugeot	3008	1.6 e-HDi 112	122
Peugeot	5008	1.6 e-HDi 112	119
Peugeot	508	1.6 e-HDi 112	109
Peugeot	Partner Tepee	1.6 e-HDi 92	125
Citroën	C3	1.4 e-HDi	87
		1.6 e-HDi	93
Citroën	DS3	1.4 e-HDi	87
	DS3	1.6 e-HDi	95
Citroën	C3 Picasso	1.6 e-HDi	109
Citroën	C4	1.6 e-HDi	98
Citroën	C4 Picasso	1.6 e-HDi	125
Citroën	DS5	1.6 e-HDi	114
Citroën	C5	1.6 e-HDi	120
Citroën	Berlingo	1.6 e-HDi	125

Launches of this type of vehicle will continue in the years ahead.

As part of this approach, PSA Peugeot Citroën is planning to deploy a wide array of technological solutions structured around the following main objectives:

- optimising powertrains for petrol and diesel internal combustion engines, including the more widespread use of Stop & Start systems;
- improving the overall fuel efficiency of its vehicles, in particular by optimising vehicle architecture (aerodynamics and mass) and equipment (tyres, etc.);

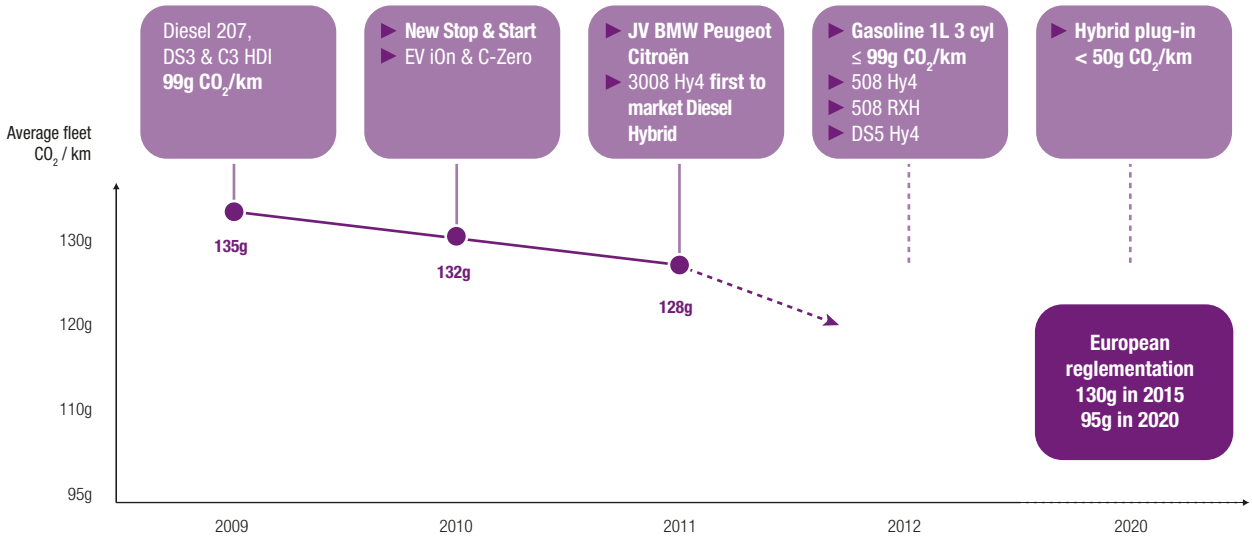
- deploying hybrid technologies with different size engines and battery capacity to meet a wide range of types of use and budgets. Bi-modal and hybrid plug-in technologies will account for a significant portion of the market in the decade 2020-2030, both for passenger cars and light utility vehicles;
- developing electric vehicles for both fleets and individual customers, as cities install the necessary infrastructure and battery costs decline.

In Europe, the Group has set a target of selling one million vehicles emitting less than 120 g/km of CO_2 a year, beginning in 2012. To consolidate its environmental leadership over the medium term and looking forward to 2020, PSA Peugeot Citroën aims to systematically offer:

- vehicles with very low fuel consumption but that still deliver superior features and equipment;
- best-in-class carbon performance for high-volume vehicles in the main market segments.

In China, where the regulatory environment will be as strict as Europe's in 2020, a comparable effort will be deployed, in particular by activating the same technical levers.

In Brazil, PSA Peugeot Citroën has confirmed its goal of reducing fuel consumption and carbon emissions by applying the same technological levers as in Europe. This will help to position the Group among the market leaders with highly fuel-efficient vehicles in the different segments.



European sales ≤ 120g CO_2/km: 811,000 in 2011, in line with 1,000,000 target in 2012

REGULATIONS

In the period between 2010 and 2020, countries around the world are adopting regulatory requirements that set CO_2 emission or fuel consumption targets.

These include either regulated objectives of emissions or fuel efficiency labelling:

- CAFE Europe (Corporate Average Fuel Efficiency):
  - average fleet CO_2 emissions of 130 g/km in 2015 and 95 g/km in 2020,
  - each carmaker's target is set in relation to the average weight of vehicles sold, using a calculation that encourages lighter-weight vehicles;
- CAFE China (based largely on CAFE Europe):
  - average fleet fuel efficiency of 6.9 l/100 km in 2015 and a target comparable to CAFE Europe for 2020, given the specific market characteristics,
  - as in Europe, the target is set to create an incentive for lighter-weight vehicles;
- Japanese and Indian regulations;
- fuel efficiency labelling, as in Brazil, India, South Korea and Iran.

PSA Peugeot Citroën has fully integrated these requirements into its strategy, with the related constraints and opportunities on both the financial and consumer levels. CO_2 regulations in Europe, for example, set a fine of €95 per vehicle sold for each gram over the set target in 2020, and CO_2 labelling programmes will change buying behaviour by encouraging consumers to buy low-carbon vehicles.

PSA Peugeot Citroën has been actively reducing its vehicles' fuel consumption and carbon emissions for many years now and, as a result, is the European leader in vehicles in the less than 111 g of CO_2 per km category (corresponding to fuel consumption of around 4.5 l/100 km). The Group therefore has the necessary strengths to adapt to these new requirements.

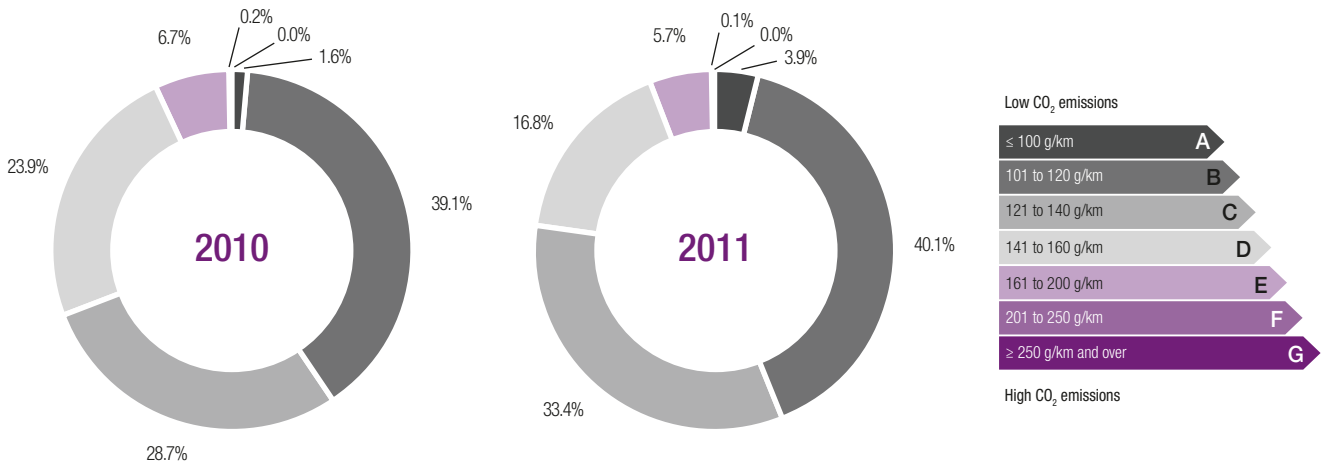
As regulations and other constraints tighten, procedures for measuring carbon emissions and fuel consumption are being reviewed at the global level, with the World Harmonised Light Vehicle Test Procedure (WLTP). PSA Peugeot Citroën supports this process with the goal of obtaining greater recognition for recent technical advances (lighter vehicles, hybrid powertrains, etc.), a sign of reliable environmental information for customers.

2.2.1.1. SALES AND MARKET SHARE BY CO_2 EMISSIONS LEVEL

PSA PEUGEOT CITROËN REGISTRATIONS BY CO_2 EMISSIONS LEVEL

(Passenger car registrations in 22-country Europe, corresponding to the EU excluding Greece, Cyprus, Malta, Bulgaria and Romania)

Note: The scope of reporting has changed compared with last year's document.



In this chart, the CO_2 emissions bands (in g/km) correspond to the ratings on French energy efficiency labels. A: ≤100, B: 101-120, C: 121-140, D: 141-160 E: 161-200, F: 201-250, G: ≥250.

In 2011, vehicles that emit 110 g/km of CO_2 and less accounted for 29% of Peugeot and Citroën sales in 22-country Europe, versus 22% in 2010.

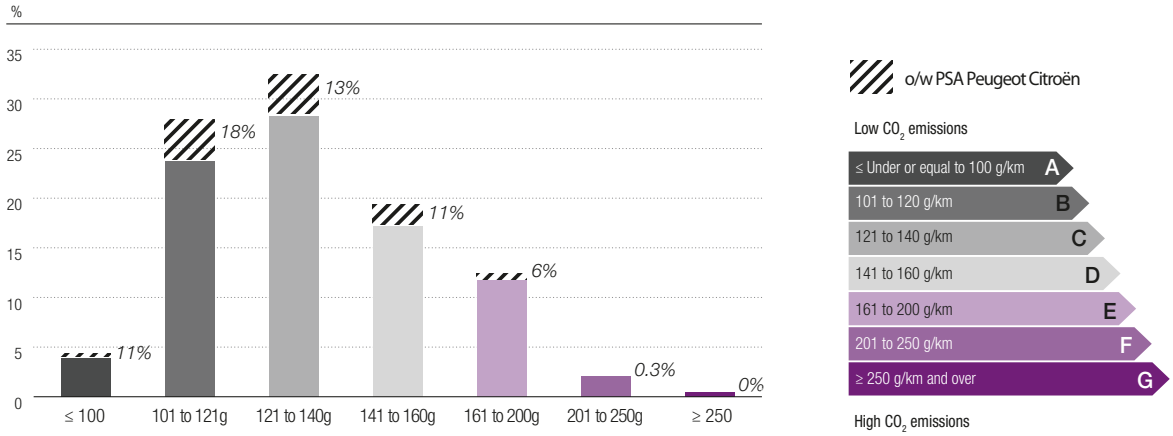
In 2011, vehicles that emit less than 140 g/km of CO_2 accounted for 77% of Peugeot and Citroën sales in 22-country Europe.

Average Group CO_2 emissions in 22-country Europe stood at 127.9 g/km in 2011, versus 132.0 g/km in 2010.By comparison, average CO_2 emissions in 14-country Europe (Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, The Netherlands, Portugal, Spain, Sweden and the United Kingdom) stood at 131.8 g/km in 2010, 135.8 g/km in 2009 and 140.1 g/km in 2008.

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

EUROPEAN AUTOMOBILE MARKET BY CO_2 EMISSIONS LEVEL

(2011 passenger car registrations in 22-country Europe, corresponding to the EU excluding Greece, Cyprus, Malta, Bulgaria and Romania)



A comparison of PSA Peugeot Citroën registrations and the total European market by range of CO_2 emissions in 2011 highlights the Group's contribution to reducing new vehicle emissions in Europe.

In 2011, a total of 717,000 PSA Peugeot Citroën passenger cars emitting less than 120 g/km of CO_2 were registered in 22-country Europe. Moreover, in the segment of vehicles emitting less than 110 g/km of CO_2, the Group is the market leader with a 21.1% share, representing 476,000 passenger vehicles.

2.2.1.2. FUEL CONSUMPTION AND CO_2 EMISSIONS BY VEHICLE

FUEL CONSUMPTION AND CO_2 EMISSIONS BY VEHICLE IN 2011

In all, 29 Peugeot and Citroën models are produced in versions that emit less than 130 g/km of CO_2, of which 21 that emit less than 121 g/km. Among them are seven versions with emissions of less than 100 g/km – the Peugeot iOn, 207 and 308 and the Citroën C-Zero, C3, DS3 and C4.

The models below were selected on the basis of two criteria: best sales in France and environmental performance. For each one, the table shows data for the petrol, hybrid 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.

PEUGEOT (FRANCE 2011)

		Fuel	Displacement	Power	Fuel consumption (litres/100 km)			CO_2	Noise
			cm³	*kW*	City	Highway	Combined	*g/km*	*dB (a)*
Peugeot iOn		**Electric**	**-**	**47**	**0**	**0**	**0**	**0**	**66**
Peugeot 107	**1.0 68 hp**	**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	4.6	3.3	3.8	98	68.5
	1.6 HDi 92	**Diesel**	**1,560**	**68**	**5.2**	**3.5**	**4.2**	**110**	**74.3**
Peugeot 308	1.4 VTi 98	Petrol	1,397	72	8.4	5.1	6.3	144	73.7
	1.6 VTi 120	**Petrol**	**1,598**	**88**	**9.1**	**4.9**	**6.4**	**147**	**72.8**
	1.6 e-HDi 112	Diesel	1,560	82	4.4	3.7	4.0	98	72.0
	1.6 HDi 112	**Diesel**	**1,560**	**82**	**5.1**	**3.9**	**4.5**	**114**	**72.0**

		Fuel	Displacement	Power	Fuel consumption (litres/100 km)			CO_2	Noise
			cm³	kW	City	Highway	Combined	g/km	dB (a)
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 e-HDi 112	Diesel	1,560	82	5.2	4.4	4.7	122	69.6
	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 e-HDi 112	Diesel	1,560	82	5.1	4.3	4.6	119	69.5
	1.6 HDi 112	**Diesel**	**1,560**	**82**	**6.2**	**4.5**	**5.1**	**134**	**69.5**
Peugeot 407 Coupé	**2.0 HDi 163**	**Diesel**	**1,997**	**120**	**6.9**	**4.5**	**5.4**	**140**	**73.6**
Peugeot 508	**1.6 THP 156**	**Petrol**	**1,598**	**115**	**9.0**	**4.7**	**6.2**	**144**	**72.0**
	2.0 HDi 140	**Diesel**	**1,997**	**103**	**6.2**	**3.7**	**4.6**	**119**	**72.6**
	1.6 e-HDi 112	**Diesel**	**1,560**	**82**	**5.1**	**4.0**	**4.2**	**109**	**71.3**
Peugeot 4007	**2.2 HDi 156**	**Diesel**	**2,179**	**115**	**8.6**	**5.6**	**6.7**	**175**	**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**	**4.8**	**3.7**	**4.1**	**107**	**74.0**
Peugeot Partner Tepee	**1.6 VTi 120**	**Petrol**	**1,598**	**88**	**9.6**	**6.0**	**7.3**	**169**	**74.0**
	1.6 e-HDi 92	Diesel	1,560	68	5.1	4.5	4.8	125	69.4
	1.6 HDi 92	**Diesel**	**1,560**	**66**	**6.2**	**4.8**	**5.3**	**139**	**74.5**
Peugeot Expert Tepee	1.6 HDi 90	Diesel	1,560	66	8.0	6.3	6.9	182	74.4
	2.0 HDi 128	**Diesel**	**1,997**	**94**	**8.2**	**6.3**	**7.0**	**183**	**73.6**
Peugeot RCZ	**1.6 THP 156**	**Petrol**	**1,598**	**115**	**8.9**	**5.1**	**6.4**	**149**	**71.0**
	2.0 HDi 163	**Diesel**	**1,997**	**120**	**6.8**	**4.5**	**5.3**	**139**	**73.6**

Launches will continue in 2012:

		Fuel	Displacement	Power	Fuel consumption (litres/100 km)			CO_2
			cm³	kW	City	Highway	Combined	g/km
Peugeot 107	**1.0**	**Petrol**	**998**	**50**	**5.1**	**3.8**	**4.3**	**99**
Peugeot 208	1.0 VTi 68	Petrol	999	50	5.2	3.7	4.3	99
	1.2 VTi 82	Petrol	1,199	60	5.6	3.9	4.5	104
	1.4 VTi 95	**Petrol**	**1,397**	**70**	**7.5**	**4.5**	**5.6**	**129**
	1.4 e-HDi 68	**Diesel**	**1,398**	**50**	**3.6**	**3.2**	**3.4**	**87**
Peugeot 3008	**HYbrid4**	**Full-hybrid diesel**	**1,997**	**147**	**3.9**	**3.7**	**3.8**	**99**
Peugeot 508	**RXH**	**Full-hybrid diesel**	**1,997**	**147**	**4.0**	**4.2**	**4.1**	**107**

CITROËN (FRANCE 2011)

		Fuel	Displacement	Power	Fuel consumption (litres/100 km)			CO_2	Noise
			cm³	*kW*	City	Highway	Combined	*g/km*	*dB (a)*
Citroën C-Zero		**Electric**	**-**	**47**	**0**	**0**	**0**	**0**	**66**
Citroën C1	**1.0i**	**Petrol**	**998**	**50**	**5.4**	**4.0**	**4.5**	**103**	**70.0**
Citroën C3	**1.1i**	**Petrol**	**1,124**	**44**	**7.9**	**4.9**	**5.9**	**137**	**73.8**
	VTi 95 BMP	Petrol	1,397	70	7.4	4.4	5.5	127	73.9
	HDi 90	**Diesel**	**1,560**	**68**	**4.5**	**3.4**	**3.8**	**99**	**71.4**
	e-HDi 70	Diesel	1,398	50	3.6	3.2	3.4	87	72.1
Citroën DS3	VTi 95 BMP	Petrol	1,397	70	7.4	4.4	5.5	127	73.9
	VTi 120	**Petrol**	**1,598**	**88**	**7.9**	**4.8**	**5.9**	**136**	**73.5**
	e-HDi 90	**Diesel**	**1,560**	**68**	**4.4**	**3.3**	**3.7**	**98**	**71.4**
Citroën C3 Picasso	**VTi 95**	**Petrol**	**1,397**	**70**	**8.4**	**5.1**	**6.3**	**145**	**74.0**
	e-HDi 90	**Diesel**	**1,560**	**68**	**4.7**	**3.8**	**4.2**	**109**	**74.9**
Citroën NemoCombi	**1.4i**	**Petrol**	**1,360**	**54**	**8.2**	**5.6**	**6.6**	**152**	**72.5**
	HDi 75	**Diesel**	**1,248**	**55**	**4.9**	**3.6**	**4.1**	**107**	**74.0**
Citroën Berlingo	e-HDi 90	Diesel	1,560	68	5.1	4.5	4.8	125	69.4
	VTi 95	**Petrol**	**1,598**	**72**	**9.6**	**5.7**	**7.1**	**164**	**74.0**
	HDi 75	**Diesel**	**1,560**	**55**	**6.2**	**4.8**	**5.3**	**139**	**73.6**
Citroën C4	**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	4.2	3.5	3.8	98	71.8
Citroën DS4	**VTi 120**	**Petrol**	**1,598**	**88**	**8.3**	**5.0**	**6.2**	**144**	**67.7**
	e-HDi 110	**Diesel**	**1,560**	**82**	**5.4**	**4.0**	**4.5**	**118**	**70.8**
Citroën C4 Picasso	**VTi 120**	**Petrol**	**1,598**	**88**	**9.3**	**5.4**	**6.9**	**159**	**73.8**
	HDi 110	**Diesel**	**1,560**	**82**	**6.1**	**4.5**	**5.1**	**132**	**70.1**
	e-HDi 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 DS5	**THP 200**	**Petrol**	**1,598**	**147**	**8.9**	**5.5**	**6.7**	**155**	**73.8**
	HYbrid4	Diesel hybrid Electric	1,997	120/147	3.9	3.7	3.8	99	74.8
	HDi 160	**Diesel**	**1,997**	**120**	**6.3**	**4.1**	**4.9**	**129**	**72.4**
Citroën C6	**V6 HDi 240 FAP**	**Diesel**	**2,993**	**177**	**10.0**	**5.8**	**7.3**	**189**	**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	8.6	5.6	6.7	175	74.9

Launches will continue in 2012:

		Fuel	Displacement	Power	Fuel consumption (litres/100 km)			CO_2
			cm^3	kW	City	Highway	Combined	g/km
Citroën C1	1.0	Petrol	998	50	5.1	3.8	4.3	99
Citroën DS5	HYbrid4	Diesel hybrid Electric	1,997	120/147	3.9	3.7	3.8	99

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. The dB (A) unit of measurement expresses a level of intensity weighted to reflect the physiological characteristics of the human ear.

2.2.1.3. PETROL AND DIESEL ENGINES

PSA Peugeot Citroën is continuing to optimise diesel and petrol internal combustion engines in all geographies – Europe, China and Latin America – to improve their fuel efficiency and thus reduce their carbon emissions, by deploying highly innovative technological solutions in engine architecture as well as in fuel intake, injection and emissions-control systems. The main levers for optimising efficiency include:

- downsizing (reducing engine size and the number of cylinders combined with turbocharging) thereby reducing fuel consumption while maintaining performance levels;
- increasing torque while reducing maximum power, thereby lengthening the power and torque bands and increasing fuel efficiency;
- reducing mechanical friction (oil, piston rings, oil pump, accessories, permeability, etc.);
- optimising output and combustion technology.

High-performance technical solutions for internal combustion engines are already available on 2012 PSA Peugeot Citroën vehicles or are being deployed for new-generation petrol engines. The medium and long-term strategy is to reinforce this technological edge with new engines and gearboxes, in particular for the 2015-2020 period.

REDUCING DIESEL ENGINE FUEL CONSUMPTION AND EXHAUST EMISSIONS

PSA Peugeot Citroën is consolidating its expertise in fuel efficient, high performance, low-carbon diesel engines. Developed in cooperation with Ford, common-rail, direct-injection HDi diesel engines deliver outstanding driving comfort and significantly lower CO_2 emissions.

These benefits have made the HDi one of the best selling engines in Europe, where diesels represented nearly 62% of passenger car and utility vehicle unit sales in 2011.Equipped with particulate filters since 2000, HDi engines are constantly being optimised to deliver greater driving comfort and enhanced emissions-control systems. Some 1.677 million HDi powerplants were produced in 2011, bringing total output to more than 17.5 million units since 1998, of which 5.4 million fitted with additive particulate filters, a PSA Peugeot Citroën invention.

The 1.4-liter diesel versions of the Citroën C3 and Peugeot 208 with CO_2 emissions of just 87 g/km were launched, respectively in late 2011 and early 2012. Both feature a particularly efficient technical package that includes optimised engine calibration, Stop & Start technology and semi-automatic gearboxes.

Combined with HYbrid4 technology – a world first – PSA Peugeot Citroën's 2.0-litre diesel engine has enabled the Peugeot 3008 to achieve breakthrough performance: 99 g/km of CO_2 emissions for combined power (internal combustion and electric powertrains) of 200 hp.

In a global market where internal combustion engines will still be predominant in 2020, PSA Peugeot Citroën is continuing to develop its HDi technology. At the same time it is more broadly deploying its e-HDi (Stop & Start) technology and beginning in 2013 will offer new engines that are more fuel efficient and aligned with the forthcoming Euro 6 standard. The Group's future utility vehicle ranges will integrate these new engines, thereby supporting efforts to improve the environmental performance of this type of vehicle. In 2011, 96% of utility vehicles in Europe were diesel-powered.

The emissions-control technology PSA Peugeot Citroën is developing for the Euro 6 standards, which combines additive particulate filters with Selective Catalytic Reduction technology to lower nitrous oxide emissions, will enable the Group's diesel engines to comply with today's most stringent control standards.

The medium-term strategy for the 2015-2020 period calls for further technological advances in diesel powertrains, with new launches of engines and related gearboxes.

REDUCING PETROL ENGINE FUEL CONSUMPTION AND EXHAUST EMISSIONS

In less than ten years, PSA Peugeot Citroën will have revitalised all of its petrol engine ranges, in line with its goal of reducing carbon emissions not only in Europe but also in other major markets, including China.

Since 2006, PSA Peugeot Citroën has been offering the 1.4-litre and 1.6-litre, 4-cylinder petrol engines developed jointly with BMW, which deliver a 10 to 15% reduction in CO_2 emissions compared with their predecessors. By the end of 2011, 2,415 million of these engines had already been produced. The engines have been voted Engine of the Year in their category five times.

PSA Peugeot Citroën and BMW are pursuing their cooperative venture by developing a new generation of Euro 6-compliant four-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.

This new family will:

- reduce carbon emissions by up to 25% compared with the previous generation, making it possible to offer petrol-powered cars that emit less than 100 g/km of CO_2;
- cover a wide range of power – between 50 kW and 100 kW – depending on the version;
- be available in versions that meet the future Euro 6 standard when they are first launched.

To support and strengthen its international development, especially in China, PSA Peugeot Citroën has begun deploying the new engines in its non-European markets and will step up deployment in the years ahead.

In emerging markets, where mainly petrol engines are being deployed, there are growing trends toward European-style regulations, government incentives and consumer expectations. To support its growth outside Europe, PSA Peugeot Citroën has decided to introduce clean, fuel-efficient, high-performance, high-tech engines in these markets as quickly as possible.

These new developments take into account specific market expectations, such as flex fuel models for Brazil. The deployment of these new engines in China represents a significant step forward, in line with the strategy of reducing CO_2 emissions from PSA Peugeot Citroën vehicles in the market by 2020.

Lastly, hybrid engines are also being introduced with a Stop & Start Petrol offer scheduled for 2013 that will then be extended to all petrol engines and followed by a hybrid offer.

PSA Peugeot Citroën is committed to completely overhauling its petrol engine ranges enabling a shift toward hybrid solutions.

GEARBOXES

Petrol and diesel powertrains are continuously improved by focusing on two main areas:

- transmission efficiency, for both manual and automatic gearboxes;
- adapting the powertrain (*i.e.*, gear ratios, gear ratio change strategies, compatibility with Stop & Start), to take maximum advantage of improvements to engines, and operate under optimum conditions of fuel consumption, in the test cycle and in customer use (with the help of the gear ratio indicator recommended for manual gearboxes).

The six-speed electronic manual gearbox, widely deployed by the Group, combines these two areas for an extended very low fuel consumption offering.

Work on two mid-range and high-end six-speed automatic transmissions should make it possible to deliver excellent drivability as well as fuel consumption similar to that of comparable manual gearbox powertrains (about +5 g/km of CO_2) for automatic petrol and diesel powertrains by around 2013.

The Group is continuing to explore other types of gearboxes that represent the best of these two technologies.

PSA PEUGEOT CITROËN SALES BY REGION AND TYPE OF FUEL

PSA Peugeot Citroën billings for assembled vehicles, by region and type of fuel

Fuel	Year	Europe 30	Asia	Latin America	Other	Total
Petrol	**2011**	**570,493**	**421,218**	**286,494**	**587,766**	**1,865,971**
	2010	686,439	392,404	265,445	589,931	1,934,219
	2009	792,946	277,535	187,193	408,523	1,666,197
Diesel	**2011**	**1,487,318**	**3,291**	**42,250**	**150,384**	**1,683,243**
	2010	1,507,262	2,125	39,371	135,504	1,684,262
	2009	1,319,206	972	20,311	83,470	1,423,959
Electric	**2011**	**6,301**				**6,301**
	2010	198				198

2.2.1.4. ALTERNATIVE FUELS

Another way to reduce a vehicle's carbon footprint is to use fuels other than petrol and diesel, such as natural gas, LPG 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, including changes in how farmland is to be used.

COMPRESSED NATURAL GAS (CNG)

Compressed natural gas (CNG), which is comprised mainly of methane (CH_4), is also among the energies used by PSA Peugeot Citroën in markets where the gas represents a plausible alternative to petrol, such as Argentina, China and the Middle East. These are markets where local conditions are favourable to its development (*i.e.*, secure CNG supply, political commitment to set up a distribution network and tax incentives). Using CNG also helps to reduce tank-to-wheel carbon emissions by 20% compared with conventional petrol fuels.

ETHANOL AND FLEX-FUEL VEHICLES

PSA Peugeot Citroën billings for assembled vehicles, by region

	Western Europe	o/w France	Latin America	Worldwide total
2011	**0**	**0**	**150,900**	**150,900**
2010	395	15	146,790	147,185
2009	950	20	117,500	118,450

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 ofup to 85% ethanol in Europe (E85) and from 20 to 100% ethanol in Brazil. While the development of E85 is still marginal in France and elsewhere in Europe, Brazil is the world's largest market for ethanol and flex-fuel vehicles.

In the years ahead, flex-fuel models will be brought to market equipped with new families of petrol engines currently being developed. This solution will help to improve the new engines' energy efficiency by optimising consumption while also reducing CO_2 emissions through the use of ethanol.

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% VOEE/VOMEs.

Higher biofuel blends are more beneficial when used in captive fleets, where more rigorous fuel storage, refuelling and maintenance processes are easier to implement. For example, the Group's service fleet has been running on B30 fuel (a 30% biodiesel/70% diesel blend) for more than a decade and covers over 14 million kilometres a year with this fuel.

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 with high-quality oil, no oil maintenance and a specially serviced diesel fuel filter. This includes the vehicles equipped with the new e-HDi and HYbrid4 technologies.

The Group is participating in various research programmes in Europe, notably in France where it is a member of the Diester Partners association. 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.

In a partnership with the Ladetel laboratory in Brazil, the Group is operating a fleet of modern diesel vehicles with local fuels made from Brazilian soybean, castor and palm oils to promote diesel engines for individuals.

PSA Peugeot Citroën is also helping to create an advanced laboratory with the Pontifical Catholic University of Rio de Janeiro (PUC) and more recently announced a partnership with Petrobras, the energy company, to reduce carbon emissions by optimising combustion of local biofuels.

The Group is 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. In mid-2011, the Group agreed to take part in a low-carbon energy project being set up for future-generation biofuels made from microalgae (GreenStars platform).

2.2.1.5. DEPLOYING MICRO-HYBRID, HYBRID 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 CO_2 emissions. PSA Peugeot Citroën will continue to introduce Stop & Start solutions, hybrids and zero-emission vehicles, consolidating its position in the European low-carbon vehicle segment and extending its expertise to other markets.

STOP & START AND E-HDI TECHNOLOGY

Stop & Start technology allows the engine to shut down automatically when the vehicle is standing still or in neutral – 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, its features help to provide an efficient solution to a number of traffic-related issues in cities, where 75% of Europeans live.

First-generation Stop & Start technology 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, this technology was extended in 2011 across virtually the entire Peugeot and Citroën line-up in Europe. Deployment of these technologies will continue in 2012-2013.The Group's objective is to have sold one million e-HDi-equipped vehicles by year-end 2013.

Beyond that date, PSA Peugeot Citroën is planning, for the 2015-2020 period, to extend deployment of Stop & Start and e-HDi technologies in Europe, China and other regions by combining recent advances in its diesel and petrol internal combustion engines with innovative technologies for managing vehicle electrical consumption.

HYBRIDS

PSA Peugeot Citroën's HYbrid4 diesel hybrid technology represents a major breakthrough in terms of fuel efficiency and CO_2 emissions in the European market, offering gains of up to 30% compared with the equivalent HDi diesel model and emitting less than 100 g/km of CO_2. The powertrain 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 also offers all-wheel drive capability, thanks to the electric motor mounted on the rear axle assembly, as well as e-HDi technology and a particulate filter.

The first diesel hybrid on the market, the Peugeot 3008 HYbrid4, was equipped with the technology in 2011, followed by the Citroën DS5 HYbrid4 and the Peugeot 508 RXH and 508 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.

PSA Peugeot Citroën and BMW are cooperating in hybrid technologies through an equally owned joint venture created in 2011. Known as BMW Peugeot Citroën Electrification, the venture focuses 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 are leveraging significant economies of scale for both groups.

The joint initiative is also aimed at creating an open European platform on those technologies, which will help the European industry to structure itself in the field of hybridisation. The joint venture began operating in late 2011 and 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, meaning 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.

Wide-scale testing will be carried out since 2012 on an initial fleet of vehicles, ahead of the technology's market launch beginning in 2015.

The long-term objective is to reduce these plug-ins' CO_2 emissions to less than 50 g/km.

ELECTRIC VEHICLES

January 2011 saw the market launch of the Peugeot Ion and Citroën C-Zero, developed in conjunction with Mitsubishi Motors Corporation. In all, the Group sold 4,000 electric vehicles in Europe, making it the market leader with a 30% share. However, the Group only achieved 50% of the target it had set for the two vehicles' first year on the market.

There are several reasons for this slow start:

- while compatible with city driving, their limited range (150 km) weighed on sales, even if the vehicles can meet 90% of motorists' daily needs;
- their sticker price is high compared with equivalent internal-combustion engine models;
- deployment of recharging infrastructure has been slowed as standards have not yet been defined at European level;
- reports in the middle of the year questioned the safety of the lithium ion batteries. These questions were resolved in December 2011 following tests carried out by Inéris.

It should be noted that car-sharing services involving a significant number of EVs have been introduced and favourably received. PSA Peugeot Citroën helped to launch these services in Nice and La Rochelle.

FUEL CELL VEHICLES

Over the longer term, the Group is exploring possible applications of hydrogen fuel cell technology.

After building seven technology demonstrators, the Group remains on active technology watch and is leading fundamental research partnerships with the French Atomic Energy Commission (CEA) 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 do not yet have the technical and economic maturity needed to support mass-market production. As a result, process engineering and mass marketing would not seem foreseeable until 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.

2.2.1.6. OPTIMISING VEHICLE ARCHITECTURE AND EQUIPMENT

In addition to its engine, fuel and hybrid technologies, PSA Peugeot Citroën is optimising vehicle features in order to position itself as a leader in reducing fuel consumption and CO_2 emissions. The technical levers that will reduce carbon emissions are vehicle mass, aerodynamics and architecture, tyre rolling resistance and electrical power management as well as comfort, safety and driver assistance systems.

Taking into account how these levers interact, the Group's technical and product development teams are striving to guarantee future vehicles that meet expectations in all host markets – whether in Europe, Asia or Latin America – in terms of cost, consumer appeal and features.

As concerns fuel consumption and CO_2 emissions, the Group has competitive advantage that it aims to develop, with targeted positioning – for all its car ranges, from premium to core models, and for all its utility vehicles – in the low CO_2 emissions bands. This objective will be met through major technological efforts as well as by an on-going search for the right balance of sizes, optimised mass and highly attractive features in terms of spaciousness, comfort, road-holding and equipment.

In 2011, the Group deployed vehicles that were very well positioned in terms of carbon emissions in each segment of the European market. The strategy of extending and strengthening these levers has also been planned for the medium and long term, combined with breakthrough technological innovations, in all regions.

EQUIPMENT

Overall vehicle energy efficiency also involves optimising constituent components and sub-assemblies.

Reducing tyre rolling resistance by 1 kg/tonne lowers carbon emissions by 2 g/km. PSA Peugeot Citroën systematically looks for tyres that achieve the best trade-off between grip (primary safety), comfort, noise and low rolling resistance, while adapting to the requirements of each country or region (Europe, China, Latin America, etc.).The Group prefers to use very low rolling resistance tyres equipped with pressure sensors.

It also systematically applies a strategy of reducing losses caused by friction on all mechanical parts of the vehicle, including brakes, bearings and bushings.

Improving the control and management of electrically-powered components (sensors, actuators, motors) by 10 amperes also provides a carbon reduction of about 3 g/km. The major levers for improvement are electrifying components, recovering and storing electrical energy, and using innovative electrical/electronic control systems and architectures.

Improvements in fuel efficiency also involve air-conditioning systems, by optimising fluids and components (evaporator, compressor) to reduce the energy needed for their operation, and by developing heat exchangers that recover energy via thermal loops.

Along with gear ratio change indicators, PSA Peugeot Citroën is developing a set of environmentally friendly driving systems, such as the eco-driving interface.

VEHICLE MASS

Vehicle mass has a direct influence on fuel consumption, and therefore on greenhouse gas emissions: a weight reduction of 110 kg leads to an average 8 or 9 g/km reduction in CO_2, taking into account the induced effects on the vehicle's size and powertrain. At a given power-to-weight ratio, a lighter vehicle will need a less powerful engine and smaller mechanical components (vehicle frame, suspension systems, brakes, etc.).

Already a leader in terms of the average weight of its vehicles, PSA Peugeot Citroën is taking an active approach to further lightening its vehicles, making this a major lever in reducing their environmental footprint. The current technical deployment plans will enable reducing the weight of vehicles now under development by more than 100 kg in relation to current models. For example, the Peugeot 208 introduced in 2012 weighs 110 kg less than the Peugeot 207.

At the same time as the Group is optimising its vehicle architecture, it is also focusing on the choice of materials (high-strength steels, aluminium, composites, plastics) and assembly techniques. In 2011, metals accounted for about 70% of the vehicle's total weight. High-tensile steel is preferred because of its superior rigidity. Whenever technically feasible and cost effective, mass is being reduced by choosing lower density materials, such as the aluminium, composite materials and thermoplastics used instead of steel. Innovative assembly techniques provide further gains. For example, hot stamping and laser welding help lighten the car body, while improving shock resistance.

AERODYNAMICS

A vehicle's drag (SCx) also has a direct influence on its greenhouse gas emissions:improving SCx by 5 dm^2 reduces CO_2 emissions by 2 g/km.

However, to reduce drag, all parts of the vehicle must be taken into consideration:

- the upper section of the body, by making the vehicle's projected frontal area more compact, by reducing the vehicle's wake through adjustments to the rear section, and by limiting structures that cause vortices;
- the underbody, by smoothing the underfloor structure using aerodynamic fairings, by limiting the impact of suspension components, and by controlling air intakes in the engine compartment;
- the wheel environment, by limiting the permeability of wheel rims, and avoiding whipstall;
- ground clearance;
- airflow circuits (cooling, engine cooling, brake cooling), by optimising the capture of aerodynamic forces through a reduction of the engine and cooling system thermal requirements, by installing airflow ducts and electronically controlled air inlet systems;
- rear-view mirrors and hubcaps, by optimising their design to avoid aerodynamic turbulence.

PSA Peugeot Citroën is committed to sharply reducing aerodynamic drag on all its model lines. This work is being carried out in conjunction with efforts to optimise vehicle architecture and design.

2.2.2. PROTECTING AIR QUALITY

2.2.2.1. REDUCING VEHICLE EXHAUST EMISSIONS

MEETING EUROPEAN EMISSIONS STANDARDS WITH A FOCUS ON THE LAST THREE STAGES: EURO 4, EURO 5 AND EURO 6

These standards set maximum admissible levels of CO, HC, NO_x and particulate matter (weight and number) emissions.

The Euro 5 and Euro 6 stages aim to reduce the maximum admissible levels of particulate matter and NO_x emissions of diesel-powered vehicles to very low levels. The Euro 5 and Euro 6 standards represent a more than 80% reduction in diesel particulate matter weight compared with Euro 4.To meet the standard for the number of particles, a high level of filtering efficiency is required (more than 99%). As for diesel nitrous oxide emissions, Euro 5 represents a 30% reduction and Euro 6 a 70% reduction compared with Euro 4.

Exhaust emissions at 20° C	Petrol vehicle* – CNG – LPG (g/km)			Diesel vehicle (g/km)		
	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	-	0.068	0.068	-	-	-
THC	0.10	0.10	0.10		-	-
NO_x	0.08	0.06	0.06	0.25	0.18	0.08
THC+NO_x	-			0.30	0.23	0.17
Particle emissions (mass)	-	0.005/0.0045**	0.0045**	0.025	0.005/0.0045**	0.0045**
Particle emissions (number)	-	-	$6X10^{12}$ part/km (1) $6X10^{11}$ part/km (2)	-	$6X10^{11}$ part/km (3)	$6X10^{11}$ part/km
Durability *(km)*	100,000	160,000	160,000	100,000	160,000	160,000

* *Beginning with Euro 5, applies only to vehicles with direct-injection petrol engines.*

** *On the application dates – 1 September 2011 for new vehicle types and 1 January 2013 for all types – a changeover to a more precise measurement procedure will reduce the maximum admissible level to 0.0045 from 0.005 g/km. On the same dates,particle number (PN) emission limits will also be introduced, initially for diesels.*

(1) Extension of PN limits at the manufacturer's request until 31 August 2017 for new vehicle types and 31 August 2018 for all types (one year later for certain categories).

(2) Stricter PN limits beginning on 1 September 2017 for new vehicle types and 1 September 2018 for all types (one year later for certain categories).

(3) Introduction of PN emission limits for diesels beginning on 1 September 2011 and for new vehicle types and on 1 January 2013 for all types.

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

HC: Unburned hydrocarbons; NMHC: Unburned non-methane hydrocarbons (without CH_4): CO: Carbon monoxide; NO_x: Nitrous oxides.

A more stringent procedure for measuring evaporation losses is currently being prepared at European level and will be specified in 2013.
It will impose stricter requirements beginning in September 2017 for new vehicle types and in September 2018 for all types.

Current exhaust emissions limits at -7° C concern only vehicles with positive-ignition engines (petrol, natural gas, etc.) and involve only unburned hydrocarbons (THC) and carbon monoxide (CO).

Exhaust emissions at -7°C		Limits for carbon monoxide and tailpipe hydrocarbon emissions after a cold-start test*	
Vehicle category	Class	Carbon monoxide (CO) mass L_1 (g/km)	Hydrocarbon (HC) mass L_2 (g/km)
M	-	15	1.8
N_1	I	15	1.8
	II	24	2.7
	III	30	3.2
N_2		30	3.2

* *Emissions are measured during the urban driving phase of the European homologation procedure to focus on limiting them in city driving, after start-up. This regulation was designed to meet a real need to improve air quality near population centres to protect human health. The limits have not been revised since Euro 3. Officials from the European Union and certain Nordic member states feel that it is time to review the situation for Euro 6-compliance and, more importantly, to regulate NO_x emissions as well, with a priority on diesel engines. This would involve stricter measurement of emissions in these temperature conditions, ensuring that after-treatment systems are effective. The new NO_x requirement could be applied to petrol applications, if warranted. Low temperature NO_2 emissions could also be regulated.*

In Europe, the Group's petrol and diesel-powered passenger cars have complied with Euro 5 standards since September 2009 for new models brought to market 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 (one year later for certain categories).

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 new technologies developed for the European market.

ELIMINATING PARTICULATE EMISSIONS WITH THE PARTICULATE FILTER

The diesel particulate filter (DPF) 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 DPF has set the new standard for European diesels. For the Euro 5 standards, the European Commission backed by its member states, stipulated that all diesel vehicles must be equipped with the particulate filter. DPF-equipped Peugeot and Citroën models already more than meet particulate emissions standards defined in the Euro 5 and Euro 6 stages.

A pioneer in this field, the Group had sold a total of 5.4 million DPF-equipped diesel vehicles by the end of 2011. With the advent of the Euro 5 stage, the DPF 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, C5, C6, C8, C-Crosser, Berlingo, Jumpy (Dispatch), Jumper (Relay) and Nemo. In 2011, DPF-equipped vehicles accounted for more than 65% of total Group diesel vehicle sales worldwide, compared with over 47% in 2010 and 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 model line-up.

This new after-treatment technology, which substantially reduces nitrogen oxide (NO_X) emissions, is based on abating NO_X production by injecting urea 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.

2.2.3. CRADLE TO CRADLE: RESOURCE MANAGEMENT AND RECYCLING

2.2.3.1. USE OF MATERIALS

In its commitment to optimising the use of resources and limiting 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 (non-metallic and non-mineral materials), 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 biomaterials (made from renewable 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 30% by 2015, from an average 6% in 2007.

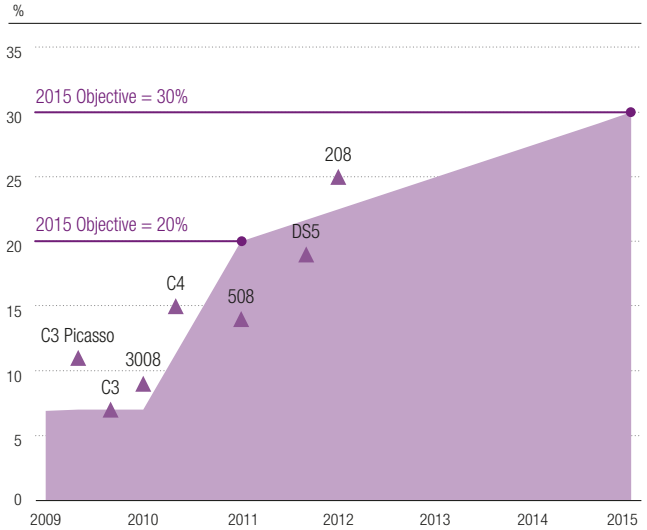
This process is also being applied in Latin America, with a target of 20% in 2015.

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 2011, this portfolio was expanded to include 19 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. In particular, it is leading the MATORIA project to develop new injection plastics made from renewable resources. It is also participating in the BIOCER project to develop thermoplastic composites 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, in line with the growth curve defined by the Group.



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;
- on the new Citroën C4, green materials represent 15% of the car's 200 kg of polymers (excluding tyres). 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;
- the 230 kg of polymers used in the Peugeot 508 (excluding tyres) include 14.3% green materials. As with the Citroën C4, the green component comprises 40% natural materials and 60% recycled materials.

They are present in nearly 30 components.

Examples include:

- the rear bumper impact absorption unit, composed entirely of recycled materials,
- the engine protection shielding, which includes fiberglass felt made from shredded used glass,
- the seat shells, which are made with recycled materials,
- the rear parcel shelf, which is made of natural materials (pressed wood) and recycled fibre;

- the 270 kg of polymers used in the Citroën DS5 (excluding tyres) include 19% green materials. The green component comprises 30% natural materials and 70% recycled materials.

  For example, the seat shells are made of polypropylene reinforced with flax fibre, while the headlight housing, instrument panel ducts and air filter housing are made with recycled polypropylene;
- on the Peugeot 208, green materials (either recycled or of natural origin) account for 25% of the car's total polymer weight.

  In a world first, the rear bumper is made entirely of recycled material. According to a life cycle analysis currently being conducted in the Group, a bumper made entirely of recycled polypropylene reduces fuel consumption by 1,600 tonnes (for production in Europe in one year). Similarly a study conducted with Rhodia and Valeo shows that the use of recycled polyamide in the cooling fan system reduces carbon emissions during manufacture by around 30%, compared with production using new polyamide.

  Green materials are also used for many other parts and sub-assemblies, including wheel well inner liners, rear bumpers, soundproofing, boot carpeting, steering wheels, seats, engine covers and air filters;
- in Latin America, the Citroën Aircross comprises 20 kg of green materials, in particular in the boot carpeting and door insets.

Reducing hazardous substances

For many years, PSA Peugeot Citroën has been attentive to the health and safety of its customers and employees.

Regulatory requirements are integrated into all phases of vehicle life, from design and manufacture to use and end-of-life recycling. Working closely with its suppliers, PSA Peugeot Citroën is pursuing its efforts in two key areas:

- products brought to market:
  - the elimination of four heavy metals (lead, mercury, cadmium and hexavalent chromium) that are regulated by Directive 2000/53/EC on end-of-life vehicles. In 2002, PSA Peugeot Citroën first asked suppliers to provide a compliance certificate for each part delivered. Since 2004, this information has been collected from suppliers using the material composition system information reporting form,
  - compliance with the REACH regulation. As the final link in the production chain, PSA Peugeot Citroën has set up an organisation and a communication system to monitor its partners and suppliers and ensure that they comply with the REACH regulation. To ensure compliance, the Group uses the automotive industry guideline on REACH (AIG V3.1, http://www.acea.be/news/news_detail/reach_guideline/), which it helped to prepare as a member of the European Automobile Manufacturers' Association (ACEA).

  PSA Peugeot Citroën has set a goal of limiting as much as possible the use of substances on the REACH candidate list by working as far upstream as it can in the new material research and innovation phase;
- chemical products used in PSA Peugeot Citroën plants:
  - in line with the objectives of its Workplace Health and Safety Management System, the Group has implemented a specialised approach to ensure employee health and safety. Specifically, a process for systematically introducing replacement products that meet the Group's prioritisation criteria has been defined and deployed across the organisation,

In addition to monitoring regulatory requirements, PSA Peugeot Citroën has voluntarily introduced technical solutions to ensure the highest levels of customer health and safety. These include filters for air coming into the passenger compartment and limits on volatile organic compounds in materials used. In addition, chemical compounds known for their allergenic properties are closely monitored.

2.2.3.2. RECYCLING END-OF-LIFE VEHICLES

ECO-DESIGNING FOR DISASSEMBLY AND REUSE

Upstream, the impacts of recycling end-of-life vehicles (ELVs) are taken into account in every new model and component. Vehicle materials are selected according to increasingly strict criteria that are designed to foster the development of recovery and recycling facilities. 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, optimise 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 standardised codes, to ensure identification, sorting and traceability;

- introducing green materials, especially recycled materials, into vehicle design to support the emergence or development of new markets for certain materials;
- integrating recycling considerations very far upstream, beginning in the innovation phases, to develop recycling channels, in particular for new materials or vehicle parts. As part of this commitment, PSA Peugeot Citroën is involved in research and development projects with partners from the automotive and recycling sectors:
  - along with equipment manufacturer Mecaplast, recycler Galloo Plastics and compounder RTP, the Group is taking part in the Recyclon project, which is supported by the French Environment and Energy Management Agency (ADEME). This four-year project is studying the industrial feasibility of a programme for sorting and recycling ELV polyamides after shredding. This method for extracting polyamides requires the use of special new polymer sorting procedures that will be developed by the recycler. A project will then be launched on compounding the materials and manufacturing automotive parts with the recycled polyamide,
  - PSA Peugeot Citroën is also leading ABattReLife, a European project due to start in early 2012 with the following partners: Germany's BayerischeMotorenWerke AG, Fraunhofer-Gesellschaft and Bayern Innovativ GmbH; France's *Pôle Véhicule du Futur*, *Université de Technologie de* Belfort-Montbéliard and Université de Technologie de Troyes and the Netherlands' NederlandseOrganisatievoorToegepastNatuur-wetenschappelijkOnderzoek and KEMA Nederland B.V. The ABattReLife project aims to deepen the Group's understanding of the high voltage battery life cycle. Practically speaking, it will assemble and manage a database on the behaviour and deterioration of high voltage batteries, and develop strategies and technologies for recycling and reusing lithium ion batteries,
  - for EV and hybrid vehicle batteries, PSA Peugeot Citroën has forged partnerships with specialised recyclersto ensure that these end-of-life products are processed using appropriate, effective recycling technologies;
- designing-in vehicle emissions control requirements. Decontamination, or pretreatment, is the first mandatory step in the processing of end-of-life vehicles. It involves draining all fluids from the vehicle, neutralising pyrotechnical components and dismounting parts considered harmful to the environment. The objective of this step is to avoid transferring pollution to another part of the environment when processing ELVs.
  - PSA Peugeot Citroën has developed an in-house tool for determining how easily a vehicle can be pretreated for recycling. This qualitative method evaluates the accessibility of parts that must be decontaminated and the ease at which this can be done. The results of these evaluations have been used to define new design requirements, with the goal of making it easier to decontaminate ELVs. For any component that has to be decontaminated, a datasheet describing the necessary procedure must be prepared during the design stage.
    - For example, in addition to drain plugs, automatic gearbox casings now include a pre-weakened section that is punctured during decontamination, thereby allowing all the oil contained within to be drained. Similarly, low points on fuel tanks are now indicated so that the person in charge of decontamination knows where they should be punctured to allow complete drainage.
    - As a participant in the International Dismantling Information System (IDIS) project, the Group provides scrapyard facilities with disassembly instructions for Peugeot and Citroën vehicles.

French testing laboratory UTAC has certified that PSA Peugeot Citroën is able to implement the processes needed to ensure that all Peugeot and Citroën vehicles are certifiably 95% recoverable by weight, of which 85% is actually reusable or recyclable. Today, all Peugeot and Citroën vehicles have been certified compliant and on 8 December 2011 UTAC certification was renewed for a three-year period.

Downstream, the Group has for more than 20 years been involved in collecting and processing ELVs from its dealership networks through partnerships with vehicle demolition and shredding companies. Demolition companies are in charge of decontaminating and partially or entirely dismantling end-of-life vehicles, while shredding companies extract then process scrap aluminium, copper and other important materials for sale in the international marketplace.

Directive 2000/53/EC on end-of-life vehicles spells out three types of processing: reuse, recycling and energy recovery. It currently requires vehicles to be 85% recoverable by weight, of which 80% is actually reusable or recyclable. Beginning in 2015, vehicles will have to be 95% recoverable, of which 85% reusable or recyclable.

To meet these mandatory regulations for ELV processing and ensure profitability, the Group prefers to use shredding technology then sort the shredded materials. The goal is to recover not just metals but a broader range of materials that can be used in two ways:

- recycled materials, which are then used as green materials;
- recovered energy.

A post-shredding sorting system creates an economically viable business in a raw materials market increasingly shaped by price fluctuations.

To ensure full ELV traceability and guarantee that recovery and recycling targets are met, PSA Peugeot Citroën forges relationships with technically skilled, cost-efficient industrial partners.

These partners work with networks of certified demolition companies (474 at year-end 2011) that collect end-of-life vehicles and dismantle them in order to resell certain parts.

In France, between 2009 and 2011, more than 620,000 ELVs were collected – with a recycling and recovery rate of nearly 90% – on economic terms that were profitable both for dealers and for the Group's ELV partners.

This strategy also creates opportunities for developing new sourcing channels for the auto industry. These may include integrating recycled plastic in the new vehicles production process through the green materials programmes or by recycling non-ferrous metals in engine manufacture.

The major challenge now is to meet the European Directive's ambitious target of 95% ELV recyclability by 2015 on favourable economic terms.

To achieve this goal, the Group has identified two areas for improvement:

1. continuing to integrate green materials in new vehicle design programmes;
2. identifying industrial partners that can help it meet these objectives. These include complying with regulations and with ELV pick-up and payment schedules in dealership networks, achieving a 95% end-of-life vehicle recycling and recovery rate, and investing in R&D projects to find new outlets for recycling channels.

These encouraging results confirm the validity of the Group's strategic choices and this model may now be extended to major countries in Europe. In other countries, PSA Peugeot Citroën's strategy is to support local partners in their efforts to comply with national legislation.

2.3. MOBILITY SOLUTIONS

2.3.1. MOBILITY SERVICES AND ONBOARD INTELLIGENCE

In addition to such traditional services as maintenance, financing and insurance, PSA Peugeot Citroën is developing services that promote a new vision of mobility to support its leadership strategy in intelligent, sustainable mobility solutions.

2.3.1.1. MOBILITY SERVICES

MU BY PEUGEOT

Mu by Peugeot is an innovative à la carte mobility service introduced in 2010.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. In this way, they can rent just the right Peugeot product or accessory that suits their immediate mobility needs, be it for a bicycle, scooter, car, light utility vehicle, replacement car or scooter, GPS device or a roof box. In 2011, the offer was extended to include electric bicycles, the Peugeot e-vivacity electric scooter and the Peugeot iOn.

Already available at more than 80 dealerships in eight countries in Europe, Mu by Peugeot will continue to be deployed, with 75 sites to be added each year, mainly in European cities with more than 300, 000 inhabitants.

The programme has received several awards for innovation since it was introduced, including in Germany, Belgium, Spain and the United Kingdom.

PEUGEOT PROFESSIONAL MOBILITY AUDITS AND ECO-CONSULTING

In 2011, Peugeot began offering mobility audits for businesses in nine European countries. After identifying the transportation solutions used by a company's employees for business travel or commuting, the auditors make recommendations to optimise selected solutions by looking at the trade-offs between resources invested in travel, environmental impact and user comfort.

Recommended outcomes may include such things as promoting car-pooling among employees with the same commute or the creation of a vehicle pool for different uses. All the measures are designed to help companies reduce their carbon footprint.

Also for business customers, Peugeot offers an Eco-consulting pack comprising:

- a carbon footprint analysis, which evaluates fleet emissions;
- eco-driving training with an online platform and hands-on road tests that delivers both safety and environmental benefits (around 20% reduction in CO_2 emissions and fuel consumption).

Peugeot extended its eco-driving training to electric vehicle users during the year.

PEUGEOT GREEN CONNECT

In October 2011, Peugeot and eco-driving specialist Mobigreen launched Peugeot Green Connect, a new service for business customers with long-term leases from Peugeot Lease. The service is designed to modify driving behaviour and raise awareness about how changes can save fuel or electricity and reduce harmful emissions.

CITROËN MULTICITY

With the new Citroën Multicity mobility offering launched in March 2011, the brand has brought out a solution – available to everyone without subscription – that has positioned Citroën as a travel facilitator.

This innovative service saves time and makes travel easy thanks to:

- **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. Solutions cover all modes of transportation, both individual (cars, taxis, etc.) and collective (busses, tramways, subways, trains, aeroplanes and more). With this itinerary calculator, users can see all the possible solutions for getting from Point A to Point B on a single site and in a single request. All itineraries, schedules, rates and reservations are available in just one place;
- **a service for reserving** aeroplane tickets, rental cars, train tickets, hotel rooms and foreign travel online or over the phone. With its exclusive Call Car option, Citroën delivers a rental car in less than three hours to the location of the customer's choice, for one hour or for several days;
- **a specific website for Citroën ow**ners that features an array of dedicated products and services to help them use their cars more effectively. They can for example, download maps for an onboard navigation system, subscribe to a services contract or download information on road hazards.

2.3.1.2. ONBOARD INTELLIGENCE

PSA Peugeot Citroën's new onboard intelligence services are designed to make mobility safer, 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.

Leveraging this experience, Peugeot and Citroën introduced a vehicle-integrated autonomous telematics box (ATB) equipped with an embedded SIM card in 2009.

PEUGEOT CONNECT

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. This service 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 networked service also helps reduce the fleet's environmental impact.

Peugeot Connect Fleet also tracks fuel consumption and CO_2 emissions.

CITROËN ETOUCH

Citroën eTouch, a range of services for all types of customers, includes:

- 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 the MyCITROËN web page 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 warranty period.

Lastly, 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.

2.3.2. 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 education. In 2011, the Group pursued its efforts to raise awareness about road safety, with campaigns targeted to children, employees and the general public. These campaigns and other initiatives are presented in more detail in section 4.2.

2.3.2.1. PRIMARY SAFETY: AVOIDING ACCIDENTS

PSA Peugeot Citroën's R&D continues to focus on making vehicles safer, with the goal of delivering cars and light commercial vehicles that contribute even more effectively to overall road safety.

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

To improve driver visibility and alertness, PSA Peugeot Citroën has developed numerous innovations that are available on several model ranges. These include:

- innovative lighting systems: static directional lighting from the compact segment on up, 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 and automatic dipped beam/main beam switching;
- a blind spot information system that indicates the presence of a vehicle in a blind spot zone through a pictogram in the corresponding wing mirror;
- a backup camera system;
- a Visio Park system under development that provides a panoramic bird's eye-view of the vehicle in real time to help drivers manoeuver more effectively. Using data from four cameras on the front and back bumpers and two others on the wing mirrors, a computer produces a single birds-eye view of the vehicle. This can help drivers position their vehicles correctly between two lines, for example in perpendicular parking spaces;
- a Distance Alert system 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, enabling the system to adjust the closing distance in accordance with vehicle speed;
- the AFIL lane departure warning system, which alerts drivers who drift across a lane by vibrating the seat on the side the lane was crossed;
- 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. The driver can programme five frequently used speed limits into the system's memory. PSA Peugeot Citroën is the European leader in driver-activated speed limiter equipment;
- intelligent cruise control, a system that makes it easier to use cruise control in semi-dense traffic by aligning vehicle speed with that of the car in front, which is detected by a medium range radar sensor in the front-end. This eliminates the need to make frequent changes in speed and to deactivate and reactivate the system. The cruise control deactivates automatically if the distance between vehicles is too short. Torque, rather than the brakes, is used to reduce the set speed when necessary;

- automatic braking at low speed, currently being developed. When a car is travelling at less than 30 kmh, a short-range (10 metre) laser sensor embedded at the top of the windscreen detects objects that could cause a collision if the driver does not react. The system activates automatic braking to avoid hitting the car in front or, in certain cases, to slow the vehicle down so that a collision would be less serious. The driver can retake control at all times. To optimise braking distance, the system anticipates by pre-filling the braking circuit with fluid.

ERGONOMICS AND HUMAN-MACHINE INTERFACE (HMI)

Road safety is a major concern that is consistently designed into onboard systems, such as driver assistance, comfort and infotainment systems, and into the human-machine interfaces (HMI) 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 hazardous or inappropriate use. Upstream scientific studies are helping to enhance Group standards for addressing the emerging ergonomic issues associated with new onboard technologies.

2.3.2.2. SECONDARY SAFETY: PROTECTING PASSENGERS AND PEDESTRIANS DURING AN ACCIDENT

BODY STRUCTURE

Secondary safety is an absolute 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 that can be equipped with high-performance restraint systems. 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

The body structure's ability to absorb energy and protect the passenger compartment has attenuated the consequences for occupants in the event of a crash, thanks in particular to the use of sophisticated restraint systems. Peugeot and Citroën vehicles 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;

On certain models, an active bonnet rises automatically in the event of a pedestrian impact thanks to an impact sensor and pyrotechnic mechanism, thereby absorbing more energy and limiting the risk of injury to the pedestrian's head.

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.

EURO NCAP 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.

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

Eleven Group vehicles have obtained the maximum 5-star overall rating under the stricter new protocol.

EURO NCAP

		Assessment protocol in effect until 2008				Assessment protocol in effect from≈2009	
Model	Year launched	Year tested	Adult Occupant Rating*	Pedestrian Test Rating*	Child Protection Rating	Year tested	Overall rating
Citroën DS5	2011					2011	*****
Citroën DS4	2011					2011	*****
Peugeot 508	2011					2011	*****
Citroën C-Zero Peugeot iOn**	2010					2011	****
Citroën C4	2010					2010	*****
Citroën Nemo	2010					2010	***
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	*****	**			
The Citroën Grand C4 Picasso	2006	2006	*****	**	****	2009	*****
Peugeot 207	2006	2006	*****	***	****		
Citroën C6	2006	2005	*****	****	****		
Peugeot 407 Coupé	2005	2005	*****	**	****		
Citroën C1 Peugeot 107**	2005	2005	****	**	****		
Peugeot 807 Citroën C8**	2002	2003	*****	*			

* *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 508	2011	2011	*****
Peugeot 408	2010	2010	*****
Citroën C5	2010	2010	*****
Peugeot 307 Notchback	2009	2009	*****
Citroën C-Quatre	2008	2009	****
Citroën C-Triomphe	2006	2007	*****

LAB

The *Laboratoire d'Accidentologie, de Biomécanique et d'Étude du comportement humain* (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.

2.3.2.3. 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 and separates the telematics function from the 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, as determined by the vehicle registration number, even if the call is made from abroad. If necessary, the assistance centre can call in local first responders.

Thanks to the 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 more than 2,000 lives a year in Europe. The emergency call system is particularly useful when accidents occur in isolated areas with no eyewitnesses.

	Total as of end 2009*	Total as of end 2010*	Total as of end 2011*
Peugeot and Citroën vehicles equipped with the PSA Peugeot Citroën emergency call system**	630,000	643,000	1,016,676
Alerts sent to emergency services	3,300	3,900	5,212
Countries in which the PSA Peugeot Citroën emergency call service is available	France, Germany, Italy, Belgium, Luxembourg, Spain, the Netherlands, Portugal and Austria	France, Germany, Italy, Belgium, Luxembourg, Spain, the Netherlands, Portugal, Austria and Switzerland	France, Germany, Italy, Belgium, Luxembourg, Spain, the Netherlands, Portugal, Austria and Switzerland

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

** *In the countries where the PSA Peugeot Citroën e-call service is available, the vehicle automatically alerts a dedicated call centre (run by Inter Mutuelles Assistance – IMA). After confirmation, the centre forwards the information to the emergency service covering the area. In other European countries, the vehicle dials 112, the European emergency number.*

In countries where the location-aware assistance service is not available, the close to 146,000 Peugeots and Citroëns equipped with Peugeot Connect SOS or Citroën eTouch dial 112, the European emergency number, directly without transmitting information on the vehicle's location. In all, around 1,160,000 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 first Euro NCAP Advanced award to carmakers that 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 Localised 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.

2.3.2.4. 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 cc scooters. This approach attests to Peugeot Scooters' long-term commitment to promoting safer and more responsible urban mobility solutions. Other initiatives include:

- the widescale deployment of advanced braking systems;
- the development of an airbag vest.

Advanced braking systems are based on brakeforce distribution, anti-blocking systems or future 3-wheel scooter architecture.

2.4. PEUGEOT AND CITROËN: LISTENING TO CUSTOMERS

2.4.1. PEUGEOT AND CITROËN CUSTOMERS

2.4.1.1. REVENUE

CONSOLIDATED REVENUE BY BUSINESS

(in million euros)	Automotive Division	Automotive Equipment Division	Transportation and Logistics Division	Finance companies	Other Businesses	Intersegment eliminations	Total
2011 net revenue							
• from sales to outside customers	42,662	14,092	1,451	1,583	124		59,912
• from intragroup sales	48	2,098	2,331	319	86	(4,882)	
2011 TOTAL	**42,710**	**16,190**	**3,782**	**1,902**	**210**	**(4,882)**	**59,912**
2010 net 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 net 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**

CONSOLIDATED REVENUE BY REGION

In the table below:

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

(in million euros)		Europe	Russia	Asia	Latin America	Rest of the world	Total
2011	**REVENUE**	**43,836**	**1,608**	**2,833**	**5,495**	**6,140**	**59,912**
	NON-CURRENT ASSETS EXCLUDING DEFERRED TAX ASSETS AND FINANCIAL ASSETS	**17,464**	**387**	**236**	**1,459**	**373**	**19,919**
2010	Revenue	42,842	984	2,255	4,770	5,210	56,061
	Non-current assets excluding deferred tax assets and financial assets	17,067	200	158	1,244	337	19,006

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 and comprising logistics and vehicle & goods transportation;
- the Finance Division, corresponding to Banque PSA Finance, which provides retail financing to Peugeot and Citroën customers and wholesale financing to the two brands' dealer networks;
- other Businesses, which include the operations of Peugeot S.A., the Group's holding company, and Peugeot Motocycles.

Balances for each segment, as shown in the table below, are on a stand-alone basis. Faurecia and Banque PSA Finance publish consolidated financial statements and segment information for these two businesses is therefore presented down to the level of net profit. For the other segments, as cash positions and taxes are managed jointly in some countries, only operating income and share in net earnings of companies at equity are presented by segment. All intersegment balance sheet items and transactions are eliminated and, for the purposes of reconciliation with the Group's financial statements, are shown under the heading "Eliminations and reconciliations" together with unallocated amounts.

All intersegment commercial transactions are carried out on an arm's length basis.

Detailed information on the breakdown of consolidated revenue by business and region may be found in section 20.3, notes 3.1 and 3.2 to the consolidated financial statements in the 2011 Registration Document.

Note that this report reflects the corporate social responsibility policies, commitments and 2011 outcomes of the Automotive, Finance and Motorcycle Divisions.

2.4.1.2. AUTOMOBILE SALES

CONSOLIDATED GROUP SALES BY REGION

(Total assembled vehicles and completely knocked down units, passenger cars and light commercial vehicles)

		2009	2010	2011
Europe 30	Peugeot	1,132,400	1,172,100	1,099,200
	Citroën	1,026,200	1,023,200	961,200
	Total PSA Peugeot Citroën	**2,158,600**	**2,195,300**	**2,060,400**
Russia	Peugeot	29,500	39,600	50,700
	Citroën	13,000	19,900	32,500
	Total PSA Peugeot Citroën	**42,400**	**59,500**	**83,200**
Latin America	Peugeot	139,900	173,800	190,100
	Citroën	92,400	120,500	135,700
	Total PSA Peugeot Citroën	**232,300**	**294,300**	**325,800**
Asia	Peugeot	118,200	164,200	187,700
	Citroën	162,500	227,600	234,500
	Total PSA Peugeot Citroën	**280,700**	**391,800**	**422,200**
Rest of the World	Peugeot	94,500	120,400	128,200
	Citroën	37,200	63,900	71,900
	Total PSA Peugeot Citroën	**131,700**	**184,300**	**200,000**
Total assembled vehicles	Peugeot	1,514,500	1,670,000	1,655,900
	Citroën	1,331,300	1,455,100	1,435,700
	Total PSA Peugeot Citroën	**2,845,800**	**3,125,200**	**3,091,600**
CKD units	Peugeot	327,000	471,700	457,900
	Citroën	15,200	5,300	
	Total PSA Peugeot Citroën	**342,200**	**477,000**	**457,900**
TOTAL ASSEMBLED VEHICLES AND CKD UNITS	**PEUGEOT**	**1,841,500**	**2,141,800**	**2,113,700**
	CITROËN	**1,346,400**	**1,460,400**	**1,435,700**
	TOTAL PSA PEUGEOT CITROËN	**3,188,000**	**3,602,200**	**3,549,400**

Figures have been rounded to the nearest 100.

REGISTRATIONS IN EUROPEAN MARKETS

(Passenger cars and light commercial vehicles)

	2009		2010		2011	
	Units	Market share (%)	Units	Market share (%)	Units	Market share (%)
France	871,700	32.6%	871,900	32.7%	840,800	31.9%
Germany	249,800	6.3%	173,900	5.6%	172,600	5.1%
Austria	32,400	9.4%	32,400	9.1%	33,100	8.5%
Belgium-Luxembourg	111,000	19.1%	124,800	19.0%	118,100	17.1%
Denmark	22,800	17.8%	29,100	17.1%	32,800	17.0%
Spain	205,800	19.4%	203,000	18.5%	158,000	17.3%
Finland	6,100	6.2%	8,200	6.9%	8,100	6.0%
Greece	14,200	6.0%	11,800	7.7%	7,500	7.2%
Ireland	3,700	5.5%	5,300	5.3%	5,200	5.1%
Iceland	0	0.7%	0	1.0%	100	1.6%
Italy	251,300	10.8%	238,900	11.1%	185,400	9.7%
Norway	10,600	8.6%	16,300	10.3%	17,200	9.8%
Netherlands	56,400	12.8%	70,700	13.2%	82,800	13.5%
Portugal	32,000	16.0%	43,600	16.2%	32,400	17.2%
United Kingdom	204,000	9.3%	217,400	9.6%	200,500	9.1%
Sweden	16,800	7.0%	22,600	6.9%	22,300	6.3%
Switzerland	27,500	9.5%	32,300	10.1%	32,200	9.3%
Total Western Europe – 18 countries	**2,116,000**	**14.0%**	**2,102,300**	**14.5%**	**1,949,200**	**13.6%**
Croatia	7,500	15.0%	5,400	12.9%	7,000	15.6%
Hungary	4,900	6.9%	3,900	7.4%	4,900	8.7%
Poland	29,600	8.1%	35,800	9.5%	33,500	8.7%
Czech Republic	16,800	9.3%	15,200	8.5%	15,500	8.3%
Slovakia	13,200	14.6%	9,100	12.8%	8,700	11.7%
Slovenia	9,400	15.0%	10,500	15.9%	10,800	16.3%
Total CEEC	**81,400**	**9.9%**	**79,800**	**10.1%**	**80,400**	**10.4%**
Baltic States*	2,500	9.8%	3,500	12.6%	5,800	12.2%
Bulgaria – Romania	12,400	7.3%	7,700	5.7%	7,700	6.1%
Cyprus	1,000	4.8%	1,000	5.3%	800	4.3%
Malta	800	13.3%	800	14.7%	1,000	15.8%
TOTAL EUROPE – 30 COUNTRIES	**2,227,400**	**13.8%**	**2,195,200**	**14.2%**	**2,045,000**	**13.3%**

* *Estonia, Lithuania and Latvia.*

Figures have been rounded to the nearest 100.

WORLDWIDE SALES BY MODEL

(Total assembled vehicles and completely knocked down units, passenger cars and light commercial vehicles)

	2011	2010
Peugeot		
iOn	2,400	1
107	92,100	111,900
1007	0	100
206	445,000	472,800
207	296,700	353,100
208	600	
307	71,499	86,900
308	204,000	226,200
3008	135,000	129,600
405	270,600	299,400
407	2,600	31,300
408	74,600	42,000
508	124,200	1,400
5008	72,300	73,400
607	0	1,000
807	6,300	5,700
4007	7,400	8,400
RCZ	18,800	16,600
Bipper	34,400	44,500
Partner	165,200	160,200
Expert	32,300	28,500
Boxer	57,600	48,800
TOTAL	**2,113,700**	**2,141,800**
- of which diesel-powered versions	*913,400*	*907,700*
- of which passenger cars	*1,888,200*	*1,937,100*
- of which light commercial vehicules	*225,600*	*204,700*
Citroën		
C-ZERO	2,074	0
C1	87,700	105,200
C2	10,500	9,300
DS3	78,400	64,500
C3	255,300	308,300
C3 Picasso	101,600	83,700
ZX	65,500	71,800
Xsara Picasso	8,400	38,200
C4	286,200	235,000
C4 Picasso	117,000	128,800
DS4	29,500	200

	2011	2010
Xantia	0	4,000
C5	101,200	116,000
DS5	3,300	200
C6	900	1,400
C8	5,500	5,500
C-Crosser	7,500	8,500
Nemo	34,300	43,500
Berlingo	165,800	169,800
Jumpy (Dispatch)	29,000	27,700
Jumper (Relay)	46,000	38,700
TOTAL	**1,435,700**	**1,460,400**
- of which diesel-powered versions	*798,700*	*769,000*
- of which passenger cars	*1,242,900*	*1,283,200*
- of which light commercial vehicles	*192,700*	*178,000*
TOTAL PSA PEUGEOT CITROËN	**3,549,400**	**3,602,200**
- of which diesel-powered versions	*1,712,100*	*1,676,700*
- of which passenger cars	*3,313,100*	*3,220,300*
- of which light commercial vehicles	*418,300*	*381,900*

Figures have been rounded to the nearest 100.

2.4.2. MEETING CUSTOMER EXPECTATIONS

Because quality is primarily perceived by customers, PSA Peugeot Citroën pays special attention to the customer experience.

Customers of both brands expect four quality fundamentals:

- reliable vehicles, without any defects;
- product features (performance, styling, comfort, driveability) and mobility solutions aligned with their expectations;
- excellent customer service both during the purchase process…;
- and afterwards, with friendly, timely reception, assistance and service.

The Group is therefore focusing on these four areas to delight customers with two key objectives – maintaining commitments over time and delivering consistent outcomes.

Both brands are focusing all their attention on the quality of every interaction with each customer.

2.4.2.1. THE GLOBAL CUSTOMER RELATIONSHIP MANAGEMENT PROCESS

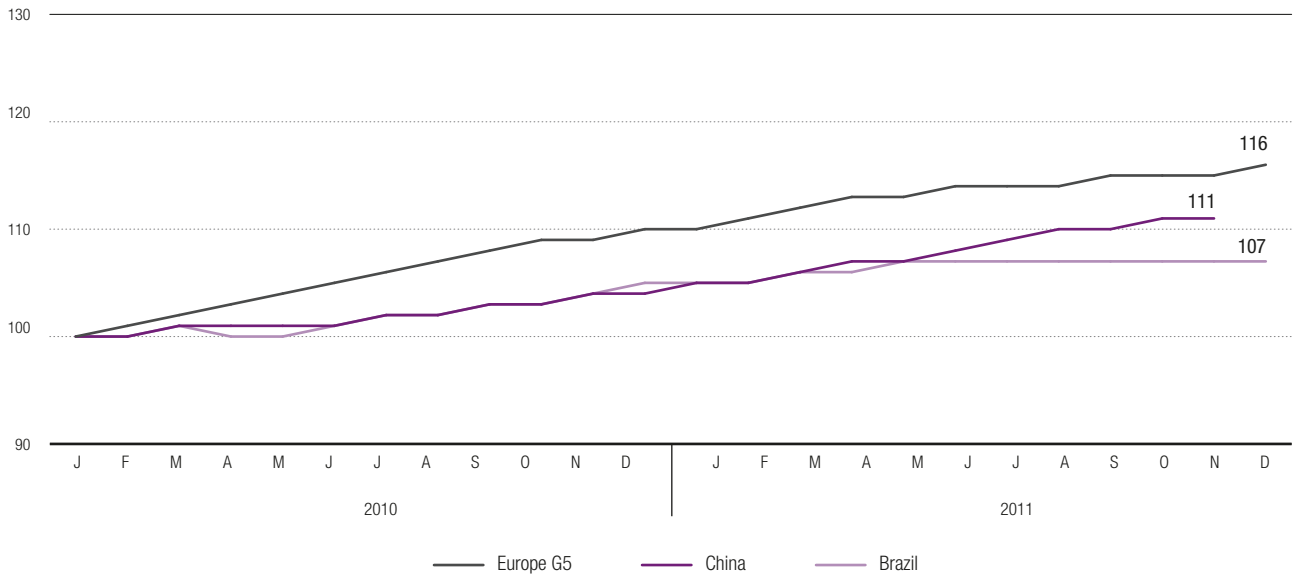
For many years, a process has been in place to enable the brands to nurture customer intimacy and to respond as quickly as possible to any issues or incidents. It is based on:

- Group-led surveys and studies to measure, at the carbuyer level, progress and the effectiveness of the actions undertaken to improve:
  - quality of service:

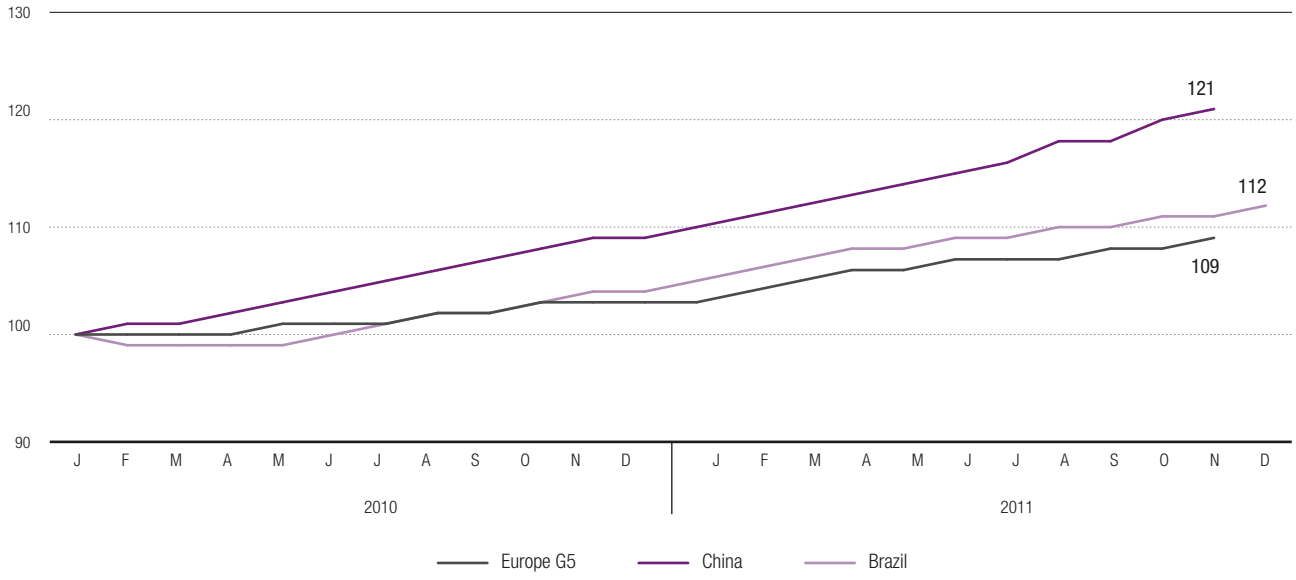
    Every year, 1.2 million customers, or nearly one in five, are polled for their opinion of its customer service in 31 countries, including China, Russia, Brazil and in Europe. The surveys are conducted using a vast online system in place since 2008 to contact customers after they purchase a car or interact with a customer service representative. It leaves customers free to answer the questions at their convenience, as well as the possibility of freely expressing their opinions in open answers. When a customer requests a dealer call-back, the dealer is informed of the customer's information and situation within 48 hours, so that the issue can be resolved. Other systems are in place to track dealer management of customer requests.

PERCENTAGE OF "HIGHLY SATISFIED" RESPONSES IN GROUP-CONDUCTED QUALITY OF SERVICE SURVEYS FOR NEW VEHICLE PURCHASES AND CUSTOMER SERVICE EVENTS

New vehicle sales: Overall growth in satisfaction by region (% fully satisfied – last 12 months – base 100)



After sales service: Growth in overall satisfaction by region (% fully satisfied – sliding 12 months – base 100)



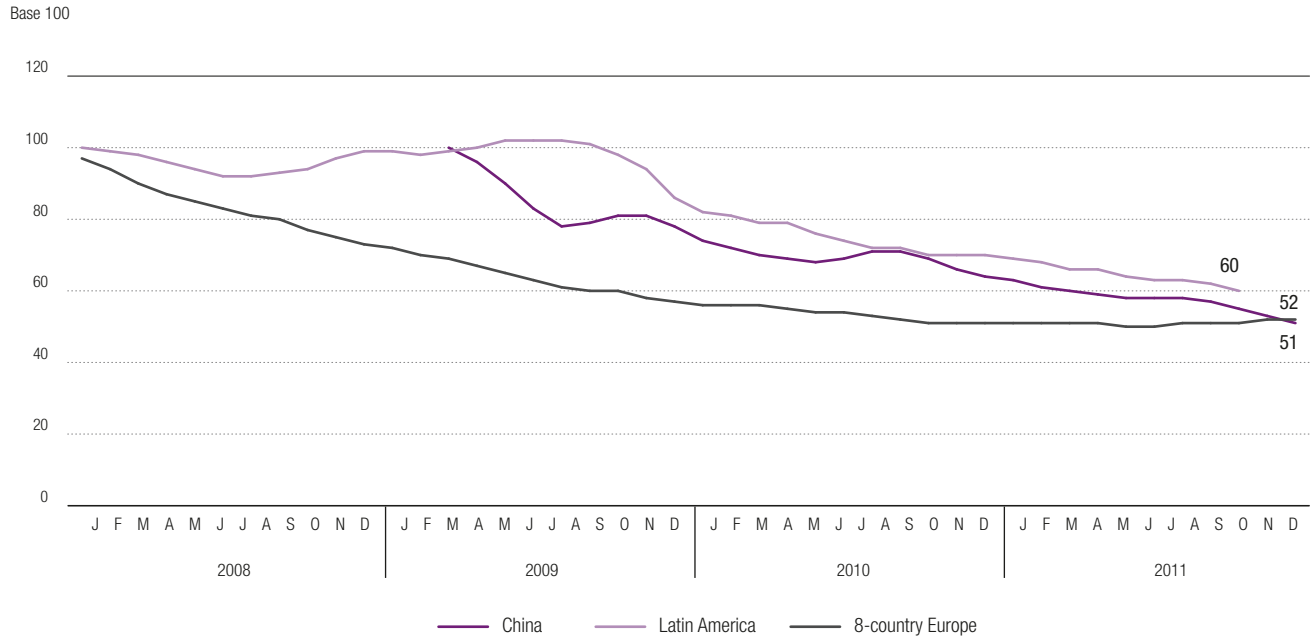
- product reliability

  Customer feedback to dealers or via product-focused surveys are reported in real-time, making it possible to identify complaints about vehicle quality (incidents, breakdowns, dissatisfaction), analyse and prioritise claims and then resolve them through a highly responsive global response system.

- automobile surveys, which precisely position each brand in relation to the competition and help to target customer expectations more effectively, depending on the market. Conducted in most host countries, the surveys concern the vehicle purchase and delivery and customer service provision.

THE FREQUENCY OF WARRANTY CLAIMS MEASURES THE PERCENTAGE OF BREAKDOWNS AND INCIDENTS THREE MONTHS AFTER PURCHASE

Frequency of warranty claims, first three months in service - (excl. new vehicle prep) last 12 months
8-country Europe and Latin America, base 100 = January 2007-December2007
China, base 100 = March 2008-February 2009



This highly comprehensive system enables the collection of rich content concerning the quality of the customer experience at every interaction with the brand, as well as extremely precise figures that are presented every month to the Group's Executive Committee by the Vice-President, Quality.

- an efficient system for managing customer claims and requests for information.

  The two brands' Customer Relations Departments pay close attention to customer input and systematically respond to every request or claim. Around 135,000 such requests were received in 2011, of which some 100,000 directly by the brands. These requests and claims can be submitted online, via the brand website or Facebook page, by phone via the brand call centre, or by post.

  The customer-relations teams are committed to enhancing or restoring brand confidence and loyalty by listening carefully to customer needs and responding with a personalised solution, consistently delivered through the retail network.

  In addition, they act as powerful advocates for customer interests by reporting customer comments and responses to all of the departments concerned (retail, marketing, quality, etc.), which can then integrate them into their project management process.

2.4.2.2. AN INTEGRATED QUALITY PROCESS

To enable the Group to respond as effectively as possible to customer expectations, quality policies are applied at every link in the value chain in every host country. These policies are delivered in every aspect of the business by the Quality Management System, which is based on:

- fundamental standards or principles;
- quality processes and systems;
- operating standards.

The system also includes quality self-assessments by the units concerned, controlled through audits from a customer's viewpoint.

The brands' Retail Quality and Development teams support the dealerships in deploying their quality management system and operating standards, with the goal of securing buy-in from customer-facing employees across the retail process. This method has driven a very clear improvement in customer quality survey scores.

Peugeot and Citroën have also introduced structured upstream programmes to prevent customers from experiencing any quality issues. For example, pre-series cars are driven at least two million kilometres to detect the slightest non-quality incident and correct it before market introduction. These real-world tests and trials are conducted both by the design teams and by regular employees.

Peugeot and Citroën continuously track changing customer expectations and aspirations through studies and surveys, whose findings help to shape future products and services. In particular, studies have shown that carbuyers are increasingly aware of energy issues, the importance of on-board security and the need to stay constantly connected.

2.4.3. COMPLIANCE WITH HEALTH, SAFETY AND CUSTOMER PRIVACY STANDARDS

NON-COMPLIANCE WITH REGULATIONS CONCERNING CUSTOMER HEALTH AND SAFETY

(Peugeot and Citroën subsidiaries)

In 2011, Citroën Brazil was cited for non-compliance with consumer health and safety legislation, with five infringements notified and still under investigation.

In 2011, Peugeot Brazil was cited for non-compliance with consumer health and safety legislation, with nine infringements notified and still under investigation.

NON-COMPLIANCE WITHREGULATIONS CONCERNING CUSTOMER PRIVACY

(Personal data protection legislation, Peugeot and Citroën subsidiaries)

In 2011, Citroën Hungary was ordered to comply with the rules governing protection of consumers' personal information.

2.4.4. ADVERTISING, COMMUNICATION AND CONSUMER INFORMATION

NON-COMPLIANCE WITH REGULATIONS CONCERNING ADVERTISING, MARKETING, LABELLING AND CONSUMER INFORMATION

(Peugeot and Citroën subsidiaries)

In 2011, Citroën was cited for non-compliance with advertising and marketing regulations, labelling standards and consumer information guideline: in Italy, in Hungary (one adverse ruling by the National Media and Communications Authority) and in Brazil (three infringements notified and still under investigation).

In 2011, Peugeot Argentina was found in infringement of consumer information legislation concerning vehicle sales (two fines totalling €3,500) and fined for failing to mention legal information in advertising (five fines totalling €46,500). A subsidiary of Peugeot Germany was found in infringement of the law on fuel efficiency and emissions labelling for having displayed misleading information on a demonstration vehicle. The Catalonia Government fined Peugeot Spain €6,000 for misleading advertising in 2011 and €3,000 for failure to display fuel efficiency and emissions data in 2010.The Peugeot Hungary subsidiary was notified of an infringement of labelling standards. Peugeot Brazil was notified of two infringements of consumer information legislation and labelling standards, which are still under investigation.

LABELLING AND CUSTOMER 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.

Eco-labels to identify the most environmentally friendly cars were introduced by both brands in 2007 and revised in October 2010.

PEUGEOT'S BLUE LION ECO-LABEL

Introduced in 2007 and expanded and revised in 2010, Peugeot's Blue Lion eco-label now applies only to versions delivering the brand's finest expertise in internal combustion engine carbon emissions (*i.e.* excluding hybrids and EVs). In other words, the Blue Lion label designates the IC vehicles that emit the least CO_2.

Emissions data were obtained from trials conducted under strictly controlled temperature, mass, roller test bench characteristics and other test conditions. Actual fuel consumption may vary from the certified values depending on driving conditions, weather, vehicle load, driving style, tyre pressure, the presence of a roof rack (even empty), heavy AC or heater use and vehicle condition. A full range of eco-driving tips to get the most out of each vehicle may be found on the brand's website.

Peugeot also encourages customers to regularly maintain certain sub-assemblies to optimise their engine's fuel consumption and carbon footprint. This information is supplied in brochures concerning lubricants, the diesel particulate filter and exhaust systems, which are downloadable from the Peugeot Services portal or available in print form in the dealerships.

CITROËN'S AIRDREAM TRADENAME

To make Citroën's environmentally sensitive cars easy to identify, the Airdream tradename is affixed to the models equipped with the brand's most effective environmental technologies: the e-HDi micro-hybrid, the HYbrid4 full-hybrid and the full-electric powertrains.

To reduce their carbon emissions, vehicles equipped with the e-HDi micro-hybrid technology include at least the following solutions:

- new generation Stop & Start system;
- regenerative braking;
- optimised power steering management to reduce energy use;
- a more efficient air-conditioning system;
- optimised vehicle aerodynamics.

In all of the brand's catalogues and websites, the Airdream signature displayed whenever a powertrain is designated as Airdream.

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 corporate website.

The charter applies to all of the advertising produced by the Group, the brands, regional offices and 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 processes, as well as to their vendors.

Moreover, in November 2007, PSA Peugeot Citroën signed the Responsible Advertising Charter published by France's *Union des Annonceurs* (UDA).

The Charter is built around **five commitments** to support responsible advertising, which inform all of the initiatives deployed by the brands:

Commitment 1: Ensure all external communications of the company conform to the internal codes of responsible communication

- Since 2011, every employee has access to guidelines to assist him or her when posting personal opinions and information on social networks or online in general.

Commitment 2: Incite their audiences to adopt responsible behaviours

PSA Peugeot Citroën has participated in a wide variety of awareness-building events:

- for consumers:
  - in 2011, the Group pursued its commitment to supporting road safety by leading several global programmes and participating in France's Road Safety Foundation to build awareness of road safety issues among customers and local communities. In addition, materials explaining the benefits of eco-driving practices were distributed to French employees. During the year, Peugeot Professional International and Citroën Business developed eco-driving courses for BtoB customers, while Citroën España is webcasting eco-driving videos on the web, Facebook and YouTube to demonstrate the right safety and driving rules,
  - in March, at the EVER conference in Monaco and the *Planète Durable* exhibition in Paris, which showcased new mobility solutions, Citroën unveiled two EVs, the C-Zero and the Berlingo First, the e-HDi micro-hybrid technology and its Citroën Multicity services. Peugeot presented its iOn EV, the e-Vivacity electric scooter, the electric bicycle and the Mu by Peugeot mobility service,
  - at the Paris Airshow in June, Citroën partnered the presentation of the new generation MC 500 airship, powered by a fuel cell supplied by PSA Peugeot Citroën,
  - in May, Citroën Belgium-Luxembourg and Peugeot Belgium-Luxembourg participated in the second annual "Clean Week 2020", an event designed to introduce green mobility solutions to the wider public,
  - during France's Sustainable Development Week, from 1 to 7 April, Peugeot France and retailer Monop' joined forces to enhance public awareness of how changes in behaviour can support sustainable development. Shoppers at Monop' stores in Paris, Lyon, Nice and Cannes were offered a ride home in a Peugeot iOn,
  - Peugeot supported the 15th annual Festivaletteratura in Mantua, Italy, enabling authors and participants to responsibly get around the historic city centre in Peugeot iOns and Peugeot bicycles. In addition, a roundtable on sustainable mobility was organised with the participation of the City on the Move Institute (please refer to section 2.1.1),
  - in March, Peugeot sponsored the eighth annual Fa' la cosagiusta sustainable lifestyle expo in Milan;
- for children:
  - as part of a partnership with *Mon Quotidien*, a newsmagazine for pre and early teens, Peugeot helped to build awareness of the new HYbrid4 technology,
  - iin the spring, Peugeot Italy partnered with the Milan city government to encourage eco-mobility, with Peugeot iOn ExpoShows and test drives in city parks, the creation of an iOn public garden in the centre-city to host educational discovery activities for primary schoolchildren and the installation of Italy's first environmentally friendly billboards;
- for companies:
  - in September 2010, Citroën Business was a partner and official transporter for the Green Business Awards organised by French business media groups BFM and *La Tribune*. In November 2011, Citroën sponsored the Fleet Europe Awards, which celebrate the best fleet managers in Europe, and presented the International Fleet green Award 2011.

Commitment 3: Across all marketing initiatives, personal data of consumers should be used with care

- Advertising validation procedures: protection of personal data is verified and validated as part of the responsible advertising process.
- Customer relations: to respect the customers, their testimonials are made anonymous before being used in advertising.

Commitment 4: Engage in an internal process to validate ads before their external diffusion

- Defined in 2004, the advertising validation procedures were strengthened in 2008 with the worldwide deployment of the Responsible Communications Charter.

Commitment 5: Integrate environmental considerations into criteria of selection for communication media

- PEFC or FSC-certified paper is used for recurring documents, such as the Annual Report, press kits and marketing collateral, with optimised print runs. All marketing collateral is printed on PEFC-certified paper using vegetable-based inks. In France, the Group is a founding member of the French government's EcoFolio paper-recycling programme, to which it pays an eco-tax based on the reported annual amount of printed paper issued by Automobiles Peugeot, Automobiles Citroën and their dealers. EcoFolio then remits these funds to local authorities to support their paper sorting and collection systems. The EcoFolio label, which may be used only by participating companies, is displayed on the brands' printed materials (such as catalogues) to demonstrate their commitment.
- Our Internet and intranet websites focus on hyperlinks and electronic file formats to reduce paper use;
- Lastly information about trade fairs, press test drives and other events is increasing shifting to electronic media. During the international press test drives, for example, press kits are provided on a USB flash drive rather than in print. To reduce catalogue print runs, Citroën encourages users to download e-brochures from the website. Since 2011, each model's technical specifications are available only on the web. In Belgium, Citroën now offers only an online version of its customer loyalty magazine, which used to have a print run of 1,200,000 copies a year.

3

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REPORTING METHODOLOGY

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

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

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

Note that certain 2009 and 2010 results have been restated to reflect more detailed data reported after 2011 data were published. The restatements have been explained each time that the difference exceeded 1% compared with the figure published last year.

SCOPE OF REPORTING AND COVERAGE

The scope of reporting covers the following plants and facilities operated by the Automotive Division (PCA), Process Conception Ingenierie (PCI) and PMTC (since renamed 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 75017 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 Étienne		
PMTC (2 sites)	France	Dannemarie	Mandeure	

For the Automobile business (PCA), the scope of reporting comprises the production plants, technical and data processing centres, replacement part warehouses and main office facilities.

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

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

The list of subsidiaries reporting data in 2011 is below.

A subsidiary may have more than one site, with the result that 464 Peugeot and Citroën plants, facilities, dealerships and other sites are covered by the scope of reporting.

Note: For sites whose data are consolidated at the point of billing, results are consolidated with those of the main site.

Data for most training centres in France have been included in the regional offices (for Peugeot) and in the dealerships (for Citroën). Dealerships have also been consolidated together. This is in particular the case for many Peugeot sites in Spain.

Brands (50 subsidiaries)	**Peugeot (21 subsidiaries)**	Algeria Germany Argentina Austria Belgium Brazil Chile Croatia	Spain France Hungary Italy Mexico Netherlands Poland Portugal	United Kingdom Slovakia Slovenia Switzerland Turkey
	Citroën (24 subsidiaries)	Germany Argentina Austria Belgium Brazil Croatia Denmark Spain	France Hungary Ireland Italy Norway Netherlands Poland	Portugal Czech Republic Romania United Kingdom Slovakia Slovenia Sweden Switzerland
	Five joint subsidiaries	South Africa China	Japan Russia	Ukraine

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. In 2010, the scope of reporting was extended to include offices.

In 2011, only sites that had been in operation for at least six months of the year were included in the scope of reporting.

Note that the number of sites covered varies from one year to another because of site closings, openings or relocations and the consolidation of operations.

In addition, the Mercurio SpA agencies acquired by GEFCO in 2011 were not included in the scope of reporting.

In 2011, reporting for GEFCO covered 188 sites in 25 countries compared with approximately 195* the year before (Are included the sites whose facilities are owned or rented by GEFCO, are excluded the sites where GEFCO operates in clients or suppliers 'facilities).

GEFCO (25 countries)	Germany Argentina Austria Benelux (1) Brazil (2) Chile China Spain	France Hungary Italy Morocco Baltic Countries Poland Portugal Czech Republic	Romania United Kingdom Russia (2) Slovenia (2) Switzerland Tunisia Turkey Ukraine

(1) Belgium and the Netherlands.

(2) Subsidiary sites are not included in the reporting.

Coverage rates presented under the tables for the Peugeot and Citroën brands, as well as for GEFCO and Faurecia, correspond to the percentage of total sites concerned by the given indicators that reported data for the year. Failure to report data may sometimes be due to the inability to calculate the indicator concerned, for example if metering systems are not installed or if the site did not answer. Unless otherwise mentioned, data concern all sites.

For the Peugeot and Citroën brands, as well as for GEFCO and Faurecia, the reporting period runs from 1 November of year Y-1 to 31 October of year Y.

* *The figure published last year – 260 – was erroneaous.*

3.1. MANAGING ENVIRONMENTAL IMPACT

In its manufacturing, transport and sales operations, the Group may have environmental impacts. Although the risks are not major, they must nonetheless be managed given the size of the Group's production facilities and the fact that foundries, mechanical component plants, paintshops and/or final assembly plants may exist side by side on the same site.

Five major environmental risks have been identified:

- helping to combat climate change;
- reducing natural resource use;
- limiting pollution;
- reducing and recycling waste;
- protecting the natural environment and biodiversity.

Faced with these challenges, the Group is deploying a product and service strategy based on improved energy performance, eco-design, recyclability and the development of sustainable mobility services. These points are presented in Chapter 2 of this document.

At the same time, the Group is focused on managing the environmental impact of all its operations, including production facilities, R&D centres and offices, and is gradually extending the practice to the Peugeot and Citroën dealership networks and its logistics businesses. Measures to control pollution and environmental risks have been integrated not only into everyday operations but also into project specifications. This commitment has led to the deployment of special environmental management methods and resources in all Group units.

Human Resources

In practice, a dedicated environmental team on each site is responsible for deploying the Group environmental policy locally, with the goal of effectively managing all aspects of these issues. The site can also rely on technical support from environmental experts in the Research and Development Department.

Financial Resources

An annual budget, which totalled approximately €2 million in 2011, was allocated for reducing pollution and environmental risk, integrating regulatory changes and deploying the certification programme. More than 57,000 hours of environmental training was offered during the year.

Methodology

In automobile production facilities, the ISO 14001 standard is the foundation of the Group's environmental policies. All of the Automotive Division production plants in the world were ISO 14001-certified as of end-2010. Opened in 2010, the new plant in Kaluga, Russia, introduced an environmental management system based on ISO 14001, with certification expected in the near future.

Industrial projects are studied by a team comprised of designers, representatives of the concerned production plant, experts from Technical Operations Departments and members of the Corporate Secretary's Department dedicated to industrial environmental issues. The goal is to identify the challenges involved and determine the solutions required to reduce the environmental impact of these projects to a minimum.

3.1.1. ENVIRONMENTAL CHALLENGES AND CORPORATE STRATEGY

The Group is committed to proactively managing its:

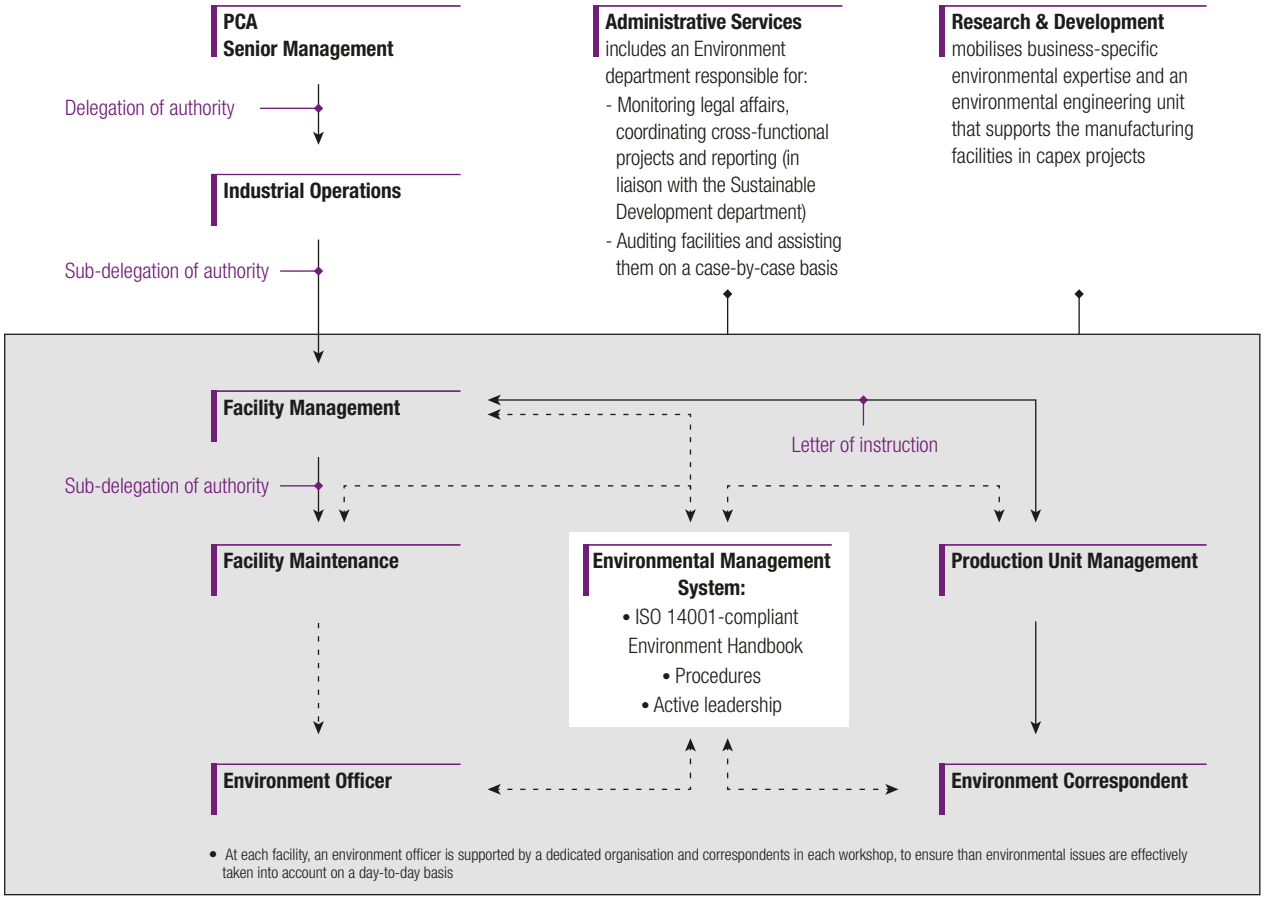
- energy consumption with the goal of achieving a ratio of 2.05 MWh per vehicle produced in 2012 (representing a 41% reduction since 1995), followed by a further reduction to less than 2.00 MWh per vehicle in 2015 in the PCA scope of reporting (casting plants, foundries, mechanical components plants, assembly plants, R&D and office facilities);
- water consumption with the goal of achieving a ratio of 4 cu. m of water per vehicle in 2012 (representing a two-thirds reduction since 1995) and 3.6 cu. m of water per vehicle in 2015 in the PCA scope of reporting (casting plants, foundries, mechanical components plants, assembly plants, R&D and office facilities);
- volatile Organic Compound (VOC) emissions from paintshops, reducing them to 3.42 kg per vehicle produced in 2012.

More generally, this commitment also includes managing greenhouse gas emissions.

3.1.1.1. A SOLID, TIME-TESTED ORGANISATION

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, as part of a continuous improvement process. 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 effective reporting system known as the Industrial Environment Observatory, whose database has contained measurements of each facility's environmental performance since 1989. This process efficiently identifies and 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 Industrial Environment Observatory 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 Industrial Operations Department also has environmental specialists who provide technical support for the plants, particularly during capital projects. In all, nearly 500 people are directly involved in managing the Group's industrial environment.



3.1.1.2. THE GROUP'S STRATEGY FOR ENVIRONMENTAL CHALLENGES

ANALYSING ENVIRONMENTAL RISKS

Environmental risks have been analysed in accordance with ISO 14001, leading to the identification at each facility of Significant Environmental Aspects of the facility's operations and its integration in the host community. The analysis, which is regularly updated, serves to identify the major environmental challenges at each plant and to prepare action plans to address these challenges, which are approved and monitored by management. Regular audits by the internal auditors and accredited testing laboratories, such as UTAC and SGS, provide assurance that the environmental management system is properly applied.

Hazardous substances used on Group sites are recorded and managed according to regulatory requirements, especially with regard to their handling, storage, use and disposal.

In this respect, a procedure has been introduced for identifying all chemical substances brought on production sites and certifying their use at the workstation, taking into account health, safety and environmental risks.

In addition, these risks are considerably attenuated through construction techniques, such as building workshops over retention basins and using overhead pipe systems to carry polluting liquids. For other risks, regular audits of compliance with environmental procedures are carried out during walk-through inspections by production line managers as part of the PSA Peugeot Citroën Production System. Compliance with environmental procedures is also confirmed by ISO 14001 audits.

Under the new EU regulatory framework for the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), which came into effect on 1 June 2007, PSA Peugeot Citroën is certified as:

- an Article Producer: as such, the Group is organised to answer questions from customers about substances of very high concern in its products;
- a Downstream User: as such, the Group has launched an initiative for suppliers, in cooperation with other members of the European Automobile Manufacturers' Association (ACEA). The initiative is designed to ensure that suppliers have fully integrated this regulation so that then can guarantee uninterrupted delivery of substances and blends needed in automobile production and provide the Group with the necessary information with regarding the compliant use of these products.

AN ACTIVE CERTIFICATION POLICY

The Group is pursuing its programmes to obtain ISO 14001 environmental certification for its production and R&D facilities, with the goal of integrating an environmentally responsible development plan into its operations. This approach involves the deployment of a system for preventing environmental impacts, incidents and damage and for effectively managing natural resource use and waste production. What's more, certification confirms the Group's environmental commitment to local authorities and the community as a whole.

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. The standard enables a company to express an environmental strategy, identify and reduce the Significant Environmental Aspects of each facility's operations, describe the procedures used to deploy and manage the strategy, guarantee compliance and drive continuous improvement, which is the foundation of good environmental management.

In production facilities and R&D centres, all employees, whether fixed term or permanent, as well as temporary workers and interns, receive training in environmental procedures and standards or take part in awareness-building sessions 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 R&D and replacement parts facilities. ISO 14001 is one of the standards with which all new production plants must comply.

ISO 14001 CERTIFICATION TIMETABLE FOR THE MANUFACTURING PLANTS

1999	2000	2001	2002	2003	2004	2005	2007	2010	2012
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	Jeppener

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

While not included in PCA data, the five automobile manufacturing joint ventures have also been certified. They are TPCA in Kolín, Czech Republic; the DPCA plants in Wuhan and Xiangfan, Hubei province, China; Sevelnord in Hordain, France; Sevelsud in Val Di Sangro, Italy; and Française de Mécanique in Douvrin, France.

THE OTHER DIVISIONS AND THE ENVIRONMENT

Peugeot and Citroën: Environmental Policies Applied to the Dealership Networks

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 host country. The correspondent network cascades down environmental policies and monitors changes in local legislation and practices.

Since 2008, Peugeot and Citroën have had an intranet system for collecting, verifying and consolidating environmental data.

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 and recycling.

Lastly, in line with its commitment to continuously improving customer service, the Group has also involved its dealership network in the sustainable development process by inviting them to launch initiatives in three areas: environmental, social and management-related issues.

The Peugeot Wanact and Citroën's Greenpact programmes demonstrate the Group's determination to:

- reduce the environmental impact of the two brand's sales and after-sales operations;
- deploy best social and managerial practices.

Peugeot Wanact and Greenpact serve as global benchmarks that:

- reaffirm PSA Peugeot Citroën's determination to comply with local regulations;
- present the Group's recommendations, especially the principles of "lean management";
- reflect a resolve to deploy best practices.

The programmes are aligned with the Group's environmental and social commitments. They enable the networks to find immediate frontline responses to such challenges as recycling, compliance with the Code of Ethics, and risk management.

Tangible tools and resources make it easier for dealers to implement this approach. A new logo and a baseline – "The conscience of a network" – provide further proof of their commitment.

The process was launched in 2011 through two pilot projects in France, in Chalon-sur-Saône and Abbeville. In 2012, deployment will be extended outside France, in Poland, Germany, the Czech Republic, Austria, Slovakia and Ukraine.

GEFCO: Environmental Policies Applied to Logistics Operations

The social responsibility principles that are an integral part of GEFCO's strategy were first included in contractual annual objectives in 2011.

At the same time, the deployment of a results-oriented environmental management system has created a highly structured working framework at Group level. Team members' determination to improve and extend the system has enhanced the current quality system.

In 2011, GEFCO published its environmental policy statement. Signed by the Chairman and Chief Executive Officer, it reaffirms the company's commitment to social responsibility by emphasising that environmental stewardship and the fight against climate change are core concerns that require everyone's involvement. Translated into the company's main working languages, the policy concerns all subsidiaries. Six countries have already been certified – the Czech Republic, France, Germany, Italy, Romania and Slovakia – and four new subsidiaries in Brazil, Portugal, Switzerland and the United Kingdom are working on certification for 2012.

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.

Lastly, 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.

3.1.2. COMBATTING CLIMATE CHANGE

3.1.2.1. DIRECT AND INDIRECT ENERGY CONSUMPTION

Energy consumption data are expressed in MWh ncv, the most commonly used unit of measurement, which is very broadly applied by automobile manufacturers in their sustainable development reports. Concerning the method, we use the calorific values recommended by French authorities in the ruling of 31 March 2008, which transposes European Commission decision 2007/589/EC, made within the framework of the European CO_2 allowance trading scheme. The coefficients used in these two texts, like those in the GHG Protocol framework referred to by the GRI, are taken from the International Panel on Climate Change (IPCC). Consequently, the values we express in MWh can be converted into terajoules (TJ) by multiplying them by a factor of 3.6 (simply put, 1Wh = 3.6 kJ)."

P DIRECT ENERGY CONSUMPTION

(Consolidated Group)

(Unit: MWh ncv)		HSFO	LSFO	VLSFO	HHO	NG + LPG	Coal	Coke	Total
PCA	**2011**	**-**	**-**	**4,100**	**5,487**	**1,884,388**	**-**	**110,585**	**2,004,560**
	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
AP/AC	**2011**	**-**	**-**	**367**	**20,369**	**180,874**	**-**	**-**	**201,610**
	2010	-	-	889	37,378	196,954	-	-	235,221
	2009	-	-	1,578	36,338	169,486	-	-	207,402
PCI	**2011**	**-**	**-**	**-**	**-**	**3,959**	**-**	**-**	**3,959**
	2010	-	-	-	-	5,123	-	-	5,123
	2009	-	-	-	-	3,420	-	-	3,420
PMTC	**2011**	**-**	**-**	**-**	**0**	**20,346**	**-**	**-**	**20,346**
	2010	-	-	-	10	27,890	-	-	27,900
	2009	-	-	-	16	23,660	-	-	23,676
GEFCO	**2011**	**-**	**-**	**-**	**5,087**	**39,413**	**-**	**-**	**44,500**
	2010	-	-	-	5,644	50,291	-	-	55,935
	2009	-	-	-	3,539	50,999	-	-	54,538
TOTAL	**2011**	**0**	**0**	**4,467**	**30,943**	**2,128,980**	**0**	**110,585**	**2,274,975**
	2010	0	0	4,598	54,862	2,666,478	0	105,646	2,831,584
	2009	0	0	28,367	51,387	2,262,303	0	88,807	2,430,864
Faurecia	**2011**	**23**	**1,603**	**536**	**14,043**	**751,459**	**-**	**-**	**767,664**
	2010	36	747	3,944	18,197	724,479	-	-	747,402
	2009	4	43	2,032	8,467	527,184	-	-	537,730

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.

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

Data from the Peugeot and Citroën brands were reported from an average 98% of their sites in 2011, versus 92% in 2010 and 93% in 2009, for direct energy consumption.

Data from GEFCO were reported from an average 88% of its sites in 2011, versus 78% in 2010 and 93% in 2009, for direct energy consumption.

Data from Faurecia were reported from an average 95% of its sites in 2011, versus 90% in 2010 and 100% in 2009, for direct energy consumption.

The decline in primary energy consumption reflects management initiatives throughout the Group as well as a milder winter in 2011, especially in Europe.

The increase at Faurecia stems in particular from the larger scope of reporting and a more reliable reporting process.

INDIRECT ENERGY CONSUMPTION

(Consolidated Group)

(unité : MWh)		Electricity	Steam	Total
PCA	**2011**	**2,486,202**	**235,404**	**2,721,606**
	2010	2,546,213	274,550	2,820,756
	2009	2,386,080	262,130	2,648,210
AP/AC	**2011**	**157,083**	**9,403**	**166,486**
	2010	153,775	13,577	167,352
	2009	155,463	12,979	168,442
PCI	**2011**	**2,153**	**-**	**2,153**
	2010	1,837	-	1,837
	2009	1,104	-	1,104
PMTC	**2011**	**12,550**	**-**	**12,550**
	2010	12,869	-	12,869
	2009	10,196	-	10,196
GEFCO	**2011**	**51,773**	**-**	**51,773**
	2010	48,845	-	48,845
	2009	40,760	-	40,760
TOTAL	**2011**	**2,709,761**	**244,807**	**2,954,568**
	2010	2,763,532	288,127	3,051,659
	2009	2,593,603	275,109	2,868,712
Faurecia	**2011**	**1,321,735**	**18,990**	**1,340,725**
	2010	1,216,051	17,372	1,233,423
	2009	870,879	17,459	888,338

PCA's 2010 electricity consumption has been revised downwards by 4% to reflect corrected data from a site included in the scope of reporting (site outside Europe).

Data for the Peugeot and Citroën brands were reported from an average 95% of their sites in 2011, versus 88% in 2010 and 94% in 2009, for indirect energy consumption.

Data from GEFCO were reported from an average 90% of its sites in 2011, versus 89% in 2010 and 95% in 2009, for indirect energy consumption.

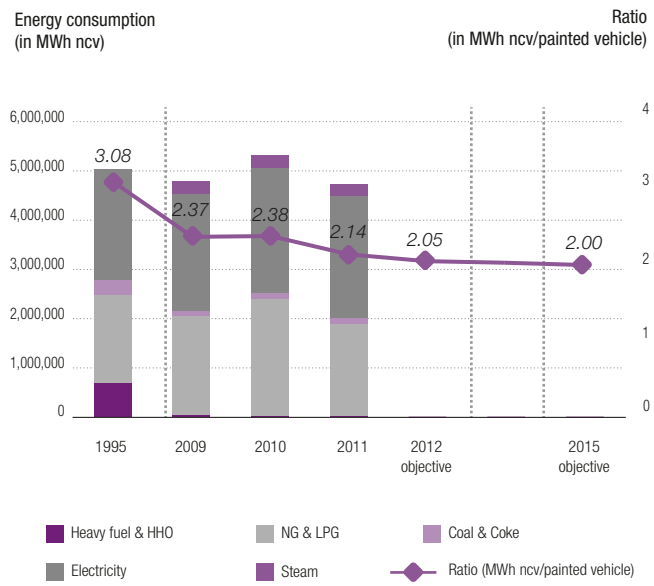
Data from Faurecia were reported from an average 97% of its sites in 2011, versus 93% in 2010 and 100% in 2009, for indirect energy consumption.

The decrease in indirect energy consumption reflects management initiatives throughout the Group.

The increase at Faurecia in 2011 stems from the larger scope of reporting and a more reliable reporting process.

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 decreased 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 for many years has improved the Group's energy profile and reduced the amount of energy consumed per vehicle by 31% since 1995. 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 reinforce the downward trend in per-vehicle energy consumption and achieve the target set for 2012.

For example, the Charleville plant has installed a new casting process as part of the programme to upgrade its production facilities. The new process improves the quality of cast parts and workstation ergonomics while reducing the need for handling and generating energy savings of around 80 kWh per tonne of cast aluminium.

The Group's commitment to managing energy consumption is implemented in all sites. For example, the Sochaux plant has been certified compliant with the new ISO 50001 standard.

In addition to these upgrades, the Group is today holding in-depth discussions about ways to further improve its energy efficiency. Projects are being carried out at all facilities to rationalise the space used for production operations. These projects have in particular led to more compact plants (with equal production capacity), which have resulted in energy savings, especially in the areas of heating and air conditioning.

Geographically, 94% of the Group's energy is used in Europe and 6% in the rest of the world.

3.1.2.2. DIRECT GREENHOUSE GAS EMISSIONS

(Consolidated Group)

(Unit: tonnes)		CO_2	N_2O	CH_4	Total CO_2 equivalent
PCA	**2011**	**426,459**	**17.0**	**27.1**	**428,730**
	2010	529,711	21.6	34.3	537,116
	2009	454,097	18.4	29.3	460,404
AP/AC	**2011**	**42,785**	**1.7**	**2.7**	**43,382**
	2010	50,833	2.0	3.0	51,511
	2009	45,086	1.7	2.7	45,679
PCI	**2011**	**814**	**0.0**	**0.1**	**819**
	2010	1,053	0.1	0.1	1,069
	2009	703	0.0	0.1	714
PMTC	**2011**	**4,182**	**0.2**	**0.3**	**4,207**
	2010	5,736	0.3	0.3	5,822
	2009	4,868	0.2	0.3	4,941
GEFCO	**2011**	**9,585**	**0.4**	**0.6**	**9,715**
	2010	12,028	0.5	0.7	12,192
	2009	11,805	0.5	0.6	11,966
TOTAL	**2011**	**483,825**	**19.4**	**30.7**	**486,853**
	2010	599,361	24.3	38.4	607,710
	2009	516,559	20.8	32.9	523,703
Faurecia	**2011**	**158,590**	**6.8**	**9.9**	**160,891**
	2010	157,955	6.7	9.8	160,238
	2009	112,857	4.8	7.2	115,025

CO_2 = Carbon dioxide; $N2_O$ = Nitrous oxide; CH_4 = Methane.

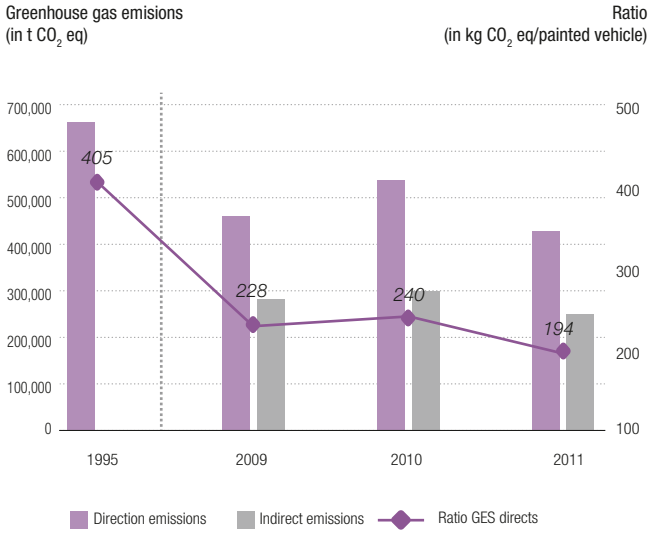
Direct greenhouse gas emissions are calculated using consumption data for fossil fuels (fuel-oil, coal, coke, natural gas and LPG) and applying international emission factors recommended by French authorities (ruling of 31 March 2008 for CO_2 and circular of 15 April 2002 for all other gases).

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.

In the above table, data from 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, 1995-2011

(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 thus reduce greenhouse gas emissions,

Greenhouse gas emissions per finished vehicle stood at 194 kg in 2011, down 52% since 1995.

Geographically, 89% of the Group's direct greenhouse gases in 2011 were emitted in Europe and 11% 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 and 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. However, thanks to the deployment of energy management policies, which are based on the best available technologies, this reduction 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 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 some operations, and particularly in foundries. PSA Peugeot Citroën is hence prepared to reduce its $C0_2$ emissions.

3.1.2.3. INDIRECT GREENHOUSE GAS EMISSIONS

INDIRECT CO_2 EMISSIONS

(Consolidated Group)

(Unit: tonnes)		INDIRECT CO_2 EMISSIONS
PCA	**2011**	**250,786**
	2010	300,186
	2009	282,653
AP/AC	**2011**	**42,810**
	2010	44,210
	2009	N/A
PCI	**2011**	**76**
	2010	83
	2009	42
PMTC	**2011**	**443**
	2010	579
	2009	388
GEFCO	**2011**	**12,187**
	2010	11,635
	2009	N/A
TOTAL	**2011**	**306,302**
	2010	356,693
	2009	283,083
Faurecia	**2011**	**470,563**
	2010	444,448
	2009	N/A

Indirect greenhouse gas emissions have been reported since 2010 for the Peugeot and Citroën brands, GEFCO and Faurecia.

Indirect emissions are calculated based on applying emissions factors, either obtained from suppliers or published by the International Energy Agency (2009 data), to the purchased electricity and steam.

In the above table, data from 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.

Note: The 2010 figure for PCA published in the 2011 Registration Document was incorrect. It has been corrected in the above table.

Logistics Operations

GEFCO, PSA Peugeot Citroën's logistics subsidiary, serves a large number of companies, including the PSA Peugeot Citroën group. The vast majority of its operations are carried out by subcontractors.

The fleet continued to be renovated and streamlined in 2011, with the total number of lorries reduced by 10%.

Although GEFCO's business increased in 2011, CO_2 emissions from its own fleet declined by 15% compared with 2010. The reduction reflects in particular the continuation of eco-driving training for fleet drivers.

	NO. OF VEHICLES IN GEFCO'S OWN FLEET		% OF EURO 3-COMPLIANT VEHICLES		% OF EURO 4-COMPLIANT VEHICLES		% OF EURO 5-COMPLIANT VEHICLES	
TYPE OF VEHICLE	2010	2011	2010	2011	2010	2011	2010	2011
Merchandise transport lorries	304	265	64%	65%	30%	35%	-	-
Car carriers	188	176	60%	40%	7%	8%	32%	52%

GEFCO constantly reviews its transport and logistics routing plans to achieve the most efficient cost/quality/carbon ratio. This is driving a greater shift to alternatives to road haulage, which currently carry 25% of GEFCO's shipping volumes.

In March 2010, GEFCO set up a rail transport system for Semi Knocked Down (SKD) components between Vesoul, France and Kaluga, Russia. This multimodal solution is one of 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 service, with each train covering 6,000 kilometres round-trip, is helping to drive a sharp reduction in carbon emissions. In all, this strategic choice means more than 700 fewer lorries on the road between France and Russia.

In June 2011, this highly innovative solution received a grant from the EU's Marco Polo funding programme.

FUEL CONSUMPTION AND CO_2 EMISSIONS IN LOGISTICS OPERATIONS

	2009		2010		2011		% change CO_2 2011/2010	No. of lorries			% change 2011/2010
	(cu. m)	CO_2 (kg)	(cu. m)	CO_2 (kg)	(cu. m)	CO_2 (kg)		2009	2010	2011	
Argentina	1,290	3,432,812	1,217	3,239,657	1,098	2,922,165	-10%	33	32	32	0%
Benelux	1,662	4,421,319	1,820	4,844,734	1,113	2,963,016	-39%	51	50	41	-18%
France	13,846	36,830,982	12,209	32,500,888	10,582	28,168,644	-13%	529	492	441	-10%
Switzerland	337	896,686	304	810,020	254	675,839	-17%	10	10	10	0%
United Kingdom	893	2,375,380	859	2,287,744	830	2,208,997	-3%	57	56	53	-5%
Russia	289	769,644	365	970,831	312	830,544	-14%	5	7	6	-14%
TOTAL	**18,318**	**48,726,824**	**16,774**	**44,653,874**	**14,189**	**37,769,205**	**-15%**	**685**	**647**	**583**	**-10%**

GEFCO calculates its carbon emissions based on fuel consumption of its own-fleet lorries weighing 7.5 tonnes or more, 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 (currently being conducted) 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.

RATIONALISING EMPLOYEE TRAVEL

The Group has also initiated a project to rationalise employee travel. It involves encouraging the use of conferencing and carpooling services and giving priority to rail travel.

3.1.3. REDUCING THE IMPACT OF RESOURCE USE

3.1.3.1. 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	**2011**	**1,942,664**	**4,286,015**	**3,746,222**	**9,974,901**
	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
AP/AC	**2011**	**706,343**	**-**	**5,000**	**711,343**
	2010	660,891	5,115	5,431	671,437
	2009	684,335	4,740	5,004	694,079
PCI	**2011**	**2,637**	**-**	**-**	**2,637**
	2010	2,379	-	-	2,379
	2009	1,987	-	-	1,987
PMTC	**2011**	**14,835**	**-**	**-**	**14,835**
	2010	14,977	-	-	14,977
	2009	16,132	-	-	16,132
GEFCO	**2011**	**161,007**	**-**	**18,770**	**179,777**
	2010	221,718	-	29,805	251,523
	2009	128,340	-	26,441	154,781
TOTAL	**2011**	**2,827,486**	**4,286,015**	**3,769,992**	**10,883,493**
	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
Faurecia	**2011**	**1,807,235**	**704,038**	**1,016,044**	**3,527,317**
	2010	1,634,306	835,576	878,828	3,348,710
	2009	1,127,576	1,159,318	365,152	2,652,046

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

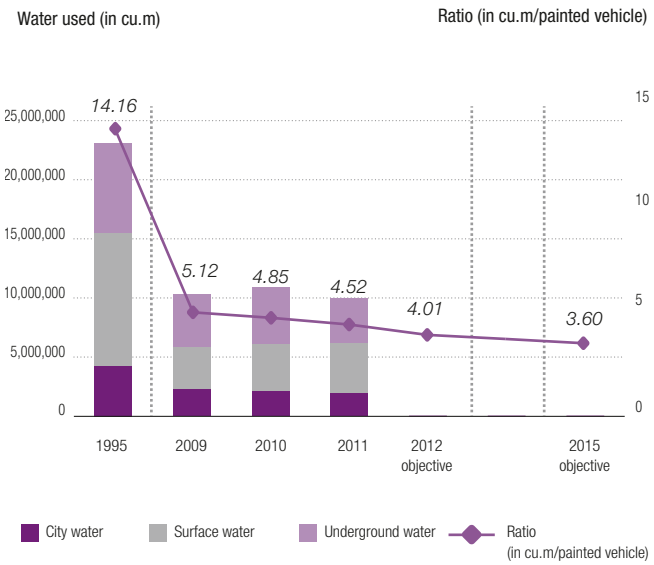
Data for Peugeot and Citroën were reported from 86% of their sites in 2011, versus 83% in 2010 and 90% in 2009.

Data for GEFCO were reported from 64% of the company's sites in 2011, compared with 78% in 2010 and 76% in 2009. 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 for Faurecia were reported from 97% of its sites, compared with 97% in 2010 and 100% in 2009.

TOTAL WATER WITHDRAWAL BY SOURCE, 1995-2011

(PCA)



Total water withdrawals have been reduced to less than 10 million cubic meters thanks to the deployment of a dedicated plan that called for such measures as the widespread use of meters and upgrading of recycling systems.

At the same time, there has been a threefold decline in water withdrawals per painted vehicle. To meet the Group's per-vehicle targets of 4 cu. m for 2012 and 3.6 cu. m for 2015, the downtrend seen in 2011 will have to accelerate in the short term.

Geographically, 90% of the Group's water in 2011 was withdrawn in Europe and 10% 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 2011, with respectively 1.5 cu. m and 1.4 cu. m per painted vehicle.

3.1.3.2. MATERIALS USED

At a time when raw materials are and will continue to be scarce and costly, supplier relations are a strategically important component of the Group's materials and product development programme.

A dedicated unit of the Purchasing Department is in charge of tracking material costs, in cooperation with Operational Purchasing teams and Technical teams from the Group Research and Development Department. The goal is to more effectively anticipate and manage price fluctuations and help diversify and control the most strategically important supply sources.

The Purchasing and Research and Development Departments work together to map materials risks, integrating for each raw material such factors as its importance for developing technologies needed in vehicle manufacture, both now and in the future; the size and location of known or estimated reserves; political or logistic constraints to accessing the raw material; its cost; and its place in global markets, namely who produces it and who consumes it. This map makes it possible to manage and secure long-term supply for the Group and focus research and development programmes on replacement materials. Initially introduced for crude materials, the strategy has since been extended to included synthetic raw materials. This new materials research strategy goes hand in hand with the Group's commitment to introducing more and more renewable and environmentally-neutral materials into its vehicles.

This process of analysing strategic material needs is shared with other French manufacturers through a national study group led by the French Ministry of Industry that has enabled the deployment of analytical tools developed in line with this methodology for small and mid-size businesses.

Materials account for 30% of all purchases.

A project was launched in 2008 to increase the percentage of green materials to 20% of all synthetic (non metallic and non mineral) materials used by 2015.

RAW AND RECYCLED MATERIALS CONSUMED

(For PCA, standard parts)

The Group's 2011 raw materials use was as follows:

- directly: 1,125,000 tonnes of steel and 70,000 tonnes of non-ferrous metals (versus 1,060,000 tonnes of steel and 65,000 tonnes of non-ferrous metals in 2010);
- indirectly: 1,670,000 tonnes of steel, 252,000 tonnes of non-ferrous metals and 800,000 tonnes of synthetics, of which 23,000 tonnes of recycled materials (versus 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 – in 2010).

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.

3.1.4. LIMITING POLLUTION

3.1.4.1. 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).

3.1.4.1.1. NO_2, SO_2 AND VOC EMISSIONS

P DIRECT SO_2 AND NO_2 EMISSIONS BY BUSINESS

(Consolidated Group)

(Unit: tonnes)		SO_2	NO_2
PCA	**2011**	**13.0**	**411.5**
	2010	15.6	522.0
	2009	56.2	455.7
AP/AC	**2011**	**8.0**	**46.6**
	2010	14.8	56.5
	2009	15.6	50.7
PCI	**2011**	**0.0**	**0.9**
	2010	0.0	1.1
	2009	0.0	0.7
PMTC	**2011**	**0.0**	**4.0**
	2010	0.1	6.0
	2009	0.1	5.1
GEFCO	**2011**	**1.9**	**10.3**
	2010	2.1	12.9
	2009	1.4	12.3
TOTAL	**2011**	**23**	**473.3**
	2010	32.6	598.6
	2009	73.3	524.5
Faurecia	**2011**	**13.3**	**166.4**
	2010	16.9	166.6
	2009	9.0	119.0

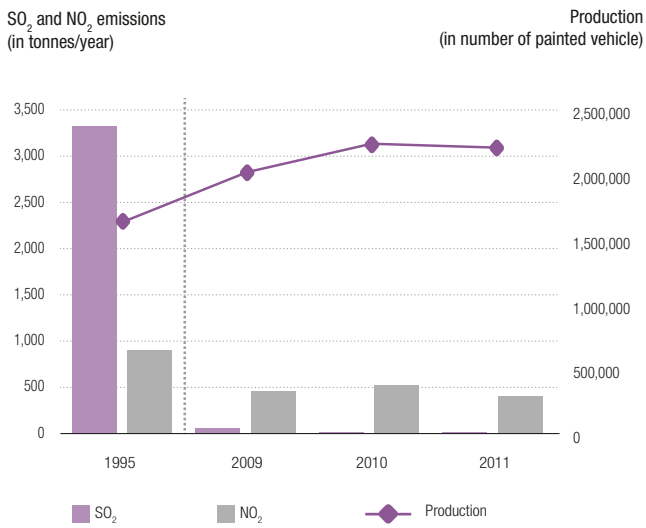
SO_2 = Sulphur dioxide; NO_2 = Nitrogen dioxide.

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 as stated in regulations.

In the above table, data from 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, 1995-2011

(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 since 1995, with reductions of, respectively, 54% and 99% over the period. Taken together, these reductions help improve air quality around Group sites.

Following the Rennes and Sochaux plants in 2009, the Mulhouse plant eliminated the use of heavy fuel oil in early 2011. The Vesoul plant is currently replacing its heavy fuel oil boilers and the Group's production facilities will no longer consume this type of fuel in 2012. These initiatives have reduced SO_2 emissions to very low levels.

Geographically, 97% of the Group's sulphur dioxide emissions in 2011 were in Europe and 3% in the rest of the world.

NO_2 emissions, which stem directly from the combustion of natural gas at the various facilities, have stabilised at around 475 tonnes. Further declines will come from energy management measures taken at all sites.

Geographically, 92% of the Group's nitrous dioxide emissions in 2011 were in Europe and 8% in the rest of the world.

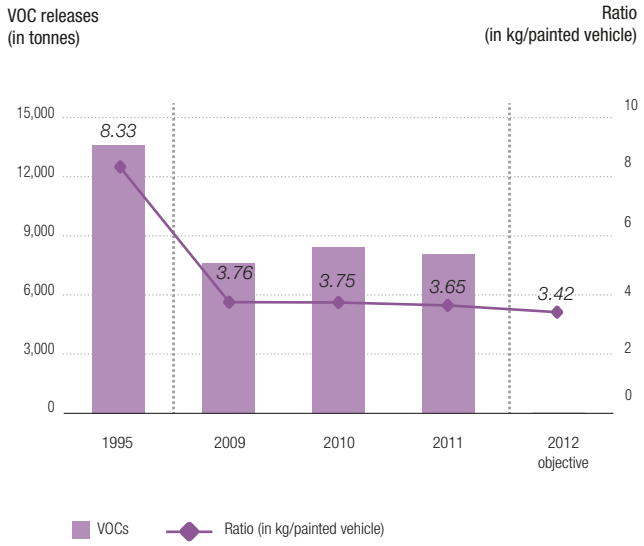
PAINTSHOP VOC RELEASES BY BUSINESS

		VOC *(tonnes)*	Ratio *(in kg/vehicle produced)*
PCA	**2011**	**8,059**	**3.65**
	2010	8,390	3.75
	2009	7,589	3.76
PMTC	**2011**	**10**	**-**
	2010	4	-
	2009	7	-
TOTAL	**2011**	**8,068**	
	2010	8,394	-
	2009	7,597	-

VOC = Volatile organic compounds.

PAINTSHOP VOC RELEASES, 1995-2011

(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 2010, human activity produced 837 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 2011, VOC emissions declined to 3.65 kg per finished vehicle, an encouraging improvement in light of the stabilisation observed between 2009 and 2010. The decline reflected the Group's efforts to deploy the best available technologies. As a result, the target for 2012 of 3.42 kg per finished vehicle has been maintained

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 in 2011 came from Europe 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.

3.1.4.1.2. 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 authorized through 2014.

3.1.4.2. MATERIAL EFFLUENT DISCHARGE

GROSS EFFLUENT DISCHARGE, EX-WORKS

(Consolidated Group)

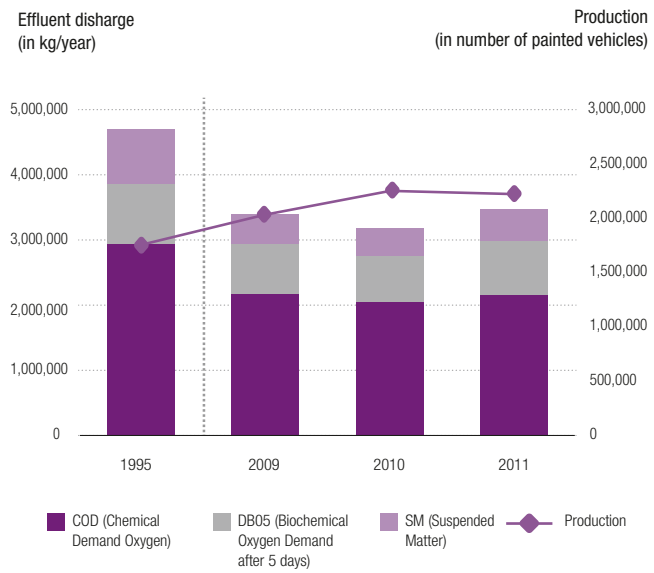
(Unit: kg/year)		COD	DBO5	SM
PCA	**2011**	**2,152,278**	**831,021**	**491,814**
	2010	2,044,413	708,937	424,608
	2009	2,170,531	766,040	461,662
AP/AC	**2011**	**N/A**	**N/A**	**N/A**
	2010	N/A	N/A	N/A
	2009	N/A	N/A	N/A
PCI	**2011**	**N/A**	**N/A**	**N/A**
	2010	N/A	N/A	N/A
	2009	N/A	N/A	N/A
PMTC	**2011**	**347**	**208**	**36**
	2010	1,110	293	78
	2009	838	288	192
GEFCO	**2011**	**N/A**	**N/A**	**N/A**
	2010	N/A	N/A	N/A
	2009	N/A	N/A	N/A
TOTAL	**2011**	**2,152,625**	**831,229**	**491,850**
	2010	2,045,523	709,230	424,686
	2009	2,171,369	766,328	461,854

COD: Chemical oxygen demand; BOD5: Biochemical oxygen demand after 5 days; SM: Suspended matter; 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-XORKS

(Périmètre PCA)



Whether connected to the public wastewater treatment network or equipped with their own integrated treatment plant, each facility systematically tracks releases using a large number of indicators, defined in the operating permits. In particular these include chemical oxygen demand (COD), biochemical oxygen demand after 5 days (BOD5) and suspended matter (SM). 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 2011, the Caen production facility, whose out-dated integrated system could no longer ensure compliance with chemical oxygen demand and nitrogen effluent standards, installed a new wastewater system based on Best Available Technologies. The new system uses an evapo-concentrator that separates water from the oil making it easier to recycle the former and process the latter. The installation represents an investment of €1.5 million.

Lastly, most of the manufacturing facilities are involved in a 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 is released in Europe and 2% in the rest of the world.

This 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 results exceed the actual data.

RELEASE OF HEAVY METALS IN INDUSTRIAL EFFLUENT

To meet the requirements of the EU Water Framework Directive (2000/60/EC), France has introduced research initiatives on hazardous substances in water. The goal is to prepare a list of pollutants for surveillance for each industry, to study them and, if necessary, to carry out targeted reductions or the elimination of hazardous substances released into water from classified facilities that are subject to authorisation.

Following these operations to identify hazardous substances in industrial effluent, it was confirmed that, in terms of flows, the Group is not significantly concerned by discharges of heavy metals such as mercury, cadmium, arsenic, lead, chromium and copper. With new generation facilities, there is no longer any lead or hexavalent chromium in the Group's industrial effluent. Historically, these were both major hazardous substances in surface treatment discharges.

Nickel is one of the metals found in the Group's discharges that have been identified as coming from products used for surface treatment processes. To resolve the problem, the Group is committed to finding replacements for surface treatment products that contain nickel.

Zinc is also one of the metals found in the discharges from certain Group plants. The Group is investigating the relatively dispersed origins of this substance and will establish a specific plan for reducing them.

In addition to this process of identifying hazardous substances in water, the Group is tracking the discharge of zinc and nickel by monitoring wastewater on concerned sites.

3.1.4.3. ACCIDENTAL SPILLS

ACCIDENTAL SPILLS IN 2011

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

In 2011, the Group had no significant production facility incidents.

AMOUNT OF PENALTIES PAID FOLLOWING A LEGAL RULING CONCERNING THE ENVIRONMENT

The Group did not have to pay any penalties in this regard in 2011.

AMOUNT OF PROVISIONS FOR ENVIRONMENTAL RISKS

The Group has no provisions or guarantees for environmental risks.

3.1.4.4. MANAGING ODOURS AND NOISE

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.

3.1.4.5. 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 these assessments, 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 production 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 particular by:

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

3.1.5 REDUCING WASTE PRODUCTION

3.1.5.1. TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD

TOTAL WEIGHT OF WASTE BY BUSINESS

(PCA, in 2011)

In 2011, Group sites produced 909,844 tonnes of waste.

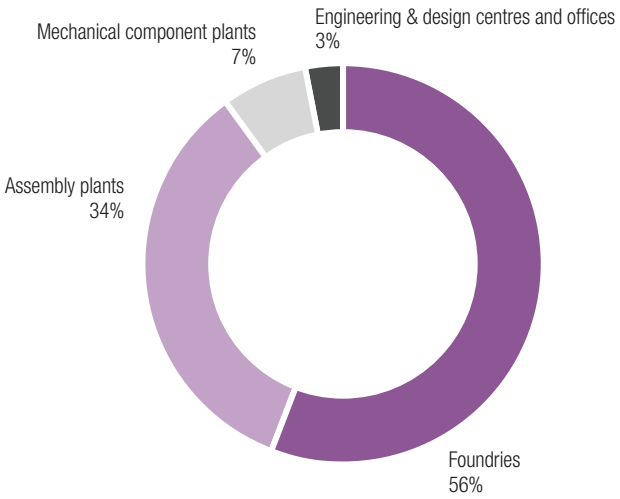
Most of this (589,876 tonnes) was metal waste, which is not included in the charts and tables below because all of it is recovered as a by-product and reused either in steel mills, or, for around 106,900 tonnes, directly in the Group's foundries.

In addition, Group foundries purchased around 47,870 tonnes of outside metal waste (scrap, cast iron and aluminium) for reuse in 2011.

The other process waste, totalling 319,968 tonnes, breaks down very unevenly by facility as follows: 179,037 tonnes from foundries, 109,898 tonnes from assembly plants, 22,372 tonnes from mechanical component plants and 8,661 tonnes from engineering and design centres and offices.

WASTE PRODUCTION BY FACILITY

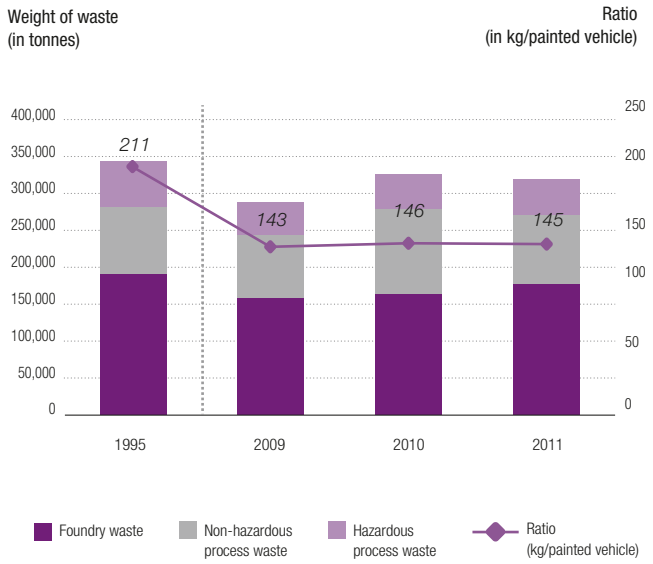
(PCA in 2011, excluding metal waste)



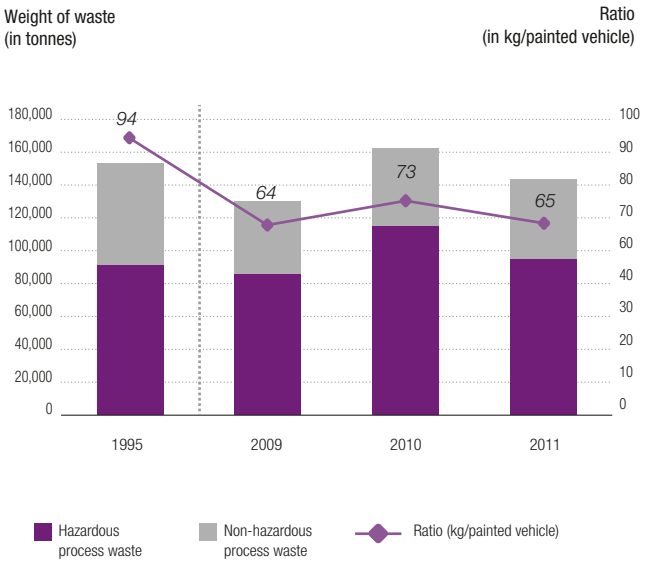
Due to the nature of their operations, the Charleville and Sept-Fons foundries alone accounted for half of total waste volumes, or 81 kg per vehicle. Most of this waste is spent foundry sand, much of which is recycled internally after on-site regeneration.

TOTAL WEIGHT OF WASTE BY TYPE, 1995-2011

(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 mainly to the difference in business activity at the Group's foundries. The quantity of waste generated per painted vehicle came to 145 kg in 2011.

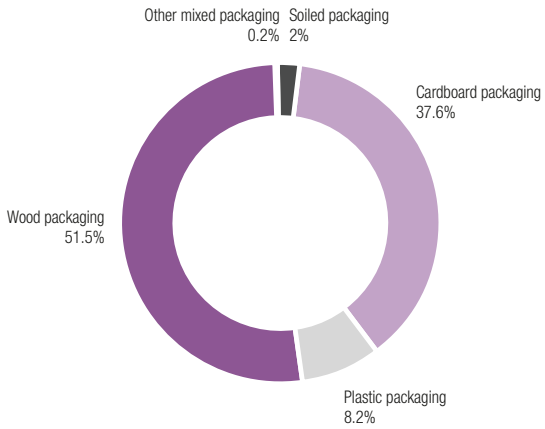
Geographically, 90% of the Group's waste in 2011 was produced in Europe and 10% in the rest of the world.

The amount of waste generated per vehicle stands at 65 kg, excluding foundry waste.

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

PACKAGING WASTE

(PCA, in 2011)

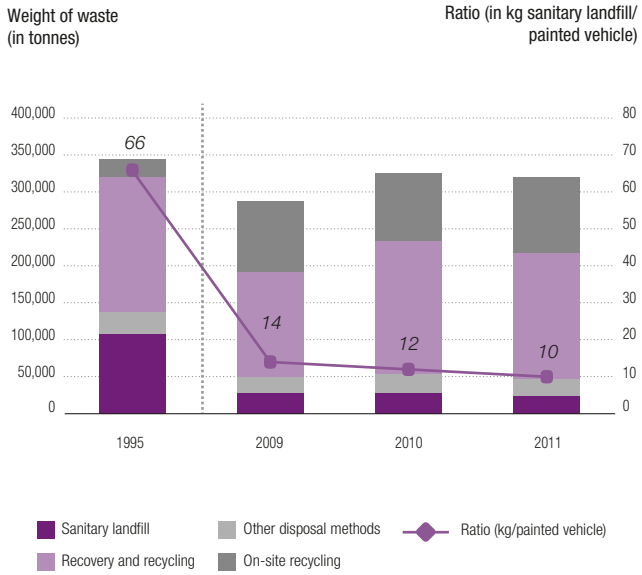


Primarily composed of wood and cardboard, packaging waste accounted for 54,473 tonnes (compared with 66,130 tonnes in 2010), a decline of 17% in total non-metal packaging waste. A full 98% is classified as non-hazardous process waste and more than 99% is recovered, reused or recycled.

The decline in packaging waste in 2011, compared with 2010, is due to the Group's sustainable and recyclable packaging initiative. It consists of replacing cardboard, wood and plastic packaging for automotive components by reusable plastic or cardboard containers. This has led to a significant decrease in packaging waste. Phased in with new vehicle launches, the initiative will gradually and lastingly reduce the total amount of packaging waste produced.

TOTAL WEIGHT OF WASTE BY DISPOSAL METHOD, 1995-2011

(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 79% reduction in landfilled waste between 1995 and 2011. 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. 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, Rennes, Sochaux and Mulhouse plants, for example, have launched a zero-landfill approach and only dispose of certain types of construction waste in this manner.

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

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	**2011**	**9,235**	**65,810**	**101,377**	**60**	**176,482**
	2010	10,943	60,783	91,616	86	163,428
	2009	9,705	52,867	95,283	46	157,900
Non-hazardous process waste	**2011**	**11,350**	**81,000**	**1,141**	**1,272**	**94,762**
	2010	13,627	98,450	1,271	1,217	114,565
	2009	13,496	69,062	1,832	1,352	85,743
Hazardous process waste	**2011**	**2,515**	**23,321**	**-**	**22,888**	**48,724**
	2010	2,935	20,761	-	24,221	47,917
	2009	4,788	19,338	-	20,066	44,192
TOTAL	**2011**	**23,100**	**170,131**	**102,517**	**24,220**	**319,968**
	2010	27,505	179,994	92,886	25,524	325,909
	2009	27,989	141,267	97,115	21,464	287,835

The table above does not include the 589,876 tonnes of metal waste produced in 2011, almost all of which was recycled.

The increase in foundry waste from the previous year reflects higher usage rates at the Group's two main foundries. The vast majority of this waste is, however, reused at the site.

The amount of non-hazardous process waste was nearly 21% lower in 2011, compared with the previous year

In 2011, a number of Group plants introduced a policy designed to eliminate all landfilled waste. These plants landfilled no waste except some specific construction waste. Discussions are underway to extend this best practice to other plants.

(Automobiles Peugeot and Automobiles Citroën)

(Unit: tonnes)		Landfill	Recovery and recycling	Other disposal methods	Total
Non-hazardous process waste	**2011**	**4,333**	**8,974**	**70**	**13,378,**
	2010	5,539	10,239	156	15,934
	2009	6,988	9,517	607	17,113
Hazardous process waste	**2011**	**850**	**3,595**	**169**	**4,613**
	2010	1,543	3,149	292	4,984
	2009	1,906	3,120	553	5,579
TOTAL	**2011**	**5,183**	**12,568**	**240**	**17,991**
	2010	7,081	13,388	448	20,917
	2009	8,894	12,638	1,160	22,692

Data from the Citroën and Peugeot brands concern on average 87% of their sites in 2011, versus 91% in 2010 and 87% in 2009.

When the disposal method is not known, the waste is considered to have been landfilled.

The table above does not include the 2,444 tonnes of metal waste produced in 2011, of which 90% was recycled.

(PCI and PMTC)

(Unit: tonnes)		Landfill	Recovery and recycling	Other disposal methods	Total
Foundry waste	**2011**	**-**	**-**	**124**	**124**
	2010	-	-	126	126
	2009	-	-	107	107
Non-hazardous process waste	**2011**	**124**	**485**	**-**	**609**
	2010	122	551	-	673
	2009	157	551	1	709
Hazardous process waste	**2011**	**2**	**138**	**515**	**655**
	2010	6	130	482	618
	2009	12	145	469	627
TOTAL	**2011**	**127**	**622**	**639**	**1,389**
	2010	128	681	608	1,417
	2009	168	697	577	1,442

The table above does not include the 274 tonnes of metal waste produced in 2011, almost all of which was recycled.

(GEFCO)

(Unit: tonnes)		Landfill	Recovery and recycling	Other disposal methods	Total
Non-hazardous process waste	**2011**	**3,609**	**6,687**	**1,784**	**12,081**
	2010	5,842	5,750	676	12,267
	2009	6,715	3,695	192	10,601
Hazardous process waste	**2011**	**54**	**815**	**108**	**977**
	2010	129	489	38	656
	2009	145	532	1,163	1,839
TOTAL	**2011**	**3,663**	**7,502**	**1,892**	**13,057**
	2010	5,971	6,239	714	12,923
	2009	6,859	4,227	1,354	12,441

Data from GEFCO were reported from an average 74% of its sites in 2011, versus 76% in 2010 and 61% in 2009.

When the disposal method is not known, the waste is considered to have been landfilled.

The table above does not include the 539 tonnes of metal waste produced in 2011, nearly 95% of which was recycled.

(Faurecia)

(Unit: tonnes)		Landfill	Recovery and recycling	On-site recycling	Other disposal methods	Total
Non-hazardous process waste	**2011**	**43,542**	**62,896**	**14,258**	**4,529**	**125,225**
	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	**2011**	**2,659**	**7,048**	**-**	**7,337**	**17,044**
	2010	3,290	6,157	-	7,686	17,132
	2009	1,725	4,527	-	6,228	12,480
TOTAL	**2011**	**46,200**	**69,944**	**14,258**	**11,866**	**142,268**
	2010	40,163	55,440	22,786	13,421	131,810
	2009	38,627	40,121	9,178	10,302	98,228

Data for Faurecia were reported from an average 97% of its sites, compared with 98% in 2010 and 100% in 2009.

The table above does not include the 75,196 tonnes of metal waste produced in 2011, nearly all of which was recycled.

3.1.5.2. TRANSPORTED WASTE SHIPPED INTERNATIONALLY

TRANSPORTED WASTE SHIPPED INTERNATIONALLY IN 2011

In 2011, less than 0.2% of total waste produced (excluding metal waste) was shipped from France to other EU member states (Belgium). This waste included:

- various types of sludge (611 tonnes);
- spent filter media (22 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 except metal waste to other EU member states during the year.

3.2. PROTECTING THE NATURAL ENVIRONMENT AND BIODIVERSITY

3.2.1. FACILITIES LOCATED NEAR PROTECTED AREAS

PSA Peugeot Citroën's global manufacturing base mainly comprises 21 production plants and 13 engineering & design centres and offices. Together, these facilities cover around 3,600 hectares, of which 47% 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 storm water 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 (Aulnay, Bessoncourt, Caen Charleville, La Ferté-Vidame, Mulhouse, Sept-Fons, Trnava, Valenciennes and Vesoul) are located near areas of this type, their presence has not yet had any identifiable impact on the nearby natural habitats.

		Surface area		Proximity to a regulated area	
Facility	Operations	(sq. m)	Waterproofed surface area	Distance between the facility and the 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
Valenciennes	Gearbox production	890,000	35%	Between 1 and 3 km	Regional natural park
				Less than 1 km	Natura 2000 area
Vesoul	Replacement parts warehouse	1,277,815	84%	Less than 1 km	Prefectural biotope decree
				More than 3 km	Nature reserve

3.2.2. SIGNIFICANT INITIATIVES TO PROMOTE BIODIVERSITY

Since Group 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.

For example, forests at the Belchamp and La Ferté Vidame sites have earned Pan-European Forest Certification (PEFC) for their sustainable management practices.

In addition, the Peugeot brand, in partnership with France's National Forestry Office (ONF), is pursuing the carbon sink project it has sponsored in the Amazon since 1998.

THE PEUGEOT CARBON SINK PROJECT IN THE AMAZON: AN ENVIRONMENTAL, SCIENTIFIC AND SOCIO-ECONOMIC COMMITMENT

Scheduled to run through 2038, the project involves 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 carbon dioxide. The reforestation initiative promotes biodiversity by reintroducing around 50 native plant species, with the aim of restoring balance to the ecosystem. More than two million trees representing approximately 50 species have already been planted, over a total 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, the Peugeot carbon sink absorbed an estimated 110,000 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 AR-ACM001 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 the population's awareness of the future of forests and the importance of preserving them. In 2009, Peugeot, the ONF and the Mato Grosso government signed an agreement designating the carbon sink as a Private Natural Heritage Reserve, which serves as a real-world 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.

The 12th meeting of the Scientific and Technical Committee of the Peugeot and the ONF (French National Forestry Service) carbon sink project was held in November 2011. At the meeting, which was attended by representatives of dozens of Brazilian and French political, scientific, and academic institutions, Peugeot and the ONF announced they had begun to sell carbon credits generated by the project. This operation should assure additional financing for the project of nearly €1 million, corresponding to the value of the 110,000 tonnes of atmospheric carbon dioxide captured by the reforestation project.

The carbon credits have been sold following the VCS (Verified Carbon Standard) protocol methodology in line with international rules and regulations. The carbon credits generated by the carbon sequestration project were certified through two audits, one by Ernst&Young and the other by TUV-SUD. The award of this quality label by recognised, independent observers reflects the project's importance and the partners' disciplined scientific approach.

The Peugeot-ONF carbon sink project is the first reforestation project in Brazil to generate certified carbon credits following the VCS protocol and the second in South America. As such, it supports an independent, sustainable development dynamic that benefits all stakeholders.

4

PSA PEUGEOT CITROËN: A FULL-FLEDGED PARTNER TO ITS HOST COMMUNITIES

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4.1. EXCELLENCE IN SUPPLIER RELATIONS: A SUPPLY CHAIN COMMITMENT

Purchasing is central to the Group's international development and to its integration in local industrial ecosystems.

Supplier relations are managed by the Purchasing Department, which is responsible for establishing and maintaining a long-term supplier base that offers the best possible technical, industrial and financial performance. To guarantee the quality and security of the Group's supplies, it also ensures that suppliers comply with Group standards, particularly in terms of quality, logistics and sustainable development.

4.1.1. THE GROUP'S PURCHASING STRATEGY

THE CRITICAL ROLE PLAYED BY PURCHASING IN GROUP PERFORMANCE

In Europe and Latin America, PSA Peugeot Citroën's purchasing expenditure totalled €26 billion in 2011, of which €3.5 billion for non-standard parts and components.

The remaining €22.5 billion corresponded to standard parts and components used in the production of vehicles and replacement parts.

On average, the standard parts purchased represent around 80% of a vehicle's production cost.

TOTAL WORLDWIDE PURCHASING EXPENDITURE

(in € billions, in Europe and Latin America)

	2008	2009	2010	2011
TOTAL	**24.6**	**22.5**	**25**	**26**
Of which standard and replacement parts	20.3	17.2	20.5	22.5

RISK ANALYSIS TO SUPPORT THE PURCHASING STRATEGY

Two types of risk are taken into account when defining the Group's purchasing strategy and policies:

- raw materials risk: Thanks to the combination of purchasing and manufacturing skills in the supplier relationship management process, trends concerning such things as the depletion of resources or the environmental performance of materials can be identified and anticipated;
- supplier risk: The Industrial Strategy and Supplier Risk unit analyses the main suppliers' financial results and consolidates information about their industrial strategies. It is working with Operational Purchasing teams and job family management to produce analyses of the social, financial and technical impacts of the Group's industrial choices. It also tracks high-risk suppliers and carries out targeted monitoring to ensure, for example, that suppliers comply with PSA Peugeot Citroën's corporate social responsibility standards.

RAW MATERIALS RISK

At a time when raw materials are and will continue to be scarce and costly, supplier relations are a strategically important component of the Group's materials policy and product development programme.

Material costs are tracked in cooperation with Operational Purchasing teams and Technical teams from the Group Research and Development Department. The goal is to more effectively anticipate and manage price fluctuations and help diversify and control strategically important supply sources.

Materials risks are mapped, integrating for each type of raw material such factors as relative presence in vehicles, the availability and accessibility of reserves, and cost. This map makes it possible to manage and secure long-term supplies for the Group and focus research and development programmes on replacement materials. Initially introduced for crude materials, the strategy has since been extended to included synthetic raw materials. The policy of searching for new, innovative materials goes hand in hand with the Group's commitment to increasing the share of renewable and environmentally-neutral materials in its vehicles.

SUPPLIER RISK

Given that the parts and components purchased from suppliers represent some 80% of vehicle production cost, 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 – the most serious risk being an interruption of parts deliveries – may lead to production stoppages and delays in the execution of vehicle, sub-assembly or industrial projects.

To prevent the occurrence of supplier risks, purchasing strategies by product family and supplier choices are submitted to the Purchasing Executive Committee for approval after careful consideration of the following criteria: financial situation, growth strategy and prospects, dependency on the Group and compliance with sustainable development standards.

Suppliers and sectors identified as representing a higher than normal risk are subject to specific monitoring. In 2011, 68 suppliers were the subject of preventive and remedial action plans, representing around 3% of total purchases. This compares with 79 suppliers representing 5.30% of total purchases in 2010.

A cross-disciplinary unit comprising purchasing, finance, supply chain management and employee relations specialists and, when necessary, experts from other Group departments, monitors the Group's fulfilment of its commitment to pay suppliers more quickly. It also ensures application of the French automotive industry's High-Performance and Best Practices Code and coordinates the Group's participation in France's PFA – a platform set up to foster on-going discussion and exchange among auto industry stakeholders – and the FMEA fund established to support automotive equipment suppliers. Lastly, the unit continues to closely monitor the global economic situation and supports the Group's international growth projects, particularly in Russia and China, by deploying its own standards in these countries.

A PURCHASING STRATEGY BUILT ON PARTNERSHIPS AND REGIONAL INTEGRATION

In light of its financial impact in its host communities, PSA Peugeot Citroën is committed to making high-quality supplier relations an integral part its strategy. This is achieved by narrowing its supplier base to a smaller number of more carefully selected companies and building relationships with those companies based on mutual respect and transparency.

The Purchasing Department is pursuing this objective via four avenues:

- locating purchasing teams as closely as possible to host communities;
- strengthening supplier relationship management;
- supporting supplier development;
- incorporating sustainable development criteria into the supplier relations policy.

It is also developing specific methods and resources to manage these initiatives.

4.1.2. LOCATING PURCHASING TEAMS CLOSE TO MANUFACTURING FACILITIES TO ENSURE MORE EFFECTIVE INTEGRATION INTO HOST REGIONS

LOCAL CONTENT IS A MAJOR FOCUS OF PSA PEUGEOT CITROËN'S PURCHASING STRATEGY

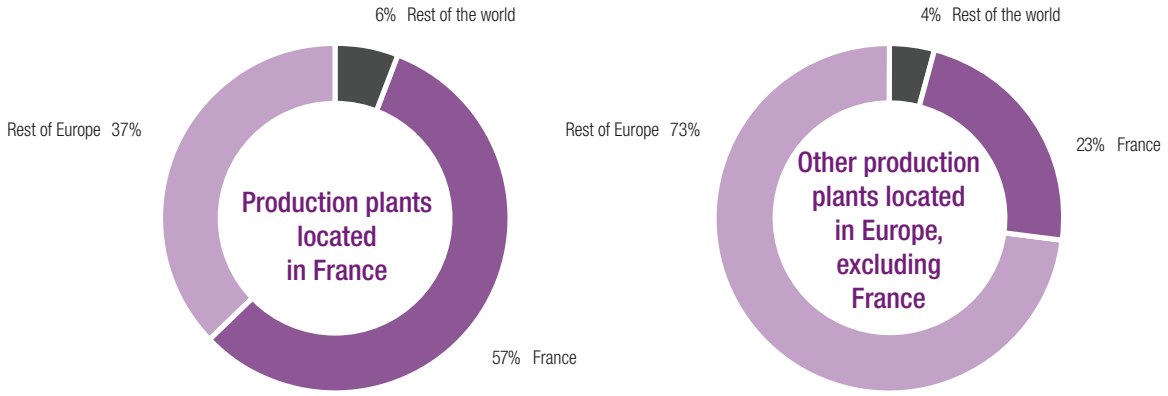
- In Latin America, an average 75% of the parts used at the Porto Real plant in Brazil are sourced in the region, while at the Buenos Aires, Argentina plant, local content varies between 60% and 75%.
- 95% of the parts used in the Group's plants in France are sourced in Europe.
- For the record, in Central Europe, 65% of purchases at the Kolìn facility in the Czech Republic were locally sourced and local content (from Central and Eastern European countries) at the Trnava, Slovakia plant had 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.

In line with PSA Peugeot Citroën's strategy of international expansion and local integration, the 1,450 employees of the Purchasing Department involved in purchasing are located close to the Group's target markets:

- 1,050 or 72% in Europe;
- 200 or 14% in Asia;
- 200 or 14% in Latin America.

Origin of standard parts by location of vehicule production plants



Region of production of the standard parts, as a percentage of 2011 standard/replacement parts purchasing expenditure. Europe: European Union.

A STRONG COMMITMENT TO THE FRENCH AUTOMOBILE INDUSTRY

In line with French government initiatives stemming from the January 2009 Automobile Summit, PSA Peugeot Citroën is strengthening measures to support the automobile industry. In France, in order to speed and support industrial transformation and spur initiatives aimed at innovation, PSA Peugeot Citroën has named four Regional Delegates to reinforce actions undertaken by the government-appointed "Automobile Representatives" who report to the regional prefects. The delegates are responsible for working with the various stakeholders in the region and actively helping to strengthen the French automobile industry. To organise the necessary changes in the manufacturing base, the Group is backing the need to develop assessments by job family, analyse changes in the various professions, and support social dialogue. The Group's commitments in this area are reflected in its active participation in France's PFA, a platform set up to foster on-going discussion and exchange among auto industry stakeholders, and in the FMEA fund established to support automotive equipment suppliers.

FRANCE'S LEADING BUYER FROM THE SHELTERED AND SUPPORTED EMPLOYMENT SECTOR

- 2011 budget in terms of value added purchased (budget - cost of components and parts): €40 million.
- 4,280 industrial products.

- 6 major associations including 5 near PSA Peugeot Citroën sites.
- 2,291 people employed, of which 2,195 in manufacturing, corresponding to 2.5 points of the percentage of handicapped employees at Peugeot Citroën Automobile (PCA) France.

4.1.3. STRENGTHENING SUPPLIER RELATIONSHIP MANAGEMENT

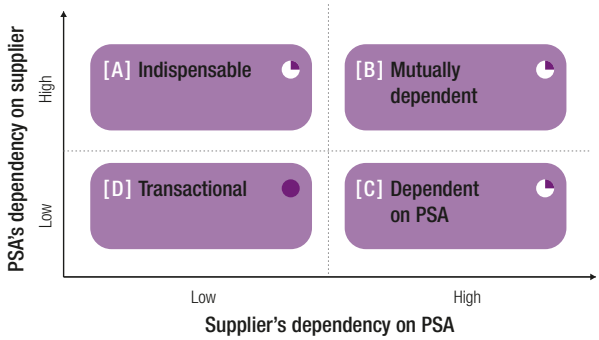
A SUPPLIER RELATIONSHIP MANAGEMENT (SRM) PROCESS GOVERNED BY CLEARLY DEFINED PRINCIPLES

The principles governing supplier relations are defined in simple, precise terms.

- every item delivered to PSA Peugeot Citroën by a supplier must comply with the standards;
- the respective responsibilities of PSA Peugeot Citroën and its suppliers must be clearly identified;
- the principles of transparency and duty to report must be respected;
- deadlines must be set for the fulfilment of contractual requirements;
- sustainable development standards must be met.

The Purchasing Department analyses the supplier list using business models from which it draws efficiency criteria and governance rules.

These business models are designed to segment the supplier base according to specific criteria, creating a snapshot of the market position of a supplier and its products in relation to the Group's needs.



Relevance of purchasing practices from low to high.

Each business model corresponds to a specific supplier relationship management method, built around 11 avenues for value creation. These include:

- strengthening supplier relationship management;
- encouraging innovation;
- taking into account the potential for optimising the supplier's industrial capacity;
- optimising development processes and costs to avoid R&D expenditure overlap between PSA Peugeot Citroën and its suppliers;
- enhancing control over purchases from Tier 2 suppliers to gain a better understanding of the risks associated with the entire supply chain.

CERTIFYING SUPPLIERS TO ENSURE EFFECTIVE MANAGEMENT

Half of the purchases made in 2011 were sourced from 20 suppliers: Arcelor Mittal, CLN Coils Lamiere Nastri SpA, Compagnie Générale des Etablissements Michelin, Continental AG, Corporation Gestamp SL, Delphi Automotive Systems Corporation, Faurecia, Financière Snop Dunois, Grupo Antolin-Irausa SA, Johnson Controls Inc., JTEKT Corporation, Lear Corporation, Léoni AG, Magneti Marelli SpA, Plastic Omnium, Robert Bosch GmbH, Total SA, TRW Automotive, Valéo and Visteon Corporation.

As of 1 January 2011, PSA Peugeot Citroën sourced standard and replacements parts and components in Europe from 1,078 group or independent suppliers, or a total of 1,640 companies. Latin America represented an additional 270 suppliers.

- Strategic suppliers: A mutual commitment is made at the highest level to ensure effective supplier relationship management in key areas for the Group.

  A strategic supplier is one with which PSA Peugeot Citroën wants to develop an in-depth partnership. This may involve sharing strategies, innovating together, pooling R&D resources and processes, expanding internationally, simplifying processes and optimising supply chain performance. At the very least, a strategic supplier must:
  - display a long-term commitment to the automobile industry (significant investment in resources and R&D) and a healthy balance sheet (viability),
  - count PSA Peugeot Citroën among its top customer,
  - be a global supplier capable of partnering PSA Peugeot Citroën worldwide,
  - have a significant market share in the families of strategic parts or components that it develops and produces for PSA Peugeot Citroën,
  - have top-quality expertise or know-how and use it to PSA Peugeot Citroën's benefit,
  - satisfy supplier relation standards in terms of quality, management and financial control, economic, social and environmental standards and sustainable development criteria.

Relations with strategic suppliers are managed at the executive level.

At end-2011: 13 suppliers were certified as "strategic".

Target for 2015: 20 suppliers certified as "strategic".

- Major suppliers: Technical know-how that is recognised and promoted by the Group to support regional development.

  Major suppliers play a role in the technical and purchasing strategy of PSA Peugeot Citroën and its partners, help the Group to achieve

its objectives, and contribute to the development of the automobile industry in their region or country (Europe, Latin America or China, for example).

- major suppliers are certified for a minimum of three years;
- they can be removed from the certified major suppliers list by mutual agreement, for example in the event of a significant decline in performance, non-compliance with the major suppliers charter, or a change in ownership or management structure.

At end-2011: 20 suppliers were certified as "major".
Target for 2015: 100 suppliers certified as "major".

4.1.4. SUPPORTING SUPPLIER DEVELOPMENT

A SIMPLIFIED SUPPLIER INTERFACE TO ENHANCE PRODUCTION EFFICIENCY

The Supplier Development Department is responsible for supporting suppliers and securing the Group's sources of supply, particularly by focusing on quality, logistics and improving suppliers' industrial performance.

INCREASED VISIBILITY AND MORE EFFECTIVE COORDINATION

The Supplier Development Department was set up to:

- leverage technical and industrial experience;
- represent all processes and teams;
- ensure continuity between the process engineering and series production phases;
- enhance visibility of suppliers' industrial performance;
- provide a simplified interface between PSA Peugeot Citroën and its suppliers for greater clarity and consistency.

AN ORGANISATIONAL STRUCTURE BASED ON THREE MAIN PRINCIPLES

- A centralised department involved in the development and series production phases that liaises with all of the companies who supply the Group.
- A single operating unit responsible for suppliers' industrial performance.
- A structured system and management tool that operating managers can use to assess the maturity of suppliers' sites and monitor their performance.

4.1.5. INCORPORATING SUSTAINABLE DEVELOPMENT CRITERIA INTO THE SUPPLIER RELATIONS POLICY

CORPORATE SOCIAL RESPONSIBILITY CRITERIA EXTENDED TO SUPPLIERS

PSA Peugeot Citroën intends to make compliance with its corporate social responsibility requirements a core component of its purchasing policy, alongside quality, deadlines and cost. 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.

The Supplier Guidelines for PSA Peugeot Citroën's Corporate Social Responsibility Standards are available via the Group's B2B portal.

PSA Peugeot Citroën's corporate social responsibility standards are:

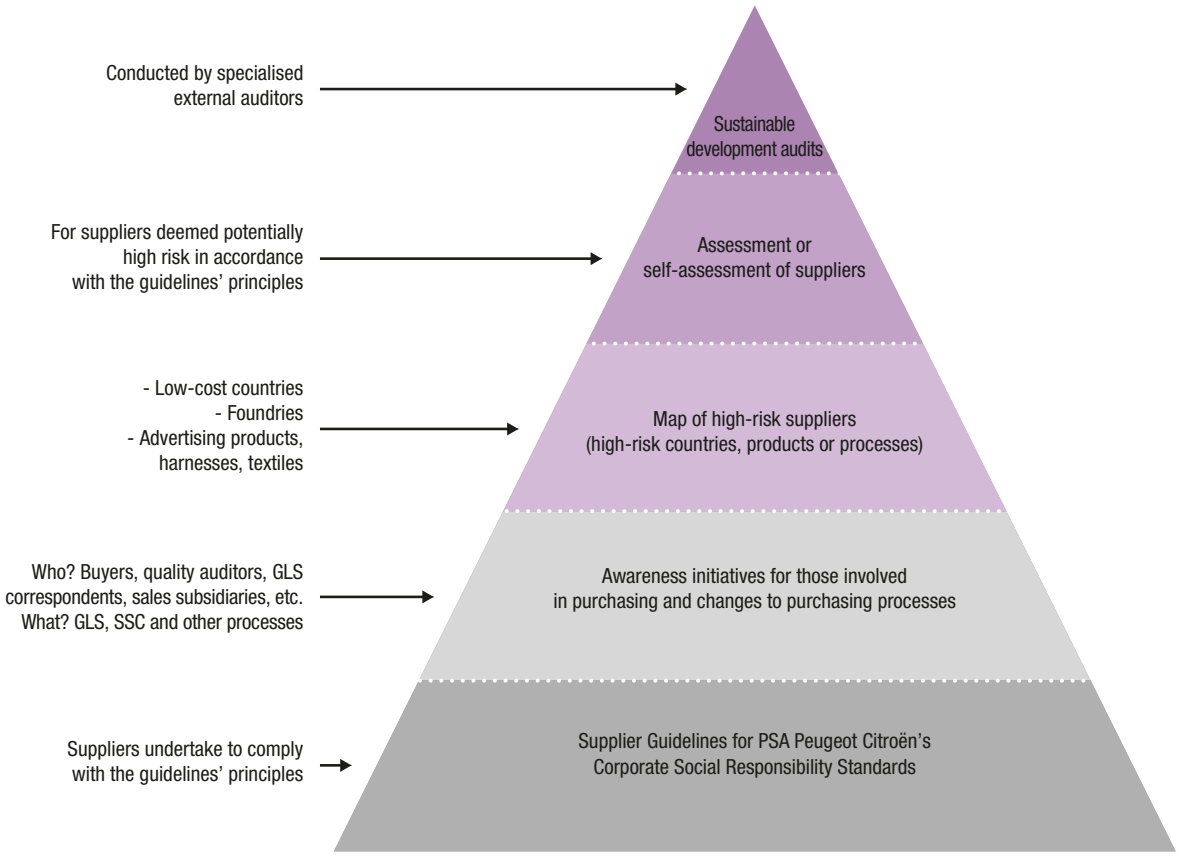
- backed by a personal commitment from managers. Since 2010, the Group's Code of Ethics makes specific reference to the integration of ethical and environmental criteria in supplier relationship management. The Code has already been signed by all of the Group's executives and senior managers and is now being deployed for signature by other employees;
- defined in a set of dedicated guidelines for suppliers. The guidelines make specific reference to the United Nations' Global Compact, 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;
- distributed to the Group's largest suppliers and to suppliers associated with high-risk countries or product families. These suppliers are asked to formally pledge to comply with the PSA Peugeot Citroën guidelines or to demonstrate their compliance with equivalent guidelines. At end-2011, nearly 750 suppliers had made this commitment, representing 90% of the budget managed by the Purchasing Department;

- incorporated into the fundamental principles of supplier relationship management, in contractual documents such as supplier approval letters and purchasing terms and conditions, and in the Group's purchasing processes.

A SUSTAINABLE DEVELOPMENT POLICY BACKED BY TRAINING AND AWARENESS INITIATIVES AND ON-SITE AUDITS

- Buyers are made aware of sustainable development issues during training sessions organised by the PSA Peugeot Citroën purchasing skills training centre. Since 2008, around 300 people have been trained in Europe and around one hundred in Latin America. In addition, the Purchasing Department's sustainable development unit regularly holds meetings with managers from operating Purchasing Departments To keep them informed of sustainable development issues.
- Targeted awareness initiatives are carried out among suppliers in high-risk areas via self-assessment questionnaires.
- Social and environmental audits are conducted at selected suppliers' sites in accordance with the risk level associated with their country, product or process. Since 2010, 25 audits have been conducted among Tier 1, Tier 2 and Tier 3 suppliers, including initial audits and follow-up inspections.

Scope: All Tier 1 suppliers (standard, non-standard and replacement parts), worldwide (including local-only suppliers), approved suppliers and new suppliers



A SIGNIFICANT CONTRIBUTION TO THE GROUP'S ENVIRONMENTAL OBJECTIVES

The Group's environmental objectives for its products are translated into contractual commitments via specifications and purchasing policies that set ambitious targets for the use of green and recyclable materials. These objectives are also a key focus of the innovation policy that is part of the Group's supplier certification criteria.

In line with the Group's plans for growth in Latin America and the development of its partnerships with suppliers in the region, the Latin American Purchasing Department organised a "Best Supplier Awards" ceremony in Rio de Janeiro. Local company Inylbra received a special "green materials" award from PSA Peugeot Citroën's head of purchasing for the region. "We use the same criteria that PSA Peugeot Citroën applies worldwide, and these companies have delivered a top-quality performance," he commented. "Partnering committed suppliers helps us to increase the integration and development of locally made components while ensuring high-quality products, competitive costs and customer satisfaction."

4.2. GLOBAL AND LOCAL CORPORATE CITIZENSHIP

PSA Peugeot Citroën is firmly convinced that mobility is a global societal challenge and a fundamental right. Mobility influences each individual's life and goes hand in hand with economic development, as well as with discovery, autonomy, progress and innovation. After more than 200 years in the automobile industry, PSA Peugeot Citroën can claim a certain legitimacy in discussing this issue. Backed by this seasoned expertise, we are focusing on projects that are useful to the community while seamlessly capitalising on our core carmaking competencies.

This translates into ambitious societal initiatives, notably through a global/local philanthropy policy geared towards local communities around the world.

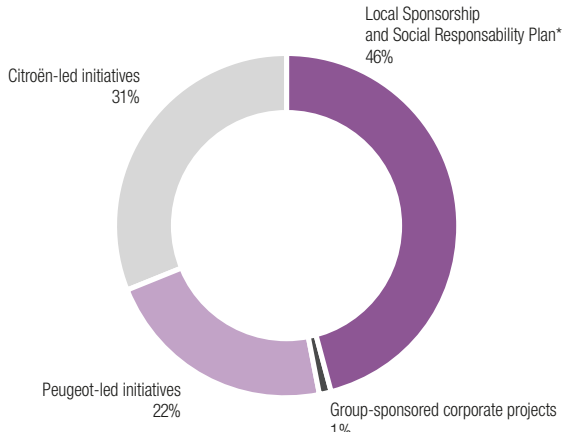
Created in 2000 and bringing together scientists, sociologist and urban planners, the City on the Move Institute (IVM) finances research projects and trials to explore the mobility of tomorrow. PSA Peugeot Citroën allocated a budget of €1,050,000 to IVM in 2011.

In addition to IVM, our corporate citizenship and commitment to the community is expressed through four channels:

- the PSA Peugeot Citroën corporate foundation, created in 2011 to support social, educational, cultural and environmental projects in the field of mobility. It is active around the world, with a strong local presence in our host countries. It has a five-year budget of €10 million, of which €1,230,000 was allocated in 2011;
- corporate philanthropy programmes, funded at €1,398,000 in 2011 (of which €1,085,000 allocated to the City on the Move Institute - IVM) and the Peugeot Industrial Heritage Endowment Fund;
- local Philanthropy and Social Action plans deployed by the manufacturing and office sites, which since 2004 have supported local development initiatives (€2,690,000 allocated in 2011);
- philanthropy initiatives supported by the Peugeot and Citroën brands (€588,400 allocated in 2011).

CORPORATE CITIZENSHIP BUDGET BY DESTINATION (EXCLUDING THE CORPORATE FOUNDATION AND THE PEUGEOT INDUSTRIAL HERITAGE ENDOWMENT FUND)

(2011)



* *Local Philanthropy and Social Action Plans account for almost half of the Group's corporate citizenship funding committed during the year. Managed by local plants and facilities, these initiatives demonstrate our commitment to playing an active role in our host communities.*

Excluding the corporate foundation, the corporate citizenship budget amounted to €3,854,142 in 2011, broken down as follows:

- cash donations and grants: 38.75%;
- funding committed: 36.16%;
- euro equivalent of employee time spent: 12.73%;
- donations or loans of equipment and vehicles: 12.36%.

In 2011, Local Philanthropy and Social Action Plan expenditure was allocated to initiatives concerning:

- local development (36.9% of funding);
- road safety (27.4%);
- cultural or educative initiatives (19.4%);
- environmental stewardship programmes (11.5%);
- mobility-related projects (4.7%).

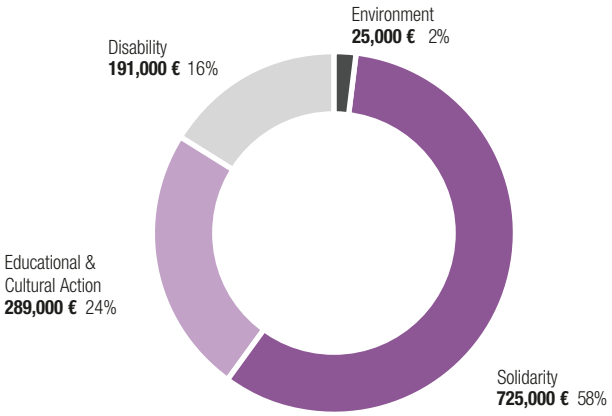
4.2.1. THE PSA PEUGEOT CITROËN FOUNDATION: SUPPORTING MOBILITY FOR ALL

Created on 11 July 2011, the PSA Peugeot Citroën Foundation supports social, educational, cultural and environmental projects in the field of mobility, an area in which we have been active for more than 100 years. This mission is expressed in the Foundation's "A World on the Move" baseline.

- The Foundation's governance system, which was established on 11 July 2011, comprises the following:
  - the Board of Directors, which has nine members (two founders, four representatives of Group units and three outside representatives). Its Chairman is the Chairman of the Managing Board, while the Vice-Chairman is Marie-Hélène Roncoroni, member of the Supervisory Board;
  - the General Delegation, which is led by a General Delegate and is part of the Corporate Communications Department;
  - a selection committee comprising employees and other members, which chooses the projects after a preliminary review by the Foundation team.
- The Foundation supports initiatives submitted by public interest organisations around the world, with a preference for the Group's growth regions. The initiatives come from associations, NGOs and employees, or grow out of projects supported by our plants and facilities through their Local Philanthropy and Social Action Plans. Projects are submitted online via the Foundation's trilingual website (French, English and Spanish).
- To carry out its philanthropic mission, the Foundation is backed by a multi-year action plan with a five-year budget of €10 million. The Foundation's support, provided in kind, in equipment or in funding, focuses on four main areas:
  - Mobility and Solidarity, with initiatives to assist highly disadvantaged people at risk and projects to bring people back into the workforce (58% of the funds allocated in 2011);
  - Mobility and Disability (16% of the funds allocated in 2011);
  - Mobility and Educational and Cultural Action, with programmes to bring cultural events closer to audiences that have difficulty accessing them (24% of the funds allocated in 2011);
  - Mobility and the Environment (2% of the funds allocated in 2011).

In all, in 2011, the Foundation allocated €1,230,000 to the selected projects.

Budgets allocated by the Foundation in 2011, by project category



MOBILITY AND SOLIDARITY

- **Emergency outreach**: The Foundation's creation has helped to strengthen our partnership with the Paris emergency social services agency (SAMU social). Initiated in 1996, this social responsibility commitment comes under the Mobility and Solidarity heading, as access to mobility is a factor in fighting social exclusion, maintaining community ties and integrating individuals into society. In particular, the Foundation donates and maintains the agency's roaming fleet of 20 vehicles, and lends additional vehicles on a regular basis as reinforcement during the winter months.

  In October 2011, the Foundation lent its support to the agency's observatory, providing partial funding for a "Head-to-Foot Health" medical survey conducted among 900 homeless people. One-third of the drivers needed to administer the survey were volunteer Group employees. A Foundation representative currently serves on the agency's Board of Directors.
- **Bringing people back into the workforce**: In its first year of existence, the Foundation has channelled the majority of its support to Mobility and Solidarity projects, with a focus on public interest organisations involved in mobility services.

  These mobility platforms generally rent cars, scooters or electric bicycles or organise small-scale collective transport on demand for people in workforce re-entry or professional training programmes in rural or suburban areas with a lack of public transit services. The beneficiaries are generally put in contact with the mobility platforms by social workers, the national unemployment agency or the local jobs office. In one example, the Foundation donated ten scooters to MOB 60, an association in the Picardy region, to help young people get to work or to a training programme. The service will also help the participants pass their Road Safety Certificate at a lower cost. The Foundation has also provided funds to help Doctors of the World replace its Lotus Bus in Paris, which carries out prevention initiatives for women with no access to healthcare.

MOBILITY AND DISABILITY

Projects supported in this category include:

- A driving programme developed by the outpatient services of Centre de Réadaptation de Mulhouse, a mainstreaming centre backed by the Group's Mulhouse plant as part of a local philanthropic plan. In 2011, the Foundation donated a vehicle and paid to have it fitted so that individuals with a physical or cognitive disability can test their driving ability in a standard vehicle and determine if they need special equipment.
- An initiative led by the Comme les Autres association to facilitate adventure sports for the disabled. The Foundation has provided financing for this programme, which considers that giving the disabled access to ordinary and extraordinary experiences is a key factor in successful physical therapy and in re-building self-confidence.
- A pilot training programme administered by Avenir Dysphasie France to help young people with dysphasia obtain a driver's license. Because this language disorder often results in learning difficulties with written language, the association organises special courses to help the candidates prepare for the tests. In 2011, the Foundation helped finance two courses for some twenty young people.

MOBILITY AND EDUCATIONAL AND CULTURAL ACTION

- The Foundation contributed to the creation of the Mobile Museum, or MuMo, the world's first roving museum designed to take art to places where it has never been before. Contemporary, easy-to-understand creations have been developed specially for the Mobile Museum and will be presented to some 10,000 children age 6 to 10 in primary schools, under the patronage of Unesco in France and Africa.
- Also in this category, the Foundation donated a vehicle to the Compagnie des Contraires association so that it can conduct roving arts workshops and street events in disadvantaged neighbourhoods, notably Chanteloup-les-Vignes near the Poissy plant. The association offers fun educational and cultural events run by professional artists in public areas, with the goal of promoting a community spirit and eliminating imaginary boundaries.
- Similarly, the Foundation supports Le Bal, a venue in Paris for learning about how images speak to us. In particular, the Foundation has focused on an educational project called "My Eye", which is designed to get young people moving both geographically and mentally. Students from 46 schools in disadvantaged neighbourhoods in the Paris area are taken to cultural sites to pursue projects on the language and media of image and to be introduced to the related professions.

4.2.2. CORPORATE PHILANTHROPY

As part of its general philanthropy policy, the Group supports other initiatives alongside those that fall within the Foundation's remit.

VILLETTE-ENTREPRISES FOUNDATION

For the past 25 years, PSA Peugeot Citroën has been 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,

we sponsored the renovation of the permanent exhibits at Paris' flagship science museum, the Cité des Sciences et de l'Industrie, and provided funding for the "Transport and Mankind" exhibition that opened for a five-year run in October 2011.

The exhibition addresses the issue of mobility from a sociological and technical viewpoint and offers a comprehensive view of mass mobility at the global level. Driving simulators, videos and interactive tables help visitors discover the mobility challenges of the future. The Group provided €35,000 in funding to Fondation Villette-Entreprises in 2011.

THE ROAD SAFETY FOUNDATION

Reflecting a deep commitment to making roads safer in cooperation with other road-use stakeholders, PSA Peugeot Citroën was a co-founder 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 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.

While the first call for projects focused heavily on vulnerable users and alcohol-related issues, the second, launched in 2011, is more concerned with improving understanding of new driving habits and the impact of communication technologies on road safety. Featured topics include:

- accidents, from the causes to the consequences;
- preference will be given to multidisciplinary projects and projects backed by organisations with expertise on the issues in question;
- cooperative and interactive driving;
- new vehicles and their impact on safety;
- infrastructure, and how to improve safety in the future.

THE PEUGEOT INDUSTRIAL HERITAGE ENDOWMENT FUND

Inaugurated in September 2010 and financed by an endowment fund heavily supported by PSA Peugeot Citroën, the Terre Blanche Archives Centre is the new home for archival materials from all of its manufacturing and business facilities. After a top-to-bottom renovation to restore building features typical of 19th century industrial architecture, the Centre now houses a rare collection of historical records, photographs, technical drawings and unusual artefacts that have been brought together for safekeeping. The Centre will also open its doors to historians, researchers and students interested in consulting its materials. The holdings are continuing to expand, thanks to gifts and contributions from automobile enthusiasts, including many former employees, whose invaluable but often fragile documents can be digitised and preserved under optimal conditions. More broadly, the archives offer a compelling perspective on the more than 200-year history of automobiles in Europe.

4.2.3. LOCAL PHILANTHROPY AND SOCIAL ACTION PLANS DEPLOYED BY PLANTS AND OFFICE FACILITIES

Our production plants and other facilities are generally large private employers in their host regions, if not the largest. They are proud of their local roots and of their involvement in the social, economic and industrial fabric of their communities.

Local Philanthropy and Social Action Plans enable production plants and office facilities in France and other countries to structure their outreach programmes to local communities, associations and other stakeholders in their regions, while fostering more effective dialogue with both employees and the public. Local philanthropy plans are also being extended and enhanced by the PSA Peugeot Citroën Foundation, which supports mobility-related projects. The plants and facilities tend to focus their programmes on local development and outreach issues.

In 2011, our local philanthropy policies were designed to support four main types of initiatives:

- safe driving, with programmes to inform people, raise their awareness and teach correct practices;
- cultural and educational programmes, from access to culture and participation in a region's economic development to donations of educational supplies;
- volunteerism and skills donations, thanks to the engagement of Group employees;
- educational programmes to raise awareness about environmental issues and biodiversity.

PROMOTING ROAD SAFETY

Raising driver awareness of road safety issues is a major focus of our corporate citizenship commitment. The production and office facilities around the world lead road safety awareness-building programmes for employees and/or their host communities, 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, the Centaure network of driver training sites and others.

Examples of these programmes included:

- conducting remedial driver education and safe driving courses, including training in driving on slippery roads, in La Ferté Vidame, Sept-Fons and Vesoul;
- donating vehicles for drills in La Ferté Vidame, Mulhouse, Poissy and Vélizy to learn how to free people trapped inside after an accident;

- conducting information and awareness building sessions in La Garenne, Poissy, Valenciennes and Vélizy;
- distributing a reflective vest and warning triangle safety kit in Buenos Aires and breathalysers in La Garenne;
- organizing exhibitions and events, such as driving simulators, rollover simulators, 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;
- creating a go-kart driving school in Aulnay to teach children of employees and local parents about road safety hazards.

The plants and facilities organise a number of information campaigns during the year on such topics as the dangers of driving while under the influence of alcohol or drugs. They also hold clinics to inspect headlights and tail lights or to raise awareness of safe driving practices among motorcyclists.

Facilities in Argentina and Brazil are particularly active in this area:

- in Argentina, a number of notable initiatives have been launched in addition to awareness campaigns for employees and their families. In one, high school students were invited to participate in a contest to find the best road-safety radio jingle. In another, a campaign called "Road Safety Guardians" introduced in 2010 and repeated in 2011, was declared a programme of municipal and educational interest by the 3 de Febrero District of Buenos Aires. October is now Road Safety Month in all of the District's schools, where PSA Peugeot Citroën actively leads a variety of special activities and projects. The campaign reached some 4,500 children in 90 schools in 2010 and 2011;
- in Brazil, the Group continues to sponsor 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.

CULTURAL AND EDUCATIONAL PROGRAMMES

PSA Peugeot Citroën's commitment to its host communities is also reflected in a variety of cultural philanthropic programmes.

- The Metz and Trémery plants in France have pledged to support the Centre Pompidou-Metz museum for three years as from 2011 and are working with the Lorraine region, the city of Metz and the greater Metz community to promote access to modern and contemporary art. The two plants are also sponsoring an exhibition featuring two French designers, Ronan and Erwan Bouroullec, that runs from October 2011 to August 2012.
- The Valenciennes plant is among the corporate sponsors of the Le Phénix national performing arts centre in the city. Its financial support enables people from disadvantaged neighbourhoods and in retirement homes to take part in cultural events.
- The plant in Madrid, Spain also supports cultural and educational programmes, such as the 9th Latin American film festival. For more than two years now, the plant has also partnered a radio programme that covers environmental and gender equality issues. The programme is prepared with middle school students from the neighbouring school district and from the Villaverde district. The station has an estimated audience of more than one million listeners.
- In China, PSA Peugeot Citroën's educational initiatives focus on sustainable mobility, in partnership with the All-China Women's Federation. Launched in 1994, the Federation's Care Campaign was expanded in 2011 to include seven sub-programmes: Newlyweds Care, Infants Care, Children Care, Elderly Care, Women Care, Students Care and Girls Care.
  - In 2011, Infants Care kicked off "Green Life, Low Emissions," a mobility-related project designed to teach children aged 3 to 6 what they can do to help protect the environment.
  - The five-year programme is being deployed in three stages:
    - 2011: Initial launch in Beijing, Guangzhou and Shanghai;
    - 2012 and 2013: Extension to medium-sized cities;
    - 2014 and 2015: Extension to smaller cities.
  - To administer the programme, educational materials were developed with volunteers from various Chinese Ministries and associations with expertise in education, environmental issues, psychology, healthcare and child safety. To keep it fun, stylists at the Group's China Tech Centre came up with a mascot called Huan Bao Bao, from the Chinese words for "environmental protection" (HuanBao) and "baby" (Bao). Using examples from daily life, Huan Bao Bao shows children how to act in an environmentally responsible way.

During the first stage of deployment in 2011, 300,000 manuals and 400 teaching packets were distributed in nursery schools in Beijing, Shanghai and Guangzhou.

- As part of the partnership with the Lochpe Foundation in Brazil, the Porto Real plant has provided space since March 2008 for the Formare programme, which offers vocational training for young people from local low-income families. Employees are allowed to volunteer as teachers for the programme during their working hours. So far, 180 volunteers have participated. In addition to providing professional training, the programme prepares students for the job market by exposing them to real-life work experiences. The plant also provides funds for Fundação Porto Real, which carries out social integration projects in the city of Porto Real.
- In Russia, PSA Peugeot Citroën is pursuing its training programme in cooperation with local schools to promote access to jobs by bringing in young specialists from developing regions. In 2011, more than 700 employees received training.

Lastly, Group sites also promote education by donating computers, vehicles, engines and gearboxes to training centres around the world.

VOLUNTEERISM AND SKILLS DONATION

Group employees are also very active in local volunteer programmes. They are allowed to take time off to donate their skills, as part of the Group's commitment to encouraging volunteerism with local organisations and employee involvement in local events.

On typical example concerns a project in Argentina led by "A Roof for My Country", an NGO that helps the very poor, notably by building emergency housing. Created in Chile in 1996, the association has since formed a solid network in 13 Latin American countries.

It primarily focuses on the most disadvantaged neighbourhoods, preparing a building project for presentation to residents and requesting interested families to come forward. Selected families are asked to save around $160, or 10% of the cost, for their new home, which is prefabricated and delivered as a kit that takes only two days for a team of volunteers and the family to put together. PSA Peugeot Citroën in Argentina provides financing, donating the equivalent of two wood-frame houses a month. Employees are encouraged to participate through a volunteer programme. In all, six houses were built in 2011 thanks to the partnership with "A Roof for My Country".

In France, the Rennes facility has actively supported the Performance Bretagne network for many years. This network helps local SMEs implement solutions that best meet their needs in the areas of environmental protection, industrial organisation, human resources, information technology and Internet services. The Rennes plant lends the association employees who can advise participating SMEs on how to manage their IT and web systems, with a focus on industrial organisation, implementing visual management, training in lean management, effective web presence and software selection, and IT system security.

Around the world, employees are encouraged to collect bottle caps for charity associations, as well as toys at Christmastime. They also participate in athletic events for charity in many countries, including France, Spain and Argentina, where a marathon was organised to raise funds for the Italian hospital.

4.2.4. INITIATIVES SUPPORTED BY THE PEUGEOT AND CITROËN BRANDS

Corporate philanthropy programmes were funded with a budget of €588,400 in 2011.

INITIATIVES SUPPORTED BY THE PEUGEOT BRAND

During the year, Peugeot continued to lend vehicles to Solidarité Sida, an association that educates the public about AIDS and solicits donations for medical research. Through the partnership, which began in 1994, three vehicles are made available to the association for the entire year, with others made available for special operations such as the Solidays festival.

In China, the brand continued to support the "More Safety for our City" travelling exhibition initiated in 2004 to teach people of all ages about road safety. During the year, the exhibition stopped in four major Chinese cities, allowing 3,500 primary school students and 2,500 teenagers to participate in fun awareness-raising workshops. Around 200 teachers were trained at the workshops. For adults, two iPhone applications were developed and six radio announcements were broadcast on five radio stations over a period of four months.

INITIATIVES SUPPORTED BY THE CITROËN BRAND

In 2011, 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 a project scheduled to run through 31 December 2011 in Burkina Faso to facilitate access to drinking water in Tapoa Province schools. For the second year in a row, a team of 54 Citroën employees took part in an inter-company foot race organised by ACF in Paris, clocking up a total 755 kilometres to fight hunger. Citroën France also organised a contest for ACF on its Facebook page to win a one-of-a-kind DS3 Kenzo. Citroën donated the equivalent of the car's sticker price to ACF, which will now be able to build a multi-services water kiosk in Mongolia.

For the third year in a row, Citroën-brand gifts were distributed as Christmas presents to hospitalised children in France, Switzerland, Germany, Belgium, Portugal and Austria.

During the year-end holidays in Brazil, Citroën also conducted an internal campaign among employees to collect gifts, toys and personal care products for three institutions that assist children with cancer, orphans and the elderly.

In China, Citroën supported the Crayon Rouge association and its "Colours of Childhood" campaign. The brand organised activities for children from minority families in western China with the goal of improving learning conditions and stimulating creativity. In addition, it donated a building for educational purposes and dispatched photographers to the region to teach professors and students about photography techniques. Some twenty cameras were donated for the programme. To highlight the region and its children, a filmed report was produced and broadcast with the participation of Citroën's media partners in China.

In 2011, the brand was the exclusive sponsor of the French Pavilion at the 54th Venice Bienniale international art exhibition, which housed a single work by Christian Boltanski entitled "Chance". This philanthropy strengthened Citroën's decades-old ties to the world of art.

5

DEPLOYING AN INNOVATIVE, RESPONSIBLE EMPLOYEE RELATIONS POLICY

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PEOPLE-DRIVEN PERFORMANCE

To impel its progress for the coming ten years, PSA Peugeot Citroën has formulated a vision designed to create value by focusing on two strategic priorities: moving the product and service ranges upmarket and globalising the Group's operations. This strategy is being deployed through a framework of Responsible Development that is based on four key values embraced by the entire PSA Peugeot Citroën corporate community: respect, responsibility, continuous improvement and boldness.

In the area of human resources, this vision has shaped four priorities:

- develop our human capital;
- manage and motivate employees;
- support responsible growth by fostering social cohesion;
- enable employees to deliver operational excellence.

PSA Peugeot Citroën's employee relations policies may be found on the corporate website.

REPORTING METHODOLOGY

GLOBAL SOCIAL REPORTING

Understanding the people who make up the PSA Peugeot Citroën corporate community is an essential prerequisite for choosing, implementing and sustainably improving the employee relations process of a Group that counts more than 200,000 employees around the world.

For many years, we have been committed to consolidating and publishing human resources management indicators with an emphasis on three aspects: transparency, completeness and quality of information. Today, this now mature and efficient social reporting process involves more than 400 contributors from every subsidiary, using special interactive applications to compile data and led by a dedicated corporate team.

PSA Peugeot Citroën is recognised as a benchmark in this area and complies with French legal disclosure obligations (NRE Act, as enabled by decree no. 2002-221 of 20 February 2002), as well as the recommendations of the international Global Reporting Initiative and requests from stakeholders, particularly employee representatives and SRI rating agencies.

For each indicator in the following section, 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 indicators presented below 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.

Mercurio, which was acquired by GEFCO in May 2011, is gradually being integrated into the Group social reporting system, but for 2011, its headcount and hiring data have been consolidated with GEFCO.

Faurecia, a listed company 57.4%-owned by Peugeot S.A., manages its business independently and therefore prepares and publishes its own business and human resources indicators in its Registration Document.

In 2010, certain subsidiaries were reclassified among the different reporting segments, as follows:

- the "Automotive Division" includes both the Automotive Division and SCEMM (versus the Automotive Division and the Peugeot S.A. holding company until 2009);
- the "Other businesses" comprise the Peugeot S.A. holding company, PMTC France, PMTC Germany and PMTC Italy (versus SCEMM, PMTC France and PMTC Germany, PMTC Italy until 2009).

The scope of reporting does not include employees of joint ventures with Dongfeng (DPCA), Toyota (TCPA), Fiat (Sevelnord and SevelSud) and Renault (Française de Mécanique).

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

The abbreviations CDI and CDD stand for, respectively "permanent employment contract" and "fixed-term employment contract."

5.1. MANAGING JOBS RESPONSIBLY TO MEET NEW CHALLENGES

Automobile industry professions are changing to meet new economic, technological and environmental challenges. In addressing these shifts at a time of growing globalisation, people remain a constant concern, reflecting PSA Peugeot Citroën's responsibility for the men and women whose dedication ensures its success every day. When tensions arise, the Group remains responsibly committed to taking the measures necessary to keep employees' skills fresh so they stay employable throughout their careers.

5.1.1. WORKFORCE

NUMBER OF EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS BY DIVISION, 2006-2011

(Consolidated Group, at 31 December)

	2006	2007	2008	2009	2010	2011
Automotive Division	140,000	134,345	129,890	121,365	120,880	122,879
Banque PSA Finance	2,365	2,330	2,390	2,470	2,595	2,679
GEFCO	9,900	9,980	10,060	9,335	9,380	10,253
Faurecia	57,810	59,765	58,140	52,065	64,190	72,030
Other businesses	1,675	1,430	1,220	985	1,175	1,178
TOTAL	**211,750**	**207,850**	**201,700**	**186,220**	**198,220**	**209,019**

The number of employees under permanent or fixed-term contracts rose by 10,799 people in 2011, with Faurecia accounting for the 73% of the increase.

NUMBER OF EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS BY REGION AND DIVISION, 2011

(Consolidated Group, at 31 December 2011)

	France	Rest of Europe	Rest of the world	Total
Automotive Division	81,324	28,822	12,733	122,879
Banque PSA Finance	824	1,687	168	2,679
GEFCO	4,515	4,223	1,515	10,253
Faurecia	12,557	31,331	28,142	72,030
Other businesses	1,136	42	0	1,178
TOTAL	**100,356**	**66,105**	**42,558**	**209,019**

PSA Peugeot Citroën employs 209,019 people in three core businesses, Automotive, Transportation and Logistics and Automotive Equipment.

Excluding Faurecia, the Group had 136,989 employees at 31 December 2011, of which 129,734 under permanent contracts (95% of the total) and 7,255 under fixed-term contracts.

NUMBER OF EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS BY REGION, 2009-2011

(Consolidated Group, at 31 December)

	2009	2010	2011
France	101,330	98,845	100,356
Rest of Europe	59,790	64,105	66,105
• Western Europe	45,045	48,585	48,585
• Central and Eastern Europe	14,745	15,520	17,520
Rest of the world	25,100	35,270	42,558
• Africa	2,150	2,995	3,281
• South America	12,135	15,775	17,058
• North and Central America	7,165	11,035	14,471
• Africa and the Middle East	3,650	5,465	7,748
TOTAL	**186,220**	**198,220**	**209,019**

Western Europe: Austria, Belgium, Denmark, Germany, Italy, Luxembourg, 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, Japan, Malaysia, South Korea, Thailand and Turkey.

Today, 52% of employees work outside France, of which 32% in other European countries and 20% in the rest of the world.

SUPPORTING THE GROUP'S GLOBALISATION

108,663 employees work outside France, in 42 countries. In each one, PSA Peugeot Citroën is committed to leveraging local skills, with nationals accounting for 90.3% of managers based outside France (excluding Faurecia).

In globalising the managerial population, particular attention is paid to the onboarding process for newly hired local managers, with programmes designed to improve their understanding of how the Group works and their knowledge of our 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 International Management subsidiary has been created to:

- motivate experts and managers representative of our global diversity;
- create career paths that help managers to understand the international challenges stemming from the globalised econom;
- give local employees the opportunity to take on more responsibility.

NUMBER OF SECONDED EMPLOYEES BY DIVISION

(Consolidated Group, excluding Faurecia, at 31 December)

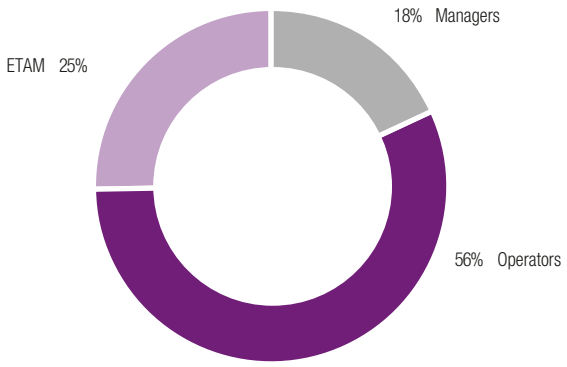
	2009	2010	2011
Automotive Division	620	610	728
Banque PSA Finance	30	35	33
GEFCO	60	65	76
Other Businesses	5	0	0
TOTAL	**715**	**710**	**837**

In 2011, 837 employees were involved in foreign postings, with an average assignment of 36 months. 138 employees were seconded in France, 306 in the rest of Europe and 393 outside Europe.

The above table does not include the 217 Faurecia employees seconded during the year.

EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS BY CATEGORY

(Consolidated Group, at 31 December 2011)



EMPLOYEES UNDER FIXED TERM CONTRACTS

(Consolidated Group excluding Faurecia, average annual number)

		France		Rest of Europe		Rest of the world		Total		
		W	M	W	M	W	M	W	M	Total
Automotive Division	**2011**	**876**	**2,533**	**855**	**1,876**	**115**	**832**	**1,846**	**5,241**	**7,087**
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7,485
	2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6,675
Banque PSA Finance	**2011**	**33**	**11**	**114**	**64**	**4**	**26**	**151**	**101**	**252**
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	200
	2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	190
GEFCO	**2011**	**84**	**105**	**78**	**106**	**29**	**34**	**191**	**245**	**436**
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	315
	2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other businesses	**2011**	**23**	**33**	**0**	**0**	**0**	**0**	**23**	**33**	**56**
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	50
	2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	35
TOTAL	**2011**	**1,016**	**2,682**	**1,047**	**2,046**	**148**	**892**	**2,211**	**5,620**	**7,831**
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8,050
	2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6,900

N/A= Not available.
W: Women.
M: Men.

In 2011, 1,174 employees (or 16.1% of new hires under permanent contracts) were hired worldwide (excluding Faurecia) under permanent contracts following a fixed-term assignment.

At Faurecia, an average 7,391 employees were working under fixed-term contracts during the year.

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

TEMPORARY EMPLOYEES

(Consolidated Group excluding Faurecia, average annual number)

PSA Peugeot Citroën is partnering with its temporary employment agencies to apply 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.

It 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	**2011**	**7,989**	**862**	**309**	**9,160**
	2010	6,560	670	390	7,620
	2009	3,665	440	240	4,345
Banque PSA Finance	**2011**	**0**	**66**	**5**	**71**
	2010	0	95	10	105
	2009	0	110	5	115
GEFCO	**2011**	**598**	**722**	**354**	**1,674**
	2010	555	575	150	1,280
	2009	310	600	150	1,060
Other businesses	**2011**	**55**	**0**	**0**	**55**
	2010	50	0	0	50
	2009	40	0	0	40
TOTAL	**2011**	**8,642**	**1,650**	**668**	**10,960**
	2010	7,165	1,340	550	9,055
	2009	4,015	1,150	395	5,560

The above table does not include the average 13,408 people who worked on temporary assignments at Faurecia in 2007.

The average annual number of temporary employees is calculated by dividing by 12 the total 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	**2011**	**6,231**	**1,148**	**2,872**	**10,251**
	2010	7,310	2,360	2,955	12,625
	2009	5,875	2,185	2,600	10,660
Banque PSA Finance	**2011**	**42**	**47**	**36**	**125**
	2010	30	40	40	110
	2009	30	35	35	100
GEFCO	**2011**	**214**	**16**	**103**	**333**
	2010	145	320	285	750
	2009	245	260	75	580
Other businesses	**2011**	**29**	**0**	**0**	**29**
	2010	10	0	0	10
	2009	20	0	0	20
TOTAL	**2011**	**6,516**	**1,211**	**3,011**	**10,738**
	2010	7,495	2,720	3,280	13,495
	2009	6,170	2,480	2,710	11,360

Includes white-collar contractors seconded from service providers to the Group under contracts signed by the Purchasing Department.

5.1.2. EMPLOYMENT POLICY

NET JOBS CREATED, 2009-2011

(Consolidated Group, at 31 December)

	Workforce at 31 December 2009	Net jobs added through acquisitions, less disposals, 2009-2011	Net jobs created/(lost)	Workforce at 31 December 2011
Rest of Europe	59,131	3,407	3,567	66,105
Africa	2,147	0	1,134	3,281
North and Central America	7,167	231	9,660	17,058
South America	12,133	0	2,338	14,471
Africa and the Middle East	4,309	595	2,844	7,748
Worldwide except France	**84,887**	**4,233**	**19,543**	**108,663**
France	101,330	335	(1,309)	100,356
WORLDWIDE TOTAL	**186,217**	**4,568**	**18,234**	**209,019**

Between 2009 and 2011, PSA Peugeot Citroën created a net 18,234 new jobs, primarily as a result of its international growth strategy.

TARGETED HIRING

In 2011, PSA Peugeot Citroën hired over 8,800 people under permanent contracts in the Automotive Division. Designed to support our strategic projects and growth in new markets, these targeted hirings added skills that were not yet available internally.

To attract the best candidates, Spring Recruitment Events were organised at the various plants and facilities to give young university graduates a chance to discover the diversity of our professions and career opportunities and to apply for open positions.

This process was also supported by our Campus Partners network of nearly 140 employees, who volunteer to promote the PSA Peugeot Citroën employer brand at their alma mater.

From Asia to Latin America and Europe, each hiring complied with our hiring policies and processes.

EMPLOYEES HIRED UNDER PERMANENT CONTRACTS

(Consolidated Group, at 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2011**	**4,739**	**2,050**	**2,087**	**8,876**
	2010	2,660	1,605	2,110	6,375
	2009	975	1,340	1,045	3,360
Banque PSA Finance	**2011**	**60**	**167**	**43**	**270**
	2010	60	180	20	260
	2009	40	105	10	155
GEFCO	**2011**	**223**	**879**	**582**	**1,684**
	2010	100	430	270	800
	2009	30	300	220	550
Faurecia	**2011**	**490**	**3,198**	**9,369**	**13,057**
	2010	195	2,230	6,440	8,865
	2009	80	1,280	4,640	6,000
Other businesses	**2011**	**38**	**5**	**0**	**43**
	2010	30	0	0	30
	2009	10	0	0	10
TOTAL	**2011**	**5,550**	**6,299**	**12,081**	**23,930**
	2010	3,045	4,445	8,840	16,330
	2009	1,135	3,025	5,915	10,075

In 2011, the Group hired 23,930 people, of which nearly 55% in the Automotive Equipment Division (Faurecia) and 7% in the Transportation and Logistics Division (GEFCO).

More than 77% of new employees were hired outside France.

EMPLOYEES HIRED UNDER PERMANENT CONTRACTS BY CATEGORY

(Consolidated Group, at 31 December 2011)

	France			Rest of Europe			Rest of the world			Total		
	Operators	ETAM	Managers	Operators	ETAM	Managers	Operators	ETAM	Managers	Operators	ETAM	Managers
Automotive Division	2,501	1,034	1,204	1,007	793	250	1,083	754	250	4,591	2,581	1,704
Banque PSA Finance	0	54	6	0	140	27	0	29	14	0	223	47
GEFCO	31	110	82	352	488	39	378	196	8	761	794	129
Faurecia	128	34	328	2,117	646	435	6,616	1,178	1,575	8,861	1,858	2,338
Other businesses	0	2	36	0	4	1	0	0	0	0	6	37
TOTAL	**2,660**	**1,234**	**1,656**	**3,476**	**2,071**	**752**	**8,077**	**2,157**	**1,847**	**14,213**	**5,462**	**4,255**

Of the total people hired under permanent contracts, 59% were operators, 23% were administrative employees, technicians and supervisors (ETAM) and 18% were managers.

New employees hired under permanent contracts represented 12.3% of the total workforce under permanent contracts at 31 December 2011.

This ratio is calculated by dividing the total number of new employees hired under permanent contracts during the year by the total number of employees under permanent contracts (excluding Faurecia) at 31 December.

EMPLOYEES HIRED UNDER FIXED-TERM CONTRACTS

(Consolidated Group, at 31 December 2011)

	France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	3,162	2,217	566	5,945
Banque PSA Finance	84	154	41	279
GEFCO	257	1,126	228	1,611
Faurecia	460	4,575	7,257	12,292
Other businesses	45	0	0	45
TOTAL	**4,008**	**8,072**	**8,092**	**20,172**

Of the total employees hired in 2011 under fixed-term contracts (excluding GEFCO and Faurecia), 30.9% were women, 72.2% were operators, 25% were administrative employees, technicians and supervisors (ETAM) and 2.8% were managers.

SEPARATION RATES OF EMPLOYEES UNDER PERMANENT CONTRACTS

(Consolidated Group, excluding Faurecia, at 31 December)

	2009	2010	2011
Percentage	9.0%	7.3%	5.7%

In 2011, the Groupwide separation rate (excluding Faurecia) was 5.7%.

The separation rate is calculated by dividing the total number of separations during the year involving employees under permanent contracts (through resignations, redundancies, dismissals, retirement, deaths and other attrition) by the total number of employees under permanent contracts (excluding Faurecia) at 31 December.

SEPARATION RATES OF EMPLOYEES UNDER PERMANENT CONTRACTS BY AGE GROUP, GENDER AND REGION

(Consolidated Group, excluding Faurecia, at 31 December 2011)

	<30		30-39		40-49		≥50		Total		
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Total
France	8.9%	7.2%	4.2%	3.5%	2.1%	1.8%	4.4%	4.8%	4.1%	3.7%	3.8%
Rest of Europe	10.7%	13.4%	6.8%	6.3%	5.2%	5.8%	9.4%	17.0%	7.5%	10.0%	9.4%
Rest of the world	10.7%	7.3%	11.3%	11.4%	8.1%	8.1%	9.3%	3.6%	10.3%	8.8%	9.0%
TOTAL	**9.9%**	**8.6%**	**5.9%**	**5.4%**	**3.3%**	**3.1%**	**5.3%**	**7.5%**	**5.6%**	**5.7%**	**5.7%**

SEPARATIONS OF EMPLOYEES UNDER PERMANENT CONTRACTS BY AGE GROUP, GENDER AND REASON

(Consolidated Group, excluding Faurecia, at 31 December 2011)

	<20		20-29		30-39		40-49		≥50		Total	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Resignations	6	10	281	755	345	996	132	421	55	190	819	2,372
Dismissals	0	5	45	206	101	487	43	313	60	370	249	1,381
Redundancies	0	0	4	17	29	102	14	40	16	83	63	242
Retirement, death or other	0	0	15	73	39	155	35	154	195	1,620	284	2,002
TOTAL	**6**	**15**	**345**	**1,051**	**514**	**1,740**	**224**	**928**	**326**	**2,263**	**1,415**	**5,997**

SEPARATIONS OF EMPLOYEES UNDER PERMANENT CONTRACTS BY REGION AND REASON

(Consolidated Group, excluding Faurecia, at 31 December 2011)

	France	Rest of Europe	Rest of the world	Total
Resignations	1,266	1,244	681	3,191
Dismissals	577	629	424	1,630
Redundancies	52	166	87	305
Retirement, death or other	1,302	942	42	2,286
TOTAL	**3,197**	**2,981**	**1,234**	**7,412**
Separation rate	3.8%	9.4%	9.0%	5.7%

RESIGNATIONS OF EMPLOYEES UNDER PERMANENT CONTRACTS

(Consolidated Group, excluding Faurecia, at 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2011**	**1,104**	**876**	**544**	**2,524**
	2010	710	890	445	2,045
	2009	1,155	995	355	2,505
Banque PSA Finance	**2011**	**36**	**94**	**8**	**138**
	2010	25	70	0	95
	2009	10	55	5	70
GEFCO	**2011**	**114**	**272**	**128**	**514**
	2010	225	200	100	525
	2009	160	255	65	480
Other businesses	**2011**	**12**	**2**	**1**	**15**
	2010	0	0	0	0
	2009	90	5	0	95
TOTAL	**2011**	**1,266**	**1,244**	**681**	**3,191**
	2010	960	1,160	545	2,665
	2009	1,415	1,310	425	3,150

The number of resignations amounted to 2.5% of total employees under permanent contracts in 2011, versus 2.8% in 2010.

A total of 444 employees under fixed-term contracts (excluding Faurecia) resigned during the year.

The above table does not include the 6,633 Faurecia employees who resigned during the year (of which 2,805 under fixed-term contracts).

DISMISSALS OF EMPLOYEES UNDER PERMANENT CONTRACTS

(Consolidated Group, excluding Faurecia, at 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2011**	**499**	**518**	**309**	**1,326**
	2010	660	590	370	1,620
	2009	465	780	255	1,500
Banque PSA Finance	**2011**	**3**	**15**	**3**	**21**
	2010	5	25	0	30
	2009	5	15	0	20
GEFCO	**2011**	**63**	**95**	**112**	**270**
	2010	75	80	65	220
	2009	105	130	145	380
Other businesses	**2011**	**12**	**1**	**0**	**13**
	2010	5	0	0	5
	2009	30	0	0	30
TOTAL	**2011**	**577**	**629**	**424**	**1,630**
	2010	745	695	435	1,875
	2009	605	925	400	1,930

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

The above table does not include the 3,179 Faurecia employees under permanent contracts who were dismissed during the year.

OTHER SEPARATIONS OF EMPLOYEES UNDER PERMANENT CONTRACTS

(Consolidated Group, excluding Faurecia, at 31 December 2011)

	France	Rest of Europe	Rest of the world	Total
Automotive Division	1,229	914	42	2,185
Banque PSA Finance	12	8	0	20
GEFCO	45	20	0	65
Other businesses	16	0	0	16
TOTAL	**1,302**	**942**	**42**	**2,286**

The above table does not include the 324 Faurecia employees under permanent contracts who retired, died or otherwise left the Company during the year.

DISMISSALS OR REDUNDANCIES OF EMPLOYEES UNDER PERMANENT CONTRACTS

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2011**	**52**	**147**	**74**	**273**
	2010	2,365	230	15	2,610
	2009	2,105	800	375	3,280
Banque PSA Finance	**2011**	**0**	**0**	**0**	**0**
	2010	0	0	0	0
	2009	0	5	0	5
GEFCO	**2011**	**0**	**19**	**13**	**32**
	2010	0	35	25	60
	2009	45	175	0	220
Other businesses	**2011**	**0**	**0**	**0**	**0**
	2010	0	0	0	0
	2009	15	0	0	15
TOTAL	**2011**	**52**	**166**	**87**	**305**
	2010	2,365	265	40	2,670
	2009	2,165	980	375	3,520

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

The above table does not include the 900 people - under permanent contract - made redundant at Faurecia in 2011.

A FORWARD-LOOKING JOBS AND CAPABILITIES VISION SHARED WITH EMPLOYEE REPRESENTATIVES

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 social 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.

In France, the Agreement on the New Jobs and Capabilities Dynamic, signed in 2010 and still in effect, provides for a comprehensive system designed to meet three key goals:

- improve the ability to foresee changes in jobs, professions and capabilities by enhancing employee visibility of emerging technologies and manufacturing processes;
- instil a new dynamic for individual career management to capitalize on personal training and job mobility in a commitment to developing the Group's skills and capabilities base;
- support corporate transformation programmes with a support system offering retraining, collective transfers or measures for people in declining professions.

In the leading host countries, oversight committees meet with employee representatives to discuss future trends in the Group's jobs, capabilities and profession. This forward-looking approach provides a qualitative outlook for managing strategic professions, quantitative diagnostics, technological or organisational changes, alignment programmes and other issues.

PLANNING TRANSFORMATION PROJECTS AND SUPPORTING EMPLOYEES THROUGH THE PROCESS

In a commitment to ensuring the smooth deployment of major transformations and changes in both the manufacturing and non-manufacturing sides of the business, measures are systematically undertaken to support employees through the process. A structured programme is implemented for each transformation project to analyse the impacts and consequences and prepare support measures.

In France, for example, the jobs and skills alignment plan deployed in 2011 was based on voluntary participation, in accordance with the Agreement on the New Jobs and Capabilities Dynamic signed in 2010. Internal mobility and retraining opportunities were proposed for employees in professions where staffing needs will decline due to economic, technological or organisational changes. Implementation of the measures was supported by Mobility and Career Development units which:

- provided employees with information on job families, professions and assessments from oversight committees on trends in professions and capabilities;
- scheduled meetings with employees to assess opportunities, guide them and provide information on internal mobility or outplacement measures.

In 2011 the initiative enabled more than 700 employees to benefit from a mobility solution.

FOCUSING ON EMPLOYABILITY WITH TOP COMPETENCES

Prepared in 2011 and scheduled for deployment in 2012, the Top Competences retraining programme is aimed at stepping up internal mobility by facilitating reassignments.

In December 2011, management presented to the Central Works Council the measures designed to support the redeployment of 1,900 jobs in France, which have been built on the following principles:

- the measures are intended, on a voluntary basis, for employees in jobs that seem likely to dwindle for economic, organisational or technological reasons;
- they focus on inplacement and reassignments, but provide for the additional use of outplacement on a voluntary basis, with the agreement of both the employee and the Company;
- they include an ambitious training and certification system for a new approach to collective retraining, with 200,000 hours allocated to the 2012 training programme.

Deployment of the measures will be backed by the Agreement on the New Jobs and Capabilities Dynamic signed in 2010. The Mobility and Career Development units will support employees during the reassignment process, as well in the development of their employability.

With Top Competences, the Group is helping to shape an internal mobility policy that is supportive of all employees and offers everyone positive opportunities for the future.

5.2. HUMAN RESOURCES, A STRATEGIC CHALLENGE

5.2.1. ATTRACTING TALENTED PEOPLE

REVITALISING OUR EMPLOYER BRAND

Attracting and hiring people with the skills the Group needs is a true strategic challenge. In addressing it, a decisive role is played by our identity as an employer – our employer brand – which reflects both employee perceptions of their company and the way outsiders perceive PSA Peugeot Citroën as a place to work.

The different components that inform the employer brand, including employee and outsider perceptions, our digital footprint, management vision and competitive positioning, have all been carefully analysed. In 2011, the findings of global surveys and local studies led to the deployment of research programmes to engage with our targeted hiring demographics.

RUSSIA

The new Kaluga plant deployed an employer brand action plan to make it more attractive to local job applicants. All applicants selected for a hiring interview were asked to complete a questionnaire to identify their expectations towards their future employer. The feedback was used to define the plant's Employer Value Proposition, leading to numerous actions such as participation in job fairs and creation of a pool of candidates.

LATIN AMERICA

After six months on the job, new hires complete a questionnaire to assess their perception of PSA Peugeot Citroën. Designed to identify opportunities and paths to improving our employer brand in the region, the initiative is the first step towards a new hire satisfaction survey that will be deployed across the Group.

A HEIGHTENED PRESENCE ON SOCIAL NETWORKS

In 2011, the Group continued to expand its presence on social networks to foster closer relations with targeted demographics, such as students and recent graduates. This process is heightening our visibility, while enabling young people to discover the diversity of our professions and career opportunities. They can also see how they can gain initial experience through internships, apprenticeships or (for French nationals), the government-sponsored VIE international volunteers programme.

5.2.2. MANAGING TALENT

NURTURING EMPLOYEE COMMITMENT

Because PSA Peugeot Citroën listens carefully to employees, it can place them in jobs and working conditions that encourage them to do their best, both individually and as a team. This commitment is further fostered by a positive workplace environment, simple and proven work methods and the ability to support personal growth.

After identifying employee commitment as a priority in 2011, PSA Peugeot Citroën is driving understanding and improvement in this area in 2012 with a qualitative survey to determine the employee commitment index. It will measure our progress in listening to employees and in our management practices, thereby helping to improve our ability to optimise management of our human capital. Managers will receive detailed reports of the findings for their teams, enabling them to build workable, measurable action plans that will be tracked over time. Known as “Team Connect”, the survey will measure employee perceptions, one of the main components of the employer brand.

At the same time, organised chats between employees and division or department management are helping to nurture closer relations and more effective understanding of our strategic vision, which are both essential to deepening employee engagement.

HUMAN RESOURCES DEVELOPMENT POLICY

Since June 2010, PSA Peugeot Citroën has been applying a global human resources development policy prepared and supported by executive management. Designed to promote the professional growth of every employee and to make managers responsible for the development of their teams, the policy is structured around seven core principles:

- each employee is an active participant in his or her career development;
- each manager is responsible for the development of his or her team;
- every employee is entitled to an annual performance review;
- career paths are defined by job family, through each family’s profession;
- training represents a major investment both for the Company and for employees;
- job 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.

ANNUAL PERFORMANCE REVIEWS, THE CORNERSTONE OF PERSONAL GROWTH

Annual performance reviews are an important management process that ensures employee alignment behind the Group’s ambitions and underpins the continuous development of their skills. PSA Peugeot Citroën puts high priority on this special opportunity for each employee to review their performance during the previous year, set goals for the coming year, and discuss in detail their personal and professional development plans.

In 2011, feedback from the previous year’s reviews helped to improve review architecture, which now better reflects each employee’s total contribution by focusing on a holistic job appraisal, based on proficiency in two aspects, technical and behavioural. Career and mobility prospects are now better defined and a personal skills development plan for each employee formalises areas for improvement and actions needed to achieve them.

The Human Resources Department has assertively trained managers and helped them prepare for the new round of performance reviews. Employees may also access a variety of supporting resources and documents, including a user guide, e-learning modules and FAQs.

PERCENTAGE OF EMPLOYEES HAVING A PERFORMANCE REVIEW

(Consolidated Group, excluding Faurecia, at 31 December 2011)

	Operators			ETAM			Managers			Total		
	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total
France	86%	84%	84%	75%	85%	83%	95%	94%	94%	85%	87%	86%
Rest of Europe	73%	73%	73%	77%	83%	81%	87%	85%	85%	77%	78%	78%
Rest of the world	61%	27%	29%	82%	86%	85%	87%	86%	86%	80%	51%	54%
TOTAL	**82%**	**75%**	**76%**	**77%**	**84%**	**82%**	**92%**	**92%**	**92%**	**82%**	**80%**	**81%**

The percentage of employees who benefitted from an annual performance review rose to 81% in 2011 from 73.8% in 2010.

This increase demonstrates a strong drive among all managers to deploy the Group's human resources development policy.

PERSONAL DEVELOPMENT THROUGH 360-DEGREE ASSESSMENTS

To emphasise management development and the front-line role of managers in developing their own capabilities and those of their teams, PSA Peugeot Citroën uses 360-degree assessments to review the performance of executives and senior managers. This method is based on feedback from a manager's supervisors, peers and reports to identify strengths and weaknesses and jointly build a personal development plan. In 2011, more than 500 executives and senior managers completed these assessments, with a shared conviction that greater self-knowledge and knowledge of their teams gives management a better understanding of the Group in order to fulfil its ambitious vision.

MAPPING OUR PROFESSIONS: THE JOB FAMILY MANAGEMENT SYSTEM

A core component of our human resources development policy is the proprietary PSA Peugeot Citroën job family management system, which is designed to identify career itineraries that can take employees from their current position to the jobs of tomorrow.

Job families are cross-functional skills communities that encompass all the professions focused on the same ultimate work objective. Together, the 20 families provide a map of all our professions and serve as the basis for skills development programmes, qualifying career paths and their bridges between professions and job families, mobility, skills guidance, hiring needs, or certification of training by PSA Peugeot Citroën University.

The job family process helps employees set career objectives and prepare for mobility, while enabling managers to provide effective support. It also allows the Group to foresee strategic changes in the skills base, identify the capabilities it will need in the future and prepare transitions and avoid dismissals.

Launched in September 2011, the intranet portal dedicated to the job family management system was an immediate success, with 50,000 connections at launch demonstrating the system's alignment with employee desires to better understand potential career paths, key skills, bridge jobs and the training curriculum. The portal has become an essential resource for anyone interested in the Group's professions, so as to effectively manage their future career development.

INTERNAL MOBILITY

In planning human resources development, priority is given to current employees, with every effort made to provide 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 on every site, while in Spain, a dedicated mobility programme has improved communication about available positions.

Expansion in China, Russia and Latin America, as well as our cooperation strategy, is offering further opportunities for career growth and diversification.

In 2011, 19% of engineers and managers changed positions and 1,439 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 2011, 15.9% of Automotive Division employees were promoted or changed job categories.

5.2.3. PSA PEUGEOT CITROËN UNIVERSITY: A WINDOW ON THE WORLD

HOURS OF TRAINING BY REGION

(Consolidated Group, excluding Faurecia, at 31 December)

	Total hours of training (in thousands)			Average hours of training per employee		
	2009	2010	2011	2009	2010	2011
France	1,515	2,015	1,819	18.0	24.5	20.7
Rest of Europe	905	825	1,085	27.9	26.3	31.2
Rest of the world	260	260	329	24.9	21.4	22.8
TOTAL	**2,680**	**3,100**	**3,233**	**21.1**	**24.6**	**23.6**

Each employee received an average of 23.6 hours of training in 2011, with 104,366 employees attending at least one training course during the year.

At Faurecia, training amounted to an average 21.9 hours per employee in 2011.

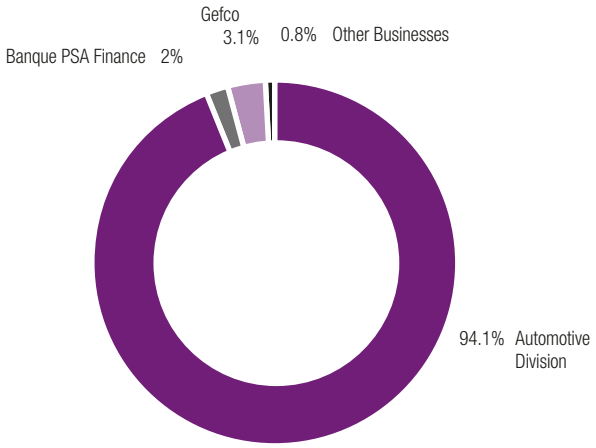
AVERAGE HOURS OF TRAINING BY EMPLOYEE CATEGORY AND GENDER

(Consolidated Group, excluding Faurecia, at 31 December 2011)

	Men	Women	Total
Operators	20.9	20.8	20.9
ETAM	25.8	21.1	24.4
Managers	29.4	31.6	29.8
AVERAGE	**23.8**	**22.9**	**23.6**

TRAINING EXPENDITURE BY DIVISION

(Consolidated Group, excluding Faurecia, at 31 December 2011)



The more than 3.2 million hours of training conducted throughout the Group represented an outlay of nearly €130 million.

Faurecia offered nearly 1.6 million hours of training, representing a budget of more than €21 million for the year.

NURTURING TALENT AT PSA PEUGEOT CITROËN UNIVERSITY

PSA Peugeot Citroën University is responsible for instilling, in employees around the world, knowledge, working methods and soft skills aligned with the Group's values and strategic objectives. Since it was founded in April 2010, the University has introduced a variety of curricula designed to fulfil this mission by guaranteeing that employees achieve excellent proficiency in technical and managerial capabilities.

Basic courses, for example, are offered Group-wide to ensure that employees all share the same vision. They cover a broad array of subjects, including management, English as a foreign language, the PSA Excellence System, the Workplace Safety Management System, well-being at work, preparation for performance reviews, business ethics, the new employee onboarding process, economy and finance, as well as globalisation and cultural diversity. Instruction is based on the latest generation electronic resources. The University also provides training in key skill areas related to our professions and to each employee's personal growth.

As part of its global educational commitment, PSA Peugeot Citroën University opened two campuses outside France in 2011, one in São Paulo, Brazil and the other in Shanghai, China, to encourage employees everywhere in the world to embrace common values and working methods.

The training catalogue now comprises nearly 5,500 courses. In 2011, employees across the Group received 3.2 million hours of training, representing an average of 23.6 hours per employee.

DRIVING OUR MANAGERIAL TRANSFORMATION

Meeting the Group's objectives requires an effective contribution by management to the change process. Managers are therefore offered training clusters aligned with their experience, allowing them to combine managerial aspects and their operating responsibilities while developing a sense of belonging to the corporate community. Executives and senior managers attend an annual Executive Manager programme designed specifically to meet their aspirations. In 2011 the programme mainly dealt with employee commitment, while in 2012 the primary topic will be value creation in the Company.

CERTIFYING OUR KNOWLEDGE AND SKILLS

The 113 professions covered by the training catalogue are based on a quality-assurance certification process. A given profession's training clusters are certified for a three-year period following an audit that assesses five key criteria: describe the necessary capabilities and the related training courses, offer three levels of training (beginner, advanced and senior), deploy the courses worldwide, provide a system for embedding skills in the profession at an operational level, and ensure that the teaching system is appropriate. At 31 December 2011, a total of 54 training clusters had been certified, covering more than 57% of the global workforce. As a result, managers and employees in these professions can receive effective training in each of their profession's core skills. Employees have responded enthusiastically to this process, which addresses real expectations and will be pursued until end-2013, when all of the professions will have been certified.

FORGING STRATEGIC PARTNERSHIPS

To nurture a sustainable commitment with schools and universities and to promote our employer brand, PSA Peugeot Citroën University is actively developing partnerships designed to create an "extended university", built primarily on lasting relations with academia and the sponsoring of laboratories and teaching or research chairs. In these schools, selected doctoral candidates and post-doc researchers work on research topics related to technologies important to PSA Peugeot Citroën, aiming for real-world applications within the coming five to ten years. These teams, which also include future graduates, contribute to research projects within the scope of chairs and partnerships initiated by the Group.

At 31 December 2011, PSA Peugeot Citroën University had partnerships with 23 engineering, technology and business schools worldwide, including top institutions in France (École polytechnique, École centrale de Paris, Université Paris Orsay, Université de Paris-Dauphine and ESSEC) and other countries (São Paulo and Rio universities in Brazil, Beijing and Shanghai universities in China, ESADE in Barcelona, Spain and the London Business School in the United Kingdom).

These partnerships enjoy added impetus thanks to the direct involvement of the Group Executive Committee and the backing of many PSA Peugeot Citroën employees. An executive manager is appointed as ambassador to each partner school, acting as the Group's official representative, assisted by a "sherpa" to oversee day-to-day affairs.

5.3. BUILDING TRUST THROUGH MEANINGFUL EMPLOYEE RELATIONS

Deployed across the world, PSA Peugeot Citroën's employee relations policies are designed to foster a sense of community built on the strong values of mutual support, tolerance and commitment. At the core of these policies is constant, on-going dialogue with employee representatives. In undertaking major transformation projects, we consistently choose to engage in social dialogue, based on employee information and involvement. This process involves the signature of a large number of agreements in every host country, with a Group-wide employee relations management system now enabling each one to strengthen social cohesion within the local organization.

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 94% of employees are represented by unions or employee representatives.

5.3.1. INTERNATIONAL SOCIAL DIALOGUE ORGANISATIONS

THE GLOBAL WORKS COUNCIL, REPRESENTING ALL EMPLOYEES WORLDWIDE

The European Works Council provides management and employee representatives with a dedicated forum in which to discuss the Group's strategy, results and outlook. During its annual plenary meeting, the European Council is expanded into a Global Works Council, with delegates from Argentina, Brazil, China and Russia.

In 2011, the European Works Council and its Liaison Committee of officers met four times, during which they reviewed analyses of the business environment and Group's situation, as well as a presentation of the 2012 performance plan. As every year, a review of the Global Framework Agreement's application was prepared for the plenary meeting.

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

THE JOINT UNION-MANAGEMENT STRATEGY COMMITTEE, SUPPORTING DIALOGUE AND DISCUSSION

The Joint Union-Management Strategy Committee was set up as a forum for analysis, dialogue and discussion between senior management and the French trade unions. In 2008, it was extended to unions outside France in an agreement signed with IG Metall, T&GWU, SIT-FSI, UGT and CC-OO. It explores in detail issues related to our short and medium-term situation and developments, including all of the issues and trends that could have an impact on jobs.

The members met four times in 2011 to address such major strategic concerns as the Group's competitiveness in Europe, manufacturing strategy and the cooperation with BMW in hybrid technologies.

5.3.2. STRENGTHENING SOCIAL COHESION

A GLOBAL EMPLOYEE RELATIONS MANAGEMENT SYSTEM

Structured around six commitments and 14 standards, PSA Peugeot Citroën's employee relations policies are designed to support a harmonious working environment in every plant and facility. In particular, systems are in place to proactively foresee and manage the employee relations aspects of all of the developments that impact the Group, while strengthening social cohesion within the organisation. Based on an annual self-assessment, each unit measures the progress made on each standard and leads action plans to promote and capitalize on improvements in the employee relations process.

SUPPORTING ACCREDITATION FOR UNION-RELATED WORK-BASED LEARNING, TO ENSURE HIGH-QUALITY SOCIAL DIALOGUE

In November 2011, at a ceremony held at Institut d'Etudes Politiques de Paris, nine PSA Peugeot Citroën employee representatives received certificates attesting to their successful completion of a continuing education programme in economics and social sciences. The six-month programme enabled the representatives to deepen their understanding of a variety of subjects, including team management, general economics and finance, and communication techniques.

Set up following the December 2009 agreement on the exercise of union rights, the programme supports the validation of skills acquired by employees through trade union work. This enhances the quality of social dialogue with well-trained union representatives, capable of grasping the major changes underway and understanding the underlying challenges. Each year, a new class of 10 to 12 representatives will be formed.

A LARGE NUMBER OF NEW AGREEMENTS

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

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

In 2011, more than 140 company agreements were signed, including nearly 100 outside France. They covered a variety of issues, from organisation of the workweek, wages and human resources planning and development to hiring and working conditions, diversity and social cohesion. All of the agreements were approved by a large majority.

Worldwide, 92% of employees (excluding Faurecia) are covered by a collective bargaining agreement.

AGREEMENTS SIGNED WORLDWIDE

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

Germany

- Agreement calling for the introduction of an early retirement system – February 2011.
- Agreement on flexitime working – April 2011.
- Agreement encouraging continuous process improvement – September 2011.

Austria

- Agreement on the introduction of the new performance review workflow – December 2011.

Brazil

- Salary and profit-sharing agreement – May 2011.

Spain

- Agreement on jobs and competitiveness – July 2011.
- Agreement on the introduction of a transportation service – July 2011.
- Agreement on jobs adjustments – September 2011.
- Agreement on measures to support disabled employees – October 2011.

France

- Agreement concerning jobs for women and gender equality in the workplace – February 2011.
- Agreement on social integration and job opportunities for the disabled – February 2011.
- 2011 wage agreement – February 2011.
- Agreement on operating procedures for sports and cultural associations and on the process for certifying the management of facility Works Councils – July 2011.
- Agreement on diversity and social cohesion in the workplace – November 2011.
- Agreement introducing supplementary health insurance coverage for employees – November 2011.

Russia

- Agreement on labour union rights – October 2011.

Slovakia

- Agreement creating a vacation committee – April 2011.
- Agreement on third shift working procedures – July 2011.

SOCIAL AGENDA

In every major host country, social dialogue is making it possible to lead corporate transformation programmes in cooperation with employee representatives.

In the plants and other facilities, the dialogue process is structured according to a "social agenda", which is set annually to allow participants to prepare for the issues under discussion. Updated in real time as events unfold, 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, monthly tracking of the European social agenda has helped to drive convergence in the leading collective bargaining negotiations. In 2012, this tracking will be extended to the global social agenda.

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.

In many countries, such as Belgium, Chile, China, Czech Republic, France, Germany, Hungary, Mexico, Morocco, the Netherlands, Poland, Romania, Russia, Slovakia, Spain, Switzerland and Ukraine, surveys are carried out every year to gauge employee satisfaction in a variety of areas, including internal communication, corporate culture, working conditions, management practices, work-life balance, employee benefits, the prevention of psychosocial risks and food services. The findings help to shape action plans and improve our response to employee expectations.

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. At the same time, 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.

5.4. WORKPLACE HEALTH AND SAFETY: A TOP PRIORITY

5.4.1. WORKPLACE HEALTH AND 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. Applicable to all subsidiaries and units, the policy marks a genuine breakthrough in workplace health and safety management, requiring radical changes to manager and employee behaviours.

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, monitors 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.

In 2010, safety criteria were also integrated into discretionary profit-sharing plans to give all employees a stake in the Group's safety results.

A PROCESS THAT DELIVERS RESULTS

PSA Peugeot Citroën's workplace health and safety policy is backed by the Workplace Health and 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 alert systems;
- effective monitoring and improvement resources.

The Workplace Health and Safety Management System is now operational at all PSA Peugeot Citroën units. An extensive programme is also underway at all units to help managers apply the approach on a daily basis using a Workplace Health and Safety Management System roadmap. This roadmap includes five steps to establish a mature process and instil lasting change: raise awareness, change mind-sets, change behaviours, change habits and align the corporate culture. The roadmap provides a framework for cascading best practices and for measuring results against objectives.

In addition to cross-functional training to help managers acquire the knowledge they need to deploy the Workplace Health and Safety Management System, health and safety audits are carried out to ensure that the principles are effectively applied. In 2011, 15 production plants and 7 marketing regions were audited by corporate teams, in addition to local audits at all subsidiaries.

The first two years of deployment of the Workplace Health and Safety Management System have shown that applying the same system leads to progress at all sites thanks to the commitment and efforts of everyone. PSA Peugeot Citroën will now work extensively to anchor the process and improve the reliability of the standards with a focus on individual and collective behaviour in order to secure lasting transformation of the Group's safety culture.

STRUCTURED MANAGEMENT OF THE WORKPLACE HEALTH AND SAFETY MANAGEMENT SYSTEM

PSA Peugeot Citroën deploys its Workplace Health and Safety Management System worldwide through a structured approach with the dual objective of listening closely to front-line issues and making sure that all employees are covered by established safety rules.

The first driver to achieve this is extending Health and Safety Committees across the organisation. These committees bring together managers to proactively monitor deployment of health and safety actions and their results. Depending on their needs, managers are assisted by experts in safety, health, prevention and ergonomics.

This structured approach has been implemented at every level of the organisation. It facilitates the exchange of information between the front lines and management, makes certain that managers are never left isolated to deal with a safety issue, and ensures that problems are addressed at the right level of the organisation.

The second driver is extensive information targeting all employees. Regardless of the frequency, every working situation is covered by a safety rule, with three levels of communication. The first level is the Safety Gates system, with visible signs and reminders of safety rules to be respected in all work areas. The second level consists of work standards that list the safety rules to be respected at a workstation. The final level is permanent safety instructions that establish cross-entity safety rules or rules specific to a given operation.

CREATIVE SOLUTIONS TO ENHANCE EMPLOYEE HEALTH AND SAFETY

Operations in Spain and Portugal stood out for their innovative safety initiatives in 2011.

- The Madrid site organised its first safety day, inviting employees at the facility to focus together on workplace safety throughout the day via a series of fun activities.
- Vigo organised a very successful festival featuring short films about safety. Participating employees from the site spent a day shooting a video to build safety awareness and the best were selected to receive awards. This participative initiative could be replicated at other Group sites in 2012.
- Inspired by an initiative at the Vigo plant, in 2011 Sales & Marketing teams in Spain and Portugal created a mobile Safety Box to encourage awareness of safety among staff at commercial sites. The Safety Box features Q&A quizzes and interactive games to get people to think in a fun way about topics such as driving rules and behaviour, individual protective gear, and machine and installation safety. The concept was so successful that the Group decided to introduce it at all manufacturing sites in 2011. Thanks to the mobile version of the Safety Box, it is now possible to bring this safety training resource to people outside the manufacturing base.

WORKPLACE ALERT SYSTEM

The workplace alert system is designed to prevent occupational illnesses and accidents by soliciting employee input on any difficulties they may encounter in their daily work and enabling appropriate actions to be taken before the situation results in pain.

This approach is based on three principles:

- employees should not have to deal with workplace health and safety problems alone;
- all employees have a duty to report problems they encounter in executing their work as soon as possible;
- supervisors and support functions are responsible for analysing the situation and proposing appropriate solutions to resolve the problem.

EXACTING HEALTH AND 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 them to apply its Workplace Safety Management System standards. A support and management system has been set up with temporary employment agencies. It emphasises coordination between temporary employment agencies and the Group for prevention actions and management of the health and safety of temporary employees. Managers from temporary employment agencies visit the Group's facilities and take part in the risk-observation preventive procedure and the analysis of workplace incidents. This approach led to a significant improvement in results in 2011 with a lost-time incident frequency rate for temporary employees of 8.6, compared with 25.1 in 2010.

5.4.2. LONG LASTING PROGRESS

PSA Peugeot Citroën saw significant improvements in workplace health and safety in 2011. The total lost-time incident frequency rate (including temporary employees) as of 31 December 2011 was 2.42, reflecting a continuous improvement process for workplace health and safety. The 38% improvement in safety performance in 2011 compared with 2010 shows the efficiency of the Workplace Health and Safety Management System introduced two years ago.

THE ONLY ACCEPTABLE TARGET IS ZERO ACCIDENTS AND ZERO HIGH-RISK SITUATIONS

PSA Peugeot Citroën believes that the only acceptable goal is an accident-free work environment and that no real progress can be achieved without ensuring employees' safety. By exceeding its 2011 targets, the Group confirmed the quality and reliability of its Workplace Health and Safety Management System.

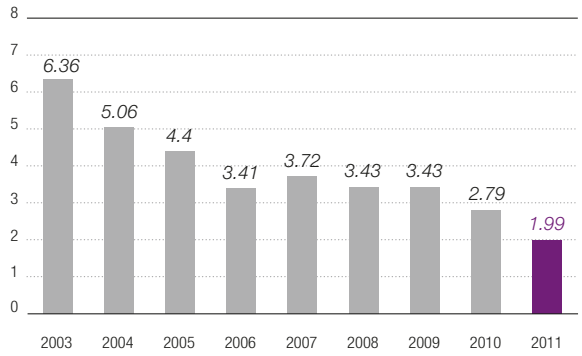
PSA Peugeot Citroën will continue to progress in 2012, to guarantee a robust process and achieve a total lost-time incident frequency rate of 1 in 2013. This target has already been achieved or exceeded at certain facilities. The Madrid unit, for example, recorded no lost-time incidents in 2011.

CONTINUOUS IMPROVEMENT

Progress was made in 2011 at all Group departments and in all businesses. The total lost-time incident frequency rate was 2.42 compared with 3.87 in 2010 and 4.63 in 2009. These results reflect safe practices by both permanent and temporary employees. As of 31 December 2011, the lost-time incident frequency rate for Group employees showed continued improvement, standing at 1.99, compared with 2.79 in 2010, and the rate for temporary employees declined to 8.6 in 2011 from 25.1 in 2010.

D TOTAL LOST-TIME INCIDENT FREQUENCY RATE

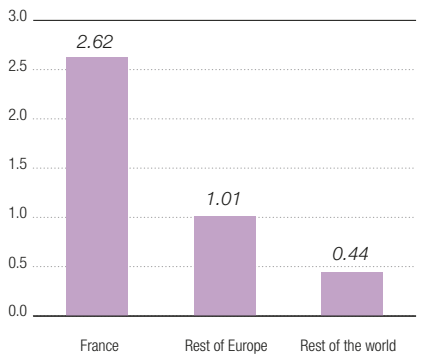
(Consolidated Group, excluding GEFCO and Faurecia)



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

TOTAL LOST-TIME INCIDENT FREQUENCY RATE BY REGION

(Consolidated Group, excluding GEFCO and Faurecia, 2011)



In 2011, the Group-wide lost-time incident frequency rate (LTIF) stood at 1.99 (2.42 including temporary employees), representing a reduction of nearly 70% over eight years.

The recordable incident frequency rate declined to 7.94 from 11.45 in 2010, while the first-aid frequency rate fell to 29 from 37 the year before.

After remaining stable in 2010, GEFCO's LTIFR deteriorated in 2011, rising to 7.87 from 7.04 the year before. To reverse this trend, GEFCO deployed the Workplace Health and Safety Management System in 2011, reaffirming the workplace health and safety policy signed by the Executive Committee in May. Available in 18 languages, the policy has now been distributed to employees worldwide.

SAFETY PERFORMANCE

(Consolidated Group, excluding GEFCO and Faurecia, 2011)

	Sales units		Manufacturing units		Offices	
	Frequency rate	Severity rate	Frequency rate	Severity rate	Frequency rate	Severity rate
Europe	1.66	0.13	2.93	0.32	0.39	0.03
Africa	1.89	0.06	-	-	0	0
South America	1.32	0.06	0.27	0.04	0	0
Asia and Middle East	0	0	-	-	-	-
TOTAL	**1.56**	**0.11**	**2.56**	**0.28**	**0.35**	**0.03**

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

The sales units include import subsidiaries and dealerships.

The lost-time incident frequency rate (LTIFR) corresponds to the number of lost-time occupational accidents times one million divided by the number of hours worked. The severity rate corresponds to the number of consecutive days lost to accidents times one thousand divided by the number of hours worked.

COMMUTING ACCIDENTS

(Manufacturing and R&D facilities, France)

	2009	2010	2011
Frequency index	3.3	4.4	3.5

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, 2011)

	France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	2	1	0	3
Banque PSA Finance	0	0	0	0
GEFCO	0	0	0	0
Other Businesses	0	0	0	0
TOTAL	**2**	**1**	**0**	**3**

There were three fatal accidents in 2011, one during a logistics operation at the Poissy production facility in France and two during the commute between home and work.

NUMBER OF OCCUPATIONAL ACCIDENTS REQUIRING FIRST-AID INVOLVING CONTRACTOR OR TEMPORARY EMPLOYEES

(Consolidated Group, excluding Faurecia, at 31 December 2011)

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	741	1,563	112	45	80	27	933	1,635

5.4.3. FIVE PRIORITY COMMITMENTS FOR PREVENTING HEALTH AND SAFETY RISKS

To meet its responsibility in preserving employee 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;
- preventing 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 automobile 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.

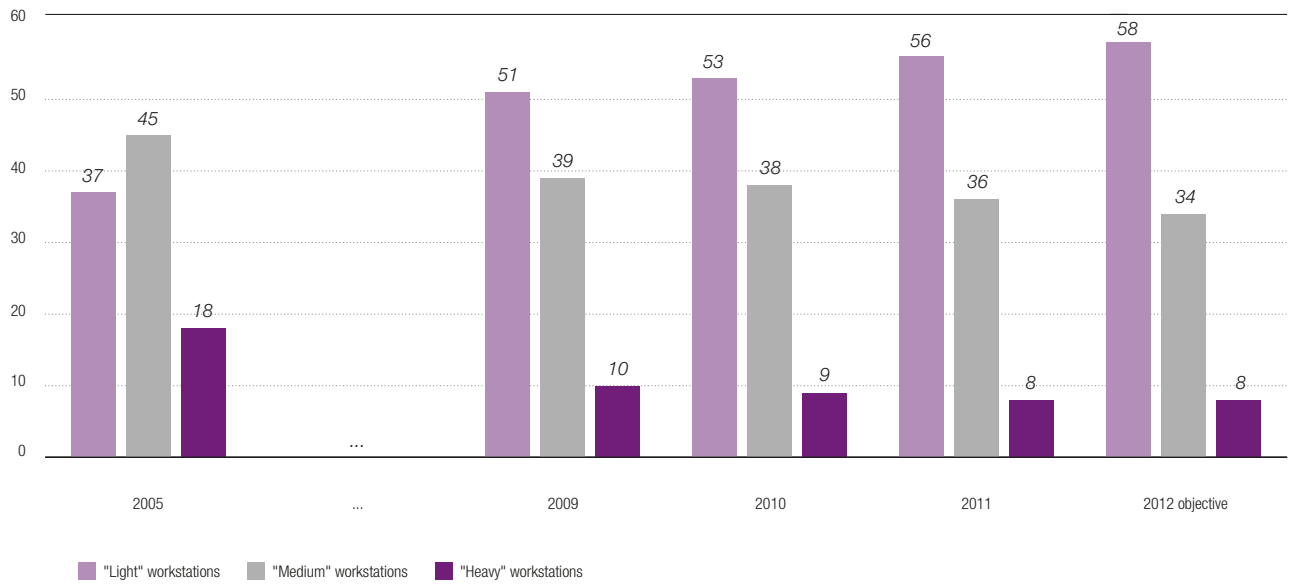
The Group has developed a structured approach to prevent MSDs. In 2011, PSA Peugeot Citroën carried out a review of workstations that require repetitive movement at all manufacturing sites. Based on seven factors taken from the Ergonomics Management System (EMaS), this assessment identified the risk level for each profession and detected factors with the greatest potential to cause MSDs. This analysis phase will be followed by deployment of action plans to address the specific needs of each profession. Currently centred on repetitive workstations, this approach will be extended to non-repetitive workstations in 2012. The process is led by multi-disciplinary teams comprising occupational health physicians, safety engineers and technicians, ergonomists and managers using a structured method to assess working conditions and organisation.

In addition to this initiative, PSA Peugeot Citroën continues to improve its workstations. Manufacturing sites focus on alleviating physical and postural stress by reducing the number of workstations rated as "heavy". Between 2005 and end-2011, the percentage of workstations rated as "heavy" declined to 8% from 18%, while the percentage of "light" workstations rose to 56% from 37% during the same period. The Group intends to pursue this trend and has set a target for 2012 of 58% "light" workstations.

All managers at manufacturing sites received training on preventing musculoskeletal disorders in 2011.

THE CHANGING PROPORTION OF "LIGHT," "MEDIUM" AND "HEAVY" WORKSTATIONS

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



* *METEO is a French acronym for "work load and organisation assessment method".*

PREVENTING 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. The plan deployed to track air quality at manufacturing sites was extended to the European dealership network in 2011. The Group will continue to seek improvements in the use of chemical products in 2012, including its search for substitute products.

Information on the risks and specific measures for preventing chemical risks is available to employees who handle these products.

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.

A company-wide agreement was signed in October 2009 to implement a psychosocial risk prevention plan in all countries and all divisions.

This comprehensive plan calls for:

- close monitoring of identified cases of psychosocial 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.

PSA Peugeot Citroën continued actions to prevent psychosocial risks in 2011, including a programme to measure and monitor workplace stress. Since the launch of the programme, more than 40,000 employees have 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, to organise individual monitoring by occupational physicians.

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.

Various communication and awareness campaigns were conducted in 2011 and the Group also set up a daily monitoring system for commuting accidents. Local units deployed action plans to prevent road risks, such as hands-on driver training, including for motorcycles and scooters, and awareness initiatives organised with public authorities using such resources as driving and rollover simulations, booths, conferences and free breathalysers.

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 discussion between managers and employees and facilitates adoption of preventive measures. STOP audits involve observing the working environment to identify factors that might result in an incident. Initially used at production sites, STOP audits were extended to the sales network and support functions in 2011. Supported by a major training plan for managers, this participative approach drives progress in safety performance.

5.4.4. 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 two priorities: 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 feasible;
- support employees with health issues whenever 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.

MANAGING THE CRISIS IN JAPAN

Following the accident on 11 March 2011 at the Fukushima nuclear power plant, the Group took measures to monitor parts and vehicles imported from Japan. The monitoring plan, defined in conjunction with the CERAP radiation protection consultancy (certified by the French nuclear safety authority), was based on an assessment of risks resulting from the combined exposure frequency and probability of occurrence.

The preventive measures excluded any risk of contamination and thus ensured the health and safety of the Company's employees and end customers.

In addition, the Corporate Human Resources Department set up a crisis team to aid local staff and expatriates by arranging the supply of dosimeters and water, organising the repatriation of families and providing other assistance.

FIVE PRIORITY COMMITMENTS ACTIVATED BY THE GROUP'S OCCUPATIONAL HEALTH SERVICES

PSA Peugeot Citroën's occupational health services play an important role in meeting the Group's priority commitments to workplace health and safety.

They help prevent psychosocial risks by evaluating job-related stress using confidential questionnaires filled out at occupational health offices, followed by an individual appointment with the physician. Occupational health specialists also provide a channel for communication on health issues with all the Company's partners and contribute to action plans designed to address particular issues. Personalised strategies are deployed as well to prevent musculoskeletal disorders. Coordinated by medical teams, physical therapists and physical trainers work with employees to prevent problems from appearing or to facilitate rehabilitation.

The health services also organise awareness campaigns on road risks and how they can be exacerbated by certain drugs or illnesses.

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 across the Group.

Beneficiary	Educational programmes	Preventive programmes	Assistance programmes	Treatment programmes
Employees	• Training and information on workplace health • Training on preventing psychosocial risks • Training in ergonomics • Training on chemical products • Information and awareness building on the issue of noise and 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.) • Sun protection and skin cancer training • Awareness-building campaigns and distribution of brochures addressing a variety of health and safety issues (HIV/AIDS, smoking, alcohol, healthy eating to combat diabetes, obesity, back problems, hepatitis, etc.) • Awareness campaigns on healthy eating, obesity and the benefits of exercise, as well as nutritional advice • Training on how to use a defibrillator • One-on-one discussion of the risks of cardiovascular disease, diabetes or addiction during annual performance reviews	• Flu vaccination campaign • Preventive testing for hepatitis C, certain types of cancer, diabetes, glaucoma, etc. • Distribution of a drivers' manual with practical advice on driving safety • Driving test • Conferences on road accident prevention • Prevention unit to monitor psychosocial risks • Assessment of psychosocial risks • Stress prevention unit • Alcohol and drug prevention unit • Campaigns about the importance of wearing individual protective gear • 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 • Intranet page dedicated to work-related health programmes • Prevention and preparation system for expatriates	• Onsite occupational physicians • Social workers • Psychologists and psychological counselling units • Free phone 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 and support programmes • Initiatives to retain employees in the workforce, by adjusting work hours or work load, taking into account the side effects of medication, etc.
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, home accidents and health issues 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 medial 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 • A range of medical services offered as part of the family support programme
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 • HIV/AIDS prevention programmes	• Financial assistance for associations (disabled people, etc.) • Blood and platelet drives, etc.	• Community HIV/AIDS screening financed by the Group in South Africa • Financial assistance for associations that help persons with medical or social difficulties, as part of local philanthropy and social action programmes

OCCUPATIONAL ILLNESSES BY REGION

(Consolidated Group, excluding Faurecia, 2011)

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	486	84	49	619
Musculoskeletal disorders associated with carrying heavy loads	13	0	0	13
Asbestos-related occupational illnesses	30	0	1	31
Noise-related hearing loss	18	1	1	20
Other	34	16	10	60
TOTAL	**581**	**101**	**61**	**743**

In 2011, Group units (excluding Faurecia) declared occupational illnesses for 743 employees, of which 78% in France, 14% in the rest of Europe and 8% in the rest of the world.

Of the total, 83% concerned illnesses related to musculoskeletal disorders of the upper limbs, 2% musculoskeletal disorders associated with carrying heavy loads, 4% asbestos-related illnesses, 3% hearing loss and 8% other illnesses.

5.4.5. 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 of the Health and Safety Committees comprising both managers and employees in a number of countries.

Country	Organisation	Membership
Algeria	Joint Health and Safety Commission	Employer representatives Employee representatives Occupational physicians
Argentina	Health Committee	Employer representatives Employee representatives Occupational physicians
	Health, Safety and Ergonomics 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
Chile	Joint Health and Safety Committee	Employee representatives Employer representatives
Czech Republic	Health and Safety Commission	Employee representatives Employer representatives Health and safety expert
Denmark	Safety and Health Committee	Employee representatives Employer representatives
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
Japan	Safety and Health Committee	Employee representatives Employer representatives
Mexico	Health and Safety Committee	Employee representatives Employer representatives
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 representatives Employee representatives Occupational physicians

Country	Organisation	Membership
Russia	Health and Safety Committee	Employer representatives Employee representatives
Slovakia	Working Conditions Committee	Employee representatives Employer representatives Production centre Chief Executive
Spain	Industrial Hygiene and Safety Committee	Employee representatives Employer representatives
	Safety and Health Committee	Employee representatives Employer representatives
Sweden	Health and Safety Committee	Employee representatives Employer representatives
Turkey	Safety and Health Committee	Employer representatives Employee representatives Occupational physicians Health and safety engineer
United Kingdom	Health and Safety Committee	Employee representatives Employer representatives Health and safety officer

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 top priority. This commitment is expressed in the workplace health and safety policy, as well as in several national company agreements.

Health and safety agreements have been signed in a number of host countries, including:

Belgium

- Agreement on alcohol and drug risk prevention, signed in September 2011.

Spain

- Agreement on updating the Health and Safety Committee, signed in February 2011.

France

- Agreement to provide additional coverage of employees' medical expenses, signed in November 2011.

Portugal

- Agreement on implementing a workplace health and safety plan, signed in April 2011.

5.4.6. 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 the PSA Excellence System 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.

IMPROVING WORKING CONDITIONS

Regardless of their area of activity, all subsidiaries, dealerships and sites focus on creating a pleasant and safe working environment. The Group pays careful attention to the quality of work areas, break rooms and other facilities, using a charter that defines standards for such things as lighting, office layout, washrooms and meetings rooms, as well as traffic flow plans.

ACHIEVING A HEALTHY WORK-LIFE BALANCE

For more than 30% of our employees, achieving a healthy work-life balance is a top-of-mind issue and, at times, a source of stress. In response, we work with employees to devise individualised solutions.

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 Company. In 2011, 6,010 Group employees worked part-time schedules worldwide.

A study was carried out in 2011 in association with employee representatives to establish the principles of telecommuting, which has emerged as an approach to organising working hours aligned with the expectations of both employees and managers. Following this study, in early 2012 PSA Peugeot Citroën began a six-month trial of telecommuting within two departments in France. This step will be used to observe the impact of this new organisation on working relations, on the well-being of employees and on the operating efficiency of their departments. A review of the trial will enable adjustments and changes in the procedure within the framework of the agreement with employee representatives to prepare for possible extension. Similar trials have been carried out in other countries, including Belgium and Italy.

A range of 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 and 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 2011, more than 130 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 Challenges multi-site sports events in different host countries have become hugely popular. Works Councils supported by the Company also offer a wide variety of social, athletic and cultural activities.

In France, PSA Peugeot Citroën signed an agreement on the certification of Works Council management in July 2011. Under the terms of the agreement, Works Councils can implement an assessment and internal audit process to obtain "responsible management" certification. The certification standard covers nearly 70 criteria that assess the internal organisation of Works Councils, the existence of ethics rules, operating budget management, accounting organisation, budget controls and the role of the employer. PSA Peugeot Citroën management and employee representatives clarified criteria for good governance and openness for all employees, as well as the resources that can be made available by the Company to heads of associations to support the functioning of sports and cultural programmes.

FOSTERING EMPLOYABILITY FOR EVERYONE

The company is responsible for providing employees with positions aligned with their skills and capabilities. As part of its social responsibility commitment, PSA Peugeot Citroën introduced an employability management system in 2010 covering all production facilities. Since keeping employee skills fresh is a management priority, the actions deployed by the Group directly involve managers in achieving this objective.

PSA Peugeot Citroën enhances employability with a focus on four areas:

- supporting employees who have restricted abilities;
- identifying and monitoring positions adapted to people with certain limitations;
- making any necessary adjustment;
- anticipating changes in the structure of the workforce.

MULTI-SERVICE PLATFORMS ADDRESS SPECIFIC NEEDS

Because medical restrictions and other life contingencies can make it more difficult for certain employees to remain on the job, PSA Peugeot Citroën has trialled an innovative socially-responsible approach. The objective is to develop individual employability and support the transition of employees with restricted abilities. In 2011, the Group introduced "multi-service platforms" at its Sochaux and Aulnay facilities that provide training and new activities designed to build skills and encourage professional development. In an environment adapted to their needs, employees gradually regain confidence in their professional abilities thanks to personalised support. Participating operators all volunteered for this opportunity to discover new professions and create foundations for a new career path.

5.4.7. ORGANISATION OF WORKING HOURS

In every host country, working hours are consistently equal to or less than the legal workweek or industry practices.

MEASURES TO PRESERVE JOBS

As an alternative to unemployment and redundancies, short-time work enabled the Group to maintain jobs in 2011 despite the recession in the European automobile market while continuing to develop employee skills and prepare for the future.

Company-wide and local agreements signed with the French government guarantee payment of 75% of an employee's gross salary for unworked days (equivalent to around 95% of net salary over a month). Individuals who volunteer for the scheme can take training during the unworked periods to develop their skills and knowledge and receive a training benefit to maintain full pay during these short-time periods.

With the same objective of finding optimal solutions to adjust to swings in customer demand, PSA Peugeot Citroën continued to apply an agreement on job creation and flexibility at manufacturing facilities signed in September 2010. Among other measures, the agreement makes it possible to introduce variable night shifts based on shorter night-time hours, with daily work times depending on order intake.

SHORT-TIME WORKING

(Consolidated Group, excluding Faurecia, at 31 December)

		Unworked hours
Automotive Division	**2011**	**2,656,547**
	2010	1,737,650
	2009	4,838,885
Banque PSA Finance	**2011**	**0**
	2010	20
	2009	0
GEFCO	**2011**	**5,751**
	2010	300
	2009	49,685
Other Businesses	**2011**	**0**
	2010	14,840
	2009	0
TOTAL	**2011**	**2,662,298**
	2010	1,752,810
	2009	4,888,570

In 2011, the Group recorded a total of 2.66 million unworked hours under short-time working systems.

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.

Part-time work is chosen by employees and not dictated by the Company.

		France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	**2011**	**2,180**	**2,800**	**18**	**4,998**
	2010	2,715	2,760	10	5,485
	2009	2,815	5,335	20	8,170
Banque PSA Finance	**2011**	**44**	**302**	**0**	**346**
	2010	45	190	0	235
	2009	40	285	0	325
GEFCO	**2011**	**401**	**194**	**0**	**595**
	2010	170	170	0	340
	2009	305	175	0	480
Other Businesses	**2011**	**66**	**5**	**0**	**71**
	2010	65	0	0	65
	2009	40	0	0	40
TOTAL	**2011**	**2,691**	**3,301**	**18**	**6,010**
	2010	2,995	3,120	10	6,125
	2009	3,200	5,795	20	9,015

As of 31 December 2011, 6,010 employees worked part-time worldwide (excluding Faurecia), of which 1,162 worked half-time. Of the total, 57% were women and 43% were men.

The decline in the total number of part-time employees between 2009 and 2010 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 being systemically classified as part-time employees.

MATERNITY, PATERNITY AND PARENTAL LEAVE

(Consolidated Group, excluding Faurecia, at 31 December 2011)

In 2011, 1,595 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, 22% were operators, 47% were administrative employees, technicians or supervisors (ETAM) and 31% were managers.

A total of 3,646 Group employees worldwide (excluding Faurecia) took paternity leave in 2011. 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, 61% were operators, 21% were administrative employees, technicians or supervisors (ETAM) and 18% were managers.

A total of 1,321 Group employees worldwide (excluding Faurecia) took parental leave in 2011. Parental leave enables employees in certain countries to take time off work to raise their young children. Of the employees taking parental leave during the year, 14% were operators, 61% were administrative employees, technicians or supervisors (ETAM) and 25% were managers.

NUMBER OF EMPLOYEES ON SPECIAL WORK SCHEDULES

(Consolidated Group, excluding Faurecia, at 31 December)

		France			Rest of Europe			Rest of the world			Total		
		2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Automotive Division	Double shifts	25,970	25,930	24,976	11,660	10,450	9,298	4,345	5,285	1,765	41,975	41,665	36,039
	Triple or night shifts	8,825	8,275	9,586	1,795	1,975	1,967	160	840	877	10,780	11,090	12,430
	Weekend*	1,005	1,310	1,439	30	175	163	0	0	1	1,035	1,485	1,603
Banque PSA Finance	Double shifts	0	0	1	0	0	0	0	0	0	0	0	1
	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 shifts	1,040	1,385	1,365	400	445	408	325	380	379	1,765	2,210	2,152
	Triple or night shifts	110	130	19	255	305	314	0	15	26	365	450	359
	Weekend*	30	0	0	430	5	228	0	0	14	460	5	242
Other Businesses	Double shifts	410	350	312	0	0	0	0	0	0	410	350	312
	Triple or night shifts	0	5	6	0	0	0	0	0	0	0	5	6
	Weekend*	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	**DOUBLE SHIFTS**	**27,420**	**27,665**	**26,654**	**12,060**	**10,895**	**9,706**	**4,670**	**5,665**	**2,144**	**44,150**	**44,225**	**38,504**
	TRIPLE OR NIGHT SHIFTS	**8,935**	**8,410**	**9,611**	**2,050**	**2,280**	**2,281**	**160**	**855**	**903**	**11,145**	**11,545**	**12,795**
	WEEKEND*	**1,035**	**1,310**	**1,439**	**460**	**180**	**391**	**0**	**0**	**15**	**1,495**	**1,490**	**1,845**

* *Weekend shifts (generally Friday, Saturday and Sunday) are shorter than regular shifts.*

In 2011, some 53,144 employees worked under special work schedules.

OVERTIME HOURS

(Consolidated Group, excluding Faurecia, at 31 December)

		France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	**2011**	**691,586**	**689,844**	**1,070,666**	**2,452,095**
	2010	873,535	1,016,890	1,430,435	3,320,860
	2009	688,495	977,060	672,835	2,338,390
Banque PSA Finance	**2011**	**19,415**	**37,455**	**27**	**56,897**
	2010	20,785	30,130	0	50,915
	2009	13,040	28,945	5	41,990
GEFCO	**2011**	**290,371**	**188,201**	**209,094**	**687,666**
	2010	249,210	217,815	237,145	704,170
	2009	182,860	205,320	128,335	516,515
Other Businesses	**2011**	**10,643**	**0**	**0**	**10,643**
	2010	7,545	0	0	7,545
	2009	6,300	0	0	6,300
TOTAL	**2011**	**1,012,015**	**915,499**	**1,279,787**	**3,207,301**
	2010	1,151,075	1,264,835	1,667,580	4,083,490
	2009	890,695	1,211,325	801,175	2,903,195

In most countries, working hours are determined on an annual or multi-year basis.

PAID ABSENCES OTHER THAN VACATION

(Consolidated Group, excluding Faurecia, at 31 December)

		France		Rest of Europe		Rest of the world		Total	
(in hours)		Sick leave	Other paid leave	Sick leave	Other paid leave	Sick leave	Other paid leave	Sick leave	Other paid leave
Automotive Division	**2011**	**3,542,970**	**551,324**	**1,360,849**	**683,650**	**976,272**	**835,882**	**5,880,091**	**2,070,857**
	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
Banque PSA Finance	**2011**	**24,003**	**7,606**	**72,053**	**55,855**	**246**	**2,039**	**96,302**	**65,499**
	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
GEFCO	**2011**	**248,398**	**155,978**	**159,114**	**54,016**	**16,395**	**18,875**	**423,907**	**228,869**
	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
Other Businesses	**2011**	**60,482**	**5,649**	**1,978**	**308**	**0**	**0**	**62,460**	**5,957**
	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
TOTAL	**2011**	**3,875,853**	**720,556**	**1,593,993**	**793,829**	**992,913**	**856,796**	**6,462,759**	**2,371,181**
	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

Paid absences other than vacation totalled 8,833,940 hours, of which 6,462,759 for sick leave, 704,461 for maternity leave, 1,034,813 for accident-related absences and 631,907 for other reasons.

Based on the 245 million hours worked, the overall absenteeism rate stood at around 3.6% for the year, versus 3.4% in 2010.

5.5. COMPENSATION POLICY

5.5.1. FAIR AND COMPETITIVE COMPENSATION

In every host country, 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 2011, 30 agreements were signed with employee representatives in France, the United Kingdom, Brazil, Argentina, Sweden, Spain and Germany. These agreements not only maintained employee 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 appraisal, job proficiency and career development. This process is strictly monitored to prevent any discrimination.

Moreover, 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 thousands of euros)	France	Rest of Europe	Rest of the world	Total
2011	**4,756,701**	**1,403,954**	**458,199**	**6,618,854**
2010	4,621,763	1,391,183	368,134	6,381,080
2009	4,619,340	1,419,552	254,242	6,293,134

In 2011, total payroll costs (excluding Faurecia) came to €4,737,157, while related payroll taxes amounted to €1,881,697.

GROUP MINIMUM WAGE VERSUS LOCAL STATUTORY MINIMUM WAGE, BY COUNTRY

(Base 100 = Consolidated Group, excluding Faurecia and GEFCO in 2011)

Country	Ratio	Local statutory minimum wage
Germany	133	Regional legal minimum wage
Argentina	157	Local legal minimum wage
Austria	100	Regional legal minimum wage
Belgium	131	Guaranteed average minimum monthly income
Brazil	234	Local legal minimum wage
China	313	Regional minimum wage (Shanghai)
Spain	137	Local legal minimum wage
France	128	Local legal minimum wage
Italy	120	Industry minimum wage
Netherlands	119	Local legal minimum wage (for people over 23)
Poland	144	Local statutory minimum wage
Portugal	102	Local statutory minimum wage
United Kingdom	100	Local statutory minimum wage
Russia	165	Regional legal minimum wage
Slovakia	188	Local statutory minimum wage
Switzerland	N/R	No legal minimum wage; no industry agreements
Turkey	132	Local legal minimum wage

Information is reported for countries representative of the Group's organisation (excluding Faurecia and GEFCO), 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 2011, 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 average salary, men to women
170	99.7
175	99.4
180	100.7
185	100.6
190	101.0
195	100.6
200	100.5
215	100.6
225	101.6
240	101.9
255	103.6
270	N/M
285	N/M

ETAM	Ratio of average salary, men to women
190	N/M
195	N/M
200	N/M
215	N/M
225	N/M
240	104.9
255	103.7
270	102.3
285	98.7
305	97.8
320	99.0
335	96.5
365	92.4

In 2011, the average increase in compensation (excluding bonuses) was higher for women than men among both operators and administrative employees, technicians and supervisors (ETAM), at 1.85% for women and 1.54% for men.

By category, the average increase came to 1.65% for women and 1.35% for men among operators and 2.35% for women and 2.10% 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 2011, base 100)

The following indicator concerns managers in sales subsidiaries, finance companies and production plants in countries where the Group has manufacturing operations.

In France, managers are defined according to the Metal Industry Collective Agreement and any relevant company agreements, while in other countries, they are defined according to the Group's job classification standards.

France (PCA)

Managers	Ratio of average salary, men to women
K92	101.1
1	101.8
2	100.3
3A	100.9
3B	102.2
3C	116.8

Argentina, Brazil, Spain, Portugal, Slovakia and Russia

	Ratio of average salary, men to women					
	Argentina	Brazil	Spain	Portugal	Slovakia	Russia
Executives	N/M	N/M	N/M	N/M	N/M	N/M
Senior executive	N/M	78.5	93.2	N/M	N/M	N/M
Upper management	100.6	108.1	106.8	81.3	97.1	118.4
Middle management	108.0	112.0	110.4	121.0	102.6	99.2
Junior managers	N/M	N/M	N/M	N/M	N/M	96.9

N/M= not material.

5.5.2. EMPLOYEE BENEFITS

GIVING EMPLOYEES A STAKE IN THE GROUP'S EARNINGS

PSA Peugeot Citroën is committed to giving all employees a stake in their Company's earnings. In France, an amendment to the discretionary profit-sharing agreement was signed in 2011, defining criteria for discretionary and non-discretionary profit-shares for 2011 and 2012. The amendment doubles the amount of the discretionary profit-share from 1% to 2% of gross taxable salaries if all targets are met. It also calls for additional discretionary profit-sharing if non-discretionary profit-sharing is limited under the law. Employees outside France also benefit from a profit sharing system linked to the nondiscretionary profit-share and to possible additional discretionary profit sharing in France. The discretionary profit-sharing scheme encourages employees to embrace the Group's operating and strategic objectives, which in 2011 focused on safety, financial and quality targets.

DISCRETIONARY AND NON-DISCRETIONARY PROFIT-SHARING

(Consolidated Group, excluding Faurecia, at 31 December)

To give employees a stake in their Company's earnings, discretionary profit-sharing programmes based on consolidated operating income are in place in every host country for all full and part-time employees under permanent or fixed-term contracts exceeding three months.

(Rounded to the nearest million euros)	2009	2010	2011
Total France – discretionary and non-discretionary profit-sharing (Group agreement)	4	56	48
Discretionary and/or non-discretionary profit-sharing programmes in other French subsidiaries*	7	13	13
Discretionary programmes in foreign subsidiaries	0	11	8
TOTAL	**11**	**80**	**69**

* *GEFCO in 2010 and 2011. Société Commerciale Citroën (SCC) and GEFCO in 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. Employees outside France also benefit from a profit-sharing system. Out of 2011 earnings, for example, €69 million will be distributed in 2012 to Automotive, Finance and Transportation & Logistics Division employees worldwide in the form of discretionary and non-discretionary profit-shares.

REWARDING INDIVIDUAL AND COLLECTIVE PERFORMANCE

In addition to collective discretionary and non-discretionary profit-sharing systems, PSA Peugeot Citroën decided in 2011 to increase the number of managers eligible for an incentive bonus. This supplementary bonus is awarded on the basis of annual individual and collective objectives set for each manager. It reflects a commitment to encouraging a results-oriented culture and to recognizing the commitment of employees to meeting their objectives, particularly in terms of corporate social responsibility. In 2011 a specific corporate bonus system was introduced in Latin America and China, consistent with local compensation practices.

EMPLOYEE SAVINGS PLANS (PEAG, PED AND PEP)

(Consolidated Group, excluding Faurecia)

To give employees a stake in their Company's growth, a variety of corporate savings plans have been set up. In France, employees can invest in the "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. In each case, the Group provides a matching contribution to encourage employee participation.

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 Company shares;
- a long term insurance-based saving plan.

All employees, including those under fixed-term contracts exceeding three months, 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 millions of euros)*			Employer contributions 1 Jan.-31 Dec. *(in millions of euros)*			Number of employees investing 1Jan. 1-Dec. 31*		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Automotive Division	14.86	21.07	38.03	5.79	9.34	15.85	22,222	12,799	19,838
Banque PSA Finance	0.33	0.44	0.57	0.13	0.20	0.25	579	183	303
GEFCO	1.08	1.83	4.95	0.35	0.59	1.29	5,167	1,686	1,218
Other businesses	0.11	0.51	0.76	0.05	0.22	0.30	62	222	379
TOTAL	**16.38**	**23.85**	**44.31**	**6.32**	**10.35**	**17.69**	**28,030**	**14,890**	**21,738**

* *Reinvestment of discretionary profit-shares, non-discretionary profit-shares and voluntary contributions.*

The Group paid more than €17.69 million in matching contributions into the local employee savings plans in 2011.

INTERNATIONAL EMPLOYEE SAVINGS PLAN

(Consolidated Group, excluding Faurecia, at 31 December)

	Employee contributions *(in millions of euros)*			Employer contributions (in millions of euros)			Number of participants		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
United Kingdom	0.89	0.92	1.00	0.3	0.47	0.56	874	877	780
Spain	0.17	0.22	0.23	0.06	0.11	0.16	920	188	233
Germany	0.37	0.27	0.31	0.12	0.14	0.15	997	244	223
Portugal	0.01	0.04	0.03	0.01	0.02	0.02	186	25	27
TOTAL	**1.44**	**1.45**	**1.57**	**0.49**	**0.74**	**0.89**	**2,977**	**1,334**	**1,263**

SUPPLEMENTARY PENSION PLANS BY DIVISION

(Consolidated Group, excluding Faurecia)

		Employer contributions 1 Jan.-31 Dec. *(in thousands of euros)*	Employee contributions 1 Jan.-31 Dec. *(in thousands of euros)*	Number of participating employees
Automotive Division	**2011**	**36,693**	**15,855**	**52,160**
	2010	37,150	15,798	55,349
	2009	34,890	14,000	57,455
Banque PSA Finance	**2011**	**2,263**	**694**	**1,167**
	2010	2,116	660	1,322
	2009	2,203	631	1,210
GEFCO	**2011**	**3,404**	**2,073**	**3,028**
	2010	5,222	1,534	3,674
	2009	3,593	1,495	4,480
Other businesses	**2011**	**564**	**281**	**839**
	2010	566	283	841
	2009	153	74	679
TOTAL	**2011**	**42,924**	**18,903**	**57,194**
	2010	45,053	18,275	61,186
	2009	40,839	16,200	63,824

SUPPLEMENTAL PENSION PLANS BY REGION

(Consolidated Group, excluding Faurecia)

	Employer contributions 1 Jan.–31 Dec. *(in thousands of euros)*			Employee contributions 1 Jan.–31 Dec. (in thousands of euros)			Number of participating employees		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
France	20,254	22,424	21,324	10,281	11,192	10,731	43,876	41,452	36,608
Rest of Europe	18,868	21,010	19,231	4,742	5,368	6,272	17,820	17,356	17,804
Rest of the world	1,717	1,619	2,369	1,177	1,715	1,900	2,128	2,378	2,782
TOTAL	**40,839**	**45,053**	**42,924**	**16,200**	**18,275**	**18,903**	**63,824**	**61,186**	**57,194**

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 these schemes are available. Rather, they have been created to provide beneficiaries with supplemental retirement income to offset the foreseeable drop in replacement rates, as well as to harmonize retirement benefits across subsidiaries in each country.

In France, a majority agreement signed in 2011 will enable application in 2012 of a new defined contribution pension plan that, in particular, provides for optional supplementary contributions.

EXTENDING PENSION COVERAGE WITH DEFINED BENEFIT PLANS

At 31 December 2011, future benefit obligations under defined benefit plans amounted to €3,787 million, of which €3,137 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.

SUPPORTING A 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 2011 a worldwide partnership was set up with an insurance company to improve healthcare, death and disability cover and optimise costs. This has delivered benefits for both the Group and its employees, for example, in Italy, where the partnership enabled death cover regardless of cause.

In France, a collective bargaining agreement signed with employee representatives has introduced a single top-up cover for healthcare expenses for all employees, with the Group funding a significant portion of the plan.

SOCIAL SERVICES

Depending on national and local opportunities, all Group companies and plants contribute to social and cultural activities and help to improve the quality of work life.

In all, the Automobile, Finance and Transportation & Logistics Divisions paid more than €238 million in employee benefits in 2011. Representing 3.6% 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 program

5.6. A DEEP COMMITMENT TO SOCIAL RESPONSIBILITY

5.6.1. WORKING TOGETHER

BRINGING TOGETHER THE BEST TALENT

PSA Peugeot Citroën has chosen to celebrate the diversity of its people and their cultures and to make equality and respect for differences a founding principle of its responsible growth. This societal challenge concerns all of our host countries, where we are committed to exceeding local legal requirements in applying and promoting best human resources management practices.

Workplace diversity is a social issue, since it is unacceptable to exclude certain categories of people from the job market. We are therefore striving to hire more women and to bring in more young people without previous experience, as well as seniors, people without degrees, people from immigrant families and the disabled.

Because our business performance benefits from team diversity, we need to hire people from a variety of backgrounds that reflect our host communities and environments. Diversity is a source of synergy, social harmony and business efficiency. It also stimulates the emergence of different points of view, making it an important source of creativity and innovation.

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 therefore means recruiting, bringing together and nurturing the brightest talent, regardless of national origin, gender, lifestyle, sexual orientation, age, marital status, pregnancy or parenthood, genetic characteristics, real or supposed belonging or not belonging to an ethnic group, nation or race, political opinion, union activity, religious convictions, physical appearance, name, pre-existing health conditions or disability.

The Group guarantees respect for employees' private lives.

The employee and skills base is being further diversified through the use of new hiring channels, such as partnerships with educational systems and government employment services, online hiring initiatives and unsolicited applications. In addition, equal opportunity is carefully tracked at every stage of the process and 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 policies and best 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 the agreements. They are responsible for ensuring that commitments are met and for analysing measures taken locally.

In 2011, the French agreement on diversity and social cohesion was renewed in order to step up initiatives by introducing improvements in four areas: continuing to diversify our hiring, guaranteeing every employee equal opportunity in career development, raising employee awareness of diversity issues and preventing harassment.

New programmes to support diversity are deployed every year. In May 2011, for example, the Diversity Commission at the plant in Sochaux, France organised a photography exhibition and testimonials as part of the International Day Against Homophobia, the first time such an event has been held in the Group. The highlight was a mobile booth that visited employees to raise their awareness of the risks of discriminating against homosexuals. In December, the Kaluga plant in Russia organised its first day-long open house dedicated to cultural diversity, in which employees were invited to present their home region or country and their children could participate in a variety of events, such as a photography contest.

THE WORLDWIDE DIVERSITY COMMITMENT

In 2010, PSA Peugeot Citroën formalised its actions in favour of diversity in the Worldwide Diversity Commitment, which is shared across the Group and applicable in every host country.

Integrated into the PSA Excellence System, the Worldwide Diversity Commitment comprises seven founding principles that provide an overall view of diversity and its challenges. It is designed to improve our initiatives in this area and to help the subsidiaries make progress in implementing and promoting diversity measures.

The global diversity correspondents met for the second time in December 2011 to review the first year of the Commitment's deployment. The review underscored the extensive involvement by the country organisations, which are developing a real awareness of the importance of these issues. It also noted that the first annual self-assessment was carried out in 11 countries and that more than 140 action plans have been defined to help the organisations enhance their ability to manage diversity. In leading the diversity process in their country, the correspondents use a deployment kit and share best practices within the global correspondents' network.

In a spirit of openness, transparency and empowerment, employee representatives participated in the process through the annual self-assessment and the definition of the related action plans. Projects in 2011 primarily concerned the formalisation of the Worldwide Diversity Commitment and keeping employees informed through a variety of communication media, such as Diversity Days, display of the Commitment principles and their distribution to every employee, creation of dedicated intranet pages, articles in employee newspapers and introduction of diversity commissions.

In 2012, projects will focus on employee training and creating a set of diversity indicators with a shared emphasis on gender equality in the workplace.

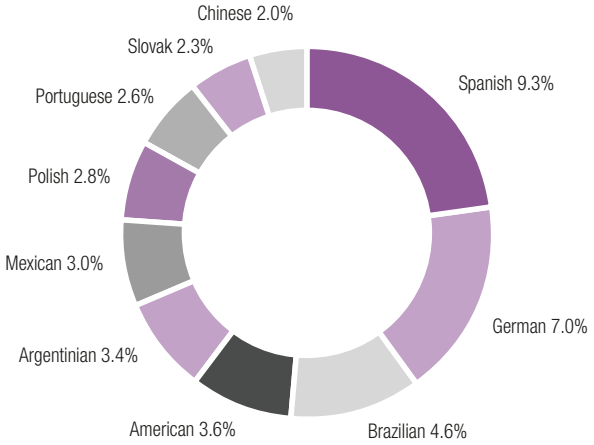
TRAINING EVERY MANAGER IN DIVERSITY ISSUES

Since 2008, managers have been regularly trained in managing diversity, using a module designed to offer practical solutions and effective resources for handling real-life equal opportunity issues within their teams. This will help them to demonstrate the principles underlying respect for difference, prevention, and zero tolerance for any type of discrimination. More than 3,000 managers have been trained in the first four years of deployment, with another 500 scheduled to take the course in 2012.

As part of the deployment of the Worldwide Diversity Commitment, diversity management training is being extended to Spain, Portugal, Italy, Belgium and other host countries.

TOP TEN NATIONALITIES OTHER THAN FRENCH

(Consolidated Group at 31 December 2011 – percentage of total workforce)

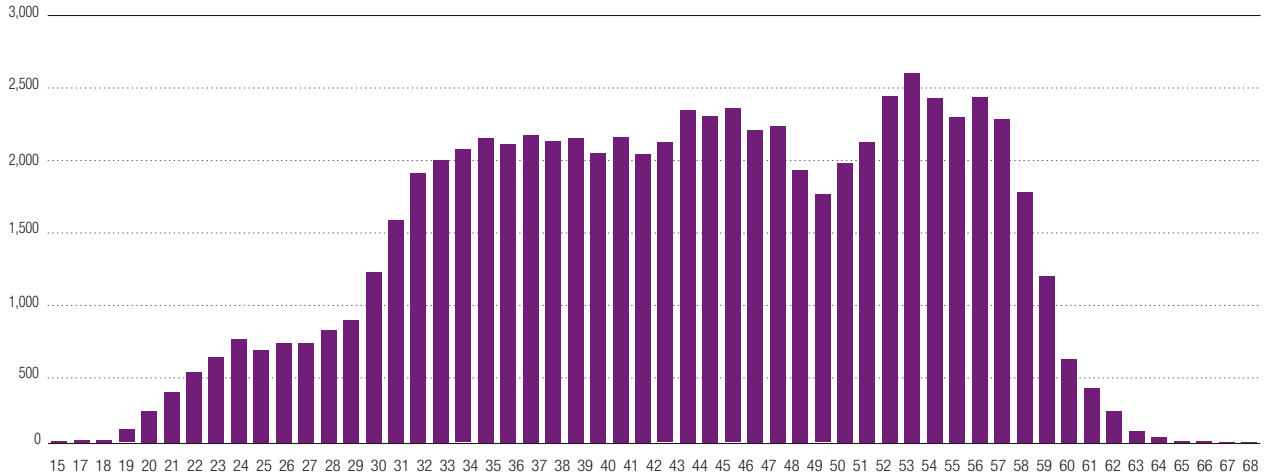


The top ten nationalities other than French represented in the workforce accounted for more than 38% of the total.

More than 112,770 employees are non-French, or 54% of the workforce, and 128 nationalities are represented.

AGE PYRAMID

(Automotive Division, France – employees under permanent and fixed-term contracts, at 31 December 2011)



The different employee age groups are evenly balanced.

A COMMITMENT TO HIRING YOUNG PEOPLE, DELIVERING RESULTS

PSA Peugeot Citroën is committed to attracting and hiring young people to prepare its future. In 2011, we pursued the programme to bring young people into the workforce, welcoming more than 5,800 interns and 4,600 work-study programme participants (including skills-acquisition and apprenticeship contracts).

The programme is designed to maintain a well-balanced age pyramid and prepare for a generational transition while ensuring the transfer of knowledge and expertise. This policy also responds to the social and societal challenge of giving young people 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.

By pledging to support the French government plan to promote workstudy programmes, the Group has demonstrated its commitment to these job-training schemes as a priority path to stable employment. Similar initiatives have proved successful in other countries, notably the United Kingdom and Italy.

Women accounted for 32% of interns and 40% of work-study programme participants (including skills-acquisition and apprenticeship contracts).

HIRING AND MOTIVATING OLDER EMPLOYEES

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, our response is integrated into the general jobs and capabilities policy, which guarantees equal opportunity and treatment and anticipates demographic trends.

Aware of the importance of this issue, back in 2005, initiatives were undertaken to address the hiring and motivating seniors with employee representatives. In January 2010, an agreement to hire and motivate older employees was signed in France.

The Group's policy for older employees identifies six levers – hiring, career development, working conditions, access to training, managing end-of-career schedules and mentoring – that shape action plans to fulfil seven priorities:

- prepare generational renewal and ensure effective transfer of knowledge and skills;
- help retain seniors in the workforce by anticipating career changes;
- foster age diversity within teams;
- maintain motivating salary packages and career advancement opportunities;
- adapt working conditions to older employees;
- develop an active occupational health policy;
- manage end-of-career schedules and the transition to retirement.

DISABLED EMPLOYEES

(Consolidated Group, excluding Faurecia, at 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2011**	**5,096**	**538**	**47**	**5,681**
	2010	5,095	490	40	5,625
	2009	5,260	500	35	5,795
Banque PSA Finance	**2011**	**8**	**23**	**0**	**31**
	2010	10	20	0	30
	2009	10	15	0	25
GEFCO	**2011**	**212**	**48**	**2**	**262**
	2010	185	35	0	220
	2009	140	40	0	180
Other businesses	**2011**	**8**	**1**	**0**	**9**
	2010	50	0	0	50
	2009	50	0	0	50
TOTAL	**2011**	**5,324**	**610**	**49**	**5,983**
	2010	5,340	545	40	5,925
	2009	5,460	555	35	6,050

Worldwide, the Group (excluding Faurecia) directly employs 5,983 disabled people, as defined by local legislation.

PSA Peugeot Citroën is committed to hiring and retaining disabled employees. In the Automotive Division in France, 8.2% of employees are classified as handicapped (including sheltered workers under contract), above the mandatory national rate of 6%.

In all, 80% of disabled employees are operators, 16% are administrative employees, technicians and supervisors (ETAM) and 4% are managers.

In France, nearly € 4.7million is spent on programmes related to hiring and retaining the disabled.

The above table does not include the 1,197 disabled people who work for Faurecia.

In addition to these direct hires, we were also the leading manufacturer in France for sourcing from sheltered workshops, with purchases representing value added of €40 million.

In 2011, the Group and five unions signed the fourth agreement on social integration and job opportunities for the disabled, which opens new pathways and identifies new improvement drivers for the 2011-2013 period.

Each year, a variety of communication and sensitivity campaigns are conducted across the Group. In 2011, for example, a number of facilities in France participated in the country's Hire the Handicapped Week by organising events to get employees involved in this issue.

5.6.2. CONTINUING TO INCREASE THE PERCENTAGE OF WOMEN IN THE WORKFORCE

A RECOGNISED COMMITMENT

For many years, PSA Peugeot Citroën has pursued an assertive policy of promoting gender balance and gender equality in its workforce. Building on an initial agreement signed in 2003 and renewed in 2007, a greatly expanded agreement to encourage gender equality and the development of jobs for women was signed in France with all of the unions in February 2011. It is structured around three main commitments: supporting the integration of women in a traditionally male-dominated industry, guaranteeing gender equality in the Company and improving women's access to senior management positions. It also includes two chapters concerning communication and the Company's support for working parents.

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. Renewal of the label in 2008 and in 2011 attests to the sustained progress of the Group in achieving gender equality and offers an encouragement to pursue efforts in this area.

In 2011, the globalisation of this commitment reached a real milestone when PSA Peugeot Citroën earned the first certification awarded under the Gender Equality European Standard for its operations in France, Spain, Italy and Belgium. The commitment will be extended outside Europe in 2012.

HIRING MORE WOMEN AND DEVELOPING GENDER DIVERSITY IN THE PROFESSIONS

A diverse workforce promotes synergy, social balance and business efficiency. Although the technical courses that lead to jobs in the automobile industry have traditionally attracted fewer women students, the percentage of women in the Group's workforce has risen, reflecting trends in the labour market and the various measures taken, notably to improve working conditions.

Since 2002, the percentage of women employees has risen from 17.6% to 22% in 2011. PSA Peugeot Citroën intends to sustain this increase and make its jobs and professions more open to women.

GUARANTEEING EQUAL PAY AND CAREER DEVELOPMENT

In all job categories, men and women are guaranteed 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 and 2011, promotions to a higher coefficient, category or level of responsibility are based solely on demonstrated capabilities and results. This practice ensures equal opportunity and treatment for employees, with the possibility of salary adjustments if variances are identified.

ENCOURAGING 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.

As of 31 December 2011, the executive and senior management teams (excluding Faurecia and GEFCO) included 81 women and 773 men, for a rate of 9.5% versus 5% in 2008. Executive management has set an objective of 15% for the senior management teams by 2015.

Created in the spring of 2010, the "Women Engaged for PSA" network now has more than 150 women managers from different departments and divisions. Among other outcomes, the network is actively helping to increase the number of senior women executives by developing resources to identify and support women to have the ambition, potential and desire one day to serve as senior managers and executives.

NUMBER OF WOMEN EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS

(Consolidated Group, at 31 December)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	% increase 2002-2011
Operators	16,235	16,295	19,105	19,060	21,065	22,365	21,635	19,980	21,190	22,446	38.26%
ETAM	14,420	15,510	16,655	16,395	16,175	15,650	15,610	14,600	15,285	16,012	11.04%
Managers	4,245	4,580	5,325	5,945	6,320	6,255	6,310	6,155	6,650	7,588	78.75%
TOTAL	**34,900**	**36,385**	**41,085**	**41,400**	**43,560**	**44,270**	**43,555**	**40,735**	**43,125**	**46,046**	**31.94%**

Women account for 19.9% of engineers and managers, 30.1% of administrative employees, technicians and supervisors (ETAM) and 19.1% of operators.

PSA Peugeot Citroën's commitments to gender equality are expressed in the 12 November 2003 agreement on gender equality and employment for women, which was renewed in 2007 and early 2011. As a result, 2002 has been chosen as the reference year.

NEW EMPLOYEES HIRED UNDER PERMANENT CONTRACTS BY GENDER, AGE GROUP AND REGION

(Consolidated Group, at 31 December 2011)

	<30		30-39		40-49		≥50		Total		
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Total
France	42.5%	34.9%	6.9%	5.0%	3.9%	2.3%	1.0%	0.7%	7.4%	5.4%	5.8%
Rest of Europe	27.5%	31.8%	10.2%	9.5%	6.5%	5.5%	3.3%	4.6%	11.7%	10.2%	10.5%
Rest of the world	52.5%	42.8%	30.9%	26.6%	25.7%	22.6%	16.7%	15.2%	35.9%	30.7%	31.9%
TOTAL	**40.7%**	**37.7%**	**13.6%**	**11.2%**	**8.4%**	**5.8%**	**2.9%**	**2.8%**	**14.9%**	**11.6%**	**12.3%**

In each age group and region, the percentage of women hired exceeded the percentage of men, which confirms the general trend towards increasing the proportion of women in the consolidated workforce.

PERCENTAGE OF WOMEN EMPLOYEES UNDER PERMANENT AND FIXED-TERM CONTRACTS

(Consolidated Group, at 31 December)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
% women in the workforce	17.6%	18.2%	19.8%	19.8%	20.6%	21.3%	21.6%	21.9%	21.8%	22.0%

The number of women employees rose by nearly 7% in 2011.

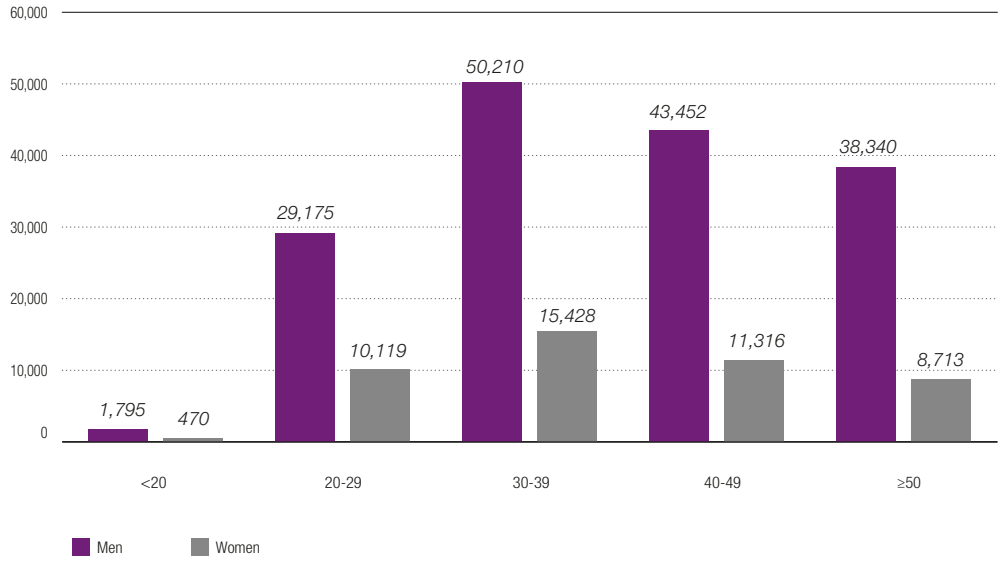
EMPLOYEES UNDER PERMANENT AND FIXED-TERM CONTRACTS BY GENDER AND REGION

(Consolidated Group, at 31 December 2011)

	France		Rest of Europe		Rest of the world		Total	
	Women	Men	Women	Men	Women	Men	Women	Men
Automotive Division	14,304	67,020	6,206	22,616	1,725	11,008	22,235	100,644
Banque PSA Finance	478	346	882	805	71	97	1,431	1,248
GEFCO	1,439	3,076	1,491	2,732	328	1,187	3,258	6,995
Faurecia	2,834	9,723	7,844	23,487	8,044	20,098	18,722	53,308
Other businesses	387	749	13	29			400	778
TOTAL	**19,442**	**80,914**	**16,436**	**49,669**	**10,168**	**32,390**	**46,046**	**162,973**

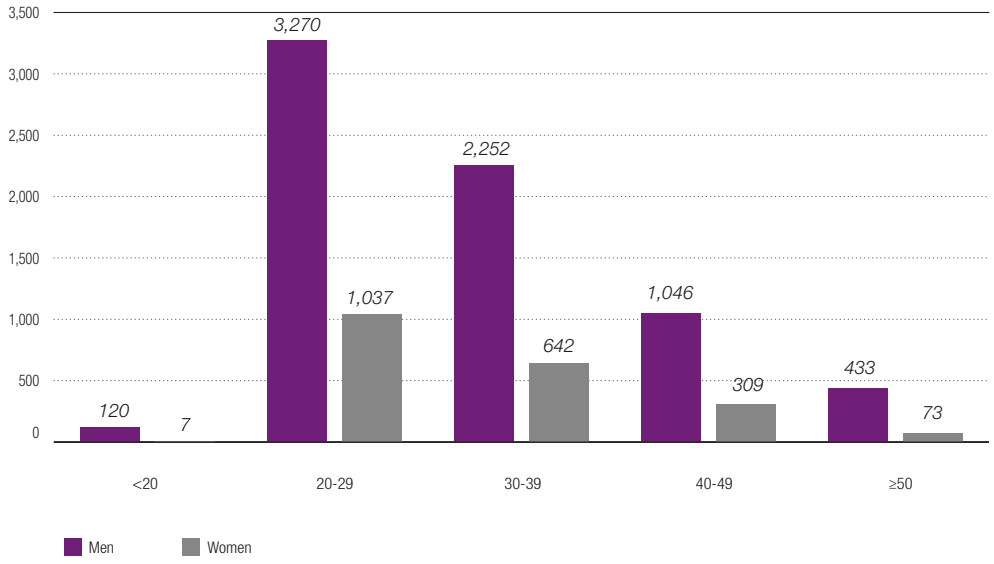
EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS BY AGE GROUP AND GENDER

(Consolidated Group, at 31 December 2011)



NEW EMPLOYEES HIRED UNDER PERMANENT CONTRACTS BY AGE GROUP AND GENDER

(Consolidated Group, excluding Faurecia and GEFCO, at 31 December 2011)



PERCENTAGE OF WOMEN EMPLOYEES UNDER PERMANENT CONTRACTS, BY AGE GROUP

(Consolidated Group, excluding Faurecia and GEFCO, at 31 December 2011)

	<20	20-29	30-39	40-49	≥50	Total
Number of women hired	7	1,037	642	309	73	2,068
Percentage of total hires	5.5%	24.1%	22.2%	22.8%	14.4%	22.5%

PERCENTAGE OF WOMEN MANAGERS UNDER PERMANENT OR FIXED-TERM CONTRACTS BY AGE GROUP

(Consolidated Group, at 31 December 2011)

	<30	30-39	40-49	≥50	Total
Number of women managers	1,299	3,299	1,994	996	7,588
Total number of managers	4,368	13,592	12,614	7,639	38,213
PERCENTAGE OF WOMEN MANAGERS	**29.7%**	**24.3%**	**15.8%**	**13.0%**	**19.9%**

Women accounted for 29.7% of managers under 30 and 13% of managers over 50.

PERCENTAGE OF WOMEN MANAGERS

(Consolidated Group, at 31 December)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Percentage of women managers	15.3%	16.5%	17.3%	17.9%	18.6%	18.9%	19.1%	19.3%	19.9%

SENIOR MANAGERS

(Consolidated Group, excluding Faurecia and GEFCO, at 31 December 2011)

	30-39	40-49	≥ 50	Total
Men	44	360	369	773
Women	12	46	23	81
TOTAL	**56**	**406**	**392**	**854**

"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 strategy, policies and programmes.

Nationality	Number	%
French	718	84.1%
Spanish	35	4.1%
British	17	2.0%
German	15	1.8%
Belgian	10	1.2%
Argentine	9	1.1%
Italian	8	0.9%
Brazilian	6	0.7%
Chinese	6	0.7%
Switzerland	5	0.6%
Portuguese	4	0.5%
Dutch	3	0.4%
American	2	0.2%
Austrian	2	0.2%
Polish	2	0.2%
Russian	2	0.2%
Canadian	1	0.1%
Danish	1	0.1%
Luxembourger	1	0.1%
Moroccan	1	0.1%
Norwegian	1	0.1%
Romanian	1	0.1%
Croatian	1	0.1%
Japanese	1	0.1%
Slovak	1	0.1%
Turk	1	0.1%
TOTAL	**854**	**100.0%**

EXECUTIVE MANAGEMENT

(Automotive Division, at 31 December 2011)

PSA Peugeot Citroën is led by a five-member Managing Board.

The Executive Committee comprises the five members of the Managing Board and five Executive Vice-Presidents.

In addition, three Senior Vice-Presidents report to the Chairman of the Managing Board.

As of 31 December 2011, the executive management team totalled 13 people, including one woman. Ten members were French, one was Portuguese, one was German and one was from Luxembourg (see section 6.1).

PREVENTING WORKPLACE HARASSMENT, DISCRIMINATION AND VIOLENCE

(Consolidated Group, excluding Faurecia, at 31 December 2011)

PSA Peugeot Citroën condemns all infringements of respect for individual rights and dignity, verbal or physical abuse, harassment, workplace violence and discrimination. This type of behaviour is liable to sanctions and specific measures have been prepared in every country to prevent it. Employees are regularly informed about these policies and a large number of managers have participated in sensitivity campaigns.

Employees who are victims of or witness cases of harassment, discrimination or violence in the workplace may contact their Human Resources Department or, in the event of complications in using traditional channels, they may anonymously contact identified managers responsible for diversity and/or harassment issues.

A standard tracking procedure aligned with the local legal framework has been introduced in every host country. When a problem is identified, the information is reported to human resources and a review is conducted. In 2011, for example, 106 complaints alleging workplace harassment, discrimination or violence were reported to the corporate Human Resources Department.

27% of the complaints are still being reviewed by the Human Resources Departments concerned or by an outside authority. Of the others, 42% were deemed unfounded and 30% resulted in disciplinary action for the person concerned.

This process clearly demonstrates that such behaviour will not be tolerated in the PSA Peugeot Citroën corporate community.

RAISING EMPLOYEE AWARENESS OF MORAL HARASSMENT ISSUES

As part of the agreement on diversity and social cohesion, senior management and employee representatives wanted to raise employee awareness of the problem of moral harassment. In 2011, an e-learning module was designed with an eye to meeting three main objectives:

- enhance employee sensitivity to moral harassment issues;
- present the Group procedures for fighting against moral harassment;
- engage stakeholders across the Group in preventing and managing cases of harassment.

The module uses interactive role-playing exercises to help employees define and identify moral harassment, anticipate situations at risk, and prevent and manage harassment situations. In early 2012, it will be deployed to all employees beginning in France and later around the world.

5.6.3. HUMAN RIGHTS

THE GLOBAL FRAMEWORK AGREEMENT ON SOCIAL RESPONSIBILITY

A HISTORIC COMMITMENT

For many years, PSA Peugeot Citroën has been leading programmes to drive responsible growth in its business. In 2003, this commitment to corporate social responsibility was formalised by the pledge to support the United Nations Global Compact, a voluntary initiative designed to align a company's strategy and operations with responsible growth principles. By encouraging fruitful dialogue among all our stakeholders, it represented a critical milestone in the development of our responsible growth process.

Three years later, the Group wanted to demonstrate the full depth of its commitment and decided to get a wide range of stakeholders involved in the process on an international level. On March 1, 2006, the first Global Framework Agreement on Social Responsibility was signed with the International Metalworkers' Federation (IMF), the European Metalworkers' Federation (EMF) and more than 90 unions around the world. After four years of application, the Agreement was renewed in 2010, adding a new section on environmental stewardship and strengthening the employee relations commitments. The amendment has instilled new momentum in our drive to demonstrate our corporate social responsibility.

WORLDWIDE BUY-IN

The Global Framework Agreement is primarily designed to enable every Group unit to improve its social responsibility performance, by encouraging everyone to embrace the social and environmental sensitivity that society increasingly expects of companies.

It engages PSA Peugeot Citroën to respect and promote the fundamental human rights expressed in the Universal Declaration of Human Rights and to apply the best human resources management and development practices. It also commits the Group to sharing its standards with its partners, suppliers and independent dealers.

The Agreement is structured around five main areas of application:

- respecting fundamental human rights;
- managing and developing our human resources;
- sharing social responsibility practices with stakeholders;
- helping to foster economic and social development in our host communities;
- safeguarding the environment.

DILIGENT APPLICATION

The Agreement's five areas of application have been expressed in 15 commitments that are enabling every unit, regardless of size or host country, to implement the underlying principles.

The Global Framework Agreement's 15 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. Remuneration practices
11. Ensure social protection
12. Negotiate organisation of work and scheduling
13. Share social responsibility practices with suppliers, subcontractors, production partners and dealers
14. Take into account the impact of the Company's business in its host communities
15. Preserve the environment.

Every year, the subsidiaries deploy three action plans to improve their ability to fulfil the Agreement's commitments, with performance self-measured every three years. The next self-assessment is scheduled for 2012. This continuous improvement process is being led jointly with unions or employee representatives, who are directly involved in implementing the action plans and the self-assessment process.

In 2011, more than 400 action plans were defined in subsidiaries based in 35 countries on four continents.

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 that it is deeply committed to the Universal Declaration of Human Rights. This commitment is expressed to the public on corporate 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.

No subsidiary was convicted in 2011 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, on-going social dialogue is maintained with union representatives in every host country.

TRAINING IN HUMAN RIGHTS POLICIES AND PROCEDURES

(Consolidated Group, excluding Faurecia, at 31 December 2011)

Issue	Number of hours	Number of employees
Equal opportunity, diversity, anti-discrimination training	20,093	5,627
Compliance with internal rules, Global Agreement, data privacy guidelines, etc.	9,551	7,839
Code of ethics	5,541	11,082
Corruption, conflicts of interest, etc.	1,088	995
TOTAL	**36,273**	**25,543**

In 2011, some 25,543 employees, participated in dedicated 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 required 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 reaffirmed in the different agreements signed by the Group, the text of the Universal Declaration of Human Rights, the Global Compact's ten principles, etc.

GLOBAL SOCIAL AUDIT

Deployed worldwide, PSA Peugeot Citroën's social responsibility policies are regularly monitored through social audits, which help to drive continuous improvement in processes and ensure that these policies are effectively applied. These audits are designed to ensure compliance with legal and regulatory requirements, contractual commitments and our social responsibility principles. They 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 plants, facilities, country organisations, departments and divisions. The auditor's role is therefore 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 facilities to ensure rapid implementation of the necessary corrective measures.

In 2011, nearly 30 facilities 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. Since 2010, 25 social and environmental audits have been 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 lead to corrective action plans whenever cases of non-compliance were detected.

6

CORPORATE GOVERNANCE AND ETHICAL PRACTICES

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6.1. 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.

6.1.1. NATURE OF OWNERSHIP AND LEGAL FORM

OWNERSHIP STRUCTURE

	31 December 2009				31 December 2010				31 December 2011			
Main identified shareholders [1]	Shares outstanding	% interest	% exercisable voting rights	% theoretical voting rights	Shares outstanding	% interest	% exercisable voting rights	% theoretical voting rights	Shares outstanding	% interest	% exercisable voting rights	% theoretical voting rights
Établissements Peugeot Frères [2]	6,923,760	2.96	4.56	4.45	19,115,760	8.17	12.47	12.19	19,115,760	8.17	13.11	12.38
La Française de Participations Financières (LFPF)	12,156,000	5.19	8.00	7.82	-	-	-	-	-	-	-	-
Foncière, Financière et de Participations (FFP)	51,792,738	22.13	33.15	32.39	51,792,738	22.13	33.79	33.02	53,363,574	22.80	35.20	33.24
Comtoise de Participation	36,000	0.02	0.02	0.02	-	-	-	-	-	-	-	-
Maillot I	-	-	-	-	100	0.00	0.00	0.00	100	0.00	0.00	0.00
Société Anonyme de Participations (SAPAR) [3]	-	-	-	-	-	-	-	-	148,672	0.06	0.05	0.05
Peugeot family	**70,908,498**	**30.30**	**45.73**	**44.68**	**70,908,598**	**30.30**	**46.26**	**45.21**	**72,628,106**	**31.03**	**48.36**	**45.67**
Other individual shareholders [4]	14,908,642	6.37	5.11	4.99	18,413,671 [4]	7.87	6.15	6.00	16,635,083	7.11	5.92	5.59
Employees	6,546,866	2.80	4.00	3.90	6,538,348	2.79	3.88	3.80	7,638,100	3.26	4.54	4.29
Other French institutions	53,491,616	22.85	18.49	18.06	43,710,387	18.67	15.08	14.73	43,346,051	18.52	14.86	14.03
Other foreign institutions	81,006,070	34.61	26.67	26.06	87,290,771	37.30	28.63	27.97	76,614,552	32.73	26.32	24.86
Treasury stock	7,187,450	3.07	-	2.31	7,187,450	3.07	-	2.29	17,187,450	7.34	-	5.56
TOTAL	**234,049,142**	**100**	**100**	**100**	**234,049,225**	**100**	**100**	**100**	**234,049,344**	**100**	**100**	**100**

(1) Source: Euroclear TPI 31 December 2011 and Thomson Reuters.

(2) Comtoise de Participation and LFPF were gathered within EPF starting from December 2010.

(3) A holding company with ties to Thierry Peugeot, Chairman of the Supervisory Board, and Marie Hélène Roncoroni, Member of the Supervisory Board. Disclosure made by SAPAR on 6 December 2011 in application of Article L. 621-18-2 of the French Monetary and Financial Code.

(4) Shares held in individual securities accounts and others (by difference).

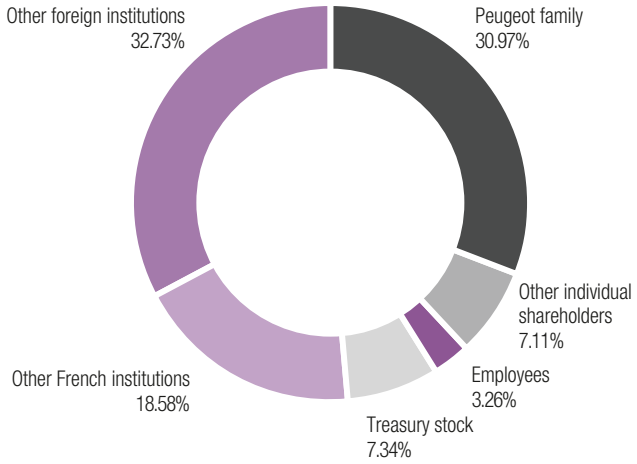
Each share entitles the holder to vote at the Annual Shareholders' Meeting.

Fully-paid up shares registered in the name of the same holder for at least four years shall carry double voting rights at Shareholders Meetings.

In compliance with Article 223-11 of the AMF General Rules and Regulations, the following chart analyses potential voting rights outstanding, which include rights attached to shares held in treasury. These potential voting rights are the ones used in determining when statutory disclosure thresholds have been exceeded.

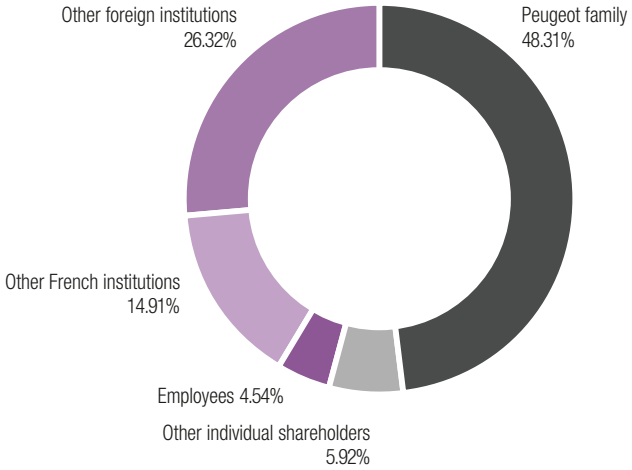
SHAREHOLDER STRUCTURE

(As of 31 December 2011)



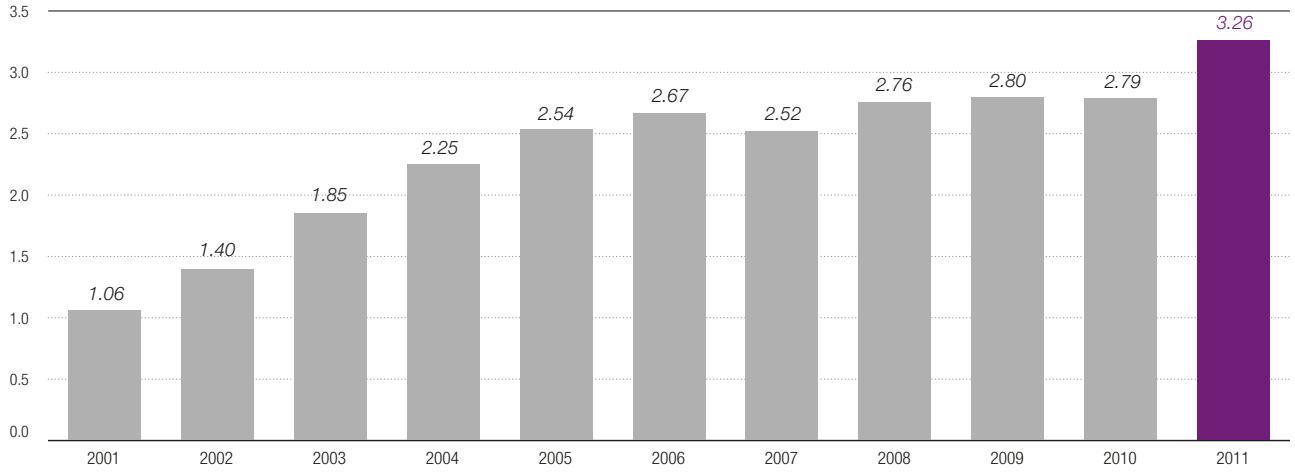
EXERCISABLE VOTING RIGHTS, BY SHAREHOLDER

(As of 31 December 2011)



PERCENTAGE OF CAPITAL HELD BY EMPLOYEES THROUGH EMPLOYEE STOCKHOLDING PLANS WORLDWIDE

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



More than 46,000 employees or former employees are Peugeot S.A. shareholders.

6.1.2. GOVERNANCE PRINCIPLES

PSA Peugeot Citroën's corporate governance is based on compliance with recommended corporate governance practices and on the Code of Ethics described in section 6.3 below.

APPLICATION OF THE AFEP/MEDEF CORPORATE GOVERNANCE CODE

On 16 December 2008, 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.

The table below summarises those Code recommendations that the Company has elected not to apply due to the specific features of its legal structure, its operating procedures and the automotive industry in general.

Recommendation	Explanation
Independence of the Supervisory Board members	The Supervisory Board applies all of the independence criteria recommended in the AFEP/ MEDEF Code, with the following two exceptions: • not being a director or Supervisory Board member of the corporation for more than twelve years. Because auto manufacturing requires a medium and long-term approach, the Supervisory Board considers that the automotive experience acquired by its members through long service with the Board is extremely valuable. This is particularly the case in fulfilling one of the Board's key responsibilities, which is to discuss the Group's strategic growth vision; • not holding a directorship or equivalent position in another Group company in the past five years. The Board considers that the fact of having even recently been a director of another Group company does not give rise to any risk of the type of conflict of interest that the 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. Based on these criteria, the Supervisory Board considers that the following members may be qualified as independent: • Pamela Knapp; • Jean-Paul Parayre; • Henri Philippe Reichstul; • Geoffroy Roux de Bézieux; • Ernest-Antoine Seillière; • Jean-Louis Silvant; • Joseph F. Toot Jr. These independent members represent seven of the 12 members, or 58%, which means that, based on these independence criteria, Peugeot S.A. more than complies with the AFEP/ MEDEF recommendation that in controlled companies at least one third of Board members should be independent.
Representative proportion of independent members on the Finance and Audit Committee	• Instead of the two-thirds recommended by the Code, 40% of the members of the Finance and Audit Committee are independent, reflecting the presence on the Board of representatives of the Peugeot family, the Company's majority shareholder.
Term of office of Supervisory Board members	Current Supervisory Board members serve for six-year terms rather than four as recommended in the AFEP/ MEDEF Code. However, it should be noted that: • a supervisory and oversight body needs a stable membership to be able to effectively perform its duties; • the term of office for Managing Board members is four years; • the terms of office of the current Supervisory Board members are due to expire at dates staggered between 2012 and 2017; • at the 25 April 2012 Annual Shareholders' Meeting, shareholders will be asked to approve a reduction, to four years, in the term of office of two new nominees to the Board.
Having a variable component of attendance fees based on actual attendance.	Introducing a variable component of attendance fees based on actual attendance does not seem warranted, given that: • the attendance rate at Supervisory Board Meetings was 97% in 2011; • attendance rates at the various Committee meetings was close to 100% in 2011; • 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. Actual attendance is not a relevant criterion for judging the members' involvement and engagement.

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-Helene 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.

Pamela Knapp, 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 financial 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 automobile industry and the Group's operation, as well as of British and American corporate governance practices.

In compliance with the AFEP/MEDEF Code, the Supervisory Board reassesses the independence of its members every year. At its meeting of 14 February 2012, the Board examined the position of each of its members with regard to the independence criteria applied by the Group, based on the work done by the Appointments and Governance Committee.

Based on these criteria, the Supervisory Board considers that the following members may be qualified as independent:

- Pamela Knapp;
- Jean-Paul Parayre;
- Henri Philippe Reichstul;
- Geoffroy Roux de Bézieux;
- Ernest-Antoine Seillière;
- Jean-Louis Silvant;
- Joseph F. Toot Jr.

In addition, when nominating Supervisory Board candidates for election or re-election, based on the recommendations of the Appointments and Governance Committee, the Board seeks to refresh its membership and enhance its independence, as well as to ensure a smooth rotation of its members by staggering their terms of office.

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.

6.1.3. GOVERNANCE STRUCTURE

6.1.3.1. THREE MANAGEMENT AND SUPERVISORY BODIES

THE SUPERVISORY BOARD

The Supervisory Board has twelve members elected by shareholders for six-year terms. Its meetings are also attended by two non-voting advisors (*censeurs*). No member of the Board is a salaried employee of a Group company.

The other functions exercised by Board members and advisors are listed in section 14.1.1 of the 2011 Registration Document, as well as the dates when they were elected to the Peugeot S.A. Supervisory Board and when their terms end.

Current members are: Thierry Peugeot (Chairman), Jean-Philippe Peugeot, Jean-Louis Silvant, Marc Friedel, Pamela Knapp, Jean-Paul Parayre, Robert Peugeot, Henri Philippe Reichstul, Marie-Hélène Roncoroni, Geoffroy Roux de Bézieux, Ernest-Antoine Seillière and Joseph F. Toot Jr. Five of them are members of the Peugeot family and seven have been qualified as independent by the Board. There are two women and ten men.

The Appointments and Governance Committee is committed to increasing the percentage of women members, in accordance with new legal requirements on gender balance (Act 2011-103 of 27 January 2011) and based on the guidelines set out in the AFEP/MEDEF corporate governance Code.

Pamela Knapp was elected to the Supervisory Board at the Annual Shareholders Meeting of 31 May 2011, bringing the percentage of women members up to 16.6%.

In accordance with the legal requirements and the recommendations of the AFEP/MEDEF Code, the Board will continue to appoint women where possible in 2012 and has set a target of at least 40% female membership by the end of the Annual Shareholders Meeting held in 2017.

In recommending future members, the Appointments and Governance Committee also applies a selection policy aimed at increasing the proportion of non-French members and diversifying the capabilities of the entire Board.

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 General Meeting, in accordance with French company law.

As of 31 December 2011, the members of the Managing Board were Philippe Varin, Chairman, Guillaume Faury, Jean-Marc Gales, Grégoire Olivier and Frédéric Saint-Geours. All of them had been appointed on 17 June 2009. Jean-Marc Gales stepped down as a member of the Managing Board on 1 March 2012.

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, Grégoire Olivier heads the Asia Division and Frédéric Saint-Geours has been in charge of the Brands since 3 January 2012. At that date, Jean-Baptiste Chasseloup de Chatillon, member of the Senior Management Committee, replaced Frédéric Saint-Geours at the head of the Finance Department.

The other functions and directorships held by Managing Board members are listed in section 14.1.2 of the 2011 Registration Document, as well as the dates when they were appointed and when their terms expire.

EXECUTIVE COMMITTEE

Executive management of PSA Peugeot Citroën is the responsibility of the Executive Committee, which comprises the four members of the Managing Board and six Executive Vice-Presidents reporting to its Chairman: Yannick Bezard (Purchasing), Claude Brunet (Human Resources and Quality), Jean-Baptiste Chasseloup de Chatillon (Finance), Denis Martin (Industrial Operations), Jean-Christophe Quémard (Programmes) and Pierre Todorov (Corporate Secretary).

In addition to the Executive Committee, three Senior Vice-Presidents in charge of Latin America, Russia, Ukraine and CIS, and Corporate Communications report to the Chairman of the Managing Board.

6.1.3.2 SUPERVISORY BOARD OPERATING PROCEDURES

6.1.3.2.1. THE SUPERVISORY BOARD'S ROLES, RESPONSIBILITIES AND OPERATING PROCEDURES

INTERNAL RULES

The current version of the Supervisory Board's internal rules, which is dated 9 February 2010, 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.

As such, it is therefore responsible for:

- overseeing the Managing Board's management of the Company by performing any checks and controls it deems appropriat,
- 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. It reviews the strategic plan and the various multi-year business plans, as well as the capital expenditure plan and the budget.

The internal rules 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 capitalizing 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 2011, 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.

STOCK MARKET CODE OF ETHICS

The Stock Market Code of Ethics sets out the rules on dealings by Supervisory Board members, non-voting advisers and 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.

It was updated by the Supervisory Board at its meeting of 14 February 2012, mainly to take account of the changes introduced in Act 2010-1249 of 22 October 2010 on banking and financial regulation. It has also been extended to cover members of the Executive Committee.

In particular, the people concerned by the Code are now prohibited from carrying out any hedging transactions on the Group's securities, in particular through the use of options.

OPERATING PROCEDURES

Supervisory Board meetings are prepared as follows. Two weeks before the date of meeting, Board members receive the agenda of the forthcoming meeting and the draft minutes of the previous meeting.

In addition to these minutes, each member's information pack contains 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 pack also contains the updated agenda for the meetings of the Supervisory Board and the Board Committees, 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. The pack is sent to members at the end of the week preceding the planned meeting, with supplementary information usually 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 agenda for each year's meetings is prepared in April of the preceding year. Ordinary Supervisory Board Meetings are 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 at least four hours, but may be longer when required by the agenda. Moreover, the Chairman of the Board may call special meetings where necessary.

Two employee representatives, delegated by the Peugeot S.A. Works Council, are invited to attend each meeting of the Board.

ASSESSMENT OF THE BOARD'S PERFORMANCE

The Supervisory Board's internal rules require the Board "to perform a regular self-assessment of its operating and control procedures".

In February 2011, the Supervisory Board assessed its own work and the work performed by its Committees based on an individual questionnaire completed by each Board member. The key issues addressed by the questionnaire were: (i) Board membership, (ii) quality of Board meetings, (iii) Board Committees, (iv) understanding of the Group.

In summary, the Board members agreed that the Board structure should evolve in line with three principles: increasing the number of women members, increasing the number of non-French members and maintaining the Board's expertise and capabilities. They considered that Board meetings were organised in a way that enabled them to take decisions, communicate and participate effectively.

Concerning agenda items, they expressed a wish to see employment, ethical and social responsibility issues addressed more regularly by the Board. In this respect, the Board decided that these issues would be addressed by the Appointments and Governance Committee and reviewed at least once a year by the Supervisory Board.

Some members also expressed the wish to have greater resources at their disposal to improve their understanding of the Group and its strategic vision, particularly in the various geographies.

Assessments of the Board Committees were positive. Two new independent members joined the committees in 2011: Joseph F. Toot Jr. was appointed to the Compensation Committee in April and Pamela Knapp to the Finance and Audit Committee in July.

A new self-assessment was performed in February 2012.

SUPERVISORY BOARD MEETINGS IN 2011

The Supervisory Board met six times in 2011, with an average attendance rate of 97%.

During five of these meetings – on 8 February, 19 April, 26 July, 25 October and 13 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, April, October and December meetings.

The 8 February meeting was attended by the Statutory Auditors and included presentations of the full-year 2010 financial statements of the Company and the Group. During the meeting, the Board approved the nomination of Pamela Knapp as member of the Supervisory Board to replace Jean-Louis Masurel.

At the 19 April meeting, the Board reviewed the agenda, management report and proposed resolutions for the Annual Shareholders' Meeting scheduled for 31 May 2011 and approved its own report to the meeting. The Board also appointed Joseph F. Toot Jr. to the Compensation Committee.

At the 26 July meeting, attended by the Statutory Auditors, the Board reviewed the 2011 interim results and authorised the issuance of a guarantee to the EIB for the €125 million financing package granted to Peugeot Citroën Automobiles SA (PCA). It also appointed Pierre Todorov as Group Corporate Secretary, effective 1 September 2011, to replace Jean-Claude Hanus who has retired, and appointed Pamela Knapp to the Finance and Audit Committee.

At the 16 September meeting, the Board authorised the issuance of notes under Peugeot SA's Euro Medium Term note programme, in accordance with Article 9 of the Company's bylaws.

At the 25 October meeting, when the Managing Board presented the Group's draft 2012-2014 medium-term plan, the Supervisory Board renewed the Managing Board's authorisation to give guarantees in an aggregate amount of €125,000,000 and a maximum amount per guarantee of €25,000,000 (except for tax and customs bonds, for which there is no maximum limit). This authorisation is valid from 1 January 2012 to 31 December 2012.

At the December meeting, the Board reviewed the Managing Board's quarterly Report, the 2012 budget and Finance and Audit Committee's Report. During the meeting, the Supervisory Board and Managing Board members continued to discuss the medium-term plan, with input from the Executive Vice-President, Finance.

The Board also authorised the Managing Board to make one or more issues under the Company's Euro Medium Term note programme up to a maximum aggregate amount of €1 billion during the period to 31 December 2012.

6.1.3.2.2. SUPERVISORY BOARD COMMITTEES

The Supervisory Board is supported by the preparatory work performed by four specialised committees:

- the Finance and Audit Committee, which has five members, two of whom are independent:

  Jean-Paul Parayre (Chairman), Marc Friedel, Pamela Knapp, Robert Peugeot and Marie-Hélène Roncoroni;
- the Strategy Committee, which has seven members, four of whom are independent:

  Robert Peugeot (Chairman), Jean-Paul Parayre, Jean-Philippe Peugeot, Thierry Peugeot, Philippe Reichstul, Ernest-Antoine Seillière and Jean-Louis Silvant;
- the Appointments and Governance Committee, which has six members, three of whom are independent:

  Jean-Philippe Peugeot (Chairman), Thierry Peugeot, Robert Peugeot, Ernest-Antoine Seillière, Jean-Louis Silvant and Geoffroy Roux de Bézieux;

- the Compensation Committee, which has six members, four of whom are independent:
  Thierry Peugeot (Chairman), Jean-Philippe Peugeot, Geoffroy Roux de Bézieux, Ernest-Antoine Seillière, Jean-Louis Silvant and Joseph F. Toot Jr.

The role of these Committees is to prepare matters to be discussed at Supervisory Board Meetings. They 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

MEMBERS

The Finance and Audit Committee comprises five members, who are appointed in their own name and may not be represented by another party. Three of its members – Jean-Paul Parayre (Chairman), Marc Friedel and Pamela Knapp (appointed in July 2011) – are classified as independent in accordance with the criteria applied by the Group.

Pamela Knapp's appointment was made pursuant to the Report of the Working Group on Audit Committees published by the AMF on 22 July 2010. The Board considers that her experience as Chief Financial Officer first of the Siemens AG Group and then of the GfK SE Group have given her specific expertise in financial and accounting matters.

In addition, the Committee's Chairman, Jean-Paul Parayre, has the accounting and financial expertise required to hold this position, acquired during his service within various French ministries and as a senior executive in major French groups.

Marie-Hélène Roncoroni, who represents the Company's main shareholder, has specific knowledge in financial and accounting matters, and also worked for seven years in the Group's Finance Department.

ROLES AND RESPONSIBILITIES

In accordance with Article L. 823-19 of the French Commercial Code and its internal rules, the Finance and Audit Committee oversees the following matters:

- preparation of financial information;
- effectiveness of the internal control and risk management systems;
- statutory audit of the Company's annual financial statements and the Group's consolidated financial statements;
- independence of the Statutory Auditors.

It is also responsible for informing the Board of its opinion on off-balance sheet commitments and any project requiring prior approval by the Board, notably corporate actions.

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, which enjoys free access to all the information it needs, can meet with the persons responsible for internal control and with the Statutory Auditors, with or without the presence of Managing Board members.

COMMITTEE MEETINGS IN 2011

The Finance and Audit Committee met six times in 2011, with a 100% attendance rate.

In 2011, it continued the Statutory Auditor rotation process initiated in 2010, issuing a recommendation on the Statutory Auditors to be nominated for election at the Annual Shareholders Meeting of 31 May 2011.

In January 2011, a meeting dedicated to internal audit was held without the presence of the Executive Vice-President, Finance or the members of the Managing Board. During this meeting, the Committee reviewed the results of the internal audits carried out in 2010 along with the internal auditors' recommendations in each case, and also discussed the 2011 audit programme. The Committee requested that it be given a detailed risk management map for the Group, as well as regular reports on the work of Banque PSA Finance's Audit Committee. It also recommended that the coverage provided by the internal auditors should keep pace with the Group's international expansion. The head of Internal Audit updated the Committee on the internal audit programme and the Committee gave its opinion on the organisation of the Internal Audit function.

In February 2011, the Committee met with the Statutory Auditors to review the 2010 statutory and consolidated financial statements.

In April 2011, the Committee reviewed and approved the proposed financial resolutions to be put to the Annual Shareholders Meeting. It also examined trends in the Group's short and medium-term debt.

In July 2011, the Committee met with the Statutory Auditors and the Executive Vice-President, Finance, without the presence of Managing Board members, to review the consolidated financial statements for the first half of 2011. It also reviewed the Group's financing and strategic outlook for the second half of the year and examined the risk management system, 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 as part of the annual audit plan.

In October and December, the Committee reviewed the Group's financing strategy the draft medium-term plan, its real estate policy and issues relating to the Group's credit rating.

THE STRATEGY COMMITTEE

MEMBERS

The Committee comprises seven members, appointed in their own name and not as representatives of corporate Supervisory Board members. Four of the members – Jean-Paul Parayre, Henri Philippe Reichstul, Ernest-Antoine Seillière and Jean-Louis Silvant – are classified as independent in accordance with the criteria applied by the Group.

ROLES AND RESPONSIBILITIES

The role of the Strategy Committee is to examine the Group's long-term future, reflect on potential avenues of growth and give its opinion on the Group's broad strategic vision.

In this respect, it makes recommendations on the long-term strategic plans and the 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., 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".

COMMITTEE MEETINGS IN 2011

The Strategy Committee met three times in 2011, with a 100% attendance rate. The meetings were attended by the members of the Managing Board and Group executives involved in the issues discussed.

In March, the Committee mainly reviewed the Group's strategic growth projects and possible cooperation opportunities. In June, it looked at the Group's long-term ambitions, as expressed by the Peugeot and Citroën brands. In October, it reviewed the draft medium-term plan and the proposed asset disposals.

THE APPOINTMENTS AND GOVERNANCE COMMITTEE

MEMBERS

The Appointments and Governance Committee comprises six members, who are appointed in their own name and may not be represented by another party. Three of its members – Ernest-Antoine Seillière, Jean-Louis Silvant and Geoffroy Roux de Bézieux – are classified as independent in accordance with the criteria applied by the Group.

ROLES AND RESPONSIBILITIES

The Appointments and Governance Committee prepares Supervisory Board discussions concerning the appointment of new members of the Supervisory Board and Managing Board, 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.

It tracks changes in French and European legislation concerning the governance of companies whose shares are traded on a regulated market, 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.

COMMITTEE MEETINGS IN 2011

The Appointments and Governance Committee met seven times in 2011, with a roughly 100% attendance rate.

At the beginning of the year, the Committee focused on seeking a new candidate for election to the Supervisory Board to replace Jean-Louis Masurel, who had agreed to stand down. Pamela Knapp was nominated as a result of this process.

The Committee examined the independence of each member of the Board and the way in which the Board membership structure should evolve.

In April, the Committee reviewed the process of succession planning for the Group's key executives. During the meeting, the Committee also discussed the possible creation of a new Ethics Committee, but concluded that there was no immediate need and that social responsibility issues more broadly could be reviewed at least once a year by the Supervisory Board. Note that the Group already has an Ethics Committee, chaired by the Corporate Secretary (see section 6.3.2 below).

In July, the Committee continued its work on succession planning for Managing Board members and key executives. In October, it reviewed the proposed reorganisation of the Brands Department and the proposal to nominate two new independent members for election to the Supervisory Board at the Annual Shareholders Meeting held in 2012.

As each year, the Committee took part in the Board's self-assessment process, finalised the questionnaire given to the members and, in response to the findings, made recommendations on actions designed to meet members' expectations, ensure that the Board continues to function effectively and improve its corporate governance practices.

THE COMPENSATION COMMITTEE

MEMBERS

The Compensation Committee comprises six members, who are appointed in their own name and may not be represented by another party. Four of the members – Geoffroy Roux de Bézieux, Ernest-Antoine Seillière, Jean-Louis Silvant and Joseph F. Toot Jr. – are classified as independent in accordance with the criteria applied by the Group.

Joseph F. Toot Jr. was appointed to the Committee in April 2011 in order to balance up the Committee compared with the Appointments and Governance Committee and to increase the number of independent members.

ROLES AND RESPONSIBILITIES

The Compensation Committee prepares Supervisory Board discussions regarding all aspects of compensation and benefits for the Chairman, Vice-Chairmen and other members of the Supervisory Board and the Board Committees, as well as the Chairman and other members of the Managing Board.

To fulfil these responsibilities, the Committee stays informed of French and European regulations on executive compensation in listed companies, all market recommendations and practices, 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.

COMMITTEE MEETINGS IN 2011

The Compensation Committee met eight times in 2011, with a roughly 100% attendance rate.

At the beginning of the year, the Committee recommended a new rule whereby the base salary of Managing Board members would be reviewed mid-term. It also determined the incentive bonuses for Managing Board members.

The Committee examined, for each member, the maximum percentage of the base salary that the bonus could represent and the applicable Group and personal performance criteria. At the same meeting, the Committee also recommended an increase in the attendance fees paid to the Chairman and Vice-Chairmen of the Board, and approved the aggregate amount of attendance fees at €1 million, as recommended at its April meeting.

In July, the Committee made recommendations on the allocation of annual attendance fees to members of the Board and the Committees within the aggregate amount voted at the Annual Shareholders Meeting.

In December, the Committee recommended that, in view of the current business environment, the base salary of the Chairman and other members of the Managing Board should not be increased in 2012. It also voted in favour of introducing a requirement for the Managing Board members to hold shares of the Company, effective as of June 2013. The Board agreed to these recommendations.

6.1.4. INTERNAL CONTROL PROCEDURES

OBJECTIVES OF THE INTERNAL CONTROL SYSTEM

As part of its commitment to preventing and limiting the effect of internal and external risks, risk management and internal control systems are in place to provide reasonable assurance concerning the achievement of the following objectives:

- 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 Group companie;
- 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.

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 volume 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.

PARTICIPANTS AND PROCESSES

There is an overall set of security processes that contribute to the Group's risk management system.

- The Group's organisation and operating procedures, as defined by Senior Management, are set out in a number of reference handbooks that form a working framework applicable to everyone.

They include the regularly expanded and updated *Organisation Handbook* and *Operating Procedures Handbook*, which describe the procedures to follow, the division of responsibilities and more generally the rules to be applied by all employees, in all of their day-to-day business activities.

In addition, each department has its own operating manual describing its operating procedures and processes as well as interfaces with the other departments.

All these general and department-specific guidelines are posted on an intranet site dedicated to the Group's Excellence System. Based on lean management principles and a culture of continuous improvement, this system structures the Group's organisation, management and working methods, thereby enabling the development of formal standards.

- A general framework, which comprises a formal risk management system deployed Groupwide.

Each Division or Department is responsible for managing and controlling its own risk in accordance with the corresponding risk management and control guidelines. 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 Executive Risk Controllers 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, and risks to physical assets.

The Risk Management and Control Department, which reports to the Corporate Secretary, designed and now 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.

- Specific risk management and control procedures to supplement the general framework.

The Group's Code of Ethics, which was updated and expanded in 2010, is directly available to all employees through the Intranet portal. All senior executives are required to formally accept the terms of the Code. An Ethics Committee chaired by the Corporate Secretary meets on a quarterly basis. An international network of Chief Ethics Officers deploys the process in every host country and systematically reports to the Ethics Committee any local ethical issues or breaches of compliance.

The Ethics Committee is responsible for overseeing a fraud prevention system and has tasked the Group's Security Department with managing the system, carrying out investigations, monitoring and reporting incidents.

The Security Department, which reports to the Corporate Secretary, is responsible for defining and coordinating on a global basis all actions intended to protect the employees and tangible and intangible assets of the Group (except for Faurecia) against the risks arising from malicious acts of all kinds.

The Legal Affairs Department, which reports to 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, a designer and distributor of vehicles, a purchaser of components and a provider of services.

The Management Control Department, which reports to the Chief Financial Officer, is responsible for overseeing the Group's business and financial performance and proposes annual and medium-term targets for growth, operating margin and return on capital employed to Senior Management. It oversees the process of preparing the medium-term plan and the budget guidelines. It prepares annual budgets, updated forecasts and monthly estimates in conjunction with the various business divisions in order to measure and track actual performance against targets. It controls the results of the operating departments and the Group's projects, and produces summary reports. In addition, it carries out other financial tasks, particularly for the automotive business, such as product costing, selling price control, project profitability control, financial monitoring of industrial cooperation with other automakers, negotiations for mergers, acquisitions and disposals, and preparing formal management rules and standards.

- Internal Audit Department's control over the proper application of these general and specific risk management procedures.

The Internal Audit Department, which reports to the Corporate Secretary, ensures that operating procedures are observed and that all general and specific risk management procedures are applied throughout all the Group's departments. It 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. Internal Audit is also responsible for assessing the degree of maturity of the risk management system and making recommendations for improving its effectiveness. A total of 91 Internal Audits were carried out in 2011.

- The Supervisory Board's control and oversight role.

The Finance and Audit Committee of the Supervisory Board ensures that the risk management and internal control system operates effectively. The Corporate Secretary reports to the Supervisory Board on the systems in place and their degree of maturity, as well as the risk map, with particular emphasis on risks capable of having an impact on the Company's financial and accounting information.

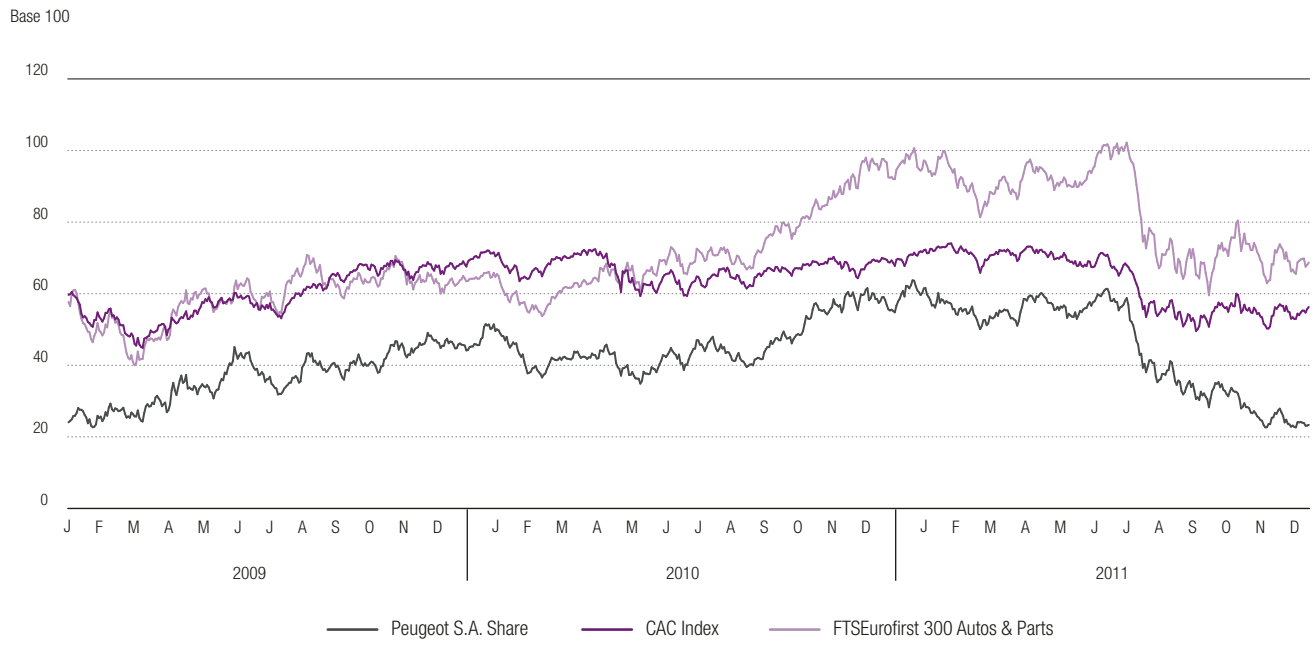
The Board also reviews the Internal Audit Department's organisational and operating principles, expresses an opinion on the Internal Audit plan and is informed of the findings of (i) the Internal Audits performed as part of the plan and (ii) the follow-up audits to check that the recommendations have been implemented. To pursue this objective, a Finance and Audit Committee meeting dedicated to Internal Audit was held in January 2011.

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.

6.2. DIRECT ECONOMIC VALUE DISTRIBUTED

6.2.1. PAYMENTS TO CAPITAL PROVIDERS

PERFORMANCE OF THE PEUGEOT S.A. SHARE VERSUS THE CAC 40 INDEX AND THE FTSEUROFIRST 300 AUTOS & PARTS INDEX



The Peugeot S.A. share declined by 57% in 2011, ending the year at €12.11. This compared with decreases of 17% in the CAC 40 index and of 25% in the FTSEurofirst 300 Autos & Parts index over the year.

Over the past three years, the Peugeot S.A. share price has fluctuated widely, but closed 2011 at almost the same level as at 31 December 2009 (down 0.3%), compared with a 1.8% decrease in the CAC 40 index and a 29% increase in the FTSEurofirst 300 Autos & Parts index.

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

DIVIDEND HISTORY

	2009	2010	2011
Dividend per share *(in euros)*	0	1.10*	0*

* *Subject to shareholder approval at the 25 April 2012 Annual Shareholders' Meeting.*

In the light of the 2011 results and in order to focus financial resources on the Group's development, at the Annual Shareholders' Meeting on 25 April 2012 the Managing Board will recommend that no dividend be paid in respect of 2011.

TOTAL SHAREHOLDER RETURN (TSR)

	TSR compared with 31 December of the year before	TSR compared with 31 December 1999
31 December 2011	**-57.37%**	**-30.42%**
31 December 2010	+24.67%	+12.96%
31 December 2009	N/R	N/R

N/R: not relevant.

Total shareholder return (TSR) corresponds to the unrealised capital gain on a share plus dividends received at a given date, divided by the purchase price of the share.

FINANCE COSTS

(in million euros)	2009	2010	2011
Interest on borrowings*	(401)	(395)	(245)
Interest on bank overdrafts	(33)	(25)	(32)
Interest on finance lease liabilities	(21)	(20)	(20)
Foreign exchange gain/(loss) on financial transactions	(28)	(8)	(25)
Other	(8)	(7)	(9)
TOTAL	**(491)**	**(455)**	**(331)**

* *Interest on borrowings includes €121 million in borrowing costs capitalised in accordance with IAS 23 – Borrowing Costs (€87 million in 2009).*

RETAINED EARNINGS

Information concerning the appropriation of income for the year 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 may be found on the PSA Peugeot Citroën website.

DIRECT ECONOMIC VALUE DISTRIBUTED

	2009		2010		2011	
Revenue *(in € millions)*	48,417		56,061		59,912	
Distributions	*(in million euros)*	*(as a % of revenue)*	*(in million euros)*	*(as a % of revenue)*	*(in million euros)*	*(as a % of revenue)*
Capital expenditure + R&D*	4,236	7.7%	4,230	7.7%	4,396	8.2%
Public sector**	940	1.7%	1,230	2.2%	1,325	2.2%
Employees***	356	0.6%	453	0.8%	466	0.8%
Shareholders****	10	0.0%	6	0.0%	286	0.5%

* *Excluding research tax credit.*

** *Corporate income tax, customs duties, etc. (estimated for Faurecia).*

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

****Dividends*

Moreover, the value distributed for community investment amounted to nearly €5.1 million in 2011 (see section 4.2). It includes the corporate projects supported by the Group, the initiatives led by the Peugeot and Citroën brands, the Local Philanthropy and Social Responsibility Plans deployed by the manufacturing and office sites, and the budget allocated by the PSA Peugeot Citroën Foundation to qualified projects.

FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENTS

(Automotive Division)

A total of €104 million in financial assistance received from governments in Europe was recognized in income for 2011, versus €121 million for 2010.

6.2.2. REMUNERATION AND BENEFITS OF CORPORATE OFFICERS

6.2.2.1. 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 qualitative and quantitative objectives.

In 2011, the Supervisory Board decided that the Managing Board members' salaries would be reviewed only at the mid-point in their term.

Their incentive bonuses are calculated at the beginning of each year, based on performance in relation to shared and personal objectives. Also at the beginning of the year, the Supervisory Board sets objectives for each Managing Board member for the current year.

2011 COMPENSATION

For 2011, 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, both unchanged from 2010. Grégoire Olivier, who is based in China, also received a distance allowance corresponding to half of his salary on an annualised basis.

The incentive bonuses of the Managing Board members for 2011 were determined as follows: the Chairman of the Managing Board is entitled to an incentive bonus representing up to 150% of his annual base salary. Of the total, 30% represents an exceptional bonus that may be awarded by the Supervisory Board based on its assessment of the Chairman's performance in heading the Group and the other 120% is awarded based on the attainment of clearly defined objectives. For the other Managing Board members, the incentive bonus represents up to 110% of their annual base salary, of which up to 10% represents an exceptional bonus that may be awarded by the Supervisory Board based on its assessment of their performance and 100% is based on the attainment of clearly defined objectives.

In other words, apart from the exceptional bonus, the incentive bonus is paid only when certain performance targets are met.

The members of the Managing Board are assigned both shared and personal objectives:

- The portion of the incentive bonus corresponding to shared objectives represents a maximum of 90% of base salary for the Chairman of the Managing Board and 75% for the other members. These measurable objectives concern consolidated recurring operating income, Automotive Division recurring operating income, the manufacturing and sales companies' free cash flow (corresponding to net cash generated by the operating activities of manufacturing and sales companies – excluding Banque PSA Finance – in 2011, less net cash used in investing activities), workplace safety, vehicle quality and customer service. The achievement level for each of the objectives is calculated based on accounting data or information provided by external organisations. Although the required achievement levels cannot be disclosed, they were determined precisely, in relation to the corresponding budget items.
- The portion of the incentive bonus corresponding to personal objectives represents a maximum of 30% of base salary for the Chairman of the Managing Board and 25% for the other members. These personal objectives – which relate to each member's individual executive responsibilities – include criteria such as strategic development outside the European Union, full implementation of the excellence system, reductions in finance costs, recurring operating income for certain divisions, the performance of vehicle projects, market share gains, and the services strategy.

In a decision approved by the Supervisory Board, the Managing Board members all waived their total 2011 incentive bonuses.

2012 COMPENSATION

For 2012, the base salaries of the Chairman and other members of the Managing Board will remain unchanged. The maximum incentive bonus will continue to be set at 150% of base salary for the Managing Board Chairman and at 110% for the other Managing Board members.

As in 2011, the incentive bonus for 2012 will be based on the achievement of both shared and personal objectives set for the Managing Board members.

The shared Group objectives will be based on the following performance criteria: consolidated recurring operating income, Automotive Division recurring operating income, implementation of the Automotive Division Performance Plan, the manufacturing and sales companies' free cash flow, 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 40% of his base salary. The exceptional incentive bonus based on the Supervisory Board's assessment of his overall performance in heading the Group may represent a maximum of 20% of his base salary.

For the other Managing Board members, the portions of their incentive bonus corresponding to shared Group objectives and personal objectives will remain unchanged in 2012, 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 exceptional bonus – representing up to 10% of their base salary – following an overall assessment of their performance.

PENSION BENEFITS UNDER AN INSURED PLAN

In 2002, the Group set up a "top-hat" defined benefit pension plan for senior Group executives with insurance company Axa France Vie. 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 the reference compensation, taken to be the average of the three highest gross annual compensation (including incentive bonus) received over the last five years with the Group.

The additional benefits comprise a fixed portion equivalent to 30% of the reference compensation and an additional 2% of the reference compensation 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 or her 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 compensation shall 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 a fixed portion equivalent to 20% of the reference compensation and an additional 1.75% of the reference compensation per year of service with the Group, up to a maximum 30%. The overall pension benefits payable under all plans (statutory and supplementary) shall 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.

This plan complies with the AFEP/MEDEF Code, except for the recommendation that the benefits be taken into account when determining the total compensation package of the executives concerned.

EMPLOYMENT CONTRACTS

None of the members of the Managing Board has an employment contract that would be reinstated after he or she ceased 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/PERFORMANCE SHARE GRANTS

None of the members of the Managing Board was granted any stock options or performance shares in 2011.

The Managing Board members who have received stock options since 2007 are subject to lock-up rules and are prohibited from using hedging instruments.

To the best of the Company's knowledge, none of these options have been covered by a hedging instrument. The Stock Market Code of Ethics introduced in 2010 bans corporate officers from entering into any hedging transactions on the Company's shares, including shares receivable on exercise of stock options.

Details of stock option plans in effect at 31 December 2011 are presented in note 26.3 to the consolidated financial statements in section 20 of the 2011 Registration Document. Table 5 in section 15 of the Registration Document shows that none of these options were exercised by corporate officers during the year.

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 2011 are presented in section 15 of the 2011 Registration Document.

6.2.2.2. 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 31 May 2011, this amount has been set at €1,000 000 until further notice.

In 2011, €40,000 was allocated to each member of the Supervisory Board and €20,000 to each advisor. The members of the Supervisory Board Committees were paid an additional €15,000, with the Chairmen of the Strategy Committee, the Appointments and Governance Committee and the Compensation Committee receiving an additional €20,000 and the Chairman of the Finance and Audit Committee €30,000.

The Chairman of the Supervisory Board waived the increase in his compensation voted by the Supervisory Board on 8 February 2011 and therefore received compensation of €425,000 for 2011, unchanged since 2002. Each Vice-Chairman of the Supervisory Board received €40,000.

No benefits in kind have been 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 2011 are presented in section 15 of the 2011 Registration Document.

Thierry Peugeot, Jean-Philippe Peugeot, Robert Peugeot and Marie-Hélène Roncoroni also 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.

6.3. ETHICAL PRACTICES

PSA Peugeot Citroën's corporate culture is based on respect and responsibility, reflecting the history of the Group and of its Peugeot and Citroën brands. This ethical outlook was reaffirmed in the strategic Vision statement unveiled in 2009, which is grounded in a commitment to responsible growth.

This vision is evidenced in the collective commitments to customers, employees, shareholders, partners, the community and other stakeholders. To fulfil these commitments, everyone in the corporate community must comply with shared ethical guidelines, which are compiled in the Group's Code of Ethics and organised around the following standards of ethical conduct:

- respect for the law;
- respect for people;
- respect for the environment;
- respect for customers;
- respect for the Company.

6.3.1. THE CODE OF ETHICS

A NEW CODE OF ETHICS

In 2010, PSA Peugeot Citroën emphasised the importance of ethical practices by deploying a new, expanded Code of Ethics, translated into eight languages initially and into another seven over the course of 2011. Organized around 16 rules of ethical conduct, the Code of Ethics is designed to provide employees with updated guidelines that reflect our business, social and environmental responsibilities.

The Code of Ethics and its supporting explanatory handbook, *Applying The Code Of Ethics On a Daily Basis,* may be downloaded by any employee from the corporate intranet.

In line with its pledge to support the Global Compact, the Group ensures that its actions are always guided by 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

Roll-out of the new Code of Ethics was supported by a robust cascading process, with extensive involvement by managers at every level. In 2010, executives and senior managers, including the senior executive team, were requested to demonstrate their commitment to the rules by completing an electronic questionnaire and personally signing the Code. They also agreed to cascade the Code down to their teams and to promote its principles.

By year-end 2011, the buy-in process, based on the questionnaire and personal sign-off, was being deployed among managers, technicians and supervisors in 20 countries, with the goal of reaching a target population of more than 20,000 people in 2012. At year-end 2011, more than 11,000 employees in 20 countries had been trained in the Code via the questionnaire, which has now been translated into 15 languages, and had formally embraced it with their personal sign-off.

In addition, an Ethics Committee reporting directly to the Executive Committee and comprising the Corporate Secretary (Chairman), the head of human resources and the head of Internal Audit, was created in 2010. It met six times in 2011. It is supported by an international network of Chief Ethics Officers, who deploy the process in every host country and systematically report to the Ethics Committee any local issues or breaches of compliance.

"Compliance with the Code of Ethics" is the first operating procedure in the Group's procedure manual, which every employee is expected to apply. Available for download from the corporate intranet portal, the procedure specifies the ethical obligations of employees, divisions and corporate departments, the actions to be undertaken and the channels to follow in the event of non-compliance, and the respective roles of the Ethics Committee, the Chief Ethics Officers and the Internal Audit Department. In particular, it states that divisions and corporate departments must follow formal procedures in managing ethical issues and must meet at least twice a year to assess their corporate ethical practices.

6.3.2. PREVENTING FRAUD, CORRUPTION AND ANTI-COMPETITIVE BEHAVIOUR

In demonstrating its commitment to preventing fraud, corruption and anti-competitive behaviour, PSA Peugeot Citroën relies on a number of key factors, including:

- 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.

The prevention system is built upon three pillars: a structured compliance governance system, well-known and easily accessible reference documents and a disciplined deployment process.

THE COMPLIANCE GOVERNANCE SYSTEM

Governance procedures for ethical compliance are clearly described in the "Compliance with the Code of Ethics" operating procedure.

- The Ethics Committee, chaired by the Corporate Secretary, comprises the Executive Vice-President, Human Resources and Quality and the Head of Internal Audit.

  It meets every quarter and is responsible for:
  - ensuring that ethical practices are properly deployed and applied (updating the Code and operating handbooks, tracking deployment, and analysing and responding to compliance cases and questions submitted by employees);
  - tracking external trends and factors, such as new risks, emerging stakeholder expectations and new legislatio;
  - deploying and tracking the fraud prevention mechanism.

  If a case of non-compliance poses a major risk to the Company, the Committee alerts the Managing Board, which then decides whether to inform the Supervisory Board's Finance and Audit Committee.
- The Ethics Committee is supported by a worldwide network of Chief Ethics Officers, who systematically report to the local or Group Ethics Committee any cases involving suspected or confirmed cases of fraud, corruption or anti-competitive practices, regardless of their nature or importance.

  The Ethics Committee is also responsible for overseeing a fraud prevention system and has tasked the Group's Security Department with managing it, carrying out investigations, monitoring and reporting incidents.
- At least twice a year, each division or corporate department holds a meeting to review and encourage compliance with the Group's ethical principles. As part of this process, it identifies its exposure to risks of fraud, corruption or anti-competitive practices and submits the resulting risk map and corresponding action plans to the Risk Department for consolidation. In accordance with the principle of clearly separating work and political activities, divisions that manage production, R&D or office facilities define their procedures for managing on-site visits by politicians.
- During the annual presentation of the ethical compliance process to the Supervisory Board, a separate section is dedicated to measures taken to prevent fraud, corruption and anti-competitive behaviour.
- Questions about ethical issues are handled as follows:
  - employees should first refer to their manager for guidance;
  - employees noticing behaviour or a situation in breach of the Code of Ethics should refer the matter to their manager, human resources manager, a member of the Executive Committee or directly to the Ethics Committee;
  - any manager informed by an employee of a violation of the Code must report this information through one of these same channels.
- A whistleblowing system using a dedicated intranet site and other resources has been introduced in Latin America, where a local Ethics Committee handles cases of non-compliance in Argentina, Brazil, Chile and Mexico, in close liaison with the Group Ethics Committee. A whistleblowing system is also in place in the United Kingdom, as well as at Banque PSA Finance, in accordance with legislation.
- Proper application of "Compliance with the Code of Ethics" procedure is audited annually by the Group Internal Audit Department

The general system for managing non-compliance includes a reinforced fraud prevention mechanism overseen by the Ethics Committee, which has tasked the Group's Security Department with managing it, carrying out investigations, monitoring and reporting incidents.

REFERENCE DOCUMENTS

The system to prevent fraud, corruption and anti-competitive behaviour is an integral part of our ethics commitment. Practices in each area are governed by principles formalised in the following reference documents:

- documents committing the Group with regard to stakeholders:

  the Global Framework Agreement on Social Responsibility, renewed in May 2010, includes the fight against corruption as one of its fifteen commitments. Signed with the International Metalworkers' Federation (IMF), the European Metalworkers' Federation (EMF) and more than 90 unions around the world, the Agreement applies to 127 subsidiaries in 33 host countries. Compliance is regularly tracked, with consolidation of the associated action plans;

- employee documents:
  - rules 1, 11, 12 and 16 of the Code of Ethics specify guidelines to avoid anti-competitive practices and corruption, prevent conflicts of interest, limit gifts and maintain a clear separation between work and political activities. At the same time, *Applying the Code of Ethics on a Daily Basis* offers examples of situations and appropriate behaviour in these areas. The Code of Ethics is part of the orientation kit systematically given to every new hir,
  - the "Compliance with the Code of Ethics" procedure is the foundation of all of our operating procedures. It includes detailed guidelines concerning fraud, anti-competitive behaviour and corruption, which comply in particular with the United Kingdom's Bribery Act 2010;
- supplier documents:
  These same issues are covered in the *Supplier Guidelines for PSA Peugeot Citroën's Corporate Social Responsibility Standards*;
- documents for corporate officers:
  To complete the process of preventing insider trading, a Stock Market Code of Ethics applicable to members of the Supervisory Board, non-voting advisors and members of the Managing Board was introduced in 2010.

In addition to this general system and the Group's reference documents, other procedures have been introduced in certain corporate departments depending on the identified risks or particular legislation.

- Examples include:
  - UK subsidiaries: the Conflict of Interest and Anti-Bribery Policy introduced after passage of the Bribery Act 2010;
  - Banque PSA Finance: the Internal Control Charter and Anti-Money Laundering Procedure;
  - Purchasing Department:
    - specific directives for buyers,
    - preliminary reviews of suppliers in countries deemed at risk,
    - CSR audits of suppliers (25 conducted since 2010); audits of anti-corruption practices and policies;
  - Latin American Division: a local Ethics Committee and web-based whistleblowing process;
  - India: a specific clause covering conflicts of interest in the hiring contract; sign-off on the paper copy of the Code of Ethics and a commitment to additional conflict of interest guidelines.

DEPLOYMENT PROCESS

- To employees:
  - in 2011, 6,629 hours of training in ethical practices and in preventing corruption and conflicts of interest were attended by more than 12,000 employees, versus 3,400 hours in 2010;
  - among these employees, 995 were identified as being particularly concerned by these issues and were offered an additional 1,088 hours of more in-depth instruction in preventing corruption and conflicts of interest;
  - the e-questionnaire used in the Code of Ethics buy-in process underway from July 2011 to mid-2012 includes questions that raise awareness of fraud, corruption and competitive issues. The corruption-related questions were expanded as part of the Group's response to passage of the Bribery Act 2010 in the UK. As of 31 December 2011, 10,400 employees had used the questionnaire to formally embrace the Code of Ethics and 20 country organisations had participated in the process. This wide-ranging operation is being pursued in 2012, with the target of getting 26,000 employees in 36 countries to pledge to uphold the Code;
  - 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 offered in the corporate catalogue of courses. It is now being updated to reflect the latest legislation and changes in the Group's organisation, with roll-out to employees concerned in early 2012;
  - 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.
- To suppliers:
  PSA Peugeot Citroën insists that suppliers also comply with its procedures to prevent corruption and avoid conflicts of interest, as stipulated in the *Supplier Guidelines for PSA Peugeot Citroën's Corporate Social Responsibility Standards*. Purchasing directives have also been defined to discourage corrupt practices.
- Control and verification:
  - the separation of powers and, in the area of management control, the need for two or three signatures, depending on the type of commitment and amount of the transaction, help to limit and detect possible acts of fraud or corruption;
  - the prevention, control and supervision system is built around the following departments and units:
    - the Group Security Department defines the resources to be deployed, in particular to prevent fraud and corruption,
    - the Internal Control Department consolidates, assesses and prioritises Group risks and reports its findings to senior management,
    - the Group Audit Department verifies that the processes are actually applied and confirms and analyses any cases of fraud or corruption. Each audit of a site or a subsidiary includes a section analysing this risk,
    - management controllers verify the nature of the services provided, their actual provision and the consistency of accounts.
- The Ethics Committee is informed by the Chief Ethics Officers of any suspected cases of non-compliance and, if need be, alerts the Managing Board and presents an annual review of the process to the Supervisory Board.

CASES OF CONFLICT OF INTEREST

(Consolidated Group, excluding Faurecia)

There were no major cases of conflict of interest reported in 2011.

CASES OF CORRUPTION

(Consolidated Group, excluding Faurecia)

There were no convictions for corruption in 2011.

CASES OF ANTI-COMPETITIVE BEHAVIOUR

(Consolidated Group, excluding Faurecia)

- In June 2011, the Italian Anti-Trust Authority levied a fine of €3,159,440 on GEFCO Italy, which has appealed the decision.
- Peugeot Turkey Popas was fined €6,098,648, but has appealed the decision.

6.3.3. TRANSPARENCY AND INTEGRITY OF INFLUENCE STRATEGIES AND PRACTICES

PSA Peugeot Citroën's lobbying strategies and practices are guided by the Code of Ethics and governed by specific written procedures, an agenda of meetings and the Group's operating procedures.

The Group does not make financial contributions to political parties.

ORGANISATION OF THE LOBBYING PROCESS

In Europe, a dedicated Institutional Relations Department, together with the Sustainable Department, manages relations with governments, ministries, parliaments, public agencies and enterprises, local authorities, European Union institutions and, by extension, the business and professional communities and non-governmental organisations.

The department is overseen by the Corporate Secretary, who reports directly on these issues to the Chairman of the Managing Board.

In Latin America, China and Russia, dedicated external relations officers report directly to the Regional Chief Executive, who is a member of the Managing Board or reports to it.

All of the managers in the Institutional Relations Department have embraced the Code of Ethics and expressly pledged to uphold its principles. Every person hired by the department is given a copy of the Code, with special attention paid to the rules that concern him or her.

The Institutional Relations Department may be audited by the Group Internal Audit Department, which acts completely independently. In 2011, for example, certain aspects of the institutional relations process were audited. More particularly, the audit may be performed as part of a wider assessment of the Institutional Relations Department's compliance with the Code of Ethics.

PSA Peugeot Citroën has signed the European Commission's Code of Conduct for Interest Representatives. It is also a member of ARPP, the French association of institutional relations managers, and has pledged to apply the ARPP Code of Conduct.

The Institutional Relations Department is responsible for:

- preparing the Group's positions on all kinds of proposed public measures, in collaboration with the other departments;
- defending the Group's interests and, at the same time, promoting its positions to any authorities likely to make decisions impacting PSA Peugeot Citroën;
- informing government authorities and opinion leaders about PSA Peugeot Citroën's various business, industrial and employee relations issues, in particular by sharing its expertise;
- representing PSA Peugeot Citroën to European Union institutions (Commission, Parliament, Council, etc.), to public institutions in countries where the Group has operations or interests, and in trade associations (ACEA, ANFAC, CCFA, MEDEF, SMMT, VDIK);
- leading the application of environmental legislations in the Group's production plants, dealerships and office facilitie;
- providing corporate institutional relations support and expertise for units that are not part of the Corporate Secretary Department but which are in charge of institutional relations in operating regions outside Europe;
- staying current with emerging legislation, issues and trends, and keeping the entire Group informed as needed.

PUBLIC POLICIES AND LOBBYING POSITIONS

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.

In the case of automotive carbon emission standards, PSA Peugeot Citroën defends the position that test cycles and procedures should be harmonised worldwide.

More generally, PSA 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 differing usage patterns and price requirements of carbuyers around the world. It is widely believed that internal combustion vehicles 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, other vehicles 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 some one million vehicles. It is part of a high performance PSA 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.

Occupancy safety tests continued to converge around the world in 2011, with the gradual introduction of stricter standards for the China and Latin NCAPs. In addition, EuroNCAP tests increasingly take active safety into account.

THE ENVIRONMENTAL IMPACT OF MANUFACTURING OPERATIONS

For many years, PSA Peugeot Citroën has deployed programmes to manage its environmental impacts and drive continuous improvement in environmental performance. This has led to ISO-14001 certification for all of the production plants and a steady decline in the environmental footprint of the manufacturing operations. These programmes have also been updated over the years to reflect changing legislation and standards. Applicable European legislation being transposed into national law or in preparation – such as the REACH regulation and the proposed SEVESO III Directive on dangerous substances and their use, the Industrial Emissions Directive, the Energy Efficiency Directive and the carbon Quota Directive – is having a multi-faceted impact on the Group, requiring extensive work to introduce substitute inputs or to adjust production facilities to the new standards. The impact is also tax-related in the case of carbon quota legislation. In addition to these EU obligations, national legislation in other areas of application is also entailing significant investment. On example is the requirement to refurbish office building insulation in France following passage of enabling legislation for the Grenelle II Act.

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 also participates in numerous research programmes with research laboratories and institutes. This has led to the hiring of 50 doctoral candidates under CIFRE contracts, participation in government-sponsored automotive clusters in France (Véhicules du Futur, ID4car and MOVéO) and the creation of StelLab, a network of OpenLabs conducting joint research with leading laboratories.

The Group is also participating in or leading innovation and experimentation projects on electric vehicles, hybrid vehicles, lighter-weight vehicles and other issues as part of innovation programmes in France and the rest of Europe.

To drive the technological breakthroughs needed, in particular, to reduce vehicle carbon 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 aggressive global marketplace.

ECONOMIC ENVIRONMENT

In a still-challenging economic environment, public debate is increasingly focused on the need to retain manufacturing jobs in France and to develop a European industrial policy. With deep roots in France, PSA Peugeot Citroën needs a robust, competitive manufacturing base and is closely following the current debate of how to finance the social safety net that, in France, depends too heavily on payroll taxes and wage withholdings.

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 i) government appointed "Automobile Representatives" who report to the regional prefects and ii) regional automotive industry associations.

The Group is also committed to taking this process to the next level by fostering a new relationship with suppliers to prepare the future more effectively. This is reflected, for example, in the development of a Best Practices Code, the deployment of a 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 the CO_2 emissions, with the goal of encouraging sales of lower-carbon models. This trend, which has become even more pronounced since 2004, has restructured demand, with a shift in sales towards low-margin segments, and led to greater fragmentation of the European market. PSA Peugeot Citroën and all other carmakers recommend that changes in taxation be foreseeable.

Lastly, as a pioneer in the deploying the diesel 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 carbon emissions.

7

EXTERNAL AUDITOR'S REPORT

EXTERNAL AUDITOR'S REPORT ON THE PROCESSES OF ESTABLISHING CERTAIN ENVIRONMENTAL AND SOCIAL INDICATORS AND ON THE SELECTION OF DATA WITHIN THE PSA PEUGEOT CITROËN GROUP PUBLISHED IN THE REPORT "CORPORATE SOCIAL RESPONSIBILITY, STRATEGIC GUIDELINES, COMMITMENTS AND INDICATORS 2011"

To the attention of the General Management of the PSA Peugeot Citroën Group,

At the request of PSA Peugeot Citroën Group, in our professional expertise as external auditor, we have performed a specific examination allowing us to express moderate assurance:

- on the processes of the establishment of certain environmental indicators of the sites of the Group and certain social indicators of the Group, with the exception of the social indicators relative to Faurecia; and
- on a selection of data relative to certain environmental indicators of the sites of the scope Peugeot Citroën Automobiles (PCA) and in certain social indicators of the Automobile Division.

These indicators relate to the 2011 period and are presented in the sections "Environment" and "Social" of the report "Corporate Social Responsibility, Strategic Guidelines, Commitments and Indicators 2011" and are identified by:

- the symbol P for the environmental indicators of the sites of the Group (including Faurecia) and the social indicators of the sites of the Group (except Faurecia), whose processes were the focus of our procedures;
- the symbol D for the environmental indicators of the sites of the scope PCA and the social indicators of the Automobile Division the data of which were the focus of our procedures.

These processes as well as the indicators mentioned above were established under the responsibility of the Executive management, according to the applicable 2011 Reporting Guides within the Group. Information regarding these guides is available with the delegation on the sustainable development within the Group at the following address: contact: sustainability@mpsa.com.

We will express a conclusion on the processes for establishing these indicators and the selection of data as mentioned above.

NATURE AND EXTENT OF OUR WORK

We have conducted our procedures in accordance with the International Standard on Assurance Engagements 3000, "Assurance Engagements Other than Audits or Reviews of Historical Information," issued by the International Auditing and Assurance Standards Board. In terms of independence, we have followed the Independence Code of Ethics as prescribed by the International Federation of Accountants (IFAC).

We have performed the procedures explained below to offer moderate assurance on the fact that the processes have been established and the selected data supplied in conformity with the environmental and social indicators mentioned above does not contain any significant anomalies. Providing assurance at a greater level would have required additional procedures.

Our procedures included the following:

- we have examined the reporting procedures applied by different entities within the group for environmental and social indicators, their relevance, their robustness, their objectivity and their overall characteristics;
- we have selected a sample of sites and entities as presented below. The selection was performed based upon qualitative and quantitative criteria applied to the data (such as the relative weight, the geographic zone or the industry). Based upon the results, procedures were performed on the previous period. For the sites and entities selected, we verified through inquiry with the individuals responsible for preparing the data, that they had a good understanding and correctly applied the procedures put into place. In regards to the data selected, tests of details were performed on a sample basis to verify the calculations and reconcile the data with supporting documentation.

SELECTED SAMPLE FOR THE ENVIRONMENTAL INDICATORS OF THE SITES:

Peugeot Citroën Automobiles	Aulnay, Charleville, Mulhouse, Rennes, Madrid (Spain) and Buenos Aires (Argentina)
Brands AP / AC	Subsidiaries Peugeot: Mulhouse-Illzach, Rennes
	Subsidiaries Citroën: Aulnay-sous-Bois, Charleville
GEFCO	Subsidiaries GEFCO Spain and GEFCO Argentina
Faurecia	Sites of Crévin, Bains sur Oust, Vigo (Spain)

SELECTED SAMPLE FOR THE SOCIAL INDICATORS:

Peugeot Citroën Automobiles	Industriel Sites of Sochaux, Mulhouse, Rennes, Buenos Aires, Madrid
GEFCO	Subsidiaries GEFCO Spain and GEFCO Argentina

The contribution of the sites within the scope of PCA or for the Automobile Division was subject to our verification procedures of the data as follows:

- for the environmental indicators, on average 48% of energy consumption, 40% of direct emission of greenhouse gases, 70% of the emissions of sulfur dioxide, 44% of the emissions of nitrogen dioxide, 40% of the emissions of volatile organic compounds (VOC) and 42% of the water consumption of the scope PCA;
- for the social indicators, 37% of the hours worked by the Automobile Division was used to calculate the rates of frequency and rate of gravity:
  - for the environmental indicators of sites, we prepared and sent questionnaires with the intent of identifying the correct application of reporting procedures and the effective implementation of internal controls to a sample of the sites and subsidiaries as follows:
    - 18 sites of Faurecia (among 9 countries),
    - 5 subsidiaries of GEFCO in 5 countries,
    - 5 subsidiaries of Peugeot (AP) and Citroën (AC) brands in 5 countries,
  - for the social indicators, we also prepared and sent questionnaires similarly to as previously mentioned above to 6 subsidiaries of the Peugeot (AP) and Citroën (AC) brands,
  - at the Group level, we performed analytical procedures and verified, on a sample basis, the data consolidation processes. Concerning the data selected, on a sample basis, we verified the calculation.

These procedures have been performed based upon interviews with the responsible personnel and of the application of procedures as well as for the consolidation of data, which are identified below:

For the environmental indicators of sites:

- Groupe / PCA:
  - department industrial environment connected to the management of the institutional relations of the General Secretary, responsible for the collection and the consolidation of the data of the reporting environment of the scope PCA and for the centralization of the environmental indicators of the Group;
- Faurecia:
  - external service provider responsible for the collection and consolidation of environmental indicators of Faurecia,
  - managers and Coordinators Hygiene Security and Environment (HSE), for 3 Businesses Groups of Faurecia (FAS, FIS and FECT);
- GEFCO:
  - external service provider responsible for the collection and the consolidation of environmental indicators of GEFCO,
  - sustainable Development Manager connected with the Quality Control Management of GEFCO, responsible for the validation of data in the reporting environment of GEFCO;
- Brands AP / AC
  - external service provider responsible for the collection and consolidation of environmental indicators for the Peugeot and Citroën brands,
  - reporting Environment Manager connected with the worldwide customer service management, responsible for the collection and the consolidation of data in the reporting environment for the Peugeot and Citroën brands.

For the social indicators:

- Group:
  - work and Social Relations Management connected to the Industry & Human Resources Reporting Management and to the Quality & Human Resources Management responsible for the collection of quantitative data of social reporting, the establishment of certain social data concerning employees, training, organization and the duration of work and also responsible for the consolidation of social indicators;
- GEFCO:
  - human Resources Controlling Management of GEFCO, connected to the Human Resources & Communication & Organization Management, responsible for the review of social data prepared by the subsidiaries of GEFCO.

CONCLUSION

Concerning the environmental indicators, our procedures have identified the implementation in 2011 of procedures which significantly strengthened the control environment, even if certain internal controls remain insufficient on the data of the reporting environment of the Peugeot and Citroën brands and GEFCO.

Based upon our work described in this report, other than the anomaly mentioned above, we have not identified any other significant anomalies in regard to the referential reporting applicable in 2011 within the Group on:

- the processes for establishing environmental indicators of the sites and social indicators of the Group (with the exception of the social indicators related to Faurecia);
- the selected data provided in conformity with the environmental indicators of the sites within the scope PCA and of the social indicators of the Automobile Division identified in the introduction of the present Report.

Prepared in Paris on 29 March 2012

Grant Thornton
French Member Firm of Grant Thornton International

Gilles Hengoat
Partner
National Audit Director

Alban Audrain
Partner
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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 "CORPORATE SOCIAL RESPONSIBLITY Strategic guidelines, commitments and 2011 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, April 10th 2012

A+ 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 (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

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 April 3rd 2012. GRI explicitly excludes the statement being applied to any later changes to such material.*

GRI INDEX

Indicator		2011 CSR Report (relevant sections)	Reporting status
1.	**STRATEGY AND ANALYSIS**		
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2.	**ORGANISATION PROFILE**		
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2.3	Operational structure	1.3.3.1/2.4.1.1	
2.4	Location of headquarters	First page	
2.5	Country operations	1.3.3.1/introduction chap 3, introduction chap 5	
2.6	Nature of ownership and legal form	6.1.1	
2.7	Markets served	2.4.1.	
2.8	Scale of the reporting organisation	1.3.3.1/introduction chap 3, introduction chap 5	
2.9	Significant changes during the reporting period	1.3.3.1	
2.10	Awards received	1.5	
3.	**REPORT PARAMETERS**		
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3.2	Date of most recent report	1.3.3.1	
3.3	Reporting cycle	1.3.3.1	
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3.7	Limitations on report scope	1.3.3.1/introduction chap 3, introduction chap 5	
3.8	Basis for reporting on subsidiaries and partially/non-owned entities	1.3.3.1	
3.9	Data measurement techniques	1.3.3.1/introduction chap 3, introduction chap 5 for Reporting Methodology, Scope of reporting, precisions on Definitions of indicators inside each chapter	
3.10	Re-statements from previous reports	1.3.3.1/introduction chap 3, introduction chap 5 for Reporting Methodology, Scope of reporting, precisions on Definitions of indicators inside each chapter	
3.11	Significant changes from previous reporting periods	1.3.3.1	
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Indicator		2011 CSR Report (relevant sections)	Reporting status
4.7	Qualifications/expertise of Board members	6.1.3.2.2	
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4.13	Significant memberships in associations	1.3.2	
4.14	Listing of stakeholder groups	1.4.1	
4.15	Basis for stakeholders identification/selection	1.4.1/1.4.2	
4.16	Stakeholder engagement approaches	1.4.2	
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Indicator		2011 CSR Report (relevant sections)	Reporting status
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EC1	**Economic value generated and distributed**	**6.2.1**	
EC2	**Financial implications, risks and opportunities due to climate change**	**1.2.1/2.1.2/2.1.3/2.2.1**	(3)
EC3	**Defined benefit plan obligations**	**5.2.2**	
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EC6	**Spending on locally based suppliers**	**4.1.2**	
EC7	**Local hiring**	**5.1.1/5.6.1/5.6.2**	
EC8	**Infrastructure investments and public benefit**	**2.1.1/4.2**	
EC9	Indirect economic impacts	1.2.1/4.1.1/4.1.2	(4)
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EN2	**Percentage of materials used that are recycled**	**2.2.3.1/3.1.3.2**	(5)
EN3	**Direct energy consumption broken down by primary source**	**3.1.2.1**	
EN4	**Indirect energy consumption broken down by primary source**	**3.1.2.1**	(6)
EN5	Energy saved due to conservation and efficiency improvements	2.1.2/2.1.3/2.2.1.1/2.2.1.2/3.1.2.1	
EN6	Initiatives to provide energy-efficient products/services, and energy saved	2.2	(7)
EN7	Initiatives to reduce indirect energy consumption	2.2/3.1.2.1	(8)
EN8	**Total water withdrawal by source**	**3.1.3.1**	
EN9	Water sources significantly affected by withdrawal of water	3.1.3.1	(9)
EN10	Percentage and total volume of water recycled and reused		(10)
EN11	**Location/size of land owned/lease/managed in, or adjacent to, protected areas**	**3.2.1**	
EN12	**Description of significant impacts of activities on protected areas**	**3.2**	
EN13	Area of habitats protected or restored	3.2.2/4.2.3	
EN14	Programmes for managing impacts on biodiversity	3.1.4.4/3.2/4.2.3	
EN15	IUCN Red List species and national conservation list species affected by operations	3.2.	
EN16	**Total direct and indirect greenhouse gas emissions by weight**	**3.1.2.2/3.1.2.3**	
EN17	**Other relevant indirect greenhouse gas emissions by weight**	**2.2.1./2.2.1.1/2.2.1.2**	

Indicator		2011 CSR Report (relevant sections)	Reporting status
EN18	Initiatives to reduce greenhouse gas emissions	2.2.1.3/2.2.1.4/2.2.1.5/2.2.1.6/3.1.2 (3.1.2.1/3.1.2.2/3.1.2.3)	
EN19	**Emissions of ozone-depleting substances by weight**	**2.1.3/3.1.4.1.2**	(11)
EN20	**NO_x, SO_x, and other significant air emissions by type and weight**	**2.2.2.1/3.1.4.1.1**	
EN21	**Total water discharge by quality and destination**	**3.1.4.2/3.1.4.3**	
EN22	**Total weight of waste by type and disposal method**	**3.1.5 (3.1.5.1/3.1.5.2)**	
EN23	**Total number and volume of significant spills**	**3.1.4.3**	
EN24	Weight of hazardous waste transported, imported, exported, or treated	3.1.5.1/3.1.5.2	
EN25	Water sources/habitats significantly affected by water and runoff	3.1.3.1/3.1.4.2/3.1.4.3/3.2.1	
EN26	**Initiatives to manage environmental impacts of products and services across product lifecycle**	**2.1.3/2.2.**	
EN27	**Reclaimed products**	**2.2.3.2**	
EN28	**Incidents/fines for non compliance with environmental regulations**	**3.1.4.3**	
EN29	**Significant environmental impacts of transport for logistics**	**3.1.2.3**	
EN30	Total environmental protection expenditures	2.1.2/3.1	(12)
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LA6	Management-worker Health and Safety Committees	5.4.1	
LA7	**Rates of injury, occupational diseases, lost days, absenteeism and fatalities, by region**	**5.4.2**	
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LA9	Health and safety topics covered in formal agreements	5.4.5	
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HR5	**Freedom of association**	**5.3.1/5.3.2/5.6.3**	
HR6	**Child labor risk and elimination**	**4.1.5/5.6.3**	
HR7	**Forced and compulsory labor risk and elimination**	**4.1.5/5.6.3**	
HR8	Security practices (security personnel training)	4.1.5/5.6.3	
HR9	Indigenous rights	4.1.5/5.6.3	
PRODUCT RESPONSIBILITY			
PR1	**Health and safety across the life cycle of products and services**	**2.1.3/2.2.2.1/2.2.3.1/ 2.3.2**	
PR2	Non-compliance with health and safety regulations	2.4.3	

Indicator		2011 CSR Report (relevant sections)	Reporting status
PR3	**Product and service information and labeling**	**2.4.4**	
PR4	Non-compliance with product and service information and labeling regulation	2.4.4	
PR5	Procedures relating to customer satisfaction	1.2.1/2.4.2	
PR6	**Marketing communications' adherence to regulations**	**2.4.4**	
PR7	Non-compliance with marketing communications regulations	2.4.4	
PR8	Complaints regarding breaches of customer privacy	2.4.3	
PR9	**Monetary value of significant fines for non-compliance with laws and regulations regarding provision and use of products and services**	**2.4.3/2.4.4**	
SOCIETY			
SO1	**Impacts of operations on communities**	**2.1.1/4.2**	
SO2	**Business units analysed for risks related to corruption**	**4.1.5/6.1.4/6.3.1/6.3.2**	
SO3	**Extent of training and risk analysis to prevent corruption**	**6.3.1/6.3.2**	
SO4	**Actions taken in response to instances of corruption**	**6.3.2/4.1.5**	
SO5	**Participation in public policy development and lobbying**	**6.3.3**	
SO6	Financial and in-kind contributions to political parties	6.3.3	
SO7	Anti-competitive behaviour, anti-trust, and monopoly practices	6.3.2	
SO8	**Monetary value of significant fines/sanctions for non-compliance with laws/regulations**	**2.4.3/2.4.4/3.1.4.3/6.3.2**	

Standard indicators are in black. Additional indicators are in grey.

Fully reported ; Partially reported ; Not reported ; N/R : Not relevant

The Global Reporting Initiative guidelines are available on the GRI website.

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).

Notes:

(1) For defining report content, material issues have been studied thanks to the stakeholders' feedback 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 2011 Sustainable Development and Annual Report. This process complies with the GRI's 'Guidance on Defining Report Content'.

(2) 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 2011 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 at this moment in the year, for all countries and all suppliers.

(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) The Group strictly applies the requirements of the 1987 Montreal Protocol and the related regional laws. In particular, the Group has ceased using all substances covered by the Protocol in its main automobile manufacturing applications. These include first generation refrigerants (CFCs) in vehicle air conditioning systems, trichloroethane for degreasing in certain mechanical component operations and Halon in fire extinguishers.
Because replacements for these substances have been used for many years now, indicator EN19 is no longer applicable. The only meaningful remaining uses of substances covered by the Montreal Protocol concern HCFC refrigerants in certain industrial or domestic air conditioning systems, which do not fall within the scope of EN19.

(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. Environnent	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

Core subjects and issues of social responsibility		2011 CSR Report (relevant sections)
Core subject	**Organizational governance**	**6.1**
Core subject	**Human rights**	
Issue 1	Due diligence	5.6.3
Issue 2	Human rights risk situations	5.6.3
Issue 3	Avoidance of complicity	5.6.3
Issue 4	Resolving grievances	5.6.3
Issue 5	Discrimination and vulnerable groups	5.6.3
Issue 6	Civil and political rights	5.6.3
Issue 7	Economic, social and cultural rights	5.6.3
Issue 8	Fundamental rights at work	5.6.3
Core subject	**Labour Practices**	
Issue 1	Employment and employment relationships	5.1 / 5.2 / 5.3
Issue 2	Conditions of work and social protection	5.4
Issue 3	Social dialogue	5.3
Issue 4	Health and safety at work	5.4
Issue 5	Human development and training in the workplace	5.2
Core subject	**The environment**	
Issue 1	Prevention of pollution	2.2.2 / 3.1.4
Issue 2	Sustainable resource use	3.1.3.2
Issue 3	Climate change mitigation and adaptation	2.1.2 / 2.2.1 / 3.1.2
Issue 4	Protection and restoration of the natural environment	3.1.4 / 3.2
Core subject	**Fair operating practices**	
Issue 1	Anti–corruption	6.3.2
Issue 2	Responsible political involvement	6.3.1
Issue 3	Fair competition	6.3.2
Issue 4	Promoting social responsibility in the sphere of influence	4.1
Issue 5	Respect for property rights	
Core subject	**Consumer issues**	
Issue 1	Fair marketing, information and contractual practices	2.4.3 / 2.4.4
Issue 2	Protecting consumers' health and safety	2.2.3.1 / 2.3.2 / 2.4.3
Issue 3	Sustainable consumption	2.3 / 2.4.2
Issue 4	Consumer service, support, and dispute resolution	2.4.2
Issue 5	Consumer data protection and privacy	2.4.3
Issue 6	Access to essential services	4.2
Issue 7	Education and awareness	1.4.2 / 2.3.1
Core subject	**Community involvement and development**	
Issue 1	Community involvement	4.2
Issue 2	Education and culture	4.2
Issue 3	Employment creation and skills development	5.1.2 / 5.2.3
Issue 4	Technology development	2.1.2 / 2.1.3
Issue 5	Wealth and income creation	6.2
Issue 6	Health	5.4.4
Issue 7	Social investment	4.2

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PSA PEUGEOT CITROËN

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